PRESENTATION TO THE CETA STAKEHOLDERS

30 JULY 2020
BACKGROUND

- On or about December 2019 the Minister issued a letter to the Board instructing them not to take any decisions with financial implications.

- On or about 29 January 2020 the Minister suspended the Board and placed the CETA under administration.

- On 3 February 2020 Government Gazette number 42991 appointing Sabelo Wasa as the Administrator and CEO of CETA & setting out his functions for a period of 12 months.

- Some of the Erstwhile AA members took the Minister to court challenging the Administration.

- On 25 February 2020, the court passed judgement against the Minister setting aside the suspension of the AA, Administration, and the appointment of the Administrator.

- Administration was on hold for 3 weeks subsequent to the judgement.

- The Minister applied for leave to appeal which was dismissed & he partitioned Judge President of the Labour Appeals court, which is where the matter is currently...
ADMINISTRATOR MANDATE MAP
Key stakeholders for Administration

Administrator entered into SLA with DHET to:

- Assume administration of CETA in terms of S15 of SDA
- Determine plans, policies, procedures and other documents to be submitted by Administrator to DG for monitoring & evaluation
- Determine assistance that the DG may provide to Administrator to enable him to perform

Governance
1. Facilitate the formulation or review CETA governance policies in terms of pertinent laws
2. Facilitate appointment of the CETA AA & CEO at least 3 months before the end of the administration
3. Perform functions of CETA in terms of the principal Act, PFMA & other relevant laws
4. Facilitate the development of the standard CETA constitution in terms of S13 of the Act and other relevant legislation for approval and publication by the Minister if necessary
5. In consultation with the Minister establish chambers per CETA constitution

Forensic Investigations
1. Conduct full investigation on SAFCEC
2. Conduct full investigation on Wits Enterprises*
3. Conduct full investigation on all allegations pertaining to pension pay-out & salary increases
4. Conduct investigations on other matters that come to the attention of the Administrator*
5. Implement Gobodo Report
6. Implement NSA report & other forensic reports*

Organisation stability & order
1. Suspend if applicable any official of CETA for reasons contemplated in S15 (1)
2. Manage the funds of CETA in consultation with DHET in terms of PFMA
3. Fund all processes & activities pertaining to powers & duties as an Administrator from CETA budget
4. Facilitate overall process, manage disputes and litigation
5. Perform any such tasks as instructed by the Minister or DG

Mandate

Strategic compliance matters
1. Prepare & submit diagnostic report
2. Prepare & submit work-plan
3. Attend continuous consultations with JWC of DHET
4. Identify risks or rolling out the abovementioned plan
5. Develop a communication strategy
6. Submit a close-out report at the end of the administration

Reporting to DHET

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THE JOURNEY AHEAD

Assessing and restore organisation governance and accountability processes

Assessment phase
Understanding what went wrong in the organisation

Stabilisation phase
Balance between implemented controls and keeping the organization afloat

Operational effectiveness phase
Established and functional organisation

Handover phase
Management and oversight structures established
ASSESSMENT PHASE - KEY OBSERVATIONS

- SSP needs an overhaul
- Concentration of CETA stakeholders are in Gauteng @35% followed by KZN @19% then Western Cape and others
- CETA spent R2BN IN 2019/20, R1.1BN spent on projects which included 12,4 learners in different pathways
- 75% of all CETA beneficiaries are trained in municipalities
- There is disjuncture between money spent and performance (change requests after commencement of projects; huge focus on RPL)
- CETA has two bursary schemes – Thapelo Madibeng & discretionary bursary scheme (both are poorly managed)
- CETA has been getting clean audit opinions and claims that it performs at 92% in 2018/19 financial year
- CETA was undated with complaints from learners and training providers
- Quality assurance within CETA was systematically made not to function
STABILISATION PHASE

Despite the disruptions occasioned by the court judgement and Covid 19, CETA has:

• Reviewed the SSP and is in a process of being strengthened

• Commissioned data verification and cleansing for bursaries and other pathways

• Suspended and in a process of disciplining staff implicated in various reports (NSA & Gobodo)

• Engaged with various stakeholders such as Portfolio Committee, SALGA, CBE, BBC BE, SAWIC, CIDB, NEHAWU, etc. (stakeholder engagement portal to prepare for return to training)

• Continuous reporting to DHET and the Minister (diagnostic report and implementation plan)

• Overhauling bursary schemes – candidacy program – alumni (black universities)

• Defocus CETA from pushing out numbers and strengthen monitoring and evaluations

• Focus on reviving quality assurance within CETA
STABILISATION PHASE

Despite the disruptions occasioned by the court judgement and Covid 19, CETA has:

- R2BN spent using manual processes and the focus will be to introduce strong ICT across the organisation
- Contracting within CETA delays the commencement of projects and delays the continuation of projects
- Overhauling the payment processes
- Establishing rules for chambers
- Introducing a culture of respecting stakeholders, as opposed to the contempt that stakeholders are treated by staff
- Settle legal matters amicably and avoid courts
- Taking a strong action against providers who are not performing and also who are not paying stipends to learners despite monies being paid to them
- Forensic investigations are underway on various matters.
CETA operational effectiveness post stabilisation will be characterised by strong ICT

- CETA is investigating how to continue with training under Covid 19 circumstances:
  - How learners can go back to training safely?
  - How to support training providers to adapt their training to Covid 19 conditions?
  - How to support the employers to comply with Covid 19 regulations?

- Focus on quality over quantity
- Focus on employers and ensure that opening their workplaces is worth their while
- Focus on strengthening research
- Contracting with correct parties and simplifying the contracting
- Strengthen project management capacity within CETA
**HANOVER PHASE**

The end-game is to handover the CETA back to its stakeholders to run through the Accounting Authority.

- Review the constitution and governance policies and procedures
- The appointment of the CEO and AA at least 3 months before the end of the Administration
- The operation of chambers
- Submit Administration close-out report
ADMINISTRATION AGENDA

1. GOVERNANCE
- Diagnostic report/Action Plan
- Support the Minister on the legal challenge
- Appoint an administration team
- Support the Minister in dealing with the grant regulations legal challenge
- Reduce irregular expenditure
- Develop compliance register
- Review SSP, SP, APP & Budget
- Improve governance
- Reduce inter-seta transfers
- Review CETA constitution
- Establish rules for chambers
- Establish rules for Evaluations
- Contract Management System
- 2020-21 Procurement Plan

2. FORENSIC INVESTIGATIONS
- Implement findings of completed Forensic findings (GOBODO)
- Prepare ToRs for new Forensic investigations
- Institute internal disciplinary processes
- List of all CETA litigations
- Register of all Audit and Compliance Findings (AG, NSA)
- Quarterly Performance tracking matrices and reporting for the APP
- Supply Chain Committees
- Ntumba ICT Audit List
- ICT Threat and Vulnerability Assessment
- Resolve the Pension Payout of 15% on CTC

3. STRATEGIC COMPLIANCE MATTERS
- Appoint new CETA CEO
- Set the rules for appointment of AA
- Projects and Quality Assurance Delivery Model
- Devolve functions to provinces
- Develop a sustainable Model for Skills Development Centres
- Predictable Payment Regime
- Migrate the Manual system to Digital
- Build Internal Capacity (research, Analysis, Monitoring and Evaluation)
- Organisational Design
- Provincial Functions vs Head office
- Priority Stakeholder Engagement Plan and Roadshows
- New lease agreement for the Head Office
- Validate Long-Term SSP, SP and APP
- Eradicate payment backlogs which amount to 30% of projects budget

4. ORGANISATIONAL STABILITY
- Review SSP, SP, APP & Budget
- Improve governance
- Reduce inter-seta transfers
- Review CETA constitution
- Establish rules for chambers
- Establish rules for Evaluations
- Contract Management System
- 2020-21 Procurement Plan
- ICT Threat and Vulnerability Assessment
- Resolve the Pension Payout of 15% on CTC
- Validate Long-Term SSP, SP and APP
- Eradicate payment backlogs which amount to 30% of projects budget
EFFECTS OF COVID-19 & OTHER ON CETA FINANCES

Grant Regulations judgement
4 months sdl holiday

Skills Development Levies Percentage

APP Implementation

Management of Skills Development Providers