



PSiRA
Private Security Industry Regulatory Authority



ANNUAL REPORT



Private Security Industry Regulatory Authority (PSiRA)

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

The Authority's five-year strategic plan and annual performance plan highlight key strategies that will be deployed to strengthen core business service delivery initiatives. Our strategic plan has taken a proactive response to address environmental challenges and opportunities. The Authority will be focusing 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; and
- ◆ **Priority 5:** Efficient and effective processes and systems.

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.

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.

Values Framework for PSiRA



Legislative Mandate

The primary objectives of the Authority are to regulate the private security industry and to exercise effective control over the practice of the occupation of security service provider in the public and national interest and the interest of the private security industry itself. 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 laws;
- (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.



Foreword by the Minister of Police

Industry Overview

During the financial year under review, the private security industry recorded a 9.35% (487 058) increase in the number of employed security officers. This growth, though positive, however calls for effective and efficient industry regulation of security service providers with the objective of supporting the overall government efforts to reduce crime and create a safer environment for all South Africans. It is also important to acknowledge that the private security industry does not only contribute towards the fight against crime but also plays a pivotal role towards alleviating unemployment through the creation of entry level jobs.

The entity has significantly improved its achievement against its planned strategic objectives. Continuous improvement on service delivery and the successful implementation of the Law Enforcement strategy are some of the notable successes of the year under review. Accountability of firearms has been an ongoing challenge within the private security industry. In an effort to address the challenge, the entity has established a Firearms Regulatory Committee, which aims to conduct regular firearm audits within the industry to improve accountability.

The entity has also improved its stakeholder engagement initiatives significantly through established Industry Compliance Forums and joint operations to clamp down on non-complying service providers with the South African Police Service (SAPS) and Department of Labour. Notable achievements include improving operational efficiencies and

achieving an average registration turnaround time of 19 days compared to more than 180 days in 2010.

The current industry legislation framework presents a one-size-fits-all approach to regulation. The Research and Development Unit has begun work to unpack the private security industry with an objective of developing specific regulatory policies for various sectors of the industry. Preliminary research work has been completed on the guarding and electronic sector of the industry. These research aspects must be improved through further benchmarking with other countries that were and are successful in these areas, with the objective of establishing global best practices in this regard.

During the year under review, the entity received an unqualified audit and its revenue increased by 6.37%. This achievement clearly demonstrates the strength of the entity's leadership and its ability to build a stable entity. In order to ensure the financial sustainability of the entity, the proposed funding model provided for in the Private Security Industry Regulation Amendment Bill must be implemented.

Key Focus Areas Going Forward

More awareness must be created to the broader public about the role of the entity and the private security industry at large. During the 2014/2015 financial year the Authority will introduce the following measures with the objective of improving industry compliance:

MR NKOSINATHI NHLEKO
MINISTER OF POLICE



- ◆ The launch of the new certificates with improved security features to prevent forgery and address identity theft;
- ◆ The new certificate will be implemented in line with the Home Affairs database integration to authenticate the identity of applicants;
- ◆ The new certificate will have an expiry date; and
- ◆ The next phase of improvements will focus on replacing the current identity cards for security officers, which will involve employers taking accountability by applying for identity cards on behalf of a security officer. This means that only security officers issued with identity cards will be deployed to provide security services.

The Private Security Regulation Amendment Bill has been processed by Parliament and is currently waiting to be assented by the Honourable State President. The Bill will

introduce significant changes in regard to the ownership of private security businesses by foreign nationals and improve governance and address the funding of the entity through monies appropriated by Parliament. The Private Security Industry Levies Act will also be tabled for review in order to align it with the funding model proposed by the Amendment Bill and to prepare it for enactment.

I want to express my sincere gratitude to the Council and Management of the entity for their commitment and dedication in this regard.

A handwritten signature in black ink, appearing to be 'N. Nhleko'.

Honourable Nkosinathi Nhleko, MP
Minister of Police

Continuous improvement on service delivery and the successful implementation of the Law Enforcement strategy are some of the notable successes of the year under review.

Foreword by the Chairperson of the Council

When I was appointed Chairperson of the Authority in 2010, I walked into an organisation that faced internal challenges such as lack of service delivery, corrupt officials and financial instability.

External challenges included industry growth, which brought along with it increased non-compliance by security service providers and labour exploitation. It was during this period that it became critical for us to embark on a robust organisational turnaround that would ensure sustainable growth of the Authority and improve industry compliance.

Unqualified Audit Opinion

Since the introduction of the turnaround strategy in 2010, we received an unqualified audit opinion by the Auditor-General of South Africa (AGSA) for two consecutive financial years, namely 2010/2011 and 2011/2012. However, during the 2012/2013 financial year, the Authority received a qualified audit opinion as a result of unidentified payments received from customers (security officers and security service providers) and credit balances lying against debtors accounts. I am pleased to announce that we have received an unqualified audit by the AGSA for the year under review, and this is as a result of a corrective action plan that was put in place by management to clear the backlog and to put measures in place to ensure non-occurrence of these matters in the future.

Several measures that were aimed at ensuring the financial sustainability for the Authority were also effectively implemented during the turnaround period, and the Authority's revenue improved by 73.81% from R97.95 million in the 2010/2011 financial year to R170.25 million in the year under review. We have decreased the number of debtors'

days from 95 days to 80 days in the year under review, and this demonstrates an improvement when compared to the situation in the 2012/2013 financial year. The entity's performance has improved significantly by 193.49% from a deficit of R23.05 million in the 2010/2011 financial year to a surplus of R21.55 million in the year under review. The reported deficit was R3.97 million (restated surplus of R31.08 million) in the 2012/2013 financial year and R9.87 million in the 2011/2012 financial year.

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MR TO BOPELA
CHAIRPERSON OF THE COUNCIL



Service Delivery and Stakeholder Relations

To address the growing challenge of industry non-compliance, as part of the turnaround we introduced a law enforcement strategy that was not only responsive but at the same time proactive in ensuring that we deliver excellent service to all our stakeholders. The law enforcement strategy significantly improved service delivery initiatives and as a result inspections conducted increased by **253%** and investigations increased by **294%**. Since the 2010/2011 financial year to the year under review, we collected over **R28 million** in fines imposed on security service providers and this demonstrates yet another success of our law enforcement strategy. Our Legal Services Unit successfully prosecuted **1 323** improper conduct cases of the **1 562** summonses issued.

Since the 2010/2011 financial year, registration of active security officers (employed) increased by **25.76%** from **387 273** to **487 058** in the year under review. Our commitment to deliver excellent service to our stakeholders has led to the Registration (CRM) Unit achieving an overall average

turnaround time of **19 days** for individual registrations and **15 days** for business registrations. This improved turnaround time in registration is an important milestone, especially when considering the fact that in 2010, it took the Authority more than 180 days to process registration.

On behalf of the Council of the Authority, I also want to take this opportunity to congratulate our new Minister of Police, the Honourable Nkosinathi Nhleko, on his appointment. I am positive that under his tenure, the Authority and the private security industry will continue to experience growth and transformation in the interest of our country's safety and economic development.

Ngiyabonga – thank you.

A handwritten signature in black ink that reads "TO Bopela". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Mr TO Bopela
Chairperson of the Council

Director's Overview

Strategic Gains

The journey of turning around the Authority has borne fruit, and we are glad to announce that we have stabilised the organisation and are looking ahead to turn over a new leaf in transforming not only the private security industry, but also the perceptions of our stakeholders about it. This initiative will only be achieved by making a difference to the users of security services, the service providers and all other industry stakeholders.

The significant growth of the private security industry continues to bring forth internal and external environmental challenges that demand the Authority to deploy innovative strategies that will not only improve service delivery but at the same time ensure effective regulation. During the year under review, we successfully managed to stabilise the Authority and achieved over **75%** of our strategic and annual performance plan. Another noticeable milestone for the year under review is receiving an unqualified audit from the Auditor-General of South Africa (AGSA).

Financial Performance

Our efforts to make the entity financially sustainable have gained momentum. Revenue increased by **R10.20 million** from **R160.05 million** in the 2012/2013 financial year to **R170.25** in the year under review. The improvement in revenue is attributable to the **9.35%** increase in the number of active security officers. The liquidity ratio as at the end of the year under review was 3.40:1 when compared to 1.91:1 in the 2012/2013 financial year.

Over the 2014/2015 financial year, we aim to work together with all our stakeholders to resolve the long standing matter of the annual fees review. Despite current uncertainties regarding the implementation of the 2011 Annual Fees Regulations, it is expected that the liquidity position will improve in the 2014/2015 financial year.

Strict expenditure controls were put in place during the year under review and this has led to a **2.6%** increase in operating expenses from the restated amount of **R128.7 million** in the 2012/2013 financial year to **R148.7 million** in the year under review. Employee costs for the year under review amounted to **R65.3 million** (2012/2013: R76.1 million). Employee costs have decreased by **14%** when compared to a **17%** increase from the 2011/2012 financial year to the 2012/2013 financial year.

Service Delivery

During the year under review the Authority intensified service delivery efforts in the areas of law enforcement, registration and training, and stakeholder and customer relationship management. This improved commitment led to the Authority conducting **4 282** compliance inspections at security businesses compared to **3 583** inspections for the 2012/2013 financial year. A further **22 790** compliance inspections were conducted of security officers deployed at different sites, compared to **20 244** inspections for the 2012/2013 financial year. Compliance

MR MANABELA CHAUKE
DIRECTOR



inspections of security service providers conducted improved by 13.62% from 23 827 in the 2012/2013 financial year to 27 073 in the year under review.

Compliance Forums

As part of our law enforcement strategy, we are proud to report that significant gains were made in driving compliance within the industry. During the year under review, we officially launched our new corporate Identity, and stakeholder engagements were intensified with the establishment of the provincial compliance forums in Limpopo, North West, Mpumalanga and Free State. For the first time in the history of the Authority, more than 26 compliance awareness and education workshops were conducted directly with security service providers across all nine provinces.

Research and Development

The pursuit of knowledge and advocacy remained a priority to enable us to better inform the regulation of our industry. Over and above the 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*, we have completed two research projects aimed at unpacking the guarding and electronic sectors of our industry. In the future, we will focus research to strengthen the areas around accountability of firearms within the industry and other areas.

Challenges Ahead

The future of the industry looks bright. We have to focus our energy on galvanising knowledge about the private security industry, in particular embarking on a grant awareness programme that details the role of various industry stakeholders. The success of the industry requires a stable environment that supports compliance, and to this end the certainty of the costs of regulation must be addressed. The next focus area will be to address the reputational harm that our industry has suffered over the years. The integrity of our certificates and identity cards is central to the restoration of the reputation of the industry.

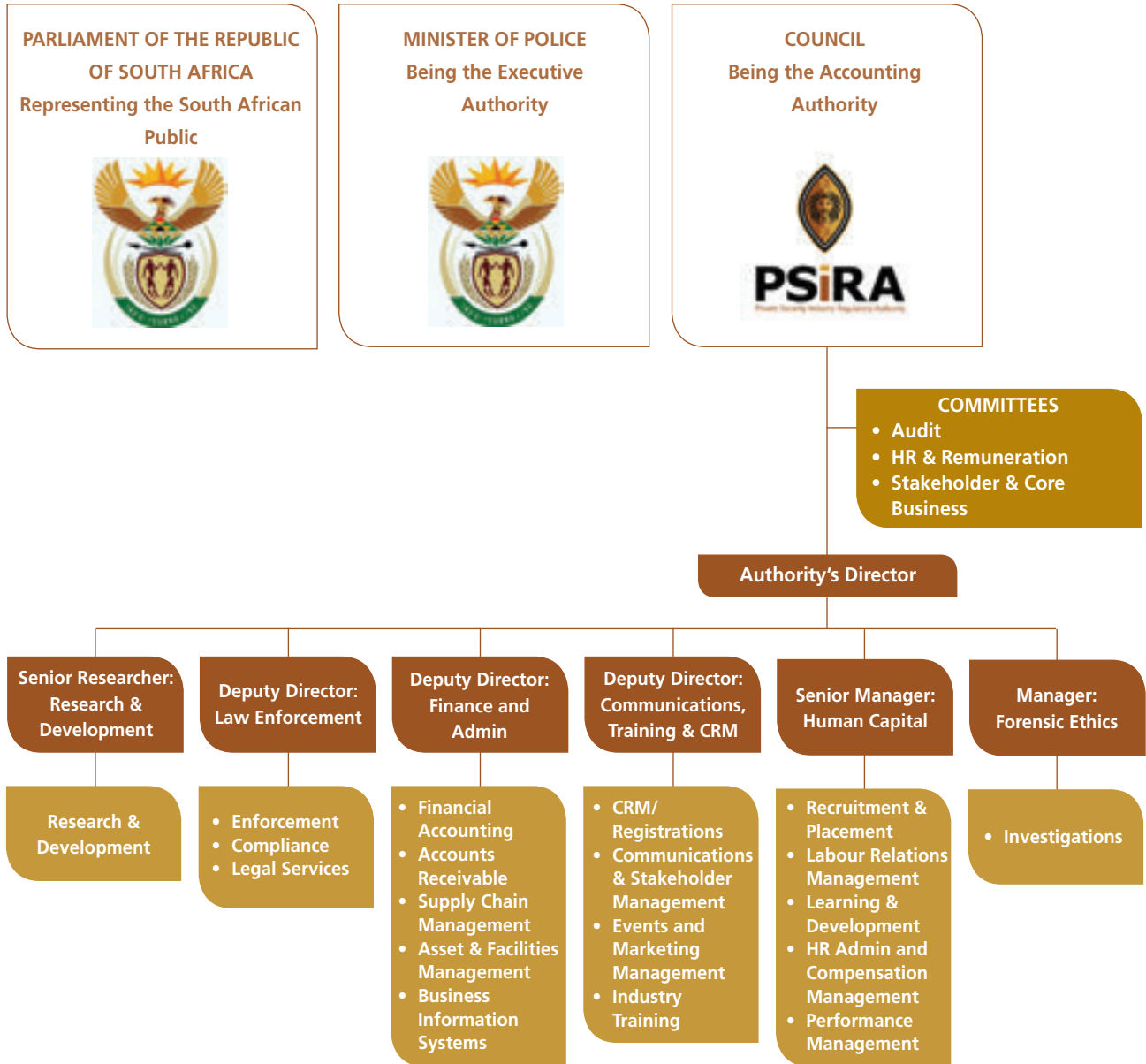
I must take this opportunity to thank all members of the private security industry who participated in all the compliance forums and other initiatives to enhance regulation; as a collective industry, we can achieve more.

Lastly, I also wish to express my sincere gratitude to the Council, management and staff of the Authority for their commitment and dedication in realising our set goals.

A handwritten signature in black ink, appearing to read 'M Chauke', written in a cursive style.

Mr Manabela Chauke
Director

Organisational Structure



Council Members



Mr Thula Bopela – Chairperson



**Mr Joy Rathebe –
Deputy Chairperson**



**Lt General Cynthia Philiso –
Council Member**



**Advocate Nontokozo Mthembu –
Council Member**



**Ms Zanele Mthembu –
Corporate Secretary**



**Mr Benjamin Ntuli –
Council Member**

Executive Management



Mr Manabela Chauke – Director



**Mr Philani Mthethwa –
Deputy Director: Law Enforcement**



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



Overview of the Public Entity's Performance

The Authority's compliance strategy is, amongst others, the communication of risk to the industry and to others such as the public and clients. Such information strategies involve mandatory disclosures to provide information on issues of compliance.

Law Enforcement

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

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 provider.

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

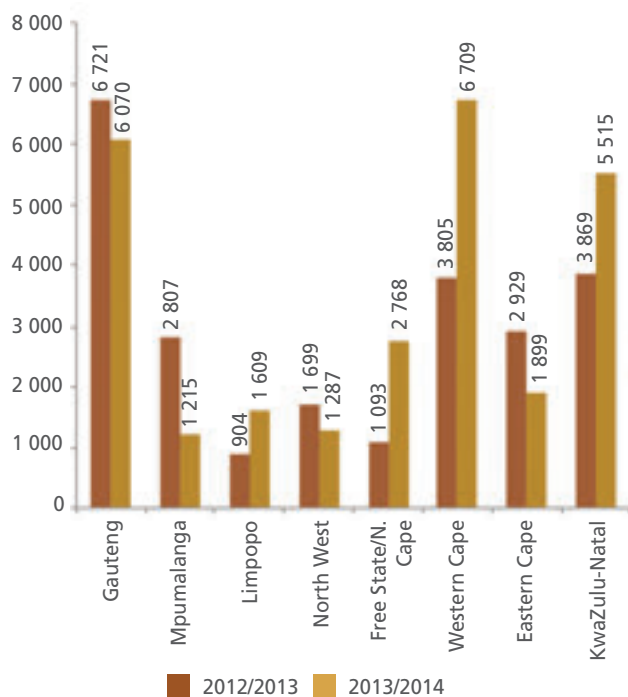
Compliance Inspections

In terms of the Law Enforcement Division's operational policy, each compliance inspector must conduct a minimum of 10

security business inspections and 60 security officer inspections per month. This target is considered reasonable taking into consideration all the other functions associated with the position of a compliance inspector.

During the period 1 April 2013 to 31 March 2014, a total of **27 073** compliance inspections of security service providers or inspections as part of investigations by the Enforcement Department were conducted, compared to **23 827** the previous financial year.

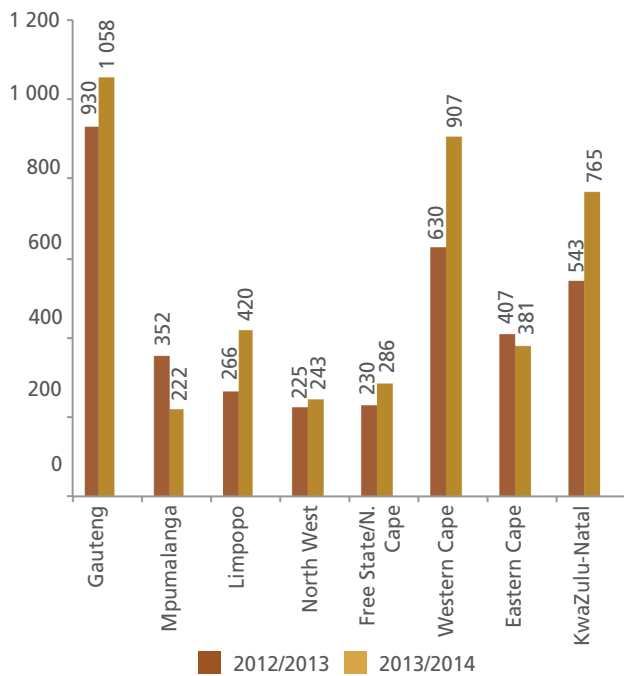
Graph 1: The Regional Breakdown of Security Service Provider Inspections Conducted in 2013/2014





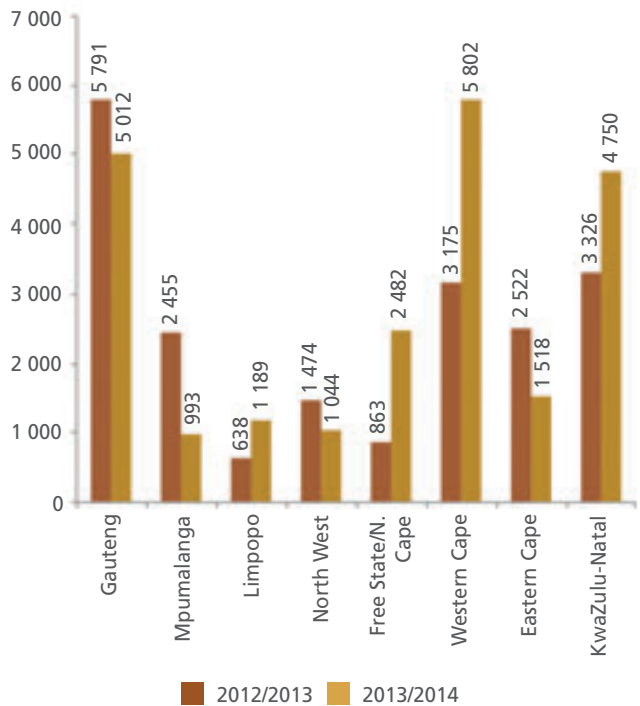
Of the 27 073 compliance inspections conducted during the year under review, 4 282 compliance inspections were conducted at security businesses compared to 3 583 inspections for the 2012/2013 financial year.

Graph 2: The Regional Breakdown of Security Business Inspections Conducted in 2013/2014



Further, of the 27 073 compliance inspections conducted during the year under review, 22 790 compliance inspections of security officers deployed were conducted at different sites, compared to 20 244 inspections for the 2012/2013 financial year.

Graph 3: The Regional Breakdown of Security Officer Inspections Conducted in 2013/2014



A regional breakdown detailing the types of inspections and investigations conducted at security businesses during the year under review is as follows:

Table 1: Types of Inspections Conducted

	Western Cape	Eastern Cape	KwaZulu-Natal	Total Coastal Regional Offices	Gauteng	Mpumalanga	Limpopo	North West	Free State/N Cape	Total Head Office
Total number of routine/regulatory/training/infrastructure/accreditation/inspections conducted	907	381	765	2 053	1 058	222	420	243	286	2 229
First time inspections	77	15	55	147	158	25	83	19	29	314
Triggered inspections/investigations	341	202	257	800	740	99	151	97	88	1 175
Infrastructure inspections	195	118	255	568	523	63	168	76	91	921

Note must be taken that ‘first time inspections’ above refers to businesses that have not been the subject of an inspection from their 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.

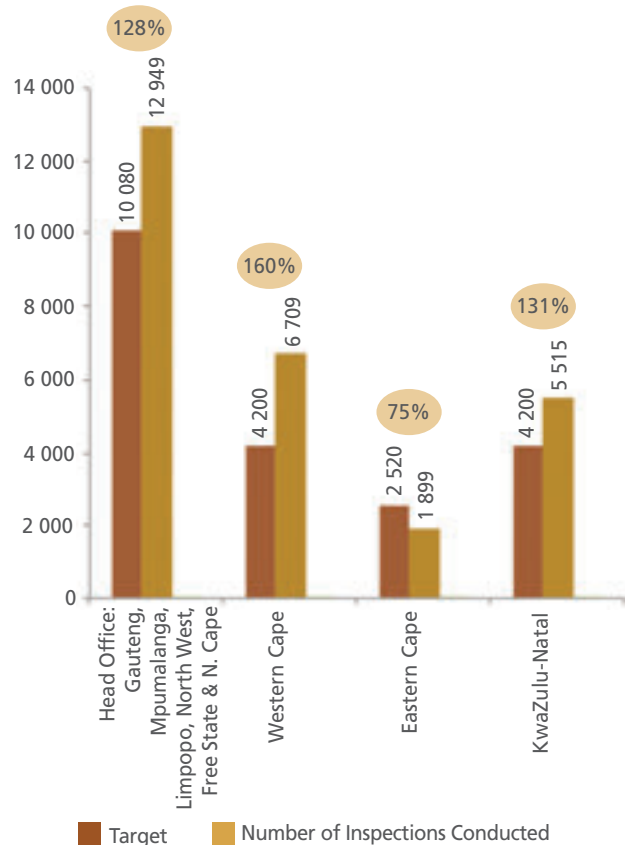
Statistical information pertaining to inspections conducted at large, medium and small businesses during the year under review is set out below. For the purpose of this statistical information, a small business is considered to employ fewer than 20 security officers, a medium business 21 to 50 security officers, and a large business 51 or more security officers.

Table 2: Inspections Conducted at Large, Medium and Small Businesses

Region	Number of Inspections			
	Small Businesses	Medium Businesses	Large Businesses	Infrastructure & Capacity
Head Office	844	202	268	915
Western Cape	491	95	126	195
Eastern Cape	190	43	30	118
KwaZulu-Natal	433	25	52	255
Total	1 958	365	476	1 483

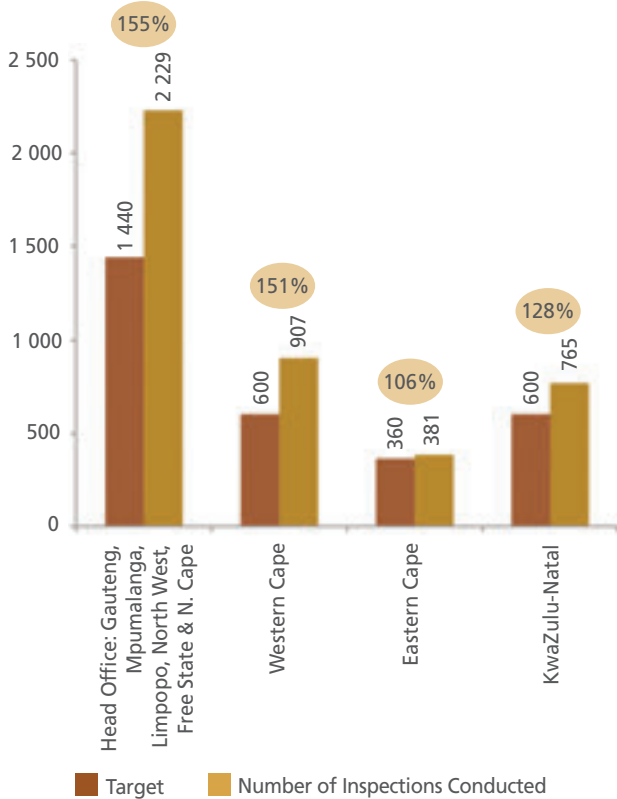
With reference to all the statistics on the preceding pages, the overall performance pertaining to the total number of compliance inspections conducted for the year under review in relation to the Authority’s Annual Performance Plan’s target is **129%**. The regional breakdown is as follows:

Graph 4: Total Number of Compliance Inspections Conducted

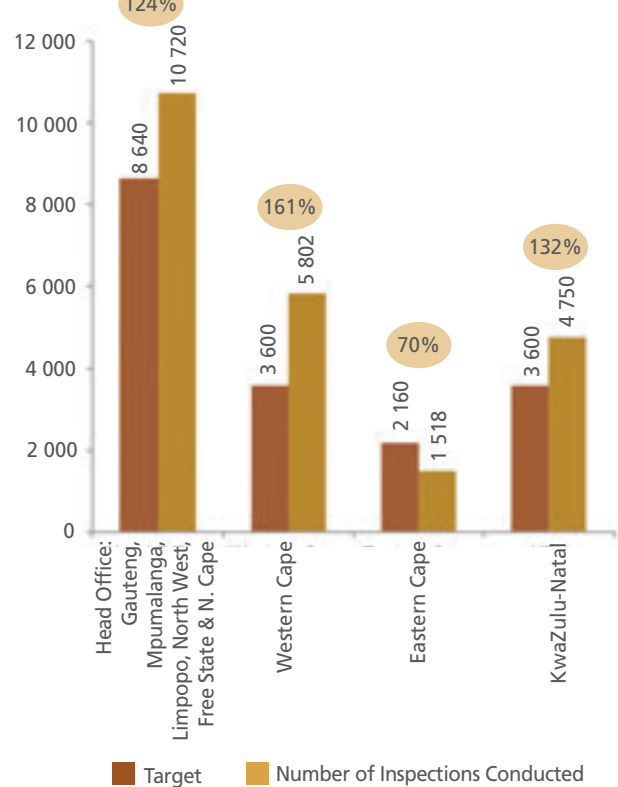


The performance pertaining to the number of compliance inspections conducted at security businesses for the year under review in relation to the Authority’s Annual Performance Plan’s target is **143%**. The regional breakdown is as follows:

Graph 5: Compliance Inspections Conducted at Security Businesses



Graph 6: Compliance Inspections Conducted on Security Offices



The performance pertaining to the number of compliance inspections conducted of security officers at different sites for the year under review in relation to the Authority's Annual Performance Plan's target is 127%. The regional breakdown is as follows:

Site Inspections/Investigations

Site investigations form part of the Authority's operational plan in order to, inter alia, verify the accuracy of information provided by security businesses to inspectors, as well as to conduct security officer inspections. These site investigations are at times also conducted in co-operation with the SAPS, especially in cases where unregistered security officers are found, illegal immigrants are used or firearms are used in contravention with the requirements of the Private Security Industry Regulations.

Site investigations are at times also conducted in co-operation with the SAPS, especially in cases where unregistered security officers are found, illegal immigrants are used or firearms are used in contravention with the requirements of the Private Security Industry Regulations.

During the year under review, several site investigations and inspections were conducted by the Authority’s inspectors, and some were done in conjunction with the SAPS:

- ◆ Head Office: 939 site investigations were conducted during the year under review.
- ◆ Eastern Cape: 326 site investigations were conducted during the year under review.
- ◆ KwaZulu-Natal: 951 sites investigations were conducted during the year under review.
- ◆ Western Cape: 263 site investigations were conducted during the year under review.

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.

During the year under review, a total of **2 015** investigations were finalised, compared to **2 082** investigations in the 2012/2013 financial year. A lesser number were finalised in view of a number of resignations during the financial year. The regional breakdown is as follows:

Graph 7: Business Investigations Finalised

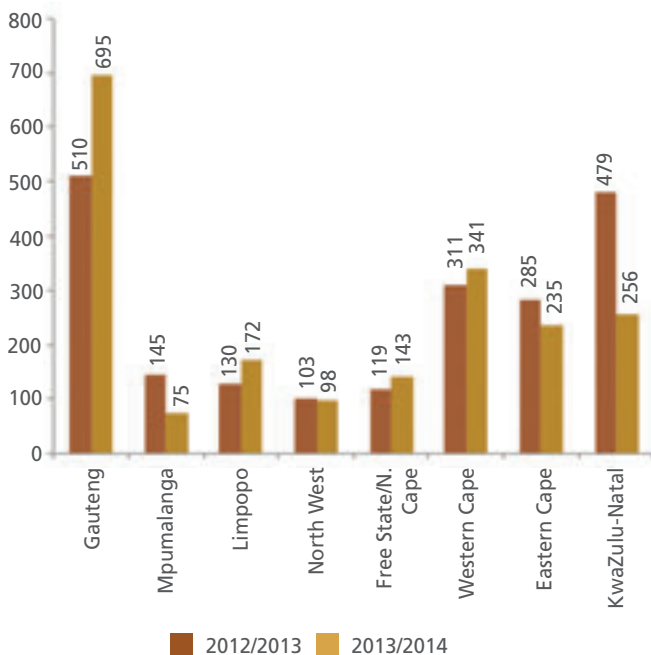


Table 3: Investigations Conducted on Security Businesses/ Security Offices

Region	Number of Security Business Investigations	Number of Security Officer Investigations	Total
Head Office	802	381	1 183
Gauteng	430	265	695
Mpumalanga	47	28	75
Limpopo	129	43	172
North West Province	91	7	98
Free State/N. Cape	105	38	143
Western Cape	315	26	341
Eastern Cape	213	22	235
KwaZulu-Natal	182	74	256
Total	1 512	503	2 015

With reference to the above statistics, the overall performance pertaining to investigations conducted for the year under review in relation to the Authority’s Annual Performance Plan’s target is **105%**. The regional breakdown is as follows:

Table 4: Total Number of Investigations Conducted

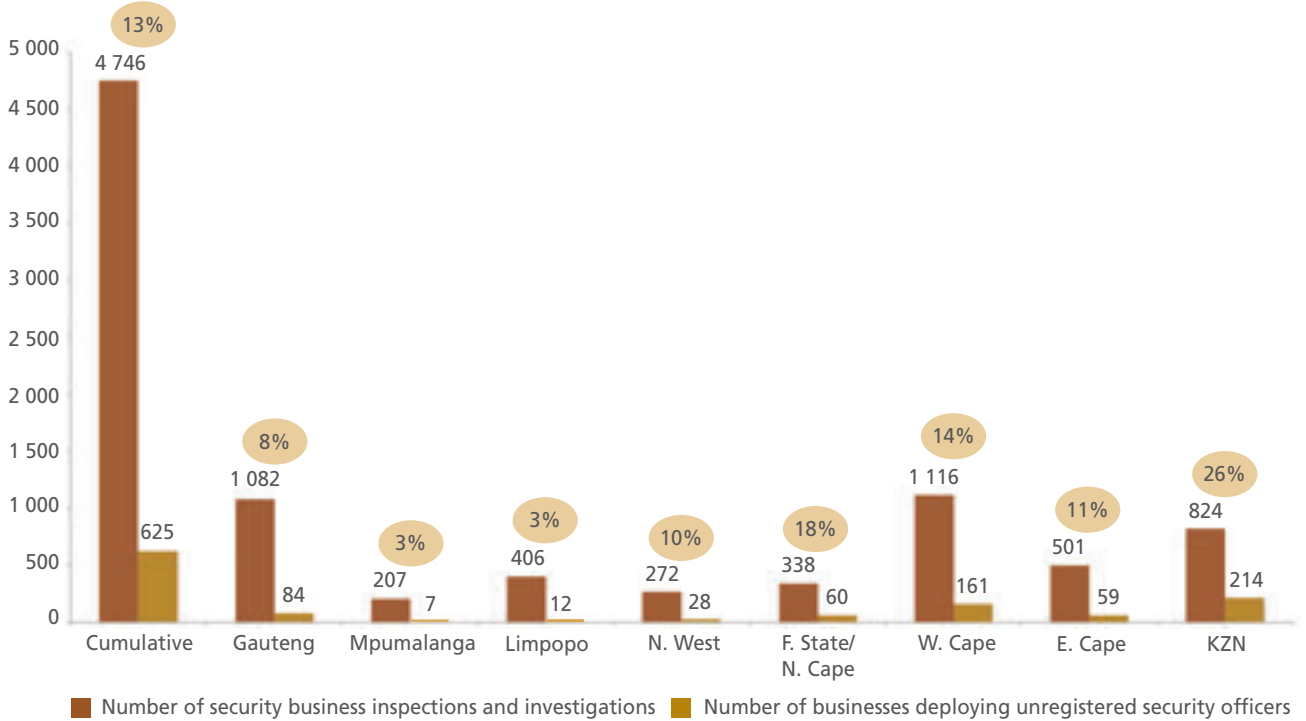
Region	Target	Number of Investigations Conducted	Performance
Head Office: Gauteng Mpumalanga Limpopo North West Province Free State/ N. Cape	960	1 183	123%
Western Cape	360	341	95%
Eastern Cape	240	235	98%
KwaZulu-Natal	360	256	71%

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

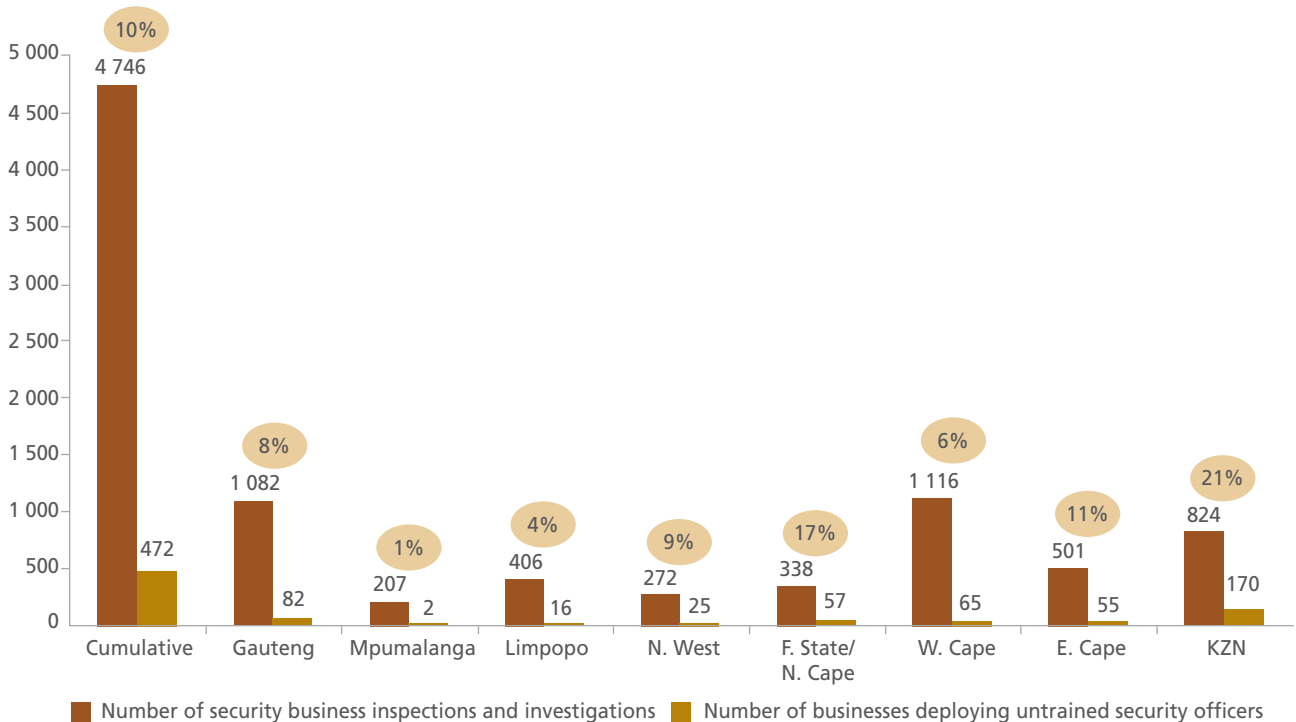
Compliance Analysis Conducted Security Business Inspections/Investigations

Following on from compliance inspections (excluding infrastructure inspections) and investigations (finalised and pending) conducted at security businesses, as well as security officer inspections, during the year under review, the following were found in terms of compliance:

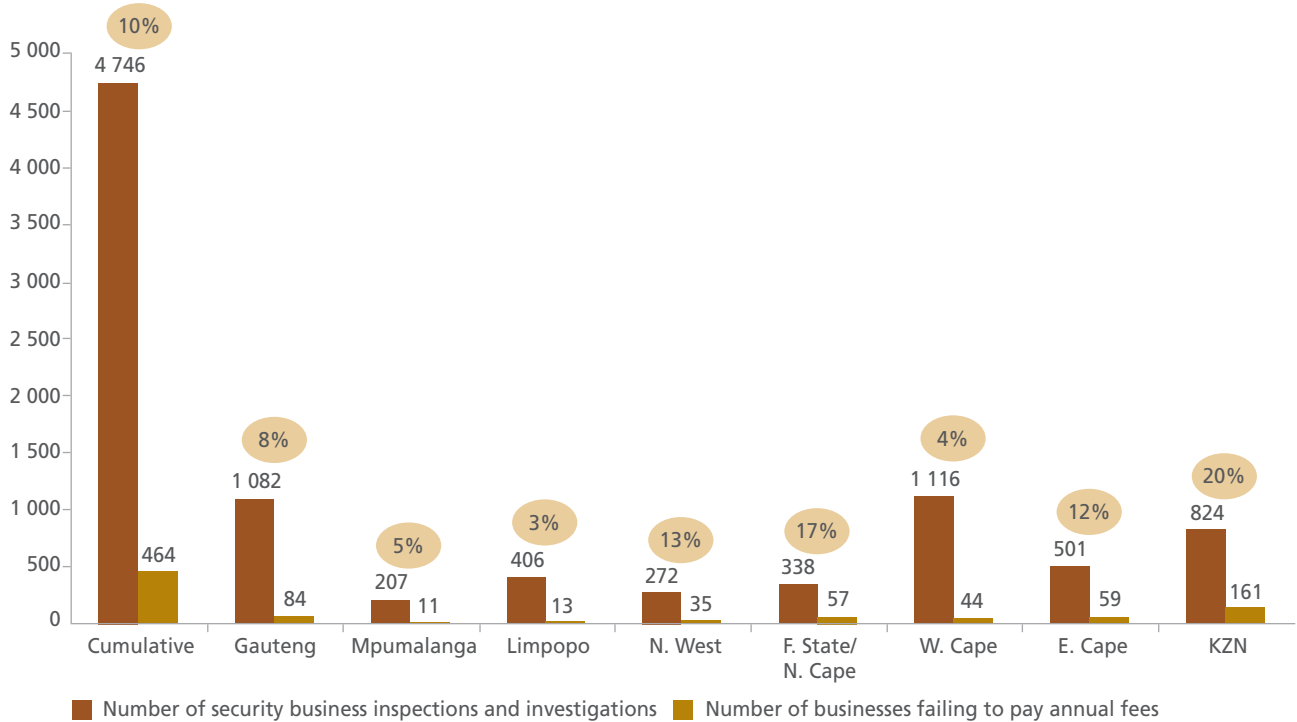
Graph 8: Security Business Inspections/Investigations



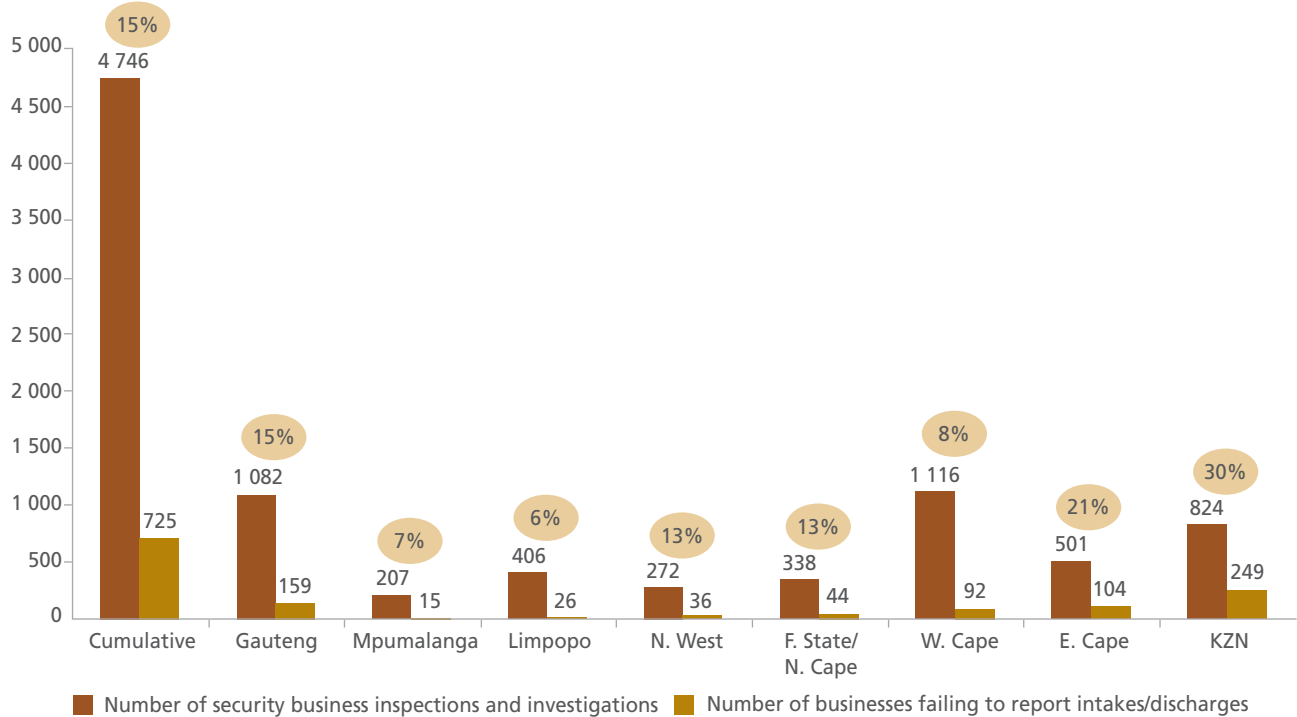
Graph 9: Businesses Deploying Untrained Security Officers



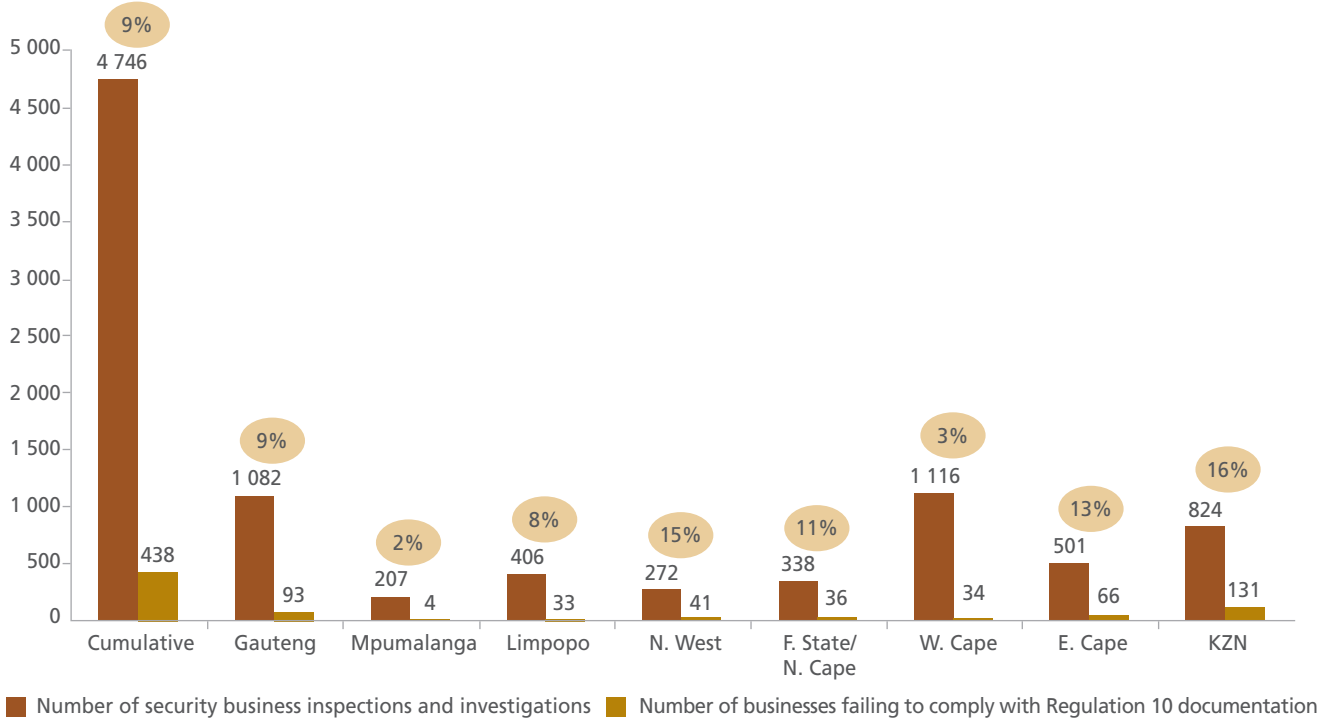
Graph 10: Businesses Failing to Pay Annual Fees



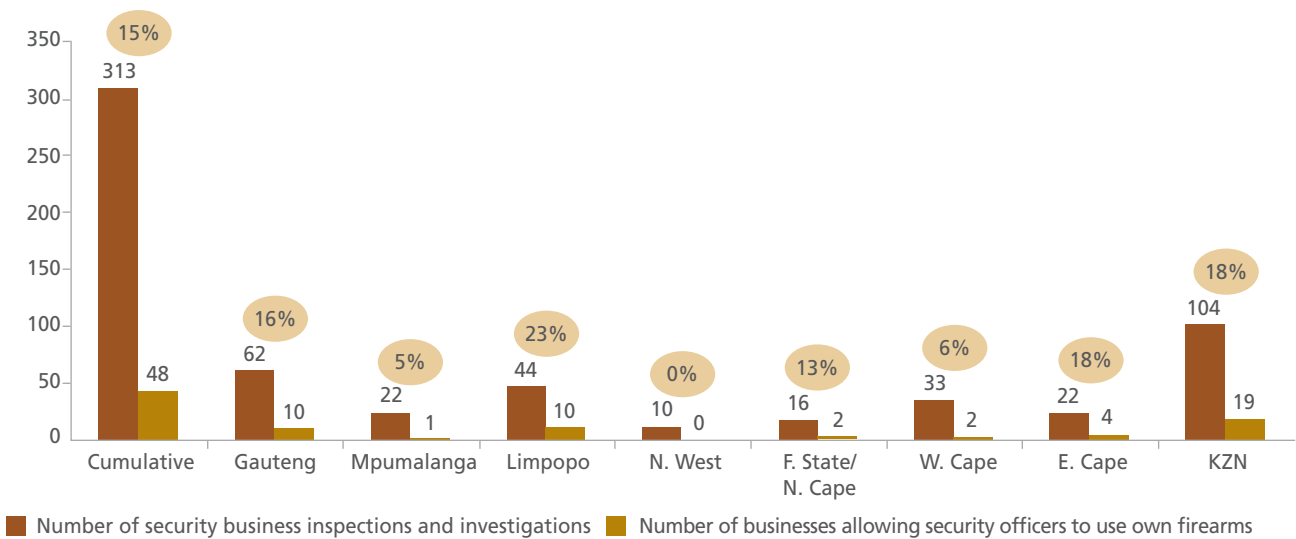
Graph 11: Businesses Failing to Report Intakes/Discharges



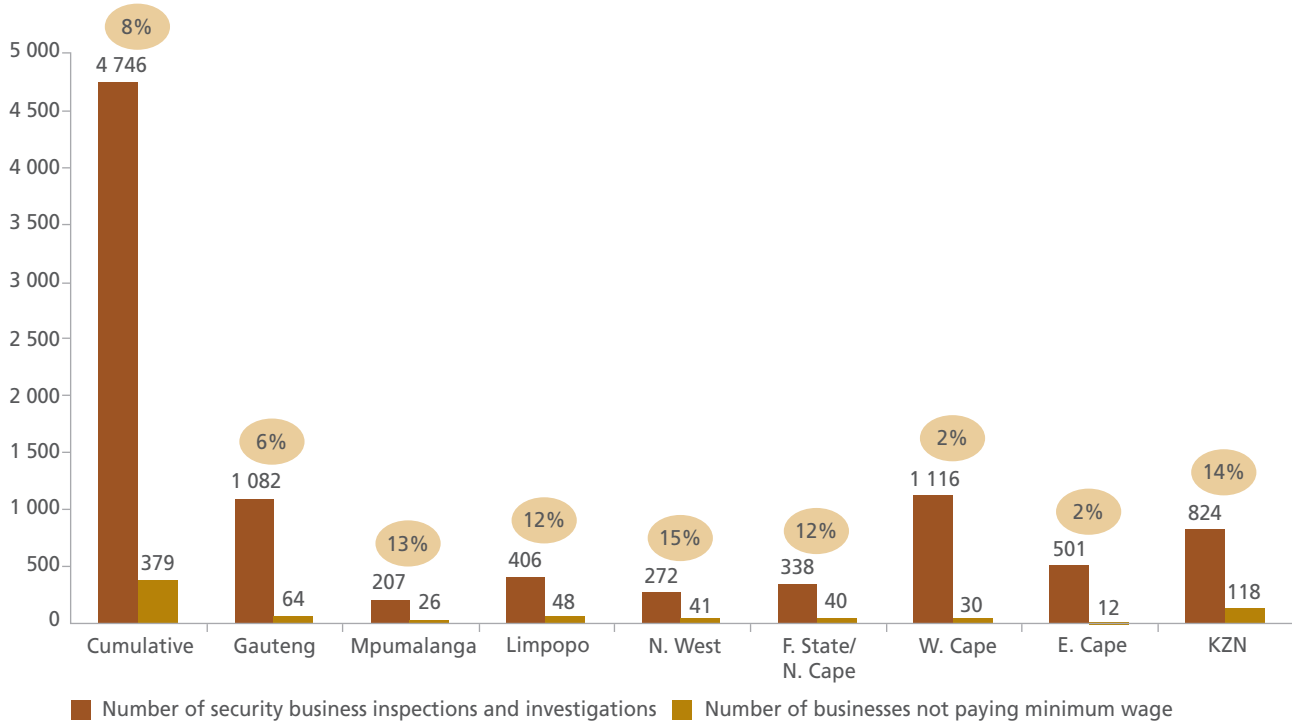
Graph 12: Businesses Failing to Comply with Regulation 10 Documentation



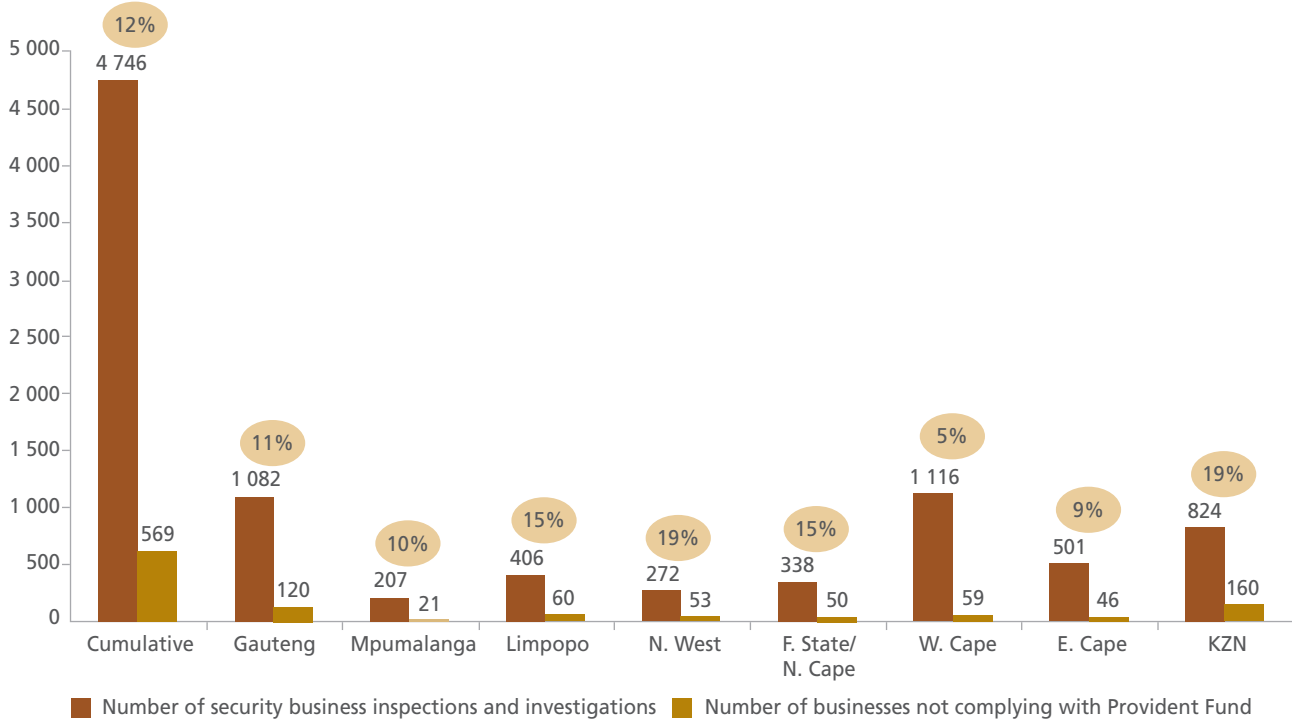
Graph 13: Businesses Using Firearms not Complying with Regulation 13(5) or (6)



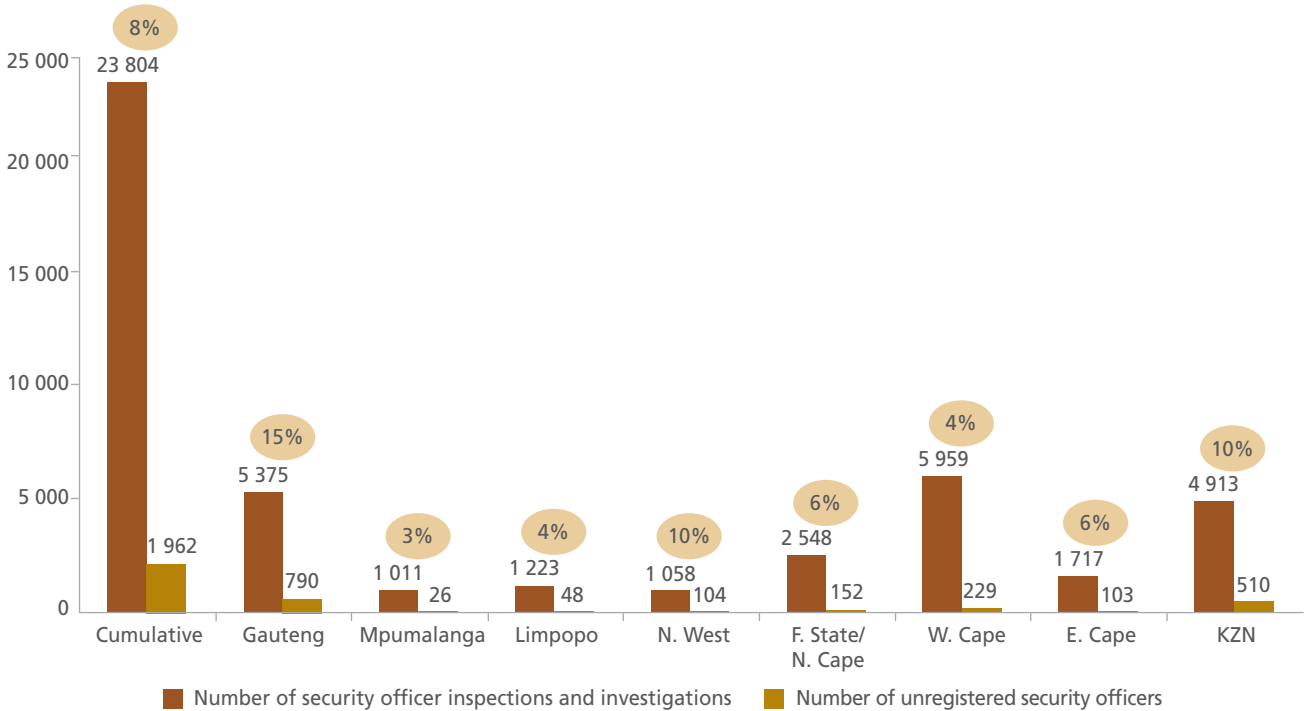
Graph 14: Businesses Not Paying Minimum Wage



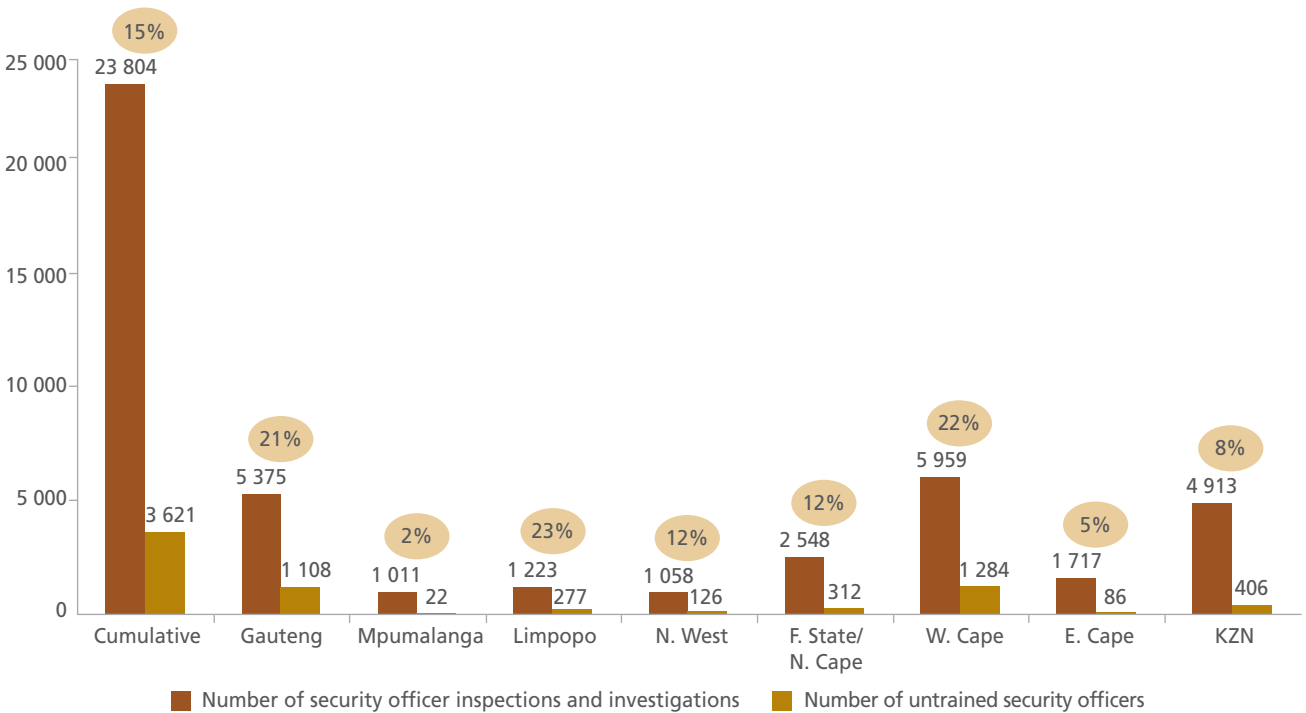
Graph 15: Businesses Not Complying with Provident Fund



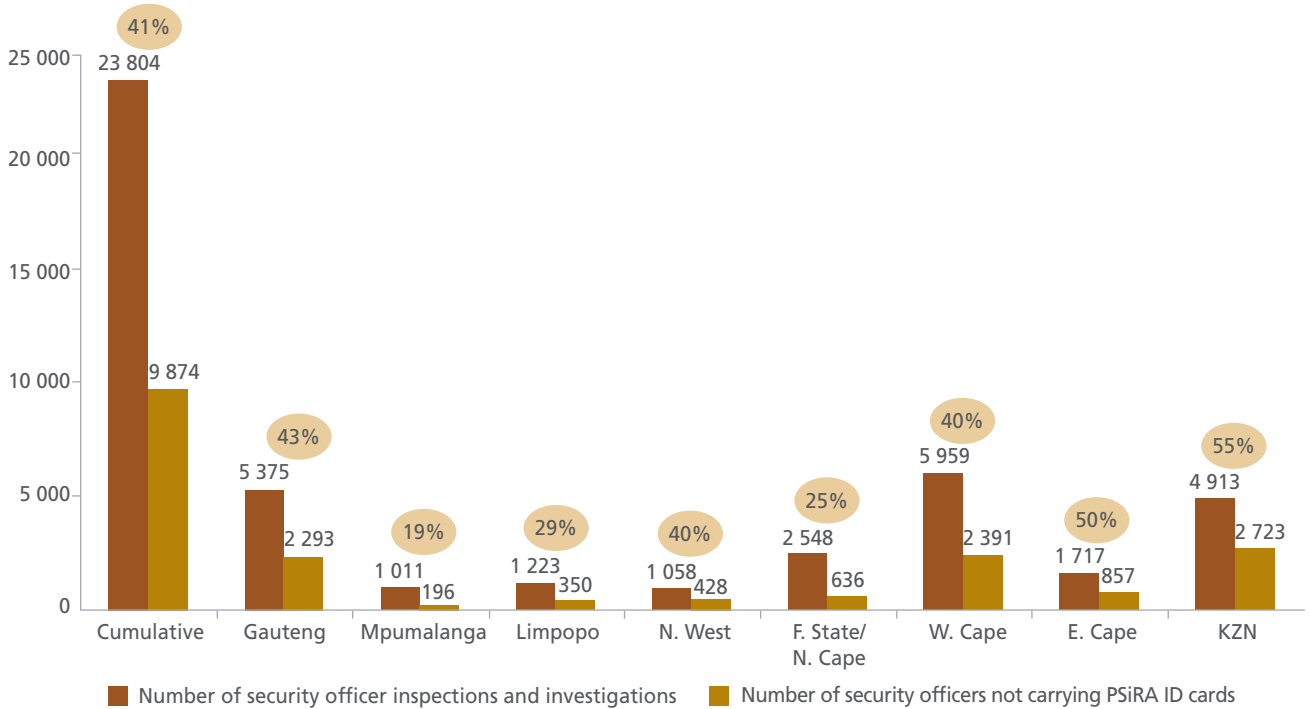
Graph 16: Inspections/Investigations Conducted on Security Officers



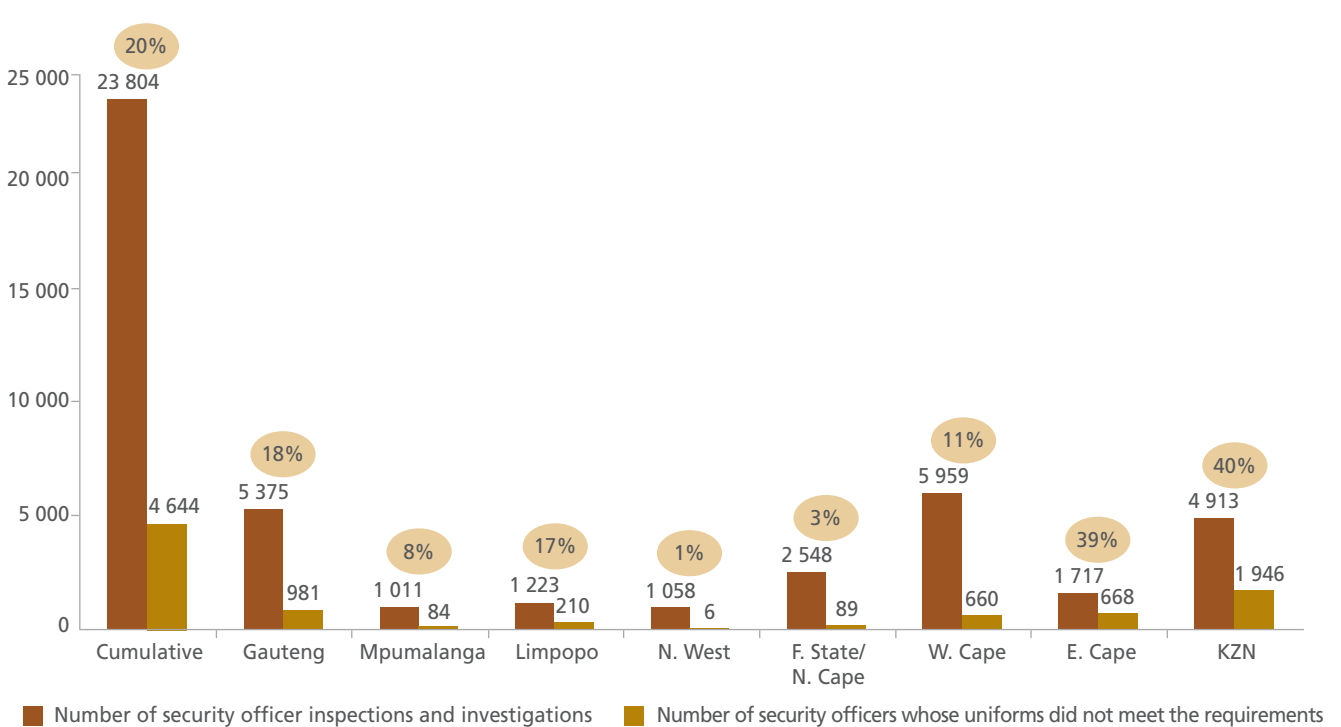
Graph 17: Untrained Security Officers



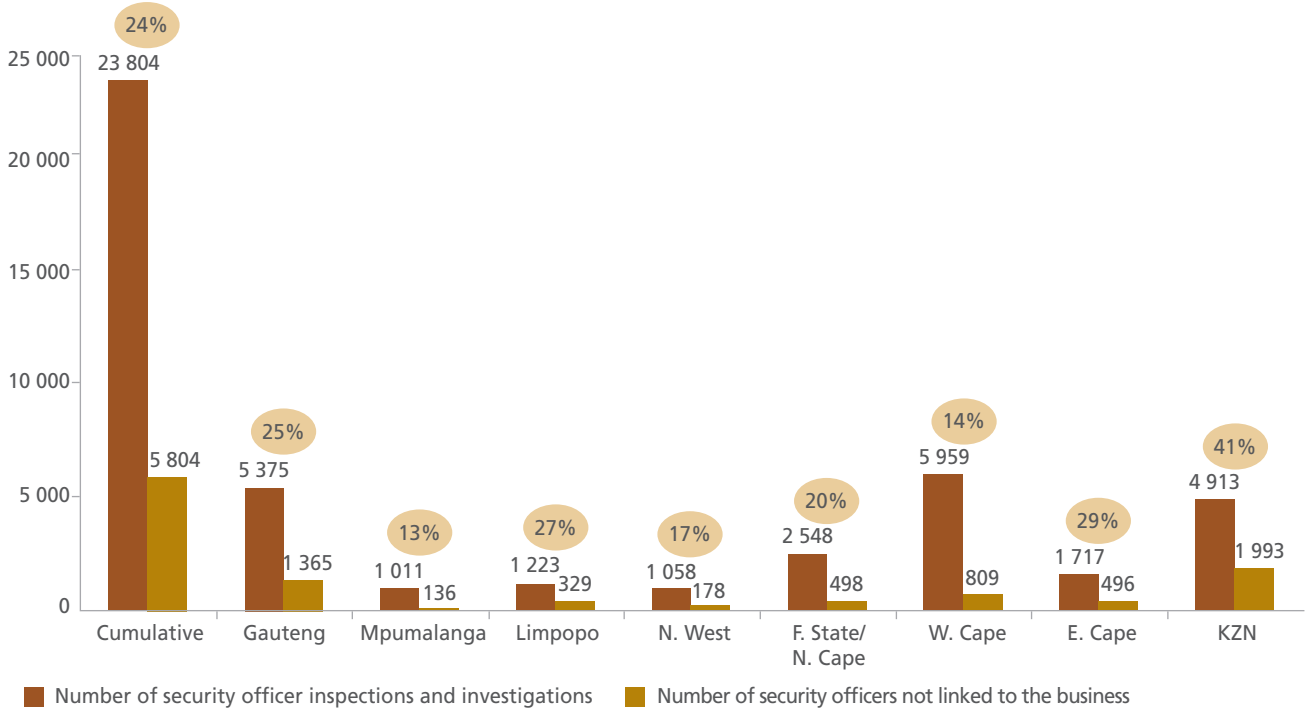
Graph 18: Security Officers Not Carrying PSiRA ID Cards



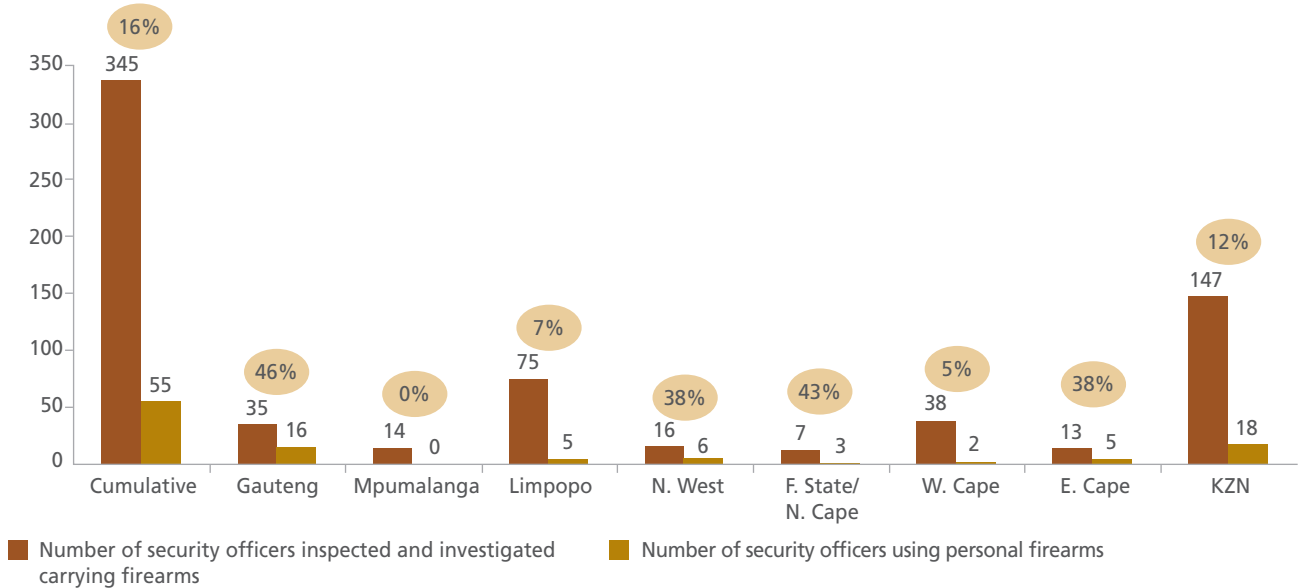
Graph 19: Security Officers Whose Uniforms did not meet the Requirements



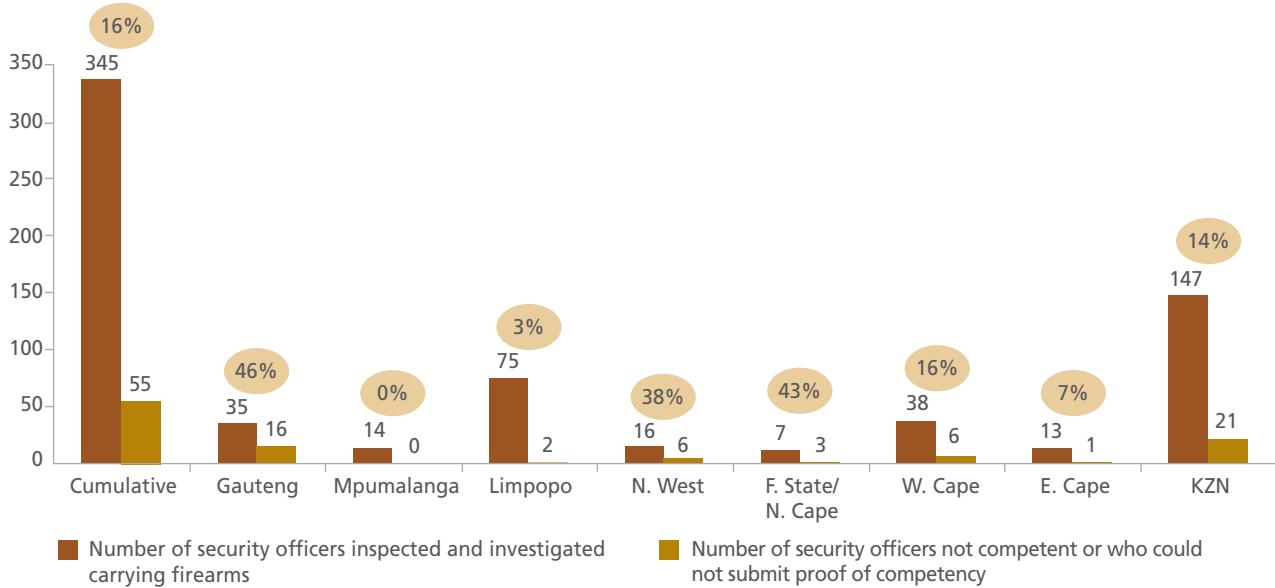
Graph 20: Security Officers Not Linked to a Business



Graph 21: Security Officers Using Firearms Not Complying With Regulation 13(5) or (6)



Graph 22: Security Officers Carrying Firearms Not Competent in Firearms



Operations

The Authority is also involved in a number of joint operations with different stakeholders such as the SAPS, Department of Home Affairs (DoH) 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 year under review, the following operations were held:

Table 4

Region	Number of Operations	Stakeholders	Number of Arrests	Unregistered	Foreigners	Firearms	Other
Head Office	37	SAPS/DoL	407	404	148	2	13 DoL/PSiRA Inspections
Western Cape	8	SAPS/Metro/DoH	11	11	5	0	0
Eastern Cape	0	-	0	0	0	0	0
KwaZulu-Natal	2	SAPS	6	1	0	1	0
Total	47	-	424	416	153	3	13

The Authority also deployed inspectors at the stadiums in Polokwane, Bloemfontein and Cape Town for the duration of CHAN 2014 to verify compliance and report to the Provjoc's and Natjol's. In addition, operations were also held during a concert at the FNB Stadium and inspectors verified compliance at Supersport Park during the cricket match between South Africa and Australia.

The Authority also conducted inspections/investigations over weekends at residential estates in Gauteng, as well as inspections during PSL and Currie Cup matches over weekends, and after hours during the week.

Improper Conduct Investigations

During the year under review, a total of **1 489** improper conduct dockets against security businesses were compiled compared, to **1 052** dockets for the 2012/2013 financial year. The regional breakdown is as follows:

Table 5: Improper Conduct Dockets

Region	Number of Dockets 2012/2013	Number of Dockets 2013/2014
Head Office	488	652
Western Cape	219	365
Eastern Cape	136	161
KwaZulu-Natal	209	311
Total	1 052	1 489

Regional breakdown of Code of Conduct docket against large, medium and small businesses for the year under review, is as follows:

Table 6: Code of Conduct Dockets

Region	Number of Dockets		
	Small Businesses	Medium Businesses	Large Businesses
Head Office	253	135	264
Western Cape	207	58	100
Eastern Cape	109	26	26
KwaZulu-Natal	136	68	107

Improper Conduct Investigation Dockets Pertaining to Minimum Wages

One of the Authority's objectives is to promote the protection and enforcement of the rights of security officers and other employees in the private security industry, particularly to ensure that security businesses pay the prescribed minimum wages as determined by the Department of Labour in order to ensure that employee security officers are not exploited.

As at 31 March 2014, there were **272** Improper Conduct dockets pending against security service providers for allegations of failing to pay the statutory minimum wage to employee security officers. Complaints relating to other labour matters continuously refer to the Department of Labour for further investigation.

Table 7: The Regional Breakdown

Region	Number of Dockets
Head Office	180
Gauteng	82
Mpumalanga	38
Limpopo	26
North West Province	14
Free State/Northern Cape	13
Other	7
Western Cape	15
Eastern Cape	10
KwaZulu-Natal	67
Total	272

Criminal Investigations

Regulatory inspections are also conducted to investigate unregistered security service providers as well as other criminal contraventions of the Act. During the year under review, a total of **740** criminal cases were opened by inspectors of the Authority.

The regional breakdown in respect of criminal cases opened during the year under review is as follows:

Table 8: The Regional Breakdown

Region	Criminal Cases Opened 2012/2013	Criminal Cases Opened 2013/2014
Head Office	290	445
Gauteng	-	278
Mpumalanga	-	7
Limpopo	-	25
North West Province	-	33
Free State/Northern Cape	-	102
Western Cape	134	91
Eastern Cape	166	120
KwaZulu-Natal	137	84
Total	727	740



During the year under review, **301** criminal cases were finalised by the National Prosecuting Authority. The regional breakdown is as follows:

Table 9: Criminal Cases Finalised

Region	Successfully Finalised	Unsuccessfully Finalised	Total
Head Office	250	19	269
Western Cape	1	14	15
Eastern Cape	7	6	13
KwaZulu-Natal	1	3	4
Total	259	42	301

As at 31 March 2014, a total of **1 740** outstanding criminal cases were pending with the South African Police Service, compared to **1 301** cases as at 31 March 2013. The regional breakdown is as follows:

Table 10: Criminal Cases Pending

Region	Outstanding Criminal Cases
Head Office	626
Gauteng	364
Mpumalanga	84
Limpopo	72
North West Province	45
Free State/Northern Cape	61
Western Cape	373
Eastern Cape	264
KwaZulu-Natal	477
Total	1 740

There is a close working relationship between the Authority and the SAPS in cases that require investigations and arrest. The SAPS also plays an important role in site inspection operations. The Authority also conducts Law Enforcement operations with the SAPS on a national basis and assists in general SAPS operations.

Table 11: Number of Arrests Made During the Year Under Review

Region	Number of Arrests 2012/2013	Number of Arrests 2013/2014
Head Office	266	339
Western Cape	48	22
Eastern Cape	21	4
KwaZulu-Natal	66	21
Total	401	386

Firearm Applications Enquiries

The Authority provides information to the Office of the 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;
- ◆ The number of security officers employed by the business and their registration and training status; and
- ◆ The annual amounts due to the Authority.

There is a close working relationship between the Authority and the SAPS in cases that require investigations and arrest.

During the year under review, a total of **1 119** firearm application enquiries were received from the CFR and finalised compared to **918** for the 2012/2013 financial year. Of the **1 119** processed, the CFR was informed that **106** security service providers owed annual amounts or fines to the Authority, **124** of the applicants failed to inform the Authority of changes, **73** responsible persons for the firearms were not linked to a business or registered, **15** businesses' registrations were suspended/withdrawn, **42** businesses/CFR provided incorrect information, **6** businesses were de-registered by CIPC and **4** directors/members/partners/owners of the businesses were not registered or trained. A total of **749** applicants were cleared by the Authority for consideration by the CFR.

A Firearm Regulatory Committee was also established by the Authority. The general responsibilities and functions of the Committee is as follows:

- ◆ The Firearm Regulatory Committee serves to uphold the objectives of the Authority in promoting legitimate private security and in particular relating to firearm control.
- ◆ To facilitate the establishment and implementation of effective internal systems to enhance assistance in the control of firearms in the industry. This includes, but is not limited, to:

- The enhancement of the security service provider's database to include details of all security businesses licensed for firearms;
- 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; and
- 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.
- ◆ 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:
 - Guide and co-ordinate the decisions and actions of the Authority and the Central Firearm Register in the performance of their respective regulatory functions;
 - 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;
 - Establish the minimum requirements needed for the



issuing of licenses and guidelines for the withdrawal of licenses;

- Oversee co-operation and co-ordination between the Authority and SAPS in respect of Law Enforcement operations;
 - Facilitate and improve communication and liaison between the Office of the Central Firearm Register and the Authority; and
 - Generally share information from each other's databases in respect of security service providers and licensed institutions.
- ◆ Facilitate the training of inspectors to enhance proper firearm control. This includes competency in the use of firearms and verification of ammunition.

Charge Sheets and Summonses Issued

During the year under review, 1 366 charge sheets and 1 039 summonses in respect of improper conduct cases were prepared by the Authority.

The variance between summonses served and the total successful prosecutions could be a result of reasons such as postponements and respondents not being traceable. The following number of charge sheets and summonses were served during the year under review:

Table 12: Charge Sheets/Summonses Served

Region	Charge Sheets	Summonses
Head Office	673	514
Western Cape	150	191
Eastern Cape	130	97
KwaZulu-Natal	395	369
Total	1 348	1 171

Annual Fees and Fines Collected

During the year under review, a total of R2 369 982.10 in annual fees and R412 993.83 in fines were collected by Inspectors of the Authority.

Untraceable Security Service Providers

Following on from the issuing of charge sheets and/or summonses for the year under review, 43 security service providers could not be traced by Inspectors of the Authority. Steps taken to trace these security service providers include, inter alia, the following:

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



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

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 for performing the following functions in terms of its terms of reference and delegation:

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

During the year under review, 35 Regulatory Sub-Committee meetings were held and the following decisions taken:

Table 13: Report on Activities of the Regulatory Sub-Committee

Business Registration							Individual Registration			Number of Improper Conduct Confirmations of Convictions Sentences			
Withdrawal (Annual Fees)	Withdrawals (Voluntary)	Withdrawals at Code of Conduct Enquiries	Upliftment: Suspension	Withdrawals (REG.5.)	Suspensions (Annual Fees)	Suspension (Voluntary)	Withdrawals	Withdrawals at Code of Conduct Enquiries	Registrations Suspended	H/O	EC	WC	KZN
3 227	99	39	82	1	2 262	0	27	11	24	98	13	32	21

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 does not include all improper conduct cases finalised through settlements.

During the year under review, a total of **R2 369 982.10** in annual fees and **R412 993.83** in fines were collected by Inspectors of the Authority.

Legal Services Department

Legal Services is within the Law Enforcement Division and seeks to ensure efficiency in the prosecution of all contraventions of the PSIR Act. To this end, the Unit has put measures in place to ensure that the process of prosecution is concluded within a reasonable time frame. During the year under review, this ensured that 89% of cases on the roll were finalised to curb costs normally associated with prosecution.

Prosecutions

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

- ◆ Dockets received and perused;
- ◆ Charge Sheets issued;
- ◆ Summonses issued;
- ◆ Cases finalised at Code of Conduct enquiries; and
- ◆ Cases settled without the need of enquiries.

Table 14: Performance Overview

	Head Office	Eastern Cape	Western Cape	KwaZulu-Natal	Total
Dockets received and perused	652	171	219	333	1 375
Charge Sheets issued	626	163	151	426	1 366
Summonses issued	380	109	122	428	1 039
Cases finalised at Code of Conduct enquiries	92	12	31	25	160
Cases settled without the need of Code of Conduct enquiries	513	111	173	506	1 303

Table 15: 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 Received	Dismissed	Upheld	Pending	Matter Referred Back to the Authority
476	402 (withdrawal of registration and rejected)	44	20	1

Table 16: Appeals Against the Authority's Refusal to Register a Security Service Provider due to Non-South African Residence

Total Received	Dismissed	Upheld	Pending
4	4	0	0

Table 17: Appeals Against Conviction and/or Sentence Following the Finalisation of Improper Conduct Enquiries Convened in Terms of the Act

Total Received	Dismissed	Upheld
2	2	2

Table 18: Applications for Exemptions

Total Received	Dismissed	Granted
7	2	1

During the year under review, this ensured that 80% of cases on the roll were finalised to curb costs normally associated with prosecution.

Registration/Customer Relations Management (CRM)

The Registration (CRM) Unit's core function is to ensure that all individual and business applications received are processed and considered for registration without undue delays. This report outlines all the activities that took place within the Registration (CRM) Unit during the year under review and also presents a comparative analysis of the previous financial year's performance.

Improved Service Delivery

At the beginning of the year under review, the Registration (CRM) Unit set a target of completing registrations within an average turnaround time of 30 days for both individual security officers and security businesses. Our commitment to deliver excellent service to our stakeholders has led to the Registration (CRM) Unit achieving an overall average turnaround time of **19 days** for individual registrations and **15 days** for business registrations.

Employed and Unemployed Registered Security Officers

During the year under review, the authority had 1 868 398 registered security officers in its database. This demonstrated a decline of 4.36% in the number of registered Security Officers (SOs) when compared to 1 953 605 during the 2012/2013

financial year. This data represents the total number of SOs who are currently employed (active) and those who are registered but are unemployed (inactive). The Authority continued to intensify its law enforcement activities with the objective of improving compliance in the industry and this has led to non-complying SOs being deregistered.

Table 19: Employed and Unemployed Registered Security Officers (SOs)

Financial Year	Total no. of SOs (Employed and Unemployed)	Male	Female
2012/2013	1 953 605	1 400 243	553 362
2013/2014	1 868 398	1 303 299	565 099

Registration of Employed Security Officers

The number of registered employed (active) SOs increased by 9.35% from **445 407** in the 2012/2013 financial year to **487 058** during the year under review. The increase in registered employed SOs can be attributed to:

- ◆ Improved average turnaround time of 15 days in processing individual applications that meets all registration requirements;
- ◆ Intensified law enforcement activities with the objective of improving compliance in the industry; and
- ◆ Intensified stakeholder engagements and awareness initiatives undertaken by the Authority during the year under review.



Table 20: Employed Registered Security Officers (SOs)

Financial Year	Total no. of SOs (employed)	Male	Female
2012/2013	445 407	382 577	62 830
2013/2014	487 058	393 034	94 024

Registration of Security Businesses (SBs)

The number of registered Security Businesses (SBs) dropped from **9 031** in 2012/2013 financial year to **8 144** in the year under review. The decline can be attributed to deregistration due to non-compliance.

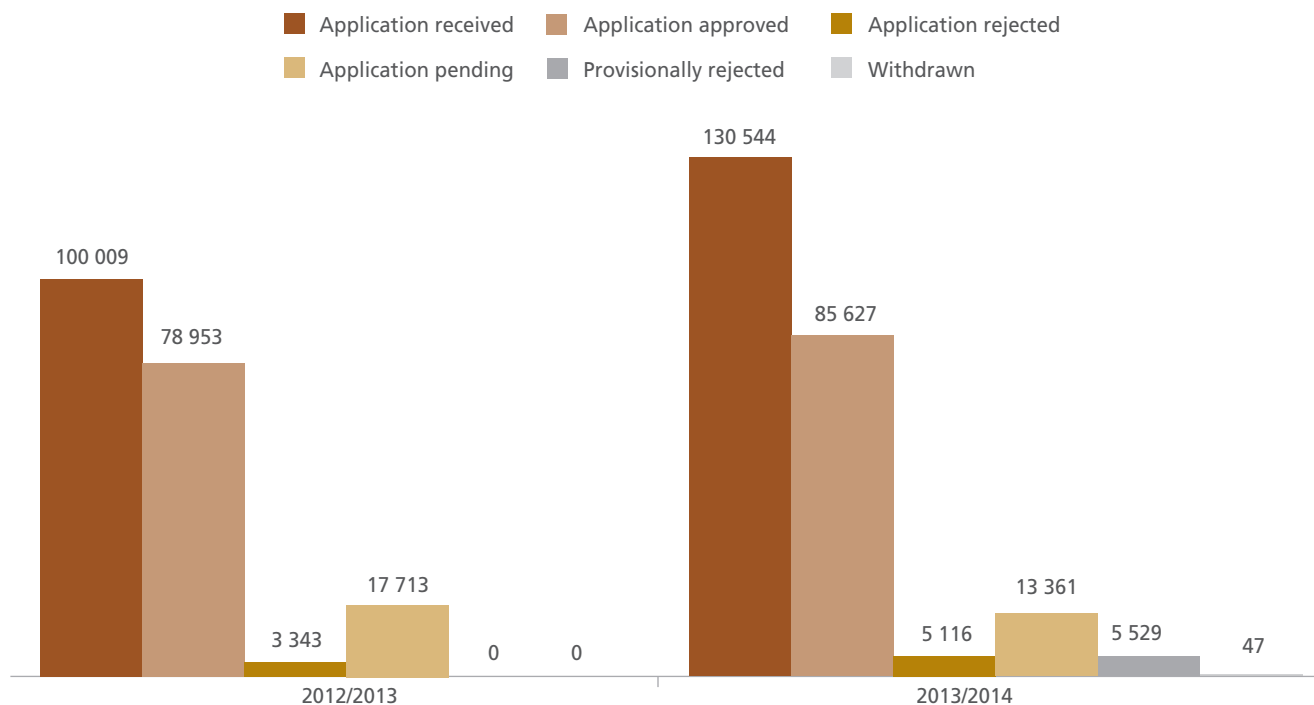
Table 21: Registration of Security Businesses (SBs)

Province/Regions	No. of Active Registered Businesses
Gauteng	3 053
Mpumalanga	534
Eastern Cape	672
Western Cape	942
Limpopo	867
North West Province	349
Free State	222
Northern Cape	120
KwaZulu-Natal	1 385
Total	8 144

Individual Applications Received During the Year Under Review Compared to the 2012/2013 Financial Year

A total of **130 544** individual applications were received and processed during the year under review compared to **100 009** applications received during the 2012/2013 financial year. This shows an increase of 30.53% in the number of applications received.

Graph 23: Individual Applications Received During the Year Under Review



Statistical Comparison of Individual Applications Received, Registered, Rejected and not Finalised During the 2012/2013 and 2013/2014 Financial Years

- ◆ **85 522** individual applications were registered during the year under review compared to **78 953** of the 2012/2013 financial year. This shows an increase of 8.32% in the number of individual applications registered during the year under review.
- ◆ **3 573** individual applications were rejected during the year under review compared to **3 343** in the 2012/2013 financial year. This shows an increase of 6.88% in the number of individual applications rejected during the year under review.
- ◆ **13 361** individual applications were not finalised during the year under review, compared to **17 713** in the 2012/2013 financial year. This shows a decrease of 24.57% in individual applications pending during the year under review.

Table 22: Reasons for Pending Applications

Status	Total
New applications with no fees paid	49
New applications with fees paid	2 495
Fingerprints at criminal record centre	10 119
Case awaiting trial applications	137
Fingerprint retakes	505
Applications with other status pending (applications with schedule offences waiting for merit forms)	56

Registration Sub-Committee

The Director of the Authority established a Registration Sub-Committee as a Sub-Committee accountable to 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 Sub-Committee 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 objectives of the Authority, register any applicant as a security service provider"*.

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

Table 23: Registration Sub-Committee Meetings Held

Business Applications		Individual Applications		Non-SA Citizens	
Registered	Rejected	Registered	Rejected	Registered	Rejected
1 045	12	1 728	329	55	42

85 522 individual applications were registered during the year under review compared to **78 953** in the 2012/2013 financial year. This shows an increase of 8.32% in the number of individual applications registered during the year under review.

Business Applications Received During Year Under Review

The Authority has **8 144** businesses registered and active in the industry. The following graphs present a statistical comparison of business applications received, registered, rejected and not finalised/pending during the 2011/2012 and 2012/2013 financial years.

During the year under review, the Authority received a total of **1 481** business applications for registrations compared to **1 199** business applications received in the 2012/2013 financial year. This shows an increase of 23.52% in the number of business applications received during year under review.

A total of **1 045** business applications were registered during the year under review compared to **871** business applications registered during the 2012/2013 financial year. This shows an increase of 19.98% in the number of business registered during the year under review.

A total of **12** business applications were rejected during the year under review due to non-compliance with section 21 of the PSiR Act of 2001.

As at the end of the year under review, **424** business applications were still due for further Registration Subcommittee adjudication.

Statistical Comparison of ID cards Issued During the 2012/2013 and 2013/2014 Financial Years

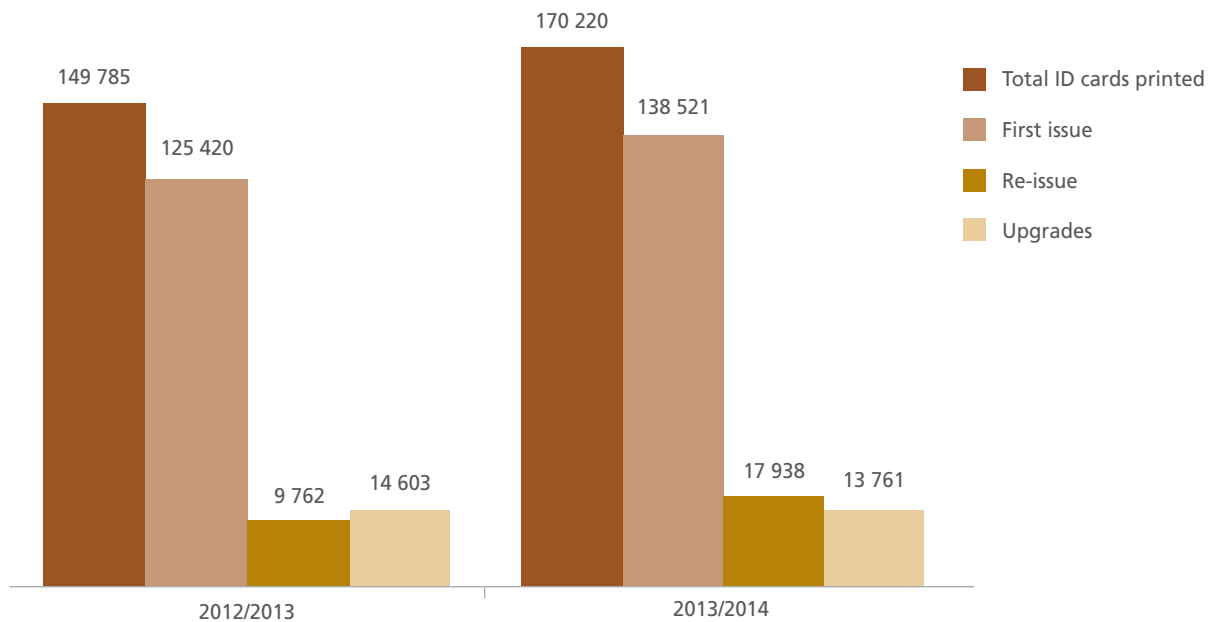
Table 24: ID Cards Issued During 2012/2013 Financial Year

Total ID Cards Printed During 2012/2013	First Issue	Re-issue	Upgrades
149 785	125 420	9 762	14 603

Table 25: ID Cards Issued During 2013/2014 Financial Year

Total ID Cards Printed During 2013/2014	First Issue	Re-issue	Upgrades
170 220	138 521	17 938	13 761

Graph 24: Statistical Comparison of ID Cards Issued During 2012/2013 and 2013/2014 Financial Years



Statistical Comparison of Individual Certificates Issued During the 2012/2013 and 2013/2014 Financial Years

Table 26: Certificates Issued During 2012/2013 Financial Year

Total Certificates Printed During 2012/2013	First Issue	Re-issue	Upgrades
138 824	91 974	17 042	29 808

Table 27: Certificates Issued During 2013/2014 Financial Year

Total Certificates Printed During 2013/2014	First Issue	Re-issue	Upgrades
143 868	93 427	18 647	31 794

Graph 25: Statistical Comparison of Individual Certificates Issued During 2012/2013 and 2013/2014 Financial Years

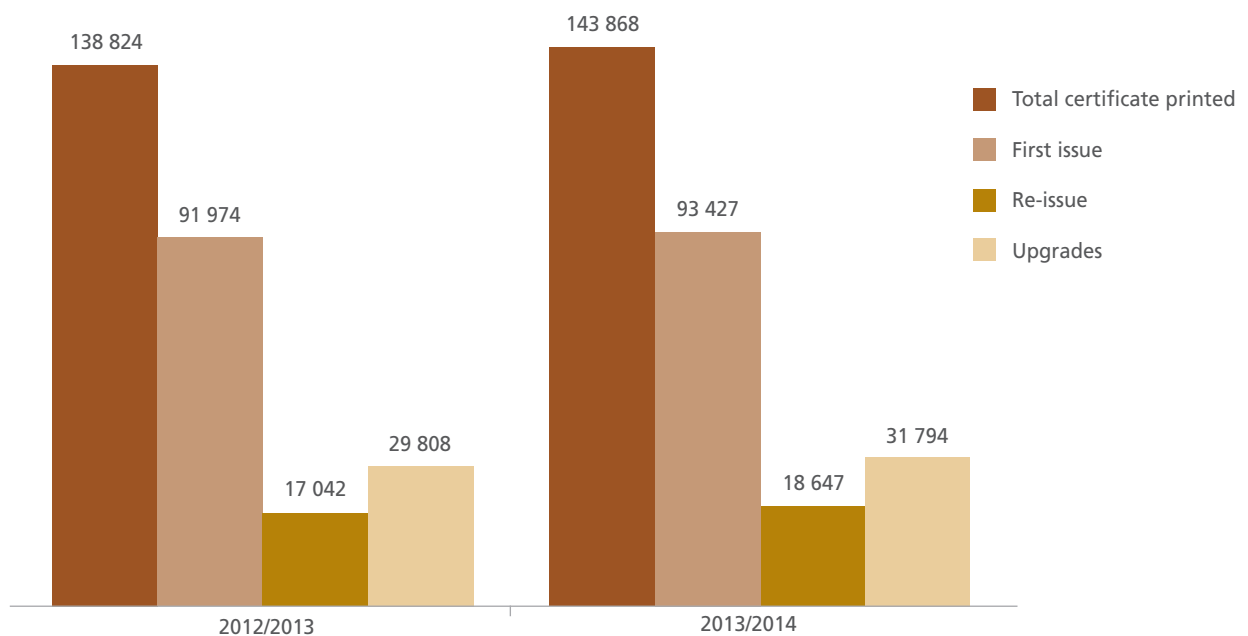


Table 28: Provincial Breakdown of all Registered Security Businesses in Comparison to 2012/2013 and 2013/2014 Financial Years

Regions/Provinces	Number of Active Registered Businesses	
	2012/2013	2013/2014
Gauteng	3 319	3 053
Mpumalanga	635	534
Eastern Cape	704	672
Western Cape	990	942
Limpopo	1 096	867
North-West	396	349
Free State	267	222
Northern Cape	115	120
KwaZulu-Natal	1 509	1 385
Total	9 031	8 144

A total of **1 045** business applications were registered during the year under review compared to **871** business applications registered during the 2012/2013 financial year.

Graph 29: Provincial Breakdown of all Registered Security Businesses in Comparison to 2012/2013 Financial Year and 2013/2014 Financial Years

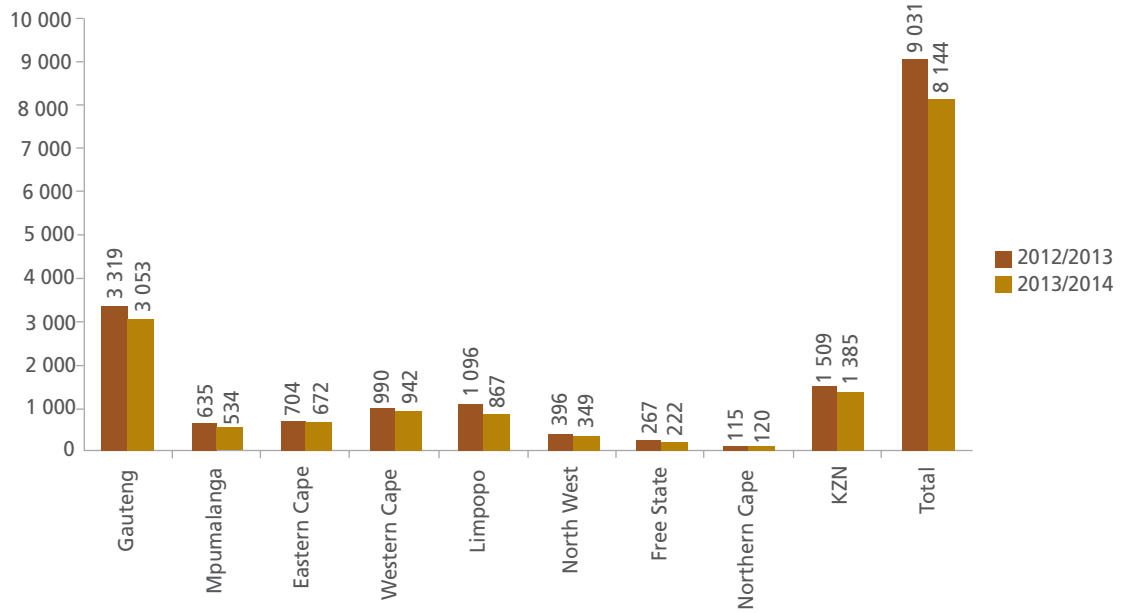


Table 29: Comparison of Number of Active Security Officers per Province During 2012/2013 and 2013/2014 Financial Years

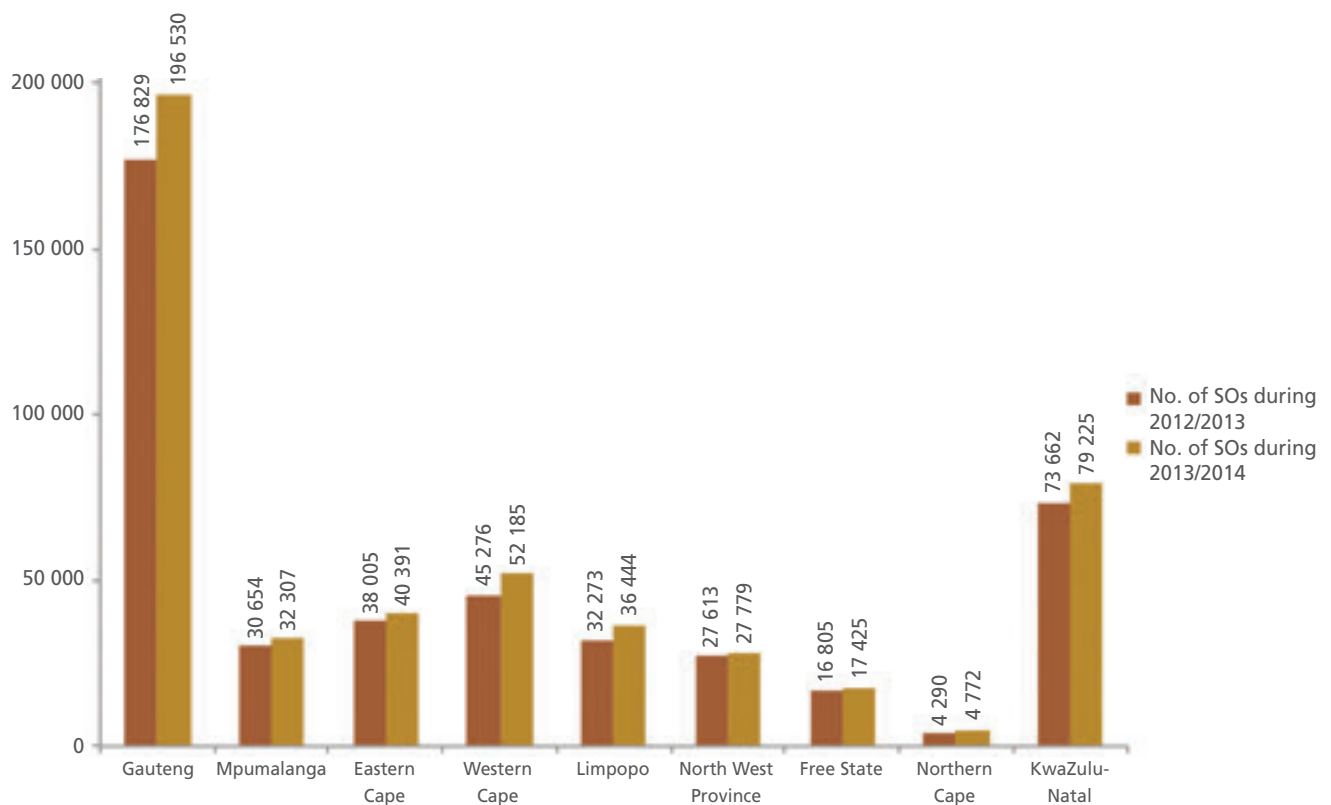
Province	No. of SOs during 2012/2013	No. of SOs during 2013/2014
Gauteng	176 829	196 530
Mpumalanga	30 654	32 307
Eastern Cape	38 005	40 391
Western Cape	45 276	52 185
Limpopo	32 273	36 444
North West Province	27 613	27 779
Free State	16 805	17 425
Northern Cape	4 290	4 772
KwaZulu-Natal	73 662	79 225
Total	445 407	487 058

The number of registered active guarding businesses has increased from 6 370 to 7 220 in the year under review.

Table 30: Registration Information Pertaining to the Number of Businesses Registered Nationally for the Different Categories or Classes of Security Service Providers

Category of Security Service	No. of Businesses during 2012/2013	No. of Businesses during 2013/2014
Security guards (ind & comms)	6 370	7 220
Security guards – cash-in-transit	2 061	4 465
Bodyguarding (CPO)	2 521	6 089
Security consultant	2 409	4 181
Reaction services	2 740	4 550
Entertainment/venue control	2 769	6 231
Manufacturer of security equipment	949	1 705
Private investigator	1 671	4 478
Training	1 965	5 304
Security equipment installer	1 988	3 670
Locksmith/key cutter	668	1 160
Security control room	2 330	5 715
Special events	2 929	5 578
Car watch	1 848	3 199
Insurance	132	846
Security and loss control	117	707
Fire prevention and detection	66	459
Consulting engineer	29	155
Dog training	9	13
Alarm installers	49	129
Anti poaching	5	5
Rendering of security service	2 205	5 093

Graph 27: Security Officers Comparison Between 2012/2013 and 2013/2014 Financial Years



Graph 28: Businesses Comparison Between 2012/2013 and 2013/2014 Financial Years

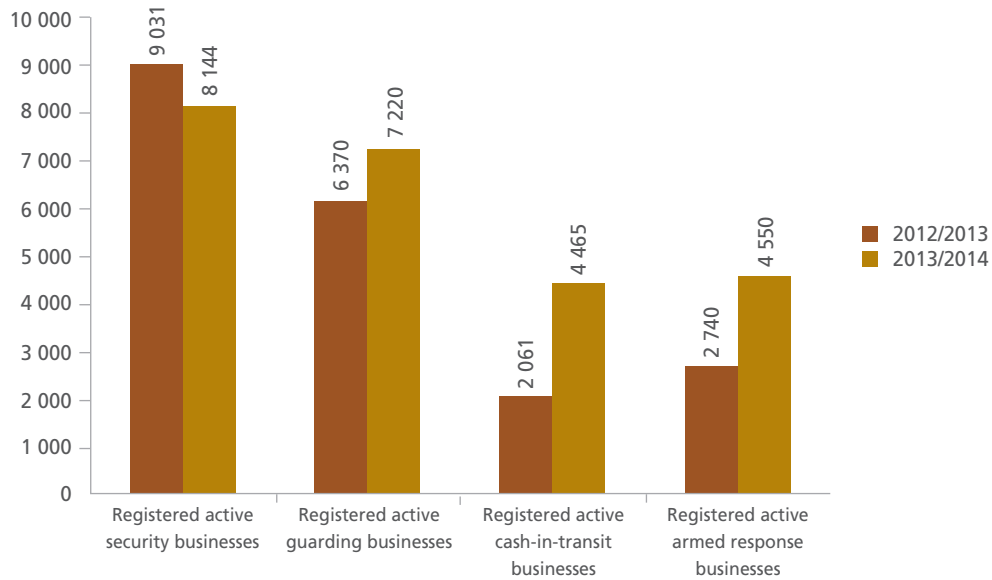


Table 31: Registration Statistics Comparison Between 2012/2013 and 2013/2014 Financial Years

	2012/2013	2013/2014
Registered active security businesses	9 031	8 144
Registered active guarding businesses	6 370	7 220
Registered active cash-in-transit businesses	2 061	4 465
Registered active armed response businesses	2 740	4 550
Registered active (employed) security officers	445 407	487 058
All registered (active and inactive) security officers	1 953 605	1 868 398

The above demonstrates a decrease in the total number of registered security businesses. However, it must be noted that the number of registered active guarding businesses has increased from 6 370 during the 2012/2013 financial year to 7 220 in the year under review.

◆ The total number of registered security businesses has declined from 9 031 to 8 144 businesses during the year under review, representing a decrease of 9.82%.

- ◆ Registered active guarding businesses have increased from 6 370 businesses to 7 220 businesses during the year under review, representing an increase of 13.34%.
- ◆ Registered active cash-in-transit businesses have increased from 2 061 businesses to 4 465 businesses during the year under review, representing an increase of 116.64%.
- ◆ Registered active armed response businesses have increased from 2 740 businesses to 4 550 businesses during the year under review, representing an increase of 66.06%.
- ◆ Registered active (employed) security officers have increased from 445 407 to 487 058 active security officers during the year under review, representing an increase of 9.35%.
- ◆ The Authority had 1 953 605 registered security officers on its database during the 2012/2013 financial year as compared to 1 868 398 for the year under review, which shows a decrease of 4.36% in the number of security officers registered on our database.

Industry Training Course Reports

During the year under review, the record of accredited training providers was 406. The Authority received 393 812 course reports and 384 809 were successfully captured and processed:

Table 32: Course Reports

Course Reports	2012/2013	2013/2014
	Number of Course Reports	Number of Course Reports
Course reports on hand end March	8 768	1 703
Course reports received during April to March	364 015	393 812
Course reports processed during April to March	369 077	384 809
Course reports returned during April to March	2 003	922
Course reports carried over to April	1 703	9 784

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

Interaction Between the Authority and the Safety and Security Education and Training Authority (SASSETA)

Meetings were held with SASSETA during the year under review in respect of the Memorandum of Understanding. The MOU will be signed on 1 April 2014.

Table 33: Provincial Breakdown of Accredited Training Providers

Region	2012/2013	2013/2014
	Number of Training Centres	Number of Training Centres
Gauteng	173	143
Mpumalanga	28	25
Limpopo	54	48
North West	21	19
Free State	17	15
Northern Cape	6	6
Western Cape	48	39
Eastern Cape	30	29
KwaZulu-Natal	87	82
Total	464	406

Reasons as to why the number of accredited training centres was reduced:

- ◆ Registration and accreditation voluntarily withdrawn and/or suspended by the business via the Regulatory Sub-Committee;
- ◆ Business registration and accreditation withdrawn due to Code of Conduct/improper conduct;
- ◆ Accreditation withdrawn due to Code of Conduct/improper conduct; 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 the Authority and SASSETA ***

Table 34: Instructor and Recognition of Prior Learning Applications Considered

2012/2013							
Instructor Applications Considered				Recognition of Prior Learning Applications Considered			
Total Received	Approved	Rejected	Additional Information Required	Total Received	Approved	Rejected	Additional Information Required
94	74	10	10	50	44	4	2

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

Training Sub-Committee

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

- (a) Developing 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;
- (b) Liaison with SAQA, SASSETA and the Quality Council for Trades and Occupations in respect of the development of qualifications within the private security industry;
- (c) 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;
- (d) Ensuring the registration of the Authority as a Professional

Body as contemplated in the National Qualifications Framework Act;

- (e) Drafting, reviewing and, if necessary, update the proposed skills programmes for all the categories or classes of security service providers;
- (f) Reviewing draft training regulations in line with developed policy on the promotion of high standards in the training of security service providers;
- (g) Advising the Executive Committee on all aspects relating to the proposed implementation of the new training regulations, including proposed promulgation of the regulations;
- (h) General communication and consultation with stakeholders on progress in the promulgation of the draft training regulations in conjunction with the Communication Department;
- (i) Consideration of recognition of prior learning applications; and
- (j) Consideration of instructor applications.

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

Table 35: Training Sub-Committee Meetings Held

Instructor Applications				Recognition of Prior Learning			
Total Received	Approved	Rejected	Additional Information Requested	Total Received	Approved	Rejected	Additional Information Requested
87	75	3	9	30	25	1	4

The Training Sub-Committee is responsible for inter alia, 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.

Communications and Stakeholder Management

Excellent service delivery is one of the Authority's strategic intents and continuous stakeholder engagement is important towards achieving this goal. During the year under review, the Authority intensified its stakeholder engagements with the fundamental objective of understanding stakeholder expectations as well as driving continual improvement. Stakeholder engagement platforms included Provincial Industry Compliance Forums, Awareness Workshops for Security Officers and Security Businesses, Industry Circulars, Media Releases, Meetings, Face-to-face Interviews, Questionnaires and Surveys, just to mention a few. We have used these platforms to encourage all stakeholders to express their views on the best way we can improve our engagements with them and our overall organisational performance.

Stakeholder Engagement

During the year under review, a number of engagements were attended with the SAPS and other stakeholders. These meetings included, inter alia, the following:

- ◆ Meetings were attended with the Natjoints and Provjoints on the CHAN 2014 Championship and daily feedback given on compliance during the events.
- ◆ A meeting was attended with SAPS on the amendments of the Dangerous Weapons Act. The Authority agreed to circulate information in respect thereof to the industry.
- ◆ A meeting was held with Stadium Management (FNB Stadium) and other roleplayers, and the requirements in respect of event security were highlighted.
- ◆ A Natjoints meeting was attended with Stadium Management in respect of event security and the requirements for security service providers in respect thereof.



- ◆ A meeting was held with the Department of Labour in respect of a Correction Notice published by the Minister of Labour in respect of Sectoral Determination, which has significant implications for the industry. The Department of Labour indicated that they will source legal opinions in respect thereof and revert.
- ◆ A follow-up meeting was held with the South African Police Service in order to establish a National Consultative Forum and draft a Memorandum of Understanding.
- ◆ A workshop was held with SAIDSA on the skills programmes for the electronic security industry and issues of RPL.
- ◆ Workshops were held with the SAPS on the planning of safety and security at the FNB Stadium during the Nelson Mandela Sports Day.
- ◆ A workshop was attended in Polokwane with security service providers arranged by the Commission of Conciliation Mediation and Arbitration (CCMA).
- ◆ A workshop was held with the Department of Labour in Johannesburg and a presentation given on the Authority and its mandate.
- ◆ The Authority hosted eight Provincial Industry Compliance Forums in Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal, Limpopo, Mpumalanga and North West province. Participants for these forums included Employer Associations, trade union representatives, South African Police Services (SAPS), Department of Labour (DoL), CCMA, National Prosecution Authority (NPA), Public Protector, Chamber of Commerce, Civil Society and Consumer Bodies.
- ◆ The Authority partnered with the Private Security Sector Provident Fund (PSSPF) to conduct awareness workshops in Cape Town, George, Port Elizabeth, East London,

Bloemfontein, Kimberley, Nelspruit, Ermelo, Witbank, Rustenburg, Mafikeng, Klerksdorp, Upington and Kuruman with security service providers, and the specific emphasis was on the role of the Authority.

Complaints and Helpdesk

The Authority has a full-time Complaints and Helpdesk at the 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 year under review is as follows:

Table 36: Number of Enquiries and Complaints

Number of Enquiries/Complaints	Head Office
Telephonic	18 135
Personal	3 394
Enquiries	2 637
Complaints	1 187
Enquiries/Complaints pertaining to registration/Training	1 206
Wages	977
Provident Fund	253

Marketing and Events

The Authority officially launched its new Corporate Identity (CI) during the third quarter of the year under review. The new CI was also presented to the external stakeholder during the Provincial Industry Compliance Forums in Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal, Limpopo, Mpumalanga and North West province.

The Authority has a full-time Complaints and Helpdesk at the Arcadia and KwaZulu-Natal offices.

Research and Development

The Research and Development Unit is entrusted with the responsibility of undertaking research that provides relevant insights into how the Authority's core business activities can be enhanced in order to achieve excellent service delivery. The Unit's key objective is to ensure that the Authority becomes a centre of excellence in the private security industry by conducting cutting-edge research aimed at providing relevant insights into how the Authority's legislative mandate can be enhanced.

Having identified two priority research topics, namely, *The Private Security Guarding Sector in South Africa*; and *The Private Security Electronic Security Sector in South Africa*, the Unit undertook field research and produced research reports for the Authority. Regarding the guarding sector, the report recommended that the Authority address the poor database system, which currently allows transgressors to re-register with new companies. This gap was as a result of the once-off registration system. Regarding the electronic security sector, the report recommended that there is a need for the Authority to train and establish Information Security Teams (ISTs), being inspectors that will effectively monitor compliance in the electronic security sector. As these are the first finalised research projects, it is hoped that future research areas will build upon the research findings gathered thus far.

Over and above these research topics, in October 2012 the Research and Development Unit initiated a three-year research project funded by the International Research and Development Centre (IDRC), namely, *Promoting Partnership for Crime Prevention in Southern Africa*. This study is comparative in nature and covers Botswana, Namibia, Swaziland and South Africa. During the year under review, validation workshops were hosted in the four countries to ensure that the data is credible. The research output will be in the form of a published monograph, which will also be available online. One of the preliminary findings of this



research is that partnerships between the State and private security providers exist in an ad hoc form. The final report will call for the formalisation of these partnerships, as they are critical for preventing crime within the region. It is envisaged that this project will be completed in 2015.

During the year under review, the Research and Development Unit also conducted a desktop study on the following topic: *Different Funding Approaches in the International Private Security Industry*. The study focused on countries such as the United Kingdom, the United States of America and Australia. From this research, it was found that in the case of the United Kingdom, the Home Office funded the setting up and development of the the Authority equivalent, that is the Security Industry Authority (SIA), between 2003-2004 through grant in aid of £7 million (approximately R122 million). Despite the fact that the Authority does not receive any grants from the South African Government, the report recommended a benchmarking trip for the Authority's executives to SIA in order to gain more insights into its operations in the case of the United Kingdom. The Research and Development Unit also contributed to the Briefing Notes to Parliament on the Private Security Industry Regulation Amendment Bill: Provision on Restriction on Foreign Involvement – Section 20(2)(c). The leading team on the development of the briefing notes was the Secretariat of Police.

From the previous research undertakings, the Unit has identified the need to increase research capacity in order to effectively undertake future research topics and projects. During the year under review, only one research project was funded. In order to address this challenge, the Unit will be pitching for further research funding that will enable the recruitment of more staff for the Unit.

Participants from the SADC research on *Promoting Partnership for Crime Prevention in Southern Africa*.



PART B: GOVERNANCE

The Authority is committed to upholding the highest standards of governance and its Council acknowledges the importance of instilling good corporate governance at the Authority. Against this background Council has embarked on a drive to improve the Authority's application of good corporate governance across the entity.

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 Council now constitutes the following members:

- ◆ **Mr Thula Bopela (Chairperson)**
- ◆ **Mr Joy Rathebe (Deputy Chairperson)**
- ◆ **Mr Benjamin Ntuli (Council Member)**
- ◆ **Lt General Cynthia Philison (Council Member)**
- ◆ **Adv 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:

- ◆ Stakeholder and Core Business Committee;
- ◆ Remuneration and Human Capital Committee (RemCom); 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:

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.

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.
- ◆ Oversees and ensure that performance management is linked to job outputs.
- ◆ Act as a performance assessment and moderating body.
- ◆ Oversees 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.

As a public entity, the Authority must adhere to the statutory duties and responsibilities imposed by the Public Finance Management Act.

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 its ability.
- ◆ 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.

Five 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

Table 37: Council Meeting Attendance by Date

Member of Council	7 May 2013	28 June 2013	29 Nov 2013	20 Feb 2014	31 March 2014	Total Attendance
T Bopela	✓	✓	✓	✓	✓	5
Z Holtzman	✓	x	-	-	-	1
A Dramat	✓	✓	-	-	-	2
DCM Rathebe	-	-	✓	x	✓	2
B Ntuli	-	-	✓	✓	✓	3
N Mthembu	-	-	✓	✓	✓	3

The internal audit function provides independent, objective assurance and consultation which adds value to and improves the Authority's operations.

Table 38: Council Meeting Attendance

Name	Designation (in terms of the Public Entity Board Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of Meetings Attended
Mr Thula Bopela	Chairperson	01.01.2010		<ul style="list-style-type: none"> • Master of Arts, Marketing • Master of Arts, Development Studies • Bachelor of Arts, Sociology/ Antropology 	<ul style="list-style-type: none"> • Security • Intelligence • Governance 			5
Ms Zelda Holtzman	Deputy Chairperson	01.01.2010	30.06.2013*	<ul style="list-style-type: none"> • BAdmin, Honours • Institutional Capacity Building • Governance • Corporate Services 	<ul style="list-style-type: none"> • Policing 			1
Lt.Gen. Anwar Dramat	Council Member	01.01.2010	30.06.2013*	N/A	<ul style="list-style-type: none"> • Policing • Intelligence • Governance 			2
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 			2
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 			3
Maj.Gen. Cynthia Philison	Council Member	06.09.2013		<ul style="list-style-type: none"> • National Diploma in Police Admin • Policing 	<ul style="list-style-type: none"> • Intelligence • Governance 			3
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) • National Diploma in Police Admin 	<ul style="list-style-type: none"> • Law • Corporate Governance • Policing 			3

Councillors' Remuneration

The remuneration of Councillors is determined by the Minister of Police. The details of the remuneration to Councillors have been disclosed in the notes to the annual financial statements.

Executive Management Committee

The Executive Management Committee (EXCO) is led by the Director with the assistance of three Deputy Directors of

Finance, Law Enforcement and Communications, CRM and Training. In addition to this committee, EXCO is supported by three Sub-Committees as follows:

- ◆ **IT Steering Committee** – The role and responsibility of the IT Steering Committee is to ensure effective and efficient management of IT resources. In addition, the Committee facilitates good governance in IT, aligns IT resources with PSIRA's strategy, and manages IT risks. The Committee met

once during this year to establish its IT governance charter.

- ◆ **Regulatory Committee** – The role and responsibility of this committee is to ensure that, post-registration, service providers comply with the Private Security Industry Regulatory Act, as well as regulation issued in terms of the Act. The Committee considers recommendations for the suspension, or the withdrawal, of service providers who do not comply with the requirements of the Act.
- ◆ **Training Committee** – This committee is responsible for developing policy on the promotion of high standards in the training of current and prospective security service providers based on the principles of the National Qualification Framework, as well as liaison with SAQA, SASSETA and the Quality Council for Trades and Occupations in respect of the development of qualifications within the private security industry.

Integrated Risk Management (IRM)

Council, through the Audit and Risk Committee, acknowledges its overall accountability for ensuring an effective risk management process. EXCO is accountable to Council for designing, implementing and monitoring the system and process of risk that could impact on the Authority's objectives.

Responsibility for the management of risk resides with line management in all operating units. Those accountable for the management of risk must also ensure that the necessary controls remain in place and are effective at all times.

Internal Control

Council is held responsible for ensuring effective controls. Management is charged with the responsibility for establishing and maintaining an effective internal control environment, which is developed and maintained on an ongoing basis to provide reasonable assurance to Council regarding the:

- ◆ Integrity and reliability of the financial statements;
- ◆ Safeguarding of assets;
- ◆ Economic and efficient use of resources;
- ◆ Compliance with applicable legislation and regulations;
- ◆ Verification of the accomplishment of established goals and objectives; and
- ◆ Detection and minimisation of fraud, potential liability, loss and material misstatement.

Internal controls, including information technology, are developed for financial, operational and compliance matters. Through these controls management seeks to mitigate risks to an acceptable level of exposure.

Controls are contained in organisational policies and procedures, structures and the delegation of authority framework. These provide direction, establish accountability and ensure adequate segregation of duties.

To ensure continued improvement where there are weaknesses, Council has mandated management to prioritise the development of policies, procedures and other applicable control mechanisms.

Internal Audit

The internal audit function provides independent, objective assurance and consultation which adds value to and improves the Authority's operations. The activities and practices in internal audit are conducted in accordance with accepted professional standards. In addition, internal audit uses a risk-based audit approach. The audit plan is based on risk assessments and other considerations, such as achievement of organisational objectives. The audit plan is updated as and when required.

Internal audit is accountable to management and the Audit and Risk Committee to provide regular assessments of the adequacy and effectiveness of the Authority's risk and control processes.

Other activities

- ◆ Reporting significant issues, including potential improvements, relating to risk and control processes.
- ◆ Providing information in the status and results of the annual audit plan and adequacy of resources.
- ◆ Coordinating with and providing oversight of other control and monitoring functions.

Internal audit is supported by Council through the Audit and Risk Committee and is authorised by its charter to have unrestricted access to all functions, records, property and personnel.

Ethical Business Conduct

The duties of the Unit include, amongst others:

- ◆ Initiating and concluding investigations;
- ◆ Considering allegations received via the hotline;
- ◆ Reporting on the progress of matters relating to fraud and corruption;
- ◆ Conducting fraud and corruption risk assessment; and
- ◆ Facilitating employee awareness.

Council, through the Director, bears the ultimate responsibility for fraud and corruption risk management.

Audit Committee Report for the Year Ended 31 March 2014

Audit Committee Members and Attendance

The Audit Committee consisted of three members listed below and they met six times during the financial year. New members were appointed during the financial year which increased the number of members to five, with two members resigning.

Table 39: Audit Committee Meetings Held

Name	Meeting Dates	Attendance	Non-Attendance
Committee Members			
Ms Janice Meissner Mr Nala Mhlongo Mr Lazarus Sikhwetha	28 March 2013	X X	X
Ms Janice Meissner Mr Nala Mhlongo Mr Lazarus Sikhwetha	30 July 2013	X X	X
Ms Janice Meissner Mr Nala Mhlongo Mr Lazarus Sikhwetha	20 September 2013	X X	X
Ms Janice Meissner Mr Nala Mhlongo Mr Lazarus Sikhwetha	04 October 2013	X X	X
New Committee Members			
Ms Nosiviwe Chobeni Mr Charles Motau Mr Bheki Mkhize Mr Nala Mhlongo Adv Thokozani Mvelase	21 July 2014	X X X X	X
Ms Nosiviwe Chobeni Mr Charles Motau Mr Bheki Mkhize Mr Nala Mhlongo Adv Thokozani Mvelase	31 July 2014	X X X X	X

Audit Committee Responsibility

The Audit Committee reports that it has complied with its role and responsibilities arising from section 51 (1)(a) of the PFMA and Treasury Regulations 3.1. The Committee also reports that it has adopted the appropriate terms of reference in the form of an Audit Committee Charter, and has regulated its affairs and discharged its responsibilities in compliance with the Charter.

The Effectiveness of Internal Controls

In line with the requirements of the PFMA, internal audit

provides the Audit Committee and management with the assurance that the 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 recommended enhancements to the controls and processes.

The reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the management report of the Auditor-General of South Africa, indicate deficiencies in the system of internal control, in particular that of the financial and performance management environments. There is a need for attention in these areas to ensure that the performance information is relevant, reliable and measurable in compliance with the PFMA and that a proper record keeping system is implemented to ensure complete, relevant and accurate information is accessible and available to support financial reporting. In certain instances, the matters reported previously have not been fully and satisfactorily addressed.

The area of trade receivables management will be monitored closely to ensure that the level of material losses as stated in the emphasis of matter paragraph is reduced going forward. This will ensure that processes are in place to collect debtors timeously in order to avoid large bad debt write-offs. The Committee views the non-compliance as an area of improvement going forward, especially in respect of increased irregular expenditure.

Accordingly, we can report that the system of internal control was not entirely effective for the year under review. Management has acknowledged that these issues must be addressed as a matter of urgency, and has assured the Committee that measures are being introduced. The Audit Committee will continue to monitor the progress of matters raised above and related issues.

Evaluation of Annual Financial Statements

The Audit Committee has performed the following functions in relation to the financial statements of PSiRA for the year ended 31 March 2014:

- ◆ Reviewed and discussed the audited financial statements to be included in the annual report with management and the Auditor-General;
- ◆ Reviewed the Auditor-General's audit report;
- ◆ Reviewed the appropriateness of accounting policies;
- ◆ Reviewed and discussed the appropriateness of

assumptions made by Management in preparing the financial statements;

- ◆ Reviewed and discussed the significant accounting and reporting issues, and understand their impact on the financial statements; and
- ◆ Reviewed and discussed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the Auditor-General's conclusions and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

Governance Structure

Internal Audit

The Audit Committee is going to ensure that the internal audit function is carried out as required by the PFMA, as there was a delay in the current year in concluding the appointment of the Audit Committee. This limitation results in pertinent risk issues not being addressed satisfactorily.

Auditor-General

The Audit Committee has met with the Auditor-General of South Africa, to ensure that there are no unresolved issues.



Chairperson: Audit Committee

Date: 31 July 2014





PART C: HUMAN RESOURCES MANAGEMENT

The Authority acknowledges that its people are vital to the success of the organisation as they determine its effectiveness in achieving sustainable success.

Human Capital

The Authority acknowledges that its people are vital to the success of the organisation as they determine its effectiveness in achieving sustainable success. To this end, the organisation strives to employ adequate and competent employees through a robust recruitment drive. The training and development programme ensures that the organisation continues to have skilled employees who are well trained and developed for future growth. During the period under review, the Authority employed and trained a number of interns through the SASSETA Internship Programme.

In its endeavours to ensure a content workforce, the organisation annually conducts a staff satisfactory survey and addresses leadership issues within the organisation. Performance management is crucial to the Authority as it ensures the successful achievement of the strategic priorities of the organisation. The organisation has a structured performance management system which is sustained by bi-annual reviews.

The Human Capital Division at the Authority has applied an integrated approach to ensure that the following key strategic objectives are sufficiently addressed:

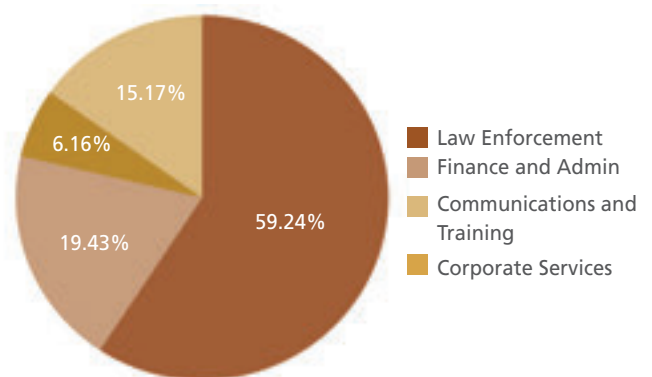
- ◆ Ensuring that the Authority has a culture of learning, embracing excellence that supports our vision strategy;
- ◆ To ensure that the Authority has a competent, skilled and motivated workforce who are able to execute their tasks more effectively; and
- ◆ To ensure that adequate HR processes, information and systems are in place to effectively carry out the Authority's mandate.

Composition of Staff per Programme

Table 40: Staff Composition According to Programmes (Permanent Staff)

Programme	Number of Permanent Staff Members
Law Enforcement	125
Finance and Administration	41
Communications and Training	32
Corporate Services	13
Total	211

Graph 29: Staff Composition According to Programmes (Permanent Staff)



In its endeavours to ensure a content workforce, the organisation annually conducts a staff satisfactory survey and addresses leadership issues within the organisation.



Table 41: Contracts and Interns Composition

Programme	Number of Employees on Fixed Term Contract	Number of Interns
Law Enforcement	3	9
Finance and Administration	7	3
Communication and Training	1	3
Corporate Services	1	0
Total	12	15

Employment Equity

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

In accordance with the above-mentioned Act, the Authority is classified as the designated employer. The Authority to this effect provides equal employment opportunities to the designated population in the labour market. As a matter

of compliance, the Authority reviewed its Employment Equity Committee and appointed a new Committee which is representative of all the genders, races and employees with disabilities across 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.

In its Employment Equity target for the year under review, the Authority had planned to appoint two employees with disabilities and it has achieved this target as per the Employment Equity Report submitted to the Department of Labour for 2013.

Equity Target and Employment Equity Status

The equity target and the employment equity status reflected in the following tables exclude contract employees.

Table 42: Male Employment Equity Target

Level	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	3	0	0	0	0	0	0	0
Senior management	4	0	0	0	0	0	1	0
Professional qualified	5	0	0	0	0	0	1	0
Skilled	21	2	0	0	2	0	10	0
Semi-skilled	32	0	1	1	0	1	0	0
Unskilled	2	0	0	0	0	0	0	0
Total	67	2	1	1	2	1	12	0

Table 43: Female Employment Equity Target

Level	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	2	0	0	0	0	0	0	0
Senior management	1	1	0	0	0	0	0	0
Professional qualified	5	0	0	0	0	0	1	0
Skilled	27	1	0	0	1	0	2	0
Semi-skilled	62	2	9	2	3	2	11	0
Unskilled	5	0	0	0	0	0	0	0
Total	102	4	9	2	4	2	14	0

Table 44: Disabled Staff 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

Explanation of Variances

It is not intentional nor purposeful that the Authority created the variance with regards to the gender, race and people with disabilities. It was caused by the nature of the responses that we received when we advertised the vacancies beside the fact that we do encourage the applications of the designated employees to apply in vain. It is also acknowledged that this challenge is not experienced only by the Authority but a vast number of employers. The Authority also uses the press, the Career Junction website and agencies to assist in this regard to attract candidates from the designated groups.

Attempts Made to Address the Variances

The Employment Equity Plan has been developed to radically address the imbalance in terms of representation.

Preference will be given to the designated groups which have the prerequisite knowledge, skill, ability and qualifications, acknowledging such people's prior learning and relevant experience.

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.

Workplace infrastructure and facilities are aligned to accommodate the needs of the disabled.

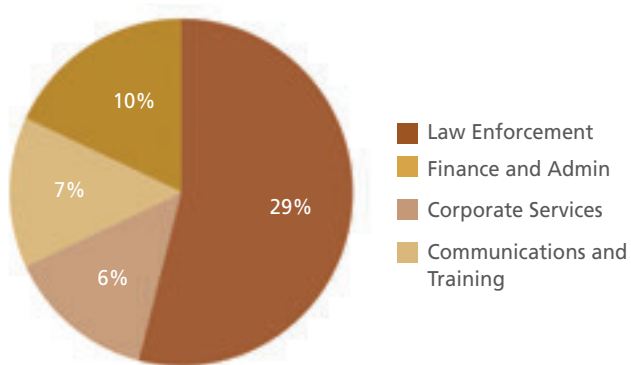
Measures to retain and develop people from designated groups are being considered by management.

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 6.8% across the board.

Table 45: Personnel Cost per Programme 2013/2014

Programme	Total Expenditure for the Entity (R)	Personnel Expenditure (R)	Personnel Exp. as a % of Total Exp.	Total No. of Staff	Average Personnel Cost pp (R)
Law Enforcement	55 691 000	42 452 493	29%	137	309 872.21
Finance and Administration	63 952 374	14 989 149	10%	51	293 904.88
Communications and Training	16 681 000	10 181 341	7%	36	282 815.03
Corporate Services	12 357 000	8 773 868	6%	14	626 704.86
Total	148 681 374	76 396 851	51%	238	378 324.24

Graph 30: Personnel Cost per Programme 2013/2014

During the year under review the Authority, after sufficient consultations with its stakeholders, adjusted salaries of employees by 6.8% across the board.

Table 46: Personnel Cost per Salary Band 2013/2014

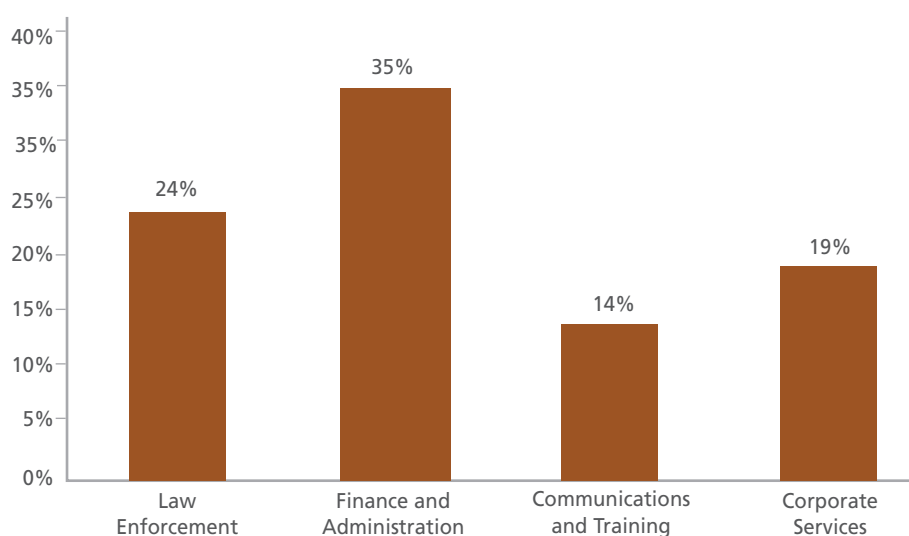
Level	Personnel Expenditure (R)	% of Personnel Exp. to Total Personnel Cost	No. of Employees	Average Personnel Cost per Employee (R)
Top management	6 248 405	8%	5	1 249 681
Senior management	5 945 676	8%	6	990 946
Professional qualified	8 477 285	11%	12	706 440
Skilled	27 536 624	36%	64	430 260
Semi-skilled	25 840 471	34%	117	220 859
Unskilled	669 196	1%	7	95 599
Interns and Contracts (Including Audit Committee and Council Members)	1 679 194	2%	27	62 192
Total	76 396 851	100%	238	536 568

Employment and Vacancies

The following table depicts the number of posts per establishment, posts vacated and filled posts. The high rate of vacancy is as a result of the fact that the approved new structure could not be fully implemented due to the lack of funds.

Table 47: Employment and Vacancies per Programme

Programme	2012/2013 No. of Employees	2013/2014 Approved Posts	2013/2014 No. of Employees	2013/2014 Vacancies	% of Vacancies
Law Enforcement	128	166	125	41	25%
Finance and Administration	27	64	41	23	36%
Communications and Training	32	38	32	6	16%
Corporate Services	19	18	13	5	28%
Total	206	286	211	75	26%

Graph 31: Vacancy Rate per Programme**Table 48: Employment and Vacancies per Occupational Level**

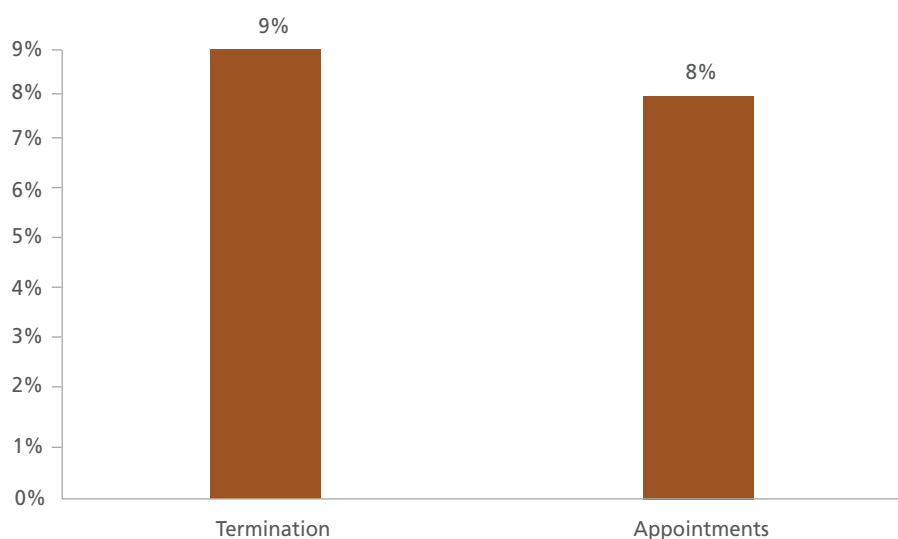
Occupational Level	2012/2013 No. of Employees	2013/2014 Approved Posts	2013/2014 No. of Employees	2013/2014 Vacancies
Top management	4	5	5	0
Senior management	5	7	6	1
Professional qualified	12	20	12	8
Skilled	67	97	64	33
Semi-skilled	111	143	117	26
Unskilled	7	14	7	7
Total	206	286	211	75

Annual Employment Turnover

This section gives information on changes in employment over the year under review. During the year under review, the total termination was rated at 9% of the staff composition (only permanently employed staff).

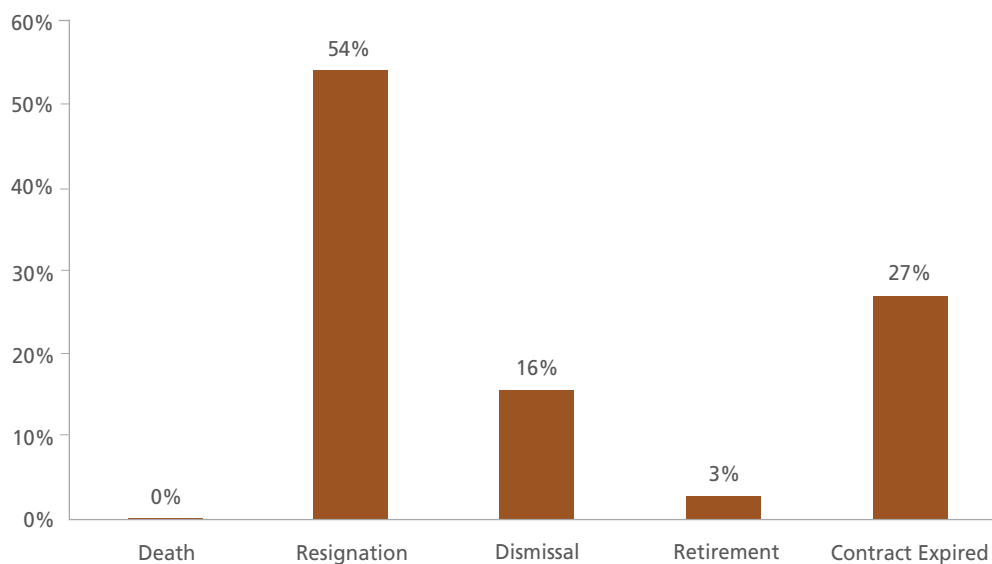
Table 49: Annual Turnover per Occupational Level (Only Permanently Employed Staff)

Salary Band	Employment at Beginning of Period	Appointments	Terminations	Employment at End of the Period
Top management	4	2	1	5
Senior management	5	1	0	6
Professional qualified	12	2	2	12
Skilled	67	5	8	64
Semi-skilled	111	18	12	117
Unskilled	7	0	0	7
Total	206	28	23	211

Graph 32: Annual Turnover per Occupational Levels (Only Permanently Employed Staff)**Table 50: Reasons for Termination (Permanent and Contract)**

Termination Type	Number	%
Death	0	0%
Resignation	20	54%
Dismissal – misconduct	6	16%
Retirement	1	3%
Ill health	0	0%
Contract expired	10	27%
Other	0	0%
Total	37	

During the financial year under review, the total termination was rated at 9% of the staff composition (only permanently employed staff).

Graph 33: Reasons for Termination (Permanent and Contract)**Table 51: Vacancies per Programme**

Programme	Department/Region	No. of Vacancies
Law Enforcement	Head Office	13
	Mthatha	1
	Port Elizabeth	4
	Nelspruit	0
	KwaZulu-Natal	12
	Western Cape	8
	Limpopo (Polokwane)	0
	Legal Services (HO)	2
	Johannesburg	1
Total – Law Enforcement		41
Finance and Administration	Finance and Accounts (HO)	4
	Accounts Receivable (HO)	7
	Business Information Systems (HO)	6
	SCM (HO)	1
	Office Services and Facilities	4
	Asset Management	1
Total Finance and Administration		23
Communications and Training	Registration	2
	Communications, Events and Research	3
	Training	1
Total Communications and Training		6

Programme	Department/Region	No. of Vacancies
Corporate Services	Office of the CEO	2
	Human Capital	3
	Office of the Chairperson	0
Total Corporate Services		5
Grand Total		75

Skills Development and Training

The Authority, through its Human Capital Division, recognises its human capital as the most important asset which 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.

To this effect the Authority invested over R750 000 on both short courses and various core academic programmes for its employees during the year under review:

- ◆ 196 employees were trained and about 19 employees were issued bursaries.
- ◆ Amongst these, about seven employees who did not have the Matric Senior Certificates/Grade 12 were enrolled with Tshwane College.

Table 52: Training and Development per Programme

Directorate/Business Unit	Total No. of Personnel	Personnel Expenditure (R)	Training Expenditure (R)	Training Expenditure as a % of Personnel Cost	No. of Employees Trained	Avg. Training Cost per Employee (R)
Law Enforcement	125	42 452 493	324 000	1%	119	2 723
Finance and Admin	41	14 989 149	250 860	2%	38	6 602
Communications and Training	32	10 181 341	95 940	1%	27	3 553
Corporate Services	13	8 773 868	85 649	1%	12	7 137
Total	211	76 396 851	756 449	1%	196	3 859

Internship Programme

In the 2012/2013 financial year the Authority partnered with the South African Safety and Security Sectoral Education and Training Authority (SASSETA) in the Private Security Chamber and appointed 20 graduate interns.

Through this engagement the Authority made a magnificent social contribution to the Government's mandate to reduce the unemployment of youth and graduates in the country. The Authority provided these interns with

employment opportunities and meaningful hands-on work experience and exposure in the workplace.

Report on the Placement of Interns Appointed in the year under review

In the course of the year under review, some of the interns received permanent jobs with private companies and government departments. Some of them were appointed by the Authority on permanent and contract positions as depicted over the page.

The Authority invested over R750 000 on both the short courses and various core academic programmes for its employees during the year under review.

Table 53: Placement of Interns

Internship Programme	Division/Region	Number of Placements	Permanent Appointment		
			No. of Interns Absorbed Internally on Permanent Positions at the Authority	No. of Interns Appointed by Other Employers while in the Employ of the Authority	Contract Placement by PSiRA
Compliance and Law Enforcement	Head Office and Western Cape	10	1	4	5
Communications and Marketing	Head Office	2	1	1	0
Finance and Procurement	Head Office	4	1	2	1
Human Capital Management	Head Office	3	0	2	1
Information Technology	Head Office	3	0	2	1
Legal Services	Head Office	2	2	0	0
Total		24	5	11	8

Appointment of Other Interns in the Year Under Review

Following the end of the initial discretionary grant given by SASSETA to appoint Interns in the year under review, the Authority had by then established a good stakeholder

relationship with SASSETA. Toward the end of the year under review, SASSETA offered the Authority another opportunity to appoint the other seven graduate interns and they were placed as tabulated below:

Table 54: Placement of Interns

Divisions	Qualifications	No. of Appointed Interns	Gender		Race			
			Female	Male	African	White	Coloured	Indian
Legal Service	Bachelor of Laws Introduction to Trial Advocacy	2	0	2	2	0	0	0
	Grade 12 BA: Social Science							
Research	BA: Social Science	3	1	2	3	0	0	0
Law Enforcement	Bachelor of Arts	1	1	0	1	0	0	0
	ND: Policing							
	ND: Policing							
Registration	Security Diploma	1	1	0	1	0	0	0
Total		7	3	4	7	0	0	0

The Authority recognises the right of freedom of association of its employees. It has therefore recognised the South African Transport and Allied Workers Union as an official Trade Union which represents the interests of the majority of its employees.

Labour Relations Management of Industrial Relations

The division also acknowledges that some of its human capital may be a liability when their performance and conduct do not comply with the organisation's Code of Conduct and the set performance standards.

The Human Capital Department, through its effective labour relations, recognises the importance of workplace parties' ability to adapt to change; promote flexibility, productivity and employee involvement in the workplace through effective communication and consultation between management and employees; and to harmoniously resolve workplace issues through the grievance resolution mechanism.

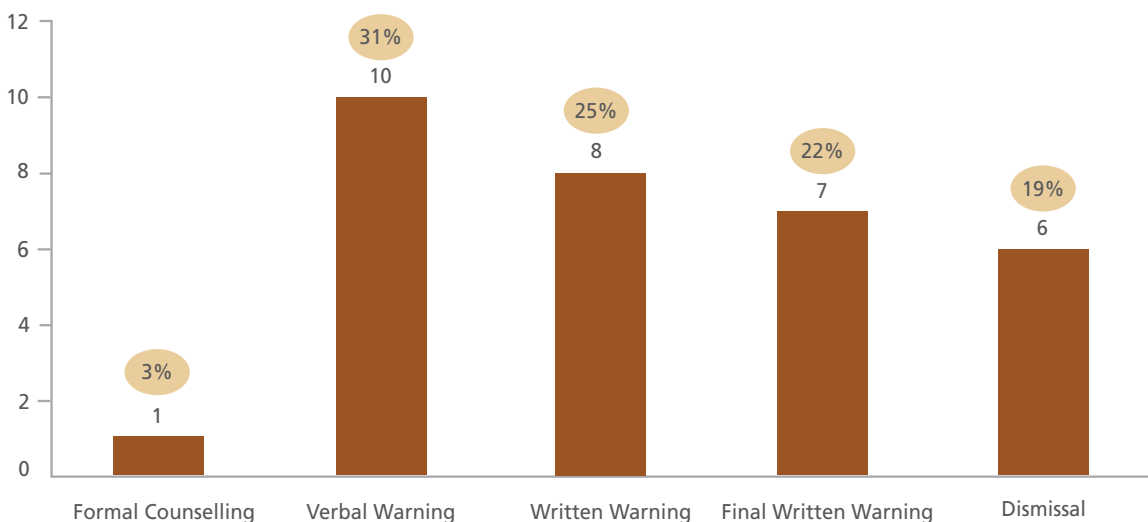
Disciplinary Matters Finalised for the Year Under Review

The following progressive disciplinary actions were taken against the Authority's employees as corrective measures to enforce the Code of Conduct for the staff members and inspectors.

Table 55: Disciplinary Matters Finalised

Disciplinary Actions Taken	Number of Incidents
Formal counselling	1
Verbal warning	10
Written warning	8
Final written warning	7
Dismissal	6
Total	32

Graph 34: Disciplinary Matters Finalised



Union Involvement

The Authority recognises the right of freedom of association of its employees. It has therefore recognised SATAWU (South African Transport and Allied Workers Union) as an official Trade Union which represents the interests of the majority of its employees. SATAWU enjoys the membership of 91 employees, which represents 48% of the staff complement. Some of the Authority's employees, constituting a minimum percentage of 9% of the staff complement, are members of Solidarity Union.

SATAWU enjoys the recognition as the majority represented union, and to this end the Authority maintains a functional and mutual relationship contained in the collective agreement on issues that relates to the consultation on conditions of service such as salary negotiation and consultation on the development of policies. SATAWU shop stewards are therefore allowed representation on the appointment of staff, disciplinary matters of their members and general consultation with their constituencies.

Employee Wellness Programme (EWP)

This initiative has immensely contributed to the wellbeing of the employees and has evidently positively impacted on the performance of the organisation. Lately, it was discovered that employees and their family members are voluntarily participating in or making use of this programme.

The main purpose of this programme was to provide assistance to employees facing socio-economic challenges. This was designed to ensure that the following is achieved:

- ◆ Promote a workplace wellness programme;
- ◆ Create an awareness programme and provide care and support for HIV/AIDS and other life threatening disease sufferers; and
- ◆ Reduce behavioural crises associated with personal problems.

Utilisation Rate

The EWP was predominantly utilised by employees, who account for 84% of users, with limited usage by their family members. Family members account for 16% of the users. The results indicate that EWP utilisation was skewed in favour of the middle age group.

During the period under review, five top problems were identified throughout the workforce. These include legal problems, marital and family/child-related issues, personal stress, grief/bereavement and workplace problems. These top five problems account for 70% of all users and remain endemic to the organisation. In addition, legal issues have remained a consistent burden over the past twelve months. The reported legal issues were that of maintenance, separation, legal contracts, insurance and suing threats.

Legal problems, family-child relationship issues, marital issues and personal stress are the major contributing factors resulting in employees accessing the EWP service. These four categories are all primarily relationship focused.

The report also indicates that self-referrals remained predominant throughout the twelve months, accounting for 83% of referrals. This is indicative of a proactive attitude, where employees are seeking assistance in their personal management. Both national and international trends indicate that self-referrals remain high, even in well-established employee wellness programmes. Line manager and supervisor referrals, as opposed to self-referrals, are considered low and only account for 5% of all referrals seen throughout the year, while the remaining 12% were facilitated by the Human Capital Division. Furthermore, managerial referrals are also considered low, as compared to the national norm of 15%.

Table 56: Referral Report

Service Category	Annual
Managerial	0%
Supervisor	5%
Self-referrals	81%
HR consultations/referrals	14%

Risk Identified

The utilisation analysis indicated that the majority of employees who came to EWP were categorised as medium risk, followed by low risk and high risk. The main focus of the EWP is to move employees from the medium risk category to the low and no risk categories. Cases that are categorised as medium and low risk include:

- ◆ Formal referrals;
- ◆ Alcohol or drug abuse; and
- ◆ Moderate stress or depression.

Cases categorised as high risk include:

- ◆ Imminent suicide risk or actual suicide attempt;
- ◆ Major psychiatric disorder;
- ◆ Victims of a critical incident in the workplace; and
- ◆ Imminent homicidal risk.

During the year under review, high risk cases accounted for the lowest percentage of employees who accessed the EWP service. The high risk category accounts for 5%, whilst the medium and low risk categories account for 95%. This may be interpreted as an indication that employees are being proactive about their behavioural issues and seek assistance through the EWP before the challenges escalate to unmanageable or crisis states. Early and timeous effort to seek help through the EWP should be encouraged in all communications regarding the EWP. It is important to note that all the medium risk cases, accounting for 70% of all users, were referred for face-to-face counselling.

In responding to some of the above mentioned risks, the Human Capital Department, with the assistance of Metropolitan Wellness Group, was able to conduct the following interventions to employees in trying to mitigate those risks:

- ◆ Employee programme orientation sessions;
- ◆ Health and wellness days which include health risk assessments;
- ◆ Men's and women's health days;
- ◆ Programme awareness material (brochures and pamphlets); and
- ◆ Financial wellness sessions.

Leave Utilisation

The utilisation of leave is effectively managed within the parameters of the leave policy. Leave balances are efficiently monitored, as leave is costly. The Employees' Self Service

System (ESS) has been enhanced during the year under review to ensure effective controls over leave administration.

The table below summarises the utilisation of leave at the Authority.

Table 57: Utilisation of Leave

Division	Annual	Sick	Family	Study	Unpaid	Totals
Law Enforcement	1 890	596	45	54	34	2 619
Finance and Administration	838	322	47	57	74	1 338
Communications and Training	372	202	28	14	25	640
Corporate Services	185	57	16	4	28	290
Total	3 286	1 177	135	129	161	4 887



PART D: PERFORMANCE INFORMATION REPORT

It is the Authority's responsibility to ensure that society as a whole is not exposed or vulnerable to any abuse that may be perpetrated by security service providers.

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, the Authority has to comply with the requirements of this Framework. The Authority's Strategic Plan (2013/2014 – 2017/2018) and Annual Performance Plan (2013/2014 – 2015/2016) have been developed in line with this Framework.

The Authority is expected to deliver in terms of the nine outcomes as per the Strategic Plan and its achievements in line with the goals as follows:

Outcome 1: The Authority is an excellent regulator and accessible to all

One of the objectives of the Authority is to ensure that compliance with legislation by security service providers is promoted and controlled through a process of active monitoring and investigation of the affairs of security service providers. In order to give effect to the Authority's mandate in ensuring a well regulated private security industry, the Authority has implemented a compliance and enforcement strategy which includes enforcement and prosecution as well as a focus on regulatory compliance through inspection. Some of the strategic targets set were the inspection of security businesses as well as security officers, and the finalisation of investigations. These targets were achieved in that the actual performance on security business inspections was 43% above the target of 3 000 and security officer inspections was 27% above the target of 18 000 inspections. The target in respect of the number of investigations completed was achieved in that the actual performance was 5% above the target of 1 920 investigations.

Through proper screening of applicant security service providers, as well as general law enforcement, the Authority promotes and encourages the industry to live up to the high standards expected of them, not only towards their clients, but also to become and remain a valuable partner in the reduction of crime in the country.

Outcome 2: A legitimate private security industry characterised by professionalism, transparency and trustworthiness

Society as a whole may be affected by the actions or practices of security service providers. It is the Authority's responsibility to ensure that society as a whole is not exposed or vulnerable to any abuse that may be perpetrated by security service providers. In this regard the Authority promotes adequate training standards which are aimed at improving the competence, skills and professionalism of security officers. In this regard new training programmes were reviewed for all the categories or classes of security service providers based on qualifications registered on the National Qualifications



Framework. Registration screening and vetting also ensures proper background checks of applicant security service providers. In this regard, during 2013/2014, **871** registration applications were finalised for businesses and **78 953** for individual security officers. Through proper screening of applicant security service providers, as well as general law enforcement, the Authority promotes and encourages the industry to live up to the high standards expected of them, not only towards their clients, but also to become and remain a valuable partner in the reduction of crime in the country.

Outcome 3: Firearms in the private security industry are fully accounted for

The Authority has a close relationship with the Office of the Central Firearms Register (CFR) and provides information pertaining to security service providers applying for firearm licenses. During the year under review, a total of **1 119** firearm application enquiries were received from the CFR and finalised. One of the Authority's strategic targets was to establish a Firearm Regulatory Sub-Committee. The terms of reference of the Committee was approved and the Committee established with the aim to, inter alia, uphold the objectives of the Authority in promoting legitimate private security and in particular relating to firearm control; enhance the security service providers' database to include details of all security businesses licensed for firearms; submit regular reports on businesses licensed to the Central Firearm Register in respect of changes i.e. registration status, number of security officers employed, address changes, etc.; and facilitate and improve communication and liaison between the CFR and the Authority.

Outcome 4: The Authority is a financially sustainable entity

During the year under review, the Authority maintained sound financial management through compliance with the PFMA and other financial regulations.

Outcome 5: The Authority has cutting edge technology

The Business Information Technology (BIT) Unit is responsible for ensuring that the Authority's systems are indeed cutting edge technology. The strategic targets for the year under review were to implement the Disaster Recovery Plan, frequent monitoring and reviewing of the IT Strategy, conduct customer satisfaction, develop IT policies and implement them and turnaround time for the completion of the business online service and IT repairs. All these outcomes have been achieved. The second phase of the BIT will take place during the 2014/2015 financial year.

Outcome 6: The standard of private security training is improved

The Authority is responsible for ensuring quality assurance of training within the security industry in terms of the Training of Security Officers Regulations, 1992. During the period under review, a total of **464** training centres around the country were accredited. Furthermore, a total of **384 808** course reports were captured and processed during the year under review.

Outcome 7: The Authority is a centre of excellence in private security research

The overall objective of the research project, currently ongoing, is to explore crime prevention partnerships between the State and the private security sector in the selected Southern African countries with a view to influencing policy processes aimed at improving crime prevention initiatives. Thus far, the Research Unit has been able to, among other things, review literature on the subject of crime prevention partnerships, gather research findings on this area in Botswana, Namibia, South Africa and Swaziland, and critically examine the extent to which these countries have realised and appreciated the role played by the private security sector and thus established and/or nurtured partnerships between State institutions and non-state actors, particularly private security companies, in their crime prevention strategies. The project output will be in the form of a published monograph, expected in 2015.

The Authority undertook research on the guarding sector in South Africa with the overarching objective of improving access to information on the provision of security services in South Africa, particularly in the area of guarding. The Authority also identified a priority research topic on the

Electronic Security Sector, which plays an ever increasing role in providing security in the country, through the importation, manufacture and distribution of electronic security equipment.

Outcome 8: The Authority has a competent, ethical and skilled workforce

During the year under review, a number of skills development programmes were introduced ranging from leadership to administrative skills which have ensured that the organisation continues to have skilled employees who are well trained and developed for future growth. The Authority also trained and employed a number of interns through the SASSETA Internship Programme as a way to lure skills into the organisation.

Performance information by Programme

In line with the approved Annual Performance Plan 2013/2014, the report is structured as follows:

- ◆ Programme 1: Law Enforcement
- ◆ Programme 2: Finance and Administration
- ◆ Programme 3: Communications and Training
- ◆ Programme 4: Corporate Services

Strategic Objectives against Predetermined Targets

Programme 1: 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 is responsible for enforcing compliance in the industry. Therefore the programme must ensure that security service providers comply with the regulations by conducting regular inspections of both security officers and security businesses. Ensure that those who are not complying with the regulations are charged and prosecuted.

Table 58: Programme 1 – Law Enforcement

Strategic Objective	To enable effective compliance and enforcement of PSiRA legislation in order to achieve behavioural changes in the industry				
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
<i>Number</i> of inspections concluded at security businesses	3 583	3 000	4 283	Achieved +1 283	<ul style="list-style-type: none"> • The target was set in accordance with staff capacity as at 1 April 2013. • Over achievement as a result of additional interns acquired through SASSETA.

Strategic Objective	To enable effective compliance and enforcement of PSiRA legislation in order to achieve behavioural changes in the industry				
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
Number of inspections concluded of security officers	20 244	18 000	22 790	Achieved +4 790	<ul style="list-style-type: none"> The target was set in accordance with staff capacity as at 1 April 2013. Over achievement is as a result of additional inspectors employed during the financial year and interns acquired through SASSETA. PSiRA also conducted a number of operations during sporting and other events over weekends and evenings to monitor compliance of security officers deployed at these events (i.e CHAN 2014 Championship).
Number of investigations finalised in respect of security service providers	N/A	1 920	2 015	Achieved +95	Monthly performance meetings held with Enforcement Department to monitor progress on investigations and ensure that individual targets are met.
Number of enforcement criminal cases opened against non-compliant security service providers	N/A	600	740	Achieved +140	Monthly performance meetings held with Enforcement Department to monitor progress on investigations and criminal cases opened and ensure that individual targets are met. As part of the Authority's operational strategy, the Authority also increased the number of operations with other stakeholders, especially the SAPS, which resulted in an increase in the number of criminal cases opened and arrests made.
Frequency of conducting review of fines regulations	N/A	Annually	An external service provider was appointed in March 2014 to assist in expediting the process.	Not achieved	The division's capacity was overstretched and focused its internal resources on high risk strategic targets.
Date for the establishment of Firearm Regulation Committee	N/A	Sept 2013	The Firearm Regulatory Committee was established in July. 2 subsequent meetings held during 2013/2014.	Achieved	
Number of Code of Conduct cases finalised	N/A	1 100	1 463	Achieved +363	More investigations and inspections took place during the year under review by the Compliance and Enforcement Unit. There was an increase in the number of cases involving minimum wages.
Percentage of Code of Conduct cases on the roll successfully prosecuted	N/A	85%	89%	Achieved +4%	The alternative dispute resolution measures in place contributed greatly to the number of cases finalised.

Programme 2: Finance And Administration

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

Table 59: Programme 2 – Finance and Administration

Strategic Objective	To be financially stable, sustainable and able to increase revenue and decrease expenditure				
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
Date for implementation of Pay-a-bill service via SAPO	N/A	31 October 2013	PSiRA explored alternative solution and an agreement was entered into with ABSA	Not achieved	The initiative could not be implemented due to PSiRA and SAPO being unable to agree on cost-effective rates.
Percentage of revenue collected for billed accounts	79% of revenue collected for billed accounts	80%	73%	Not achieved	The target was not achieved due to lack of capacity within the Finance Unit.
Frequency of reviews of administrative fees conducted	N/A	Annually	The administration fees were reviewed and implemented in March 2014	Achieved	
Frequency of reviews of bad debts conducted	N/A	30 June 2013 & 31 March 2014	Write off on irrecoverable bad debts was done.	Achieved	
Frequency of reporting financial performance	Achieved Monthly reporting was done	Monthly	Monthly reporting done	Achieved	
Frequency of reporting on performance management	N/A	Quarterly	Quarterly reporting done	Achieved	
Annual Average Ratio of working capital management	0.74:1	Annual Average 1:1 current ratio	1:2	Achieved	
Audit Opinion	Qualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	Achieved	The Authority received an unqualified audit opinion for the year under review.

Sub-programme: Business Information Technology**Table 60: Sub-Programme – Business Information Technology**

Strategic Objective: Ensure that PSiRA has cutting edge technology					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
Implementation date for presentation of Business Continuity Plan (Disaster Recovery)	N/A	1 February 2014	Presented to and approved by IT Steering Committee for implementation in January 2014	Not achieved	<ul style="list-style-type: none"> The target was, however, achieved within the year under review. Approval by Council on 31 March 2014.

Strategic Objective: Ensure that PSiRA has cutting edge technology					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
Frequency of monitoring and reviewing of IT Strategy	N/A	1 May 2013	Monitoring and review of IT strategy was done in April 2013	Achieved	
Number of IT User Satisfaction Customer Surveys to be conducted	N/A	2	2 surveys were conducted	Achieved	
Development and implementation of IT policies	N/A	1 November 2013	Policies were approved by Council on 31 March 2014	Not achieved	<ul style="list-style-type: none"> The target was, however, achieved within the year under review. The Policy was presented in March 2014 instead of November 2013 as the Policy had to be endorsed by the IT Steering Committee first before approval by the Council. The first drafted Policies were returned to add the Committee's comments and the complete draft was presented in March 2014 to the IT Steering Committee, then to Council in March 2014.
Turnaround time of completion of Business Online Services	N/A	4 hours of receiving the incident.	Averages 3 hours	Achieved + 1 hour	
Turnaround time of completion of IT repairs	N/A	4 hours of receiving the online web request	2 hours averages turnaround	Achieved + 2 hours	

Programme 3: Communications and Training

Purpose:	Provide effective communication with stakeholders. Ensure that training standards are adhered to. Ensure the registration process is done in accordance with the PSiR Act.
Measurable Objectives:	The programme aims to ensure effective and meaningful stakeholder communication, that all training institutions are aligned to the required standard of training, and that the registration process is effective and legal.

Table 61: Programme 3 – Communications and Training

Strategic Objective: Ensure effective communication with key stakeholders and provide excellent standard of private security training					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
Development and implementation of Communication Policy	N/A	Approved and implemented Communication Policy	<ul style="list-style-type: none"> The Communication Policy was approved by Council on 31 March 2014 The policy was implemented while awaiting Council's approval 	Achieved	

Strategic Objective: Ensure effective communication with key stakeholders and provide excellent standard of private security training					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
Number of public awareness activities on the role of PSiRA	14 media statements were issued	8 media statements	<ul style="list-style-type: none"> • 14 media statements • 2 media advisory 	Achieved +8	<ul style="list-style-type: none"> • The key purpose was to achieve a greater impact in educating and empowering the various stakeholders about the role of PSiRA with the objective of improving industry compliance. • The Authority therefore identified additional media platforms and key strategic issues to engage the various stakeholders and create more awareness about the role of PSiRA.
	N/A	4 radio talk shows	10 radio talk shows/interviews	Achieved +6	<ul style="list-style-type: none"> • The key purpose was to achieve a greater impact in educating and empowering the various stakeholders about the role of PSiRA with the objective of improving industry compliance. • The Authority therefore identified additional media platforms and key strategic issues to engage the various stakeholders and create more awareness about the role of PSiRA.
	N/A	12 public awareness activities nationally	<ul style="list-style-type: none"> • 3 public awareness notices in the Government Gazette on withdrawal of registration of security service providers • 12 Industry Circulars addressing registration requirements, industry training requirements and obligations of security service providers • 2 profiles of PSiRA in the <i>Security Focus Magazine</i> • 26 awareness session for security services providers were conducted in nine provinces in partnership with PSSPF with specific focus on the role and functions of PSiRA 	Achieved +33 public awareness	<ul style="list-style-type: none"> • The Authority deployed an integrated approach to their awareness initiatives to educate and empower the various stakeholders about the role of PSiRA with the objective improving industry compliance. • The Authority also ensured that the awareness also include security officers and businesses with increased emphasis on compliance.
Date of the launch of the website on the new CI	N/A	30 May 2013	The new Corporate Identity for PSiRA was officially launched on 1 November 2013	Not achieved	<ul style="list-style-type: none"> • The target was, however, achieved within the year under review. • Capacity challenges within the Unit delayed the execution of the launch as per the planned target date.

Strategic Objective: Ensure effective communication with key stakeholders and provide excellent standard of private security training					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
Development and implementation of the Internal communications strategy	N/A	30 June 2013	Strategy developed by August 2013 . Effective implementation took place during 3rd and 4th quarter of 2013/2014 The internal communications strategy was approved on 31 March 2014	Not achieved	<ul style="list-style-type: none"> The target was, however, achieved within the year under review. The internal communications strategy was developed and implemented within the year under review while awaiting Council's approval.
Number of National Events	N/A	4 events	10 national events done	Achieved +6	The Authority identified additional national events that make significant contributions to a cohesive and inclusive organisational culture.
Frequency of workshops Research Dept hosted	N/A	5	8 research workshops were hosted by PSiRA: <ul style="list-style-type: none"> PSiRA Workshop on the guarding security sector in South Africa – 2 August 2013 Workshop on the Electronic Security in South Africa – 23 August 2013 Literature Validation and Methodology Workshop – 6 September 2013 Research Validation Workshop – 13 February 2014 Writers Workshop – 14 February 2014 Research Validation Workshop in Swaziland – 17 March 2014 Research Validation Workshop in Namibia – 24 March 2014 Research Validation Workshop in Botswana – 27 March 2014 	Achieved +3	The over-achievement was as a result of further search workshops being conducted in Botswana, Swaziland and Namibia.
Number of established industry compliance forums	N/A	4	8 Provincial Industry Compliance Forums were conducted: <ul style="list-style-type: none"> 4 new PICF established in North West, Limpopo, Mpumalanga and Free State 4 PICF conducted in Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal 	Achieved +4	The Authority also ensured that PICF established in other provinces took place during the year under review accordingly in order to achieve improved industry compliance through effective stakeholder engagements.
Average turnaround time for the conclusion of application registration meeting all the requirements for individual security officers	N/A	30 days	Average turnaround time of 19 days to conclude of the registration of the individual security officers was achieved	Achieved	Reviewed operational processes, customer/ stakeholder awareness and proper communication on registration requirements lessened the burden of delaying registration applications by security businesses.

Strategic Objective: Ensure effective communication with key stakeholders and provide excellent standard of private security training					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
Average turnaround time for the conclusion of application registration meeting all the requirements for security businesses	N/A	30 days	Average turnaround time of 15 days for the conclusion of the security business registration achieved	Achieved	Reviewed operational processes, customer/ stakeholder awareness and proper communication on registration requirements lessened the burden of delaying registration applications by security officers.
Number of course reports that meet requirements captured	N/A	280 000	384 809 course reports captured	Achieved +104 808	Stakeholder awareness on pre-registration requirements and industry growth created an opportunity for new entrance to the market.
Date for the development of policy for new training standards	N/A	31 March 2014	Policy approved by Council on 31 March 2014	Achieved	<ul style="list-style-type: none"> Policy approved by Council on 31 March 2014. MoU with SASSETA developed and to be signed on 1 April 2014. Implementation plan to be developed once agreement reached with SASSETA.
Number of completed areas of research that are of high priority topics	2 topics were identified but the research has not been completed	2 research topics	2 research topic proposals were completed in June 2013. Research findings to be published in June 2014	Not achieved	Research on the topics identified was conducted during the year under review. However, the complete research papers are to be published in the 2014/2015 financial year.

Programme 4: Corporate Services

Purpose:	To ensure that PSiRA has competent and skilled employees that are able to execute their tasks effectively. To ensure that the Authority has a culture of learning and embracing excellence that supports our vision and strategy.
Measurable Objective:	To create an enabling environment with a competent and skilled workforce.

Table 62: Programme 4 – Corporate Services

Strategic Objective: To ensure that PSiRA has competent and skilled employees that are able to execute their tasks effectively					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
Number of courses implemented as per training and development plan	N/A	10	23 courses implemented.	Achieved	
Number of policies developed and reviewed	N/A	6 policies to be developed	Following 6 policies were developed: <ul style="list-style-type: none"> • Employment Equity • Harassment • Training • Study • Transfer • Retention Reviewed: <ul style="list-style-type: none"> • Medical Aid • Telephone • PMS 	Achieved	

Strategic Objective: To ensure that PSIRA has competent and skilled employees that are able to execute their tasks effectively					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
Frequency of conducting employee satisfaction surveys	N/A	Annually	1 employee satisfaction survey conducted	Achieved	
Frequency of conducting employee performance assessments	N/A	Bi-annually	Only 95% of assessments conducted mid-year and at end of financial year.	Not achieved	
Number of people with disabilities employed	N/A	1	1	Achieved	

Strategy to Overcome Areas of Under Performance

Programme 1: Law Enforcement

- ◆ **The frequency of reviews of fines regulations conducted:** Delayed due to division's capacity being overstretched and focusing its internal resources on high risk strategic target.
- ◆ An external service provider was appointed in March 2014 to assist in expediting the process.

Programme 2: Finance and Administration

- ◆ **Percentage of revenue collected for billed accounts:** The variance is positive in terms of the collection rate; we are dealing with the issue of billing that has not been done properly due to our ineffective system. However, there are still some services providers that are not paying due to the SIA case.
- ◆ All businesses that have not made payment in the last six months will be handed over for non-payment.

Sub-Programme 2.1: Business Information Technology

- ◆ **Turnaround time of completion of Business Online Services:** Most of our online requests for services are logged after 16:00. It is therefore difficult to meet the turnaround time as this takes place after working hours. In the morning, when working hours resume, 12 hours has already passed. The target was not set with the consideration of excluding the hours after 16:00.

Programme 3: Communication and Training

- ◆ **Number of completed areas of research that are high priority topics:** Some of the interviews scheduled with external stakeholders to complete the report could not take place in the set period and they were postponed, hence the delay.

Programme 4: Corporate Services – Human Capital

- ◆ Only 95% of assessments conducted mid-year and at end of financial year.

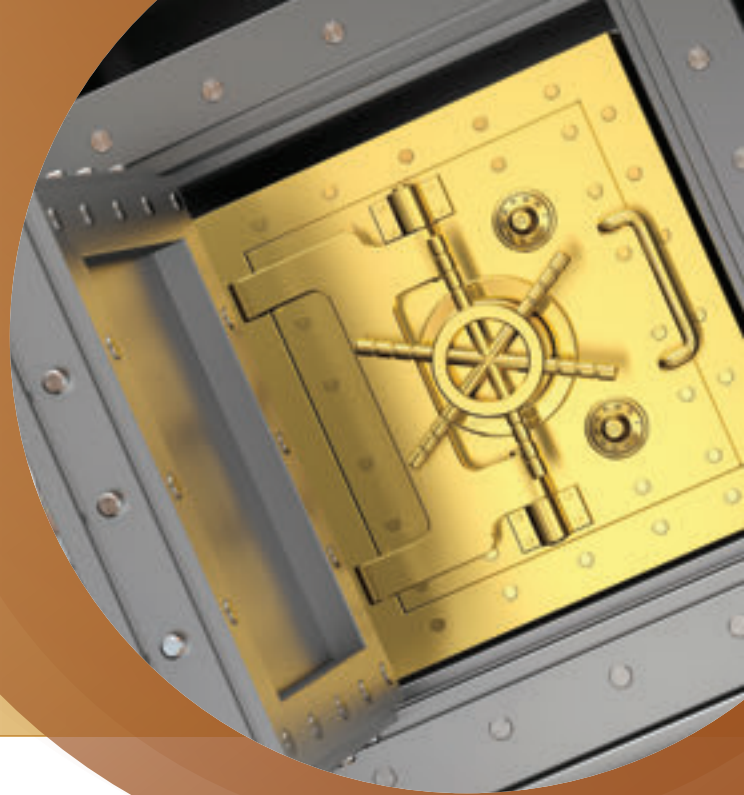
Table 63: Budget versus Expenditure per Programme for the 2012/2013 and 2013/2014 Financial Years

Programme Name	2013/2014			2012/2013		
	Budget Expenditure R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000
1. Law Enforcement	55 691	55 691	0	62 325	51 113	11 212
2. Finance and Administration	68 299	63 952	4 347	61 141	74 220	(13 339)
3. Communications and Training	16 681	16 681	0	25 131	20 822	4 309
4. Corporate Services	12 357	12 357	0	20 744	17 607	3 137
Total	153 028	148 681	4 347	169 341	163 762	5 319

PART E: FINANCIAL INFORMATION

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Regulation of the Private Security Industry
Business address	420 Witch-Hazel Avenue Block B – EcoGlades 2 OfficePark Highveld Ext 70 Centurion 0154
Postal address	Private Bag X817, Pretoria 0001
Controlling entity	Department of Police incorporated in South Africa
Bankers	Nedbank
Auditors	Auditor-General of South Africa
Corporate secretary	Zanele Mthembu
Attorneys	State Attorney



Statement of Responsibility

The Council submit their report for the year ended 31 March 2014.

The financial statements set out on pages 91 to 119, which have been prepared on the going concern basis, were approved by the Council on 31 July 2014 and were signed on its behalf by:

Mr MS Chauke
Director

Mr TO Bopela
Chairperson of the Council



Report of the Director

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

1.1 General Review of the State of Financial Affairs Financial Performance

The entity posted a surplus of R21.55 million for the year ended 31 March 2014, compared to a R3.97 million deficit in the 2012/2013 financial year (restated 2012/2013 surplus R31.05 million). The entity's performance has improved significantly compared to the reported deficit in prior years. The surplus reported in the year under review is 643% more than the reported deficit of R3.97 million reported in the 2012/2013 financial year.

Revenue and Other Income

Gross revenue for the year ended 31 March 2014 was R170.25 million (2012/2013: R160.05 million). Gross revenue consists of the following streams:

Table 64: Gross Revenue

Gross Revenue in R Million	2014	2013	%
Revenue	166.40	158.08	5%
Other income	3.85	1.97	95%
Gross revenue	170.25	160.05	6%

The 5% year-on-year increase in revenue is mainly due to an increase in registration of security officers by 9.35% compared to the 2012/2013 financial year. The increase of 95% in other income can mainly be ascribed to the increase in sundry income.

Operating Expenses

The gross operating expenses have increased in the past financial year. Operating expenses increased by 2.6% from R128.7 million (restated) in the 2012/2013 financial year to R148.7 million in the year under review, compared to a 7.7% decrease from the 2011/2012 financial year to the 2012/2013 financial year. The decrease is mainly attributed to the decrease in employee benefits.

Table 65: Gross Operating Expenses

R million	2013/ 2014	2012/ 2013	2011/ 2012	2013/ 2014 Growth Rate	2012/ 2013 Growth Rate
Gross operating expenses	148.7	128.7 (restated)	139.4	2.6%	-7.7%

Operating expenses consist of the following items:

- Employee cost for the year ended 31 March 2014 amounted to R65.3 million (2012/2013: R76.1 million). Employee costs decreased by 14% from the 2012/2013 financial year to the year under review compared to a 17% increase from the 2011/2012 financial year to the 2012/2013 financial year.

Impairment of Debt

For the year ended 31 March 2014, debt impairment amounted to R27.8 million (2012/2013: R33.4 million). While preparing financial statements for the year under review, we noticed that the information from debt collecting agency was not taken into account in estimating provision for bad debts in the 2012/2013 financial year. This resulted in understatement of trade receivables and overstatement of provision for bad debts and impairment expenses by R35.0 million, which has been corrected and revised in the year under review's financial statements.

The increase in bad debts is as a result of old debt which could not be recovered from security service providers. The entity has engaged a debt collection agency to collect old debt.

Furthermore, debt impairment increased due to SIA members not paying the annual fees at the new rates.

Consulting Fees

There was no increase or decrease in consulting fees as they remained at R3.0 million when compared to the 2012/2013 financial year. This is attributable to maintaining and controlling of consultancy fees during the year under review.

Rental of Equipment and Premises

Lease payments for the year ended 31 March 2014 were R12.5 million compared to R13.5 million in the 2012/2013 financial year.

Financial Position

Debt Management

Debt arises from the annual fees, fines, penalties and interest that are billed to registered security service providers. Due to a lack of capacity in the revenue management department, the entity uses an agency to collect long-outstanding debt. For the year ended 31 March 2014 the entity wrote off uncollectible debt to the amount of R29.7 million (2012/2013: R53.0 million). Bad debt write-offs result in the withdrawal of registration of the service providers who fail to pay in terms of the PSiR Act.

Working Capital Management

The current ratio is a liquidity measure, which tests an entity's ability to pay its maturing short-term obligations. The liquidity ratio as at 31 March 2014 is 3.40:1 compared to 1.91:1 in 2012/2013 financial year. Although uncertainties exist regarding the implementation of 2011 Annual Fees Regulations, it is expected that the liquidity position will improve in the next financial year. The detailed financial performance is presented in the annual financial statements.

1.2 Service Rendered by the Authority

PSiRA is mandated to regulate the private security service industry. In doing so, certain services, such as the 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 and related matters;
- ◆ Deregistration of security businesses and related matters;
- ◆ Reissuing of registration certificates;
- ◆ Reissuing of PSiRA identity cards; and
- ◆ Processing of training course reports.
- ◆ Free services include the:
 - Verification of security services to facilitate firearm licensing by SAPS, and
 - Issuing and reissuing of letters of good standing.

Tariff Policy

There exists a tariff structure for services rendered. The fee structure was reviewed and approved by Council. The fees are determined in accordance with the enabling legislation.

The majority of PSiRA funds are generated from annual fees imposed through the enabling legislation. Such fees are charged to and collected from registered security businesses and security officers who are in employment.

1.3 Capacity Constraints

The number of inspectors employed by PSiRA is not sufficient. This is mainly due to the exponential growth of the private security industry, as PSiRA did not match the same growth in the inspectorate. In addition, managerial and non-managerial vacancies exist in the administration functions, such as finance, supply chain and human resources. These constraints are largely due to legal challenges caused by the 2011 Annual Fee Regulations.

1.4 Events after the Reporting Date

On 9 May 2013, the application by SIA to have the 2011 Annual Fee Regulation set aside was dismissed with costs. SIA has indicated that they will lodge an appeal to have the ruling overturned. In May 2013, approval for the sale of the building in Pretoria was declined. A feasibility study will be undertaken to determine whether it would be cost-effective to demolish the existing buildings on the property (Net book value of buildings: R408 674.13; Net book value of land: R2 623 000) and erect a building to cater for the growing needs of the entity. National Treasury is assisting the Authority in concluding the feasibility study and erection of the new building.

A non-adjusting event occurred in April 2014 wherein there was a break-in at the Head Office and five laptops stolen. The value of these laptops is not more than R35 000.

1.5 Information of Predetermined Objectives

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

1.6 Progress with Addressing Audit Matters

In its 2012/2013 report, the Auditor-General raised a number of non-compliance matters. I am pleased to report that the majority of those items have been dealt with as follows:

Table 66: Audit Findings and Actions Taken

Audit Findings	Significance	Action Taken	Status
Significant uncertainty	Matter of Emphasis	The court case is being defended in court.	Ongoing
Restatement of corresponding figures	Matter of Emphasis	The financial year plan was adopted and implemented in the year.	Resolved
Going concern	Matter of Emphasis	The liquidity ratio of the Authority has significantly improved. Looking at the current ratio the Authority is now a going concern.	Resolved
Material losses	Matter of Emphasis	Debt Collectors are contracted to avoid a recurrence. Employees tasked with collection have a target in their contracts.	Resolved
Policy not approved by the Authority	Compliance	The policy has been approved and implemented.	Resolved
No official purchase order for Additions	Compliance	All additions approved as per delegations. Only financial system generated orders in place to avoid reoccurrence.	Resolved
Procurement plan not submitted to Treasury for approval timeously	Compliance	Approved procurement plan submitted to Treasury as required.	Resolved
PPPPFA has not been considered during evaluation	Compliance	New checklist included in all purchases to ensure adoption of the SCM prescript.	Resolved
Less than three quotations obtained for procurement of over R10 000	Compliance	Irregular expenditure register has been put in place to record all non-compliance and hold employees accountable for further disciplinary action.	Partially resolved
No SBD 4 submitted by supplier	Compliance	New checklist included in all purchases to ensure adoption of the SCM prescript.	Partially resolved
The evaluation criterion have not been stipulated during the invitation for the bid	Compliance	All bid documents reviewed by the SCM team leader/BAC prior to tender process.	Partially resolved
The tender invitation for a construction works contract did not stipulate minimum category	Compliance	All bid documents reviewed by the SCM team leader/BAC prior to tender process.	Partially resolved
No approved SCM policy	Compliance	Policy drafted and submitted for approval by Council.	Partially resolved
No risk assessment management and performance evaluation management divisions within SCM	Compliance	Risk Management Unit current being established to ensure implementation of mitigations.	Partially resolved
Contract not signed	Compliance	Contract management reviewed and all contracts submitted for signature.	Resolved
Monitoring of performance of a contract not considered during creation of a contract	Compliance	Service level agreements introduced to ensure monitoring of contracts.	Resolved
The extension of a contract above the 15% threshold	Compliance	All contracts not extended if above threshold.	Partially resolved
Contract extended without prior written approval of the Director	Compliance	Stringent process controls have been introduced to ensure all contracts are submitted for the Director's signature for approval.	Partially resolved
No original tax clearance certificate submitted by winning supplier	Compliance	New checklist included in all purchases to ensure adoption of the SCM prescript.	Partially resolved
Completeness of irregular expenditure	Compliance	Irregular expenditure register has been put in place to record all non-compliance and hold employees accountable for further disciplinary action.	Partially resolved
Possible bid rigging has been observed	Compliance	SCM processes have been reviewed and constant monitoring is taking place to eliminate possible bid rigging.	Partially resolved
Supply chain manager position vacant for two years	Compliance	Position filled and incumbent already employed.	Resolved
A fraud/ ethics hotline has not been established	Compliance	The hotline and unit established.	Resolved

Audit Findings	Significance	Action Taken	Status
The SCM policies and procedures did not provide for the establishment, composition and functioning of bidding committees	Compliance	Committees established and in place and in alignment with SCM prescripts.	Resolved
Measures to prevent abuse of the SCM system AND the processes and controls have not been implemented	Compliance	Segregation of duties implemented to detect abuse.	Resolved
Contracts not prepared in accordance with the GCC	Compliance	Currently still being aligned.	Partially resolved
Points were awarded for B-BBEE status level without a certified copy of a B-BBEE status level verification certificate	Compliance	Checklist adopted to enforce adherence to prescripts.	Resolved
Supply chain officials received gifts from winning suppliers	Compliance	Gift register implemented and monitored by CFO.	Resolved

Auditor-General's Report on PSiRA

Report on the Financial Statements

Introduction

1. I have audited the financial statements of the Private Industry Security Authority set out on pages 91 to 119 which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets, cash flow statement 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.

Council's Responsibility for the Financial Statements

2. Council, which constitutes the accounting authority, is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Recognised Accounting Practice and the requirements of the Public Finance Management Act (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 the Public Audit Act (PAA) of South Africa, 2004 (Act No. 25 of 2004) (PM), the general notice issued in terms thereof and 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, the financial statements present fairly, in all material respects, the financial position of the Private Security Industry Regulatory Authority as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with the Generally Recognised Accounting Practice and the requirements of the PFMA.

Emphasis of matters

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

Significant Uncertainties

8. With reference to note 20 to the financial statements, the entity is the defendant in an annual fees increase law suit. The entity is opposing the law suit as it believes it has followed proper processes in increasing the annual fees. The High Court ruled in favour of the entity and the applicant lodged an appeal with the Supreme Court of Appeal. The ultimate outcome of the matter cannot presently be determined.

Restatement of Corresponding Figures

9. As disclosed in note 19 to the financial statements, the corresponding figures for 31 March 2013 have been restated as a result of an error discovered during the financial year ended 31 March 2014 in the financial statements of the Private Security Industry Regulatory Authority at, and for the year ended, 31 March 2014.

Material Losses

10. As disclosed in note 14 to the financial statements, material losses to the amount of R27 507 804 were incurred as a result of write-off of irrecoverable trade debtors.

Report on Other Legal and Regulatory Requirements

11. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation as well as 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 entity for the year ended 31 March 2014:
- ◆ Law Enforcement (on pages 70-71).
 - ◆ Communications and Training (on pages 73-76).
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* (FMPPPI).
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:

Law Enforcement Usefulness of Reported Performance Information

17. I did not raise any material findings on the usefulness of the reported performance information for Law Enforcement.

Reliability of Reported Performance Information

18. The FMPPPI requires 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 and/or adequate and reliable corroborating evidence could not be provided:
- ◆ We could not confirm the code of conduct cases on the roll successfully prosecuted due to a lack of supporting documentation.
 - ◆ Thirty-seven (37) out of 60 inspections of security officers selected for audit could not be verified due to lack of supporting documentation.

Communications and Training

19. I did not raise any material findings on the usefulness and reliability of the reported performance information for Communications and Training.

Additional Matter

We draw attention to the following matter:

Achievement of Planned Targets

20. Refer to the annual performance report on page 68-77 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on reliability of the reported performance information for the selected programmes reported in the above paragraph 18 of this report.

Compliance with Legislation

21. I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material compliance with specific matters in key applicable laws and regulations, as set out

in the general notice issued in terms of the PAA, are as follows:

Internal Audit

22. The accounting authority did not ensure that the internal audit function was established and operational throughout the year, as required by section 51(1)(a)(ii) of the PFMA and Treasury Regulation 27.2.2 and 27.2.3.

Revenue management

23. 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 Regulation 31.1.2(a) and 31.1.2(e).

Consequence management

24. 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.

Annual Financial Statements

25. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA. Material misstatements identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Internal Control

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

Leadership

27. The accounting authority did not provide adequate oversight of compliance with relevant legislation by ensuring an effective, efficient and transparent system of internal controls.

Financial and Performance Management

28. The entity did not implement adequate record keeping and review controls to ensure that complete, relevant and accurate information is available to support financial and performance reporting.



Pretoria

31 July 2014



Council's Responsibilities and Approval

The Council is required by the Private Security Industry Regulation Act (Act no. 56 of 2001), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the Council to ensure that the 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 ended. External auditors are engaged to express an independent opinion on the financial statements and are given unrestricted access to all financial records and related data.

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

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

The Council acknowledges that it is ultimately responsible for the system of internal financial control established by the entity and places considerable importance on maintaining a strong control environment. To enable the Council to meet these responsibilities, it 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 Council 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Council has reviewed the entity's cash flow forecast for the year to 31 March 2014 and, in the light of this review and the current financial position, it is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the Council is primarily responsible for the financial affairs of the entity, it is audited by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's financial statements. The financial statements have been examined by the entity's external auditors and their report is presented on page 84-86. The financial statements set out on pages 91-119, which have been prepared on the going concern basis, were approved by the Council on 31 July 2014 and were signed on its behalf by:



Mr TO Bopela
Chairperson of the Council

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 the 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 efforts towards delivering excellent service in areas of law enforcement, registration and training, and stakeholder and customer relationship management. During the year under review, compliance inspections of security service providers conducted improved by 13.62% from 23 827 in the 2012/2013 financial year to 27 073.

Registration of active security officers (employed) increased by 9.35% from 445 407 to 487 058 during the year under review. This achievement is a result of increased efforts by the Authority in intensifying their inspections and enforcement efforts toward reducing non-compliance in the industry. Another contributing factor is improved stakeholder engagement and awareness initiatives undertaken by PSiRA during the year under review.

The registered active cash-in-transit businesses increased from 2 061 businesses to 4 465 businesses during the year under review, representing an increase of 116.64%. The registered active armed response businesses increased from 2 740 businesses to 4 550 businesses during the year under review, representing an increase of 66.06%.

The Authority also officially launched its new Corporate Identity during the year under review. Stakeholder engagements were intensified with the establishment of the provincial compliance forums in Limpopo, North West, Mpumalanga and Free State. In addition to these objectives, PSiRA also focused its resources on internal matters such as building the organisation, and beefing up resources and systems to ensure a streamlined service to stakeholders.

Financial Performance

During the year under review, actual total operating revenue generated amounted to R170.25 million broken down as follows: R111.58 million (65.54%) annual fees, R19.20 million (11.28%) course reports, R23.97 million (14.08%) new registrations, R6.55 million (3.85%) fines and the balance of R8.95 million (5.25%) was generated from administration fees and other related income. The actual operating revenue billed exceeded the budget by with R30.69 million (18.03%).

Additional revenue in the form of interest totalling R1.44 million was collected during the year under review. Strict expenditure control was put in place during the year under review. Revenue overall has increased by R10.20 million when compared to the 2012/2013 financial year.

Total expenditure decreased by R5.41 million when compared to the budget amount. The surplus for the year of R21.55 million (net surplus R31.05 million – 2012/2013 financial year restated) is as a direct result of a prior year error.

Cash and cash equivalents balance for the year amounted to R34.74 million. Trade and other receivables amounted to R37.66 million after impairment. Trade and other payables amounted to R13.01 million. Current Assets exceeded current liabilities leading to a current ratio of 3.40.

3. Going Concern

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

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 year under review and to the date of this report are as follows:

- ◆ Mr Thula Bopela (Chairperson)
- ◆ Mr Joy Rathebe (Deputy Chairperson)
- ◆ Mr Benjamin Ntuli (Council Member)

- ◆ Lt 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 ongoing 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 consisted of external members Ms Janice Meissner (Chairperson), Mr Nala Mhlongo and Lazarus Sikhwetha. The Committee met at least four times per annum as per its approved terms of reference. The Audit Committee Chairperson resigned, as did one member. The new Audit Committee is now chaired by Mr Nala Mhlongo and the

members are: Ms Nosiviwe Chobeni, Mr Charles Motau, Mr Bheki Mkhize, and Adv. Thokozani Mvelase.

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 of South Africa and the internal auditors.

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 registration, supply chain management, human resources, law enforcement and financial management.

Statement of Responsibility and Going Concern

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

Responsibility for the Annual Financial Statements

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



Mr MS Chauke
Director
Date: 31 July 2014

Approval of the Annual Financial Statements

The annual financial statements for the year ended 31 March 2014, set out on pages 91-119, have been approved by the Council in terms of section 51(1)(f) of the Public Finance Management Act (PFMA), No. 1 of 1999 on 31 July 2014.



Mr TO Bopela
Chairperson
Date: 31 July 2014

Financial Statements for the Year ended 31 March 2014

Statement of Financial Position as at 31 March 2014

Figures in Rand	Note(s)	2014	2013 Restated
Assets			
Current assets			
Inventories	6	625 000	-
Trade and other trade receivables	2	37 663 005	41 647 554
Cash and cash equivalents	3	34 743 627	22 793 059
		73 031 632	64 440 613
Non-current assets			
Property, plant and equipment	4	12 390 138	13 894 714
Intangible assets	5	300 635	1 053 968
		12 690 773	14 948 682
Total assets		85 722 405	79 389 295
Liabilities			
Current liabilities			
Operating lease liability	7	4 096 995	12 024 453
Trade and other payables	8	13 006 968	17 557 810
Employee benefit obligation	9	147 000	1 332 000
Unspent conditional grants and receipts	10	777 778	440 315
Provisions	26	3 436 858	2 400 409
		21 465 599	33 754 987
Non-current liabilities			
Operating lease liability	7	8 136 387	-
Employee benefit obligation	9	1 691 000	12 757 000
		9 827 387	12 757 000
Total liabilities		31 292 986	46 511 987
Net assets		54 429 419	32 877 308
Accumulated surplus		54 429 419	32 877 308
Total net assets and liabilities		85 722 405	79 389 295

Financial Statements for the Year ended 31 March 2014

Statement of Financial Performance as at 31 March 2014

Figures in Rand	Note(s)	2014	2013 Restated
Revenue			
Sale of goods	11	2 560 636	1 871 075
Rendering of services	11	373 960	374 908
Annual fees	11	111 577 770	111 737 378
Infrastructure re-assessment	11	10 000	29 000
Course reports	11	19 201 770	18 457 150
Registration fees	11	23 976 305	19 327 053
Fines	11	6 552 450	5 425 750
Grant received	11	2 144 911	854 386
Bad debt recoveries	12	369 957	407 401
Sundry income	25	2 035 307	397 711
Interest received	15	1 449 942	1 169 835
Total revenue		170 253 008	160 051 647
Expenditure			
Employee benefits	13	(65 330 851)	(76 097 804)
Depreciation and amortisation	4&5	(2 711 886)	(2 430 401)
Finance costs	16	(27 819)	(13 984)
Bad debts	14	(27 507 804)	1 626 673
Other operating expenses	29	(53 103 014)	(51 821 337)
Total expenditure		(148 681 374)	(128 736 853)
Operating surplus		21 571 634	31 314 794
Loss on disposal of assets	4	(19 524)	(259 612)
Gain on reversal of assets	4	-	173
		(19 524)	(259 439)
Surplus for the year		21 552 110	31 055 355

Financial Statements for the Year ended 31 March 2014

Statement of Changes in Net Assets as at 31 March 2014

Figures in Rand	Accumulated surplus	Total net assets
Balance at 1 April 2012	1 821 955	1 821 955
Changes in net assets		
Deficit for the year as previously reported	(3 970 032)	(3 970 032)
Total changes	(3 970 032)	(3 970 032)
Adjustments		
Prior year adjustments (Note 19)	35 025 387	35 025 387
Balance at 1 April 2013 as restated	32 877 310	32 877 310
Changes in net assets		
Surplus for the year	21 552 110	21 552 110
Total changes	21 552 110	21 552 110
Balance at 31 March 2014	54 429 420	54 429 420

Financial Statements for the Year ended 31 March 2014

Cash Flow Statement as at 31 March 2014

Figures in Rand	Note(s)	2014	2013 Restated
Cash flows from operating activities			
Receipts from customers			
Sale of goods and services		143 238 140	127 020 754
Grants		2 144 911	-
Interest income		1 449 942	1 169 835
		146 832 993	128 190 589
Payments to suppliers			
Employee costs		(76 396 851)	(67 270 604)
Suppliers		(57 984 254)	(47 122 345)
Finance costs		(27 819)	(13 984)
		(134 408 924)	(114 406 933)
Net cash flows from operating activities	18	12 424 069	13 783 656
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(473 501)	(2 647 830)
Proceeds from sale of property, plant and equipment	4	-	22 900
Purchase of intangible assets	5	-	(54 697)
Net cash flows from investing activities		(473 501)	(2 679 627)
Increase in cash and cash equivalents			
		11 950 568	11 104 029
Cash and cash equivalents at the beginning of the year		22 793 059	11 689 030
Cash and cash equivalents at the end of the year	3	34 743 627	22 793 059

Financial Statements for the Year ended 31 March 2014

Statement of Comparison of Budget and Actual Amounts as at 31 March 2014

Figures in Rand Budget on Cash Basis	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final and actual
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Sale of goods	-		-	2 560 636	2 560 636
Service charges	-		-	373 960	373 960
Course reports	20 700 000	(1 067 000)	19 633 000	19 201 770	(431 230)
Annual fees	112 047 339	(20 427 130)	91 620 209	111 577 770	19 957 561
Registration fees	20 194 000	(7 408 000)	12 786 000	23 976 305	11 190 305
Infrastructure re- assessment	-	-	-	10 000	10 000
Recoveries	-	-	-	369 957	369 957
Interest & penalties	5 523 996		5 523 996	-	(5 523 996)
Sundry income	2 599 000	10 120 000	12 719 000	2 035 307	(10 683 693)
Interest received – investment	2 220 000	(710 000)	1 510 000	1 449 942	(60 058)
		8 224 000	8 224 000	-	(8 224 000)
Total revenue from exchange transactions	163 284 335	(11 268 130)	152 016 205	161 555 647	6 604 846
Revenue from non-exchange transactions					
Transfer revenue					
Fines	11 535 802	(10 963 425)	572 377	6 552 450	5 980 073
Grant Received	-	1 520 000	1 520 000	2 144 911	624 911
Total revenue from non-exchange transactions	11 535 802	(9 443 425)	2 092 377	8 697 361	6 604 984
Total revenue	174 820 137	(20 711 555)	154 108 582	170 253 008	13 209 830
Expenditure					
Employee related costs	(79 864 046)	4 338 644	(75 525 402)	(65 330 851)	10 194 551
Depreciation and amortisation	(5 500 000)	(2 861 213)	(8 361 213)	(2 711 886)	5 649 327
Finance costs	-	(50 000)	(50 000)	(27 819)	22 181
Debt impairment	(11 205 000)	(795 000)	(12 000 000)	(27 507 804)	(15 507 804)
Repairs and maintenance	(2 680 000)	(12 413)	(2 692 413)	(2 507 123)	185 290
General expenses	(67 095 954)	11 697 061	(55 398 893)	(50 595 891)	4 803 002
Total expenditure	(166 345 000)	12 317 079	(154 027 921)	(148 681 374)	5 346 547
Operating surplus	8 475 137	(8 394 476)	80 661	21 571 634	18 556 377
Loss on disposal of assets and liabilities	(275 685)	-	(275 685)	(19 524)	256 161
Surplus before taxation	8 199 452	(8 394 476)	(195 024)	21 552 110	18 812 538
Actual amount on comparable basis as presented in the budget and actual comparative statement	8 199 452	(8 394 476)	(195 024)	21 552 110	18 812 538

Financial Statements for the Year ended 31 March 2014

Statement of Comparison of Budget and Actual Amounts as at 31 March 2014

Figures in Rand Budget on Cash Basis	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final and actual
Statement of Financial Position					
Assets					
Current assets					
Inventories	-	-	-	625 000	625 000
Trade and other trade receivables	7 962 000	(162 000)	7 800 000	37 663 005	29 863 005
Cash and cash equivalents	5 937 000	28 016 000	33 953 000	34 743 627	790 627
	13 899 000	27 854 000	41 753 000	73 031 632	31 278 632
Non-current assets					
Property, plant and equipment	10 855 000	425 000	11 280 000	12 390 138	1 110 138
Intangible assets	-	1 054 000	1 054 000	300 635	(753 365)
	10 855 000	1 479 000	12 334 000	12 690 773	356 773
Total assets	24 754 000	29 333 000	54 087 000	85 722 405	31 635 405
Liabilities					
Current liabilities					
Operating lease liability	-	13 226 000	13 226 000	4 096 995	(9 129 005)
Trade and other payables	16 000 000	33 164 000	49 164 000	13 006 968	(36 157 032)
Employee benefit obligation	-	-	-	147 000	147 000
Unspent conditional grants and receipts	-	-	-	777 778	777 778
Provisions	-	-	-	3 436 858	3 436 858
	16 000 000	46 390 000	62 390 000	21 465 599	(40 924 401)
Non-current liabilities					
Operating lease liability	-	-	-	8 136 387	8 136 387
Employee benefit obligation	2 206 000	3 394 000	5 600 000	1 691 000	(3 909 000)
	2 206 000	3 394 000	5 600 000	9 827 387	4 227 387
Total liabilities	18 206 000	49 784 000	67 990 000	31 292 986	(36 697 014)
Net assets	6 548 000	(20 451 000)	(13 903 000)	54 429 419	68 332 419
Net assets					
Net assets attributable to owners of controlling entity					
Reserves					
Accumulated surplus	6 548 000	(20 451 000)	(13 903 000)	54 429 419	68 332 419

Financial Statements for the Year ended 31 March 2014

Statement of Comparison of Budget and Actual Amounts as at 31 March 2014

Figures in Rand Budget on Cash Basis	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final and actual
Cash Flow Statement					
Cash flows from operating activities					
Receipts					
Sale of goods and services	127 136 000	(17 071 000)	110 065 000	143 238 140	33 173 140
Grants	1 520 000	-	1 520 000	2 144 911	624 911
Interest income	770 000	740 000	1 510 000	1 449 942	(60 058)
	129 426 000	(16 331 000)	113 095 000	146 832 993	33 737 993
Payments					
Employee costs	(79 864 046)	4 348 644	(75 515 402)	(76 396 851)	(881 449)
Suppliers	(80 982 000)	-	(80 982 000)	(57 984 254)	22 997 746
Finance costs	-	(50 000)	(50 000)	(27 819)	22 181
	(160 846 046)	4 298 644	(156 547 402)	(134 408 924)	22 138 478
Net cash flows from operating activities	(31 420 046)	(12 032 356)	(43 452 402)	12 424 069	55 876 471
Cash flows from investing activities					
Purchase of property, plant and equipment	(5 034 000)	4 034 000	(1 000 000)	(473 501)	526 499
Net increase/(decrease) in cash and cash equivalents	(36 454 046)	(7 998 356)	(44 452 402)	11 950 568	56 402 970
Cash and cash equivalents at the beginning of the year	8 067 000	45 348 000	53 415 000	22 793 059	(30 621 941)
Cash and cash equivalents at the end of the year	(28 387 046)	37 349 644	8 962 598	34 743 627	25 781 029

Financial Statements for the Year ended 31 March 2014

Accounting Policies as at 31 March 2014

1. Presentation of Financial Statements

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).

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

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

These accounting policies are consistent with the previous period.

1.1 Capital Commitments

Items are classified as commitments where the entity commits itself to future transactions that will normally result in the outflow of resources.

Capital commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- ◆ Approved and contracted commitments;
- ◆ Where the expenditure has been approved and the contract has been awarded at the reporting date; and
- ◆ Where disclosure is required by a specific Standard of GRAP.

1.2 Significant Judgements and Sources of Estimation Uncertainty

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

Impairment Testing

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

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined estimates based on the information available. Additional disclosure of these estimates of provisions are included in Note 26 – Provisions.

Post-retirement Benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of 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 for pension obligations are based on current market conditions. Additional information is disclosed in Note 9.

Financial Statements for the Year ended 31 March 2014

Accounting Policies as at 31 March 2014

Allowance for Doubtful Debts

On receivables an irrecoverable loss is recognised in surplus and deficit when there is objective evidence that it is irrecoverable. The irrecoverability of the debtor is determined when the debtor has prescribed in terms of the prescription Act and is untraceable or irrecoverable prior to the prescription period.

Useful Lives of Property, Plant and Equipment and Other Assets

The entity's management determines the estimated useful lives and related depreciation/amortisation charges for property, plant and equipment and other assets. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the entity.

1.3 Property, Plant and Equipment

Property, plant and equipment (owned and leased) is stated at historical cost less accumulated depreciation and adjustment for any impairments. Costs include costs incurred initially to acquire an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it if it is probable that future economic benefits associated with the replacement will flow to PSiRA and the cost can be measured reliably. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. Estimates are mainly based on historical information relating to use of the asset. The depreciation charge for each period is recognised in surplus or deficit. Depreciation is calculated on the straight-line method to write off the cost, less residual value, of each asset over their estimated useful lives as follows:

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

Item	Average useful life
Land	0 years
Buildings	20 years
Leasehold improvements	5 years
Furniture and fixtures	1-6 years
Motor vehicles	4-5 years
Office equipment	1-11 years
Computer equipment	1-8 years

The depreciation charge for each period is recognised in the statement of comprehensive income.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The effects of any changes to residual values, useful lives and depreciation methods are accounted for on a prospective basis.

The gain or loss 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 values of the assets on the date of disposal and is recognised in the statement of financial performance.

1.4 Intangible Assets**Computer Software**

Acquired computer software licences are carried at cost less any accumulated amortisation and any impairment losses. Estimates are mainly based on historical information relating to use of the asset and all residual values are nil. Amortisation on these costs is provided to write down the intangible assets, on a straight-line basis, over their useful lives as follows:

Item	Useful life
Computer software	1-4 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each reporting date. The effects of any changes to residual values, useful lives and amortisation methods are accounted for on a prospective basis.

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

Financial Statements for the Year ended 31 March 2014

Accounting Policies as at 31 March 2014

1. Presentation of Financial Statements (continued)**1.5 Financial Instruments**

Financial instruments are recognised when PSiRA becomes party to the contractual provisions of the instrument. Financial instruments carried in the Statement of Financial Position include cash and bank balances, trade and other receivables, trade and other payables, and borrowings. These instruments (excluding cash and bank) are carried at their amortised cost.

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. The accounting policy for each category is as follows: entity derecognises financial assets using trade date accounting.

Loans and Receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that PSiRA will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows discounted at the original effective interest rate associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within operational expenditure in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. The loans and receivables comprise trade and other receivables at reporting date.

Financial Liabilities

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Trade payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

1.6 Leases

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

Operating Leases – Lessee

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

1.7 Inventories

Inventories that qualify for recognition as assets shall initially be measured at cost. Inventories are measured at the lower of cost or current replacement cost. Where inventories are acquired at no cost, or for nominal consideration, their costs shall be fair value as at the date of acquisition.

Inventory consists of stationery and consumables held for internal usage.

Subsequent Measurement

Inventories shall be measured at the lower of cost or current replacement cost where they are held for distribution at no charge or for a nominal charge.

Cost is Determined on the Following Basis:

Stationery and consumables are valued using the weighted average formula.

Cost of Stationery and Consumables

When stationery and consumables are distributed to uses, their carrying amount is recognised as an expense in the

Financial Statements for the Year ended 31 March 2014

Accounting Policies as at 31 March 2014

period in which they used. The amount of any write-down, adjustments and all deficits of inventories are recognised in the surplus/deficit.

1.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents include cash on hand and deposits held at call.

1.9 Employee Benefits

Pension Fund

PSiRA contributes to a defined benefit fund. Contributions to a pension plan, that of all employees and of the executive's choice, in respect of service in a particular period are included in the employees' total cost of employment and are charged to the statement of comprehensive income in the year to which they relate as part of the cost of employment

In measuring its defined benefit liability, the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions.

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method uses a one-year control period.

Post-retirement Medical Aid

PSiRA does not incur a liability for post-retirement medical benefits.

1.10 Provisions and Contingencies

Provisions are recognised when PSiRA has a present obligation (legal or constructive) as a result of past events, if it is probable (more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure taking risks and uncertainties into account. Provisions are discounted where the time value of money is material using a rate that reflects current market assessments of the time value of money.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligations, the provision will be reversed.

1.11 Revenue from Exchange Transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners. An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Revenue from exchange transactions comprises sales of goods, annual fees, rendering of services, infrastructure assessment, registration fees, course reports and fines.

Other Income

All other income is recorded in the statement of comprehensive income upon receipt.

1.12 Revenue from Non-exchange Transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Financial Statements for the Year ended 31 March 2014

Accounting Policies as at 31 March 2014

1. Presentation of Financial Statements (continued)**1.12.1 Grants**

Revenue from grants takes the form of grants received for research and skills development. Grants related to future obligations are presented as deferred income in the statement of financial position. This will be amortised as and when the expenses are incurred.

1.12.2 Fines

Fines are economic benefits or service potential received or receivable by the Authority, as determined by the Private Security Industry Regulatory Act, as a consequence of the individual or other entity breaching the requirements of laws and regulations. Such fines are recognised as revenue when received by the Authority.

1.13 Investment Income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.14 Comparative Figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current 12 months.

Prior Period Error

Material prior period errors are corrected retrospectively in the financial statements by:

- ◆ Restating the comparative amounts for the prior year(s) presented in which the error occurred; or
- ◆ If the error occurred before the earliest prior year presented, restating the opening balances of assets, liabilities and accumulated surplus for the year presented.

1.15 Fruitless and Wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the 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.

1.16 Irregular Expenditure

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

- (a) 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.

1.17 Budget Information

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives. The approved budget covers the fiscal period from 01/04/2013 to 31/03/2014. 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.

1.18 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.

Financial Statements for the Year ended 31 March 2014

Statement of Financial Position as at 31 March 2014

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

1.19 Standards Issued not yet Effective**1.19.1 GRAP 32 – Service Concession Arrangements Grantor**

Effective date: No effective date.

Impact: This standard will have no impact as PSiRA does not engage in service concession arrangements.

1.19.2 GRAP 108 – Statutory Receivables

Effective date: No effective date.

Impact: This standard will have an impact on the entity, as there are receivables raised on the basis of legislative requirements.

1.19.3 GRAP 20 – Related Party Disclosures

Effective date: No effective date.

Impact: PSiRA complies with the standard requirements.

1.19.4 GRAP 18 – Segment Reporting

Effective date: No effective date.

Impact: The impact of implementing this standard is expected to be immaterial in the context of this entity's operations.

1.19.5 GRAP 105 – Transfer of Functions Between Entities Under Common Control

Effective date: No effective date.

Impact: This will have an impact on the entity, if the Executive Authority (Department of Police) implements the transfers.

1.19.6 GRAP 106 – Transfer of Functions Between Entities Not Under Common Control

Effective date: No effective date.

Impact: This will have an impact on the entity if the Executive Authority (Department of Police) implements the transfers.

1.19.7 GRAP 107 – Mergers

Effective date: No effective date.

Impact: This will have an impact on the entity if the Executive Authority engages in these types of transactions.

Financial Statements for the Year ended 31 March 2014

Notes to the Financial Statements as at 31 March 2014

Figures in Rand	2014	2013 Restated
2. Trade and other trade receivables		
Trade debtors	47 090 787	52 691 266
Other trade receivables	108 392	15 021
Impairment of trade receivables	(10 306 955)	(12 515 343)
Deposits	554 860	554 860
Prepaid expenses	215 921	901 750
	37 663 005	41 647 554
Trade receivables and other receivables		
Trade and other receivables from exchange transactions	42 121 287	48 220 053
Trade and other receivables from non-exchange transactions	4 969 500	4 471 213
	47 090 787	52 691 266
Trade and other receivables which are less than 36 months past due are not considered to be impaired. At 31 March 2014, R47 090 787 – (2013: R52 691 266) were past due but not impaired the method for determining fair values.		
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	12 515 343	94 975 803
Current year provision	27 507 803	(1 626 673)
Prior year over provision	-	(27 827 174)
Amounts written off as uncollectable	(29 716 191)	(53 006 613)
	10 306 955	12 515 343
Refer to Note 14 – Bad debts for current year provision and bad debts written off, and Note 19 – Prior year adjustments for prior year over provision.		
3. Cash and cash equivalents		
Cash on hand	405 143	122 366
Deposits and current account	4 080 203	2 081 611
Short-term deposits	30 258 281	20 589 082
	34 743 627	22 793 059
4. Property, plant and equipment		

Figures in Rands	2014			2013		
	Cost/ valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2 623 000	-	2 623 000	2 623 000	-	2 623 000
Buildings	5 591 393	(3 294 039)	2 297 354	5 591 393	(3 034 719)	2 556 674
Furniture and fixtures	5 519 888	(2 733 350)	2 786 538	5 499 389	(2 146 192)	3 353 197
Motor vehicles	120 783	(115 247)	5 536	120 783	(112 479)	8 304
Office equipment	3 565 399	(1 937 792)	1 627 607	3 513 538	(1 768 285)	1 745 253
Computer equipment	2 618 620	(573 342)	2 045 278	4 694 710	(2 428 631)	2 266 079
Leasehold improvements	1 754 377	(749 552)	1 004 825	1 754 377	(412 170)	1 342 207
Total	21 793 460	(9 403 322)	12 390 138	23 797 190	(9 902 476)	13 894 714

Financial Statements for the Year ended 31 March 2014

Notes to the Financial Statements as at 31 March 2014

4. Property, plant and equipment (continued)**Reconciliation of property, plant and equipment – 2014**

Figures in Rand Restated	Opening balance	Additions	Disposals	Classified as held for Sale	Transfers	Depreciation	Impairment reversal	Total
Land	2 623 000	-	-	-	-	-	-	2 623 000
Buildings	2 556 674	-	-	-	-	(259 320)	-	2 297 354
Furniture and fixtures	3 353 197	14 858	(10)	-	-	(581 507)	-	2 786 538
Motor vehicle	8 304	-	-	-	-	(2 768)	-	5 536
Office equipment	1 745 253	86 574	(2 152)	-	-	(202 068)	-	1 627 607
Computer equipment	2 266 079	372 069	(17 362)	-	-	(575 508)	-	2 045 278
Leasehold improvements	1 342 207	-	-	-	-	(337 382)	-	1 004 825
	13 894 714	473 501	(19 524)	-	-	(1 958 553)	-	12 390 138

Reconciliation of property, plant and equipment – 2013

Figures in Rands Restated	Opening balance	Additions	Disposals	Classified as held for sale	Transfers	Depreciation	Impairment reversal	Total
Land	2 623 000	-	-	-	-	-	-	2 623 000
Buildings	2 815 995	-	-	-	-	(259 321)	-	2 556 674
Furniture and fixtures	3 550 719	456 389	(171 611)	135 846	-	(618 302)	156	3 353 197
Motor vehicle	11 071	-	-	-	-	(2 767)	-	8 304
Office equipment	1 069 571	485 709	(85 943)	51 545	340 383	(116 022)	10	1 745 253
Computer equipment	1 731 610	849 274	(24 958)	8 420	-	(298 274)	7	2 266 079
Leasehold improvements	1 185 855	856 458	-	-	(340 383)	(359 723)	-	1 342 207
	12 987 821	2 647 830	(282 512)	195 811	-	(1 654 409)	173	13 894 714

The property in Arcadia is currently disclosed at its net book value of land: R2 623 000. The current market value of the land is R4.5 million as per the valuation report of 2012.

Financial Statements for the Year ended 31 March 2014

Notes to the Financial Statements as at 31 March 2014

5. Intangible assets

Figures in Rand	2014			2013		
	Cost/ valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	5 798 595	(5 497 960)	300 635	5 816 783	(4 762 815)	1 053 968

Reconciliation of intangible assets – 2014

	Opening balance	Amortisation	Total
Computer software	1 053 968	(753 333)	300 635

Reconciliation of intangible assets – 2013

	Opening balance	Additions	Amortisation	Total
Computer software	1 775 267	54 697	(775 996)	1 053 968

6. Inventories

PSiRA has in the past recorded and disclosed stationery and consumables on hand as part of expenses. Although it was impractical to restate the inventories relating to consumables in the prior year, a total estimate of R625 000 has been recorded as inventory in accordance with GRAP 12.

	625 000	-
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7. Operating lease obligation

Non-current liabilities	(8 136 387)	-
Current liabilities	(4 096 995)	(12 024 453)
	(12 233 382)	(12 024 453)

Lease payments (non-cancelable leases – Building)

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

Five-year contract expiring 30 November 2014 – escalation of 9% per annum.

KwaZulu-Natal: 26 Mathews Road, Greyville

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

Pretoria Corporate Office: Eco Glades 2 Office Park, Centurion

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

Financial Statements for the Year ended 31 March 2014

Notes to the Financial Statements as at 31 March 2014

7. Operating lease obligation (continued)

The timing of lease payments has 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**

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

Figures in Rand	2014	2013 Restated
Summary for all the operating lease obligations		
No later than one year	4 059 116	7 122 998
One to five years	7 624 877	4 436 713
	11 683 993	11 559 711
Operating lease liability	549 389	464 742
Total operating lease obligation		
Lease payments: buildings	11 683 995	11 559 654
Lease payments: operating costs buildings	549 387	464 799
	12 233 382	12 024 453
8. Trade and other payables		
Trade payables	7 624 539	13 713 498
Accrued bonus	948 092	883 495
Accrued expense	3 845 004	2 599 909
Unknown deposits	589 333	360 908
	13 006 968	17 557 810
Ageing of unknown deposits		
90 days and over	589 333	360 903

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 cannot be allocated as yet. These cash receipts are disclosed as unknown deposits.

Financial Statements for the Year ended 31 March 2014

Notes to the Financial Statements as at 31 March 2014

9. Employee benefit obligations**Defined benefit plan**

The defined benefit plan, to which 100% (2013: 100%) belong, consists of the (Sanlam Pension Fund) governed by the Pension Fund Act of 1956. The number of employees covered by the plan is 207 and 202 for (2013).

The IAS 19 report was prepared by an independent actuarial valuator as at the 31 March 2014. The statutory actuarial valuation is done tri-annually. The last statutory valuation was done on 31 March 2010. The actuarial valuation revealed that the fund is not in a financially sound position. The net liability on 31 March 2014 was R1 830 000 and liability of R14 089 000 (2013). The entity is committed to fund the net liability of the fund, as per the statutory actuarial valuation on 1 April 2010, over the three years commenced in June 2012.

The actuarial valuation determined that the retirement plan was in a sound financial position, however that it was recommended that the contribution should be increased by 3.5% for 12 months. This recommendation is presently being implemented.

The assets of the funds are invested in Sanlam Alpha Bonus portfolio. The fund had 14 860 unsold Sanlam shares as at 31 March 2012 at a price of R33.18 per share. These shares were sold on 30 November 2012.

The plan is a final salary pension/flat plan or a post-employment medical 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.

Following the appointment of Alexander Forbes as the Fund's new administrator, the trustees resolved that the housing loan balance be settled against the members' fund credit with effect from 31 July 2012.

The amounts recognised in the Statement of Financial Position are as follows:

Figures in Rand	2014	2013 Restated
Carrying value		
Present value of the defined benefit obligation – wholly unfunded	1 218 000	(14 089 000)
Other	(3 056 000)	-
	(1 838 000)	(14 089 000)
Non-current liabilities	(1 691 000)	(12 757 000)
Current liabilities	(147 000)	(1 332 000)
	(1 838 000)	(14 089 000)
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	56 830 000	37 737 000
Benefits paid	(4 863 000)	(3 226 000)
Actuarial loss	5 851 000	2 811 000
Other	(7 154 000)	10 232 000
Net expense recognised in the Statement of Financial Performance	11 795 000	9 276 000
	62 459 000	56 830 000
Net expense recognised in the Statement of financial performance		
Current service cost	6 845 000	5 117 000
Interest cost	4 950 000	4 159 000
	11 795 000	9 276 000

Financial Statements for the Year ended 31 March 2014

Notes to the Financial Statements as at 31 March 2014

Figures in Rand	2014	2013 Restated
9. Employee benefit obligations (continued)		
Calculation of actuarial gains and losses		
Actuarial (gains) losses – obligation	(12 510 000)	6 910 000
Changes in the fair value of plan assets are as follows:		
Opening balance	42 741 000	30 558 000
Expected return	8 224 000	4 554 000
Contributions by employer	8 875 000	8 450 000
Additional contribution to fund	1 332 000	1 622 000
Exchange differences	1 479 000	-
Benefits paid	(4 863 000)	(3 226 000)
Insured pensions	4 985 000	2 762 000
Expense	(2 152 000)	(1 979 000)
	60 621 000	42 741 000
The entity expects to contribute R111 000 per month to its defined benefit plans in the following financial year.		
Key assumptions used		
Assumptions used at the reporting date:		
Actual return on plan assets	69.00%	44.00%
Expected rate of return on assets	8.50%	3.50%
Expected increase in salaries	7.50%	8.00%
Expected pension increases	3.50%	4.80%

Sensitivity analysis

Assumed healthcare cost trend rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	0.5 percentage point decrease	0.5 percentage point increase
Value of assets	74 884 445	76 537 423
Value of liabilities	29 447 851	46 511 986

Amounts for the current and previous four years are as follows:

	2014 R	2013 R	2012 R	2011 R	2010 R
Present value of obligation	62 459 000	56 830 000	37 737 000	29 950 000	21 299 000
Present value of asset	60 621 000	42 741 000	30 558 000	34 375 000	20 106 000
Shortfall	(12 251 000)	6 910 000	(7 179 000)	(5 575 000)	(1 193 000)
Experience adjustments on liabilities	5 851 000	2 811 000	2 408 000	6 540 000	(819 000)

10. Unspent conditional grants and receipts

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

Financial Statements for the Year ended 31 March 2014

Notes to the Financial Statements as at 31 March 2014

Figures in Rand	2014	2013 Restated
10. Unspent conditional grants and receipts (continued)		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Research Grant	777 778	440 315
Movement during the year		
Balance at the beginning of the year	440 315	-
Additions during the year	2 620 751	1 309 394
Income recognition during the year	(2 283 288)	(869 079)
	777 778	440 315
11. Revenue		
Sale of goods	2 560 636	1 871 075
Annual fees	111 577 770	111 737 378
Service charges	373 960	374 908
Course reports	19 201 770	18 457 150
Registration fees	23 976 305	19 327 053
Infrastructure re-assessment	10 000	29 000
Fines	6 552 450	5 425 750
Grants received	2 144 911	854 386
	166 397 802	158 076 700
The amount included in revenue arising from exchanges of goods or services are as follows:		
Sale of goods	2 560 636	1 871 075
Service charges	373 960	374 908
Annual fees	111 577 770	111 737 378
Course reports	19 201 770	18 457 150
Registration fees	23 976 305	19 327 053
Infrastructure assessment	10 000	29 000
	157 700 441	151 796 564
The amount included in revenue arising from non-exchange transactions is as follows:		
Fines	6 552 450	5 425 750
Grants received	2 144 911	854 386
	8 697 361	6 280 136
12. Other income		
Bad debt recovered	369 957	407 401
Sundry Income	2 035 307	397 711
	2 405 264	805 112

Financial Statements for the Year ended 31 March 2014

Notes to the Financial Statements as at 31 March 2014

Figures in Rand	2014	2013 Restated
13. Employee related costs		
Basic salaries	53 924 735	47 510 350
Performance bonus	1 185 770	-
Medical aid	4 826 108	4 298 352
Unemployment insurance fund	358 305	325 969
Workmen's compensation	339 199	284 537
Skills development levy	619 465	558 450
Pension contribution	6 113 046	7 252 185
Actuarial loss/(gains) recognised	(11 066 000)	6 910 000
Travel and other allowances	5 437 234	5 466 176
13th cheques	3 592 989	3 457 485
	65 330 851	76 063 504
14. Bad Debts		
Bad debts written off	29 716 191	53 006 613
Increase/(decrease) in debt provision#	(2 208 387)	(54 633 286)
	27 507 804	(1 626 673)
# – Decrease in bad debts impairment provision		
As previously reported	-	19 573 599
Prior year adjustments (Note 19)	-	35 059 687
	-	54 633 286
15. Interest received		
Interest received		
Short-term deposits (Call account)	1 449 942	1 169 835
Included in the amount above is the interest received from grant received amount of R5 965		
16. Finance costs		
Interest paid	27 819	13 984
17. Auditors' remuneration		
Fees	1 583 586	2 132 333
Fees		
Internal Audit Fees	177 388	845 601
External Audit Fees	1 406 199	1 286 732
	1 583 587	2 132 333

Financial Statements for the Year ended 31 March 2014

Notes to the Financial Statements as at 31 March 2014

Figures in Rand	2014	2013 Restated
18. Cash generated from operations		
Surplus/(deficit)	21 552 110	31 055 355
Adjustments for:		
Depreciation and amortisation	2 711 886	2 430 401
Loss on disposal of assets	19 524	259 612
Loss on impairment of assets	-	(173)
Debt impairment	27 507 804	(1 626 673)
Movements in operating lease assets and accruals	208 929	7 329 260
Movements in retirement benefit assets and liabilities	(12 251 000)	6 910 000
Movements in provisions	1 036 449	-
Changes in working capital:		
Inventories	(625 000)	-
Trade and other trade receivables	3 984 549	(28 615 892)
Other trade debtors	(27 507 804)	(5 438 771)
Trade and other payables	(4 550 841)	1 040 222
Unspent conditional grants and receipts	337 463	440 315
	12 424 069	13 783 656

19. Prior year adjustments**The nature of the errors:** Omission of information and misstatement

Management of PSiRA, while preparing financial statements for the year ended 31 March 2014, noticed that the information from Debt Collecting Agency was not taken into account in estimating provision for bad debts in the 2012/2013 financial year. This resulted in understatement of trade receivables and overstatement of provision for bad debts and debt impairment expense by R35 025 387, which have now been corrected and revised in the current year's financial statements.

The subsistence allowances paid to staff members as planning advance were erroneously mapped as debtors in the 2012/2013 financial statements, and this error resulted in overstatement of debtors and understatement of expenses by R34 300.

The prior year financial statements have been adjusted retrospectively and the effect of these retrospective adjustments is as follows:

Figures in Rand	2014	2013 Restated
Statement of Financial Position		
Decrease in trade debtors	-	(27 827 174)
Decrease in other receivables (staff debtors)	-	(34 300)
Decrease in provision for bad debts (liability)	-	62 886 861
Increase in accumulated surplus	-	(35 025 387)
Total	-	-
	2014	2013
Statement of Financial Performance		
Increase in employee cost	-	34 300
Decrease in debt impairment expense	-	(35 059 687)
Increase in surplus – 2013	-	35 025 387
Total	-	-

Financial Statements for the Year ended 31 March 2014

Notes to the Financial Statements as at 31 March 2014

20. Contingencies liability/asset**Security Industry Alliance vs PSiRA**

Following the promulgation of the revised 2011 Annual Fee Regulations, the Security Industry Alliance (SIA) instituted legal action against the entity and the Minister of Police, in order to set aside the 2011 Annual Fee Regulations. The effect of the court case has a bearing on the extent of revenue that can be generated from annual fees. On 9 May 2013 the application by SIA was dismissed with costs. SIA has indicated that they will lodge an appeal to have the ruling overturned. The information usually required by the standard on provisions, contingent liabilities and assets is not disclosed on the grounds that it could prejudice the outcome of the litigation.

Arcadia building

According to a valuation report from Phoenix, land and building valuations dated 19 September 2012, demolition costs for the Arcadia office building would amount to R487 800. Furthermore, since the building has been declared uninhabitable, PSiRA might incur the demolition costs stated above depending on the outcome of the feasibility study. Therefore, as at financial year end the entity has a possible obligation.

Figures in Rand	2014	2013 Restated
21. Commitments		
Furniture, office equipment and lease improvement	32 484	35 681
Consulting	121 728	39 467
Advertising	508 862	12 215
Computer equipment	77 119	257 357
Printing and stationery	138 725	91 505
Repairs and maintenance	5 214	118 950
License fees	-	158 572
Training	6 028	134 099
Other	429 567	64 568
	1 319 727	912 414

22. Risk management**Liquidity risk**

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.

Figures in Rand	Less than 1 year	Between 1 year and 2 years	Between 2 and 5 years	Total
Contractual undiscounted cash flows as at reporting date:				
Operating lease obligation	4 096 995	8 136 387	-	12 233 382
Trade and other payables	13 006 968	-	-	13 006 968
	17 103 963	8 136 387	-	25 240 350

Financial Statements for the Year ended 31 March 2014

Notes to the Financial Statements as at 31 March 2014

22. Risk management (continued)**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:

Figures in Rand	2014	2013 Restated
Financial instruments		
Trade and other receivables	37 663 005	41 647 554
Cash and cash equivalents	34 743 627	22 793 059
	72 406 632	64 440 613

23. 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 accumulated a surplus of R54 429 419 and the total assets exceed its liabilities by R54 429 419. The entity has posted a net surplus of R21 552 110, a significant improvement from the prior year restated surplus.

The main source of revenue for the entity is drawn from the private security industry in the form of annual fees. Growth in revenue was contributed to by new registrations that came through, and the course report from the training of security officers. Whilst there exists uncertainties about the review of the 2011 Annual Fee Regulations, the continued growth of the private security industry remains a significant contributing factor to the entity's future sources of income.

Legal and statutory consideration

The Private Security Industry Regulatory Authority was established in terms of Section Two of the Private Security Industry Regulation Act (56 of 2001) 'Act' in 2002. There is a process underway to amend the Act. The amendment seeks to strengthen mechanisms of regulation, at the same time, retaining the form of the entity which regulates the industry. Further, the Amendment Bill seeks to introduce funding of the Authority through appropriation by Parliament. This will ensure that PSiRA has sufficient resources to carry out its legislative mandate.

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

Financial Statements for the Year ended 31 March 2014

Notes to the Financial Statements as at 31 March 2014

Figures in Rand	2014	2013 Restated
24. Fruitless and wasteful expenditure		
SARS Interest	-	13 343
SARS Penalties	-	176 876
CCMA Settlements	-	206 755
Interest on creditor accounts	27 630	641
	27 630	397 615
Reconciliation of fruitless and wasteful expenditure		
Fruitless and wasteful expenditure – current year	27 630	397 615
Fruitless and wasteful expenditure – written off	(27 630)	(397 615)
	-	-
During the current year fruitless and wasteful expenditure of R27 630 was incurred as a result of late payments made to various suppliers. These suppliers included interest charged on the property rates that were outstanding.		
25. Other income		
Sundry Income	2 035 307	397 711

Figures in Rand	Opening balance	Additions	Utilised during the year	Total
26. Provisions				
Reconciliation of provisions – 2014				
Leave provision	2 400 409	85 013	(234 334)	2 251 088
Performance bonus	-	1 185 770	-	1 185 770
	2 400 409	1 270 783	(234 334)	3 436 858
Reconciliation of provisions – 2013				
Leave provision	2 212 122	188 287	-	2 400 409
27. Irregular expenditure				
Opening balance			11 300 540	3 561 268
Add: Irregular expenditure – current year			8 888 151	7 739 272
			20 188 691	11 300 540
Analysis of expenditure awaiting condonation per age classification				
Current year			8 888 151	7 739 272
Prior year			11 300 540	3 561 268
			20 188 691	11 300 540

Financial Statements for the Year ended 31 March 2014

Notes to the Financial Statements as at 31 March 2014

Figures in Rand	2014	2013 Restated
27. Irregular expenditure (continued)		
Details of irregular expenditure – current year		
Amount was incurred due to none adherence to prescripts and applicable legislation, as follows:		
Less than three quotes	355 956	291 520
Deviation from supply chain procedures and prescripts	513 450	1 347 175
Single supplier	56 009	124 810
Non-compliance to prescripts	7 962 736	7 975 767
	8 888 151	9 739 272
Disciplinary steps taken/criminal proceedings		
No disciplinary steps had been taken against officials at the date of approval of the financial statements.	20 188 691	11 300 540

Financial Statements for the Year ended 31 March 2014

Notes to the Financial Statements as at 31 March 2014

28. Related parties

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

There are two related parties that PSiRA transacted with during the current financial year, which are SASSETA and IDRC. SASSETA provided PSiRA with a grant as an allowance to pay graduates recruited to do an internship programme for a period of twelve (12) months. IDRC is an organisation in Canada which provided PSiRA with a grant for the purpose of carrying out a specific research and development project in the private security industry.

Related parties transactions

Figures in Rand	2014	2013	Total
Grants Received			
SASSETA	411 365	230 000	641 365
IDRC	1 733 546	624 385	2 357 931
	2 144 911	854 385	2 999 296

Board and Executive Members' Emoluments

The Executive Authority approves the remuneration of the Council. Remunerations and fees of the Council paid in line with the State guide.

Figures in Rands	Salary fees	Back pay	Car allowance	Reimbursive and other allowances	Total
Council Members 2014					
Mr TO Bopela (Chairperson) *	1 461 736	25 616	120 000	24 000	1 631 352
Mr B Ntuli	53 480	-	-	7 139	60 619
Ms N Mthembu	16 044	-	-	780	16 824
	1 531 260	25 616	120 000	31 919	1 708 795

	Salaries	Car allowance	Other	Total
Council Members 2013				
Mr TO Bopela (Chairperson) *	-	-	-	-
	1 402 547	120 000	24 000	1 546 547
	1 402 547	120 000	24 000	1 546 547

	Meetings attended	Audit Committee meetings	Special assignments	Reimbursive and other allowances	Total
Audit Committee 2014					
Ms J Meissner (Chairperson)	Five	106 430	117 056		223 486
Mr AN Mhlongo	Five	110 772	143 009	6 500	260 281
		217 202	260 065	6 500	483 767

* Appointed in June 2013

Financial Statements for the Year ended 31 March 2014

Statement of Financial Position as at 31 March 2014

28. Related parties (continued)

Figures in Rand	Meetings attended	Audit Committee meetings	Special assignments	Reimbursive and other allowances	Special allowance	Total	
Audit Committee 2013							
Ms J Meissner (Chairperson)	Four	88 005	36 944	-	-	124 949	
Mr AN Mhlongo	Four	123 794	-	-	-	123 794	
		211 799	36 944	-	-	248 743	
			Office held	Salary	Car allowance and other	Back pay and reimbursive	Total
Key Management Personnel 2014							
Mr SM Chauke		Director	1 131 154	314 184	31 999	1 477 337	
Ms MP Mofikoe *		Deputy Director: Comm, Train & CRM	940 183	16 500	-	956 683	
Mr PP Mthethwa		Deputy Director: Law Enforcement	911 002	139 700	21 504	1 072 206	
Mr PM Mongwenyana **		Deputy Director: Fin & Admin	869 610	184 500	10 570	1 064 680	
Mrs PB Mngomezulu ***		Deputy Director: Fin & Admin	46 147	-	-	46 147	
			3 898 096	654 884	64 073	4 617 053	
Key Management Personnel 2013							
Mr SM Chauke		Director	1 166 677	10 200	-	1 176 877	
Mr PP Mthethwa		Deputy Director: Law Enforcement	944 792	28 200	-	972 992	
Mr DKN Ligege ****		Deputy Director: Fin & Admin	815 385	21 150	107 110	943 645	
Mr PM Mongwenyana **		Deputy Director: Fin & Admin	157 286	3 000	-	160 286	
			3 084 140	62 550	107 110	3 253 800	

* Appointed in June 2013

** Resigned in February 2014

*** Appointed in March 2014

**** Resigned in December 2012

Financial Statements for the Year ended 31 March 2014

Statement of Financial Position as at 31 March 2014

29. General expenses

Figures in Rand	2014	2013 Restated
Advertising	459 500	212 578
Auditors' remuneration	1 583 586	2 132 333
Bank charges	738 064	651 327
Cleaning	860 587	720 774
Consulting and professional fees	3 032 673	2 959 169
Consumables	318 124	28 869
Insurance	1 142 337	1 113 163
Lease rentals on operating lease	1 501 311	1 263 940
Postage and courier	1 041 529	868 672
Printing and stationery	1 547 319	2 804 761
Royalties and license fees	436	1 267
Security	4 158 493	3 966 474
Software expenses	467 678	470 755
Subscriptions and membership fees	76 636	68 809
Telephone and fax	5 513 124	5 410 639
Training	665 013	858 163
Travel – local	3 788 456	2 978 092
Repairs and maintenance	2 507 123	2 157 286
Water, electricity and levies	4 366 407	3 283 818
Uniforms	2 172	2 855
Finger print costs	5 700 865	4 637 828
Legal fees	690 135	1 195 644
Functions and workshops	454 111	391 480
Sundry expenses	(6 363)	4 367
Property rental	12 493 698	13 461 398
SARS penalties	-	176 876
	53 103 014	51 821 337

30. Actual operating expenditure versus budgeted operating expenditure**Material differences between budget and actual amounts**

Material differences on the budget and actual amounts for annual fees is due to the lower than anticipated number of registered security officers and security businesses due pending SIA case. On the registration fees the budget was also under estimated compared to the actual growth in the security industry. The material variance on the course report is also due to the lower anticipation of growth in the industry. Other material variance on revenue is on the Interest, penalties and fines the budget was based on, on the expectation of issuing fewer fines and penalties.

Personnel expenditure is lower than budgeted amount due to vacancies that existed during the year under review. However, some of the vacancies could not be filled on time.

The material underspending under general expenses can be attributed to the cost saving mechanism on the variable cost and some projects that could not be done on time.

Material differences between the receivables from exchange transactions was due to overstatement of the debtors book due to an ineffective operating system used. The process of clearing all the incorrect billings and irrecoverable debtors created by the system is in place.

Material differences on the budget and actuals for trade and other payables was due to the high anticipation on the expansion of the Authority's business operations and the campaign of increasing the footprint.

31. Events after the reporting date**Non-adjusting events**

During the month of April 2014, a theft occurred in the Head Office premises where five laptops were stolen. The value of those assets amount to not more than R35 000. The amount was not adjusted on the financial statement.



External Auditors

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

Bankers

Nedbank
Menlyn Maine
Cnr. Aramist and Constellation Street
Waterkloof Glen

Corporate Secretary

Ms Zanele Mthembu



PSiRA
Private Security Industry Regulatory Authority

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