



NATIONAL ECONOMIC DEVELOPMENT AND LABOUR COUNCIL

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QUARTER 2 FOR 2020/21 JULY – SEPTEMBER 2020

REPORT ON FINANCIAL AND NON-FINANCIAL INFORMATION

1. EXECUTIVE SUMMARY

Quarter 2 represented yet another busy period for Nedlac. The strides to ensure that the country responded effectively to the threat of Covid-19 continued through the work of the Nedlac Covid 19 Rapid Response Task Team (RRTT). There was also significant engagements between the social partners towards developing an Economic Recovery Action Plan in this period, including two Nedlac forums attended by the President on this matter.

Nedlac had a total of six (6) planned performance indicators for Quarter 2 as per the Annual Performance Plan (APP) of the 2020/21 financial year. Six (6) planned indicators were achieved representing 100% achievement in this Quarter.

The following four targets were not planned for Quarter 2, but were achieved in Quarter 2.

(a) In Administration Programme, two targets, namely; monitoring report submitted to Manco and unqualified audit opinion achieved – were achieved in Quarter 2.

- Monitoring report was submitted to Manco: This was not achieved in Quarter 1 as the report was not completed timeously for submission to Manco as more focus was directed to Covid-19 interventions within Nedlac, but was subsequently achieved in Quarter 2.
- Unqualified audit opinion achieved was planned for Quarter 3 but was achieved earlier (i.e. in Quarter 2).

(b) In Core Operations:

- The Medium-Term Budget Policy Statement (MTBPS) session was meant to be have been convened in Quarter 1 but was convened in Quarter 2 due to the fact that Government had to table the Supplementary Budget as a result of Covid-19 pandemic and the necessary adjustments on the fiscus. The session held on 26 August 2020, provided an opportunity for National Treasury to outline the fiscal framework guiding the MTBPS and for social partners to provide inputs. The session will be followed by further Exco engagements with the Minister of Finance in Quarter 3 on MTBPS and issues to be prioritised in the budget.

- Special Session on gender-based violence and femicide was convened by the Development Chamber (LMC). Invitations were also extended to the Labour Market Chamber to attend this session, due to the relevance of this issue to the work of the LMC. This target was not planned for Quarter 2, but was achieved in Quarter 2. It was convened as a result of urgency for social partners to provide urgent interventions to address the scourge of gender-based violence and harassment against women and children.

A summary on Quarter 2 Performance is displayed in the overview table below:

Programme	Quarterly Planned Indicators	Planned Targets Achieved	Targets achieved but not planned for in the Quarter	Not Achieved	Overall Achievement (%)
1. Administration	1	1	2	0	100%
2. Core Operations	4	4	2	0	100%
3. Constituency Capacity Building Funds	1	1	0	0	100%
Summary	6	6	4	0	100%

2. NOTES ON PERFORMANCE

2.1. Summary of Nedlac Reports Concluded by Chambers

2.1.1. No legislation or policy matters were concluded in Quarter 2. Engagements are currently ongoing on the following legislation or policy:

- (a) The Basic Education Laws Amendment Bill (BELA) was tabled by Government in the Development Chamber Task Team on 23 April 2020. The Bill deals with limitation on the post levels for which the governing body may recommend candidates to the head of department (the removal of the SGB function to make recommendations to the Education department for the appointment of Principals, Deputy Principals and Departmental Heads), prohibit teachers from conducting business with the state, require teachers to

disclose their financial interests to the head of department and extend the powers of the minister to make regulations on norms and standards for district staffing. Additionally, the proposed amendments will affect schools' language policy and pupil admissions. The work of the task team is underway.

- (b) The National Policy on Comprehensive Produce Development Support was tabled by Government (Department of Agriculture, Fisheries and Forestry) in the Trade and Industry Chamber task team meeting on 07 August 2020. The main objective of the Policy is to regulate and guide the provision of support measures to the various categories of producers, thereby contributing to the restoration of the natural resources, a sustainable and competitive agricultural sector. The work of the Task Team is currently underway.
- (c) The Climate Change Bill was re-tabled by Government (Department of Environment, Forestry and Fishery) at the Trade and Industry Chamber on 21 September 2020. This Bill aims to build the South Africa's effective climate change response and a long term, just transition to a climate resilient and low carbon economy and society in the context of sustainable development; and to provide for matters connected therewith. The work of the Task Team is currently underway.

2.2. Other issues considered by Chambers and Manco Task Teams

- 2.2.1. During the period under review, the TIC chamber engaged with the CEO of Proudly South African (PSA) on its work on efforts for the institution to be self-sustainable and its initiatives to promote localisation.
- 2.2.2. TIC members attended a session convened by the dtic on the Digital Working Group under the chairmanship of Ambassador Carim. Central to the engagements at the session were concerns that South Africa had no clear policy to guide the work on digital trade and global currents, as well as on developments within the World Trade Organisation (WTO), G20 and African Continental Free Trade Area (AfCFTA). It was noted that a Digital Trade Policy was critical to addressing various digital trade and data-related challenges encountered by South Africa.
- 2.2.3. The TESELICO tabled regular updates to TIC on the developments pertaining to various trade agreements such as those pertaining to WTO, A/SACU – USA (AGOA), SACU-INDIA – PTA, SADC-EAC-COMESA TRIPARTITE – FTA, Trade Protocol review, SA /UK relations and SACU – MERCOSUR – PTA implementation.
- 2.2.4. The Development Chamber and Labour Market Chamber jointly convened a Webinar on 29 August 2020, which was a high-level session on the ratification of the International Labour Organisation (ILO)

Convention 190 (C190). The session provides framework for ILO member states, to prevent and address violence and harassment based on the inclusive integrated gender responsive approach. The webinar therefore sought to focus on the significance of the C190 and to obtain an update from Government on the progress regarding the ratification of this Convention by South Africa. It was noted that the ratification process for South Africa was expected to be considered by Parliament by end of December.

2.2.5. The webinar was followed by a workshop held on the 21 September 2020, to consider the implementation of C190. The workshop provided an opportunity for social partners to deliberate on progress in different departments around implementation of Convention 190 and ensure that the convention makes a difference in the lives of workers, in particular vulnerable workers and those subjected to different kinds of violence. The following key issues were agreed at the workshop:

- Nedlac to communicate with the Department of Justice on the GBV Bills and possibility of tabling them for deliberation by social partners
- Labour Market Chamber to engage on the Code of Good Practice to eliminate Violence and Harassment in the world of work
- DEL to undertake Gap Analysis on Convention 190. Update to be provided at the Code of Good Practice Task Team
- Framework Agreement to be signed at the workplace level on Violence in the Workplace
- Issues to be undertaken jointly by the social partners including COGTA on ways to reduce violence broadly for people working in public places.

2.2.6. The Comprehensive Social Security and Retirement Reforms Task Team which was established by Manco, is still engaging on the Comprehensive Social Security and Retirement Reforms. The task team had commissioned a research on the Feasibility of Basic Income Grant (BIG) and Impact on the National Social Security Fund on the saving market. These two research projects are undertaken by Deloitte and the research reports will be presented to the task team in Quarter 3. The other research projects focus on 'Economies of Scale' which is conducted through government, in collaboration with the Financial Sector Conduct Authority (FSCA). Meanwhile, an Actuarial Evaluation on the basic income grant is being conducted by the International Labour Organisation.

2.2.7. The Governance Task Team was established by Exco to review the Nedlac Founding Documents, including the Nedlac Act, Nedlac Constitution and Nedlac Protocols. In Quarter Two, the task agreed on a

“Nedlac Fit for Purpose” research project which will be conducted in partnership with ILO and MISTRA. The process is aimed at among others, addressing in the context of the current economic and health crisis, how Nedlac should respond to the changing nature of work, align with the new mandate of the Department of Employment and Labour and issues of representation of stakeholders at Nedlac, as well as location of Nedlac within government. The process is expected to result in a new path for the institution and ensuring that Nedlac, as a peak social dialogue institution is repositioned to effectively and timeously respond to various challenges facing the country. The outcomes of this project would have a significant impact on the direction of the institution, both in the medium and long-term.

2.3. Nedlac Covid-19 Rapid Response Task Team matters

During the period under review, the Covid 19 Rapid Response Task Team engaged on the following matters:

2.3.1. Mitigating impact of Covid19 and lockdown

2.3.1.1. Income replacement for workers- Covid19 Ters

The UI Sub-committee focused on addressing the operational challenges facing the timeous disbursement of benefits, the large backlog that had developed and the need to extend the Covid19 Ters as the State of Disaster continued to be extended.

To assist the UIF with problem-solving on some of the technical and operational issues it faced, a separate problem-solving task team was established that met bi-weekly to unblock issues and assist the UI with clear communication. The UI sub-committee was also instrumental in getting technical assistance for the UI from GTAC.

- To address the sustainability of the fund, engagements were held between the UI actuaries and actuaries nominated by the social partners and this assisted to advocate for and access the feasibility of a possible extension of the UI payments for an additional period to the initially targeted dates.

2.3.1.2. Support for informal workers, unemployed, vulnerable community members

The Social Development Sub-committee had several engagements with the Department of Social Development in respect of the increasing existing grants and addressing operational challenges.

The department provided a weekly-reports on the progress made on the special relief grant and monthly reports on other grant payments. Reports were also provided on the opening of ECD centres.

2.3.1.3. Assistance from financial institutions including banks, pension Funds

The Medical Aid, Pension Funds, Banks and Insurance Sub-committee in the period under review has mostly focused on the credit guarantee scheme although engagements were also had with short term lenders and an engagement in respect of releasing pension funds for distressed employees was unsuccessful.

In respect of the credit guarantee scheme, there has been Extensive information sharing and engagement and consideration of proposals in respect of improving access to the fund, using DFI and non-bank lenders to distribute the funds especially to SMME's.

2.3.2. Enabling the economy to open up

2.3.2.1. Health and safety in the workplace

In the period under review, the OHS Sub-committee extensively reviewed the original OHS Direction to provide for the Level 2 and then Level 1 circumstances. Key changes relate to an obligation on employers to provide surveillance information to government.

The sub-committee (and a training task team) has also engaged on the following:

- Work of the DEL inspectorate to ensure compliance of the Directions.
- Support for the training of health and safety representatives in different sectors, as well as strengthening the capacity of compliance officers.
- An IT application to track Covid19 statistics at workplaces.

The Department of Health has been actively involved in this workstream.

2.3.2.2. Safe travel

The work of the Transport sub-committee continued to engage issues regarding safe travel, including the ability to ensure that public transport (buses, minibus taxi's and e-hailing) was made safe for commuters.

To enable this work, the Peak Spreading Direction was drafted and subsequently signed by Ministers of Transport and the Minister of Employment and Labour but is still to be promulgated.

Other agenda items in this quarter were as follows:

- The opening up of Metrorail;
- Relief for taxi operators and drivers;
- Extension of Covid19 Ters and COID to taxi drivers.

Organised Labour tabled a Section 77 1(b) on Full Capacity on Public Transport and related matters on 24 July 2020. The matter was engaged government represented by the Minister of Transport. The engagements were unsuccessful and the Section 77 Standing committee granted the applicant the certificate to go on protest action.

2.3.2.3. **Local production of PPEs and medical supplies**

In the early period of the lockdown, regular reports were provided to the Nedlac Rapid Response Team on the security of supply of PPE, medicines and medical appliances.

The Nedlac Rapid Response Team also initiated a social partner engagement and initiative to promote local procurement of PPEs and medical supplies and subsequently to address corruption by the public sector in respect of PPEs through a Local procurement Sub-committee.

Three broad areas were discussed: Enabling public sector procurement of locally produced PPE's– linked to consequence management, transversal contracting, NT circulars/notes and open tender monitoring systems.

- Preventing and combating corruption in procurement – also linked to monitoring systems, transparency, and lifestyle audits.
- Private sector procurement – and how lessons learnt can be expanded/adapted from the public sector

2.3.2.4. **Retail Sector**

The work of the Retail Sector Sub-committee entailed the ensuring of a safe and compliant retail sector for both workers and consumers. The following matters were discussed in this sub-committee:

- Commitments from retail stores to priorities the shortening of long queues in shopping centres and stores, as these were vectors for transmission
- Efficient communication by retail stores on Covid19 related matters.

2.3.2.5. **Liquor Industry**

As a result of the liquor industry being negatively impacted upon by the hard lockdown in level 3, engagements in the Liquor Social Compact sub-committee led to a draft social compact being developed.

The social compact ensured that the liquor industry committed to provide various support to the health sector as well as harm reduction programmes in exchange for a lifting of restrictions.

Following the move to Level 2 and subsequently Level 1, the industry saw some relief, however, there were still areas of concern regarding the rationale for prohibitions that were not lifted on retailers and the social compact has not been signed.

2.3.2.6. **Tourism Recovery**

The Department of Tourism is currently working on a Tourism Recovery Plan, which has received inputs from Nedlac social partners. The Department provides progress on implementation of Tourism Recovery Plan as well as facts and figures in respect of the recovery of the tourism sector as and when available.

2.3.2.7. **Public space management**

Nedlac social partners engaged with the Department of Cooperative Governance and Traditional Affairs (COGTA) and the South African Local Government Agency (SALGA) to engage on the following matters:

- Identification of hotspots (i.e. areas with high concentration/population density) to be prioritised
- Updated “Do not harm” directive to municipalities
- Setting up procedures for an inclusive consultative process for the development of simplified and fair permit and licensing systems, as discussed in the 29th July sub-committee meeting;
- Community report on Durban Warwick triangle pilot (attached) & involvement of provincial SALGA & COGTA;
- Nedlac also facilitated engagement between organised labour and COGTA in respect of picketing rights in terms of the lockdown regulations.

2.4. Summary of Section 77 matters concluded:

- 2.4.1. The Congress of the South African Trade Unions (Cosatu) lodged a Section 77 1(b) notice to the Executive Director, dated 04 October 2019, on Economic Crisis. The Standing Committee deemed the matter as not having been considered on 03 July 2020. The notice contained eight demands which were aimed at addressing critical issues faced by South Africa pertaining to the economy and employment. Through the Standing Committee deliberations with Applicant and Respondents, it was agreed that, seven out of eight issues would be addressed at other relevant structures within and outside of Nedlac.
- 2.4.2. The only outstanding demand which could not be resolved by the parties was the review of the National Development Plan (NDP). The Head of the National Planning Commission (NPC) was invited to one of the plenaries and indicated that the NPC was open to having further engagements. Therefore, it was agreed that the NPC would have substantive engagements with Nedlac on the review of the NDP and for that reason the matter was deemed as not having been considered by the Section 77 Standing Committee.

As the responsible political head of the NPC, the Minister in the Presidency, Minister Jackson Mthembu has been invited by the Secretariat to an engagement on the review of the NDP in Quarter 3, on 27 November 2020.

- 2.4.3. The Congress of the South African Trade Unions (Cosatu), the Federation of Unions of South Africa (Fedusa) and the National Council of Trade Unions (Nactu) lodged a Section 77 1(b) notice to the Executive Director, dated 24 July 2020, on seven public transport challenges. After a series of unsuccessful deliberations with the Respondent through the Nedlac Covid19 Rapid Response Task Team sub-committee on transport, the Standing Committee deemed the matter as having been considered on 15 September 2020.
- 2.4.4. Engagements are still underway on the following Section 77 1 (b) notices:
- Violent Crimes in the Western Cape: Notice filed by the Congress of the South African Trade Unions, dated 11 September 2018. Attempts are being made to secure a facilitator to make progress on resolving this dispute.

2.5. Summary of achievements of the Job Summit/Economic Recovery Plan

On 13 August 2020, the President called a Nedlac Forum for Economic Recovery where the social partners were requested to present their plans and proposals for economic recovery. The meeting resolved that NEDLAC constituencies will nominate senior leadership to serve on a team that draw up a set of priority actions for economic reconstruction and the institutional arrangements to support these actions.

This Action Plan was developed through detailed consultation between all social partners facilitated by Nedlac. At least 10 meetings with senior leadership were held between 13 August and 15 September where a report back was provided to the President. The President committed to taking the agreed Social Partner's Economic Recovery Action Plan to Cabinet for endorsement.

The Action Plan sets out firstly, immediate or short-term measures which were determined based on delivering against the following criteria: building confidence; kickstarting the economy; deepening industrialisation through localisation; delivering quick wins; continuing to provide relief to mitigate the impact of the Covid19 pandemic.

Secondly, the action plan sets out the commitments of the social partners to simultaneously implementing medium- and longer-term structural reforms and other programmes, which will enable sustainable and inclusive, transformative economic growth on an employment-intensive trajectory.

Subsequent to the report back meeting to President Ramaphosa, a three-a-side of the senior leadership from the social partners has met twice to address outstanding issues and consider kickstarting implementation.

2.5.1. Project reports specific to the Jobs Summit commitments:

During this quarter, the following highlights across projects can be reported:

- a) **Framework Agreement for a Social Compact on Supporting Eskom and Revised Implementation Plan:** The Social Compact and its implementation plan were presented to the above-mentioned report-back meeting with the President on 15 September 2020, as part of the Economic Recovery Action Plan after a meeting in the morning which addressed a few outstanding issues from government. By the end of the period under review, the signing and implementation of the Social Compact had yet to get underway.
- b) **TERS:** Progress has been made with regards to finalising outstanding applications. There is an agreement that where all supporting documentation has been received, queries will be dealt with within five days and there should be a 16-day turnaround from point of adjudication to the first payment of Tranche 1. The process regarding the online platform is ongoing. The task

team, at its last meeting, agreed that a two-aside will convene urgently to refine the tracking tool.

A service provider was appointed to undertake a review of the existing mechanisms that are in place to assist companies in distress, including the status of each mechanism; expanding on what challenges companies are facing in accessing these mechanisms and making recommendations on ways to strengthen these interventions. The review of existing mechanisms broadly concluded that most current schemes are not available for distressed businesses and are also too small to have a material impact. Thus, the second phase was reconfigured to consider a proposal to social partners for an income recovery fund.

Skills: The PCU continues to support the process to determine revisions to the following three lists developed by the DHET: Occupations in High Demand (OIHD), the Critical Skills List (CSL) and the List of Priority Occupations (LPO). There are still concerns about whether the revised list accommodates the specific critical skills (highlighted by sectoral associations such as BPESA) and the process going forward with the Department of Home Affairs.

Township and village economy, including community projects: During quarter two, the SASDC Township Supplier Development Initiative raised the challenges of expanding their work in provinces beyond Gauteng due to PFMA regulations. The project in Gauteng was completed in December 2019. The PCU is engaging with the Presidency to explore mechanisms that will assist in rolling out to other provinces. SASDC will provide an impact report and proposal that will help guide these discussions.

Agricultural sector commitments: The final Blended Finance Scheme concept and guidelines document are soon to be presented to the Minister of Agriculture and Rural Development and there are discussions on how to run the process of the Blended Finance Scheme parallel to the work of the National Comprehensive Producer Development and Support Policy which is currently underway in the Trade and Industry Chamber. Preparatory work is also ongoing before launching the Blended Finance Scheme such as the finalisation of the operational manual and legal agreements with banks. Progress is also being made in respect of electronic deeds and to ensure the process is also inclusive of rural communities.

Electronic Deeds: The Electronic Deeds Joint Technical Committee inception meeting was held on 18 August 2020. The Office of the Deeds provided a presentation of the roadmap for the Electronic Deeds. The project is currently at the planning/implementation phase, making use of a re-engineered Business process. A key consideration is that the Electronic Deeds Registration system must be inclusive, particularly of rural communities; records are to serve this function. The forum agreed to meet

on a quarterly basis to ascertain updated progress and how best the project can be supported.

Hemp and Cannabis: The Governmental Task Team on cannabis and hemp convened on 02 September 2020. Government is working on a single national policy framework for hemp and cannabis. The industrialisation and commercialisation of hemp and cannabis will be addressed through the Masterplan and this work is ongoing in the Department of Agriculture, Land Reform and Rural Development. The PCU is working with the Department of Justice Constitutional Development to establish timeframes for the finalisation of the Cannabis Bill (Cabinet approved the Cannabis for Private Purposes, Bill, on 05 August 2020, which will now be tabled in parliament for processing) and the amendment of the Drugs and Drugs Trafficking Act.

Local Procurement: A local procurement subcommittee under both the Job Summit and Nedlac Covid 19 Rapid Response Task Team was established and is also reported above.

In addition, the PCU commissioned two pieces of research. The first looked at the full suite of public procurement and supplier development policy levers that are available to the public sector. And the second looked at disruptions across supply chains as a result of Covid19 and identified which products South Africa imports in high volumes and whether capacity may exist for the local production of these products.

3. HUMAN RESOURCES

3.1. Fixed Term contracts for PCU and Senior Accountant

One-year contracts of the Senior Accountant in Finance, the Project Manager and Senior Administrator in PCU came to an end during the second quarter of this financial year. New fixed-term contracts were signed with the Senior Accountant, Project Manager and Senior Administrator that will automatically terminate on 31 March 2021.

3.2. Staff movements/Turn over as at 30 September 2020

2020/2021 positions	Approved	Vacancies as at 30 September 2020	Vacancy rate as at 30 September 2020
39		2	5.12%

Levels	2020/2021 No. of Employees as at 30 September 2020	2020/2021 Approved Posts	2020/2021 Vacancies as at 30 September 2020
Top Management	1	1	0
Senior Management	3	4	1
Professional	17	18	1
Skilled	7	7	0
Semi-skilled	5	5	0
Unskilled	4	4	0
TOTAL	37	39	2

3.2.1. Ms Carmel Marock the Project Lead in PCU has resigned in the second quarter of the financial year. The position is vacant making the number of positions vacant in the organisation to increase to two (2).

3.3. Labour relations issues

3.3.1. Labour relations matters at the CCMA;

Mr Mfanfikile Daza, the previous Chief Financial Officer (CFO) had taken the matter of unfair labour practice to the labour court. The Labour Court on 18 August 2020 ruled that the court does not have jurisdiction to deal with unfair labour practice matters.

Mr Daza, on 2 September 2020, served Nedlac with an application for the reinstatement of an unfair labour practice case, which was initially withdrawn on 01 July 2019. Mr Daza further requested that the unfair labour practice matter be consolidated with the unfair dismissal dispute pending at the CCMA.

Nedlac's legal representatives on 17 September 2020, responded to Mr Daza's condonation application and reinstatement application through an answering

affidavit. The organisation is currently awaiting a response on the above-mentioned matter.

3.3.2. Labour relations matters being dealt with by Nedlac’s legal representatives;

Nedlac has initiated a legal process against Mr Mfanufikile Daza, the previous CFO to demand the transfer ownership of Nedlac vehicles and to prohibit Mr Daza from unlawfully accessing organisational data and physical premises. Communication to Mr Daza will be sent in early October 2020.

3.4. Skills development

In the second quarter, the organisation saw 11 staff members being trained on Intermediate Microsoft Excel, the training will be rolled out to other staff members by the end of the fourth quarter. On 12 August 2020, General workers were trained on Hygienic Cleaning and Waste Management.

The Head of Programme Operations was enrolled at the Institute of Directors South Africa, for a training programme focusing on governance frameworks, risk and strategy, performance and sustainability and integrated reporting.

4. FINANCES

Financial Performance data	2020/21			
R thousand	Approved Budget	YTD Budget	YTD Actuals	Variance
Revenue				
Interest Received	636 000	636 000	1 430 446	794 446 ¹
Grants	40 741 000	40 741 000	44 315 947	3 574 947 ²
Total revenue	41 377 000	41 377 000	45 746 393	4 369 393
Expenses				
Compensation of employees	21 452 000	21 452 000	24 827 931	3 375 931 ³
Goods and services	18 988 000	18 988 000	17 253 071	1 734 929 ³
Total expenses	40 440 000	40 440 000	42 081 002	5 110 860
Surplus / (Deficit)	-		3 665 391	

4.1. Interest received is higher than anticipated due to cash reserves from the 2020-/2021 financial year relating to employee benefits awaiting a SARS determination and deferred income relating to job summit related activities.

4.2. Grant funding has been received in advance due to the adjustment budget. An adjustment occurred after funds for the first tranche were received.

- 4.3. Compensation of employees also included job summit related staff which will be recognised against deferred income at year-end.
- 4.4. Due to the lockdown, activity was lower than anticipated and thus lower variable costs were incurred.

5. RISK

The following key strategic and operational risks have been identified as the emerging risks in the quarter. Initial risk-mitigating measures have been identified as a result of the Covid19 Pandemic, and the changing nature of the Nedlac work programme. This has caused varying demands in the areas of finances, information technology, human resources and operations as displayed in the tables below:

5.1. Strategic Risks

Strategic issue	Key risk	Risk mitigation approach	Residual Risk
Growing complexity	The issues to be addressed by Nedlac in 2020 are complex and systemic and require enormous skills as well as deep knowledge and insight into the relevant content matters to be addressed. In all likelihood, sacrifices will need to be made by everyone participating in the institution's structures and hard tradeoffs will need to be made.	Being addressed by adopting more flexible approaches to processes which will hopefully be institutionalised in the forthcoming revised Strategic Plan and Annual Performance Plan.	Medium

Strategic issue	Key risk	Risk mitigation approach	Residual Risk
Representation	Founding documents which guide the work of Nedlac have not undergone comprehensive review leading to a misalignment with the current operating environment and demands of the country. This raises several issues, particularly concerning representation. The issue does not prevent Nedlac from doing its work but does impact its overall effectiveness.	Progress is being made slowly in the Governance Task Team in respect of a scenario building process facilitated by a team from MISTRA and the ILO.	Medium
Uncertainty	Factors outside of Nedlac's control such as the Covid19 pandemic reduces the Council's ability to meet deadlines. This does not prevent Nedlac from doing its work but reduces its overall effectiveness	Management has put in place plans and protocols to ensure effective remote working while allowing certain staff to work at the office under strict circumstances.	Medium
Capacity	Inability to complete the work programme of Nedlac as a result of capacity constraints internally and amongst social partners.	Performance agreements and personal development plan are being signed with all staff and a revised performance management policy will be tabled at the November Manco.	Medium

5.2. Operational Risks

Key Risk	Mitigating Measures	Residual Risk	Additional Action
Non-compliance with Covid 19 regulations	Continuous enhancement of internal control through the implementation of recommendations as suggested by assurance providers. This will be performed through the implementation of the audit action plan	Medium	Continuously responding and implementing regulations from the Departments of Employment and Labour and Health.
Not all staff have been able to work effectively from home	The signing of <i>Work from Home Agreements</i> by staff.	Low	Provision of additional work from home tools including cell phones and laptops.
Inability to procure resulting from lockdown (especially in April 2020)	Use National Treasury dispensation for emergency procurement	Low	N/A
Malfunction of the Nedlac Storage Attached Network (SAN) device and possible loss of Nedlac historical data/archives	An ICT infrastructure upgrade/migration process has been identified. This will be performed through the replacement of all servers (the exchange server and the Domain controller), and upgrading the Microsoft ecosystem.	Low	To continue trying means to recover historical data currently stuck in the malfunctioned SAN device.

6. AUDIT MATTERS

6.1. The following table provides a summary of the audit findings report and progress made to date. The work to resolve the findings is on-going.

6.1.1. Detailed Findings from the 2018/19 Internal and External Audit and 2019/20 Internal Audit Reports

No	Description	Total number of findings	Resolved as at 30 Sept 2020	Partially Resolved	Not Resolved	Reporting date procedure	Risk Accepted by Management	Due Date Not Lapsed	Repeat Findings
A	INTERNAL AUDIT FINDINGS 2018/19 and 2019/20	58	22	11	8	0	6	10	1
1	Human Capital Management	8	2	4	2	0	0	0	0
2	Performance Information	2	1	1	0	0	0	0	0
3	Corporate Governance	11	5	4	2	0	0	0	0
4	Supply Chain Management	15	8	0	3	0	3	0	1
5	Risk Management	8	3	0	0	0	2	3	0
6	Financial Discipline	14	3	2	1	0	1	7	0
B	EXTERNAL AUDIT FINDINGS 2018/19 FINANCIAL YEAR	12	7	2	0	2	0	0	1
1	Financial Discipline	7	4	0	0	2	0	0	1
2	Supply Chain Management	2	0	2	0	0	0	0	0
3	Human Capital Management	1	1	0	0	0	0	0	0
4	Compliance	2	2	0	0	0	0	0	0
	TOTAL	70	29	13	8	2	6	10	2
	TOTAL %	100%	41%	19%	11%	3%	9%	14%	3%

END.