



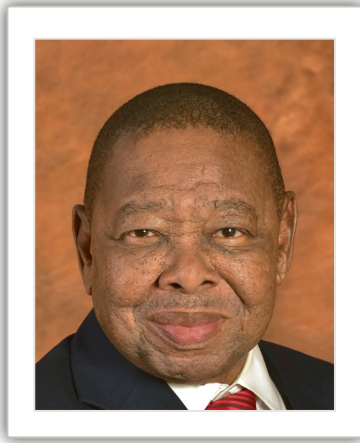
Rebuilding the economy

Driving Developmental Goals Through Collaborative Partnerships



Banking Sector Education and Training Authority ANNUAL REPORT 2022/23





Minister of Higher Education,
Science and Innovation

Dr Bonginkosi Emmanuel 'Blade' Nzimande



Deputy Minister of Higher Education,
Science and Innovation

Mr Buti Kgawaridi Manamela

Dr Bonginkosi Emmanuel 'Blade' Nzimande
Department of Higher Education and Training
123 Francis Baard Street
Pretoria
0001

Dear Honourable Minister,

REPORT TO THE HONOURABLE MINISTER OF HIGHER EDUCATION, SCIENCE AND INNOVATION IN TERMS OF SECTION 10 (2) OF THE PUBLIC AUDIT ACT, 2004 (ACT NO 25 OF 2004)

In terms of the provision of Section 10 (2) of the Public Audit Act of 2004, it is an honour to submit the annual report for the financial year ended 31 March 2023.

This report presents the affairs of the Banking Sector Education and Training Authority (BANKSETA) its operations, financial performance and developments across all performance targets, set out with the Department of Higher Education and Training.

It gives me great pleasure to announce that the Audit and Risk Committee, which was established in terms of Section 40 of the Act, is satisfied with BANKSETA's audited financial statements and modified audit opinion. The BANKSETA team would like to thank you for the unwavering support we have received during the performance period under review. We look forward to another dynamic financial year with challenging targets to enhance the skills development and training of the sector we prudently serve.

Yours faithfully,

Mr Eubert Mashabane
Chief Executive Officer

TABLE OF CONTENTS

PART A: GENERAL INFORMATION	6
PUBLIC ENTITY'S GENERAL INFORMATION	7
LIST OF ACRONYMS	8
ABOUT THIS REPORT	10
CHAIRPERSON'S FOREWORD	11
CHIEF EXECUTIVE OFFICER'S REPORT	14
STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT	17
STRATEGIC OVERVIEW	18
Vision	18
Mission	18
Our Corporate Values	18
Constitutional Mandate	18
Legislative Mandates	18
OUR MANDATE	19
ORGANISATIONAL STRUCTURE	22
PART B: PERFORMANCE INFORMATION	24
AUDITOR-GENERAL'S REPORT: PRE-DETERMINED OBJECTIVES	25
OVERVIEW OF PERFORMANCE	25
Service Delivery Environment	25
Organisational Environment	26
Key Policy Developments and Legislative Changes	26
Progress Towards Achievement of Institutional Impacts and Outcomes	27
Performance Information: Consistency of Indicators	30
INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION	32
Programme 1: Administration	32
Programme 2: Skills Planning	38
Programme 3: Learning Programmes	42
Programme 4: Quality Management	59
Revenue Collection	61
Capital Investment	61
PERFORMANCE HIGHLIGHTS	62
PROVINCIAL PROGRAMME DIVERSIFICATION	78
BANKSETA AT A GLANCE	80

TABLE OF CONTENTS

PART C: GOVERNANCE	82
INTRODUCTION	83
BANKSETA GOVERNANCE STRUCTURE	85
Board Members	85
Governance Structure	86
The Role of the Board	87
The Board Charter	87
Board Composition	87
Board Committees	90
Board and Committee Member Remuneration	90
Risk Management	92
Internal Control Unit	92
Internal Audit and Audit Committees	93
Fraud and Corruption	95
Minimising Conflict of Interest	95
Code of Conduct	95
Audit and Risk Committee Report	97
PART D: HUMAN RESOURCES MANAGEMENT	100
HUMAN RESOURCES OVERVIEW	101
PART E: PFMA COMPLIANCE REPORT	108
PART F: FINANCIAL INFORMATION	116
STATEMENT OF FINANCIAL RESPONSIBILITY	117
REPORT OF THE AUDITOR-GENERAL	119
ANNUAL FINANCIAL STATEMENTS	
Statement of Financial Position	127
Statement of Financial Performance	128
Statement of Changes in Net Assets	129
Cash Flow Statement	130
Statement of Comparison of Budget and Actual Amounts	131
Accounting Policies	132
Notes to the Annual Financial Statements	150

PART A *General Information*



PUBLIC ENTITY'S GENERAL INFORMATION

Registered Name:	Banking Sector Education and Training Authority
Registered Number:	02/BANKING/1/04/20
Website:	www.bankseta.org.za
Tax-exempt Registration Number:	9277355229
VAT Registration:	VAT exempt
External Auditors:	The Auditor-General of South Africa
The Bankers:	Nedbank Corporate Banking
Company Secretary:	Ms Candice Perumalsami
Telephone:	+27 11 805 9661
Publisher:	www.bankseta.org.za
Chief Executive Officer:	Mr Eubert Mashabane

GAUTENG HEAD OFFICE

Tel: (0)11 805 9661

Email: Info@bankseta.org.za

Postal Address:

PO Box 11678

Vorna Valley

1686

Physical Address:

Building C2

Eco Origin Office Park

Entrance 1

349 Witch-Hazel Avenue

Eco-Park Estate

Highveld

Centurion

0144

LIST OF ACRONYMS

4IR	Fourth Industrial Revolution
5IR	Fifth Industrial Revolution
AA	Accounting Authority
AB	Alternative Banking
ARC	Audit and Risk Committee
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
APR	Annual Performance Report
ATR	Annual Training Report
BANKSETA	Banking Sector Education and Training Authority
BASA	Banking Association South Africa
BBBEE	Broad Based Black Economic Empowerment
CapeBPO	Cape Business Process Outsourcing
CBDA	Co-operative Banks Development Agency
CBO	Community Based Organisation
CEO	Chief Executive Officer
CETC	Community Education and Training Colleges
CFI	Cooperative Financial Institution
CFO	Chief Financial Officer
DBE	Department of Basic Education
DBSA	Development Bank of Southern Africa
DDM	District Development Model
DHET	Department of Higher Education and Training
EA	Executive Authority
EDP	Executive Development Programme
EEP	Employment Equity Plan
EEP	Employment Equity Policy
ERRP	Economic Reconstruction and Recovery Plan
ETDP-SETA	Education, Training and Development Practices Sector Education and Training Authority
EXCO	Executive Committee
FAISA	Financial Advisory and Intermediary Services Act
FSC	Financial Services Code
FSCA	Financial Sector Conduct Authority
GBV	Gender-based Violence
GDP	Gross Domestic Product
GRAP	Generally Recognised Accounting Practice
GSC	Governance and Strategy Committee
HEI	Higher Education Institution
HIV	Human Immunodeficiency Virus
HR	Human Resources
HRMS	Human Resources Management System
HWSETA	Health and Welfare SETA
ICT	Information and Communications Technology
ISA	International Standards on Auditing

LIST OF ACRONYMS

IT	Information Technology
LGSETA	Local Government SETA
M&E	Monitoring and Evaluation
MBA	Master of Business Administration
MIS	Management Information System
MoA	Memorandum of Agreement
MoU	Memorandum of Understanding
NDP	National Development Plan
NEET	Not in Education, Employment or Training
NGOs	Non-Governmental Organisations
NQF	National Qualifications Framework
NSA	National Skills Authority
NSDP	National Skills Development Plan
NSFAS	National Student Financial Aid Scheme
NT	National Treasury
OD	Organisational Development
OHS	Occupational Health and Safety
PFMA	Public Finance Management Act
PIVOTAL	Professional, Vocational, Technical and Academic Learning
PwD	People with Disabilities
PYEI	Presidential Youth Employment Initiative
QCTO	Quality Council for Trade and Occupations
QM	Quality Management
RMC	Risk Management Committee
RPL	Recognition of Prior Learning
SALGA	South African Local Government Association
SAQA	South African Qualifications Authority
SARB	South African Reserve Bank
SARS	South African Revenue Service
SASBO	South African Society of Bank Officials
SCM	Supply Chain Management
SDF	Skills Development Facilitator
SETA	Sector Education and Training Authority
SLA	Service Level Agreement
SME	Small and Medium Enterprises
SOE	State Owned Entities
SP	Strategic Plan
SSP	Sector Skills Plan
TETA	Transport Education Training Authority
TVET	Technical and Vocational Education and Training
UoT	Universities of Technology
WBL	Work Based Learning
WIL	Work Integrated Learning
WSP	Workplace Skills Plan

ABOUT THIS REPORT

The framework for this annual report applies the principles of sustainability reporting espoused by the King IV Code on Corporate Governance.

The annual report measures, discloses and accounts to internal and external stakeholders on organisational performance. The report is a comprehensive narrative on institutional strategies to achieve the SETA's legislated mandate, financial information, risk reporting and institutional governance framework.

Reporting Period

BANKSETA is guided by its legislated mandate, the Public Finance Management Act, 1999 (Act No. 1 of 1999) and Treasury Regulations, and its reporting period for the 2022/23 financial year is in line with these.

Annual Financial Statements for the 2022/23 Financial Year

The Annual Financial Statements have been prepared on the historical cost basis and in accordance with the standards of Generally Recognised Accounting Practice (GRAP).

CHAIRPERSON'S FOREWORD

Introduction

The banking sector continued to perform well in the face of a very sluggish South African economy. Employment in the sector remains at about 188 589 employees, based on the 2022 Workplace Skills Plans (WSP) data. Employment numbers in the sector impact directly on our levy income, and thus on our ability to fulfill our mandate. While the banking sector has remained relatively resilient and is one of the backbones of the economy, it is still difficult to predict whether the economy is at the bottom of its COVID downturn or is on an upward trend. These problems are not only limited to the South African scenario.

Globally, the world economy remains under pressure, with economists divided as to whether a global recession is or is not likely in 2023. Indeed, the World Economic Forum concludes that the only certainty is uncertainty! Following the collapse of Silicon Valley Bank and two other USA lenders in early 2023, and a government-backed bail out of Switzerland's Credit Suisse, a majority of economists surveyed by the Chief Economists Outlook expect further bank failures or other serious financial disruptions across the globe in 2023. Nearly 80% of them expect banks to face trade-offs between managing inflation and maintaining banking sector stability.

High level overview of the BANKSETA strategy and performance

BANKSETA is in its third year of the strategic period 2020 to 2025. For the reporting period we note good progress towards the attainment of the institutional outcomes. The following selected outcomes are on track.

- The achievement of a 95% payout ratio for mandatory grants is well on track as we have consistently exceeded this ratio in the past three years.
- We are at 90% towards achievement of our Strategic Outcome of Linking Education to Work with 4815 of the targeted 5300 enrolments achieved. Completions are also at 76% of the 5 year-target of 3180.
- On the outcome to improve the skills of the South African workforce we are at 87% of the targeted 10 115 workers who need to complete programmes successfully. We believe the target would be achieved and exceeded in the remaining two years of the strategy.



Ms Nosipho 'Mia' Makhanya
Chairperson of the Board

- We are on track to increase and produce occupations in high demand for the sector. Three years into the strategy we have achieved 62% (or 3475) of the planned target of 5580.

Through this achievement we are also contributing to the outcomes of the 10-year National Skills Development Plan (NSDP) 2030. One of the principles of the NSDP is to support transformational and redress imperatives through a focus on Women, Blacks and People Living with Disability. Across the outcomes highlighted above we are on track for the Women and Black categories, but we are falling short and are behind in reaching the 5-year target of 4% for People Living with Disability. We are working on measures to catch up on this target through dedicated funding targeting only People Living with Disabilities.

Strategic Relationships

BANKSETA continued to enjoy healthy and beneficial relationships with stakeholders in the sector and beyond. All our efforts are stakeholder focused and we take time to measure the level of stakeholder satisfaction through the annual Stakeholder Satisfaction Survey. Our overall score of 4.1 against 5 indicates increasing levels of stakeholder satisfaction with our services and engagements.

BANKSETA has forged various partnerships with Post School Education and Training (PSET) institutions to strengthen its delivery capacity for institutional training of unemployed beneficiaries on programmes relevant to the sector. For the year under review BANKSETA concluded 69 Memoranda of Understanding (MoUs) with universities as part of its bursary programmes. Equally MoUs were concluded with 24 Technical and Vocational Education and

CHAIRPERSON'S FOREWORD

Training (TVET) colleges to deliver Work Integrated Learning programmes that benefit learners to obtain qualifications offered by the TVET sector.

Our efforts to partner and complement funding with state entities are beginning to bear fruit. Our partnership with SALGA continues to provide much needed training for rural communities. Equally partnerships with sister entities like TETA, NEMISA, CapeBPO and various local municipalities allow us to pilot and test mutually beneficial models of service delivery supporting Government plans such as the South African Economic Reconstruction and Recovery Plan (ERRP) and the Presidential Youth Employment Initiative (PYEI).

Challenges Faced by the Accounting Authority

The BANKSETA Accounting Authority continued to fulfil its governance mandate of steering the entity in the right direction to ensure achievement of its strategic goals and objectives. The Board committees continued to fulfil the mandates set in their respective charters. To improve efficiencies and ensure effective decision-making, the AA delegated additional functions to the CEO while continuing with its oversight responsibilities.

The functioning of certain committees continued to be hampered by the vacancies in the Employer constituency of the Board. The filling of the two vacancies in the AA could not be finalised owing to processes the DHET is completing. We look forward to a positive response in the 2023/24 year in which we look forward to an improved governance structure.

During the period, the entity suffered a cyber security breach which affected a few of our onsite systems. While the threat of a major disruption to service delivery was averted, the Board was however concerned at the risk the incidence posed to some of our major stakeholders. A major remediation exercise was undertaken in consultation with the banking community, and I am happy to announce that we successfully restored and strengthened our ICT systems. The Board, through EXCO and the Audit and Risk Committee continues to monitor the ICT environment of the entity on a quarterly basis.

The Board remains continued to strengthen the internal control environment of the entity. To our great disappointment, the BANKSETA received a qualified audit for 2022/23. Nevertheless, we will continue to strive towards our long-term target of a fully unqualified audit in the years to come.

The strategic focus over the medium- to long-term period

BANKSETA's long-term outlook remains focused on strengthening partnerships to achieve our strategic goals. In this respect, last year we engaged on extensive stakeholder engagement sessions, which were facilitated by both the CEO office and the marketing division. Our engagement with institutions of higher education were helpful in gaining an insight into how programmes can be improved to be more impactful. We were grateful for the participation of Board members in some of these engagements and the outcomes of these discussions have made their way into Board meetings. As mentioned earlier, our engagements with district municipalities have started to bear fruit in reaching communities outside metropolitan areas.

We look forward to the implementation of the Organisational Design process to further extend our provincial reach and footprint. One of the most exciting aspects of this project will be the establishment of a new regional office in KwaZulu-Natal to better serve our rural constituency. Another will be the institutionalising of an organisation-wide Monitoring and Evaluation function to begin the important work of managing the tracking and tracing of beneficiaries of our programmes. This will allow the entity to have continuous knowledge of the destination of BANKSETA beneficiaries after they exit our training programmes in order to determine the efficacy of the funded programmes.

Acknowledgements and Appreciation

My thanks go to the Honorable Minister and his office for their support and guidance through the year. Officials in the Department of Higher Education and Training and the National Skills Authority continue to give us assistance, as do those in the National Treasury. We value the work of the Auditor-General

CHAIRPERSON'S FOREWORD

and further value the input from our sister SETAs and from all our stakeholders for being so proactive, including those from the employers, labour, service providers, municipalities, institutions of learning, and industry associations. Our learners show their determination in often difficult circumstances, and we thank them.

My personal appreciation also goes to the members of the Board, the CEO, secretariat, executive management and staff, without all of whom we would not be able to operate.

Conclusion

As we move into the future, let us continue to do so with diligence, dedication and determination to make a difference in our society.



Ms Nosipho 'Mia' Makhanya
BANKSETA Board Chairperson

CHIEF EXECUTIVE OFFICER'S REPORT

General Financial Review

The year under review has been one in which South Africans have slowly but surely clawed their way back from the disruptions of the COVID pandemic. The BANKSETA is no exception.

We are finally seeing a return to normal delivery of programmes with all stakeholders supporting the return to pre-COVID delivery modes of training.

Overall performance for the period has improved to 80% of our targets, up from 72% in 2021/22, providing confidence that we have moved beyond the shackles of the interruptions brought about by COVID and can look forward to an even better performance in the following years. Surplus funds have been reduced by 9% to R965 million (R1059 million in 2021/22). Commitments on the surplus funds is at 96% (R926 million). Discretionary grant improved to R787 million from R523 million in the previous year. We have maintained a mandatory claims ratio of 98% in the current year.

Spending Trends

Despite the sluggish economy the banking sector continued to enjoy growth in their income streams. Total revenue increased to R1 021 million up 14% from previous year's figure of R896 million. BANKSETA spending is guided by legislation which requires that the entity surrenders 20% of its levies to the National Skills Fund and the remaining 80% is spent as follows.

- 20% on mandatory grants for levy paying employers in the sector.
- 10,5% on administration expenses of the SETA
- 49,5% on discretionary grants to support various goals of the National Skills Development Plan.

Reflecting the above guidance, BANKSETA saw an overall increase in the spending categories of mandatory and discretionary grants. Discretionary grant expenditure improved 50% to R787 million (R523 million in 2021/22). BANKSETA returned R229 million in mandatory grants to qualifying employers representing a claims ratio of 98%. This is an improvement of 18% compared to the previous year figure of R194 million. The SETA remained within the legislated 10,5% of administration expenses allowed.

Cash and cash equivalents at year end were R1127 million (R1213 in 2021/22) representing a 7%



Mr Eubert Mashabane
Chief Executive Officer

decrease from the previous year. Our net deficit of R93 million showed an improvement in the reduction of surpluses compared to a surplus of R95 million in 2021/22. Accumulated reserves decreased 9% to R969 million compared to R1 063 million in 2021/22. We achieved a commitment ratio of 96% on our reserves which should improve our expenditure in the 2023/24 financial year.

Capacity Constraints and Challenges

BANKSETA stakeholders continued to support and maintain higher project implementation levels which translated into higher discretionary grant spending. There were however pockets of sluggish implementation in certain of our discretionary grant projects. Employer-driven projects in the Pivotal and Reskilling areas performed at 55% and 28% respectively of the planned targets. BANKSETA continues to provide support to stakeholders to ensure projects are executed within the stipulated timeframes.

BANKSETA could not complete the Organisational Design study project which is meant to address its own internal capacity to be able to undertake on-site monitoring of projects. We continued to provide other compensating measures such as sourcing an external provider to augment our current capacity. The Accounting Authority has given a firm undertaking to address the capacity constraints of the SETA.

New or Proposed Key Activities

We have also responded positively to the Government's economic recovery plans by rallying behind the Economic Reconstruction and Recovery Plan (ERRP) and the Presidential Youth Employment Initiative (PYEI). We provided dedicated funding for

CHIEF EXECUTIVE OFFICER'S REPORT

workplace-based programmes such as learnerships and internships. The programmes are beginning to bear fruit as some of the beneficiaries are transitioning into employment. We are planning a detailed tracking and tracing study to determine the efficacy of these programmes in the 2023/24 year onwards. We are humbled by the opportunity to play a part in helping the people of our country recover from the pandemic. We however recognise that the high rate of unemployment, particularly among the youth, remains a major challenge for all, and we must continue our efforts to develop skills in the banking and alternative banking sector to tackle this scourge.

We continued to explore the benefits of technology in improving our operational environment. In the last quarter of the year, we launched a Management Information System to support our grant processes. The system supported the submission process of the Workplace Skills Plans and Annual Training Reports for employers to qualify for the mandatory grants in the 2023/24 financial year. Plans are afoot to expand the system to the discretionary grant area.

Request for Roll Over of Funds

The process to approve the rollover of funds did not proceed as planned. While the BANKSETA had undertaken all due processes and received support from the Accounting Authority, there was a breakdown in communication in our authorities at Department of Higher Education and Training and National Treasury. A response was received in the last two months of the financial year, however there was not sufficient time to factor any of the amounts in our spending plans. Furthermore, we were informed that the approval was not in line with legislation and discussions are continuing between National Treasury and Department of Higher Education and Training for the 2021/22 surplus of R1059 million. Because of this uncertain position BANKSETA ended the year with an uncommitted amount of R39 million.

Supply Chain Management

The Accounting Authority of the BANKSETA continued to provide guidance on maintaining appropriate and adequate internal controls which ensured compliance with all applicable SCM legislation. This ensured that instances of irregular expenditure and fruitless and wasteful expenditure were avoided. However BANKSETA continued to incur irregular expenditure arising from non-compliant processes of appointing some Accounting Authority members

in the Department of Higher Education and Training during 2020/21 financial year. The amount involved is R1,2 million (R1,3million in 2021/22). In addition, an amount R327 000 was incurred outside of SCM legislation owing to a need to urgently migrate data from the old MIS system.

The irregular expenditure related to Accounting Authority appointments have been removed by the AA after following legislation. The irregular expenditure of R327 000 awaits a process of determination and condonement.

BANKSETA did not approve any unsolicited bid proposals and all single or sole source procurement was approved by the Chief Executive Officer and duly reported to National Treasury and Auditor-General of South Africa in line with regulations. In response to the Auditor-General's (AG's) report for 2021/22, the internal control environment was strengthened leading zero material findings in the Supply Chain management area.

BANKSETA is investigating possible criminal conduct in the amount of R25 000 relating to fraudulent documents submitted for discretionary grant projects.

Audit Report Matters in the previous years and Action Plans

Issues identified by the Auditor-General of South Africa in the previous year's audit (2021/22) have been addressed through the application of more stringent internal controls and this was shown in the improved areas of our control environment.

However, the outcome of our audit for the current year regressed BANKSETA to qualified audit report. The AGSA identified material misstatements during the audit of our project grant payables and discretionary grant expenditure. The problem emanated from records in the discretionary projects that could not support disclosed amounts.

AGSA increased the scope of their audit of the Annual Performance Report to include two programmes namely Programmes 2 and 3. The main issues identified during the audit were the following:

- An indicator for Programme 2 that was not clearly defined during compilation of the Annual Performance Plan affecting the usefulness of the reported performance information.

CHIEF EXECUTIVE OFFICER'S REPORT

- Various performance indicators for Programme 3 included in the annual performance plan affecting the usefulness of the reported performance information.

The BANKSETA will be putting adequate controls and measures in place to ensure the above issues do not recur in the next financial year.

Future Outlook

BANKSETA management will be putting together plans under the guidance of the Accounting Authority to address the current internal control challenges that led to the unfavourable audit outcome. BANKSETA continues to maintain a strong pipeline of project commitments against the current reserves to improve spending on our discretionary grants.

Improvements in our grants applications processes are to improve through the deployment of technology which should see us reducing red tape in the application and grant approval process. The BANKSETA has fully recovered from cyber security attack experienced during the third quarter of the period and migrated all its IT systems to a safer cloud environment.

The partnerships BANKSETA entered during the year with other entities of Government are yielding mutual benefits to all parties and the country at large. We were able to reach an increased number of unemployed people through joint funding and pooling of expertise. Our current partnerships with the TETA, NEMISA, CapeBPO, Western Cape Economic Department, Alfred Nzo, local municipalities of Mafikeng, Ditsobotla and Ehlanzeni as well as SALGA are set to continue into the foreseeable future. We are looking at further partnerships at District Municipality level to realise and support the Government's District Development Model.

Economic Viability

The BANKSETA's financial statements were prepared on a going concern basis. While the economy continues to struggle to achieve decent levels of growth, management's assessment indicates the banking sector will continue to show stronger growth in incomes buoyed by the present higher interest rates environment. Although there are rising risks of impairments provisions owing to consumers being under financial pressures, the sector remains resilient

showing no signs of contraction. These provide fundamentals for a steady flow of levy income to the BANKSETA into the foreseeable future.

Acknowledgement and appreciation

I extend my thanks for continued support and guidance during the year under review to the Department of Higher Education and Training, the National Treasury and the Auditor-General of South Africa.

I appreciate the support received from the Board Chairperson and members of the Board for devoting time and energy to the business of the BANKSETA. Our various partners and stakeholders also played a key role in enabling the BANKSETA performance recorded in this report. I certainly cannot forget the difficult moments we went through during cyber security breach and appreciate the members of the South African Banking Risk (SABRIC) who reached out to the BANKSETA to provide support and guidance that helped recover from the incident.

Finally, my recognition and appreciation to the BANKSETA staff who work tirelessly for us to meet the organisational performance recorded in this report. Their commitment and dedication to the mission and vision of the BANKSETA remains a valuable asset.



Mr Eubert Mashabane
Chief Executive Officer

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor-General of South Africa.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part F) have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), as amended, including any interpretations of such Standards issued by the Accounting Standards Board, applicable to the public entity.

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgments made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal control and has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements. In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2023.

Yours faithfully



Mr Eubert Mashabane
Chief Executive Officer

Yours faithfully



Ms Nosipho 'Mia' Makhanya
Chairperson of the Board

STRATEGIC OVERVIEW

Vision

To be recognised as a centre of excellence and innovation for human resource development in the banking and alternative banking sector.

Mission

To support transformation and people development and, through partnerships, enable stakeholders to advance the national and global position of the broader banking and alternative banking sector.

Our Corporate Values

- Respect – the way we treat all people;
- Innovation – we strive to constantly up our game;
- Stakeholder focus – we strive to consistently improve our offerings;
- Professionalism – we benchmark against the best;
- Diversity – a strength that binds us;
- Integrity – we act accordingly and encourage reciprocity; and
- Teamwork – in providing service to our stakeholders, we work as one.

Legislative and Other Mandates

The BANKSETA is established in terms of the Skills Development Act, 1998 (Act No. 97 of 1998) as amended by Act 26 of 2011 and operates within the following mandates:

Constitutional Mandate

The BANKSETA's mandate is informed by the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996). The sections that guide the operations of the BANKSETA include the following:

- Promoting and maintaining high standards of ethics;
- Providing service impartially, fairly, equitably and without bias;
- Utilising resources efficiently and effectively;
- Responding to people's needs; stakeholders are encouraged to participate in policy-making; and,
- Rendering an accountable, transparent, and development-oriented administration.

Legislative Mandates

The BANKSETA is established in terms of the Skills Development Act, 1998 (Act No. 97 of 1998) as amended by the Skills Development Amendment Act, 2011 (Act No. 26 of 2011), operates within the following legislative and policy mandates:

- Skills Development Levies Act, 1999 (Act No. 9 of 1999)
- Regulations published in the Government Gazette, No. 35940, 03 December 2012 regarding Monies Received by a SETA and Related Matters (updated by NT Circular 15 2017 which set aside Regulation 3(12) to send uncommitted surpluses to NSF) and Policy Mandates
- South African Qualifications Authority Act, 1995 (Act No. 58 of 1995)
- National Qualifications Framework Act, 2008 (Act No. 67 of 2008)
- Public Finance Management Act, 1999 (Act No. 1 of 1999)
- Employment Equity Act, 1998 (Act No. 55 of 1998)
- Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)

The BANKSETA aligns its skills development activities to the National Skills Development Plan (NSDP) goals, the Strategic Integrated Projects, the National Development Plan, Government's 9-point plan and the State of the Nation Address. Sectoral Strategies are also important to skills planning. The Financial Inclusion Strategy, Regulation and the Financial Services Code, are also important strategies impacting skills planning for the banking sector. The main drivers of transformation in the financial sector have been the Financial Sector Code (FSC) and the Broad-Based Black Economic Empowerment Act (B-BBEE). The National Skills Development Strategy has provided the framework for all BANKSETA targeted interventions and is aimed at achieving a skilled and capable workforce that contributes to and shares in the benefits and opportunities of economic expansion and an inclusive growth path. The Strategy is aimed at increasing access to high quality and relevant education and training and skills development opportunities, including workplace learning and experience, to enable effective participation in the economy by all South Africans.

OUR MANDATE

In terms of the Skills Development Act, 1998 (Act No. 97 of 1998) as amended by the Skills Development Act Amendment Act, 2011 (Act No. 26 of 2011), within the NSDP framework, BANKSETA is mandated to develop skills in the banking and alternative banking sector. It does so by:

- Promoting efficient and effective governance and administration;
- Increasing access to occupationally directed programmes;
- Supporting career development services;
- Implementing the sector skills plan (SSP);
- Approving workplace skills plan (WSP);
- Establishing learning programmes;
- Linking education and the workplace;
- Improving the level of skills in the South African workforce;
- Providing skills development support for entrepreneurship and cooperative development;
- Identifying and increasing production of occupations in high demand;
- The identification of priority skills in the sector through a credible skills planning process;
- The distribution of mandatory grants to qualifying registered companies;
- The distribution and management of discretionary grants that will benefit the sector at large as well as beneficiaries within the sector;
- The implementation of quality assurance processes that will enhance and ensure quality provision of training that falls within the scope of the BANKSETA;
- Supporting the implementation of applicable national strategic objectives as identified in the National Skills Development Plan (NSDP);
- Promoting transformation as guided by the NSDP equity targets of 85% black, 54% female and 4% People With Disabilities (PWDs); and
- Allocating grants in the prescribed manner to employers, education and training providers.

Our Guiding Principles

- Leverage skills levy funds for the strategic benefit of the banking and alternative banking sector;
- Provide quality-assured, world-class skills training services at the lowest cost;
- Deploy leading-edge technology;
- Judiciously carry out the NSDP mandate; and
- Maintain status as a preferred human resources development partner in the banking and alternative banking sector.

Strategic Focus Areas

The BANKSETA has identified the following five strategic focus priorities in terms of which relevant projects are implemented:

- Technology, Digitalisation and Innovation;
- Compliance and Risk Management;
- Management and Leadership Development;
- Markets, Products and Services; and
- Customer Centricity.

Institutional Policies and Strategies over the Ten Year Planning Period (2020-2030)

The BANKSETA's implementation will be guided by the following policies and strategies:

- National Development Plan;
- National Skills Development Plan; and
- National Skills Accord.

OUR MANDATE

Sector Skills Plan Focus Areas

The functions of the BANKSETA under the Skills Development Act as outlined in its Constitution include the following:

- Develop a SSP within the framework of the National Skills Development Plan for the BANKSETA;
- Implement the SSP by:
 - approving WSPs;
 - establishing learning programmes;
 - allocating grants in the prescribed manner to employers, education and training providers and employees; and
 - monitoring education and training in the sector.
- Promote workplace-based learning by:
 - identifying workplaces for practical work experience;
 - supporting the development of learning materials;
 - improving the facilitation of learning; and
 - assisting in the conclusion of learning programme agreements.
- Disburse the skills development levies in the banking and alternative banking sector in terms of the Act and the Skills Development Levies Act;
- Liaise with the National Skills Authority as well as other SETAs;
- Report to the Director-General on the implementation of its sector skills plan and its income and expenditure;
- Liaise with employment services of the Department of Labour and any educational body established in terms of educational laws of South Africa to improve the quality of information about employment opportunities; and between education and training providers and the labour market;
- Appoint office bearers and staff necessary for the performance of its functions;
- Facilitate the involvement of the relevant government departments in the activities of the Authority to:
 - address the competency requirements for social delivery;
 - address the learning needs of the most vulnerable segments of the sector;
 - promote training SMEs to enable them to qualify for public contracts.
- Perform any other duties imposed by the Act or any other function not specifically mentioned, to fulfil the objectives of the BANKSETA and the Act;
- Notwithstanding the above functions and objectives, the Authority must at all times give effect to the purposes of the Act, being:
 - to develop the skills of the South African workforce;
 - to increase the levels of investment in education and training in the labour market and to improve the return on that investment;
 - to encourage employers:
- To use the workplace as an active learning environment;
- To provide employees with opportunities to acquire new skills;
- To provide opportunities for new entrants to the labour market to gain work experience;
- To improve the prospects of persons previously disadvantaged by discrimination and to redress those advantages through training and education; to ensure the quality of education and training in and for the workplace;
- To provide and regulate employment services;
- To provide opportunities for new entrants to the labour market to gain work experience; and to encourage workers to participate in learning programmes and other training programmes;
- To assist:
 - work-seekers to find work;
 - retrenched workers to re-enter the labour market;
 - employers to find qualified employees.
- To forge links with stakeholders and bodies in the banking sector;
- Account for the effective and efficient use of public monies received from levies collected from employers, in line with the provisions of the Public Finance Management Act; and
- Report to the Minister through the Director-General of the Department on matters related to the BANKSETA.

OUR MANDATE

Annual Performance Plan (APP) Focus Areas

The APP presents four programmes through which the BANKSETA will deliver interventions against and these are:

- Administration
- Skills Planning
- Learning Programmes
- Quality Management

The programmes have within them measurable indicators and targets in response to the achievement of goals within the National Skills Development Plan as well as the sector skills needs as outlined in the sector skills plan (SSP) and the strategic plan (SP). It also provides the baselines from previous years to use as measurements for programme success. The targets set in each of the programmes are against budget allocations.

ORGANISATIONAL STRUCTURE

Executive Management



Mr Eubert Mashabane
Chief Executive Officer



Ms Beaula Dziruni
Chief Financial Officer



Ms Christine Fritz
General Manager: Operations



Vacant
General Manager:
Corporate Services

ORGANISATIONAL STRUCTURE

Departmental Management



Ms Busisiwe Lubisi
Manager: Marketing and Communications



Mr Rapula Sathekge
Manager: Supply Chain Management



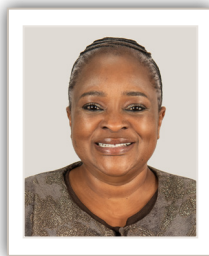
Mr Vuyani Ntanjana
Head: Strategy and Research



Ms Candice Perumalsami
Company Secretary



Ms Nobuzwe Mangcu
Regional Manager: Eastern and Western Cape



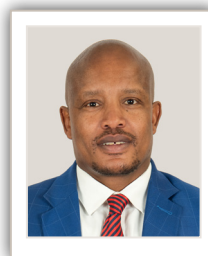
Ms Elelwani Netshituni
Regional Manager: Limpopo and Mpumalanga



Ms Tendai Sithole
Manager: Finance



Ms Elaine Thompson
Acting Manager: Quality Management



Dr Lefaso Motsoeneng
Manager: Human Resources



Mr Similo Dlamini
Manager: Work Integrated Learning and Bursaries



Mr Shaun Starr
Manager: Alternative Banking



Ms Madeleine Pelzer
Manager: Skills Development



Mr Rashaad Shamsodeen
Head: Internal Audit



Mr Marvelous Mokome
Officer: Risk and Compliance



Dr Tsietsi Raleting
Manager: Information Technology



Mr Brian Dhlwayo
Manager: Project Management



Mr Sfiso Dimba
Manager: Youth Development

PART B *Performance Information*



PERFORMANCE INFORMATION

AUDITOR-GENERAL'S REPORT: PRE-DETERMINED OBJECTIVES

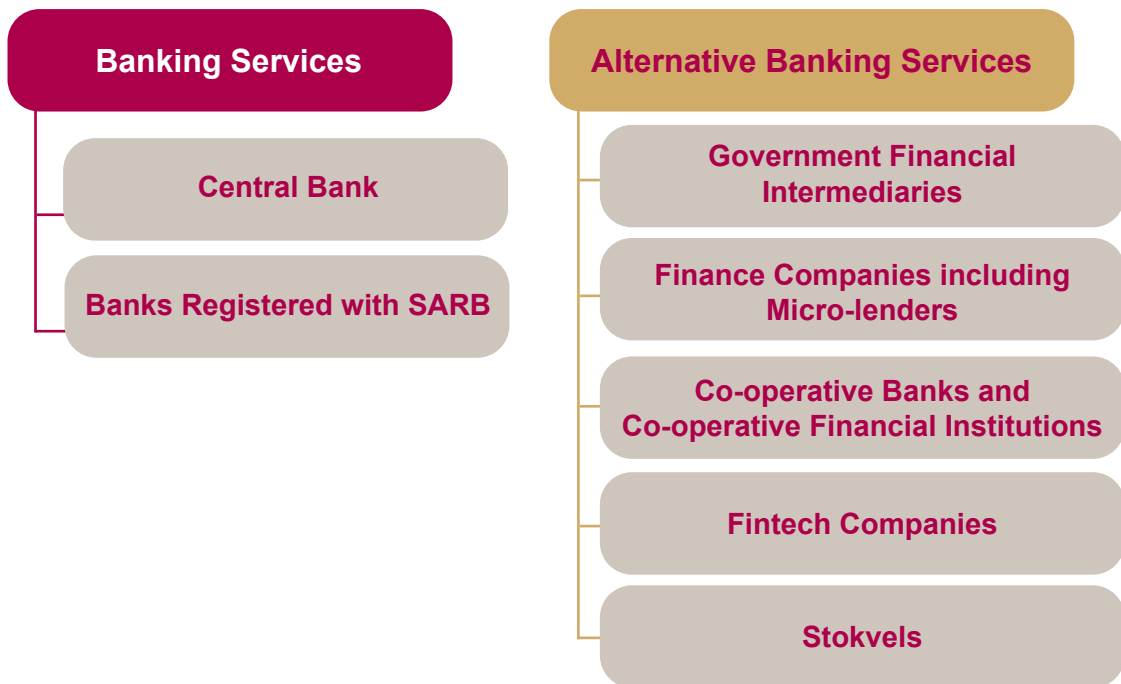
The AGSA/auditor currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against pre-determined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 119 of the Report for the Auditor-General's Report, published as Part F: Financial Information.

Overview of Performance

Service Delivery Environment

BANKSETA's service delivery environment consists of a range of stakeholders in the banking and alternative banking industry. The figure below illustrates the different institutions forming part of our service delivery environment:



PERFORMANCE INFORMATION

Each of the indicated category of stakeholders continues to adopt different technologies to respond to service delivery in their environment. Banks, which are our biggest stakeholders, continue to adopt digitalisation of their services including closing branches and embracing remote work in non-client facing divisions. BANKSETA realigned its training programmes, especially those offered to employees in the sector, to online learning. The Leadership Development Programme delivers to almost 200 employees nationally and includes delegates from other African countries. This is a fully online programme. Our funding windows had to be revised to include short courses using online training platforms such as Coursera, Udemy and Red and Yellow.

On the other end of the spectrum, we continue to have stakeholders such as SMEs and CFIs who have not yet adopted the latest technology trends in banking and still rely largely on face-to-face interactions. For these stakeholders, training interventions still involved physical classroom sessions guided by face-to-face learning facilitation. BANKSETA responded to this by offering flexible funding windows to allow for applications that suit their unique circumstances.

A concerted effort to support the Presidential Youth Employment Initiative (PYEI) and the ERRP saw BANKSETA expanding its delivery towards entrepreneurial skills and workplace based programmes through partnerships.

While performance improved compared to that of the previous financial year, some bottlenecks that hamper service delivery must be resolved and measures have been put in place to improve even further in the coming financial year. Processes are being streamlined and automated where possible which will see better performance in the 2023/24 financial year.

Organisational Environment

During the year, the following marked the BANKSETA's organisational environment:

- Organisational design study;
- MIS that started in the last month of the financial year;
- Review and streamline of processes; and
- Earlier procurement and opening of funding windows.

The latter two saw improvements in 2022/23 and will continue to improve in 2023/24.

Key Policy Developments and Legislative Changes

There have not been any major policy or legislative changes that impacted on service delivery during the period under review.

PERFORMANCE INFORMATION

Progress Towards Achievement of Institutional Impacts and Outcomes

The BANKSETA Strategic Plan for the period 2020 to 2025 has planned for the following ten institutional outcomes over a five-year period.

Outcome	Outcome Indicator	Outcome Indicator Baseline ¹	5-year Target	Progress
1. An efficient and effective SETA that complies with legislation, policy, and good corporate governance principles	Evaluation reports that reflect achievement of strategic plans	Strategic Plan 2020/21 -2024/25 Annual Performance Plan 2020/21 Annual Report 2020/21	Production of BANKSETA strategic and annual plans, quarterly performance reports and annual performance reports	BANKSETA has produced a strategic plan for 2020-2025 which is reviewed annually as well as annual plans, quarterly performance reports and annual performance reports as required
	Unqualified audit opinion on financial statements	Clean audit outcome on financial management and unqualified on non-financial management (AOP)	100% compliance with legislative frameworks relating to finance and supply chain management Unqualified audit opinion with no material findings	For the 2020/21 and the 2021/22 year BANKSETA retained its unqualified audit opinion. In the 2022/23 financial year a misstatement of discretionary grant accruals led to a qualified audit opinion
2. A credible sector skills planning mechanism that identifies relevant skills priorities to meet the labour market demands for the banking and alternative banking sector	Percentage of the pay-out rate of mandatory grants	95% pay-out rate of mandatory grants	Approve employer WSP/ATR submissions to ensure 95% pay-out rate of mandatory grants	For the past three years of the five-year strategy BANKSETA maintained a minimum of 95% pay-out rate of mandatory grants which increased to 98% in the 2022/23 year
	Number of research reports and working papers put on the knowledge portal	Board approved Research Agenda	Publication of all research reports and working papers made available on the knowledge portal. Skills development interventions are in alignment with research findings	All research reports and working papers are made available on the BANKSETA website. Skills development interventions are in alignment with research findings

¹ The baselines for the outcomes were determined based on the aligned objectives of the 2015-2020 Strategic Plan and the outcomes of the revised Strategic Plan.

PERFORMANCE INFORMATION

Outcome	Outcome Indicator	Outcome Indicator Baseline ¹	5-year Target	Progress
	Approved SSP, SP and APP	SP, APP and SSP approved by DHET	Development of BANKSETA SSP, SP and APP that meet the requirements of DHET as well as alignment of skills development programmes to the needs identified in the SSP	BANKSETA's SSP, SP and APP meet the requirements of DHET as well as alignment of skills development programmes to the needs identified in the SSP
3. Linking Education to Work	Number of learners completing the programme successfully	636	Number of enrolments: 5 300 Number of completions: 3180 Women: 54% Black: 85% Disabled: 4%	At the end of the third year of the 5-year strategy the number of enrolments totalled 4 815 and completions totalled 2 433. Targets for women and black have been met but targets for disabled remain not met
4. Increase access to occupationally directed programmes	Number of MoUs signed with UoTs, TVETs and HEIs	49	49	At the end of the third year of the 5-year strategy BANKSETA has signed 220 MoUs with TVETs, UoTs and HEIs
5. Support career development services	Number of career awareness workshops conducted	27	135	Five career awareness workshops were conducted with 241 career development practitioners attending
6. Improving the level of skills in the South African workforce	Number of workers completing the programme successfully	2 023	10 115 Women: 54% Black: 85% Disabled: 4%	After the end of the third year of the 5-year strategy, 8 841 workers completed programmes successfully. Targets for women and black have been met but not for disabled

PERFORMANCE INFORMATION

Outcome	Outcome Indicator	Outcome Indicator Baseline ¹	5-year Target	Progress
7. Skills development support for entrepreneurship and cooperative development	Number of institutions trained	186	930 Women: 54% Black: 85% Disabled: 4%	After the end of the third year of the 5-year strategy, 226 institutions were trained. The delegates from these institutions meet the women and black targets but the disabled target has not been reached
8. Identify and increase the production of occupations in high demand	Number of learners completing the programme successfully	1 116	5 580 Women: 54% Black: 85% Disabled: 4%	After the end of the third year of the 5-year strategy 3 475 learners completed programmes successfully. Targets for women and black have been met but not for disabled
9. Occupation based qualifications registered through QCTO is available to the sector	Number of occupation-based qualifications registered to address skills gaps/occupational shortages	2	Qualifications are available to address occupational shortages in response to the sector needs	Four occupational qualifications have been registered
10. Quality management of training provision against legacy qualifications	Number of training providers accredited (new and current re-accreditations)	None	All qualifying training providers are certificated on programmes	At the end of the third year of the 5-year strategy BANKSETA has 108 accredited training providers

PERFORMANCE INFORMATION

Performance Information: Consistency of Indicators

BANKSETA wishes to draw the reader's attention to the indicators reflected in the table below to ensure the accuracy of information and usefulness of the report in respect of performance information. Errors in the annual performance plan (APP) for 2022/23 have been identified and the table below aims to provide consistency between the annual performance plan and the annual performance report with regards to the APP output indicators below. The nature in which the data was collected, processed and reported in the annual performance report is not negatively impacted.

No.	APP Output	APP Output Indicator	APP planned target 2022/23: MTEF Period	APP planned target 2022/2023: Output Indicators, Annual and Quarterly Targets	APR planned Target 2022/23
1	Conduct an annual review of SP and APP	1.1.1 Reviewed SP and APP	Conduct an annual review of Strategic Plan and APP as prescribed by the relevant planning frameworks and submit the plans for approval by the Board	Conduct an annual review of Strategic Plan and APP as prescribed by the relevant planning frameworks and submit the plans for approval the Board	Conduct an annual review of Strategic Plan and APP as prescribed by the relevant planning frameworks and submit the plans for approval by the Board
2	Quarterly reports submitted to the Accounting Authority, DHET and National Treasury on or before the set due dates	1.1.2 Number of quarterly implementation reports	Quarterly reports submitted to the Accounting Authority, DHET and National Treasury on or before the set due dates	Quarterly reports submitted to DHET, and National Treasury within 30 days from the end of the quarter	Quarterly reports submitted to the Accounting Authority, DHET and National Treasury on or before the set due dates
3	Produce and obtain Accounting Authority's approval of the AR and submit to AGSA for audit and to NT and Parliament by due dates	1.1.3 Accounting Authority approved and Audited Annual Report	Produce AR and submit to AGSA for audit, obtain Accounting Authority approval and submit to DHET, NT and Parliament by due dates	Produce AR and submit to AGSA for audit and to NT and DHET by due dates	Produce AR and submit to AGSA for audit, obtain Accounting Authority approval and submit to DHET, NT and Parliament by due dates
4	Retain "Investors in People" status	1.2.1 "Investors in People" recognition retained	"Investors in People" recognition retained at "Established status" maturity level	"Established status" achieved with recommendations for improvement	"Investors in People" recognition retained at "Established status" maturity level
5	Conducting Survey on employee satisfaction	1.2.2 Employee satisfaction index	Score of 3.5/5	Achieve 3.5 score on employee satisfaction index	Score of 3.5/5

PERFORMANCE INFORMATION

No.	APP Output	APP Output Indicator	APP planned target 2022/23: MTEF Period	APP planned target 2022/2023: Output Indicators, Annual and Quarterly Targets	APR planned Target 2022/23
6	Conducting Stakeholder Satisfaction Survey	1.3.2 Annual Stakeholder satisfaction rating score	3.5/5	3.5/5 Stakeholder Satisfaction rating maintained	3.5/5
8	Conduct Risk assessment, analysis and plan	1.6.1 Approved risk management plan and quarterly progress reports	Conduct annual risk assessment/review and produce a Board approved annual risk implementation plan and quarterly progress reports	Conduct annual risk assessment/ review and produce a Board approved risk management implementation plan. Produce annual risk plan and quarterly progress reports	Conduct annual risk assessment/review and produce a Board approved annual risk implementation plan and quarterly progress reports
9	Prepare audit plan and report progress against the plan	1.6.2 Approved rolling 3-year strategic internal audit plan and quarterly progress reports	Prepare audit plan and report progress against the plan	Prepare a rolling 3-year strategic internal audit plan and submit to the Audit and Risk Committee for approval by 30 June of each year. Three quarterly audit implementation reports presented to Audit and Risk Committee	Prepare audit plan and report progress against the plan
10	Development of 3 year rolling research agenda	2.2.1 Board Approved 3 year rolling research agenda submitted to DHET by compliance due date	Submit Board-approved three-year rolling research agenda to DHET by compliance due date	Board Approved 3-year rolling research agenda submitted to DHET by compliance due date	Submit Board approved three-year rolling research agenda to DHET by compliance due date
11	Develop/ Review SSP	2.3.1 Annual SSP approved by Board and submitted to DHET by compliance due date	Annual Board approved SSP for 2023/24	Annual Board approved SSP	Annual Board approved SSP for 2023/24

PERFORMANCE INFORMATION

Institutional Programme Performance Information

Programme 1: Administration

Purpose of Programme 1:

The administrative function provides leadership, strategic management, and administrative support to all activities of the BANKSETA ensuring effective communication with all stakeholders.

The programme's sub-programmes and their purposes are:

Strategic Management

Purpose	The purpose of the sub-programme is to co-ordinate the development of BANKSETA Strategic and Annual Performance Plans and co-ordinate monitoring of the implementation of plans and report progress on their implementation.
----------------	--

Optimal Human Resource Capacity

Purpose	The purpose of the sub-programme is to recruit, develop and retain the right people, in the right positions and implement an effective performance management system throughout the licensing period of the BANKSETA ensuring the retention of Investors in People Standards recognition.
----------------	---

Communication and Brand Awareness

Purpose	The purpose of the sub-programme is to develop a marketing and communication strategy and plan for engagement, stakeholder liaison and communication with the public to increase brand awareness and ensure increasing levels of stakeholder satisfaction.
----------------	--

ICT Support

Purpose	The purpose of the sub-programme is to enable achievement of the BANKSETA strategic and operational goals through provision of Applications, Data and Technology architecture in a safe and secure environment.
----------------	---

Financial Management and Reporting

Purpose	The purpose of the sub-programme is to promote overall financial efficiency as measured by prudent financial management and compliance with prescripts and policies governing public finance by strengthening financial management practices in the areas of budgeting, expenditure monitoring and reporting.
----------------	---

Organisational Compliance, Internal Audit and Risk Management

Purpose	The purpose of the sub-programme is periodic risk assessment and audits on compliance with laws and regulations to identify potential risks and governance weakness.
----------------	--

Monitoring and Evaluation of BANKSETA Effectiveness and Impact Measured

Purpose	This sub-programme aims to evaluate effectiveness and impact of outcomes of BANKSETA Strategy, Sector Skills Plan and APP and implement recommendations for improvements. Tracing and tracking of beneficiaries to measure the effectiveness of skills development interventions (to measure impact and inform decision making regarding skills development interventions) is also done.
----------------	--

Programme 1 contributes towards the following institutional outcome:

An efficient and effective SETA that complies with legislation, policy and good corporate governance principles.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

The ICT services unit is responsible for providing ICT support and to enable BANKSETA business through the use of information and communication technologies. The highlights of the 2022/23 were with regards to business support- to improve on information security management and ensuring high systems availability through the use of cloud services.

The BANKSETA, as part of business enablement, has implemented the new Learner Management System (known as MIS) to allow stakeholders to submit Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs) for the 2023/24 financial year. The current MIS will enable stakeholders to submit, upload and sign contracts electronically. This will, for example improve on contract record keeping. The new MIS system can be accessed at <https://sims.bankseta.org.za/login>.

Annual Performance Report for the Period 1 April 2022 to 31 March 2023

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviations
Programme 1: Administration								
1.1 Strategic management								
An efficient and effective SETA that complies with legislation, policy and good corporate governance principles	Conduct an annual review of SP and APP	1.1.1 Reviewed SP and APP	An annual review of strategic plans and APP as prescribed by the relevant planning frameworks conducted	An annual review of strategic plans and APP as prescribed by the relevant planning frameworks has been conducted	Conduct an annual review of strategic plan and APP as prescribed by the relevant planning frameworks and submit the plans for approval by the Board	An annual review of the strategic plan and APP as prescribed by the relevant planning frameworks was conducted and the plans submitted to the Board for approval	Not applicable	Not applicable
	Quarterly reports submitted to the Accounting Authority, DHET and National Treasury on or before the set due dates	1.1.2 Number of quarterly implementation reports	Quarterly reports were approved by Accounting Authority and submitted to DHET, and National Treasury within 30 days of the end of the quarter	Quarterly reports were approved by Accounting Authority and submitted to DHET, and National Treasury within 30 days from the end of each quarter	Quarterly reports submitted to the Accounting Authority, DHET and National Treasury on or before the set due dates	Quarterly reports submitted to DHET, and National Treasury within 30 days from the end of the quarter	Not applicable	Not applicable

Annual Performance Report for the Period 1 April 2022 to 31 March 2023

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviations
1.2 Optimal human resource capacity								
An efficient and effective SETA that complies with legislation, policy and good corporate governance principles	Produce and obtain Accounting Authority's approval of the AR and submit to AGSA for audit and to NT and Parliament by due dates	1.1.3 Accounting Authority approved and audited annual report	AR submitted to AGSA for audit and to NT and Parliament by due dates	The AR was produced and submitted to AGSA for audit and to NT and Parliament by due dates	Produce AR and submit to AGSA for Audit, obtain Accounting Authority approval and submit to DHET, NT and Parliament by due dates	The Audited Annual Report was produced and approved by the Accounting Authority and submitted to DHET and National Treasury by the due date	Not applicable	Not applicable
	Retain "Investors in People" status	1.2.1 "Investors in People" recognition retained	Established status achieved with recommendations for improvement	Established status retained with recommendations for improvement	"Investors in People" recognition retained at "Established" maturity level	Established status retained with recommendations for improvement	Not applicable	Not applicable
	Conducting survey on employee satisfaction	1.2.2 Employee satisfaction index	Achieve 4.09 score on employee satisfaction index	4	Score of 3.5/5	4 score achieved	0.5	BANKSETA employees are satisfied with the performance of the organisation and confirm that BANKSETA is seen as the employer of choice.
1.3 Communication and brand awareness								
An efficient and effective SETA that complies with legislation, policy and good corporate governance principles	Approval of a marketing and communication strategy	1.3.1 Approved annual marketing and communication strategy	Annual communications plan not approved 114% of the plan implemented	A marketing and communications strategy and an annual communication plan was produced and reported on quarterly	Annual marketing and communication strategy approved by the CEO	Annual marketing and communication strategy was approved by the CEO	Not applicable	Not applicable
	Conducting stakeholder satisfaction survey	1.3.2 Annual stakeholder satisfaction rating score	4.18	4.4	3.5/5	4.1 Score achieved	0.6	There is a change in perception of stakeholders and improvement in the area of professionalism and speed of response as well as engagement with stakeholders

Annual Performance Report for the Period 1 April 2022 to 31 March 2023

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviations
1.4 ICT support								
An efficient and effective SETA that complies with legislation, policy and good corporate governance principles	Approval of ICT strategy and annual ICT implementation plan	1.4.1 Approved ICT strategy and annual ICT implementation plan	Not applicable	Not applicable	Board approved three (3) year ICT strategy and an annual ICT implementation plan	The Board approved a three (3) year ICT strategy and an annual ICT implementation plan	Not applicable	Not applicable
	Control administration costs within the regulated limit	1.5.1 Administration costs controlled within the regulated limit of less than 10.5% of levies income or approval sought to exceed threshold	<10	8.4%	<10.5%	8.81	Not applicable	The BANKSETA has maintained effective internal controls to control administration costs within the regulated limit.
1.5 Financial management and reporting								
An efficient and effective SETA that complies with legislation, policy and good corporate governance principles	Accounting Authority approval of the procurement plan for submission to DHET and NT	1.5.2 Submitted procurement plan on time that is in compliance with NT prescripts	Procurement plan that is in compliance with NT and DHET prescripts submitted	Procurement plan that is in compliance with NT and DHET prescripts submitted	Submit procurement plan on time that is in compliance with NT prescripts	Procurement plan in compliance with NT prescripts submitted on time	Not applicable	Not applicable
	Processing/payment of mandatory grants and discretionary grants in line with the Accounting Authority approved process and regulations	1.5.3 Percentage of mandatory grants claimed	100% of Discretionary grant payment processed 97% of Mandatory grant processed	97.89	96%	97.7	1.7	Annual information sessions and one-on-one support to employers ensures increased submission of WSPs so that the Mandatory Grants can be claimed
	100% adherence to approved audit processes, quality documents are submitted and the set timelines are met in order to inculcate culture compliance for unqualified audit	1.5.4 An unqualified audit is achieved	Unqualified audit	Unqualified audit	Unqualified audit	Qualified Audit	Qualified Audit	Qualified audit due to accruals incorrectly reflected in the Annual Financial Statements

Annual Performance Report for the Period 1 April 2022 to 31 March 2023

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviations
1.6 Organisational compliance, internal audit and risk management								
An efficient and effective SETA that complies with legislation, policy and good corporate governance principles	Conduct risk assessment, analysis and plan	1.6.1 Approved risk management plan and quarterly progress reports	The risk management plan was approved by the board and reporting done	The annual risk assessment, risk management implementation plan and annual risk plan and quarterly progress reports were submitted.	Conduct annual risk assessment/ review and produce a Board approved Annual Risk Implementation Plan and quarterly progress reports	An annual risk assessment/review was conducted and a board approved risk management plan implementation plan was produced. An annual risk plan and quarterly progress reports were produced	Not applicable	Not applicable
	Prepare audit plan and report progress against the plan	1.6.2 Approved rolling 3-year strategic internal audit plan and quarterly progress reports	The overall three year strategic and annual plan was approved in totality by the audit and risk committee in the Feb 2021 meeting	A 3-year rolling strategic internal audit plan was produced and approved by the audit and risk committee on 9 March 2021.	Prepare Audit Plan and report progress against the plan	A rolling 3-year strategic internal audit plan was submitted to the audit and risk committee for approval. Three quarterly audit implementation reports were presented to audit and risk committee.	Not applicable	Not applicable
1.7 Monitoring and evaluation of BANKSETA effectiveness and impact measured								
An efficient and effective SETA that complies with legislation, policy and good corporate governance principles	Tracking and tracer study for WBL interventions	1.7.1 Report on WBL tracking and tracer study	80% of WBL learners are tracked and reported on	Report on WBL learners submitted where 14% of beneficiaries were tracked and reported on	Not applicable	Not applicable	Not applicable	Not applicable

PERFORMANCE INFORMATION

Linking performance with budgets

Programme/ activity/ objective	2022/23			2021/22		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Admin	114 043	98 830	15 213	96 255	84 031	12 224

Strategy to overcome areas of under performance

This programme performed well during the year under review and all indicators were achieved. To maintain the performance level BANKSETA will continue to monitor this area of delivery regularly.

PERFORMANCE INFORMATION

Programme 2: Skills planning

Purpose of Programme 2:

To ensure that appropriate and relevant research and benchmarking studies are conducted to provide input into the development of a high quality and credible Sector Skills Plan and the Strategic Plan for the banking and alternate banking sector. A Sector Skills Plan is developed for the banking and alternate banking sector that reflects the labour market demands.

The programme consists of the following three sub-programmes:

Mandatory Grants

Purpose	Evaluation and approval of Workplace Skills Plans and Annual Training Reports for mandatory grant claims.
----------------	---

Research and Benchmarking

Purpose	The development of a research agenda and ensuring that all research including benchmark studies is conducted.
----------------	---

Annual Sector Skills Plan Developed and Approved by DHET

Purpose	<p>Development, updating and dissemination of the Sector Skills Plan. The budget allocated to this programme will directly impact on performance targets through the budget being utilised towards:</p> <ul style="list-style-type: none">• Optimal human resources to implement programme targets (administration budget);• Implementation/delivery of research agenda (discretionary grant budget); and• The budget for mandatory grants will be directly affected by the performance target of the number of WSP/ATR submissions approved.
----------------	---

Programme 2 contributes towards the following institutional outcome:

A credible sector skills planning mechanism that identifies relevant skills priorities to meet the labour market demands for the banking and alternative banking sector.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Key outputs are:

- The increased participation rates of employers in the WSP process and the payment of mandatory grants according to the mandatory grants claims ratio;
- A Board approved 3-year rolling research agenda submitted to DHET by compliance due date, the number of research partners appointed and the production of research deliverables; and
- An Annual SSP, SP and APP, approved by Board and submitted to DHET by compliance due date.

Annual Performance Report for the Period 1 April 2022 to 31 March 2023

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviations
Programme 2: Skills planning								
2.1 Mandatory grants								
A credible sector skills planning mechanism that identifies relevant skills priorities to meet the labour market demands for the banking and alternative banking sector	Encourage and simplify WSP submissions for employers	2.1.1 Number of employers participating in the WSP process	477	Large: 73 Medium: 40 Small: 302	Large: 73 Medium: 42 Small: 301	Large: 73 Medium: 49 Small: 321	Large: No deviation Medium: 7 Small: 20	Annual information sessions and one on one support to employers ensures increased submission of WSPs so that the mandatory grants can be claimed
2.2 Research and benchmarking								
A credible sector skills planning mechanism that identifies relevant skills priorities to meet the labour market demands for the banking and alternative banking sector	Development of 3-year rolling research agenda	2.2.1 Board approved 3-year rolling research agenda submitted to DHET by compliance due date	Board approved 3-year rolling research agenda submitted to DHET by compliance due date	Board approved 3-year rolling research agenda submitted to DHET by compliance due date	Submit Board approved three-year rolling research agenda to DHET by compliance due date	Board approved 3-year rolling research agenda was submitted to DHET by compliance due date	Not applicable	Not applicable
	Research partner sourcing	2.2.2 Number of research partners appointed	0	5	0	0	Not applicable	Not applicable

Annual Performance Report for the Period 1 April 2022 to 31 March 2023

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviations
2.2 Research and benchmarking (continued)								
A credible sector skills planning mechanism that identifies relevant skills priorities to meet the labour market demands for the banking and alternative banking sector	Production of research deliverables	2.2.3 Number of research reports and/or working papers completed and publications placed on website	17	7	5	6	1	All targets were achieved and in addition we received a report from our research partner Nelson Mandela University on some critical research for the sector
2.3 Annual sector skills plan developed and approved by DHET								
A credible sector skills planning mechanism that identifies relevant skills priorities to meet the labour market demands for the banking and alternative banking sector	Develop/review SSP	2.3.1 Annual SSP approved by the board and submitted to DHET by compliance due date	Annual board approved SSP	The final SSP was approved by the board and submitted to DHET by compliance due date	Annual Board approved SSP for 2023/2024	The final SSP, approved by board was submitted to DHET by the compliance due date	Not applicable	Not applicable

PERFORMANCE INFORMATION

Linking performance with budgets

Programme/ activity/ objective	2022/23			2021/22		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Mandatory Grants	217 228	228 570	(11 342)	177 843	194 101	(16 258)

Strategy to overcome areas of under performance

This programme performed well during the year under review and all indicators were achieved. To maintain the performance level BANKSETA will continue to monitor this area of delivery regularly.

PERFORMANCE INFORMATION

Programme 3: Learning Programmes

Purpose of Programme 3:

To implement a range of interventions by entering into agreements between SETAs, qualifying employers and skills development service providers to deliver appropriate interventions to support the provision of substantial-quality programmes for employed workers, unemployed youth, TVET and University students, Co-Ops, SMEs, NGOs resulting in the ability of the beneficiaries to adapt to changes in the labour market and measure and report on the impact of the interventions. All BANKSETA programmes are diverse, that is, they include women, men, youth and people with disabilities.

The programme consists of the following 18 sub-programmes

Name of the Programme	Purpose of the programme
3.1 Sector Learnerships (Kuyasa)	The purpose of this project is to give an opportunity to unemployed learners to undergo a work-based learning programme.
3.2 PIVOTAL Grant Funding Window: Unemployed (Includes employer driven Learnerships, Internships, Part Qualifications)	The purpose of this programme is to give an opportunity to unemployed beneficiaries to meet the demand of the banking and alternative banking sector.
3.3 Maths and Science Support	The purpose of this programme is to assist grade 12 learners to improve pass results in Maths and Science subjects.
3.4 Skills for the Future: Scholars	The purpose of this project is to capacitate Grade 12 rural Learners with Digital literacy programme with special focus on IT related skills programme and work readiness programme that incorporates career counselling in partnership with universities and/or Universities of Technologies.
3.5 TVET Work Integrated Learning Funding Window	The purpose of this programme is to assist TVET College learners to access work-integrated learning (WIL) opportunities through collaborations with Technical Vocational Education and Training Institutions (TVETs) as per the annual targets.
3.6 Universities of Technology Work Integrated Funding Window	The purpose of this programme is to fund demand-driven skills development through collaborations with the universities of technology and to register learners to access work-integrated learning (WIL) opportunities as per the annual targets.
3.7 Higher Education Funding Window	The purpose of this programme is to fund demand-driven skills through collaborations with universities and universities of technology, with a focus on awarding bursaries in scarce and critical skills areas.
3.8 Career Development Services	The purpose of this programme is to train delegates on career development.
3.9 Leadership Development Programme	The purpose of the programme is to develop and empower employees with complex Leadership Capabilities targeting employees with a potential to occupy Leadership positions in the banking and alternative banking sector.
3.10 PIVOTAL Grant Funding Window	The purpose of this programme is to develop employees in the banking and alternative banking sector through PIVOTAL programmes.
3.11 Reskilling of employees funding window	The purpose of this programme is to reskill, upskill and/or out-skill employees in the banking and alternative banking sector whose occupations are impacted by changes.
3.12 IT Funding Window	The purpose of this programme is to provide funding to employees for demand-driven IT Skills Development in the banking and alternative banking sector.

PERFORMANCE INFORMATION

Name of the Programme	Purpose of the programme
3.13 SME and CFI Funding Window	The purpose of this programme is to support small enterprises and Cooperative Financial Institutions who are registered with the BANKSETA through funding scarce and critical skills to sustain and grow these institutions.
3.14 Entrepreneurship Programme	The purpose of this project is to equip SMEs businesses to have the necessary business skills to sustain their businesses and/or supporting new businesses by registering learners on various skills programmes with the purpose of growing SME businesses.
3.15 Rural Areas focused Training	The purpose of the programme is to provide skills support to participants in rural development areas.
3.16 Executive Development Programme: Development Finance	The purpose of this programme is to provide training to participants on a management development programme targeting participants with a potential to occupy Executive management positions in the banking and alternative banking sector.
3.17 Doctoral and Post-Doctoral bursaries	The purpose of this programme is to provide funding for Employed and Unemployed learners to pursue their Doctoral and Post-Doctoral Studies.
3.18 ERRP Programme (Accelerated Employment Programme)	The purpose of this programme is to support the Economic Reconstruction and Recovery Plan (ERRP).

Programme 3 contributes towards the following institutional outcomes:

- Linking education and the workplace;
- Identify and increase the production of occupations in high demand;
- Support career development services;
- Improving the level of skills in the South African workforce; and
- Skills development support for entrepreneurship and cooperative development.

Outcomes, outputs, output indicators, targets and actual achievement

BANKSETA's programmes for unemployed youth links education and the workplace and provides unemployed youth not only with a qualification relevant to the banking and alternative banking sector but also with work experience to enable them to find employment post completion. To identify and increase skills for occupations in high demand, BANKSETA awarded more than 1 800 bursaries to unemployed youth to study at public universities. The successful implementation of the entrepreneurship project supported skills development for entrepreneurship and cooperative development and saw 503 delegates trained and mentored. In support of the Presidential Youth Employment Initiative (PYEI), BANKSETA placed more than 700 TVET learners in workplaces as well as implemented a national internship project for 4 500 unemployed youth.

Women, youth and persons with disabilities are prioritised for learning programmes. Here the targets set for woman and youth were achieved; however the SETA will have to do more work to achieve the target set for persons with disabilities.

Annual Performance Report for the Period 1 April 2022 to 31 March 2023

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviations
Programme 3: Learning programmes								
3.1 Sector learnerships (Kuyasa)								
Linking education and the workplace	Recruitment of learners for enrolment	3.1.1 Number of learners enrolled in the programme	0	483	234	235	1	BANKSETA received more applications for learnership positions and was able to place an additional learner due to availability of funds.
	Feasible learner programme implementation	3.1.2 Number of learners completing the programme successfully	459	0	256	345	89	More learners than anticipated completed successfully. This is attributed to more learners than planned, entering the programme in the previous financial year as well as to learner support.

Annual Performance Report for the Period 1 April 2022 to 31 March 2023

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviations
3.2 PIVOTAL grant funding window: Unemployed (includes employer driven learnerships, internships, part qualifications)								
Identify and increase the production of occupations in high demand	Recruitment of learners for enrolment	3.2.1 Number of learners enrolled in the programme	156	1 021	1 766	4 708	2 942	A concerted effort was made to fund more unemployed youth on WBL programmes. Additional funding was allocated to this programme when it became available.
Identify and increase the production of occupations in high demand	Feasible learner programme implementation	3.2.2 Number of learners completing the programme successfully	411	229	573	612	39	More learners than anticipated completed successfully. This is attributed to more learners than planned, entering the programme in the previous financial year as well as to learner support

Annual Performance Report for the Period 1 April 2022 to 31 March 2023

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviations
3.3 Maths and science support								
Support career development services	Recruitment of learners for enrolment	3.3.1 Number of learners participating in the programme	50	2 537	1 900	1 996	96	BANKSETA was able to fund more learners to participate in the programme with the available budget and the additional applications received.
	Feasible learner programme implementation	3.3.2 Number of learners completing the programme	Not applicable	1 891	1 520	1 312	-208	Not all the learners completed successfully as anticipated. In-year assessment of learners lead to subject registration being changed from pure mathematics to mathematical literacy .

Annual Performance Report for the Period 1 April 2022 to 31 March 2023

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviations
3.4 Skills for the future: Scholars								
Support career development services	Recruitment of learners to the programme	3.4.1 Number of learners participating in the programme	0	376	500	1 100	600	BANKSETA opened two funding windows to meet the demand for this programme in support of digitalisation skills for the future and there were therefore two intakes; one for the 2022 academic year and one for the 2023 academic year.
3.5 TVET work integrated learning funding window								
Linking education and the workplace	Create partnerships with TVET colleges	3.5.1 Number of MoUs signed with TVETs	0	24	20	24	4	BANKSETA aims to support as many TVETs as possible for a wide range of programmes to support learners.
	Implementation of the WIL programme	3.5.2 Number of learners accessing WIL opportunities	221	1 691	976	1 207	231	BANKSETA made a concerted effort to fund more learners for WIL and additional funding was allocated as it became available.
	Completion of the WIL programme	3.5.3 Number of learners completing WIL successfully	273	535	0	0	0	Not applicable

Annual Performance Report for the Period 1 April 2022 to 31 March 2023

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviations
3.6 Universities of technology (UoTs) work integrated funding window								
Linking education and the workplace colleges for capacity building	Create partnerships with UoTs colleges	3.6.1 Number of MoUs signed with UoTs	1	6	5	7	2	BANKSETA aims to support as many UoTs as possible for a wide range of programmes to support learners
	Linking education and the workplace colleges for capacity building	Implementation of the WIL programme	138	505	281	337	56	With the available funding and additional funding agreements signed with UoTs, more UoT learners could be funded for WIL
	Linking education and the workplace colleges for capacity building	Completion of the WIL programme	174	100	378	547	169	More learners than anticipated completed successfully. This is attributed to more learners than planned entering the programme in the previous financial year as well as to learner support.

Annual Performance Report for the Period 1 April 2022 to 31 March 2023

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviations
3.7 Higher education funding window								
Identify and increase the production of occupations in high demand	Create partnerships with HEIs	3.7.1 Number of MoUs signed with higher education institutions (HEIs)	34	55	15	69	54	BANKSETA aims to support as many public universities as possible for a wide range of programmes to support learners.
	Funding/bursaries for demand driven skills	3.7.2 Number of learners enrolled in the programme	1 424	717	600	1 845	1 245	BANKSETA had additional funding and approved a partnership with USAF that enabled additional learners to be funded.
Identify and increase the production of occupations in high demand	Completion of funding/bursary demand driven skills programmes	3.7.3 Number of learners completing the programme successfully	453	885	450	796	346	Additional learners, funded through a partnership with USAF, completed the programme.

Annual Performance Report for the Period 1 April 2022 to 31 March 2023

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviations
3.8 Career development services								
Support career development services	Conducting career awareness	3.8.1 Number of career awareness workshops conducted	0	0	20	5	-15	Delays in procurement of service provider meant we could not complete all the planned number of workshops and number of participants.
	Training career development practitioners	3.8.2 Number of career development practitioners trained	0	0	250	241	-9	Delays in procurement of service provider meant we could not complete all the planned number of workshops and number of participants.
3.9 Leadership development programme (LDP)								
Improving the level of skills in the South African workforce	Recruitment of programme participants	3.9.1 Number of learners enrolling for the programme	Not applicable	Not applicable	100	188	88	In the previous financial year this project was delayed and therefore more learners than planned participated in the 2022/23 financial year.

Annual Performance Report for the Period 1 April 2022 to 31 March 2023

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviations
3.9 Leadership development programme (LDP) (continued)								
Improving the level of skills in the South African workforce	Implementation of LDP	3.9.2 Number of learners completing the programme successfully	Not applicable	Not applicable	180	0	-180	Due to a delay in the start of the programme in the previous year, the learners could not complete in time. However the learners graduated on 14 April 2023 and will be reported as completed in the 2023/24 financial year.
3.10 PIVOTAL grant funding window								
Improving the level of skills in the South African workforce	Recruitment of learners for the programme	3.10.1 Number of learners enrolled in the programme	3 689	1 266	2 850	233	-2 617	Learners whose programme start date fall outside the 2022/2023 financial year cannot be counted in the achievements. Even though the achievement on APP shows a lower number, additional learners' enrolment into programmes from previous years were received in the 2022/2023 year.

Annual Performance Report for the Period 1 April 2022 to 31 March 2023

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviations
3.10 PIVOTAL grant funding window (continued)								
Improving the level of skills in the South African workforce	Implementation of the programme	3.10.2 Number of learners completing the programme successfully	3 540	814	1 740	957	-783	Learners whose learner completions results/certificates have a date that falls outside the 2022/2023 financial year cannot be counted in the achievements. Even though the achievement on APP shows a lower number, the completion results for additional learners who completed in the previous financial year were received.
3.11 Reskilling of employees funding window								
Improving the level of skills in the South African workforce	Recruitment of learners for the programme	3.11.1 Number of learners enrolled in the programme	0	0	1 300	368	-932	Under achievement is due to insufficient applications being received from the employers. With the updated guidelines, the uptake on this programme is improving.

Annual Performance Report for the Period 1 April 2022 to 31 March 2023

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviations
3.11 Reskilling of employees funding window (continued)								
	Implementation of the reskilling programme	3.11.2 Number of learners completing successfully	1 735	829	400	319	-81	Under achievement is due to insufficient applications being received from the employers. With the updated guidelines, the uptake on this programme is improving.
3.12 IT funding window								
Improving the level of skills in the South African workforce	Recruitment of learners	3.12.1 Number of learners enrolled in the programme	82	476	300	329	29	IT Skills funding window is popular among our employers. The direction that the industry is taking is technologically driven, hence we are receiving more applications on this funding window.
	Implementation of the programme	3.12.2 Number of learners completing the programme successfully	31	352	200	244	44	More learners than anticipated entered the programme in the previous year and therefore more learners than anticipated completed successfully.

Annual Performance Report for the Period 1 April 2022 to 31 March 2023

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviations
3.13 SME and CFI funding window								
Skills development support for entrepreneurship and cooperative development	Recruitment of programme participants	3.13.1 Number of SME organisations supported with training interventions	26	101	100	107	7	With the available funding and the applications received, BANKSETA was able to approve funding to seven more SMEs than planned
	Recruitment of programme participants	3.13.2 Number of CFIs organisations supported with training interventions	18	4	30	15	-15	The applications from CFIs were insufficient to meet this target. A concerted effort will be made in the 2023/24 year to get more CFIs onboard.

Annual Performance Report for the Period 1 April 2022 to 31 March 2023

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviations
3.14 Entrepreneurship programme								
Skills development support for entrepreneurship and cooperative development	Recruitment of programme participants	3.14.1 Number of participants enrolled in the programme	0	0	500	503	3	BANKSETA received more applications for entrepreneurial training and was able to fund three additional learners due to availability of funds.
	Implementation of the programme	3.14.2 Number of learners completing the programme successfully	0	0	130	221	91	More delegates than had been planned completed the programme successfully. This can be attributed to mentorship and support.

Annual Performance Report for the Period 1 April 2022 to 31 March 2023

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviations
3.15 Rural areas focused training								
Skills development support for entrepreneurship and cooperative development	Identification of targeted rural areas	3.15.1 Number of rural areas receiving skills development	0	22	10	15	5	More rural areas were reached as well as more delegates trained. This project aims to exceed the numbers planned within the available budget.
	Implementation of the programme	3.15.2 Number of rural based learners attending training	0	1 946	1 500	2 016	516	More rural areas were reached as well as more delegates trained. This project aims to exceed the numbers planned within the available budget.
3.16 Executive development programme: Development finance								
Improving the level of skills in the South African workforce	Recruitment of programme participants	3.16.1 Number of learners enrolled in the programme	0	20	20	20	0	N/A
	Implementation of IEDP	3.16.2 Number of learners completing the programme successfully	0	20	18	20	2	More delegates than had been planned completed the programme successfully. This can be attributed to mentorship and support.

Annual Performance Report for the Period 1 April 2022 to 31 March 2023

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviations
3.17 Doctoral and post-doctoral bursaries								
Identify and increase production of occupations in high demand	Recruitment of programme participants	3.17.1 Number of bursaries awarded to students	4	20	16	42	26	BANKSETA was able to approve bursaries for more applicants than planned with the available funding and the applications received.
	Implementation of the programme	3.17.2 Number of students completing successfully	1	1	15	4	-11	Completion of a doctoral or post doctoral qualification is learner driven and learners have not completed in the time anticipated.
3.18 ERRP programme (accelerated employment programme)								
Improving the level of skills in the South African workforce	Recruitment of programme participants	3.18.1 Number of participants in the programme	Not applicable	Not applicable	500	801	301	A concerted effort was made to fund more internships in support of the Presidential Youth Employment Initiative (PYEI) and other strategic initiatives.

PERFORMANCE INFORMATION

Linking performance with budgets

Programme/ activity/ objective	2022/23			2021/22		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	Expenditure R'000	Expenditure R'000	R'000	Expenditure R'000	Expenditure R'000
Discretionary Grants	840 318	786 554	53 764	1 163 775	522 670	641 105

Strategy to overcome areas of under performance

In auditing this programme the AGSA identified the following issues:

- Various technical indicator descriptors were not specific enough and as such the way these are written should be improved on.
- The BANKSETA APP now undergoes a number of reviews through assurance providers including AGSA during the Interim Audit in order to identify and correct any misalignment prior to Executive Authority approval. This practice must continue and be further enhanced.
- Strategy to support career development services: The procurement of a provider to conduct workshops took place quite late in the financial year and did not leave sufficient time to implement all 20 planned workshops. The planned number of workshops must be increased so that not only the annual targets but also the 5-year target can be achieved.
- Strategy to implement the Leadership Development Programme: Procurement of a provider to deliver this programme has been concluded and learners have registered on the programme. Despite a delay in implementation in the past two years, this programme is now on track and numbers are increased such that the annual target for 2022/23 and the 5-year strategy will be achieved. The timing of completion of the programme did not allow for completion in the year under review and should be improved on in future.
- Strategy to improve on the delivery of the PIVOTAL programme for employees: The human resources for this sub-programme must be increased. Monitoring of progress on site must be improved and the submission by implementing partners of performance information relating to previous years must be discouraged.
- Strategy to improve on the implementation of the reskilling of employees: The funding guidelines for this sub-programme has been reviewed and expanded on to allow a more flexible and pro-active approach. A partnership with a union was forged to upskill and reskill members in addition to the initiatives by employers.
- Strategy to ensure target for learners with disabilities is met: Dedicated programmes for people with disabilities must be structured and implemented.
- Strategy to improve overall weaknesses: Partnerships with stakeholders must be monitored closely and must be terminated where these do not progress as planned. Funds should be redirected to areas where implementation of similar programmes are successful. BANKSETA must procure service providers to deliver training in areas where implementation partners do not have the capacity to procure providers themselves. Procurement and invitations to apply for funding must be more proactive so that delivery can start sooner.

PERFORMANCE INFORMATION

Programme 4: Quality Assurance

Purpose of Programme 4:

To develop relevant occupational based qualifications with support from the QCTO and quality assure training delivery towards legacy qualifications resulting in the certification of learners.

The Programme consists of the following two sub-programmes:

Quality Management of training provision

Purpose	BANKSETA works in partnership with the QCTO and sector stakeholders to develop new occupational qualifications and/or align existing qualifications to Occupational Qualifications.
----------------	---

Quality Management of training provision, assessment and certification of legacy qualifications

Purpose	BANKSETA has the delegated authority of the QCTO to accredit sectoral training providers thereby ensuring quality assurance in the facilitation of learning delivery and implementation and the validity of summative assessments conducted leading to learner certification.
----------------	---

Programme 4 contributes towards the following institutional outcomes:

- Occupational qualifications for the banking and alternative banking sector; and
- Quality management of training provision against legacy qualifications to certify learners.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Key outputs are:

- Occupational qualifications for the banking and micro finance sectors; and
- Quality management of training provision against legacy qualifications to certify learners.

For part of the year, the MIS was not available. The team then put manual processes in place to ensure that the work continued. Regardless of the MIS not being available, the team was able to exceed its targets.

A new MIS has been procured and should go live in the first quarter of 2023/24 financial year. External changes relate to the COVID-19 pandemic, in that more and more training providers are moving to online training. With that development, BANKSETA has had to change the way it conducts its external moderation and align to the online methodology. Internally, the team structure has changed as some of the team members retired. Processes in the department have also been streamlined with one person focusing on specific tasks.

The QM budget is allocated under the administration portion. Expenditure allocated to QM was adequate, and all outputs have been achieved.

Annual Performance Report for the Period 1 April 2022 to 31 March 2023

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviations
Programme 4: Quality assurance								
4.1 Quality management of training provision								
Occupational qualifications for the banking and alternative banking sector	Identification and registration of occupations	4.1.1 Number of curricula and quality assessment specifications documentation submitted for registration	1	3	1	2	1	BANKSETA is accelerating the process to re-align legacy qualifications and develop new occupational qualifications.
4.2 Quality management of training provision, assessment and certification of legacy qualifications								
Quality management of training provision against legacy qualifications to certify learners	Processing of due learner certifications	4.2.1 Number of learners certified with BANKSETA qualifications.	7 346	5 312	6 000	6 036	36	Application for certification is learner and training provider driven. More learners than anticipated were be certified against BANKSETA qualifications.
	Development of quarterly report	4.2.2 Timeliness and accurate submission of the QCTO quarterly report	4	4	4	4	0	Not applicable.

PERFORMANCE INFORMATION

Linking performance with budgets

Programme/activity/ objective	2022/23			2021/22		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Budget contribution to QCTO	5 826	5 826	0	3 951	3 951	0

Strategy to overcome areas of under performance

This programme performed well during the year under review and all indicators were achieved. To maintain the performance level BANKSETA will continue to monitor this area of delivery regularly.

Revenue Collection

Revenue from Exchange Transactions

Revenue from exchange transaction is mainly investment income from investment of surplus funds in the short term money market. Investment revenue was 49% greater than budget due to increases in interest rates during the year as the South African Reserve Bank increased its rates. The BANKSETA also did not expend all its budgets leading to larger surplus funds than anticipated.

Revenue from Non-Exchange Income

This is mainly skills development levy (SDL) paid by employers within the banking and alternative banking sector calculated as a percentage of their employee costs in line with legislation. SARS is the collection agent. Employment figures were stable in the sector. The banking sector experienced strong results which were higher than expected. This impacted SDL favourably. SDL income was 9% higher than budget.

Sources of revenue	2022/23			2021/22		
	Budget	Actual Amount Collected	(Over)/ Under Collection	Budget	Actual Amount Collected	(Over)/ Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue from exchange transactions	50 756	75 759	25 003	40 500	47 719	7 219
Revenue from non-exchange transactions	868 914	944 793	75 879	733 373	848 244	114 871
Total	919 670	1 020 552	100 882	773 873	895 963	122 090

Capital Investment

The BANKSETA does not have infrastructure projects. All of its offices are leased. The capital expenditure is for assets held for administrative purposes mainly furniture and equipment and ICT licences.

Infrastructure projects	2022/23			2021/22		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Property and equipment	1 197	343	854	1 950	1 233	717
Intangible assets	2 848	1 966	522	1 700	428	1 272
Total	4 045	2 309	1 376	3 650	1 661	1 989

PERFORMANCE INFORMATION

Performance Highlights

Programme 1: Administration

Information and Communication Technology (ICT) support

The ICT services unit is responsible for providing ICT support and to enable BANKSETA business through the use of information and communication technologies. The highlights of the 2022/23 were (1) with regards to business support- to improve on information security management and ensuring high systems availability through the use of cloud services.

(2) The BANKSETA, as part of business enablement, has implemented the new Learner Management System (known as MIS) to allow stakeholders to submit Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs) for the 2023/24 financial year. The current MIS will enable stakeholders to submit, upload and sign contracts electronically. This will, for example improve on contract record keeping. The new MIS system can be accessed at <https://sims.bankseta.org.za/login>

Monitoring and Evaluation (M&E) of BANKSETA effectiveness and impact measured

Given that the project implementation strategy is multi-dimensional - it is not a one-size-fits-all - the approach to M&E has been guided by each project initiation document (PID) plan. Most of the projects are implemented via established partners who are training providers, established academic institutions and sector employers. BANKSETA believes there is a strategic link to M&E in supporting research and planning as it informs decisions about what, where and how to improve the projects on an ongoing basis to meet stakeholders' expectations, be they funders, employers or beneficiaries. The following is how M&E is used by BANKSETA leadership:

- Review, verify and approve programme data and reports generated by the BANKSETA's M&E system;
- Monitor project progress, individually and collectively, against project targets and the overall bank strategy to guide the strategy's direction;
- Employ evidence-based, strategic direction on the BANKSETA Strategy;
- Review, approve and sign off on all evidence-based communications, reports, data, or other data products that are produced by the BANKSETA and supplied to external stakeholders;
- Ensure that the M&E of the BANKSETA strategy is adequately supported and financed; and,
- Support the implementation of the M&E system of the BANKSETA strategy, to foster a "culture of M&E" among staff and partners.

PERFORMANCE INFORMATION

Programme 2: Skills planning

Different levels of engagement are deployed for the various stakeholders including the banking and alternative banking sector, the Department of Higher Education and Training (DHET), the National Skills Authority (NSA) and academic institutions. Sector sub-committees of skills development facilitators from different institutions inform BANKSETA's Research Agenda and are consulted on skills development. BANKSETA has a responsibility to submit its sector skills plan (SSP) to the DHET which in turn analyses the plan and gives input. The SSP gives the DHET an overall and comprehensive picture of the skills needs in the sector. As the body responsible for the performance of the SETAs, interaction with the NSA ensures that governance structures and processes are compliant and adhere to the NSA's standards. Academic institutions are the knowledge hubs of the country and BANKSETA interacts and partners with them to develop research on specific subjects. A multi-year research agenda with topics is developed and this is advertised for application to conduct the research by academic and research institutions, individuals and consulting firms.

Research partnerships

Nelson Mandela University partnership

Partnerships that were set up in 2021 with the Nelson Mandela University on a research project on "Skills needs of financial Cooperative Financial Institutions (CFIs)" had yielded positive results. The research aimed to establish how the BANKSETA could create a system that is more responsive to the current skills needs of the CFIs.

Key findings

- CFIs in South Africa play a significant role in their social performance as their outreach serves the marginalised groups of society.
- The social role played by the CFIs is not equal amongst the CFIs and it is important to further analyse how these CFIs vary in contributing to social performance between the small, medium, and large CFIs.
- Self-sustainability of the CFIs in South Africa is increasing in spite of the increasing loan delinquency and the institutions have significantly played a role in increasing the welfare of its members.

- The study found that members of CFIs are getting wealthier over time and the membership of these institutions has been increasing over time though at a decreasing rate.
- The regulatory burden, with the regulatory framework has a possibility of creating confusion. Compared to other countries, CFIs in South Africa are supposed to be registered as cooperatives under the Department of Trade and Industry (dti) and meet the requirements.
- CFIs in South Africa are supposed to meet the requirements under the twin peak financial sector management framework (which on its own is a burden and a grey area for established big banks because of inevitable overlaps).
- A review of the regulatory framework needs to be done in relation to international best practices to unlock the full potential of the sector, which has already proved to be conducting itself in line with the general mission and goals of such institutions.

Four issues of importance and policy intervention have been identified in the study

- How to improve the number of CFIs from further declining in South Africa;
- How to reduce loan delinquency and prevent it from being a threat to the existence of CFIs in South Africa;
- How to foster the growth, sustainability, and welfare improvement role played by CFIs in South Africa;
- How to ensure regulatory issues do not suppress the growth of CFIs in South Africa; and
- Policy recommendations.

BANKSETA Redflank Solutions Research Partnership

In 2021, the BANKSETA appointed Redflank Solutions as its research partner for the research project on "Implications of COVID-19 to the banking and alternative banking sector". The purpose of the research was to analyse the implications of COVID-19 on the banking and alternative banking sector and skills development.

Key findings

The study revealed that according to the stakeholders from the banking and alternative banking sector, approximately 78% of stakeholders viewed the pandemic as resulting in the emergence of new skills,

PERFORMANCE INFORMATION

and 64% thought it would cause the emergence of new occupations.

Among the emerging skills identified were digital skills (83%), cyber security skills (67%), client relationship management skills (54%), and emotional intelligence (51%). Among the emerging occupations were risk managers (75%), cyber security specialists (73%), and client engagement managers (41%). Additionally, stakeholders identified skills such as managing individuals and teams in a remote working environment and occupations focusing on employee wellness as emerging.

On the other hand, it was noted that 64% of stakeholders believed that there were certain jobs that had become redundant as a result of the pandemic. These included tellers (38%), branch managers (19%), and call centre agents (13%). It was noted that while 53% of stakeholders believed that some skills had become redundant, other stakeholders noted that rather than skills becoming redundant, the nature of the skills required had changed.

Considering the changing skills needs mentioned above, it is important to understand the extent to which training providers are adequately capacitated to provide training in these new skills. It was established that 83% of stakeholders agreed that training providers are adequately capacitated to provide training in new skills emerging as a result of the COVID-19 pandemic. These findings also justified the BANKSETA sector skills plan research on drivers of change in the banking and alternative banking sector.

Gender-based violence programme partnership with academic institutions

BANKSETA promotes zero tolerance for all forms of abuse and is implementing a Gender-Based Violence (GBV) pilot project as a form of supporting institutions of higher learning in dealing with GBV. The BANKSETA supported the South African President's call for the inclusion of initiatives to address GBV in the strategic plans of government departments, public entities, civil society and businesses. The 3-year pilot GBV project is supporting government national priorities in implementing the National Strategic Plan on Gender-Based Violence and Femicide and working towards the progressive realisation of the National Skill Development Plan (NSDP) outcomes.

The objectives of the GBV project are as follows:

- To assist post school education training (PSET) and system institutions and entities to address the occurrence of GBV;
- To promote the safety of all students and staff by putting in place comprehensive prevention programmes intended to raise awareness of policies and services addressing GBV, as well as other measures aimed at preventing incidents of GBV in the PSET environment; and
- To provide for or refer GBV victims to comprehensive, specialised support and other assistance.

The programme is being implemented in the following universities:

- University of Fort Hare;
- Walter Sisulu University; and
- Rhodes University.

GBV programme training beneficiaries

The beneficiaries of the GBV training include the following identified stakeholders:

- Students;
- Residence wardens;
- University security officials;
- Case management practitioners.

GBV training progress

The GBV inception meetings were held last year with each individual institution and in those inception meetings, the training needs of individual institutions were identified. So far, the training has been conducted for students in the following universities as per the matrix below:

GBV Training for Students	Registered vs Connected	University of Fort Hare: East London	University of Fort Hare: Alice	Walter Sisulu University	Total
	Connected	80	100	112	292
	Registered	200	200	377	777
	Number of students trained	80	100	377	557
	Training date	15 March 2023			

PERFORMANCE INFORMATION

The department's strategic focus in the year ahead will be to engage with the sector, to continue to gather evidence-based research on what skills and occupations are needed. The BANKSETA is engaging with the sector so that the process of upskilling people in their current occupations to what will be needed for the sector to remain competitive.

Programme 3: Learning Programmes

Sector Learnerships

The key output is to link education and the workplace by providing learnerships. These are provided through the Letsema project for post-matriculants and the Kuyasa project for postgraduates. Kuyasa has two streams: one involves generic management in which learners are groomed as junior managers, while the other is a more specialist programme lasting 12 months and focusing on business analysis.

Following the COVID pandemic and the hybrid models it introduced, employers are being encouraged to ensure that mentors engage at least once a week with learners who are working from home. A further challenge is that of human resource capacity. It is expected that the organisational design will result in additional human resources being made available, so that more learnerships can be implemented.

PIVOTAL Grant Funding Window: Unemployed (includes employer driven Learnerships, internships, skills programmes, bursaries) and employed

Key outputs are that stakeholders obtain skilled employees that pursue life-long learning to skill themselves in various qualifications.

Challenges experienced are that non-completion by beneficiaries impact on the BANKSETA targets with DHET. This falls outside of the control of BANKSETA. As a result, BANKSETA underspends on its last tranche payments on the project as funds are written back to the pool of funds because of non-completion or underutilisation. To mitigate these challenges, increased engagement has been held with stakeholders to discuss issues, risks and any challenges they might experience.

As a result of internal developments, the evaluation process has been shortened significantly compared to the previous year's funding window. The process has been streamlined to ensure a quicker response

to stakeholders. Stakeholders are satisfied with the improvements.

If participation rate is low, BANKSETA will engage with stakeholders to address low uptake and request permission to open a second funding window to increase participation. However, this funding window is usually oversubscribed.

TVET Work Integrated Learning Funding Window

Universities of Technology Work Integrated Funding Window

Higher Education Funding Window

Key outputs are a decrease in the shortage of skills among youth and the number of unemployed youth. At the same time, there is an increase in the number of unemployed youth gaining work place experience in the banking and alternative banking sector.

Following the COVID pandemic and the hybrid models it introduced, employers are being encouraged to ensure that mentors engage at least once a week with learners who are working from home.

The programmes will be impacted by the changes in legislation relating to grants. During the year, comments on Government Gazette 47926 - SETA Grant Regulations regarding monies received by a SETA and related matters were received by the BANKSETA stakeholders and submitted to DHET for a consolidated sector view.

Virtual Leadership Development Programme

The key output of this programme is managers who have increased and developed their own leadership capabilities and grown in their leadership styles. This output is of benefit to the BANKSETA's stakeholders.

Successes during the year are:

- The first ever Virtual Leadership Development Programme;
- A graduation on the 14 April 2023 for the first cohorts of this programme; and
- Some minor enhancements have been made to the programme.

PERFORMANCE INFORMATION

The challenges identified during the year are:

- The need to spend more time with stakeholders to obtain their buy-in as the programme is significantly different from a previous programme implemented; and
- Withdrawal of beneficiaries as they viewed the programme incorrectly.

These challenges are mitigated by increased engagement with stakeholders to discuss issues, risks and any challenges they might experience.

In respect of allocated expenditure, increased funding allows more beneficiary participation in the programme.

IT funding window

Key outputs are that stakeholders obtain skilled employees who pursue IT related courses to develop themselves and increase their career trajectory in IT related fields within the organisation.

Successes during the year are that, compared to the previous year's funding window, the evaluation process has been shortened significantly. The process has been streamlined to ensure a quicker response to stakeholders.

Challenges are experienced with the non-completion by beneficiaries which impacts on the BANKSETA targets with DHET. This falls outside of the control of BANKSETA. As a result, BANKSETA underspends on last tranche payments on the project as funds are written back to the pool of funds because of non-completion or underutilisation.

This is mitigated by increased engagement with stakeholders to discuss issues, risks and any challenges they might experience.

Increased funding allows more beneficiary participation in the programme. BANKSETA engages with employers to encourage beneficiaries to complete their studies on time.

SME/CFI funding window

Key outputs are the support for skills development relevant to their individual needs.

This project is the most significant of the alternative banking department as it supports registered BANKSETA SMEs and CFIs with skills they need to develop the sectors. With the significant growth in the numbers of SMEs who submit a WSP, this target will grow as it aligns directly to the WSP submission growth patterns. No challenges were experienced, and the programme is well received by stakeholders.

There was an increase in WSP submissions for small employers which by implication means that more employers needed support. Additional funding to reach all small employers is provided for in the current financial year.

The project contributes to the BANKSETA's institutional outcomes by linking education to work and addressing scarce and critical skills.

The funding was sufficient to accommodate the funding needs of all successful applicants.

Online short courses funding window

Key output is skilled employees for stakeholders who pursue online short courses in various fields to develop themselves and increase their career trajectory in the organisation.

Successes during the year include that the evaluation process has been shortened significantly compared to the previous year's funding window. The process has been streamlined to ensure a quicker response to stakeholders.

Challenges include the non-completion of courses by beneficiaries that impacts on the BANKSETA targets with DHET. This falls outside of the control of BANKSETA. As a result, BANKSETA underspends on last tranche payments on the project as funds are written back to the pool of funds because of non-completion or underutilisation. To mitigate challenges, increased engagement with stakeholders has been held to discuss issues, risks and any challenges they might experience.

PERFORMANCE INFORMATION

Entrepreneurship programme

Key outputs are that SMEs that are impacted by this intervention, create employment and sustain and grow their businesses.

500 businesses were supported during the year under review and the sub-programme is positively received by stakeholders. Challenges are the limited funding available. Additional funding has been requested for the new financial year so that reach can be increased.

The sub-programme contributes to the institutional outcomes by providing skills development support for entrepreneurship and cooperative development.

Rural areas focused training

Key outputs in the year under review were 1 500 rural SMEs supported. The project is vital in supporting and accelerating growth of rural SMEs to address underdevelopment, unemployment and poverty in support of the national rural development strategy and district development model.

The project is well received and is implemented under the cooperation agreement with SALGA to ensure social cohesion through developing local economies. Sufficient funds are allocated to the programme, which contributes to the institutional outcomes by providing skills development support for entrepreneurship and cooperative development.

Executive development programme: Development finance

Key outputs are skilled leadership and the addressing of equity in senior management in the development finance sector.

During the year, 20 executives were placed on to an executive programme in development finance. No challenges were experienced as the programme is well regarded by stakeholders.

It contributes to the institutional outcomes by improving managerial skills in the South African workforce.

Sufficient budget was available.

Doctoral and post-doctoral bursaries

A key output of this programme is that stakeholders acquire employees who are experts in their various fields of knowledge. Beneficiaries acquire knowledge that contributes to the development of the banking and alternative banking sector.

This year, the participation of Doctoral and Post-Doctoral beneficiaries in the sector increased.

In terms of expenditure, increased funding will allow more beneficiary participation in the programme.

Employers are requested to encourage beneficiaries to complete their studies in good time. The BANKSETA will be engaging with stakeholders to address low uptake and increase participation in the programme.

Employment Reconstruction and Recovery Programme (ERRP)

Key outputs are to support new and existing businesses to achieve sustained economic growth in all sectors and reducing unemployment and stimulating growth of the economy that has been severely impacted by the global pandemic.

No challenges were encountered and the programme was positively received with sufficient budget made available.

PERFORMANCE INFORMATION

Success stories

Bursary is helping to combat cyber breaches

It is no secret that cyber security breaches are rocketing. According to the IBM's data breach report, 83% of organisations experienced more than one data breach during 2022.

Breaches are costly. The influential Harvard Business Review says the global average cost of a data breach reached \$4,35 million in 2022. These expenses can include ransom payments and lost revenues to business downtime, remediation, legal fees, and audit fees, according to the HBR.

That is why BANKSETA's sponsorship of a bursary for Sinoxolo Hermanus to study in the field of cyber security is an invaluable investment, not only for the individual and her company, but for the economy as a whole.

"Sinoxolo" means "we have peace" – but when asked about her work day, it's clear that it's anything but peaceful! Currently she is an information security analyst with TFG, working in cyber monitoring. This involves monitoring users in business, analysing behaviour anomalies and responding to phishing and other security related incidents.

It's a big responsibility, but Sinoxolo does not find her work too stressful, since she enjoys it. She ascribes this to having an analytical mind and being able to adapt to changes in the environment, as there are always new ways in which hackers perform their "evil deeds". She keeps up-to-date by following platforms such as cyber security news.

When not at work, Sinoxolo is pursuing her masters degree in cyber security, also funded by BANKSETA.

Her awareness of the BANKSETA goes back to her university days when she was doing her honours degree in 2020. She had started with an undergraduate degree in accounting and



Sinoxolo Sisanda Hermanus
Cyber security beneficiary

information systems, and followed that up with an honours degree in information systems only. In 2021, she became aware of a BANKSETA learnership opportunity in cyber security at Altron and thought this was a good opportunity for her as it is a growing field in which there is a shortage of skills.

Sinoxolo's biggest challenge in life has been that of securing financial resources to study. She comes from a poor background in the Eastern Cape and it has been difficult to achieve the kind of education that her family would like her to have. In addition, her father died shortly before she was due to write her final exams, but the memory of his frequent questions as to whether she had graduated inspired her to complete her exams successfully.

Her dream is to learn more about cyber defence and become a senior analyst.

Her message to BANKSETA is to thank them for opening doors for her. Sinoxolo hopes that the organisation will continue to open doors for other people to achieve their goals and fulfil their dreams.

PERFORMANCE INFORMATION

Success stories

BANKSETA bursary contributes towards gender parity

In the male-dominated world of actuarial science, in which only 15% of qualified practitioners are women, BANKSETA's bursary funding of Clarice Naidu is all the more noteworthy.

Clarice had completed her BSc in actuarial science when the COVID pandemic struck, causing her family real financial hardship, and putting her qualification as an actuary at risk. She was also going through a tough time with board exams of the Actuarial Society of South Africa (ASSA).

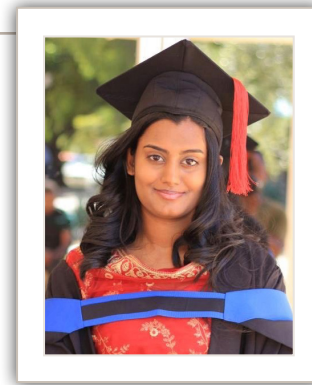
Fortuitously, it was also the time when colleagues of the BANKSETA visited her university campus in the Free State and gave what she described as a "really inspiring" address, during which she realised she could still make her dreams come true.

An application for a bursary from BANKSETA followed, and now this bright young woman is well on her way to contributing to South Africa's economy through her actuarial skills. Currently she has passed four of the 16 exams to be written and is pursuing another four.

Clarice describes her work as dealing with predictive modelling in which a problem is considered and the outcome predicted. A new development is the use of artificial intelligence to do so.

Clarice is deeply grateful to the BANKSETA for giving her the opportunity to continue with her studies through a bursary. Her immediate goal is to complete all the ASSA board exams and then to find employment so that she can assist her family, who have made great sacrifices for her studies.

"This bursary has been a dream come true. I am beyond thankful to the BANKSETA for how it has changed my life and that of my family," she concludes.



Clarice Naidu
Bursary beneficiary

"This bursary has been a dream come true. I am beyond thankful to the BANKSETA for how it has changed my life and that of my family." - Clarice Naidu

PERFORMANCE INFORMATION

Success stories

Rural entrepreneurs learn vital business skills with BANKSETA and SALGA

More than 5000 rural entrepreneurs have been empowered in the last three years through a partnership between the BANKSETA and the South African Local Government Association (SALGA).

The newly-trained entrepreneurs come from all nine provinces and at least 39 districts. The skills they have been given over the three-day training course range from new venture formation to planning for growth.

They range across all ages, from youngsters of 15 years to seasoned veterans, and from formally registered businesses to informal ventures as well as those that are still in the planning stages.

The sectors in which the businesses are involved included beading, arts and crafts, farming, construction, hospitality, business consulting, car washing, education (day care centres), catering, importing, and general supplies.

Zanoxolo Futwa, who manages the project on behalf of SALGA, says SALGA's mandate is to be a pillar providing support to municipalities across the country by delivering tools and systems to help them deliver on their mandates.

SALGA's research has found that fewer people living in rural municipalities have the capability to join the mainstream economy than in urban areas. As a result, they are less able to pay for the services provided by the municipalities. A gap therefore exists between the capacity of rural people to generate the income needed to fund the municipalities to enable them in turn to provide adequate services.

SALGA therefore identified the need to train rural entrepreneurs to start up and run businesses efficiently and partnered with a number of strategic partners to provide this training.

The key focus is on developing capacity and support systems to enable growth in the revenue base of municipalities. With such growth, not only services can be provided, but municipalities can borrow against their balance sheets.

Zanoxolo says: "If you're unemployed, you can't generate revenue to pay for services, the result of which is a reduction in the social cohesion of the country."



PERFORMANCE INFORMATION



He paid tribute to the contribution that BANKSETA is making to the project and expressed SALGA's delight that the BANKSETA was able to listen to the call and see value in the partnership. One of BANKSETA's reasons for being involved is to provide rural business people with the skills and competencies to have informed conversations with financial officials.

The seven modules of the course are:

- New venture formation;
- Ethics and governance;
- Financial management;
- Marketing;
- Doing business with corporates and the private sector;
- Growth planning, execution, measurement; and
- Managing people and operations.

The first year of the project was implemented by Boago Learning Solutions, while the second and third years have been implemented by Tshokomo Business Consultancy.

In addition to the training, extremely useful information has been gathered, which is providing substantial data to be used in studies to understand and inform rural development policy.

In addition, traditional leaders have been drawn into the partnership, which has benefitted relationships with these important leaders in the country.

The next step is a national dialogue so that the three spheres of government – national, provincial and local – can have a conversation about rural development that will result in a national rural development strategy to be submitted to the Cabinet.

Although the training has been rolled out in all provinces, emphasis was given to provinces that are predominantly rural, in particular KwaZulu/Natal, Mpumalanga, Eastern Cape and Limpopo. Eastern Cape, for example, received 25% of the training.

In many cases, the training proved so popular that courses were oversubscribed, with up to three times the number of people expected actually attending.

Although the courses were conducted in English, facilitators were on hand at all times to assist delegates' understanding, as well as to explain complex financial aspects to them where needed.

PERFORMANCE INFORMATION

Success stories

BANKSETA's IEDP keeps practitioners abreast of developments

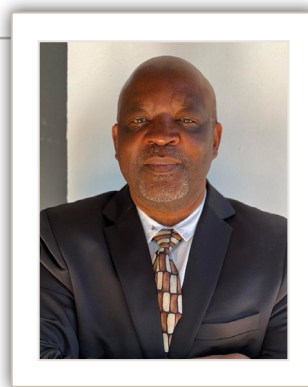
Technology is not the only way in which the world has changed. Developments in the finance industry have brought new understanding of how markets operate. And working in the industry, even for many decades, does not always give practitioners sufficient knowledge to stay abreast of changes.

This realisation is partly what drove Evans Nhlanhla Maphenduka to enrol for the Independent Executive Development Programme (IEDP). Having completed the programme early in 2023, Evans is now fired up to make an even bigger contribution to his work in the microfinance and financial co-operative development sectors.

A seasoned professional in the financial services sector, Evans is an independent contractor with the Development Microfinance Association (DMA), who strives to bring awareness in government and other stakeholders of the importance of these sectors in fostering financial inclusion in South Africa. This is especially important in the rural and township areas, many of whose residents have been excluded from mainstream financial services.

Asked where he heard about BANKSETA, Evans says: "BANKSETA is a household name in the financial services sector. The work it has done as an enabler of skills development and transformation in banking, microfinance and financial co-operatives is bellowing throughout South Africa. BANKSETA also reinforces the professional conduct of those that partner with it. At one time I enrolled some of my staff in the BANKSETA executive programmes. One came back with such knowledge and confidence about the microfinance sector that I decided I would also enrol. So when the opportunity came, I jumped at it and today I have the same confidence and understanding of the development sector, including the financial cooperative sector."

Although Evans has a master's in development finance, the whole industry has evolved. Back in the 1980s, he says, the concept of microcredit was limited to tiny loans being offered to informal businesses as a way of survival.



Evans Nhlanhla Maphenduka
IEDP beneficiary

This evolved in the 1990s to microfinance, which included promoting access to a variety of other financial services as a way of building sustainable wealth for the most vulnerable segments of societies.

In the 2000s, financial inclusion became more prominent. The concept called on governments to create enabling environments so that the financial sector could include those that lack access to financial services.

Today the development finance concept is about "last mile" financing models that enable development microfinance institutions, banks, cooperatives, digital finance entities, and mobile network operators to reach deep rural populations with affordable financial and transfer services.

Evans notes: "The language has evolved, and new terms with new understanding have emerged. There is a need to stay current and keep pace with new developments in the industry. One of the best ways to do so is through programmes such as the BANKSETA's IEDP, currently in partnership with the Regenesys Business School."

Speaking of his vision for the future, Evans says South Africa currently has no dedicated policy and legislation for informal and microenterprises. "Everything is lumped together under policies and legislation that favour small and medium businesses to the detriment of informal and microenterprises. My goal is to advocate for informal and microenterprises to have their own policy framework and legislation. That will bring South Africa in line with other developing countries."

PERFORMANCE INFORMATION

Provincial Offices

BANKSETA's regions, covering several of the country's provinces, continue to provide valuable footprints for the organisation by ensuring that they are visible on the ground. This is particularly the case for BANKSETA's rural stakeholders. The regional offices monitor and provide support for many of BANKSETA's projects. The number of learners, both employed and unemployed, bursaries granted, SMMEs funded, and cooperatives and HEI institutions supported in each province are testament to the effectiveness of the outreach of each region. The regions are also contact points for information for learners, instead of them having to call BANKSETA's head office.



Limpopo region

The Limpopo region covers two provinces – Limpopo and Mpumalanga. The region enjoyed several successes during 2022/23. One such success is that of placing learners in municipalities, particularly rural ones, in areas such as IT and finance. When monitoring visits are done, it is clear that top management of these local government structures regard the learners as valuable assets and are keen for the region to continue placing them. In turn, the learners gain valuable experience and are having doors opened for them.

Another project that has done well is the entrepreneurship programme. TVET institutions are encouraged to take the programme to wherever students gather to teach them skills such as how to construct a business plan, market their products, build a website, to name just some of the skills learned and empowering them with knowledge that they did not previously have.

External challenges in the region focus on the high rate of unemployment, particularly among young people in the rural areas. A major difficulty arises from the fact that so many learners did not do pure mathematics and accounting at school, which makes them difficult to place. The region is delighted that BANKSETA is encouraging learners to be placed in sectors other than banking, to give them the experience they need.

Internally, the region continues to be challenged by lack of human resources, especially since the resignation of one of its interns, and hopes that the completion of the occupational design study by the BANKSETA will address some of the shortages.

In respect of the future, the region is looking forward to a new way of working for the maths and science project. Instead of partnering with NGOs, the project will in future work with institutions of higher education, such as universities and TVETs, in which academic staff and students in their final year of study will provide the tuition needed for the project.

PERFORMANCE INFORMATION



Eastern Cape

The work of this region covers both the Eastern and Western Cape provinces.

As with Limpopo, the Eastern Cape region is also experiencing the impact of high unemployment. A number of SMEs who were registered with BANKSETA in the region have closed their businesses due to various reasons. To address this, the region also places learners in non-banking sectors, since all companies have finance departments which could potentially offer opportunities for learners.

In addition, the region has offered more bursaries for students and funding for work in learning (WIL) projects and learnerships, in part to meet the targets of the Presidential Youth Employment Initiative (PYEI).

Stakeholders are wide ranging, including employers, government departments, higher education institutions, unemployed and employed beneficiaries, among others. They include four public universities

and eight TVET colleges in the Eastern Cape and three public universities and six TVET colleges in the Western Cape. All are funded to implement projects which are continuously monitored for their effectiveness. Contact with stakeholders is maintained through attendance at relevant forums, as well as one-on-one communication through phone calls, emails and meetings. With learners, contact is maintained through inductions, monitoring and evaluation, both with the learners themselves and with their educational partners.

Plans for the future include the amalgamation of the Skills for the Future and Maths and Science Support for a project that will have a joint budget and be known as “skills development initiatives for Grade 12”. It will also provide assistance for learners who have not completed matric and who have become discouraged as a result. The project will have three categories: IT, maths and science support for Grade 12, and support for matriculants who did not pass. It will also cover work readiness programmes and career options.

PERFORMANCE INFORMATION

Stakeholder Engagement

BANKSETA consistently reviews its stakeholder engagement management processes to stay abreast of how stakeholders perceive the organisation, services and offerings. Engagement takes place through physical and virtual meetings, forums, information sessions, emails, telephonic discussions, the website and social media platforms, with the latter four, being on a general level and the prior focusing on more operational and strategic engagement. Strategic stakeholder engagements emanate from within the organisations through staff, management, and board committee meetings as one of the fundamentals of its integrated engagement reporting procedures. Board members hold BANKSETA management accountable to fulfil a robust engagement role which involves stakeholders as key communicators of what the BANKSETA should implement to drive the skills development agenda and innovation in the delivery of programmes and services.

The Chief Executive Officer led management in the delivery of various engagement initiatives which resulted in the operations division team having several engagement sessions with their specific stakeholders, the marketing and communications department engaging and collaborating with SETAs,

the Department of Basic Education and DHET in the provision of information to communities, the youth and educators. The Chief Executive Officer has through various strategic engagements with SETA CEOs, industry bodies, employers in the banking and alternative banking sector, the education sector and all levels of government, forged collaborations that resulted in the continuation of existing projects and the establishment of new projects.

BANKSETA's stakeholder engagement drive involves providing quarterly reports on engagement activities at the governance and executive levels and by all departments. This initiative will be improved on for

The approach involves the following:

- Identification of stakeholder groupings and subgroupings
- Identification and review of current methods of engagement
- Identification of stakeholder engagement gaps across the business
- Development of innovative methods of stakeholder engagement
- Assessment and monitoring of the implementation plan.

The BANKSETA engages vigorously with its stakeholders, each of whom have expectations. The SETA commits to continuously improving in this regard.



PERFORMANCE INFORMATION



Stakeholder Satisfaction Survey

The Stakeholder Satisfaction Survey was conducted in the year under review and was intended to capture the stakeholder's perceptions, opinions, preferences, and satisfaction levels regarding various aspects of BANKSETA projects, such as the requirements, expectations solutions, processes, communication, collaboration, experience of service, professionalism, engagement, and the outcomes.

The surveys questionnaires were administered online, via email and telephone. The survey questionnaires were clear, concise, relevant, and easy to answer, and included both quantitative and qualitative questions. Online focus groups were conducted, and participants were made to feel at ease as their details were kept confidential due to the BANKSETA team committing in writing to keep away from such sessions for stakeholders to comfortably raise relevant issue where necessary. Both the internal and external surveys responses were anonymous.

The stakeholder feedback and recommendations from the research company were presented to staff, management, and board members. The recommendations have been taken into consideration and actions plans have been developed to address issues raised. In comparison the survey results indicated that for 2022/23, all stakeholders' satisfaction levels declined compared to 2021/22 satisfaction levels except for internal stakeholder satisfaction levels that have remained constant in the last three financial years. The baseline achievement target as per the annual performance plan expected outcome is 3.5/5. The external stakeholder survey result is rated at 4.1/3.5 and 4.0/3.5 rating for the internal stakeholder survey. The full year-on-year annual survey reports can be accessed from www.bankseta.org.za/media-and-events/.



**YES
YOU
CAN**

One of the BANKSETA's corporate strategies is that of Youth Development. The BANKSETA offers various vocational education and training programmes to bridge the gap between structured learning and work experience in the banking and alternative banking industry.

**TAKE THE OPPORTUNITY TO
KNOW MORE...**

www.bankseta.org.za



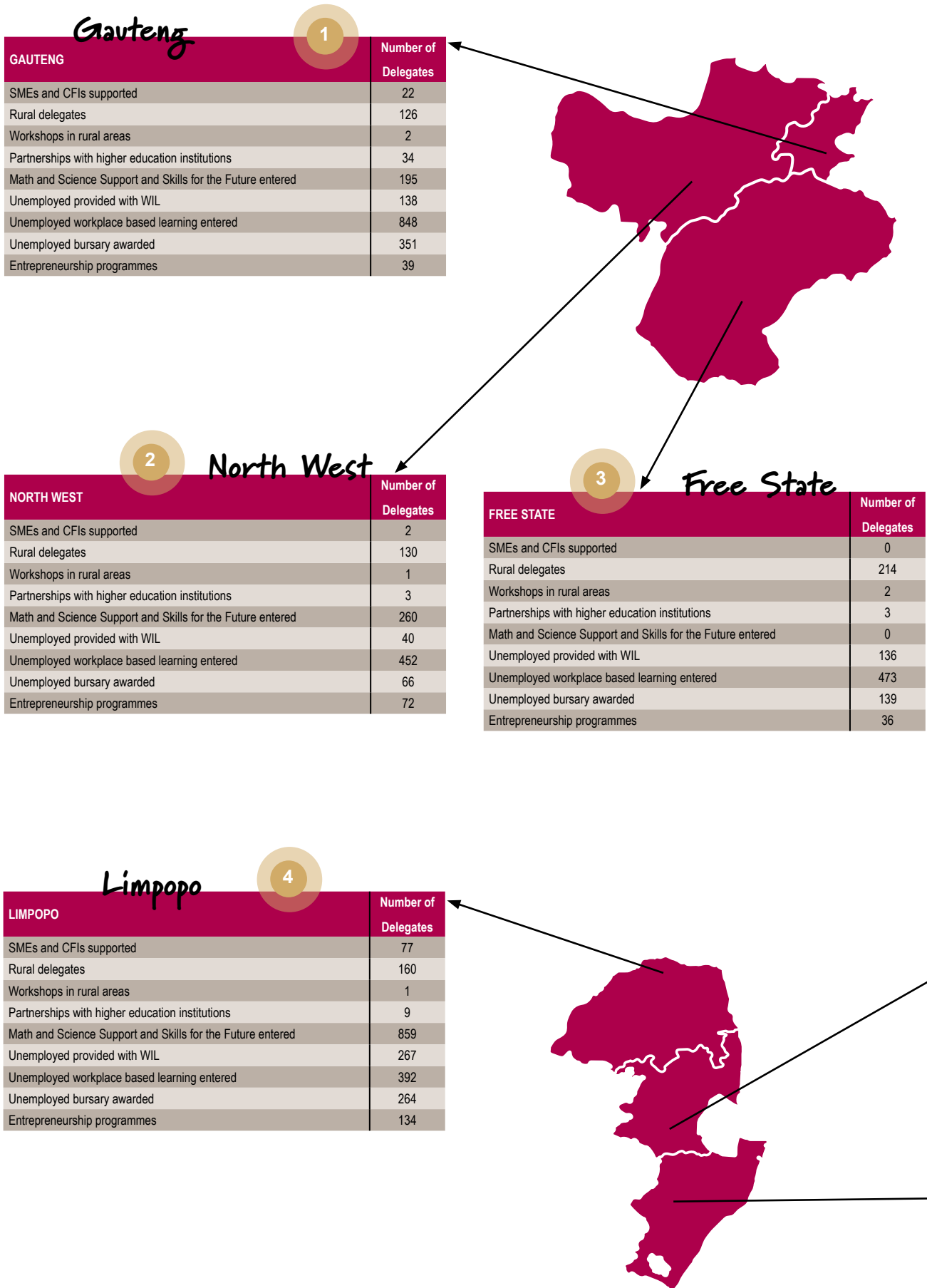
ENABLING SKILLS DEVELOPMENT IN THE BANKING AND ALTERNATIVE BANKING SECTOR



 **INVESTORS
IN PEOPLE**

PROVINCIAL PROGRAMME DIVERSIFICATION

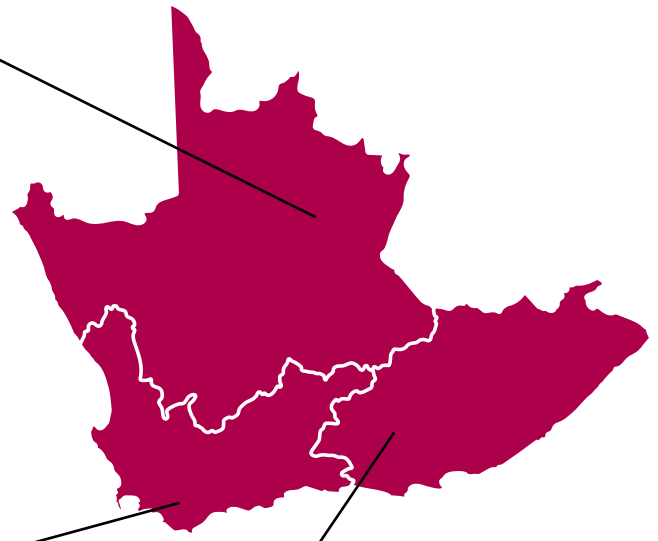
Unemployed Beneficiaries and Small and Micro Enterprise Funding



PROVINCIAL PROGRAMME DIVERSIFICATION

5 Northern Cape

NORTHERN CAPE	Number of Delegates
SMEs and CFIs supported	0
Rural delegates	117
Workshops in rural areas	1
Partnerships with higher education institutions	2
Math and Science Support and Skills for the Future entered	195
Unemployed provided with WIL	0
Unemployed workplace based learning entered	293
Unemployed bursary awarded	23
Entrepreneurship programmes	58



6 Western Cape

WESTERN CAPE	Number of Delegates
SMEs and CFIs supported	0
Rural delegates	61
Workshops in rural areas	1
Partnerships with higher education institutions	18
Math and Science Support and Skills for the Future entered	65
Unemployed provided with WIL	260
Unemployed workplace based learning entered	776
Unemployed bursary awarded	149
Entrepreneurship programmes	0

7

Eastern Cape

EASTERN CAPE	Number of Delegates
SMEs and CFIs supported	4
Rural delegates	514
Workshops in rural areas	3
Partnerships with higher education institutions	16
Math and Science Support and Skills for the Future entered	773
Unemployed provided with WIL	359
Unemployed workplace based learning entered	651
Unemployed bursary awarded	380
Entrepreneurship programmes	40

8 Mpumalanga

MPUMALANGA	Number of Delegates
SMEs and CFIs supported	9
Rural delegates	365
Workshops in rural areas	3
Partnerships with higher education institutions	2
Math and Science Support and Skills for the Future entered	425
Unemployed provided with WIL	20
Unemployed workplace based learning entered	520
Unemployed bursary awarded	88
Entrepreneurship programmes	97

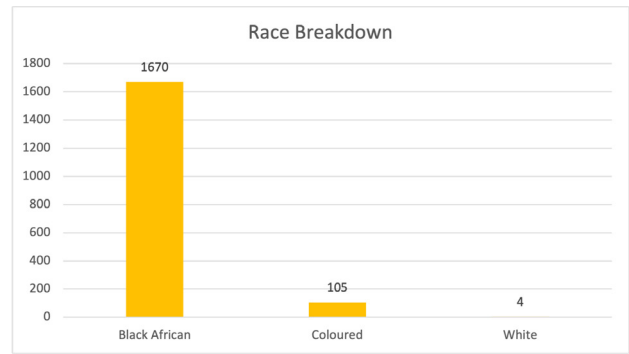
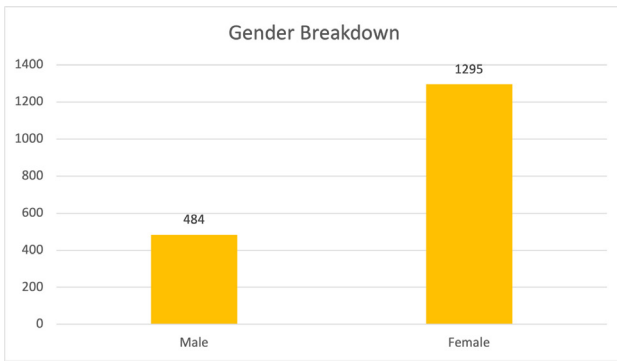
9

KwaZulu-Natal

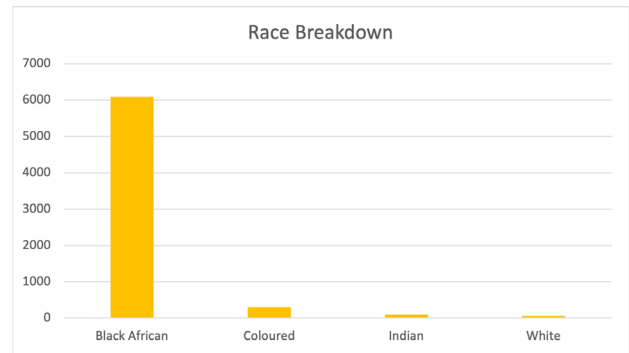
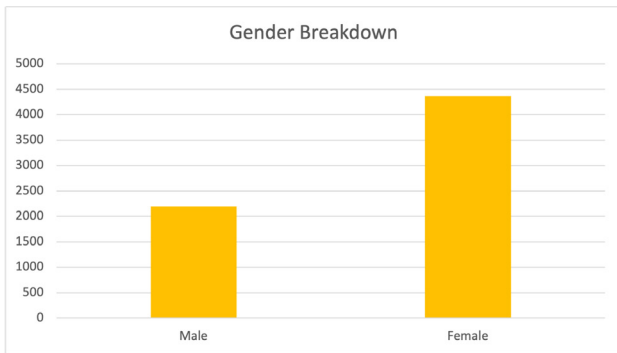
KWAZULU-NATAL	Number of Delegates
SMEs and CFIs supported	8
Rural delegates	329
Workshops in rural areas	1
Partnerships with higher education institutions	13
Math and Science Support and Skills for the Future entered	324
Unemployed provided with WIL	324
Unemployed workplace based learning entered	538
Unemployed bursary awarded	391
Entrepreneurship programmes	27

BANKSETA AT A GLANCE

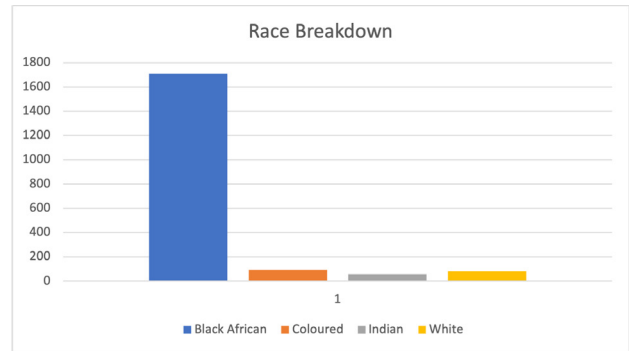
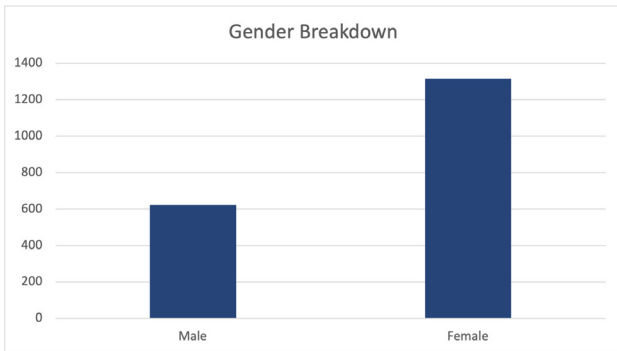
Outcome 1: Linking education and the workplace (unemployed)



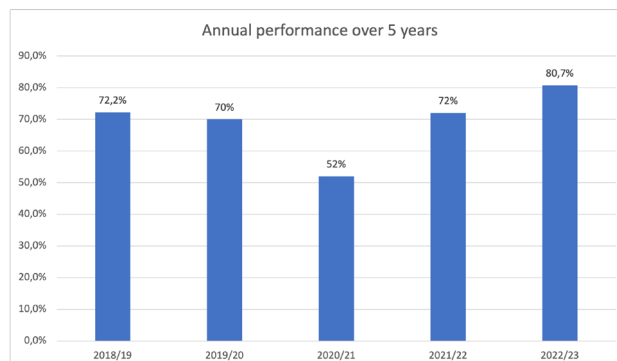
Outcome 2: Identify and increase the production of occupations in high demand (unemployed)



Outcome 3: Improving the skills of the South African workforce



Annual performance over 5 years





COMPLIANCE

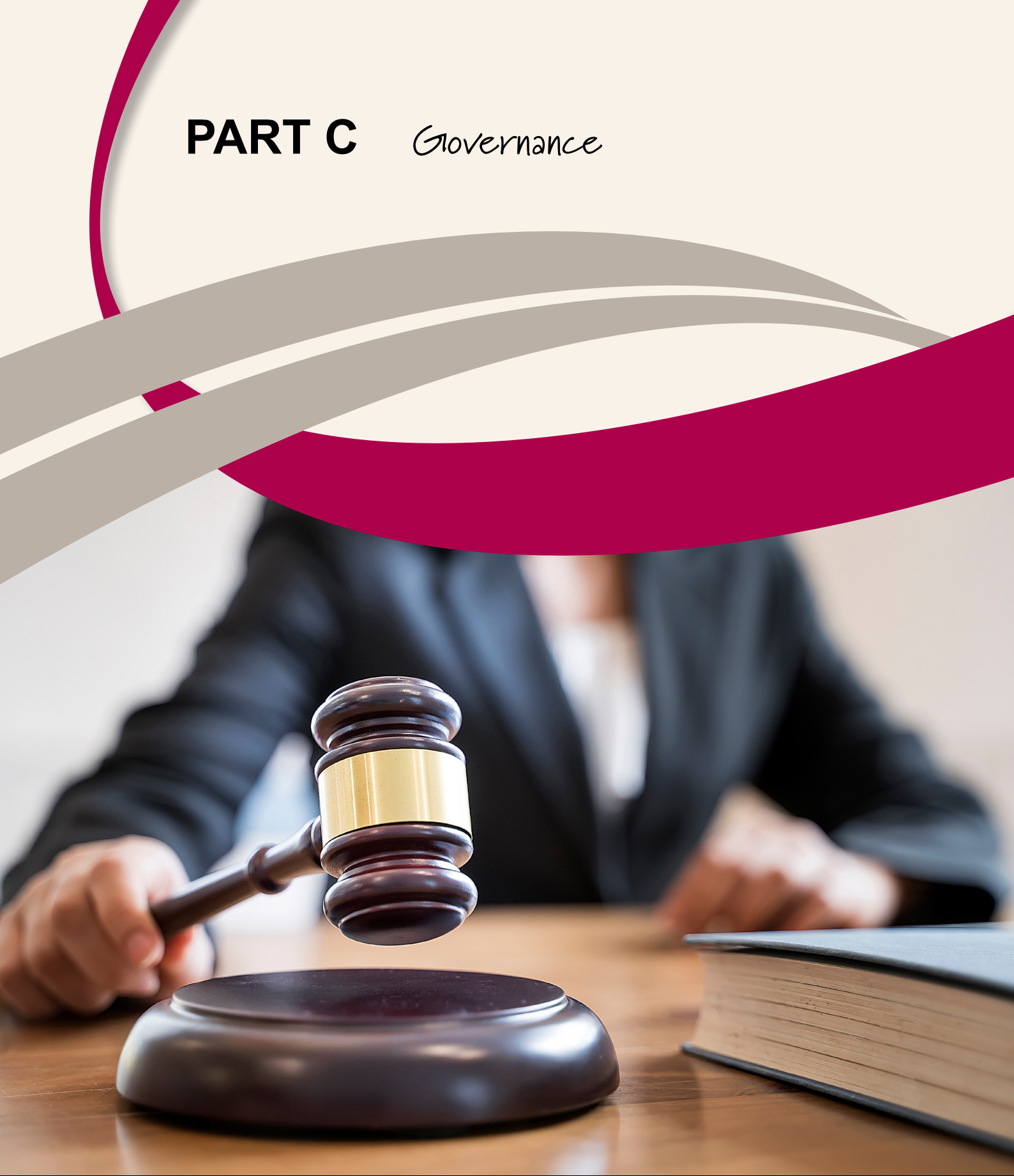


REGULATIONS

RULES



PART C *Governance*



INTRODUCTION

BANKSETA is a statutory body established through the Skills Development Act 97 of 1998 (Skills Development Act) to enable its stakeholders to advance the national and global position of the banking and microfinance industry. In terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), BANKSETA is a Schedule 3A public entity. Thus, in delivering on its mandate, the SETA and its Accounting Authority are governed by the Skills Development Act, the PFMA, the Skills Development Levies Act, the SETA Standard Constitution and other relevant legislation.

PORTFOLIO COMMITTEE

Parliament, through its Portfolio Committee on Higher Education, Science and Innovation, oversees the performance and budgets of DHET and its public entities and is concerned primarily with overall service delivery and improving economic growth. BANKSETA is also accountable to the Portfolio Committee to report on the organisation's strategic and annual performance plans and performance. When required, BANKSETA appears before the Portfolio Committee to comply with the latter's oversight requirements. During the financial year, all parliamentary questions posed to BANKSETA were answered timeously.

EXECUTIVE AUTHORITY

The Executive Authority (the Minister of Higher Education, Science and Innovation) must exercise his/her powers and responsibilities for the SETA Constitution to ensure that the implementation of the objectives and execution of SETA functions comply with both the Act and the policies of the Executive Authority and government. This is managed through a service level agreement that outlines the minimum service levels required by the SETA in performing its statutory functions, meeting the National Skills Development Plan targets and implementing its strategic and annual performance plans. Furthermore, as required by the PFMA and National Treasury Regulations for monitoring and evaluation, SETAs must adhere to the annual compliance calendar, which comprises quarterly reporting on SETA finances, performance, risk management and governance. BANKSETA complied fully during 2022/23, submitting all quarterly reports as required.

ACCOUNTING AUTHORITY

The Accounting Authority, or SETA Board, governs and manages the SETA in accordance with legislation and provides strategic direction. As the essence of good governance emanates from effective and ethical leadership according to the King codes, the Accounting Authority and executive management of the SETA play a crucial role in ensuring that the SETA fulfils its strategic and operational objectives for sustainable performance and meeting stakeholder needs.

ACCOUNTING AUTHORITY

Corporate governance focuses on the balance of interests among members, directors and stakeholders to enable the organisation to achieve its objectives openly and transparently. BANKSETA, as a public entity and a steward of public funds, is accountable to its Executive Authority (and Portfolio Committee on Higher Education, Science and Innovation) and stakeholders and is responsible for the implementation of its mandate. To discharge its duties and responsibilities effectively and, thereby, be an effective board in the achievement of strategic objectives, the Accounting Authority needs to ensure adherence to good corporate governance practices and compliance with the Performance Finance Management Act, King IV code (where applicable), National Treasury Regulations and other legislation.

BANKSETA GOVERNANCE STRUCTURE

BOARD MEMBERS



**Ms Nosipho 'Mia'
Makhanya**
Chairperson



**Mr Protas
Langalakhe
Mhlongo**
Community



**Dr Mamohau
Sekgaphane**
Community



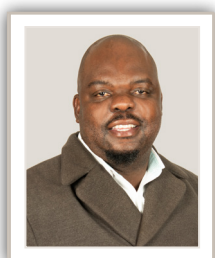
Mr David Cedras
Organised Labour



Mr Moses Lekota
Organised Labour



**Ms Lebogang
Shabangu**
Organised Labour



Mr Brigate Nyakane
Organised Labour



**Ms Vanessa
Hattingh**
Organised Labour



Adv Philip Landman
Organised Labour



**Ms Leonie van
Pletzen**
Organised Employer



**Mr Phumudzo
Siphuma**
Organised Employer



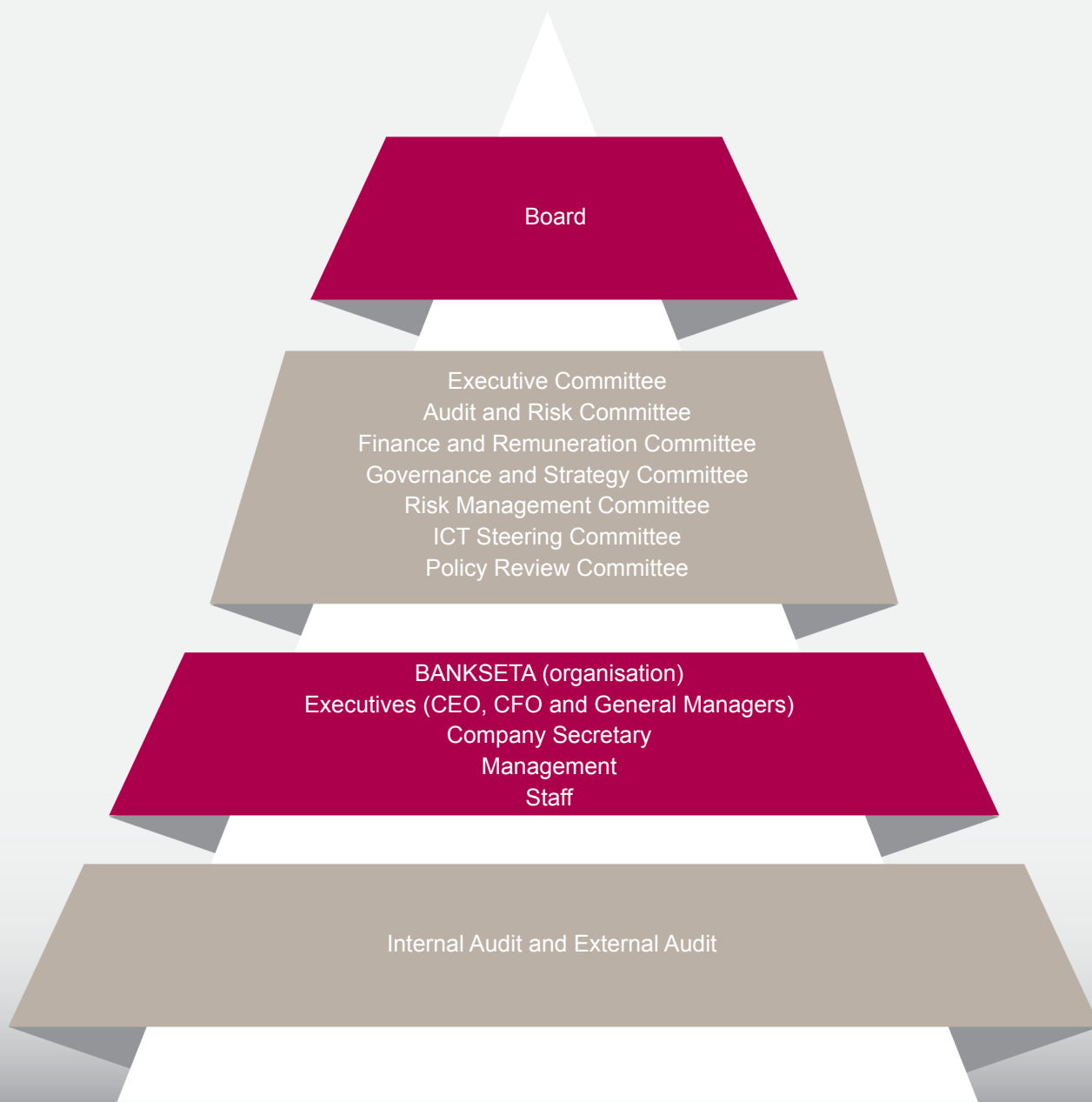
**Ms Myentthree
Moodley**
Organised Employer



**Ms Mmathema
Matle**
Organised Employer

BANKSETA GOVERNANCE STRUCTURE

GOVERNANCE STRUCTURE



BANKSETA GOVERNANCE STRUCTURE

THE ROLE OF THE BOARD

The roles and functions of the Board, which are articulated in the BANKSETA Constitution, in turn the basis of the Board Charter, are to:

1. Govern and manage the SETA;
2. Ensure that the SETA achieves the objectives contemplated in clause 5 of the Constitution and performs the functions contemplated in clause 6 of the Constitution;
3. Provide effective leadership and ensure that the SETA implements the goals of the NSDS and the Performance Agreement with the Minister;
4. Set a strategic direction for the SETA;
5. Liaise with stakeholders;
6. Ensure that the SETA complies with statutory requirements and the requirements of the Constitution;
7. Manage institutional risk;
8. Monitor the performance of the SETA;
9. Apply for the establishment of the SETA in terms of Section 9(1) of the Act, read together with the Regulations Regarding the Establishment of Sector Education and Training Authorities, 7 September 1999, as amended by General Notice R106 in the Government Gazette 27254 of February 2005;
10. Perform its functions as required by the Skills Development Act;
11. Meets the targets in the National Skills Development Plan;
12. Implement the approved Strategic Plan; and
13. Adhere to the requirements of the Public Finance Management Act and Treasury Regulations.

THE BOARD CHARTER

The BANKSETA Board Charter defines the strategic mandate of the Accounting Authority and outlines the knowledge, skills and experience required by BANKSETA Accounting Authority members to perform their fiduciary duties, and meet National Skills Development Strategy targets, strategic plan objectives, duties, responsibilities and Code of Conduct articulated in the BANKSETA Constitution, risk management priorities, meeting procedures and governance principles.

During the 2022/23 financial year, there was no non-compliance with the Board Charter reported.

BOARD COMPOSITION

The BANKSETA Board currently comprises six representatives from organised labour and four from organised employers as well as two representatives from community organisations, professional bodies or any bargaining council or government department (where relevant). The Chairperson of the Board is appointed by the Minister after consultation with the NSA.

BANKSETA GOVERNANCE STRUCTURE

The Board's term of appointment is from 1 April 2020 to 31 March 2025. The Board members for 2022/23 were as follows:

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of Board Meetings attended, including Special Meetings
Ms Nosipho 'Mia' Makhanya	Independent Chairperson	1 April 2020 ¹	N/A	<ul style="list-style-type: none"> Chartered Accountant (CA-SA) Bachelor of Laws Bachelor of Business Science in Management Studies in the field of Finance (Honours) Post Graduate Diploma in Accounting 	<ul style="list-style-type: none"> Finance Accounting 	Executive Committee	17/17
Mr Langalakhe Mhlongo	Member -Community organisation	1 April 2020	N/A	<ul style="list-style-type: none"> Marketing Diploma 	<ul style="list-style-type: none"> Community Development 	Finance and Remuneration Committee Policy Review Committee	17/17
Dr Mamohau Sekgaphane	Member -Community organisation	1 April 2020	N/A	<ul style="list-style-type: none"> PhD in Management of Technology & Innovation 	<ul style="list-style-type: none"> Community Development Academic Finance 	Governance and Strategy Committee Policy Review Committee	17/17
Mr Moses Lekota	Member -Organised Labour	1 April 2020 ²	N/A	<ul style="list-style-type: none"> Masters in Business Administration Advanced Diploma in Public Admin Diploma in Business Management 	<ul style="list-style-type: none"> Trade Union Leadership Banking and Business Management 	Executive Committee Policy Review Committee	16/17
Ms Vanessa Hattingh	Member -Organised Labour	1 April 2020	N/A	<ul style="list-style-type: none"> Labour Law Certificate Public Relations Certificate 	<ul style="list-style-type: none"> Trade Union Leadership 	Finance and Remuneration Committee	16/17
Mr Brigade Nyakane	Member -Organised Labour	1 April 2020	N/A	<ul style="list-style-type: none"> Bachelor of Commerce 	<ul style="list-style-type: none"> Finance 	Audit and Risk Committee	17/17
Ms Lebogang Shabangu	Member -Organised Labour	1 April 2020 ³	N/A	<ul style="list-style-type: none"> B.Com Hon: Financial Management B.Com Law 	<ul style="list-style-type: none"> Finance Trade Union Leadership 	Executive Committee	15/17

BANKSETA GOVERNANCE STRUCTURE

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of Board Meetings attended, including Special Meetings
Adv Philip Landman	Member -Organised Labour	1 April 2020	N/A	• LLB	• Legal • Trade Union Leadership	Governance and Strategy Committee Policy Review Committee	17/17
Mr David Cedras	Member -Organised Labour	1 April 2020 ⁴	N/A	• N4 Certificate in Marketing Management	• Trade Union Leadership	Finance and Remuneration Committee Policy Review Committee	16/17
Mr Phumudzo Siphuma	Member -Organised employer	1 April 2020	N/A	• Chartered Accountant (SA), • B Compt Honours Accounting (CTA)	• Accounting	Audit and Risk Committee Policy Review Committee	11/17
Ms Myentthree Moodley	Member -Organised employer	1 April 2020 ⁵	N/A	• Bachelor Of Administration Honours • Masters in Administration (Industrial Psychology)	• Banking • Human Resources	Finance and Remuneration Committee	14/17
Ms Mmathema Matle	Member -Organised employer	1 April 2020	N/A	• Masters Degree in Education • Masters Diploma in Human Resources Management • Postgraduate Diploma in Project Management	• Human Resources Management • Banking	Executive Committee Policy Review Committee	14/17
Ms Leonie van Pletzen	Member -Organised employer	1 April 2020	N/A	• BA in Languages	• Management	Governance and Strategy Committee	15/17
Vacant	Organised employer	-	-	-	-	-	-
Vacant	Organised employer	-	-	-	-	-	-

There were two Board vacancies representing organised employers for the year under review.

¹ Ms Nosipho 'Mia' Makhanya - Board Chairperson reappointed effective 1 April 2020.

² Mr Moses Lekota - Board member reappointed effective 1 April 2020.

³ Ms Lebogang Shabangu - Board member reappointed effective 1 April 2020.

⁴ Mr David Cedras - Board member reappointed effective 1 April 2020.

⁵ Ms Myentthree Moodley - Board member reappointed effective 1 April 2020.

BANKSETA GOVERNANCE STRUCTURE

BOARD COMMITTEES

The following Board committees are fully operational with organised labour, organised employers, community and independent representatives:

- Executive Committee
- Audit and Risk Committee
- Finance and Remuneration Committee
- Governance and Strategy Committee

Committee	No. of meetings held	No. of members	Name of members
Executive Committee	5	4	Ms Nosipho 'Mia' Makhanya Ms Mmathema Matle Mr Moses Lekota Ms Lebogang Shabangu Vacant
Audit and Risk Committee	10	5	Dr Prittish Dala Ms Thembelihle Mbatha Ms Michelle Pillay Mr Brigade Nyakane Mr Phumudzo Siphuma Mr Tom Tshitangano ⁶
Finance and Remuneration Committee	7	5	Mr David Cedras Ms Vanessa Hattingh Ms Myenthree Moodley Mr Langalakhe Mhlongo Vacant
Governance and Strategy Committee	9	3	Dr Mamohau Sekgaphane Ms Leonie van Pletzen Adv Philip Landman

⁶ Mr Tom Tshitangano – Audit and Risk Committee member appointed effective 1 August 2022.

BOARD AND COMMITTEE MEMBER REMUNERATION

Board and committee members are not BANKSETA staff members. Fees are paid to Board and committee members for their attendance and contributions to official meetings and responsibilities as members (as aligned to the Board and Committee Remuneration Policy). The fees approved by the Minister of Higher Education, Science and Innovation are in accordance with remuneration level sub-category S, as determined by the Minister of Finance in the 'Circular from the National Treasury on Adjustment of the Remuneration Levels'. Audit and Risk Committee members are remunerated at the same rates as Board members approved by the Minister of Higher Education, Science and Innovation.

In accordance with DHET circulars ('Remuneration Tariffs for the Boards and Committee members of SETAs and non-SETAs that are Reporting to the Department of Higher Education and Training') issued by the Minister, daily rates are applied for meeting fees (in addition to preparation fees) for Board and committee meetings attended.

Meeting fees are paid to the constituencies that members represent and not to individuals, except for members who are Ministerial appointments, independent committee members and members whose employers have granted them exemption from this condition. Independent committee members who are public officials or government employees are not remunerated for meeting attendance unless they take unpaid leave to attend. Allowances are also subject to tax (and tax regulations).

BANKSETA GOVERNANCE STRUCTURE

BOARD MEMBER REMUNERATION (including fees for training, special Board meetings, Annual General Meeting and round-robin approvals)

- Board members are remunerated for meeting preparation and attendance, including special meetings for Board and Committee meetings.
- Board members are also remunerated for *ad hoc* meetings and activities including interviews, task team meetings, joint committee meetings, SETA graduations, management meetings and stakeholder engagements.

Name	Quarterly meetings R'000	Special meetings R'000	Ad hoc activities/ meetings R'000	Total R'000
Ms Nosipho 'Mia' Makhanya	76	98	248	423
Mr Langalakhe Mhlongo	59	93	129	282
Dr Mamohau Sekgaphane	60	114	167	342
Mr Moses Lekota	59	64	106	229
Ms Vanessa Hattingh	59	68	69	241
Mr Brigade Nyakane	59	113	64	237
Ms Lebogang Shabangu	58	61	72	190
Adv Philip Landman	52	104	104	260
Mr David Cedras	61	98	165	323
Mr Phumudzo Siphuma	44	68	87	200
Ms Myentthree Moodley	51	84	49	185
Ms Mmathema Matle	59	68	113	241
Ms Leonie van Pletzen	52	91	60	203
Vacant	-	-	-	-
Vacant	-	-	-	-
Dr Prittish Dala (Audit and Risk Committee Chairperson)	59	101	89	249
Ms Thembelihle Mbatha (Audit and Risk Committee member)	36	42	16	93
Ms Michelle Pillay (Audit and Risk Committee member and Chairperson of Risk Management Committee)	69	52	36	158
Mr Tom Tshitangano (Audit and Risk Committee member and Chairperson of ICT Steering Committee)	49	27	28	104
Total:	964	1 357	1 603	3 924

BANKSETA GOVERNANCE STRUCTURE

Risk Management

The Board approved the Risk Management Policies, Strategy and Implementation Plan to guide BANKSETA on the effective implementation of its risk management system. Risk management has been adopted as a crucial governance requirement to address all factors that may hinder or prevent BANKSETA from achieving its objectives, and/or factors that present opportunities to enhance BANKSETA performance. A Risk Management Committee has been established, chaired by an independent Chairperson, and reports quarterly to the Audit and Risk Committee. The Accounting Authority, assisted by the Audit and Risk Committee, Risk Management Committee, Management and Risk and Compliance Unit, is committed to the optimal management of risk to achieve the SETA's vision, mission, objectives, strategies and plans and to protect its core values. The Accounting Authority has committed BANKSETA to implement risk management aligned to the principles of good corporate governance, supported by legislation and leading practice.

Risk assessments to determine the effectiveness of its risk management strategy and to identify new and emerging risks

BANKSETA conducted the annual risk assessment within various business units, to determine the effectiveness of its risk management policy and identify new and emerging risks. These resulted in the revised strategic and operational risk registers as well as Fraud risk register being realigned to focus on the new identified risk mitigation strategies. The strategic and operational risk registers were monitored throughout the financial year and quarterly reports provided to risk management committee, audit and risk committee and the Board. Risks are identified and management developed and committed to implement actions to mitigate the risks to an acceptable level.

Risk management and mitigation

The Board established a Risk Management Committee chaired by an independent chairperson. The Committee reported to the board via the Audit and Risk Committee on a quarterly basis. This ensured effective risk management and a high level of independency. The Head of Risk and Compliance attends meetings and provides reports to governance structures.

Advice on risk management and independently monitoring of the effectiveness of the system of risk management

The Head of Risk and Compliance reports quarterly to the Risk Management Committee and Audit and Risk Committee. These committees are established to assist the Board to oversee the effectiveness of the risk management system. The Audit and Risk Committee, through quarterly monitoring of the Risk Management Implementation Plan, provides independent assurance to the Board of BANKSETA's effective risk management system.

Progress in the management of risks, and its transmission into improvements in the BANKSETA's performance

Through its Risk Management Strategy, BANKSETA has adopted a standard approach to enterprise risk management to ensure that all risks that could affect its strategic outcomes, people, reputation, strategy, business processes and systems, financial and environmental performance are identified, assessed and maintained at an acceptable level to enhance organisational performance.

INTERNAL CONTROL UNIT

BANKSETA has established a MANCO (management committee), which comprises all managers of BANKSETA and the CEO as the Chairperson. MANCO convenes periodically and on an *ad hoc* basis, to discuss and deliberate on matters, such as policies, strategies and operational documents and processes, before items are processed to the Board and Committees. Resolutions from the Board and Committees are tabled at MANCO to ensure effective communication, implementation and accountability. An ICT Steering Committee was also established, which comprises management, and is chaired by an independent Chairperson. The ICT Steering Committee oversees IT governance, convenes on a quarterly basis and reports to the Audit and Risk Committee. All ICT governance matters, including ICT policies, strategies and plans are processed through the ICT Steering Committee, and resolutions from Board and the Audit and Risk Committee related to ICT are tabled at this committee to ensure implementation and accountability.

BANKSETA GOVERNANCE STRUCTURE

INTERNAL AUDIT AND AUDIT COMMITTEES

BANKSETA is committed to applying the practices and principles of the King IV Code of Governance Practice in South Africa and complying with the prescripts of the PFMA.

The Board is responsible for maintaining a sound system of internal control. Internal Audit, thus, assists BANKSETA to accomplish its objectives through a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes articulated in its Internal Audit Charter.

BANKSETA Internal Audit has been insourced since March 2016 and is managed by the Head of Internal Audit with a team of internal audit specialists. Should external expertise be required, it is sourced following a formal procurement process.

Key Activities and Objectives of the Internal Audit

The Internal Audit department helps BANKSETA accomplish its objectives by bringing a systematic, disciplined approach to evaluating and/or improving the effectiveness of risk management, internal control and governance processes in line with the International Standards for the Professional Practice of Internal Auditing.

Summary of Audit Work Done

The purpose, authority, and responsibility of the internal audit activity is defined in the approved Internal Audit Charter and is consistent with the mission of Internal Audit and the mandatory elements of the International Professional Practices Framework. Internal Audit provided assurance in terms of governance, risk management and control as per the approved risk-based audit plan and reported progress to the Audit and Risk Committee quarterly.

Internal Audit coverage for 2022/23 (aligned to the Rolling Three-Year Strategic Internal Audit Plan and outcomes of the risk assessment) encompassed the following:

- Follow Up on Internal Audit and Auditor-General findings;
- Annual Financial Statements Quality Review;

- Annual Performance Report;
- Commitments (Final);
- Performance Audit;
- Marketing and Communications;
- Risk and Compliance Management;
- Performance Information Q1;
- Discretionary Grants (incl. site visits);
- Performance Bonus;
- Financial Discipline (incl. Investments);
- Commitments (Interim);
- Performance Information Q2;
- ICT – Cyber Security;
- Mandatory Grants and Revenue;
- Annual Performance Plan and Strategic Plan (APP and SP);
- Supply Chain Management (incl. Contract Management);
- Performance Information Q3;
- ICT – MIS Implementation;
- HR and Payroll (including consequence management);
- ICT - Infrastructure Review;
- Strategy and Research;
- Asset Management; and
- Performance Information Q4.

Key Activities and Objectives of the Audit Committee

The BANKSETA has an independent Audit and Risk Committee that was appointed in line with the requirements of the PFMA and National Treasury. The Audit and Risk Committee has a charter approved by the Accounting Authority that guides it in fulfilling its oversight responsibilities. These oversight responsibilities include the financial reporting process, the system of internal control, risk management, corporate governance, IT governance, performance information, the audit process and the organisation's process for monitoring compliance with laws and regulations and providing recommendations for improvement. The Committee provides the Accounting Authority with prompt and constructive reports on its findings, especially when issues are identified that could present a material risk to the Institution.

BANKSETA GOVERNANCE STRUCTURE

Attendance of audit committee meetings by audit committee members

In terms of membership, the ARC is currently comprised of four external independent members and two additional members from the Accounting Authority. For the financial year, the ARC convened ten times. A list of the members and their respective qualifications as well as a record of their attendance is provided below:

Name of Member	Qualifications	Date Appointment	Date Resigned / End of Term	No. of Meetings Attended
Dr Prittish Dala (Chairperson External Independent Member)	PHD Information Technology, Master of Information Technology, Bachelor of Science (Computer Science), Honours (Cum Laude), Bachelor of Information Technology (Cum Laude), Certified Governance of Enterprise Information Technology (CGEIT), Certified Risk and Information Systems Control (CRISC), Certified Information System Auditor (CISA), Certified Ethical Hacker (CEH), Certified Computer Hacking Forensic Investigator (CHFI), Certified Data Privacy Solution Engineer (CDPSE), Certified Information Security Manager (CISM), Certified Information Systems Security Professional (CISSP), Lead Auditor ISO 27001.	1 Dec 2020	N/A	10/10
Ms Thembelihle Mbatha (External Independent Member)	Master of Business Leadership (MBL), Chartered Accountant (SA), B Compt. Honours in Accounting (CTA), B Compt. Accounting Sciences.	1 Dec 2020	N/A	9/10
Ms Michelle Pillay (External Independent Member)	Chartered Accountant (SA), Bachelor of Commerce, Honours in Accounting (CTA).	1 Dec 2020	N/A	9/10
Mr Tom Tshitangano (External Independent Member)	MCom Development Finance Degree, Post Graduate Diploma in Business Administration, BSc degree in Information Systems and Computer Science, National Diploma in Computer Systems Engineering.	1 Aug 2022	N/A	6/10
Mr Brigade Nyakane (Accounting Authority Member: Organised Labour)	Bachelor of Commerce.	25 Jun 2020	N/A	10/10
Mr Phumudzo Siphuma (Accounting Authority Member: Organised Employer)	Chartered Accountant (SA), B Compt, Honours Accounting (CTA).	25 Jun 2020	N/A	9/10

BANKSETA GOVERNANCE STRUCTURE

Compliance with Law and Regulations

BANKSETA ensures that it complies with laws and regulations through its governance structure and senior management responsibilities, in accordance with its mandate and as formally communicated by the Executive Authority and National Treasury. It has developed a compliance framework for submissions aligned to the Executive Authority compliance calendar and a Compliance Strategy and Plan to ensure consistent focus on compliance. Reports on legislative updates are tabled at quarterly Board Committee meetings, to ensure that Board members are kept abreast of legislative developments and to ensure BANKSETA complies with laws and regulations. Policies are also updated periodically to ensure alignment and compliance with laws and regulations.

FRAUD AND CORRUPTION

BANKSETA is committed to fight the scourge of fraud, corruption, and unethical behaviour and has no tolerance of corruption. The Board approved the Whistleblowing, Anti-Corruption Policy and Fraud Prevention Plan. The Fraud Prevention Plan aims at preventing instances of fraud and corruption; detecting instances when they do occur and responding appropriately and taking corrective action when fraud and corruption happens. BANKSETA has a dedicated 24/7 hotline service and panel of forensic service providers to investigate reported allegations. All cases reported through the hotline service are subjected to a preliminary investigation and if a full investigation is required, cases are referred to the panel of forensic service providers. All investigations are overseen by the Risk Management Committee and reported to the Board via the Audit and Risk Committee.

BANKSETA is committed to preventing incidents of fraud, corruption, and unethical conduct through continuous awareness sessions for employees and ensuring deterrence through implementing consequence management as well as recommendations from investigation reports.

MINIMISING CONFLICT OF INTEREST

All Board members and members of staff are required to submit written annual declarations to disclose any conflict of interests and are also required to disclose conflicts of interest at all formal meetings. When a Board or staff member declares a conflict

of interest in relation to any business tabled at a meeting, the Board or staff member is recused from the meeting. Formal declarations of interests are noted and records kept in accordance with Board and committee meeting requirements as well as for supply chain management activities to ensure that conflict of interest is minimised. No incidents of conflict of interest were reported for the year under review.

CODE OF CONDUCT

BANKSETA adheres strictly to the Code of Conduct in its Constitution:

- (1) All members of the Accounting Authority and any committee established by the Accounting Authority are subject to this code of conduct and are required to comply with both the letter and the spirit of the code.
- (2) Members of the Accounting Authority and any committee established by the Accounting Authority:
 - (a) Stand in a fiduciary relationship to the SETA;
 - (b) Must comply with all the applicable laws and regulations that regulate the activities they are engaged in for and on behalf of the SETA;
 - (c) Must perform their functions fairly, honestly and in good faith, giving full effect to the obligations and spirit of the Act and this Constitution;
 - (d) Must protect and promote the reputation of the SETA and promote goodwill towards it;
 - (e) Must perform their duties conscientiously and in the best interest of the SETA; and
 - (f) Must conduct themselves ethically and in accordance with the principles of good governance.
- (3) To ensure the proper execution of its mandate and effective compliance with the applicable legislative and policy framework, the Accounting Authority must ensure that the staff of the SETA and members of all committees adhere to the following principles of governance –
 - (a) Effectiveness and efficiency in the execution of their specified mandates, which require clearly formulated purpose statements, objectives, roles and responsibilities.
 - (b) Accountability for meeting their specified mandates, which requires effective accountability mechanisms, proper management, control and the safeguarding of finances and resources, as well as regular and accurate performance reviews, assessments and reporting.

BANKSETA GOVERNANCE STRUCTURE

- (c) Integrity and honesty in the management of finances and resources, which require observing and promoting high standards of ethical conduct, proper execution of fiduciary duties, independence from vested interests and avoiding undue influence and conflicts of interest.
- (d) Transparency and openness, which require fair, transparent and accessible rules, processes and procedures; the consistent application of these rules, processes and procedures; transparent and motivated decision-making; and timely and accurate provision of information to a higher authority, stakeholders and the public.
- (e) Participation in the development and implementation of public policies, where appropriate, which require the active involvement of beneficiaries, stakeholders and other affected groups in the formulation of policies and programmes; promoting ownership of policies and programmes; stakeholder commitment to their success; and consultation with, and representation on, institutional structures.
- (f) The capacity and resources to execute their mandate, which require appropriate selection and capacity-building to ensure that members and staff have the necessary skills, knowledge and experience.

Contravention of the Code of Conduct is treated as prescribed in the BANKSETA Constitution. Any contraventions of the Code by a member should be reported to the Chairperson, who must ensure that the matter is investigated. Any contravention of the Code by the Chairperson should be reported to the Minister. A contravention of the Code may result in disciplinary action being taken, which could result in a member being removed from office. No breaches of the Code were recorded during 2022/23.

BANKSETA recognises its accountability to all stakeholders under the legal and regulatory requirements applicable to its business and is committed to high standards of integrity and fair dealing in the conduct of its business. It is committed to complying with both the spirit and the letter of requirements and to always acting with due skill, care and diligence. BANKSETA's efforts in meeting its primary strategic objectives will create a transformed,

skilled and capable workforce to address sector strategic objectives and national strategic objectives and skills development legislation (Standard Constitution of SETA Regulations and Skills Development Act).

Health, Safety and Environmental Issues

The level of awareness of OHS and reporting has been one of many main focus areas in the BANKSETA since the lockdown period in 2020 and 2021. The BANKSETA has been fortunate to avoid any work-related injuries during the past four years and diseases, mainly related to the respiratory category (COVID-19 and the likes), have been treated with the utmost care and given the attention they deserve.

The hybrid working model in the BANKSETA has greatly contributed to curbing the spread of contagious diseases in the organisation and has allowed employees to fully recover before reporting to the office environment. Data collection and reporting on work-related injuries and diseases have been harmonised within the different departments via the OHS Committee and there is a uniform way of recording and reporting injuries and disease statistics.

Enforcement of legislation has been complied with by the organisation with a minor limitation with regard to human resources capacity. Suggestions would include that the process of reviewing legislation should be fast tracked, and that South African Public Entities should support OHS systems and provide basic facilities for all workers to promote OHS.

Company Secretary

The Company Secretary has a key role to play in ensuring that Board procedures are both followed and regularly reviewed. As part of the responsibilities, the Company Secretary provides Board members with guidance as to their duties, responsibilities and assists in the proper induction, orientation, ongoing training, including assessing the specific training needs of Board members in their fiduciary and other governance responsibilities. Governance compliance reports are submitted to the DHET on a quarterly basis and minutes of all Board and Committee meetings are recorded by the Company Secretary, in accordance with required governance prescripts.

AUDIT AND RISK COMMITTEE REPORT

The BANKSETA Audit and Risk Committee (ARC) is pleased to present its report for the financial year ended 31 March 2023.

Audit Committee Responsibility

The ARC has complied with its responsibilities arising from sections 51(1) (a) (ii), 76 (4) (d) and 77 of the Public Finance Management Act (PFMA) as well as Treasury Regulation 27.1. Furthermore, the ARC has adopted an ARC Charter and has regulated its affairs in compliance with this Charter as well as discharged all its responsibilities as contained therein.

Effectiveness of Internal Control

An assessment of the findings identified by the internal and external auditors presented to the ARC reveals that the control environment is adequate and partially effective requiring improvement. The governance and risk management processes are partially adequate and effective requiring improvement.

The ARC in executing its oversight responsibilities in relation to governance, risk management and control at BANKSETA has identified the following key areas of concern that should be addressed:

- Combined assurance implementation;
- Compliance monitoring;
- Delays in conducting forensic investigations;
- Ineffective implementation of the audit action plan relating to internal and external audit findings resulting in overdue action items and repeat findings;
- Ineffective risk mitigation, as such a culture of risk management needs to be inculcated and embedded into the daily activities of the BANKSETA to ensure effective risk management;
- Information technology; and
- Quality of the annual financial statements and performance information (material misstatements and material findings respectively).

The ARC is satisfied that Internal Audit (IA) provided assurance in terms of governance, risk management and control as per the approved risk-based audit plan. At the end of the financial year, the following audit engagements were reported as complete as per the approved risk-based audit plan:

- Annual financial statements quality review;
- Annual performance plan and strategic plan (APP and SP);

- Annual performance report;
- Asset management;
- Commitments (interim);
- Commitments (final);
- Discretionary grants (incl. site visits);
- Financial discipline (incl. investments);
- HR and payroll (incl. consequence management);
- ICT - Cyber security;
- ICT - Infrastructure review;
- ICT - MIS implementation;
- Mandatory grants and revenue;
- Marketing and communications;
- Performance audit;
- Performance bonus;
- Performance information Q1;
- Performance information Q2;
- Performance information Q3;
- Performance information Q4;
- Risk and compliance management;
- Strategy and research; and
- Supply chain management (incl. contract management).

In-Year Management and Monthly and Quarterly Reports

BANKSETA has reported quarterly to the National Treasury and the Executive Authority as is required by the PFMA. The ARC as well as assurance providers provided management with recommendations to improve the quality of financial and non-financial information reporting (performance information, information communication technology, risk management, human resource management, legal and compliance) during the year under review.

Evaluation of Financial Statements and Annual Performance Report

The ARC has reviewed:

- The unaudited financial statements with due consideration of the independent assurance provided by IA as well as the assurance provided by Management;
- Changes in accounting policies and practices;
- Compliance with legal and regulatory provisions;
- The basis for the going concern assumption, including any financial sustainability risks and issues;
- The unaudited performance information on predetermined objectives with due consideration of the independent assurance provided by IA as well as the assurance provided by Management;

AUDIT AND RISK COMMITTEE REPORT

- The Auditor-General South Africa (AGSA) audit and management reports, with due consideration of the responses provided by Management; and
- The audited financial statements as well as the information on predetermined objectives to be included in the annual report for any significant adjustments resulting from the audit and reported to the Accounting Authority.

AGSA's Report

The ARC notes with concern the regression in the audit outcome to a qualified audit opinion despite the assurances received from Management prior to submission. The ARC concurs with the conclusions of the AGSA on the annual financial statements and is of the opinion that the audited annual financial statements may be read together with the audit report of the AGSA.

Conclusion

The ARC implores the Management team to enhance the overall quality assurance processes associated with the annual financial statements and performance information. In addition, an adequate audit action plan addressing the root causes needs to be developed and monitored, underpinned by a culture of accountability, to ensure effective implementation and most importantly an improved audit outcome for the 2023/24 financial year.

We would like to express our appreciation to the Accounting Authority, CEO and Management as well as all the assurance providers for their continued support.

P. Dala

Dr. P. Dala
Chairperson BANKSETA Audit and Risk
Committee
Date: 15 August 2023



A centre of excellence and innovation for skills development in the broader banking and alternative banking sector

The Banking Sector Education and Training Authority (BANKSETA) is an enabler of skills development and transformation in the broader banking & alternative banking sector and supports people development through partnerships, skills development, alleviating unemployment, creating a brighter future and change.

www.bankseta.org.za

ENABLING SKILLS DEVELOPMENT IN THE BANKING AND ALTERNATIVE BANKING SECTOR



PART D *Human Resources Management*



HUMAN RESOURCES OVERVIEW

Introduction

Human Resources has aligned its definitions of sustainability key performance indicators (KPIs) to the Strategic Planning targets, and this has ensured that there is synergy and comparability. The BANKSETA has remuneration policies and structures that aim to attract and retain the required skills. Employees possess the intellectual capital required for all core and supporting business processes. They are our social partners in ensuring sustainability through performance, culture, and skills.

Set HR priorities for the year under review and the impact of these priorities

The future human resource (HR) needs are aligned to the National Skills Development Plan in setting HR priorities, measuring, monitoring, and reporting on progress. The following activities highlight the HR priorities for 2022/23.

Talent sourcing	Ensure Human Resources is staffed and structured appropriately to deliver high quality services
Performance management	Develop high performing individuals and teams
Learning and development	Identify and develop skills to support the continuous professional development of employees
Employee wellness	Build our employee health and wellbeing initiatives to proactively support a safe healthy workforce
HR Information System	Implement technology solutions to improve Human Resources service delivery

Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce

Our recruitment drive is aligned with the employment equity numerical targets and the strong workforce planning capabilities to enable proactive forecasting. As an institution we had to build capacity of employees to deliver on departmental objectives and development of a suitable organisational structure linked to the operational model.

HUMAN RESOURCES OVERVIEW

Employee performance management framework

The BANKSETA measures the implementation of the organisation's strategy, and these key factors are translated into the Balanced Scorecard, which lead to the identification of the Individual Development Plans. We encourage our employees to understand the role, duties, and responsibilities. Setting goals can motivate employees to work harder. Recognition through a Short-Term Incentive and achieving goals is a top indicator of employee's success in their roles.

Employee Wellness

Employee wellbeing became a central focus area due to increased stress and anxiety. BANKSETA appointed the Wellness provider during the year. Wellness initiatives are planned each year for health risk assessment. 100% of the employees attended the drive. Employee Wellness programme extends to employees' families.

Policy Development

The BANKSETA Board established a Policy Task Team to oversee policy development. The entity also keeps a policy register to ensure policies are updated as required. We had to ensure that policy template is standardised, aligned to the review period, and ensure compliance. The following policies were approved by Board:

- Short term Incentive;
- Employment Practice;
- Learning and Development; and
- HIV and OHS Policy.

Furthermore our procurement policies and Delegations of Authority policy were updated in line with changes to the Preferential Procurement Policy Framework and changes to the Procurement Thresholds.

Challenges faced by the public entity

The BANKSETA embarked on an Organisational Design project to address capacity constraints in the entity. A consultation session was held with staff members to identify the critical business needs and take into cognisance the changing SETA landscape. This project is still ongoing, and management was tasked to relook at the proposed structure. We envisage that this will be completed by the 3rd quarter of the new financial year.

Health and Safety in the Public Sector

The level of awareness on Occupational Health and Safety (OHS) and reporting has been one of many main focus areas in the BANKSETA since the lockdown period in 2020 and 2021. The BANKSETA has been fortunate to avoid any work-related injuries during the past 4 years and diseases, mainly related to the respiratory category (COVID and the likes), have been treated with the utmost care and given the attention it deserves.

The hybrid working model in the BANKSETA has greatly contributed to curbing the spread of the mentioned diseases in the organisation and has allowed employees to fully recover before reporting to the office environment once again.

Work related injuries and diseases data collection and reporting have been harmonised among and within the different departments via the OHS Committee. There is a uniform system of recording and reporting injuries and diseases statistics thereby providing management with a complete dashboard of the burden of OHS injuries and diseases.

HUMAN RESOURCES OVERVIEW

Enforcement of legislation has been complied with by the organisation with a minor limitation with regard to human resources capacity. Proposals for improvement suggestions would include that the process of reviewing legislation should be fast tracked and that South African Public Entities should support OHS systems and provide basic facilities for all workers to promote OHS.

Achievements highlights

The following achievements are highlighted during the period being reported:

- Human Resource Information System (HRIS): We implemented a new Human Resource Information System (HRIS) in an effort to attain continuous improvement and do things quickly, effectively, and innovatively. With this system we envisage enhancing our performance to become more responsive to customer needs with the automated systems.

Employee Satisfaction Survey

- BANKSETA culture is assessed through an annual stakeholder survey and the survey centered on whether BANKSETA is the employer of choice. The survey's results were above 4% and this finding highlighted comprehensive communication and leadership engagement as positive aspects.

ETDP-SETA Partnership

- The BANKSETA pays skills levy to the ETDP and submits its Workplace Skills Plan and Annual Training Report and for that reason we qualified to participate in their grant processes. Investing in our employee development, we have ensured an enabled and empowered workforce that engages at the maximum level of its capabilities.

Future HR plans /goals

Policy Development

At the conclusion of our organisational design project we anticipate a number of activities to implement the organisation structure and the associated change management processes. These will include amongst others:

- Activating additional functions;
- Placement of staff;
- Recruitment of additional staff;
- Dealing with change management issues; and
- Training of staff in the new roles.

Performance Management

BANKSETA will entrench the performance framework to support the development of staff. The framework will embed a clear continuous approach to performance management focused on strategic indicators, and annual performance plans aligned to business goals.

HUMAN RESOURCES OVERVIEW

Human Resources Oversight Statistics

PERSONNEL COST BY SALARY BAND

Occupational Level	Personnel Expenditure R'000	% of personnel exp. to total personnel	No. of employees	Average Personnel cost per employee R'000
Senior Management	5 903	12	3	1 968
Professional qualified	18 176	36	18	1 010
Skilled	21 262	42	32	664
Semi-skilled	2 387	4	7	341
Unskilled	389	1	2	195
Fixed term Contracts	2 779	5	10	278
Total	50 896	100	72	707
Performance awards	14 239			
Total personnel expenditure for the year	65 135			

Under fixed term contracts, we have a total number of 10 employees of which are accounted for in the payroll linked to projects due to shortage of resources subject to the approval of the organisational design structure. As part of the business reengineering BANKSETA planned to drive operational efficiency and ensure regional footprint once the organisation design is approved.

PERFORMANCE REWARDS

Occupational Level	No. of employees	Personnel Expenditure R'000	% of the performance rewards to total personnel cost
Senior management	3	1 997	34
Professional	16	5 087	28
Skilled	31	4 986	23
Semi-skilled	6	361	15
Unskilled	2	69	18
Total for the 2022/23 year	58	12 500	25
Prior year under provision		1 739	
Total performance awards expenditure		14 239	

The above table reflected the bonus provision for 2022/23. The actual amounts for 2022/23 will be determined after the annual report has been published.

HUMAN RESOURCES OVERVIEW

EMPLOYMENT EQUITY

	Males				Female				Foreign Nationals		Total	% EE
	AM	CM	IM	WM	AF	CF	IF	WF	M	F		
Senior Management	0	0	0	0	1	0	0	1	0	1	3	33.33%
Professionals	3	1	1	0	5	1	2	2	1	0	16	81.25%
Skilled	14	0	1	0	14	2	1	0	0	1	33	96.97%
Semi-Skilled	4	0	0	0	3	0	0	0	0	0	7	100.00%
Unskilled	0	0	0	0	2	0	0	0	0	0	2	100.00%
Disabled	0	0	0	0	1	0	0	0	0	0	1	1.39%
Total Permanent	21	1	2	0	26	3	3	3	1	2	62	90.32%
Temporary Employees**	1	0	0	0	9	0	0	0	0	0	10	0.00%
Total	22	1	2	0	35	3	3	3	1	2	72	91.67%

TRAINING EXPENDITURE

Human Resource Training and Development Budget	Personnel Expenditure Cost (R'000)	Training Expenditure Cost (R'000)	Training expenditure as a percentage of personnel cost	No. of trained Employees	Average training cost per employee (R'000)
	65 135	866	1%	59	15

EMPLOYMENT AND VACANCIES

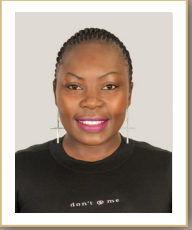
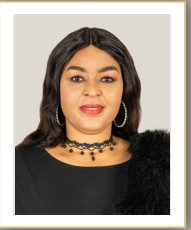
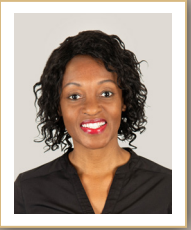
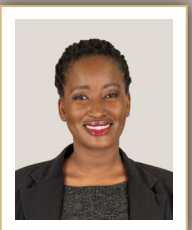
OCCUPATIONAL LEVELS	APPOINTMENTS	TERMINATIONS	VACANCIES
Senior Management	0	0	1
Professionals	0	1	1
Skilled	1	2	1
Semi-Skilled	0	1	1
Unskilled	0	0	0
Total	1	4	4

REASONS FOR STAFF LEAVING

Reason	Number
Death	0
Resignation - Personal	2
Ill-Health	0
Retirement	1
Misconduct	0
Contract expired	4

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Nature of Disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written Warning	0
Dismissal	0





PART E *PFMA Compliance Report*



PFMA COMPLIANCE REPORT

1. IRREGULAR EXPENDITURE

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

- The Public Financial Management Act, 1999 (Act No. 1 of 1999) (PFMA);
- The Skills Development Act, 1998 (Act No. 97 of 1998) as amended;
- Instructions and circulars issued by the National Treasury.

The BANKSETA may have received value for such irregular expenditure.

Irregular expenditure is recorded in the annual report when it is either -

- a) confirmed;
- b) under assessment, determination and/or investigation;
- c) condoned by the relevant authority; or
- d) transferred to receivables for recovery; or
- e) written off if it is not recoverable; or
- f) not condoned and removed.

a) Reconciliation of Irregular Expenditure

Description	2022/23	2021/22
	R'000	R'000
Opening balance	23 939	22 641
Add : Irregular expenditure confirmed	1 576	1 298
Less: Irregular expenditure condoned	(1 417)	-
Less: Irregular expenditure not condoned and removed	(3 915)	-
Less; Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	20 183	23 939

PFMA COMPLIANCE REPORT

b) Reconciling Notes

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure that was under assessment in 2022/23	-	-
Irregular expenditure that relates to 2022/23 and identified in 2021/22	-	-
Irregular expenditure for the current year	1 576	-
Total	1 576	-

c) Current Year Irregular Expenditure

Detail of Irregular Expenditure	2022/23	2021/22
	R'000	R'000
i. Board fees of the Accounting Authority members whose appointments were not made in line with the Skills Development Act, no 97 of 1998 (SDA) as amended	1 246	1 298
ii. Expenditure incurred outside SCM legislation	330	-
Total Expenditure	1 576	1 298

d) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure that was under assessment in 2022/23	-	-
Irregular expenditure that relates to 2022/23 and identified in 2021/22	-	-
Irregular expenditure for the current year	1 576	1 298
Total	1 576	1 298

e) Details of current and previous year irregular expenditure condoned

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure condoned	1 417	-
Total	1 417	-

During the current year the National Treasury condoned irregular expenditure arising from the financial years 2017/18, 2018/19 and 2019/20.

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure NOT condoned and removed	3 915	-
Total	3 915	-

PFMA COMPLIANCE REPORT

f) Details of current and previous year irregular expenditure removed - (not condoned)

During the year, National Treasury did not condone irregular expenditure in regard to board fees arising from non-compliance with legislation in the appointment of five board members in 2020. The Accounting Authority removed this expenditure amounting to R3 915 000. This non-compliance was due to inter-institutional arrangement where the BANKSETA was not responsible for the non-compliance.

The total irregular expenditure removed was for irregular expenditure that was incurred in the following years.

Description	R'000
In the current year (2022/23)	1 246
In prior years (2020/21 and 2021/22)	2 669
Total	3 915

g) Details of current and previous year irregular expenditure recovered

There was no current and prior year irregular expenditure recovered or recoverable.

h) Details of current and previous year irregular expenditure written off (irrecoverable)

There was no current and prior year irregular expenditure written off (irrecoverable).

i) Additional disclosure relating to Inter-Institutional Arrangements

Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance).

Description	2022/23	2021/22
	R'000	R'000
Amounts relating to non-compliance cases where an institution is involved in an inter-institutional arrangement where BANKSETA was not responsible for the non-compliance.	1 246	1 298
Total	1 246	1 298

The BANKSETA incurred irregular expenditure through board fees paid to five Accounting Authority members whose appointment was not compliant with the legislation. DHET was responsible for the process of appointment of the Accounting Authority members.

j) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

There were no cases non-compliance cases where BANKSETA was involved in an inter-institutional arrangement where BANKSETA is responsible for the non-compliance.

PFMA COMPLIANCE REPORT

k) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken

The BANKSETA undertook various training and capacity building sessions to employees who were involved in transactions which were deemed irregular during the year.

2. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is recorded in the annual report when it is either -

- confirmed;
- under assessment, determination and/or investigation;
- recovered or transferred to receivables for recovery; or
- written off if it is not recoverable; or
- details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure.

a) Reconciliation of Fruitless and Wasteful Expenditure

Description	2022/23	2021/22
	R'000	R'000
Opening balance	-	-
Add: Fruitless and wasteful expenditure confirmed	25	-
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	-	-
Closing balance	25	-

b) Reconciling Notes

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2022/23	-	-
Fruitless and wasteful expenditure that relates to 2022/23 and identified in 2021/22	-	-
Fruitless and wasteful expenditure for the current year	25	-
Total	25	-

c) Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	25	-
Total	25	-

PFMA COMPLIANCE REPORT

d) Details of current and previous year fruitless and wasteful expenditure recovered

There was no fruitless and wasteful expenditure recovered in current or prior year.

e) Details of current and previous year fruitless and wasteful expenditure not recovered and written off

There was no fruitless and wasteful expenditure not recovered and written off in the current or prior year.

f) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

There were no disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure in the current or prior year.

3. DETAILS OF CURRENT AND PREVIOUS YEAR MATERIAL LOSSES THROUGH CRIMINAL CONDUCT

Description	2022/23	2021/22
	R'000	R'000
Theft	-	-
Other material losses	25	-
Less: recovered	-	-
Less: Not recovered and written off	-	-
Total	25	-

BANKSETA is investigating possible criminal conduct in the amount of R25,000 in the current year relating to fraudulent documents submitted for discretionary grant projects. This was due to the use of identification number details of deceased persons. There were no material losses through criminal conduct in the prior year.

4. SUPPLY CHAIN MANAGEMENT

The Supply Chain Management role in BANKSETA is to manage the functions that pertain to the procurement of goods, works and services including the description of requirements and sources of supply, selection and award of contracts and the phases of contract administration.

a) Procurement by other means:

Legislation calls for procurement to be implemented through competitive bidding. Legislation also makes provision for deviation from competitive bidding in certain circumstances. This process is called procurement by other means.

PFMA COMPLIANCE REPORT

The transactions implemented through procurement by other means during the year are shown below.

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Group IIA-SA membership renewal for 2022/23 for the BANKSETA internal auditors	Institute of Internal Auditors South Africa (IIA-SA)	Sole source	Once off payment	93
South African Chartered Accountant Membership	SAICA	Sole source	Once off payment	80
Risk Management Membership	IRMSA	Single source	Once off payment	43
BANKSETA Annual Board membership	IODSA	Single source	Once off payment	42
Provision of cyber security assessment, incident remediation and securing BANKSETA's ICT environment following a cyber security breach	VODACOM	Single source	Once off payment	400
ERP for Finance and Supply Chain Management – Licensing	SAGE SA (PTY) LTD	Single source	Once off payment	180
MS 365 Licence	First Tech	Single source	Once off payment	100
BANKSETA Annual Board membership	IODSA	Single source	Once off payment	39
South African Chartered Accountant Membership	SAICA	Sole source	Once off payment	8
Risk Management Membership	IRMSA	Single source	Once off payment	52

b) Contract variations and expansions

Legislation allows contract variations and expansion. BANKSETA reports contract expansions greater than 15% of the original contract value below.

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract Number	Original contract value R000's	Value of previous contract expansion/s or Variation/s (if applicable)	Value of Current Contract expansion or variation
				R'000	R'000	R'000
Legal Representation	Ndou Attorneys	Expansion	BS/2019/ CON577	500	73	267
Telephones and Internet Services	Dataproof Communications	Expansion	BS/2019/ RFQ625	500	70	30



WE GROW STRONGER

BANKSETA's investment in skills has played a significant role in reshaping the banking and alternative banking sector.

www.bankseta.org.za

info@bankseta.org.za

ENABLING SKILLS DEVELOPMENT IN THE BANKING AND ALTERNATIVE BANKING SECTOR



PART F *Financial Information*



FINANCIAL INFORMATION

ANNUAL FINANCIAL STATEMENTS STATEMENT OF FINANCIAL RESPONSIBILITY as at 31 March 2023

To the best of my knowledge and belief, we confirm the following:

The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General of South Africa.

The Annual Report is complete, accurate and is free from any material omissions and errors.

The Annual Report has been prepared in accordance with the guidelines on Annual Reports as issued by the National Treasury.

The Annual Financial Statements (Part F) have been prepared in accordance with the required GRAP accounting standards applicable to the BANKSETA



Mr Eubert Mashabane
Chief Executive Officer

27 July 2023



Ms Nosipho 'Mia' Makhanya
Chairperson of the Board

27 July 2023

ANNUAL FINANCIAL STATEMENTS

as at 31 March 2023

Table of contents

Report of the Auditor General	119
Statement of Financial Position	127
Statement of Financial Performance	128
Statement of Changes in Net Assets	129
Cash Flow Statement	130
Statement of Comparison of Budget and Actual Amounts	131
Accounting Policies to the Annual Financial Statements	132 - 149
Notes to the Annual Financial Statements	150 - 202

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE BANKING SECTOR EDUCATION AND TRAINING AUTHORITY

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Banking Sector Education and Training Authority (BANKSETA) set out on pages 127 to 202, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matter described in the basis for qualified opinion section of this report, the financial statements present fairly, in all material respects, the financial position of the BANKSETA as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

Basis for qualified opinion

Payables from non-exchange transactions

3. Included in note 7, project grant payable – discretionary, is an amount of R11 852 594. The financial statements were materially misstated, as this amount did not agree to the underlying records. The effect on the financial statements is that project grant payables and discretionary grant expenditure, is overstated by R11 852 594. Additionally, commitments as included in note 18 is understated by this amount, and there is also an impact on the surplus for the period and the accumulated surplus.

Context for opinion

4. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
5. I am independent of the public entity in accordance with the *International Ethics Standards Board for Accountants' International code of ethics for professional accountants* (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Other matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Retention of surplus not approved by National Treasury

8. There are current deliberations with the National Treasury and the Department of Higher Education and Training regarding the appropriate approval processes for the retained surplus of R1 059 402 000, for the financial year 2021-22, disclosed in note 17. The ultimate outcome of the matter could not be determined and no provision for any liability was disclosed in the financial statements.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE BANKING SECTOR EDUCATION AND TRAINING AUTHORITY

National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

9. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 19 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of BANKSETA. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting authority for the financial statements

10. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA and SDA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
15. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE BANKING SECTOR EDUCATION AND TRAINING AUTHORITY

Programme	Page numbers	Purpose
Programme 2: Skills Planning	38	To ensure that appropriate and relevant research and benchmarking studies are conducted to provide input into the development of high quality and credible Sector Skills Plan and the Strategic Plan for the banking and alternate banking sector. A Sector Skills Plan is developed for the banking and alternate banking sector that reflects the labour market demands
Programme 3: Learning programmes	42	To implement a range of interventions by entering into agreements between SETAs, qualifying employers and skills development service providers to deliver appropriate interventions to support the provision of substantial-quality programmes for employed workers, unemployed youth, TVET and university students, co-ops, SMEs, NGOs resulting in the ability of the beneficiaries to adapt to changes in the labour market and measure and report on the impact of the interventions. All BANKSETA programmes are diverse, that is, they include women, men, youth and people with disabilities

16. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
17. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
18. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.
19. The material findings on the performance information of the selected programmes are as follows:

Programme 2: Skills Planning

Indicator 2.1.1 Mandatory Grants: Number of employers participating in the WSP process

20. The indicator was included in the approved annual performance plan, but not clearly defined during the planning processes. It was also not determined how the related targets would be measured, and what evidence would be needed to support the achievements. Consequently, the information might be less useful for measuring performance.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE BANKING SECTOR EDUCATION AND TRAINING AUTHORITY

Programme 3: Learning Programmes

Various indicators

21. The indicator was included in the approved annual performance plan but not clearly defined during the planning processes. It was also not determined how the related targets would be measured and what evidence would be needed to support the achievements. Consequently, the information might be less useful for measuring performance.

Indicator
Indicator 3.3 Maths and Science Support 3.3.1 Number of learners participating in the programme 3.3.2 Number of learners Completing the programme
Indicator 3.4 Skills for the Future: Scholars 3.4.1 Number of learners participating in the programme
Indicator 3.5 TVET Work Integrated Learning Funding Window 3.5.2 Number of learners accessing WIL opportunities
Indicator 3.9 Leadership Development Programme 3.9.1 Number of learners enrolling for the programme 3.9.2 Number of learners completing the programme successfully
Indicator 3.10 PIVOTAL Grant Funding Window 3.10.1 Number of learners enrolled in the programme 3.10.2 Number of learners completing the programme successfully
Indicator 3.11 Reskilling of employees funding window 3.11.1 Number of learners enrolled in the programme 3.11.2 Number of learners completing successfully
Indicator 3.12 IT Funding Window 3.12.1 Number of learners enrolled in the programme 3.12.2 Number of learners completing the programme successfully
Indicator 3.17 Doctoral and Post-Doctoral bursaries 3.17.1 Number of bursaries awarded to Students 3.17.2 Number of Students completing successfully

Other matter

22. I draw attention to the matter below.

Achievement of planned targets

23. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under-achievements. This information should be considered in the context of the material findings on the reported performance information.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE BANKING SECTOR EDUCATION AND TRAINING AUTHORITY

24. The public entity plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets:

Key service delivery indicators not achieved	Planned target	Reported achievement
Programme 3: Learning programmes		
<i>Targets achieved: 73%</i>		
<i>Budget spent: 94%</i>		
3.3 Maths and Science Support 3.3.2 Number of learners completing the programme	1 520	1 313
3.8 Career Development Services 3.8.1 Number of career awareness workshops conducted	20	5
3.8 Career Development Services 3.8.2 Number of Career Development Practitioners trained	250	243
3.9 Leadership Development Programme 3.9.2 Number of learners completing the programme successfully	180	0
3.10 PIVOTAL Grant Funding Window 3.10.1 Number of learners enrolled in the programme	2 850	233
3.10 PIVOTAL Grant Funding Window 3.10.2 Number of learners completing the programme successfully	1 740	957
3.11 Reskilling of employees funding window 3.11.1 Number of learners enrolled in the programme	1 300	368
3.11 Reskilling of employees funding window 3.11.2 Number of learners completing successfully	400	321
3.13 SME and CFI Funding Window 3.13.2 Number of CFIs Organisations supported with training interventions	30	15
3.17 Doctoral and Post-Doctoral bursaries 3.17.2 Number of Students completing successfully	15	4

25. Reasons for the underachievement of targets are included in the annual performance report on pages 42 to 58.

Report on compliance of legislation

26. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
27. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
28. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
29. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE BANKING SECTOR EDUCATION AND TRAINING AUTHORITY

Annual financial statements

30. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (a) of the PFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected, which resulted in the financial statements receiving a qualified opinion.

Other information in the annual report

31. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
32. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
33. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
34. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Internal control deficiencies

35. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
36. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the material finding on compliance with legislation included in this report.
37. Reviews over the financial statements and disclosure notes were inadequate. As a result, there were findings on areas of payables non-exchange transactions and commitments disclosure note.
38. Reviews of the annual performance planning documents were inadequate, as a result there were material findings identified on performance information for performance indicators that are not well defined therefore affecting the measurability of reported information.

Auditor-General

Pretoria
31 July 2023



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE BANKING SECTOR EDUCATION AND TRAINING AUTHORITY

Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE BANKING SECTOR EDUCATION AND TRAINING AUTHORITY

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA) and regulations and instructions issued in terms of the act	PFMA 55(1)(a),(b), (c), PFMA 53(4) PFMA 54(2)(c) PFMA 57(b),TR 30, TR 31, TR 33 TR 16A
Preferential Procurement Policy Framework Act 5 of 2000 and regulations and instructions issued in terms of the act	PPPFA 2(1), Preferential Procurement regulation {2017} 1,4,5,6,7,9,10
Prevention and Combating of Corrupt Activities Act 12 of 2004	PRECCA 34(1)
Skills Development Levies Act,1999 (Act No. 9 of 1999) and regulations and instructions issued in terms of the act	GNR.990 2,4 and 6
Skills Development Act, 1999 (Act no.97 of 1998) and regulations issued in terms of the act	GNR.990 2,4 and 6

ANNUAL FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2023

	Notes	2022/23 R'000	2021/22 R'000
ASSETS			
Non-current assets			
Property and equipment	1	2 498	2 839
Intangible assets	2	1 878	612
Total non-current assets		4 376	3 451
Current assets			
Receivables from non-exchange transactions	3	601	717
Receivables from exchange transactions	4	9 588	1 321
Cash and cash equivalents	5	1 126 578	1 212 576
Total current assets		1 136 767	1 214 614
Total assets		1 141 143	1 218 065
LIABILITIES			
Current liabilities			
Payables from exchange transactions	6	9 615	6 790
Payables from non-exchange transactions	7	114 263	103 923
Provisions	8	47 814	44 499
Total liabilities		171 692	155 212
NET ASSETS		969 451	1 062 853
NET ASSETS AND LIABILITIES			
Funds and reserves			
Administration reserve		4 376	3 451
Employer grant reserve		137	111
Discretionary reserve		964 938	1 059 291
TOTAL FUNDS AND RESERVES		969 451	1 062 853

ANNUAL FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2023

	Notes	2022/23 R'000	2021/22 R'000
REVENUE			
Skills development levy: income from non-exchange transactions	10	936 256	805 221
Skills development levy: penalties and interest income from non-exchange transactions	11	8 537	43 023
Total revenue from non-exchange transactions		944 793	848 244
Investment revenue from exchange transactions	12	75 638	47 613
Other revenue from exchange transactions	13	121	106
Total revenue from exchange transactions		75 759	47 719
Total revenue		1 020 552	895 963
EXPENSES			
Employer grant expenses	14	(228 570)	(194 101) *
Discretionary grant expenses	14	(786 554)	(522 670) *
Administration expenses	15	(98 830)	(84 031)
Total expenses		(1 113 954)	(800 802)
NET (DEFICIT)/SURPLUS FOR THE YEAR	16	(93 402)	95 161

* Prior year figures split and disclosed in line with current year disclosure. Refer to note 30.1 for a reconciliation.

ANNUAL FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2023

Notes	Administration reserve	Employer grant reserve	Discretionary reserve	Unappropriated surplus/(deficit)	Total
	R'000	R'000	R'000	R'000	R'000
BALANCE AT 31 MARCH 2021	3 013	136	964 543	-	967 692
Net surplus for the period	-	-	-	(95 161)	(95 161)
Allocation of unappropriated surplus	21 798	4 952	68 411	(95 161)	-
Excess reserves transferred to discretionary reserve	(21 360)	(4 977)	26 337	-	-
BALANCE AT 31 MARCH 2022	3 451	111	1 059 291	-	1 062 853
Net deficit for the period	-	-	-	(93 402)	(93 402)
Allocation of unappropriated deficit	24 175	5 454	(123 031)	93 402	-
Excess reserves transferred to discretionary reserve	(23 250)	(5 428)	28 678	-	-
BALANCE AT 31 MARCH 2023	4 376	137	964 938	-	969 451

ANNUAL FINANCIAL STATEMENTS

CASH FLOW STATEMENT

for the year ended 31 March 2023

	Notes	2022/23 R'000	2021/22 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating activities			
Cash receipts from skills development levy; income from non-exchange transactions (Including interest and penalties)		944 919	847 872
Other revenue from non-exchange transactions - mandatory grants		84	106
Cash paid to stakeholders and suppliers		(1 035 592)	(689 017)
Cash paid for employee costs		(62 357)	(57 978)
Cash generated from operations	16	(152 946)	100 983
Investment revenue from exchange transactions received	12.1	68 504	50 420
Net cash inflow from operating activities		(84 442)	151 403
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(1 177)	(445)
Purchase of intangible assets	2	(460)	(428)
Proceeds on disposals of fixed assets		82	31
Net cash outflow from investing activities		(1 555)	(842)
Net increase in cash and cash equivalents		(85 998)	150 561
Cash and cash equivalents at the beginning of the period	5	1 212 576	1 062 015
Cash and cash equivalents at the end of the period	5	1 126 578	1 212 576

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 March 2023

	Notes	Approved Original Budget	Budget Adjustments	Final Adjusted Budget	Actual Income/ (Expenditure)	Variance
		2022/23	2022/23	2022/23	2022/23	2022/23
		R'000	R'000	R'000	R'000	R'000
REVENUE						
	29.2	788 914	80 000	868 914	936 256	67 342
	29.3	-	-	-	8 537	8 537
	29.4	46 667	4 000	50 667	75 638	24 971
		89	-	89	121	32
				-		
Total Revenue		835 670	84 000	919 670	1 020 552	100 882
EXPENSES						
	29.5	(191 309)	(25 919)	(217 228)	(228 570)	(11 342)
	29.1					
	29.6	(590 818)	(249 500)	(840 318)	(786 554)	53 764
	29.7	(103 543)	(10 500)	(114 043)	(98 830)	15 213
Total Expenses		(885 670)	(285 919)	(1 171 589)	(1 113 955)	57 634
NET SURPLUS/(DEFICIT) FOR THE PERIOD						
		(50 000)	(201 919)	(251 919)	(93 402)	158 516

The BANKSETA considers the R157 516 000 variance as SETAs aim to not accumulate funds and utilise all budgets in that year. Please refer to note 29.1 for explanations on the budget and budget adjustment.

ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

1. BASIS OF PREPARATION

The principal accounting policies adopted in the preparation of these financial statements are set out below and are, in all material respects, consistent with those of the previous year, except as otherwise indicated.

The annual financial statements have been prepared on the historical cost basis, except where adjusted for present/fair values as required by the respective accounting standards. The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) as amended, including any interpretations of such Standards issued by the Accounting Standards Board.

2. GOING CONCERN

These annual financial statements were prepared based on the expectation that the BANKSETA will continue to operate as a going concern for at least the next 12 months.

3. SIGNIFICANT JUDGEMENTS, ESTIMATES AND SOURCES OF UNCERTAINTY

In preparing the annual financial statements and application of the BANKSETA's accounting policies, management is required to make estimates and assumptions that affect the amounts represented in the Annual Financial Statements and related disclosures. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not apparent from other sources. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

3.1 *Receivables from exchange transactions*

The entity assesses its trade receivables, held to maturity investments, and loans and receivables for impairment at the end of each financial reporting period. In determining whether an impairment loss should be recorded in the statement of financial performance, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

3.2 *Receivables from non-exchange transactions*

The BANKSETA pays mandatory grants to its sector levy-payers based on information from the South African Revenue Services (SARS). Where SARS retrospectively amends the information on levies collected in the prior year by decreasing the levy amounts, this may result in grants that have been paid to affected levy-payers being in excess of the grant amount BANKSETA would have paid to those levy-payers had all information been available at the time of payment of those grants. A receivable relating to the overpayments made in prior periods is recognised at the amount of the grant overpayment, net of irrecoverable debts and allowance for irrecoverable amounts.

Should SARS revise the levy information from prior years by increasing those levy amounts, the additional grants due are paid and accounted for in the current year.

3.3 *Payables from exchange transactions*

Payables from exchange transactions are stated at their nominal value. The carrying amount of these payables approximates fair value due to the short maturity period of these instruments.

3.4 *Payables from non-exchange transactions*

Payables from non-exchange transactions are stated at their nominal value. The carrying amount of these payables approximates fair value due to the short maturity period of these instruments.

ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

3. SIGNIFICANT JUDGEMENTS, ESTIMATES AND SOURCES OF UNCERTAINTY (continued)

3.5 Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

3.6 Impairment testing

Management has had to make the following judgements in applying criteria to designate assets as non-cash generating assets or cash generating assets. Cash generating assets are assets used with the objective of generating a commercial return. BANKSETA assets are non-cash generating assets.

If the recoverable service amount of a non-cash generating asset is less than its carrying amount, the amount of the asset shall be reduced to its recoverable service amount. That reduction is an impairment loss. An impairment loss shall be recognised immediately in the statement of financial performance.

The entity reviews and tests the carrying amount of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairments may have occurred, estimates are prepared of expected future cash flows for each group of assets.

3.7 Provisions

Management raised provisions determined on estimates based on the information available at the date of issue of the Annual Financial Statements. Additional disclosures of these estimates of provisions is included in note 8 - Provisions.

3.8 Useful lives and residual value of property and equipment and intangible assets

The BANKSETA re-assesses the useful lives and residual values of property and equipment on an annual basis. In re-assessing the useful lives and residual values of property and equipment management considers the condition and use of individual assets, to determine the remaining period over which the assets can and will be used.

3.9 Discounting

The BANKSETA reviews and considers the effect of discounting on current assets and liabilities.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period when the estimate is revised if the revision affects only that period or in the period of the revision and future period if the revision affects both current and future periods.

4. CURRENCY

4.1 Functional currency

These financial statements are presented in South African Rands. All figures have been rounded off to the nearest thousand Rand, unless otherwise stated. The South African Rand is the functional currency of the BANKSETA.

ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

4. CURRENCY (continued)

4.2 Foreign currency

A foreign transaction is a transaction that is denominated or that requires settlement, in a foreign currency. On initial recognition, a foreign currency transaction is recorded at the spot exchange rate prevailing at the transaction date. Foreign exchange assets and liabilities are classified as monetary or non-monetary items. Monetary items are subsequently measured by using the closing rates at reporting date. BANKSETA does not have non-monetary foreign currency assets and liabilities.

5. REVENUE RECOGNITION

5.1 Revenue from non-exchange transactions

Non-exchange revenue transactions result in resources being received by the BANKSETA, usually in accordance with a binding arrangement. Non-exchange revenue is recognised in accordance with GRAP 23 using the 'assets and liabilities' approach. When the BANKSETA receives resources as a result of a non-exchange transaction, it recognises an asset and revenue in the period that the arrangement becomes binding and when it is probable that BANKSETA will receive economic benefits or service potential and it can make a reliable measure of the resources transferred.

Where the resources transferred to the BANKSETA are subject to the fulfilment of specific conditions, it recognises an asset and a corresponding liability. As and when the conditions are fulfilled, the liability is reduced and revenue is recognised. The asset and the corresponding revenue are measured on the basis of the fair value of the asset on initial recognition.

Non-exchange revenue transactions include the receipt of levy income from registered sector employers from SARS via the Department of Higher Education and Training (DHET), income from the National Skills Fund, and grants from the national government. Non-exchange revenue transactions also include penalties and interest levied by the South African Revenue Services (SARS) on arrear levies and channeled to the SETA via DHET.

5.1.1 Levy income

The accounting policy for the recognition and measurement of skills development levy income is based on the Skills Development Act, 1998 (Act No 97 of 1998) as amended and the Skills Development Levies Act, 1999 (Act No 9 of 1999), as amended.

Skills development levy (SDL) transfers are recognised when it is probable that future economic benefits will flow to the SETA and these benefits can be measured reliably. This occurs when the Department of Higher Education and Training either makes an allocation or payment, whichever comes first, to the SETA, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999), as amended.

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended, registered member companies of the SETA pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS), who collects the levies on behalf of the Department of Higher Education and Training which is within the Ministry of Higher Education Science and Innovation .

80% of skills development levies are paid over to the SETA (net of the 20% contribution to the National Skills Fund).

ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

5. REVENUE RECOGNITION (continued)

Exempt registered member companies of the SETA

Companies with an annual payroll cost less than R500 000 are exempted from paying the 1% skills development levy, in accordance with section 4(b) of the Levies Act as amended, effective 1 August 2005. An employer who is liable to pay the levy is exempted if, during any month, there is reasonable ground to believe that the total remuneration (as determined in accordance with the Levies Act) payable or paid by the employer to all its employees during the following 12 month period will not exceed R500 000.

Should the SETA receive any SDL from such possibly exempt companies, the SETA recognises a payable shown as a provision equaling the SDL received from these possible levy exempt companies. As per the Skills Development Circular 09/2013, should the levies received from exempt companies not be refunded to the respective employer through the SARS system after five years from receipt, the SETA transfers all monies received from exempt companies to levy revenue. Such levies are allocated to discretionary levies.

Levy income is recognised on the accrual basis

Revenue is adjusted for interSETA transfers due to employers changing SETAs. Such adjustments are separately disclosed as interSETA transfers. The amount of the interSETA adjustment is calculated according to the most recent standard operating procedure issued by the Department of Higher Education and Training. Skills development levy (SDL) transfers are recognised on an accrual basis when it is probable that future economic benefits or service potential will flow to the SETA and these benefits can be measured reliably. This occurs when the Department of Higher Education and Training makes an allocation of the SETA, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended.

5.1.2 Adjustments to levy, penalties and interest income previously recognised

SDL is levied and collected by the South African Revenue Services (SARS) in terms of the Income Tax Act.

SARS has review processes to assess if the revenue charged was correctly and completely charged/declared in terms of the prescribed taxation and levy rates and on the correct basis. This may result in SARS itself identifying that the levies collected need adjustment. Levy payers may also through their own processes identify the need for such levy adjustments. Declaration, appeal or objection process undertaken in terms of legislation or similar means may result in adjustments being passed to levies already collected. Such adjustments may be made up to seven years after the levy is charged and/or collected. SARS passes all such adjustments to levies through DHET to the relevant SETA. When settling the levy receipts with the SETA, SARS nets off such levy adjustments against current levy receipts. The BANKSETA therefore receives its levies funds monthly net of all levy adjustments. The levy information, however, splits up levies amounts between the adjustments and current levies showing the correct months and years that the transactions relate to in order to facilitate accurate accounting.

Adjustments to levy revenue already recognised arise from the completion of a SARS' internal review process, and/or the outcome of an external appeal or objection process undertaken by employer companies. Adjustments to revenue include any refunds that become payable as a result of the completion of a review, appeal or objection process. Refunds are recovered directly from monthly revenues by SARS, and the SETA recognises revenue on net basis as and when it becomes receivable. The SETA has no access to or control of the appeal or review process carried on by SARS, and hence cannot reasonably be expected to have access to reliable information at the initial stage of recognition. The adjustments to levy or levy interest and penalty revenue already recognised in prior years, following the outcome of a review, appeal or objection process, are therefore accounted for as a change in an accounting estimate, and not as a correction of an error.

ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

5. REVENUE RECOGNITION (continued)

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Such revisions of accounting estimates in terms of levy income are disclosed in the analysis of levy income in the notes to the financial statements. The principles in GRAP 3 are applied to account for a change in an accounting estimate.

5.1.3 Interest and penalties

Interest and penalties received on the skills development levy are recognised on the accrual basis.

SARS levies interest and penalties on late payments of levies or incorrect declarations, and passes the interest and penalties to the relevant SETA. Therefore any adjustments in penalties and levies arising from SARS' own review processes of amounts charged or levy payers declaration, appeal or objections processes are also passed on to the relevant SETA. Such adjustments may be made up to seven years after the levy is charged and/or collected. SARS nets off such interest and penalties adjustments against current interest and penalty receipts. The BANKSETA therefore receives its interest and penalties amounts monthly net of all interest and penalties adjustments.

SETAs account for penalties and interest on levy income either on allocation by DHET or on receipt of the levy income. Therefore SARS (via DHET) makes the accounting estimates of the initial penalties and interest levy income recognised. The BANKSETA has no responsibility for completeness of penalties and interest revenue and may not raise such debtors or creditors for any interest or penalties paid or due by any levy payer in their sector until SARS (via DHET) has allocated or paid the penalties or interest to the SETA, in terms of the accounting policy as approved by National Treasury for SETAs.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Such revisions of accounting estimates in terms of levy income are disclosed in the analysis of levy income in the notes to the financial statements.

5.2 Revenue from exchange transactions

Revenue from exchange transactions is recognised when it is probable that future economic benefits or service potential will flow to the SETA and these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

5.2.1 Investment revenue from exchange transactions

Investment revenue from exchange transactions is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

6. EXPENDITURE

6.1 Mandatory/employer grants

A registered employer may recover a maximum of 20% of its total levy payment (excluding interest and penalties) as a mandatory employer grant by complying with the grant criteria in accordance with the Skills Development Act, 1998 (Act No. 97 of 1998), SETA Grant Regulations regarding monies received and related matters (The SETA Grant Regulations).

The grant expenditure is recognised when the employer has submitted an application for a grant in the prescribed form within the legislated cut off period and the application has been approved. Grants are equivalent to 20% of the total levies contributed by employers to the SETA during the corresponding financial period.

ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

6. EXPENDITURE (continued)

6.1.1 Retrospective adjustments by SARS

The SETA refunds amounts to employers in the form of mandatory grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected, it may result in mandatory grants that have been paid to certain employers that are in excess of the amount the SETA is permitted to have granted to employers. A receivable relating to the overpayment to the employer in earlier periods is raised as the amount of such mandatory grant over payment, net of bad debts and provision for irrecoverable amounts.

6.2 Discretionary grants

A SETA may allocate discretionary grants to employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period.

6.2.1 Discretionary project expenditure

A SETA may, out of surplus mandatory, administration or discretionary levies and in accordance with criteria as defined in the SETA Grant Regulations, allocate funds to employers and other associations or organisations. The criteria for allocating funds are approved by the SETA's Board. Where necessary it can be required of interested employers, associations or organisations to complete and submit a funding application for consideration and approval by the SETA.

A SETA allocates discretionary grants to employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period. Discretionary grant expenditure is recognised as expenses in the period in which they are incurred and in which the conditions are met.

Discretionary project expenditure comprises:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the project; and
- such other costs as are specifically chargeable to the SETA under the terms of the contract.

Such costs are allocated using methods that are systematic and rational and are applied consistently to all costs having similar characteristics.

Project costs are recognised as expenses in the period in which they are incurred.

6.3 Administration expenditure

The Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended stipulates that a maximum of 10% of the levy income for the sector may be used for the SETA's operational administration expenses. An additional maximum of 0.5% of the sector levy income is contributed by the SETA to the Quality Council for Trade and Occupations (QCTO) to fund the QCTO's activities. The Minister determines the annual QCTO contribution.

In exceptional circumstances and on application by the SETA, the Minister may approve that the SETA exceed the 10.5% administration expense limit. In cases where the SETA has exceeded this administration expense limit without prior approval, the SETA may apply to the Minister for condonation.

ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

7. PROPERTY AND EQUIPMENT

Property and equipment comprise tangible non-current assets that are held for use for administrative purposes and are expected to be used during more than one financial year.

The cost of an item of property and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the SETA; and
- the cost or fair value of the item can be measured reliably.

The cost of an item of property and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Property and equipment is initially recognised at cost and subsequently at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method.

The useful life indicators are used to review estimated useful lives, residual values and depreciation method each year, with the effect of any changes in estimate accounted for on a prospective basis.

The useful life, residual value and depreciation method is assessed at each reporting date for appropriateness.

The following useful lives are used in the calculation of depreciation.

- | | |
|---------------------------------|---------------------|
| - Computer equipment | 3 to 15 years |
| - Office furniture and fittings | 10 to 25 years |
| - Office equipment | 5 to 22 years |
| - Other movable assets | 5 to 10 years |
| - Leasehold improvements | over the lease term |

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised.)

BANKSETA derecognises property and equipment assets when it disposes of the assets or alternatively does not consume economic benefits or service potential from those assets.

The gain or loss on disposal of property and equipment is determined as the difference between the sale proceeds and the carrying amount and is taken into account in determining the net surplus or deficit for the year.

Remaining useful lives are reviewed annually each year in accordance with the indicator based approach and adjusted as needed. The estimated remaining useful lives take into account the state of the asset and the current usage of the assets. Assets are assessed for impairment indicators on an annual basis.

ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

7. PROPERTY AND EQUIPMENT (continued)

7.1 Impairment of assets

The BANKSETA assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, BANKSETA estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

The calculation method applied is depreciated replacement method.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less cost of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. The reduction is an impairment cost.

An impairment loss of assets carried at cost less any accumulated depreciation is recognised immediately in surplus or deficit in the statement of financial performance.

The BANKSETA assesses at each reporting date whether there is any indication that an impairment loss recognised in prior years for assets still exists or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation is recognised immediately in the statement of financial performance.

8. INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary assets without physical substance and mainly comprise of software licences and computer application licences.

An intangible asset is recognised when:

- It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the SETA; and
- The cost or fair value can be measured reliably.

Intangible assets are initially recognised at cost and subsequently at cost less any subsequent accumulated amortisation and adjusted for any impairments. Amortisation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method.

The useful life indicators are used to review estimated useful lives and amortisation method each year, with the effect of any changes in estimate accounted for on a prospective basis.

ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

8. INTANGIBLE ASSETS (continued)

The following useful lives are used in the calculation of amortisation:

Software, application software and licences 2 years (unless the licence period differs)

Where the carrying amount of an asset is greater than its estimated recoverable service amount, it is written down immediately to its recoverable service amount (i.e. impairment losses are recognised.)

BANKSETA derecognises intangible assets when it disposes of the assets or alternatively does not consume economic benefits or service potential from those assets.

The gain or loss on disposal of intangible assets is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining the net surplus or deficit for the year.

8.1 Impairment of intangible assets

Remaining useful lives are reviewed annually at each year end in accordance with the indicator based approach and adjusted as needed. The estimated remaining useful lives take into account the state of the asset and the current usage of the assets. Assets are assessed for impairment indicators on an annual basis.

The BANKSETA assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, BANKSETA estimates the recoverable service amount of the asset. If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. The calculation method applied is amortisation replacement method. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less cost of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. The reduction is an impairment cost. An impairment loss of assets carried at cost less any accumulated amortisation is recognised immediately in surplus or deficit in the statement of financial performance.

The BANKSETA assesses at each reporting date whether there is any indication that an impairment loss recognised in prior years for assets still exists or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss of assets carried at cost less accumulated amortisation is recognised immediately in the statement of financial performance.

9. LEASING

Leases are classified as finance leases where a contract substantially transfers all the risks, rewards and rights associated with ownership of an asset to the lessee, in this case being BANKSETA. All other leases are classified as operating leases.

Payments made under operating leases (leases other than finance leases) are charged to the statement of financial performance on a straight line basis over the period of the lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

9. LEASING (continued)

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

10. PROVISIONS

Provisions are recognised when the SETA has a present legal obligation and/or constructive obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits or service potential that can be estimated reliably.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the SETA settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

11. EMPLOYEE BENEFITS

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- salaries, wages and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- incentive and performance related bonuses payable within twelve months after the end of the reporting period in which the employees render the related service.

The cost of employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the statement of financial position date. Provisions included in the statement of financial position are provisions for leave (based on the current salary rates) and incentive bonuses.

The SETA recognises the expected cost of incentive and performance related bonus payments when it has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the SETA has no realistic alternative but to make the payments.

ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

11. EMPLOYEE BENEFITS (continued)

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

- The SETA does not provide any post-employment medical benefits.
- The SETA provides a defined contribution pension fund as a post-retirement benefit to its employees. Defined contribution plans are post-employment benefit plans under which the entity pays fixed contributions into a separate entity (a pension fund) during the period of the employees' service. The entity will have no legal or constructive obligation to pay further contributions in the current period, prior or future periods including post retirement years of the employees should the fund not hold sufficient assets to pay all employee benefits relating to employee service.

When an employee has rendered service to the SETA during a reporting period, the SETA recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense); and
- as an expense, unless another standard requires or permits the inclusion of the contribution in the cost of an asset.

12. GRANTS AND PROJECTS

A liability is recognised for grant payments once the specific criteria set out in the SETA Grant Regulations have been complied with by member companies and it is probable that the SETA will approve the grant application for payment. The liability is measured based on the expected future cash outflow as determined in accordance with the Act. The measurement of the liability is estimated using the value of the levies received.

Discretionary projects

No provision is made for projects approved at year-end, unless the service in terms of the contract has been delivered. Where a project has been approved, but has not been accrued for or provided for, it is disclosed as approved and allocated for future projects in the notes to annual financial statements. Where a project has been contracted, but has not been accrued for, it is disclosed as commitments in the notes to the financial statements.

Commitments are disclosed where the SETA has, in the normal course of its operations, entered into a contractual agreement with entities related to project expenses which are not yet due for payment.

13. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity. Financial assets and financial liabilities are recognised on the SETA's statement of financial position when the SETA becomes a party to the contractual provisions of the instrument.

13.1 Financial assets

The SETA has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost

ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

13. FINANCIAL INSTRUMENTS (continued)

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The SETA recognises financial assets using trade date accounting.

Cash and cash equivalents

Cash and cash equivalents mainly comprise cash on hand, current and savings bank accounts and money market investments, call accounts and fixed deposits held by the BANKSETA at the Corporation of Public Deposits (CPD) and at domestic banks. Cash and cash equivalents are initially recognised at cost and subsequently stated at amortised cost, which, due to their short-term nature, closely approximate their fair value.

Loans and receivables

Exchange and non-exchange receivables comprise trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market and are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each year end. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The impairment values or movement in provision for impairment are recognised in the statement of financial performance.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus or deficit.

Fair value considerations

The fair values at which financial instruments are carried at the balance sheet date have been determined using available market values. Where market values are not available, fair values will be calculated by discounting expected future cash flows at prevailing interest rates where material.

Offsetting

Financial assets and financial liabilities are offset only if there is any intention to realise the asset and settle the liability simultaneously and a legally enforceable right to set off exists.

ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

13. FINANCIAL INSTRUMENTS (continued)

13.2 Financial liabilities

All financial liabilities of the SETA were classified as other financial liabilities. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition.

The SETA has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other payables from exchange transactions	Financial liability measured at amortised cost

Financial liabilities are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised using the effective method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

13.3 Derecognition

A financial asset or a portion thereof is derecognised when the BANKSETA realises the contractual rights to the benefits specified in the contract, the rights expire, and the BANKSETA surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognising, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in equity is included in net surplus or deficit for the period.

A financial liability or a part thereof is derecognised when the obligation specified in the contract is discharged, cancelled, or expires. On derecognising, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in net surplus or deficit for the period.

14. SEGMENT REPORTING

In terms of GRAP 18, a segment is an activity of the entity:

That generates economic benefits or service potential (including economic benefit or service potential relating to transactions between activities of the same entity):

- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on the segment report. They are segments identified as above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

14. SEGMENT REPORTING (continued)

The BANKSETA does not have activities or units that meet the definition of a 'segment' per the Accounting Standard. The BANKSETA's administrative units and functional departments do not undertake activities that generate economic benefits or service potential separately from the SETA as a whole. Management has assessed that the BANKSETA operates as one segment both from a service and geographical point of view.

Management is of the opinion that the standard is therefore not applicable to the BANKSETA.

15. RESERVES

Net assets is classified based on the restrictions placed on the distribution of monies received in accordance with the Skills Development Act and Grant Regulations as follows:

- Administration reserve
- Employer grant reserve
- Discretionary reserve
- Unappropriated surplus

Employer levy payments are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act, for the purpose of:

	2022/23	2021/22
	%	%
Administration costs of the SETA	10,5	10,5
Employer grant fund levy	20,0	20,0
Discretionary grants and projects	49,5	49,5
Received by the SETA	80,0	49,5
Contribution to the National Skills Fund	20,0	20,0
	100,0	100,0

In terms of section 4(4) of the SETA grant regulations, the Minister determines the percentages for mandatory and discretionary levies and grants in consultation with the sector. In 2012, the Minister changed the mandatory grant and levy percentage from 50% to 20%. In October 2019, the courts set aside the Minister's 2012 decision to decrease the mandatory grant and levies portion from 50% to 20%. The courts did not set the new mandatory percentage to be applied from the court decision date onwards. The effect of the ruling is that the Minister would have to decide on the percentage for mandatory grants in consultation with the sector. The Minister has not yet made the decision in regard to the mandatory levy or grant percentage.

DHET continued to show the mandatory levy portion as 20% in the 2022/23 year in the levy download information. The SETA continued to pay and accrue mandatory grants at 20% in the 2022/23 year in the absence of the revised percentage, as 20% is the amount aligned to the approved annual performance plan. The SETA board has ratified the utilisation of 20% while awaiting the Minister's decision.

The mandatory grants expenditure in note 14 as well as the mandatory grant liability in note 7 were calculated using the mandatory grant percentage of 20%.

ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

15. RESERVES (continued)

The BANKSETA also discloses a contingent liability (note 17.3) in regard to the amount of the mandatory grant payable to qualifying levy payers.

Contributions received from public service employers in the national or provincial spheres of government may be used to fund its administration costs.

Interest and penalties received from SARS as well as interest received on investments are utilised for discretionary grant projects.

The administration grant reserve carries accumulated reserves allocated to administration expenditure in future years.

The employer grant reserve carries accumulated reserves allocated to mandatory grants (employer grants) expenditure in future years.

The discretionary grant reserve carries accumulated reserves allocated to discretionary grants and project expenses in future years.

Surplus funds in the administration reserve and unallocated funds in the employer grant reserve are moved to the discretionary fund reserve. Provision is made in the administration reserve equal to the net book value of depreciable assets. Provision is made in the employer grant reserve for newly registered companies participating after the legislative cut-off date.

Should the Minister approve that a SETA exceed the 10.5% administration expense limit, the excess would be funded from discretionary grant reserves.

16. COMMITMENTS

Items are classified as commitments when the entity has committed itself through contractual agreements to future transactions that will normally result in the outflow of cash.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost; and
- Contracts should relate to items other than the routine, steady, state business of the entity (such as administration services and goods contracts). Salary commitments relating to employment contracts or social security benefit commitments are therefore excluded.

The SETA presents commitments for discretionary project contracts which would be funded out of discretionary reserves on hand at the date of the statement of financial position, lease contractual commitments and any capital expenditure commitments.

In certain cases, the SETA enters into multi-year contracts whereby only the first year amount is unconditional and future years' amounts are dependent on several suspensive conditions which normally include satisfactory execution of the deliverables by the service provider, the SETA's continued need for the service,

The availability of funds for that year and approval by the board. The SETA only discloses the commitment of the year where all suspensive conditions have been met as a commitment. The amounts that are still subject to suspensive conditions are not disclosed.

ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

17. RELATED PARTIES

An entity or individual is considered to be a related party to the BANKSETA when the party has the ability to control (or jointly control) the BANKSETA or can exercise significant influence over the BANKSETA in making financial and operating decisions, or if the party and the BANKSETA are under common control under the same Executive Authority.

All departments and public entities in the national sphere of government are related parties as they are ultimately under common control.

Representation of individuals and employer/labour representatives to the Accounting Authority Body, committees of the Accounting Authority or other equivalent body is considered as significant influence.

Management are those persons responsible for the planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

A related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Only transactions with related parties where the transactions are not concluded within the normal operating procedures, or on terms that are no more or less favourable than the terms it would use to conclude transactions with another entity or person, are disclosed.

Only transactions with related parties where the transactions are not concluded within the normal operating procedures, or on terms that are no more or no less favourable than the terms it would use to conclude transactions with another entity or person, are disclosed.

18. PRESENTATION OF BUDGET INFORMATION IN THE FINANCIAL STATEMENTS

The BANKSETA presents a comparison of the budget amounts for which it is held publicly accountable and actual amounts as a separate financial statement in the annual financial statements.

The comparison of budget and actual amounts are presented separately for each level of legislative oversight:

- the approved and final budget amounts;
- by way of note disclosure and explanations of material differences between the budget for which the entity is held publicly accountable and actual amounts.

The budget covers the period 1 April 2022 to 31 March 2023 and has been prepared on the accrual basis of accounting.

19. IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

- The Public Financial Management Act, 1999 (Act No. 1 of 1999) (PFMA);
- The Skills Development Act, 1998 (Act No. 97 of 1998) as amended;
- Instructions and circulars issued by the National Treasury.

Fruitless and wasteful expenditure means expenditure that was made in vain and/or would have been avoided had reasonable care been exercised.

In line with National Treasury Instruction No 4 of 2022/23, irregular expenditure and fruitless and wasteful expenditure is recognised in the notes to the annual financial statements when confirmed after assessment.

ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

19. IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE (continued)

The BANKSETA only recognises:

- Irregular expenditure and fruitless and wasteful expenditure incurred and confirmed during the year, unless it is impractical to determine, then a note to that effect is shown; and
- Payments made as it relates to multi-year contracts.

The amounts recognised in prior year include:

- Amounts confirmed in that financial year;
- Amounts that were under assessment in that financial year and confirmed in the current financial year; and
- Amounts that were not identified and are identified and confirmed in the current financial year.

Current year irregular and fruitless and wasteful expenditure is recognised against the respective class of expense in the period in which they are incurred. The expenditure is classified in accordance with the nature of the expense, and wherever recovered in the same accounting period, it is shown net of any recoveries. Wherever it is recovered in a subsequent financial year, it is accounted for against the expense if the project is not completed or as revenue in the statement of financial performance if the project is completed.

Where an instance of irregular expenditure or fruitless expenditure has been identified, the incident is recorded in the register, investigated and reported to the board.

The recovery process is implemented, and if irrecoverable, condonation and removal in terms of the National Treasury Irregular Expenditure Framework is effected.

In line with National Treasury Instruction No 4 of 2022/23, only current year irregular expenditure is derecognised when it is either recovered or condoned by National Treasury in that year, or, in cases where National Treasury has declined to condone, removed by the Accounting Authority.

Prior year irregular expenditure is derecognised in the annual financial statements in line with National Treasury Instruction No 4 of 2022/2023.

Current year fruitless and wasteful expenditure is removed from the notes to the annual financial statements when it is either recovered, or written off by the Accounting Authority in line with the framework issued by National Treasury.

20. COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

21. TAXATION

No provision has been made for taxation, as the SETA has applied for and received an income tax exempt status from SARS, in terms of Section 10 of the Income Tax Act, 1962 (Act No. 58 of 1962). The SETA is compliant with the conditions of this tax exempt status.

ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

22. EVENTS AFTER THE REPORTING DATE

Events after the reporting date are those events both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The SETA will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event has occurred.

The SETA will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

1. PROPERTY AND EQUIPMENT

	Cost	Accumulated depreciation	Closing carrying amount
	R'000	R'000	R'000
Year ended 31 March 2023			
Computer equipment	4 145	(2 904)	1 241
Office furniture and fittings	2 073	(1 564)	509
Office equipment	1 663	(1 469)	194
Leasehold improvements	656	(176)	480
Other movable assets	77	(3)	74
Balance at end of period	8 614	(6 116)	2 498
Made up as follows:			
- Owned assets	8 614	(6 116)	2 498

Year ended 31 March 2022			
Computer equipment	4 004	(2 505)	1 499
Office furniture and fittings	2 028	(1 454)	574
Office equipment	1 663	(1 445)	218
Leasehold improvements	656	(108)	548
Other movable assets	-	-	-
Balance at end of period	8 351	(5 512)	2 839
Made up as follows:			
- Owned assets	8 351	(5 512)	2 839

Movement summary 2022/23

	Carrying amount 2022	Additions	Disposals	Depreciation	Carrying amount 2023
	R'000	R'000	R'000	R'000	R'000
Computer equipment	1 499	221	(47)	(432)	1 241
Office furniture and fittings	574	45	-	(110)	509
Office equipment	218	-	-	(24)	194
Leasehold improvements	548	-	-	(68)	480
Other movable assets	-	77	-	(3)	74
Balance at end of period	2 839	343	(47)	(637)	2 498

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

1. PROPERTY AND EQUIPMENT (continued)

Movement summary 2021/22

	Carrying amount 2021	Additions	Disposals	Depreciation	Carrying amount 2022
	R'000	R'000	R'000	R'000	R'000
Computer equipment	708	1 136	(48)	(297)	1 499
Office furniture and fittings	613	97	-	(136)	574
Office equipment	325	-	-	(107)	218
Leasehold improvements	616	-	-	(68)	548
Other movable assets	-	-	-	-	-
Balance at end of period	2 262	1 233	(48)	(608)	2 839

Computer equipment with original cost of R79 000 and accumulated depreciation of R33 000, was stolen during the year. The insurance proceeds on those assets amounted to R82 000.

BANKSETA has incurred no repairs and maintenance costs on these assets.

At year-end, the BANKSETA had assets held for disposal with an original cost of R1 510 000 and net book value of R8 000. These were disposed of after year-end and are included in the above balances. In line with GRAP standards the BANKSETA continues to depreciate those assets unless they were fully depreciated until they were disposed of.

The BANKSETA had no contractual commitments at year-end for acquisitions of property.

BANKSETA has no restriction or encumbrances on its assets.

The following useful lives are used in the calculation of depreciation.

Category	Useful lives	Depreciation rate
- Computer equipment	3 - 15 years	33.33% - 6.77%
- Office furniture and fittings	10 - 25 years	10% - 4%
- Office equipment	5 - 22 years	20% - 4%
- Leasehold improvements	Over the lease term	10% - 8%
- Other movable assets	5 - 10 years	20% - 10%

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

1. PROPERTY AND EQUIPMENT (continued)

1.1 Change in useful lives

At the beginning of the year, the useful lives of the assets were individually re-assessed and the following changes were made:

Category	Previous useful lives	Re-assessed useful lives
- Computer equipment	3 - 12 years	3 - 15 years
- Office furniture and fittings	10 - 21 years	10 - 25 years
- Office equipment	5 - 15 years	5 - 22 years
- Leasehold improvements	Over the lease term	Over the lease term
- Other movable assets	not applicable as first purchased in current year	

The net reversal was not considered material.

The fixed asset register is available at the BANKSETA's registered office for inspection.

Useful lives of property and equipment are re-assessed each financial year and prior adjustments have not been material.

2. INTANGIBLE ASSETS

Year ended 31 March 2023

Application software

Balance at end of period

Made up as follows:

- Owned assets

	Cost	Accumulated amortisation	Closing carrying amount
	R'000	R'000	R'000
Application software	2 362	(484)	1 878
Balance at end of period	2 362	(484)	1 878
Made up as follows:			
- Owned assets	2 362	(48)	1 878

Year ended 31 March 2022

Application software

Balance at end of period

Made up as follows:

- Owned assets

	Cost	Accumulated amortisation	Closing carrying amount
	R'000	R'000	R'000
Application software	1 340	(728)	612
Balance at end of period	1 340	(728)	612
Made up as follows:			
- Owned assets	1 340	(728)	612

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

2. INTANGIBLE ASSETS (continued)

Movement summary 2022/23

	Carrying amount 2022	Additions	Disposals	Amortisation	Carrying amount 2023
	R'000	R'000	R'000	R'000	R'000
Application software	612	1 966	-	(700)	1 878

Movement summary 2021/22

	Carrying amount 2021	Additions	Disposals	Amortisation	Carrying amount 2022
	R'000	R'000	R'000	R'000	R'000
Application software	751	428	-	(567)	612

Application software complies with the definition of intangible assets, which is an identifiable non-monetary asset without physical substance. The amortisation expense has been included in the line item 'depreciation/amortisation' in note 15, administration expenditure. The BANKSETA disposed of fully depreciated software assets with original cost of R945 000 during the year as the licence periods had expired. The fixed asset register is available at the BANKSETA's registered office for inspection.

BANKSETA incurred no repairs and maintenance expenditure on these assets. The BANKSETA has contractual commitments for acquisitions of intangible assets of R3 012 000 (USD169 000) until 2026. BANKSETA has no restriction or encumbrances on its assets.

The following useful lives are used in the calculation of amortisation.

Category	Useful lives	Depreciation rate
- Application software	2 years (unless license period is different)	33% - 100% p.a.

3. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Notes	2022/23 R'000	2021/22 R'000
Employer receivables	3.1	601	717
Receivables from non-exchange transactions		601	717
The effect of discounting was considered and found to be immaterial.			

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

3. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (continued)

	Notes	2022/23 R'000	2021/22 R'000
3.1 Employer receivables			
Employer receivables			
Overpayment to employers		1 120	1 251
Allowance for impairment		(519)	(534)
Net effect of SARS retrospective adjustments on affected employers	3	601	717
<p>R1 120 000 employer receivables (2021/22: R1 251 000) was recognised as a receivable relating to the overpayment to the employers in earlier periods, and is based on the amount of such grant over payments. Of the R1 120 000 employer receivables amount, R519 000 is impaired and R601 000 is not impaired.</p>			
<p>Reconciliation of impairment allowance on employer receivable</p>			
Opening balance: Impairment of employer receivable		(534)	(535)
Change in estimate		-	-
Addition		-	1
Recovered/reversed		15	-
Closing balance: Impairment allowance on employer receivable		(519)	(534)

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2022/23 R'000	2021/22 R'000
Deposits	389	367
Staff advances and payroll receivables	91	42
Interest receivables	7 276	142
Prepaid expenses	1 182	-
Net other receivables	650	771
Other receivables	658	771
Allowance for impairment	(8)	-
	9 588	1 321

The effect of discounting was considered and found to be immaterial.

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)

	2022/23 R'000	2021/22 R'000
Reconciliation of impairment allowance on employer receivable		
Opening balance: Impairment of employer receivable	-	-
Addition	(8)	-
Recovered/reversed	-	-
Closing balance: Impairment of employer receivable	(8)	-

5. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks and investments in fixed deposits. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the statement of financial position as follows:

	2022/23 R'000	2021/22 R'000
Cash at bank and on hand	67 212	32 096
Cash at bank	67 211	32 093
Cash on hand	1	3
Short term investments/instruments	1 059 366	1 180 480
Cash and cash equivalents at end of year	1 126 578	1 212 576

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short-term bank deposits was 6.12% (2021/22: 3.99%). Treasury Regulation 31.3 requires that, unless exempted by the National Treasury, the SETA as a public entity that is listed in Schedule 3A of the Act, must invest surplus funds with the Corporation for Public Deposits.

National Treasury clarified that SETAs should invest in line with the Skills Development Act (SDA) which directs that surplus funds should be invested in fixed deposits, permanent shares or savings accounts of any financial institution in South Africa.

BANKSETA is compliant with the legislation.

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

6. PAYABLES FROM EXCHANGE TRANSACTIONS

	2022/23 R'000	2021/22 R'000
Salary related payables	314	292
Sundry payables	9 301	6 498
Trade payables	4 719	2 065
Other accrued expenses	1 777	1 618
Leave accrual	2 805	2 809
Sundry creditors	-	6
	9 615	6 790

The effect of discounting was considered and found to be immaterial.

7. PAYABLES FROM NON-EXCHANGE TRANSACTIONS

	2022/23 R'000	2021/22 R'000
Skills development grants payable - mandatory	18 348	17 078
Employer payables	32	1 574
Project grants payable - discretionary	95 883	85 271
	114 263	103 923

The effect of discounting was considered and found to be immaterial.

8. PROVISIONS

	Opening balance	Over/under provision	Addition	Paid/reversed	Closing balance
	R'000	R'000	R'000	R'000	R'000
2022/23					
Levies incorrectly received*	1 418	-	126	-	1 544
Provision for incentive bonus**	9 311	1 739	12 500	(11 050)	12 500
Levy funds received in excess of allocation per levies files***	33 770	-	-	-	33 770
Total	44 499	1 739	12 626	(11 050)	47 814

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

8. PROVISIONS (continued)

	Opening balance	Over/under provision	Addition	Paid/reversed	Closing balance
	R'000	R'000	R'000	R'000	R'000
2021/22					
Levies incorrectly received*	1 791	(373)	-	-	1 418
Provision for incentive bonus**	11 094	(1 353)	9 311	(9 741)	9 311
Levy funds received in excess of allocation per levies files****	33 770	-	-	-	33 770
Total	46 655	(1 726)	9 311	(9 741)	44 499

* In terms of Skills Development Circular No. 09/2013, issued by DHET on 25 August 2013, SETAs are able to utilise exempted amounts contributed after the expiry date of five years as stipulated in terms of section 190(4) of the Tax Administration Act. These amounts have been transferred to the discretionary funds in line with the aforementioned circular. The timing of settlement of this provision is uncertain as it is dependent on the operation of the SARS collection system.

** The quantum and timing of payment of incentive bonus will be considered and approved by the board subsequent to year-end. The BANKSETA policy provides for payments of bonuses by 30 September of the following year. However due to the requirement for a board decision this timing is uncertain.

*** Levy funds received in excess of allocations per levies files refers to the amount of levies which BANKSETA received in excess of the levy amounts substantiated in the levy files.

SARS collects levies from levy payers through the PAYE system. SARS directs the levies to DHET which in turn pays 80% of the levies to the SETAs. The levy collection system is administered by SARS and has no mechanisms or provision for SETAs to repay any excess funds paid. The BANKSETA awaits DHET to collect the excess levies on SARS instruction or for the excess amounts to be netted off another period's levy allocation.

The BANKSETA has therefore communicated with DHET and the main levy payers impacted by this to take up the matter with SARS.

The timing of the collection of the excess levy funds from BANKSETA is uncertain and is dependent on SARS.

The Income Tax Act provides for SARS to collect such levies as adjustments within three years. In cases where SARS does not collect these excess amounts within the three years, the BANKSETA may recognise the excess amounts as levy income after three years. As at 31 March 2022 the matter has not been resolved.

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

9. ALLOCATION OF NET (DEFICIT)/SURPLUS FOR THE YEAR TO RESERVES

		Employer grants reserve	Discretionary reserve		
	Total per statement of financial performance 2022/23	Mandatory skills grant 2022/23	Total discretionary 2022/23	Total per statement of financial performance 2021/22	
	R'000	R'000	R'000	R'000	
<i>Total revenue</i>	1 020 552	123 005	234 024	663 523	895 963
Skills development levy: income from non-exchange transactions:					
Employer grant levy income (20%)	234 024	-	234 024	-	199 053
Discretionary grant levy income (49.5%)	579 348	-	-	579 348	500 445
Admin levy income (10.5%)	122 884	122 884	-	-	105 723
Skills development levy: penalties and interest income from non-exchange transactions	8 537	-	-	8 537	43 023
Investment revenue from exchange transactions	75 638	-	-	75 638	47 613
Other revenue from exchange transactions	121	121	-	-	106
<i>Total expenses</i>	(1 113 954)	(98 830)	(228 570)	(786 554)	(800 802)
Administration expenses	(98 830)	(98 830)	-	-	(84 031)
Employer grants	(228 570)	-	(228 570)	-	(194 101) *
Discretionary grant project expenses	786 554	-	-	(786 554)	(522 670) *
Net (deficit)/surplus per statement of financial performance allocated	(93 402)	24 175	5 454	(123 031)	95 161

Presentation of prior year employer grant and discretionary grant expenses aligned to current year presentation. Refer note 30 for the reconciliation.

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

10. SKILLS DEVELOPMENT LEVY INCOME FROM NON-EXCHANGE TRANSACTIONS

	Notes	2022/23 R'000	2021/22 R'000
The total levy income per the statement of financial performance is as follows:			
Levy income: Administration		122 884	105 723
	Levies received	122 884	105 674
	Levies received from SARS	122 884	105 674
	InterSETA transfers in	-	-
	Levies accrued	-	49
Levy income: Employer (mandatory) grants		234 024	199 053
	Levies received	234 024	198 960
	Levies received from SARS	234 024	198 960
	InterSETA transfers in	-	-
	Levies accrued	-	93
Levy income: Discretionary grants		579 348	500 445
	Levies received from SARS	579 348	500 214
	Levies received	579 348	500 214
	InterSETA transfers in	-	-
	Levies accrued	-	230
Total levies income		936 256	805 221

10.1 Adjustments to levy revenue

Prior year levy adjustments are reversals of levy income recognised in prior years. These adjustments may arise from SARS own internal review processes or objections/appeal processes and restatements made by the levy payer. SARS and DHET inform the SETA about levies received and any levy reversals through the levy download files. SARS reverses the levies sent to the SETA in prior years for the impacted levy payers, and pays the SETA current year levies net of all prior year reversals. Such levy reversals or adjustments are treated as changes in accounting estimates and adjusted prospectively.

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

10. SKILLS DEVELOPMENT LEVY INCOME FROM NON-EXCHANGE TRANSACTIONS (continued)

10.1 Adjustments to levy revenue (continued)

The impact on levy income is as follows:

	Notes	2022/23 R'000	2021/22 R'000
Net levies received: Administration			
Levies received		124 389	110 060
Deduct: Prior year levy adjustments included in levy receipts		(1 505)	(4 386)
Net levies received: Administration	10	122 884	105 674
Net levies received: Mandatory			
Levies received		236 347	208 388
Deduct: Prior year levy adjustments included in levy receipts		(2 323)	(9 428)
Net levies received: Mandatory	10	234 024	198 960
Net levies received: Discretionary			
Levies received		586 392	519 951
Deduct: Prior year levy adjustments included in levy receipts		(7 044)	(19 737)
Net levies received: Discretionary	10	579 348	500 214

11. SKILLS DEVELOPMENT LEVY PENALTY AND INTEREST INCOME FROM NON-EXCHANGE TRANSACTIONS

	2022/23 R'000	2021/22 R'000
Skills development levy penalties and interest income - current year	8 537	43 023
Total skills development levy penalties and interest income	8 537	43 023

There were no adjustments/reversals in the current year of penalties and interest income recognised in prior years.

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

12. INVESTMENT REVENUE FROM EXCHANGE TRANSACTIONS

	2022/23 R'000	2021/22 R'000
Interest revenue		
Interest revenue from current year received as cash during the year	68 362	47 471
Receivable	7 276	142
	75 638	47 613
12.1 Cash flow from interest revenue		
Portion of interest revenue in current year received as cash during the year	68 362	47 471
Portion of interest revenue in prior year received as cash during the current year	142	2 950
	68 504	50 421
13. OTHER REVENUE		
Other revenue comprises:		
Other income		
Mandatory grants received	84	106
Profit on disposal of property and equipment	37	-
	121	106

14. EMPLOYER GRANT AND DISCRETIONARY GRANT EXPENSES

	Note	2022/23 R'000	2021/22 R'000
Disbursed		229 980	193 778
Provisions and accruals		(1 410)	323
Employer grant expenditure		228 570	194 101
Discretionary grant expenditure	18.1	786 705	522 670
Total employer grant and discretionary grant expenses		1 015 124	716 771

Discretionary grant expenditure is used for discretionary grant projects. Such projects expenditure comprises training grants to stakeholders and higher education institutions, bursaries, stipends and training.

Refer to note 18 for more detailed information on these projects.

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

15. ADMINISTRATION EXPENSES

	Notes	2022/23 R'000	2021/22 R'000
Advertising, marketing and promotions, communication		1 720	525
Allowance for irrecoverable debts		(7)	(1)
Audit fees		4 501	4 187
External audit fees		3 064	3 193
Internal audit fees		1 437	994
Catering at stakeholder meetings		70	25
Consultancy fees		349	646
Cost of employment	15.1	65 135	56 052
Depreciation/amortisation		1 337	1 175
Depreciation		637	608
Amortisation		700	567
Legal fees		292	817
Maintenance, repairs and running costs - other		127	127
Loss on disposal of property		-	15
Operating lease rentals (minimum lease payments)		4 075	3 597
Buildings		3 965	3 543
Equipment		110	54
Quality Council for Trade and Occupations	22.2	5 826	3 951
Remuneration to members of the Accounting Authority and committees		3 924	3 480
Board development fees		151	-
Research costs		-	1 110
Service provider fees		5 018	3 317
Staff training and development		866	599
Travel and subsistence		617	457
Other		4 829	3 952
Other administration expenses		3 481	2 980
Printing and stationery		194	236
Telephone costs		823	491
Workshops		331	245
		98 830	84 031

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

15. ADMINISTRATION EXPENSES (continued)

15.1 Cost of employment

	Note	2022/23 R'000	2021/22 R'000
Salaries and wages		57 415	48 632
Basic salaries		41 008	38 324
Performance awards		14 239	7 958
Allowances		241	41
Communication allowances		610	620
Employee settlement		-	38
Leave expense		1 317	1 651
		7 720	7 420
Social contributions		7 720	7 420
Medical aid contributions		1 589	1 551
Pension contributions: defined contribution plans		4 849	4 666
Risk cover contributions		526	478
Skills Development Levies		533	494
Workmen's Compensation		79	99
UIF		144	132
		65 135	56 052
<i>Allocation of cost of employment</i>			
Administration expenses	15	65 135	56 052
Average number of employees		67	65

Refer to the corporate governance report for disclosure of by the Accounting Authority members. Notes 23 and 24 detail the emoluments of members of the Accounting Authority, independent board committee members and the executive management group.

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

16. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET SURPLUS

	Note	2022/23 R'000	2021/22 R'000
Net (deficit)/surplus as per statement of financial performance		(93 402)	95 161
Adjusted for non-cash items:			
Depreciation/amortisation		1 337	1 175
Allowance for irrecoverable debts		(7)	(1)
Interest accrued at year-end		(7 276)	(142)
(Profit)/loss on disposal of fixed assets		(37)	15
Adjusted for items separately disclosed			
Interest received	12.1	(68 504)	(50 420)
Adjusted for working capital changes:			
(Increase)/decrease in receivables from exchange transactions		(991)	2 419
(Increase) in receivables from non-exchange transactions		116	2 853
Increase in payables and provisions		15 818	49 923
Cash (utilised in)/generated from operations		(152 946)	100 983

17. CONTINGENCIES

17.1 Retention of surplus funds

In terms of the PFMA, all surplus funds as at year-end may be forfeited to National Treasury should an application for retention of surplus funds be denied. The total surplus per current legislation is calculated in line National Treasury Instruction No 12 of 2020.

	2022/23 R'000	2021/22 R'000
Cash and cash equivalents at the end of the year	1 126 578	1 212 576
Add: Receivables	10 189	2 039
Less: Current liabilities	(171 692)	(155 212)
Total surplus per current legislation	965 075	1 059 402

SETAs are required to submit their surplus retention applications to National Treasury through their Executive Authority, DHET. The surpluses mainly cover discretionary grants commitments entered into, where the work will be undertaken in the following year. The SETA grant regulations require that SETAs be 95% committed at each final year end. The SETAs may motivate to DHET to support their application to retain any surpluses even if they have not reached this target.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

17. CONTINGENCIES (continued)

BANKSETA's position in regards to commitments not included in the above surplus calculation is as follows:

	2022/23 R'000	2021/22 Restated R'000
Total surplus per current legislation	965 075	1 059 402
Less: Discretionary grant commitments	(926 398)	(1 080 456)
Uncommitted surplus	38 677	(21 054)

National Treasury informally delegated the approval of the SETA's 2021/22 surpluses to DHET in 2022/23. National Treasury is still to formalise this delegation through legislation. DHET approved BANKSETA's 2021/22 surplus in January 2023 and BANKSETA did not forfeit any funds. National Treasury is still to decide whether DHET will continue to handle the SETA surpluses going forward. BANKSETA will submit the request for approval of 2022/23 surpluses to both National Treasury and DHET in August 2023.

17.1.1 Prior year error

In prior year the commitments balance was understated by R38 550 000 due to some items misclassified as contingent commitments/multi-year contracts with suspensive conditions. The effect of this correction is shown below. The restated amount is shown in the calculation on the uncommitted surplus.

	Total surplus per current legislation R'000	Less: Discretionary R'000	Uncommitted surplus R'000
2021/2022 amounts previously disclosed	1 059 402	(1 041 906)	17 496
Adjustments for misstatement in commitments	-	(38 550)	(38 550)
2021/2022 amounts restated	1 059 402	(1 080 456)	(21 054)

17.2 First time employer registrations

The skills development legislation allows an employer, registering for the first time, 6 months to submit an application for a mandatory grant.

At the reporting date it is estimated that, as a result, additional mandatory grant expenditure of R137 000 (2021/22: R111 000) will be payable. The amount is contingent on the number of submissions received and approved.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

17. CONTINGENCIES (continued)

17.3 Contingent liability

17.3.1 Contingent liability in regards to mandatory grant percentage

In terms of section 4(4) of the SETA grant regulations, the SETA (guided by the Minister) determines the percentages for mandatory and discretionary levies and grants in consultation with the sector. In 2012, the Minister changed the mandatory grant and levy percentage from 50% to 20%. In October 2019, the courts set aside the Minister's 2012 decision to decrease the mandatory grant and levies portion from 50% to 20%. The courts did not set the new mandatory percentage to be applied from the court decision date onwards. The effect of the ruling is that the Minister would have to decide on the percentage for mandatory grants in consultation with the sector. As at year-end, the Minister has not yet made the decision or communicated the process to determine a revised percentage.

DHET continued to show the mandatory levies portion as 20% in 2022/23 year in the levy download information.

The SETA continued to pay and accrue mandatory grants at 20% in the 2022/23 financial year in the absence of a revised percentage, as the 20% level is aligned to the approved annual performance plan. The board ratified the decision to continue to use the 20% level whilst awaiting the Minister's decision. The mandatory levy income in note 10 and the mandatory grant expenditure in Note 14 as well as the mandatory grant liability in note 7 were calculated using mandatory levy and grant percentage of 20%.

The skills branch of DHET has established that there have been no further developments in relation to the BUSA case in the 2022/23 financial year or after year-end that are material to the matters or indicate any direction in regard to this matter.

The SETA therefore discloses a contingent liability in regard to the amount of the mandatory grants payable to qualifying levy payers. This is disclosed as a liability as the intention of the litigants, BUSA, was to increase the mandatory grant percentage from 20%. The timing of this contingent liability is uncertain. Currently the department is in discussions with BUSA in regard to the mandatory grant percentage.

DHET has also gazetted legislation for public comment which introduces a 15% workplace skills grant from 2024/25 year onwards to employers with approved workplaces. The amount cannot be determined for the contingent liability as no percentage has yet been declared by the Minister. No reliable estimate can be made of the contingent liability due to uncertainty of the new rate and the effective date of application of any new rate.

The BANKSETA has limited uncommitted reserves of R25 000 to cover any liability after year end.

Should the outcome be that the BANKSETA must pay mandatory grants at a higher level since the court decision, the BANKSETA would be able to cover the amounts due to the long-term payment schedules for discretionary grant commitments.

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

17. CONTINGENCIES (continued)

17.3.2 Contingent liability in regards to employee claims

An employee whose contract was not renewed has submitted a claim through the Labour court for six months salary, in terms of a directive by the Minister to extend all such contracts for six months. The BANKSETA is facing another claim by an employee for re-imbursement of legal costs incurred and damages as a result of defending disciplinary charges brought by the BANKSETA, which the BANKSETA then withdrew.

The BANKSETA is facing a third claim from a former employee for unfair dismissal.

All cases are contingent on the outcome of an external labour arbitration processes which should be completed within the next 12 months.

An estimate of the contingent liability is R3 192 000.

17.4 Contingent commitments

	Note	202/23 R'000	2021/22 Restated R'000
Contingent commitments	18.3	-	8 000

In certain cases, the SETA enters into multi-year discretionary grant contracts to fund future training, whereby only certain year's amounts are unconditional and future year's amounts are dependent on several suspensive conditions which normally include satisfactory execution of the delivery by the service provider, the SETA's continued need for the service, the availability of funds for that year and approval by the board.

These are classified as contingent commitments.

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

18. COMMITMENTS

18.1 Discretionary reserve

Of the balance of R964 938 000 (2021/22: R1 059 291 000) available in the discretionary reserve as at year-end, R926 398 000 (2021/22 restated R1 081 456 000) has been committed by the Accounting Authority for future projects and skills priorities shown below. Note that the definition of commitments by the Accounting Authority includes signed contracts and memoranda of agreements up to year-end - 31 March 2023 (2021/22 - year-end - 31 March 2022). Amounts for expenses that have already been incurred, and therefore included in grant expenses in the statement of financial performance, are also indicated. BANKSETA will make a request for retention of the reserve funds to National Treasury and DHET in August 2023 as provided for in the legislation.

Commitments		R'000															
Project Name	Project number	Opening balance 31 March 2021	R'000	New commitments approved by Accounting Authority	R'000	Increases to existing contracts 2021/22	Charged to statement of financial performance 2021/22	Write backs and other adjustments 2021/22	Opening balance 31 March 2022	R'000	New commitments approved by Accounting Authority 2022/23	R'000	Increases to existing contracts 2022/23	Charged to statement of financial performance 2022/23	Write backs and other adjustments 2022/23	Closing balance 31 March 2023	R'000
PROGRAMME: QUALITY ASSURANCE																	
Assessment centre	620	112		31			(143)										
Provision for general management	594	270						(270)									
Total Quality Assurance		382		31			(143)										
PROGRAMME: MARKETING																	
Career development teachers	740										1 221			(586)			635
Total marketing programmes											1 221			(586)			635

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

18. COMMITMENTS (continued)

Commitments		R'000										
Project Name	Project number	Opening balance 31 March 2021	New commitments approved by Authority	Increases to existing contracts 2021/22	Charged to statement of financial performance 2021/22	Write backs and other adjustments 2021/22	Opening balance 31 March 2022	New commitments approved by Authority 2022/23	Increases to existing contracts 2022/23	Charged to statement of financial performance 2022/23	Write backs and other adjustments 2022/23	Closing balance 31 March 2023
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
PROGRAMME: RESEARCH												
Research and benchmarking - Research chairs funding	644	-	1 190	-	(130)	-	1 060	-	-	(195)	-	865
Doctoral and post-doctoral funding window 2019	680	584	352	-	(880)	(56)	-	-	-	-	-	-
Gender based violence partnership	688	-	-	-	-	-	-	3 948	-	(1 376)	-	2 572
Research and benchmarking 2022/23	0701	-	-	-	-	-	-	4 276	-	(1 350)	-	2 926
Doctoral and post-doctoral funding window 2022	0742	-	-	-	-	-	-	1 479	-	(927)	-	552
Total research programmes		584	1 542	-	(1 010)	(56)	1 060	9 703	-	(3 848)	-	6 915

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

18. COMMITMENTS (continued)

Commitments		R'000										
Project name	Project number	Opening balance 31 March 2021	New commitments approved by Authority	Increases to existing contracts 2021/22	Charged to statement of financial performance 2021/22	Write backs and other adjustments 2021/22	Opening balance 31 March 2022	New commitments approved by Authority 2022/23	Increases to existing contracts 2022/23	Charged to statement of financial performance 2022/23	Write backs and other adjustments 2022/23	Closing balance 31 March 2023
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
PROGRAMME: SKILLS DEVELOPMENT												
Learnership funding	625	8 080	921	-	(3 820)	(5 182)	-	-	-	-	-	-
PIVOTAL funding window	646	1 577	-	-	(1 760)	183	-	-	-	-	-	-
Learnerships unemployed	655	720	-	-	-	(720)	-	-	-	-	-	-
PIVOTAL grant funding window	668	181 608	-	-	(35 659)	(21 592)	124 357	966	-	(45 293)	(39 285)	40 745
PIVOTAL grant funding window 2019	663	11 662	-	-	(2 635)	(8 650)	377	-	-	-	(377)	-
Cyber security internship	656	84	41 511	-	(26 936)	1	14 700	-	-	(12 985)	(1 715)	-
IT skills funding window 2020/21	684	9	4 322	-	(1 416)	(1 277)	1 638	-	-	(475)	(1 163)	-
Skills for future: Scholars funding window	685	4 589	-	-	(3 997)	(591)	-	-	-	-	-	-
Skills for future: Scholars funding window	685	2 189	-	-	(2 189)	-	-	-	-	-	-	-
PIVOTAL grant funding window for employed	686	65 381	7 211	-	(29 325)	(2 428)	40 839	7 746	-	(15 881)	(10 037)	22 667

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

18. COMMITMENTS (continued)

Commitments		R'000										
		Opening balance 31 March 2021	New commitments approved by Accounting Authority 2021/22	Increases to existing contracts 2021/22	Charged to statement of financial performance 2021/22	Write backs and other adjustments 2021/22	Opening balance 31 March 2022	New commitments approved by Accounting Authority 2022/23	Increases to existing contracts 2022/23	Charged to statement of financial performance 2022/23	Write backs and other adjustments 2022/23	Closing balance 31 March 2023
Project name	Project number	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
PIVOTAL grant funding window 2020/21	690	25 366	400	-	(16 097)	(280)	9 389	2 800	-	(4 949)	(2 040)	5 200
PIVOTAL grant funding window 2021	699	-	-	-	-	-	-	2 000	-	(600)	-	1 400
Maths and science support programme 2020	687	14 700	4 500	-	(19 020)	(180)	-	-	-	-	-	-
Maths and science support programme 2021/22	703	-	14 580	-	(7 047)	-	7 533	-	-	(7 392)	(141)	-
Leadership development programme	706	-	18 400	-	-	-	18 400	-	-	(9 200)	-	9 200
PIVOTAL grant funding window 2021	707	-	102 571	-	(25 701)	-	76 870	2 600	-	(19 693)	(3 549)	56 228
PIVOTAL grant funding window - employed	0707	-	-	-	-	-	-	5 405	-	(2 114)	-	3 291
Reskilling funding window 2021/22	708	-	-	-	-	-	-	208	-	(77)	(131)	-

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

18. COMMITMENTS (continued)

Commitments		R'000										
		Opening balance 31 March 2021	New commitments approved by Accounting Authority	Increases to existing contracts 2021/22	Charged to statement of financial performance 2021/22	Write backs and other adjustments 2021/22	Opening balance 31 March 2022	New commitments approved by Accounting Authority 2022/23	Increases to existing contracts 2022/23	Charged to statement of financial performance 2022/23	Write backs and other adjustments 2022/23	Closing balance 31 March 2023
Project name	Project number	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
IT skills funding window 2021/22	709	-	6 152	-	(4 693)	-	1 459	-	(520)	(705)	234	
NEDLAC partnership	716	2 000	-	(274)	(1 726)	-	-	-	-	-	-	
Skills for future: Scholars 2021/22	721	-	9 450	-	-	9 450	-	(7 755)	(1 695)	-	-	
Doctoral and post-doctoral funding window	722	-	1 620	-	(804)	816	-	(816)	-	-	-	
PIVOTAL funding window 2022/23	727	-	-	-	-	-	1 108	-	(665)	-	443	
Online short courses funding window 2022/23	730	-	-	-	-	-	9 056	-	(2 212)	(6 342)	502	
IT skills funding window 2022/23	731	-	-	-	-	-	6 512	-	(4 397)	(1 728)	387	
Reskilling funding window 2022/23	732	-	-	-	-	-	17 960	-	(7 317)	(9)	10 634	
Skills for future: Scholars 2022/23	0733	-	-	-	-	-	9 450	-	(7 425)	-	2 025	

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

18. COMMITMENTS (continued)

Commitments		R'000										
		Opening balance 31 March 2021	New commitments approved by Accounting Authority	Increases to existing contracts 2021/22	Charged to statement of financial performance 2021/22	Write backs and other adjustments 2021/22	Opening balance 31 March 2022	New commitments approved by Accounting Authority 2022/23	Increases to existing contracts 2022/23	Charged to statement of financial performance 2022/23	Write backs and other adjustments 2022/23	Closing balance 31 March 2023
Project name	Project number	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Doctoral and post-doctoral funding window 2023	0742	-	-	-	-	-	178	-	-	-	-	178
PIVOTAL grant funding window - employed	0744	-	-	-	-	-	68 525	-	(2 984)	-	-	65 541
Total skills development		317 966	211 678	-	(181 373)	(42 442)	134 514	-	(152 750)	(68 917)	218 675	

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

18. COMMITMENTS (continued)

Commitments		R'000										
Project Name	Project number	Opening balance 31 March 2021	New commitments approved by Authority	Increases to existing contracts 2021/22	Charged to statement of financial performance 2021/22	Write backs and other adjustments 2021/22	Opening balance 31 March 2022	New commitments approved by Authority 2022/23	Increases to existing contracts 2022/23	Charged to statement of financial performance 2022/23	Write backs and other adjustments 2022/23	Closing balance 31 March 2023
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
PROGRAMME: YOUTH												
BANKSETA higher education funding window	595	24 447	156 147	-	(153 264)	(25 633)	1 697	-	-	(98)	(1 599)	-
TVT WIL funding 2016/17	596	1 650	-	-	(1 620)	(30)	-	-	-	-	-	-
TVT WIL funding 2016/17	597	13 627	-	7 055	(17 052)	(2 440)	1 190	-	-	-	(1 190)	-
Higher education institution (HEI) funding window	679	19 039	-	-	(7 839)	(11 200)	-	-	-	-	-	-
Digitalisation programme for disabled learners	692	18 276	-	-	(16 837)	(1 439)	-	-	-	-	-	-
University of Technology funding window	695	-	34 563	-	(15 485)	-	19 078	-	-	(14 966)	(4 112)	-
TVET WIL funding window	697	-	126 016	-	(54 310)	-	71 706	-	-	(38 884)	-	32 822
BANKSETA higher education funding window 2021/22	698	-	73 618	-	(10 454)	(8 181)	54 983	-	-	(46 211)	(8 387)	385

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

18. COMMITMENTS (continued)

Commitments		R'000										
		Opening balance 31 March 2021	New commitments approved by Authority	Increases to existing contracts 2021/22	Charged to statement of financial performance 2021/22	Write backs and other adjustments 2021/22	Opening balance 31 March 2022	New commitments approved by Authority 2022/23	Increases to existing contracts 2022/23	Charged to statement of financial performance 2022/23	Write backs and other adjustments 2022/23	Closing balance 31 March 2023
Project Name	Project number	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
PIVOTAL grant funding window 2021	0699	-	26 231	-	(8 887)	-	17 344	-	-	-	-	4 501
Letsema and Kuyasa projects	702 and 726	-	46 745	-	(25 361)	(107)	21 277	12 889	-	(1 690)	(1 690)	7 890
NFSAS	718	-	4 000	-	(2 082)	-	1 918	-	-	(1 918)	-	-
Presidential youth programme TVET placement	723	-	40 000	-	(10 526)	-	29 474	-	-	(19 844)	(10)	9 620
Digital transformation lecturer development	724	-	19 700	-	(2 786)	-	16 914	-	-	(8 714)	(8 200)	-
Internship funding window 2022	725	-	255 029	-	-	-	255 029	26 446	216 671	(211 286)	-	286 860
PIVOTAL funding window 2022/23	727	-	-	-	-	-	-	65 976	-	(36 955)	(5 766)	23 255
TVET funding window	734	-	-	-	-	-	-	29 636	38 115	(34 348)	2 142	35 545
University of Technology (UoT) funding window	735	-	-	-	-	-	-	18 731	-	(7 306)	-	11 425
Maths and science support programme	736	-	-	-	-	-	-	15 000	4 600	(9 800)	-	9 800

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

18. COMMITMENTS (continued)

		R'000										
Project Name	Project number	Opening balance 31 March 2021	New commitments approved by Authority	Increases to existing contracts 2021/22	Charged to statement of financial performance 2021/22	Write backs and other adjustments 2021/22	Opening balance 31 March 2022	New commitments approved by Authority 2022/23	Increases to existing contracts 2022/23	Charged to statement of financial performance 2022/23	Write backs and other adjustments 2022/23	Closing balance 31 March 2023
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Higher education institution (HEI) funding window 2022/23	741	-	-	-	-	-	-	79 307	-	(60 595)	(16 846)	1 866
ICT skills programme	745	-	-	-	-	-	-	26 445	-	(2 500)	-	23 945
Total youth		77 039	782 049	7 055*	(326 503)	(49 030)	490 610	274 430	259 386	(529 797)	(46 715)	447 914

* Prior year presentation of adjustments and write backs changed to align with current year presentation. Refer to note 30.2 for reconciliation.

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

18. COMMITMENTS (continued)

Commitments		R'000											
Project Name	Project number	Opening balance 31 March 2021	New commitments approved by Authority	Increases to existing contracts 2021/22	Charged to statement of financial performance 2021/22	Write backs and other adjustments 2021/22	Opening balance 31 March 2022	New commitments approved by Authority 2022/23	Increases to existing contracts 2022/23	Charged to statement of financial performance 2022/23	Write backs and other adjustments 2022/23	Closing balance 31 March 2023	
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
PROGRAMME: INCLUSIVE BANKING/SMEs													
Cooperative Bank staff development	671	2 363	-	-	-	(2 363)	-	-	-	-	-	-	
SME funding window	677	472	262	-	(587)	(95)	51	-	-	(20)	(31)	-	
SME funding window 2021/22	710	-	3 743	-	(1 493)	-	2 250	-	-	(1 910)	(340)	-	
Entrepreneurship funding window 2021/22	711	-	14 204	-	-	-	14 204	4 978	-	(14 342)	(233)	4 607	
Rural development support	713	-	16 000	-	(8 000)	-	8 000	8 000	-	(8 000)	-	8 000	
IEDP development finance	714	-	4 656	-	(2 328)	-	2 328	-	-	(2 328)	-	-	
CFI support-Gauteng	717	-	3 250	-	-	-	3 250	-	-	-	(3 250)	-	
SME CFI funding window 2022/23	737	-	-	-	-	-	-	4 719	-	-	-	4 719	
Entrepreneurship funding window	746	-	-	-	-	-	-	39 264	-	(7 103)	-	32 161	
Total inclusive banking/SME programmes		2 835	42 115	-	(12 408)	(2 458)	30 083	56 961	-	(33 703)	(3 854)	49 487	

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

18. COMMITMENTS (continued)

Commitments	Project number	Opening balance 31		New commitments approved by Authority	Increases to existing contracts 2021/22	Charged to statement of financial performance 2021/22	Write backs and other adjustments 2021/22	Opening balance 31 March 2022	New commitments approved by Authority 2022/23	Increases to existing contracts 2022/23	Charged to statement of financial performance 2022/23	Write backs and other adjustments 2022/23	Closing balance 31 March 2023
		R'000	R'000										
PROGRAMME: STRATEGIC PROJECTS													
Indlela/ National artisan development	729	-	11 271	11 271	-	-	-	11 271	-	-	-	-	11 271
Universities South Africa (USAF)	729	-	94 500	94 500	-	-	-	94 500	-	-	(25 263)	-	69 237
Partnerships BS and Lejweleputswa District Municipality unemployed	729	-	135 703	135 703	-	-	-	135 703	-	-	(37 248)	-	98 455
DEDAD partnership	729	-	-	-	-	-	-	-	19 689	-	(687)	-	19 002
INDLELANAD - WSZA	729	-	-	-	-	-	-	-	5 000	-	(193)	-	4 807
Total strategic projects		-	252 874	252 874	-	-	-	252 874	24 689	-	(63 391)	(11 400)	202 772
Total commitments		398 805	1 290 291	1 290 291	7 055*	(521 438)	(94 257)	1 080 456	501 518	259 386	(784 076)	(130 886)	926 398

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

18. COMMITMENTS (continued)

18.1 Reconciliation of project expenditure

	2022/23 R'000	2021/22 R'000
Discretionary grant project expenditure (per commitments table disclosed above)	784 076	521 439
Split into		
Discretionary grant project direct expenditure	761 133	506 376
Discretionary grant project admin expenditure	22 943	15 063
Discretionary grant project admin expenditure (included in commitments analysis)	22 943	15063
Discretionary grant project admin expenditure - non contractual (not in commitments analysis)	2 478	1 231
Total discretionary grant project admin expenditure	25 421	16 294
Discretionary grant project direct expenditure	761 133	506 376
Total discretionary grant project expenditure	786 554	522 670

18.2 Multi-year contracts shown as contingent commitments

In certain cases, the SETA enters into multi-year contracts whereby only the first year amount is unconditional and future years' amounts are dependent on several suspensive conditions which normally include satisfactory execution of the deliverables by the service provider, the SETA's continued need for the service, the availability of funds for that year and approval by the Board. The SETA only discloses the commitment of the year where all suspensive conditions have been met as a commitment. The amounts that are still subject to suspensive conditions and are not included in commitments are shown below:

	2022/23 R'000	2021/22 R'000
Amounts for 2022/23 year	-	-*
Amounts for 2023/24 year	-	8 000
Total contracts with suspensive conditions not included in commitments note	17.4	8 000

18.2.1 Prior year errors

a) Commitments

In the prior year, DG commitments on one project was recognised in the incorrect year and certain contracts were omitted from commitments because they were classified as having suspensive conditions which were not yet met, when in fact the contracts either did not have suspensive conditions or the suspensive conditions had already been met.

These errors have been corrected in the prior year resulting in the restatement of commitments as at 31 March 2022 which become current year opening balances as follows.

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

18. COMMITMENTS (continued)

	2021/22 R'000
31 March 2022 commitments balance as previously disclosed	1 041 906
Corrections affected	38 550
Restated 31 March 2023 commitments balance	1 080 456

The prior year error has no impact on opening reserves or the statements of financial position or performance.

a) Multi Year Contracts Classified as Contingent Commitments

In prior year the multi year contracts balance was overstated by R38 550 000 due to some items misclassified as multi year contracts with suspensive conditions (contingent commitments) instead of commitments. The effect of this correction is shown below.

	2021/22	2021/22	2021/22
	Multi-year amounts for 2022/23 year	Multi-year amounts for 2022/23 year	Restated Total
	R'000	R'000	R'000
Amounts previously disclosed	33 572	13 130	46 702
Amounts corrected and reclassified as commitments	(33 572)	(5 130)	(38 702)
Restated amounts	-	8 000	8 000

The prior year error has no impact on opening reserves or the statements of financial position or performance.

18.3 Other commitments

	2022/23	2021/22
	R'000	R'000
Capital expenditure		
Intangible assets	3 102	-
Office furniture and fittings	-	45
Total	3 102	45

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

18. COMMITMENTS (continued)

During the year, BANKSETA entered into a contract ending in 2026 to purchase ICT licences and ICT services. The ICT licences are classified as intangible assets. The outstanding commitments to purchase intangible assets until 2026 amounts to R3 102 000 (USD169 000).

As at prior year-end, 31 March 2022, the BANKSETA had placed orders for office furniture and fittings, which were delivered in 2022/23.

18.4 Operating leases

Total of future minimum lease payments under non-cancellable leases:

	2022/23 R'000	2021/22 R'000
Not later than one year	4 104	3 877
Later than one year and not later than five years	8 934	11 923
Later than five years	1 182	2 298
	14 220	18 098

The BANKSETA entered into operating leases in 2020 for its head office in Centurion, Gauteng and two regional offices, one in Polokwane and the other in East London. The two regional office leases are until the current BANKSETA licence expires in March 2030. The head office lease expires in 30 April 2030, but has an early termination option which BANKSETA can exercise effective from 31 May 2025 at no penalty. Therefore the minimum lease payments after May 2025 are not included in the amounts disclosed. The head office lease also has a renewal option.

The annual escalations in all the office lease agreements are 6%.

The BANKSETA also participated in a transversal contract under National Treasury for printers in April 2021 which ends in April 2024. There is no annual escalation in the printer lease agreements.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

19. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

BANKSETA is investigating possible criminal conduct in the amount of R25 000 relating to fraudulent documents submitted for discretionary grant projects.

19.1 Irregular Expenditure and Fruitless and Wasteful Expenditure

	2022/23 R'000	2021/22 R'000
Incident/detail of irregular expenditure		
Irregular expenditure	1 576	1 298
Fruitless and Wasteful Expenditure	25	-
Closing balance	1 601	1 298

Restatement of Opening Balances

The presentation of both current year and prior year amounts has been aligned with the National Treasury Instruction No. 4 of 2022/23.

The opening balance has been restated to R0 by removal of the amount of prior year closing balance of R23 939 000.

The opening balances and other information are shown in the PFMA Compliance section of the annual report.

20. FINANCIAL INSTRUMENTS

In the course of the SETA operations BANKSETA is exposed to credit, liquidity and market risk. The SETA has developed a comprehensive risk strategy in terms of TR 28.1 in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

20.1 Interest rate risk

The SETA manages its interest rate risk by effectively investing SETA surplus cash in term or call deposits with different financial institutions according to the SETA's investment policy.

The SETA's exposure to interest rate risk and the effective interest rates on financial assets at statement of financial position date as well as carrying amounts for each category of financial instruments are as follows:

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

20. FINANCIAL INSTRUMENTS (continued)

	At amortised cost			
	Interest bearing		Non-interest bearing	TOTAL
	Amount R'000	Effective interest rate	Amount R'000	R'000
Year ended 31 March 2023				
Assets				
Cash	1 126 577	6.12%	1	1 126 578
Other accounts receivable	-	-	8 406	8 406
Total financial assets	1 126 577	6.12%	8 407	1 134 984
Liabilities				
Trade and other payables	-	-	105 498	105 498
Total financial liabilities	-	-	105 498	105 498

Year ended 31 March 2022				
Assets				
Cash and cash equivalents	1 212 576	3.99%	-	1 212 576
Other accounts receivable	-	-	1 321	1 321
Total financial assets	1 212 576	3.99%	1 321	1 213 897
Liabilities				
Trade and other payables	-	-	92 062	92 062
Total financial liabilities	-	-	92 062	92 062

20.2 Liquidity risk

Liquidity risk is the risk that the entity could experience difficulties in meeting its commitments to creditors as financial liabilities fall due for payment.

The BANKSETA is exposed to liquidity risks as it has outstanding obligations to make payments to levy-paying employers and training providers for training that has been completed and also payments to trade creditors for goods delivered and services rendered.

The SETA manages liquidity risk through proper management of working capital, capital expenditure and review of cash flows against budgeted cash flows as detailed in the finance policies. Adequate reserves and liquid resources are also maintained.

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

20. FINANCIAL INSTRUMENTS (continued)

20.3 Fair values

The SETA's financial instruments consist mainly of cash and cash equivalents, receivables from exchange and non-exchange transactions and payables from exchange and non-exchange transactions. No financial instruments were carried at an amount in excess of its fair value. The following methods and assumptions are used to determine the fair value of each class of financial instrument:

20.4 Ageing of financial assets and liabilities

The ageing of receivables from exchange transactions

	2022/23		2021/22	
	Gross R'000	Impairment R'000	Gross R'000	Impairment R'000
Not past due	8 406	-	1 313	-
Past due 0 - 30 days	-	-	-	-
Past due 31 - 120 days	-	-	8	-
Past due 120 - 365 days	-	-	-	-
More than one year	8	(8)	-	-
Total receivables	8 414	(8)	1 321	-

The ageing of cash and cash equivalents:

	2022/23		2021/22	
	Gross R'000	Impairment R'000	Gross R'000	Impairment R'000
Not past due	1 126 578	-	1 212 576	-
Past due 0 - 30 days	-	-	-	-
Past due 31 - 120 days	-	-	-	-
Past due 120 - 365 days	-	-	-	-
More than one year	-	-	-	-
Total cash and cash equivalents	1 126 578	-	1 212 576	-

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

20. FINANCIAL INSTRUMENTS (continued)

20.4 Ageing of financial assets and liabilities (continued)

The ageing and carrying amounts of each category of financial liabilities is as follows:

	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years
	R'000	R'000	R'000	R'000	R'000	R'000
2022/23						
Trade and other payables from exchange transactions	(9 615)	(9 615)	(9 615)	-	-	-
Trade and other payables from non-exchange transactions	(95 883)	(95 883)	(95 883)	-	-	-

	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years
	R'000	R'000	R'000	R'000	R'000	R'000
2021/22						
Trade and other payables from exchange transactions	(6 790)	(6 790)	(6 790)	-	-	-
Trade and other payables from non-exchange transactions	(85 271)	(85 271)	(85 271)	-	-	-

In case of liquidity challenges, funding resources might be available in terms of DHET and National Treasury approval for borrowing requirements in the open market.

20.5 Credit risk

The SETA limits its Treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury. The SETA's exposure is continuously monitored by the Accounting Authority.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The SETA's concentration of credit risk is limited to the banking industry in which the SETA operates. No events occurred in the banking industry during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. The SETA is exposed to a concentration of credit risk, as significant amounts of income flows through the South African Revenue Service (SARS). This concentration of risk is limited as SARS is a government entity with sound reputation. Accounts receivable are presented net of allowance for irrecoverable debt.

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

20. FINANCIAL INSTRUMENTS (continued)

20.6 Exposure to credit risk

The carrying amounts of financial assets that represent the maximum exposure to credit risk are as follows and approximate the fair value:

20.7 Credit quality

The credit quality of the financial assets are sound. Cash and cash equivalents are mainly fixed deposits at the well-established financial institutions approved by National Treasury. No security is held for these items.

Receivables from exchange transactions is mainly the interest due on these fixed deposits which is capitalised on the first business day of the following month and deposits on office accommodation with reputable well established companies. Receivables from non-exchange companies arise from reversals from SARS on SDL received and in most cases is recoverable from future SDL receipts.

	2022/23 R'000	2021/22 R'000
Cash and cash equivalents	1 126 578	1 212 576
Receivables from exchange transactions	8 406	1 321
	1 134 984	1 213 897

The following methods and assumptions are used to determine the fair value of each class of financial instrument:

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the SETA and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Receivables

The carrying amount of accounts receivable is net of allowance for any doubtful debt, estimated by the Accounting Authority based on prior experience. The carrying amount of these assets approximates their fair value.

Payables

The carrying amount of account and other payables approximates fair value due to the relatively short-term maturity of these financial liabilities.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

20. FINANCIAL INSTRUMENTS (continued)

20.8 Market risk

The SETA is exposed to fluctuations in the employment market, for example sudden changes in employment or salary rate may impact levy income. The banking sector is also exposed to general market conditions domestically as well as ratings from international agencies. This in turn impacts on the banking sector's profitability and employment within the sector. The declaration of a National State of Disaster in response to the COVID-19 pandemic and the ensuing lockdowns in 2020/21 and 2021/22 led to negative impact on profitability for the major stakeholders in the sector for 2022. However, most of the banking sector stakeholders showed good results for 2021. There was no material reduction in employment within the sector. BANKSETA's levy income is expected to be strong for the 2022/23 year.

The SETA is also exposed to risk due to the expansion of financial technology (Fintech) companies within South Africa. These FinTech companies use technologies to compete with traditional banking institutions in the delivery of financial services. These FinTech companies are outside the banking sector. BANKSETA's stakeholders may lose market share to Fintech companies leading to shrinkage in employment in the banking sector and therefore levies.

The new technologies may also allow financial services to be delivered with fewer employees leading to decline in banking sector employment levels, and in turn, levies.

20.9 Currency risk

The SETA minimises its foreign currency transactions and purchases so as to manage its currency risk. Minimal goods and services are sought outside South Africa.

21. ACCOUNTING PRONOUNCEMENTS

21.1 Standards and interpretations effective and newly adopted in the current year

There were no new standards that became effective in the current year that are relevant to BANKSETA's operations.

21.2 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, there are standards and interpretations in issue but not yet effective. These include the following standards and interpretations that are applicable to the SETA and may have an impact on future financial statements.

BANKSETA has not adopted any standards early.

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

21. ACCOUNTING PRONOUNCEMENTS (continued)

Description	Statement	Effective date, commencing on or after
Amendments to GRAP 1 on presentation of financial statements	GRAP 1	1 April 2023
Improvements to Standards of GRAP (2021)		1 April 2023
Employee benefits	GRAP 25	1 April 2023 proposed but likely to be 1 April 2024
Heritage assets (revised)	GRAP 103	No effective date set
Financial instruments (revised)	GRAP 104	1 April 2025
The limit on a defined benefit asset, minimum funding requirements and their interaction (revised)	IGRAP7	No effective date set
The effect of past decisions on materiality	IGRAP21	1 April 2023
Guideline on accounting for landfill sites	Guideline	1 April 2023
Guideline on the application of materiality to financial statements	Guideline	No effective date set

An entity shall apply standards of GRAP for annual financial statements covering periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1)(b) of the PFMA.

a) Amendments to GRAP 1 on presentation of financial statements

This amendment to the standard prescribes the disclosure, systematic ordering of notes, sub-total disclosure and other aspects to be adhered to in preparation of financial statements. Its application is not expected to significantly impact the current accounting policies or disclosures.

b) GRAP 25 : Employee benefits

This standard prescribes the accounting treatment for employee benefits. The changes prescribed from the current applicable standard relate mainly to the accounting requirements of defined benefit plans and as such is not expected to significantly impact the current accounting policies or disclosures.

c) GRAP 103 : Heritage assets (revised)

The objective of this standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements. The BANKSETA has no transactions, assets or liabilities that fall under this standard.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

21. ACCOUNTING PRONOUNCEMENTS (continued)

d) GRAP 104 : Financial instruments (revised)

This standard prescribes recognition, measurement, presentation and disclosure requirements for financial instruments and makes significant modifications to the principles in the previous standards applied in order to:

- simplify the recognition, measurement and disclosure of financial instruments; and
- accommodate the types of financial instruments entered into in the public sector.

The definitions of the various categories of financial instruments in IAS 39 have been streamlined and replaced which will require us to change our accounting policy accordingly.

The following disclosures required under IAS are encouraged but not required:

- The disclosure of fair values for financial instruments;
- Certain disclosures about the use of the fair value using the three tiered hierarchy;
- A market sensitivity analysis.

It is not expected that this standard will significantly impact future disclosures.

e) The limit on a defined benefit asset, minimum funding requirements and their interaction (revised)

The revised standard limits the measurement of a defined benefit asset to “the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan”. Minimum funding requirements may exist to improve the security of the post-employment benefit promise made to members of an employee benefit plan. Such requirements normally stipulate a minimum amount or level of contributions that must be made to a plan over a given period. Therefore, a minimum funding requirement may limit the ability of the entity to reduce future contributions.

The BANKSETA does not have any defined benefit facilities or funds. This standard will not have any impact on the BANKSETA's reporting.

f) The effect of past decisions on materiality

This interpretation explains the nature of past materiality decisions and their potential effect on current and subsequent reporting periods.

It addresses:

- (a) Whether past decisions about materiality affect subsequent reporting periods;
- (b) Whether applying alternative accounting treatments based on materiality is a departure from the standards of GRAP or an error.

The application of this standard is not expected to have a material impact on the BANKSETA's reporting.

g) Guideline on accounting for landfill sites

The objective of the guideline is to provide guidance to entities that manage and operate landfill sites. The guideline applies to entities that are required to comply with the legislative requirements applicable to landfill sites and therefore is not applicable to the BANKSETA and will not impact on its future reporting.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

21. ACCOUNTING PRONOUNCEMENTS (continued)

21.2 Standards and interpretations issued but not yet effective (continued)

h) Guideline on the application of materiality to financial statements

The objective of this guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with standards of GRAP. This guideline aims to assist entities in achieving the overall financial reporting objective. The application of this guideline is not expected to have a material impact on the BANKSETA's reporting.

22. RELATED PARTY TRANSACTIONS

Transactions with entities under common control

The SETA was controlled by the Department of Labour for the period up until 31 October 2009, and since 1 November 2009 by the Department of Higher Education and Training. The Department of Higher Education and Training and the Department of Science and Technology were both placed under the Ministry of Higher Education, Science and Innovation in 2019. The departments are currently controlled by the Minister of Higher Education, Science and Innovation.

By virtue of the fact that BANKSETA is a national public entity related to other entities and departments in the national sphere of government it is considered related to Telkom, Eskom, South African Airways, other SETAs and the National Skills Fund. The transactions are consistent with normal operating relationships between the entities and are undertaken on terms and conditions that are normal for such transactions. Where there were transactions and balances arising due to the movement of funds between entities under the common control of the Department, these amounts were disclosed.

22.1 INTERSETA balances and transactions

The BANKSETA and all other SETAs are public entities under the common control of DHET. InterSETA transactions and balances arise due to the movement of employers from one SETA to another. The BANKSETA may also enter into training partnerships with fellow SETAs to joint fund programmes or participate in a training programme run by a fellow SETA. These are mainly skills programmes that benefit learners. The balances at year-end for included in receivables and payables and commitments are:

Type of entity	Nature of transaction	2022/23			2021/22		
		Amount of the transaction	Amount receivable / payable	Commitment value at year-end	Amount of the transaction	Amount receivable / payable	Commitment value at year end
		R'000	R'000	R'000	R'000	R'000	R'000
HWSETA	NEDLAC partnership project	-	-	-	-	274	-
Transport SETA	Partnership in a training programme	-	-	31 500	-	-	42 000
Total		-	-	31 500	-	274	42 000

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

22. RELATED PARTY TRANSACTIONS (continued)

* Note that wherever amounts relating to SETA transfers relating to skills development levies received from employers are shown, these include interest and penalties transferred to or from the SETA wherever applicable.

22.2 QCTO

The BANKSETA and the Quality Council for Trade and Occupations (QCTO) are both public entities under the common control of DHET. In terms of legislation all SETAs contribute amounts annually to the QCTO to fund QCTO's operations. Such amounts should not exceed 0.5% of the annual levies of the SETA. The value of BANKSETA's contribution to the QCTO during the year are included in administration costs disclosed under note 15. The annual contributions by a SETA to QCTO are determined by the Minister and are payable in full in advance on 1 April of each year. There are no balances outstanding and no commitments outstanding to QCTO at year-end. Any commitments to the QCTO would not be secured and there are no guarantees given or received.

Type of entity	Nature of transaction	Note	2022/23		2021/22	
			Amount Transferred During the Year	Amount receivable/ (payable)	Amount Transferred During the Year	Amount receivable/ (payable)
			R'000	R'000	R'000	R'000
QCTO	Contribution towards QCTO operational costs	15	5 826	-	3 951	-

22.3 Public universities and universities of technology (UoTs)

The BANKSETA and the public universities and the universities of technology are public entities under the common control of DHET.

The BANKSETA funds programmes through the public universities and the UoTs as follows:

- bursary programmes benefitting learners for both under graduate, post graduate, doctoral and post-doctoral level studies;
- work integrated learning (WIL) programmes benefitting learners;
- research programmes including research chairs;
- various skills programmes including entrepreneurship programmes benefitting learners and stakeholders; and
- lecturer development programmes.

The year-end balances payable or receivables and outstanding commitments to the universities and UoTs are shown at the end of note 22 below.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

22. RELATED PARTY TRANSACTIONS (continued)

22.4 *Technical and vocational colleges (TVETs)*

The BANKSETA and the TVETs are public entities under the common control of DHET.

The BANKSETA funds the following programmes through the TVETs:

- bursary programmes benefiting learners;
- work integrated learning programmes benefiting learners;
- various skills programmes including entrepreneurship programmes benefitting learners and stakeholders;

The year-end balances (payable and/or receivables) and outstanding commitments to the TVETS are shown at the end of note 22 below.

22.5 *NSFAS*

The BANKSETA and the NSFAS are entities under the common control of DHET. The BANKSETA funds bursary programmes for the benefit of learners through NSFAS. The year-end balances (payable and/or receivables) and outstanding commitments to the NSFAS are shown below.

22.6 *Indlela/National Artisan Development*

The BANKSETA and the Indlela National Artisan Development are entities under the common control of DHET.

The BANKSETA funds training and infrastructure for the benefit of learners through Indlela.

The year-end balances (payable and/or receivables) and outstanding commitments to the NSFAS are shown below.

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

22. RELATED PARTY TRANSACTIONS (continued)

Transactions with entities under common control (excluding QCTO, SAQA and interSETA balances)

Type of entity	Nature of transaction	2022/23		2021/22	
		Net (payable)/ receivable at year-end	Commitment value at year-end	Net (payable)/ receivable at year-end	Commitment value at year-end
		R'000	R'000	R'000	R'000
Indlela National Artisan Development	Strategic project 2022	-	16 079	-	11 271
NSFAS	Bursaries	-	-	-	1 918
TVETS	Bursaries	-	-	-	-
TVETS	Work integrated learning programmes	(2 016)	68 367	(2 441)	72 896
TVETS	Skills programmes	(168)	3 658	-	2 995
Universities and universities of technology	Bursaries	(4 356)	2 951	(55)	65 297
Universities and universities of technology	Work integrated learning programmes	(1 076)	11 425	(6 883)	19 078
Universities and universities of technology	Skills programmes	-	2 194	-	12 024
Universities	Research programmes	-	2 439	(130)	-
Universities	Lecturer development programmes	-	-	-	1 309
Subtotal related parties balances and transaction for project programmes		(7 616)	107 113	(9 509)	186 788

The above transactions occurred within normal client/recipient relationships under terms and conditions that were no more or less favourable than those available to entities in the same circumstances. All transactions are within terms and conditions within the normal operating parameters established by BANKSETA's legal mandate. All transactions are at arm's length.

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

22. RELATED PARTY TRANSACTIONS (continued)

22.7 South African Qualifications Authority (SAQA)

The BANKSETA and SAQA are entities under the common control of DHET.

The BANKSETA needs to use SAQA data for learner certification and pays SAQA a nominal fee for this.

The year-end balances (payable and/or receivables) and outstanding commitments to the SAQA are shown below.

Type of entity	Nature of transaction	2022/23		2021/22	
		Net (payable)/receivable at year-end	Commitment	Net payable/receivable at year-end	Commitment
		R'000	R'000	R'000	R'000
SAQA	Service fee	-	-	(1)	-

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

23. REMUNERATION OF MEMBERS OF THE ACCOUNTING AUTHORITY, COMMITTEE MEMBERS

23.1 Remuneration of members of the Accounting Authority and committee members

The key management personnel (as defined by GRAP 20, Related Party Disclosures) of BANKSETA are the members of the Accounting Authority and the members of the senior management group.

The Accounting Authority consists of members appointed in terms of its constitution. The Chief Executive Officer attends meetings of the Accounting Authority but is not a member of the Accounting Authority. The aggregate remuneration of members of the Accounting Authority and the number of members receiving remuneration within this category are:

	Quarterly meeting and preparation fees	Special meeting and preparation fees	Ad hoc meetings	Total 2022/23	Total 2021/22
	R'000	R'000	R'000	R'000	R'000
N Makhanya (Chairperson)	76	98	248	422	372
M Lekota	59	64	106	229	236
D Cedras	61	97	165	323	344
L Shabangu	58	60	72	190	195
M Moodley	51	84	49	184	207
M Matle	60	69	113	242	247
N Sekgaphane (GSC Chair)	60	114	167	341	300

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

**23. REMUNERATION OF MEMBERS OF THE ACCOUNTING AUTHORITY,
 COMMITTEE MEMBERS (continued)**

	Quarterly meeting and preparation fees	Special meeting and preparation fees	Ad hoc meetings	Total 2022/23	Total 2021/22
	R'000	R'000	R'000	R'000	R'000
V Hattingh	60	78	69	207	225
L Mhlongo	59	93	129	281	264
L van Pletzen	52	91	60	203	159
P Landman	52	104	104	260	220
P Siphuma	44	68	87	199	203
B Nyakane	60	114	65	239	192
Aggregate remuneration Accounting Authority members	752	1 134	1 434	3 320	3 164

Remuneration of independent committee members

P Dala - Chairperson	Independent ARC members	59	101	89	249	166
T Mbatha		36	42	15	93	53
M Pillay		69	52	36	157	97
T Tshingano (appointed effective 1 September 2022)		49	27	28	104	-
Aggregate remuneration independent ARC committee members		213	222	168	603	316

Aggregate remuneration of all members of the Accounting Authority and its sub-committees

	965	1 356	1 602	3 923	3 480
--	------------	--------------	--------------	--------------	--------------

Number of persons

	17	16
--	-----------	-----------

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

24. REMUNERATION OF MEMBERS OF MANAGEMENT

24.1 Remuneration of management

The senior management group consists of the SETA's Chief Executive Officer, the Chief Financial Officer and the following General Managers: General Manager: Operations and General Manager: Corporate Services. The aggregate remuneration of members of the senior management group and the number of managers receiving remuneration within this category are:

	Basic salary remuneration	Post-employment benefits pensions	Other short-term benefits	Bonuses and performance related amounts**	Total	Total
	2022/23	2022/23	2022/23	2022/23	2022/23	2021/22
	R'000	R'000	R'000	R'000	R'000	R'000
CEO	1 783	211	186	777	2 957	2 621
CFO	1 444	168	104	610	2 356	2 131
GM Operations	1 360	167	129	610	2 266	2 136
GM Corporate Services (position is vacant)	-	-	-	-	-	1 651
Total	4 587	546	419	1 997	7 549	8 539

* The GM Corporate Services position has been vacant since February 2022.

** The amounts disclosed as bonuses and performance related amounts are provisions. The actual amounts for the financial year are determined after reporting date.

25. NOTES TO THE STATEMENT OF CHANGES IN NET ASSETS

The administration grant reserve carries accumulated reserves allocated to administration expenditure in future years.

An amount of R4 376 000 (2021/22: R3 451 000) is retained in the administration reserve equal to the carrying value of property and equipment, and intangible assets.

The employer grant reserve carries accumulated reserves allocated to mandatory grants (employer grants) expenditure in future years. An amount of R137 000 (2021/22: R111 000) is disclosed in the employer grant reserve for newly registered member companies, participating after the legislative cut-off date and new scheme year levies received for the period ending 31 March. Refer to note 17.2 for disclosure of this contingent liability.

The discretionary grant reserve carries accumulated reserves allocated to discretionary grants and project expenses in future years.

All surplus funds of the BANKSETA, except for the amounts left in the administration grant reserve and employer grant reserve are transferred to the discretionary grant reserve to fund future skills development.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

26. COVID-19 IMPACT ON THE 2022/23 FINANCIAL YEAR RESULTS

The government lifted all COVID-19 restrictions that impacted workplaces and higher education and training in June 2022.

The BANKSETA and its stakeholders retained some hybrid methods of working. BANKSETA programmes are mainly face to face but it has retained hybrid delivery models in all its programmes to allow flexibility. Workplaces and institutions of higher education are permitted to have full physical attendance, though some chose to keep some activities virtual. Institutions of higher learning had mainly caught up with delays to start of academic years due to the 2020 delays..

The BANKSETA provides staff with protective equipment and sanitation facilities at all its offices. In addition, appropriate cleaning is undertaken whenever there is a COVID case. The BANKSETA has not been impacted negatively during the year by any COVID restrictions. The additional administration and project costs due to COVID sanitation and hybrid delivery methods were minimal.

There was no skills development levy holiday in the 2022/23 financial year. The banking sector has experienced good financial results and any impact of COVID lockdown on levies has been minimal.

27. GOING CONCERN

The Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The SETA has a licence till 31 March 2030. There are no legislative and regulatory changes known that would impact BANKSETA's ability to operate as a going concern within the next 12 months.

27.1 COVID related uncertainties impact on going concern

The government lifted all COVID restrictions in June 2022. The BANKSETA has adapted all its delivery methods and operations to be able to switch between physical and hybrid methods delivery methods if the need arises. The BANKSETA does not expect any disruption in its future revenue, costs and operations going forward due to COVID-related matters.

27.2 BUSA matter in respect of mandatory grant percentage

In 2019, the court struck down the Minister's reduction of the mandatory grants percentage from 50% to 20%. BUSA took this matter to court and the Minister's action was invalidated. No new mandatory percentage has been pronounced. The Minister has taken a conciliatory approach to the matter and is currently engaging with BUSA. No developments on this matter can be reported as at year-end. The BANKSETA has disclosed a contingent liability in regards to the matter in note 17, however, the timing and amount of this liability cannot be reasonably estimated. Should the BANKSETA have to revert to the previous 50% mandatory grant percentage backdated to the court date, it would have commitments greater than available funds. However due to the timing of the discretionary grants payments being spread over periods of up to 18 months, the BANKSETA would be able to still pay liabilities as they fell due and utilise funds from coming months to close any shortfalls. The BANKSETA would continue as a going concern.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

27. GOING CONCERN (continued)

27.3 Surplus retention and approval

In 2022/23 the National Treasury informally delegated the approval of prior year surpluses to DHET. This was to be done in line with the relevant legislation regulating SETA operations being mainly the SETA Grant Regulations (as amended in 2014). These call for the SETAs to be 95% committed at year-end and if not to submit a motivation to DHET to retain the surplus.

BANKSETA had achieved the 95% commitments level in 2021/22. However, the BANKSETA also requested DHET's approval of the surplus retention, which DHET approved in January 2023. DHET also approved that the surplus be applied to increase budgets in the 2022/23 and 2023/24 years. The BANKSETA has a surplus of R965 637 000 (2021/22: R1 059 402 000) as of 31 March 2023 as disclosed in note 17.1. the BANKSETA will again apply to National Treasury via DHET to retain the 2022/23 surplus

Should the BANKSETA forfeit all or part of the 2022/23 surplus to the fiscus, it is expected to still continue as a going concern, but would need to curtail some of the planned 2023/24 discretionary grant projects in order to cover the existing discretionary grant commitments at year-end.

27.4 Combined effect

After assessing the combined effect of all the above, the BANKSETA is expected to continue as a going concern over the next financial year.

28. EVENTS AFTER REPORTING DATE

There were no post balance sheet events that impact the annual financial statement disclosures or are reportable.

29. NOTES TO STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

29.1 Budget and adjustments to budget

The BANKSETA Accounting Authority approved the original budget and the revised budget.

The adjustment to budget arose in two parts being:

- 29.1.1 The revision to 2022/23 budgets of R201 000 000 to utilise part of the 2021/22 approved surplus. DHET approved that BANKSETA retain and utilise the 2021/22 surplus to fund discretionary projects in 2022/23 and 2023/24 financial years. The 2021/22 surplus funds made up most of the amount that was BANKSETA's reserves in prior year's statement of financial position.

The revision to 2022/23 budget to take into account levy receipts and investment income above the original 2022/23 budget amounting to R84 000 000. This allowed the BANKSETA to expand its discretionary grant expenditure as well as to fund additional mandatory grants and administration expenditure within the 2022/23 financial year.

The BANKSETA received approval from the National Treasury to budget for a deficit in the original budget.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

29.1.1 (continued)

DHET approved the 2021/22 surplus and its utilisation in 2022/23 budget and thereby the increased revised 2022/23 budget deficit.

Legislation requires that the SETA annually in August submit a budget for the following year to the Minister for approval. The BANKSETA therefore submitted the budget for 2023/24 financial year and has received approval.

29.2 **Skills Development Levy: Income from non-exchange transactions**

The levy receipt for the current year was 9% higher than the revised 2022/23 budgets for the year.

The major stakeholders in the banking sector posted strong results.

This was reflected in the skills development levy receipts.

29.3 **Skills Development Levy: Penalties and interest from non-exchange transactions**

Income from penalties and interest arise when employers fail to comply with taxation legislation, either through late or inaccurate declarations or late payments. The level of such penalties and interest indicates the non-compliance in the sector. These level of interest and penalties amounts typically vary significantly year on year. The full amount received is made available for discretionary projects. This year the amount decreased by 9.4% from prior year. The significant drop this year from prior year indicates improved tax compliance. BANKSETA does not budget for tax non-compliance.

29.4 **Investment revenue from exchange transactions**

Investment revenue from exchange transactions was 49% greater than budgeted due to the increase in investment rates in line with the South African Reserve Bank increasing rates.

29.5 **Employer grant**

The approved final budget includes the estimated mandatory grant spending of the current financial year based on budgeted mandatory levies and mandatory grants percentage of 20%. The increase in mandatory grant expenditure is 5% above budget and 18% above prior year is in line with the increased mandatory levies received. The mandatory grant claim ratio was in line with prior year at 97.7%.

29.6 **Project and discretionary grant expenditure**

R249 500 000 was added to the 2022/23 budget discretionary grant budget during the year. However, the majority of this was only added in January 2023 due to the late approval of the 2021/22 surplus. This left little time to implement additional projects leading to the 2022/23 discretionary grant expenditure being 6% below the revised budget.

The entry and completion of training and skills development programmes and disbursement of discretionary grants has escalated leading to 50% higher discretionary grant expenditure compared to the prior. This is mainly due to:

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

29. NOTES TO STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (continued)

29.6 Project and discretionary grant expenditure (continued)

29.6.1 Earlier start to discretionary funding windows leading to the BANKSETA starting the 2022/23 financial year with a high commitments balance. BANKSETA therefore had a strong pipeline of projects being implemented throughout the year.

29.6.2 Quicker and streamlined DG funding windows processes including clearer criteria leading to fewer appeals and bottlenecks. BANKSETA also improved the processes to monitor unallocated funds and to increase allocations where the BANKSETA had additional funds.

29.6.3 Better project monitoring and improved processes. These included stricter monitoring of project commencements and enrolments and provision of the evidence with two months of the contract start date.

29.7 Administration expenses

Administration expenditure is limited to 10.5% of levies received.

BANKSETA did not exceed this level in 2022/23 financial year.

Administration expenditure is 11% below budget and 20% above prior year.

The larger variances for 2022/23 year are as follows:

- Employment costs	5% below budget	The BANKSETA filled a number of vacancies compared to last year. However there were still 3 vacancies throughout the year.
- Employee performance bonus	11% above budget	The prior year, 2021/22 provision was under estimated. The difference between the final award and the provision was taken to 2022/23 expenditure. The current year 2022/23 provision was raised due to the vacancies filled. The large difference between prior year and current year is due to the effect of the 2022/23 amount including a amount from 2012/22 under provision.
- Audit fees Internal	35% below budget	One major planned activity only began in March 2023 as the first procurement exercise was not successful and had to be repeated. The cost will therefore be incurred in 2023/24 year.
- Communications and marketing costs	28% below budget	The BANKSETA did not undertake all the planned activities due to logistical reasons. The awarded contracts for two of the activities were below what was anticipated.
- Consultation costs	76% below budget	The organisation design study was not completed in the year as planned due to the need for further consultation. It will be completed in 2023/24 year. BANKSETA had made provision for other ad hoc work which was then not required.
- Outsourced services	52% below budget	BANKSETA delayed the start of MIS contract till last quarter and delivered the work in-house. Several procurement transactions received no acceptable bids meeting the minimum requirements and had to be re-advertised. The work will therefore only start in 2023/24 year.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

29. NOTES TO STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (continued)

29.7 Administration expenses (continued)

- Legal fees	74% below budget	The BANKSETA experienced delays in scheduling of the three employee claims. The court cases will proceed in 2023/24 year.
- Travelling expenses	50% below budget	The budget was revised upwards during the year, however part of the additional budget was postponed to the next financial year.
- Workshops	75% below budget	No qualifying bids were received for the quality assurance work and therefore it did not proceed. The work was re-advertised in 2023/24 year.

In addition, capital expenditure which is funded from admin levies but capitalised was 437% below budget as some ICT related purchases were delayed as no acceptable bids were received..

30. RECONCILIATION OF PRESENTATION OF EXPENDITURE CHANGED FROM PRIOR YEAR

30.1 Employer grant and discretionary grant expenditure

The amount disclosed in prior year as employer grant and project expenses in the statement of financial performance and in note 9 has been split into the two categories in line with the current year presentation as follows:

	2021/22 R'000
Employer grant expenses	(194 101)
Discretionary grant expenses	(522 670)
Total	(716 771)
Amount disclosed as employer grant and project expenses in prior year in the statement of financial performance and in note 9.	<u>(716 771)</u>

Amount disclosed as employer grant and project expenses in prior year in the statement of financial performance and in note 9.

30.2 Commitments - write backs and other adjustments - 2021/22

The amounts disclosed in prior year under note 18 as Adjustments 2021/22 has been split to align to current year disclosure as follows:

	2021/22 R'000
Total adjustments increases to existing contracts 2021/22	7 055
Total write backs and other adjustments 2021/22	(94 257)
Total	87 202
Total amount disclosed as write backs and other adjustments 2021/22 in prior year note 18	<u>87 202</u>

**GAUTENG HEAD OFFICE**

Telephone: +27 (0) 11 805 9661
Facsimile: +27 (0) 11 805 8348

Eco Origin Office Park, Building C2
349 Witch-Hazel Ave, Eco-park Estate,
Centurion, 0144

EASTERN CAPE OFFICE

Telephone: +27 (0) 43 721 3349
Facsimile: +27 (0) 86 574 2888

Waverly Office Park Phase 4,
Building, 3-33,
Phillip Frame Road, Chiselhurst,
East London, 5247

FREE STATE OFFICE

Telephone: +27 (0) 51 406 9365
Facsimile: +27 (0) 86 667 7966

Motheo TVET College Central Office,
C/O Georges & Aliwal Street,
Bloemfontein, 9300

LIMPOPO OFFICE

Telephone: +27 (0) 15 297 0199
Facsimile: +27 (0) 86 218 0124

30 Dimitri Crescent – Unit 1,
Bendor Ext 59, Platinum Park,
Polokwane, 0699

Banking Sector Education and Training Authority

ANNUAL REPORT 2022/23

www.bankseta.org.za

RP154/2023 • ISBN: 978-0-621-51140-6

Title of publication: BANKSETA