

**BUSINESS UNIT: SKILLS PLANNING & REPORTING**

# **MANDATORY GRANTS POLICY**





 <small>Fibre Processing &amp; Manufacturing Sector Education and Training Authority</small>	Business Unit:	SKILLS PLANNING & REPORTING	Document number:	FPM-01-03
	Document Classification	RESTRICTED		
	Name of Document::	<b>MANDATORY GRANT POLICY</b>		

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## 1.0 INTRODUCTION

- 1.1 The Mandatory Grants Policy is developed according to Regulation 35940 of 3 December 2012 of the Skills Development Act, No. 97 of 1998 as amended and contained in Regulation Gazette No. 9867 Vol. 570. It is intended to guide all stakeholders in applying for and obtaining access to mandatory grants.

## 2.0 PURPOSE

- 2.1 The purpose of this policy is to provide a framework for the FP&M SETA to manage and disburse mandatory grants. It also provides a uniform framework that is consistent with the principles of transparency, fairness and equity which is in line with Section 2 of the Skills Development Act. The policy is applicable to:
- 2.1.1 Skills development levy (SDL) paying employers,
  - 2.1.2 All other stakeholders in the fibre processing and manufacturing sector who are participants in the FP&M SETA mandatory grants process.
- 2.2 The FP&M SETA will annually prepare and distribute a schedule setting out:
- 2.2.1 The criteria for mandatory grants,
  - 2.2.2 The dates by which applications for mandatory grants must be submitted, and
  - 2.2.3 Timeframes for the disbursement/payment of mandatory grants.
- 2.3 The policy is in support of national initiatives such as HRDS, IPAP II, and NDP, the National Growth Path, the National Skills Accord and NSDS III objectives which are addressed in the FP&M SETA's Constitution, its SSP and Annual Performance Plan (APP).
- 2.4 These policy provisions shall be aligned to the financial year, which commences annually on 1 April and ends on 31 March.

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### 3.0 PROMULGATION

3.1 This policy will be effective from date of approval to 30 March 2017

### 4.0 DEFINITIONS AND ABBREVIATIONS

Accounting Authority	FP&M SETA Board and governing body of the FP&M SETA
ATR	Annual Training Report
DHET	Department of Higher Education and Training
Employer	Employer as defined in the Fourth Schedule to the Income Tax Act
EXCO	Executive Committee of the Board
FP&M	Fibre Processing and Manufacturing
HRDS	Human Resources Development Strategy
IPAP	Industrial Policy Action Plan
NDP	National Development Plan
NQF	National Qualifications Framework
NSDS	National Skills Development Strategy
PFMA	Public Finance Management Act, 1999
PIVOTAL	Professional Vocational Technical and Academic Learning Programmes that result in qualifications or part qualifications on the NQF
SARS	South African Revenue Service
SSA	Sector Skills Advisor
SDL	Skills Development Levy
SETA	Sector Education and Training Authority
SSP	Sector Skills Plan
WSP	Workplace Skills Plan

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## 5.0 LEGISLATIVE FRAMEWORK

- 5.1 The Skills Development Act No 97 of 1998 as amended
- 5.2 Skills Development Levies Act (Act 9 of 1999)
- 5.3 Skills Development Regulation No. 35940 of 3 December 2012 contained in Regulation Gazette No. 9867


## 6.0 POLICY STATEMENT

- 6.1 The Skills Development Act No 97 of 1998 as amended aims to provide an institutional framework to implement national, sector and workplace strategies to develop and improve the skills level of the South African workforce. The Act makes provision for the establishment of SETAs as institutional vehicles to implement the Skills Development Act and other related legislation.
- 6.2 This policy framework is consistent with the provisions of the Skills Development Levies Act (Act 9 of 1999), which stipulates the processes for the management and disbursement of funds received as levy income. It is also intended to implement the stipulations of Skills Development Regulation No. 35940 of 3 December 2012 contained in Regulation Gazette No. 9867.

## 7.0 INDIVIDUALS AND ENTITIES AFFECTED BY THIS POLICY

- 7.1 The following are individuals and entities that are affected by this policy:
  - 7.1.1 Employers that employ 50 or more employees and are required by law to pay SDL and submit mandatory grant applications in line with the minimum format contained in Annexure 2 to the Grant Regulations (Large and Medium Organisations); and
  - 7.1.2 Employers that employ 49 or less employees and a required by law to pay SDL and submit a mandatory grant application in a simplified format supplied by the SETA (Small Organisations).
- 7.2 The following are individuals and entities that should know and comply with the policy provisions:
  - 7.2.1 All employees of the FP&M SETA, including temporary employees; and
  - 7.2.2 Board members

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7.3 All managers must ensure that all employees are made aware of this policy and receive appropriate training in the application of the policy.

7.4 Employers and all other stakeholders that have an interest or intention in applying for a mandatory grant from the FP&M SETA need to familiarise themselves with the contents of this policy document which should be made available on the FP&M SETA website: [www.fpmseta.org.za](http://www.fpmseta.org.za).

## 8.0 CONTACTS (for Policy clarification)

8.1 Any issues of clarification of this policy must be directed to the FP&M SETA Executive Manager: Skills Planning, Research and Reporting.

## 9.0 ALLOCATION OF MANDATORY GRANTS

9.1 The mandatory grant requirements and criteria have been taken from the Sector Education and Training Authorities (SETA) Grant Regulations Regarding Monies Received by a SETA and Related Matters (Regulation 35940 of 3 December 2012, No. 9867). Sub-regulations 4 and 5 have specific reference to this and are cited here below:

9.2 Subject to sub-regulation (5), a SETA must allocate a mandatory grant to a levy paying employer-


9.2.1 Employing 50 or more employees that has submitted an application for a WSP and ATR grant in accordance with sub-regulation (2) and as a minimum in the format contained in Annexure 2 to these Regulations;

9.2.2 Employing less than 50 employees that has submitted an application for a grant in accordance with sub-regulation (2) and such employers will be given the option of submitting a WSP and ATR using a simplified form provided by the SETA;

9.2.3 Who, notwithstanding sub-regulation (2), has registered for the first time in terms of section 5 of the Skills Development Levies Act and the employer has submitted an application for a mandatory grant within 6 months of registration.

9.3 With effect from 1 April 2014 an application for a mandatory grant in terms of sub-regulation (1) of the Grant Regulations must be submitted by 30 April of each year.

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9.4 20% of the total levies paid by the employer in terms of section 3(1) of the Grant Regulations as read with section 6 of the Skills Development Levies Act during each financial year will be paid to the employer who submits a WSP and ATR.

9.5 Before making payments, the SETA must approve the WSP and ATR to ensure the levy paying employer meets quality standards set by the SETA.

## 10.0 MANDATORY GRANT CRITERIA

10.1 A levy paying employer claiming a mandatory grant must meet the eligibility criteria for the payment of a mandatory grant as prescribed in sub-regulation (2).

10.2 A SETA may not pay a mandatory grant to an employer who is liable to pay the skills development levy in terms of section 3(1) of the Skills Development Levies Act, unless the levy paying employer –

10.2.1 has registered with the Commissioner in terms of section 3(1) of the Skills Development Levies Act;

10.2.2 has paid the levies directly to the Commissioner in the manner and within the period determined in section 6 of the Skills Development Levies Act;


10.2.3 is up to date with the levy payments to the Commissioner at the time of approval and in respect of the period for which an application is made;

10.2.4 has submitted a WSP and ATR as contemplated in regulation 4(1) that contributes to the relevant SETA SSP within the timeframes prescribed in regulation 4(2) and 4(3);

10.2.5 With effect from 1 April 2013, has submitted and implemented its WSP for the previous financial year to the extent that it satisfies the criteria for that must be established and approved by the SETA Accounting Authority based on guidelines provided by the Department; and

10.2.6 in the case of an employer who has a recognition agreement with a trade union or unions in place, there must be evidence provided that the WSP and ATR have been subject to consultation with the recognised trade unions and the WSP and ATR must be signed off by the labour representative appointed by the recognized trade union unless an explanation is provided.

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- 10.3 It remains the responsibility of employer to ensure that the payment of the mandatory grant is done against the correct levy number.
- 10.4 The employer must provide evidence of the existence of a formally constituted training committee
- 10.5 The WSPs and ATRs must be signed by all stakeholders after the process of consultation
- 10.6 Clustered mandatory grant applications will be accepted in the case of organisations who choose to appoint a lead organisation (e.g. another employer or employer organisation) to manage the receipt of the mandatory grant payments and the implementation of the relevant skills development initiatives.
- 10.7 In the case of the cluster application, all mandatory grant payments due to the members of the cluster will be paid into the lead organisation's banking account, as directed by an outsourcing agreement.
- 10.8 The relationship between the members of the cluster and the lead organisation must be governed by an outsourcing agreement, which must absolve the FP&M SETA of any obligation during a dispute resolution process.

## 11.0 CONDITIONS

- 11.1 All submissions will be made electronically
- 11.2 The following supporting documentation must be uploaded on to the FP&M SETA MIS system in electronic format:
  - 11.2.1 Current proof of banking details (not older than 3 months)
  - 11.2.2 Latest Minutes of Training Committee meeting (for medium and large organisations)
  - 11.2.3 Authorisation and Stakeholder Support Declaration (with all signatures)
  - 11.2.4 Signed outsourcing agreement (in the case of cluster submissions made by organisations)
- 11.3 Original proof of banking details will be required from first time applicants or if an applicant's banking details have changed since the previous year's submission.
- 11.4 All information provided may be subjected to verification by the FP&M SETA
- 11.5 The FP&M SETA will randomly select companies for auditing of their WSPs/ATRs

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 <small>2014 Training &amp; Reporting Skills Sector Skills Planning Agency</small>	Business Unit:	SKILLS PLANNING & REPORTING	Document number:	FPM-01-03
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- 11.6 Companies that are selected for auditing must make all the requested information available to a FP&M SETA official/representative within 14 working days of receiving notification for verification.
- 11.7 Companies must ensure the completeness and accuracy of their submissions. Print facilities exist on the data capture screens to verify entries.
- 11.8 Failure by a company to submit the complete and accurate information will result in the submission being declared invalid and therefore not approved.
- 11.9 Independent Sector Skills Advisor (SSA) appointed by the FP&M SETA could be assigned to assist in the completion of the mandatory grant applications for small companies who employ 49 or less employees as well as medium companies (with 50-149 employees).
- 11.10 It is however still the employer's responsibility to ensure that the information in these documents is a true reflection of the status of the company.
- 11.11 Failure by such employers to confirm the authenticity of the documents will render the submission invalid and therefore not approved.
- 11.12 It is also the employer's responsibility to confirm that the mandatory grant application has been submitted to the FP&M SETA by the SSA prior to 30 April.
- 11.13 Effective from 1 April 2014 onwards a PIVOTAL plan and report must be submitted as part of the mandatory grant application in order to qualify for discretionary grants.
- 11.14 Where training on PIVOTAL programmes is not planned / was not implemented, there must still be a return submitted indicating that such programmes will not be / has not been undertaken.
- 11.15 The Annual Training Report and/or PIVOTAL Training Report must demonstrate some alignment to the previous year's Workplace Skills Plan and/or PIVOTAL Report pertaining to the annual planned training from the previous year to qualify for a grant. In the case of first time submission of mandatory grant applications to the FP&M SETA, the submission of an Annual Training Report is not required.

## 12.0 SUBMISSION


- 12.1 With effect from 01 April 2014 an application for a mandatory grant must be submitted by 30 April of each year.

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- 12.2 In terms of sub regulation 4(8), the Accounting Authority may grant an extension of a maximum of one month to allow for the late submission of an application for a mandatory grant, subject to a written request by an employer.
- 12.3 The FP&M SETA Board shall grant approval for late submissions only at its own discretion if it is satisfied with the reasons for late submission. The extension can only be given for 30 days after the submission deadline.
- 12.4 Assessment and approval of the mandatory grant application will be finalised 90 days after the submission due date.
- 12.5 The mandatory grant will be paid quarterly in accordance with the FP&M SETA grant approval procedure and grant payment schedule.
- 12.6 The mandatory grant shall be equal to 20% of the skill development levies received by a qualifying employer during the relevant financial year, subject to the criteria set in paragraph 8 above.
- 12.7 The mandatory grant contemplated in sub-regulation (1) must be paid to the employer at least quarterly every year.
- 12.8 If the levy paying employer does not claim a mandatory grant within the time period specified in sub-regulation (2), the SETA must transfer the levy paying employer's unclaimed mandatory grant to the discretionary grant by 15 August of each year.
- 12.9 Mandatory Grants shall be paid to qualifying employers on a quarterly basis. The approved schedule of quarterly payments shall be as follows:
- 12.9.1 Quarter 1 – September
  - 12.9.2 Quarter 2 – December
  - 12.9.3 Quarter 3 – March
  - 12.9.4 Quarter 4 – June

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### 13.0 Requests for Transfer of Mandatory Grant Applications

13.1 Requests for transfer of Mandatory Grant Applications will be considered by the FP&M SETA from companies registered with the FP&M SETA that have submitted mandatory grant applications within the prescribed timeframes but could not be processed due to the following scenarios:

13.1.1 Inter SETA Transfers: Companies incorrectly allocated by SARS and subsequently transferred to the FP&M SETA requesting transfer of mandatory grant applications to FP&M SETA from the previous SETA in order to facilitate mandatory grant payments.

13.1.2 Companies undergoing structural or organisational changes re-registering with SARS resulting in a company name change and/or change in SDL number that submitted their mandatory grant applications on the old SDL numbers, whilst contributing their levy payments on the new SDL numbers.

13.2 In order to approve the above exceptions:

13.2.1 In the case of Inter SETA Transfers:

13.2.1.1 The company must provide proof that they have submitted a mandatory grant application to the previous SETA by the regulated deadline date.


13.2.1.2 FP&M SETA must confirm that levies are being received for the company and that levy payments are up to date.

13.2.1.3 The company must capture the mandatory grant application on the FP&M SETA MIS system and the application must be evaluated for approval.

13.2.1.4 The FP&M SETA has 60 days to consider such applications.

13.2.2 In the case of a change in SDL Number:

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13.2.2.1 The company must submit a formal written request for the transfer of the approved mandatory grant from the previous SDL number to the new SDL number.

13.2.2.2 The FP&M SETA has 60 days to consider such applications.

### 13.3 Payment Process

13.3.1 FP&M SETA must have received the levies for the company requesting the transfer.

13.3.2 If the above requests pertain to the current financial year and are received by 15<sup>th</sup> of August each year, then such an application will be paid out from the current year mandatory grant budget.

13.3.3 All other mandatory grant payment request received post 15<sup>th</sup> of August, relating to current or prior years, must be provided for from the discretionary grant budget.

13.3.4 All requests for transfer of mandatory grants must be approved by the Board or EXCO for payment.


## 14.0 RIGHT TO APPEAL

14.1 The FP&M SETA reserves the right to award grant funding in terms of the approved regulations and as per any additional criteria approved by the Board. A stakeholder may however lodge an appeal against any decision not to award a grant to the CEO, who will review the merits of the appeal and application within 30 days after receipt of the written appeal. The CEO will table the appeal at a Board meeting should the appeal warrant it. The decision of the Board will be final.

## 15.0 POLICY REVIEW

15.1 This policy shall be reviewed annually in October or as and when substantial changes to the legislative framework warrants amendment.

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## 16.0 RECORDS

### 16.1 Template for Mandatory Grant Submissions

## 17.0 REVISION HISTORY

Revision Date	Revision no	Description of Revision
November 2013	01	
March 2015	02	Board Approval
October 2015	03	QMS Alignment

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## 18.0 DOCUMENT AUTHORISATION

### PURPOSE:


The Approval page ensures that the approval steps are followed in order to indicate the status of the policy document.

The Custodian of all Policies and Procedures is the CEO who will at all times have a set of Policies and Procedures that are approved at Accounting Authority meetings with an Accounting Authority meeting approval number allocated in the configuration control footer.

The Policies and Procedure will be divided into the following departments / divisions:

- Office of the CEO
- Projects
- Research, Skills Planning and Reporting
  - Human Resources
  - Skills Planning & Reporting
  - Research
  - Communication and Stakeholder Relations
- ETQA
  - Learning Programmes
  - Qualifications Development
- Finance
- SCM
- Governance, Risk, Audit, Compliance & Legal
- Monitoring & Evaluation

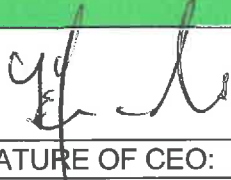
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**STEPS IN APPROVAL PROCESS:**

QMS Committee Recommendation (Compliance - technical correctness and integration with other policies and procedures)

Review Committee - Consists of department heads)

CEO Approval as per Board Decision on 4 December 2015		
	JELLENG YENDE	04/12/15
SIGNATURE OF CEO:	NAME IN BLOCK LETTERS:	DATE

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