



PSIRA

Private Security Industry Regulatory Authority

ANNUAL REPORT 2018 REPORT 2019



SAFER HOMES



SAFER BUSINESSES



SAFER COMMUNITIES



Private Security Industry Regulatory Authority

ANNUAL REPORT

2018 - 2019

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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

- Mr Jacob Makgolane

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PART A

General Information

Abbreviations

AACL	Animal Anti Cruelty League
APP	Annual Performance Plan
CANSA	Cancer Association of South Africa
CFR	Central Firearms Registry
CIPC	Commission for Intellectual Properties and Companies
CRM	Customer Relationship Management
DCAF	Democratic Control of Armed Forces
DoL	Department of Labour
EAP	Employee Assistance Programme
ERP	Enterprise Resource Planning
EXCO	Executive Committee
FINCO	Finance and Investment Committee
FEU	Fraud and Ethics Unit
FLASH	Firearm, Liquor and Second Hand Goods Control
HCM	Human Capital Management
IASIR	International Association of Security and Investigative Regulators
IT	Information Technology
KPI	Key Performance Indicator
OD	Organisational Development

PFMA	Public Finance Management Act
PICF	Provincial Industry Compliance Forum
PSIRA	Private Security Industry Regulatory Authority
QCTO	Quality Council for Trades and Occupations
SAPS	South African Police Service
SASSETA	Safety and Security Sector Education and Training Authority
SATAWU	South African Transport and Allied Workers Union
SCM	Supply Chain Management
SLA	Service-Level Agreement
SPCA	Society for the Prevention of Cruelty to Animals
TVET	Technical and Vocational Education and Training



FOREWORD by the Minister of Police

Hon. B.H. Cele, MP
Minister of Police

One of the seven pillars that His Excellency, President Cyril Ramaphosa, has identified as necessary to take South Africa forward, is social cohesion and safe communities.

National safety and security must reflect the resolve of all South Africans, as individuals and collectively as a nation, to live as equals, to live in peace and harmony, to be free from fear and want, and to seek a better life for all.

As I often emphasise at public gatherings, South Africans should not have to be told by the authorities that they are indeed safe; they themselves must feel safe in their own country.

One of the hallmarks of the National Development Plan (NDP 2030), (South Africa's detailed blueprint for how the country can eliminate poverty, reduce inequality and reduce crime by the year 2030) casts a sharp focus on an integrated approach to safety and security that requires coordinated activity across all government departments, the private sector and community bodies like community safety centres. It is for this reason that the contribution of the private security industry, as an indispensable force multiplier in crime prevention, is highly appreciated.

A key imperative of the National Development Plan is that people living in South Africa should feel safe and have no fear of crime. PSiRA plays an important role in realising this goal by:

- playing a part in strengthening of the criminal justice system, through cooperation between all departments in the government's justice, crime prevention and security cluster;
- regulating the private security industry in order to ensure that it is staffed by skilled, disciplined and ethical individuals; and
- transforming the South African economy to include the participation of PDIs in order to create more employment opportunities, promote localisation and industrialisation, and encourage skills development.

The Private Security Industry Regulatory Authority (PSiRA) continues to live up to its statutory mandate to regulate the private security industry and to exercise effective control over the practice of the occupation of security service providers in the public and national interests, and in the interest of the private security industry itself.

I am proud to announce that PSiRA has been accepted as a member of the International Association of Security and Investigative Regulators (IASIR), which will enable PSiRA to be a major role player and advocate of private security regulation in Africa and beyond. It has also struck a strategic partnership with DCAF, a Geneva-based Centre for Security Sector Governance. I have no doubt that these strategic partnerships will benefit the entire continent.

“The Private Security Industry Regulatory Authority continues to live up to its statutory mandate to regulate the private security industry and to exercise effective control over the practice of the occupation of security service providers in the public and national interests, and in the interest of the private security industry itself.”

I would like to point out some projects championed by PSiRA in the 2018/2019 financial year that deserve special mention;

- PSiRA has taken a leading role in terms of the training of security service providers and has in this regard commenced with the development of the training standards which will be introduced in the 2019/2020 financial year.
- The regulator also requested the Ministry of Finance to review and amend the Private Security Industry Levies Act, 2002 as an alternative appropriate funding model, in order to be financially sustainable and fully execute its mandate without fear or favour.

Even with limited resources, PSiRA continues to inspect, investigate, and regulate unscrupulous private security service providers who infringe the industry's code of conduct. I am also pleased with the fact that PSiRA is working closely with SAPS to combat crime through national and grassroots initiatives and partnerships.

I commend the Council, executive management and staff of PSiRA on obtaining a clean audit this year for the first time in its 18 years of existence. After seven years of unqualified audit opinions achieved over the preceding years.

I have no doubt that they will continue to strive for excellence in the new financial year, as they have done in the financial year under review. This milestone is a shining example that it is possible for a self-funding State entity to achieve better results in managing public funds.

I would like to thank PSiRA Council led by the Acting Chairperson, Mr Nhlanhla Ngubane, for the sterling job in steering PSiRA to safer shores, at times, under difficult circumstances. Equally, my gratitude goes to Director Mr Manabela Chauke and Management for their patriotism and courage.

We look forward to entering the year ahead with a lot of zeal.

I am thus pleased to present this 2018/2019 Annual Report to Parliament and the people of South Africa.



Mr Bheki Cele
Minister of Police



OVERVIEW by the Acting Chairperson of Council

Mr. NH Ngubane
Acting Chairperson of Council

INTRODUCTION

The Council of PSiRA, as the Accounting Authority, is pleased to present this Annual Report for the 2018/2019 financial year to the Executive Authority, Parliament of the Republic, and to all PSiRA stakeholders in terms of the provisions under section 10 of the Private Security Industry Regulation Act, 2001, read with section 55 of the Public Finance Management Act, 1999 (PFMA).

OVERVIEW OF PSIRA STRATEGY AND PERFORMANCE FOR THE YEAR

The strategic direction of PSiRA is derived from the mandate of the entity as contained in the PSiR Act, 2001. The overall main objective of the Authority is to regulate the private security industry and to exercise effective control over the practice of the occupation of security service providers in the public and national interest and the interest of the private security industry itself. For this purpose, the Act lists a number of objectives and functions to be undertaken by the Authority in pursuit of its main objective.

The development of PSiRA's Strategic Plan and the Annual Performance Plan for the period under review was informed by the objectives and functions of the Authority as listed under sections 3 and 4 of the Act, respectively. These objectives and functions were categorised into three main programmes in the Strategic Plan, namely: the Finance and Administration Programme, the Law Enforcement Programme and the Communications, Registration (CRM) and Training Programme. The programmes were broken down into eight objectives, which were further broken

down into 26 key performance indicators for the period under review.

In terms of the performance of the entity, Council is pleased to report that the Authority has achieved 85% of the targets for the year, which is a 3% improvement from the previous financial year's achievement. The achievement is attributed to, among others, governance structures' continuous quality review and monitoring of Management reporting on a quarterly basis, which included monitoring of the implementation of the audit action plan from the previous financial year to ensure that previous audit findings were resolved, and controls enhanced to address the root causes of the findings.

The Council is pleased that the regulatory audit outcome for the period under review had also improved from unqualified opinion in the previous financial years to a clean audit outcome for the period under review.

This outcome is confirmation of Management's quality improvement efforts with the support and guidance from Council that enhanced the internal control environment in terms of providing the portfolio of evidence to support the reported performance.

STRATEGIC RELATIONSHIPS

The statutory mandate of PSiRA requires the entity to form strategic partnerships with other entities and the industry itself, to be in a position to achieve the main objectives of the Act. For this to occur, the Authority must ensure that strategic relationships are established not only with the

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Council is pleased to report that the Authority has achieved 85% of the targets for the year, which is a 3% improvement from the previous financial year's achievement.

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industry, but with other key role players in the industry, including education and training institutions, government departments and industry labour movements.

During the period under review, the Authority continued with its established strategic partnerships with Universities South Africa Forum (USAF) and TVET Colleges Governors' Council in the education and training space, including on contracting of security services at Universities and TVET Colleges.

The Authority also continued its engagements with TVET Colleges Governors' Council in terms of professionalisation of the industry through education and training of the industry offered by TVET Colleges. In this regard, a workshop attended by principals of TVET Colleges was arranged by PSiRA and TVET Colleges Governors' Council towards the end of the financial year under review.

During the period under review, the Authority also engaged the National Treasury regarding its unsustainable and inequitable funding model with a view to introducing the Private Security Industry Levies Act, 2002, which was passed by Parliament and assented to by the President, but never proclaimed to come into operation.

These engagements are continuing for a review of the Act into a Money Bill in terms of section 77 of the Constitution to be re-introduced in Parliament by National Treasury as the custodian of all Money Bills. The Authority is hopeful that the finalisation of this process will assist in dealing with the legacy problems created under the current annual fee funding model inherited from the repealed Security Officers Act, 1987.

CHALLENGES FACED BY THE COUNCIL

PRIVATE SECURITY INDUSTRY TRANSFORMATION

Transformation is not only about redress, but also about creating opportunities for all in the industry through equal and fair economic participation. It is about creating a culture that advances equality, worthiness of humanity, ownership, and business and educational opportunities in the industry. The major challenge for PSiRA when the topic was first introduced to the industry in 2017 was the interpretation, defining and integration of the concept within the industry.

This challenge has since been taken up by a panel of experts appointed by PSiRA, which resulted in the development of the Transformation Discussion Document for the private security industry that was endorsed by the Council in October 2017.

Due to financial constraints experienced by the Authority in 2017/2018, the discussion document remains to be taken through the next consultative process, including submission to the Minister through the Civilian Secretariat of Police for approval for publication in the Gazette for public comments and further consultations with the industry and all other stakeholders.

This second phase of the project was anticipated to be undertaken during the period under review had it not been for the negative going concern issues that the Authority started to experience from the 2017/2018 financial year. The matter remains on the agenda of the Council through its sub-committee that is entrusted with oversight responsibility of the core business of the Authority. The Council remains

hopeful and continues to try to secure funding for the project from other stakeholders like SASSETA, but had (as at end of the financial year) not succeeded.

GOING CONCERN STATUS

The Authority entered the period under review with liquidity concerns as reported in the 2017/2018 annual financial statements. This was mainly due to the unsustainable and inequitable annual fee funding model which had started to show signs of having reached the end of its lifespan.

The problem was also exacerbated by the increasing levels of historical bad debt which resulted in accrued debt provision over a period that started in 2012.

Having acknowledged that the entity's funding model has become redundant, and that the introduction of the Private Security Industry Levies Act, 2002 was nowhere near fruition due to the review that still needed to be undertaken by National Treasury, the Council had to proceed in working with the current model to ensure a positive going concern.

This became a major strategic focus for the Authority, which, if not addressed, would have resulted in all other major objectives as per the mandate not being achieved. While this problem would continue to be a barrier until a new funding model is introduced, Council is, however, appreciative of Management's efforts not only in putting together a turnaround strategy to improve financial status concerns, but tirelessly working hard to implement the strategy, which resulted in some positive surplus for the year, but which only managed to reduce the accrued deficit from the previous financial year to R2.8 million.

The Council continues to monitor and review the performance of the turnaround strategy which had to be rolled over for implementation in the new financial year. Performance had since picked up after stabilising the Authority's resources, which permitted undertaking the activities for delivery under the strategy. The Council is hopeful that the turnaround strategy would keep the Authority's operations running effectively, while the lasting solution of review and re-introduction of the Private Security Industry Levies Act, 2002 into the Parliamentary legislative process gets underway.

THE YEAR AHEAD: 2019/2020

During the period under review, the Council initiated a process to involve the industry in regulatory decisions by establishing Industry Sector Advisory Committees under section 13(2) of the Act. The process started with development of the terms of reference for the six sector Committees identified, which were adopted by Council in

January 2018 to pave the way for the nomination process which started in November 2018. The appointment process would be finalised by the end of the first quarter of 2019/2020, with implementation anticipated to start with an induction of the members in the second quarter. The Council is confident that these committees will add value in terms of providing advice based on industry sector information on the ground for the Council to make properly informed regulatory decisions for each sector.

A number of research papers were published by the Authority during the period under review, which highlighted a number of identified gaps in the current PSiRA regulatory framework. Council is looking ahead for policy development in 2019/20 in the areas of identified gaps, and is hopeful that this process would be robust with advisory inputs coming from the Industry Sector Advisory Committees right at the initial stages of policy development that would ultimately inform development of regulations. Council also looks forward to the finalisation of the consultation processes on the draft regulations developed and adopted during the period under review. These include draft amendment regulations on firearms and uniforms and insignia, and the new draft regulations on working animals.

The Authority had also during the period under review started a process to develop the Guarantee Fund concept model, in preparation for implementation with the introduction of the Levies Act, 2002. The establishment of the industry Guarantee Fund is one of the objects in the Act, which could not be implemented with the current funding model, as this would require equitable contribution to the fund by the industry, which can only be attained through implementation of the Levies Act, 2002. The development of the concept model for the fund will among others determine the limited liability cover to be provided for industry clients, premiums and capitalisation of the fund before it could start processing claims. The Council is hopeful that this process would be finalised in the 2019/2020 financial year complete with an implementation plan for the next financial year.

ACKNOWLEDGEMENTS

Council extends a word of appreciation to the Portfolio Committee on Police's engagements with PSiRA at the various meetings held in Parliament, where the Authority received invaluable inputs, commendation and interventions that instilled confidence and encouragement in everyone at PSiRA.

Council would also like to acknowledge and appreciate the inputs and comments by the industry at large from our consultative and targeted engagements where issues of compliance within the industry were canvassed for a

consensus in regulatory position. We believe that these engagements and the feedback that will come through the established Industry Sector Advisory Committees will continue to assist the Authority in the pursuit of the vision to be recognised as an excellent regulator of the industry by all.

Council would like to appreciate the confidence that the Minister of Police, Hon. B. Cele, MP, has displayed in our ability to serve the Authority and the It is a privilege to serve the people of South Africa with integrity and distinction in the last year of our current term of office, which will come to an end on 31 December 2019.

Finally, Council would also like to commend and appreciate the relentless hard work and dedication of PSiRA

Management and staff at large in their execution of the mandate of the Authority, particularly at a time when the Authority faced liquidity difficulties. Moreover, for tirelessly continuing to deliver excellent service to our customers, which resulted an increased performance from the previous financial year.



MR. N.H. NGUBANE

CHAIRPERSON OF PSiRA (ACTING)



DIRECTOR'S Report

Mr. Manabela Chauke
Director of PSiRA

INTRODUCTION

This 2018/2019 Annual Report is prepared in accordance with the requirements of our guiding legislation, the Private Security Industry Regulatory Act, 2001 (Act no 56 of 2001) and the Public Finance Management Act, 1999, Act no 1 of 1999 as amended (PFMA). It includes the audited financial statements and performance information for the year ending 31 March 2019.

I am particularly delighted to present this 2018/2019 Annual Report, which reflects how PSiRA has matured as an organisation in the face of several limiting constraints.

The financial year under review was arguably one of the most difficult years for a self-funding entity; PSiRA felt the impact of the downgrading of South Africa's credit rating to sub-investment grade by global credit ratings agencies.

The consequential effects of this manifested in the increase in bad debt, but the Authority has successfully delivered on its predetermined outputs, meeting 85% of its performance targets detailed in the Annual Performance Plan for 2018/2019.

HIGHLIGHTS

CLEAN AUDIT OUTCOME

For the first time, PSiRA has achieved a clean audit outcome. In the past two financial years, the Authority has managed

to improve internal controls and risk management, resulting in an unqualified audit with no material findings.

TRAINING MORATORIUM LIFTED

The training moratorium on the accreditation of security training providers was imposed in 2007 and lifted at the end of June 2018 – that is, almost 10 years later. Hailed as a turning point by the industry, this is one of the decisive actions taken by the Authority to date, a bold move that would somewhat create business opportunities for new entrants.

Between 1 August 2018 and 30 March 2019 (6 months' period), the Authority received 210 applications and accredited 122 training service providers. This has increased the total number of security training providers from 358 in the previous financial year to 480 in the year under review. PSiRA is now also represented on the Board of SASSETA.

THE LAUNCH OF PSiRA ONLINE APP

The launch of PSiRA Online App and geo-mapping software in September 2018 was perhaps one of the Fourth Industrial Revolution's success stories that are yet to be told in the private security industry, globally.

Empirical research inform us that PSiRA is probably a leading player in this space, that is, compared to its international counterparts. This artificial intelligence (AI) platform enables PSiRA stakeholders to do online verifications of their



“ *The financial year under review was arguably one of the most difficult years for a self-funding entity; PSiRA felt the impact of the downgrading of South Africa’s credit rating to sub-investment grade by global credit ratings agencies.* ”

registration statuses, validate security qualifications, and book appointments for services, among others.

CORPORATE SOCIAL INVESTMENT

In highlighting the significance of the National Security Day (annually on 4 March), the Authority pioneered a national awareness campaign to let the public appreciate the work done by security officers across all sectors of the private security industry. We partnered with Lesedi FM, who gladly decided to broadcast at our Head Office in Centurion.

On the very same day, a security service provider donated food and refreshments to all security officers guarding corporate buildings in and around Centurion, as a gesture of goodwill.

KEY CHALLENGES

TRANSFORMATION

Transformation of the industry is still a work in progress. Much work has been done in so far as rallying this once predominantly male dominated sector to be representative of the demographics of South Africa and to encourage it to recognise gender parity.

We believe that introducing the Transformation Charter and the Guarantee Fund will make a huge difference in this regard.

ENHANCING CUSTOMER EXPERIENCE

Continuously improving customer experience is our priority. After all, our customers underpin our very existence and drive PSiRA’s reputation and brand; they guide our deliverables and our service delivery business model.

Our Customer Value Proposition is underpinned by our brand promise to strive to put our people first and improve our customer experience strategies. We strive to sustain our existence through strict adherence to quality assurance, regular training capacity workshops and business briefings.

We never forget the fact that the industry looks to us for stewardship. We are determined to keep on innovating for this industry, estimated to be the second largest in the world (according to the *Africa Check report*).

In the year under review, PSiRA introduced a position of Chief Operating Officer with a view to strengthen our operating model, which was primarily designed to support our strategy execution.

In 2019/2020 we will implement the organisational development plan as approved by Council. This is geared towards decentralising our business operations so that Provinces can be better equipped and empowered to serve areas distant from our main traditional service centres and offices.

LAW ENFORCEMENT

The Authority implements a segmented approach to inspections to ensure that its law enforcement activities focus on all categories or classes of security service providers.

During the Financial Year under review, a total of **6 833** inspections were conducted at security businesses, compared to **6 253** inspections conducted during the previous financial year. In addition, the Law Enforcement Division conducted **37 569** security officer inspections, **9%** more than in the previous year.

Legal Services component of the division prosecuted **1 458** non-compliant security service providers which resulted in a total of **R32.4 million** in fines imposed. This represents an increase of **117%** compared to the previous financial year.

REGISTRATION

A total of **283 467** security officers and **5 077** security businesses renewed their registration certificates in the year under review.

The total number of active security officers (employment-linked) registered with the Authority increased marginally by **2.24%**, from **522 542** reported in 2017/2018 to **534 289** in 2018/2019.

There was no audit finding in the financial year under review – a significant historical milestone.

FINANCIAL HIGHLIGHTS

The 2018/2019 financial viability indicates a slight improvement when compared to the previous financial year where the entity closed with a deficit. The turnaround strategy implemented to address the going concern issues, assisted the Authority to increase its revenue by **19%** while the expenditure increased by **12%**. In the year under review, the entity's JAWS ratio was positive, however the current funding model has reached its lifespan which forces the Authority to fund its operations from reserves. This requires on a continuous basis the implementation of different cost reduction and income generating strategies to ensure that the entity meet its planned targets and that service delivery is not negatively affected.

RESEARCH AND DEVELOPMENT

Research is the lifeblood of our policy development but more importantly, it helps us to remain relevant in our regulation and in responding precisely to the needs of the industry.

Our partnerships with the likes of the Geneva-based research and policy hub, DCAF, is bearing the desired outcomes. We plan to leverage this partnership in order to coordinate our concerted efforts in collaborating with other Regulators, Research experts and captains of industry elsewhere on the African continent.

Research in the private security industry continues to be the cornerstone of developing and enhancing the regulatory framework. In the year under review, the following studies were conducted and they drew a lot of media interest, and by extension, public interest:

- School safety;
- Private Security at Universities;
- Car guarding industry;
- Private investigation;
- Armoured security – regulating high-value goods in transit; and
- Armed response security sector in South Africa.

These reports not only shed light on the critical role the private security industry plays, but also the important need for the regulatory framework to be continuously reviewed and enhanced, in order to ensure that the industry is properly regulated in the national, public and industry's interest.

THE YEAR AHEAD

PSiRA will continue creating value by introducing innovative user-friendly strategic interventions that would appeal to the majority of security officers registered with the Authority.

We will revitalise our digitisation strategy by infusing modern technology in how we do business. This will enable us to respond proactively and quicker to the needs of our people and the public at large.

To reinforce our service delivery, we will also keep leveraging our international partnerships in order to create value for the Shareholder and the private security industry on the African continent. This will, in turn, deepen our pursuit for knowledge through the Research and Development Unit, our competitive intelligence hub.

The Authority plans to launch our own industry Bravery Awards to recognise the unsung heroes and heroines who, more often than not, put their lives in danger to create a conducive environment for all of us to feel safe in our own country.

ACKNOWLEDGEMENTS

I would heartily want to thank Council, Management and employees for their wisdom, guidance and support. Our teamwork has successfully enabled us to serve an industry so vulnerable and besieged by challenges.

Together we continue building towards our country's Vision 2030 by creating safer homes, safer businesses and safer communities.



MR. MANABELA CHAUKE
PSIRA DIRECTOR

STRATEGIC OVERVIEW

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

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

The Authority's 5-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.

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

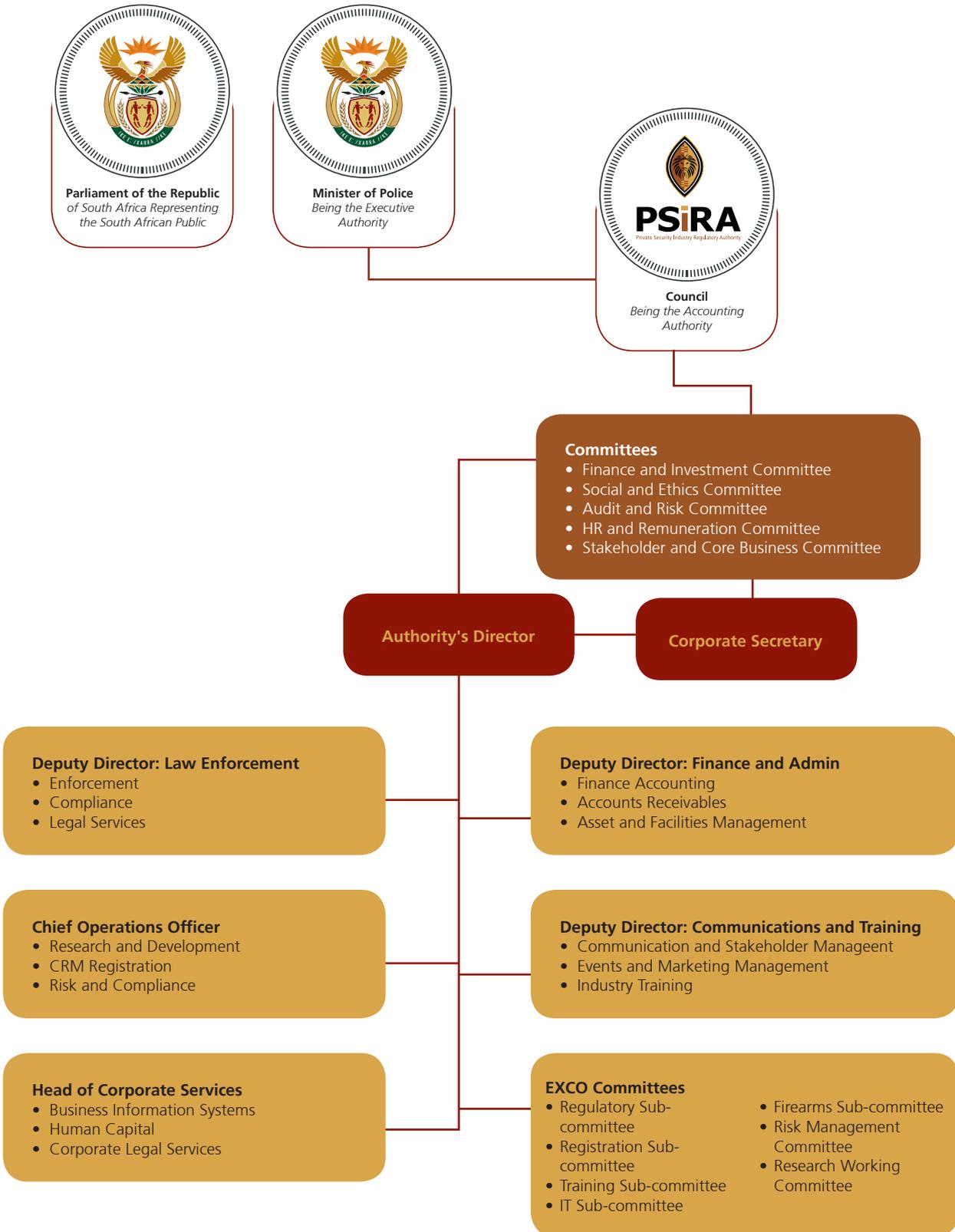


LEGISLATIVE MANDATE

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 law;
- (b) ensure that all security service providers act in the public and national interest in the rendering of security services;
- (c) promote a private security industry which is characterised by professionalism, transparency, accountability, equity and accessibility;
- (d) promote stability of the private security industry;
- (e) promote and encourage trustworthiness of security service providers;
- (f) determine and enforce minimum standards of occupational conduct in respect of security service providers;
- (g) encourage and promote efficiency in and responsibility with regard to the rendering of security services;
- (h) promote, maintain and protect the status and interests of the occupation of security service provider;
- (i) ensure that the process of registration of security service providers is transparent, fair, objective and concluded timeously;
- (j) promote high standards in the training of security service providers and prospective security service providers;
- (k) encourage ownership and control of security businesses by persons historically disadvantaged through unfair discrimination;
- (l) encourage equal opportunity employment practices in the private security industry;
- (m) promote the protection and enforcement of the rights of security officers and other employees in the private security industry;
- (n) ensure that compliance with existing legislation by security service providers is being promoted and controlled through a process of active monitoring and investigation of the affairs of security service providers;
- (o) protect the interests of the users of security services;
- (p) promote the development of security services which are responsive to the needs of users of such services and of the community; and
- (q) promote the empowerment and advancement of persons who were historically disadvantaged through unfair discrimination in the private security industry.

ORGANISATIONAL STRUCTURE



COUNCIL MEMBERS



Mr. Nhlanhla Ngubane
Acting Chairperson



Mr. Thembinkosi Oliphant
Council Member



Maj.Gen. Cynthia Philison
Council Member



Mr. Zwile Zulu
Council Member



Mr. Jacob Makgolane
Corporate Secretary

EXECUTIVE MANAGEMENT



Mr. Manabela Chauke
Director



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



Mr. Stefan Badenhorst
Chief Operations Officer



Ms. Mpho Mofikoe
Deputy Director:
Communications and
Training



Adv. Linda Mbana
Deputy Director: Law Enforcement



PART B

Performance Information Report

PERFORMANCE INFORMATION REPORT

1. INTRODUCTION

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

PSiRA is an entity listed under Schedule 3A of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA),

and therefore has to comply with the requirements of this Act. In terms of Treasury Regulation Section 5.3, PSiRA is responsible for establishing procedures for quarterly reporting to facilitate effective performance monitoring, evaluation and corrective action.

In line with this requirement, the Council has approved a format for quarterly reporting to the Minister of Police on the progress made with regards to the implementation of the Annual Performance Plan of 2018/2019. This performance report is for the financial year 2018/2019 and a summary of the actual performance against predetermined objectives per programme.

Prepared by:

Mr. Stefan Badenhorst
Chief Operations Officer
(COO)



Approved by:

Mr. Manabela S Chauke
Director



Authorised by:

Mr. N. Ngubane
Acting Chairperson of the Council



2. SITUATIONAL ANALYSIS

2.1 Service Delivery Environment

PSiRA draws its outlook and focus from the key National Priorities enshrined in the Medium Term Strategic Framework and the National Development Plan. Whilst doing so, it is alive to the challenges facing the Authority to deliver on its statutory mandate in terms of the Private Security Industry Regulation Act, 2001 to regulate the private security industry in the interest of the state, the public and the private security industry itself.

The private security industry is continuing to show signs of growth, as the demand for more personalised safety and security grows. Although the private security industry has become an instrument for lawful individual and corporate self-protection, we have over the last few years experienced a number of unfortunate incidents where members of the industry overstepped their mandate to serve the interest of their private clients, under the guise of legitimate self-protection. There is no doubt that the private security industry is playing a significant role in the fight against crime through pro-active measures to prevent crime from taking place, but the industry must be mindful that the lines of state law enforcement versus private protection should never become blurred to an extent where the private security industry unlawfully infringes on the rights of ordinary members of the public.

One of the aims of the Authority is to professionalise the industry. This is not only achieved through proper vetting and screening of applicant security service providers, but also through increased training and skills development. The moratorium on accreditation of new training centres have been uplifted to provide an equal opportunity for all businesses interested in providing security training, to apply for accreditation. This will not only create a business opportunity, but the aim is to increase the national footprint of training centers in the country in order to improve accessibility to prospective persons interested in a career within the private security industry. In addition, the Authority is also reviewing the training curriculum of all security courses in order to improve the competency and skills required to render a security service in an increasingly changing external environment.

The size of the private security industry (businesses and security officers) has a direct influence in the way the private security industry is regulated. PSiRA has identified and calibrated its strengths to help determine how to allocate resources in a manner that will result in the optimal rendering of services to the industry and to assure

the highest possible potential for revenue growth and sustainability. The geographic spread of the industry also has an impact on regulation, especially in determining the expansion of the Authority's national footprint.

Considering the growth of the industry in all the provinces, PSiRA has embarked on not only establishing new offices in the provinces where it does not have any footprint currently, but also improving its current footprint to improve service delivery. This also includes identifying functions that can be best performed using technology platforms ("internet of things") as opposed to manual processes. PSiRA's mindset of embracing technology, also resulted in the Authority launching an App which can be downloaded to access a variety of PSiRA services.

The brand awareness of PSiRA has risen amongst its stakeholders which bode well for acceptance. The Authority believes this will stand it in good stead in its interactions with stakeholders as the brand grows and legitimacy grows. The Authority strengthened its Corporate Governance through the establishment of additional oversight committees to support Executives and Council to ensure that policies and procedures are implemented to improve the internal control environment and to enhance service delivery of the organisation. In this regard, the Authority is in the process of establishing sector sub-committees represented by the different categories or classes of security service providers that will advise Council on sector interests.

PSiRA continues to scan the environment to identify new opportunities for developing new categories of services and expanding access throughout the country, including new potential customers outside the borders of South Africa. It is without any doubt that the future of any industry will be data driven and taking advantage of advancing technologies in data capturing, management and analysis, is key going forward. This includes better working relations with other government departments, agencies and other 3rd parties. Opportunities exist in areas of integrated infrastructure in ICT, data and inspections and other compliance matters.

2.2 Organisational Environment

As an entity, PSiRA continues to strive to fulfil its vision to be an excellent regulator. This is achieved through focused and innovative leadership by Council and management and an organisational structure designed to support the implementation of PSiRA's statutory mandate. The Authority has concluded an organisational review with the main to ascertain whether PSiRA is well positioned to support its strategy. The results of this project gave birth to the revised functional and resources structure, which demonstrate

both micro and macro perspectives with clear alignment to the mission and mandate of the Authority.

This process did not result in downsizing of the organisation, but instead created an expansion to the extent that the functional structure is intensified with new positions introduced to ensure effective delivery on the mandate at decentralised delivery points closer to our clients. The implementation will be a two-phased approach, with the first phase in 2019/2020 and the second phase anticipated to be completed by the 2020/2021 financial year. The Authority also has a performance management regime and all employees and management have performance contracts and a performance driven culture is instilled.

The Authority continues to strengthen its Corporate Governance through the establishment of oversight committees to support Executives and Council to ensure that policies and procedures are implemented to improve the internal control environment and to enhance service delivery of the organisation.

As new challenges brought by advancing technologies happen, there is a demand for the creation and development of new and effective solutions which requires the attraction of specialised skills. Recruiting talented staff and/or training staff to have new skills to meet the challenges that will be posed by the advancing technology will be a key focus going forward to ensure that PSiRA prepares itself to become an excellent regulator for today and for tomorrow.

2.3 Key Policy Development and Legislative Changes

The passing of the Private Security Industry Regulation Amendment Bill into law will bring with it new areas and methods of how the industry and the regulator should work. The opening up of the borders and SA being a member of the international community has also seen South African security service providers venturing to offer services outside and beyond the borders of the Republic into the rest of the African continent and the world. In this

regard, PSiRA continuous to build capacity for research and also participate with international bodies that regulate private security.

PSiRA is currently still funded through annual fees payable by registered security service providers as well as other tariffs as determined by Council in terms of the Act. The other income includes registrations fees, training fees, fines, infrastructure assessment fees and other charges as prescribed by the Act. The entire revenue is utilised to defray operational and capital expenditure of the Authority incurred in the normal course of discharging its mandate in terms of the Act. The Annual Fees funding model has become obsolete, as this was inherited from the repealed Security Officers Act, 1987 as an interim measure when the PSiR Act, 2001 came into operation. The model was never intended to be the ultimate and sustainable funding model for the Authority to use over time.

The sustainable model that was intended to be introduced was the Private Security Levies Act, 2002 (Act No. 23 of 2002), in terms of which the Authority was to impose levies on security service providers to fund the operations of the Authority. This Act was never proclaimed by the President to come into operation since it was passed by Parliament in 2002. The Authority has engaged the Ministry and Civilian Secretariat of Police (CSP) and National Treasury on the Levies Act, 2002 and National Treasury advised that the Act, in its current form, would not stand a constitutional test, and would therefore need to be revised to be in line with Section 77 of the Constitution to be passed by Parliament as a Money Bill. National Treasury had undertaken to assist and to take responsibility to run with the review of the Act as all Money Bills are introduced in Parliament by the Minister of Finance. The Authority had since submitted all the information requested by National Treasury to start with the drafting of the Amendment Bill.

During the period under review, Council also submitted the following draft regulations to the Minister for processing for publication in the Gazette for public comments and subsequent promulgation:

Name of Regulations	Date Submitted to Ministry	Date Published for Comments	Date Promulgated
Draft Regulations relating to Uniforms, Badges and Insignia	02 April 2018	Approved by the Ministry on 08/08/2018 for publication, but not yet published.	Not yet promulgated
Draft Regulations relating to Working Animals	02 April 2018	Approved by the Ministry on 08/08/2018 for publication, but not yet published.	Not yet promulgated
Amendment Regulations relating to Annual Fees Increase	01 November 2018	28/11/2018	29 March 2019
Draft Regulations relating to Special Events Security	28 March 2019	Approved for publication	Not yet promulgated
Draft Regulations relating to Use of Firearms by Security Service Providers	28 March 2019	Approved for publication	Not yet promulgated

The establishment of a Guarantee Fund remains a critical project for PSiRA and the fund is targeted to be fully established during the 2019/2020 financial year. Over and above this initiative, PSiRA continues to be a learning organisation, and research remains an important area to develop a deeper understanding of the industry and a critical tool that informs policy input to improve the regulatory landscape.

3. STRATEGIC OUTCOME ORIENTATED GOALS

The approved 2016/2020 Strategic Plan (as adjusted in Annexure 1 of the 2018/2019 Annual Performance Plan) is anchored on three strategic outcomes aimed at addressing the numerous challenges faced by PSiRA due to the nature of its business.

Goal	Strategic Goals	Strategic Objectives	Key Performance Indicators
1	To ensure excellent service delivery (effective regulation) in the Private Security Industry	Increased monitoring and investigation of security service providers	<ul style="list-style-type: none"> Number of security businesses inspected to enforce compliance with applicable legislation Number of security officers inspected to enforce compliance with applicable legislation % of investigations finalised against non-compliant SSPs % of criminal cases opened against non-compliant SSPs Number of security business licensed to possess firearms inspected % of cases of non-compliant SSPs prosecuted per year Number of new draft regulations compiled % of debt collection files referred for litigation Number of security businesses inspected that are using dogs
		Research conducted to influence policy direction for PSiRA and the private sector	<ul style="list-style-type: none"> Number of completed research topics Number of completed surveys Number of policy documents completed Number of research studies published

Goal	Strategic Goals	Strategic Objectives	Key Performance Indicators
2	Stakeholder and customer relationship management	<ul style="list-style-type: none"> Increased awareness on the functions and roles of PSiRA and its stakeholders 	<ul style="list-style-type: none"> Number of public awareness programmes and integrated promotional initiatives on PSiRA's role and functions
		<ul style="list-style-type: none"> Improve the integrity and the turnaround time of registration 	<ul style="list-style-type: none"> Average turnaround time of applications for registration meeting all the requirement for security businesses (working days) Average turnaround time of applications for registration meeting all requirements for security officers (working days)
		<ul style="list-style-type: none"> Promote compliance with minimum professional training standards by the SSPs 	<ul style="list-style-type: none"> Number of capacity building activities for SSP training institutions Increased number of training security service providers currently registered and accredited with PSiRA
3	Ensure good governance across the organisation	<ul style="list-style-type: none"> Effective financial management 	<ul style="list-style-type: none"> Unqualified audit opinion % Revenue collected on billed annual fees and fines Establishment & Implementation of the Guarantee Fund
		<ul style="list-style-type: none"> Efficient and effective processes and systems 	<ul style="list-style-type: none"> Average time taken to restore IT infrastructure Implementation of business continuity and disaster recovery plan
		<ul style="list-style-type: none"> To improve performance of the organisation 	<ul style="list-style-type: none"> % of implementation of the performance management system (PMS) % of employee training interventions implemented as per the Annual Training Plan Establishment of an internal training academy for employees

4. PERFORMANCE INFORMATION PER PROGRAMME

4.1 Programme 1: Finance and Administration

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

Measurable Objectives: The programme aims to ensure effective leadership, management and administrative support to the Authority through continuous refinement of organisational strategy and structure in line with appropriate legislation and best practice.

SUB-PROGRAMME: FINANCE AND ADMINISTRATION

KEY PERFORMANCE INDICATORS (KPIs)	ACTUAL ACHIEVEMENT 2017/2018	ANNUAL TARGETS		PERFORMANCE VARIANCE	OVERALL PROGRESS OF INDICATOR (RED / GREEN) *	REASONS FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019			
(a) Unqualified audit opinion	Unqualified audit opinion	Unqualified opinion	Unqualified opinion with no significant findings	No significant findings		Improved internal control environment and resolution of all prior year audit findings.
(b) % Revenue collected on billed annual fees and fines	72% revenue collected	70% of revenue collected on billed annual fees and fines	76% of revenue collected on billed annual fees and fines	+6%		Turnaround strategy implemented assisted to improve the revenue collection.
(c) Establishment & implementation of the Guarantee Fund	New Indicator	Final proposal developed and approved by Council	Draft concept document to be presented to FINCO and Council in April 2019			Draft concept document compiled but not approved within financial year. Draft concept to be presented to Council for approval in April 2019.

SUB-PROGRAMME: BUSINESS INFORMATION SYSTEM

KEY PERFORMANCE INDICATORS (KPIs)	ACTUAL ACHIEVEMENT 2017/2018	ANNUAL TARGETS		PERFORMANCE VARIANCE	OVERALL PROGRESS OF INDICATOR (RED / GREEN) *	REASONS FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019			
(a) Average time taken to restore IT infrastructure	Average of 7:09:39	Average of 12:00:00 hours	Average of 00:25:11	+11:34:49		Effective monitoring of disaster recovery site implemented in 2017/2018 financial year.
(b) Implementation of business continuity and disaster recovery plan	New Indicator	Business continuity plan in place	Business continuity plan approved and in place	-		Business continuity strategy, policy and plan approved and implemented.

SUB-PROGRAMME: HUMAN CAPITAL

KEY PERFORMANCE INDICATORS (KPIs)	ACTUAL ACHIEVEMENT 2017/2018	ANNUAL TARGETS		PERFORMANCE VARIANCE	OVERALL PROGRESS OF INDICATOR (RED / GREEN) *	REASONS FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019			
(a) % of implementation of the Performance Management System (PMS)	100%	<ul style="list-style-type: none"> 100% Performance agreements completed Annual reviews conducted 	<ul style="list-style-type: none"> 100% Performance agreements completed Annual reviews conducted 			Performance agreements completed for all staff and annual reviews conducted.
(b) % employee training interventions implemented as per the Annual Training Plan	New Indicator	<ul style="list-style-type: none"> 80% Training interventions to address performance as per the Annual Training Plan 	82%	+2%		Appointment of the panel of training experts on a long-term period has resulted in the SCM process being streamlined and shortened the processes of procuring the training providers.
(c) Establishment of an Internal Training Academy for employees	New Indicator	<ul style="list-style-type: none"> Internal Training Academy established and operational 	Application for accreditation submitted but provisionally declined			The application to accredit the academy was provisionally declined pending finalisation of the learning material. A company has been recommended to develop learning material.

4.2 Programme 2: Law Enforcement

Purpose: Ensure that there are effective regulations in the security industry and enforcement of law and compliance to the regulations

Measurable Objectives: The programme aims to ensure that Security Service Providers comply with the regulations by doing regular inspections for both security officers and security businesses and ensure that those who are complying with the regulations are charged and prosecuted.

KEY PERFORMANCE INDICATORS (KPIs)	ACTUAL ACHIEVEMENT 2017/2018	ANNUAL TARGETS		PERFORMANCE VARIANCE	OVERALL PROGRESS OF INDICATOR (RED / GREEN) *	REASONS FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019			
(a) Number of security businesses inspected to enforce compliance with applicable legislation	6 253	6 100	6 833	+733		Joint operations with other State Law Enforcement Agencies contributed to exceeding the target.
(b) Number of security officers inspected to enforce compliance with applicable legislation	34 439	32 600	37 569	+4 969		Operations conducted outside normal working hours in respect of event security sector.
(c) % of investigations finalised against non-compliant SSPs	87%	85%	89%	+4%		Improved relationship with SAPS assisted in exceeding the target. Joint operations with other State Law Agencies also contributed.
(d) % of criminal cases opened against non-compliant SSPs	96%	95%	99%	+4%		Improved relationship with SAPS assisted in exceeding the target.
(e) Number of security businesses licensed to possess firearms inspected	1 324	1 350	1 498	+148		Increased participation by the SAPS in the inspection of SSPs licenced to possess firearms, including the establishment of a Unit between SAPS and PSiRA.
(f) % of cases of non-compliant SSPs prosecuted per year	90%	90%	91%	+1%		Improved monitoring measures on prosecution, combination of charge sheet and summons as well as the turnaround strategy.
(g) Number of new draft regulations compiled	2	2	2	-		Regulations on Event Security and Use of Firearms.

KEY PERFORMANCE INDICATORS (KPIs)	ACTUAL ACHIEVEMENT 2017/2018	ANNUAL TARGETS		PERFORMANCE VARIANCE	OVERALL PROGRESS OF INDICATOR (RED / GREEN) *	REASONS FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019			
(h) % of debt collection files referred for litigation	New Indicator	50%	92%	+42%		Increased staff complement and good working relationship with State Attorney.
(i) Number of security businesses inspected that are using dogs	New Indicator	60	83	+23		Increased targets for inspectors.

4.3 Programme 3: Communications, Registration (CRM) and Training

Purpose: Provide effective stakeholder engagement. Ensure that training standards are adhered to and the registration process is done in accordance with the PSiR Act.

Measurable Objectives: Ensure effective and meaningful stakeholder communication. Ensure that all training institutions are aligned to the required standard of training. Ensure that the registration process is effective and authentic. Continuous research to support core business initiatives and policy development.

SUB-PROGRAMME: COMMUNICATIONS AND STAKEHOLDER MANAGEMENT

KEY PERFORMANCE INDICATORS (KPIs)	ACTUAL ACHIEVEMENT 2017/2018	ANNUAL TARGETS		PERFORMANCE VARIANCE	OVERALL PROGRESS OF INDICATOR (RED / GREEN) *	REASONS FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019			
(a) Number of public awareness programmes and integrated promotional initiatives on PSiRA's role and functions	173 Public Awareness Programmes	140 Public Awareness Programmes	160 Public Awareness Programmes	+20		Aggressive brand awareness roadshows in provinces and increased media interest because of Law Enforcement operations.

SUB-PROGRAMME: INDUSTRY REGISTRATION

KEY PERFORMANCE INDICATORS (KPIs)	ACTUAL ACHIEVEMENT 2017/2018	ANNUAL TARGETS		PERFORMANCE VARIANCE	OVERALL PROGRESS OF INDICATOR (RED / GREEN) *	REASONS FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019			
(b) Average turnaround time of applications for registration meeting all the requirements for security businesses (working days)	Average of 17 days	Average of 12 days	Average of 10 days	-2 days		Renewed registration processes implemented to improve efficiency.
(c) Average turnaround time of applications for registration meeting all the requirements for security officers (working days)	Average of 11 days	Average of 12 days	Average of 16 days	+4 days		Delays experienced with fingerprint verifications for criminal records (3rd party). New SLA negotiated with 3rd party in latter part of 3rd quarter for 3-day turn-around time. Monthly monitoring of performance.

SUB-PROGRAMME: TRAINING

KEY PERFORMANCE INDICATORS (KPIs)	ACTUAL ACHIEVEMENT 2017/2018	ANNUAL TARGETS		PERFORMANCE VARIANCE	OVERALL PROGRESS OF INDICATOR (RED / GREEN) *	REASONS FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019			
(a) Number of capacity building activities for SSP training institutions	12 Capacity building activities	12 Capacity building activities	13 Capacity building activities	+1		Additional capacity workshop in the E-Cape (Mthatha & East London).
(b) Increased number of training security service providers currently registered and accredited with PSiRA	New Indicator	200 More registered training SSPs accredited	122 More SSPs accredited with PSiRA	-78		206 Applications for accreditation were received. However, not all met the requirements in view of non-payment of full admin fees by some SSPs and incomplete supporting documents.

SUB-PROGRAMME: RESEARCH AND DEVELOPMENT

KEY PERFORMANCE INDICATORS (KPIs)	ACTUAL ACHIEVEMENT 2017/2018	ANNUAL TARGETS		PERFORMANCE VARIANCE	OVERALL PROGRESS OF INDICATOR (RED / GREEN) *	REASONS FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019			
(a) Number of completed research topics	4 Research Topics	3 Research Topics	3 Research Topics	-		-
(b) Number of completed surveys	4 Surveys	4 Surveys	4 Surveys	-		-
(c) Number of policy documents completed.	5 Policy documents completed	3 Policy documents completed	3 Policy documents completed	-		-
(d) Number of research studies published	New Indicator	2 Research studies published	2 Research studies published	-		-

4.4 Explanations for major variances and achievements

4.4.1 PROGRAMME 1: FINANCE AND ADMINISTRATION

- A clean audit outcome as a result of an improved internal control environment and resolution of prior year audit findings.
- Increased collection of fees is as a result of the implementation of the strategy to address the going concern challenges.
- 100% of due audit action plans were implemented.
- Draft concept document for the establishment of a Guarantee Fund was compiled, but not approved within the financial year. The first version presented to Council for approval in April 2019.
- The over-achievement in the average time taken to restore IT infrastructure is as a result of an effective disaster recovery site implemented and effective monitoring thereof.
- The establishment of the Training Academy was not achieved. An application for accreditation was submitted to the QCTO but the application to accredit the academy was provisional declined pending finalisation of the learning material.

4.4.2 PROGRAMME 2: LAW ENFORCEMENT

- Number of security officer inspections was high in view of increased operations conducted outside normal working hours to verify compliance of security officers deployed at events.
- The increase in investigation and criminal case performance can be attributed to increased co-operation and working relationship with other State Law Enforcement Agencies, including the SAPS.
- The over achievement in successful prosecutions are as a result of improved monitoring measures on prosecution, combination of charge sheet and summons as well as the turnaround strategy.
- In respect of debt collection, increased staff complement and a good working relationship with State Attorney contributed to the over achievement.

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

- The increase in public awareness campaigns was as a result of media alignment with PSiRA's own initiated activities such as Law Enforcement operations and the fact that there has been a deliberate strategic shift from a product- centric marketing campaigns, to customer-centric brand positioning.



- 206 Applications for accreditation were received. However, not all the applications met the requirements in view of non-payment of full administrative fees by some SSPs and incomplete supporting documents.
- In respect of the over-achievement in the registration turn-around time for applications of security businesses, new processes were approved and implemented to ensure that registrations are considered and finalised timeously. Infrastructure assessments are conducted after approval of registration in terms of the new process and monitored by the Registration Sub-Committee of EXCO.
- As far as the under-achievement in the registration turn-around time for applications of security officers are concerned, the Authority is reliant on third parties to conduct criminal record verifications. Delays were experienced with fingerprint verifications from the third party which contributed to not achieving the target.

4.5 Strategy to overcome areas of non-performance

4.5.1 PROGRAMME 1: FINANCE AND ADMINISTRATION

4.5.1.1 Establishment & implementation of the Guarantee Fund

- The project plan was reviewed to ensure that the Guarantee Fund concept document is finalised in the second quarter of the 2019/2020 financial year to ensure that the Authority can build capacity/resources to ensure that the Guarantee Fund is fully operational. The seed capital will be funded through the Levies Act.

4.5.1.2 Establishment of an internal training academy for employees

- The re-submission of the accreditation application will be done in quarter 1 of the new financial year.
- The sourcing of the provider to develop training manuals will be concluded during quarter 1 and the development of the identified manuals will be done in quarter 2.

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

4.5.2.1 Average turnaround time of applications for registration meeting all the requirements for security officers (working days)

- A new SLA was negotiated with the third party in latter part of quarter 3 for 3-day turn-around time and progress on performance is closely monitored. Regular meetings with third party are held to deal with any challenges. In addition, processes were reviewed, and amendments made on the database to do batch approvals and performance management to monitor individual performance of registration staff.

4.5.2.2 Increased number of training security service providers currently registered and accredited with PSiRA

- Review, develop and disseminate revised PSiRA training material, particularly for the grades, a decisive deliverable that shall restore the confidence of the training sector through increased skill development.
- Promote training in main stream media and promote it on every given media platform.
- Create convenience for the customers by activating the online verification of course reports through PSiRA App and website.

LAW ENFORCEMENT OPERATIONAL REPORT

A. COMPLIANCE AND ENFORCEMENT DEPARTMENTS

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

1. COMPLIANCE

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

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

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

1.1 COMPLIANCE INSPECTIONS

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

targets of individual inspectors are reduced under special circumstances i.e. special investigations, annual leave, sick leave, testifying in improper conduct enquiries, etc.

During the period 1 April 2018 to 31 March 2019, a total of **44 402** compliance inspections of security service providers were conducted or inspections as part of investigations by the Enforcement Department compared to **40 692** inspections for the same period the previous year.

The regional breakdown was as follows:

REGION	NUMBER OF INSPECTIONS
HEAD OFFICE	25 390
Gauteng	18 034
Mpumalanga	1 482
Limpopo	2 796
North West Province	876
Free State	2 058
Northern Cape	144
WESTERN CAPE	5 551
EASTERN CAPE	4 476
KWAZULU-NATAL	8 985
TOTAL	44 402

Of the **44 402** compliance inspections conducted, **6 833** compliance inspections were conducted at security businesses compared to **6 253** inspections for the same period the previous year.

The regional breakdown was as follows:

REGION	NUMBER OF INSPECTIONS
HEAD OFFICE	3 634
Gauteng	2 323
Mpumalanga	278
Limpopo	478
North West Province	233
Free State	238
Northern Cape	84
WESTERN CAPE	1 005
EASTERN CAPE	726
KWAZULU-NATAL	1 468
TOTAL	6 833

Further, of the **44 402** compliance inspections conducted, **37 569** compliance inspections were conducted at security officers deployed at different sites, compared to **34 439** inspections for the same period the previous year. The regional breakdown was as follows:

REGION	NUMBER OF SECURITY OFFICER INSPECTIONS
HEAD OFFICE	21 756
Gauteng	15 711
Mpumalanga	1 204
Limpopo	2 318
North West Province	643
Free State	1 820
Northern Cape	60
WESTERN CAPE	4 546
EASTERN CAPE	3 750
KWAZULU-NATAL	7 517
TOTAL	37 569

The regional breakdown in respect of the number of in-house security officer inspections conducted from the **37 569** inspected during the period under review, was as follows:

REGION	NUMBER OF SECURITY OFFICER INSPECTIONS
HEAD OFFICE	1 029
Gauteng	892
Mpumalanga	15
Limpopo	13
North West Province	38
Free State	71
Northern Cape	0
WESTERN CAPE	202
EASTERN CAPE	150
KWAZULU-NATAL	30
TOTAL	1 411

A regional breakdown as far as the type of inspection conducted at security businesses from 1 April 2018 to 31 March 2019 is as follows:

HEAD OFFICE	GAUTENG	MPUMALANGA	LIMPOPO	N/WEST	FREE STATE	N/CAPE	TOTAL
Total number of routine/regulatory/training/infrastructure/accreditation/inspections conducted	2 323	278	478	233	238	84	3 634
First time inspections	309	19	62	27	18	3	438
Triggered inspections	574	32	78	37	55	15	791
Infrastructure inspections	721	112	200	62	36	20	1 151

COASTAL REGIONAL OFFICES	WESTERN CAPE	EASTERN CAPE	KWAZULU-NATAL	TOTAL
Total number of routine/regulatory/training/infrastructure/accreditation/inspections conducted	1 005	726	1 468	3 199
First time inspections	136	94	120	350
Triggered inspections	126	79	209	414
Infrastructure inspections	224	165	364	753

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

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

Statistical information pertaining to inspections conducted at large, medium and small businesses from 1 April 2018 to 31 March 2019 is as set out below. For the purpose of this statistical information, a small business is considered to be employing less than 20 security officers, medium 21 to 50 security officers and large, 51 and above security officers.

With reference to all the above statistics, the overall performance pertaining to the total number of compliance inspections conducted for the period 1 April 2018 to 31 March 2019, in relation to the Authority's APP's target is **115%**. The regional breakdown is as follows:

REGION	NUMBER OF INSPECTIONS			
	SMALL BUSINESSES	MEDIUM BUSINESSES	LARGE BUSINESSES	INFRASTRUCTURE & CAPACITY
Head Office	1 246	396	843	1 151
Western Cape	530	107	144	224
Eastern Cape	440	53	68	165
KwaZulu-Natal	585	195	324	364
TOTAL	2 801	751	1 377	1 904

The performance pertaining to the number of compliance inspections conducted at security businesses for the period 1 April 2018 to 31 March 2019, in relation to the Authority's APP's target is **112%**. The regional breakdown is as follows:

REGION	TARGET	NUMBER OF INSPECTIONS CONDUCTED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State & N. Cape	21 372	25 390	119%
Western Cape	4 596	5 551	121%
Eastern Cape	4 080	4 476	110%
KwaZulu-Natal	8 712	8 985	103%

The performance pertaining to the number of compliance inspections conducted at security officers at different sites for the period 1 April 2018 to 31 March 2019, in relation to the Authority's APP's target is **115%**. The regional breakdown is as follows:

REGION	TARGET	NUMBER OF INSPECTIONS CONDUCTED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State & N. Cape	3 156	3 634	115%
Western Cape	828	1 005	121%
Eastern Cape	720	726	101%
KwaZulu-Natal	1 416	1 468	104%

Statistical information pertaining to the **different categories or classes of security businesses inspected** from 1 April 2018 to 31 March 2019 is as follows:

REGION	TARGET	NUMBER OF SECURITY OFFICER INSPECTIONS CONDUCTED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State & N. Cape	18 216	21 756	119%
Western Cape	3 768	4 546	121%
Eastern Cape	3 360	3 750	112%
KwaZulu-Natal	7 296	7 517	103%



HEAD OFFICE

	GAUTENG	MPUMALANGA	LIMPOPO	N/WEST	FREE STATE	N/CAPE
TOTAL NUMBER OF SECURITY BUSINESS ROUTINE/ REGULATORY/TRAINING/ INFRASTRUCTURE/ ACCREDITATION INSPECTIONS	2 323	278	478	233	238	84
CATEGORY OR CLASS OF SECURITY SERVICE PROVIDER INSPECTED						
Commercial/Industrial/Residential/Guarding or Patrolling	1 988	230	441	177	185	68
Assets in transit	36	2	2	4	6	1
Close protection services	77	1	0	7	2	2
Reaction or Response services and monitoring signals from security equipment (control room)	249	3	23	20	47	17
Ensuring safety and order on premises (special events)	99	0	1	9	2	6
Car watch or related activities	39	0	0	3	1	1
Providing advice on the protection of persons/ property (consultants/advisors)	40	0	0	2	0	2
Installing, servicing or repairing security equipment	163	4	14	26	40	9
Private investigators	46	3	7	8	3	1
Providing security training or instruction as well as accreditation	76	12	36	20	17	8
Providing services of a locksmith	35	2	2	8	4	1
Making persons or their activities available for rendering of security service (labour brokers)	11	2	0	0	1	0
In-house	34	4	9	6	16	1
Manufacturing, importing, distributing or advertising of monitoring devices	2	0	0	0	0	0
Working animals	40	0	2	2	5	2

WESTERN CAPE/EASTERN CAPE/KWAZULU-NATAL

	WESTERN CAPE	EASTERN CAPE	KWAZULU-NATAL
TOTAL NUMBER OF SECURITY BUSINESS ROUTINE / REGULATORY/TRAINING/ INFRASTRUCTURE/ ACCREDITATION INSPECTIONS	1 005	726	1 468
CATEGORY OR CLASS OF SECURITY SERVICE PROVIDER INSPECTED			
Commercial/Industrial/Residential/Guarding or Patrolling	621	595	1 264
Assets in transit	11	8	5
Close protection services	22	11	40
Reaction or Response services and monitoring signals from security equipment (control room)	125	30	130
Ensuring safety and order on premises (special events)	57	26	17
Car watch or related activities	15	51	1
Providing advice on the protection of persons/ property (consultants/advisors)	32	50	15
Installing, servicing or repairing security equipment	166	51	88
Private investigators	37	27	12
Providing security training or instruction as well as accreditation	51	32	82
Providing services of a locksmith	32	19	42
Making persons or their activities available for rendering of security service (labour brokers)	35	27	15
In-house	8	0	1
Manufacturing, importing, distributing or advertising of monitoring devices	8	0	1
Working animals	37	7	10

* On review of the statistical information presented above, note must be taken of the fact that certain security service providers may render more than one particular security service. One inspection conducted at a particular security business may therefore result in two or more categories or classes of security services being inspected. It will be noted that certain of the categories or classes of security service providers were not subjected to any inspections during the period under review. Taking into consideration the number of security service providers registered in a particular province, the number of inspectors and the policy regarding the number of inspections to be conducted in a particular month, security businesses are on average subjected to one inspection every 18 to 24 months.

1.2 SECTOR INSPECTIONS

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

1.2.1 Inspections

REGION	TOTAL INSPECTIONS	GUARDING SECTOR	ELECTRONIC SECURITY SECTOR	PRIVATE INVESTIGATOR	TRAINING INDUSTRY SECTOR	LOCKSMITH SECTOR	IN-HOUSE SECTOR	WORKING ANIMALS
HEAD OFFICE	3 634	1 846	133	43	162	58	122	31
WESTERN CAPE	1 005	536	79	25	32	32	39	35
EASTERN CAPE	726	418	41	22	21	19	27	10
KWAZULU-NATAL	1 468	912	38	8	62	41	17	9
TOTAL	6 833	3 712	291	98	277	150	205	85

The performance pertaining to categories of security service providers inspected against the target as per the Operational Plan for the period 1 April 2018 to 31 March 2019, is as follows:

SECTOR	OPERATIONAL TARGET	HEAD OFFICE	WESTERN CAPE	EASTERN CAPE	KWAZULU-NATAL	TOTAL
GUARDING SECTOR	2 390	1 846	536	418	912	3 712
ELECTRONIC SECURITY SECTOR	320	133	79	41	38	291
PRIVATE INVESTIGATOR	164	43	25	22	8	98
TRAINING INDUSTRY SECTOR	208	162	32	21	62	277
LOCKSMITH SECTOR	208	58	32	19	41	150
IN-HOUSE SECTOR	208	122	39	27	17	205
WORKING ANIMALS	68	31	35	10	9	85

1.2.2 Site Inspections

Site investigations form part of the Division's operational plan in order to, *inter alia*, verify the accuracy of information provided by security businesses to inspectors as well as conducting security officer inspections. These site inspections are at times also conducted in co-operation with the SAPS, especially in cases where unregistered

security officers were found, illegal immigrants are used or firearms are used in contravention with the requirements of the Private Security Industry Regulations. The following inspections were conducted at various categories of sites during the period under review:

REGION	TOTAL INSPECTIONS	RETAIL SECTOR	HEALTH SECTOR	EDUCATIONAL SECTOR	INDUSTRIAL AND CORPORATE	RESIDENTIAL AREAS	EVENT	OTHER
HEAD OFFICE:	21 756	4 659	3 305	2 336	5 296	2 377	3 640	143
WESTERN CAPE	4 546	1 073	485	484	1 042	546	785	131
EASTERN CAPE	3 750	861	463	371	939	363	587	166
KWAZULU-NATAL	7 517	1 724	1 179	372	2 138	594	1 442	68
TOTAL	37 569	8 317	5 432	3 563	9 415	3 880	6 454	508

The performance pertaining to site inspections conducted against the target as per the Operational Plan for the period 1 April 2018 to 31 March 2019, is as follows:

SECTOR	OPERATIONAL TARGET	HEAD OFFICE	WESTERN CAPE	EASTERN CAPE	KWAZULU-NATAL	TOTAL
RETAIL SECTOR	6 540	4 659	1 073	861	1 724	8 317
HEALTH SECTOR	3 270	3 305	485	463	1 179	5 432
EDUCATIONAL FACILITIES	3 270	2 336	484	371	372	3 563
INDUSTRIAL AND CORPORATE AREAS	6 540	5 296	1 042	939	2 138	9 415
RESIDENTIAL AREAS	3 270	2 377	546	363	594	3 880
EVENT SECTOR	3 270	3 640	785	587	1 442	6 454

2. ENFORCEMENT

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

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

In terms of the Law Enforcement Division's operational policy, all enforcement inspectors must finalise a minimum

number of investigations per month. In certain cases the target of individual inspectors are reduced under special circumstances i.e. annual leave, sick leave, testifying in criminal and improper conduct cases, etc.

During the period 1 April 2018 to 31 March 2019, a total of **3 725** investigations were overall finalised compared to **3 144** investigations for the same period the previous year.

The regional breakdown is as follows:

REGION	NUMBER OF INVESTIGATIONS
HEAD OFFICE	2 254
Gauteng	1 612
Mpumalanga	156
Limpopo	168
North West Province	166
Free State	70
Northern Cape	82
WESTERN CAPE	689
EASTERN CAPE	294
KWAZULU-NATAL	488
TOTAL	3 725

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

REGION	NUMBER OF SECURITY BUSINESS INVESTIGATIONS	NUMBER OF SECURITY OFFICER INVESTIGATIONS	TOTAL
HEAD OFFICE	1 162	1 092	2 254
Gauteng	803	808	1 612
Mpumalanga	88	68	156
Limpopo	128	40	168
North West Province	65	101	166
Free State	43	27	70
Northern Cape	35	47	82
WESTERN CAPE	502	187	689
EASTERN CAPE	244	50	294
KWAZULU-NATAL	344	144	488
TOTAL	2 252	1 473	3 725

With reference to the above statistics, the overall performance pertaining to investigations conducted for the period 1 April 2018 to 31 March 2019, based on the Operational Plan of the Enforcement Department is **109%**. The regional breakdown is as follows:

REGION	TARGET	NUMBER OF INVESTIGATIONS CONDUCTED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State & N. Cape	1 992	2 254	113%
Western Cape	648	689	106%
Eastern Cape	288	294	102%
KwaZulu-Natal	480	488	102%



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

REGION	NUMBER OF INVESTIGATIONS FINALISED (ALL INVESTIGATIONS FOR THE PERIOD)	NUMBER OF ANNEXURE A OFFENCES INVESTIGATED AND FOUND IN RESPECT OF THESE FINALISED CASES	NUMBER OF CRIMINAL CASES OPENED IN RESPECT OF THESE INVESTIGATIONS
HEAD OFFICE	2 254	588	581
WESTERN CAPE	689	216	216
EASTERN CAPE	294	91	88
KWAZULU-NATAL	488	168	168
TOTAL	3 725	1 063	1 053

The position in respect of Enforcement complaints are as follows:

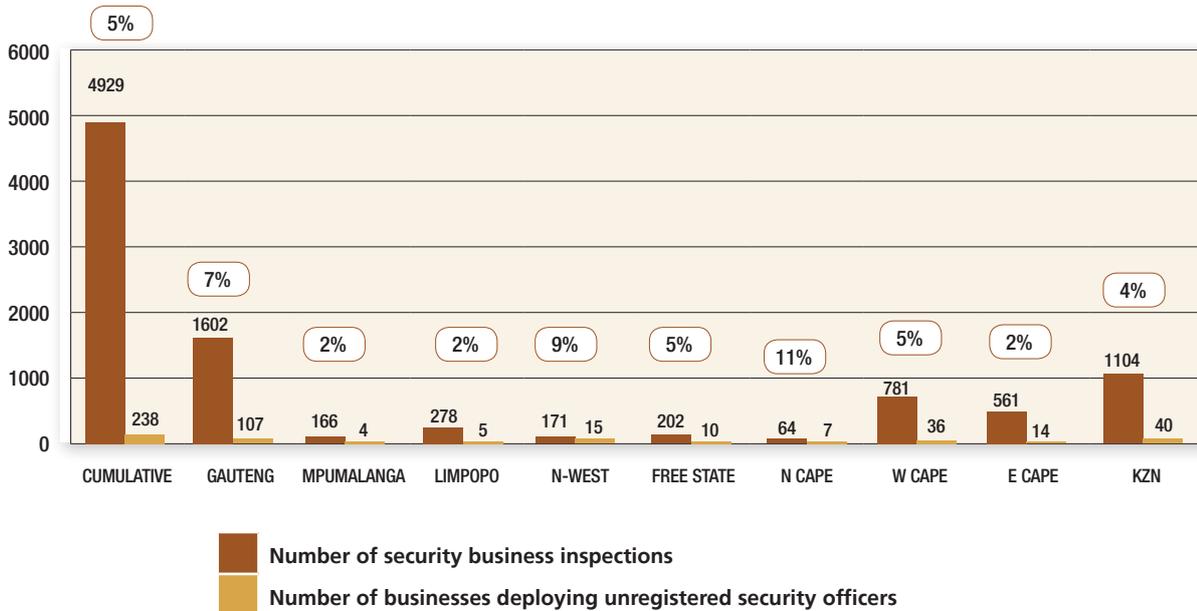
REGION	NUMBER OF COMPLAINTS CARRIED OVER BY ENFORCEMENT DEPARTMENT OR UNIT FROM MARCH 2018	NUMBER OF NEW COMPLAINTS RECEIVED IN APRIL 2018 TO MARCH 2019	TOTAL NUMBER OF COMPLAINTS FINALISED	NUMBER OF COMPLAINTS CARRIED OVER TO APRIL 2019
HEAD OFFICE	214	391	483	122
WESTERN CAPE	4	369	361	12
EASTERN CAPE	15	294	294	15
KWAZULU-NATAL	75	366	399	42
TOTAL	308	1 420	1 537	191

3. COMPLIANCE ANALYSIS CONDUCTED

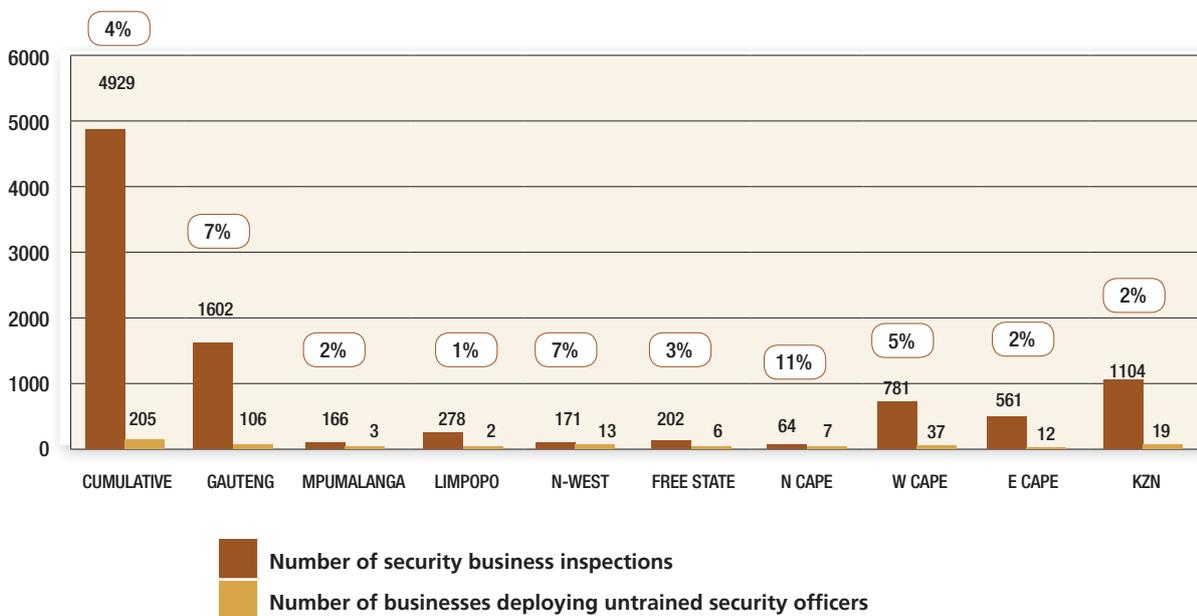
3.1 Security Business Inspections

Following on from compliance inspections (excluding infrastructure inspections) conducted at security businesses as well as security officer inspections during 1 April 2018 to 31 March 2019, the following were found in terms of compliance:

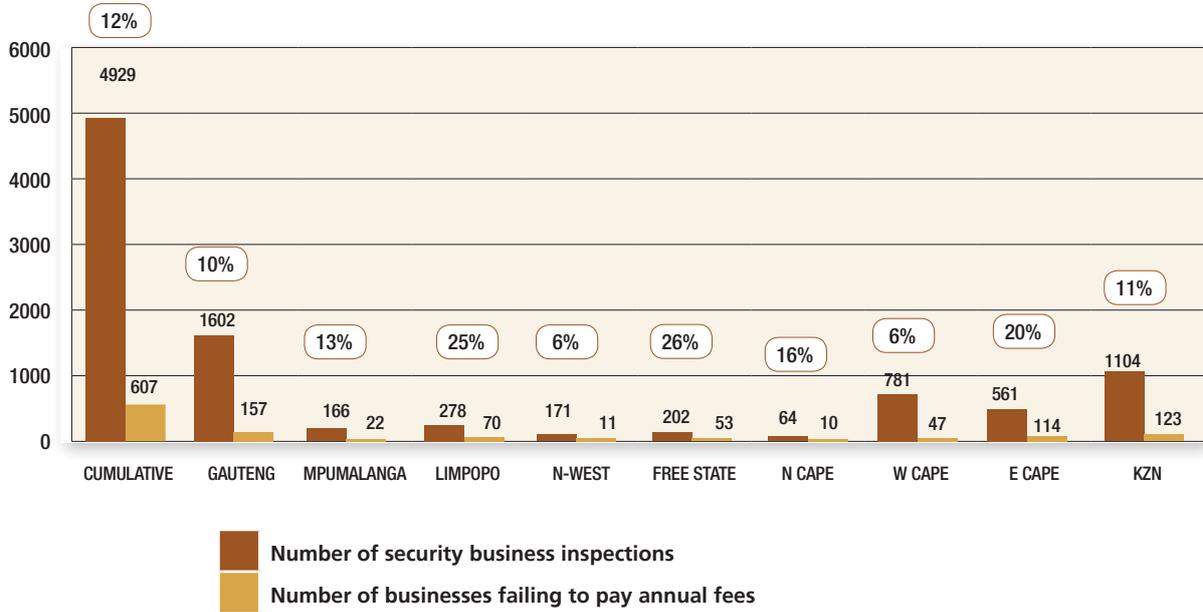
BUSINESSES DEPLOYING UNREGISTERED SECURITY OFFICERS



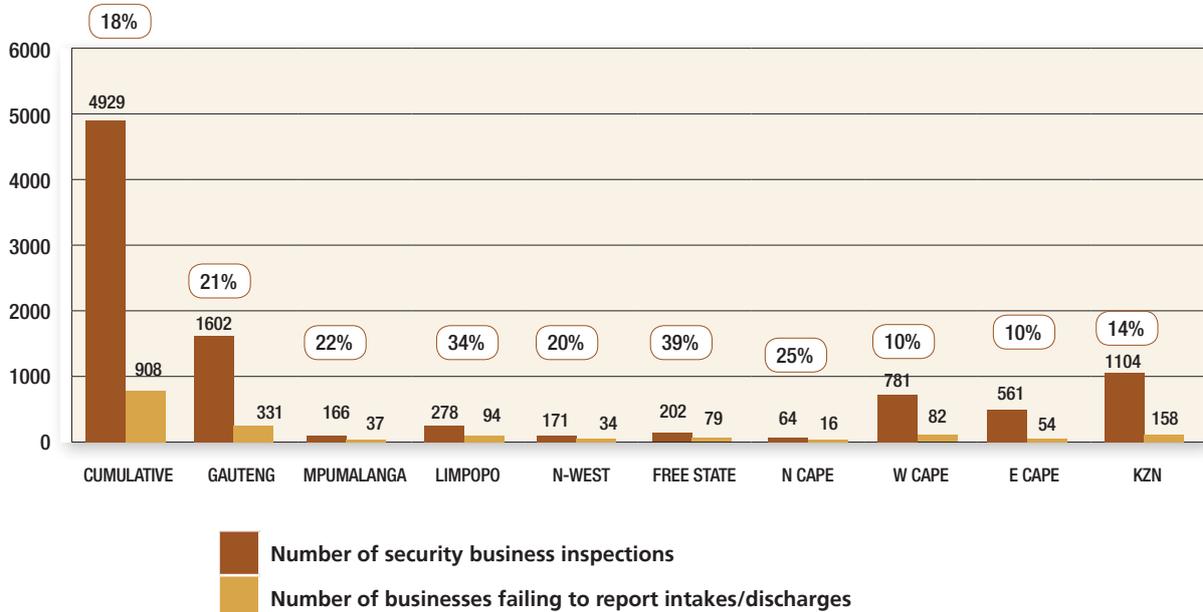
BUSINESSES DEPLOYING UNTRAINED SECURITY OFFICERS



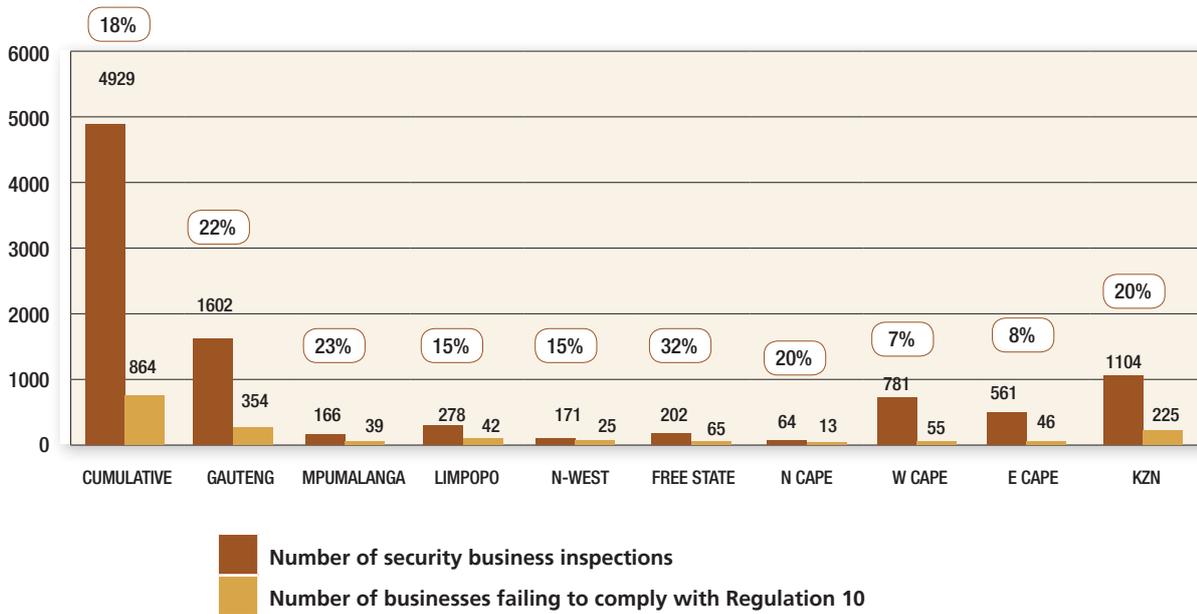
BUSINESSES FAILING TO PAY ANNUAL FEES



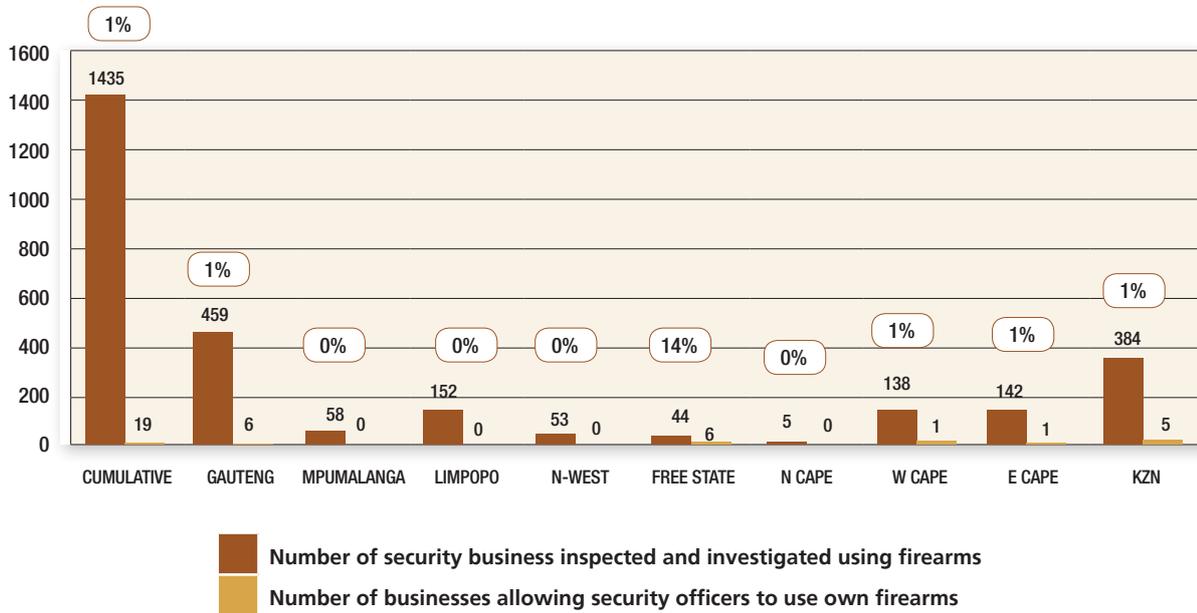
BUSINESSES FAILING TO REPORT INTAKES / DISCHARGES



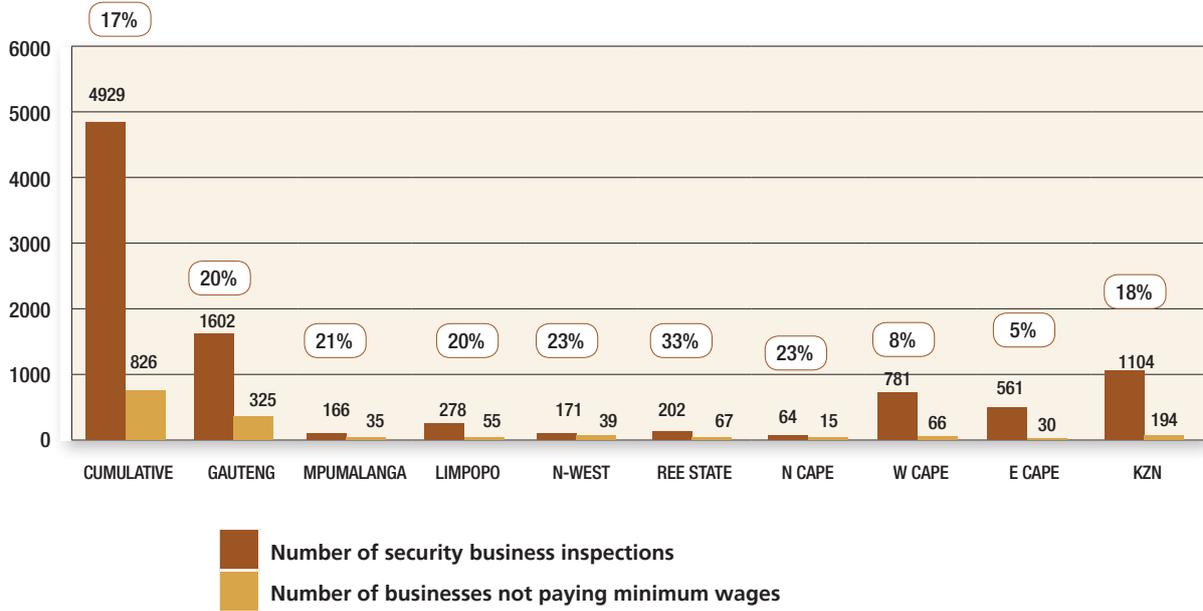
BUSINESSES FAILING TO COMPLY WITH REGULATION 10 DOCUMENTATION



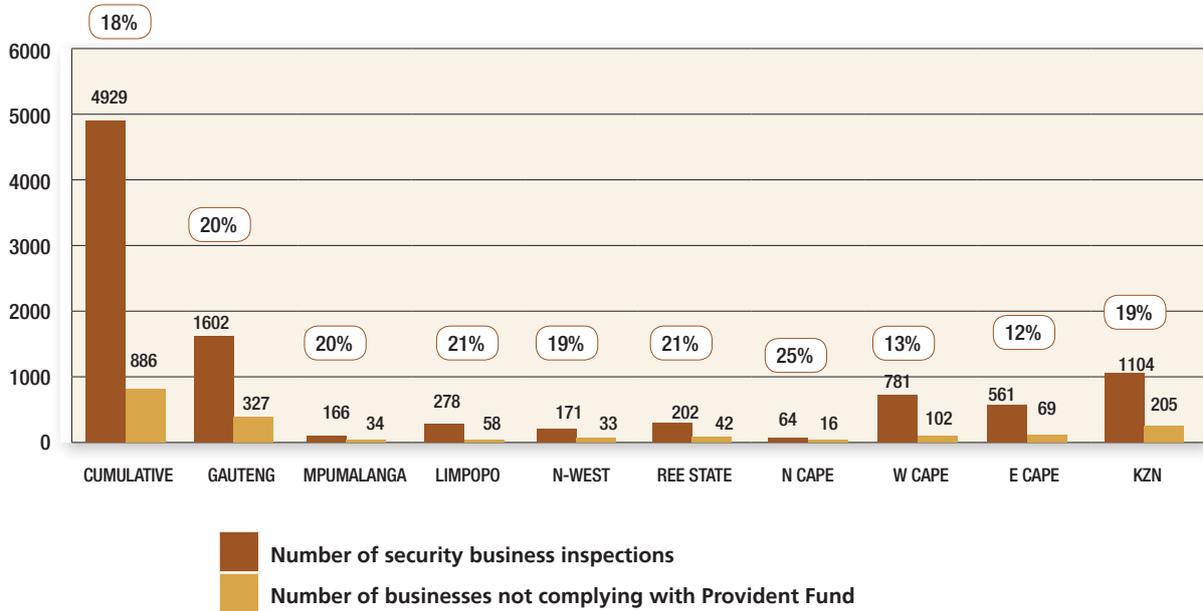
BUSINESSES USING FIREARMS NOT COMPLYING WITH REGULATION 13(5) OR (6)



BUSINESSES NOT PAYING MINIMUM WAGES

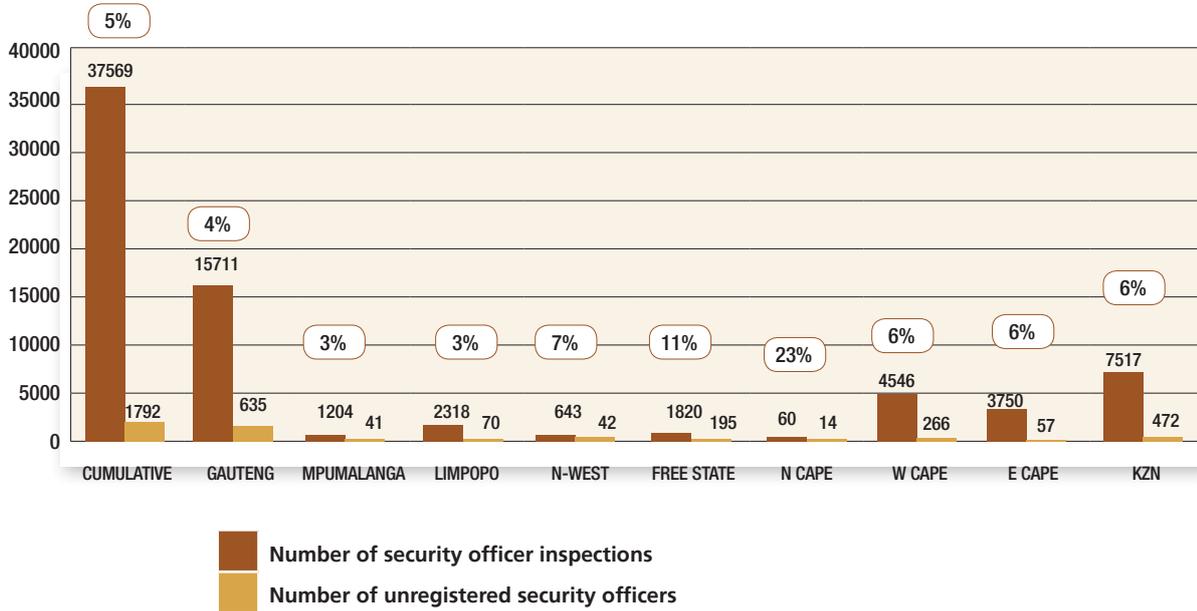


BUSINESSES NOT COMPLYING WITH PROVIDENT FUND

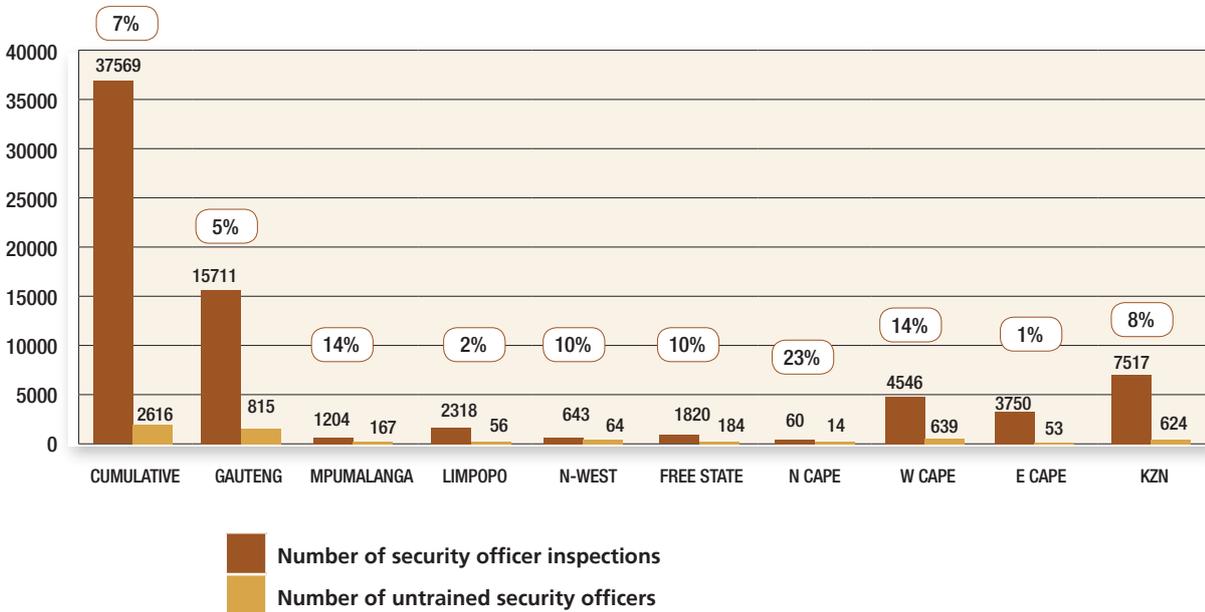


3.2 Security Officer Inspections

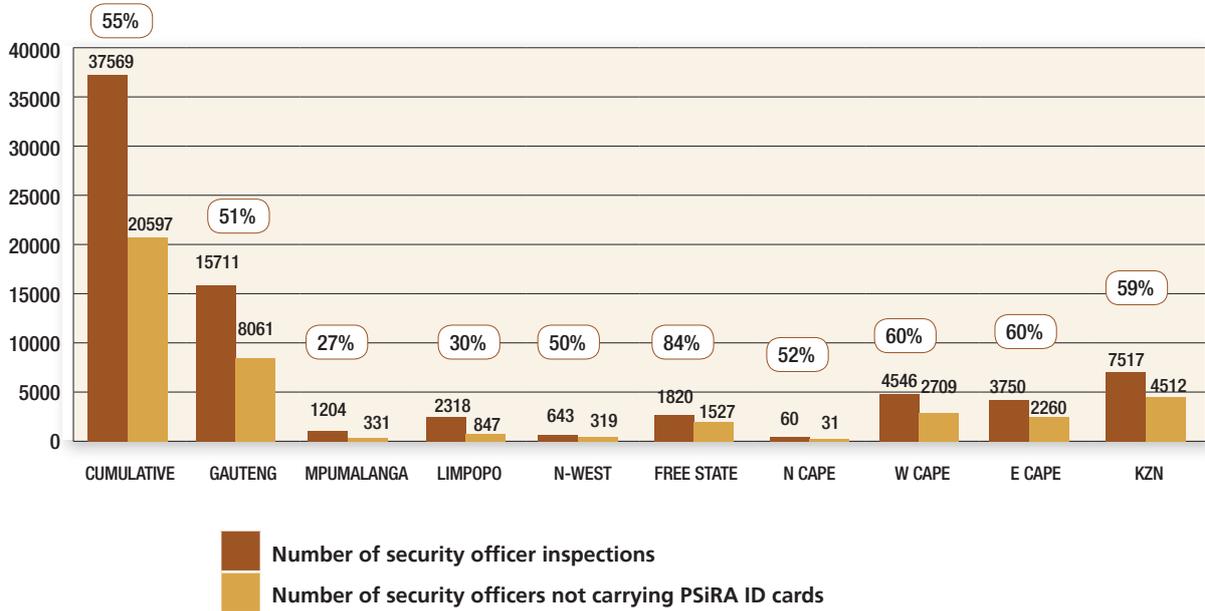
UNREGISTERED SECURITY OFFICERS



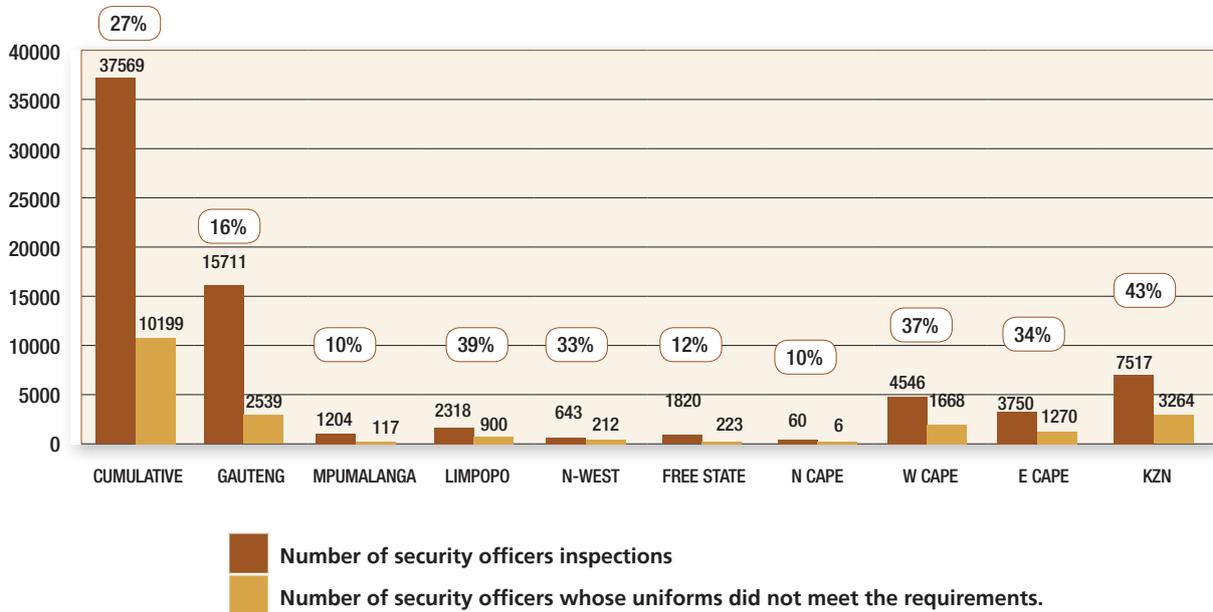
UNTRAINED SECURITY OFFICERS



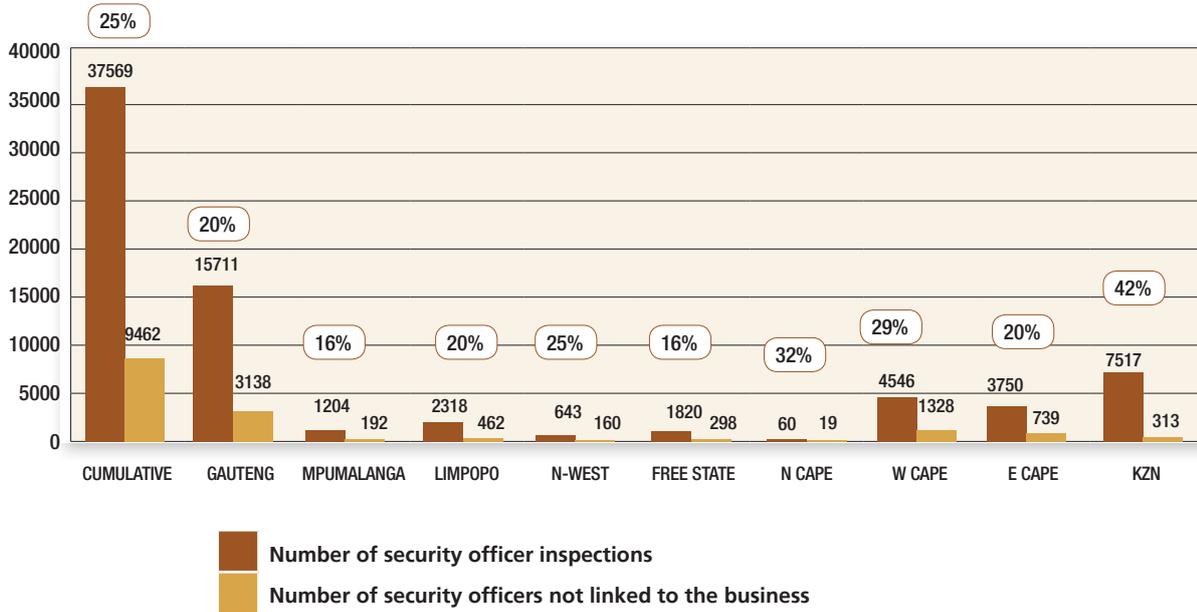
SECURITY OFFICERS NOT CARRYING PSIRA ID CARDS



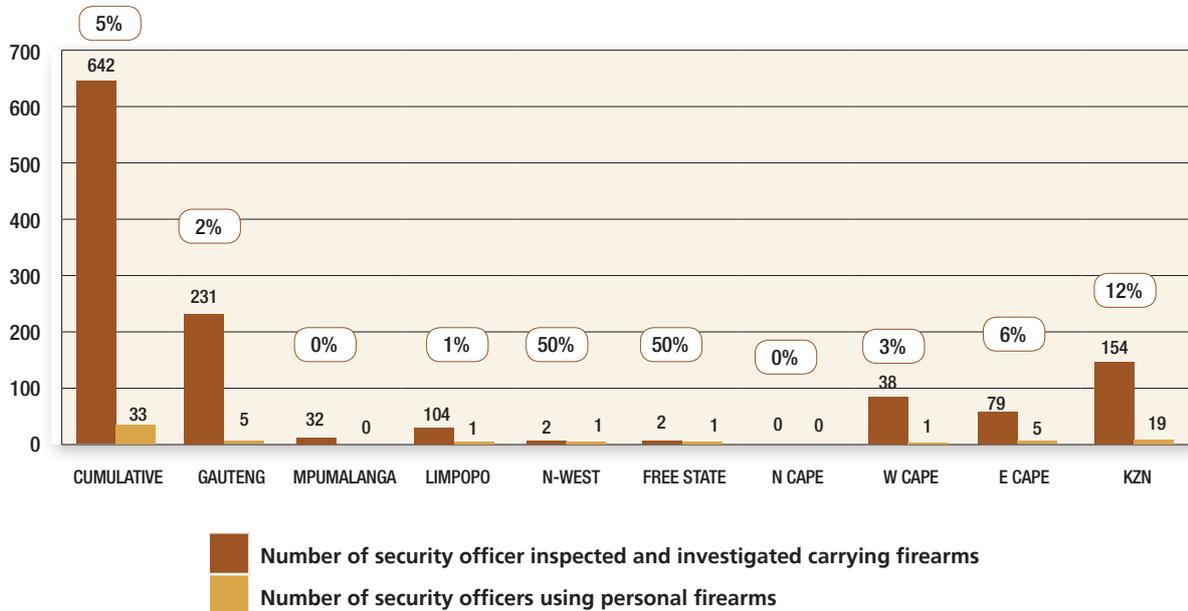
SECURITY OFFICER UNIFORM



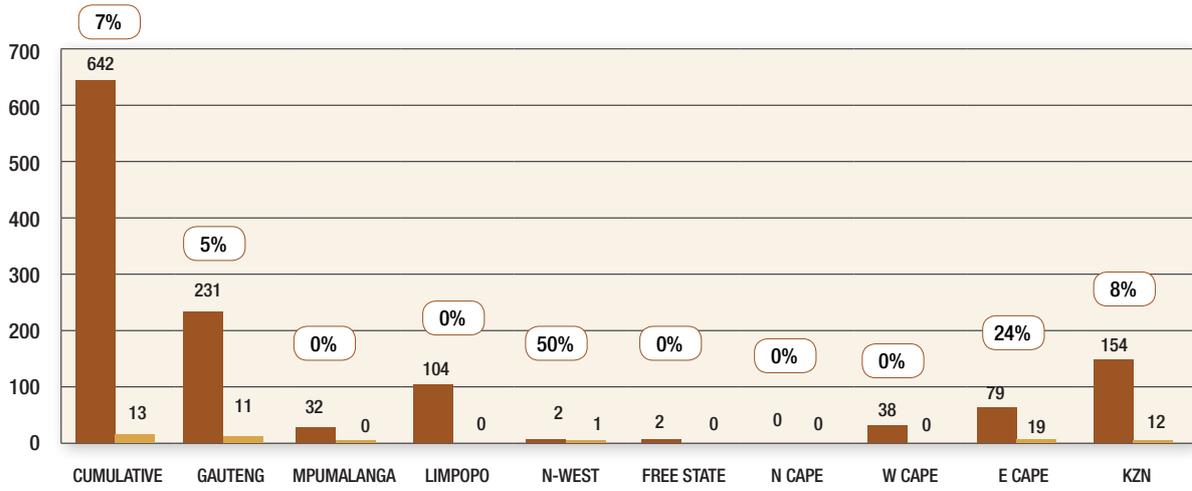
SECURITY OFFICERS NOT LINKED TO THE BUSINESS



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



SECURITY OFFICERS CARRYING FIREARMS NOT COMPETENT IN FIREARMS



Number of security officers inspected and investigated carrying firearms
 Number of security officers not competent or who could not submit proof of competency



4. OPERATIONS

The Authority is also involved in a number of operations with different stakeholders, including the SAPS. These operations are at times initiated by the Authority or are attended on invitation from stakeholders such as the SAPS, Department of Home Affairs and Department of Labour. The focus is on compliance in terms of the PSIR Act

which includes the deployment of registered and trained security officers, illegal immigrants and compliance with the Firearms Control Act. During the period under review **53** operations were conducted with stakeholders compared to **63** operations the previous financial year. The following operations were held:

REGION	NUMBER OF OPERATIONS	STAKEHOLDERS	NUMBER OF ARRESTS	UNREGIS-TERED	FOREIGNERS	FIREARMS	OTHER
Head Office	44	SAPS/DoL	364	350	263	0	26 DoL
Gauteng	34	SAPS/DoL	298	284	230	0	24 DoL
Mpumalanga	1	SAPS	0	0	0	0	
Limpopo	4	SAPS	13	28	3	0	
North West Province	1	SAPS	30	38	30	0	
Free State	2	SAPS	23	0	0	0	2 DoL
Northern Cape	2	SAPS	0	0	0	0	
Western Cape	3	SAPS/SPCA	6	6	6	0	1 SPCA INSPECTIONS
Eastern Cape	1	AACL	0	0	0	0	1 AAACL INSPECTION
KwaZulu-Natal	5	SAPS	7	5	0	74	
TOTAL	53	-	377	361	269	74	28

Inspectors were deployed at a number of stadiums over weekends and after hours to verify compliance of security officers deployed at the stadiums.

5. IMPROPER CONDUCT INVESTIGATIONS

During the period 1 April 2018 to 31 March 2019, a total of **2 298** improper conduct dockets against security businesses were compiled compared to **2 350** dockets for the same period last year. The regional breakdown for the period under review is as follows:

REGION	NUMBER OF DOCKETS
Head Office	1 193
Gauteng	846
Mpumalanga	43
Limpopo	119
North West Province	72
Free State	76
Northern Cape	19
Other	18
Western Cape	389
Eastern Cape	231
KwaZulu-Natal	485
TOTAL	2 298

A further regional breakdown as far as Code of Conduct dockets against, large, medium and small businesses from 1 April 2018 to 31 March 2019 are concerned, is as follows:

REGION	NUMBER OF DOCKETS		
	SMALL BUSINESSES	MEDIUM BUSINESSES	LARGE BUSINESSES
Head Office	488	214	491
Western Cape	230	50	109
Eastern Cape	152	29	50
KwaZulu-Natal	236	94	155

Performance pertaining to the number of Code of Conduct dockets opened during the period under review is **100%** compared to the operational target set. The regional breakdown is as follows:

REGION	TARGET	NUMBER OF CODE OF CONDUCT DOCKETS OPENED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State & N. Cape	1 256	1 193	95%
Western Cape	340	389	114%
Eastern Cape	232	231	100%
KwaZulu-Natal	472	485	103%

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

6. IMPROPER CONDUCT INVESTIGATION DOCKETS PERTAINING TO EXPLOITATION OF LABOUR

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

As at end March 2019, there were **673** Improper Conduct dockets pending against security service providers for allegations of failing to pay the statutory minimum wage to employee security officers. The regional breakdown was as follows:

REGION	NUMBER OF DOCKETS
Head Office	341
Gauteng	223
Mpumalanga	39
Limpopo	17
North West Province	32
Free State	18
Northern Cape	6
Other provinces	6
Western Cape	160
Eastern Cape	26
KwaZulu-Natal	146
TOTAL	673

As at end March 2019, there were **819** Improper Conduct cases pending against security service providers for allegations of failure to comply with the Private Security Sector Provident Fund. The regional breakdown was as follows:

REGION	NUMBER OF DOCKETS
Head Office	280
Gauteng	176
Mpumalanga	27
Limpopo	28
North West Province	22
Free State	10
Northern Cape	7
Other provinces	10
Western Cape	252
Eastern Cape	24
KwaZulu-Natal	263
TOTAL	819

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

7. CRIMINAL INVESTIGATIONS

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

As at 31 March 2019, a total of **3 378** outstanding criminal cases were pending with the South African Police Services, compared to **2 663** cases in March 2018.

During the period 1 April 2018 to 31 March 2019, a total of **1 056** criminal cases were opened by inspectors of the Authority compared to **963** cases opened the previous financial year.

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

REGION	CRIMINAL CASES OPENED
Head Office	581
Gauteng	388
Mpumalanga	21
Limpopo	47
North West Province	39
Free State	30
Northern Cape	56
Other (Eastern Cape)	0
Western Cape	216
Eastern Cape	88
KwaZulu-Natal	171
TOTAL	1 056

Performance pertaining to the number of criminal cases opened during the period under review is **140%** compared to the operational target set. The regional breakdown is as follows:

REGION	TARGET	NUMBER OF CRIMINAL CASES OPENED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State & Northern Cape	432	581	134%
Western Cape	144	216	150%
Eastern Cape	72	88	122%
KwaZulu-Natal	108	171	158%

During the period under review, **338** criminal cases were finalised by the National Prosecuting Authority, compared to **544** cases the previous financial year. The regional breakdown is as follows:

REGION	SUCCESSFULLY FINALISED	UNSUCCESSFULLY FINALISED	TOTAL
Head Office	294	2	296
Gauteng	169	0	169
Mpumalanga	10	2	12
Limpopo	18	0	18
North West Province	24	0	24
Free State	23	0	23
Northern Cape	50	0	50
Other (Eastern Cape)			
Western Cape	9	3	12
Eastern Cape	4	3	7
KwaZulu-Natal	1	22	23
TOTAL	308	30	338

As previously stated, there were at 31 March 2019 a total of **3 378** criminal cases outstanding with the South African Police Services countrywide. The regional breakdown is as follows:

REGION	OUTSTANDING CRIMINAL CASES
Head Office	1 104
Gauteng	788
Mpumalanga	103
Limpopo	97
North West Province	55
Free State	40
Northern Cape	21
Other (Eastern Cape)	0
Western Cape	781
Eastern Cape	517
KwaZulu-Natal	976
TOTAL	3 378

There is a close working relationship between the Authority and the SAPS who assists the Authority in investigations where the Authority requires that arrests are to be made. The SAPS also plays an important role in the site inspection operations. The Authority is also conducting Law Enforcement operations with the SAPS on a national basis and also assists in general SAPS operations.

During the period under review, **496** arrests were made compared to **377** arrests during the previous financial year. The following number of arrests was made:

REGION	NUMBER OF ARRESTS
Head Office	405
Gauteng	261
Mpumalanga	5
Limpopo	38
North West Province	31
Free State	22
Northern Cape	48
Western Cape	5
Eastern Cape	2
KwaZulu-Natal	84
TOTAL	496

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

8. FIREARMS

8.1 Firearm Applications

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

During the period under review, a total of **1 588** firearm application enquiries were received from the CFR and finalised compared to **1 902** applications the previous year. Of the **1 588** processed, the CFR was informed that **507** of the applicants owed annual amounts or fines, **140** businesses did not report changes and **99** responsible persons for the firearms were not linked to the business or registered. A total of **842** applicants were cleared by the Authority for consideration by the CFR.

8.2 Firearm Inspections

The Authority launched, as part of its Annual Performance Plan, a firearm inspection programme. The regional number of firearm inspections conducted during the period 1 April 2018 to 31 March 2019 is as follows:

REGION	NUMBER OF FIREARM INSPECTIONS
Head Office	740
Gauteng	472
Mpumalanga	56
Limpopo	121
North West Province	48
Free State	38
Northern Cape	5
Western Cape	206
Eastern Cape	159
KwaZulu-Natal	393
TOTAL	1 498

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

With reference to all the above statistics, the overall performance pertaining to the total number of firearm inspections conducted for the period 1 April 2018 to 31 March 2019, based on the Authority's APP targets is **111%**. The regional breakdown is as follows:

REGION	TARGET	NUMBER OF FIREARM INSPECTIONS CONDUCTED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State & N. Cape	680	740	109%
Western Cape	200	206	103%
Eastern Cape	160	159	99%
KwaZulu-Natal	312	393	126%

8.3 Firearm Regulatory Sub-Committee

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

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

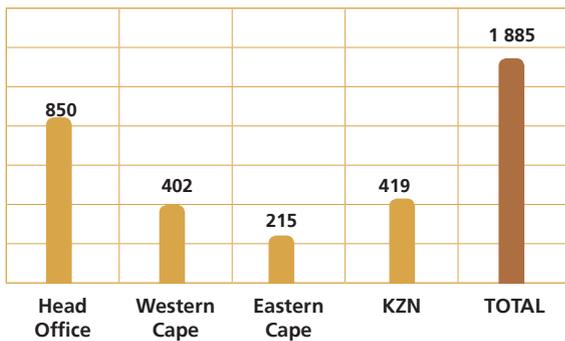
During the period under review, **2** meetings were held by the Firearm Regulatory Sub-Committee.

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

During the period 1 April 2018 to 31 March 2019, **1 885** Regulation 3(4) Notices in respect of **improper conduct cases** were prepared by the Authority compared to **1 723** Regulation 3 (4) Notices for the same period last year.

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

Further, the following number of notices was served during the period under review:



10. ANNUAL FEES AND FINES COLLECTED

During the period 1 April 2018 to 31 March 2019, a total of **R4 549 230** annual fees and **R208 941** fines were collected by inspectors of the Authority.

11. UNTRACEABLE SECURITY SERVICE PROVIDERS

Following on from the issuing of charge sheets, summonses and/or Regulation 3(4) Notices from 1 April 2018 to 31 March 2019, **42** security service provider could not be traced by Inspectors of the Authority and **0** following on from failed inspections. Steps taken to trace these security service providers include the following :

- Visits to know both addresses of the businesses as well as that of the owners / directors / members, etc
- Enquiries at neighboring businesses
- Calling all numbers available on the Authority's database
- Action is taken against these untraceable providers for their failure to meet the infrastructure and capacity requirements

12. COMPLAINTS AND HELP DESK

The Authority has a full-time Complaints and Help Desk at our Pretoria 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 1 April 2018 to 31 March 2019 is as follows:

NUMBER OF ENQUIRIES/ COMPLAINTS	HEAD OFFICE	KZN
Telephonic	1 068	46
Personal	1 382	520
Enquiries	615	401
Complaints	1 254	603
Enquiries / Complaints pertaining to registration / training	214	353
Wages	947	353
Provident Fund	93	304

B. LEGAL SERVICES DEPARTMENT

Activities in the Legal Division

- Dockets Authorised & Regulation 3(4) notice
- Cases finalised successfully by way of Code of Conduct Enquiries & Settlements
- Litigations
- Appeals
- Applications for Exemptions
- Debt Collection
- Legislative Drafting

The above will be presented indicating results for the financial year 2018 - 2019 hereunder:

1. PROSECUTIONS

REGION	CASES AUTHORISED & REGULATION 3 (4) NOTICIES ISSUED 18/19	CASES REMOVED FROM THE ROLL	TOTAL CASES ON THE ROLL	TOTAL CASES FINALISED	TOTAL CASES UNSUCCESSFULLY FINALISED	TOTAL CASES SUCCESSFULLY FINALISED (COC, SETTLEMENT & WITHDRAWAL OF REGISTRATION)
HEAD OFFICE	765	66	699	691	44	647
WESTERN CAPE	353	12	341	321	9	312
EASTERN CAPE	199	15	184	179	8	171
KWAZULU-NATAL	341	61	282	267	24	243
TOTAL	1 658	154	1 506	1 458	85	1 373

The above table indicates a total of one thousand six hundred and fifty eight (1 658) cases was placed on the roll, authorised and regulation 3(4) Notices were issued. A total of one hundred and fifty four (154) cases was removed from the roll due to the security service providers being untraceable, a total of one thousand five hundred and six (1 506) cases was left. From this a total of one thousand four hundred and fifty eight (1 458) cases was finalised of which one thousand three hundred and seventy three (1 373) cases was finalised successfully by way of Code of Conduct Enquiries, settlements and withdrawal of business registration.

2. LITIGATIONS

OPENING BALANCE 2018 - 2019	TOTAL RECEIVED	FINALISED	PENDING
19	3	15	7

Twenty two (22) cases have been enrolled for litigation. Of this twenty two (22), nineteen (19) cases were from the previous financial years, fifteen (15) were finalised and there are seven (7) remaining matters .

3. APPEALS

APPEALS AGAINST THE AUTHORITY'S REFUSAL TO REGISTER A SECURITY SERVICE PROVIDER AND WITHDRAWAL BY THE AUTHORITY OF REGISTRATION DUE TO A CONVICTION OF A SCHEDULED OFFENCE					
OPENING BALANCE 2018 - 2019	TOTAL RECEIVED	DISMISSED	UPHELD	PENDING	MATTER REFERRED BACK TO THE AUTHORITY
25	128	31	7	115	0

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

TOTAL RECEIVED	DISMISSED	UPHELD	PENDING
0	0	0	0

APPEALS AGAINST CONVICTION AND/OR SENTENCE FOLLOWING THE FINALISATION OF IMPROPER CONDUCT ENQUIRIES CONVENED IN TERMS OF THE ACT

OPENING BALANCE 2018 - 2019	TOTAL RECEIVED	DISMISSED	UPHELD
0	10	5	0

4. APPLICATIONS FOR EXEMPTION

APPLICATIONS FOR EXEMPTIONS

OPENING BALANCE 2018 - 2019	TOTAL RECEIVED	DISMISSED	GRANTED	PENDING
1	6	0	1	6

5. DEBT COLLECTION 2018 – 2019

TOTAL NUMBER OF FILES RECEIVED APRIL 2018 - MARCH 2019	NUMBER OF FILES FINALISED	LETTERS OF DEMAND	SUMMONSES	WRITE OFF	SETTLEMENTS	TOTAL PAYMENT/ AOD	STATE ATTORNEY	STATE ATTORNEY
2 405	1 566	1 924	148	1 465	118	R2 562 278	779	155

6. LEGISLATIVE DRAFTING

Two (2) Legislative Draftings was done for the financial year namely:

- Firearms Regulations
- Special Event Regulations

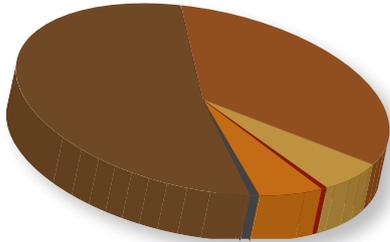
7. REGULATORY SUB-COMMITTEE

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

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

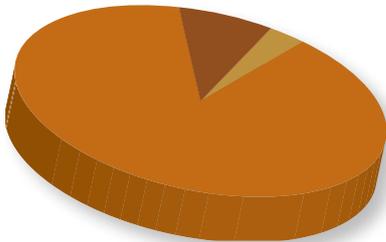
During the period under review, 33 Regulatory Sub-Committee meetings were held and the following decisions taken:

BUSINESS REGISTRATION



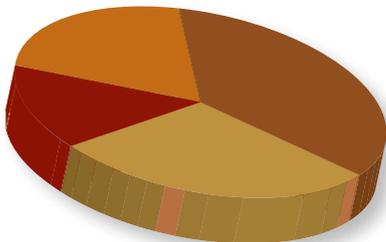
	635 Withdrawal (Annual Fees)
	125 Withdrawals (Voluntary)
	12 Withdrawals at Code of Conduct Enquiries
	116 Upliftment: Suspension
	14 Withdrawals (REG.5.)
	981 Suspension (Annual Fees)
	0 Suspension (Voluntary)

INDIVIDUAL REGISTRATION



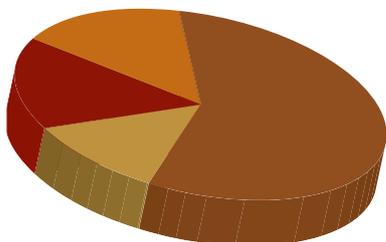
	5 Withdrawals
	2 Withdrawals at Code of Conduct Enquiries
	55 Registrations Suspended

NUMBER OF IMPROPER CONDUCT CONFIRMATIONS OF CONVICTIONS SENTENCES



	67 Head Office
	54 Eastern Cape
	26 Western Cape
	41 KwaZulu-Natal

IMPROPER CONDUCT SETTLEMENT



	707 Head Office
	140 Eastern Cape
	200 Western Cape
	201 KwaZulu-Natal

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

C. INDUSTRY REGISTRATION

1. OVERVIEW

Regulation of the vast private security industry is intended to ensure a legitimate, trustworthy and competent private security industry which is optimally capable of contributing to the achievement and maintenance of sufficient levels of safety and security in our country.

Basic to the regulation of the industry is the requirement that all those who fall within the definition of “security service provider” and who propose to render a “security service”, must comply with registration procedures and be registered before becoming active in the industry.

This implies that the Act may set reasonable and appropriate registration requirements that must be satisfied by applicant security service providers which has the effect that not all applicants will be able to secure legitimate entry to the industry and the admission to, or exclusion from the industry, is based on proper grounds.

Registration and compliance with the provisions of the Private Security Industry Regulation Act applies to all persons (businesses as well as natural persons) who renders security services for remuneration, reward, benefit or fee and the Act also binds the State. These requirements are therefore relevant to contract security businesses rendering security services as well as employees employed by the government and entities in an in-house capacity.

The obligation to register and comply with the PSIR Act applies to the following categories of persons (security businesses as well as security officers – contract and in-house):

- Guarding sector
- Close protection officers
- Persons giving advice on security services, including the use of security equipment (security consultants)
- Response security

- Assets in transit (cash and other assets in transit services)
- Events / venue security
- Manufacturers, importers and distributors of monitoring devices
- Private investigators
- Security trainers
- Installers of security equipment (CCTV, access control, alarm systems, metal detection, bomb detection, x-ray inspection, etc.)
- Persons repairing / servicing security equipment
- Monitoring signals of electronic security equipment
- Control room operators
- Locksmiths
- Persons managing, controlling or supervising security services

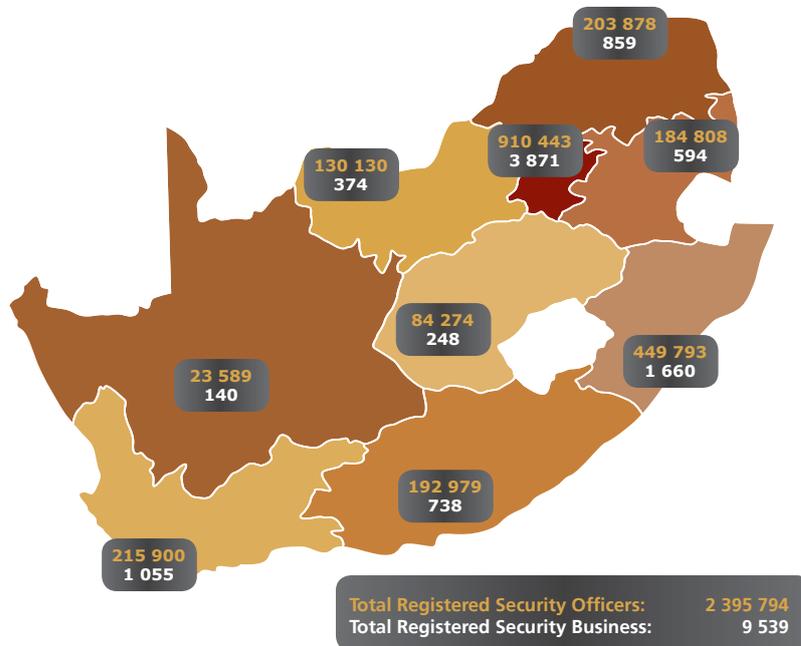
The Registration Unit’s primary objective is to ensure that all individual and business applications received by the Authority are quality assured, processed and considered for registration within a reasonable turnaround time. This will ensure that businesses are given the opportunity to trade and employee security officers access to employment within the industry.

In 2018/2019, the unit set an annual target to register both individual and security businesses within 12 days. In the year under review, the Registration Unit registered security businesses within an average of 10 days and individual security officers within an average of 16 days. The delays in turnaround time of individual security officers can be attributed to the Authority’s reliance on third parties to conduct criminal record verifications as part of the vetting requirements.

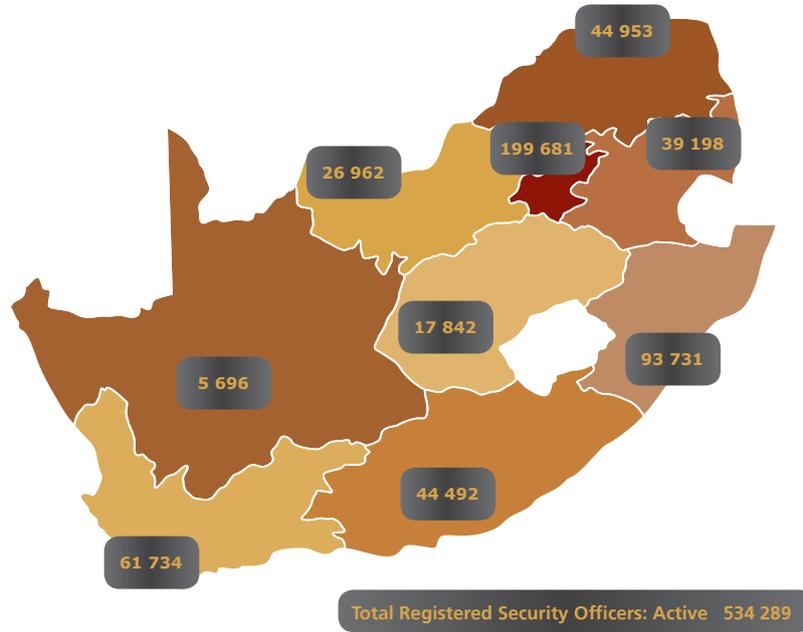


2. OVERVIEW OF THE PRIVATE SECURITY INDUSTRY

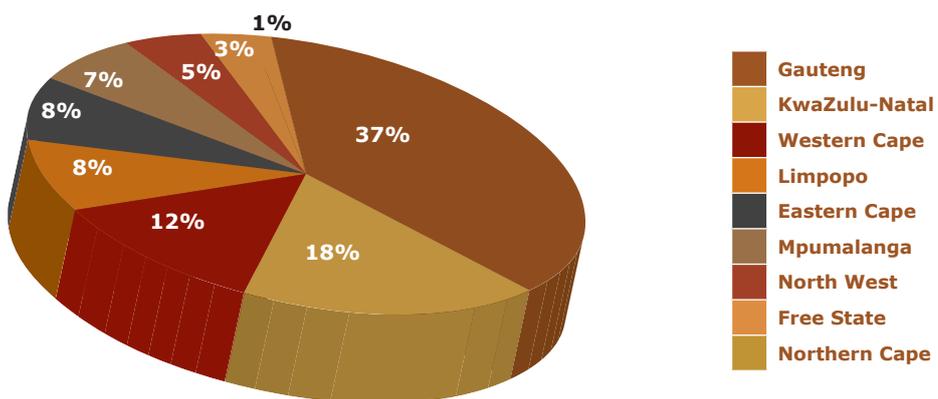
2.1 Geographical Spread of Total Registered Security Businesses and Security Officers – 31 March 2019



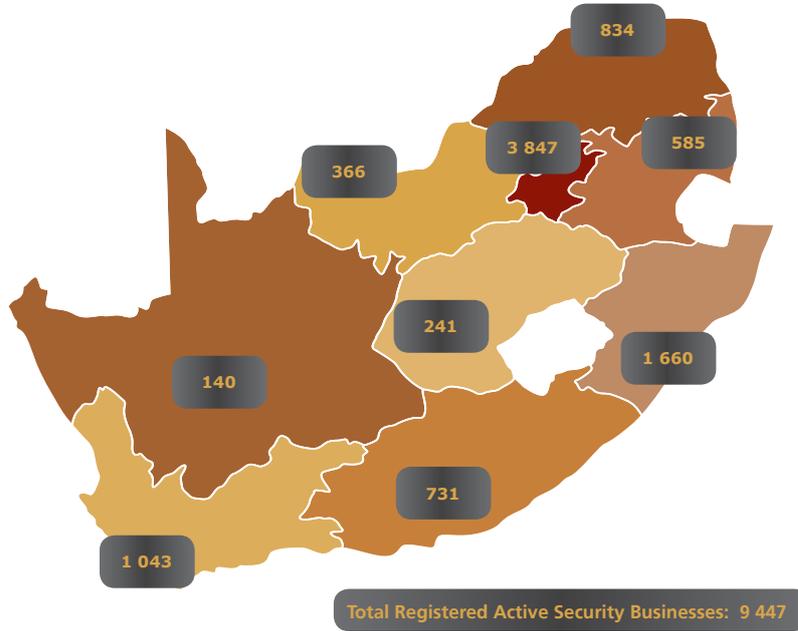
2.2 Geographical Spread of Registered Active Security Officers – 31 March 2019



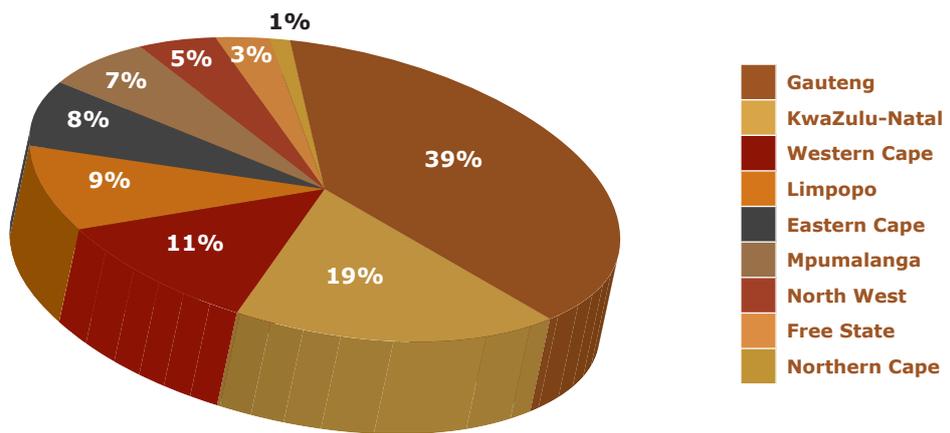
Active Security Officers



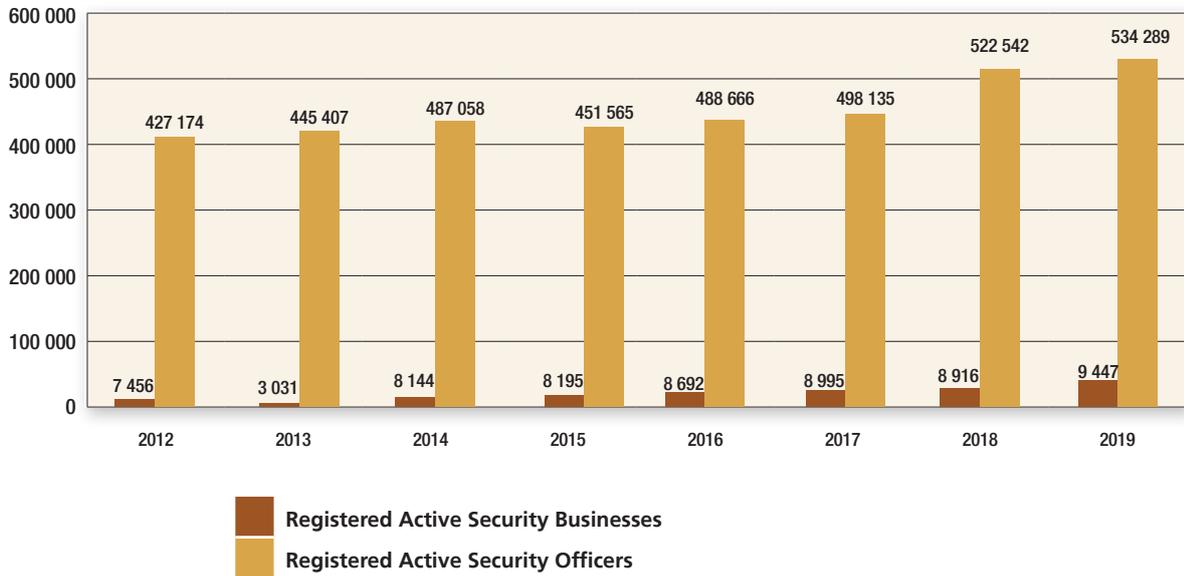
2.3 Geographical Spread of Registered Active Security Businesses – 31 March 2019



Active Security Businesses



2.4 Growth of the Private Security Industry

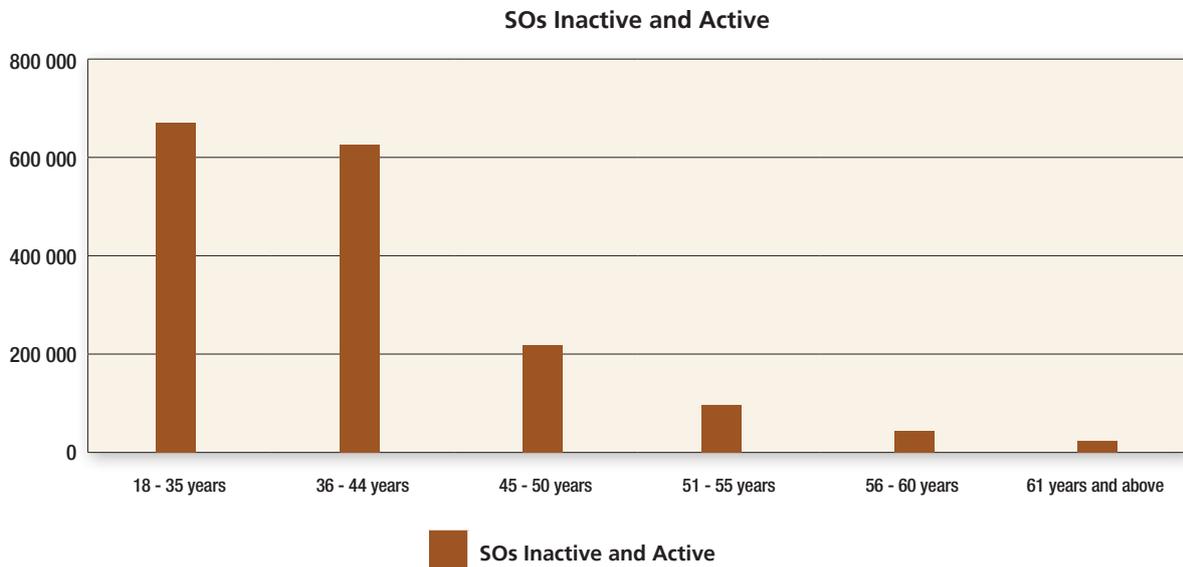


2.5 Security Officer Analysis

	TOTAL
Number of deceased security officers (01/04/2018 – 31/03/2019)	132
Number of security officers registered who were inactive/unemployed for the past five years based on registration date	417 524
Number of security officers who were inactive/unemployed for the past 10 years based on registration date	828 507

2.6 Security Officers Registered and Active

Security officers' age group who are registered (both inactive and active)



3. RENEWAL OF REGISTRATION CERTIFICATES

3.1 Renewal Project

A total of **283 467** security officers and **5 077** security businesses renewed their certificates in the 2018/2019 financial year.

SECURITY BUSINESSES WHO HAD NEVER RENEWED SINCE REGISTRATION	SECURITY OFFICERS WHO HAD NEVER RENEWED SINCE REGISTRATION	SECURITY OFFICERS WHOSE CERTIFICATES HAD EXPIRED IN THE YEAR UNDER REVIEW
852	1 264 051	174 008

The year 2018/2019 was the last in a four year cycle project to renew old certificates that did not have the security-encrypted features (pre 1 December 2004). Of this project, **283 467** security officers renewed their certificates as compared to the **165 458** in the 2017/2018 financial year.

As seen in the table below, by the fourth quarter of 2018/2019, **79 416** security officers were active in the industry with old SOB certificates that were never renewed. A total of **191 228** security officers' certificates had expired or were never renewed. PSiRA made an effort through mobile renewed outreaches to companies and areas where it does not have any footprint to ensure compliance, in addition, a deadline expiring on 31 March 2019 for renewals was published.

PROVINCE NAME	SOS ACTIVE IN THE INDUSTRY BUT HAD NEVER RENEWED CERTIFICATES	SOS ACTIVE IN THE INDUSTRY WITH EXPIRED CERTIFICATES
Gauteng	31 881	74 189
Eastern Cape	6 356	16 533
Western Cape	11 262	23 988
Limpopo	4 035	16 038
North West	4 660	9 442
Free State	2 924	4 217
Northern Cape	1 019	1 252
KwaZulu-Natal	13 101	34 287
Mpumalanga	4 178	11 284
Total	79 416	191 228

3.2 Areas visited by PSiRA for mobile renewals

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

- Harrismith and QwaQwa – Free State
- Kuruman, Kimberley and Upington – Northern Cape
- Secunda, Witbank – Mpumalanga
- Dundee, Empangeni, Vryheid, Newcastle – KwaZulu-Natal
- Giyani, Musina, Lephalale, Thohoyandou – Limpopo
- George and Vredendal – Western Cape
- Klerksdorp, Mahikeng and Rustenburg mining belt – North West
- Queenstown – Eastern Cape

The unit also visited the following companies and institutions:

- South African Reserve Bank
- University of Johannesburg
- Sibanye Gold Mine in Rustenburg and Westonaria, Johannesburg
- Protea Coin Security
- Fidelity
- Anglo Platinum
- Nedbank
- G4S

4. REGISTRATIONS STATISTICS

4.1 Total number of registered security officers on PSiRA's Database

A total number of **2 395 794** security officers were confirmed registered with PSiRA as at 31 March 2019 compared to the **2 288 689** reported in the 2017/2018 financial year. This increase of **107 105** security officers indicates growth within the security sector.

FINANCIAL YEAR	TOTAL NO. OF SOS (EMPLOYED AND UNEMPLOYED)	MALE	FEMALE
2017/2018	2 288 689	1 560 097	728 592
2018/2019	2 395 794	1 627 486	768 308

4.2 Number of active/employed security officers on PSiRA's Database

There has been an increase of 4.31% in male registrations and an increase of 5.45% in the registration of female security officers.

FINANCIAL YEAR	TOTAL NO. OF SOS (EMPLOYED)	MALE	FEMALE
2017/2018	522 542	407 561	114 981
2018/2019	534 289	416 452	117 837

4.3 Number of registered security businesses per province

There were **1 616** new security businesses registered during 2018/2019 compared to **1 301** reported in 2017/2018. The increase is attributed to the growth within the security sector.

Total registered active businesses as at 31 March 2019:

PROVINCE NAME	NO. OF REGISTERED BUSINESS 2017/2018	NO. OF REGISTERED BUSINESS 2018/2019
Gauteng	3 569	3 847
Mpumalanga	532	585
Eastern Cape	708	731
Western Cape	1 005	1 043
Limpopo	794	834
Northwest	350	366
Free State	219	241
Northern Cape	142	140
KwaZulu-Natal	1 597	1 660
Total	8 916	9 447

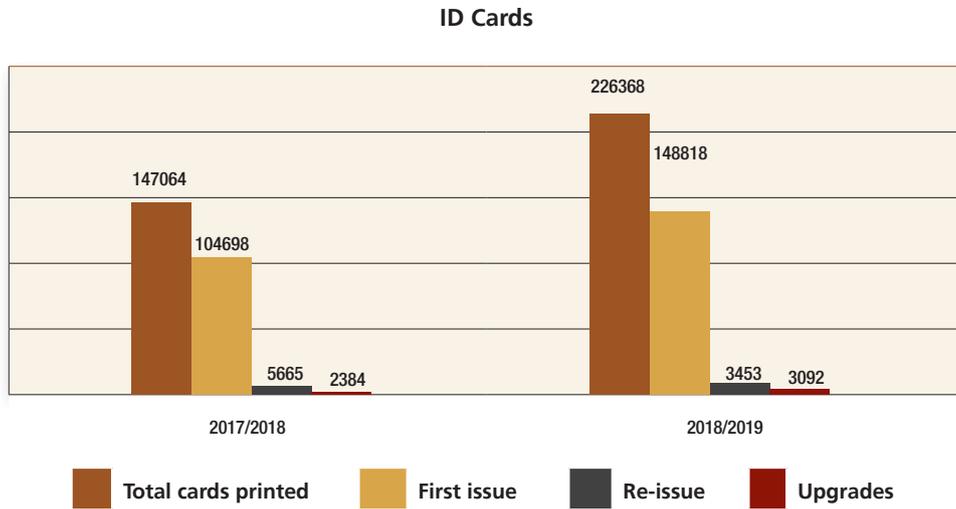
4.4 Business applications withdrawn during 2018/2019

Some **1 018** businesses were withdrawn during the 2018/2019 financial year compared to **991** businesses during the 2017/2018 financial year. This shows an increase of **27** compared to the previous financial year.

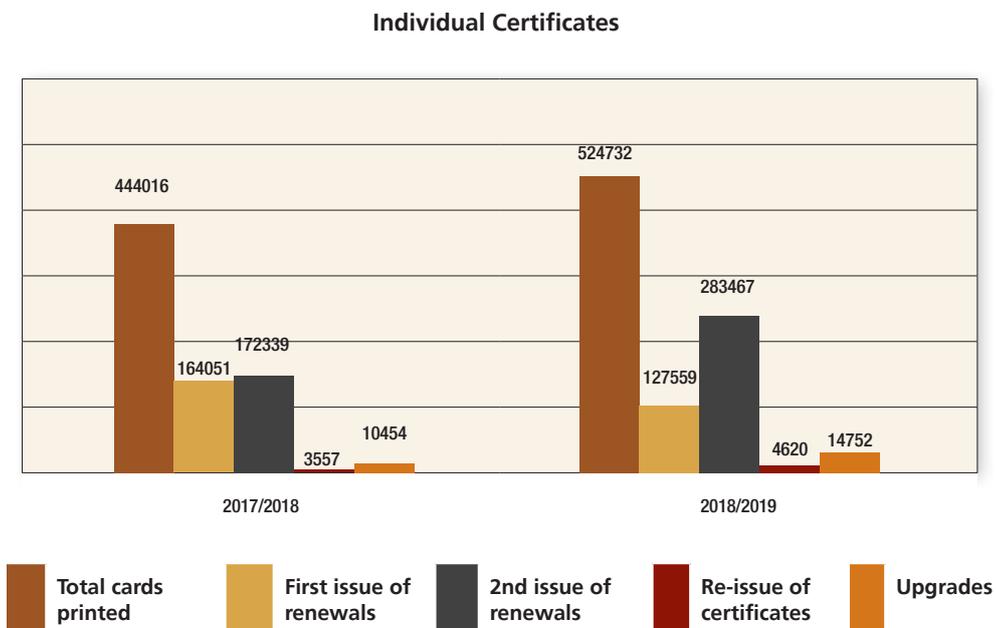
The withdrawals are as a result of non-payment of annual fees and/or general lapses in compliance detected during the law enforcement operations. Economic challenges also contribute in that non-established security service providers may abandon their registration processes due to failure to sustain their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

5. REGISTRATION STATISTICS DURING 2017/2018 AND 2018/2019 FINANCIAL YEARS

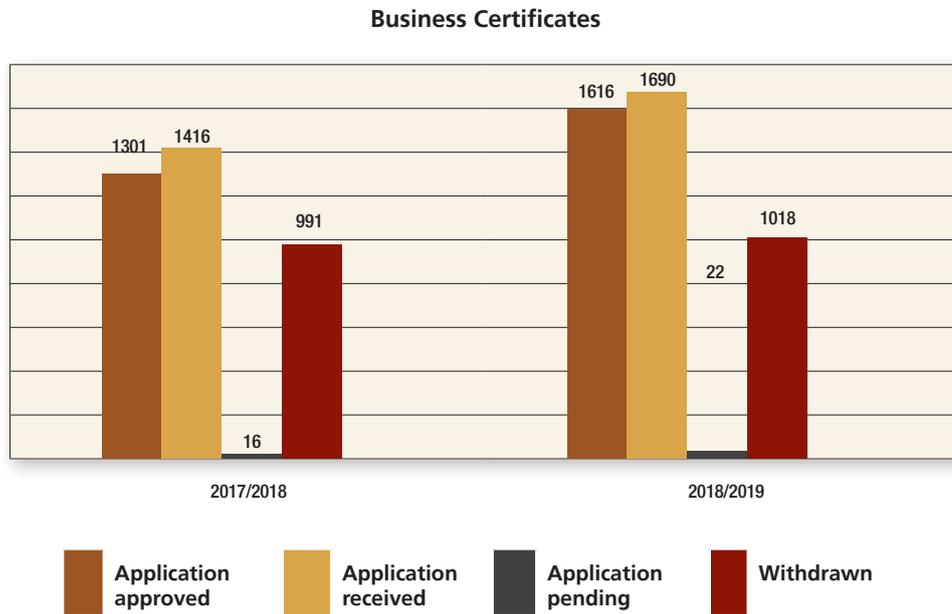
5.1 Statistical comparison of ID cards issued during the 2017/2018 financial year and ID cards issued during 2018/2019 financial year



5.2 Statistical comparison of individual certificates issued during the 2017/2018 financial year and individual certificates issued during 2018/2019 financial year



5.3 Statistical comparison of business certificates issued during the 2017/2018 financial year and business certificates issued during the 2018/2019 financial year



5.4 Provincial breakdown of registered and active security officers for 2017/2018 and 2018/2019 financial years

PROVINCE NAME	NO. OF SOS DURING 2017/2018	NO. OF SOS DURING 2018/2019
Gauteng	200 949	199 159
Mpumalanga	38 799	39 205
Eastern Cape	41 796	44 482
Western Cape	51 074	61 509
Limpopo	42 226	44 639
Northwest	26 861	26 874
Free State	17 847	17 876
Northern Cape	5 190	5 658
KwaZulu-Natal	93 800	94 887
Total	522 542	534 289

5.5 Registration information pertaining to the different types of security services offered by the 9 447 registered security business

CATEGORY OF SECURITY SERVICES	NO OF BUSINESS AS PER 2017/2018	NO. OF BUSINESS AS PER 2018/2019
Security guards	6 660	7 315
Security guards cash-in-transit	2 868	3 226
Close protection (Body guarding)	2 074	2 739
Security consultant	1 897	2 500
Reaction services	3 451	4 004
Entertainment/venue control	2 094	2 783
Manufacture security equipment	779	1 227
Private investigator	1 313	1 810
Training	1 426	1 989
Security equipment installer	1 586	2 226
Locksmith/key cutter	521	904
Security control room	1 794	2 447
Special events	2 214	3 007
Car watch	1 260	1 824
Fire prevention and detection	45	43
Dog training	18	20
Anti-poaching	8	12
Other	1 542	350

6. REGISTRATION SUB-COMMITTEE

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 provides that “despite the provision of section 23 (1) and (2), the Authority may do good cause shown and on grounds not in conflict with the purpose of this Act, and the projects of the Authority, register any applicant as a security service provider”.

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

DATE	NUMBER OF SOS RECEIVED	NUMBER OF SOS APPROVED	NUMBER OF SOS REJECTED	NUMBER OF SOS RESULTS PENDING
18/04/2018	106	37	69	0
24/04/2018	111	35	76	0
07/08/2018	79	21	58	0
11/10/2018	70	25	45	0
30/10/2018	105	41	64	0
16/11/2018	66	31	35	0
07/12/2018	303	69	234	0
07/02/2019	171	58	113	0
22/03/2019	218	40	178	0
Total	1 229	357	872	0

D. INDUSTRY TRAINING

1. MORATORIUM UPLIFTMENT

The strategic decision by the Authority to lift the moratorium has opened doors to all interested in providing security training to submit their applications for accreditation. During the 2018/2019 the Authority issued an industry notification on moratorium upliftment for accreditation of security training providers.

With the moratorium uplifted, an additional one hundred and twenty (122) training centres were recorded and accredited, out of 210 applications received. This has increased the total number of security training providers from 358 in the previous financial year to 408.

The primary challenge encountered during the accreditation process was a limitation with regards to the current inadequate pool of PSiRA accredited instructors, which impeded seamless accreditation. In addition, possibilities of growth in

Diversification of industry training has been enabled by the lifting of the moratorium, as security training providers are now allowed to open branches (which was also prohibited by the imposed moratorium).

Although it is the intention of PSiRA to create fair industry participation, unscrupulous security training providers will not be condoned or tolerated.

This stance provides us with stringent measures that compels the Authority to strive for continuous improvement of systems and regulations by ongoing capacity building of security trainers, authentic certification of security officers for accreditation and applicable regulations.

2. ACCREDITATION OF SECURITY TRAINING PROVIDERS

122 security providers were additional to the 358 constituent security training provider's prior the moratorium upliftment in August 2018. The response to the upliftment has contributed to the slight increase across the nine provinces:

PROVINCE	NUMBER OF SECURITY SERVICE PROVIDERS
Gauteng	52
KwaZulu-Natal	17
Limpopo	16
Western Cape	7
North West	6
Mpumalanga	9
Free State	5
Eastern Cape	10
Northern Cape	1
Total	122

3. CAPACITY BUILDING WORKSHOPS

PROVINCE	NUMBER OF SECURITY SERVICE PROVIDERS
Gauteng	1
KwaZulu-Natal	1
Limpopo	1
Western Cape	1
North West	1
Mpumalanga	2
Free state	1
Eastern Cape	3
Northern Cape	2
Total	13

4. COURSE REPORTS

Course Reports on hand at end March 2019	4 141
Course Reports received during the period April 2018 to March 2019	444 244
Course reports processed during the period April 2018 – March 2019	440 781
Course Reports Returned period April 2018 to March 2019	611
Course Reports carried over to April 2019	6 993

5. TRAINING SUB-COMMITTEE

The Training Sub-Committee established by the office of the Director, had nine (9) meetings scheduled during the financial year. The below number of applications was considered:

INSTRUCTOR APPLICATIONS			
TOTAL RECEIVED	APPROVED	REJECTED	ADDITIONAL INFORMATION REQUESTED
151	150	1	0

RECOGNITION OF TRAINING (OTHER CATEGORIES OF SECURITY SERVICES)			
TOTAL RECEIVED	APPROVED	REJECTED	ADDITIONAL INFORMATION REQUESTED
144	130	14	0

RECOGNITION OF TRAINING – FACILITATOR			
TOTAL RECEIVED	APPROVED	REJECTED	ADDITIONAL INFORMATION REQUESTED
67	56	1	10

6. ESTABLISHED PARTNERSHIPS

During the financial year under review, the Authority has entered into a Memorandum of Understanding with the Technical Vocational Education and Training Council (TVETCouncil). It through this partnership that the Authority embraces the infrastructure and footprint in the TVET landscape. The signed MOU provides basis for the Authority to establish and recognize these structures

as assessment centres for the credible assessment in certifying and accrediting prospective and constituent security officers. The future still lures public TVETs across the country to participate in this initiatives as it primarily aiming at promoting quality assurance and ensuring authentic certification of all security officer’s employed by the industry.



E. COMMUNICATION AND STAKEHOLDER MANAGEMENT REPORT

Communication, Media Management and Stakeholder Management Report

The Communication Unit continued to provide strategic support in planning and implementing integrated marketing, communication and stakeholder management campaigns for the Authority.

In line with strategic objectives Communications Unit is PSiRA's voice to both its internal and external stakeholders. It is tasked with implementing and driving the communication strategy with specific reference to the Authority's vision and strategic focus amongst all stakeholders; through effective marketing approach.

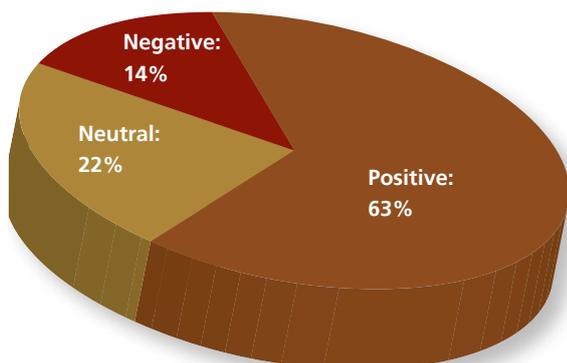
During the year under review, 98% of planned activities were implemented to maintain an appropriate environment to facilitate improved stakeholder access, media management, internal and external communications, customer care and marketing of the Authority to all its relevant stakeholders; specific focus was on:

- building the reputation and the brand for PSiRA with public and private security industry.
- helping the industry and the public to understand PSiRA policies and strategic direction.
- facilitating relevant platforms for networking with key stakeholders
- creating platforms for PSiRA to engage with the media in order to have the public at large fully informed of the role and responsibilities of the Authority.

ACHIEVEMENTS:

Media Reputation Rating Management

Under the year reviewed, in its quest of promoting and profiling the mandate of the Authority in the industry and also to the public at large, PSiRA had an impressive traditional media coverage reports relating to PSiRA which contributed to the value of R 151 542 842,88, resulting in the sentiment below:



Social Media

The online space is changing how PSiRA interacts with its stakeholders, under the year under review, we saw social media platforms become platform of choice for our customers and the general public. The unit conducted campaigns to educate the public on the role and responsibilities of PSiRA through social media platforms, with day to day engagements. Through Facebook and twitter, organisation shared information and also managed to deal with complaints from customers. Twitter grew reached 8 487 902 and 5 147 090 with Facebook.

Stakeholder Management

Communications remained consistent during the financial year reviewed in engaging with its stakeholders while developing, maintaining and fostering coherent partnerships with key stakeholders. We successful built win-win partnerships with key industry stakeholders.

In 2018/19 one of the highlights was the intensive stakeholder engagement of consumers of private security in all 9 provinces. The initiative has steadily started to yield positive results where we are seeing the government departments and State Entities registering their in house security service providers and also ensuring compliance by their service providers. The awareness campaigns were driven to educate and empower the consumers of private security services, role and functions of PSiRA and the obligations of the users of private security services. It also touched on the Code of conduct for the service providers.

We are also particularly pleased to report that throughout the year, with had constructive engagements with all our target stakeholders which resulted in 160 stakeholder engagements conducted across all nine provinces.

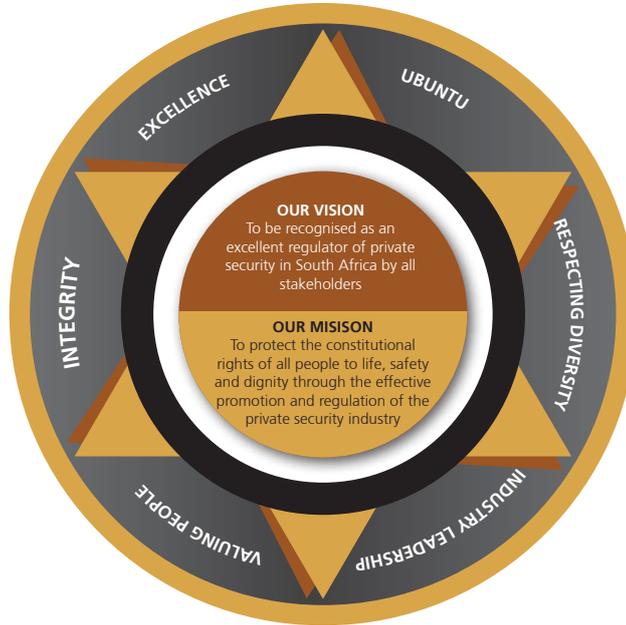
PSiRA also continued to partner with the Security Industry Alliance in hosting the Private Security Crime Prevention Awards which honour individuals that went beyond the call of duty in protecting the life and property whilst on duty.

Customer Care

Under the year being reviewed PSiRA Call Centre received and resolved 102 381 calls with compliance time of 99% and complaints 17 719 under the year reviewed. Customer care remained a top agenda for PSiRA in ensuring customer centricity service.

Brand Management

CUSTOMER VALUE PROPOSITION (CVP)



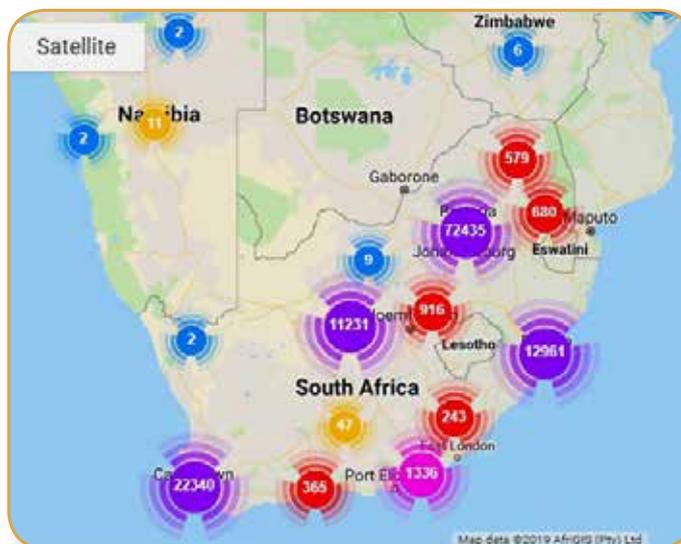
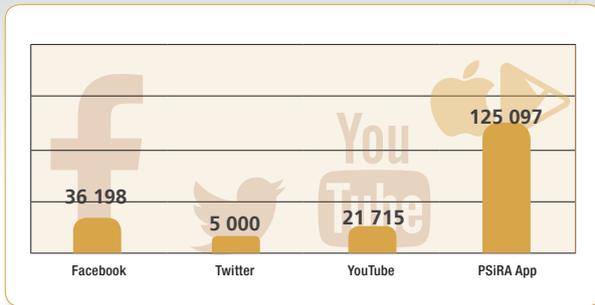
GOING FORWARD

Going forward, despite dwindling financial resource base, PSiRA remains resolute to drive meaningful marketing and communications campaigns, including fostering sound stakeholder relationships and partnerships.

STAKEHOLDER INTERACTION

	PICF MEETING	STAKEHOLDER ENGAGEMENT	EXHIBITIONS
QUARTER 1	KwaZulu-Natal, North West, Western Cape, Limpopo, Free State, Eastern Cape, Mpumalanga, Gauteng	Western Cape, Free State, Mpumalanga, Gauteng	KwaZulu-Natal, Gauteng
QUARTER 2	Western Cape, Limpopo, Free State, Eastern Cape, Mpumalanga, Gauteng	KwaZulu-Natal	KwaZulu-Natal, North West, Western Cape, Free State, Mpumalanga, Gauteng
QUARTER 3	Eastern Cape, Gauteng, North West, KwaZulu-Natal, Free State, Western Cape, Lesotho	Gauteng, Free State, Limpopo, North West, Northern Cape, KwaZulu-Natal	Eastern Cape, North West, KwaZulu-Natal, Free State, Western Cape, Lempopo Mpumalanga
QUARTER 4	Gauteng, Mpumalanga, Free State, Western Cape, Eastern Cape, KwaZulu-Natal	Free State Gauteng, Western Cape, KwaZulu-Natal, Mpumalanga	

POSITIONING PSiRA FOR DIGITAL TRANSFORMATION AND 4IR



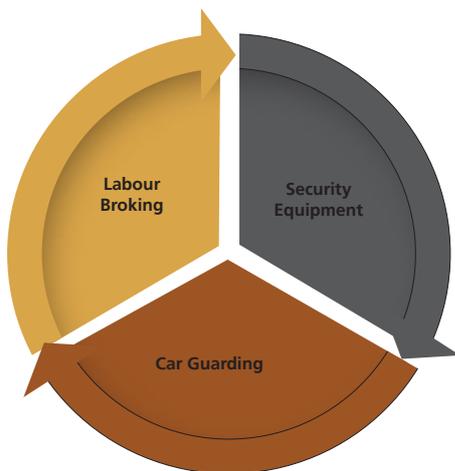
F. RESEARCH AND POLICY DEVELOPMENT

According to the PSiRA Act, the Authority must take steps to achieve its objectives with the means at its disposal. In doing so, section 4(d) of the Act provides that PSiRA may 'conduct an ongoing study and investigation of the rendering of security services and practices of security service providers in order to identify shortcomings in the Act and Levies Act, or any policy or rule made in terms thereof, and to deal with any evasion, abuse or violation of the procedures or principles contained in PSiR Act or the Levies Act, or any policy or rule made in terms thereof'. These studies and investigation are conducted by the Research and Development Unit, which has over the years proven to be one of the strong strategic pillars of the Authority.

As a centre of excellence in private security research, the Research and Development Unit undertakes ground-breaking research which unearths relevant insights into how the Authority's core business activities could be achieved. Thus far, the Research and Development Unit has a solid record in conducting innovative studies which are aimed at ensuring that the Authority fully comprehends the private security industry, not only in South Africa, but also beyond its borders. In this way, PSiRA has become a shining global example on the effective regulation of the private security industry.

Staying true to PSiRA's vision, in the period under review, the Research and Development Unit completed the following in line with the approved Annual Performance Plan 2018/19: -

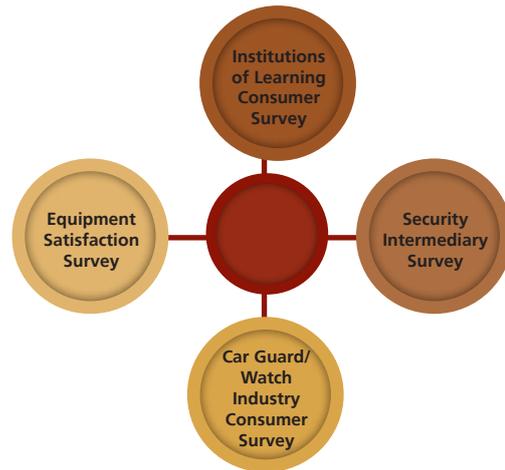
Research topics on security services:



Research studies on activities of private security providers:



Research Surveys:



Industry Policies:

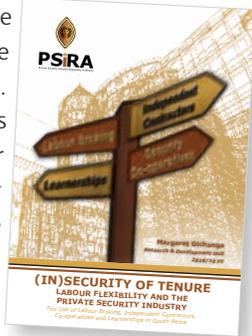


The summaries of these are discussed herein below.

Research Topics

(IN) SECURITY OF TENURE: LABOUR FLEXIBILITY AND THE PRIVATE SECURITY INDUSTRY.

This research report discussed the role of labour broking in the private security industry in South Africa. Accordingly, labour broking is seen as permissible form of labour subcontracting in terms of labour legislation and is linked to the use of independent contractors. The report highlighted the pros and cons which exist within the model of labour subcontracting. The dynamics of co-operatives and learnerships were also discussed, having emerged as a relatively new form of contracting in the private security industry. Co-operatives and learnerships have a role to play in a fairer distribution of resources among security personnel and advancing skills development for the industry, but regulators must be mindful of possible exploitation in these areas.



Among other things, the report recommended the following:-

- PSiRA to segment, rationalise and initiate re-registration process
- An initiative to set legally binding terms for labour brokers and independent contractors be established
- Strengthening of the relationship between DoL, PSiRA, SASSETA

CONDUCTING BUSINESS IN A GREY AREA: THE MANUFACTURING, IMPORTATION, SELLING AND DISTRIBUTION OF SECURITY EQUIPMENT IN SOUTH AFRICA.

This report provided an in-depth analysis of the status of regulation of businesses involved in manufacturing, importing, selling or distributing of security equipment. The study unearthed that the Authority had a shared regulatory responsibility with other regulatory bodies on specific types of security equipment. It was also revealed that the security grades are generally not relevant to the sub-sector.



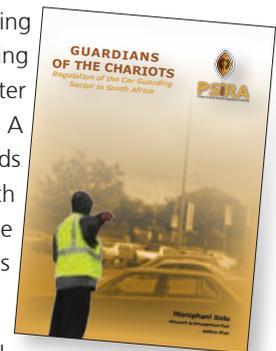
The study further pointed out that the regulation of specific types of security equipment required technical expertise, which PSiRA currently did not have.

Among other things, the report recommended the following: -

- The amendment of the PSiR Act
- That PSiRA invests resources to update its database. Every service provider, upon registration renewal, must update the type of services to be rendered
- The development of a relevant training course in this sector
- That PSiRA establishes a committee of experts, due to the technical nature of the regulations relating to security equipment

GUARDIANS OF THE CHARIOTS: REGULATION OF THE CAR GUARDING SECTOR IN SOUTH AFRICA.

This study assessed the car guarding sector with the purpose of establishing possible solutions to enhance better regulation for this subsector. A noticeable increase of car guards within parking lots coupled with the exploitative nature of the same prompted the undertaking of this research.



The study exposed widespread and general non-compliance of the car guarding sector in relation to the PSiR Act. In an effort to evade the PSiR Act, many transgressors were found to employ semantics as a tactic. The concept of car guarding in some places was found to have been tactically changed to 'trolley assistant', 'customer assistant', 'parking marshal', 'car park attendant' or 'car park assistant' for purposes of not being considered as security service providers.

Most South African car guards were aware of PSiRA, and were found to be registered but not linked to the companies which engaged them. The use of foreign nationals in this sector was pervasive. While some foreign nationals were aware of PSiRA, they were not registered. The study also found that the driving forces behind people joining the car guarding industry vary, the main reasons being poverty and unemployment.

Among other things, the report recommended the following:-

- The introduction of a biometric system which will

assist in identifying car guards who were re-arrested for operating illegally within the parking lots

- The strengthening of the relationship between PSiRA and government departments and agencies relevant to the effective regulation of the car guarding subsector
- That the Authority is encouraged to promote public awareness in order to ensure compliance with the PSiR Act

Research Surveys



The Unit also conducted four surveys with the aim to gauge the perceptions of the end-users of private security services. The four consumer surveys commissioned were: Car Guards/Watch; Manufacturing of Security Equipment; Labour Brokers and security at institutions of learning. The surveys were conducted to contribute to a greater understanding of the end-users of private security services, in the context of enhancing greater compliance to PSiRA's regulations and uncover what role the consumer plays in non-compliance of private security providers. The surveys generally pointed to the need for PSiRA to strengthen public awareness on the legal prescripts for engaging the private security providers in South Africa.

Industry Policies

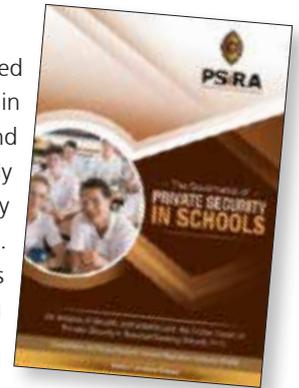
The research studies undertaken also informed the development of the industry policies, which were approved by the PSiRA Council. The following policy documents were developed and approved in the year under review:

- Policy on Labour Broking, Independent Contractor and Cooperatives and Learnership
- Policy on Car Guarding
- Policy on Manufacturing of Security Equipment

Research Publications

The Governance of Private Security in Selected Public Schools in Gauteng.

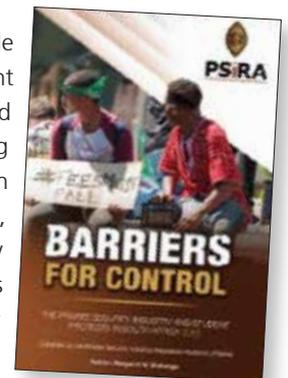
Subsequent to a number of reported crimes and acts of violence in public schools, the Research and Development Unit conducted a study on the governance of private security in selected public schools in Gauteng. From the data collected, it was found that most schools were facing challenges in providing adequate security. It was also established that schools are generally prone to being taken advantage of by security companies that operate illegally. Among other things, the study recommended the following: -



- The establishing a working relationship between PSiRA, Department of Education, school governing bodies, and other key stakeholders in strengthening security in public schools
- The rolling out of regular and intensive PSiRA inspections in public schools
- The updating of the PSiRA database of registered security companies operating in public schools' environments

Barrier for Control: The Private Security Industry and Students Protest.

The report sheds light on the critical role that private security providers in student protests. It emphasises that 'crowd control' is beyond the scope of providing a security service within the South African context. This is in line with the PSiR Act, particularly the definition of 'security service'. Legally, private security providers have no authority, whatsoever, to carry out functions of a 'crowd control' nature. The study revealed that 'crowd control' fell within the scope of the South African Police Service, particularly involved with Public Order Policing. Among other things, the research report recommended that the Authority must consider:



- Prescribing special qualifications for private security officers operating in student protest environments
- Develop guidelines, in consultation with relevant stakeholders, on the engagement of private security providers by institutions of higher learning



PART C

Governance Report

GOVERNANCE REPORT

1. INTRODUCTION

PSiRA is established in terms of the Private Security Industry Regulation Act, 2001 as a statutory regulatory body to regulate the private security industry and to exercise effective control over the practice of the occupation of security service providers in the public and national interest, and the interest of the private security industry itself.

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

The entity is governed and controlled by a Council appointed under Section 6 of the Act by the Minister of Police in consultation with the Cabinet of the Republic. The Council is, in terms Chapter 6 of the PFMA, the Accounting Authority of the entity and is responsible for corporate governance within the entity. The Council is accountable to Parliament through the Executive Authority for reporting on the performance of the entity in the execution of its mandate under the PSiR Act, and in line with the Strategic and Annual Performance Plans and budgets as agreed with the Executive Authority, and adopted by Parliament.

Corporate governance entails processes and systems by which public entities are governed, controlled and held to account in terms of enabling and other legislative prescripts. In addition to the legislative prescripts, corporate governance within PSiRA is guided by the principles of the King Code of Corporate Governance in Southern Africa, which has expanded the application of the scope of corporate governance in the Republic under the King IV Report launched in November 2016. The Council as the governing body and the central point of corporate governance at PSiRA, endorsed the principles of the King Code in as far as they relate to good governance practices in the public sector, and continues to strive to live by these principles in carrying out its oversight responsibilities of a governing body.

2. PORTFOLIO COMMITTEE ENGAGEMENTS

During the period under review PSiRA Council and Executive Management were invited and attended six (6) meetings of the Portfolio Committee as follows:

- 24 April 2018 - to present the strategic and annual performance plans, including the budget for 2018/2019
- 08 May 2018 – Joint Meeting with Portfolio Committee on Sports and Recreation to brief the Committees on the status progress regarding investigations on the incidents of violence at the Moses Mabhida Stadium and the responsibilities of the SAPS in terms of the legislation
- 05 June 2018 – to present PSiRA Quarter 4 Performance and Financial Report for 2017/2018
- 13 June 2018 – to present together with other entities and stakeholders, measures to combat increasing Cash-in-Transit heists
- 12 October 2018 – to present the 2017/2018 Annual Report of the Private Security Industry Regulatory Authority (PSiRA)
- 04 February 2019 – appeared before the Portfolio Committee on Environmental Affairs to present PSiRA's response regarding the incident that happened at the Clifton Beach in December 2018

The key strategic focus areas which the Portfolio Committee raised during these meetings included:

- Review of the funding model for the Authority which had since reached the end of its lifespan and had resulted in the entity posting a deficit in terms of financial performance, and therefore negative going concern issues for the 2017/2018 financial year
- The need for regulatory reform in terms of the Cash-in-Transit security services for increased protection of the assets and security personnel operating in the sector
- Compliance to legislative framework for which the Council must ensure continued monitoring of implementation of audit action plan to move the entity out of the negative going concern status and to improve on the positives from the previous financial year

The Authority has made some progress and improvements in terms of addressing the issues raised by the Portfolio Committee. A petition by the Minister to the President to proclaim the Private Security Industry Levies, Act 2002 to introduce a new funding model for the entity, was halted on the advice of National Treasury that the Act in its current form would not pass the constitutional test if challenged, and therefore, needed to be revised into a Section 77 Bill (Money Bill) under the Constitution of the Republic. National Treasury had since taken over the process of amending the Act as all Money Bills get introduced in Parliament by the Minister of Finance, and had undertaken to have the revised amendment Bill introduced and processed in Parliament in the 2019/2020 financial year. All the data information that National Treasury required from PSiRA to start with the review of the Act was provided in February 2019 to start the process.

In terms of regulatory reform for the Cash-in-Transit sector, the Authority had started by undertaking research studies and benchmarking exercise globally. The research study will inform development of regulations in the sector, which is anticipated to be started with consultations in the 2019/2020 financial year and promulgation in the following financial year.

Progress with the implementation of the audit action plan for the 2017/2018 findings, saw some significant improvements with the Authority being able to resolve at least 96% of the AGSA audit findings. This resulted in the improvement of the audit outcome from unqualified audit opinion in the previous financial year to a clean audit outcome for the period under review. In terms of the negative going concern status, the Authority developed and implemented a turnaround strategy during the period under review with some additional key performance areas in terms of revenue collection and costs savings. The Authority was able to move out of the going concern status through implementation of the strategy and the financial performance improved from a deficit in the previous financial year to a R3.5 million surplus for the year under review, which however only managed to reduce the previous year accumulated deficit to R2.8 million. The remainder of the findings relates to the unsustainable funding model for which the Private Security Industry Levies Act, 2002 would upon finalisation through the Parliamentary review process address the issues of revenue collection and bad debts.

3. EXECUTIVE AUTHORITY ENGAGEMENTS

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

- Draft Annual Performance Plan, including the budget for 2019/2020 on 31 August 2018
- Annual Report for 2017/2018 on 31 August 2018
- Final Annual Performance Plan, including the budget for 2019/2020 on 31 January 2019
- Quarterly performance information reports for 2018/2019 by the end of the month following each quarter
- A submission through Civilian Secretariat of Police, for the Minister to petition the State President to proclaim the Private Security Industry Levies Act, 2002, which had since been halted for the Act to be revised under the auspices of the Ministry of Finance into a Money Bill under section 77 of the Constitution of the Republic
- PSiRA Handover Report to the sixth administration after the May 2019 national elections, which highlighted among others PSiRA matters that required the immediate attention of the Minister, including a request for an audience with the Council to discuss those matters
- Further engagements with the Executive Authority, including our attendance of MINMEC meetings during the period under review, where among other things, joint operations were established with SAPS for the recovery of firearms from security businesses that were no longer in business. The operations have as at 31 March 2019 recovered in excess of 500 firearms, which had since been sent by SAPS for ballistic tests. The Authority has also accompanied and supported the Minister in his roadshows and Imbizos, including the visits to the townships in Cape Town and Johannesburg for the launch of SAPS Anti-Gang Units, Clifton Beach for the December incident involving a security company operating in a public space.

4. THE ACCOUNTING AUTHORITY

PSiRA is governed and controlled by a Council appointed by the Minister in consultation with Cabinet under Section 6 of PSiR Act. The Council is the Accounting Authority of PSiRA under the PFMA, 1999 and is accountable to the Minister as the Executive Authority of the entity, and its reporting responsibilities are extended to the Parliament of the Republic through the Executive Authority. The Council subscribes to the principles under the King Code on corporate governance, and in this regard has adopted the key principles to define the strategy of PSiRA and provide direction in its implementation, and has established the ethics and values frameworks that influence and guide the practices and behaviour for a sustainable performance to achieve the objectives of the Act.

The role of the Council

In terms of the Act, the role of the Council includes among others, to take steps to achieve the objects of the entity as envisaged in section 3, to ensure performance of the duties of the Authority, and to oversee and exercise general control over the performance of the functions of the Authority and of the activities of the persons appointed by Council.

The Council is responsible for setting the strategic direction of the Authority guided by the legislative mandate under the Act, and government policy as articulated in Chapter 12 of the National Development Plan 2030.

The Council is ultimately responsible and accountable to the Minister for the performance of its functions and must from time to time supply the Minister with such information and particulars as the Minister may in writing require in connection with the functions of the Authority or any other matter relating to the entity. Council is also responsible and ultimately accountable to the Minister under Chapter 6 of the PFMA, 1999.

Council Charter

Over and above the legislative prescripts which set out the role of the Council and how it should operate, the Council

has developed and approved a governance framework, which include the Council Charter, to assist in guiding its activities and to supplement the legislative prescripts. The Charter sets out the roles and responsibilities of Council and those of the Executive Management, as guided by sound principles of delineation of responsibilities. The Charter is supported by the Delegation of Authority Policy which governs the internal control environment by providing for delineation of responsibilities and segregation of duties within PSiRA.

The Council continues to monitor and ensure that its activities are undertaken in line with the provisions of the Charter, and to monitor the implementation of the Charter by Management in all its activities, and has in this regard seen some significant improvements in terms of the governance of the entity with the functional focus for the Council being on strategic matters, whilst Management is left to deal with the day to day operational matters in terms of the Delegation of Authority Policy, and regularly reports back to Council on performance of the entity in the execution of strategic direction as set by the Council.

Composition of the Council

The Act prescribes the composition of the Council as follows:

- Chairperson;
- Vice-Chairperson; and
- Three (3) additional Councillors, all appointed by the Minister in consultation with Cabinet.

During the period under review, PSiRA was under the leadership of four (4) Councillors whose term of office started in January 2017 and will expire on 31 December 2019. The term of office of the fifth Councillor, who was also the Chairperson of Council expired on 20 April 2018, and the Vice-Chairperson was appointed by the Minister as the Acting Chairperson of Council for the remainder of the term of office of the Council.

The Table below depicts the Council composition for the period under review with an indication of the dates of appointments and the dates of expiry of the term of office of the Council.

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE TERM OF OFFICE EXPIRED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES OR TASK TEAMS (E.G: AUDIT COMMITTEE / MINISTERIAL TASK TEAM)	NO. OF MEETINGS ATTENDED
Prof. N.M Mazibuko	Chairperson	19/04/2015	20/04/2018	Bachelor of Arts (Social Work); B.A Hons (community organisations and Development); Post Grad Diploma Management and Admin; Public Relations Diploma; B.A (Communications); Master of Social Sciences; and PhD.	Social policy; Community Development; Social Welfare; Management and Admin; Governance and Transformative Leadership and Programme Evaluation	KZN Museum Council & National Women in Research S.A	N/A	1 out of 7
Mr. N.H Ngubane	Vice-Chairperson and Acting Chairperson	01/01/2017	Current	Master of Education; Bachelor of Education; Bachelor of Arts; Certificate in Labour Law	Education and Training; Management; and Project Management	Media Education Trust (NGO); Independent Development Trust	Stakeholder & Core Business Committee and Social and Ethics Committee	7 out of 7
Maj-Gen C. Philison	Councillor	06/09/2013 (reappointed on 01/01/2017)	Current	National Diploma in Police Admin	Intelligence; Governance & Policing	None	Stakeholder & Core Business Committee and Social and Ethics Committee	6 out of 7
Mr. M.T Oliphant	Councillor	01/01/2017	Current	B. Tech: Labour Relations; Diploma in Human Resources Management; and Specialised HR Management Programme	Labour Relations; Management; and Human Resources	Zenzele Energy (inactive) & VHD Management Development (inactive)	Stakeholder & Core Business Committee, HR & Remuneration Committee and Finance and Investment Committee	5 out of 7
Mr. Z. Zulu	Councillor	01/01/2017	Current	MBA, Post Grad Diploma in Business Management; Bachelor's Degree in Business Technology and Diploma Labour Economics	Strategy development; Project Management; Management; Labour Relations; Human Resources; and Capacity Building and	KZN Nature Conservation; Durban ICC and Gold Circle & BWQ Holdings (Pty) Ltd	HR & Remuneration Committee and Finance and Investment Committee	7 out of 7

Council Committees

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

During the period under review, Council was assisted by its established committees as per the Table below, which operated under the Terms of Reference (Charter) approved by Council for each of the committees. The committees reported to Council meetings on their activities as per their Terms of Reference and recommended matters reserved for Council decision to the Council to take such decisions.

COMMITTEE	NO. OF MEETINGS HELD	NO. OF MEMBERS	NAME OF MEMBERS
Human Capital and Remuneration Committee (HCREMCO)	5	4	Mr. M.T Oliphant (Chairperson) Dr A. Moshikaro; Ms. D. Dlodlu; Mr. Z. Zulu
Audit and Risk Committee (ARC)	6	5	Ms. K.G Mbonambi (Chairperson)*; Mr. P. Ravhudzulo**; Mr. C. Motau; Mr. Z. Fihlani; Mr. M. Zikalala
Stakeholder and Core Business Committee (SCBC)	4	3	Mr. N.H Ngubane (Chairperson); Maj-Gen C. Philison; Mr. M.T Oliphant
Finance and Investment Committee (FINCO)	4	5	Mr. Z. Zulu; Mr. M.T Oliphant; Ms. P. Mzizi; Ms. N. Selamolela; Mr. Z. Msindo
Social and Ethics Committee (SEC)	2	3	Maj-Gen C. Philison (Chairperson); Mr. N.H Ngubane; Mr. M.S Chauke

*resigned on 04/02/2019

**appointed Chairperson on 12/02/2019

REMUNERATION OF COUNCIL MEMBERS

PSiRA as a Schedule 3A public entity under the PFMA, was classified in terms of the National Treasury guidelines on service benefits for office bearers of certain statutory entities under Sub-category A1 for purposes of determining the remuneration of Councillors. Councillors were remunerated in terms of the rates determined for entities falling under Sub-category A1 of the guidelines.

The Minister determines the remuneration of Councillors on the recommendations of Council, taking cognisance of National Treasury guidelines. The Minister had determined a fixed remuneration for Councillors as a monthly stipend, and not based on a meeting fee structure. Annual cost of living adjustments to the rates as published by National Treasury annually are implemented upon approval by the Minister of Police. For the full disclosures in terms of the remuneration and other allowances paid to Councillors during the period under review, refer to the notes in the annual financial statements under Part E of this report.

5. RISK MANAGEMENT

Enterprise-wide Risk Management has a principal objective of increasing the likelihood of PSiRA achieving its objectives by optimally balancing risk and reward. The methodology and processes described below are aimed at ensuring that significant business risks are systematically identified, assessed and reduced to acceptable levels.

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

Risk Methodology

The Authority's Risk Management Framework, Policy and Strategy were approved by Council on 31 October 2018, as revised to ensure alignment to the updated COSO and the King IV and implemented in the risk assessments conducted, both at Operational and Strategic level.

The Policy outlines roles and responsibilities for all role players as well as the overall risk management process whereas the Strategy outlines the Risk Management principles as highlighted in the updated COSO Framework.

The Authority aims to be risk aware but not overly risk averse and to actively manage business risks to protect and grow the organisation. To deliver its corporate priorities, PSiRA recognises that it will have to manage certain priority risks. As a regulator, sustainability risks relating to financial sustainability, regulatory compliance, industry training standards, customer relations and brand management are prioritised.

PSiRA's risk tolerance is set at a risk rating level of ≥ 12 (i.e. those risks with high impact and high likelihood of occurrence). The Authority's risk appetite has been defined as those risks ranging between high and catastrophic categories ($12 \leq \text{rating} \leq 25$).

Risk Assessments

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

- Operational risk registers at 31 March 2019

The Authority had 18 operational risk assessments, with the branch offices registers consolidated into one risk register. A major risk was around document management, where the Authority did not have an approved Document Management Policy in place. This Policy was subsequently compiled and approved by Council on 27 March 2019.

- Top three Strategic risks at 31 March 2019

The following top three strategic risks were identified:

The strategic risk profile has not improved much over the past three years, due to the ongoing financial constraints which have subsequently impacted on priority strategic risks as mentioned above.

STRATEGIC OBJECTIVES	RISK TYPE AND DESCRIPTION	RESIDUAL RATING
Compliance with minimum professional training standards by Security Service Providers (SSPs)	Compliance Risk - Inability to render competent Industry training by SSPs	16 
Improved integrity and turnaround time of registration.	Performance Measurement Risk - Failure to adhere to registration turnaround time.	12 
Effective financial management	Financial Risk -The absence of a sustainable funding model may result in financial instability; and adversely impact PSiRA's ability to deliver on its mandate.	12 

Risk Management Governance

- The Authority has established the Risk Management Committee (RMC) to oversee the implementation and monitoring of the Risk Management and Business Continuity. The Committee is chaired by an independent external chairperson.
- The pivotal existence of the Committee, as outlined in the approved Charter, is to advise management on the overall system of risk management, especially the mitigation of unacceptable levels of risk. The Committee's performance is assessed on an annual basis.
- Audit and Risk Committee (ARC) is a Council established Committee that comprises of five independent non-executive members, who, collectively, are adequately qualified and experienced to fulfil their duties. Committee members also have sufficient knowledge of financial reporting, internal financial controls, the external and internal audit process, risk management process, and information technology governance.
- The committee operates in terms of a Charter approved by the Council. The roles and responsibilities of the committee, among others, include ensuring that the Authority has implemented an effective policy and plan for risk management, which will protect it from undue losses.
- The Risk Champions Sub-Committee, chaired by the Risk Manager, advises Management on the overall state of risk management, and makes recommendations to address deficiencies.

Value add of Risk Management

Based on the Risk Management implementation plan for the 2018/2019 financial year, 100% of the activities planned were achieved as at the end of Quarter 4. Business Continuity Policy and Strategy was approved by Council in January 2019 and the plan approved by the Director end March 2019, which was the key deliverable as at the end of Q4.

Other key achievements include:

- Risk Management has been incorporated into performance contracts of management and has thus increased the risk intelligence of key role players
- Risk management features as a standing agenda item of at least 50% of business unit meetings

Challenges is around capacitating the unit. Currently the unit is running with one official being the Manager, however an appointment is planned for the 2019/2020 financial year.

6. INTERNAL CONTROL UNIT

The Council oversees the system of internal control within PSiRA, with Management taking full responsibility for implementation of these systems. On a quarterly basis, the Council through its sub-committees is presented with a formal review of the effectiveness of the internal controls implemented. This review is informed by the combined assurance matrix, which identifies significant processes and levels assurance.

The systems of internal control in relation to financial environment has improved, however the need to review the funding strategy to address the liquidity issues that the entity is currently facing is crucial and hence our engagements with National Treasury for the urgent review of the Private Security Industry Levies Act, 2002.

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

7. INTERNAL AUDIT AND AUDIT AND RISK COMMITTEE

The internal audit function within PSiRA is an outsourced function rendered by Nexia SAB&T as a service provider. The internal audit firm conducted its assurance activities for the year based on the approved internal audit charter and annual audit plan. The internal audit plan followed risk-based planning that was informed by the strategic risk register developed and adopted after a risk assessment which identified the key strategic risks facing the entity. The audit plan focused on the following areas which presented key risks for the entity:

- Internal Financial Controls
- Supply Chain Management
- Communication, Registration and Training programme
- Assurance over change management controls for the development of the ERP system (Advisory)



- Compliance and Enforcement Programme
- Risk Management Review
- Governance and Compliance Review
- Predetermined Objectives for Q2 & Q4
- Follow-up review on Audit Action Plan (external and internal audit findings)

The audit plan was not fully executed as the award of the tender for the development of the ERP system was ultimately withdrawn due to discontinuation of the chosen SAP system by the manufacturer. Audits were conducted in the other areas as per the plan, and audit reports submitted to the Audit and Risk Committee for review and monitoring of implementation of the management audit action plan to ensure that audit findings raised, including Auditor-General's findings from the previous financial year, were addressed and resolved by Management.

The internal audit function operates under the oversight monitoring and assessment of the Council's Audit and Risk Committee. The Committee was established by Council in terms of Section 77 of the PFMA, read with section 13 of the PSIR Act, and comprised of five (5) independent non-executive members. The members collectively have sufficient qualifications and experience to fulfil their duties. The members of the Committee also have sufficient knowledge of financial reporting, internal financial controls, external and internal audit process, and risk management process, compliance and information technology governance.

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

- Monitoring the internal control system to protect the interests and assets of the Authority
- Reviewing the accuracy, reliability and credibility of statutory financial reporting and the annual financial statements, as presented by Management prior to submission to Council for approval

- Ensuring that an effective internal audit function is in place and the roles and functions of external audits are clear and coordinated to provide an objective overview of the operational effectiveness of the entity's systems of internal control, risk management process, governance and reporting. The Committee also assesses the performance of the internal audit function, and was happy with the assessment results, which indicated satisfactory levels of effectiveness in the work of internal auditors

- Ensuring that the Authority has implemented an effective policy and plan for risk management which protect it against undue losses
- Reviewing any accounting and auditing concerns raised by internal and external audit, the annual financial statements and performance information reports
- Obtaining assurance for information technology in relation to the management of IT assets, governance and controls, risks and disaster recovery
- Reviewing the effectiveness of the system that monitors compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance
- Instituting and overseeing fraud and corruption investigations as needed

The Committee had six (6) meetings during the period under review, which were attended by both internal and external auditors, executives and senior management and other relevant officials of the Authority. Details regarding activities and attendance of meetings of the Committee are presented in the report of the Audit and Risk Committee under Part E of this annual report. The table below discloses relevant information regarding the Audit and Risk Committee members.

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	IF INTERNAL, POSITION IN THE PUBLIC ENTITY	DATE APPOINTED	DATE TERM EXPIRED	NO. OF MEETINGS ATTENDED
Ms. K.G Mbonambi (Chairperson)	B.Com (Hons); B. Com (Accounts); Cert. in Board Governance and Cert. in Enterprise-wide Risk Management	External	N/A	17/03/2017	Resigned on 04/02/2019	5
Mr. P. Ravhudzulo	CA (SA)	External	N/A	17/03/2017	Current	6
Mr. C. Motau	PhD IT, MBL, Masters IT, B.Com; and Higher Dip in Computer Auditing	External	N/A	18/06/2014	Current	6
Mr. Z. Fihlani	CA (SA)	External	N/A	05/06/2017	Current	2
Mr. M. Zikalala	LLB	External	N/A	05/06/2017	Current	5

The Chairperson of the Committee Ms. Mbonambi resigned as Chairperson and member of the Committee on 04 February 2019, citing over-commitment to various public entities. Council accepted the resignation and appointed the deputy chairperson, Mr. P. Ravhudzulo as the new Chairperson effective from 12 February 2019.

8. COMPLIANCE WITH LAWS AND REGULATIONS

Council continues to monitor compliance with laws and regulations by Management of the entity in conducting the business operations to achieve the strategic objectives. The main legislation to which the entity has to ensure overall compliance therewith remains the PSiR Act and the PFMA. Other relevant legislation continues to be monitored through the activities of the relevant divisions to which such legislation applies, and PSiRA policies are regularly reviewed for alignment with relevant legislation and to remain relevant. Reporting on compliance is monitored through the relevant Committees of Council and remains a standing agenda item for Council meetings.

Council monitors compliance through developed checklists for compliance monitoring with legislation, which include registers for listing of non-compliant expenditure under the PFMA, and reporting on actions taken where cases of non-compliance are reported or identified. These tools assist Council in monitoring and assessing the risk of non-compliance to legislation and regulations, and for Management to come up with mitigating measures in the event that the risk materialises.

Compliance with internal policies and procedures is also crucial for improved governance and internal control environment within the entity. A policy universe is maintained and compliance therewith is monitored on an on-going basis.

9. FRAUD AND CORRUPTION

FRAUD PREVENTION POLICY AND PLAN

PSiRA has a Fraud Prevention Policy and Plan in place and implemented this during the financial year under review. The Fraud Prevention Plan was reviewed and adopted by the Council for 2018/2019 financial year, and continues to be relevant in terms of fraud prevention.

MECHANISMS IN PLACE TO REPORT FRAUD AND CORRUPTION

The PSiRA has a Whistle-blowing Policy in place as well as the Fraud Tip-off Line, through which fraud and corruption can be confidentially reported. A duty is placed on employees, in several policies, to report suspicious activities to the Fraud and Ethics Unit (FEU), or anonymously through the Fraud Tip-off Line.

FEU statistics for the period 1 April 2018 to 31 March 2019, indicates the extent to which fraud is experienced and managed by the organisation, as well as the PSiRA's commitment to combat fraud and corruption.

During this period, **369** complaints were received through the Fraud Hotline. **338** cases were industry related and were referred to the Law Enforcement division for investigation and further processing; and **31** cases were investigated by the Forensic and Ethics division, of which **two** were allegations of corruption against employees of PSiRA and **29** were fraud cases related to the industry.

In respect of the two corruption cases against employees; in one case there was no evidence in support of the allegations. In the other case a criminal case was opened, the employee subsequently resigned, and the case is still pending.

FRAUD TIP-OFF LINE

The Fraud Tip-off Line is PSiRA's confidential and independent reporting hotline, which enables employees, customers, suppliers, and other stakeholders to report concerns about employees or industry conduct that is contrary to the PSiRA's values or industry Code of Conduct in a confidential manner. Any suspected or actual fraud can be reported on the PSiRA Fraud Hot-Line: 0860 333 036. All calls are treated with utmost confidentiality and reporting may be done anonymously.

When a tip-off is received through the hotline, it gets sent to the FEU Manger who then allocates it to the relevant divisions for investigation. Where investigations are finalised, and fraud is indeed detected, a criminal docket is registered with the South African Police Service (SAPS) for further investigation.

The facility is administered by an independent firm of forensic auditors to ensure that the identity of staff members who utilise this facility remains safeguarded. No person in PSiRA, regardless of seniority, has access to the identities of staff members or other persons who report irregularities or fraud. There is a reporting hierarchy on hand for the fraud hotline administrators, which guides them on where to refer cases, including cases against the Director and Council members.

10. MINIMISING CONFLICT OF INTEREST

As part of developing the governance framework for the entity, Council in its Charter and Code of Conduct adopted the principle that Councillors have a legal obligation to act ethically and in the best interest of the Authority, to act with due care and diligence in discharging their duties as Councillors, to declare and avoid conflicts of interest with the Authority and to disclose and account to the Authority for any advantages gained in discharging their duties on behalf of the Authority. Councillors have pledged to always put the interests of the Authority ahead of their own interests.

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

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

11. CODE OF CONDUCT AND ETHICS

PSiRA is determined to discharge its legislative mandate in an ethical organisational environment under an ethical leadership at the top. To this end, PSiRA has developed Values Framework based on the values of Integrity, Excellence and Ubuntu which are being inculcated in the organisational culture to enhance ethical standards within PSiRA.

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

- provide exemplary standards of conduct expected of all Councillors (ethical leadership at the top) and officials in the course of PSiRA business
- manage conflicts of interest, particularly in human resources and supply chain management processes
- create an organisational culture for the conduct of PSiRA business based on the Values Framework of the entity

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

12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

PSiRA has complied with requirements of the Occupational Health and Safety Amendment Act, No. 181 of 1993 to ensure health and safety of persons at work and its visiting clients. In ensuring that the requirements of the aforesaid

Act are fully met, the following activities or aspects were observed:

- Establishment of the Health and Safety Committee
- Appointment of safety representatives in all PSiRA offices across the country
- Four meetings, as required by the Act, for the Health and Safety Committee were held
- Safety awareness workshops were conducted in different offices
- An accident register was updated, and cases were investigated and reported to the Department of Labour
- Evacuation Plan for Head Office was developed
- The evacuation drill/practice was performed successfully

13. CORPORATE SECRETARY

The activities of Council governance structures at PSiRA are facilitated and coordinated under the guidance of a corporate secretary appointed by Council, and who is functionally accountable to the Council to among others:

- Ensure that Council governance framework and procedures are followed and reviewed regularly
- Ensure that the applicable rules and regulations for the conduct of the affairs of the Council are complied with
- Maintain statutory records in accordance with legal requirements
- Provide the Council as a whole and individual Council members with detailed governance advice as to how their duties and responsibilities should be properly discharged in the best interest of the Authority
- Keep abreast of, and inform, the Council of current corporate governance thinking and practices
- Ensure Council and Council Committee Terms of Reference are reviewed regularly for continued relevance and compliance
- Provide a central source of guidance and support to the Council and Executive Management on governance matters, particularly with reference to the proper relationships that must be maintained between the Council and Management

- Assist with the performance evaluation of the Council, Committees and individual Councillors to identify skills gaps
- Facilitate the Council induction and develop customised developmental training programmes for Council and Council Committees
- Ensure preparation and timeous circulation of meeting packs and compilation and proper record keeping of minutes of Council and Council Committee meetings

14. CORPORATE SOCIAL RESPONSIBILITY

PSiRA recognises that the country remains an uneven society for which CSR initiatives are required to address some of the imbalances of the past, for the upliftment and empowerment of the previously disadvantaged persons. As part of its contribution to the national imperatives to deal with these challenges, PSiRA has committed to some proactive CSR initiatives aimed at advancing education and training aligned to the core mandate of PSiRA, poverty alleviation and support to communities and stakeholder events and initiatives aimed at crime prevention, the safety and security of communities and those aligned to events of national imperative.

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

MANDELA DAY - JULY 2018

PSiRA visited Amcare Centre of Faith, Hope and Love in Alberton, Johannesburg. Unlike resorting to the obvious, this time around PSiRA needed to create a legacy project by establishing a garden, planting seeds and tilling the dilapidating piece of barren land in the yard of the centre which could be used to cultivate vegetables for orphans and battered young girls in the care of this centre.



PSiRA WOMEN IN DIALOGUE

August is Women's Month and PSiRA women heralded the same message echoed by women all over the world, emphatically highlighting the plight of women who still live under the scourge of abuse, patriarchy and related societal ills. Women at PSiRA are not different from other females in our nation. For the first time, like the liberation women of 1956, PSiRA ladies organised a march and rallied other like-minded women working in nearby buildings to demonstrate that 'you strike a woman, you strike a rock.'



BREAST CANCER AWARENESS DAY

On October 2018 the Authority in partnership with the Cancer Association of South Africa (CANSAS) held a Breast Cancer Awareness Picnic Day under the theme "Shades of PINK". To highlight the significance of this day and to inspire hope to the victims and those whose loved ones might be victims of this plague, the Authority invited survivors of breast cancer so that those who see, may believe.

TAKE A BOY CHILD TO WORK

Dubbed Tomorrow's Man this programme was initiated by Tracker in 2009, an alarm and tracking gadget fitting company. It was the Authority's first participation in this project. 15 teenage boys from Tembisa High School, Johannesburg, Gauteng Province, were chosen through the Department of Education area district to come and spend a day at PSiRA- to learn, to be inspired and leave aspiring to be tomorrow's owners of security companies and leaders in sectors of their choice. "Poverty is in the eyes of the beholder", were the words of PSiRA's Chief Executive, Manabela Chauke. The visit of these men-in-the-making coincided with a Council meeting and it was such a thrill for them taking optics with Council Members.



CELEBRATING ACADEMIC ACHIEVERS IN THE PRIVATE SECURITY INDUSTRY

For the first time the Authority decided to celebrate the end-of-year Annual Long Service and Values Awards (December 2018) with security officers who became national newsmakers.

Perhaps one of the touching stories is that of Ms Thobile Mabanga, a Software Engineer who went public on Twitter appreciating her dad who took her to TUT with a Security Officer's little income. Her tweet drew a flurry of retweets and messages of support from South Africans from all walks of life. Sadly, her dad passed on and PSiRA invited her to come and receive an award on behalf of her late dad.

Another unsung hero is Mr Foster Mathebula, a G4S Security Officer who graduated with an LLB and currently registered for an LLM with UNISA.

Another celebrated Security Officer was Mr Mxolisi Mgozeli who took himself back to school at the age of 43. He graduated with a Master's degree in governance from the University of the Free State, where he has been working since 2003.



PART D

Human Capital Management

HUMAN CAPITAL MANAGEMENT (HCM)

The ultimate goals of the Human Capital Department are to provide strategic support to the Authority to achieve its strategic missions, while ensuring employees are engaged and motivated to help the Authority succeed. HR's success is measured by our ability to align and integrate processes with the strategic mission.

In moving forward, HR has targeted its operational initiatives to align to the Authority Strategic Plan by initially identifying ways to leverage and improve technology as a means to cut costs and improve internal efficiencies. It was demonstrated that our organisational success depends on the high level of skills and professionalism of all employees and it is for that purpose why the upskilling of employees was much prioritised during the past few years.

Best practices show that the HR profession has increasingly moved towards 'customer focus' and plays a more strategic role in organisations. The Human Capital Strategy is aligned to PSiRA's overall strategy which is demonstrated through the implementation of the best and latest human capital practices and norms. The Human Capital's value adding activities include, *inter alia*, Human Capital Provisioning, Succession and Retention; Organisational Development; Remuneration and Reward; Employee Recognition; Labour Relation; Learning and Development.

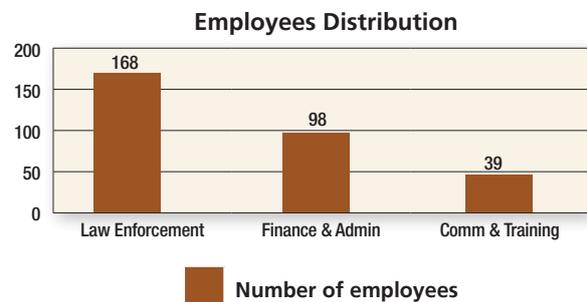
During the year under review, the division has undertaken the organisational development (OD) initiative which has led to the functional structure being revised to strengthen

the organisation's mission of fulfilling its set objectives. Ultimately the OD processes gave birth to the revised macro and the micro structures.

The implementation of the outcomes of the organisational development (OD) process is underway and will be implemented into phases to ensure that it does not stretch the finances. It is envisaged that the two phases will be implemented in two financial years namely, 2019/2020 and 2020/2021.

1.1 Composition of Staff per Programme

	PERMANENT STAFF MEMBERS
Law Enforcement	168
Finance and Administration	98
Communication and Training	39
Total	305



PROGRAMME	EMPLOYEES ON FIXED-TERM CONTRACT	INTERNS	TOTAL
Law Enforcement	5	21	26
Finance and Administration	4	25	29
Communication and Training	2	6	8
Total	11	52	63

1.2 Employment Equity

In terms of section 41 (1) of the Employment Equity Act (Act No. 55 of 1998) (EEA), PSiRA is classified as the designated employer. In compliance with the (EEA), PSiRA has appointed Employment Equity Committee which is representative of all the genders, races and employees with disabilities across all its occupational categories and has appointed a section 24 Employment Equity Manager.

PSiRA's has an approved 5-year Employment Equity (EE) Plan which was affected from 02 October 2017 to 30 September 2022. PSiRA's EE plan has national and provincial equity representation. This plan has been monitored and reviewed on annual basis in line with the annual results of Economically Active Population (EAP) which is released by the Department of Labour.



The plan has been developed to address the variances in relation to representations on other areas of the population groups within PSiRA's staff complement. The male coloured employees and the male disabled employees are lowly represented against the Economically Active Population (EAP) and as compared to the other race groups and they are the immediate targets for recruitment and selection to close this gap.

1.2.1. EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

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

LEVEL	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top management	2	0	0	0	0	0	1	0
Senior Management	6	0	0	0	0	0	0	0
Professional qualified	11	1	0	0	3	0	1	0
Skilled	36	7	1	1	1	0	8	0
Semi-skilled	49	5	0	2	0	0	0	0
Unskilled	3	0	0	0	0	0	0	0
Total	107	13	1	3	4	0	10	0

LEVEL	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top management	3	1	0	0	0	0	0	0
Senior Management	0	1	0	1	0	0	0	0
Professional qualified	10	2	1	0	0	1	0	0
Skilled	41	7	2	2	2	1	3	1
Semi-skilled	104	5	6	0	0	1	6	1
Unskilled	12	0	0	0	0	0	0	0
Total	170	16	9	3	2	3	9	2

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

1.2.2 EXPLANATION OF VARIANCES AND ATTEMPTS MADE TO ADDRESS THE VARIANCES

The gender profile on top management has been balanced it is 50/50 on gender representation. The Senior Manager's level in terms of gender is still under represented. The plan is highly targeted on the following priorities:

- (i) Appointment of female employees on the Senior Management level who have the pre-requisite knowledge, skill, ability and qualifications, acknowledging such person's prior learning and relevant experience.
- (ii) The appointment of persons with the disabilities in one of the three top occupational levels and in any of the junior levels if the direct recruitment does not yield the desired outcomes the liaison with the disability agencies will have to be sort.
- (iii) The lack of the representation of the Coloured male employees in all the levels is concerning and the recruitment team is constantly on a look out for these applicants and they are prioritised to fill the advertised posts in that when the Coloured applicants apply the Divisional Heads are advised accordingly to give them preference.
- (iv) Preference has been given the designated groups who have the pre-requisite knowledge, skill, ability and qualifications, acknowledging such person's prior learning and relevant experience.
- (v) Employment barriers which adversely affect people from designated groups, and which are not justified, given the inherent requirement of the job, have been

identified and eliminated in the current Employment Equity Plan.

- (vi) Workplace infrastructure and facilities are aligned to accommodate the needs of the employees with disabilities.
- (vii) Measures to retain and develop people from designated groups would be considered by management.

Besides the above attempts PSIRA is still encountering the influx of the other designated genders mainly females and the African race from the EAP (Economic Active Population) as compared to the other designated genders and races (such as the Whites; Coloureds and Indians) and people with disability. This challenge is being addressed by the Human Capital and the EE Committee through the implementation and monitoring of the current EE Plan.

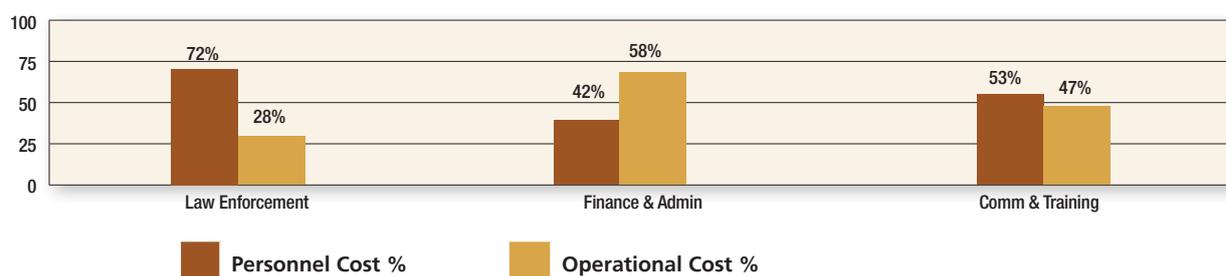
1.3 Personnel Expenditure

Personnel expenditure constitutes 55% of the Authority's budget which provides for remuneration and other additional benefits which are paid to employees. The Authority views these expenses as fundamental factors to attract, motivate and retain high performers. PSIRA uses the Paterson Grading System to determine the post levels in its structure. To this effect different occupational levels within the structure are compensated in line with the Paterson Grading System and PSIRA's policies.

During the year under review, the Authority has reviewed the salaries of staff by 7% across the board with the exception of the Executives members. The adjustment is always done on annual basis as a cost of living adjustment.

PROGRAMME	TOTAL EXPENDITURE FOR THE ENTITY	PERSONNEL EXPENDITURE	PERSONNEL EXP. AS A % OF TOTAL EXP	TOTAL NO. STAFF	AVERAGE PERSONNEL COST PP
Law Enforcement	111 520 720	80 415 402	72%	194	294 842
Finance and Administration	135 045 698	57 199 378	42%	127	633 192
Communication and Training	36 315 090	19 261 468	53%	47	409 818
Totals	282 881 508	156 876 249	55%	368	445 951

Personnel costs per programme



LEVEL	PERSONNEL EXPENDITURE	% OF PERSONNEL EXP. TO TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE
Top Management	9 659 203	6%	6	1 609 867
Senior Management	7 941 285	5%	6	1 323 547
Professional qualified	20 998 474	13%	25	839 939
Skilled	49 328 915	31%	95	519 252
Semi-skilled	62 883 823	40%	158	397 999
Unskilled	2 459 584	2%	15	163 972
Interns and Contracts (Including Audit Committee and Council Members)	3 604 966	2%	63	57 222
TOTAL	156 876 249	100%	368	701 685

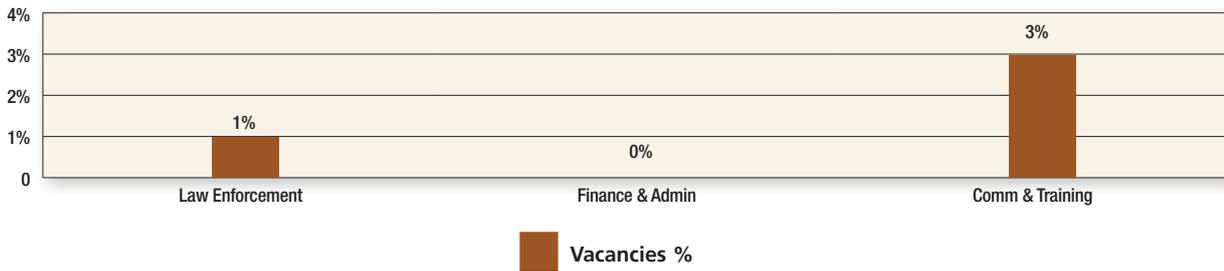
1.4 Employment and Vacancies

The Authority through its Human Capital Division has appointed forty-one (41) new staff members at the end of 2018/2019 to intensify its human resources structure to ensure effective service delivery in its mandate. The placement of new personnel was made in all different occupational levels of the organisation. This includes the appointment of the Chief Operations Officer, the post which was introduced during the financial year under review. The post was aimed to chiefly intensify the management of operations which among others includes the development and implementation of the organisational strategy.

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

PROGRAMME	2017/2018 NO. OF EMPLOYEES	2018/2019 APPROVED POSTS	2018/2019 NO. OF EMPLOYEES	2018/2019 VACANCIES	% OF VACANCIES
Law Enforcement	153	170	168	2	1%
Finance & Admin	88	98	98	0	0%
Communications & Training	36	40	39	1	3%
Total	277	308	305	3	1%

Vacancies %



OCCUPATIONAL LEVELS	2017/2018 NO. OF EMPLOYEES	2018/2019 APPROVED POSTS	2018/2019 NO. OF EMPLOYEES	2018/2019 NO OF VACANCIES
Top Management	4	6	6	0
Senior Management	7	7	6	1
Professional qualified	24	26	25	1
Skilled	90	96	95	1
Semi-skilled	138	158	158	0
Unskilled	14	15	15	0
TOTAL	277	308	305	3

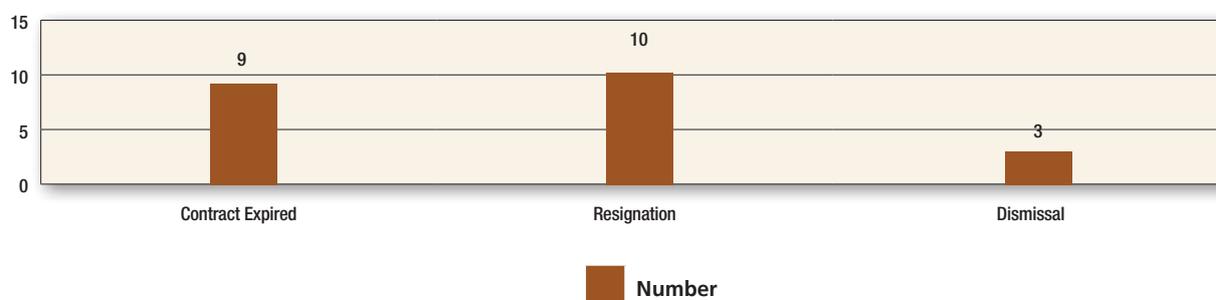
1.5 Annual employment turnover

During the financial year under review, only 13 employees from different programmes left the organisation which then translates to 5% turnover level. The effective implementation of Retention and Succession Policy has been an instrumental factor to the attainment of a low turnover level. The exit interviews which were conducted do not reflect anything undesirable on the employer's part.

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top Management	4	2	0	6
Senior Management	7	0	1	6
Professional qualified	24	2	1	25
Skilled	90	11	6	95
Semi-skilled	138	25	5	158
Unskilled	14	1	0	15
Total	277	41	13	305

TERMINATION TYPE	NUMBER	%
Retirement	0	0%
Death	0	0%
Resignation	10	90%
Dismissal – Misconduct	3	2%
Contract expired	9	7%
Total	22	100%

Termination Reasons



1.6 Vacancies per programme

PROGRAMME	DEPARTMENT/REGION	NO. OF VACANCIES
Law Enforcement	Head Office	
	Mthatha	
	Port Elizabeth	
	Nelspruit	
	KwaZulu-Natal	
	Western Cape	1
	Limpopo (Polokwane)	
	Legal Services (HO)	
	Johannesburg	
Total: Law Enforcement		1
Finance and Admin	Finance and Accounting (HO)	
	Accounts Receivable (HO)	
	Business Information System (HO)	
	SCM (HO)	
	Office Service and facilities	
	Asset Management	
	Office of the CEO	
	Human Capital	
	Office of the Chairperson	
Total Finance and Admin		0
Communication and Training	Registration	
	Communications, Events and Research and Training	2
Total Communication and Training		2
Grand Total		3

2. SKILLS DEVELOPMENT AND TRAINING

PSiRA views learning and development as a strategic tool to ensure that PSiRA's strategic goals are efficiently achieved by ensuring that its human capital is capacitated with the latest skills to be efficient in their work performance outputs. It is for this reason that PSiRA affirms itself as a learning organisation which embraces the culture of learning and development of its human capital. PSiRA has collaborated with institutions of higher learning such as Wits University, UNISA and SASSETA (Safety and Security Sectoral Education and Authority); this is laying a good foundation for PSiRA to create a progressive and substantial learning environment.

PSiRA's Learning and Development processes fully comply with the Skills Development Act No 98 of 1998 and the National Skills Development Strategy and Strategic Framework. PSiRA is therefore attached to SASSETA as a training authority to which on yearly basis it submits its annual workplace skills plan to. In the current FY SASSETA has awarded bursaries to nine (9) of PSiRA's employees to address the critical skills gaps which it has identified. To this effect the employees who were identified for Leadership

Management Development and Project Management Programme which they enrolled with UNISA was successfully achieved.

Besides the above, PSiRA's learning and development further trained 173 employees in different occupational level in different programmes not only limited to Leadership and management courses: Business soft skills programmes; Technical skills (SCM, Human Capital and Finance); Private Security Service Law; Office Administration; Computer literacy training and Firearm competency training. The return on investment (ROI) is evident with the achievement of the overall annual performance plans for 2018/2019 by 82%.

PSiRA through its Skills Development Committee, awarded 23 employees with 100% funded bursaries, which provided opportunities to employees who wish to pursue different formal qualifications at different levels varying from Diplomas, Degrees, Postgraduates and Master's degrees. The table below depicts how the training interventions were implemented during the current FY:

DIRECTORATE/ BUSINESS UNIT	TOTAL NO. OF PERSONNEL	PERSONNEL EXPENDITURE	TRAINING EXPENDITURE	TRAINING EXPENDITURE AS A % OF PERSONNEL COST	NO. OF EMPLOYEES TRAINED	AVG. TRAINING COST PER EMPLOYEES
Law enforcement	168	80 415 402	580 906	0,7%	59	9 846
Finance and Admin	98	57 199 379	462 256	0,8%	75	6 163
Communications and Training	39	19 261 468	236 291	1,2%	39	6 059
Total	305	156 876 249	1 279 453	0,8%	173	8 119

2.1 Internship Programme

PSiRA in 2018/2019 financial year has, through partnership with SASSETA, initiated the appointment of Graduate Interns to curb the unemployment rate of the youth. PSiRA was granted the amount of R4, 200, 000.00 for the duration of 12 months from 1 August 2018 to 31 July 2019 by SASSETA to employ 50 Interns. The Interns were placed in areas relevant to their respective qualifications..

3. LABOUR RELATIONS MANAGEMENT

3.1. Management of Labour Relations

PSiRA perceives its human capital as an important and valuable asset. As a result, management always endeavors to establish a harmonious and productive working environment which is conducive for the organisation to achieve its strategic mandate. In return management strives to provide and maintain the favorable working conditions and constructive and cordial employer-employee relationship. To reinforce the cordial employer-employee relationship, management has an approved grievance procedure in place for the employees who experience any dissatisfaction on matters of mutual interests and among themselves and management may resort to, to harmoniously address any matters of mutual interest.

In the year under review, management took a proactive stand to conduct the employee satisfaction survey to measure and understand their employees' attitude, feedback, motivation, and satisfaction (with regards to their general view of the organisation; leadership and management style they are exposed to; the organisational climate with regards to the work stress and organisational culture) and to give its employees a sense of ownership and responsibility (on matters such as self-motivation and motivators; work-life balance and the interpersonal relations with their peers and line managers).

3.2 Disciplinary matters finalized for the FY 2018/2019

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

Corrective measures and progressive disciplinary actions are taken against the PSiRA's employees who do not adhere to its code of conduct, its core values and the required performance standards. Six (6) employees were suspended in the previously financial year to enable the organisation to conduct the objective investigations on the allegations which were brought against them for the contravention of the Staff and Inspector's Code of Conduct. The table below depicts the information regarding the disciplinary action taken during the year under review.

DISCIPLINARY ACTIONS TAKEN:	NUMBER OF INCIDENTS
Counselling	0
Verbal warning	1
Written Warning	0
Final Written Warning	2
Dismissal	3
Total	6

3.3 Union representations

PSiRA's management endorses its employees' rights to freedom of association as contained in the Labour Relations Act (as amended) and the Constitution of the Republic of South Africa. South African Transport and Allied Workers Union (SATAWU) has the majority membership and is a



recognised trade union. Management has a collective agreement with SATAWU to mutually consult with each other on conditions of service such as salary negotiation and on mutual interest aspects which relate to the development and implementation of policies.

In the year under review PSiRA management and SATAWU concluded the mutual wage agreement which entailed salary increase of 7%; Housing allowance of R500.00 per month; and adjustment of Car Allowance amount by the National Treasury's projected CPI rate of the FY 2018/2019 which is equivalent to 5.3%.

On the other hand, some of the employees are members of Solidarity Union which is not a recognised union since it does not enjoy the majority membership and thus it has no collective agreement with PSiRA.

4. PSIRA'S EMPLOYEE WELLNESS PROGRAMME

PSiRA has an Employee Wellness Programme in place which is provided by ICAS. The main purpose of this programme is to provide assistance to PSiRA employees and their families with socioeconomic challenges. This programme is designed to promote a workplace wellness programme; provide care and support on HIV/Aids and other life-threatening disease; identify individual and organisational health risks and to establish a wellness culture.

During this financial year under review, this service provider is retained on a month to month basis as its contract is nearing its end and the procurement process is in place to appoint a new service provider.

The table below depicts the number of presented problems by PSiRA employees and their families:

CONSULTATION CASES	SERVICE TYPE	NO. OF CASES	TOTAL
Professional Counselling	Telephone Counselling	22	46
	Face to Face Counselling	24	
Referral Services	Assisted Referral	11	12
	Formal Referral	1	
Stress problems	Stress Management	18	18
Pressure	Work/Life Balance	8	8
Personality	Anger Management	4	4
Operational Administrative Services	Clinical Information	5	7
	Service query	2	
Managerial Services	Managerial Consulting	3	3
Life Management	Legal Consultation	3	3
Legal Issues	Court procedures	1	4
	Contractual	2	
	Custody/Maintenance/Access	1	
Trauma	Assault	3	8
	Armed robbery/robbery	1	
	Critical incident	1	
	General	1	
	Motor Vehicle Accident	2	

CONSULTATION CASES	SERVICE TYPE	NO. OF CASES	TOTAL
Relationship Issues	Family members	5	28
	Partner or spouse	8	
	Infidelity	2	
	Divorce/Separation	5	
	Interpersonal Conflict	8	
Child and Family Care	Parenting/Parental guidance	5	10
	Child behaviour problems	1	
	Child care Counselling issues	3	
	Child School learning problems	1	
Personal Development	Communication Skills	5	5
HR Issues	Labour Law	1	1
Money Management	Financial coaching/information	1	1
TOTAL		158	

5. LEAVE UTILISATION

Human Capital Division manages Leave Administration through the Employee Self Service (ESS) authorised system. The HC Division conducts leave reconciliation on a monthly basis to ensure that leave balances are correct to give effect to the leave provisioning. In the current year under review, there has been a noticeable decreasing aspect of

leave provision balance on monthly basis as a result of the implementation of the Leave Policy, particularly the enforcement of the *Leave Forfeiture* clause.

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

PROGRAMS	NUMBER OF EMPLOYEES	ANNUAL	SICK	FAMILY	TOTALS	Ave per Employee
Law Enforcement	168	2968	815	107	3890	22
Finance and Admin	98	2405	791	114	3310	20
Communications and Training	39	464	220	29	723	17
Total	305	5837	1826	250	7923	20

Values
Private Security Industry Regulatory Authority

Vision

Recognized as an excellent regulator of private security in South Africa by all our stakeholders.

Integrity





PART E

Financial Information

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the Private Security Industry Regulatory Authority set out on pages 111 to 151 which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Private Security Industry Regulatory Authority as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

BASIS FOR THE OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the public entity in accordance with sections 290 and 291 the International Ethics Standards Board for Accountants' Code of ethics for professional accountants and parts 1 and 3 of the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA codes) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

EMPHASIS OF MATTER

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

MATERIAL IMPAIRMENT

7. As disclosed in note 5 to the financial statements, provision for impairment to the amount of R38 770 242 (2018: R55 768 534) was raised on trade debtors.

AN UNCERTAINTY RELATING TO THE FUTURE OUTCOME OF EXCEPTIONAL LITIGATION

8. With reference to note 20 to the financial statements, the entity is the defendant in a number of legal actions and these cases are yet to be brought before the court. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

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



authority is responsible for assessing the Private Security Industry Regulatory Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

11. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

13. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
14. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and

information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2019:

Programmes	Pages in the annual performance report
Programme 2 – Law Enforcement	30 – 32
Programme 3 – Communication Registration and Training	32 – 34

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

OTHER MATTER

18. I draw attention to the matter below:

Achievement of planned targets

19. Refer to the annual performance report on pages 24 to 35 for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of a number of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

20. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I

performed procedures to identify findings but not to gather evidence to express assurance.

21. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

OTHER INFORMATION

22. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
23. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
24. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. I did not receive the other information prior to the date of this auditor's report. After I receive and read

this information, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

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

Auditor-General

Pretoria

31 August 2019



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the annual financial statements as described in this auditor’s report, I also:

- identify and assess the risks of material misstatement of the annual financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity’s internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority
- conclude on the appropriateness of the board

of directors, which constitutes the accounting authority’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Private Security Industry Regulatory Authority ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a public entity to cease continuing as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

Accounting Authority's Responsibilities and Approval

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

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

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

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

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

The Accounting Authority has reviewed PSiRA's cash flow forecast for the year to 31 March 2020 and, in the light of this review and the current financial position, it is satisfied that PSiRA has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting PSiRA's annual financial statements.

The annual financial statements set out in pages 111 to 151 which have been prepared on a going concern basis, were approved by the Accounting Authority on 31 July 2019 and were signed on its behalf by:

Nhlanhla Ngubane

Acting Chairperson of Council

The Council members submit their report for the year ended 31 March 2019.

1. NATURE OF BUSINESS

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

2. GOING CONCERN

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

3. ACCOUNTING POLICIES

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

4. CORPORATE GOVERNANCE COUNCIL

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

Mr. N.H. Ngubane (Acting Chairperson) appointed 1 January 2017 (current)

Maj.Genl. Cynthia Philison (Council Member) appointed 06 September 2013 (current)

Mr. Z. Zulu (Council Member) appointed 1 January 2017 (current)

Mr. M.T. Oliphant (Council Member) appointed 1 January 2017 (current)

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

Chairperson and Director

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

Audit and Risk Committee

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

The members of the committee during the financial year and to date of this report were as follows:

- Ms. K.G. Mbonambi (Former Chairperson) - appointed 22 March 2017 and resigned 04 February 2019
- Mr. P. Ravhudzulo (Chairperson) - appointed 22 March 2017 (current)
- Mr. C. Motau - appointed 18 June 2014 (current)
- Mr. Z.L. Fihlani - appointed 05 June 2017 (current)
- Mr. M.G.M. Zikalala - appointed 05 June 2017 (current)

Internal Audit

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

Statement of Financial Position as at 31 March 2019

FIGURES IN RAND	NOTE(S)	2019	2018
Assets			
Current Assets			
Inventories	4	449 151	952 526
Trade receivables	5	22 501 240	17 135 181
Prepayments		1 078 162	759 029
Other receivables		2 097 847	3 554 284
Cash and cash equivalents	6	15 374 454	6 719 224
		41 500 854	29 120 244
Non-Current Assets			
Property, plant and equipment	2	26 566 651	22 671 868
Intangible assets	3	1 704 552	306 604
		28 271 203	22 978 472
Total Assets		69 772 057	52 098 716
Liabilities			
Current Liabilities			
Trade and other payables	8	53 125 995	40 166 613
Provisions	9	3 027 689	2 982 023
Operating lease liability	7	1 182 636	-
		57 336 320	43 148 636
Non-Current Liabilities			
Operating lease liability	7	5 272 969	5 073 877
Total Liabilities		62 609 289	48 222 513
Net Assets		7 162 768	3 876 203
Revaluation reserve		10 518 966	10 518 966
Accumulated deficit		(3 356 198)	(6 642 764)
Total Net Assets		7 162 768	3 876 202



Statement of Financial Performance

FIGURES IN RAND	NOTE(S)	2019	2018
Revenue			
Revenue from exchange transactions			
Sale of goods	10	25 569 943	18 991 211
Rendering of services	10	1 721 503	1 368 341
Interest on trade debtors	10	3 231 109	-
Annual fees	10	138 859 562	128 754 724
Infrastructure re-assessment	10	168 202	75 900
Course reports	10	43 705 200	38 136 200
Registration fees	10	34 877 373	34 857 290
Total revenue from exchange transactions		248 132 892	222 183 666
Revenue from non-exchange transactions			
Bad debts recovered	11	710 297	394 457
Interest received		2 215 795	2 147 917
Sundry income	11	2 693 393	1 279 617
Fines and penalties	10	32 415 698	14 887 573
Total revenue from non-exchange transactions		38 035 183	18 709 564
Total revenue	10	286 168 075	240 893 230
Expenditure			
Employee related costs	15	(156 876 249)	(132 863 844)
Other operating expenses	13	(95 627 043)	(88 837 292)
Lease rentals on operating lease		(789 149)	(948 651)
Repairs and maintenance		(1 252 478)	(1 248 071)
Bad debt impairment	5	(24 132 218)	(25 788 648)
Finance costs	12	(1 813)	(13 187)
Depreciation and amortisation	2&3	(3 943 658)	(3 641 553)
Total expenditure		(282 622 608)	(253 341 246)
Operating surplus (deficit)		3 545 467	(12 448 016)
Loss on disposal of assets		(258 901)	(95 447)
Surplus/(Deficit)		3 286 566	(12 543 463)

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated deficit	Total net assets
Balance at 01 April 2017	8 738 966	5 900 699	14 639 665
Changes in net assets Revaluation Surplus	1 780 000	-	1 780 000
Deficit for the year	-	(12 543 463)	(12 543 463)
Balance at 01 April 2018	10 518 966	(6 642 764)	3 876 202
Changes in net assets	-	3 286 566	3 286 566
Surplus for the year	-	3 286 566	3 286 566
Balance at 31 March 2019	10 518 966	(3 356 198)	7 162 768

CASH FLOW STATEMENT

FIGURES IN RAND	NOTE(S)	2019	2018
Cash flows from operating activities			
Receipts			
Cash received from regulatory services		248 413 023	203 384 889
Interest income		2 209 286	2 198 640
		250 622 309	205 583 529
Payments			
Employee costs		(153 785 990)	(136 190 674)
Suppliers		(78 683 986)	(88 094 984)
Finance costs		(1 813)	(13 187)
		(232 471 789)	(224 298 845)
Net cash flows from operating activities	16	18 150 520	(18 715 316)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(7 830 196)	(3 388 516)
Purchase of other intangible assets	3	(1 665 094)	-
Net cash flows from investing activities		(9 495 290)	(3 388 516)
Net decrease in cash and cash equivalents		8 655 230	(22 103 832)
Cash and cash equivalents at the beginning of the year		6 719 224	28 823 056
Cash and cash equivalents at the end of the year	6	15 374 454	6 719 224

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Percentage Variance
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	46 060 350	-	46 060 350	25 569 943	(20 490 407)	-44%
Rendering of services	3 140 778	-	3 140 778	1 721 503	(1 419 275)	-45%
Annual fees	125 833 000	-	125 833 000	138 859 562	13 026 562	10%
Infrastructure re-assessment	1 158 472	-	1 158 472	168 202	(990 270)	-85%
Registration fees	34 092 948	-	34 092 948	34 877 373	784 425	2%
Course reports	41 954 600	-	41 954 600	43 705 200	1 750 600	4%
Interest on trade debtors	-	-	-	3 231 109	3 231 109	+100%
Total revenue from exchange transactions	252 240 148	-	252 240 148	248 132 892	(4 107 256)	
Revenue from non-exchange transactions						
Bad debts recovered	-	-	-	710 297	710 297	100%
Sundry Income	-	-	-	2 693 393	2 693 393	100%
Fines and Penalties	12 000 000	-	12 000 000	32 415 698	20 415 698	170%
Interest received-Investment	2 790 000	-	2 790 000	2 215 795	(574 205)	-21%
Total revenue from non-exchange transactions	14 790 000	-	14 790 000	38 035 183	23 245 183	
Total revenue	267 030 148	-	267 030 148	286 168 075	19 137 927	
Expenditure						
Employee related cost	(158 432 130)	-	(158 432 130)	(156 876 249)	1 555 881	1%
Depreciation and amortisation	(4 056 914)	-	(4 056 914)	(3 943 658)	113 256	3%
Finance costs	-	-	-	(1 813)	(1 813)	-100%
Lease rentals on operating lease	-	-	-	(789 149)	(789 149)	-100%
Debt Impairment	-	-	-	(24 132 218)	(24 132 218)	-100%
Repairs and maintenance	(1 499 020)	-	(149 9020)	(1 252 478)	246 542	16%
General Expenses	(103 042 084)	-	(103 042 084)	(95 627 043)	7 415 041	7%
Total expenditure	(267 030 148)	-	(267 030 148)	(282 622 608)	(15 592 460)	
Operating surplus	-	-	-	3 545 467	3 545 467	
Loss on disposal of assets	-	-	-	(258 901)	(258 901)	-100%
Surplus for the year	-	-	-	3 286 566	3 286 566	
Actual Amount on Comparable- Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	3 286 566	3 286 566	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Percentage Variance
Statement of Financial Position						
Assets						
Current Assets						
Inventories	325 000	-	325 000	449 151	124 151	38%
Trade receivables	33 870 000	-	33 870 000	22 501 240	(11 368 760)	-34%
Prepayments	-	-	-	1 078 162	1 078 162	100%
Other receivables	-	-	-	2 097 847	2 097 847	100%
Cash and cash equivalents	6 827 000	-	6 827 000	15 374 454	8 547 454	125%
	41 022 000	-	41 022 000	41 500 854	478 854	
Non-Current Assets						
Property, plant and equipment	26 847 000	-	26 847 000	26 566 651	(280 349)	-1%
Intangible assets	-	-	-	1 704 552	1 704 552	100%
	26 847 000	-	26 847 000	28 271 203	1 424 203	
Total Assets	67 869 000	-	67 869 000	69 772 057	1 903 057	
Liabilities						
Current Liabilities						
Operating lease liability	-	-	-	1 182 636	1 182 636	-100%
Trade and other payables	55 291 034	-	55 291 034	53 125 995	(2 165 039)	4%
Provisions	1 837 000	-	1 837 000	3 027 689	1 190 689	-65%
	57 128 034	-	57 128 034	57 336 320	208 286	
Non-Current Liabilities						
Operating lease liability	222 000	-	222 000	5 272 969	5 050 969	2275%
Total Liabilities	57 350 034	-	57 350 034	62 609 289	5 259 255	
Net Assets	10 518 966	-	10 518 966	7 162 768	(3 356 198)	
Reserves						
Revaluation reserve	10 518 966	-	10 518 966	10 518 966	-	0%
Accumulated deficit	-	-	-	(3 356 198)	(3 356 198)	100%
Total Net Assets	10 518 966	-	10 518 966	7 162 768	(3 356 198)	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Percentage Variance
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Cash received from regulatory services	256 425 000	-	256 425 000	248 413 023	(8 011 977)	-3%
Interest income	2 079 000	-	2 079 000	2 209 286	130 286	6%
	258 504 000	-	258 504 000	250 622 309	(7 881 691)	
Payments						
Employee costs	(157 003 000)	-	(157 003 000)	(153 785 990)	3 217 010	2%
Suppliers	(102 212 000)	-	(102 212 000)	(78 683 986)	23 528 014	23%
Finance costs	-	-	-	(1 813)	(1 813)	-100%
	(259 215 000)	-	(259 215 000)	(232 471 789)	26 743 211	
Net cash flows from operating activities	(711 000)	-	(711 000)	18 150 520	18 861 520	
Cash flows from investing activities						
Purchase of property, plant and equipment	(2 400 000)	-	(2 400 000)	(7 830 193)	(5 430 193)	-226%
Purchase of other intangible assets	-	-	-	(1 665 094)	(1 665 094)	-100 %
Net cash flows from investing activities	(2 400 000)	-	(2 400 000)	(9 495 287)	(7 095 287)	
Net increase/(decrease) in cash and cash equivalents	(3 111 000)	-	(3 111 000)	8 655 233	11 766 233	378%
Cash and cash equivalents at the beginning of the year	6 403 000	-	6 403 000	6 719 224	316 224	+5%
Cash and cash equivalents at the end of the year	3 292 000	-	3 292 000	15 374 454	12 082 457	

Accounting Policies

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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

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

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

1.1 Going concern assumption

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

12 Significant judgements and sources of estimation uncertainty

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

IMPAIRMENT TESTING

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

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

PROVISIONS

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

ALLOWANCE FOR DOUBTFUL DEBTS

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

Accounting Policies (continued)

13 Property, plant and equipment

INITIAL RECOGNITION AND MEASUREMENT

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

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

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

PROPERTY, PLANT AND EQUIPMENT IS INITIALLY MEASURED AT COST.

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land and buildings which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations of Land and Buildings are done every 3 years to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Accounting Policies (continued)

13 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

IMPAIRMENT

PSiRA assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

DERECOGNITION

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

Accounting Policies (continued)

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

14 Intangible assets

INITIAL RECOGNITION AND MEASUREMENT

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

SUBSEQUENT MEASUREMENT

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

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

AMORTISATION AND IMPAIRMENT

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

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

Accounting Policies (continued)

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

14 Intangible assets (continued)

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

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

DERECOGNITION

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

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

15 Financial instruments

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

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

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

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

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

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

Accounting Policies (continued)

of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

15 Financial instruments (continued)

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

A financial asset is:

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

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

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

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

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

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

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

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

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

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

Accounting Policies (continued)

- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

15 Financial instruments (continued)

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

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

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

- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

CLASSIFICATION

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

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

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

Class	Category
Trade & other payables	Financial liability measured at fair value

Accounting Policies (continued)

INITIAL MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

PSiRA measures a financial asset and financial liability initially at its fair value plus in case of a financial asset or a liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

1.5 Financial instruments (continued)

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

PSiRA measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

IMPAIRMENT AND UNCOLLECTIBILITY OF FINANCIAL ASSETS

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

FINANCIAL ASSETS MEASURED AT AMORTISED COST:

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

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

FINANCIAL ASSETS MEASURED AT COST:

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

FINANCIAL ASSETS

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

Accounting Policies (continued)

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- PSiRA transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

1.5 Financial instruments (continued)

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

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

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

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

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

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because PSiRA has retained substantially all the risks and rewards of ownership of the transferred asset, PSiRA continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, PSiRA recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Accounting Policies (continued)

FINANCIAL LIABILITIES

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

1.5 Financial instruments (continued)

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

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

1.6 Tax

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

1.7 Leases

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

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

OPERATING LEASES - LESSEE

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

1.8 Inventories

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

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

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

Accounting Policies (continued)

1.9 Employee benefits

SHORT-TERM EMPLOYEE BENEFITS

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

1.9 Employee benefits (continued)

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

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

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

1.10 Provisions and contingencies

Provisions are recognised when:

- PSiRA has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if PSiRA settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Accounting Policies (continued)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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

1.10 Provisions and contingencies (continued)

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

Contingent assets are a potential economic benefits dependent solely on future events that can't be controlled by the company. Due to the uncertainty of the future events, these assets are not recognised, however a potential economic benefit is estimated and disclosed in note 20.

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

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

An estimated outflow is estimated and disclosed in note 20.

1.11 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

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

Accounting Policies (continued)

1.12 Revenue from exchange transactions

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

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

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

MEASUREMENT

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

1.12 Revenue from exchange transactions (continued)

SALE OF GOODS

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

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

RENDERING OF SERVICES

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

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

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

Accounting Policies (continued)

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

1.13 Revenue from non-exchange transactions

FINES AND PENALTIES

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

INVESTMENT INCOME

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

1.13 Revenue from non-exchange transactions (continued)

BAD DEBTS RECOVERED

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

OTHER INCOME

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

MEASUREMENT

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

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

1.14 Comparative figures

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

1.15 Fruitless and wasteful expenditure

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

Accounting Policies (continued)

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

1.16 Irregular expenditure

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

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

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

1.16 Irregular expenditure (continued)

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

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

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

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

1.17 Budget information

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

The approved budget covers the fiscal period from 01/04/2018 to 31/03/2019.

Accounting Policies (continued)

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

1.18 Related parties

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

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

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

1.19 Events after reporting date

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

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

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

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

Notes to the Annual Financial Statements

2. PROPERTY, PLANT AND EQUIPMENT

	2019			2018		
	Cost / Revalued Amount	Accumulated depreciation	Carrying value	Cost / Revalued Amount	Accumulated depreciation	Carrying value
Land	9 000 000	-	9 000 000	9 000 000	-	9 000 000
Buildings	4 800 000	(480 000)	4 320 000	4 800 000	-	4 800 000
Furniture and fixtures	7 519 334	(3 592 560)	3 926 774	6 553 570	(3 438 703)	3 114 867
Motor vehicles	212 438	(159 328)	53 110	212 438	(116 841)	95 597
Office equipment	6 285 331	(4 112 106)	2 173 225	5 615 346	(3 256 273)	2 359 073
Computer equipment	13 021 216	(6 132 161)	6 889 055	8 179 462	(5 158 840)	3 020 622
Leasehold improvements	1 399 447	(1 194 960)	204 487	1 399 447	(1 117 738)	281 709
Total	42 237 766	(15 671 115)	26 566 651	35 760 263	(13 088 395)	22 671 868

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Land	9 000 000	-	-	-	9 000 000
Buildings	4 800 000	-	-	(480 000)	4 320 000
Furniture and fixtures	3 114 867	1 463 340	(195 760)	(455 673)	3 926 774
Motor vehicles	95 597	-	-	(42 487)	53 110
Office equipment	2 359 073	703 529	(13 318)	(876 059)	2 173 225
Computer equipment	3 020 622	5 663 327	(49 823)	(1 745 071)	6 889 055
Leasehold improvements	281 709	-	-	(77 222)	204 487
	22 671 868	7 830 196	(258 901)	(3 676 512)	26 566 651

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2018

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

Notes to the Annual Financial Statements (continued)

FIGURES IN RAND	2019	2018
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2. PROPERTY, PLANT AND EQUIPMENT (continued)

The asset classes of land and buildings are carried at revalued amounts. Land and buildings were revalued on 31 March 2018. The land and buildings were revalued by independent valuers. The fair values were determined by using the income capitalisation methods.

PSiRA reassessed the useful lives and residual values, and tested for impairment, of items of property, plant and equipment, at the end of the reporting period, in line with the accounting policy and GRAP 17 Property, plant and equipment. These assessments are based on historic analysis, benchmarking, and the latest available and reliable information. Refer to note 26.

PSiRA had assets in use during the year that had a zero net book value at the beginning of the accounting period. No assets were pledged as security during the year, nor were there any restrictions on any of the assets.

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

Proceeds from Insurance claims	66 218	93 279
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3. INTANGIBLE ASSETS

	2019			2018		
	Cost / Revalued Amount	Accumulated Amortisation	Carrying value	Cost / Revalued Amount	Accumulated Amortisation	Carrying value
Computer software	6 685 358	(4 980 806)	1 704 552	5 170 294	(4 863 690)	306 604

RECONCILIATION OF INTANGIBLE ASSETS - 2019

	Opening balance	Additions	Amortisation	Total
Computer software	306 604	1 665 094	(267 146)	1 704 552

RECONCILIATION OF INTANGIBLE ASSETS - 2018

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

OTHER INFORMATION

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

Notes to the Annual Financial Statements (continued)

FIGURES IN RAND	2019	2018
4. INVENTORIES		
Consumable stores	449 151	952 526
No inventory was pledged as security during the year.		
Inventories amounting to R503 375 were expensed during the year.		
5. TRADE AND OTHER RECEIVABLES		
Trade debtors	61 271 482	72 903 715
Provision for impairment of trade debtors	(38 770 242)	(55 768 534)
	22 501 240	17 135 181
Trade debtors		
Trade Debtors from exchange transactions	35 108 955	59 164 920
Trade Debtors from non-exchange transactions	26 162 527	13 738 795
	61 271 482	72 903 715
Ageing of trade debtors		
Current (0 - 30 days)	2 386 841	1 576 297
31 - 60 days	1 798 370	1 045 263
60 - 90 days	979 100	1 112 419
90 days - over	17 336 929	13 401 202
	22 501 240	17 135 181
Trade debtors impaired		
Reconciliation of provision for impairment of trade debtors		
Balance at the beginning of the period	55 768 534	44 389 025
Current year provision	24 132 219	25 788 648
Amounts written off as uncollectable	(41 130 511)	(14 409 139)
	38 770 242	55 768 534

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

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	2 227 124	1 375 298
Short-term deposits	10 767 055	3 562 136
Deposits and current accounts	2 380 275	1 781 790
	15 374 454	6 719 224

Notes to the Annual Financial Statements (continued)

FIGURES IN RAND	2019	2018
7. OPERATING LEASE OBLIGATION		
Non-current liabilities	(5 272 969)	(5 073 877)
Current liabilities	(1 182 636)	-
	(6 455 605)	(5 073 877)

LEASE PAYMENTS: NON-CANCELABLE LEASES - BUILDINGS

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

KwaZulu-Natal: 26 Mathews Road, Greyville

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

Pretoria Corporate Offices: Eco Glades 2, Office Park, Centurion

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

Port Elizabeth: Shop 221D, Pier Shopping Centre

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

Mthatha: 13 Cumberland Street, Hillcrest

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

Bloemfontein Offices: 53 Maxeke Street, Bloemfontein

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

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

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

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

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

Pretoria Offices: 170 Thabo Sehume Street, Pretoria

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

Nelspruit: 7 Bell Street, Nelspruit

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

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

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

Notes to the Annual Financial Statements (continued)

FIGURES IN RAND	2019	2018
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7. OPERATING LEASE OBLIGATION (continued)

LEASE PAYMENTS: OPERATING COSTS BUILDINGS

Pretoria Corporate Offices: Eco Glades 2, Office Park, Centurion

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

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

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

Bloemfontein Offices: 53 Maxeke Street, Bloemfontein.

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

Summary for all the operating lease obligations

Payable within a year

1 182 636	-
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Payable between one and five years

5 272 969	5 073 877
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6 455 605	5 073 877
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Total Operating Lease obligation

Lease payments: Buildings

5 750 733	4 474 708
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Lease payments: Operating costs of buildings

704 872	599 169
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6 455 605	5 073 877
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8. TRADE AND OTHER PAYABLES

Trade payables and accruals

19 515 135	9 700 889
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Credit balances on Debtors

26 806 142	28 168 315
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Accruals for salary related expenses

2 426 753	7 728
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13th Cheque

1 930 123	1 737 078
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Unknown deposits

2 447 842	552 603
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53 125 995	40 166 613
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Trade payables include cash receipts or deposits into PSIRA's bank account, with incorrect or unidentifiable references. In some instances these deposits relate to registration fees, course reports or fines and settlements that cannot be allocated yet. These cash receipts are disclosed as unknown deposits.

Notes to the Annual Financial Statements (continued)

FIGURES IN RAND	2019	2018
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Overpayment on annual fees by debtors include credit notes processed against over billing of annual fees from the inception of the revised Annual Fees regulation which was implemented from 1 January 2012. The processing of credit notes resulted in credit debtors balances for Security Businesses that were paying the revised fees during the period.

9. PROVISIONS

RECONCILIATION OF PROVISIONS - 2019

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	2 982 023	3 417 411	(3 346 320)	(25 425)	3 027 689

RECONCILIATION OF PROVISIONS - 2018

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

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

10. REVENUE

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

Sale of goods	25 569 943	18 991 211
Rendering of services	1 721 503	1 368 341
Annual fees	138 859 562	128 754 724
Infrastructure re-assessment	168 202	75 900
Course reports	43 705 200	38 136 200
Registration fees	34 877 373	34 857 290
Interest on debtors	3 231 109	-
	248 132 892	222 183 666

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

Fines and Penalties	32 415 698	14 887 573
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Notes to the Annual Financial Statements (continued)

FIGURES IN RAND	2019	2018
11. OTHER INCOME (NON-EXCHANGE REVENUE)		
Bad debts recovered	710 297	394 457
Sundry Income	2 693 393	1 279 617
12. FINANCE COSTS		
Other interest paid	1 813	13 187
13. GENERAL EXPENSES		
Advertising	1 435 400	1 813 260
Auditors remuneration	3 028 939	4 029 069
Bank charges	1 691 053	1 427 831
Cleaning	716 853	636 436
Consulting and professional fees	4 960 265	4 752 165
Council members fees	1 877 681	1 598 999
Audit and Risk Committee members fees	262 754	390 778
Consumables	180 570	154 317
Fingerprint cost	7 963 183	7 859 757
Functions & workshops	2 605 738	3 872 952
Insurance	636 266	608 019
Legal fees	3 755 636	2 374 461
Postage and courier	1 053 265	992 697
Printing and stationery	6 051 559	2 997 333
Donations & Sponsorships	243 550	204 085
Property rental	27 769 240	21 952 077
Vehicle license fees	-	426
SARS penalties	-	189 232
Security	6 679 985	6 837 049
License fees	2 305 537	1 952 011
Subscriptions and membership fees	96 149	101 533
Sundry Expenses	734 213	763 166
Telephone and fax	8 145 543	7 940 792
Training	1 279 453	1 242 594
Travel - local	6 408 295	8 454 111
Water, electricity and levies	5 745 916	5 647 826
Uniforms	-	44 316
	95 627 043	88 837 292
14. AUDITORS' REMUNERATION		
Internal audit fees	574 786	673 345
External audit fees	2 454 153	3 355 724
	3 028 939	4 029 069

Notes to the Annual Financial Statements (continued)

FIGURES IN RAND	2019	2018
15. EMPLOYEE RELATED COSTS		
Basic salaries	114 558 686	98 316 472
Performance bonus - provision	3 391 986	1 154 048
Medical aid	8 087 849	7 134 034
Unemployment insurance fund	574 731	509 119
Skills development levy	1 322 130	1 154 603
Pension contribution	11 947 270	10 363 721
13th Cheques	7 511 236	6 147 533
Travel and other allowances	8 762 254	7 650 802
Workmen's compensation	710 107	363 514
Long-service awards	10 000	69 998
	156 876 249	132 863 844
Defined contribution plans		
Pension contributions		
Employee Contributions	7 205 335	6 223 236
Employer Contributions	11 947 270	10 363 721
	19 152 605	16 586 957

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

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

16. CASH GENERATED FROM (USED IN) OPERATIONS

Surplus (deficit)	3 286 566	(12 543 463)
Adjustments for:		
Depreciation and amortisation	3 943 658	3 641 553
Loss on disposal of assets	258 901	95 447
Debt impairment	24 132 218	25 788 648
Movements in operating lease assets and accruals	1 381 728	2 914 932
Movements in provisions	45 668	(1 452 075)
Changes in working capital:		
Inventories	503 376	(216 736)
Trade and Other Receivables	(28 360 975)	(13 147 728)
Trade and Other Payables	12 959 380	(23 795 894)
	18 150 520	(18 715 316)

Notes to the Annual Financial Statements (continued)

FIGURES IN RAND	2019	2018
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17. EVENTS AFTER THE REPORTING DATE

Council approved the cancellation of award of the bid for an ERP system amounting to R38 115 558 (Refer to note 23) , which was accepted by the service provider on 18 April 2019.

18. IRREGULAR EXPENDITURE

Total Irregular expenditure - -

There was no irregular expenditure incurred in the current financial year.

19. FRUITLESS AND WASTEFUL EXPENDITURE

Opening Balance	203 479	-
Add: Fruitless & wasteful expenditure for the current year	20 958	216 428
Less: Amounts recovered from staff	(819)	(5 861)
Less: Amount recovered from SARS	(191 570)	-
Less: Amounts written off	(21 989)	(710)
Less: Amounts transferred to debtors for recovery	(1 448)	(6 378)
Closing balance under investigation	8 611	203 479
Details of fruitless and wasteful expenditure for the current year		
SARS Penalties	-	189 332
SARS Interest	-	13 098
Flight Costs	9 310	5 481
Interest on Creditor Accounts	1 813	13
Non attendance Fees	-	3 400
Damage to Rented Car	8 655	-
Presiding Officer Fees	-	1 875
Accommodation	-	2 789
Traffic Fines	1 180	-
Cash losses	-	440
	20 958	216 428

During the period ended 31 March 2019 fruitless and wasteful expenditure of R20 958 (2018:R216 428) was incurred as a result of missed flights, traffic fine, damage of rented car and late payment of creditors.

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

Notes to the Annual Financial Statements (continued)

FIGURES IN RAND

2019

2018

20. CONTINGENCIES

CONTINGENT LIABILITIES

PSiRA is a defendant in a number of legal actions. It is not possible at this stage of proceedings to determine the actual losses that PSiRA would suffer in the event that the court found against PSiRA. Estimated liability amounts for the period ended 31 March 2019 to R1 050 000 (2018: R671 500).

CONTINGENT ASSETS

PSiRA is a complainant in a number of legal actions. The estimated probable inflow for the period ended 31 March 2019 is R0 (2018: R80 000), excluding costs.

21. RISK MANAGEMENT LIQUIDITY RISK

LIQUIDITY RISK

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

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

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

Contractual undiscounted cash flows as at reporting date	Less than 1 year	Between 2 and 5 years	Total
Operating lease obligation	1 182 636	5 272 969	6 455 605
Trade and other payables	53 125 995	-	53 125 995
	54 308 631	5 272 969	59 581 600

INTEREST RATE RISK

Interest rate risk relates to fluctuation of the fair value of future cash flows of financial instruments, as a result of changes in market conditions. PSiRA is exposed to interest rate risk as it invest funds in the money market at a fixed and floating interest rate. This is managed by investing PSiRA's surplus fund in short term investments, thereby taking advantage of the maximum rate applicable from time to time from money markets. Such investments are held with a registered bank in the Republic of South Africa.

CREDIT RISK

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Notes to the Annual Financial Statements (continued)

FIGURES IN RAND	2019	2018
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21. RISK MANAGEMENT LIQUIDITY RISK (continued)

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

FINANCIAL INSTRUMENT	2019	2018
Trade and other receivables	22 501 240	17 135 181
Cash and cash equivalents	15 374 454	6 719 224
	37 875 694	23 854 405

22. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. In 2017/2018 financial year although the annual financial statements were prepared on the basis of accounting policies applicable to going concern, there was material uncertainty that existed, that casted doubt on PSiRA to continue as a going concern. Although PSiRA reported an accumulated deficit of R3 356 198 for the financial year ended 31 March 2019, the net surplus and improvement in cash balances reported as indicated below, has eased the material uncertainties that existed in prior financial year.

FINANCIAL CONSIDERATION

We draw your attention to the fact that at 31 March 2019, PSiRA had an accumulated deficit of R3 356 198 and that the total assets exceed total liabilities by R 7 162 768. PSiRA posted a net surplus of R 3 286 566 for the current financial year. PSiRA implemented a turnaround strategy for the 2018/2019 financial year and this resulted in the decrease in accumulated loss because of the surplus reported. PSiRA reported a bad debt provision of R38 million for the financial year ended 31 March 2019. The R38 million bad debt provision is after considering a bad debt write-off of R41,1 million in the 2018/2019 financial year. PSiRA appointed 21 debt collection agencies to assist with the collection of this bad debt. As part of the turnaround strategy implemented in 2018/2019 financial, fines increased to R32,4 million from R14,8 million. Debt collection rate improved by 5% which resulted in the cash and cash equivalent improvement of R8,7 million. In 2018/2019 financial year PSiRA started charging interest on late payment of debt which resulted in revenue of R3,2million.

PSiRA will continue to implement turnaround strategies and cost containment measures to continue to improve the financial results in the 2019/2020 financial year.

LEGAL AND STATUTORY CONSIDERATIONS

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

Notes to the Annual Financial Statements (continued)

FIGURES IN RAND	2019	2018
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22 GOING CONCERN (continued)

ASSESSMENT OF GOING CONCERN ASSUMPTION

The Standard of Generally Recognised Accounting Practice – Presentation of Financial Statements (GRAP 1) paragraph .27 states “when preparing financial statements, management shall make an assessment of an entities ability to continue as a going concern. Financial statements shall be prepared on a going concern basis unless there is an intention to liquidate the entity or to cease trading, or if there is no realistic alternative to do so.”

PSiRA has a statutory mandate in terms of the Act and will continue to deliver on its mandate for the foreseeable future.

The going concern assumption in Public Entities is not predicated on the solvency test that is usually applied to business enterprises. The legislated ability to raise fees from the security industry may allow PSiRA to operate for extended periods in a net asset position.

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

Notes to the Annual Financial Statements (continued)

FIGURES IN RAND	2019	2018
23. COMMITMENTS		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	123 385	451 838
• Intangible assets	38 115 558	38 115 558
Total Capital Commitments	38 238 943	38 567 396
Authorised operational expenditure		
Already contracted for but not provided for		
• Printing, Stationery & Publications	308 158	696 296
• Training	97 794	95 862
• Maintenance	597 768	126 698
• Consultancy Fees	2 498 350	2 802 207
• Consumables	120 000	63 988
• Telephone & Fax	2 203 214	1 996 609
• Security	4 428 987	12 131 792
• Equipment Rental	-	71 820
• Advertising	31 650	222 842
• Office removal	-	7 068
• Cleaning	26 950	-
• Staff amenities	337 755	-
• Software Licences	120 890	-
• Internal Audit fees	625 139	-
• Meetings & Workshops	20 671	-
Total operational commitments	11 417 326	18 215 182
Operating leases - as lessee (expense)		
Minimum lease payments due		
• within one year	31 687 086	25 185 564
• in second to fifth year inclusive	57 354 481	61 258 395
• later than five years	-	-
	89 041 567	86 443 959

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

Notes to the Annual Financial Statements (continued)

FIGURES IN RAND	2019	2018
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24. RELATED PARTIES

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

RELATED PARTY TRANSACTIONS

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

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

OTHER OPERATING EXPENSES

Sundry Expenses	-	1 555
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BOARD AND EXECUTIVE MEMBERS EMOLUMENTS

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

COUNCIL MEMBERS 2019

	Meetings attended	Remuneration	Car allowance	Reimbursive and other allowances	Total
Prof N.M. Mazibuko (Chairperson)*	One	167 702	-	-	167 702
Mr. N. Ngubane (Acting Chairperson)	Seven	754 145	-	-	754 145
Maj Genl C.L. Philison [^]	Six	-	-	-	-
Mr. T.M. Oliphant	Five	571 157	-	-	571 157
Mr. Z. Zulu	Seven	571 157	-	-	571 157
		2 064 161	-	-	2 064 161

Council members 2018

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

* Term ended 19 April 2018

[^] Non remunerated government employee

Notes to the Annual Financial Statements (continued)

FIGURES IN RAND	2019	2018
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Audit and Risk committee 2019

	Meetings attended	Remuneration	Car allowance	Reimbursive and other allowances	Total
Ms. K.G. Mbonambi (Chairperson)*	Five	97 930	-	3 108	101 038
Mr. P. Ravhudzulo (Deputy Chairperson)	Six	57 373	-	15 457	72 830
Mr. Z.L.Fihlani	Two	16 160	-	429	16 589
Mr. C. Motau	Six	73 291	-	-	73 291
Mr. M.G.M. Zikalala	Five	20 628	-	536	21 164
		265 382	-	19 530	284 912

Audit and Risk committee 2018

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

* Ms. K.G Mbonambi resigned on the 04 February 2019.

**** Appointed June 2017

KEY MANAGEMENT PERSONNEL 2019

	Office Held	Remuneration	Car and other allowances and benefits	Reimbursive allowance	Total
Mr. M.S. Chauke	Director	2 355 727	470 400	72 910	2 899 037

Notes to the Annual Financial Statements (continued)

FIGURES IN RAND		2019	2018		
Ms. M.P. Mofikoe	Deputy Director: Comm, Train & Reg	1 344 303	325 600	-	1 669 903
Ms. I. Mbana**	Deputy Director: Law Enforcement	832 202	266 000	12 143	1 110 345
Mrs. M.C. Sebogodi	Deputy Director: Fin & Admin	1 639 166	264 000	1 984	1 905 150
Mr. J. Makgolane	Corporate Secretary	1 387 370	343 600	-	1 730 970
Mr. C.S. Badenhorst***	Chief Operating Officer	1 725 707	42 000	6 982	1 774 689
Mr. O.L.J Mamabolo****	Acting Deputy Director: Comm, Train & Reg	1 116 186	240 000	25 535	1 381 721
		10 400 661	1 951 600	119 554	12 471 815

KEY MANAGEMENT PERSONNEL 2018

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

*Resigned December 2017

*** Appointed June 2018

** Appointed August 2018

**** Appointed May 2018

Notes to the Annual Financial Statements (continued)

FIGURES IN RAND	2019	2018
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25. BUDGET DIFFERENCES

MATERIAL DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS

Statement of Financial performance

Revenue

Total Revenue is 7% above budget mainly due to the following:

Annual Fees are 3% above budget: The actual number of security officers and businesses billed were higher than the budgeted number. During the financial year there was an increase of 4% in the number of security officers employed. The Annual fees increased by 7% compared to prior year due to the annual adjustment of fees in April 2018.

Course reports income is 4% above budget: The actual average number of course reports processed per month is 36 421 compared to the budgeted average of 34 963.

Interest income from debtors is 95% above budget: As from April 2018 financial year PSiRA started charging interest on overdue accounts not paid by security businesses. The rate used is determined by the Minister of Finance.

Fines are 34% above budget: As part of the turnaround strategy, the Legal Department managed to increase the average fine from R7000 in 2017/2018 financial year to around R22 000 per fine in 2018/2019 financial year.

Other Income is 43% above budget: The positive variance is mainly due to the grants paid by SASSETA to PSiRA for interns' stipends, and submitting the annual work skills plans. PSiRA also received a refund of R191 571 for a penalty charged by SARS in the 2017/2018 financial year. There were also insurance proceeds of R581 000 received for lost assets and permanent disability claim.

EXPENDITURE

Total expenditure is 6% above. Below is an explanation of expenditure variances which are 10% and more above budget:

Printing, stationery and cartridges are 14% above budget: This is mainly due to the number of certificates and ID cards printing for the renewal project which had a deadline of 31 March 2019.

Legal fees are 40% above budget: This is mainly due to internal disciplinary matters that required external attorneys. One of the matters took longer than anticipated.

Seminars, conferences and venue hire are 19% above budget: This mainly due to the payment of a deposit for the venue hired for the Private Security Indaba.

Staff training is 23% above budget: This is mainly due to the top up on the differences on the bursaries from SASSETA for Management Development Programme and the Executive Development Programme for the development PSiRA Managers. The programmes are done via UNISA.

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

Advertising and publications are 40% below budget: Some of the budgeted advertising was deferred to the next financial year because of cost containment measures.

Notes to the Annual Financial Statements (continued)

FIGURES IN RAND	2019	2018
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25. BUDGET DIFFERENCES (continued)

Security costs are 21% below budget: This is mainly due to the security costs that were budgeted for the Empangeni Office not being incurred.

Audit Fees are 12% below budget: This is due to the timing of the internal audits which were only finalised after year end but were budgeted for in the 2018/2019 financial year.

Repairs and Maintenance are 17% below budget: This is mainly due to the repairs and maintenance cost budgeted for the Empangeni Office not incurred due to non availability of office space that can be leased.

Other expenditure is 23% below budget: Sponsorship and donations were received from private security employer organisations that were not budget for, as well as losses on disposal of assets.

26. CHANGE IN ESTIMATE PROPERTY, PLANT AND EQUIPMENT

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

	INCREASE IN CARRYING AMOUNT END OF THE YEAR	DECREASE IN DEPRECIATION FOR THE YEAR
Computer equipment	287 460	(287 460)
Office equipment	108 627	(108 627)
	396 087	(396 087)

27. PRIOR PERIOD ERRORS

During the current year it was discovered that expenditure relating to staff training that should have been accrued in the previous financial year, was not. As a result, prior year other operating expenditure and trade and other payables have been increased with an amount R165 000, to account for the error.

The impact of the correction of the error is as follows:

Statement of financial position

Trade and other payables	-	165 000
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Statement of financial performance

Other operating expenditure	-	165 000
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AUDIT AND RISK COMMITTEE REPORT 2018/2019

The Committee is pleased to present its report for the financial year ended 31 March 2019.

1. Audit and Risk Committee Members and attendance of meetings

Name	Designation	# of Ordinary Meetings	# of Special Meetings	Total # of Meetings Attended
Ms. K.G Mbonambi*	Chairperson	3	2	5
Mr. K.P Ravhudzulo**	Deputy Chairperson	4	2	6
Mr. C. Motau	Member	4	2	6
Mr. M. Zikalala	Member	3	2	5
Mr. Z. Fihlani	Member	2	0	2

*Resigned on 04/02/2019

**Appointed Chairperson on 12/02/2019

2. Audit and Risk Committee Responsibility

The Committee reports that it has complied with its responsibilities under Section 77 of the Public Finance Management Act, 1999 and Treasury Regulation 3.1.13. The Committee also reports that it has adopted appropriate formal terms of reference as its Charter that was approved by the Accounting Authority (Council), has conducted its affairs in compliance with the Charter, and has discharged all its responsibilities as contained therein.

3. The Effectiveness of Internal Control

The systems of internal control are designed to provide assurance that the entity's assets are safeguarded, and that liabilities and working capital are efficiently managed in the execution of the mandate of the entity.

During the period under review, the entity implemented the going concern turnaround strategy that improved the financial viability of the entity in the year under review as compared to the previous year. However, the current liability exceeds the current assets, which might be an indication of liquidity problems that might affect the entity's ability to meet its planned targets – hence the need to review the funding model. The Committee is, however, confident that the continued implementation of the turnaround strategy which resulted in a net surplus for the year under review will be able to move the entity out of the accumulated deficit by the end of the 2019/2020. The reduced debt provision during the period under review after a write-off of bad debt and the positive results from the debt collection by a panel

of debt collectors (including cost savings realised during the period) will continue to be monitored by the Committee to ensure that the entity completely moves out of the negative going concern status in the next 12 months.

The Committee noted that the current annual fee funding model continues to be a barrier for the entity to generate enough revenue to be able to fully fund its operations to meet the objectives as per the mandate. The Committee is confident that the Council's efforts in engaging National Treasury to have the model reviewed by amending the Private Security Industry Levies Act, 2002 would ultimately bear some positive results with the passing of the Act as a Money Bill under section 77 of the Constitution.

The Committee was presented with a revised turnaround strategy by Management on how the finances of the entity would be improved in the next 12 months, which included increased debt collection through debt collectors, collection of fines imposed and agreed settlement amounts for non-compliance transgressions, and cost savings in operations.

In line with the PFMA and Treasury Regulations, the Committee is supported by an independent outsourced Internal Audit function which provides the Committee and Management with independent and objective assurance on the appropriateness and effectiveness of the internal controls within PSIRA, to mitigate the risks that the entity faces in the execution of its mandate. The opinion of internal auditors gave the Committee an assurance in terms of improvements noted in the areas of governance and internal financial controls, which were all reported to be satisfactory.

Our review of the findings of the Internal Audit, which was based on the risk assessments conducted on the entity for the period under review revealed some improvements needed in certain areas, which were then raised with the Management of the entity. An internal audit action plan was developed by Management to resolve the findings raised, and the Committee is satisfied with the progress made in terms of resolving the findings to enhance the effectiveness of the internal control environment.

The following internal audit work was completed during the year under review in accordance with the approved Internal Audit Coverage Plan:

- Internal Financial Controls
- Supply Chain Management
- Communication, Registration and Training programme
- Assurance over change management controls for the development of the ERP system (Advisory)
- Compliance and Enforcement Programme
- Risk Management Review
- Governance and Compliance Review.
- Predetermined Objectives for Q2 & Q4
- Follow-up review on Audit Action Plan (external and internal audit findings)

4. Risk Management

The Committee fulfils an oversight role in the risk management processes within PSiRA. During the period under review, the Committee continued to monitor the significant risks faced by the entity as contained in the entity's strategic risk register, and it is satisfied with progress made by Management in implementing the controls to mitigate the risks to acceptable residual risk ratings. The Committee is confident that the going concern risk is being addressed through implementation of the turnaround strategy put together by Management, and is hopeful that the entity would completely move out of the negative going concern status by the end of the 2019/2020 financial year.

The entity has an approved risk management strategy, which includes the fraud prevention plan. The Committee also monitored the implementation of the strategy and the fraud prevention plan, and in this regard reviewed quarterly reports submitted for appropriate and timely resolution of reported cases, including the Fraud Hotline cases. The

details on the resolution of the Fraud Hotline cases are contained in Part C (Governance Report).

5. In-Year Management and Quarterly Reports

The Committee has reviewed quarterly reports and managements accounts (financial reports) for the entity before approval by Council at each quarterly meeting, and is satisfied that these reports were submitted to the Executive Authority as per PFMA prescripts. By the end of Quarter 2 of the period under review, the Committee already noted some signs of improvements in terms of the financial performance to move out of the negative going concern status. This was as the result of implementing the turnaround strategy as put together by Management and monitored by the Committee.

6. Governance processes

The Committee reviewed the governance processes and is satisfied that the audit action plan from the governance and compliance review audit was fully implemented as confirmed by internal audit opinion in this area. The Committee continued to monitor compliance improvements in this area and is confident that the processes continues to support improved sustainability in terms of PSiRA operations.

7. Evaluation of the report on predetermined objectives

The Committee has reviewed and evaluated the performance information report on predetermined objectives before the audit process, and was satisfied with the reported performance against predetermined objectives of the entity at 85%. The Committee is pleased that the audit outcome confirmed the results as presented by Management before the audit, and in this regard commend Management for the efforts in ensuring that the reported performance was supported by a portfolio of evidence, which resulted in a clean audit outcome for the entity.

8. Evaluation of Financial Statements

The Committee has reviewed the annual financial statements prepared by Management, including the appropriateness of accounting policies in the preparation of the annual financial statements before the audit, and is satisfied that these were confirmed in the audit outcome of the annual financial statements as presented in the Auditor-General's report. Again, the Committee commends Management for the clean audit outcome in respect of the annual financial statements presented for audit.

9. Auditor-General's Report

The Committee has reviewed the entity's implementation of the audit action plan on issues raised in the prior year, and is pleased that the action plan to address prior year audit findings was fully effective in resolving the findings. All significant findings from the prior year were successfully resolved, and no repeat or new significant findings for the period under review were uncovered during the audit, which resulted in the entity obtaining a clean audit outcome.

The Committee has also reviewed and discussed the:

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

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

Mr. P. Ravhudzulo

Chairperson: Audit and Risk Committee





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