sanas
South African National Accreditation System



2020-21

ANNUAL REPORT

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Part A
General Information

1. SANAS GENERAL INFORMATION

Registered Name Of The Public Entity	South African National Accreditation System (SANAS)
Registration Numbers and/or Other Relevant Numbers	Not applicable
Registered Office Address	Libertas Office Park cnr Libertas and Highway Street Equestria, Pretoria 0184
Contact Telephone Numbers	+27 12 740 8400
E-mail Address	info@sanas.co.za
Website Address	www.sanas.co.za
External Auditor's Information	Nexia SAB&T 119 Witch-Hazel Avenue, Highveld Technopark Centurion 0157
Banker's Information	First National Bank Shop 39 Hillcrest Boulevard Lynnwood Road Hillcrest, Pretoria 0083
Company Secretary	Mr Dawood Petersen Company Secretary Legal Affairs

2. ABBREVIATIONS AND ACRONYMS

4th IR	4th INDUSTRIAL REVOLUTION
AfCFTA	AFRICAN CONTINENTAL FREE TRADE AREA
AFRAC	AFRICAN ACCREDITATION COOPERATION
APP	ANNUAL PERFORMANCE PLAN
B-BBEE	BROAD-BASED BLACK ECONOMIC EMPOWERMENT
CAB	CONFORMITY ASSESSMENT BODY
CEO	CHIEF EXECUTIVE OFFICER
CFO	CHIEF FINANCIAL OFFICER
CMMI	CAPABILITY MATURITY MODEL INTEGRATION
COBIT	CONTROL OBJECTIVES FOR INFORMATION AND RELATED TECHNOLOGY
COVID-19	CORONAVIRUS DISEASE OF 2019
CRMs	CERTIFIED REFERENCE MATERIALS
EMP	EMPLOYEE WELLNESS PROGRAMME
EPC	ENERGY PERFORMANCE CERTIFICATE
EVP	EMPLOYEE VALUE PROPOSITION
GLP	GOOD LABORATORY PRACTICE
IAF	INTERNATIONAL ACCREDITATION FORUM
ICT	INFORMATION AND COMMUNICATIONS TECHNOLOGY
IEC	INTERNATIONAL ELECTROTECHNICAL COMMISSION
ILAC	INTERNATIONAL LABORATORY ACCREDITATION COOPERATION
ISO	INTERNATIONAL ORGANIZATION FOR STANDARDIZATION
IT	INFORMATION TECHNOLOGY
ITED	INTERNATIONAL TRADE & ECONOMIC DEVELOPMENT (**the dtic**)
ITIL	INFORMATION TECHNOLOGY INFRASTRUCTURE LIBRARY
KPI	KEY PERFORMANCE INDICATOR
MLA	MULTILATERAL RECOGNITION AGREEMENT
MRA	MUTUAL RECOGNITION ARRANGEMENT
MTEF	MEDIUM-TERM EXPENDITURE FRAMEWORK
NDP	NATIONAL DEVELOPMENT PLAN
NEHAWU	NATIONAL EDUCATION, HEALTH AND ALLIED WORKERS' UNION
NLA-SA	NATIONAL LABORATORY ASSOCIATION SOUTH AFRICA
NHLS	NATIONAL HEALTH LABORATORY SERVICE
NMISA	NATIONAL METROLOGY INSTITUTE OF SOUTH AFRICA
NRCS	NATIONAL REGULATOR FOR COMPULSORY SPECIFICATIONS
OECD	ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT
OHSMS	OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEMS
OVC	ORPHANS AND VULNERABLE CHILDREN
PAQI	PAN AFRICAN QUALITY INFRASTRUCTURE
PDIs	PREVIOUSLY DISADVANTAGED INDIVIDUALS
PFMA	PUBLIC FINANCE MANAGEMENT ACT
POPIA	PROTECTION OF PERSONAL INFORMATION ACT
PT	PROFICIENCY TESTING
QMS	QUALITY MANAGEMENT SYSTEM
RMP	REFERENCE MATERIAL PRODUCERS
SAAMA	SOUTH AFRICAN ASSET MANAGEMENT ASSOCIATION
SABS	SOUTH AFRICAN BUREAU OF STANDARDS
SADC	SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
SADCA	SOUTHERN AFRICAN DEVELOPMENT COMMUNITY COOPERATION IN ACCREDITATION
SADCAS	SOUTHERN AFRICAN DEVELOPMENT COMMUNITY ACCREDITATION SERVICES
SAHPRA	SOUTH AFRICAN HEALTH PRODUCTS REGULATORY AUTHORITY
SANAS	SOUTH AFRICAN NATIONAL ACCREDITATION SYSTEM
SANEDI	SOUTH AFRICAN NATIONAL ENERGY DEVELOPMENT INSTITUTE
SATS	SOUTH AFRICAN TECHNICAL SPECIFICATION
SCM	SUPPLY CHAIN MANAGEMENT
SDGs	SUSTAINABLE DEVELOPMENT GOALS
SEDA	SMALL ENTERPRISE DEVELOPMENT AGENCY
SMME	SMALL, MEDIUM AND MICRO ENTERPRISES
TFTA	TRIPARTITE FREE TRADE AREA
UN	UNITED NATIONS
WADA	WORLD ANTI-DOPING AGENCY
WTO	WORLD TRADE ORGANISATION

FOREWORD BY THE MINISTER



Mr Ebrahim Patel
Minister of Trade, Industry and Competition

It is my pleasure to present the Annual Report of the South African National Accreditation System (SANAS) for the 2020-21 financial year. The Report sets out the performance information, governance report, human resources and financial information for the past financial year, a particularly challenging period for many public and private institutions due to the devastating effects of the COVID-19 pandemic.

The re-imagined industrial strategy that underpins the vision of the 6th Administration was used as a framework during the past year to boost local production of COVID-19 medical supplies; and is part of the pillars of economic recovery.

As SA recovered from the first waves of COVID-19, the focus has shifted to economic recovery, in line with the Economic Reconstruction and Recovery Plan (ERRP). In the new financial year ending March 2022, every agency of the dtic has been requested to report on its contribution to South Africa's national development goals, with a focus on seven key areas, which are termed 'joint indicators'. In this way, the combined efforts of all public entities will begin to be aligned to the national priorities in a more explicit manner.

These cover the following areas:

- Joint Indicator 1: Integrated Support to Drive Industrialisation (which includes the work on localisation and sector master plans as well as efforts to support beneficiation)
- Joint Indicator 2: Contribution to the development of an AfCFTA Export Plan
- Joint Indicator 3: Investment Facilitation and Growth
- Joint Indicator 4: Development Model and Spatial Equity to enable the impact of all public sector work to be measured and integrated at district level
- Joint Indicator 5: Actions to Promote Transformation
- Joint Indicator 6: The Green Economy and Greening the Economy
- Joint Indicator 7: Strengthening and Building a Capable State.

In respect of building a capable state, for example, all public entities will be required to review their procedures, timeframes for delivery, forms to be filled in and public communication of services to simplify these, make processes expeditious where possible, remove unnecessary red-tape where these exist and make it easier for users to access services.

SANAS has an important role to play in each of the joint-indicator areas, and in its core work to foster trust that South African products and services' have been tested, inspected, or certified by competent conformity assessment bodies.

The improved audit outcome for SANAS in this reporting period of 2020-21 is noted and the institution should ensure maintenance of strong standards in its control environment.

Following the particularly difficult year in which the country lost many talented persons to COVID-19, I wish to convey my condolences to the friends and families of all of our loved ones who passed away and to thank the Board and officials of SANAS for the work done in the past year.



Mr Ebrahim Patel
Minister of Trade, Industry and Competition

3. FOREWORD BY THE INTERIM CHAIRPERSON



Ms Lindi Tlou
Interim Chairperson of the Board

Introduction

In the pursuit of 'A Better Life Through Accreditation', SANAS has continued to serve South Africa's society with an internationally recognised accreditation service that supports the government's objective of protecting citizens' health and safety, and with initiatives to revitalize the economy. Accreditation provides a foundation for confidence in the globally accepted results produced by those accredited by SANAS.

Overview of SANAS Strategy and Performance

SANAS fulfilled its mandate of providing an effective accreditation system for facilitating the competitiveness of South African enterprises competing in the global economy. Furthermore, SANAS has continued to support **the dtic's** initiatives under the Economic Reconstruction and Recovery Plan. Despite the devastating effects of the COVID-19 pandemic on the South African economy, SANAS managed to achieve 57% of its 14 targets.

Strategic Relationships

As a public entity under **the dtic**, SANAS has signed Memorandums of Understanding with various Regulators that use or aspire to use accreditation to reduce risk in the sectors that they regulate. The Regulators Meetings annually hosted by SANAS to demonstrate what accreditation can do for regulators, have resulted in an increased demand for accreditation in the Regulatory domain. SANAS has also formed relationships with industry associations that participate in our Specialist Technical Committees which provide guidance regarding industry specific characteristics that determine technical criteria/requirements for accreditation in a variety of fields and scopes of accreditation.

Challenges

The Board undertook its functions in a challenging environment posed by COVID-19. Overseeing the Entity in an uncertain environment where its services, functions were affected by the pandemic was a challenge. However the Board managed to perform its governance functions despite this.

Overseeing the Entity was a challenge, as there is no permanent CEO and there are some vacancies which require filling. These landed themselves in a situation where the Board wasn't receiving the support it ought to have received.

Medium to Long-Term Goals

The Entity envisages obtaining a clean audit while maintaining financial stability during these difficult economic times. Doing so contributes to the provision of services as specified in the Accreditation for Conformity Assessment, Calibration, and Good Laboratory Practice Act, Act 19 of 2006. In the long-term, the Entity strives to meet at least 85% of the targets outlined in the Annual Performance Plan (APP) 2021-22 – 2023-24. SANAS intends to prioritise support for **the dtic's** Joint Key Performance Indicators (KPIs) as outlined in the revised APP, the Economic Reconstruction and Recovery Plan, and other emerging priorities.

Acknowledgement

As Interim Chairperson of the SANAS Board of Directors, I would like to express my heartfelt gratitude to all SANAS Employees – including the Management Team, for their contributions to the Entity's success in the face of adversity. I am grateful to my fellow Board Members for allowing me to lead the Entity during the year under review. I appreciate your dedication and devotion to the Entity. A special thank you to Mr Ebrahim Patel, Minister of Trade, Industry and Competition, and **the dtic** Employees who contributed to the success of SANAS during the review period.



Ms Lindi Tlou

Interim Chairperson of the Board

4. ACTING CHIEF EXECUTIVE OFFICER'S OVERVIEW



Mr Tumelo Baleni
Acting Chief Executive Officer

SANAS is a Schedule 3A Public Entity as listed in the Public Finance Management Act of South Africa, 1999 (Act 1 of 1999) (PFMA) as amended. As the sole government mandated accreditation body for conformity assessment in South Africa, SANAS promotes the competence of its accredited facilities – nationally, regionally, and internationally – against a specific scope of activities. SANAS promotes the competence of its accredited facilities nationally, regionally and internationally, through its signatory status to various regional and international mutual recognition arrangements, for specific scopes of activities.

SANAS is guided by the principles of the PFMA and the Accreditation for Conformity Assessment, Calibration and Good Laboratory Practice Act of South Africa, 2006 (Act No. 19 of 2006) (Accreditation Act) as of 1 May 2007. The statutory duties, responsibilities, and liabilities are imposed on the Accounting Authority by the PFMA.

Spending Trends of the Entity

SANAS generates its income from accreditation fees, external courses fees, and **the dtic** grant. The bulk of the expenses goes to operations, followed by the travel and accommodation for assessors to conduct assessments throughout the country and in the Region. However, due to the impact of COVID-19, there was no travelling as assessments were subsequently performed remotely. While this resulted in a saving, additional expenses were incurred for internet data, albeit negligible.

During the year under review, the contract of the Chief Executive Officer (CEO) concluded on 31 May 2020 which required the appointment of an Acting CEO during the related recruitment process. By the end of the fiscal year under review, the Acting CEO was still at the helm pending the conclusion of the recruitment process.

Given the impact of the COVID-19 pandemic, in July 2020 SANAS was requested to consider revising its budget to assist the Government's efforts to fight the pandemic. The revised budget culminated in inter alia the elimination of Employee bonuses for the 2020-21 fiscal year, and the freezing of Employee development budgets.

Although the pandemic had devastating effects on the economy and on the health of the South African population and the rest of the world, there have been positive aspects. Lessons learned like the increased use of technology to conduct business, and the new normal of working from home, and conducting virtual meetings. SANAS' conducting of online workshops and seminars throughout the country for a large delegation of managers, executives, and some administrators, has greatly reduced the cost of travelling and accommodation. This approach will be a positive alternative long after the pandemic.

Requests for Roll Over of Funds

In terms of Section 53(3) of the PFMA, a Schedule 3A Public Entity may not retain cash surpluses that were realised in the previous financial year – without the prior written approval of the National Treasury. SANAS will therefore, in terms of National Treasury's instruction no. 12 of 2020-2021 (August 2021), make a submission to National Treasury to retain the surpluses for 2020-2021 – based on the final audited figures. The cash surplus aspect of that instruction is based on the cash and cash equivalents plus receivables less current liabilities. At the end of the 2020-2021 financial year, the calculated SANAS cash surplus is R28,698,397. Should approval to retain the 2020-2021 cash surplus not be granted, SANAS may be required to surrender the assessed cash surplus or part thereof to National Treasury.

Supply Chain Management

SANAS aligns the management of all its procurement with the guidelines and instructions stipulated by National Treasury. The Supply Chain Unit consists of a Procurement Officer and a Supply Chain Administrator. SANAS is required to utilise the National Treasury's Central Supplier database for all procurement requiring quotations. The National Treasury's Central Supplier database replaced the supplier database that SANAS previously compiled on the Advanced Procurement Module on SAGE Evolution. Formal tenders are placed in the Government Tender Bulletin, and on SANAS' website. Specification, evaluation, and adjudication bid committees are established in terms of SANAS' Supply Chain Management Policy.

Audit Report Matters from the Previous Year

During the 2019-2020 fiscal year, the external auditors, Nexia SAB&T, provided an unqualified opinion on three matters – irregular expenditure, material misstatements in the draft financial statements, and non-compliance matters. Addressing the irregular expenditure included reviewing and updating the internal processes by the Procurement Officer with the oversight by the Acting Chief Financial Officer (CFO). No new irregular matters were identified during 2020-2021.

Preparing the SANAS annual financial statements involves some technical knowledge of SANAS' accreditation processes. The material misstatements that arose during the 2019-2020 draft financial statements were predominantly as a result of the timing of certain disclosures and reclassifications. In turn, the non-compliance matter raised in the Audit Report that related to the lack of appropriate steps taken to prevent material mis-statements in the submitted financial statements, were subsequently corrected. Future occurrences will be avoided as the Acting CFO has drafted a standard operating procedure regarding disclosures and classifications.

Outlook and Plans to Address Financial Challenges

The majority of SANAS' income is derived from fees charged to conformity assessment bodies. During the last quarter of 2019-2020, SANAS received a large number of withdrawals of accreditation. The withdrawals appear to be an indication of financial hardship resulting from the COVID-19 pandemic. To assist the conformity assessment bodies in these uncertain time, SANAS initiated a process to support struggling conformity assessment bodies. The support includes a two-month rebate on 2020-2021 annual fees, and the extension of payment terms from 30 days to 90 days. Due to SANAS' own financial constraints from baseline reductions for the 2021-2022 Medium-Term Expenditure Framework (MTEF) period, this rebate will not be extended for the new financial year 2021-2022. However, SANAS has offered payment arrangements to conformity assessment bodies.

Cost containment continues to be implemented by SANAS – including travel costs, and other areas like process automation to contribute to ensuring that accreditation remains a financially viable business.

Events after the Reporting Date

At the 2019-2020 year-end, SANAS raised a provision for 2019-2020 discretionary performance bonuses pending the conclusion of the internal process. After a long process of information gathering and discussions held at SANAS Board and Board Committee meetings, the Board decided to decline the application for the payment of 2019-2020 discretionary performance bonuses. The provision in the previous year was therefore reversed which increased the surplus as reported on 31 March 2021.

Financial Viability

The financial statements of SANAS have been prepared on the basis of accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations, and that the realisation of assets and settlement of liabilities, contingent obligations, and commitments will occur in the ordinary course of business. The following depicts SANAS' overall general performance of SANAS in the year under review.

Overall Performance Against Set Targets

Programme	No. of targets	Performance against Original APP (Q1 – Q3)	Performance against Revised APP (Q4)
1.Administration	4	Achieved 3 (75%)	Achieved 2 (50%)
2.Corporate Services	2	Achieved 2 (100%)	Achieved 2 (100%)
3. Strategy and Development	3	Achieved 1 (33%)	Achieved 1 (33%)
4. Accreditation	5	Achieved 2 (40%)	Achieved 3 (60%)
Total	**14**	**Achieved 8 (62%) out 13 targets**	**Achieved 8 (*57%) of 14 targets**

**The overall performance score is anomalous when compared to previous financial years and was beyond SANAS' control. The performance score is informed by the impact of the lockdown which resulted in SANAS being unable to perform the actions required to meet the performance targets requiring physical interaction and onsite assessments. However, SANAS has adopted and implemented the necessary measures to curtail the impact of the ongoing lockdown on its ability to fulfil the performance targets requiring physical interaction and onsite assessments.*

1. *During the first quarter of 2020 the country was in a hard lockdown - Level 5 which meant that other than essential services most commercial activities were restricted. SANAS' activities were therefore halted which affected some the KPIs that were planned for that quarter.*
2. *With the lessening of the restrictions in the second quarter, some commercial activities were allowed. However, it was no longer possible for SANAS to operate normally and had to adapt to conducting business remotely – like remote assessments and conducting online training activities. SANAS had to clear the backlog of assessments that were planned for the first quarter, and the training courses that were planned for the first quarter.*

3. *In alignment with instructions from **the dtic** to contribute towards fighting the COVID-19 pandemic, SANAS had to revise its APP targets and the respective budgets which reduced its grant.*
4. *The revised APP was only approved in the last quarter of the period under review. Q1 to Q3 was reported against the original APP while Q4 was reported against the revised APP.*

The Entity has adapted to what could become the new normal way of working and is committed to ensuring improved performance during the 2021-2022 reporting period.



Mr Tumelo Baleni
Acting Chief Executive Officer

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

To the best of our knowledge and belief, we confirm that...



In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information, and the financial affairs of the Entity for the financial year ended 31 March 2021.

Mr Tumelo Baleni
Acting Chief Executive Officer

Ms Lindi Tlou
Interim Chairperson of the Board

6. STRATEGIC OVERVIEW

VISION

A better life through accreditation.

MISSION

To provide an internationally recognised accreditation system in support of public policy objectives including trade facilitation for the betterment of our people.

VALUES

The five values that guide everything we do are integral to the role of SANAS as an accreditation body that instils global trust in the goods and services produced in South Africa.



We are confident, assertive, result-driven – we invest in continuous learning, pay attention to detail, and are rational in the delivery of our mandate with a sense of urgency.



We understand that our strength is based on trust and are therefore consistent in our deeds, principles, and outcomes, and act with honesty and respect without compromising the truth.



We are a forward-thinking entity and have the courage and confidence to come up with creative ways in accreditation development.



As a Team, we are committed, motivated, and passionate about our work and we take ownership in all that we do.



We are an entity that cares, and we are therefore accountable and invest in our people, our communities, and the environment.

7. LEGISLATIVE MANDATE

SANAS is classified as a Schedule 3A public Entity in terms of the Public Finance Management Act (PFMA) (Act No. 29 of 1999). It is established under the Accreditation for Conformity Assessment, Calibration and Good Laboratory Practice Act, 2006 (Act No. 19 of 2006).

Mandate

SANAS is the sole national accreditation body, established to provide an internationally recognised and effective accreditation and monitoring system for the Republic of South Africa by:

- Accrediting or monitoring Good Laboratory Practice (GLP) compliance of organisations falling within its scope of activity
- Promoting accreditation to facilitate international trade, and to enhance South Africa's economic performance and transformation
- Promoting the competence and equivalence of accredited bodies
- Promoting the competence and equivalence of GLP-compliant facilities.

Core Functions

The Accreditation Act empowers SANAS to perform the following functions…

- Promote the Entity as the sole national accreditation body and its scope of activity
- Encourage and promote the accreditation of calibration, testing and verification laboratories, certification bodies, inspection bodies, rating agencies, and any other type of body that may be added to its scope of activity
- Encourage and promote GLP compliance with principles adopted by the Organisation for Economic Co-operation and Development (OECD) for GLP facilities
- Promote the acceptance of its activities and those of all bodies accredited by SANAS or its international counterparts
- Promote the recognition of accredited bodies by users of conformity assessments
- Liaise with regional and international standards bodies, and with technical regulatory and metrology organisations, on any matter regarding related accreditation
- Liaise with national regulators on any matter regarding related accreditation
- Promote the use of accredited bodies to facilitate trade
- Advise national, regional, and international organisations on conditions for accreditation, and on other issues related to accreditation
- Establish and maintain a register of all accredited organisations in South Africa
- Initiate, negotiate, conclude, and maintain Mutual Recognition Arrangements (MRAs) and Multilateral Arrangements (MLAs)
- Support Government's activities on MRAs
- Obtain and maintain membership of national or international organisations that may assist SANAS in achieving its objectives, and actively participate in such organisations
- Participate in formulating international and regional guidelines and standards to facilitate the accreditation process
- Formulate and implement national guidelines and standards to facilitate the accreditation process
- Promote recognition and protect the use of the SANAS logo nationally and internationally

- Promote and protect regional and international arrangement logos, like those of the International Laboratory Accreditation Cooperation (ILAC) and the International Accreditation Forum (IAF)
- Establish appropriate technical committees
- Investigate methods of facilitating trade through accreditation.



8. ORGANISATIONAL STRUCTURE

SANAS' structure represents the collective accountability and responsibilities for good governance. At the apex of the structure is the Minister of Trade, Industry and Competition as the Executive Authority. The Minister's oversight role includes the appointment of the Board of Directors.



BOARD MEMBERS



Ms Lindi Tlou
Interim Chairperson: Board of Directors



Ms Lerato Mothae
Chairperson: Audit
and Risk Committee



Mr Samuel Mlangeni
Chairperson: Information
Communications and Technology
Strategy Sub-Commitee



Mr Fezile Flip Wetes
Chairperson:
Human Resources and
Remuneration Committee



Dr Sarah Mohlala



Dr Tshenge Demana



Mr Nitin Gunga



Dr Molefe Pule



Ms Irish Bologo



Ms Zukiswa Kimani



Mr Tumelo Baleni
Acting Chief Executive Officer



Mr Mpho Phaloane
Executive: Accreditation



Ms Christi Warren
Acting Chief Financial Officer



Part B
Performance Information

PART B: PERFORMANCE INFORMATION

1. External Auditor's Report on Pre-Determined Objectives

The external auditors, Nexia SAB&T, performed the audit procedures necessary for this Annual Report. The outcome of this audit is captured in Part E (Annual Financial Statements), page 85.

2. Situational Analysis

2.1 Service Delivery Environment

National demand for accreditation partly arises from the strategic role that SANAS plays in advancing the achievement of the re-imagined Industrial Policy Plan , and serving the demands of the private sector. The role of accreditation supports the health and safety of the public and the protection of the environment by…

- providing confidence in conformity assessment results, and
- facilitating the mutual acceptance of results that underpin the national, regional, and international acceptance of South African produced goods and services.

2.2 Global Trends

Globally, growth in the demand for accreditation continued to be driven by regulatory sectors and global agenda issues like the United Nations (UN) Sustainable Development Goals. Global bodies like the World Trade Organisation (WTO), the World Anti-doping Agency (WADA), the International Electrotechnical Committee (IEC), and retailer-based schemes like Global Gap, recognise the added value of a network of national accreditation bodies towards achieving their objectives.

2.3 Regional Trends

The demand for accreditation in Africa by bodies like the African Union (AN) arises from the role that accreditation plays in facilitating intra- and inter-regional trade in high-quality manufacturing. Industrial development and export are key to the newly launched Tripartite Free Trade Area and the Continental Free Trader Area (AfCFTA). The global competitiveness of the Region's goods and services hinges on quality being confirmed by accredited Conformity Assessment Bodies (CABs).

Non-acceptance of conformity assessments usually leads to rejection or costly re-testing, re-inspection or re-certification of exported goods and services, and un-competitiveness. Confidence in the competence of CABs is key for the success of industrial development and export. During the period under review, SANAS participated in the development of the AfCFTA draft quality policy and also contributed to the AfCFTA Technical Barriers to Trade (TBT) annexure.

2.4 National Trends

The growth in the demand for accreditation from the private sector continues to highlight its importance. SANAS' strategic role of locking in export markets and locking out unsafe, poor-quality goods and services as part of South Africa's technical infrastructure, continues to contribute to achieving South Africa's development goals.

2.5 Outlook

Amidst the ongoing COVID-19 pandemic, the outlook for SANAS remains positive. Although the pandemic has had a negative impact on SANAS' accredited clients which has led to numerous withdrawals of accreditation, it has also presented SANAS with the opportunity to relook at new ways of working.

Under the period of review, SANAS has successfully conducted over 1,000 assessments remotely in line with its related procedures. SANAS' investment in Information and Communications Technology (ICT) technologies, and in human resources, will drive its service delivery over the next few years.

South Africa's infrastructure development plans, and the further rollout of the NDP and the Nine Point Plan – coupled with global protection initiatives, will continue to be key drivers for the demand of accredited conformity assessment services in the near and medium-term. Although economic volatility remains a challenge, economic growth in Africa – linked with the Continent's regional integration initiatives aligned with the AfCFTA, should further increase the demand and support for accreditation initiatives on the continent.

3. Progress towards Achievement of Institutional Impacts and Outcomes

3.1 Service Delivery Improvement Plan

3.1.1 Customer Experience

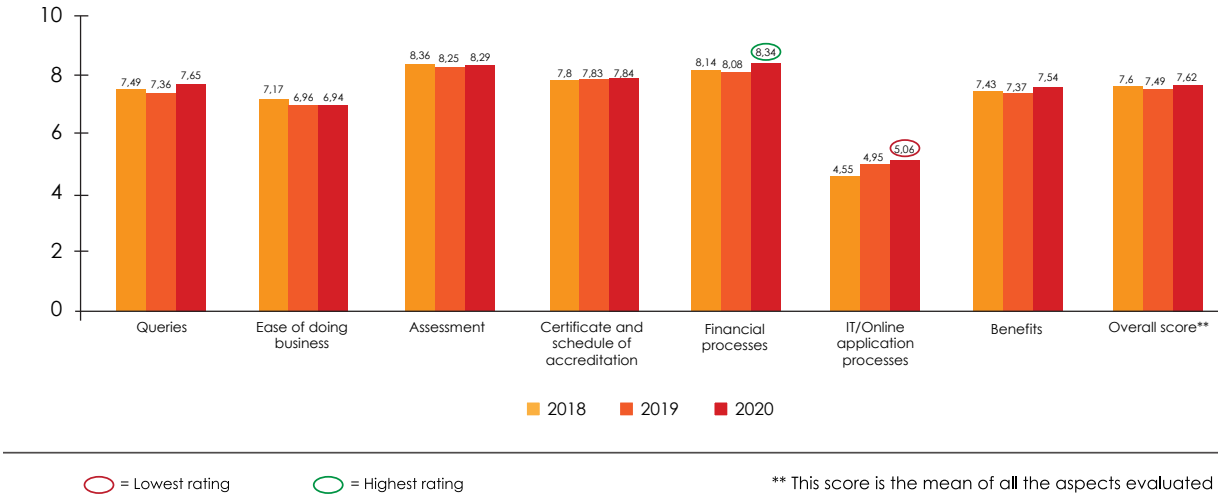
SANAS conducted an independent CAB customer satisfaction survey to measure delivery against its clients' service expectations. The survey included questions about the overall evaluation of SANAS, like the overall quality of its…

- service delivery
- relationships with customers
- products
- and the overall satisfaction with SANAS.

SANAS' Customer Satisfaction Index score out of ten, increased to 7.6 – the 2019 score was 7.5. During 2020, all key performance areas were rated the same or slightly better to better than the 2019 ratings. The performance area 'Queries' saw the biggest improvement – particularly in the communication and administration.

Overall, 'Financial Processes' was the best rated key performance area – it surpassed 'Assessments' which was the best rated area in the previous five years. Information Technology (IT)/Online application processes rating improved slightly yet remained lowest rated key performance areas.

Survey Results



SANAS' following strengths remain the highest importance to Clients…

- The Certificate and Scope of Accreditation
- The Assessment and Corrective action processes, and
- Communication.

The increased Customer Satisfaction Index score was as a result of the corrective action measures implemented following the assessment of the previous score and comments received. Following the previous low rating and the feedback received about the on-line application process, the system was enhanced to counter the challenges highlighted in the feedback.

3.1.2 Organisational Environment

The period under review has seen SANAS successfully rollout phase 3 of the ICT automation project, Shanduka, with continuous review and improvement of the implemented systems. The COVID-19 pandemic necessitated new ways of working. SANAS Employees work from home and numerous activities like meetings, training, and assessments were successfully conducted remotely. SANAS has also continued and improved its focus on efficiency and effectiveness regarding government support, investments in information technology, its Employees, and tertiary institutions.

3.2 Strategic Outcome-Oriented Goals

SANAS' accreditation service impacts directly on CABs, industry sectors, and the economy by facilitating the national, regional, and international acceptance of test, inspection, and certification results. Doing so lowers the risk of rejection of South African goods and services.

SANAS' goals are aligned with those of **the dtic** and in turn our Government's strategic direction. With so much uncertainty surrounding global trade, the realignment of SANAS' strategy and Annual Performance Plan is led by the Ministry of Trade, Industry and Competition.

Strategic realignment enhances SANAS' commitment to achieving the following four strategic objectives in pursuit of ensuring the health and safety of our citizens and the protection of our environment.

3.2.1 Improve SANAS' Operational Efficiency to Deliver Services with a Spirit of Excellence

Investments in ICT are increasing our operational efficiency in financial management, supply chain management (SCM), and accreditation processes. The rollout of the third and last phase of the Shanduka project in this year under review included the automation of SANAS' on-site assessments. The project contributes to containing costs, reducing labour intensiveness, and improving service delivery – a vital success factor for SANAS given its growth trajectory.

3.2.2 Contribute to Industrial Development and the Protection of Health, Safety, and the Environment

As one of the four interlinked entities in South Africa's technical infrastructure, SANAS contributes to industrial development by delivering its responsibilities outline in the Reimagined Industrial Strategy. Those responsibilities include new accreditation programmes developed over a shorter period to advance South Africa's industrial development goals. SANAS' role includes ensuring that products and services do not pose health and safety risks for consumers, the environment, and CABs.

3.2.3 Promote Acceptance of SANAS-Accredited Results among International Partners to advance South Africa's Trade and Industry Objectives

SANAS's membership of the highest decision-making structures – African Accreditation Cooperation (AFRAC), International Laboratory Accreditation Cooperation (ILAC), and International Accreditation Forum (IAF) – reinforces SANAS' credibility as an internationally recognised accreditation body. The expansion of SANAS scopes of recognition, its accredited organisations, and its ability to influence international accreditation criteria contributes to creating a fair regulatory environment that enables trade and investment.

3.2.4 Support Regional Integration and Relations to advance South Africa's Trade, Industrial Policy and Economic Development Objectives

SANAS continues to play a leading role in developing the required accreditation infrastructure in Southern African Development Community (SADC) and the rest of Africa. The role includes hosting the secretariats for the AFRAC and the Southern African Development Community Cooperation in Accreditation (SADCA). The roles contribute to improving economic prospects for Africa, and to the strengthening of export performance through increased regional integration and the development of cross-border value chains.

4. Institutional Programme Performance Information

4.1 Programme 1: Administration

Purpose

SANAS' Administration Programme ensures effective, financial management, supply chain management, risk management, and legal and administrative support. Through effective leadership, the Programme refines the organisational strategy and structure in compliance with legislation and international best practices.

4.1.1 Programme Description

The Sub-Programmes of the Administration Programme are:

Policy Development

SANAS' Board of Directors, as its accounting authority, provides strategic direction in alignment with the Accreditation Act, and the Shareholders' Compact concluded with the Minister of Trade Industry and Competition as the Executive Authority. Through its CEO, SANAS' management is responsible for the day-to-day implementation and control of the Entity's Strategic Plan.

Financial Management

The Financial Management Sub-Programme ensures that the Entity is compliant with the PFMA, Treasury Guidelines, and all other relevant financial standards and regulations. The Chief Financial Officer's responsibilities and functions include overseeing supply chain management, refining the managerial financial accounting systems, and advising the CEO on financial risk and risk control.

Legal Services

Internal legal services provided by the Company Secretary Legal Affairs focus on SANAS' contractual, litigious, operational, and managerial matters to proactively examine and ensure that the legal implications of proposed decisions mitigate future risks. The adoption by SANAS of the King IV Code and Report on Governance for South Africa has yielded amicable and successful resolution of potentially litigious matters, and has avoided protracted and costly litigation.

Company Secretary

The Company Secretary oversees corporate governance and assists the Board with adhering to sound corporate governance principles. The role includes providing Board Members with training on their roles and responsibilities, guiding the Board on legislation, regulations, and policies, and providing the Board and its Committees with secretariat services.

4.1.2 Programme, Activity, and Objective

4.1.2.1 Actual Achievement until date of re-tabling

Programme: Administration									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2018-2019**	**Audited Actual Performance 2019-2020**	**Planned Annual Target 2020-2021**	***Actual Achievement 2020-2021 *until date of re-tabling***	**Deviation from planned target to Actual Achievement 2020-2021**	**Reasons for deviations**	**Reasons for revisions to the Outputs/ Output indicators/ Annual Targets**
Organisational sustainability	Internal business Excellence	Supporting Small, Medium, Micro Enterprises (SMME) liquidity: Eligible creditor payment days from receipt of invoice to release of payment	18 days Eligible Creditor payment Process days	2.75% of eligible payments processed after 20 days	New measure: <5% of eligible payments processed after 28 days (within the legislated 30 days)	Q1 Target Overachieved 0% of eligible payments processed after 28 days. Q2 Target Overachieved 0% of eligible payments processed after 28 days Q3 Target Achieved 4.6% of eligible payments processed after 28 days	Not Applicable	Not Applicable	Delay in implementation of new recording system for tracking of payments due to impact of lock down from COVID-19.
	Reduced reliance on government funding	Increased percentage ratio of SANAS income generation versus government grants	New measure	New measure	New measure: 72:28 SANAS income vs Government grant	Q1 Target Not Achieved 66:34 SANAS income vs Government grant Q2 Target Not Achieved 60:40 SANAS income vs Government Q3 Target Not Achieved 67:33 SANAS income vs Government grant	SANAS income lower by 4%	Reduced Income due to impact from COVID-19. SANAS was also required to refund **the dtic** 11% of the annual allocation due to the baseline reduction affected by the Special Adjustments budget tabled by the Minister of Finance in June and October 2020. Refunds were made during Q2 and Q3	Financial impact resulting in loss of income due to impact of COVID-19.

Programme: Administration									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2018-2019**	**Audited Actual Performance 2019-2020**	**Planned Annual Target 2020-2021**	***Actual Achievement 2020-2021 *until date of re-tabling***	**Deviation from planned target to Actual Achievement 2020-2021**	**Reasons for deviations**	**Reasons for revisions to the Outputs/ Output indicators/ Annual Targets**
Government achieving policy (Health, Safety, Environment and Regional Integration objectives)	Acceptance of conformity assessment results	AFRAC: Support regional integration on matters of accreditation as Secretariat & Chair	New measure	New measure	New measure: Implement 90% of the AFRAC Annual Performance Plan	Q1 Target Achieved 60% of the AFRAC Secretariats Annual Performance Plan Q2 Target Achieved 70% of the AFRAC secretariats Annual Performance Plan Q3 Target Overachieved 90% of the Annual Performance Plan for the Chair and the Secretariat implemented	Not Applicable	Not Applicable	Clarification of the Annual Performance Plan as being that of the Secretariats. The ex-CEO of SANAS was the AFRAC Chair, hence the removal of reference to the AFRAC Chair
		SADCA: Support regional integration on matters of accreditation as Secretariat and Regional Coordinator	Number SADCA Meetings held 100% achieved	Target Achieved Reviewed 92% of SADCA documents scheduled for review and aligned them to ILAC/IAF requirements	New measure adopted: Apply for SADCA peer evaluation by ILAC and IAF	Q1 Target Overachieved 100% of the SADCA documents reviewed and revised. Q2 Target Overachieved 100% of the SADCA documents reviewed and revised. Q3 Target Achieved 1. The review of 100% of SADCA documents are up to date. 2. Internal Audit of SADCA Management system conducted.			Quarterly Targets changed for 2020-21 only as only 1 document is due for review in this financial year. The Peer Evaluation readiness project includes the internal audit and other activities geared towards preparing for the peer evaluation of SADCA.

4.1.2.2 Actual Achievement

Programme: Administration								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2018-2019**	**Audited Actual Performance 2019-2020**	**Planned Annual Target 2020-2021**	****Actual Achievement 2020-2021**	**Deviation from planned target to Actual Achievement 2020-2021**	**Reasons for deviations**
Organisational sustainability	Internal business excellence	Supporting SMME liquidity: Eligible creditor payment days from receipt of a fully compliant invoice to electronic payment deposited	18 days eligible creditor payment process days	2.75% of eligible payments processed after 20 days	<5% of eligible payments processed after 20 days" (within the legislated 30 days)	Annual Target Not Achieved: 7.3% of eligible payments processed after 20 days (average payment made within 10 days)	2.3% of eligible payments processed after 20 days	Target was revised from 28 days to 20 days. Payments made after 20 days due to capacity challenges flowing from Employee rotation roster due to COVID-19 restrictions. On average payments were made within 10 days during 2020-21.
	Reduced reliance on government funding	Increased percentage ratio of SANAS income generation versus government grants	New measure	New measure	New measure 71:29 SANAS income vs Government grant (cumulative) YTD results	Annual Target Not Achieved 69:31 SANAS income vs Government grant	SANAS income was 2% less than the target so the reliance on government grant was 2% more than the target	SANAS income was significantly impacted by the COVID-19 pandemic. There was a significant reduction in additional accreditation services rendered, and commercial training courses. SANAS also issued a two-month rebate for annual fees to assist with hardships experienced due to the COVID-19 pandemic.
Government achieving policy (Health, Safety, Environment, and Regional Integration objectives)	Acceptance of conformity assessment results	AFRAC: Support regional integration on matters of accreditation as AFRAC Secretariat	New measure	New measure	New measure Implement 90% of the AFRAC Secretariat's Annual Performance Plan	Annual Target Overachieved 100% of the AFRAC Secretariat's annual performance plan was implemented	Not Applicable	Not Applicable
		SADCA: Support regional integration on matters of accreditation as SADCA Secretariat and Regional Coordinator	Number SADCA meetings held. 100% achieved	Target Achieved Reviewed 92% of SADCA documents scheduled for review and ILAC & IAF alignment.	New measure adopted: Apply for SADCA peer evaluation by ILAC and IAF	Annual Target Achieved Application for SADCA Peer Evaluation by ILAC and IAF was submitted	Not Applicable	Not Applicable

Strategy to overcome areas of under-performance

The COVID-19 pandemic had a large impact on revenue generation and operational processes. Whilst procedures and processes can be changed, revenue generation is reliant on the industry. Due to the refinement of the creditor payments process, 2.3% of payments were made after the target of 20 days. However, the related issues were identified, and the average timeframe to make creditor payments was 10 days which surpassed the target.

Changes to planned targets

Due to the impact of the COVID-19 pandemic on the economy and various industries, planned targets for creditor payment days, and the reliance on **the dtic** grant were adjusted to also accommodate lockdown levels. The target focused on creditor days in support of SMME liquidity by reducing the number of days to make payments. The financial impact on SANAS clients was also addressed through the issuing of an annual fee rebate that in turn impacts on **the dtic** grant. That target was therefore also adjusted to accommodate the rebate, and the reduction of self-generated income projected during the financial year.

Linking performance with budgets

Programme /Activity /Objective	2019-2020			2020-2021		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	45,038	44,426	612	42,959	36,032	6,927
Total	45,038	44,426	612	**42,959**	**36,032**	**6,927**

4.2 Programme 2: Corporate Services

Purpose

The Corporate Services Programme provides corporate support and strategic leadership in guiding the functions and responsibilities of Marketing and Communication, the Management of Facilities, Human Resources, ICT, Information Technology (IT) Security, Administration Co-ordination, Quality Management, and Corporate Social Investment (CSI).

The Programme also supports South Africa's objective of effective regional integration through its leadership role in accreditation development in SADC, and on the African continent.

4.2.1 Programme Description

The Sub-Programmes that form part of Corporate Services include:

Quality Management

Quality Management ensures the control, maintenance, and supervision of the implementation of the policies, processes, and procedures of the SANAS Management System. Doing so is in accordance with the International Organization for Standardization ISO/IEC 17011:2017 requirements, ILAC/IAF/OECD/AFRAC, and the relevant National regulations and guidelines.

In the 2020-21 financial year, the key strategic objective was to focus on the maintenance of international recognition, and the continuous improvement of SANAS' Management System and Quality processes. This involved the following key interventions…

- Development of an automated Assessor Database
- Ongoing Document Reviews
- Ongoing handling of Complaints/Appeals
- Accurate Reporting & Trend Analysis
- Conducting the annual Internal Audit.

Progress on the key interventions were …

- **Migration to an automated Assessor Database**
  The development of the Assessor database was completed. The next step is for assessors, STC and AC members to complete their registration and additional information on the system, after which full implementation can proceed.
- **Ongoing Document Reviews**
  Document reviews have been on-going with improvements incorporated where possible. In the 2020-2021 financial year, 18 new documents were published, and 81 documents reviewed and/or revised.
- **Ongoing handling of Complaints/Appeals**
  Investigations into complaints and appeals were ongoing. The 2 appeals and the 11 valid complaints received by Quality Management were investigated within an average of 36 days. The 7 complaints against CABs are in the process of being investigated with the CABs in question.
- **Accurate Reporting & Trend Analysis**
  Reporting on the performance of the SANAS management system by Quality Management Department was ongoing and included the necessary improvements. The review of documents and the development of the assessor, internal audit, and document management system databases informed the improvements information.
- **Conducting the annual Internal Audit**
  The annual SANAS internal audit was conducted successfully in December 2020, and internal audit corrective actions were initiated.

The impact of the strategic objective of the Quality Management – the maintenance of SANAS' international recognition and the continuous improvement of SANAS' Management System and Quality processes, ensures that SANAS maintains its signatory status of the…

- International Laboratory Accreditation Cooperation (ILAC) Mutual Recognition Arrangement (MRA)
- International Accreditation Forum (IAF) Multi-lateral Arrangement (MLA)
  African Accreditation Cooperation (AFRAC) MRA.

Doing so supports regional integration and building of relations to advance trade, industrial policy, and South Africa's economic development objectives. In addition, it provides SANAS' Clients with a service standard that is continuously monitored to identify and implement improvements towards satisfying its Clients and Employees.

The Quality Management Sub-Programme is completely paperless. It therefore allows for remote work during the COVID-19 pandemic. Working remotely includes on-line reviews, approval, and publishing of documents through the newly developed document management system, and the internal audit. It also accommodates the SANAS P35 'Remote Assessments – Management and Execution' published in 2020, which ensures that SANAS meets its mandate focus of increasing the number of accreditation bodies.

International and Regional Development

- **International Development**

  As a signatory to the International Laboratory Accreditation Cooperation (ILAC) Mutual Recognition Arrangement (MRA) and the International Accreditation Forum (IAF) Multi-lateral Arrangement (MLA), SANAS is an internationally recognised accreditation body. Those bodies attest to the competence of testing (including medical) and calibration laboratories, inspection bodies, proficiency testing providers, reference material producers and certification bodies – across 104 global economies.

  As part of South Africa's contribution to the development of the accreditation infrastructure on the continent, SANAS is actively involved in the work of ILAC and IAF. That activity continues to influence the international accreditation requirements through participation in ballots, providing input into the relevant ILAC and IAF documentation, and participation in the various fora of ILAC and IAF.

  In the 2020-2021 financial year, SANAS' objective was to expand its scope of recognition under the Mutual Recognition Arrangements – specifically for Reference Material Producers (RMP) and the sub-scope Occupational Health and Safety Management Systems (OH&SMS). In April 2020, SANAS' recognition for the accreditation of RMP was confirmed by ILAC, and in September 2020, IAF confirmed SANAS' recognition for OH&SMS.

  CABs accredited by SANAS for these scopes can now enjoy international recognition and the mutual acceptance of their RMP and OH&SMS results. Both of which can assist in reducing technical barriers to trade and allow for the free flow of quality goods and services across borders.

- **Regional Development**
  - **African Accreditation Cooperation**

    AFRAC is part of the Pan African Quality Infrastructure (PAQI) institutions recognised by the African Union Commission as the continental platform for accreditation and conformity assessment. The platform's purpose is to strengthen the competitiveness of Africa's goods and services, and to contribute towards the industrialisation of the continent and its sustainability. AFRAC is a recognised region under the ILAC and IAF Mutual Recognition Arrangements (MRA), which allows for the global acceptance of results produced by CABs accredited by AFRAC member accreditation bodies. SANAS currently hosts the positions of the AFRAC Secretariat and Technical Committee Chairperson.

    In the 2020-21 financial year, the strategic objective of the AFRAC Secretariat was to support regional integration on matters of accreditation. This was measured through the Secretariat's Annual Performance Plan, which covered numerous activities. 100% of the planned activities were successfully carried out - the activities included:

    - Successful Mid-term and General Assembly meetings for AFRAC to carry out its objectives
    - Application to ILAC for the expansion of the AFRAC MRA for the scopes of Proficiency Testing and Reference Material Producers
    - Application to IAF for the expansion of the AFRAC MRA for the scopes of Product Certification and Certification of Persons
    - Securing of funding for AFRAC projects
    - Reviewing of AFRAC documents as scheduled
    - Reviewing evaluator performance reports and recommending their qualification
    - Successful internal audit of the AFRAC Management System and Secretariat, and addressing any non-conformances
    - Successful ILAC/IAF evaluation of the AFRAC Secretariat as the first step of the re-evaluation of AFRAC by ILAC and IAF.

  - **Southern African Development Community**

    The TBT Annexure to the SADC Trade Protocol mandates SADCA to provide SADC Member States with accreditation infrastructure. The purpose is to facilitate national, regional, and international recognition and acceptance of conformity assessment results, and in turn facilitate trade and protect the health and safety of the public and the environment. SANAS is currently the SADC Regional Coordinator for Accreditation, appointed in terms of the TBT Annexure to the SADC Trade Protocol, and the SADCA Secretariat. In 2020, two SANAS Employees were respectively elected as the SADCA MRA Committee Chairperson and as the SADCA Technical Committee Chairperson.

    In the 2020-21 financial year, the strategic objective of the SADCA Secretariat and Regional Coordinator was to support regional integration of accreditation. The annual target was the application to ILAC and IAF for the peer evaluation of SADCA. The Secretariats' work towards this goal included…

    - The review of SADCA's documents
    - Successful internal audit of the SADCA Management System and Secretariat, and initiating the clearance of findings
    - Application to ILAC and IAF for the recognition of SADCA.

    100% of the planned initiatives for the year were completed. The Secretariat continues to prepare for the peer evaluation of SADCA to obtain its international recognition as a regional accreditation cooperation for the SADC region, thus meeting its mandate.

Administration Coordination – Ensuring the Quality of our Final Product

The Administration Coordination Sub-Programme provides administrative support to SANAS's accreditation programmes. It's function is to ensure quality and timeous delivery of services and end-products (Certificates and Scopes of Accreditation) to SANAS' Clients.

A vital component of the function Sub-Programme is to improve the accreditation administration processes which is achieved by monitoring performance outputs, reviewing process and procedures, and continuously training of SANAS' administrative staff.

In the year under review, the focus remained on improving all accreditation administrative processes. Although the first quarter of the year encountered challenges attributed by the pandemic, there was a noticeable improvement in SANAS' decision-making and communication processes turnaround time.

In addition, the simplification of internal processes and continuous training of staff contributed to the steady improvement in the quality of output of the Certificate and Scope of Accreditation.

All feedback, complaints, and insights have contributed to SANAS' continuous enhancement of processes, and to meeting our Clients' expectations. SANAS' commitment to the delivery of quality products and efficient services remains a focus for the year ahead.

Information and Communications Technology Management – Creating Efficiency

Regardless of the negative impact of COVID-19 in the 2020-21 financial year, there were positive aspects – like the rapid transitioning in the digitisation of our environment. The Information Technology (IT) Sub-Programme successfully implemented and facilitated the Business Continuity Plan. The Plan enabled SANAS to continue with its normal business operations with minimal interruption when Government implemented the Disaster Management Act.

Aligned with transitioning to the 4th Industrial Revolution (4thIR), SANAS transformed its traditional ways of doing business to a more digitised environment. Doing so enabled conducting meetings virtually, signing digitally, and conducting assessments remotely – SANAS' core business. The transition has reduced cost like printing, and SANAS' carbon footprint.

2020-2021 also saw the IT Sub-Programme achieving the integration of decentralised systems and centralisation of data into a SANAS central repository. Other achievements included the accreditation system being accessible any mobile device, enabling the remote presentation of training and development courses remotely across Africa, and using webinars to engage and collaborate with SANAS' stakeholders.

The digital initiatives and achievements have contributed to cost containment by reducing operational costs without comprising SANAS' effectiveness and service delivery.

IT Security - Business Continuity during COVID-19

Accelerating SANAS' adoption of digital transformation and business automation to meet its business objectives included the critical need for IT security through SANAS' continuous improvement strategy.

SANAS' cyber security framework is aligned with ISO/IEC 27001 and Control Objectives for Information and Related Technology (COBIT) Framework. A cyber security framework like ISO/IEC 27001:2013 for an Information Security Management System (ISMS), helps SANAS protect its information assets and improve its business continuity and customer experience – towards achieving its strategic objectives.

Maintaining and securing all SANAS' Stakeholders data and information is aligned with the new Protection of Personal Information Act of 2013 (POPIA). Effectively implementing IT security includes continually improving SANAS' Employees knowledge of cyber-attacks like Identity Theft and the application of Data Protection Controls.

SANAS' will continue focussing its IT security – above the Global IT Security Government Awareness Index, through online Employee training and testing its IT systems for vulnerabilities. The deliberate strategies and tactics have resulted in reducing cyber security incidents, increasing cost savings, improving business continuity, and enhancing the experience its stakeholders have with SANAS.

Communication and Marketing – Engaging Our Stakeholders

The Communication and Marketing Sub-Programme continues to increase awareness-raising of the value of SANAS' services by rolling out activities that contribute to elevating the SANAS profile.

The activities are aligned with the strategic goals in the SANAS Strategic Plan, its Annual Performance Plan, and the approved Corporate Services Annual Plan that caters for internal and external stakeholders and partners.

Compiling and approving the Stakeholder Engagement Plan was done in the first quarter of the year under review. That tool guided the engagements with promotional messages specific to the various accreditation programmes and accreditation requirements.

Activities towards engaging Stakeholders included brand management like advertising, collaboration with stakeholders, industry partnerships, and client relationship management.

Brand Management

Brand messaging included above and below the line campaigns to educate various stakeholders, and the general public.

- Above-the-line advertising

  The mass targeting approach towards educating the general public about the SANAS brand and the benefits, focussed on using cost and reach effective platforms of outdoor media – billboards around Pretoria and Johannesburg.

  The billboards with messaging focussed on the accreditation of medical laboratories, and inspection and certification codes, were placed on the following major routes…
  - R21 – Freeway travelling to OR Tambo International Airport
  - N1 – Danie Joubert Freeway, after the Botha Avenue off-ramp
  - N1 – Centurion interchange.

- Below-the-line advertising

  Raising awareness amongst the general public, youth, and tertiary students remains a priority and was achieved during the year under review despite limited budget and marketing resources. Doing so included the rollout of a radio campaign through the following community radio stations…
  - Eden FM, (93.8 FM) in George, Western Cape
  - Nongoma FM (88.3) in Nongoma, KwaZulu Natal
  - Vukani FM (98.4) in Queens Town, Eastern Cape.

Stakeholder engagements

- Events and workshops.

  Various external stakeholder engagements that were rolled out virtually conveyed key messages about SANAS' integrity and service reliability, trust, and confidence about SANAS' accredited organisations. The virtual engagements included….
  - Annual assessor meetings (Assessor Conclaves)
  - Annual customer meetings (Communication Meetings and New Applicants' workshops)
  - Regulator's meeting
  - World Accreditation Day (WAD) celebration
  - Quality month celebration.

Industry partnerships and collaboration

SANAS participated in **the dtic** collaboration with Proudly South African in an event titled 'dialogue on Locally Produced Products: Compliance with The Industrial Technical Institutions'. The objective of the dialogue was to educate consumers and manufacturers on the mandates of **the dtic**'s technical industrial institutions, and to educate the public on the #BuyLocal campaign. It highlighted the economic benefits for South African of buying local, and how key sectors which can make a significant contribution to job creation and economic growth in the country.

the dtic agencies that participated in the dialogue were SANAS, the National Regulator for Compulsory Specifications (NRCS), the South African Bureau of Standards (SABS), and the National Metrology Institute of South Africa (NMISA). The aim was to unlock institutional capacity to drive industrial competitiveness, and to ensure quality assurance of all locally manufactured products.

Tertiary Institution Awareness Campaign/Collaboration

SANAS participated in the University of Kwazulu-Natal (UKZN) Post-Graduate Research and Innovation Symposium (PRIS 2020). The event was hosted virtually on 10 December by the University of KZN's College of Agriculture, Engineering and Science with its five schools of Engineering; Chemistry & Physics; Agricultural, Earth & Environmental Sciences; Life Sciences; and Mathematics, Statistics & Computer Science.

Participation in that event provided SANAS with the opportunity of showcasing it to academics, students, and external guests including local and international government partners, other universities, and private and public institutions.

In addition, SANAS sponsored the Tshwane University of Technology (TUT) Veterinary Awards (2020) trophies. The event recognises students who obtain good results during the previous academic year. Sponsorship of the trophies were for the best Academic achievements in…

- Laboratory Management and Quality
- Protozoology – including the smaller individual trophies
- Other individual trophies.

Customer Relationship Management

SANAS' regular engagement with its stakeholders is aligned with its commitment to transparent reporting. Regardless of the pandemic lockdown periods, SANAS continued to service and communicate with all its key stakeholders. Doing so included the extensive use of its customer relationship management tools like bulk short messages, bulk e-mailers, and internal and external newsletters.

All SANAS' marketing and communication stakeholder engagements during the year under review were conducted via virtual platforms. Regardless of the financial constraints and challenges due to the pandemic, promotion of SANAS and its brand surpassed the related annual targets.

Internal and External marketing communication during the year under review therefore contributed to accelerating and strengthening a well-activities that position the SANAS brand and its value.

Human Resource Management

This Report is addressed in Part D of this Annual Report.

4.2.2 Programme, Activity, and Objective

4.2.2.1 Actual Achievement until date of re-tabling

Programme: Corporate Services									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2018-2019**	**Audited Actual Performance 2019-2020**	**Planned Annual Target 20202021**	***Actual Achievement 20202021 *until date of re-tabling***	**Deviation from planned target to Actual Achievement 2020-2021**	**Reasons for deviations**	**Reasons for revisions to the Outputs/Output indicators/Annual Targets**
Organisational sustainability	Internal business Excellence	Number of stakeholder engagements (International, regional, and national)	18 Accumulative number of communication events/ initiatives held and participated in	23 Cumulative Three additional interventions achieved	New Measure Finalise and roll out 90% of the Annual Stakeholder Engagement Plan	Q1 Target Overachieved 1 Stakeholder Engagement Plan signed off end June 2020. 2 World Accreditation Day (WAD) hosted successfully Q2 Target Overachieved 100% of the planned Quarterly activities rolled out aligned with approved Stakeholder Engagement Plan Q3 Target Achieved 90% roll out of planned quarterly activities aligned with the Annual Stakeholder Engagement Plan	Not Applicable	Not Applicable	Not Applicable
	Reduced vacancy rate (budgeted for vacancies only)	Percentage of vacancy rate out of the total funded positions for the financial year	7% (of 77 staff members)	5% vacancy rate of funded/ budgeted positions. Actual 4.7% vacancy rate Average 3.5 vacancies of 74 budgeted positions	5% (of funded positions = 74)	Q1 Target Overachieved 4.1% Vacancy Rate 3 Vacancies out of 74 funded positions. Q2 Target Overachieved 1.4% Vacancy rate out of 74 funded positions 1 vacancy of 74 Funded Positions Q3 Target Overachieved 1.4% vs target 3% Vacancy rate out of 74 Funded positions 1 vacancy of 74 Funded Positions (1 out of 74 vacancies)	Not Applicable	Not Applicable	Change necessitated by delays in recruitment due to COVID-19 Lockdown. Note: Annual change was not adjusted for all three years. Change was affected in the Quarterly targets of 2020-21 only

4.2.2.2 Actual Achievement

Programme: Corporate Services								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2018-2019**	**Audited Actual Performance 2019-2020**	**Planned Annual Target 2020-2021**	****Actual Achievement 20202021**	**Deviation from planned target to Actual Achievement 2020-2021**	**Reasons for deviations**
Organisation sustainability	Internal business excellence	Percentage completion of planned stakeholder engagements in line with Stakeholder Engagement Plan (includes international, regional, and national engagements)	18 Accumulative number of communication events/ initiatives held and participated in	23 Cumulative Three additional interventions achieved	Finalise and Roll out 90% of the annual stakeholder engagement plan approved by relevant Executive Manager	Annual Target Overachieved	Not Applicable	Not Applicable
	Internal Business Excellence (Managing Resources)	Percentage of vacancy rate out of the total funded positions for the financial year	7% (of 77 staff members)	5% vacancy rate of funded/ budgeted positions. Actual 4.7% vacancy rate Average 3.5 vacancies of 74 budgeted positions	5% vacancy rate of 74 funded positions in the FY	Annual Target Overachieved. Vacancy rate for all Quarters was less than the maximum targeted. Average target for the year was 1.7% (4.1% 1.4%+1.4% +0% =6.9% / 4 = 1.7%	Not Applicable	Not Applicable

Strategy to overcome areas of under-performance

The Corporate Services Programme did not have any areas of under-performance.

Changes to planned targets

The Corporate Services Programme did not make any changes to the planned targets.

Linking performance with budgets

Programme /Activity /Objective	2019-2020			2020-2021		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Corporate Services	6,581	4,520	2,061	7,286	4,467	2,819
Total	**6,581**	**4,520**	**2,061**	**7,286**	**4,467**	**2,819**

4.3 Programme 3: Strategy and Development

Purpose

The Strategy and Development Programme leads the development of new fields of accreditation, research and development, and knowledge transfer to drive Government's sub-regional, regional, and international objectives for Reimagined Industrial Strategy projects.

4.3.1 Programme Description

The Sub-Programmes that fall under this Programme include Knowledge Transfer and New Programme Development.

Knowledge Transfer

During 2020-21 the Knowledge Transfer Sub-Programme continued providing Commercial and Cognate Services to national and international Clients in the field conformity assessment – aligned with SANAS' strategic mandate and objectives.

A review of the past five years shows that this Sub-Programme's commercial training services has on average per year, contributed 9% to SANAS' annual income. During the period under review that contribution declined due to the COVID-19 pandemic related to the lockdown restrictions, and the economic impact on clients.

The negative impact on Contact Courses was counteracted with the presentation of virtual courses from June 2020 and continue beyond the period under review.

During the relaxation of lockdown regulations, the courses were presented as the 'old normal' accompanied by strict COVID-19 protocol compliance. The following training was provided as public courses at SANAS' offices, in various provinces within South Africa and in countries like Botswana, Ghana, and Zimbabwe.

- Various commercial courses on normative documents in the field of Broad-Based Black Economic Empowerment (B-BBEE) and ISO standards in the testing, calibration, inspection, and medical fields.
- Transition workshops from the 2015 version to the ISO/IEC 17025:2017 for testing and calibration laboratories.
- Technical Assessor course for Inspection.
- Assessor training for new programme development in asset management.

39 courses were attended by a total of 373 participants during the financial year under review. 64% of the courses were virtual live courses and 36% were contact courses. Despite the technical nature of courses, the higher demand for virtual live courses was attributed to the seamless application of virtual technology with simulation of the classroom environment that included practical exercises.

Another advantage was SANAS' information technology infrastructure that enabled the offering of virtual courses across three to five days without interruption.

The Knowledge Transfer Programme maintained a minimum Client Satisfaction Index 96% across the presented courses. Virtual and contact services are continually provided in response to client demands, nationally and on the Continent – services that position SANAS as the training service provider of choice. Not least of which is due to the new virtual platform venture and the professional dedication and competency of SANAS' course facilitators and training coordinators.

New Programme Development

Asset Management System – accreditation scheme

The development of the Asset Management System accreditation scheme technical requirement was concluded during the 2020-21 period. Four technical assessors were sourced from the industry and trained during the year under review. As initially planned, the new accreditation scheme will be launched during the 2021 Asset Management conference.

Asset owners will require third-party attestation by accredited CABs that will audit implemented Asset Management System of organisation – in accordance with SANS ISO 55001. The CABs that provide Asset Management System certification according to SANS ISO 55001 will be accredited according to ISO/IEC 17021-1 and ISO/IEC TS 17021-5. Accreditation will provide formal recognition of technical competence and impartiality of those CABs.

Business Incubator and Accelerator

South Africa's economic growth and job creation is set to be driven through the development of SMMEs. For attainment of the goals, Small Enterprise Development Agency (SEDA) is developing the ecosystem through the development of incubators and accelerator within the private and public sector. Those incubator and accelerators will be required to meet the minimum requirements of South African Technical Specification (SATS) 2234: 2020.

The monitoring mechanism that will be used to monitor the implementation of SATS 2234: 2020 will be the certification to the stated specification. For certification control to take place, SANAS established an accreditation scheme that will provide technical competence recognition of the CABs that certify Business incubators and accelerators aligned with the developed standard. those. During the year under review two stakeholders meetings were convened by SANAS and SEDA for the development of the incubators and accelerators accreditation scheme.

4.3.2 Programme, Activity, and Objective

4.3.2.1 Actual Achievement until date of re-tabling

Programme: Strategy and Development									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2018-2019**	**Audited Actual Performance 2019-2020**	**Planned Annual Target 2020-2021**	***Actual Achievement 2020-2021 *until date of re-tabling***	**Deviation from planned target to Actual Achievement 2020-2021**	**Reasons for deviations**	**Reasons for revisions to the Outputs/Output indicators/ Annual Targets**
Government achieving policy (Health, Safety, Environment, and Regional Integration objectives) Organisational sustainability	Acceptance of conformity assessment results	Number of new accreditation programmes developed and rolled out for NDP	0 - Number of new accreditation programmes developed and rolled out	Target Not Achieved Initiate = 0 Develop =1 Roll Out = 0 87% of targets achieved. Only training of candidate assessor was cancelled. (3.5 target out of 4 achieved)	Establish Working Group	Q1 Target Not achieved Project has yet to be started, moved to second quarter due to COVID-19 disruptions Q2 Target overachieved 100% of the planned Quarterly activities were rolled-out in line with the approved Stakeholder Engagement Plan Q3 Target Achieved Priority need established - Meeting convened on 27 October 2020	Not Applicable	Not Applicable	SEDA and SABS have not started with the standard development processes The standard is required for the accreditation scheme development.
	Develop and roll out a system for accreditation in assigned areas	Number of new accreditation programmes developed and rolled out for other government institutions/ industry	0 new accreditation programmes developed and rolled out	Target not Achieved Initiate = 0 Develop = 1 Rollout = 0 33% of targets achieved. Feasibility study concluded. Pre-working group workshop was cancelled	Initiate 1 Programme	Q1 Target: Not Achieved Project has yet to be started – moved to second quarter due to COVID-19 disruptions Q2 Target: Achieved Priorities Field for Regulator will be Greenhouse Gases monitoring and reporting Q3 Target Overachieved Stakeholder Meeting with the relevant regulator convened on 21 September 2020	Not Applicable	Not Applicable	Activities postponed due to COVID-19
		Support government to government trade negotiations	New measure	New measure	New measure: Participate and/or advise on 100% of **the dtic**'s required engagements	Q1 Target Not Achieved There has not been any request for SANAS' involvement in **the dtic**'s engagement. Q2 Target Achieved Contact with **the dtic**'s International Trade & Economic Development (ITED) division has been made – further discussions will be conducted Q3 Not Achieved There has not been any request for SANAS' involvement in **the dtic**'s engagement	No engagement	No engagement	Target Not Revised

4.3.2.2 Actual Achievement

Programme: Strategy and Development								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2018-2019**	**Audited Actual Performance 2019-2020**	**Planned Annual Target 2020-2021**	****Actual Achievement 2020-2021**	**Deviation from planned target to Actual Achievement 2020-2021**	**Reasons for deviations**
Government achieving policy (Health, Safety, Environment, and Regional Integration objectives)	Acceptance of conformity assessment results	Number of new accreditation programmes developed and rolled out for NDP	0 - Number of new accreditation programmes developed and rolled out	Target Not Achieved Initiate = 0 Develop =1 Roll Out = 0 87% of targets achieved. Only training of candidate assessor was cancelled. (3.5 target out of 4 achieved)	Establish working Group Business Incubator and Accelerator	Annual Target Not Achieved Two stakeholders' meetings were convened. One organised by SANAS and the other by SEDA in an effort to finalise the establishment of the working group	Working Group establishment was delayed Business Incubator and Accelerator	The industry focus was on survival due to the COVID-19 lockdown
Competitiveness of South Africa Enterprises	Service delivery excellence	Developed and rolled out accreditation scheme for industry	0-Number of new accreditation programmes developed and rolled out	Target not Achieved Initiate = 0 Develop = 1 Rollout = 0 33% of targets achieved. Feasibility study concluded Pre-working group workshop was cancelled	New Measure Development of the accreditation scheme for: Asset Management System	Annual Target Not Achieved however Technical Assessors were sourced and trained One application for accreditation was received	Development of the accreditation scheme for Asset Management System	The annual conference for Asset Management was cancelled by the Association due to COVID-19 regulations.
	Develop and roll out a system for accreditation in assigned areas	Support government to government trade negotiations	New measure	New measure	New Measure: Participate and/or advise on 100% of **the dtic**'s engagements required	Annual Target Achieved The TFTA (Tripartite Free Trade Area) meeting was cancelled due to legal technicalities SANAS is in constant contact with ITED	Not Applicable	Not Applicable

Strategy to overcome areas of under-performance

The establishment of the Business Incubator and Accelerator working group was delayed due to industry constraints regarding the COVID-19 lockdown regulations. The constraints meant focussing on survival and sustainability of incubation and acceleration versus conformity assessments.

Launching the Asset Management System accreditation scheme was deferred due to the cancellation of the South African Asset Management Association (SAAMA) annual conference – also due to the impact of COVID-19 regulations.

Changes to planned targets

The Business Incubator and Accelerator working group was established and there was no need to change the relevant planned targets.

There are no changes to planned Asset Management targets as the related accreditation scheme will be launched at the 2021 SAAMA annual conference.

Linking performance with budgets

Programme /Activity /Objective	2019-2020			2020-2021		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Strategy and Development	4,917	4,674	243	4,028	915	3,113
Total	4,917	4,674	243	**4,028**	**915**	**3,113**

4.4 Programme 4: Accreditation Provision

Purpose

The Programme provides, manages, and maintains accreditation services for new and existing clients in the voluntary and the regulatory domains.

4.4,1 Programme Description

Managing the accreditation of new and existing clients in compliance with legislation and international good practice forms part of the Programme's responsibilities. A key driver of its performance is ensuring that there is a competent pool of accredited conformity assessment services for the Reimagined Industrial Strategy priority sectors. The following Sub-Programmes of the Accreditation Provision Programme cover several accreditation areas.

Calibration Laboratories

The mark of the COVID-19 pandemic on the 2020-21 fiscal year has had a significant impact on accreditation. Lockdown levels aimed at reducing the spread of the SARS-CoV-2 virus required that SANAS rethink the way assessments were being conducted, and simultaneously ensuring that any changes would not negatively impact on the international recognition of SANAS accreditation.

May 2020 saw the introduction of remote techniques for the assessment of Calibration Laboratories – initially only for surveillance assessments of accredited laboratories. This was later extended to include other types of assessment – including existing scopes of accreditation, and the evaluation of laboratory personnel. The use of remote assessment techniques using on-line meeting platforms and computer technology, allowed for the submission of documentation and records prior to the assessment which satisfied laboratories wishing to maintain their accreditation.

The primary focus areas adopted by South Africa to manage the COVID-19 pandemic, include the wearing of masks, sanitising, washing of hands, social distancing, and the screening of individuals for high fever. SANAS therefore established a working group to develop guidelines for laboratories involved in the calibration of infra-red thermometers. The working group published a SANAS Technical Guidance document that focused on the usage and calibration of those thermometers for medical screening purposes. The document also explained the many intricacies involved in the calculation of the human body temperature derived from a skin or surface temperature measurement using the thermometer.

With the support of NMISA and the National Laboratory Association South Africa (NLA-SA) (the initiative allowed accredited temperature calibration laboratories to extend their scope of accreditation to include infra-red thermometer calibration. In turn, those laboratories are able to provide the calibration services to the public.

Producers of Certified Reference Material

The production of Certified Reference Materials (CRMs) is necessary as a source of metrological traceability for many testing laboratories. At present there are only four accredited facilities providing this service in South Africa covering…

- minerals serving the mining industry
- reference gasses for chemical manufacturing and pollution monitoring
- CRMs used for legal traceability for blood alcohol measurement purposes.

Although this Sub-Programme is limited at present it has the potential for growth as an increasing number of testing laboratories are seeking confirmation of their metrological traceability through the use of CRMs.

Proficiency Testing Providers

The accreditation of providers of Proficiency Testing (PT) Schemes is an integral requirement for laboratories required to demonstrate their competence – including the activities for which they are accredited.

This Sub-Programme has shown significant growth over the past few years. The accredited facilities provide their services over a broad range of activities including medical/clinical testing, water testing both biological and chemical, minerals testing including coal, and biological testing for the agricultural/food sectors.

The accredited PT providers include those from Uganda (TB Testing) and Nigeria (HIV/AIDS testing). SANAS has been able to use remote means to ensure the ongoing accreditation of PT Scheme providers regardless of the COVID-19 pandemic.

SANAS also conducted an initial assessment of a PT provider who will be providing PT for SARS-CoV-2. It is anticipated that the accreditation will be confirmed in the first quarter of 2021-2022. This service is necessary for the medical laboratories that conduct testing for the COVID-19 virus.

General Testing Laboratories

Worldwide, accreditation of testing laboratories plays a vital role in the growth of the country's economy by ensuring that it stays competitive in the global market. Furthermore, accreditation of testing laboratories underpins South Africa's government efforts towards its Sustainable Development Goals (SDGs).

Government has committed itself to meeting the United Nation's 17 SDGs which seek to guide all global, regional, and national development endeavours. Accreditation is a critical cornerstone in supporting the SDGs. The General Testing Sub-Programme has accredited laboratories in various sectors that play a key role in the SDGs domain, namely:

- Water
- Food
- Energy
- Environment.

Achieving the SDGs is therefore in South Africa's best interest as the country pursues the vision of the Constitution of a prosperous nation. Accredited testing facilities therefore will continue playing a crucial supporting role to ensure that Government achieves its mandate and the commitments made in international agreements or accords.

297 laboratories were accredited by this Sub-Programme during the year under review –0.3% decrease on the previous financial year. The decrease was due to the tough economic conditions that were exacerbated by the COVID-19 pandemic. However, it is anticipated that the Sub-Programme will continue to grow albeit not like in the previous years unless the economic conditions improve considerably.

Apart from growing vertically in numbers, the Sub-Programme in known for growing horizontally with accredited laboratories expanding their scopes of operation. This type of growth helps the Sub-Programme be financially self-sufficient. Its financial recovery has always been over 5% for the previous number of years and this trend is likely to continue in the foreseeable future.

The chemical and microbiology component of the Sub-Programme has for the first time accredited a mobile testing laboratory. This milestone brought SANAS in line with the rest of the Accreditation Bodies across the globe. Fixed laboratory facilities that provide analytical services, are by their very nature distant from the rural communities and have long turn-around times – particularly if samples must be posted or couriered. The accreditation of mobile laboratories bring the analytical services closer to the communities and rural-based businesses. Furthermore, this milestone presents the testing Sub-Programme with a great opportunity to increase its scope of operation and growth prospects.

Accreditation of laboratories in three of the five regions on the Continent, namely Southern, Western, and eastern Africa, is aligned with SANAS' vision of pioneering and leading the future of accreditation in Africa through the delivery of services with a spirit of excellence. In line with the ILAC Cross-Frontier policy, plans are afoot for SANAS to cease accepting applications from the regions and/or countries with their own Accreditation Bodies.

The policy discourages competition amongst Accreditation Bodies. It has been successfully implemented in the Southern region where SANAS no longer accepts applications from any of the 15 SADC countries because of the existence of the regional Accreditation Body – Southern African Development Community Accreditation Services (SADCAS) . However, SANAS will continue participating in various SADCA and AFRAC Technical Committees which endeavour to strengthen accreditation within the Continent.

49 (70%) of the 70 assessors in this Sub-Programme are Previously Disadvantaged Individuals (PDIs) which has achieved the assessor pool transformation target. Identifying and qualifying more PDIs as assessors will continue in the coming fiscal year.

Another achievement is the successful assessment and transition of 95% (282) of the accredited laboratories from the ISO/IEC 17025:2005 to the ISO/IEC 17025:2017 version. All accredited laboratories are required to transition to the 2017 version by 01 June 2021. The transition date was extended from 30 November 2020 to 01 June 2021 to accommodate delays caused by the COVID-19 pandemic. The Sub-Programme is well on its way to meeting the deadline.

Good Laboratory Practice Monitoring Authority

SANAS is the only GLP Monitoring Authority in the country, and on the Continent. This Sub-Programme monitors compliance with the OECD principles of Good Laboratory Practices by test/research facilities that conduct non-clinical health and environmental studies. The OECD Principles of GLP are followed by test facilities carrying out studies to be submitted to national authorities. The purpose is to assess the health and environmental safety of chemicals and chemical products which may also be of natural or biological origin and that, in some circumstances, may be living organisms.

In many countries GLP is mandatory. In South Africa, the regulators responsible for the assessing of the health and environmental safety of chemical products do not legislatively mandate test facilities that conduct non-clinical health and environmental studies to comply with GLP. Test facilities that are currently SANAS GLP compliant have done so of their own volition.

The *status quo* is likely to change somewhat in the coming years because the Department of Agriculture and Rural Development is in the process of drafting a regulation that will require certain types of research studies to be conducted in accordance with the OECD principles of GLP. SANAS is working with the Department and the industry to ensure that this becomes a reality.

GLP compliant facilities currently stand at 14 with no increase from the previous financial year. The projected growth was hugely hampered by the COVID-19 pandemic. The good news is that new applications have been received and are currently being processed. The majority of the applications received are from Tanzania, Mauritius, and the Ivory Coast. Given the number of new applications, growth is likely to be between 20 to 30% in the next financial year.

Inspection Bodies

During the year under review this Sub-Programme's strategic objectives focussed on…

- Supplying an ISO/IEC 17020 accreditation service to support the work and requirements of regulators with a spirit of excellence
- Providing accreditation support for industrial development and the protection of the health and safety of the public and the South African environment
- Supporting regulators and industry by providing inputs on all relevant regulatory and industry forums
- Supporting regulators with the development of new regulatory accreditation programmes
- Providing input/guidance to national technical committees on accreditation requirements
- Improving the Sub-Programme's operational efficiency of service delivery with a spirit of excellence by…
  - increasing the number of accredited inspection bodies
  - transforming the assessor pool to reflect the demographics of the country
  - ensuring that certificates and scope of accreditation are issued within the timelines stipulated in the Annual Performance Plan.

The accreditation service was provided to the…

- Department of Employment and Labour
- South African Health Products Regulatory Authority (SAHPRA)
- Department of Agriculture, Forestry and Fisheries
- Gauteng Department of Agriculture and Rural Development Veterinary Services
- National Regulator for Compulsory Specifications (NRCS)
- Department of Mineral Resources and Energy
- South African National Energy Development Institute (SANEDI).

Impact is aimed at the protection of the health and safety of the public and South Africa's environment by providing an accredited inspection service that covers a vast scope. The experience gained in doing so was shared nationally, regionally, and internationally by participating in the various technical committees of SABS, AFRAC and ILAC.

Accredited Inspection Bodies increased to 257 during the year under review – an increase of 5 despite the COVID-19 pandemic and related economic conditions in South Africa and worldwide. Another achievement is diversity and PDIs – one Team Leader and five Technical Assessors are in the process of being registered following the Technical Assessor Course during the year under review.

Articles were published in local industry associations publications to keep industry and the inspection conformity assessment bodies abreast of new developments. Topics included new or amended regulations in their field of inspection.

The first Energy Performance Certificate (EPC) was issued during the year under review by a SANAS accredited EPC body – Energy Management and Validations Services (Pty) Ltd (EMVS), for the Admin B building at Stellenbosch University. While the EPC was launched a few years ago it remained dormant until the promulgation in December 2020 of the *Regulations for the Mandatory Display and Submission of Energy Performance Certificates for Buildings.*

The regulation on the energy performance of buildings – gazetted under Section 19 of the National Energy Act – applies to non-residential buildings in the private sector with a net floor area of at least 2 000 m^2, and 1 000 m^2 for State owned/operated/occupied buildings. In both instances the deadline for compliance with the regulation is 7 December 2022.

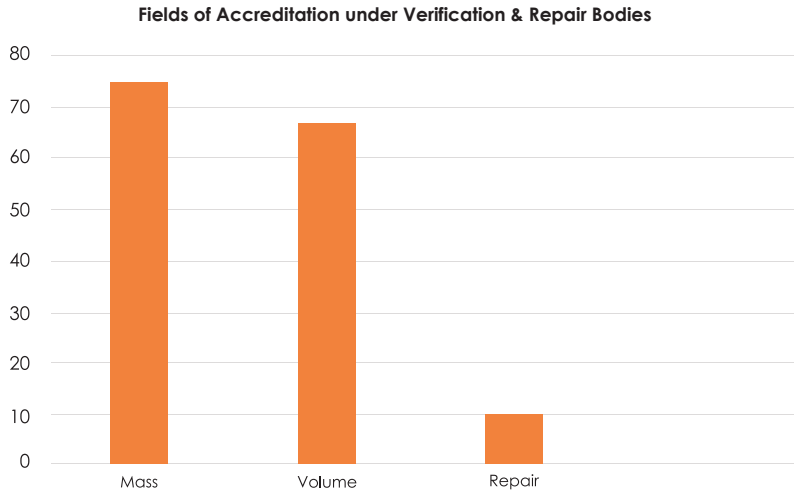
This regulation is a step forward towards aligning South Africa with related international best practices. Compliance requires that the energy performance of non-residential buildings – measured in terms of the net energy consumed in kilowatt hours per square meter per year – is periodically determined and prominently displayed. In practice, this requires the issuing of an EPC in terms of South African National Standard (SANS) 1544:2014, by a body accredited by SANAS.

The Sub-Programme is proud of being part of this initiative. Doing so achieves the objective of providing an accreditation service to our regulators, and contributes to this accreditation scheme potentially becoming one of the biggest in the Inspection Sub-Programme.

Verification and Repair Bodies

During the year under review the Verification & Repair Bodies Sub-Programme sought to increase the number of accredited facilities, recruit, train, and qualify assessors from previously disadvantaged backgrounds, and to ensure that the final product – the Certificate and Scope of Accreditation – is issued within the stipulated timeframe.

Year-on-year there was a slight decline in the number of accredited verification bodies during the year under review – 142 in 2020-2021 from 148 in 2019-2020. The variance of 5 is remarkable given the loss of 15 accredited verification bodies in the same period due to economic hardships experienced by the accredited facilities. The majority of the facilities have a turnover of less than R10 million.



The new requirement of separating verification activities into verification and repair functions – introduced by the Legal Metrology Act, Act 09 of 2014, was effective from 01 April 2020 following the publication of technical regulations. 22 repair body applications were received through the SANAS online portal system. 11 of the applicant facilities were successfully accredited by 31 March 2021.

83% of this Sub-Programme's assessors are PDIs. With the assistance of the NRCS, five new trainee assessors were identified and recruited, three of whom have made significant progress and are conducting assessments.

The Sub-Programme's assessors have continued to contribute to the Region through their participation in SADCAS assessments, training, and regional technical committees in line with the twinning arrangement.

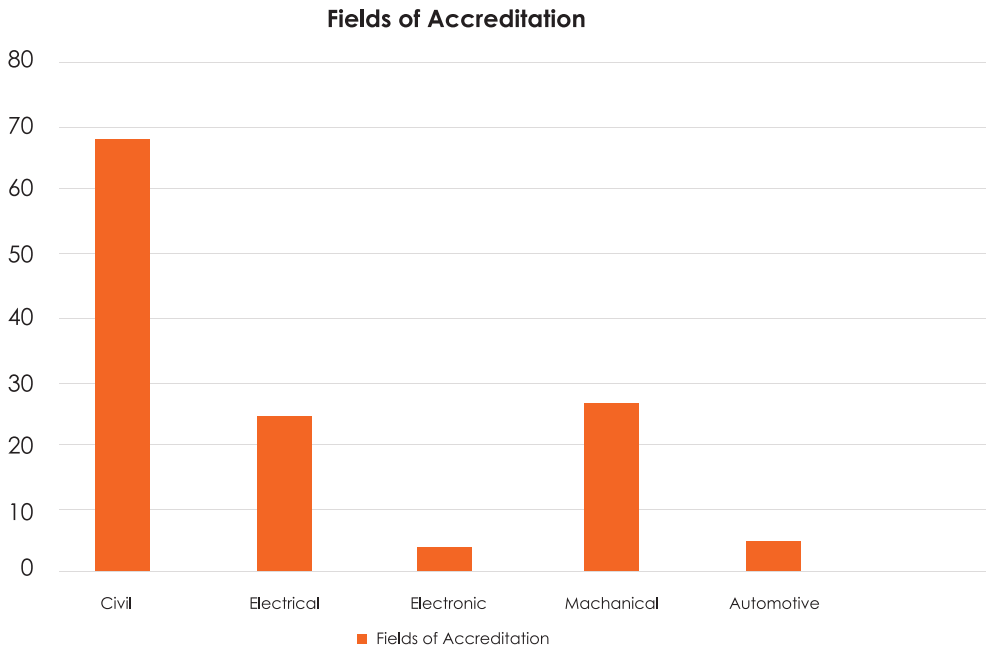
Mechanical and Physical Testing Laboratories

During the year under review the Mechanical and Physical testing Sub-Programme focused on three key objectives…

- Increase the number of accredited laboratories and grow the program in new areas
- transform the assessor pool to reflect the demographics of the country.
- ensure that certificates of accreditation are issued within 15 days from the date of concluding the Approvals Committee meeting.

The four newly accredited laboratories during the year under review compensated for the slight year-on-year 2,2% decrease of accredited laboratories due to the impact of COVID-19.

The chart below shows the various fields of accreditation under Mechanical and Physical.



The scope of accreditation was expanded to include new areas in textile to specifically focus on the testing of personal protective equipment. The initiative contributes to **the dtic**'s objectives of combating the effects of COVID-19, and the Sub-Programme's successful accreditation of CABs that can perform the relevant tests on products used in combating COVID-19.

The related testing includes textiles like personal protective gowns that are evaluated for the parameters like water penetration, burst strength and tensile (wet and dry). The Sub-Programmes is in the process of expediting two more applications in the same area.

In the Electrical and Electronic Appliances field a CAB was accredited for testing of non-invasive ventilators in accordance with IEC 60601 which makes provision for Critical Care Ventilators (60601-2-12) and Home Care Ventilators (60601-2-72).

Accreditation is an important activity on the international stage. The removal of trade barriers allows for import and export of goods between trading countries and encourages inter-regional trade.

In essence, South Africa benefits immensely by exporting electrical and medical products used to combat COVID-19. The availability and capacity of accredited facilities to evaluate and test personal protective equipment and medical products is a major achievement in combating of the COVID-19 pandemic that has devastating consequences on ailing economies.

Identifying trainee team leaders and technical assessors focuses on PDIs and in driving the Government's transformation agenda. The trainee team leaders who have undergone rigorous training during the year under review, are at the last stage of qualification.

Challenges due to working remotely have included the issuing of Accreditation Certificates and Scope of Accreditation within the 15-day timeline. However, the Sub-Programme has managed to stay within the timelines whenever it was possible to do.

Broad-Based Black Economic Empowerment Verification Agencies

The B-BBEE Sub-Programme ensures that related SANAS' accredited agencies produce accurate and reliable measurements. This is of critical importance given that the outcome of the verification process is applied in decision-making processes like evaluating the suitability of organisations wishing to do business with government via tenders or other contracts.

SANAS revised its SANAS R47 national standard for the accreditation of B-BBEE Rating Agencies that ensures the credibility of the verification process. The revision of the SANAS R47-02 was wholly informed by and aligned with the amendments of the Generic and Sector Codes since 2013, and changes to ISO 17011 with a specific focus on risk management.

Implementation of the SANAS R47-03 was effective from 7 October 2020 – following approval by the SANAS Executive Committee on 07 July 2020. The B-BBEE Rating Agencies have successfully undergone a transition from the R47-02 to the R47-03. Prior to the implementation date, the process of posting all amended Certificates and Scopes of Accreditation to B-BBEE Rating Agencies was successfully completed.

Six B-BBEE Rating Agencies were accredited by the Sub-Programme during the year under review – there are now 84 B-BBEE accredited Rating Agencies. It is pleasing to note that the Black ownership statistics of accredited B-BBEE Rating Agencies reflects the demographics of our country.

Despite challenging times brought about by the COVID-19 pandemic which resulted in several withdrawals of accredited Rating Agencies, positive aspects are specific to Black ownership in the 84 B-BBEE Rating Agencies…

- 30 are 100% Black-owned
- 33 are between 51% and 99% Black-owned
- 21 are less than 30% Black-owned.

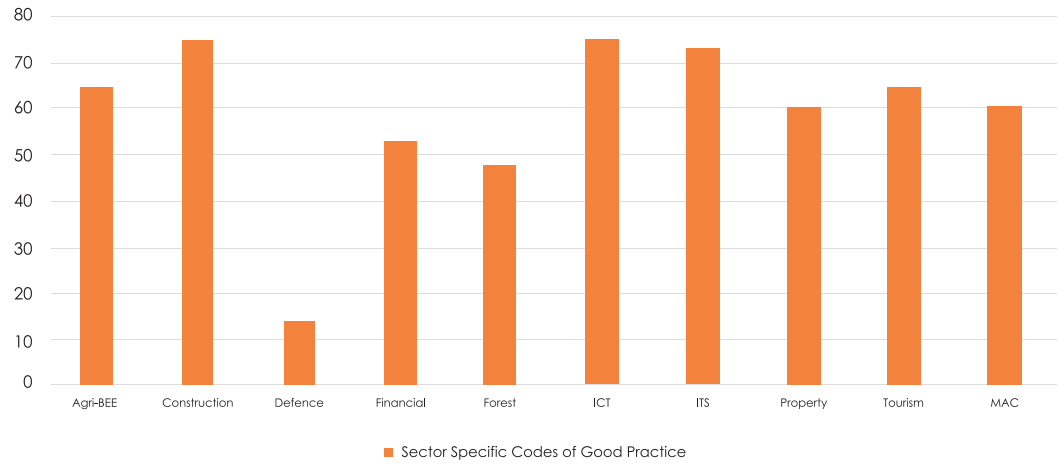
This is a remarkable achievement because the Rating Agencies are a critical instrument in driving the economic transformation towards ensuring that Black people in particular, are introduced to the mainstream economy.

In turn, 80% of this Sub-Programme's assessor pool are PDIs which also meets the objective of having trained and qualified new assessors across the country's Provinces.

Additionally, more agencies for sector specific codes were accredited during the year under review. That accreditation was aligned with the SANAS mandate to support B-BBEE government initiatives and **the dtic**'s gazetted BEE Codes of Good Practice.

The Sector specific Codes of Good Practice were gradually introduced in terms of Section 9(1) of the B-BBEE Act, No. 53 of 2003. The aim of these sector specific codes of good practice is to ensure that the objectives of the B-BBEE Act are met, that transformation is achieved, and most importantly that it is sustained. The significant number of SANAS accredited B-BBEE Rating Agencies that have extended their scope of accreditation to include the sector Specific codes of Good Practice ensures that there are enough accredited agencies to service the industry.

Sector Specific Codes of Good Practice



The revised SANAS R47-03 has brought about a level of consistency in the B-BBEE Verification industry, and impartiality for B-BBEE Rating Agencies. The welcoming of these developments by the market is an indication of the industry's support of government imperatives. Revising the SANAS R47 places emphasis on the production of accurate and reliable B-BBEE Verification results by B-BBEE Rating Agencies, and contributes to the interest of the end users and national and regional government imperatives. Qualifying entities are awarded incentives for scoring higher on their B-BBEE Scorecards.

Despite the challenges of the year under review, the Sub-Programme achieved its objectives. Beyond that, it reached a wider audience with an article titled 'B-BBEE not Locked Down' that was published in the TFM Magazine. The magazine's vision is to shift B-BBEE from being a pre-requisite to an intrinsic part of every organisation's DNA – it is available on Sabinet African Journals.

Pharmaceutical Laboratories

The pandemic continues to change the way we do things daily. More than before, the world relies on pharmaceutical laboratories to find answers to questions about vaccines. Pharmaceutical laboratories remain at the forefront of testing disinfectants with the daily testing of the vaccines in the fight against the pandemic's viruses.

Six Pharmaceutical Laboratories were accredited by SANAS – including the National Control Laboratory for Biological Products which is assisting in the testing of vaccines in South Africa. SANAS also continues to work with the World Anti-Doping Agency to contribute to ensuring fairness in sports.

Although the number of pharmaceutical laboratories remained the same in the 2020-21 fiscal year, the pandemic has highlighted the importance of these laboratories. Accreditation will continue to play a significant role in ensuring the credibility of results issued by these laboratories.

Blood Transfusion Facilities

The Blood Transfusion Services facilities continue to be an important key factor in everyday life. The accredited Laboratories, Blood Banks, and Donor Clinics work together to save lives by ensuring that donated blood is safe for transfusion to a recipient. This fiscal year saw the completion of the transition from the Standard of Practice for Blood Transfusion to ISO 15189: 2012 for the Blood Transfusion sites.

57 Donor Clinics were accredited during the year under review which increased the number of facilities from 115 to 172 year-on-year. The assessments were successfully conducted remotely without interruptions. Technology also helped in ensuring that the transition and accreditation of Donor Clinics are carried out.

The introduction of the Biobank Standard will see the Sub-Programme grow and venture into new avenues.

Veterinary Laboratories

Veterinary laboratories are essential in the provision of veterinary services. These laboratories are the source of new knowledge, innovative ideas, and improved technology for the surveillance, prevention, and control of animal diseases. Veterinary laboratories also assist in diagnosing infectious animal diseases.

Accreditation of veterinary laboratories remained at 26 during the 2020-21 fiscal year. Although many assessments were conducted remotely, the Sub-Programme saw a decline of 90% in the number of additional applications (horizontal growth). The pandemic made it difficult – however, this Sub-Programme continued conducting remote assessments.

The transition to ISO/IEC 17025: 2017 that was completed during the year under review ensured that the Sub-Programme adhered to the transition period as stipulated by ILAC.

Forensic Laboratories

Forensic laboratories remain a key component in providing unbiased test reports towards judiciary investigation and decisions. Considering the number of cases that are pending trial, forensic laboratories ensure that the right offenders are held accountable for their actions.

SANAS has accredited three forensic laboratories which assist the testing of blood and urine. In the context of the pandemic, the testing has highlighted how alcohol is linked to the number of cases in the emergency rooms. These laboratories help in ensuring that those tested and found to be over the limit for alcohol are held accountable for their actions.

All these laboratories transited successfully to the ISO/IEC 17025: 2017 standard. While growth in this sector is not anticipated in the next fiscal year, SANAS continues to support and provide information to the range of stakeholders about assistance with future needs for accreditation.

Medical Laboratories

Key objectives for Medical laboratories in the 2020-2021 financial year was to ensure that the accreditation status is maintained through successful performance of assessments for accredited medical laboratories, as well as all medical facilities seeking accreditation. Another was ensuring that the Sub-Programme's Assessors are kept abreast with any changes through training, and information sessions on conducting remote assessments.

225 facilities were assessed during the year under review – mostly through remote assessments. The assessments resulted in increasing the number of accredited medical laboratories by 19, from 412 to 431 year-on-year. Ten of the 19 accredited laboratories were from the National Health Laboratory Service (NHLS) which are government laboratories servicing 80% of the country.

Accreditation requests have increased – particularly in the context of COVID-19 given that Government requires that only accredited laboratories provide those testing services. To date, the Sub-Programme has provided extensions of Scope to 20 laboratories that perform the COVID-19 testing.

Certification Bodies

Accredited certification is increasingly being recognised as a valuable tool across a wide range of policy areas including better regulation, good governance, fair markets, and public confidence. This is particularly evident in areas as diverse as healthcare, food production, energy supply, climate change, and personal safety.

SANAS continues to develop and launch market-relevant accreditation schemes for modern management, and risk-based systems to achieve business sustainability. This includes management system standards like ISO 13485 which has increasingly become an important differentiator for organisations looking to improve their marketability in the medical device sector.

On the one hand, the primary objective of ISO 13485 certification is to facilitate harmonised Quality Management System (QMS) requirements for regulatory purposes within the medical device sector. On the other, companies also value ISO 13485 certification as patients and other stakeholders' confidence is increased with the implicit promise of quality, consistency, and continuous improvement.

This Sub-Programme also continues to proactively manage accreditation of management system certification schemes in accordance with ISO/IEC 17021-1 which includes…

- quality management systems (ISO 9001)
- environmental management systems (ISO 14001)
- occupational health and safety management (ISO 45001)
- food safety management systems (ISO 22000)
- energy management systems (ISO 50001)
- road transport management systems (SANS 1395-1)
- information security management systems (ISO 27001) – the most recent addition.

Customer-centricity and brand pride through the provision of strategic leadership is at the core of the SANAS culture, and underpins the development of transition arrangements in standards like ISO 45001:2018, ISO 22000:2018, and ISO 50001:2018.

While SANAS continues to provide accreditation to other certification schemes in line with ISO/IEC 17065, ISO/IEC 17024, ISO 14065, and ISO/IEC 17029, it continues to establish stakeholder partnerships and regulatory alliances in launching industry-relevant accreditation schemes. Schemes like ISO 3834. ISO 3834 that defines quality requirements suitable for fusion welding processes of metallic materials. It demonstrates a manufacturer's capability to produce welded constructions in accordance with specified criteria.

All the above developments call for driving the implementation of compliance with policies aimed at strengthening the SANAS brand and stakeholder interface. Doing so includes proactively monitoring the internal and external risk landscape, and most importantly, the recruitment of a diverse pipeline of qualified individuals representing South African demographics to meet the future accreditation needs.

85% of SANAS' trained Assessors in various accreditation schemes for certification bodies are PDIs.

4.4.2 Programme, Activity, and Objective

4.4.2.1 Actual Achievement until date of re-tabling

Programme: Accreditation									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2018-2019**	**Audited Actual Performance 2019-2020**	**Planned Annual Target 2020-2021**	***Actual Achievement 2020-2021 *until date of re-tabling***	**Deviation from planned target to Actual Achievement 2020-2021**	**Reasons for deviations**	**Reasons for revisions to the Outputs/Output indicators/Annual Targets**
Improve competitiveness of enterprises	Service delivery Excellence	Increase the number of accredited Conformity assessment bodies	1 674	Target Overachieved Cumulative total of 1785 accredited organisations.	1 858	Q1 Target Overachieved 1799 cumulative Q2 Target Overachieved 1803 cumulative Q3 Target Not Achieved 1 806	26 less than the cumulative target	Expected growth in the number of accredited conformity assessment bodies not realised due to the impact of the COVID-19	Decrease in number of CABs due to withdrawals of accreditation, and the inability to process new applications due to COVID-19 lockdown
Improve SANAS operational efficiency to deliver services with a spirit of excellence	Accreditation certificates	Reduce timelines for accreditation process from assessment to issuing of the Certificate and scope of accreditation (maintenance)	16-day timeframe for issuing certificates after completion of approvals process	Target overachieved 15-day Average	New measure 64 days From Assessment to issuing of certificate	Q1 Target Achieved (Unmeasurable) Q2 Target Not Achieved (Unmeasurable) Q3 Target Not Achieved Measurement (Unmeasurable)	Deviation is unmeasurable	This measurement does not support the current processes and is therefore unmeasurable.	Due to COVID-19 we have not been able to optimise the IT system
Organisation stability	Internal business excellence	Increasing the registration of PDI assessors	296 Actual	Target Achieved Cumulative of 296 PDI assessors	330 Actual	Q1 Target Not Achieved 0 Actual (296 cumulative number of PDIs) Q2 Target Not Achieved 0 Actual (296 cumulative number of PDIs) Q3 Target Not Achieved 0 Actual (296 cumulative number of PDIs)	29 less than the cumulative target of 325 PDIs	No new assessors were qualified due to COVID-19 and limitations in using trainee assessors to be qualified during newly implemented remote assessments	Number of registered PDI Assessors slowed down due to inability to train and qualify assessors during the lockdown

Programme: Accreditation									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2018-2019**	**Audited Actual Performance 2019-2020**	**Planned Annual Target 2020-2021**	***Actual Achievement 2020-2021 *until date of re-tabling***	**Deviation from planned target to Actual Achievement 2020-2021**	**Reasons for deviations**	**Reasons for revisions to the Outputs/Output indicators/Annual Targets**
Government achieving policy (Health, Safety, Environment, and Regional Integration objectives)	Acceptance of conformity assessment results	Expand SANAS' scopes of recognition under the Mutual Recognition Arrangements	New Measure	New Measure	New measure 1 Scope Reference material producers 1 sub-Scope (OHSMS)	Q1 Target Achieved Recognition of Reference Material Producers (RMP) obtained Q2 Target Achieved 1. The recognition of RMP was communicated 2. Application for sub-scope extension (OHSMS) Submitted Q3 No target planned	Not Applicable	Not Applicable	Target unrevised
		Increase number of new programmes in the regulatory domain (like energy efficiency)	New Measure	New Measure	Initiate 1 programme	Q1 Target: Not Achieved Activity not started. Project has yet to be started, moved to second quarter due to disruptions caused by Covid-19. Q2 Target: Achieved Following the Regulators meeting in September, we are expecting demands for assistance in the regulatory domain Q3 Overachieved Regulators stakeholder meeting conducted in Q2	Not Applicable	Not Applicable	Target Not Revised

4.4.2.2 Actual Achievement

Programme: Accreditation								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2018-2019**	**Audited Actual Performance 2019-2020**	**Planned Annual Target 2020-2021**	****Actual Achievement 2020-2021**	**Deviation from planned target to Actual Achievement 2020-2021**	**Reasons for deviations**
Improve competitiveness of enterprises	Service delivery excellence	Increase the number of accredited conformity assessment bodies	1 674	Target Overachieved Cumulative total of 1 785 accredited organisations.	1 756 Cumulative	Annual Target Overachieved 1 874 cumulative	Not Applicable	Not Applicable
Improve SANAS' operational efficiency to deliver services with a spirit of excellence	Accreditation certificates	Reduce timelines for accreditation process from approval process to the issuing of the Certificate and scope of accreditation	16-day timeframe for issuing certificates after completion of approvals process	Target overachieved 15-day Average	16-day Time frame for issuing certificates and scope of accreditation after completion of approvals process	Target Not Achieved In Q4 the revised target of 16-day was not underachieved by three days	Certificate days achieved were 19-day vs 16-day target	Delays caused by… 1 the unexpected March 2020 COVID-19 lockdown meant postponements of assessments and approvals that affected the issuing of Certificates. 2 delays in signing of Certificate worsened by unavailability of responsible person due to Employee rotation roster
Organisation stability	Internal business excellence	Increasing the registration of PDI assessors	296 Actual	Target Achieved Cumulative of 296 PDI assessors	304 Cumulative	Annual Target Not achieved 296 cumulative number of PDIs	8 less PDIs than targeted for the year	Due to the COVID-19 assessments mostly conducted remotely with very little opportunity for monitoring and recommending for qualification
Government achieving policy (Health, Safety, Environment and Regional Integration objectives)	Acceptance of conformity assessment results	Expand SANAS' scopes of recognition under the Mutual Recognition Arrangements	New measure	New measure	New Measure 1 Scope Reference material producers) 1 sub-Scope (Occupational Health & Safety Management System OH&SMS)	Annual Target Achieved Recognition for 1 Scope Reference material producers) and 1 sub-Scope (Occupational Health & Safety Management System OH&SMS) obtained	Not Applicable	Not Applicable
		Increase number of new programmes in the regulatory domain (like energy efficiency)	New measure	New measure	Initiate 1 Programme	Target Achieved The EPC programme falls under the Inspection Programme, as a new scope in the Regulatory domain (Dept of Energy)	Not Applicable	Not Applicable

Strategy to overcome areas of under-performance

The target to reduce timelines for accreditation process from assessment to issuing of the Certificate and Scope of Accreditation could not be achieved due to the unexpected COVID-19 lockdown in March 2020. It resulted in the postponement of assessments and approvals which in turn affected the issuing of Certificates.

Delays were also experienced in the signing of Certificate as the responsible person was unavailable due to the Employee rotation roster.

While assessments were mostly conducted remotely, training remotely was unconducive completing the training process that leads to qualification of trainee assessors. Subsequently, the remote assessment process was modified to accommodate the online evaluation of trainee assessor that further enabled training, and enabled qualifying assessors.

Changes to planned targets

The target of increasing the number of accredited CABs was reduced due to the number of accreditation withdrawals, and the constraints of processing new applications due to COVID-19 lockdown regulations. Withdrawals were also influenced by the related economic challenges.

The timelines for issuing of the Certificate and Scope of Accreditation were revised for the time from decision-making (via the Approval Committee) to the issuing of the Certificate and Scope of Accreditation. This reduced the Programme's dependency on processes beyond its control.

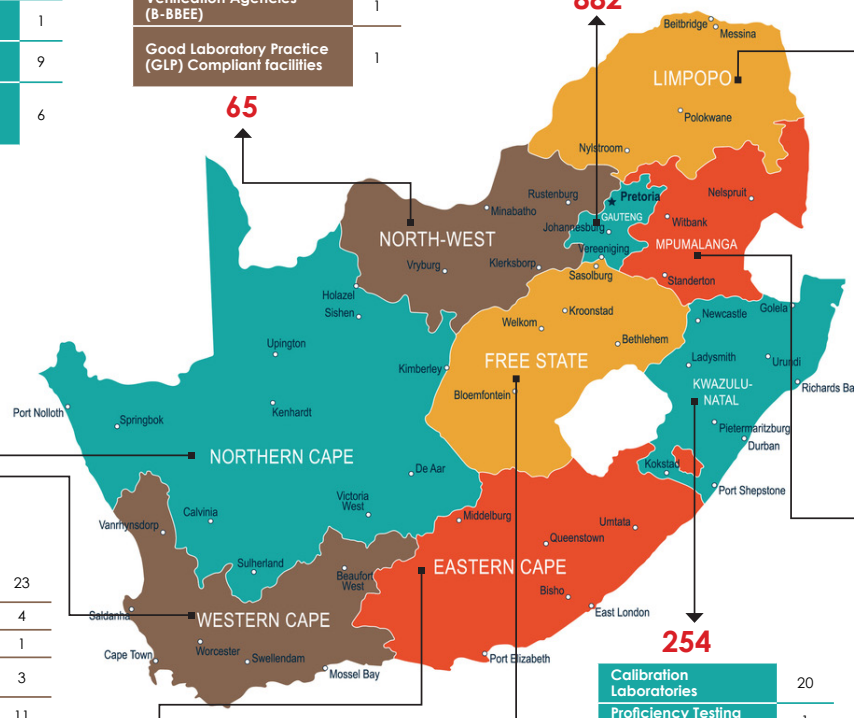
Linking performance with budgets

Programme /Activity /Objective	2019-2020			2020-2021		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Accreditation	56,870	65,710	(8,840)	51,008	43,316	7,692
Total	**56,870**	**65,710**	**(8,840)**	**51,008**	**43,316**	**7,692**

Accredited Conformity Assessment Bodies (CABs) per province

Calibration Laboratories	142
Certified Reference Material Producers	3
Proficiency Testing Scheme Providers	7
Certification Bodies	67
Forensic Laboratories	2
Pharmaceutical Laboratories	3
Veterinary Laboratories	11
Blood Transfusion Services	55
Inspection Bodies	138
Verification Bodies (Legal Metrology)	66
Repair Bodies	4
Mechanical and Physical Testing Laboratories	84
Medical Laboratories	129
Chemical and Microbiological Testing Laboratories	111
Verification Agencies (B-BBEE)	55
Good Laboratory Practice (GLP) Compliant facilities	5

882



65

Calibration Laboratories	2
Certified Reference Material Producers	1
Proficiency Testing Scheme Providers	1
Pharmaceutical Laboratories	1
Veterinary Laboratories	3
Blood Transfusion Services	6
Inspection Bodies	3
Verification Bodies (Legal Metrology)	2
Mechanical and Physical Testing Laboratories	4
Medical Laboratories	17
Chemical and Microbiological Testing Laboratories	23
Verification Agencies (B-BBEE)	1
Good Laboratory Practice (GLP) Compliant facilities	1

24

Veterinary Laboratories	1
Blood Transfusion Services	2
Inspection Bodies	3
Verification Bodies (Legal Metrology)	2
Repair Bodies	1
Medical Laboratories	9
Chemical and Microbiological Testing Laboratories	6

56

Proficiency Testing Scheme Providers	1
Veterinary Laboratories	1
Blood Transfusion Services	10
Inspection Bodies	4
Verification Bodies (Legal Metrology)	14
Mechanical and Physical Testing Laboratories	4
Medical Laboratories	12
Chemical and Microbiological Testing Laboratories	9
Verification Agencies (B-BBEE)	1

Calibration Laboratories	2
Veterinary Laboratories	1
Blood Transfusion Services	20
Inspection Bodies	10
Medical Laboratories	18
Chemical and Microbiological Testing Laboratories	44
Verification Agencies (B-BBEE)	1
Good Laboratory Practice (GLP) Compliant facilities	1
Good Clinical Practice (GCP) Compliant facilities	1

98

226

Calibration Laboratories	23
Certification Bodies	4
Forensic Laboratories	1
Veterinary Laboratories	3
Blood Transfusion Services	11
Inspection Bodies	43
Verification Bodies (Legal Metrology)	20
Repair Bodies	4
Mechanical and Physical Testing Laboratories	15
Medical Laboratories	62
Chemical and Microbiological Testing Laboratories	31
Verification Agencies (B-BBEE)	6
Good Laboratory Practice (GLP) Compliant facilities	3

107

Calibration Laboratories	12
Veterinary Laboratories	1
Blood Transfusion Services	15
Inspection Bodies	10
Verification Bodies (Legal Metrology)	12
Mechanical and Physical Testing Laboratories	10
Medical Laboratories	37
Chemical and Microbiological Testing Laboratories	5
Verification Agencies (B-BBEE)	5

64

Calibration Laboratories	1
Pharmaceutical Laboratories	2
Blood Transfusion Services	19
Inspection Bodies	4
Verification Bodies (Legal Metrology)	8
Repair Bodies	1
Mechanical and Physical Testing Laboratories	3
Medical Laboratories	17
Chemical and Microbiological Testing Laboratories	6
Good Laboratory Practice (GLP) Compliant facilities	2
Good Clinical Practice (GCP) Compliant facilities	1

254

Calibration Laboratories	20
Proficiency Testing Scheme Providers	1
Certification Bodies	6
Veterinary Laboratories	3
Blood Transfusion Services	34
Inspection Bodies	41
Verification Bodies (Legal Metrology)	18
Repair Bodies	1
Mechanical and Physical Testing Laboratories	7
Medical Laboratories	72
Chemical and Microbiological Testing Laboratories	36
Verification Agencies (B-BBEE)	15

ACCREDITED CABS OUTSIDE SOUTH AFRICAN BORDERS

COUNTRY	TOTALS
Benin, West Africa	1
Burkina Faso, West Africa	2
Ethiopia, East Africa	1
Eswatini, Southern Africa	1
Cameroon, West-central Africa	3
Rwanda, East Africa	1
Nigeria, West Africa	7
Ghana, West Africa	6
Namibia, South-west Africa	13
Kenya, East Africa	17
Uganda, East Africa	31
Tanzania, East Africa	3
Mali, West Africa	4
Zambia, East Africa	2
Zimbabwe, Southern Africa	5
Spain, Europe	1
Totals	**98**

Total Number Per Accredited CABs: **1874**

5. Revenue Collection

5.1 Transfer Payments

During December 2018, SANAS received notice of further baseline cuts over the outer financial years of the MTEF period for 2019-20 to 2021-22 of R1.101m, R1,174m, and R1.238m respectively. During June 2020, the Entity was advised of a further cut of R3,699m on the 2020-21 allocation.

These reductions in funding place the Entity's financial position under pressure with greater reliance required on self-generated income and cost-saving. SANAS may not afford further reductions without putting the sustainability of the Entity at risk.

SANAS continues to explore further cost-saving measures, cost containments, and additional streams of income to manage its financial challenges. Failure to cover future financial gaps also raises the risk of SANAS being unable to effectively deliver on its mandate.

5.2 Revenue Collection

Sources of Revenue	2019-2020			2020-2021		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Accreditation	70,673	70,645	28	68,363	58,530	9,832
Training	10,785	9,256	1,529	6,195	3,179	3,016
Total	**81,458**	**79,901**	**1,557**	**74,558**	**61,709**	**12,848**

The SANAS accreditation fee income consists of annual fees, and fees for additional accreditation services. The revenue collection policy differs for those two categories.

Annual fees must be paid by 31 May each year, however during 2020-2021 the payment date was extended to 31 July due to the impact that the COVID-19 pandemic had on the economy and the ability of facilities to settle their debts.

Additional accreditation services require that SANAS' Clients pay prior to the service to enable travel arrangements.

Additional accreditation services are invoiced upon request of the service. However, the income is only recognised after service delivery. In special circumstances deviation from the policy is allowed if kept to a minimum to keep control over debtors. Therefore, the under-collection at year-end predominantly relates to annual fees.

Training revenue is generated by charging for participation in courses offered through the Knowledge Transfer Sub-Programme. Although payment is usually required at registration, some clients make arrangements to settle accounts at a later stage. Certificates are not issued until after receipt of full payment.

6. Capital Investment

Infrastructure projects	2019-2020			2020-2021		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
R'000	R'000	R'000	R'000	R'000	R'000	R'000
Motor vehicles	-	1,259	(1,259)	-	-	-
Furniture	-	44	(44)	-	-	
Office equipment	-	-	-	150	21	129
Computer Equipment	380	1,130	(750)	750	390	360
Intangible assets (Shanduka)	6,500	2,367	(4,133)	2,150	1,275	875
Total	**6,880**	**4,800**	**2,080**	**3,050**	**1,686**	**1,364**



Part C
Governance

PART C: GOVERNANCE

1. Introduction

The Board of Directors is committed to sound corporate governance that ensures that the interests of SANAS and its Stakeholders are paramount. Consequently, SANAS subscribes to the principles of transparency, accountability, and business integrity in all its dealings with stakeholders.

As the custodian of corporate governance, the Board, ensures that SANAS endorses the King IV Code of Corporate Practices and Conduct, and monitors the related implementation and compliance through its related Committees.

The Board is cognisant of the benefits of good corporate citizenship, financial and non-financial performance, and achieving a balance of integrated economic performance, service delivery, and social and environmental performance.

Information Technology Compliance and Governance

Governance, risk, and compliance are integral to SANAS' business. Accordingly, the SANAS ICT Sub-Programme focuses on formal IT governance frameworks like…

- COBIT –which provides quality, reliability, and information and related technology control
- ITIL (Information Technology Infrastructure Library) – that focuses on the alignment of IT services with the needs of SANAS
- Capability Maturity Model Integration (CMMI) for the development and/or improvement of processes that meet business goals.

Research is conducted for appropriate solutions on the processing and protection of personal information and data in alignment with POPIA.

As part of information security governance, the SANAS ICT Sub-Programme is reviewing its policies and processes to ensure compliance with its adopted information security framework - ISO/IEC 27001 Standard. The review will also be aligned with new legislation and/or regulations in the accreditation environment – taking cognisance of appropriate new technologies and architecture to counteract risks.

2. Portfolio Committees

The Portfolio Committee on Trade, Industry and Competition exercises oversight over SANAS' service delivery performance in pursuit of enhancing economic growth. The oversight includes reviewing the non-financial information in the SANAS Annual Report.

3. Executive Authority

In terms of Section 6(2)(b) of the Accreditation Act, the Minister of Trade, Industry and Competition is the Executive Authority, and as contemplated in Section 52 of the PFMA. The oversight function of the Executive Authority is generally informed by the prescripts of the PFMA which governs and gives the Executive Authority oversight powers.

All SANAS' Quarterly Reports were successfully submitted to the Executive Authority on the last day of the month following the end of each quarter.

4. Accounting Authority

In terms of Section 6(2)(a) of the Accreditation Act, the Board is the Accounting Authority, as contemplated in Section 49(2)(a) of the PFMA.

The SANAS Board reaffirms its commitment to the highest standards of corporate governance. It recognises that practices and procedures can always be improved and will therefore continually review SANAS' own norms and standards.

SANAS remains committed to the principles of openness, integrity, and accountability. It continually reviews its processes and practices to ensure compliance with legal obligations and adherence to good corporate governance. Integral to SANAS' objectives are King IV and the PFMA.

The primary objective of corporate governance is to ensure that the Board and those who manage SANAS' day-to-day operations, carry out their accountability and responsibilities faithfully and effectively – placing the interests of the organisation ahead of their own. Appropriate reporting and control structures within SANAS facilitate this process.

As the Accounting Authority, the Board is accountable to the Executive Authority and is ultimately responsible for the implementation of sound corporate governance practices in accordance with King IV and the agreed **dtic**-SANAS Shareholders' Compact. The Board and its Sub-Committees will continue to pay attention to issues of governance – including transparency, disclosure, financial control, and accountability.

An annual self-assessment review process has been developed for the Board, individual Directors, and Board Sub-Committees. All Board Members have access to the advice and services of the Company Secretary, and are entitled to seek independent professional advice at the Entity's expense. They also have unrestricted access to all company information, records, documents, and property.

The Board meets at least four times a year, and additional meetings are convened at short notice to consider specific business. It delegates specific responsibilities to the Sub-Committees that are chaired by independent Non-Executive Directors. All the Sub-Committees have specific terms of reference.

Roles And Responsibilities Of The Board

In addition to the roles and responsibilities that the Board executes in accordance with the prescripts of King IV, the Accreditation Act, and the PFMA, it also…

- approves SANAS' Strategic Plan, Annual Performance Plan, and Business Plan
- monitors the implementation of the Plans, and approves all budgets
- ensures that policies and procedures that provide for effective risk management and internal controls, are established, and reviewed
- recognises the need for establishing and appointing committees to enable compliance with the PFMA and other legal requirements
- determines the composition of committees and amends, develops, and implements any rules, regulations, and procedures, which it may deem necessary
- formulates and makes publicly available rules consistent with the provisions of the Accreditation Act - including the form and procedure for applications for accreditation or GLP compliance, fees applicable to different categories of accreditation or GLP compliance, and fees for training or other projects
- monitors the proper use of the name, accreditation body logo or accreditation symbol of the SANAS logo, and the regional and international accreditation logo
- approves all permanent executive positions.

Board Members undertake to act in the best interests of SANAS. They do this by ensuring adherence to legal standards of conduct, by seeking independent advice regarding their duties following an agreed procedure, by disclosing real or perceived conflict related matters to the Board, and by dealing with the matters accordingly.

Composition of the Board

The unitary structure of the Board encourages solid interaction among members of the Board of Directors in the decision-making process on strategy, performance, planning and the allocation of resources, risk, ethics, and communication with stakeholders. In terms of the Accreditation Act, the Board should consist of no less than ten and no more than fifteen members.

The Board currently comprises of ten members, all of whom are appointed by the Minister of Trade, and Industry and Competition as the Executive Authority of SANAS. There are ten Non-Executive Directors and one Executive Director. All Non-Executive Directors are independent of the management function of SANAS, and have no conflict of interest with the business of SANAS.

The Board provides strategic direction and is the legally accountable body for the daily operations of SANAS.

The performance of the Board Members is evaluated annually to ensure their effectiveness, and to identify any areas that need improvement. A self-evaluation exercise was conducted during the year under review. The Company Secretary compiled a report, and the performance of the Board was deemed to be of a high standard.

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Date appointment period ended	Area of Expertise	Other Committees or Task Teams (e.g Audit committee / Ministerial task team)
Mr Ismail Abdoola	Executive Director	01 December 2018	08 April 2020	N/A	Accounting	Audit and Risk Committee Member
Ms Irish Bologo	Independent Non-Executive Director	01 September 2020	N/A	N/A	Strategy Operations Corporate Governance	Audit and Risk Committee Member
Dr Tshenge Demana	Independent Non-Executive Director	01 January 2018	N/A	N/A	Science Strategy Governance Management Drafting Legislation	Human Resources and Remuneration Committee Member
Mr Nitin Gunga	Independent Non-Executive Director	01 September 2020	N/A	N/A	Supply Chain Management Procurement Management Finance	Audit and Risk Committee Member
Dr Ron Josias	Executive Director	01 December 2018	N/A	31 May 2020	Engineering Accreditation Management	N/A
Ms Zukiswa Kimani	Independent Non-Executive Director	01 January 2021	N/A	N/A	Policy Strategy Management	Audit and Risk Committee Member
Mr Lulama Mayedwa	Independent Non-Executive Director	01 December 2020	27 August 2020	N/A	Human Resources Administration	Chairperson of the Board
Mr Sammy Mlangeni	Independent Non-Executive Director	01 December 2018	N/A	N/A	Engineering Aviation Management Information Technology	Audit and Risk Committee Member and Information and Communications Technology Strategy Sub-Committee
Dr Sarah Mohlala	Independent Non-Executive Director	01 December 2018	N/A	N/A	Science	Human Resources and Remuneration Committee Member
Ms Lerato Mothae	Independent Non-Executive Director	01 December 2018	N/A	N/A	Accountancy Finance	Chairperson of the Audit and Risk Committee
Ms Thandi Phele	Independent Non-Executive Director	29 May 2020	N/A	31 December 2020	Management Strategy Policy	Audit and Risk Committee Member
Mr Mpho Phaloane	Executive Director	01 December 2018	N/A	N/A	Engineering Management Accreditation	N/A
Dr Molefe Pule	Independent Non-Executive Director	29 May 2020	N/A	N/A	Clinical Psychology Policy Planning Systems	Human Resources and Remuneration Committee Member
Ms Lindi Tlou	Independent Non-Executive Director	01 December 2018	N/A	N/A	Administration Accreditation	Interim Chairperson of the Board Human Resources and Remuneration Committee Member
Mr Fezile Wetes	Independent Non-Executive Director	01 December 2018	N/A	N/A	Human Resources Management	Chairperson of the Human Resources and Remuneration Committee

The Board has conducted its affairs in compliance with this Charter and all other legal obligations.

Board Meeting Attendance Records (April to September 2020)

BOARD MEMBER	MEETING ATTENDANCE RECORDS							
	30 April 2020	11 May 2020	15 May 2020	01 June 2020	31 July 2020	19 August 2020	02 September 2020	28 September 2020
Mr Ismail Abdoola	Present	Resigned	Resigned	Resigned	Resigned	Resigned	Resigned	Resigned
Ms Irish Bologo	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Present	Present
Dr Tshenge Demana	Present	Present	Present	Present	Present	Present	Present	Present
Mr Nitin Gunga	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Present	Present
Dr Ron Josias	Present	Present	Present	Contract ended	Contract ended	Contract ended	Contract ended	Contract ended
Ms Zukiswa Kimani	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed
Mr Lulama Mayedwa	Present	Present	Present	Present	Present	Present	Resigned	Resigned
Mr Sammy Mlangeni	Present	Present	Present	Present	Present	Absent – Apology	Present	Present
Dr Sarah Mohlala	Absent – Apology	Present	Present	Present	Present	Present	Present	Present
Ms Lerato Mothae	Absent – Apology	Present	Absent – Apology	Present	Present	Present	Present	Present
Ms Thandi Phele	Not yet appointed	Not yet appointed	Not yet appointed	Present	Present	Present	Present	Absent – Apology
Mr Mpho Phaloane	Present	Present	Present	Present	Present	Present	Present	Present
Dr Molefe Pule	Not yet appointed	Not yet appointed	Not yet appointed	Present	Present	Present	Present	Present
Ms Lindi Tlou	Present	Present	Present	Present	Present	Present	Present	Present
Mr Fezile Wetes	Present	Present	Present	Present	Present	Present	Absent – Apology	Present

Board Meeting Attendance Records (October 2020 to March 2021)

BOARD MEMBER	Meeting Attendance Records						
	30 October 2020	28 January 2021	01 February 2021	04 March 2021 (1)	04 March 2021 (2)	29 March 2021 (1)	29 March 2021 (2)
Mr Ismail Abdoola	Resigned	Resigned	Resigned	Resigned	Resigned	Resigned	Resigned
Ms Irish Bologo	Present	Present	Present	Present	Present	Present	Present
Dr Tshenge Demana	Present	Present	Absent – Apology	Absent – Apology	Absent – Apology	Present	Present
Mr Nitin Gunga	Present	Present	Present	Not Invited	Not Invited	Not Invited	Not Invited
Dr Ron Josias	Contract ended	Contract ended	Contract ended	Contract ended	Contract ended	Contract ended	Contract ended
Ms Zukiswa Kimani	Not yet appointed	Present	Present	Present	Absent – Apology	Present	Present
Mr Lulama Mayedwa	Resigned	Resigned	Resigned	Resigned	Resigned	Resigned	Resigned
Mr Sammy Mlangeni	Absent – Apology	Present	Present	Absent – Apology	Present	Present	Present
Dr Sarah Mohlala	Present	Present	Present	Present	Present	Present	Present
Ms Lerato Mothae	Present	Present	Present	Present	Present	Present	Present
Ms Thandi Phele	Present	Appointment ended	Appointment ended	Appointment ended	Appointment ended	Appointment ended	Appointment ended
Mr Mpho Phaloane	Present	Present	Present	Present	Present	Present	Present
Dr Molefe Pule	Present	Present	Present	Present	Present	Present	Present
Ms Lindi Tlou	Present	Present	Present	Present	Present	Present	Present
Mr Fezile Wetes	Present	Present	Present	Present	Present	Present	Present

Remuneration of Board Members

The members of the Board receive a stipend for attending meetings in accordance with National Treasury's determination. The Board's remuneration is based on SANAS' classification as a Schedule 3A Entity. Six of the members of the Board are employed by an organ of the State and are not entitled to remuneration other than a refund for out-of-pocket expenses incurred to attend a meeting.

NAME	Remuneration	Other Allowance	Other Re-imbursements	Total
	R'000	R'000	R'000	R'000
L Mayedwa	51	43	-	95
F Wetes	109	68	-	177
S Mlangeni	128	63	-	191
L Tlou	118	74	-	192
L Mothae	150	6	-	212
S Mohlala	113	68	-	181

Committees

The Board formally delegates duties of management through different structures - from responsibility and accountability for operations to the Executive Management Committee. The Board's Sub-Committees are appointed according to the required skills set. The current -Sub-Committees are the Human Resources and Remuneration Committee, and the Audit and Risk Committee.

Human Resources And Remuneration Committee

The Human Resources and Remuneration Committee is tasked with providing the Board with recommendations on policy matters regarding…

- CEO recruitment and appointment
- Employee recruitment, benefits, incentives, and bonus arrangements
- Succession and retention planning for the CEO and senior Employees
- Scarce and critical skills
- Equity targets.

This Committee held five meetings during the year under review. The Committee confirms that it has conducted its affairs in accordance with its terms of reference, and that it has discharged all its responsibilities delegated to it by the Board.

The roles and responsibilities of the Human Resources and Remuneration Committee include the…

- annual review of the remuneration terms and conditions, and making recommendations to the Board
- consideration of any changes to the Employee benefit structures and making recommendations to the Board
- consideration of the remuneration, incentive, and benefit arrangements of the CEO – including pension rights and any compensation payments, and making recommendations to the Board
- consideration of the cost-of-living increases, performance bonus awards, changes to Employees' terms and conditions and any other related activities, and making recommendations to the Board
- review of the human resources strategy and policies, and making recommendations to the Board
- promotion of a culture of excellence throughout SANAS
- compliance with applicable legislation and regulations.

Remuneration Policy

SANAS aims to attract, retain, and motivate it Employees, and align its remuneration packages with market-related remuneration based on best practice and benchmarking with similar organisations. The approach to remuneration is all-inclusive, balanced, and mindful of …

- guaranteed cost-to-company remuneration package
- eligibility for a discretionary performance bonus
- individual growth and development
- stimulating and professional work environment.

Human Resources and Remuneration Committee Membership and Attendance

The Human Resources and Remuneration Committee currently comprises five Non-Executive Directors.

The meeting attendance of the Human Resources and Remuneration Committee members during the year under review is depicted below.

Board Member	Meeting Attendance Records				
	Meeting date 29 April 2020	Meeting date 07 May 2020	Meeting date 23 July 2020	Meeting date 23 October 2020	Meeting date 22 January 2021
Dr Tshenge Demana	Present	Present	Present	Present	Present
Dr Sarah Mohlala	Present	Present	Present	Present	Present
Dr Molefe Pule	Not yet appointed	Not yet appointed	Present	Present	Present
Ms Lindi Tlou	Present	Present	Present	Present	Present
Mr Fezile Wetes	Present	Present	Present	Present	Present

Audit and Risk Committee

The Audit and Risk Committee is an independent statutory committee appointed by the Board which delegates duties and responsibilities to it in accordance with Section 77 of the PFMA. In terms of Section 51(1)(a)(ii) of the PFMA, the Board, as the Accounting Authority, must ensure that SANAS has, and maintains, a system of internal audit under the control and direction of the Audit and Risk Committee.

The function of the Audit and Risk Committee is to assist the Board in discharging its duties regarding the safeguarding of assets and liabilities, and the operation of adequate systems of control. It is also tasked with reviewing financial information and preparing the annual financial statements.

The Audit and Risk Committee's functions are formalised in a charter approved by the Board and annually reviewed to ensure compliance. During the period under review, the Audit and Risk Committee conducted its affairs in accordance with the Charter and discharged its responsibilities as required by the Charter, the Companies Act 71 of 2008, and the prescripts of the King IV Code of Governance.

Terms of reference for the Audit and Risk Committee are formalised in the charter as approved by the Board and annually reviewed for compliance. During the period under review, the Audit and Risk Committee conducted its affairs in accordance with the charter and discharged its responsibilities as required by the charter, the Companies Act, Act No. 71 of 2008, and the prescripts of King IV.

Audit and Risk Committee's responsibilities

The Audit and Risk Committee has adopted appropriate terms of reference in accordance with the requirements of Section 77 of the PFMA and Treasury Regulation 27.1. The Committee has conducted its affairs in compliance with those terms of reference, and its Charter.

It has also ensured compliance with the relevant provisions of the Shareholders' Compact between SANAS and **the dtic,** performed an oversight function, and advised the Board on carrying out its responsibilities. The responsibilities include matters relating to financial, management and other reporting practices, internal controls and risk management, integrated reporting, combined assurance, information technology governance, and compliance with laws, regulations, and ethics.

The Audit and Risk Committee reports to the Board on any matter identified while carrying out its duties that it considers significant. The Committee performs, on behalf of the Board, any other tasks, or actions that the Board may authorise from time to time.

Responsibilities of the Audit and Risk Committee, in addition to the above, are…

- reviews and assessments of the adequacy of management reporting to the Board regarding the quantity, quality, and timing of information necessary for internal and external reporting on SANAS' operations and financial condition
- reviews of the accounting policies and practices in alignment with the applicable statutory requirements, generally accepted accounting principles, and evaluation of SANAS' financial statements for reasonability and accuracy
- satisfying itself about the integrity and prudence of management control systems - including the review of policies and practices
- ensuring that the Board and Management Team are aware of any matters that might have a significant impact on the financial condition or affairs of SANAS
- monitoring the accomplishment of established objectives through the mission statement, business plan, and transformation process.

Audit and Risk Committee membership and attendance

The Audit and Risk Committee comprises five members, with the chairperson being a non-executive director. In accordance with its Charter, the Audit and Risk Committee is required to meet at least four times during a financial year. During the year under review, the Audit and Risk Committee held eight meetings.

The following table depicts the attendance of the Audit and Risk Committee members in the year under review.

Board Member	Meeting Attendance Records							
	24 April 2020	05 May 2020	17 July 2020	24 July 2020	29 July 2020	21 September 2020	20 October 2020	20 January 2021
Ms Irish Bologo	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Absent – Apology	Present
Ms Nitin Gunga	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Present	Present
Ms Zukiswa Kimani	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed
Mr Sammy Mlangeni	Present	Present	Present	Present	Absent – Apology	Present	Present	Present
Dr Sarah Mohlala (co-opted)	Present	Present	Present	Present	Present	Present	Co-option Withdraw	Co-Option withdrawn
Ms Lerato Mothae	Present	Present	Present	Present	Present	Present	Present	Present
Ms Thandi Phele	Not yet appointed	Not yet appointed	Present	Present	Absent – Apology	Absent – Apology	Absent – Apology	Appointment ended

5. Risk Management

The Board acknowledges that it is responsible for the entire process of risk management, and the effectiveness of the process. The Audit and Risk Committee is mandated to assess the effectiveness of SANAS' risk management process. SANAS' Management Team is accountable for designing, implementing, and monitoring the process of risk management, and for integrating it into the Entity's day-to-day activities.

During the period under review, and under the supervision of the Audit and Risk Committee, SANAS' Management Team assessed, reviewed, and updated the organisational risk management framework. The framework was implemented in all streams and business Programmes and Sub-Programmes to ensure that risks are understood, and that the controls necessary to mitigate these risks are in place.

The Audit and Risk Committee performs an oversight function and advises the Board primarily on matters relating to risks that SANAS is and may be exposed to. The Audit and Risk Committee…

- monitors the major risk areas, including financial, legal, and fiscal risks, the internal control environment, and the control process
- monitors areas that expose SANAS to potential financial risks and ensures that SANAS' Management Team effectively manages the risks
- ensures that an effective system of accounting and internal control is established and maintained to manage financial risks
- oversees the development and annual review of the risk management framework, and makes recommendations to the Board for its approval
- monitors the implementation of the risk management framework by means of risk management systems and processes, and quarterly reports

- makes recommendations to the Board concerning SANAS' levels of risk tolerance and appetite
- obtains assurance that risks are managed within the levels of tolerance and appetite as approved by the Board
- ensures that the Risk Management Plan is widely disseminated throughout SANAS, and integrated into its day-to-day activities
- obtains assurance that risk management assessments are performed on an ongoing basis
- obtains assurance that frameworks and methodologies are implemented to increase the ability to anticipate unpredictable risks
- obtains assurance that SANAS considers and implements appropriate risk strategies and responses
- obtains assurance that continuous risk monitoring by SANAS takes place
- liaises closely with the Human Resources and Remuneration Committee to exchange information relevant to risk
- expresses its formal opinion to the Board on the effectiveness of the system and process of risk management
- reviews reports concerning risk management for comprehensive, relevant, and timely inclusion in the integrated reporting.

6. Internal Control

SANAS maintains internal controls and systems designed to provide reasonable assurances about the integrity and reliability of the financial statements. The controls and systems must adequately safeguard, verify, and maintain accountability for its assets. The controls are based on established policies and procedures and are implemented with appropriate separation of duties and responsibilities.

7. Internal Audit

The internal audit function operates under the direction of the Audit and Risk Committee, which approves the scope of the work. Significant findings are reported to the Audit and Risk Committee.

8. Compliance with Laws and Regulations

The Board – with the assistance of the Audit and Risk Committee, ensures that SANAS' Management Team has the necessary mechanisms in place to comply with legislation and regulations governing its activities. The responsibility entails…

- reviewing policy documents, to ensure the incorporation of laws, regulations, ethics and policies, and the reviewing of rules that ensure compliance and address conflicts of interest
- monitoring compliance with policies and procedures
- noting and addressing significant cases of Employee conflict of interest, misconduct or fraud, and the resolution of related cases
- reviewing the internal auditor's report on the scope of compliance reviews, and the resolution of findings and follow-up on recommendations
- monitoring developments and changes in legislation regarding the accountability, responsibilities, and liabilities of SANAS' Management Team, and monitoring and reviewing the extent to which SANAS' Management Team meets its obligations
- monitoring developments and changes in the legislation and regulations that relate to SANAS' operations
- monitoring and reviewing the extent to which SANAS complies with such legislation.

9. Fraud and Corruption

SANAS manages fraud, corruption, theft, maladministration, and any other dishonest activities in accordance with its Anti-fraud and Corruption Policy, its Fraud Prevention Plan, and its Anti-fraud Charter.

The Entity's Employees are obliged to report all incidents of fraud, corruption, theft, maladministration, and any other dishonest activity to their Manager/s. If Employees are uncomfortable with reporting the matter to their Manager/s, they need to report the matter to their Manager/s' superior, with recourse to the CEO. Employees may also report the matters to the Human Resources Department for reasons of anonymity or otherwise.

All SANAS Managers are responsible for the detection, prevention, and investigation of fraud, corruption, theft, maladministration, and any dishonest activities of a similar nature within their areas of responsibility.

SANAS will take appropriate legal recourse to recover losses or damages arising from fraud, corruption, theft, or maladministration. The accountability to conduct investigations regarding allegations of fraud, corruption, theft, maladministration, and any other dishonest activity resides with the CEO.

Whistle blowers' are protected in accordance with the Protected Disclosures Act 26 of 2000. No cases were reported in the period under review.

10. Minimising Conflict of Interest

SANAS – as part of **the dtic**'s Council of Trade and Industry Institutions (COTII), acknowledges the importance of ensuring the mitigation of potential conflicts of interest. Measures have therefore been implemented to ensure that possible conflicts of interest do not exist. Processes and procedures have also been implemented to mitigate possible associated risks emanating from instances where a perceived conflict of interest cannot be avoided.

11. Code of Conduct

SANAS' Code of Conduct is governed by its Code of Ethics and Business Conduct. The Code of Ethics and Business Conduct identifies…

- SANAS' values
- The framework for identifying that SANAS Employees' conduct is ethical and acceptable
- The context of the ethical use of authority
- The alignment of SANAS' guidelines for ethical behaviour with that of the public service.

There is a strong emphasis on the implementation of the Code of Ethics to ensure that all SANAS' Employees and Stakeholders are aware of its values and accountability within the Entity.

SANAS subscribes to the Public Service Code of Conduct detailed in the Public Service Regulations. That Code has been integrated into SANAS' Code of Ethics and Business Conduct. The Code of Conduct provides the guideline for ethical conduct expected from SANAS Employees in their individual conduct, and in their relationships with others. Compliance with the Code of Conduct is expected to enhance professionalism and help to contribute to confidence in the Entity.

Failure to comply with any provisions of the Code of Conduct will be interpreted as a violation of the SANAS values. Moreover, the Employee concerned will be dealt with according to the Entity's grievance and/or disciplinary process.

12. Health, Safety, and Environmental Issues

SANAS makes the necessary resources available to actively manage occupational health and safety, and environmental issues in alignment with the Occupational Health and Safety Act of 1993.

In August 2014, SANAS updated its Health, Safety, Security, and Emergency Response Procedure HR 12-02. The Procedure provides clear principles and guidelines for ensuring healthy and safe working conditions for Employees, the prevention of health hazards in the workplace, and the effective handling of emergency situations.

13. Company Secretary

The Company Secretary oversees corporate governance, and is responsible for assisting the Board with ensuring that it adheres to the principles of sound corporate governance. The Company Secretary has an *ipso facto* relationship with the Board, and informs the Board of any legislation, regulations or policies that affect SANAS, and any related non-compliance. During the year under review, the Company Secretary assisted the Board in providing ongoing training for Board members on the implications of King IV – the governance standard for South Africa.

14. Social Responsibility

As a responsible Entity, SANAS believes in contributing to the wellness and sustainability of communities. SANAS continues to do so by identifying needs in local communities to contribute to them becoming self-sustainable, which in turn contributes to the development and economic growth of the country.

The SANAS Corporate Social Responsibility/Investment (CSR/CSI) strategy is strongly focused on adopting communities that cater for Orphans And Vulnerable Children (OVC). In addition, the strategy focusses on supporting SMMEs within the conformity assessment space, and youth development and empowerment through education and job readiness support.

Despite the challenges of lockdown, SANAS Corporate Social Investment Employee Volunteers team utilised the first quarter of the financial year to virtually plan initiatives to assist the adopted home, Morena Children's Village. The aim is to ensure that the home can be self-sustainable after SANAS' exit. During the year under review, SANAS provided the Village with groceries for the needy children in the care of the Home. The number of needy children has increased due to family unemployment and some of the children being homeless as a result of the COVID-19 pandemic.

The CSI Employee Volunteer Team conducted and concluded a needs analysis report for the home. The priorities were confirmed and during the second quarter SANAS supplied the home with the following:

- three solar geysers – including the installation thereof; and
- refilled gas container bottle to reduce electricity consumption.

During the third quarter, SANAS donated 120 litres of fresh milk to the home, and groceries for Christmas.

Social Responsibility Impact Monitoring

Morena Children's Village

The donation of the refilled gas container has resulted in the home saving between R1,700 - R1,900 per month on electricity.

Boitumelo Orphanage Home and Madzibandlela Orphanage Home

During the year under review SANAS had already exited these adopted homes. Involvement with the two orphanages therefore focussed on the impact post-exit.

It was evident that even amidst the most challenging pandemic situation, the homes were still managing to generate income from selling bread and scones. SANAS' investment pre-exit has enabled the orphanages' in income-earning capacity that is being put to good use.

- Boitumelo Orphanage Home has bought an additional gas stove, school uniforms and shoes, and is able to pay salaries.
- Madzibandlela Orphanage Home has built two additional rooms for the boys, bought school uniforms and stationery, installed three geysers, and is able to provide for its basic necessities.

Given the COVID-19 pandemic, SANAS donated 810 litres of milk and 175 kgs of sugar amongst the three orphanages homes during the last quarter of the financial year.

In addition to its CSI activities, SANAS continued to address general health and wellness through articles with a particular focus and COVID-19 lockdown periods.

15. B-BBEE Compliance Performance Information

B-BBEE Certificate Initiative

SANAS continues to deliver on the transformation agenda of South Africa by striving for meaningful participation by black people.

The assessment of SANAS' B-BBEE compliance commenced in the first quarter of the year under review with the sourcing of an accredited verification service provider. During the second and third quarters the required sample information was gathered for the appointed Mosela Rating Agency – the related matrix below refers. SANAS received its B-BBEE Certificate and the recommendations Report in January 2021.

Skills Development towards B-BBEE

During the period under review, SANAS also focused on engaging TVET colleges, with the aim of offering students/ internships the opportunity of work exposure while in the process of completing their studies. The purpose of the initiative was to assist in improving the scores within various areas of the B-BBEE scorecard. SANAS' intention to enlist four student interns in January/February 2021 for a period of 18 months has been postponed to June 2021 due to the COVID-19 lockdown periods.

Funding of Small Medium and Micro Enterprises

The period under review was also utilised to monitor progress and impact of the SANAS' funding for SEDA projects during the 2019-20 fiscal year. SANAS' annual SEDA funding, and non-monetary support and training is aimed at developing SMMEs.

B-BBEE Compliance Information

The following table reflects SANAS' compliance with the B-BBEE requirements as required by the B-BBEE Act, and as determined by the Department of Trade Industry and Competition.

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) regarding:		
Criteria	**Response Yes / No**	**Discussion** *(include a discussion on your response and indicate what measures have been taken to comply)*
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law?	Yes	SANAS issues a certificate as a final product to all accredited organisations following compliance with the accreditation processes. The certificate allows organisations to participate in various activities with direct impact on the economic activities of the country.
Developing and implementing a preferential procurement policy?	Yes	Supply Chain department has put in place relevant procedures to implement the preferential procurement policy, FP02-08.
Determining qualification criteria for the sale of state-owned enterprises?	N/A	SANAS does not participate in the sale of any state-owned enterprises
Developing criteria for entering into partnerships with the private sector?	No	In terms of the ISO 17011's impartiality principle SANAS cannot enter into any partnership that might expose the entity to impartiality risk
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad Based Black Economic Empowerment?	Yes	SANAS provides grants to new applicants as part of our B-BBEE empowerment in compliance Enterprise Development.

SEDA confirmed that the funds were fully utilised and monitored as committed, and shared the related impact analysis report with SANAS.



Part D

Human Resource Management

PART D: HUMAN RESOURCE MANAGEMENT

1. Introduction

Human Resource Management is responsible for ensuring that SANAS has the human resources capacity to deliver on its mandate in terms of the Accreditation Act, and to respond to its Clients' different needs and expectations.

The aim of the function is to improve the related pillars which include but are not limited to vacancy management, vacancy management, staff turnover, and performance management. In turn, the function must ensure alignment of compliance with statutory requirements and advance SANAS as a learning organisation.

SANAS's culture is cultivated through the compelling Employee Value Proposition (EVP) embedded in its core values which in turn enables its Employees to meet the needs of its Clients and Shareholders. SANAS wins through its people and therefore regard them as the most valued asset.

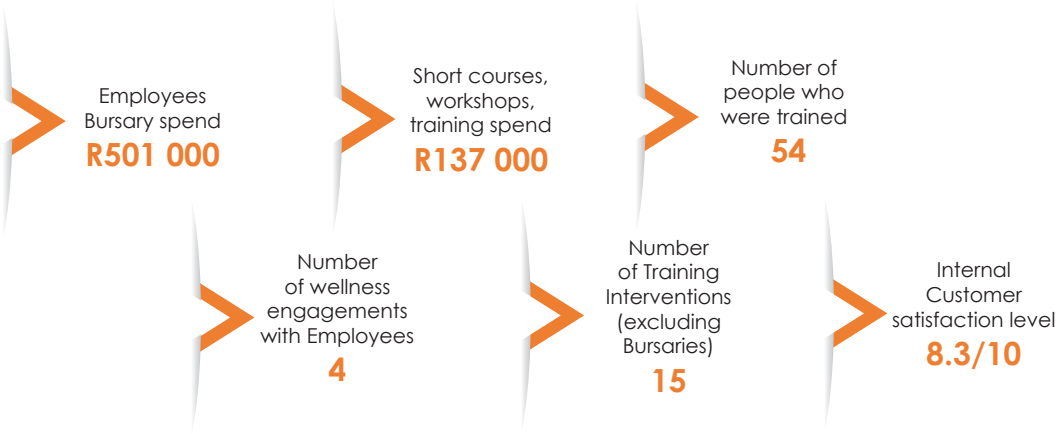
Human Resources Achievements at a glance

During the year under review, all SANAS' human resources queries and complaints were addressed while it continued to provide learning, personal growth, and development opportunities for its Employees. All compliance reporting was done in a form of the Employment Equity Report and the Workplace Skills Plan and Annual Training Report.

16 bursaries were allocated to Employees who applied and qualified for the bursaries.

Achievements

The following is an overview of the achievements in the related Workplace Skills Plan, and the Annual Training Report.



Employee Performance Management Framework

In an environment where operational excellence is expected, SANAS acknowledges the need to continuously support the performance of Employees. The SANAS Performance Management Framework is based on a balanced scorecard philosophy and balanced scorecard principles.

The value of excellence is entrenched in the performance process to ensure efficiencies and to positively impact on customer-centricity. The process is interactive and non-punitive – it is intended to enhance performance, and provide guidance and support.

SANAS' Performance Management system and policy encourages constructive feedback to Employees about achievements, potential development, and growth areas. SANAS believes that the success of every performance management system lies in the effectiveness of its implementation.

During the year under review those who are entrusted with managing the performance of others were empowered through performance management refresher workshops that resulted in fewer queries about the performance management system. All Employees were invited to attend a performance management refresher workshop related to contracts. The initiative ensured that SANAS Employees are kept up to date with the performance management process and SANAS' objectives.

Workforce Planning Framework

Key Strategies for a Skilled and Capable Workforce

A key Human Resources Management function is attracting the right skill and talent so that the entire employee lifecycle is effectively managed from on-boarding to exit. SANAS is committed to creating an environment that continuously aims at attracting, rewarding, and retaining exceptional people while driving the culture of excellence and high-performance in alignment with the objectives and expectations of our Stakeholders.

Employee Wellness Programmes

SANAS is committed to optimising Employee well-being for enhancing performance excellence in the workplace, and in their personal lives. SANAS' well-structured and effective Employee Wellness Programme (EWP) is provided through a contracted service provider, ICAS. The Wellness Programme assists and supports Employees with personal and work-related problems, and other difficulties and concerns which they may experience from time to time.

The SANAS EWP also provides its Employees with access to medical, psychological, financial, legal, and other areas of expertise. Interaction is possible via phone, through email or face-to-face. The EWP programme goes beyond benefitting the SANAS Employees – it provides their immediate families with similar services.

During the year under review, SANAS continued to support its Employees through a range of wellness pillars including training sessions. Reports from ICAS indicate that services are normal. The wellness sessions offered during the year under review included:

1. Relationships
2. Ergonomics
3. Stress Management
4. Financial Education.

Policy Development

The process of reviewing related policies includes obtaining input from SANAS' Employees input. Employee contribution is essential for Employee familiarisation with policy content, and buy-in which ultimately mitigates transgressions.

Challenges faced by SANAS

SANAS' strategy to maintain, grow, and support national, regional, and international developments in accreditation continues to place a significant demand on its human resources. These resources include external contracted assessors, as well as internal administration and management resources.

The ability to sustain and grow SANAS' Client base, its Programmes, integrate new programmes, and support accreditation developments is dependent on its human capital asset. Attracting, developing, and retaining talent with the necessary skills will enable keeping pace with the growing demand for SANAS' services.

Most of SANAS' Employees possess technical and managerial capabilities that are difficult to replace. Their expertise is also in high demand in the industry. A significant loss or diminution in the collective pool of SANAS' Employees and Assessors could have a materially adverse effect on its ability to fulfil its mandate.

Future Human Resources Plans/Goals

Planning includes the goal of reducing the vacancy rate to 5%, rolling out a continuous development and Talent Management Programme, and the continued roll-out of the partnership arrangement with tertiary institutions. The external bursary scheme and an internship programme is also part of the planning.

Wellness initiatives will continue being facilitated to address Employee needs across their physical, mental, and financial well-being.

Automating the Human Resources management processes will also be addressed to improve Employee access to the related services.

Intellectual Capital Framework

An intellectual capital framework has been implemented for developing SANAS' human capital. Interventions like internships, skills programmes, short courses, workshops/ seminars, bursary Programmes, and in-house training sessions will be ongoing throughout the year.

Competencies and Skills

Building the right capabilities is a strategic imperative for SANAS' success and growth. This key focus area embraces the benefits of instilling a culture of continuous learning like the training solutions provided by the Knowledge Transfer Sub-Programme.

Having the right capabilities means more than attracting and retaining exceptional people – it also means upskilling and/or reskilling Employees. SANAS ensures that all the competencies necessary for its success are reviewed and enhanced accordingly. The context of the review of the competency library is aligned with SANAS' mandate, and it includes internal procedures and the job specific required competencies. Employees' training is aligned with competency gaps and other needs identified as part of performance management.

The SANAS Bursary initiative encourages Employees to enhance their qualifications. Bursaries are awarded to Employees who have an intention of improving their formal qualifications in alignment with their role in SANAS, and their career growth plans. The matrix below outlines SANAS' investment in growing Employees.

Training Costs

Activity	Training Expenditure R'000	Number of Employees R'000
Bursaries	**R501**	16
Short courses, workshops, training interventions	**R137**	54

Feedback from those who participated in the training related initiatives indicated that the value also contributed to their day-to-day activities. Training interventions were informed by additional skills gaps identified during the 2020-21 training initiatives.

Internships

The purpose of the SANAS internship programme is to provide action learning activities that will assist interns to gain skills, knowledge, and experience for employment. The intention to appoint three interns during the year under review was deferred due to the impact of COVID-19.

External Bursaries

SANAS offers external bursaries to South African PDIs. The purpose is to establish an effective system for continuous development of qualified candidates for future appointments, and for mobility in the public and private sector. The objectives are primarily to enhance youth development, and to develop a culture of high-quality lifelong learning within SANAS. During 2020-2021 the Bursary Committee approved the funding of five students towards various qualifications within the critical and scares skills SANAS' requires. The external bursaries budget was R118k.

Gender	Race	Qualification	Institution of Study	Year of Study
Male	African Black	Bachelor of Business Administration in Logistics & SCM	Rosebank College	Year 2
Male	African Black	Bachelor of Electrical Engineering	Cape Peninsula University of Tech	Year 2
Female	African Black	Advanced Diploma in Quality	Cape Peninsula University of Tech	Final Year
Female	African Black	Advanced Diploma in Quality	Cape Peninsula University of Tech	Final Year
Male	African Black	Advanced Diploma in Quality	Cape Peninsula University of Tech	Final Year

The COVID-19 pandemic lockdown necessitated enabling Employees to work from home which was successfully implemented without negatively affecting high performance levels throughout the year.

2. Human Resources Oversight Statistics

Remuneration, Recognition and Rewards

SANAS' Recognition and Rewards policy provides guidance on remunerating of its Employees. Salary scales are benchmarked against industry standards and other related government entities to ensure that remuneration packages are competitive and promote retention.

The SANAS Performance Management system recognises performance above certain expectation levels, with a performance bonus. Employees who achieve a certain performance level - coupled with verifiable growth and development in other areas, are recognised through pay progression and a rigorous process that requires motivations and verifiable evidence. During the year under review, payment of performance bonuses or pay progressions was not budgeted due to COVID-19 financial challenges.

As part of the Recognition and Awards system, SANAS also recognises Employees with long service. However, due to the pandemic, in the year under review, we were not able to celebrate this achievement. In the new fiscal year, ten (10) Employees are in the pipeline for Long Service Award recognition for their the long-service that ranges from five to over 15 years of service.

Cost by programme/activity/objective

Programme Activity Objective	Total Expenditure for the Entity (R'000)	Payroll Expenditure (R'000)	Payroll exp. as a % of total exp. (R'000)	Number of Employees	Average personnel cost per Employee (R'000)
Administration	36,032	20,078	56%	32	627
Corporate services	4,467	Included in Administration	n/a	n/a	n/a
Strategy and Development	915	included in Administration	n/a	n/a	n/a
Accreditation	43,317	30,067	69%	40	752

Cost by salary band

Level	Expenditure (R'000)*	% of exp. to total personnel cost (R'000)	No. of Employees*	Average cost per Employee (R'000)
Top Management	2,303	4.73%	1	2,303
Senior Management	2,936	6.03%	2	1,468
Professional qualified	28,965	59.52%	32	905
Skilled	12,309	25.30%	29	424
Semi-skilled	1,937	3.98%	7	277
Unskilled	211	0.43%	1	211
TOTAL	**48,660**	**100.00%**	**72**	**676**

Note: Percentages may not add up to 100% exactly

** Excludes terminated employees*

Employment and vacancies

2020-21 No. of Employees	2020-21 Approved Posts	2020-21 No. of Employees	2020-21 Vacancies	% of vacancies
Top Management	1	0	1	0%
Senior Management	4	2	2	50%
Professional qualified	33	32	4	97%
Skilled	28	28	0	100%
Semi-skilled	7	7	0	100%
Unskilled	1	1	0	100%
TOTAL	**74**	**73**	**6**	**99%**

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	0	1	0
Senior Management	3	1 (Fixed Term)	1	3
Professional qualified	32	2	2	32
Skilled	28	1	1	28
Semi-skilled	7	0	0	7
Unskilled	1	0	0	1
TOTAL	**73**	**4**	**5**	**73**

Reasons for departures

Reason	Number	% of total no.
Death	0	0%
Resignation	4	5.4%
Dismissal	0	0%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	1	1.4%
Other	0	0%
TOTAL	**5**	**6.8%**

Labour Relations: misconduct and disciplinary action

SANAS is committed to upholding good labour practices and a working environment that entrenches the rights of all Employees to be treated with fairness, equality, and with respect. This is done through an open-door policy that contributes to building and maintaining cross-cutting healthy relationships.

Labour relations policies are timeously reviewed, and Employees are encouraged to provide input during the review process. Employees are free to exercise their rights of belonging to a trade union which in the instance of SANAS is NEHAWU (National Education, Health and Allied Workers' Union). SANAS participates actively in the Collective Bargaining Forum – the central bargaining platform for all entities under the Department of Trade, Industry and Competition.

There are however still some challenges regarding Employee relations, which resulted in the sanctions depicted in the table below.

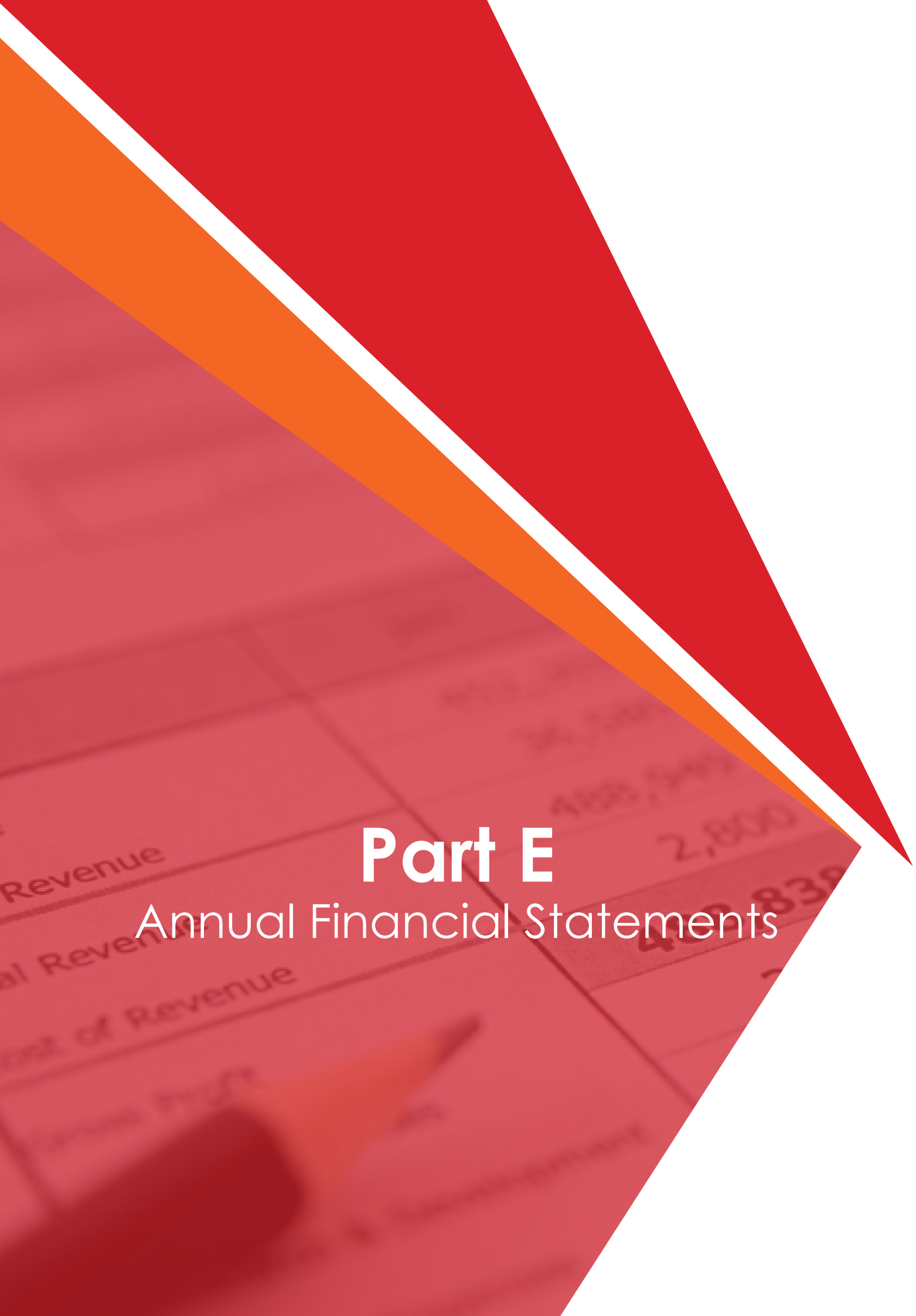
Nature of disciplinary Action	Number
Verbal Warning	2
Written Warning	2
Final Written warning	1
Dismissal	0

Equity Target and Employment Equity Status

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0
Professional qualified	8	0	1	0	2	0	2	0
Skilled	3	0	0	0	0	0	0	0
Semi-skilled	3	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	**15**	**0**	**1**	**0**	**2**	**0**	**2**	**0**

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	0	0	1	0
Professional qualified	14	0	1	0	0	0	4	0
Skilled	25	0	1	0	0	0	0	0
Semi-skilled	4	0	0	0	0	0	0	0
Unskilled	1	0	0	0	0	0	0	0
TOTAL	**45**	**0**	**2**	**0**	**0**	**0**	**5**	**0**

Levels	Disabled Employees			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	0	0	1	0
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	**0**	**0**	**1**	**0**



Part E

Annual Financial Statements

PART E: ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Index

The reports and statements set out below includes the annual financial statements presented to the Accounting Authority and Parliament.

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Accounting Authority's Responsibilities and Approval

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of the Entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) 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 acknowledge that they is ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, the Accounting Authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Entity and all Employees are required to maintain the highest ethical standards in ensuring the Entity's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Entity is on identifying, assessing, managing, and monitoring all known forms of risk across the Entity. While operating risk cannot be fully eliminated, the Entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems, and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The Accounting Authority anticipates that revenue generation for 2021-2022 may be impacted by the coronavirus outbreak, but at the date of this report does not expect that the impact from the coronavirus outbreak will have a material effect on the Entity's liquidity or financial position. The Accounting Authority has reviewed the Entity's cash flow forecast for the medium term and, in the light of this review and the current financial position, is satisfied that the Entity has access to adequate resources to continue in operational existence for the foreseeable future. The annual financial statements are prepared on the basis that the Entity is a going concern, and that the Entity has neither the intention nor the need to liquidate or curtail materially the scale of the operations.

The external auditors are responsible for independently reviewing and reporting on the Entity's annual financial statements. The annual financial statements have been examined by the Entity's external auditors and their report is presented on pages 87 to 91.

The annual financial statements set out on pages 95 to 127, which have been prepared on the going concern basis, were approved by the Accounting Authority on 27 July 2021 and were signed on its behalf by:



Ms L Tlou
Interim Chairperson of the Board



Mr T Baleni
Acting Chief Executive Officer

1. Independent Auditor's Report

Report on the audit of the financial statements

Opinion

1. We have audited the financial statements of the South African National Accreditation System set out on pages 95 to 127 which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets, and cash flow statement and statement of comparison of budget inform for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In our opinion, the financial statements present fairly, in all material respects, the financial position of the South African National Accreditation System as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with 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 opinion

3. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

4. We are independent of the entity in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of accounting authority for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

8. Our 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 our 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.
9. A further description of our 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

10. In accordance with the Public Audit Act of South Africa 25 of 2004 (PAA) and the general notice issued in terms thereof, we have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programme presented in the annual performance report. We performed procedures to identify material findings but not to gather evidence to express assurance.

11. Our procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents. We have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. Our procedures do not examine whether the actions taken by the entity enabled service delivery. Our procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.

12. We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the entity's annual performance report of the entity for the year ended 31 March 2021.

Programme	Pages in the annual performance report
Programme 4 – Accreditation provision	41 - 56

13. We performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. We 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.

14. We did not identify any material findings on the usefulness and reliability of the reported performance information for this programme.

Other matter

15. We draw attention to the matter below.

Achievement of planned targets

16. Refer to the annual performance report on pages 19 to 59 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

17. In accordance with the PAA and the general notice issued in terms thereof, we have a responsibility to report material findings on the entity's compliance with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.

18. We did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

19. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the accounting authority's reports and the audit committee report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.

20. Our opinion on the financial statements and my findings on the reported performance information and compliance with legislation does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

21. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

22. We did not receive the other information prior to the date of this auditor's report. Once we receive and read the updated information, and if we conclude that there is a material misstatement, we are 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, we may have to retract this auditor's report and re-issue and amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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

Auditor tenure

24. In terms of the IRBA rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of the South African National Accreditation System for 4 years.

NexiaSAB&T

Nexia SAB&T
N.C. Soopal
Director
Registered Auditor
31 July 2021

Annexure – Auditor's responsibility for the audit.

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

Financial statements

2. In addition to our responsibility for the audit of the financial statements as described in this auditor's report, we also:

- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority.
- conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. We 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 South African National Accreditation System ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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. Our conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an 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. We 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 we identify during our audit.

2. Accounting Authority's Report

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

2.1 General Review

The South African National Accreditation System (SANAS) is a Schedule 3A Public Entity as listed in the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA) as amended.

SANAS is the sole government recognised accreditation body for conformity assessment in South Africa. SANAS promotes the competence, against a specific schedule of activity, of its accredited facilities nationally, regionally, and internationally. It has successfully concluded several mutual recognition arrangements in this regard.

SANAS is guided by the principles of the PFMA and promulgated by the Accreditation for Conformity Assessment, Calibration and Good Laboratory Practice Act of South Africa, 2006 (Act No.19 of 2006) (Accreditation Act) as of 1 May 2007. The statutory duties, responsibilities and liabilities are imposed on the Accounting Authority by the PFMA.

The activities of SANAS during the year under review are comprehensively covered in the annual report.

2.2 Going Concern

We draw attention to the fact that at 31 March 2021, the Entity had an accumulated surplus of R 96,222,995 and that the Entity's total assets exceed its liabilities by R 96,222,995.

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.

It is anticipated that revenue generation for 2021-2022 may be impacted by the coronavirus outbreak, but at the date of this report the Accounting Authority does not expect that the impact from the coronavirus outbreak will have a material effect on the Entity's liquidity or financial position. The Entity's cash flow forecast for the medium term has been reviewed and, in the light of this review and the current financial position, the Accounting Authority is satisfied that the Entity has access to adequate resources to continue in operational existence for the foreseeable future.

2.3 Accounting Authority Members

The Accounting Authority of the Entity during the year and to the date of this report is as follows:

Name	Nationality	Changes
Ms L Tlou (Interim Chairperson)	South African	
Mr L Mayedwa (Chairperson)	South African	Resigned 28 August 2020
Mr T Baleni (Acting CEO)	South African	Appointed 12 July 2021
Ms I Bologo	South African	Appointed 01 September 2020
Dr T Demana	South African	
Mr N Gunga	South African	Appointed 01 September 2020

Ms Z Kimani	South African	Appointed 01 January 2021
Mr S Mlangeni	South African	
Dr M Mohlala	South African	
Ms L Mothae	South African	
Mr M Phaloane (Executive: Accreditation)	South African	Acting CEO 1 June 2020 to 31 May 2021
Ms T Phele	South African	Appointed 29 May 2020, term ended 31 December 2020
Dr M Pule	South African	Appointed 29 May 2020
Mr F Wetes	South African	
Dr R Josias (Former CEO)	South African	Term ended 31 May 2020
Mr I Abdoola (Former CFO)	South African	Resigned 08 April 2020

2.4 Secretary

The Company Secretary of the Entity is Mr Dawood Petersen of:

Business address	Libertas Office Park Cnr Libertas and Highway Streets Equestria Pretoria 0184

2.5 Business and Operations

The Entity's business and operations and the results thereof are clearly reflected in the annual report and the attached annual financial statements.

2.6 Events After Reporting Date

At the yearend 2019-2020 SANAS raised a provision for 2019-2020 discretionary performance bonuses as the internal process had not yet been concluded at reporting date. After a long process of information gathering and discussions held at the Board and Board Committee meetings, the SANAS Board came to a decision at a meeting held on 28 April 2021 to decline the application for the payment of 2019-2020 discretionary performance bonuses. The previous year's provision was thus reversed as disclosed in note 11 and this has increased the surplus as reported at 31 March 2021.

There are no other material facts or circumstances that arose between the accounting date and the date of this report that require disclosure in or adjustment to the financial statement.

2.7 Taxation

SANAS is exempt from paying normal South African income tax in terms of the Income Tax Act as amended as detailed in note 18. SANAS is further unregistered for Value-Added Tax (VAT) purposes given its nature of services and mandate as a Public Entity. SANAS is however liable to pay all other statutory taxes.

2.8 Public Finance Management Act (PFMA)

The SANAS Board of Directors is the Accounting Authority in terms of the PFMA, of which SANAS is listed as a Schedule 3A public Entity.

The PFMA focuses on financial management with related outputs and responsibilities. SANAS has established an ongoing process of awareness and education. With the continuing emphasis on the creation of PFMA compliant systems, the Accounting Authority is of the opinion that SANAS has complied with the provisions of the Public Finance Management Act, 1 of 1999 (PFMA), as amended, and other applicable legislation during the period under review.

2.9 Non-Compliance with Applicable Legislation

Following the detailed movement in members of the Accounting Authority as disclosed in the 2019-2020 Annual Financial Statements, the Board composition did not comply with Accreditation Act for a period of time during 2020-2021. According to Section 8 of the Accreditation Act, the SANAS Board should consist of not less than 10 and not more than 15 members.

The matter has been submitted for consideration to **the dtic** as the Executive Authority in terms of PFMA Section 83 and Treasury Regulation Section 33.1.

2.10 Business and Postal Address

Business address	Libertas Office Park, Block D Cnr Libertas & Highway Street Equestria Pretoria East 0184
Contact details	Telephone: (012) 740 8400
Bankers	First National Bank – Hatfield Branch
Auditors	Nexia SAB & T Incorporated as appointed in terms of the Public Audit Act Section 4(3)

21.11 Controlling Entity

SANAS as part of the Economic cluster within government reports to the Department of Trade, Industry and Competition.

Statement of Financial Position

Figures in Rand	Note(s)	2021	2020
Assets			
Current Assets			
Receivables from exchange transactions	7	2,011,438	2,360,412
Receivables from non-exchange transactions	8	45,000	45,000
Cash and cash equivalents	9	41,817,692	45,997,683
		43,874,130	**48,403,095**
Non-Current Assets			
Property, plant, and equipment	4	61,873,168	66,737,362
Intangible assets	5	5,700,652	5,006,381
		67,573,820	**71,743,743**
Total Assets		**111,447,950**	**120,146,838**
Liabilities			
Current Liabilities			
Payables from exchange transactions	14	4,041,911	4,449,143
Income received in advance	10	5,983,258	3,076,125
Provisions	11	2,391,344	3,294,529
Accrual for leave pay		2,808,442	2,556,032
Total Liabilities		**15,224,955**	**13,375,829**
		15,224,955	**13,375,829**
Net Assets		**96,222,995**	**106,771,009**
Accumulated surplus		96,222,995	106,771,009

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020
Revenue	15	90,457,250	111,570,455
Other income		153,032	103,142
Operating expenses	17	(84,780,089)	(108,280,762)
Operating surplus		**5,830,193**	**3,392,835**
Investment income	16	1,484,481	3,669,380
Surplus for the year		**7,314,674**	**7,062,215**

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 April 2019	**99,708,794**	**99,708,794**
Changes in net assets		
Surplus for the year	7,062,215	7,062,215
Total changes	7,062,215	7,062,215
Balance at 01 April 2020	**106,771,009**	**106,771,009**
Changes in net assets		
Surplus for the year	7,314,674	7,314,674
National Treasury 2019-20 cash surplus surrender	(17,862,688)	(17,862,688)
Total changes	(10,548,014)	(10,548,014)
Balance at 31 March 2021	**96,222,995**	**96,222,995**

Cash Flow Statement

Figures in Rand	Note(s)	2021	2020
Cash flows from operating activities			
Cash receipts			
Funds received from **the dtic**		28,748,000	31,669,000
Fee income - Accreditation Provision		58,822,070	69,505,061
Investment income		1,484,481	3,669,380
Other receipts - Strategy and development		2,817,964	10,391,365
		91,872,515	115,234,806
Payments			
Employee costs		(47,457,873)	(56,809,799)
Operating expenses		(29,045,626)	(55,426,810)
		(76,503,499)	(112,236,609)
Net cash flows from operating activities	19	**15,369,016**	**2,998,197**
Cash flows from investing activities			
Purchase of property, plant, and equipment	4	(411,026)	(2,433,470)
Disposal of property, plant, and equipment	4	-	2,245
Purchase of intangible assets	5	(1,275,293)	(2,367,317)
Net cash flows from investing activities		**(1,686,319)**	**(4,798,542)**
Cash flows from financing activities			
Surrender of 2019-2020 cash surplus		(17,862,688)	-
Net decrease in cash and cash equivalents		**(4,179,991)**	**(1,800,345)**
Cash and cash equivalents at the beginning of the year		45,997,683	47,798,028
Cash and cash equivalents at the end of the year	9	**41,817,692**	**45,997,683**

Statement of Comparison of Budget to Actual Amounts

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Note
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Fee income	68,362,896	-	**68,362,896**	58,530,553	**(9,832,343)**	28a
Courses and project fees	6,194,976	-	**6,194,976**	3,178,697	**(3,016,279)**	28b
Sundry income	140,000	-	**140,000**	153,032	**13,032**	
Interest received - investment	1,834,975	-	**1,834,975**	1,484,481	**(350,494)**	28c
Total revenue from exchange transactions	**76,532,847**	**-**	**76,532,847**	**63,346,763**	**(13,186,084)**	
Revenue from non-exchange transactions						
Transfer revenue						
the dtic Grant	29,032,000	(284,000)	**28,748,000**	28,748,000	**-**	
Expenditure						
Employee costs	(57,754,652)	284,000	**(57,470,652)**	(50,144,626)	**7,326,026**	28d
Depreciation and amortisation	(5,400,000)	-	**(5,400,000)**	(5,856,242)	**(456,242)**	28e
Lease rentals on operating leases	(314,580)	-	**(314,580)**	(118,804)	**195,776**	28f
Debt impairment	(800,000)	-	**(800,000)**	170,506	**970,506**	28g
Bad debts written off	-	-	**-**	(143,980)	**(143,980)**	
General Expenses	(41,295,615)	-	**(41,295,615)**	(28,686,911)	**12,608,704**	28h
Total expenditure	**(105,564,847)**	**284,000**	**(105,280,847)**	**(84,780,057)**	**20,500,790**	
Operating surplus	**-**	**-**	**-**	**7,314,706**	**7,314,706**	
Loss on foreign exchange	-	-	**-**	(32)	**(32)**	
Surplus	**-**	**-**	**-**	**7,314,674**	**7,314,674**	
Actual Amount on Comparable Basis	**-**	**-**	**-**	**7,314,674**	**7,314,674**	

3. Accounting Policies

3.1 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(1) of the Public Finance Management Act (Act 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. Amounts presented in the annual financial statements are rounded to the nearest Rand.

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

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

3.1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the Entity will continue to operate as a going concern for the foreseeable future.

3.1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management was 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 was 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:

Receivables from Exchange Transactions

The Entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in the Statement of Financial Performance, the Entity makes judgements as to whether there is observable data indicating the reasons debtors have not settled their balances after processes have been implemented to recover trade receivables.

The impairment for trade receivables is calculated on a portfolio basis, based on historical data stored on the ability of trade debtors to settle their balances and other indicators present at the reporting date that correlate with defaults on the portfolio.

Impairment testing of assets

The Entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including supply demand, together with economic factors such as exchange rates and inflation.

When the carrying amount of an asset exceeds its recoverable service amount, it is impaired.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 Provisions.

4.1.3 Property, plant, and equipment

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.
Property, plant, and equipment is carried at cost less accumulated depreciation and any impairment losses.
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
Buildings	Straight line	20 years
Furniture and fixtures	Straight line	10 to 20 years
Motor vehicles	Straight line	3 to 5 years
Office equipment	Straight line	5 to 18 years
IT equipment	Straight line	4 to 7 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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

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

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

3.1.4 Intangible assets

An intangible asset is recognised when:

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

The Entity 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.

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

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	10-12 years
Automated Accreditation Management system	Straight line	10 years
Knowledge Transfer management system	Straight line	12 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

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

3.1.5 Financial instruments

Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition

The Entity recognises a financial asset or a financial liability in its statement of financial position when the Entity becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

The Entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Derecognition

Financial assets

The Entity derecognises a financial asset only when:

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

Financial liabilities

The Entity removes 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.

3.1.6 Leases

SANAS classifies leases as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as an operating lease.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term. For the current reporting period, only operating leases were entered into (see note 17).

3.1.7 Employee benefits

Employee benefits are all forms of consideration given by SANAS in exchange for service rendered by Employees.

- SANAS decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Short-term employee benefits

Short-term employee benefits are employee benefits that are due to be settled within twelve months after the end of the period in which the Employees render the related service.

Shortterm employee benefits include items such as:

- Salaries, medical aid, and provident fund; and
- performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service.

When an Employee has rendered service to SANAS during a reporting period, the undiscounted amount of shortterm employee benefits expected to be paid in exchange for that service is recognised:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, SANAS recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences (leave pay) is recognised as an expense as the Employees render services that increase their entitlement or, in the case of nonaccumulating absences, when the absence occurs. SANAS measures the expected cost of accumulating compensated absences as the additional amount that SANAS expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Entity recognise the expected cost of performance related payments when the Entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Entity has no realistic alternative but to make the payments.

3.1.8 Provisions and contingencies

Provisions are recognised when:

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

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

Contingent assets and contingent liabilities are not recognised however are disclosed when there is a possible significant and material effect on the Entity.

3.1.9 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.

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.

Recognition of rendering of services
Rendering of services is divided into two categories, namely fee income for accreditation services and courses for training. Fee income is received for new and existing clients in terms of legislation and international standards, and for ensuring that accredited conformity assessment services are available to South African Industry and Regulators, including the Industrial Policy Priority Sectors (IPPS). Course fees are received for accreditation courses held in order to support existing and new accreditation fields within IPPS.

Service revenue for accreditation services is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the stage of accreditation completed, ie document review at new application, preassessment (where required) or initial assessment. Accreditation is only granted after successful completion of all stages and signed off by an Approval Committee. Training courses revenue is recognised when the relevant course has been attended.

3.1.10 Revenue from nonexchange transactions

Nonexchange transactions are transactions that are not exchange transactions. In a nonexchange transaction, SANAS either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another Entity without directly receiving approximately equal value in exchange.

Transfers are inflows of future economic benefits or service potential from nonexchange transactions, other than taxes.

Recognition
An inflow of resources from a nonexchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a nonexchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement
Revenue from a nonexchange transaction is measured at the amount of the increase in net assets recognised by SANAS. When, as a result of a nonexchange transaction, the Entity 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.

Transfers
The Entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Gifts and donations, including goods inkind
Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the Entity and the fair value of the assets can be measured reliably.

3.1.11 Funds received from **the dtic**

Funds received from the dtic are recognised as revenue from non-exchange transactions when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Entity
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any conditions associated with the grant.

3.1.12 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. When a gain or loss on a non monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

3.1.13 Fruitless and wasteful expenditure

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

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

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

National Treasury practice note no. 2 of 2019/2020 which was issued in terms of section 76(2)e and section 76(4) of the PFMA requires the following (effective from 17 May 2019):

- Irregular expenditure is recorded at the transaction amount as and when it is incurred.
- 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 and the note to the financial statements.
- Irregular expenditure that was incurred and identified during the current financial year and for which condolement is being awaited at year end must be recorded in the irregular expenditure register and 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.

3.1.15 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets, or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

3.1.16 Budget information

The approved budget is prepared on an accrual basis and presented by programmes linked to performance outcome objectives.

A comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

3.1.17 Related Parties

SANAS 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 the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

A related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of SANAS and its ability to deliver agreed services, including assessments of the risks and opportunities facing the Entity. This disclosure also ensures that SANAS is transparent about its dealings with related parties.

Related parties include:

1. A person or a close member of that person's family is related to SANAS if that person:
- has control or joint control over the SANAS;
- has significant influence over SANAS
- is a member of the management of SANAS or its controlling entity.
2. An entity is related to SANAS if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity, and fellow controlled entity is related to the others)
- a person identified above has significant influence over that entity or is a member of the management of its controlling entity).

3.1.18 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 (nonadjusting events after the reporting date).

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

The entity 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 nonadjusting events, where nondisclosure could influence the economic decisions of users taken on the basis of the financial statements.

4. Notes to the Annual Financial Statements

4.1 Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards as noted in section 3.

4.2 New standards and interpretations

4.2.1 Standards and interpretations effective and adopted in the current year

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

IGRAP 20: Accounting for adjustments to revenue
Adjustments to revenue include any refunds that become payable as a result of the completion of a review, appeal, or objection process.

Determining whether an adjustment to revenue charged in terms of legislation or similar means is a correction of an error or a change in an accounting estimate requires the application of judgement by management. When adjustments to revenue already recognised arise from new information that becomes known to the Entity, the following considerations may be applied to determine whether the adjustment to revenue already recognised is a correction of an error or a change in an accounting estimate:

a. If information becomes known to the Entity, and the Entity could reasonably have been expected to know of the information and/or the information used was incorrect, the adjustment to revenue is likely to be a correction of an error.

b. If information becomes known to the Entity, but the Entity could not reasonably have been expected to know of this information when the revenue was charged, the adjustment to revenue is likely to be a change in an accounting estimate.

The objective of this interpretation is to clarify the accounting of adjustments, to exchange or nonexchange revenue that arises from contractual arrangements, as a result of the completion of a review, appeal, or objection process.

It covers: Scope, Issues and Consensus.
The effective date of the interpretation is 01 April 2020.

4.3 Standards and interpretations issued, but not yet effective

The Entity has not applied the following standards and interpretations, which have been published and are mandatory for the Entity's accounting periods beginning on or after 01 April 2021 or later periods:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104: Financial Instruments	To be announced	Not expected to impact results but may result in additional disclosure
• GRAP 25: Employee Benefits	To be announced	Not expected to impact results but may result in additional disclosure

4.4 Property, plant, and equipment

	2021			2020		
	Cost	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Buildings	64,417,612	(9,065,204)	55,352,408	64,417,612	(5,855,731)	58,561,881
Furniture and fixtures	3,462,037	(1,017,595)	2,444,442	3,462,037	(673,533)	2,788,504
Motor vehicles	1,259,392	(366,431)	892,961	1,259,392	(114,553)	1,144,839
Office equipment	1,108,289	(697,276)	411,013	1,086,923	(577,770)	509,153
IT equipment	6,940,626	(4,168,282)	2,772,344	6,550,966	(2,817,981)	3,732,985
Total	**77,187,956**	**(15,314,788)**	**61,873,168**	**76,776,930**	**(10,039,568)**	**66,737,362**

Reconciliation of property, plant, and equipment - 2021

	Opening balance	**Additions**	**Depreciation**	**Total**
Buildings	58,561,881	-	(3,209,473)	55,352,408
Furniture and fixtures	2,788,504	-	(344,062)	2,444,442
Motor vehicles	1,144,839	-	(251,878)	892,961
Office equipment	509,153	21,366	(119,506)	411,013
IT equipment	3,732,985	389,660	(1,350,301)	2,772,344
	66,737,362	**411,026**	**(5,275,220)**	**61,873,168**

Reconciliation of property, plant, and equipment - 2020

	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Total
Buildings	61,780,147	-	-	-	(3,218,266)	58,561,881
Furniture and fixtures	3,141,424	-	-	(26,229)	(326,691)	2,788,504
Motor vehicles	-	1,259,392	-	-	(114,553)	1,144,839
Office equipment	476,475	44,368	-	100,265	(111,955)	509,153
IT equipment	3,783,127	1,129,710	(5,387)	(106,573)	(1,067,892)	3,732,985
	69,181,173	**2,433,470**	**(5,387)**	**(32,537)**	**(4,839,357)**	**66,737,362**

Expenditure incurred to repair and maintain property, plant, and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance	**2021**	**2020**
General expenses	163,957	156,536

Other changes, movements: In 2019-20 there were misallocations of the opening balances for some items of property, plant, and equipment in the fixed asset register. These were corrected in the 2019-20 annual financial statements however did not affect the closing balances as reported at 31 March 2020.

4.5 Intangible Assets

	2021			2020		
	Cost	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software	316,026	(201,983)	114,043	316,026	(178,639)	137,387
Automated Accreditation Management system	6,511,575	(1,212,524)	5,299,051	5,236,283	(703,391)	4,532,892
Knowledge Transfer management system	549,308	(261,750)	287,558	549,308	(213,206)	336,102
Total	**7,376,909**	**(1,676,257)**	**5,700,652**	**6,101,617**	**(1,095,236)**	**5,006,381**

Reconciliation of intangible assets - 2021

		Opening balance	**Additions**	**Amortisation**	**Total**
Computer	software	137,387	-	(23,344)	114,043
Automated Accreditation Management system		4,532,892	1,275,293	(509,134)	5,299,051
Knowledge Transfer management system		336,102	-	(48,544)	287,558
		5,006,381	**1,275,293**	**(581,022)**	**5,700,652**

Reconciliation of intangible assets - 2020

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software	160,666	-	(23,279)	137,387
Automated Accreditation Management System	2,494,914	2,367,317	(329,339)	4,532,892
Knowledge Transfer management system	384,515	-	(48,413)	336,102
	3,040,095	**2,367,317**	**(401,031)**	**5,006,381**

Intangible assets under development

The Automated Accreditation Management system is an asset under development for the automation of the accreditation assessment process up to the monitoring of the accreditation process and a website front end for external stakeholders. Phase III of the project is under last stages of finalisation with two modules remaining. Cumulative expenditure of intangible assets still under development and recognised in the carrying value of Intangible assets: R279,683.

The other 16 completed modules were signed off, capitalised, and amortised accordingly as the modules were put in use.

4.6 Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2021	Financial instruments at amortised cost	Total
Trade and other receivables from exchange transactions (excluding prepayments)	1,930,117	1,930,117
Cash and cash equivalents	41,817,692	41,817,692
Utilities deposit	45,000	45,000
	43,792,809	**43,792,809**

2020	Financial instruments at amortised cost	Total
Trade and other receivables from exchange transactions (excluding prepayments)	1,944,073	1,944,073
Cash and cash equivalents	45,997,683	45,997,683
Utilities deposit	45,000	45,000
	47,986,756	**47,986,756**

Figures in Rand	2021	2020

4.7 Trade and other receivables from exchange transactions

Trade debtors	2,404,594	2,589,056
Less: Impairments for bad debts	(885,553)	(1,056,059)
Prepayments	81,321	416,339
Staff debtors	411,076	411,076
	2,011,438	**2,360,412**

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

None of the financial assets that are fully performing have been renegotiated in the last year.

Figures in Rand	2021	2020

Other receivables from exchange transactions past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2021, R 1,647,775 (2020: R 742,138) were past due but not impaired.The ageing of amounts past due but not impaired is as follows:

1 month past due	125,566	47,976
2 months past due	1,522,209	694,162

Other receivables from exchange transactions

As of 31 March 2021, trade, and other receivables of R 885,553 (2020: R 1,056,059) were impaired and provided for.

The ageing of these impairments is as follows:

less than 3 months	-	28,016
3 to 6 months	-	146,011
Over 6 months	885,553	882,032

Reconciliation of provision for impairment of trade and other receivables

Opening balance	1,056,059	1,126,242
Amounts written off as uncollectible	(143,980)	-
Unused amounts reversed	(26,526)	(70,183)
	885,553	**1,056,059**

The creation and release of provision for impaired receivables have been included in operating expenses. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

4.8 Receivables from none exchange transactions

Utilities deposit	45,000	45,000

A deposit of R45 000 was paid to the utilities management company as deposit for water and electricity usage at the SANAS office building.

4.9 Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand (including foreign exchange)	15,257	15,192
Bank balances	3,525,847	4,564,109
Call accounts	38,276,588	41,418,382
	41,817,692	**45,997,683**

The Entity received approval during the current year to retain the cash surplus from the prior year (2019-2020) amounting to R17.1 million. This amount was allocated towards strategic initiatives.

Figures in Rand	2021	2020

4.10 Income received in advance

Income received in advance	5,983,258	3,076,125

SANAS annual fees are issued annually on 1 April however quotations are issued during March in order to provide customers an indication of the new fees. On receipt of these quotations, many customers make payments and in March 2021 a large number of customers settled their accounts in advance compared to the previous year.

4.11 Provisions

Reconciliation of provisions 2021

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Employee Cost of living increases 2020/2021	-	2,211,100	-	-	2,211,100
Operational costs	355,715	-	(355,715)	-	-
Performance bonuses 2019/2020	2,938,814	-	-	(2,938,814)	-
Bursaries	-	180,244	-	-	180,244
	3,294,529	**2,391,344**	**(355,715)**	**(2,938,814)**	**2,391,344**

Reconciliation of provisions 2020

	Opening Balance	Additions	Reversed during the year	Total
Operational costs	724,813	-	(369,098)	355,715
Performance bonuses 2019/2020	-	2,938,814	-	2,938,814
	724,813	**2,938,814**	**(369,098)**	**3,294,529**

A provision of R355,715 previously raised for office rental for the space that was occupied in Block G at **the dtic** campus was paid during 2020-2021. As the transfer of the lease to **the dtic** was not concluded prior to SANAS moving in May 2018, an amount was agreed upon through a settlement agreement.

A provision for internal and external bursaries was raised at 31 March 2021 as student registrations were not yet finalised to confirm the final amounts payable at yearend. All bursaries have been approved on the amounts as per applications received.

Employee benefit cost provisions

A provision has been raised for the cost of living increases for SANAS Employees for the year ending 31 March 2021 as the matter is still under consideration.

The provision for 2019-2020 performance bonuses has been reversed due to the Board decision on 28 April 2021 to decline payment thereof.

4.12 Contingent Liability

Request to retain cash surplus 2020-2021

As per Section 53(3) of the PFMA, SANAS as a Schedule 3A Public Entity may not retain cash surpluses that were realised in the previous financial year without the prior written approval of the National Treasury.

Therefore in terms of this section and National Treasury's instruction no.12 of 2020-2021, SANAS will make a submission to National Treasury to retain surpluses for 2020-2021 in line with this instruction during August/ September 2021 based on the final audited figures.

The cash surplus as per this instruction is based on the cash and cash equivalents plus receivables less current liabilities. At the end of the 2020-2021 financial year the calculated cash surplus is R28,649,175. SANAS may be required to surrender the assessed cash surplus or part thereof to National Treasury should approval to retain the 2020-2021 cash surplus not be granted.

Internal audit investigations into 2018-2019 Irregular Expenditure

SANAS Management requested the Internal Audit service provider to conduct reviews of documentation and provide reports for tabling with the Accounting Authority pertaining to 2018-2019 expenditure identified as potential irregular expenditure. The reviews were performed during March 2019 and a report regarding all the items was provided during April 2019. The cost of these reviews was budgeted at R39,900 and approved. A subsequent request was then made to the internal auditors to separate each identified irregular expenditure into separate reports detailing the findings and recommendations as well as aligning the reports to the National Treasury Framework of Irregular expenditure.

The final reports were submitted in December 2019, however upon finalisation of the reports, the service provider issued an invoice for R729,080. SANAS management disputed the amount above the proposal amount of R39,900 as no discussion was held regarding additional fees at time of assignment. The balance of R689,180 is thus in dispute and a contingent liability of R689,180 has therefore been raised.

Invoice received for assistance to the Accounting Authority

In September 2020, the Internal Audit service provider presented SANAS with an invoice for services rendered for their involvement in disciplinary matters initiated by the Board between November 2019 and July 2020. These disciplinary matters emanated from Irregular expenditure projects, Whistleblower, and other pertinent matters (as stated on their invoice). This invoice has been disputed by the Accounting Authority and a contingent liability of R317,064 has thus been raised.

4.13 Financial liabilities by category

The accounting policies for financial instruments has been applied to trade and other payables below:

2021	Financial liabilities at amortised cost	Total
Trade and other payables	4,041,911	4,041,911

2020	Financial liabilities at amortised cost	Total
Trade and other payables	4,449,143	4,449,143

Figures in Rand	2021	2020

4.14 Trade and Other Payables

Trade payables	4,041,911	4,449,143

4.15 Revenue

Funds received from **the dtic** (nonexchange revenue)	28,748,000	31,669,000
Fee income (exchange revenue)	58,530,553	70,645,371
Courses and project fees (exchange revenue)	3,178,697	9,256,084
	90,457,250	**11,570,455**

Exchange revenue for 2020-2021 was considerably less than the previous year due to the 2 month rebate allocated to customers for annual fees, reduction in new applications as well as reduction in the demand for training courses.

During the preparation of the 2021 financial statements, a casting error regarding total revenue of R112,065,440 for 2020 instead of R111,570,455 was picked up in the Notes to the Annual Financial Statements (Note 15: Revenue). This error was isolated to this note and does not have an impact on any other matter.

4.16 Investment Income

Interest revenue		
Interest received on call account	1,484,481	3,669,380

As a result of reduced revenue during 2020-2021 and the surrender of part of the 2019-2020 cash surpluses, the cashflow of SANAS was negatively impacted. Further to this, the impact of COVID19 pandemic on the world economy resulted in lower interest rates and thus the return on cash held in the bank was lower than the previous year.

Figures in Rand	2021	2020

4.17 Operating Expenses

Accounting Authority expenses	35,221	581,331
Accounting Authority emoluments	1,055,652	736,592
Accreditation assessor costs	13,864,075	12,377,535
Advertising	1,197,466	2,313,039
Bank charges	54,456	70,487
Consulting and professional fees	545,259	1,261,924
Depreciation amortisation	5,856,242	5,240,388
Donations/Social contributions	143,248	87,775
Employee costs	50,144,626	56,233,115
Entertainment	2,034	3,200
External Auditors remuneration	488,290	316,020
IT expenses	1,595,692	1,264,144
Insurance	506,493	318,227
Other operating expenses	3,919,986	4,147,053
International and regional responsibilities	259,208	3,204,146
Internal Auditors remuneration	420,926	491,010
Other accreditation expenses	73,012	421,298
Operating lease charges equipment	118,804	71,772
Printing and stationery	571,684	619,190
Project expenses	692,519	513,494
Repairs and maintenance	347,613	181,976
Subscriptions and membership fees	629,942	1,541,932
Telephone and fax	63,669	116,341
Transfer payment National Laboratory Association (NLA)	714,108	668,653
Training Course expenses	630,696	1,284,319
Travel local	849,168	14,215,801
	84,780,089	**108,280,762**

The impact of the COVID19 pandemic on operational costs is evident in the significant differences between the reporting date and the previous year. Activities involving travelling such as Advertising, International and regional responsibilities, other accreditation activities and Training courses realised the biggest savings due to activities held on virtual platforms or were postponed.

4.18 Taxation

No provision has been made for income tax in 2020-2021 as the Entity is exempt for the payment of income tax under Section 10(1)(cA)(i) of the Income Tax Act.

Figures in Rand	2021	2020

4.19 Cash generated from operations

Surplus	7,314,674	7,062,215
Adjustments for:		
Depreciation and amortisation	5,856,242	5,240,388
Deficit on writeoff of assets	-	3,142
Movements in provisions	(903,185)	2,569,716
Asset reclassifications	-	32,537
Changes in working capital:		
Receivables from exchange transactions	348,974	(804,176)
Payables from exchange transactions	(407,232)	(5,223,369)
Income received in advance	2,907,133	(3,091,743)
Accrual for leave pay	252,410	(2,790,513)
	15,369,016	**2,998,197**

4.20 Commitments

Authorised capital expenditure

Already authorised and contracted for		
Intangible assets	302,634	2,257,901

The current year committed capital expenditure relates to the third phase of enhancements of the automated accreditation management system that is under final stages of development (Project Shanduka).

4.21 Related parties

Relationships

Executive Authority	Department of Trade, Industry and Competition (**the dtic**) Minister Ebrahim Patel
Accounting Authority	Ms L Tlou (Interim Chairperson) Mr L Mayedwa (Chairperson) (Resigned 28 August 2020) Mr T Baleni (Acting CEO Appointed 12 July 2021) Ms I Bologo (Appointed 1 September 2020) Dr T Demana Mr N Gunga (Appointed 1 September 2020) Ms Z Kimani (Appointed 1 January 2021) Mr S Mlangeni Dr M Mohlala Ms L Mothae Mr M Phaloane (Executive: Accreditation) (Acting CEO 1 June 2020 to 31 May 2021) Ms T Phele (Appointed 29 May 2020, term ended 31 December 2020) Dr M Pule (Appointed 29 May 2020) Mr F Wetes Dr R Josias (Former CEO) (Term ended 31 May 2020) Mr I Abdoola (Former CFO) (Resigned 8 April 2020)

SANAS MOU Signatory	National Laboratory Association (NLA)
Members of key management	Dr R Josias (Former CEO) (End of Contract 31 May 2020) Mr M Phaloane (Executive: Accreditation) (Acting CEO 1 June 2020 to 31 May 2021) Mr T Baleni (Acting CEO Appointed 12 July 2021) Ms F Radebe (Executive: Corporate Services) Mr I Abdoola (Former CFO) (Resigned 31 July 2020) Ms C Warren (Acting CFO) (Appointed 29 July 2020) Mr D Petersen (Company Secretary)

Figures in Rand	2021	2020
Amounts included in Receivables from exchange transactions		
Agricultural Research Council	-	39,172
Department of Agriculture	-	21,919
Eskom	200,157	18,793
Lepelle Northern Water	-	19,856
South African Bureau of Standards	-	29,610
South African Medical Research Council	-	10,408
National Health Laboratory Services	-	520,793
National Metrology Institute of South Africa	10,408	39,172
Sedibeng Water	-	73,122
Total	**210,565**	**772,845**
Income received in advance from related parties		
Agricultural Research Council	8,221	-
Department of Agriculture	19,361	-
Magalies Water	9,905	-
Rand Water	12,835	-
Lepelle Northern Water	789	-
Telkom SA Limited	29,202	-
South African Medical Research Council	2,750	-
National Health Laboratory Services	287,726	-
Sedibeng Water	28,472	-
Total	**399,261**	**-**
Amounts included in Payables from exchange transactions		
National Laboratory Association	-	23,750
National Regulatory for Compulsory Specifications	86,313	23,097
National Metrology Institute of South Africa	21,500	46,787
Total	**107,813**	**93,634**
Amounts due from Board members		
Mr L Mayedwa	-	1,044
Mr F Wetes	-	2,194
Total	**-**	**3,238**

Figures in Rand	2021	2020
Related party transactions		
Funds Received		
Department of Trade, Industry and Competition	28,748,000	31,669,000
Exchange Transactions Services Rendered to other Public Entities		
Agricultural Research Council	137,609	133,099
Amatola Water	33,258	37,290
Council for Geoscience	-	139,363
Council for Scientific and Industrial Research	422,786	9,793
National Metrology Institute of South Africa	638,742	323,916
Denel	67,433	204,910
National Regulator for Compulsory Specifications	519,902	620,562
Eskom	730,329	948,730
Rand Water	64,175	502,398
Lepelle Northern Water	52,824	101,466
Sedibeng Water	88,998	215,053
Magalies Water	73,455	212,869
South African Airways	94,901	112,964
Mhlathuze Water	227,250	17,660
South African Bureau of Standards	1,421,618	204,639
South African Weather Services	65,792	103,149
Telkom SA Limited	146,008	168,588
National Health Laboratory Services	5,288,115	5,545,248
Umgeni Water	87,361	412,578
Department of Agriculture	138,590	172,635
South African National Blood Service	1,089,768	1,808,608
South African Road Testing Services	25,125	28,170
South African Meat Industry Company	39,544	28,170
Total	**11,453,583**	**12,051,858**
Expenses: Goods and Services paid to other Public Entities		
Agricultural Research Council	13,500	26,790
Compensation Commissioner for Occupational Diseases	-	141,800
National Regulator for Compulsory Specification	441,799	469,115
South African Bureau of Standards	414,609	337,050
Government Printing Works	1,513	2,017
South African Revenue Services	12,521,513	16,773,225
Unemployment Insurance Fund	250,540	253,313
National Metrology Institute of South Africa	188,235	234,319
Telkom SA Limited	-	3,325
National Laboratory Association	726,815	799,392
Total	**14,558,524**	**19,040,346**
Funds Paid to Other Related Parties		
Transfer payment National Laboratory Association (NLA)	714,108	668,653

Through a Memorandum of Understanding signed by SANAS and the National Laboratory Association (NLA), SANAS transfers funds to the NLA from the funds received from **the dtic**.

4.22 Directors and Executive emoluments

Executive

2021

	Emoluments	Acting allowance	Travel allowance	Post-Employment Benefits	Leave pay	Total
Dr R Josias (Former CEO)	347,976	-	6,692	62,589	224,899	642,156
Mr M Phaloane (Executive: Accreditation)(Acting CEO 1 June 2020 to 31 May 2021)	1,620,172	332,931	54,000	295,442	-	2,302,545
Ms F Radebe (Executive Corporate Services)	1,598,488	-	120,000	251,126	-	1,969,614
Mr I Abdoola (Former CFO)	445,164	-	-	60,704	137,983	643,851
Ms CR Warren (Acting CFO)	939,833	-	-	-	26,813	966,646
Mr D Petersen (Company Secretary)	1,186,180	-	-	139,161	-	1,325,341
	6,137,813	**332,931**	**180,692**	**809,022**	**389,695**	**7,850,153**

2020

	Emoluments	Long service award	Travel allowance	Post-Employment Benefits	Total
Dr. R Josias (CEO)	2,102,034	-	40,152	361,355	2,503,541
Mr M Phaloane (Executive: Accreditation)	1,631,325	5,000	54,000	284,289	1,974,614
Ms F Radebe (Executive Corporate Services)	1,650,611	-	120,000	199,003	1,969,614
Mr I Abdoola (CFO)	1,340,350	-	-	177,256	1,517,606
Mr D Petersen (Company Secretary)	1,192,695	-	-	132,645	1,325,340
	7,917,015	**5,000**	**214,152**	**1,154,548**	**9,290,715**

Accounting Authority

2021

	Members' fees	Annual Board Fees	Total
Ms L Tlou	117,672	81,539	199,211
Mr L Mayedwa	51,407	43,225	94,632
Ms I Bologo*	-	-	-
Dr T Demana*	-	-	-
Mr N Gunga*	-	-	-
Ms Z Kimani*	-	-	-
Mr S Mlangeni	128,585	62,587	191,172
Dr M Mohlala	112,589	68,277	180,866
Ms L Mothae	149,923	62,587	212,510
Mr M Phaloane (Executive: Accreditation)**	-	-	-
Ms T Phele*	-	-	-
Dr M Pule*	-	-	-
Mr F Wetes	108,984	68,277	177,261
Dr R Josias (Former CEO)**	-	-	-
Mr I Abdoola (Former CFO)**	-	-	-
	669,160	**386,492**	**1,055,652**

2020			
	Members' fees	Annual Board Fees	Total
Ms L Tlou	74,101	34,672	108,773
Mr L Mayedwa	184,063	93,654	277,717
Ms I Bologo*	-	-	-
Dr T Demana*	-	-	-
Mr N Gunga*	-	-	-
Ms Z Kimani*	-	-	-
Mr S Mlangeni	41,994	36,983	78,977
Dr M Mohlala	100,248	55,475	155,723
Ms L Mothae	78,419	36,983	115,402
Mr M Phaloane (Executive: Accreditation)**	-	-	-
Ms T Phele*	-	-	-
Dr M Pule*	-	-	-
Mr F Wetes	-	-	-
Dr R Josias (Former CEO)**	-	-	-
Mr I Abdoola (Former CFO)**	-	-	-
	478,825	**257,767**	**736,592**

** These Accounting Authority members are not remunerated in their personal capacity as they are Employees of Government or Institutions, Agencies or Entities of Government.** These Accounting Authority members are not remunerated in their personal capacity as they are Executive members of Management.*

4.23 Risk management

Financial risk management

The Entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Entity's financial performance. The Accounting Authority provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

Liquidity risk

The Entity's risk to liquidity is a result of the funds available to cover future commitments. The Entity manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash and cash equivalents are sufficient to settle current liabilities even if the contingent liability of cash surplus surrender should be paid.

At 31 March 2021	**Less than 1 year**
Trade and other payable	4,041,911
At 31 March 2020	**Less than 1 year**
Trade and other payable	4,449,143

Interest rate risk

Surplus funds invested attract interest rates that vary in relation to the prime rate. The Entity's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus or deficit.

Currency risk

The Entity operates internationally but invoices only in South African Rands. The Entity does not hedge foreign exchange fluctuations as the number of international transactions is limited, thus the Entity is not exposed to significant foreign exchange risk. The Entity reviews its foreign currency exposure, including commitments on an ongoing basis.

Credit risk

Credit risk potentially affects cash deposits, cash equivalents and trade and other receivables from exchange transactions. The Entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis.

The maximum (gross) exposure to credit risks is:

Financial instrument	**2021**	**2020**
Cash and Cash Equivalents	41,817,692	45,997,683
Trade and other receivables from exchange transactions (excluding prepayments)	1,930,117	1,944,073

4.24 Events after the Reporting Date

At the yearend 2019-2020 SANAS raised a provision for 2019-2020 discretionary performance bonuses as the internal process had not yet been concluded at reporting date. After a long process of information gathering and discussions held at the Board and Board Committee meetings, the SANAS Board came to a decision at a meeting held on 28 April 2021 to decline the application for the payment of 2019-2020 discretionary performance bonuses. The previous year's provision of R2,938,814 was thus reversed as disclosed in note 11 and this has increased the surplus as reported at 31 March 2021.

4.25 Fruitless and Wasteful Expenditure

Opening balance	2,194	7,433
Opening balance	**2,194**	**7,433**
Add: Expenditure identified current year	-	2,194
Less: Amounts recovered current	(2,194)	-
Less: Amount written off as notrecoverable prior period	-	(7,433)
Closing balance	**-**	**2,194**

Amounts recoverable for missed flights/transfers: Fruitless expenditure was incurred during Q4 of 2019-2020 as a result of a flight and transfer that was missed resulting in loss to the Entity. The responsible official (Board member) was invoiced for the amount of loss suffered by SANAS. This amount is further disclosed in the related party receivables in note 21 and payments have been received.

Fruitless and wasteful expenditure under investigation: An instance from the prior year was identified as fruitless and wasteful expenditure pertaining to a separation agreement of R284,824 that was entered into after a disciplinary hearing was held. The matter is currently undergoing a determination test process.

Figures in Rand	2021	2020

4.26 Irregular expenditure

Opening balance	26,011,803	13,632,237
Add: Irregular Expenditure current year (including contracts previously confirmed as irregular)	176,374	12,364,176
Subtotal	**26,188,177**	**25,996,413**
Add: Irregular Expenditure prior period	400,715	15,390
Total Irregular Expenditure	**26,588,892**	**26,011,803**
Irregular Expenditure awaiting condonation	797,647	26,011,803
Amounts reconsidered for further investigations and no longer submitted for condonation	25,791,245	-
Incidents/cases incurred in the current year and identified from contracts previously confirmed as irregular:		
Supplier awarded a contract outside of the validity period of the tender	79,559	12,364,176
Quotation received after closing date	40,129	-
Contract extended after expiry of contract	52,005	-
Payment of VAT adjustment from 14% to 15%	4,681	-
	176,374	**12,364,176**

Incidents/cases incurred in the prior year and identified in the current year include those listed below:

Contract extended without National Treasury approval	90,000	-
Three written quotations not invited	274,490	15,390
Quotation received after closing date	36,225	-
	400,715	**15,390**

Amounts reconsidered for further investigations and no longer submitted for condonation:

Supplier contract extended without National Treasury approval	4,986,687	4,986,687
Supplier awarded a contract outside of the validity period of the tender	20,804,558	20,725,000
	25,791,245	**25,711,687**

Status of incidents/cases incurred in the current/prior year and awaiting condonation:

- 2020-2021 Two (2) instances amounting to R56,686 were identified during 2020-2021 where a contract was extended after it expired, and a payment was made for the adjustment of VAT from 14% to 15% as announced by the Minister of Finance in 2018. These matters have been investigated and can now be recommended for condonation. The total confirmed Irregular expenditure for 2020-2021 amounts to R96,815.
- 2019-2020 Three (3) instances were identified during the 2019-2020 external audit for contracts/quotations awarded where appropriate procurement processes were not followed. These matters amounting to R440,844 (R400,715 for 2019-2020 and R40,129 for 2020-2021) have been investigated and can now be recommended for condonation. The total confirmed Irregular expenditure for 2019/2020 amounts to R400,715.

- 2018-2019 Six (6) instances identified where the user department procured goods and services prior to the finalisation of the procurement process (total R300,116). Investigation in relation to five (5) of these matters (amounting to R92,941) including disciplinary action has been concluded. The sixth matter amounting to R207,175 has not yet been concluded and is awaiting finalisation of the determination process. The total confirmed Irregular expenditure for 2018-2019 amounts to R92,941.

Status of amounts reconsidered for further investigations and no longer submitted for condonation:

- Previously the two contracts below were investigated for potential irregular expenditure and concluded as such, and submitted to National Treasury for condonation, however these have since been retracted and are under further investigation. The following is the outcome of the initial investigations:
- ***Supplier contract extended without National Treasury approval:*** During Q1 2018-2019 financial year, a supplier's contract was extended on a month to month basis (amounting to R4,986,687) to facilitate business continuity whilst the new tender was awaiting approval and contracting thereof.
- ***Supplier awarded a contract outside of the validity period of the tender:*** During Q1 2018-2019 it was noted that a supplier was awarded a three (3) year contract outside of the 90 day validity period and advertised for a shorter period than 21 days without the necessary approval (amounting to R8,360,824 for 2018-2019, R12,364,176 for 2019-2020 and R79,559 for 2020-2021 bringing the total to R20,804,558).

Details of Potential Irregular Expenditure Under Investigation

The Accounting Authority noted the allegations contained in the Mail and Guardian article published on 10 July 2020 in respect of the eligibility of membership of one of the members of the Accounting Authority. The Accounting Authority is awaiting a response from the Minister of Trade, Industry and Competition as the Executive Authority, and will thereafter assess the impact thereof (if any) on irregular expenditure.

Two matters for further consideration were submitted to **the dtic** as the Executive Authority in terms of PFMA Section 83 and Treasury Regulation Section 33.1:

- Costs associated with suspected nonconformance with the procurement process by the Accounting Authority for additional legal work.
- Following the detailed movement in members of the Accounting Authority as disclosed in the 2019-2020 Annual Financial Statements, the Board composition did not comply with Accreditation Act for a period of time during 2020-2021. According to Section 8 of the Accreditation Act, the SANAS Board should consist of not less than 10 and not more than 15 members.

4.27 Segment information

General information

Identification of segments

The Entity is organised and reports to management on the basis of four major functional areas: Administration services, Accreditation services, Strategy and Development services and Corporate Services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Administration	Policy development, financial management, legal and administrative support
Corporate Services	Human Resources (HR) management, quality management, information and communication technology, and communication and marketing
Strategy and Development	Research and development of new accreditation programmes, knowledge transfer and regional and international development.
Accreditation	Accreditation assessments and good laboratory practice monitoring

Segment surplus or deficit

2021

	Administration	Corporate Services	Strategy and Development	Accreditation Provision	Total
Revenue					
Revenue from nonexchange transactions	28,748,000	-	-	-	28,748,000
Revenue from exchange transactions	-	-	3,178,697	58,530,553	61,709,250
Interest revenue	1,484,481	-	-	-	1,484,481
Sundry income	153,032	-	-	-	153,032
Total segment revenue	**30,385,513**	**-**	**3,178,697**	**58,530,553**	**92,094,763**
Entity's revenue					**92,094,763**
Expenditure					
Salaries and wages	20,077,845	-	-	30,066,781	50,144,626
Other expenses	10,105,946	4,508,790	914,643	13,249,842	28,779,221
Depreciation and amortisation	5,856,242	-	-	-	5,856,242
Total segment expenditure	**36,040,033**	**4,508,790**	**914,643**	**43,316,623**	**84,780,089**
Total segmental surplus/(deficit)	**(5,654,520)**	**(4,508,790)**	**2,264,054**	**15,213,930**	**7,314,674**

2020

	Administration	Corporate Services	Strategy and Development	Accreditation	Total
Revenue					
Revenue from nonexchange transactions	31,669,000	-	-	-	31,669,000
Revenue from exchange transactions	-	-	9,256,084	70,645,371	79,901,455
Interest revenue	3,669,380	-	-	-	3,669,380
Sundry income	103,142	-	-	-	103,142
Total segment revenue	**35,441,522**	**-**	**9,256,084**	**70,645,371**	**115,342,977**
Entity's revenue					**115,342,977**
Expenditure					
Salaries and wages	31,767,371	-	-	24,465,744	56,233,115
Other expenses	9,343,270	4,572,172	4,718,784	28,173,033	46,807,259
Depreciation and amortisation	5,240,388	-	-	-	5,240,388
Total segment expenditure	**46,351,029**	**4,572,172**	**4,718,784**	**52,638,777**	**108,280,762**
Total segmental surplus/(deficit)	**(10,909,507)**	**(4,572,172)**	**4,537,300**	**18,006,594**	**7,062,215**

5. Statement of Comparison of Budget and Actual Amounts

The following are the explanations of material differences as required by paragraph 12(c) of GRAP 24:

5.1 Statement of financial performance:

c. **Fee income (unfavourable decrease of 14.4%)**: Fee income (Accreditation fees) was significantly less than budgeted. Due to the impact that COVID19 pandemic had on the economy and businesses of accredited facilities, the rebate issued for 2020/2021 Accreditation Annual fees significantly reduced selfgenerated income. Accreditation services have also been conducted remotely where possible however this is not conducive for initial assessments and reassessments. Thus there has been a significant reduction in new applications as well as additional accreditations services. The demand has slightly increased towards the end for the year as the various national lockdown levels have changed however SANAS has also received a number of withdrawals of accreditation due to businesses closing down.

d. **Courses and project fees (unfavourable decrease of 48.7%):** This income was significantly less than budgeted. SANAS provides courses in all current accreditation and emerging fields in a form of scheduled courses at SANAS premises, provincially / regionally as well as Inhouse courses both nationally and internationally. For 2020/2021 however, the demand for these courses significantly dropped and whilst virtual training courses were conducted, the demand was lower than expected. It was only towards the end of the financial year that the demand for facetoface courses increased.

e. **Investment income (unfavourable decrease of 19.1%):** Interest was lower than originally budgeted due to the reduced cash flow as well as the surrender of the 2019/2020 cash surplus to National Treasury via **the dtic.** Interest rates were also less than anticipated due to the impact of the COVID19 pandemic on the world economy.

f. **Employee costs (favourable decrease of 13.2%):** Employee costs were lower than budget due to the reversal of the 2019/2020 performance bonuses as well as vacant positions. SANAS received a reduction in the allocated grant during the year and was instructed to reduce the budget for employee costs.

g. **Depreciation and amortisation (unfavourable decrease of 8.4%):** This slightly negative variance on budget is as a result of depreciation being recorded from the finalisation of the Shanduka project as well as additional computer equipment purchased to enable Employees to work from home.

h. **Lease rentals (favourable decrease of 62.2%):** SANAS lease costs includes the lease of printers. Costs were lower than budget due to lower volumes of printing attributed to electronic processes introduced whilst working from home during the COVID19 pandemic as well as greater use of digital communication in line with the green initiative within the IT strategy.

i. **Debt impairment (favourable decrease of 103.3%):** Although many clients have paid off their debts over a longer period, the level of doubtful debts for the year is now lower than anticipated.

j. **General expenses (favourable decrease of 30.1%)**: During the current year, SANAS revised the 2020/2021 operational budget in response to the COVID19 pandemic. During the process there was uncertainty regarding travelling and thus travel budgets were significantly reduced but not eliminated. Despite this, the final travel costs did not even reach a quarter of the revised budget, and this resulted in unspent travel budgets and large variances.

Notes

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