Policy on Materiality and Significance Framework

Status:	Approved
Custodian:	Director: Finance and Administration
Date approved:	2012-03-17
Decision number:	SAQA 0795/12
Implementation date:	2012-03-18
Due for review:	2015-03-07
File Number:	

1. Introduction

As required by the Treasury Regulations (28.3.1), the Board has to maintain an agreed framework of acceptable levels of Materiality and Significance with the Minister of Higher Education and Training.

2. Materiality

In arriving at materiality the following factors must be taken into account:

- Guidelines issued by the National Treasury;
- The nature of SAQA's business;
- Statutory requirements affecting SAQA;
- The inherent and control risks associated with SAQA; and
- Quantitative and qualitative issues.

3. Significance

In order to comply with Section 54(2) of the Public Finance Management Act

(PFMA), the Board will report on:

- The acquisition and disposal of a significant asset
- The beginning of a significant business activity.

4. Review

4.1 The materiality and significance framework must be reviewed annually and included in the Strategic Plan and Budget for the ensuing financial year.

4.2 Any changes to the framework must be agreed with the Minister of Higher Education and Training.

4.3 Once agreement with the Minister of Higher Education and Training has been reached, the Materiality and Significance Framework will be amended for the applicable financial year.

Procedure for Materiality and Significance Framework

Status:	Approved
Custodian:	Director: Finance and Administration
Date approved:	2012-03-18
Decision number:	SAQA 0795-12
Implementation date:	2012-03-18
Due for review:	2015-03-7
File Number:	

1. Introduction

These procedures serve to guide SAQA in maintaining an agreed framework of acceptable levels of Materiality and Significance with the Minister of Higher Education and Training, in accordance with the Materiality and Significance Policy.

2. Procedure for Annual Review

2.1 The Chief Financial Officer (CFO) will be responsible for conducting an annual review and making a recommendation to the Board, regarding the Materiality and Significance Framework.

2.2 The CFO must take the following factors into account:

- Guidelines issued by the National Treasury;
- The nature of SAQA's business;
- Statutory requirements affecting SAQA;
- The inherent and control risks associated with SAQA; and
- Quantitative and qualitative issues.

2.2 The CFO has to submit his/her recommendation to the Board via the normal channels, in the following order, taking the dates of the relevant meetings into account and taking into account that a decision to recommend a specific framework, is required by August annually, with a view to submitting the revised framework to the Minister of Higher Education and Training with the Budget and Strategic Plan of SAQA:

- The Executive Office/The FinManCom (Recommendation to the Finance Committee)
- The Finance Committee (Recommendation to the Executive Committee)

- The Executive Committee (Recommendation to the Board)
- The Board (Decision to recommend to the Minister of Education)

3. Recording of the Approved Framework

3.1 The Deputy Chief Executive Officer (DCEO) is responsible for ensuring that the Materiality and Significance framework is included in the Strategic Plan and Budget for the ensuing financial year.

3.2 The CFO should ensure that SAQA's Annual Report reports on the framework and any matters of Materiality or Significance.

3.3 The CFO is the custodian of this policy, procedures and framework.

FRAMEWORK FOR THE FINANCIAL YEAR

(Levels set as per the guidance set out in the Practice Note on the PFMA and approved by the Minister of Education in 2006, remains unchanged)

Materiality

The Board has taken into account the following factors in determining SAQA's level of materiality:

- the nature of SAQA's business;
- statutory requirements affecting SAQA;
- the inherent and control risks associated with SAQA; and
- quantitative and qualitative issues.

Having taken these factors into account, the Board has assessed the level of materiality to be:

- Every amount in respect of criminal conduct;
- R10,000 and above for irregular, fruitless and wasteful expenditure involving gross negligence; and
- R600,000 and above being about 0,5% of gross revenue for any other irregular, fruitless and wasteful expenditure.

Significance

The Board has decided that any transaction covered by Section 54(2) of the Public Finance Management Act in excess of R1,3 million will be reported on, being:

- the acquisition or disposal of a significant asset; and
- the beginning of a significant business activity.