



**UNIVERSAL SERVICE AND ACCESS AGENCY OF SOUTH AFRICA**

## **QUARTER THREE REPORT**

**01 OCTOBER 2017 – 31 DECEMBER 2017**



## COMPANY INFORMATION

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## Contents

<b>CHAIRPERSON'S FOREWORD.....</b>	<b>4</b>
<b>1. FINANCIAL MANAGEMENT SERVICES REPORT .....</b>	<b>8</b>
<b>2. RISK MANAGEMENT .....</b>	<b>10</b>
<b>3. INFORMATION TECHNOLOGY REPORT .....</b>	<b>15</b>
<b>4. CORPORATE SERVICES REPORT .....</b>	<b>20</b>
<b>5. LEGAL SERVICES REPORT.....</b>	<b>29</b>
<b>6. STAKEHOLDER ENGAGEMENTS .....</b>	<b>37</b>
<b>8. RESEARCH POLICY AND REGULATORY .....</b>	<b>43</b>
<b>9. INTERNAL AUDIT REPORT .....</b>	<b>46</b>
<b>10. GOVERNANCE REPORT.....</b>	<b>50</b>
<b>QUARTER 3 PERFORMANCE REPORT FOR 2017/2018.....</b>	<b>52</b>

## CHAIRPERSON'S FOREWORD

Honourable Minister

Enclosed is the Universal Service and Access Agency of South Africa (Agency) Quarter 3 performance information report for 2017/18 financial year cycle.

The Board welcomes the ICT SMME Development Strategy which is a sector specific intervention to address challenges facing SMMEs operating in the ICT sector. The Strategy further sets the policy context and defines the vision for the development of the ICT SMMEs in South Africa up to 2020, and outlines the support mechanisms required to realise the vision. The Agency current Annual Performance Plan has three specific indicators responding to the development of the SMMEs in the ICT sector and the purpose of the specific indicators are as follows:

- To contribute towards job opportunities in the ICT sector and to empower SMMEs,
- To address issues of equity and the need to empower organisations and companies classified as SMMEs in the ICT sector
- Measure USAASA's contribution to job creation.

USAASA as an Agency is of the view that the BDM programme should support the ICT SMME Support Strategy which was Gazetted in November 2017. The core tenets of the strategy are namely; to grow the economy; create sustainable jobs through SMMEs empowerment; stimulate local ICT manufacturing; impart digital skills for SMMEs and to ensure equipment and tooling acquisition. The Agency, and as per the Installer contract obligations, will enforce and ensure that training and the use of local installers is implemented.

Therefore the Board is pleased to inform the Ministry that for the past 3 quarters of 2017-2018 the specific indicators on ICT SMMEs support has been consistently achieved and 80 percent of the Agency and Universal Service and Access Fund (USAF) budget has been spent to SMMEs in support of the USAF project deliverables. The Agency has also hosted the ICT CT Small Medium Macro Enterprises Review symposium to unlocking potential digital economy targeting youth, women and persons with disability within the SMME's in the ICT sector. The event was hosted on 07 December 2017 in Centurion, Gauteng and it was collaborated with Independent Communications Authority of South Africa (ICASA), Department of Telecommunications and Postal Services, .za Domain Name Authority (.ZADNA) and the Small Enterprise Development Agency (SEDA).

On corporate governance front, the Board and its subcommittees have met under the quarter review to deliberate on all matters needing the Board attention for approval as part of the implementation of the corporate plan. The Company Secretary has resumed her duties early in December 2017 and her appointment will ensure the effective functioning of the board as a whole and as individual and the outstanding matters on evaluation of the board members and its committees and their effectiveness needs will soon be resolved.

During the quarter under review the Agency had sixteen (16) performance indicators that were tracked, monitored and are herein reported. The indicators are as follows:

Performance Indicator	Target
1. Percentage compliance with the PFMA and Treasury Regulations	100%
2. Percentage implementation of the AG audit action plan	100%
3. Number of repeat AG findings detailed in the audit action plan	0
4. Percentage completion of quarterly risk management activities as per the approved risk management plan.	100%
5. Percent availability of SAP/ERP system to support USAASA/USAF business processes and operations	98%
6. Percentage implementation of the Annual Training Plan, to enhance individual and organisational performance through training interventions	60%
7. Percentage implementation of climate survey action plan	60%
8. Percentage of legal services (contracts and legal opinions) in compliance with the approved quality metrics	100%
9. Beneficiary brand awareness	40%
10. Number of SMME engagement sessions held to develop and educate suppliers	1
11. Percentage of budget spent on SMMEs and BBBEE in support of USAF project delivery	80%
12. Percentage utilisation of local skills and service providers by awarded	50%
13. Board approved Strategic and Annual Performance Plans submitted by target date	3rd draft plans submitted by 30 Nov. 17
14. Percentage compliance with performance information standards on compliance, accuracy, usefulness and evidence based	100%
15. Number of material AG audit findings and significant Internal Audit findings on the reliability and usefulness of the reported performance	0
16. Conceptual Framework and Business Case developed on Digital Development Fund Bill by target date	1 Business Case

The performance outcomes after the audit function was performed is recorded at 50 % and the cumulative being 58%.

The Agency remains committed in ensuring the vision of connected South Africa becomes a reality and the Board is humbled by the leadership provided by the Ministry in this regard.

A handwritten signature in black ink, consisting of a large, stylized 'M' followed by a horizontal line and a small flourish.

**Mawethu Cawe**

**Chairperson: USAASA Board of Directors**

## OFFICIAL SIGN - OFF

It is hereby certified that this Performance Report:

- Was developed by the management of USAASA under the guidance of the Universal Service and Access Agency of South Africa (USAASA) Board of Directors.
- Accurately reflects the targets and performance outcomes achieved by USAASA in the quarter under review given the resources and capabilities at its disposal.

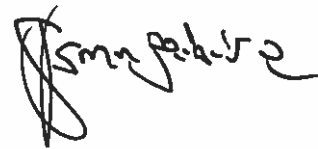
**Mahomed Chowan**  
**Chief Financial Officer**

Signature:



**Sipho Mngqibisa**  
**Head Official Responsible for Planning**

Signature:



**Lumko Mtimde**  
**Chief Executive Officer**

Signature:



**Mawethu Cawe**  
**Chairperson: USAASA Board of Directors**

Signature:



## 1. FINANCIAL MANAGEMENT SERVICES REPORT

### 1.1 EXECUTIVE SUMMARY

At the end of Q2 the Board approved the appointment of support services for SAP ERP for a period of approximately three months. Financial Management Services unit utilised the support services to address the backlog of USAASA Q1 and Q2 financial statements and these have been completed during Q3.

### 1.2 POLICIES AND FRAMEWORKS

The policy for Subsequent Events was developed and will be submitted to the Board via the committee for approval.

### 1.3 RISK MANAGEMENT

Identified risk	Mitigation plan and due date	Current status
Inadequate support to SMMEs and BBBEE development	USAASA has 2 supplier engagement workshop per annum. The second workshop was held in East London during Q3	<b>Achieved</b> USAASA invited SMMEs to visit our stand at the ICT Summit in East London. The SMMEs were appraised of the projects that were being conducted in the various areas of the Eastern Cape and Kwa-Zulu Natal and what goods and services were required by the companies appointed by USAASA conducting the projects. The contact details of the relevant persons of these companies were shared with the suppliers to introduce themselves and their products and services
Inadequate availability of funding to facilitate the rapid deployment of broadband infrastructure in identified service areas	Funding is required from the National Treasury via the DTPS	<b>Ongoing</b> USAASA requested funding for the 2018-19 financial year and the remainder of the MTEF period and the funds were not made available by National Treasury. The next request will be submitted in July 2018
Lack of proper contract management processes prior to payments being effected	Payments only made per approved submission, contract and purchase order	<b>Ongoing</b>



		During the quarter under review there were no further duplicate payments or payments without authorisation identified
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#### 1.4 IMPLEMENTATION OF AUDIT OUTCOMES RECOMMENDATIONS

The 2015/16 audit outcomes action plan is complete. The 2016/17 audit outcomes action plan are at the finalisation stage and management has already addressed certain findings such as the sourcing of 3 quotes for travel.

#### 1.5 HIGHLIGHTS

- Completion of USAASA Q1 and Q2 USAASA financials utilising SAP.
- The Financial Accountant position was filled during the quarter after being vacant for a period longer than 6 months.

#### 1.6 LOWLIGHTS

Matter	Mitigation
Challenges remain with the adoption of the SAP ERP system. The users in the business are not familiar with the system and capture for example the type of transaction incorrectly. Transactions are captured as goods and not services. This results in significant time being spent by Financial Management Services (FMS) staff to assist users in correcting such mistakes. If there is no support services related to the system going forward the Finance and SCM functions cannot operate efficiently and effectively	<p>SAP ERP Support for a longer period is vital if the Financial Management Services unit is to achieve its APP targets and regulatory reporting requirements.</p> <p>The existing users require training updates and new users require to be trained. The training department at USAASA should ensure that this is attended to.</p>

## **2. RISK MANAGEMENT**

### **2.1 EXECUTIVE SUMMARY**

Risk management is concerned with briefly, the coordination of activities to direct and control an organisation with regard to risk. The Board has adopted an enterprise risk management process that is aligned to Public Sector Risk Management Framework. Other works of reference include; SANS 31000:2009 and King IV Report on Corporate Governance. The features of this process are incorporated in the risk management framework and policy. Oversight for adequacy and effectiveness of risk management is delegated to the Board Audit and Risk Committee (BARC).

The following risk management activities were undertaken during quarter three:

- Strategic risk assessment sessions were undertaken at both divisional and senior management levels;
- Operational risk assessment and fraud risk sessions were undertaken at divisional levels across USAASA;
- Broadcasting Digital Migration project risk assessment was undertaken with the operations team; and
- An ERP SAP post implementation risk assessment was undertaken as directed by the Board audit and risk committee. Control improvement plans were developed and are being tracked on a monthly basis.

### **2.2 POLICIES AND FRAMEWORKS**

USAASA risk management activities are directed by the following Board approved policies:

- Risk Management Framework
- Risk Management Strategy
- Risk Management Methodology

The following policies were developed and approved by the BARC during quarter one, 2017/ 18 Financial year:

- Risk Appetite and Tolerance Limits Framework
- Annual Risk Management Plan

- Fraud Response and Prevention Plan

## 2.3 STRATEGIC RISK MANAGEMENT

Below are the top ten strategic risks prioritised in relation to their impact and likelihood:

### USAASA

#### Risk Description

#### Go-Forward Mitigation Efforts

Low organisational performance and risk culture leading to inadequate and/ or slow response in addressing performance, audit and risk recommendations aimed at improving internal controls systems and eliminating governance risks	i. Incorporation of Risk, Audit and Performance Management form part of executives' and/ or business heads deliverables.
Inability to effectively recover should a disaster occur	i. Implementation of the DR plan ii. Finalisation, approval and implementation of the BGP
Lack of an ongoing SAP support in line with the IT service level agreement and SAP skills to support the ERP [Change Management within USAASA]	i. Capacitation of the ICT division through recruitment of two SAP resources ii. Interim SAP support expiring 31 December 2017 in place. To undertake a process of procurement for Support and maintenance for the SAP ERP system
Inability to produce Quarter One USAASA and USAF financial statements and subsequent months due to system related issues.	i. Post implementation issues have been summarised in a SNAG list and both USAASA and EOH are in the process of resolving the issues. The issues range from training on the use of the system to system implementation.
Lack of adequate technical skills	i. Key appointments were made in Finance and Operations divisions. To develop a supplementary training needs analysis, including specific SAP skills. OD finalisation still outstanding
Potential litigation brought against the Agency/ Fund	i. Arbitration led to settlement with two BDM manufacturers. Litigation can be brought against USAASA by any party and this is not within USAASA's control in certain circumstances.

Strategic goals, strategic objectives, key performance indicators and targets inconsistent with the "SMART" criteria	i. Audit findings in relation to the SMART criteria have reduced as compared to the previous periods. Further improvement in this regard to be addressed during the annual strategic session.
Going concern – development of the Digital Development Fund Bill	i. Participation by USAASA in the development of the Bill and the Business Case
Lack of an up-to-date adequate Organisational policy manual	i. Policy on Policies in a draft format. Databank for policies has been developed which addresses such issues as policy inventory, review cycle, etc.
Failure to derive value from OD process deliverables	i. Management to review and implement outputs of the process e.g. skills gap, organisational structure, etc. workshop with union planned to present proposals

## USAF

<b>Risk Description</b>	<b><u>Go-Forward Mitigation Efforts</u></b>
Limitation of participation in the digital economy brought about by a lack of elements such as adequate access, digital literacy, awareness, integration and support	i. Development and implementation of the SMART Communities guidelines. SMART Communities concept document in draft format.
Inadequate availability of funding to facilitate the rapid deployment of broadband infrastructure in identified under-serviced areas	i. Limited funding impedes the rapid deployment of ICT services. Hence USAF is only able to roll out a limited number of projects per year.
Duplication of effort and inefficient utilisation of limited resources	i. Management is in the process of developing and implementing MOUs with key stakeholders in order to ensure collaboration, e.g. CSIR, SAFCOL, SITA, Sentech etc.
Inadequate sign-off and monitoring and evaluation leading to a poor verification of the electronic communication infrastructure	i. Limited capacity exposes the Fund to the risk. Management working on ensuring independent verification of signed off projects through signing of MOUs
Low availability of the DTH Set Top Boxes and related accessories	i. Procurement processes are underway, management in the process of finalisation of TOR. Appointment expected 31 March 2018
BDM Stock holding for periods longer than anticipated may result in a loss of stock through events such as Fire, theft, etc. Stock counts have revealed that most of SAPO's warehouses and branches fire hydrants/extinguishers have passed their service dates. The loss may even be greater than the insured value of stock	i. These risk issues have been escalated to the South African Post Office (SAPO). Contract is in place and addresses responsibilities in the event of loss. Management in the process of reviewing insurance taken out by SAPO to ensure adequacy and adjustment to ensure appropriate cover is taken.
Inflated costs in relation to broadband projects	i. Conduct an Audit on an ongoing basis to ensure adherence to subsidy agreement
Underutilisation of the infrastructure and the end user devices	i. Need to ensure that network is functional prior to the stakeholder engagement session. ii. Development and implementation of the stakeholder engagement plan to stimulate end user demands. iii. Training of beneficiaries on the use of the infrastructure.
Lack of segregation of duties between project planning, implementation and verification	Adequate controls have been designed. Residual risk is as a result of an inadequate implementation of the current control.

Risk Description	Go-Forward Mitigation Efforts
Lack of or poor quality research and evaluation outputs	<ul style="list-style-type: none"> <li>i. Development, approval and implementation of the Research Framework.</li> <li>ii. Research papers produced on national and global ICT trends.</li> <li>iii. Conceptual framework and business case on the Digital development fund bill.</li> <li>iv. Smart community's concept document.</li> <li>v. Baseline of economic activities in the established smart communities and measure impact of digitisation.</li> <li>vi. Impact evaluation studies.</li> <li>vii. Development of TOR for the performance of the impact evaluation studies</li> <li>viii. Baseline of economic activities in the established smart communities and measure impact of digitisation and Impact evaluation studies</li> </ul>

## 2.4 IMPLEMENTATION OF AUDIT OUTCOMES RECOMMENDATIONS

Below is the summary of audit findings and corresponding progress in addressing the findings:

Audit issue/ Gap identified	Management action/ Progress
The risk maturity assessment has not been performed to assess the maturity level of the organisation	The risk maturity assessment will be conducted in the last quarter of the financial year

## 2.5 HIGHLIGHTS

None

## 2.6 LOWLIGHTS

Matter	Mitigation
Low levels of Risk Ownership	Review of the performance management and progression policy to ensure that risk, audit and performance form part of executives' and/ or business heads' standardised performance contracts

### 3. INFORMATION TECHNOLOGY REPORT

#### 3.1 EXECUTIVE SUMMARY

Information and Communication Technology (ICT) Services Unit is a business unit of USAASA that supports and enables the delivery of USAASA and USAF business processes and operations under the CEO's Office.

During the 2015/16 Financial Year, the IT Services unit, was tasked with overseeing the implementation of the USAASA SAP ERP system. The project was challenged by many factors including the project activities being suspended by the Board on 18 March 2016, to minimise the costs and avoid a risk of incurring penalties. Following interventions by the Minister, the Board and the CEO made interventions to rescind the Board resolution to suspend the project on October 2016. As a result of the interventions, project implementation resumed for implementation until the end of the 2016/17 Financial Year.

Effectively, the beginning of the 2017/18 Financial Year, particularly Quarter 1 (Q1) marked a new era for the manner in which USAASA runs its business having migrated to new SAP ERP system from the old legacy systems and manual processes in other business areas. However, this did not become a smooth transaction as most of the users continued to resist the system. The project is yet to be closed off as some of the Snag List issues remain outstanding, there are being addressed with the Service Provider.

Despite the system being live, IT is challenge by lack of capacity to support the system. The approved IT structure remains the same as that of 2013/14 before the Agency could introduce a system of SAP's magnitude. The ongoing support and maintenance of the system remains to be finalised as there is lack of funding for it. Having presented a request for interim support of the ERP system, the Board approved the request to put an interim support structure in place for the SAP ERP system. The Snag List is also being prioritised for finalisation. A request for additional funding to support the SAP ERP system until the end of the financial year was submitted and subsequently approved by the National Treasury. The National Treasury has requested USAASA to put permanent structures in place to support the USAASA SAP ERP system.

USAASA has factored in its budgetary requirements, the element of support and maintenance of the ERP system for subsequent years starting 01 April 2018. During Q4, USAASA will begin the procurement processes for ongoing support and maintenance of the SAP ERP system.

In the country that is challenged by security issues, which includes several cases of break-ins in key government institutions (Chief Justice, the Hawks, NPA, SSA, etc.) and cyber security challenges (the recent outbreak of the *Ransomware*), we continue to worry about security of our systems, this is considering that the approved DR Plan is yet to be implemented. In addition, USAASA is yet to finalise and approve its Business Continuity Plan (BCP). Lack of existence and / or implementation of these two critical plans could have a dire effect to USAASA. These two plans further relate to the maturity of USAASA's governance structures.

### 3.2 POLICIES AND FRAMEWORKS

Name of Policy	Last Review (FY)	Date of Approval
Access Control Procedures	2016/17	15 December 2016
Backup Procedures	2016/17	05 September 2016
Change Management Procedures	2013/14	20 March 2014
Disaster Recovery Plan	2016/17	15 December 2016
E-mail, Internet and Telephone Usage Policy	2013/14	30 March 2014
ICT Equipment Allocation and Acceptable User Policy	2016/17	15 December 2016
Information Security Policy	2013/14	17 July 2013
IT Governance Charter	2013/14	30 March 2014
IT Service Level Agreement	2016/17	05 September 2016
IT Strategy	2016/17	26 October 2016
Mobile Policy	2016/17	26 October 2016
Patch Management Procedure	2013/14	30 March 2014
Social Media Policy	2013/14	30 March 2014

### 3.3 RISK MANAGEMENT

The IT Risk Register was updated during the Quarter 1. This involved updating the previously identified IT risks and profiling new risks. The following risks include only those risks that have action plans that are still outstanding:



<b>Risk Description</b>	<b>Mitigation Plan and Due Date</b>	<b>Current Status</b>
Unlimited access to application systems by users	Annual review of the Audit trail to ensure execution of proper segregation of duties, e.g. capturer not same as approver/authoriser for a transaction.  ERP roll out caters for Governance, Risk and Compliance (GRC) 30 June 2017	Review of SAP Audit Trail done regularly with report shared with management.  Done
Unavailability of backup data and media	'To finalise SLA with Metrofile for offsite storing of tapes 30 September 2017	Terms of Reference are currently being drafted. Process will be initiated with SCM
Increased likelihood of incident recurrence	Finalise IT Services SLA with business and implement the SLA 30 September 2017	Draft SLA presented to IT Steering Committee. SLA to be finalised and approved during Q3
Inadequate measures for environmental threat protection for the server room	'UPS kept in the server room due to lack of space in the current building. This is not as per regulation and standard practice.  This is to be resolved upon office relocation	IT requirements for the new building developed with separate UPS room from the Server Room
Inability to recover should a disaster occur	Finalise and approve the Business Continuity Plan  Implementation of the DRP 30 September 2017	Lack of funding to implement the DR Plan
Fruitless and wasteful expenditure due to non-recovery of over-spending on Phones	Implementation of the policy to ensure recovery in relation to overspending 31 July 2017	IT awareness workshop is being scheduled for the month of October 2017.  Usage reports to be issued to users from 31 November 2017.

Lack of awareness in relation to Protection of Personal Information (PoPI ) Act, 2013	To conduct a PoPI readiness assessment  To develop a PoPI implementation plan  30 October 2017	RFQ's send. Evaluated proposals waiting for SCM to award.
Lack of backup for CaseWare	To backup CaseWare database on a different location (Server)  31 July 2017	Done. CaseWare is backed up on the server.
Lack of a secondary WAN link to Head office to support the maximum uptime for business systems	Implementation of the secondary WAN link  30 September 2017	Secondary WAN link to be implemented as part of the new WAN services.
inadequate measures to detect and prevent hacking attempts	To implement Breach detection system with incidence response  30 September 2017	Procurement process to be initiated with SCM

### 3.4 IMPLEMENTATION OF AUDIT OUTCOMES RECOMMENDATIONS

There were no Audit Outcomes and / recommendations to report on for IT Services for the period under review (Q2). However, Internal Audit is in the process of conducting an audit on IT Governance which is anticipated to be completed during Q3.

### 3.5 HIGHLIGHTS

The following achievements are worth noting for Q3:

- Despite the challenges experienced with the ERP system functionality, there seems to be a drive to fully utilise the SAP ERP system within the organisation. This is also backed by the Board intervention through instructing management to limit any available alternative processes preventing officials from utilising SAP ERP.
- The Board has approved a request for month-to-month support and maintenance of the SAP ERP system for a period of 3 months ending 31 December 2017. This limitation was as a result of lack of funding.

- Following USAASA's request to retain unused funds and interest earned, the National Treasury has approved the request for USAASA and allocated the funds for ERP support and maintenance, *inter alia*, until 31 March 2017. Follow this National Treasury approval, a submission will be tabled during the October BARC and Board meetings to extend the duration of month-to-month support to 31 March 2018.
- USAASA has included in its budget for the subsequent years, the element of support and maintenance of the SAP ERP system.
- The six (6) months fixed-term contracts for the former Interns ended on 31 September 2017. To augment capacity within the Division, the contract for one of the temps was extended with a further 6 months ending 31 March 2017. The other resource has since resigned from the employ of USAASA owing to permanent employment elsewhere.
- In order to continue the project to contribute towards skills development in the country by recruiting and training Interns, two (2) IT Interns were recruited during Q3. The Interns will commence duty on 02 January 2018.

Warrantee of the server infrastructure was renewed for a further 12 months' period to ensure that the server is supported by the Original Equipment Manufacturer.

### 3.6 LOWLIGHTS

Matter	Mitigation
The DR Plan as approved by the Board of Directors is yet to be implementing due to lack of funding. This could result in USAASA's failure to recover its data and systems should there be a major technical issues or <i>force majeure</i> affecting the Head Office and thus affecting business operations. This must include the SAP ERP system	USAASA to prioritise and source funding to implementation of its DR Plan as approved by the Board during the 2016/17 Financial Year in order to prepare for unexpected events that could render the building or the data on the server inaccessible
Lack of capacity to support the USAASA SAP ERP system in a form of Internal Capacity and having a continued support and maintenance SLA with an appointed services provider.	<p>Although the former IT Intern has been appointed in a temporary capacity to assist in supporting the SAP ERP system, appointing permanent staff is still required.</p> <p>USAASA is putting in place, temporary solutions to support the SAP ERP system, however, continued support of the system is required.</p>

## 4. CORPORATE SERVICES REPORT

### 4.1 EXECUTIVE SUMMARY

The key performance deliverables planned for Corporate Services in Q3 as per the approved USAASA 2017/18 Annual Performance Plan were as follows: -

- Percentage implementation of the Annual Training Plan, to enhance individual and organisational performance through training interventions.
- Percentage of signed Performance Agreement calibrated to support the organisational goals and objectives and APP and Employee Performance Assessment (EPA's) moderated within the stipulated timeframes in accordance with the Performance Management Policy.
- Percentage implementation of climate survey action plans.

### 4.2 POLICIES AND FRAMEWORKS

#### 4.2.1 List of Human Resources Policies

POLICY	APPROVAL DATE	COMMENTS	REVIEW PERIOD
Disability	20 November 2008	None	Q4 2018/2019
Disciplinary Code and Procedure	09 May 2008 Amended 31 March 2014	None	Q4 2017/2018
Education and Training	29 July 2008 Amended 14 June 2013	On amendment title of the policy changed to Education, Training and Development	Q4 2017/2018
Grievance Guidelines	29 July 2008	None	Q4 2017/2018
HIV / Aids	29 July 2008	Formed part of Health, Safety and Wellness Policy. Awaiting signed resolution prior to implementation	Not applicable
Induction	26 February 2009	None	Q4 2017/2018
Internship	26 February 2009	Under review	Q4 2017/2018
Job Evaluation	26 February 2009	None	Q4 2017/2018
Performance Management	12 August 2008 Amended 02 June 2014	None	Q4 2017/2018

<b>POLICY</b>	<b>APPROVAL DATE</b>	<b>COMMENTS</b>	<b>REVIEW PERIOD</b>
Working Hours and Working Arrangements	29 July 2008	None	Q4 2017/2018
Recruitment and Selection	29 August 2008 Amended 14 June 2013	None	Q4 2017/2018
Sexual Harassment	20 November 2008	None	Q4 2017/2018
Leave	29 July 2008 Amended 27 June 2014	None	Q4 2017/2018
Non-financial Performance Management	09 May 2008	It will be incorporated in Performance and Progression Policy	Not applicable
Acting Allowance for Senior Management Services	01 April 2003	Adopted from DPSA	Not applicable
Employee Assistance Program	31 March 2014	None	Q4 2017/2018
Incapacity Leave	31 March 2014	None	Q4 2017/2018
Health, Safety and Wellness	31 July 2017	Awaiting signed resolution prior to implementation	Not applicable
Employment Equity	31 July 2017	Awaiting signed resolution prior to implementation	Not applicable
Performance and Progression	Not yet approved	The Performance and Progression Policy is to be re-submitted to REMCO for Boards' approval during Q4	Not applicable

#### **4.2.2 HR policies to be re-submitted to EXCO and REMCO in January 2018 are as follows:**

- Long Service (new);
- Policy on Policies (new);
- Internship Policy (review).

### 4.3 RISK MANAGEMENT

Corporate Services Division held a risk management meeting with the Risk Manager during the period under review. Attention was drawn to areas as follows: -

RISK DESCRIPTION	CURRENT CONTROLS	ACTION PLAN	STATUS
Inadequate and/or slow response in addressing audit and risk recommendations aimed at improving internal controls systems and eliminating governance risks	Tracking of auditing and Risk recommendations on a monthly basis and reporting to the EXCO on progress made thereof	Review executives' and/or business heads performance agreements	Supervisors to include risk, audit and performance in performance agreements by 31 December 2017
Lack of streamlined recruitment processes leading to the entity losing critical skills	Recruitment and selection policy. Job profiles in place. Competency assessments compulsory for MMS and SMS. Resourcing and deployment policy. Vetting of qualifications	Draft Recruitment Methodology in place as of 20/09/2017	Draft recruitment methodology has been submitted for the next REMCO meeting
Lack of adequate technical skills	Implementation plan in place based on Personal Development Plan  Work Skills Plan in place  Learning and Development policy in place	2017/2018 Training Implementation Plan in place	On 04 August 2017 internal requisition released to SCM to procure service providers for the following training but still awaiting response from SCM: <ul style="list-style-type: none"> <li>• Project Management – bid evaluation done on 01 December 2017;</li> <li>• Disciplinary Enquiry Handling – bid evaluation done in 01 December 2017;</li> </ul>

			<ul style="list-style-type: none"> <li>• Management of Stakeholders – no bid evaluation to date;</li> <li>• Annual Tax Seminar– no bid evaluation to date;</li> <li>• Advanced MS Excel – booked for 19 December 2017;</li> <li>• Professional Office Skills for Administrators – no bid evaluation to date;</li> <li>• Practical MS Office 2007 &amp; 2010 – no bid evaluation to date;</li> <li>• Monitoring and Evaluation – no bid evaluation to date;</li> <li>• Mastering Minutes and Meetings – no bid evaluation to date;</li> <li>• Network+, Skills Development Facilitation – no bid evaluation to date;</li> <li>• IT Service Management Process – no bid evaluation to date; and International Computer Driving License – no bid evaluation to date</li> </ul>
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#### 4.5 IMPLEMENTATION OF AUDIT OUTCOMES RECOMMENDATIONS

4.5.1 A finding was raised by Internal Audit on the long outstanding finalisation of the OD process and possible fruitless and wasteful expenditure related to the project if not finalised.

4.5.2 First Semester Assessment moderation of 2017/2018 is not yet finalised as quorum of appointed members could not be established on scheduled dates and low response of submission of assessments. It is important to finalise moderation in order to adhere to Performance Management Policy as failure to moderate the assessments of mentioned will lead to non-payment of performance bonus and audit finding.

## 4.6 HIGHLIGHTS

- Appointment of second Payroll and Administration Officer on 20 November 2017;
- Appointment of Executive Manager: Performance Management Unit on 1 October 2017;
- Appointment of two interns in Finance Unit on 06 November 2017;
- Appointment of Temporary SCM Officer on 16 October 2017;
- Appointment of Temporary SCM Practitioner on 01 November 2017;
- Appointment of Senior Manager: USAF & Broadcasting (BDM) on 16 October 2017;
- Appointment of Senior Manager: USAF & Broadcasting on 01 November 2017;
- Appointment of Financial Accountant on 01 November 2017;
- Appointment of Manager: Legal Services on 01 December 2017; and
- Appointment of Company Secretary on 11 December 2017.
- Reduction of HR Audit findings especially on segregation of duties

## 4.7 LOWLIGHTS

Matter	Mitigation
Slow turnaround time on procurement of training service providers. On 04 August 2017 a list of training programs was sent to SCM for procurement of service providers	<p>A second meeting to be held with SCM to identify reasons as to why training providers are not procured. Previously SCM was engaged to fast track the appointments of training service providers as follows:</p> <ul style="list-style-type: none"> <li>- 21 August 2017 informed SCM of a quote from a service provider for Disciplinary Hearing training.</li> <li>- 18 October Training Unit informed SCM of quotes from various service providers for Conflict Management training.</li> <li>- 23 October 2017 a follow-up was made for trainings requested.</li> <li>- 30 October 2017 a follow-up was made for Professional Office Skills Administration for Provincial Administrators</li> <li>- 10 November 2017 Training Unit recommended to SCM to sourced service provider for Advance Project Management workshop</li> <li>- 16 November 2017 Training Unit informed SCM of training Purchase Requests created: - <ul style="list-style-type: none"> <li>➤ Project Management PR 10/809</li> <li>➤ Conflict Management PR 10/810</li> <li>➤ Advanced Excel PR 10/811</li> </ul> </li> </ul>



	<p>➤ Advanced Media PR 10/812</p> <ul style="list-style-type: none"> <li>- 21 November 2017 email sent for follow-up of training requested for Nov/Dec 2017.</li> <li>- 28 November 2017 email send to SCM on various training requests made.</li> <li>- 19 December 2017 EXCEL Training booked.</li> </ul>
SAP System snag list completed	<p>SAP Modules identified for refresher training in January 2017 are as follows: -</p> <ul style="list-style-type: none"> <li>• Performance Management – all staff members;</li> <li>• Enterprise Learning: Talent planning – HR personnel;</li> <li>• Personnel Cost planning – HR personnel;</li> <li>• Document Management System – HR personnel;</li> <li>• Compensation Module –HR personnel; and</li> <li>• Employee relations – HR personnel</li> </ul>

#### 4.8 LABOUR RELATIONS MATTERS

▪ **Senior Manager: SCM**

- The Senior Manager: SCM was suspended on 19 January 2017 for alleged misconduct of which an investigation followed. In the investigation report it was recommended that the Senior Manager: SCM be disciplined. The disciplinary enquiry commenced on the 4<sup>th</sup> of October 2017. Examinations, cross-examinations and re-examinations were completed on 24<sup>th</sup> of November 2017. Closing arguments/submissions were submitted to the Chairperson as agreed between the parties to be delivered to the Chairperson on or before 8<sup>th</sup> of December 2017. A ruling was submitted on 22 December 2017 by the Chairperson mainly finding the employee guilty and the sanction that followed recommended a dismissal.

▪ **Executive Manager: Corporate Service and Senior Manager: Administration.**

- The Executive Manager: Corporate Services and Senior Manager: Administration were suspended on 01 June 2017 for alleged serious misconduct. Investigation into the matter started on 10 October 2017 and a draft report was submitted on 04 December 2017.

## Human Resource Oversight Statistics - Quarter 3: 2017/2018

### EMPLOYMENT AND VACANCIES

Programme	2014/2015 No. of Employees	2017/2018 Approved Funded Posts	Quarter 3 / No. of Employees	Quarter 3 Vacancies
USAASA	55	62	55	7

Q3 Vacancies: Executive Manager: Operations, Communications Officer, Provincial Programme Manager: Western Cape, Internal Auditor, Manager: Research, Administrator: Legal Services and Manager: Administration.

Programme	2015/2016 No. of Employees	2017/2018 Approved / Funded Posts	Quarter 3 No. of Employees	Quarter 3 Vacancies	% of vacancies
Top Management(14-16)	3	5	4	1	20
Senior Management (13)	11	14	12	2	14%
Professional qualified (11-12)	18	16	14	2	12,5
Skilled (8-10)	24	25	23	2	8
Semi-skilled (2)	0	2	2	0	0
Unskilled	0	0	0	0	0
TOTAL	58	62	55	7	

- Two employees on Level 13 are on Personal Notch

### EMPLOYMENT CHANGES

Salary Band	Employment at beginning of Period (Q3)	Appointments	Terminations	Employment at end of the Period (Q3)
Top Management (14-16)	3	1	0	4
Senior Management (13)	10	2	0	12
Professional qualified (11-12)	12	2	0	14
Skilled (8-10)	23	1	1	23
Semi-skilled (2)	2	0	0	2
Unskilled	0	0	0	0
Total	50	6	1	55

**REASONS FOR STAFF LEAVING**

Reason	Number	% of total no. of staff leaving	Attempts made to replace staff
Death	0	0	0
Resignation	1	1.81	Appointed temporary employee while recruitment process is embarked upon
Dismissal	0	0	0
Retirement	0	0	0
Ill health	0	0	0
Expiry of contract	0	0	0
Other	0	0	0
Total	0	0	0

**LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION**

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written warning	0
Dismissal	0
Suspension	3

**EQUITY TARGET AND EMPLOYMENT EQUITY STATUS**

LEVELS	MALE							
	African		Coloured		Indian		White	
	Current	Target*	Current	Target*	Current	Target*	Current	Target*
Top Management	3	0	0	0	1	0	0	0
Senior Management	9	0	0	0	0	0	1	0
Professional qualified	8	0	0	0	0	0	1	0
Skilled	4	0	0	0	0	0	0	0
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	24	0	0	0	1	0	2	0

\*No Employment Equity Plan in place

## FEMALE EMPLOYEES PER EMPLOYMENT LEVELS AND TARGET GROUPS

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	1	0	0	0	0	0
Professional qualified	5	0	0	0	0	0	0	0
Skilled	18	0	1	0	0	0	0	0
Semi-skilled	2	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	26	0	2	0	0	0	0	0

## DISABLED EMPLOYEES PER EMPLOYMENT LEVELS AND TARGET GROUPS

LEVELS	DISABLED STAFF			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	0	0	0	0
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	0	0	0	0

## 5. LEGAL SERVICES REPORT

### 5.1 EXECUTIVE SUMMARY

The Legal Services unit is mainly responsible for the provision of legal services to the Board, the CEO and the Agency's Executive Management team with the aim of promoting legal compliance by the Agency, managing litigations for and against the Agency, and, drafting of contracts in accordance with the 2017/18 Annual Performance Plan inter alia.

During the quarter under review, the unit attended to a number of legal matters which included the following:

#### REVIEW PROCEEDINGS

1. The Review Application was lodged on 10 August 2017 under case number 55207/17 at the Pretoria High Court.
2. Only the following parties have filed Notices to Oppose;
  - 2.1. CZ Electronics (please note amended notice of motion);
  - 2.2. Siyeza Suppliers (no opposing affidavit received as yet).
3. The final amended Notice of Motion was filed at the High Court on 22 November 2017.
4. All those parties to oppose the application will have 15 court days as from the 22 November 2017 to file their opposing affidavits. As off the end of Q3, no opposing affidavit were received by Makhubela Attorneys.
5. On 28 November 2017, the Competition Commission updated us on the complaint filed by USAASA.
6. The following was discussed at the meeting:
  - 6.1. The Competition Commission interrogated everyone implicated in the Auditor General of South Africa Report;
  - 6.2. Competition Commission raided the following companies:
    - 6.2.1. Altech UEC;
    - 6.2.2. Altech Multimedia;

- 6.2.3. Vektronics;
  - 6.2.4. Tellumat;
  - 6.2.5. Grand Tellumat;
  - 6.2.6. Namec Western Cape;
  - 6.2.7. Altech Euro;
  - 6.2.8. National Association of Manufacturers in Electronic Components (NAMEC);
  - 6.2.9. Equiton;
  - 6.2.10. African Digitec;
  - 6.2.11. Siyeza; and
  - 6.2.12. NAMEC Limpopo.
- 6.3. The Competition Commission is still analysing the hard copies and also managed to clone cell phones and computers so as a result, they have requested an extension to complete going through all the data they have acquired, which was duly granted.

#### **CZ ELECTRONICS**

- 7. Parties reached a settlement on certain aspects which will be made an order of Arbitration by the Arbitrator Judge Ngcobo.
- 8. A telephonic meeting was arranged for the 1<sup>st</sup> week of December 2017 with Judge Ngcobo and both legal teams to have the draft order made an order by the Arbitrator who is currently in the United States working.
- 9. The terms of the draft order proposal are as follows:
  - 9.1. The defendant has amended the relief it seeks in its notice of motion in the review application in the Gauteng Division of the High Court under case number 55207/2017, introducing a prayer to the effect that any finding of invalidity and the setting aside of the Supply and Delivery Agreements between the defendant and the 1<sup>st</sup> and 6<sup>th</sup> Respondents in the review application be wholly suspended and any rights or obligations arising from the Agreements pertaining to the period of suspension of the invalidity , are in no way prejudiced or affected

by the invalidity, including but not limited to the right to refer any dispute to arbitration as envisaged in terms of the Agreements.

9.2. The claimant reserves all its rights to intervene in the review application under case number 55207/2017 should this become necessary.

9.3. The claims framed in prayers 1 and 6 of the claimant's statement of claim have become settled between the parties on the basis that the defendant shall make payment of R37,478,971 ("the capital amount") to the claimant and the claimant will deliver to the defendant 30,120 set-top boxes. This was done.

9.4. Payment of the capital amount and delivery of the set-top boxes shall occur as follows:

9.4.1. The claimant received payment of the sum of R16,758,218.40 on 4<sup>th</sup> September 2017 in respect of the 24,360 set-top boxes already in the possession of the defendant.

9.4.2. The claimant shall deliver to the defendant the remaining 30,120 set top boxes in tranches, with the last tranche being delivered no later than 6 weeks after receipt by it of the abovementioned sum of R16,758,218.40 and in terms of the agreement. In particular, the defendant shall advise the claimant of the place of delivery.

9.4.3. The claimant shall manufacture the remaining 30, 120 Set Top Boxes in accordance with the standards set out in the Supply and Delivery Agreement between the parties.

9.4.4. The claimant shall submit invoices with every tranche delivered, as contemplated in the agreement and the defendant shall make payment of those invoices within 30 days of delivery, as provided for in the agreement.

#### **BUA AFRICA INVESTMENTS (PTY) LTD ("BUA AFRICA")**

10. A request for arbitration was filed by BUA Africa at AFSA on 15<sup>th</sup> September 2017.

11. The statement of Claim was filed by BUA Africa on 16<sup>th</sup> October 2017.

12. The two disputes before the Commissioner will be the following:

- 12.1. The first dispute is whether as part of the appointment and contract aforesaid, BUA was contractually required to source and supply, at BUA's expense, and as part of the delivery of the DTH STB's smart cards that could be inserted into the STB's.
- 12.2. They are of the view that they are not obliged to procure and supply smart cards for the STB's at their expense.
- 12.3. The second dispute is whether BUA was contractually required to provide, on demand from USAASA, verification certification from the DTI confirming that the STB's complied with the local content requirements of the bid. Allied to this is whether USAASA lawfully cancelled the agreement between the party's in consequence of BUA's alleged failure to provide such certification.
13. The Arbitration will be held before Adv. N A Cassin SC.
14. Further documents were filed on 26<sup>th</sup> October 2017 which the Defendant (USAASA) will rely upon in support of its defence.
15. A pre-arbitration consultation was held telephonically on 27<sup>th</sup> October 2017.
16. A settlement proposal letter dated 14<sup>th</sup> November 2017 was received from BUA Africa with the following terms:
  - 16.1.1. They will deliver 20 000 DTH STB under the original specification, Nagra smartcard solutions;
  - 16.1.2. They will deliver the next 476 792 of the new generation DTH STB;
  - 16.1.3. USAASA has to pay a penalty cost of US\$ 600 000 due to components which must be written off as not used in the new card less bill of materials.
  - 16.1.4. If an additional order of 500 000 new generation DTH STB's is ordered, it will be priced like the 476 792 boxes and USAASA will not be liable to pay the penalty.
17. We met with Makhubela Attorneys and a memo was drafted which was forwarded to the Boards for consideration.



#### **LERATADIMA MARKETING SOLUTIONS ("LMS")**

18. On 22<sup>nd</sup> September 2017, LMS's CEO Mr Itumeleng Mafoko, addressed a letter to the CEO of USAASA, requesting that the CEO make time to consult with them regarding their financial strains despite the fact that the matter has been postponed *sine die* by consent.
19. We contacted their Attorney of record Mr Jan Allan who advised that he was not aware of that letter and that we should ignore it as their client had misunderstood the processes.
20. On 10<sup>th</sup> November 2017, the CEO of LMS sent a letter addressed to the DTPS Minister requesting political intervention on the issues that are already before the Arbitrator.
21. We have sent same to their attorney advising them to communicate to their client that they should desist from communicating directly to USAASA's Authority and should abide by the rules of the Arbitration.

#### **NOKO AIRLINK**

22. Noko Airlink was one of the appointed companies to perform installations in the BDM Project.
23. The tender was awarded to JV which Noko was a partner. During the course of 2017/2017 the partners were engaged in some legal issues which resulted into the partnership being dissolved.
24. USAASA upon the dissolve of the partnership duly cancelled the agreement as provided for in terms of partnership law.
25. Noko brought the application in the High Court in Pretoria attempting to persuade the court to grant the relief for the one partner, Noko, to be reinstated as the only party to the contract. This application was dismissed with costs
26. Upon the dismissal of the above-mentioned application Noko enforced the arbitration clause in the signed service level agreement and referred the matter to AFSA for arbitration.
27. Noko is claiming that USAASA's email dated 10<sup>th</sup> July 2017 advising them that they are no longer bound by the terms of the agreement constitutes a repudiation and they seek the Arbitrator to reinstate their allocation of work; alternatively

28. The alleged repudiation by USAASA resulted in damages amounting to R 7 753 200.00 (Seven Million Seven Hundred and Fifty-Three Thousand and Two hundred Rands).
29. USAASA filed their statement of defense on 13<sup>th</sup> December 2017 denying all claims by Noko and put them to the proof thereof.

**A.N. MBATHA (MBATHA). (Gildenhuys/Malatji)**

- Mbatha was employed by USAASA with effect from 13<sup>th</sup> December 2010. During the period December 2012 to February 2013 Mbatha was suspended by USAASA whilst undergoing an internal disciplinary hearing. Mbatha's monthly income at that stage for three months amounted to R185 341.50 or R61 780.00 per month. On the 26<sup>th</sup> of February 2013, Mbatha submitted his letter of resignation to USAASA effective the 31<sup>st</sup> of March 2013. The Railway Safety Regulator in a letter dated the 26<sup>th</sup> of March 2013 informed USAASA that Mbatha was employed by the Railway Safety Regulator effective from the 1<sup>st</sup> of December 2012. This employment by Mbatha was in contravention of clause 21 of his letter of employment of USAASA which prevented him to be employed by another employer whilst in the service of USAASA and was therefore not entitled to any payment from USAASA. Therefore, Mbatha was unduly enriched in the sum of R185 341.50 been the salary paid to him for the period of three months when he was employed by the Railway Safety Regulator.
- Summons was served on Mbatha on the 8<sup>th</sup> of December 2013 for the recovery of the salary in the sum of R185 341.50 unduly paid to him.
- Default judgement was granted and the sheriff of the High Court is attending to a warrant of execution against the Defendant. On the on 2 December 2016 the sheriff attached the defendant's Chrysler Voyager.
- The vehicle was sold for R29 500-00 which is far beyond the claimed amount.
- The attorneys attended to a property search in order to determine whether or not Mr Mbatha is the owner of immovable property which can be attached and executed accordingly.
- Mr. Mbatha is the owner or co-owner of four immovable properties.
- The attorneys are currently preparing an application to have immovable property declared executable.
- The attorneys will have the property located at 85 Dunning Road, Dennator, Nigel declared executable as Mr Mbatha is the sole owner of the property.
- The application for the execution of the property is enrolled for 26<sup>th</sup> March 2018 in the Pretoria High Court.

## **LABOUR COURT MATTERS**

### **▪ Senior Manager: SCM**

The investigation process was completed and the report submitted to Corporate Division on 4<sup>th</sup> May 2017. It was recommended that the Senior Manager: SCM be disciplined. An initiator and a Chairperson was appointed for the disciplinary enquiry of the Senior Manager: SCM. Three disciplinary enquiry will commence on the 4<sup>th</sup> of October 2017.

The disciplinary enquiry was concluded on 24<sup>th</sup> November 2017 and the Chairperson will deliver a ruling on or before 21<sup>st</sup> December 2017.

### **• Investigation into alleged serious misconduct by the Executive Manager: Corporate Services and the Senior Manager: Administration**

The investigation is conducted by Morar Incorporated, a forensic auditing firm and is at an advanced stage.

A preliminary confidential report was delivered to USAASA on 29<sup>th</sup> November 2017. Consultation with the Senior Manager: Administration necessitates further consultation with other witnesses to finalise the report.

The final report is eminent and once received, it will be submitted to the Board and necessary action, if any, be taken.

## **5.2 POLICIES AND FRAMEWORKS**

The Service Level Agreement and Matrix for Legal Services was submitted and approved by the Board.

## **5.3 RISK MANAGEMENT**

Not applicable

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## **5.4 IMPLEMENTATION OF AUDIT OUTCOMES RECOMMENDATIONS**

Not applicable

## **5.5 HIGHLIGHTS**

There Legal Services Unit continued to ensure its Annual Performance Plan targets are met regardless of capacity constraints.

The appointment of the Legal Manager effective from 1<sup>st</sup> December 2017 alleviating capacity constraints and thereby enhancing effectiveness of Legal Services.

## 5.6 LOWLIGHTS

Matter	Mitigation
High cost of litigation	Legal Services Unit continues to play an informative role to ensure that the Agency takes the necessary steps to ensure continuous compliance with legal and regulatory prescriptions and engage relevant stakeholders with the aim of minimising its impact

## 6. STAKEHOLDER ENGAGEMENTS

### 6.1 EXECUTIVE SUMMARY

The Stakeholder Engagement business unit is responsible for ensuring good relationship management of the Agency's key stakeholders, who affect and/or could be affected by the Agency's activities, services and performance. The business unit is a key component of managing the Agency's reputation, which is based on how well the organisation has performed in comparison to the legitimate interests and expectations of its stakeholders.

In the quarter under review the unit's focus was on the below three targets as per the approved APP;

- increased brand awareness,
- conducting a Digital Summit and,
- conducting an ICT Review Symposium, which is delayed from the previous quarter.

USAASA participated in the following events in the efforts to increase Brand awareness for the quarter:

1. SITA GovTech Conference - which was hosted by State Information and Technology Agency (SITA). The Agency Exhibited and sponsored the Hackathon during the annual conference that took place 29<sup>th</sup> October – 01 November 2017;
2. Africa Coms – the USAASA participated through the open discussion forums on Broadband, smart cities and rural development in line with the 4<sup>th</sup> industrial at this international ICT event. The team also profiled of the South African Development Countries (SADC) Ministerial meeting hosted by Huawei during the event which resulted in mass social media coverage and exposure for the Agency. The event took place in Cape Town from 07<sup>th</sup> – 09<sup>th</sup> November 2017;
3. Eastern Cape Information Communication Technology (ICT) summit – the Agency as part of its APP is supposed to participate in / conduct a Digital summit in Smart Communities with USAF Broadband projects where implemented. USAASA rolled-out the Broadband project in Emalahleni and OR Tambo in the Eastern Cape and this was a perfect platform to conduct a Digital summit and improve the social economy of the regions. USAASA communications platforms were once again utilised as a source of information for all the updates on the participation at the conference, this received a great deal Summit and visibility, awareness and recognition;
4. Internet Governance Forum - which was hosted by South African Domain Name Authority (.zaDNA). The Agency Exhibited and utilised the communications platforms as a source of information during the inaugural conference that took place 29<sup>th</sup> - 30 November 2017;

5. ICT Small Medium Macro Enterprises (SMME) Review symposium – USAASA was set to conduct an annual industry review symposiums to unlocking potential digital economy targeting youth, women and persons with disability within the SMME's in the ICT sector. The event was a hosted in the 07 December 2017 in Centurion, Gauteng.

## 6.2 POLICIES AND FRAMEWORKS

- Policies/ Strategies/ Frameworks:
  - Stakeholder Engagement Strategy 2016 - 2019
    - Approval date: 28 January 2016
  - Integrated Communications Policy
    - Approved date: 26 October 2016

## 6.3 RISK MANAGEMENT

RISK DESCRIPTION	CURRENT CONTROLS	ACTION PLAN	STATUS
Negative stakeholder perceptions about the Agency			
Lack of positive publicity about the Agency and its projects	<p>Integrated communications policy is in place</p> <p>Stakeholder engagement strategy is in place</p> <p>Website and / or social media or media statement updates on Agency Participation</p> <p>Participation in ICT forums twice per quarter</p> <p>Raising awareness about USAASA/ USAF through public private participation programs and media platforms as per the Integrated Communications policy</p>	Annual stakeholder engagement and communications plan to be approved by Exco	31 January 2018

	Raising public awareness on progress made on BDM & other USAF projects through various platforms such as Imbizos, press briefings and social media, radio and tv interview		
Inadequate budget in order to carry out stakeholder awareness campaigns	Partnerships on events and Branding on cost sharing initiatives with DTPS, Nemisa and .zaDNA and Broadband Infraco, MTN etc.	Reprioritising of budget allocation for cost saving measures.	Ongoing

## 6.4 HIGHLIGHTS

None.

## 6.6 LOWLIGHTS

Matter	Mitigation
The research methodologies required for the Brand awareness and improved Stakeholder satisfaction were not approved	Research is a specialised field and the methodology thereof is a complex task. The unit will be conducting an online research utilising social media methodology to ensure factual and accurate reporting

## 7. PERFORMANCE MANAGEMENT UNIT

### 7.1 EXECUTIVE SUMMARY

The Performance Management Unit (PMU) is responsible for ensuring that the Agency implements effective performance management systems for purposes of ensuring accurate reporting on performance outcomes against strategic objectives and promoting accountability to the accounting authority being the Department of Telecommunications and Postal Services (DTPS), to Parliament and to the public. In line with the requirements of Treasury Regulation (TR) 29.3.1, the unit is responsible for establishing procedures for quarterly reporting to the Executive Authority in order to facilitate effective performance monitoring, evaluation and corrective action.

On a yearly basis, PMU provides the lead in the development of organisational Annual Performance Plans and to the development of Strategic Plans every five years, in compliance with the National Treasury Regulations and Guidelines.

During the quarter under review, the unit directed its focus on the following activities:

- The review and submission of the USAASA and USAF 2018/19 2<sup>nd</sup> draft APPs;
- The review and submission of the USAASA and USAF Q2 performance report;
- Continuous tracking of organisational performance through monthly divisional progress performance reports against the Agency's Operational Plan.

### 7.2 POLICIES AND FRAMEWORKS

The unit's activities are governed by below internal documents:

- Performance Monitoring and Evaluation Framework
- Organisational Performance Monitoring and Evaluation Policy



### 7.3 RISK MANAGEMENT

Identified risk	Mitigation plan and due date	Current status
Performance objectives, key performance indicators and targets inconsistent with the "SMART" criteria	PMU to review the notes provided by the AGSA with a view to emending the plans by 30 June 2017	The Agency has consulted both the AG and the Department of Planning Monitoring and Evaluation for purposes of ensuring that the 2018/19 APPs conform to the "SMART" criteria  Feedback from both consultation have been incorporated in the 2018/19 APPs
Inadequate verification of reported performance outcomes to ensure reported performance matches actual performance	PMU verifications are conducted, however there are limited technical skills thus the need for independent technical skills to be sourced by the organisation remains	USAASA will engage ICASA for possible collaborations in terms of technical skills required for testing the quality of USAF projects on completion thereof  In the meantime, PMU continuous to tighten the screws by scrutinising the reported performance against the submitted evidence and the planned targets in the approved 2017/18 APPs

### 7.4 IMPLEMENTATION OF AUDIT OUTCOMES RECOMMENDATIONS

In the quarter under review, PMU continued to monitor organisational performance through monthly operational performance reports for purposes of eliminating the risk of non-performance at the end of the quarter

### 7.5 HIGHLIGHTS

Appointment of Executive Manager PMU, after the post had been vacant for a period over 6 months.

## 7.6 LOWLIGHTS

Matter	Mitigation
The organisational performance outcomes continue deteriorating due to the poor performance culture within the agency	One on one meetings were conducted between the Executive Manager PMU and various divisional heads for purposes and mitigating the possible risk of non-performance
Late submission of performance reports and evidence by divisions, which poses a risk on the credibility of the reports as the analysis thereof is done under constrains conditions	<p>Performance reporting submission deadlines have been revised from 5 working days to two working days after the end of each reporting period.</p> <p>EXCO performance meetings are facilitated from the office of the CEO within the first two weeks of the end of each quarter for purposes of ensuring that the performance reports are completed in time for submission to the Internal Audit, BARC and Board respectively</p>
PMU is unable to provide a proper oversight and guidance in terms of projects expenditure vs actual performance as the divisional heads are not reporting on actual expenditure during reporting. This in turn poses a huge risk of overspending and under performance and vies vesa	PMU will seek the CEO's intervention in the matter

## **8. RESEARCH POLICY AND REGULATORY**

### **8.1 EXECUTIVE SUMMARY**

The Research and Policy Regulatory Division is under the Business Intelligence Programme which is mainly responsible for informing decision-making when it comes to the overall programme implementation of the Universal Service and Access Fund Programme Indicators.

The current Research and Policy Regulatory Division performance indicators in particular the ones dealing with the Conceptual Framework and Business Case on the Digital Development Fund and Smart Communities Master Plan are linked to the Department of Telecommunications and Postal Services Annual Performance Plan targets for 2017-18 as they are mainly driven by policy initiatives derived from the National Integrated ICT Policy White Paper and the Southern African Development Community (SADC) Ministers ICT Forum which requires a unified smart communities masterplan for the region.

The developments of the conceptual framework and the business case for the establishment of the Digital Development Fund are solely dependent on the collaboration between the Agency and the department and the lack of such collaboration and consultation in developing the Digital Development Fund Bill by the department became the major contributing factor in delaying to deliver on the quarterly target. After the Director-General emphasized collaboration between the Department and the Agency in delivering on the target in the strategic plan session held in towards the end of September 2017, the two institutions managed to join their efforts in delivering on the project.

To date, the Department has advertised a tender to develop a business case for the establishment of the Digital Development Fund. On the 15<sup>th</sup> December 2017, there was a tender briefing at DTPS. It was agreed with the department that in January a letter will be signed by the Director-General inviting the CEO of USAASA to nominate an official to serve in the Project Steering Committee. Further details about the project will be confirmed after the service provider has been contracted and project plan finalized in the Project Steering Committee.

With regard to the Concept Document on Smart Villages, the draft document has been developed, submitted to Board Sub-Committee for approval but was referred back for review. The Board inputs have been incorporated into the Concept Document, and the document is awaiting re-submission to relevant committees for final approval. The DTPS is also in the process of developing Guidelines on the

Smart Villages Masterplan and a meeting is planned for end of January 2018 between USAASA and the Department to collaborate on finalizing the Smart Villages Masterplan/Guidelines.

Two draft research papers have been submitted in line with the operational plan, one research paper on Smart Villages to meet second quarter targets awaiting approval, and another draft research paper on Connectivity in Schools to be completed in the last quarter of the current financial year. On the baseline of economic activities which is a target for the last quarter in terms of the performance plan, a draft has been submitted and awaiting approval by EXCO. On the ICT Impact evaluation and baseline studies, information is being collected so as to develop proper terms of reference for the execution of the project due in the last quarter of the financial year.

## 8.2 POLICIES AND FRAMEWORKS

- The Division presently does not have any policies and frameworks, however a Research Methodology Framework that intends to inform the Agency's research strategy in support of the Universal Service and Access Fund Annual Performance Outcomes and the Monitoring and Evaluation Framework Strategy in order to monitor the impact of USAF projects in Under-Served areas for informing decision-making are being developed and will be sent to Board in Quarter 4.

## 8.3 RISK MANAGEMENT

Identified Risk	Mitigation Plan and Due Date	Current Status
Lack of or poor quality research and evaluation outputs specifically focusing on the following:		
Number of research papers produced on national and global ICT trends	Research papers produced on national and global ICT trends (30 September 2017)	A draft research paper has been developed and awaiting approval.  Title: Assessment on the provision of tablets to schools for teaching and learning purposes and the development of the Internet connectivity network
Conceptual framework and business case on the Digital development fund bill	Conceptual framework and business case on the Digital Development Fund. (30 September 2017)	USAASA is collaborating with DTPS to develop a Business Plan for the establishment of the Digital Development Fund (DDF).  The Department has advertised the tender inviting service providers to respond and a tender briefing was conducted on the 15 <sup>th</sup> December 2017.

		In January a letter will be send to USAASA requesting for nomination of an official to participate in the Project Steering Committee.
Impact evaluation studies	Impact evaluation studies (31 March 2018)	We are currently engaging CSIR to sign a Memorandum of Understanding to assist the Agency for the next three years in identified research topics, M & E/ICT Impact Assessments and technical evaluations of broadband networks.
Smart communities master plan	Smart Villages Concept Document (31 July 2017)	The Smart Village Concept Document has been reviewed following inputs from EXCO and also the Department's Masterplan which is one of its deliverables for the 2017-18 financial year.  The Agency is also engaging the CSIR to assist in finalising the process as it has a specific unit with the right competency in Smart Villages

Identified Risk	Mitigation Plan and Due Date	Current Status
Baseline of economic activities in the established smart communities and measure impact of digitisation	Baseline of economic activities in the established smart communities and measure impact of digitisation (30 September 2017)	A Draft Local Economic Development (LED) Baseline Report focusing on Mhlontlo Local Municipality has been submitted

#### 8.4 IMPLEMENTATION OF AUDIT OUTCOMES RECOMMENDATIONS

There were none to be implemented in the quarter under review

## 9. INTERNAL AUDIT REPORT

### 9.1 EXECUTIVE SUMMARY

Internal Audit is one of the support functions within the Agency and falls within the CEO's office. Internal Audit unit reports functionally to the Board Audit and Risk Management Committee and administratively to the CEO. Its activities are in line with strategic objective relating to – Optimised organizational functioning towards the achievement of a “clean audit”.

It should however be noted that the Internal Audit activity does not perform management functions, but its contribution to the strategic objectives and annual performance indicators of the CEO's office is that of reasonable assurance nature.

The 2017/18 quarter one report, like all other quarterly reports is based on the audits conducted in the period under review.

### 9.2 POLICIES AND FRAMEWORKS

The Internal audit activities are guided by the following strategic documents:

- Three year rolling strategic plan;
- The annual internal audit plan; and
- The National Treasury Internal Audit Framework

### 9.3 RISK MANAGEMENT

Internal audit draws its audit activities from the organizational operational risk registers. The current internal audit plans are in line with the risk exposures of the Agency, as contained in the risk register, taking into account emerging risks from root cause analysis reports.

## 9.4 AUDIT ACTIVITIES CONDUCTED IN THE QUARTER UNDER REVIEW

The following assurance audit reviews were planned and achieved in quarter two (2):

Planned Audit	Audit Status	Audit Findings
Q2 Performance Information	The audit was completed as planned	Internal audit review revealed the following significant audit finding: <ul style="list-style-type: none"> <li>• Over-statement of performance on Operations (Broadband)</li> <li>• Lack of evidence to support achieved targets</li> </ul>
Q3 Performance Information	The audit of USAF was completed as planned.	Internal audit reviewed the USAF Q3 Performance report received from PMU and agreed with their assessment of 50% not achieved performance for both USAASA and USAF
SCM Q2 Expenditure Above Threshold	The audit was completed as planned	Internal audit review revealed the following significant audit finding: <ul style="list-style-type: none"> <li>• The award for the maintenance and support to EOH without contract and purchase order</li> </ul>
SCM Q2 Expenditure Below Threshold	The audit was completed as planned	Internal audit review revealed the following significant audit finding: <ul style="list-style-type: none"> <li>• The purchase order for R400 140.00 to Galela was issued after the services were rendered for connectivity at Joe Morolong and Ratlou Municipalities</li> <li>• The purchase order was for 63 sites at R200 070 for each municipality, however the full payment of the purchase order was paid while only 54 sites were connected.</li> <li>• The same purchase order of R400 140.00 issued to Galela was not signed.</li> </ul>
Financial Management – Q2 Expenditure	The audit was completed as planned	There was a scope limitation on this audit, only travel invoices were submitted for audit.

		<p>All other payment batches requested for audit were not submitted after several reminders and escalations. The following areas were not reviewed:</p> <ul style="list-style-type: none"> <li>• Telephone/Cellphone Accounts</li> <li>• Budget Management</li> <li>• Value for money review</li> <li>• Asset Management</li> <li>• BDM Expenses</li> </ul>
Corporate Service – Q2 Activities	The audit was completed as planned	<p>The following significant audit findings were raised:</p> <ul style="list-style-type: none"> <li>• Non utilisation of the performance management and other HR related modules on SAP-Repeat finding</li> <li>• Filling of posts not on the structure (Two different structure submitted for audit purposes and proof for structure approval by the Board not provided)</li> <li>• Lack of facilitation of training –Repeat finding</li> <li>• Inadequate Inventory Controls-Repeating finding</li> <li>• Lack of segregation of duties (Repeat finding)</li> <li>• Lack of Employee Assistance Programme(EAP) (Repeat finding)</li> </ul>
Q3 AG Implementation Action Plan for 2016/2017 findings	The monitored AG implementation action plans were not submitted to Internal Audit for audit review.	Scope limitation
Q3 IA Implementation Action Plan for 2016/2017 findings	The monitored Internal Audit implementation action plans were not submitted to Internal Audit for audit review.	Scope limitation



## 9.5 HIGHLIGHTS

The following highlights were noticed in the period under review:

- Internal Audit has continued to provide value-added services which was displayed in the audit of Q2 Performance Information audit, which altered the reported performance on Broadband.
- Internal audit would like to commend Performance Management Unit on their role as the second line of defense, which has lessened the work of Internal Audit on quarterly performance reviews.

## 9.6 LOWLIGHTS

Matter	Mitigation
The filling of the permanent vacant Internal Auditor position still remains a challenge	The current six-month contract Internal Auditor has been extended by another six months and will expire in February 2018. HR is still struggling to acquire the Internal Audit intern, due to irrelevant CV's received from SETA. The filling of the permanent position for Internal Auditor will be prioritized in quarter four.

## **10. GOVERNANCE REPORT**

### **10.1 EXECUTIVE SUMMARY**

The Board and Board Committees held a number of meetings during the quarter under review to consider various strategic and governance matters.

### **10.2 POLICIES AND FRAMEWORKS**

None

### **10.3 RISK MANAGEMENT**

There were no risk action plans to be implemented for the quarter under review.

### **10.4 IMPLEMENTATION OF AUDIT OUTCOMES RECOMMENDATIONS**

There were no audit recommendations to be implemented for the quarter under review.

### **10.5 ACTIVITIES IN Q1**

#### **10.5.1 Board Meetings**

The USAASA Board met two (2) times in the quarter under review. The meetings were held as follows:

- 27 October 2017 to consider and approve inter alia, the BAC recommendation on the Broadband Rollout Project; the BAC recommendation on connectivity; the USAASA 2017/18 Quarter 2 Performance Report; USAASA / USAF 2017/18 Quarter 2 Management Accounts.
- 31 October 2017 (Special Board Meeting) to consider and approve agenda items the Board could not process as it was not quorating.

#### **10.5.2 Board Audit and Risk Committee (BARC)**

The Board Audit and Risk Committee met two (2) times in the quarter under review. The meetings were held as follows:

- 20 October 2017 to consider and recommend to Board the BAC recommendation on Broadband Rollout project; the BAC recommendation on connectivity. USAASA/USAF 2017/18 Quarter 2 Performance Report and USAASA 2017/18 Quarter 2 Management Accounts.

16 November 2017 to consider and recommend to the Board the USAASA Quarter 1 Financial statements for financial year 2017/18.

#### **10.5.3 HR and Remuneration Committee**

The HR and Remuneration Committee met once in the quarter under review as follows:

- 24 October 2017 to consider and recommend to the Board inter alia, CEO's Performance Assessment 2016/17; the Turn-around Intervention Plan, Corporate Services Quarter 2 Report and Labour and Litigation Reports.

#### **10.5.4 Stakeholder engagements**

- 03 October 2017 – Presentation of USAASA and USAF 2016/17 Annual Reports to Parliament.
- 29 October 2017 to 01 November 2017 - GovTech Conference held in Durban; and
- 28 November 2017 – Briefing by USAASA on progress report on oversight visits to Mpumalanga.

### **10.5 HIGHLIGHTS**

Appointment of a Company Secretary on 11 December 2017.



Universal Service and Access Agency of South Africa

## QUARTER 3 PERFORMANCE REPORT FOR 2017/2018

## PROGRESS ON DELAYED TARGETS FROM 2016/2017 FINANCIAL YEAR

### HUMAN RESOURCES UNIT

Strategic Objective	Performance Indicator	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comments on deviations
Optimise organisational efficiency by 2021 to support the project delivery of the Universal Service Fund	Human capital training and development programmes aligned to organisational strategy	Targets was not fully achieved.  Implement the organisational Work Skills Plan (WSP)	Internal requisition was submitted to SCM to procure service providers for the following training programs: <ul style="list-style-type: none"> <li>Project Management;</li> </ul> The Provincial Programme Manager: Limpopo was registered at University of Cape Town during November 2017 and a bid evaluation was done on 01 December 2017 for the rest of the staff members	Requested procurement for Project Management training program was only initiated in November 2017	Outstanding training programs to be completed in the last quarter of the financial year

Strategic Objective	Performance Indicator	Annual Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comments on deviations
Optimise organisational efficiency by 2021 to support the project delivery of the Universal Service Fund	Optimally functional Human Resources policies and systems aligned to organisational strategy	Target was not fully achieved.  Review and implement functional human resources policies	<p>The approved HR policies as follows</p> <ul style="list-style-type: none"> <li>• Health, Safety and Wellness;</li> <li>• Learning and Development; and</li> <li>• Employment Equity.</li> </ul>	Progression and Performance Policy had not yet been approved at the end of the quarter as it was sent back to HR for review by Remuneration Committee (REMCO)	The Performance and Progression Policy to be re-submitted to REMCO for Boards' approval during Q4

## PROGRESS ON DELAYED 2017/2018 FINANCIAL YEAR Q1 TARGETS

### RESEARCH POLICY AND REGULATORY UNIT

Strategic Objective		Improved quality of research and evaluation outputs				
Performance Indicator		Conceptual Framework and Business Case developed on Digital Development Fund Bill by target date				
Annual Target		1 Conceptual Framework and 1 Business Case				
Quarterly Target		Evidence Criteria	Actual achievement			Actual expenditure
			Actual Achievement	Deviation from the planned target	Action plan for delayed target	New delivery date
1	Conceptual Framework	Board approved conceptual framework	Target was not fully achieved. A Draft Conceptual Framework is in place and subjected to the policy development process emanating from the National ICT Integrated White Paper mainly driven by the Department	The target was largely affected by the Draft ICT SMME Strategy to which the DTPS instructed USAASA to align the Conceptual Framework and the Business Case for the establishment of the Digital Development Fund	DTPS having tender briefing on the 15 December 2017. Formal letter from DTPS to USAASA inviting an official to form part of the Project Steering Committee. Nominated official form part of the Project Steering Committee	31 March 2018
						R575 000.00
						Nil

<b>Strategic Objective</b>	Improved quality of research and evaluation outputs						
<b>Performance Indicator</b>	Smart Communities Masterplan developed on smart communities developed by target date						
<b>Annual Target</b>	1 Concept Document by 31 March 2018						
<b>Quarterly Target</b>	<b>Evidence Criteria</b>	<b>Actual achievement</b>			<b>New delivery date</b>	<b>Budgeted expenditure</b>	<b>Actual expenditure</b>
		<b>Actual Achievement</b>	<b>Deviation from the planned target</b>	<b>Action plan for delayed target</b>			
1 Concept Document	EXCO approved Concept Document	<p>Target was not fully achieved.</p> <p>The Draft Concept Document on Smart Communities Masterplan is in place and subjected to the DTPS ICT Information Society Development and Research Branch</p>	<p>The current document lacks alignment with the DTPS Smart Communities Masterplan which is a requirement as the Agency is the implementing arm of the department</p>	<p>Alignment of Draft Concept Document to DTPS Smart Community's Masterplan Framework is anticipated to be completed by the end of the last quarter of the financial year</p> <p>Meeting with DTPS is planned in January 2018</p>	31 March 2018	Staff Cost	Staff Cost



## PROGRESS ON DELAYED 2017/2018 FINANCIAL YEAR Q2 TARGETS

### FINANCIAL MANAGEMENT SERVICES UNIT

Strategic Objective	Improved audit outcomes						
Performance Indicator	Percentage compliance with the PFMA and Treasury Regulations						
Annual Target	100%						
Quarterly Target	Evidence Criteria	Actual Achievement	Deviation from the planned target	Actual achievement		Budgeted expenditure	Actual expenditure
100%	Internal and external audit reports on compliance to PFMA and Treasury Regulations	Target was not fully achieved.  Less than 100% achieved	There were three material findings raised by Internal Audit; <ul style="list-style-type: none"><li>• Advance Claim not performed within 5 days of travel</li><li>• Invoices not paid within 30 days</li><li>• Cell phone and data usage costs above the entitlement limits not recovered</li></ul>	Action plan for delayed target	New delivery date	Staff Cost	Staff Cost
				Due to the larger increase of USAF projects, the 5-day reconciliation will not be possible, consideration to amend the Travel Policy should be made  Financial Management Services will continue to strive for payment of invoices within 30 days  The SM:HR has been requested to recover usage above the limit from employees	31 March 2018		

## INFORMATION TECHNOLOGY UNIT

<b>Strategic Objective</b>		Improved organisational efficiency through integrated business processes and automated systems				
<b>Performance Indicator</b>		Percentage availability of SAP/ERP system support USAASA/USAF business processes and operations				
<b>Annual Target</b>		95%				
<b>Quarterly Target</b>		<b>Evidence Criteria</b>	<b>Actual achievement</b>			<b>Budgeted expenditure</b>
			<b>Actual Achievement</b>	<b>Deviation from the planned target</b>	<b>Action plan for delayed target</b>	<b>New delivery date</b>
95%		SAP system uptime report	Target was not fully achieved.	There was a 10% shortfall in the quarter under review. The absence of the support and maintenance contract for the SAP/ERP system contributed to the target not being fully achieved	The procurement process for outsourcing of the support and maintenance are underway	31 December 2017
		System generated reports	SAP ERP system uptime for Q2 for all modules is 85.71%			
						Staff Cost
						Staff Cost

## CORPORATE SERVICES UNIT

Strategic Objective		Improved employee and organisational performance				
Performance Indicator		Percentage implementation of the annual training plan, to enhance individual and organisational performance through training interventions				
Annual Target		90%				
Quarterly Target	Evidence Criteria	Actual achievement			New delivery date	Budgeted expenditure
		Actual Achievement	Deviation from the planned target	Action plan for delayed target		
30%	Training Matrix implementation reports  Annual Training Report from Executive Manager and approved by the Board	Target was not fully achieved.  11%	Training of employees did not take as planned due to delays on procurement of a service provider	A training scheduled will be revised and service providers will be appointed to conduct in house training of employees	31 December 2017	508 000.00
						20 520.00

## STAKEHOLDER ENGAGEMENTS UNIT

<b>Strategic Objective</b>		Improved brand and reputation of USAASA				
<b>Performance Indicator</b>		Number of annual industry review symposiums conducted by target date				
<b>Annual Target</b>		1				
<b>Quarterly Target</b>	<b>Evidence Criteria</b>	<b>Actual Achievement</b>	<b>Deviation from the planned target</b>	<b>Action plan for delayed target</b>	<b>New delivery date</b>	<b>Budgeted expenditure</b>
1	Symposium questionnaires and final reports	Target not fully achieved.	The industry symposium was not hosted, however USAASA hosted the OR Tambo Broadband Launch in Mhlontlo, Eastern Cape and was attended by 5000 community member and industry leaders. The event was Launched by the Deputy President. USAASA also participated in the SADC ICT Ministerial meeting, and the ITU Telecoms World 2017 conference where government and the industry conduct a review of the ICT industry status globally and locally, connect with tech SMMEs and entrepreneurs, partnerships and review of the Sector to exhibit and explore partnership solutions, investment opportunities, shared ideas and best practices	The DTPS and Nemisa have been approached to partner in the to hosting of a symposium in the third quarter of the year.  The research division has also been approached for content development and report drafting on the outcomes. The date will be advise by the DTPS	31 December 2017	NIL
						NIL

## PERFORMANCE MANAGEMENT UNIT

Strategic Objective		Improved quality, reliability and integrity of performance information				
Performance Indicator		Percentage compliance with performance information standards:				
		<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Accuracy</li> <li>• Usefulness</li> <li>• Evidence based</li> </ul>				
Annual Target		100%				
Quarterly Target		Evidence Criteria	Actual achievement		New delivery date	Budgeted expenditure
			Actual Achievement	Deviation from the planned target	Action plan for delayed target	Actual expenditure
100%		Quarterly and annual organisational performance reports	Target was not fully achieved.  86% achieved	During the audit of USAASA and USAF Q2 performance reports, 2 of the 14 reported indicators were found not to be in line with the performance information standards.	In future, PMU will be more conscious about the review of evidence against the reported performance to ensure that there is full compliance with the performance information standards	Staff cost

Strategic Objective		Improved quality, reliability and integrity of performance information				
Performance Indicator		Number of material AG audit findings and significant Internal Audit findings on reliability and usefulness of the reported performance				
Annual Target		Zero				
Quarterly Target	Evidence Criteria	Actual achievement			Budgeted expenditure	Actual expenditure
		Actual Achievement	Deviation from the planned target	Action plan for delayed target		
Zero	Internal Audit Report	The target was not fully achieved.  One (1)	There was one material finding raised by the AG on the USAF 2016/17 annual performance information report	PMU will ensure that on a monthly and quarterly basis, reported achievements are substantiated by adequate evidence in order to eliminate material findings from both AG and Internal Audit	Staff cost	Staff cost



## INTERNAL AUDIT UNIT

Strategic Objective		Improved audit outcomes						
Performance Indicator		Percentage implementation of the AG audit action plan						
Annual Target		100%						
Quarterly Target	Evidence Criteria	Actual achievement				New delivery date	Budgeted expenditure	Actual expenditure
		Actual Achievement	Deviation from the planned target	Action plan for delayed target				
100%	External Audit Reports	Target was not fully achieved.  The monitored AG implementation action plans were not submitted to Internal Audit for audit review	The monitored AG implementation action plans were not submitted to Internal Audit for audit review	AG	The CFO should obtain the status of the AG implementation action plans on quarterly basis from various business unit heads and monitor the status of implementation of the action plans  The report on the status of the AG implementation action plan should be submitted to Internal audit for the audit review on a quarterly basis	31 March 2018	Staff Cost	Staff Cost

<b>Strategic Objective</b>	Improved audit outcomes						
<b>Performance Indicator</b>	Number of repeat findings detailed in the AG audit action plan						
<b>Annual Target</b>	Zero						
<b>Quarterly Target</b>	<b>Evidence Criteria</b>	<b>Actual achievement</b>			<b>Action plan for delayed target</b>	<b>New delivery date</b>	<b>Budgeted expenditure</b>
		<b>Actual Achievement</b>	<b>Deviation from the planned target</b>				
Zero	Internal Audit and Auditor General South Africa Reports	<p>Target was not fully achieved.</p> <p>The following AG repeat findings were noted in the AG Management letter as at 31 March 2017:</p> <p><b>USAAASA</b></p> <ul style="list-style-type: none"> <li>• Payments not made to suppliers within 30 days</li> <li>• Employees rewarded with notch increments without following proper HR processes and policies</li> <li>• Lack of segregation of duties</li> <li>• Filling of posts not on the structure</li> </ul> <p><b>USAF</b></p> <ul style="list-style-type: none"> <li>• Deficiencies identified during the inventory count; and</li> <li>• Lack of connectivity on Broadband sites</li> </ul>	<p>The Internal Audit could not express an opinion of the current status of the re-currence of these repeat audit findings, as the monitored AG implementation action plans were not submitted to the unit for review</p>	<p>The non-compliance registered will be monitored on a monthly basis, in order to monitor action against transgressors</p> <p>The CFO should monitor the status of the AG implementation action plans on a quarterly basis and submit the report to Internal Audit for audit purposes</p>	31 March 2018	Staff Cost	Staff Cost



**PROGRESS ON 2017/2018 FINANCIAL YEAR Q3 TARGETS**  
**FINANCIAL MANAGEMENT SERVICES UNIT**

Strategic Objective		Improved audit outcomes				
Performance Indicator		Percentage compliance with the PFMA and Treasury Regulations				
Annual Target		100%				
Quarterly Target	Evidence Criteria	Actual Achievement	Deviation from the planned target	Actual achievement Action plan for delayed target		New delivery date
100%	Internal and external audit reports on compliance to PFMA and Treasury Regulations	Target was not fully achieved.  Less than 100% achieved	Four material findings raised by Internal Audit : <ul style="list-style-type: none"> <li>Supplier commenced work without a PO being issued</li> <li>Purchase order not approved</li> <li>Non verification of good and services</li> <li>Scope Limitation</li> </ul>	<ul style="list-style-type: none"> <li>No PO will be issued before the signing of contract addendums.</li> <li>The CFO needs to approve the PO before issuance by the Acting Senior Manager of SCM.</li> <li>The verification of goods and services by Operations need to be independently verified by Finance before processing payments.</li> <li>The matter of scope limitation has since been resolved and the Q2 financials has since been released for auditing purposes as they were held due to catch up of producing financials through the SAP system.</li> </ul>		31 January 2018  Not applicable  Not applicable  Not applicable
				Budgeted expenditure	Staff Cost	Actual expenditure Staff Cost

<b>Strategic Objective</b>	Increased support to SMME and BBBEE development						
<b>Performance Indicator</b>	Number of SMME engagement sessions held to develop and educate suppliers						
<b>Annual Target</b>	2						
<b>Quarterly Target</b>	<b>Evidence Criteria</b>	<b>Actual achievement</b>			<b>Budgeted expenditure</b>	<b>Actual expenditure</b>	
		<b>Actual Achievement</b>	<b>Deviation from the planned target</b>	<b>Action plan for delayed target</b>	<b>New delivery date</b>		
1	SMME workshop reports	Target was fully achieved.  1 SMME engagement sessions was held to develop and educate suppliers.	Not applicable	Not applicable	Not applicable	Staff cost	Staff cost

<b>Strategic Objective</b>	Increased support to SMME and BBBEE development						
<b>Performance Indicator</b>	Percentage of budget spent on SMMEs and BBBEE in support of USAF project delivery.						
<b>Annual Target</b>	80%						
<b>Quarterly Target</b>	<b>Evidence Criteria</b>	<b>Actual Achievement</b>	<b>Deviation from the planned target</b>	<b>Action plan for delayed target</b>	<b>New delivery date</b>	<b>Budgeted expenditure</b>	<b>Actual expenditure</b>
80%	2017/18 Procurement Plans  Supply Chain Management (SCM) report	Target was fully achieved.  84% percentage budget spent to SMME and BBBEE in support of USAF project delivery was achieved.	Not applicable	Not applicable	Not applicable	R41 266 998	R91 901 986

Strategic Objective		Increased support to SMME and BBBEE development					
Performance Indicator		Percentage utilisation of local skills and service providers by awarded bidder					
Annual Target		50%					
Quarterly Target	Evidence Criteria	Actual achievement				Budgeted expenditure	Actual expenditure
		Actual Achievement	Deviation from the planned target	Action plan for delayed target	New delivery date		
50%	Contractor reports as approved by the Local Steering Committee  Hand over report  USAASA assessment/assurance report	Target was fully achieved.  100% percentage utilization of local skills and service providers by awarded bidder was achieved.	Not applicable	Not applicable	Not applicable	R10 000 000	R3 703 647

## RISK MANAGEMENT UNIT

Strategic Objective		Improved risk maturity profile					
Performance Indicator		Percentage completion of quarterly risk management activities as per the approved risk management plan					
Annual Target		100%					
Quarterly Target	Evidence Criteria	Actual achievement			New delivery date	Budgeted expenditure	Actual expenditure
		Actual Achievement	Deviation from the planned target	Action plan for delayed target			
100%	Risk Management report	Target was fully achieved.  All the quarterly risk management activities were completed as per the approved risk management plan.  100%	None	Not applicable	Not applicable	Staff Cost	Staff Cost

## INFORMATION TECHNOLOGY UNIT

<b>Strategic Objective</b>	Improved organisational efficiency through integrated business processes and automated systems						
<b>Performance Indicator</b>	Percentage availability of SAP/ERP system support USAASA/USAF business processes and operations						
<b>Annual Target</b>	98%						
<b>Quarterly Target</b>	<b>Evidence Criteria</b>	<b>Actual achievement</b>			<b>New delivery date</b>	<b>Budgeted expenditure</b>	<b>Actual expenditure</b>
98%	Systems generated reports	<b>Actual Achievement</b>	<b>Deviation from the planned target</b>	<b>Action plan for delayed target</b>			
		Target was fully achieved.  99.99% percentage availability of SAP/ERP system to support USAASA/USAF business processes and operations	Not applicable	Not applicable	Not applicable	Staff Cost	Staff Cost

## CORPORATE SERVICES UNIT

Strategic Objective		Improved employee and organisational performance				
Performance Indicator		Percentage implementation of the annual training plan, to enhance individual and organisational performance through training interventions				
Annual Target		90%				
Quarterly Target	Evidence Criteria	Actual achievement			Budgeted expenditure	Actual expenditure
		Actual Achievement	Deviation from the planned target	Action plan for delayed target		
60%	Training Matrix implementation reports  Annual Training Report from Executive Manager and approved by the Board	Target was not fully achieved.  16%	60% percent of activities detailed in the Annual Training Plan were not completed as planned.	A training plan will be revised and the appointment of service providers will be prioritise in Q4	508 000.00	79 000.00



Strategic Objective	Improved employee and organisational performance						
Performance Indicator	Percentage implementation of climate survey action plans						
Annual Target	100%						
Quarterly Target	Evidence Criteria	Actual achievement			New delivery date	Budgeted expenditure	Actual expenditure
		Actual Achievement	Deviation from the planned target	Action plan for delayed target			
60%	Climate survey report	Target was not fully achieved. 42%	There was a shortfall of 18% of implementation of climate survey action plans.	The outstanding total number of activities detailed in the climate survey action plan will be addressed in Q4 and the total number of activities implemented from the climate survey action plans will be updated.	31 March 2018	Staff cost	Staff cost



## LEGAL SERVICES UNIT

Strategic Objective		Increased efficacy (efficiency and effectiveness) of legal services					
Performance Indicator		Percentage of legal services (contracts and legal opinions) in compliance with the approved quality metrics					
Annual Target		100%					
Quarterly Target	Evidence Criteria	Actual achievement				Budgeted expenditure	Actual expenditure
		Actual Achievement	Deviation from the planned target	Action plan for delayed target	New delivery date		
100%	Board approved quality metrics	Target was fully achieved.	None	Not applicable	Not applicable	Staff Cost	Staff Cost
	Quality assessment report	100% percent compliance to the approved quality metrics by the Board.					

## STAKEHOLDER ENGAGEMENTS UNIT

<b>Strategic Objective</b>	Improved band and reputation of USAASA					
<b>Performance Indicator</b>	Beneficiary brand awareness level					
<b>Annual Target</b>	40%					
<b>Quarterly Target</b>	<b>Evidence Criteria</b>	<b>Actual Achievement</b>			<b>Actual achievement</b>	
		<b>Actual Achievement</b>	<b>Deviation from the planned target</b>	<b>Action plan for delayed target</b>	<b>New delivery date</b>	<b>Budgeted expenditure</b>
40%	Board approved methodology  Brand awareness report	Target was not fully achieved  The 1300 Twitter impression were recorded at the end of the previous financial year and as the end of Q3 the USAASA Twitter account recorded 47,600 impressions (people who engage with USAASA communications information), resulting in an increase of 97%.	The target could not be measured due to lack of approved methodology by the Board to measure brand awareness	The methodology on brand awareness will be sent to Board for approval during Q4.	31 March 2018	Staff Cost
						Staff Cost

## PERFORMANCE MANAGEMENT UNIT

<b>Strategic Objective</b>	Increased evidence based planning					
<b>Performance Indicator</b>	Board approved strategic and annual performance plans submitted by due date					
<b>Annual Target</b>	Final 2018/19 plans submitted on 31 January 2018					
<b>Quarterly Target</b>	<b>Evidence Criteria</b>	<b>Actual achievement</b>			<b>Budgeted expenditure</b>	<b>Actual expenditure</b>
		<b>Actual Achievement</b>	<b>Deviation from the planned target</b>	<b>Action plan for delayed target</b>		
2 <sup>nd</sup> draft plans submitted by 30 <sup>th</sup> November 2017	2 <sup>nd</sup> draft USAASA and USAF 2018/19 Annual Performance Plans Delivery note	Target was fully achieved.  USAASA and USAF 2018/19 2 <sup>nd</sup> draft Annual Performance Plans were submitted to DTPS on the 30 <sup>th</sup> November 2017	Not applicable	Not applicable	Staff cost	Staff cost

Strategic Objective		Improved quality, reliability and integrity of performance information					
Performance Indicator		Percentage compliance with performance information standards:					
		<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Accuracy</li> <li>• Usefulness</li> <li>• Evidence based</li> </ul>					
Annual Target	100%						
Quarterly Target		Evidence Criteria	Actual achievement			Budgeted expenditure	Actual expenditure
			Actual Achievement	Deviation from the planned target	Action plan for delayed target	New delivery date	
100%		Quarterly and annual organisational performance reports	Target was fully achieved. 100 percentage compliance with the regulatory and legislative framework in terms of non-financial performance information was achieved.	Not applicable	Not applicable	Not applicable	Staff cost

Strategic Objective		Improved quality, reliability and integrity of performance information				
Performance Indicator		Number of material AG audit findings and significant Internal Audit findings on reliability and usefulness of the reported performance				
Annual Target		Zero				
Quarterly Target	Evidence Criteria	Actual achievement			Budgeted expenditure	Actual expenditure
		Actual Achievement	Deviation from the planned target	Action plan for delayed target		
Zero	Internal Report	Target was not fully achieved.  Two (2)	2 material findings on reliability and usefulness of reported performance were raised by Internal Audit on Portfolio of Evidence for USAASA and USAF Report. Incomplete information on Climate Survey and incomplete information on usage reports to verify connectivity.	Strict compliance to National Treasury on Framework Managing Programme Performance Information Reporting and Portfolio of Evidence will be reviewed on monthly basis and sent for audit review.	Staff cost	Staff cost

## INTERNAL AUDIT UNIT

Strategic Objective		Improved audit outcomes				
Performance Indicator		Percentage implementation of the AG audit action plan				
Annual Target		100%				
Quarterly Target	Evidence Criteria	Actual achievement			Budgeted expenditure	Actual expenditure
		Actual Achievement	Deviation from the planned target	Action plan for delayed target	New delivery date	
100%	Internal/External/ Forensic Audit Reports	<p>Target was not fully achieved.</p> <p>The monitored AG implementation action plans were not submitted to Internal Audit for audit review.</p>	<p>Internal Audit could not express an opinion on monitoring of AG implementation action plans as they were not submitted for audit review</p>	<p>The CFO must obtain the status of AGSA implementation action plans on quarterly basis from responsible units heads and monitor compliance of the implementation plan on continuous basis.</p> <p>The report from the CFO on the status of the AGSA implementation action plan should be submitted on quarterly basis to Internal Audit for audit review.</p>	31 March 2018	Staff Cost

Strategic Objective	Improved audit outcomes							
Performance Indicator	Number of repeat findings detailed in the AG audit action plan							
Annual Target	Zero							
Quarterly Target	Evidence Criteria	Actual achievement			Action plan for delayed target	New delivery date	Budgeted expenditure	Actual expenditure
Zero	Internal Audit and Auditor General South Africa Reports	Target was not fully achieved. The following AG repeat findings were noted in the AG Management letter as at 31 March 2017:  USAASA <ul style="list-style-type: none"><li>• Payments to suppliers not made within 30 days.</li><li>• The matter on 8 employees rewarded not increments without following proper HR policies and procedures yet to be closed.</li><li>• The issue of lack of segregation of duties yet to be resolved.</li><li>• Filling of positions without following the approved organisational structure</li></ul> USAF <ul style="list-style-type: none"><li>• Deficiencies identified during the inventory count for DTT and DTH and</li><li>• Lack of connectivity on broadband sites</li></ul>	Deviation from the planned target	The Internal Audit could not express an opinion of the current status of the re-currence of these repeat audit findings, as the monitored AG implementation action plans were not submitted to the unit for review	The non-compliance register will be monitored on a monthly basis, in order to monitor action against transgressors	31 March 2018	Staff Cost	Staff Cost



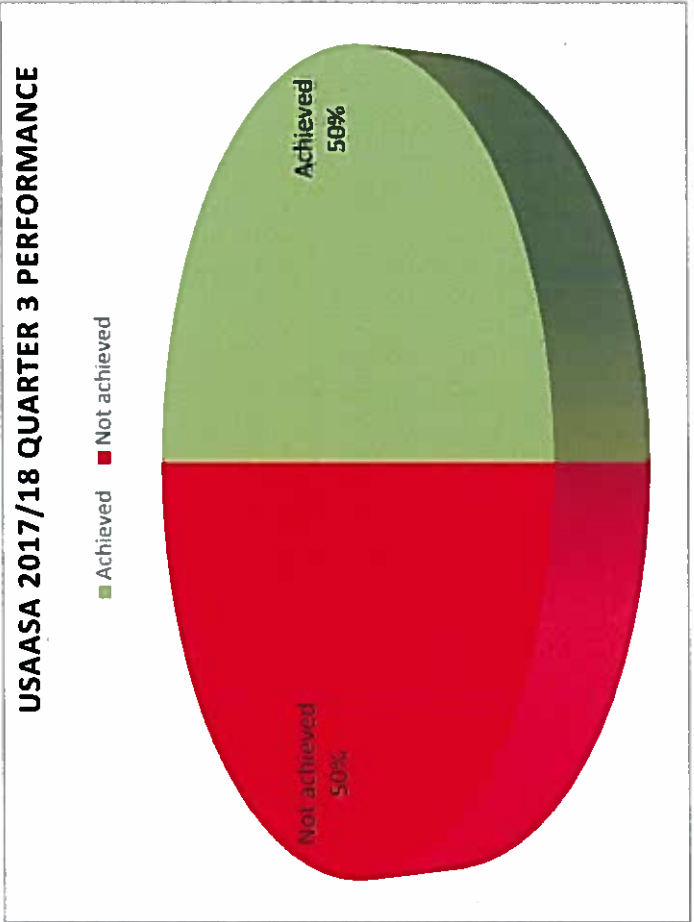
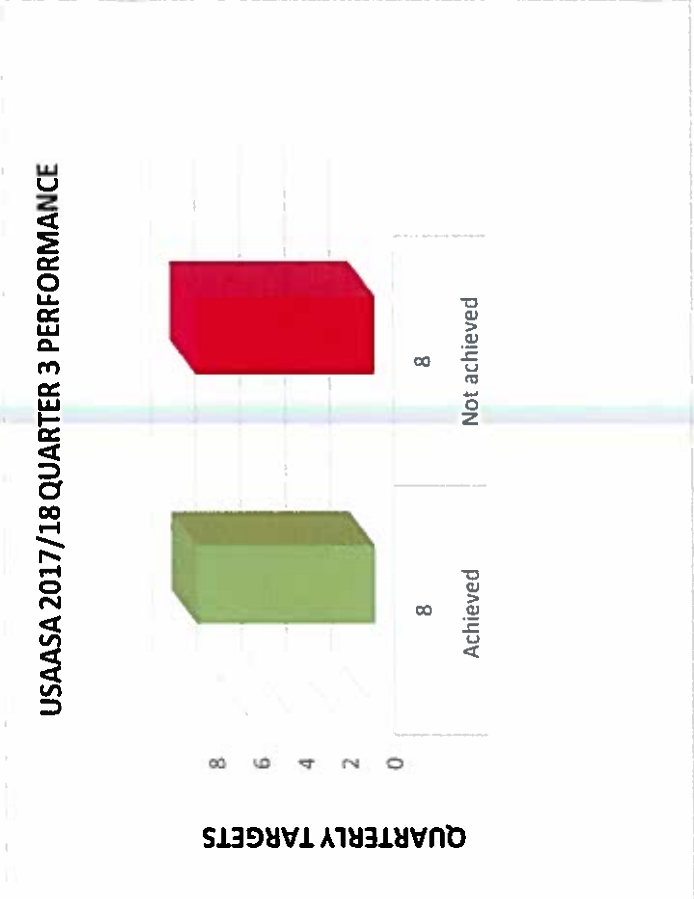
## RESEARCH, POLICY AND REGULATORY UNIT

Strategic Objective	Improved quality of research and evaluation outputs							
Performance Indicator	Conceptual Framework and Business Case developed on Digital Development Fund Bill by target date							
Annual Target	1 Conceptual Framework and 1 Business Case							
Quarterly Target	Evidence Criteria	Actual achievement					Budgeted expenditure	Actual expenditure
		Actual Achievement	Deviation from the planned target	Action plan for delayed target	New delivery date			
1 Business Case	Published research papers and reports	Target was not fully achieved. USAASA TOR developed. Meeting with DTPS project manager to form joint project steering committee. DTPS tender briefing on Development of Business Case on the 15 December 2017	The development of the business case was delayed due to dependence on DTPS for alignment the business case in the with the approved ICT SMME Development Support which was approved by Cabinet on 14 November 2017.	A joint project steering committee between USAASA and DTPS has been established to fast track the programme.	31 March 2018	Staff Cost	Staff Cost	



SUMMARY OF USAASA Q3 PERFORMANCE

The below graphs depict the Agency’s achieved quarterly targets against the planned quarterly targets in the 2017/18 approved Annual Performance Plan for the third quarter. **Eight (8) of the sixteen (16) planned targets were achieved, being 50% of the total planned targets, eight (8) of the sixteen (16) planned targets were not achieved, being 50% of the total Q3 planned targets.**



## SUMMARY OF CUMULATIVE USAASA PERFORMANCE

The below graphs depict the Agency's achieved cumulative quarter 1 to 3 targets against the planned quarterly targets in the 2017/18 approved Annual Performance Plan. **Twenty five (25)** of the **fourty three (43)** planned targets were achieved, being **58%** of the total planned targets, **eighteen (18)** of the **fourty three (43)** planned targets were not achieved, being **42%** of the total planned targets as at the end of Q3.

