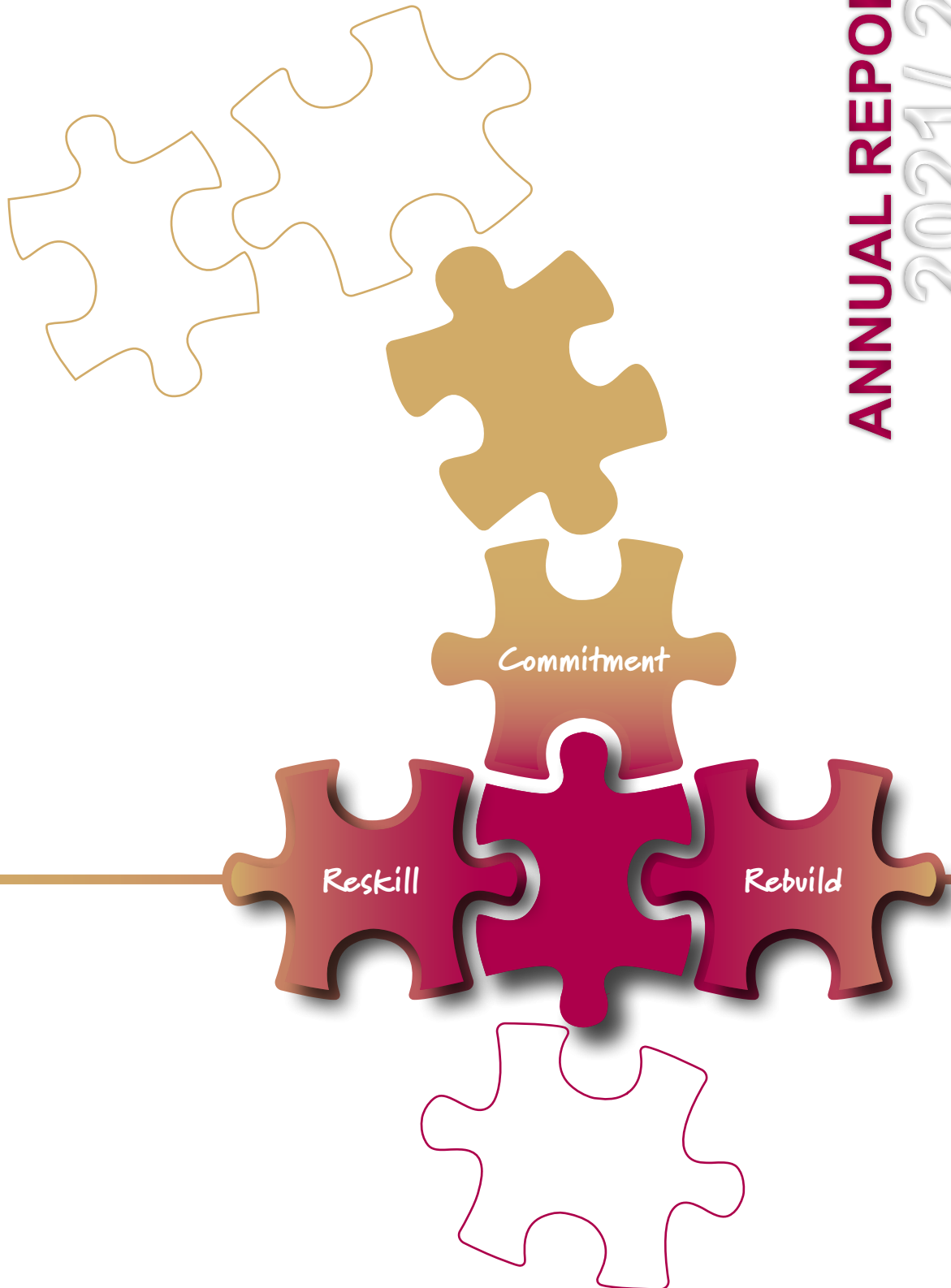




# ANNUAL REPORT 2021/22



*Commitment*







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 2022.

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 unmodified 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

# Reskilling





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## PART A: *General Information*



“Our mandate is 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.”



# PUBLIC ENTITY'S GENERAL INFORMATION

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

## GAUTENG HEAD OFFICE

Tel: (0)11 805 9661

Email: [Info@bankseta.org.za](mailto: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
CBDA	Co-operative Bank Development Agency
CBO	Community Based Organisation
CEO	Chief Executive Officer
CETC	Community Education and Training Colleges
CFI	Cooperative Financial Institution
CFO	Chief Financial Officer
DBSA	Development Bank South Africa
DDM	District Development Model
DHET	Department of Higher Education and Training
EA	Executive Authority
EDP	Executive Development Programme
EEP	Employment Equity Policy
EEP	Employment Equity Plan
ERRP	Economic Reconstruction and Recovery Plan
EXCO	Executive Committee
FAISA	Financial Advisory and International Services Act
FSC	Financial Services Code
FSCA	Financial Sector Conduct Authority
GDP	Gross Domestic Product
GRAP	Generally Recognised Accounting Practice
GSC	Governance and Strategy Committee
HEI	Higher Education Institution
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
MBA	Master of Business Administration
MIS	Management Information System
MoA	Memorandum of Agreement
MoU	Memorandum of Understanding
NDP	National Development Plan
NFSAS	National Skills Financial Aid Scheme
NEET	Not in Education, Employment or Training
NGOs	Non-Governmental Organisations
NQF	National Qualifications Framework
NSA	National Skills Authority
NSDP	National Skills Development Plan
NT	National Treasury
OD	Organisational Development
PFMA	Public Finance Management Act
PIVOTAL	Professional, Vocational, Technical and Academic Learning
PwD	Persons with Disabilities
QCTO	Quality Council for Trade and Occupations
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 (No 29 of 1999) and Treasury Regulations, and its reporting period for the 2021/22 financial year is in line with these.

## **Annual Financial Statements for the 2021/22 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).

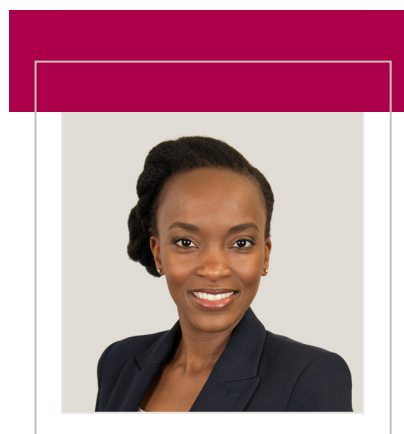
# CHAIRPERSON'S FOREWORD

I am delighted to report that the implemented initiatives for the 2021/22 financial year have resulted in an improvement in BANKSETA's performance, with 72 per cent of our targets achieved against an achievement of 52 per cent in the previous financial year. Of course, it remains our ongoing goal to exceed performance targets, as the higher our achievement of these, the greater the positive impact to our beneficiaries, for whom we serve. Nevertheless, we are pleased with the progress made to recover what was the unavoidably lost because of this devastating pandemic.

The achievements for 2021/22 were against a backdrop of depressed economic growth where the Gross Domestic Product (GDP) continued to lag pre-pandemic levels, with economic activity being on par with the third quarter of 2017. The country's economy was 1.8 per cent smaller than it was in the first quarter of 2020 before the pandemic hit. This weak economic performance was despite the GDP growing by 1.2 per cent in the fourth quarter of 2022, taking the annual growth rate for 2021 to 4.9 per cent. In this respect, it should be noted, however, that 2021 GDP growth was off the back of low growth in 2020, the year of the greatest impact of the pandemic. Furthermore, according to the Statistics South Africa 2022 report, the South African economy grew by 1.1 per cent in the first quarter of 2021 (January-March), translating into an annualised growth rate of 4.6 percent. This follows a revised 1.4 per cent (annualised: 5.8 per cent) rise in real GDP in the fourth quarter of 2020. The banking and alternative banking sector was hard hit with retrenchments over the past two years due to economic instability. Youth unemployment was and continues to be of major concern; as of March 2022, it was at an alarming 66.5 per cent, with about 3.4 million young people not in education, employment or training.

## Appointments

Bringing much-needed stability to the operational leadership of the organisation has been the appointment of the Chief Executive Officer (CEO), Mr Eubert Mashabane. He has brought a wealth of experience in skills development, and the Accounting Authority looks forward to his appointment leading to even further improved operational performance and financial management in the ensuing years. Welcomed during the year was the appointment of the



**Ms Nosipho 'Mia' Makhanya**  
Chairperson of the Board

Company Secretary, Ms Candice Perumalsami, and as the Board, we look forward to the strengthening of the overall execution of strategic directives.

## Challenges Faced by the Accounting Authority

In my previous report, I highlighted the importance of the separation of the Governance and Strategy Committee (GSC) from the Executive Committee (ExCo). These board committees have continued to function independently and have enhanced the governance of the organisation. The strengthening of governance structures has remained a key priority for both of my tenures as Board Chairperson.

During the preceding period, an Information and Communication Technology (ICT) Steering Committee which reports to the Audit and Risk Committee (ARC) was constituted with the objective of strengthening ICT governance controls and processes. We are in the process of appointing an independent chairperson for this committee. ICT is critical for the financial services sector, therefore the constitution of this committee will assist in improving BANKSETA's agility.

The Board has tirelessly engaged with management on challenges experienced in the year under review and is confident that issues raised relating to the implementation of Board resolutions will be attended to as agreed.



# CHAIRPERSON'S FOREWORD

In addition, the Risk Management Committee (RMC) which also reports directly to the ARC continued its operation. The committee is assisted by the work performed by BANKSETA's Risk and Compliance Officer, whose appointment has significantly improved the monitoring of risk within the organisation, an issue that has been on the Accounting Authority's consideration over the preceding years.

As at year end, there were two vacancies in the Accounting Authority, both representing the employer constituencies. The process of filling these vacancies by the Minister of Higher Education Science and Innovation, the Honourable Dr Emmanuel "Blade" Nzimande, is at an advanced stage.

## Strategic Relationships

As part of our broad mandate to benefit not only the banking and alternative banking sector, but also other sectors in the country, the BANKSETA focused on sustaining and improving relationships with various partners and stakeholders at a multi-sectoral level. It gives me great pleasure to report that our Stakeholder Satisfaction Survey returned a score of 4.4 out of 5, as against a target of 3 out of 5. This is an improvement on the 2020/21 audited result (4.18), and indicates improvement in some areas of stakeholder satisfaction perception or experience of the of BANKSETA service provision and programme offerings and internal operating environment. The BANKSETA's focus on strategic partnerships and collaborations has led to the signing of several memoranda of understanding (MoUs) with national and local government entities, while strengthening the working relations with the South African Local Government Association (SALGA) and other SETAs.

## Beneficiaries

BANKSETA's partnerships with other SETAs have improved our geographical spread in the rural and non-metropolitan areas. Bridging the gap between urban and rural, thereby creating meaningful opportunities for beneficiaries outside the main metropolitan areas, remains one of the SETA's most important strategic priorities. These collaborations have increased organisational presence and accessibility, while creating opportunities for the empowerment of beneficiaries living outside metropolitan areas. The youth, women and Persons with Disabilities (PwDs) in particular, have and will continue to receive a special focus.

We have responded positively to the President's request to play an active role in supporting government's Economic Reconstruction and Recovery Plan (ERRP). The President has made a plea that SETAs commit to placing at least 10 000 unemployed Technical Vocational Education and Training (TVET) college graduates in workplaces from April 2022. BANKSETA is committed to play a role in this respect in line with our belief that skills development is not solely the preserve of the SETAs but is a collaborative effort involving both academia, private role-players and practical elements of Work Based Learning (WBL). We are thus committed to increasing both the input and throughput of TVET colleges, as part of our strategic focus.

A further aspect that has improved our geographic spread is that of the hybrid learning model, in which online learning is combined with workplace experience. This model reflects a constantly changing working environment.

BANKSETA is committed to ensuring that its programmes and initiatives have meaningful impact on the ground. The Accounting Authority recognises the importance of continuously tracking and tracing beneficiaries to evaluate the qualitative impact of programme interventions. The Accounting Authority will continue to encourage management to provide valuable programme impact information about past beneficiaries that has been gathered over the years by the Strategy and Research team. This information will continue to be monitored, evaluated, and presented to stakeholders. The Accounting Authority and BANKSETA staff would derive great pleasure in the realisation of how the transfer of skills has translated into employability and entrepreneurship for beneficiaries.

## Way Forward

In conclusion, we reaffirm our commitment to achieving the vision of the BANKSETA, which remains embedded on the requirements of the National Development Plan (NDP) and the goals of the National Skills Development Plan (NSDP) to fundamentally transform education and training in South Africa by improving the quality and quantity of training interventions. This will ultimately support economic growth and improve the quality of life for all in South Africa. These intentions are translated into the BANKSETA's Annual Performance Plan

# CHAIRPERSON'S FOREWORD

(APP) and the Service Level Agreement (SLA) with the Department of Higher Education and Training. Through the achievement of our vision, we aim to significantly drive the skills development agenda in South Africa and respond to the 4<sup>th</sup> and impending 5<sup>th</sup> industrial revolution needs of the banking and alternative banking sectors.

## Audit

The BANKSETA achieved an unqualified audit status, partly as a result of a significantly improved control environment and stable governance. The Accounting Authority is firmly committed to the achievement of clean audits and will continue its quest to reach this position. Management is expected to improve on the timeous implementation of Board resolutions.

## Appreciation

I extend my sincere thanks to the many who contribute to our efforts and in particular, to the Honourable Minister of Higher Education, Science and Innovation, Dr Emmanuel "Blade" Nzimande, for his guidance and leadership during the year, as well as to the officials in the Department of Higher Education and Training. We are also indebted to the National Skills Authority (NSA), National Treasury (NT) and the Auditor-General of South Africa (AGSA), all of which provide us with considerable advice and assistance during our frequent engagements. I extend appreciation to BANKSETA's stakeholders as they have and continue to play a key role in the SETA's achievements - their contributions to our achievements cannot be overlooked.

The Accounting Authority is made up of highly skilled individuals who give invaluable input and who I am honoured to lead as Board Chairperson. I am also grateful for our senior executives and every member of staff whose hard work and dedication has made possible the achievements of the BANKSETA this year.



**Ms Nosipho 'Mia' Makhanya**  
BANKSETA Board Chairperson

# CHIEF EXECUTIVE OFFICER'S REPORT



**Mr Eubert Mashabane**  
Chief Executive Officer

## General Financial Review

The past year has been marked by an improvement in the delivery of BANKSETA programmes following the devastation of the Covid-19 pandemic. As is the case for South Africa as a whole, the BANKSETA is steadfast in mitigating some of the operational challenges and obstacles that resulted from the negative impact of the pandemic on the economy and, to this end, has produced a stellar performance that we are pleased to report.

Performance for the current year improved to 72 per cent (52 per cent for 2020/21) of our performance indicators being reached, commitment on surplus funds improved to R1 042 million (98%) up from R399 million (41 per cent) in the 2020/21 financial year while project expenditure improved to R523 million from R323 million in 2020/21. The mandatory grant payout ratio to levies received stands at 98 per cent.

## Spending Trends

With the easing of lockdown restrictions during the current year, BANKSETA enjoyed an uninterrupted period of operation leading to overall improvement in income and spending patterns. Total revenue increased 39 per cent to R896 million (R644 million in 2020/21). It should, however, be stressed that the 2020/21 year was marked a four-month levy holiday where employers were exempted from paying skills levies.

BANKSETA spending is guided by legislation which specifies that the entity surrenders 20 per cent of its levies to the National Skills Fund. The remaining 80 per cent is spent as follows:

- 20 per cent on mandatory grants for levy paying employers in the sector
- 10.5 per cent on administration expenses of the SETA
- 49.5 per cent on discretionary grants to support various goals of the National Skills Development Plan.

In line with the above spending guidelines, the BANKSETA had an overall improvement in its spending compared to the previous year. Over 98 per cent of mandatory grant levy income received was paid back to qualifying employers as a mandatory grant. Administration expenses were maintained within the permissible 10.5 per cent. Discretionary expenditure improved by 62 per cent to R523 million from R323 million the previous year.

Cash and cash equivalents at year end were R1213 million (R1062 in 2020/21) representing a 14 per cent increase from the previous year. Our net surplus at R95 million was 3 per cent lower compared to the 2020/21 year (R98 million). Accumulated reserves increased to R1 062 million from R968 million in the previous year. As alluded to in the opening paragraph, 98 per cent of these reserves are currently committed to a pipeline of skills development projects that will increase our expenditure in the 2022/23 financial year.

## Capacity Constraints and Challenges

While the BANKSETA successfully ramped up its assessment of qualifying discretionary grant applications leading to 98 per cent of its surplus funds being committed to a pipeline of skills development projects, spending, however, lagged behind. This was partly due to stakeholders taking time to commence projects due to a need to finalise preliminary activities such as recruitment, induction and securing workplaces for the practical training component.

With the increased volume of skills development projects, the BANKSETA also faced constraints related to the on-site monitoring of its projects



# CHIEF EXECUTIVE OFFICER'S REPORT

owing to human resource capacity. While other compensating measures for monitoring projects were in place, BANKSETA has received approval from the Accounting Authority to undertake a detailed organisational design study to address the identified capacity constraints.

## New or Proposed Key Activities

During the current year the Department of Higher Education engaged SETAs on the need to support government efforts at reviving the economy post the Covid-19 pandemic. Key activities piloted in the current year include projects to support the Economic Reconstruction and Recovery Plan (ERRP) as well as the Presidential Youth Employment Initiative (PYEI).

BANKSETA piloted a project to assist graduates to obtain workplace experience through a new National Graduate Internship programme that will assist over 4 500 graduates in the next year. Based on the response from stakeholders, BANKSETA will include this programme in its Annual Performance Plan (APP) as part of supporting the ERRP and the objectives of the PYEI.

We are also modifying our current programmes to respond appropriately to the goals of the ERRP. We have thus increased the scope of our funded programmes to include addressing skills requirements of the ERRP as espoused in the Skills Strategy to Support the Economic Reconstruction and Recovery Plan.

The lessons from the Covid pandemic have indicated a need for improved and more responsive ICT systems. To this end BANKSETA will be initiating a number of ERP projects to automate processes as well as ensure added security through hosting these in a cloud based environment .

## Request for Roll Over of Funds

Having ended 2020/21 with an operating surplus, BANKSETA management successfully approached the National Treasury for permission to utilise excess funds to support the Presidential Economic Reconstruction and Recovery Plan (ERRP). One such project under this umbrella is to place 775 learners in a 12-month internship programme, using the TVET and CET colleges as placement vehicles.

BANKSETA also partnered with Universities South Africa (USAF) to fund a project that seeks to settle the historical debt of missing middle-year students so that they can graduate.

## Supply Chain Management

Under the guidance of the Accounting Authority BANKSETA maintained 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. Like all other SETAs, BANKSETA however incurred irregular expenditure arising from non-compliant processes of appointing some AA members in the Department of Higher Education and Training during the 2020/21 financial year. The amount involved is R1.3 million (R1.4 million in 2020/21).

The irregular expenditure has been investigated and guidance provided through National Treasury of how to condone this irregular expenditure.

BANKSETA did not approve any unsolicited bid proposals and all single or sole source procurement was approved by the National Treasury, in line with regulations. In response to the Auditor-General of South Africa's (AGSA) report for 2020/21, the internal control environment was further strengthened to avoid any repetition of the AGSA's findings in the previous year.

The BANKSETA did not suffer any losses arising from instances of fruitless and wasteful expenditure during the current year.

## Audit Report Matters in the Previous Years and Action Plans

Issues identified by the AGSA in the previous year's audit (2020/21) have been addressed through the application of more stringent internal controls and this was shown in the reduced number of repeat findings.

BANKSETA received an unqualified audit report in the current year. While our financial statements were free from any material misstatements, the AGSA noted two matters in our Annual Performance Report.

# CHIEF EXECUTIVE OFFICER'S REPORT

These relate to the following

- Various performance indicators that were not consistent with the planned indicators
- Inadequate processes to ensure consistent measurement and reporting of performance against the predetermined indicator definitions involving the Maths and Science indicator.

The BANKSETA will be putting adequate controls and measures to ensure issues are not repeated in the next financial year.

## Future Outlook

In the short term, the BANKSETA will continue the momentum to improve its performance. The organisation's longer-term goals are focused on addressing the biased distribution of skills programmes between urban and non-urban or rural areas, so that empowerment benefits are brought to a wider geographic distribution. BANKSETA is undertaking a study to determine the appropriate model that will allow us to redistribute grant funding more equitably to provinces taking into account socio-economic challenges such as poverty and unemployment.

BANKSETA will continue to explore partnerships with other entities of government to maximise delivery of projects. Our current partnerships with the HWSETA and TETA, 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 still shows signs of weakness arising from the Covid pandemic, our assessment indicates the banking sector continues to be resilient. Although there were retrenchments in the sector, the higher-than-average earnings of personnel who retained employment meant that a steady flow of income from levies to the BANKSETA was maintained and we believe this will continue 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.

The support we receive from the Board Chairperson and members of the Board is greatly appreciated and I thank them for devoting their time to the business of the BANKSETA. Various stakeholders play a key role in enabling the BANKSETA to continue being a well-oiled machine through the feedback received year-on-year through the Stakeholder Satisfaction Survey, information forums, robust engagement and commitment to working hand-in-hand with the BANKSETA; the value they add cannot be overlooked. Our heartfelt appreciation is extended to all BANKSETA stakeholders.

Finally, my recognition and appreciation to the BANKSETA staff who work tirelessly to meet organisational goals and targets. Their commitment and dedication to roll out programmes within required timelines is exemplary.



**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 E) have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the Public Finance Management Act (PFMA), 1999 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 2022.

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 Act 26 of 2011, operates within the following legislative and policy mandates:

- Skills Development Levies Act, 1999 (Act No 09 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)
- 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, 1998)
- Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)
- Regulations published in the Government Gazette, No. 35940, 03 December 2012 and Policy Mandates

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) by:
- Approving workplace skills plan (WSP);
- Establishing learning programmes;
- Linking education and the workplace
- Improving the level of skills in the South African workforce;
- 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); and
- 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
- 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 to which relevant projects are implemented:

- Technology, Digitisation and Innovation
- Compliance and Risk Management
- Management and Leadership Development
- Markets, Products and Services
- 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
- National Skills Accord

## 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 WSP;
    - 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 disadvantages 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



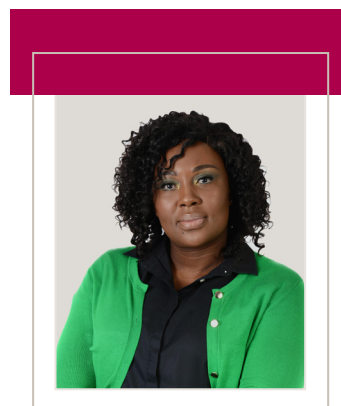
**Mr Eubert Mashabane**  
Chief Executive Officer



**Ms Beaula Dziruni**  
Chief Financial Officer



**Ms Christine Fritz**  
General Manager: Operations



**Ms Dimakatso Seete**  
General Manager:  
Corporate Services\*

\* The position of the General Manager: Corporate Services became vacant a month prior to 31 March 2022.

# 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 Charmaine Janisch**  
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*



“The audit conclusion on the performance against predetermined objectives is included in the report to management.”

# PERFORMANCE INFORMATION

## Auditor's Report: Predetermined Objectives

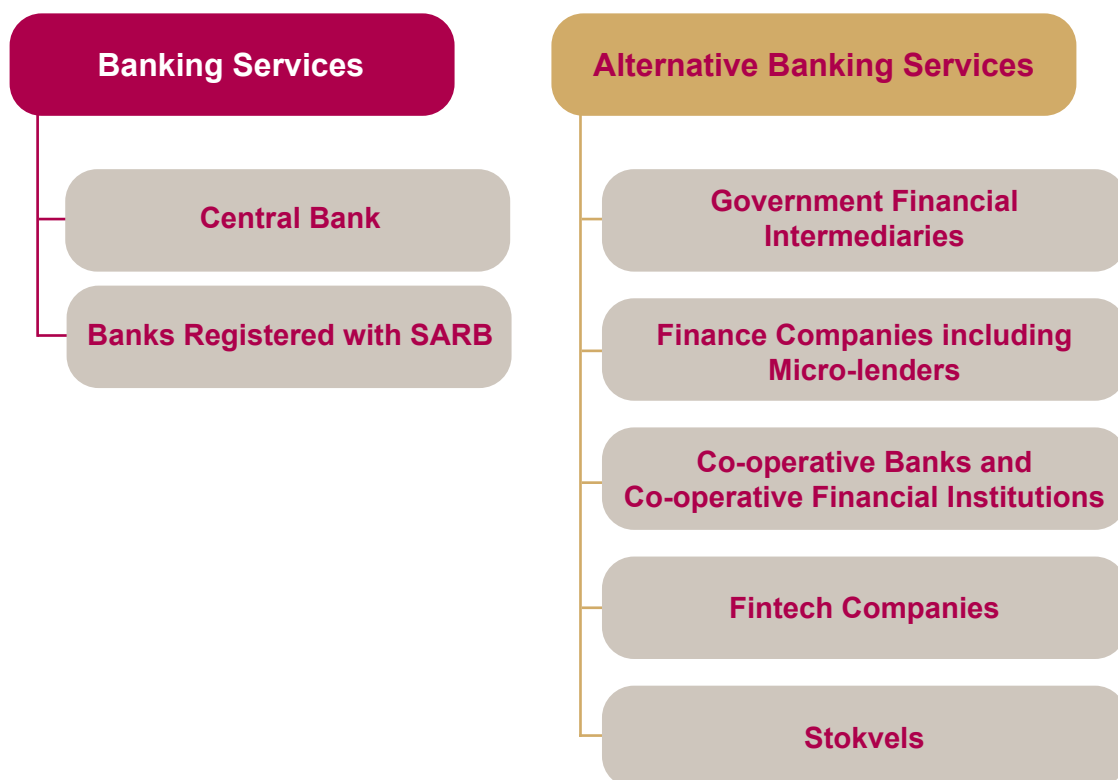
The AGSA/auditor currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings 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 121 of the Report for the Auditors Report, published as Part E: 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

With the advent of technological changes and digitisation, each of the indicated categories of stakeholders adopted different technologies that altered the service delivery environment, requiring the BANKSETA to respond differently in order to deliver on its strategic objectives. Banks, which are our biggest stakeholders, increasingly adopted digitisation of their services necessitating the BANKSETA to adapt its training programmes to include online learning. Our funding windows had to be revised to include offering training programmes through virtual (online) platforms as opposed to physical classrooms.

On the other end of the spectrum, we continue to have stakeholders such as SMMEs, CFIs and stokvels who have not adopted the latest technology trends in banking and still rely primarily on face-to-face interactions. For these stakeholder training interventions still involve physical classrooms guided by face-to-face learning facilitation. BANKSETA also responded to this by tailoring projects to suit their unique circumstances.

## **Organisational Environment**

In the current year a Chief Executive Officer and Company Secretary were appointed. The BANKSETA physical provincial footprint remains a concern as besides the Gauteng Head Office, the other regional offices are in Limpopo (also servicing Mpumalanga), Free State and Eastern Cape (also servicing Western Cape). This limited capacity restricted our ability to increase our monitoring of projects as well as reach out to other provinces. The BANKSETA Accounting Authority has approved a project to redesign the service delivery model of the BANKSETA which will see us increasing our footprint in the country in the near future.

## **Key Policy Developments and Legislative Changes**

There has 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 <sup>1</sup>	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 an annual 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
2. A credible sector skill 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 two years of the five-year strategy BANKSETA maintained a minimum of 95% pay-out rate of mandatory grants
	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

<sup>1</sup> 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 <sup>1</sup>	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 SPP	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 SPP
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 second year of the 5-year strategy the number of enrolments totalled 3 036 and completions totalled 1 541. 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, TVET and HEI	49	49	At the end of the second year of the 5-year strategy BANKSETA has signed 120 MoUs with TVETs, UoTs and HEIs
5. Support career development services	Number of career awareness workshops conducted	27	135	No career awareness workshops were conducted. This area was severely impacted by the Covid-19 pandemic and BANKSETA plans to increase delivery in this area over the remaining three years of the 5-year strategy.

# PERFORMANCE INFORMATION

Outcome	Outcome Indicator	Outcome Indicator Baseline <sup>1</sup>	5-year Target	Progress
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 second year of the 5-year strategy, 7 321 workers completed programmes successfully. Targets for women and black have been met but not for disabled
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 second year of the 5-year strategy, 104 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 second year of the 5-year strategy 2 159 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 second year of the 5-year strategy BANKSETA has 140 accredited training providers



## 3. Institutional Programme Performance Information

### Programme 1: Administration

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

It comprises three core activities of corporate services, finance, and governance.

The programme is comprised of the following seven sub-programmes:

- *Strategic Management:* The purpose of the sub-programme is to provide executive support, strategic leadership, and management to BANKSETA
- *Corporate Services:* The purpose of the sub-programme is to provide effective and efficient human resources, information technology and communication support services to BANKSETA.
- *Financial Services:* The purpose of the sub-programme is to manage all financial-related activities in line with the PFMA.
- *Governance, Compliance and Risk Management:* The purpose of the sub-programme is to provide Internal Audit and Enterprise Risk Management services to BANKSETA
- *Stakeholder and Partnership Engagement:* Key stakeholder/partnership relationships developed and strengthened, BANKSETA reach expanded and synergies capitalised on, for effective skills planning and implementation
- *Organisational Performance Evaluation:* This sub-programme aims at an overall evaluation of the performance of the organisation including measuring the effectiveness of programme implementation
- *ICT Support:* The purpose of the sub-programme is to provide ICT infrastructure and business applications including disaster recovery to support the business continuity of BANKSETA in order to deliver on its mandate
- The budget allocated to this programme will directly impact on performance targets through the budget being utilised towards:

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>Programme 1: Administration</b>									
<b>1.1 Strategic Management</b>									
An efficient and effective SETA that complies with legislation, policy and good corporate governance principles	Conduct annual review of SP and APP	Reviewed SP and APP	Final Strategic Plan and Annual Performance Plan sent to Parliament by due date	An annual review of strategic plans and APP as prescribed by the relevant planning frameworks conducted	Conduct an annual review of strategic plans and APP as prescribed by the relevant planning frameworks and submit the plans for approval	An annual review of strategic plans and APP as prescribed by the relevant planning frameworks has been conducted	None	Not Applicable	
	Quarterly reports submitted to the Accounting Authority, DHET and, National Treasury on or before the set due dates	Number of quarterly implementation reports	Quarterly performance reports have been submitted to the National Treasury and DHET	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 approved by Accounting Authority and submitted to DHET, and National Treasury on or before the set due dates	Quarterly reports were approved by Accounting Authority and submitted to DHET, and National Treasury within 30 days from the end of each quarter	None	Not Applicable	It must be noted that the target date referred to as 2020/21 in the quarterly targets for this indicator is incorrect and should be 2021/22
	Produce and obtain Accounting Authority's approval of the AR and submit to AGSA for Audit and to NT and Parliament by due dates	Accounting Authority approved and Audited Annual Report	AR was submitted to AGSA, NT and Parliament by due dates	AR 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 AR was produced and submitted to AGSA for audit and to NT and Parliament by due dates	None	Not Applicable	It must be noted that the AR was submitted to AGSA by the due date and the audited annual report submitted to NT and Parliament by the due date

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>1.2 Optimal human resource capacity</b>									
An efficient and effective SETA that complies with legislation, policy and good corporate governance principles	Filling of funded posts which are vacant	Vacancies rate	A vacancy rate of less than 5% was maintained	4.99%	Establish / Maintain a vacancy rate of 5% or less annually	The annual vacancy rate is below 5% at 4.3%	-0.7%	BANKSETA strives to keep the vacancy rate below 5% and have filled the vacancies to achieve the desired performance of less than 5%	The terms establish / maintain are both applicable for this indicator
	Submissions of performance agreements, reviews and assessments by due dates	Number of performance agreements and reports	100%	88.5%	Achieve 100% submissions of performance agreements, reviews and assessments by due dates	All performance agreements, reviews and assessments were submitted as required	None	Not Applicable	It must be noted that the due date for midterm reviews to be concluded is incorrect and should be 31 October 2021.
	Assessment on "Investors in People"	"Investors in People" recognition retained	132%	Established status achieved with recommendations for improvement	"Investors in People" recognition retained at "Established" maturity level	Established status retained with recommendations for improvement	None	Not Applicable	It must be noted that the due date for agreements of 31 March 2021 is incorrect and should be 31 March 2022
	Conducting Survey on employee satisfaction	Employee satisfaction index	Score of 3.77 / 5	Achieved 4.09 score on employee satisfaction index	Achieve 3.5 score on employee satisfaction index	4	0.5	From the survey conclusions, the results indicate employee perception or experience of internal operating environment	The target for this indicator for the 2021/22 year was to achieve a 3.5 score out of 5 on the employee satisfaction index

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>1.3 Communication and Brand Awareness</b>									
An efficient and effective SETA that complies with legislation, policy and good corporate governance principles	Design of a marketing communication strategy and plan and production of quarterly progress reports for approval by the General Manager Corporate Services and Chief Executive Officer	Approved Annual Marketing and Communication strategy and Plan and quarterly implementation reports	Report submitted	Annual Communications Plan not approved 114%	Produce a Marketing and Communication Strategy and Plan annually to be approved by General Manager: Corporate Services and Chief Executive Officer and report on its implementation within 30 days of the end of each quarter of the financial year to the General Manager: Corporate Services	A Marketing and Communication Strategy and an annual communication plan was produced and reported on quarterly	None	There was an extra effort to increase activities after the past two years where activities were limited due to Covid. Marketing and Communications initiatives and activities are proactive, planned and reactive hence some periods may be dominated by overachievement if the stakeholders demand such	The target for this indicator for the 2021/22 year was to produce a Marketing and Communication Strategy and Plan approved by General Manager: Corporate Services and Chief Executive Officer and report on its implementation within 30 days of the end of each quarter of the financial year to the General Manager: Corporate Services
	Conducting Stakeholder Satisfaction Survey	Annual Stakeholder satisfaction rating score	4.5	4.18	3 / 5 Stakeholder Satisfaction rating maintained	4.4	0.9	From the survey conclusions, the results indicate improvement in some areas of stakeholder satisfaction, perception or experience of service and internal operating environment	



## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
1.4 ICT Support	An efficient and effective SETA that complies with legislation, policy and good corporate governance principles	Produce an annual report on indicating achievement of ICT standards	80%	50%	Produce annual reports indicating 80% achievement of ICT systems standards	85%	5%	BANKSETA strives for a high as possible percentage of ICT Systems standards achievement. Of all standards implemented the following two are critical, the Call login system is not functional and the service desk is not working and the role of Information Security officer is not delegated	The target for this indicator for the 2021/22 year was to produce annual reports indicating 80% achievement of ICT systems standards
		Development of ICT systems	50%	50%	90% of systems availability	89.08%	-0.9%	The MIS system was not available in the first quarter and was partially available in the second quarter. This then affected the overall system availability for the whole financial year	

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>1.4 ICT Support (continued)</b>									
	Inculcate ICT compliance	Percentage of ICT compliance score	85%	0%	95% ICT compliance score	55%	-40%	The capabilities of ICT Governance Champion, GITO, Enterprise Architect and ICT continuity plan that is informed by Business Continued plan were not implemented as the BANKSETA is in the process of benchmarking the implementing of the same with other SETAs	The target for this indicator for the 2021/22 year was to Achieve a 95% ICT Compliance score
	Implement ICT compliance framework	Achieve "medium" ICT residual risk rating	100%	High	"Medium" ICT residual risk rating	Medium	None	Not Applicable	The target for this indicator for the 2021/22 year was to achieve "medium" ICT residual risk rating
	Implement ICT innovation management	Number of successful innovations	Not applicable	1	1 Successful innovation	2	1	Two innovations have been implemented to enhance security controls	

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>1.5 Financial Management and Reporting</b>									
An efficient and effective SETA that complies with legislation, policy and good corporate governance principles	Processing and Payment of invoices	% of valid invoices paid within 30 days	85%	95%	97% of valid invoices paid within 30 days	89.8%	-7.2%	Payment of some invoices are still delayed due to controls that need further improvement. Controls to achieve 100% payment of invoices in 30 days are further being strengthened	It must be noted that the target for this indicator is 97% of valid invoices paid within 30 days or approval obtained and corrective action implemented where there is non-compliance
	Control Admin costs within the regulated limit	Admin costs controlled within the regulated limit of less than 10% of levies income or approval sought to exceed threshold	Admin costs controlled within benchmarked limit of less than 10% of levies income	<10	Admin costs controlled within the regulated benchmarked limit of less than 10% of levies income or approval sought to exceed threshold due to 4 month SDL holiday. Then BANKSETA will keep within the original admin budget	8.4%	1.6%	There were vacancies during the reporting period. BANKSETA also contained costs by doing some ICT work inhouse. Some activities planned for 2021/22 will only be delivered in 2022/23	
	Management and minimisation of irregular, Fruitless and Wasteful expenditure	Percentage of irregular, fruitless and wasteful expenditure	0%	0,70%	1% irregular, fruitless and wasteful expenditure	0.16%	0.84%		The only irregular expenditure is due to irregular appointment of Board members which is outside BANKSETA's control

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>1.5 Financial Management and Reporting (continued)</b>									
	Processing/ payment of mandatory grants and discretionary grants in line with the Accounting Authority approved process and regulations	% of Mandatory grants claimed	97%	100% 97%	96% of Mandatory and discretionary grants payments processed in line with the Accounting Authority approved process and regulations	97.89%	1.89%	BANKSETA makes concerted efforts to encourage and support levy payers to successfully submit WSPs and ATRs in order to be paid their mandatory grant	It must be noted that the output indicator for 2021/22 only measures the percentage of mandatory grants claimed compared to total mandatory levy received. Discretionary Grants are processed 100% in line with Accounting Authority approved process and regulations provided that supporting evidence is received
	Accounting Authority Approval of the Procurement Plan for submission to DHET and NT	Submitted procurement plan that is in compliance with NT and DHET 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 that is in compliance with NT and DHET prescripts	Procurement plan that is in compliance with NT and DHET prescripts submitted	None	Not Applicable	

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>1.5 Financial Management and Reporting (continued)</b>									
	Adherence to procurement plan	Adherence to the procurement plan	32%	15%	70% adherence to Annual Procurement Plan including timelines	46.15%	-23.85%	<ol style="list-style-type: none"> <li>1. Delays in submission of request to start the tender due to consultation processes,</li> <li>2. Non-availability of bid committee members,</li> <li>3. Queries on review of evaluations</li> <li>4. Inadequate/ below expectations TORs and reports leading to the documents being returned for correction several times</li> <li>5. Instructions from National Treasury to put procurement on hold</li> </ol>	
	Implementation and Management of all the NT regulations and practice notes	% compliance to NT cost containment measures	99%	99.75%	97% compliance with NT cost containment regulations	97%	0	BANKSETA strives to comply 100% with NT regulations and practice notes	



## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>1.5 Financial Management and Reporting (continued)</b>									
	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	Approved audit process is 100% complied with, quality documents are submitted on time and an unqualified audit is achieved	Unqualified	Unqualified	100% adherence to approved audit processes, quality documents are submitted and set timelines are met resulting in a culture of compliance leading to an unqualified audit	Unqualified Audit	None		
<b>1.6 Organisational Compliance, Internal Audit and Risk Management</b>									
An efficient and effective SETA that complies with legislation, policy and good corporate governance principles	Compliance with all applicable legislation, regulations and policies	% organisational compliance with all applicable legislation, regulations and policy	100%	<100% compliance	100% organisational compliance with all applicable legislation, regulations and policy	100% organisational compliance with all applicable legislation, regulations and policy	None		
	Conduct Risk assessment, analysis and plan	Approved risk management plan and quarterly progress reports	Risk register reported on	The Risk Management Plan was approved by Board and reporting done	Conduct annual risk assessment/ review and produce annual risk implementation plan and quarterly progress reports	The annual risk assessment, risk management plan and annual quarterly progress reports were submitted	None	Not Applicable	It must be noted that the target date referred to is incorrect and should be 31 March 2022

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>1.6 Organisational Compliance, Internal Audit and Risk Management (continued)</b>									
	Design Audit Plan and its implementation	Approved internal audit plan and quarterly monitoring reports	Plan submitted and reported on	The overall three year strategic and annual plan was approved in totality by the Audit and Risk Committee in the Feb 2021 meeting	Produce a 3-year rolling strategic internal audit plan and submit to the Audit and Risk Committee for approval by 30 June of each year. Quarterly audit implementation reports presented to Audit and Risk Committee	A 3 year rolling strategic internal audit plan was produced and approved by the Audit and Risk Committee on 9 March 2021	None	Not Applicable	It must be noted that the due date was incorrectly captured on the APP and should read 30 June 2021
<b>1.7 Monitoring and evaluation of BANKSETA effectiveness and impact measured</b>									
An efficient and effective SETA that complies with legislation, policy and good corporate governance principles	Tracking and Tracer Study for WBL interventions	Report on WBL Tracking and Tracer Study	Report on WBL Tracking and Tracer Study completed	80% of WBL learners are tracked and reported on	Tracking of 80% of WBL learners completed in 2017 and 2018	Report on WBL learners submitted where 14% of beneficiaries were tracked and reported on	The submitted report indicates that 66% of learners were not tracked and reported on	Researchers cannot predict the response rate to a study and therefore it was not appropriate to put 80% response rate as a target. The target for 2022/23 has been corrected to be a Tracer Study Report rather than a Percentage response rate	

# PERFORMANCE INFORMATION

## Strategy To Overcome Areas Of Under Performance

Areas of underperformance included the indicator on ICT compliance with relevant DPSA frameworks, payment of invoices within the legislated 30 days, the slow execution of the procurement plan and tracking of learners who completed in the previous years.

BANKSETA will be initiating a project to address its ICT environment by undertaking a detailed assessment of its ICT functionality and frameworks (Enterprise Architecture and COBIT maturity assessment) in the following year.

The entity continues to monitor the payment of supplier invoices on a weekly basis and is addressing the slow execution of the procurement plan by starting procurement earlier to avoid delays. Training of

and placing more responsibility on Bid Specification Committees and Bid Evaluation Committees to complete work on time.

Strategies to improve the BANKSETA performance will include the following:

- Constant reflection on the BANKSETA's operations
- Strengthening of Monitoring and Evaluation
- Increasing our human resource capacity
- Staff development
- Improving our technology
- Team building exercises
- Constant gratification for good work

## Linking Performance with Budgets

Programme/ Activity/ Objective	2020/2021			2021/2022		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	Expenditure R'000	Expenditure R'000	R'000	Expenditure R'000	Expenditure R'000
Admin	108 350	88 523	19 827	96 255	84 031	12 224

## Programme 2: Skills Planning

**Purpose:** 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.

The Programme consists of the following three sub-programmes:

- **Mandatory Grant Claims:** Evaluation and approval of Workplace Skills Plans and Annual Training Reports for mandatory grant claims
- **Research and Benchmarking:** The development of a research agenda and ensuring that all research including benchmark studies is conducted

- **Sector Skills Plan:** 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:
- Optimal human resources to implement programme targets (administration budget)
- Implementation/delivery of research agenda (discretionary grant budget)

The budget for mandatory grants will be directly affected by the performance target of the number of WSP/ATR submissions approved.

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>Programme2: Skills Planning</b>									
<b>2.1 Mandatory Grants</b>									
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 & simplify WSP submissions for employers	Increased participation rates of employers in WSP process	Total 498 Large: 76 Medium: 50 Small: 372 of which 129 levy paying	477	Large: 76 Medium: 45 Small: 301	Large:73 Medium: 40 Small: 302	Large: -3 Medium: -5 Small: 1	2 Companies did not submit, 2 Companies closed down and 12 companies are now in a different size classification. The baseline data when setting targets for the next financial year will be reviewed so that it reflects more accurately	It must be noted that the output indicator for the 2021/22 year is the payment of mandatory grants measured by the mandatory grants claims ratio
		Payment of Mandatory grants Mandatory Grants Claims Ratio	>95%	98%	At least 95% pay-out rate of mandatory grants	97.92%	2.92%	BANKSETA makes concerted efforts to encourage and support levy payers to successfully submit WSPs and ATRs in order to be paid their mandatory grant	

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>2.2 Research and Benchmarking</b>									
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	Board Approved 3 year rolling research agenda submitted to DHET by compliance due date	Research Agenda submitted to DHET by due date	Board approved three 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	None	Not Applicable	It must be noted that the annual target is a Board Approved 3-year rolling research agenda submitted to DHET by compliance due date
	Research partner sourcing	Number of research partners appointed	0	0	4	5	1	Having not appointed Research Partners in the past two financial years, BANKSETA has now started to appoint partners to implement the research agenda. Additional research partners will be appointed in the 2022/23 financial year	



## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>2.2 Research and Benchmarking (continued)</b>									
	Production of research deliverables	Number of research reports and /or working papers completed and placed on knowledge portal	17	17	5	7	2	Additional research papers were produced and made available to the sector through action learning programmes, Doctoral studies completed and Research and other research completed by BANKSETA	
<b>2.3 Annual Sector Skills Plan developed and approved by DHET</b>									
A credible sector skills planning mechanism that identifies relevant skills priorities to meet the labour market demands for the banking and alternative banking sector	Annual SSP, SP and APP; approved by Board and submitted to DHET by compliance due date	Annual SSP, SP and APP; approved by Board and submitted to DHET by compliance due date	SSP approved and submitted	Annual Board approved SSP	Annual Board approved SSP	The final SSP was approved by Board and submitted to DHET by compliance due date	None	Not Applicable	It must be noted that the output indicator is reflected as two separate targets for ease of reference and to distinguish between the SSP submission and the SP and APP submission
	Annual SSP, SP and APP; approved by Board and submitted to DHET by compliance due date	Annual Board approved SP and APP	SP and APP approved and submitted	Annual Board approved SP and APP	Annual Board approved SP and APP	The final SP and APP was approved by the Board and submitted to DHET by compliance due date	None	Not Applicable	

# PERFORMANCE INFORMATION

## Strategy To Overcome Areas Of Under Performance

All the indicators in this programme were met and, in some instances, exceeded.

## Linking Performance with Budgets

Programme/ Activity/ Objective	2020/2021			2021/2022		
	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 Grant	153 469	133 739	19 730	177 843	194 101	(16 258)

## Programme 3: Learning Programmes

**Purpose:** 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 budget allocated to this programme will directly impact on performance targets through the budget being utilised towards:

- Optimal human resources to implement programme targets (administration budget)
- Implementation of marketing and communication plan (project administration budget)

The BANKSETA performance under this programme is captured below:

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>Programme 3: Learning Programmes</b>									
<b>3.1 Sector Learnerships (Letsema &amp; Kuyasa)</b>									
Linking education and the workplace	Recruitment of learners for enrolment	Number of learners enrolled in the programme	700	0	482	483	1	One additional learner could be recruited and enrolled in the programme with the funds available	
	Feasible learner programme implementation	Number of learners completing the programme	661	459	0	0	None	Not applicable	

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>3.2 PIVOTAL Grant Funding Window: Unemployed (Includes employer driven Learnerships, Internships, Skills Programmes, Bursaries)</b>									
Identify and increase the production of occupations in high demand	Recruitment of learners for enrolment	Number of learners enrolled in the programme	715	156	720	1 021	301	BANKSETA made available funding to the sector to enrol unemployed youth on PIVOTAL Programmes in the 2021/2022 year. In addition to these programmes some programmes planned for 2020/2021 were only implemented in the year under review and learners only started the programme in 2021/2022	It must be noted that the numbers in the output indicator in the APP are incorrectly reflected and that the target of 720 learners enrolled in the programme is correct. It must also be noted that in addition to the learners reported for this indicator 329 learners were funded who enrolled in the previous financial year.  From the 1021 learners reported, 522 enrolled in learnerships, 379 enrolled in internships and 120 enrolled in Skills programmes

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>3.2 PIVOTAL Grant Funding Window: Unemployed (Includes employer driven Learnerships, Internships, Bursaries) (continued)</b>									
	Feasible learner programme implementation	Number of learners completing the programme successfully	561	411	0	229	229	There was a delay in completions due to learning being postponed and Covid restrictions. However, some learners were able to still complete due to lower Covid restriction levels and some programmes using simulation platforms	It must be noted that the numbers in the output indicator in the APP are incorrectly reflected and that the target of 0 learners enrolled in the programme is correct. It must also be noted that in addition to the learners reported for this indicator 46 learners were funded who completed the programme successfully in the previous financial year.  Of the 229 learners reported as completing the programme successfully 52 completed learnerships and 178 completed Internships



## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>3.3 Maths and Science Support</b>	Support career development services	Recruitment of learners for enrolment	269	50	1 575	2 537	962	In the past two years significantly less learners were supported in maths and science due to disruptions in the schooling system due to Covid. In the 2021/22 year an effort was made to support more learners to prepare them for the end of the 2021 school year	It must be noted that in addition to the learners reported for this indicator 821 learners were funded who registered for the programme in the 2020/21 year for which BANKSETA only received documentation in the 2021/22 year
	Feasible learner programme implementation	Number of learners participating in the programme	Not applicable	Not applicable	1 300	1 891	591	Due to more learners participating in the programme the target for completions were exceeded	It must be noted that the error on the TIDS for 2021/22 cannot be corrected, this will be improved

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>3.4 Skills For The Future: Scholars</b>									
Support career development services	Establishment of centres appropriate for the programme	Number of centres participating in the programme	Not applicable	4	4	6	2	With the funds available BANKSETA was able to fund an additional 2 centres to offer the programme to learners	It must be noted that the sub-programme description in the 2021/2022 APP and Technical indicator descriptor is incorrect and should be: The purpose of this project is to fund IT skills development in partnership with Universities and/or Universities of Technologies and register grade 12 learners in rural areas on a ICT programme
	Recruitment of learners to the Programme	Number of learners participating in the programme	Not applicable	0	400	376	-24	This target was not achieved due to 200 learners registering for the programme in March 2021. The actual learning took place in the 2021/22 year	It must be noted that the sub-programme description in the 2021/2022 APP and Technical indicator descriptor is incorrect and should be: The purpose of this project is to fund IT skills development in partnership with Universities and/or Universities of Technologies and register grade 12 learners in rural areas on a ICT programme

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>3.5 TVET Work Integrated Learning Funding Window</b>									
Linking education and the workplace	Create partnerships with TVET colleges	Number of MoUs signed with TVETs	20	0	10	24	14	Due to additional funding approved by the BANKSETA Board for this programme, more agreements could be entered into with TVET Colleges	
	Implementation of the WIL programme	Number of learners accessing WIL opportunities	876	221	543	1 691	1 148	Due to additional funding approved by the BANKSETA Board for this programme, more learners could be funded for Work Integrated Learning	
	Completion of the WIL programme	Number of learners completing WIL successfully	125	273	200	535	335	Some learners could not complete their learning due to the learning period being extended due to Covid restrictions in 2020/21. These learners have now completed in 2021/22	It must be noted that performance information for an additional 19 learners who completed their learning were received by BANKSETA in the 2021/22 year. However, due to the completion falling in the previous financial year these learners are not reported on

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>3.6 Universities of Technology Work Integrated Funding Window</b>									
Linking education and the workplace	Create partnerships with UOTs	Number of MoUs signed with UoTs	5	1	5	6	1	BANKSETA attempts to fund all UoTs and thus distributed the funding equitably to all qualifying applicants	It must be noted that the outcome for this programme is linking education and the workplace. The output is to create partnerships with UoTs
	Implementation of the WIL programme	Number of learners accessing WIL opportunities	150	138	505	505	0	Not applicable	
	Completion of the WIL programme	Number of learners completing WIL successfully	173	174	150	100	-50	It was initially anticipated that some learning will be delayed in 2020/21 due to Covid restrictions, however all learners completed and therefore the target for 2021/22 was not achieved due to less learners being in WIL Programmes	

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>3.7 Higher Education Funding Window</b>									
Identify and increase the production of occupations in high demand	Create partnerships with HEIs	Number of MoUs signed with Higher Education Institutions	24	34	10	55	45	Some funding applied for in the 2020/21 year was finalised and allocated in the 2021/22 year. BANKSETA attempts to fund all public universities and thus distributed the funding equitable to all qualifying applicants	
	Funding/ bursaries for demand driven skills	Number of learners enrolled in the programme	1196	1 424	600	717	117	Some funding applied for in the 2020/21 year was finalised and allocated in the 2021/22 year and thus the learners registered in 2021/22	It must be noted that BANKSETA received performance information in 2021/22 for an additional 913 learners who registered in the previous financial year. These learners do not form part of the reported figure



## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>3.7 Higher Education Funding Window (copntinued)</b>									
	Completion of funding/ bursary demand driven skills programmes	Number of learners completing the programme successfully	450	453	450	885	435	After a slight delay in learners completing due to Covid restrictions at Universities the completions have now increased and thus more completions can be reported	It must be noted that BANKSETA received performance information in 2021/22 for an additional 90 learners who completed in the previous financial year. These learners do not form part of the reported figure
	Development of capacity building for Lecturers	Number of lecturer bursaries signed	130	63	50	64	14	Funding applications received were at a lower cost than expected and therefore more lecturer bursaries could be awarded	
	Completion of funding/bursary for lecturer programmes	Number of lecturers completing the programme successfully	5	0	25	85	60	More lecturers were awarded bursaries and therefore more completed	

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>3.8 NSFAS Support</b>									
Increase access to occupationally directed programmes	Reimbursement of learners completing the programme	Number of learners reimbursed for completing the programme successfully	0	0	80	96	16	Funding application received was at a lower cost than expected and therefore more student debts could be settled	It must be noted that the objective of the programme is to settle historic debt of students who completed successfully and therefore the completions will be from previous years. The number is thus reported on regardless of the time of completion
<b>3.9 Career Awareness</b>									
Support career development services	Conducting career awareness	Number of career awareness workshops conducted	45	0	40	0	-40	This project was not implemented due to disruptions in the schools due to Covid. The focus was on student support for the academic year and not training of life orientation teachers	

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>3.9 Career Awareness (continued)</b>									
	Training Life Orientation Teachers	Number of Life Orientation Teachers trained	1 248	0	500	0	-500	This project was not implemented due to disruptions in the schools due to Covid. The focus was on student support for the academic year and not training of life orientation teachers	
	Distribution of career guides	Number of career guides distributed	5 277	7 000	5 000	5 884	884	After many events being cancelled in the 2020/21 year and in the first part of 2021/22 due to Covid a concerted effort was made to distribute more guides so that career information could be shared with learners and other stakeholders	

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>3.10 Leadership Development Programme</b>									
Improving the level of skills in the South African workforce	Recruitment of programme participants	Number of learners / executives enrolling for the programme	0	0	200	0	-200	A provider to deliver this programme has been contracted. Recruitment and selection has started however, the performance information will not be received in time to report in Q4. Achievement will be reported on in the 2022/23 financial year	It must be noted that for these output indicators the terms learners and executives are used interchangeably and mean the same
	Implementation of LDP	Number of learners completing the programme successfully	0	0	180	0	-180	A provider to deliver this programme has been contracted. Recruitment and selection has started however, the performance information will not be received in time to report in Q4. Achievement will be reported on in the 2022/23 financial year	

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>3.11 PIVOTAL Grant Funding Window</b>									
Improving the level of skills in the South African workforce	Recruitment of learners for the programme	Number of learners enrolled in the programme of which: 1250 employed Learnerships enrolled 1300 Bursaries entered 366 Skills Programmes	3 607	3 689	2 916	1 266	-1 650	The funding process to fund employers for learners on PIVOTAL Programmes were implemented too late in the 2021/22 financial year and therefore this target has not been achieved. BANKSETA will allocate funding earlier in the 2022/23 financial year improve on this programme implementation	It must be noted that BANKSETA received performance information for an additional 1308 learners in 2021/2022. However due to the learners having enrolled in the previous financial year they are not included in the reported figure. Of the 1266 learners enrolled, 954 enrolled in learnerships, 92 enrolled in bursaries, and 220 enrolled in Skills Programmes

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>3.11 PIVOTAL Grant Funding Window (continued)</b>									
	Implementation of the programme	Number of learners completing bursaries, skills programmes and qualifications completed through RPL successfully	1 747	3 540	1 740	814	-926	Due to funding being allocated late and learners enrolling later than planned, this target has not been achieved	It must be noted that BANKSETA received performance information for an additional 1450 learners in 2021/2022. However due to the learners having completed in the previous financial year they are not included in the reported figure.  Of the 814 learners completing successfully, 571 completed learnerships, 73 completed bursaries, and 170 completed Skills Programmes



## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>3.12 Reskilling of employees funding window</b>									
Improving the level of skills in the South African workforce	Recruitment of Learners for the programme	Number of learners enrolling the programme	4 642	0	1 200	0	-1 200	Despite having reviewed the Funding guidelines to ensure flexibility for potential applicants, BANKSETA received no applications. In the coming financial year, this project must be reviewed and other implementation methodologies must be investigated	
	Implementation of the reskilling programme	Number of learners completing the programme successfully	645	1 735	600	829	229	More learners who entered in previous financial years have now completed their programmes successfully and therefore this target is exceeded	It must be noted that BANKSETA received performance information for an additional 45 learners in 2021/22. However due to the learners having completed in the previous financial year they are not included in the reported figure

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>3.13 IT Funding Window</b>									
Improving the level of skills in the South African workforce	Recruitment of learners	Success is measured by the number of learners entering the programme	413	82	300	476	176	Due to the costing of programmes applied for being lower than anticipated, additional learners could be funded	It must be noted that BANKSETA received performance information for an additional 18 learners in 2021/22. However due to the learners having enrolled in the previous financial year they are not included in the reported figure
	Implementation of the programme	Success is measured by the number of learners completing the programme successfully	282	31	150	352	202	Due to more learners being funded the completion target has been exceeded	

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>3.14 SME Funding Window</b>									
Skills development support for entrepreneurship and cooperative development	Recruitment of programme participants	Number of SME Organisations accessing funding	141	26	100	101	1	BANKSETA was able to fund one additional SME with the funding available	
	Implementation of the programme	Number of SME Organisations completing the funded programme successfully	78	14	60	68	8	After a low completion rate in the previous financial year due to delays in implementation, more programmes than anticipated completed successfully in the 2021/22 year	

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>3.15 Entrepreneurship Programme</b>									
Skills development support for entrepreneurship and cooperative development	Recruitment of programme participants	Number of participants enrolled to the programme	405	0	200	0	-200	Procurement of a training provider resulted in a non-award and therefore the BANKSETA opened a funding window to invite applications from a broader audience. This process has now concluded but implementation will only be reported on in the 2022/23 financial year	It must be noted for this performance indicator for 2021/22 the terms learners and participants are used interchangeably and have the same meaning
	Implementation of the programme	Number of learners completing the programme successfully	346	0	180	0	-180	Procurement of a training provider resulted in a non-award and therefore the BANKSETA opened a funding window to invite applications from a broader audience. This process has now concluded but implementation will only be reported on in the 2022/23 financial year	

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>3.16 Co-operative Financial Institution Support</b>									
Skills development support for entrepreneurship and cooperative development	Recruitment of programme participants	Number of CFIs assisted with skills development.	33	18	30	4	-26	This target was not fully achieved. A partnership agreement was signed with the Department of Economic Development however the procurement of providers to deliver the training is still underway and implementation will happen in 2022/23	
	Implementation of the programme	Number of CFI members trained.	303	509	300	240	-60	This target was not fully achieved. A partnership agreement was signed with the Department of Economic Development however the procurement of providers to deliver the training is still underway and implementation will happen in 2022/23	

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>3.17 Rural Areas focused training</b>									
Support career development services	Support career development services	Number of rural areas receiving capacity building	21	0	10	22	12	After non implementation in the previous financial year and a delayed start in 2021/22 this project is now fully implemented and all efforts were made to increase delivery	
	Implementation of the programme	Number of rural based learners attending training	1 597	0	1 500	1 946	446	After non implementation in the previous financial year and a delayed start in 2021/22 this project is now fully implemented and all efforts were made to increase delivery	



## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>3.18 Executive Development Programme: Development Finance</b>									
Improving the level of the skills in the South African workforce	Recruitment of programme participants	Number of learners entering the programme	0	0	20	20	0	Not applicable	
	Implementation of EDP	Number of learners completing the programme successfully	0	0	18	20	2	Due to strong support from the provider and commitment from learners all who entered completed successfully	
<b>3.19 Doctoral and Post-Doctoral bursaries</b>									
Identify and increase the production of occupations in high demand	Recruitment of programme participants	Number of bursaries awarded to students	20	4	25	20	-5	Some students who received bursaries had already registered at the start of the academic year and therefore the registration date to them registering falls outside of the financial year and will not be counted towards the achievements	It must be noted that BANKSETA received performance information in 2021/22 for an additional 7 students but due to them registering in the previous financial year these students are not reported on

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>3.19 Doctoral and Post-Doctoral bursaries (continued)</b>									
	Implementation of the programme	Number of students completing successfully	20	1	7	1	-6	The students were due to complete in December however they were granted 6 months extension and therefore will only complete in May 2022	It must be noted that BANKSETA received performance information in 2021/22 for an additional 3 students who completed successfully but due to them completing in the previous financial year these students are not reported on
<b>3.20 NEDLAC partnership</b>									
	Improving the level of skills in the South African workforce	Recruitment of learners to the programme	Not applicable	0	0	342	342	The topics covered are Covid related and aim to inform and create awareness. This project did not have a specific learner target as it is needs driven and depends on learner registration and the need for awareness and information	

# PERFORMANCE INFORMATION

## Strategy To Overcome Areas Of Under Performance

In auditing this programme the AGSA identified the following issues:

- Various performance indicators that were not consistent with the planned indicators
- Inadequate processes to ensure consistent measurement and reporting of performance against the predetermined indicator definitions involving the Maths and Science indicator

The above relate to inadequate reviews of the APP prior to its approval by the Executive Authority. The BANKSETAAPP 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.

Strategy to support career development services: The BANKSETA will prioritise the procurement of a provider to conduct 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.

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 must be reviewed and expanded on to allow a more flexible and pro-active approach. A partnership with the union must be forged to upskill and reskill members in addition to the initiatives by employers.

Strategy to implement the entrepreneurship programme: Funding guidelines to allow a wide array of applicants to access funding in support of entrepreneurship support has produced the desired result and this target will be achieved in the 2022/23 year. Increased numbers will allow the 5-year target to be achieved. To ensure the desired impact is achieved this programme is included in the impact assessment study planned for 2023/24.

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.

## Linking Performance with Budgets

Programme/ Activity/ Objective	2020/2021			2021/2022		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Discretionary Grants	744 288	323 419	420 869	1 163 775	522 670	641 105

**Programme 4: Quality Assurance**

**Purpose:** 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.

**Annual Performance Report for the Period 1 April 2021 to 31 March 2022**

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>Programme 4: Quality assurance</b>									
<b>4.1 Quality Management of training provision</b>									
Occupational qualifications for the banking and alternative banking sector	Identification and registration of occupations	Number of Curricula and Quality Assessment Specifications documentation submitted for registration.	2	1	1	3	2	This achievement includes the two additional part qualifications developed for the Business Banker as required by the QCTO and SAQA	

## Annual Performance Report for the Period 1 April 2021 to 31 March 2022

Outcome	Output	Output Indicator	Audited Actual Performance 2019 - 2020	Audited Actual Performance 2020 - 2021	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement 2021 - 2022	Reasons for Deviations	Comments for Noting
<b>4.2 Quality Management of training provision, assessment and certification of legacy qualifications</b>									
Quality management of training provision against legacy qualifications to certify learners	Processing of due learner certifications	Number of learners that are verified and certificated on BANKSETA qualifications.	5 962	7 346	1 000	5 312	4 312	BANKSETA had a backlog of certificates that had to be issued. This was caused by the MIS not being operational. Measures were put in place to address the backlog and this was done, leading to the over achievement against the target. In addition, BANKSETA qualifications had been extended by SAQA and there remains a great need for those qualifications. BANKSETA ensures a quick turnaround time for moderation and certification of learners	
	Development of quarterly report	Timeous and accurate submission of the QCTO Quarterly Report	4	4	4	4	0	Not applicable	

# PERFORMANCE INFORMATION

## Linking Performance with Budgets

Programme/ Activity/ Objective	20YY/20ZZ			20XX/20YY		
	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	5 793	5 793	0	3 951	3 951	0

## Revenue Collection

Sources of Revenue	2020/2021			2021/2022		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
1. Revenue from exchange transactions	32 000	45 071	13 071	40 500	47 719	7 219
2. Revenue from non-exchange transactions	632 515	599 048	-33 467	733 373	848 244	114 871

### Revenue From Non-Exchange Transactions

The levy receipt for the current year was 10 per cent higher than the budgets for the year. There was a four-month levy holiday in the prior year, therefore the prior year amounts are not comparable.

The major stakeholders rebounded from the negative impact of the Covid-19 restrictions on the economy and posted strong results. This was reflected in the skills development levy receipts. The levels are, however, still not at the pre-Covid levels. Included in this category is **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 incorrect 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 significantly vary from year to year. The full amount received is made available for discretionary projects. This year the amount decreased by 9.4 per cent from the prior year. This analysis indicates that it is a few big bank levy payers with tax compliance matters.

### Revenue From Exchange Transactions

Investment revenue from exchange transactions was 39 per cent greater than budgeted due to the BANKSETA having a larger investment pool than budgeted due to discretionary grant and project expenditure being lower than budget. The average rate of 3.99 per cent is in line with budget.

### Capital Investment

BANKSETA does not have infrastructure projects.



## PERFORMANCE HIGHLIGHTS

### Strategy and Research

The role of the Strategy and Research Department is to provide insightful leadership to research, strategic planning, and skills planning. This is to fulfil BANKSETA's objective of providing knowledgeable and evidence-based research for the development of the sector, including the sector skills plan (SSP), as well as informing the BANKSETA's strategic and annual performance plans. In addition, the department is responsible for knowledge management and monitoring and evaluation. All these aspects contribute to the BANKSETA's overall objective to provide skills development.

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 advertised for applications to conduct the research by academic and research institutions, individuals and consulting firms.

The research agenda for 2021 to 2025 consists of 14 projects. They are:

Title of a Research Project	Purpose of Research	Name of Service Provider/ Research Partner	Start date	Anticipated completion date
Skills analysis of Fintechs and how they contribute to skills gaps in the banking sector	To analyse the skills of Fintechs and how they contribute to the skills gaps in the broader banking	Cape Peninsula University of Technology	1 April 2021	31 March 2024
Barriers to skills development contribution to the transformation of the banking sector	To assist in the transformation of the banking and alternative banking sector	Cape Peninsula University of Technology	1 April 2021	31 March 2024
Skills needs of financial cooperatives and community led savings organisations	To establish how the BANKSETA can create a system that is more responsive to the current skills need of the sector	BANKSETA-Nelson Mandela University Research Partnership	1 April 2021	31 March 2023
Emerging and new occupations in the banking and alternative banking sectors	To determine the extent of the demand and the training needs	Mzabalazo Advisory Services	1 April 2022	31 March 2024
New Management Development models for the banking and alternative banking sector	To identify skills that would equip the managers and executives of the banking and alternative banking sector with skills that fit the current demands	Mzabalazo Advisory Services	1 April 2022	31 March 2024

# PERFORMANCE INFORMATION

Title of a Research Project	Purpose of Research	Name of Service Provider/ Research Partner	Start date	Anticipated completion date
Skills implications for the banking sector and skills development	To establish how banks could lend its local transaction data analytics and insights to help city planners plan and run services	Mzabalazo Advisory Services	1 April 2022	31 March 2024
Regulatory analysis of the banking and microfinance and skills implications  What are the skills needed for cooperatives and regulation of micro-finance	To determine the extent of regulation and its implications in the banking and microfinance sector	Melatrend Management Consulting	1 April 2022	31 March 2024
The future of work and new models for youth skills development in the banking sector	To determine the impact of robots, automation, and artificial intelligence as they perform more tasks and create massive disruption of jobs. To what extent will the wider array of education and skills-building programmes be created to meet new demands?	Melatrend Management Consulting	1 April 2022	31 March 2024
Investigating the value of professional designations within the banking sector	To investigate the value of a professional designation within banking	Wits Commercial Enterprise (Pty) Ltd	1 April 2022	31 March 2024
The implications of drastic changes brought by Covid-19 to the workplace and skills development	To analyse the implications of Covid-19 to the banking and alternative banking sector and skills development	Redflank Solutions (Pty) Ltd	1 April 2022	31 March 2024
Meeting the demand of new skills through qualifications within the banking sector	To explore how new qualifications in the banking sector can be made available within a short timeframe and the recognition of informal learning	Melatrend Management Consulting	1 April 2022	31 March 2024
Constraints in the SETA funding model and possible mitigating strategies	To establish to what extent are the current funding opportunities constrained by current legislative frameworks and requirements	University of Venda	1 April 2022	31 March 2024

# PERFORMANCE INFORMATION

Partnerships that concluded in 2021 were with the University of the Witwatersrand (digitisation and technology with special emphasis on cyber security and mapping of occupations), Durban University of Technology (4IR with emphasis on financial technology) and Rhodes University (development of a monitoring and evaluation framework for all SETAs). Research partners provide regular opportunities for the BANKSETA to interrogate and scrutinise the research and provide regular feedback on milestones reached. This is especially important for a fast-moving sector such as banking.

Interesting findings have emerged from this year's research for the sector skills plan. 2022 saw a decline of nearly four per cent in employees in the provinces that have the highest numbers of bank employees (from 196 402 in 2021 to 188 589 in 2022). This could be due to several factors, although research will need to be done to be sure of them. There has also been a rise in levels of education. This could be due to the various programmes offered by BANKSETA and its partners. Occupations that are declining include administrative secretaries, bank tellers and financial analysts, in favour of more digital occupations. In the case of financial analysts, the decline could be attributed to a change in the skills required. Another finding is the lack of transformation in the sector, with the number of African people occupying professional and managerial positions declining. This is in line with the findings of research by the Department of Employment and Labour. White males and Indian people remain dominant in managerial and professional positions in the sector.

Turning to occupations, mathematics has become an essential basis for all occupations in the sector. Skills needed are IT, coding, analytics, artificial intelligence, blockchain, cyber security, and risk and forensic management. Emerging occupations in high demand include data analysts and scientists, artificial intelligence and machine learning specialists, digital marketing and strategy specialists, process automation specialists, business development professionals, digital transformation specialists, information security analysts, and software and applications developers. At the same time, however, the sector still needs a good understanding of client behaviour as the client of the 1990s is different from today's client. People skills remain important, as business leaders who do not have people skills do not succeed. Other high-level skills needed are critical thinking, problem-solving and conflict resolution.

The department's strategic focus for 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 to be transparent so that the process continues to upskill people in their current occupations to what will be needed for the sector to remain competitive.

## Skills Development

The Skills Development Department facilitates and oversees the implementation of the discretionary grant funding for employed staff in the banking and alternative banking sector.

Under the discretionary grant funding, funding windows are opened for specific programmes. Funding windows allows employers the flexibility to implement programmes in a way that is appropriate for their organisation. It also allows flexibility in content, duration, implementation dates and training provision platforms.

The department is responsible for managing the mandatory grant process for the medium and large banks in the banking sector thereby ensuring that stakeholders are updated on this process, and trained on the BANKSETA MIS in order to successfully submit their workplace skills plans and annual training reports (ATR) annually online. We upskill the skills development facilitators (SDFs) of the various employers annually through information sessions and a training session on the MIS. We provide them with a detailed training manual, frequently asked questions document (especially for new SDFs), and work with them in groups or one-on-one sessions. This allows employers to familiarise themselves with the process and MIS.

Projects in the department are:

- Reskilling
- IT skills funding window project for short courses in IT
- Online funding window short courses
- Doctoral and post-doctoral programmes
- Leadership programme
- PIVOTAL grant funding for bursaries, RPL and learnerships.

The objective of the Skills Development Department is to implement skills development programmes through partnerships to enable our stakeholders to advance the national and global position of the

broader banking and alternative banking sector. Objectives are met by rolling out skills development programmes for the employed by, for example, opening up funding windows that are either employer/employee driven, based on their specific needs, or market driven, such as the leadership development programme. In the former case, the employer runs the programme, while in the latter, BANKSETA issues a tender to the market to appoint a suitable service provider. Funding windows are popular among employers as they provide flexibility to focus on their particular requirements. Several categories are available for applications, such as learnerships, bursaries, RPL and skills programmes.

A success of the past year was the opening up of a funding window for online short course funding. This was in response to a need in the market to allow for training programmes that are not accredited and therefore cannot fall into the PIVOTAL category. Opening up a funding window gave greater flexibility to respond to the demands of the market.

A critical aspect of this department is its interaction with stakeholders which are all the banks and alternative banking and financial institutions (those with fewer than 50 employees). This is achieved through annual information sessions about submitting their WSPs and ATRs which are due annually by 30 April. Other training sessions about the funding windows available are also held. Steering committee meetings discuss issues relating to providers, drop offs, and restructuring, retrenchments and resignations. One on-one sessions with stakeholders about contracts are conducted, and the team makes itself available in the period before the closure of funding windows to assist employers with the application process. Intensive support is provided to applicants to ensure their applications are correct and submitted before the deadline, as the online system closes exactly at midnight on 30 April. of each financial year. This assists greatly in ensuring that the majority of applications are correctly submitted in time.

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The WSP is a document that provides the skills needs of an organisation, and what skills development interventions will be used to address such needs. This is a strategic document linked to each organisation's strategy and to individual employee development needs.

The ATR is a report of all the skills development initiatives that were delivered the previous year. This report provides an indication of how the organisation performed against their target of skills development needs identified in the WSP submitted the previous year. Submission of these reports serves as a pre-requisite for employers to participate in discretionary grant activities and ensures that the approved organisations received their mandatory grants paid to them quarterly as per the BANKSETA's Mandatory Grant Policy.

The number of WSPs received in 2021 were:

Size of Organisation	Target	Submission Received	Comments
Medium	49	40 submitted (including 1 NLP)	Submissions declined by 7 compared to 2020 submissions
Large	73	73 submitted (including 1 NLP)	Submissions declined by 5 compared to 2020 submissions.

These changes are because of changes in company sizes and some companies that no longer exist because of various reasons, such as:

- Organisations that did not submit
- Organisations that closed down between 2020/21
- Organisations that migrated between 2020/21
- Organisations that transferred out of the SETA.

Seven organisations requested extension to submit their WSP/ATR by the end of May 2021. All companies met the extension deadline. Only one organisation was not able to submit following its integration with its main organisation.

It should also be noted that the banking and alternative banking sector is still recovering from

the aftermath of the Covid-19. The mere fact that so many employees started and finished their studies is commendable.

The department's doctoral and post-doctoral programme has continued, as did the IT skills project. The latter was delayed in the previous year due to the late approval of the funding window, but was implemented with great success in 2021/22. The IT skills funding window is very popular and accommodated the following short courses:

- Identify and explain risks and recommend security solutions
- ITIL Foundation
- AWS/AZURE
- ISTQB Advanced Technical tester
- JAVA for testers
- Microsoft Office: End User Computing
- Practical TOGAF
- Scrum Agile Master
- JAVA programming
- Working in Macros in Excel
- CompTIA
- Cloud Computing
- Web Development
- HTML5 with JAVAscript and CSS3
- Sharepoint Online workflow development
- Querying Data with Workflow Development
- Visual Basic for Excel
- Change the appearance of a spreadsheet

The reskilling project focuses on employees whose roles have been affected by restructuring or retrenchment. Quarterly meetings are held with stakeholders to determine the extent of the need, especially because of downsizing of companies during the Covid-19 pandemic. The funding window for this project stays open throughout the year to cater for this. BANKSETA held a special steering committee meeting with employers in August and November 2021 to finetune the funding window guidelines to adapt to the ever-changing landscape within the banking and alternative banking sector. Investing in reskilling or upskilling promotes a dynamic corporate culture that is committed to continuous professional development that helps to build a culture learning that is effective. The result is a more versatile workforce and an organisation that is better prepared to face future challenges. Continued professional development interventions allows the individual to meet legislative requirements.

# PERFORMANCE INFORMATION

Future plans are to successfully implement existing programmes and meet targets, as well as open up new funding windows. The department aims to increase funding for certain projects, such as the IT skills funding window, PIVOTAL grant funding window and doctoral and post-doctoral funding window.

The Skills Development Department prides itself on changing the lives of people in the banking and alternative banking sector, especially those who do not have the means to fund their own learning.

## PhD Funding Beneficiary

### Helping To make The Sector More Competitive With Ground-breaking Research

BANKSETA's research portfolio aims to provide insightful leadership research that contributes to the competitiveness of the banking sector in South Africa. Dr Kuhle Zwakala completed his doctoral thesis with financial assistance from the BANKSETA.

His thesis, titled "Brand identity-image congruence framework for business-to-business banks within South Africa", has provided a unique framework for banks to build coherent brand identities. Dr Zwakala hopes that his research findings and recommendations are applied in the banking sector, as the research will have a positive impact on the competitiveness of banks.

The study investigated whether brand identity is congruent with brand image in South African bank brands and found that brand identity in the sector is largely not in line with brand image.

Dr Zwakala emphasised that to the best of his knowledge, the research study is the first of its kind, and therefore makes a unique contribution to the body of literature on strategic brand identity management that can guide academic investigations into the topic as well as practitioners' application.

In explaining how he was encouraged to conduct this research, he states that as he is a lecturer at the Cape Peninsula University of Technology, his studies found a gap between marketing theory and practice. Marketing executives in the banking sector too often make decisions that are not informed by theory, he says.



Dr Kuhle Zwakala

The research established that there is a disjunct between the marketing and culture of one of South Africa's big four banks and the bank's employees who do not resonate with its brand identity. This finding was based on an analysis between what the bank communicates about itself, and what the employees' perceptions about the bank are, especially those in more junior levels.

As a marketing theorist, he emphasises that banks need to align themselves internally so that they can communicate a consistent message. If there is internal buy-in with the messages, employees will believe what the bank says in its marketing. Misalignment means a diluted message, he adds.

This research will give banks a scientific model through which to make correct strategic decisions. He is concerned if banks are making strategic marketing decisions based on research done scientifically.

Dr Zwakala was informed about the BANKSETA during his engagement with a colleague who was interacting with one of the other SETAs. At the time, he says, his research was in its infancy.



## PhD Funding Beneficiary *(continued)*

He interacted with BANKSETA officials and was impressed with the interest shown in his work. He explains that the process leading to the signing the memorandum of understanding (MoA) was managed professionally and efficiently.

Dr Zwakala describes the BANKSETA team as “ethical, straight forward, and transparent and its processes as seamless. With such an approach, the BANKSETA’s research is set to make a ground-breaking contribution to the broader banking sector,” he concludes.

## Youth Development

South Africa's high rate of youth unemployment makes the work of the Youth Development Department of great importance. Through its learnerships, internships, bursaries and skills development projects, the BANKSETA is making a valuable contribution towards youth employability, thereby addressing poverty and unemployment in South Africa. This is evident from the employment rate from its flagship programmes of approximately 65 per cent.

During 2021/22, BANKSETA continued its learnerships in the forms of the Letsema project for post-matriculants (116) and the Kuyasa project for postgraduates. Kuyasa has two streams: one involves generic management (320) in which learners are groomed as junior managers, while the other is a more specialist programme lasting 12 months and focusing on business analysis (47). During the year, 483 learners enrolled in the programme (target: 482).

Planning for the new national internship programme has begun and will be rolled out in the new financial year, in response to the President's initiative for reconstruction and recovery. This will fund internships for 4 552 young people. A specific emphasis will be on all categories of Internship and the initiative will reach beyond the banking sector to business in general.

The cyber security programme achieved two intakes for 2021/22 of 250 learners, all of whom were placed in the banking and other sectors, such as education and IT. The workplace experience programme experienced a gradual recovery following the negative impact on work placements caused by the Covid-19 pandemic.

The employers' funding process for learners on PIVOTAL programmes was implemented too late in 2021/22 for its target to be achieved. BANKSETA will allocate funding earlier in 2022/23 to improve on this programme's implementation. Under the PIVOTAL grant funding window for the unemployed, that includes employer driven learnerships, internships, skills programmes and bursaries, 1 031 (target: 720) learners were enrolled for the programme. In addition to the funding made available in 2021/22, some programmes for 2020/21 were only implemented in this year, resulting in the target being exceeded.

The department's plans for the new financial year include programmes that are more IT based.

## Cyber Security Learnership Beneficiary

### Cyber Security - A Occupation In High Demand... A Blessing That Opens Doors

For 25-year-old Trishen Chengiah, a learnership funded by the BANKSETA has opened many doors and unquestionably been a blessing in his life.

Trishen is currently undertaking his BANKSETA Cyber Security learnership programme with Standard Bank. His duties involve maintaining levels of trust and service of the bank's customers through cyber security and identity protection activities.

Trishen knew from a young age that his career would be in the information technology profession hence he was driven to obtain an IT management Diploma qualification from Rosebank College. After graduating, he did not have employment but through internet research, he came across BANKSETA's learnerships programmes information on a careers' portal. The information was interesting, and he applied for the learnership opportunity and was successful. The rest, as they say, is history.

As a person who works well under pressure, his current fast paced work at Standard Bank is suited to his personality. He also describes himself as being highly motivated and committed. Trishen states that the learnership programme



Mr Trishen Chengiah

has provided him with a deeper knowledge and greater practical skills in the cyber security field. In college, he states, "learning is broad and mostly theoretical, whereas in the learnership programme, focus is on multiple areas of competence". He pays tribute to his managers who taught him new aspects of the work deliverables and expected performance daily.

Trishen's long-term goals are to prosper in the banking sector and to contribute as much value as he can on a path of becoming an expert in his area.

This young man is highly appreciative of the BANKSETA and the work the BANKSETA team exceptionally performs and more specifically, he is appreciative of the BANKSETA's mandate in playing a key role in youth development initiatives.



## Work Integrated Learning (WIL) and Bursaries

The objective of the work integrated learning (WIL) and bursary department of BANKSETA is to address the shortage of scarce and critical skills in South Africa within the banking and alternative banking sector. This contributes to BANKSETA's overall objective of providing a competent cohort of skilled employees for the banking and micro finance sector.

The objective is achieved through a multi-pronged approach. First, public institutions of higher learning are engaged to respond to the needs of the banking sector. Second, WIL works to bridge the gap between the requirements of the industry for employees with specific skills on the one hand, and the supply of such skills by current workers and new entrants into the economy on the other. Third, bursaries are provided through partnerships with universities. The support is holistic, covering tuition, textbooks and accommodation, and is renewable annually depending on the students' academic progress and availability of funds.

Successes for 2021/22 include the number of learners (885; target: 450) funded with bursaries from the BANKSETA for the past few years who will be graduating from higher education institutions in 2022. The increase in numbers is an indication of the programme's success, as is the fact that most students are from disadvantaged backgrounds, with two thirds of them being women.

Under the higher education funding window, funding for bursaries for 717 students was provided (target: 600). In addition, performance information for a further 913 learners who registered in the previous financial year was received: these do not form part of the reported figure. The target for partnerships with universities was set at 10. With 55 university partnerships, this was far exceeded. During the year, 885 students (target: 450) and 85 lecturers (target: 25) successfully completed their programmes, while 64 new lecturer bursaries (target: 50) were signed.

The focus areas for BANKSETA are actuarial science (accounting) and bachelors of science (IT) and commerce (IT and finance, economics, financial markets or financial modelling and accounting).

Of the University of Pretoria students who were funded during the year, 14 have now completed their BCom Informatics degrees, and eight have completed the honours programme in that discipline. The market will therefore benefit from a group of highly skilled graduates from a quality programme such as that offered by this institution. Training in these skills is a high priority as there is great demand for skilled professionals who also have comprehensive information technology (IT) skills.

In respect of partnerships with various institutions of learning for the WIL programme, 24 MoUs (target: 10) were signed with TVET colleges, six (target: 5) with universities of technology, and 55 (target: 10) with higher education institutions. All targets were thus exceeded, in part because of additional funding allocated by the Board and in part due to some funding in 2020/21 only being finalised in 2021/22. As a result of the increased funding, 1 691 learners accessed WIL through TVETs (target: 543), and 505 through universities of technology (target: 505).

A highlight of the year was the pass rate of 70% of students from the Vaal University of Technology, a good achievement given the negative impact of the Covid-19 pandemic. Of the 129 out of 188 students who will graduate, 52 learners have already found employment in the sector and will bring their newfound skills to bear for their employers.

The digitisation programme for youth with disabilities was implemented in five provinces, with 249 learners with aptitudes for digital marketing, cloud computing and big data analytics recruited. Of these, 69 per cent completed the programme successfully. The agreement between BANKSETA and the service provider incorporated the need for and use of learning tools for learners with disabilities.

With digitisation at the forefront of workplace skills requirements, BANKSETA is investing in programmes linked to the National Certificate: Information Technology (NQF level 5). The focus is on digitalisation as a driver of scarce and critical skills for the banking and alternative banking sector. This is part of BANKSETA's objective to empower

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the youth with relevant digital skills that are suitable for the broader banking sector. The programme will be implemented in all provinces to benefit 350 unemployed post matric learners with disabilities. Work-readiness and entrepreneurial components will be included.

Apart from the plans outlined in the previous paragraph, BANKSETA aims to provide funding for at least 600 unemployed learners in 2022/23 and aims to have 450 learners completing the programme. Students will be funded at both TVET colleges (976 students), with which 20 Memoranda of Agreements (MoAs) will be signed and universities of technology (281 students), with which five MoAs will be signed.

## Bursary Beneficiary

### Changing Lives Through BANKSETA Bursary Funding

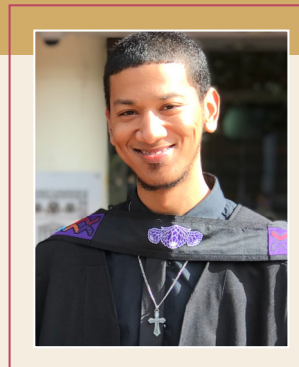
The financial support that BANKSETA provides to bursary beneficiaries provides comfort and enables them to focus more on their studies. When the support is of the quality provided by BANKSETA through its bursary programme, the key responsibility for learners is to keep the candle burning to succeed in their studies.

That has been the experience of Brandon Lee Wenn, who completed his BCom Honours in 2021 with the funding received from the BANKSETA.

Brandon emphasised that the assistance provided by BANKSETA was exceptional as funding was not only tuition fees, but for mentorship and a monthly allowance. This was invaluable for Brandon and his family.

Brandon's parents did not have the opportunity to matriculate. As a result, Brandon has always been motivated to achieve good grades. His biggest inspiration was his father who sadly passed on in 2012.

As luck would have it, his work supervisor informed him about the BANKSETA – and, following his bursary application, Brandon secured BANKSETA funding for an Honours degree.



Mr Brandon Lee Wenn

His supervisor then offered to speak to BANKSETA – and, following his application, Brandon was very soon on his way with bursary funding for an honours degree secured.

Currently he works as an intern at the Maitland Group where he is part of the Microsoft Platform Services team.

With a bright future ahead of him, Brandon is grateful to BANKSETA for the support provided to him. He adds “My success story is proof that one must believe and trust in God and that at the end of the day, everything will work out.”

## Alternative Banking

The Alternative Banking Department facilitates skills development for BANKSETA small employers, rural communities, cooperatives and stokvels. Its overall objective is the development of small business, entrepreneurship, rural community development and cooperative finance.

The department achieves this objective by promoting the interests of employers who belong in the banking sector by description of their SIC code, such as banking intermediary and related services, cooperative financing and development finance institutions. It also has an interest in small business enterprise (SME) and rural economy development. The economic recovery and reconstruction programme (ERRP), developed post Covid-19 as a national priority, also falls in the ambit of this department as it involves small business support and entrepreneurship development.

Stakeholders of the Alternative Banking Department include, employer groupings, industry associations, micro finance organisations and entities with which BANKSETA forms partnerships that contribute to government's 9-point plan for economic growth. These can include Section 3A entities and municipalities, for example.

During the year under review, BANKSETA implemented a partnership with the South African Local Government Association (SALGA) as part of its Rural Development Project. This highly successful partnership trained 1 946 beneficiaries, estimated to have come from more than 1 000 businesses, in rural municipalities in nine provinces (target: 1 500 beneficiaries) and achieved a high level of recognition by several stakeholders. A partnership with an organisation such as SALGA gives great benefit as a conduit to struggling rural municipalities. The project concentrated on financial management skills through traditional classroom training, as many people in rural areas have limited access to data and laptops.

The highly credible research component of the project was conducted by an external service provider and included representatives from institutions across the globe responsible for spatial planning. This three-

year partnership will continue in the same format in 2022/23.

The Executive Development Programme (EDP) is a content-based project focused on development finance and involving a cohort of twenty executives from the alternative banking sector. The programme was conducted through Regenesys Business School and included an international component in the form of speakers from Europe, Africa and the Far East. While it was not possible to include travel to different countries for experiential learning because of the Covid-19 pandemic, it is hoped that this element can be configured differently in the coming year. The programme is intended for the transformation of middle management to executive level and is an NQF level 8 programme.

The Entrepreneurship Development Project has evolved to support businesses holistically, rather than the training component only. The target audience for entrepreneurship funding window was government agencies (for example, municipalities running entrepreneurship programmes), NGOs and CBOs who are playing an excellent role in rebuilding the economy, BANKSETA employers (for example, corporate social investment programmes) and public higher institutions of learning. Such was the interest in this project that it is clearly fulfilling a need to accelerate the economic growth. Specific categories of business were targeted, including the green economy, food creation, digital enterprises and women in business.

Training of SMEs continued through the SME funding window, with the BANKSETA meeting its target of supporting 101 businesses. This programme always has a positive impact on skills training. BANKSETA's employers will always apply for critical skills training that they need; it might change its training content, but employers will always have a need for it.

Another partnership, with the Cooperative Banks Development Agency (CBDA), continued with some roll over funding from the previous financial year and remains an important project to promote and advance the social and economic welfare of all South Africans by enhancing access to banking services. This has been a critical partnership in supporting and

# PERFORMANCE INFORMATION

strengthening the governance boards of community finance institutions (CFIs). During the year, 24 CFIs were trained. Because of the changes being made to the CBDA, the funding window name has changed to the CFI/SME window. A targeted approach will be done to see how many CFIs can access funding under this window.

In 2022/23, the ERRP project will give priority to infrastructure investment, industrialisation, energy security, tourism, mass public employment, and the agriculture and food industry. BANKSETA is confident that this programme will be a significant boost for the economy.

## EDP Beneficiary

### A Journey to Make a Difference in the Community

A journey that started in 2004 with application forms for a learnership has come a long way for Gqinile Hlatshwayo as she celebrates her completion of the Executive Development Programme (EDP) through which the BANKSETA has been alongside her.

Born and raised in KwaThema, Springs where she also matriculated, Gqinile first heard about the BANKSETA's Kuyasa learnership programme from her brother. Not only did the learnership provide an NQF Level 5 qualification, it also brought many opportunities as she was assigned to ABSA. A higher diploma in banking and a post graduate qualification in management practice followed.

After a 15-year practical experience exposure at ABSA, Gqinile moved into a new area of the banking sector when she joined Iemas Financial Services, a cooperative financing company – cooperative finance being an area in which formal financial inclusion is virtually non-existent. As an executive of this company and future leader, she was chosen to be part of the BANKSETA's EDP.

Gqinile says that one of the most exciting features of the EDP is the experiential learning. By visiting cooperatives, she was able to observe the high levels of trust that people in such organisations have in each other. She was also able to experience more fully the micro-dynamics of South Africa's complex society. For example, a woman selling cakes in a township is severely impacted when loadshedding affects small profit margins. Gqinile says the experiential



Ms Gqinile Hlatshwayo

learning at this level helped her see what makes the economy sustainable.

She adds that the programme has enabled her to appreciate what helps the township entrepreneurs selling vegetables and fruit from corner stalls to make ends meet. If the bank could loan R500.00 to buy stock, that could turn into R1 000.00 to pay school fees. The decisions on credit policy made in a business such as Gqinile's has a ripple effect on the ecosystem, she says.

Gqinile speaks glowingly of the contribution BANKSETA has made to her life and how she has learned something different from every step of her journey, one that is still in progress, as she currently works towards her MBA. Last, but not least, on the educational horizon is a PhD, possibly from a prestigious institution such as Harvard University.

As the journey progresses, she aims to continue to contribute to the community by using what she has learned. Gqinile says: "We have a responsibility to make a difference." BANKSETA is certainly equipping her and thousands of others to do so.



## Quality Management

A critical aspect of all SETAs in South Africa is to ensure that the qualifications in their ambit meet the criteria set by the Quality Council for Trade and Occupations (QCTO) and the South African Qualifications Authority (SAQA). BANKSETA's quality accreditation process maintains the standard of learning programmes presented by its providers and allows the SETA to confidently present graduates who have the skills needed by the banking sector. The graduate learners also have the capacity to be transferred to other institutions in the sector and be developed for other areas of the business. All qualifications carry international compatibility.

The department's responsibilities include accreditation of training providers, registration of skills programmes, registration of assessors and moderators, external moderations, learner certification, maintenance of legacy qualifications, and the development of occupational qualifications. Assessors and moderators ensure the quality of knowledge and skills transfer, thereby securing a high calibre of learners in the sector. Vigorous checks and balances are in place to maintain the strong ethical codes of these professionals.

Frequent interaction with stakeholders is necessary and takes many forms. For example, the department is in contact with various skills development providers (SDPs) on almost a daily basis through a range of interactions. These include external verification meetings, quarterly SDP workshops based on providers' needs, and external verification of learners. Stakeholders in the form of South Africa's quality councils – QCTO and SAQA – receive regular reports on both legacy and occupational qualifications. Individuals qualifying for certain positions in the banking sector are required to be FAIS compliant, and information is provided to the Financial Sector Conduct Authority (FSCA) in this respect. BANKSETA qualifications must also be FAIS compliant and registered with the FSCA.

A highlight in 2021/22 was the registration of two qualifications with the QCTO. These were the occupational certificates of anti-money laundering analyst (118250-1) and foreign exchange officer (118229-7). Both qualifications are NQF level 6. Additional qualifications finalised during the year were that of cyber security officer, business banker officer (NQF level 5), business banker practitioner (NQF level 6) and business banker (NQF level 7).

Another highlight was the issuing of 5 312 certificates to learners, which was well above target. The department made good progress in clearing its backlog of certificates caused by the MIS not being operational.

BANKSETA's general management qualification, launched in 2019/20, continued its post Covid-19 recovery during the year and was well utilised by the sector.

E-learning and blended methodologies, developed as responses to the Covid-19 pandemic, continued post the lifting of the lockdown and have become popular. Electronic platforms continued to be used by training providers, with simulations or case studies to provide workplace experience. Providers exercised creativity in designing competitions in which learners were challenged to develop ideas for their own businesses.

A disappointment was the response of TVET colleges to the BANKSETA's efforts to involve them in learning programmes. The content of all four learning programmes, assessment tools and training was provided to the TVET colleges but, despite initial enthusiasm, few learners came through from them.

# PERFORMANCE INFORMATION

## Provincial Offices

The BANKSETA regional office teams implement various programmes within their respective areas and neighbouring provinces. Broadly speaking, objectives are to represent BANKSETA with excellence and integrity, to identify the needs of banking and

alternative banking regional stakeholders and work with them to realise their goals, and to empower beneficiaries in both urban and rural areas through the effective implementation of BANKSETA programmes.



## Eastern and Western Cape regions

Stakeholders include:

- Registered employers
- Public universities
- Public TVETs
- Office of the Premier
- Schools
- Non-governmental organisations
- Government departments
- Unemployed youth
- Skills For The Future

Successes in 2021/22 were:

- Skills For The Future project, a digital literacy project partnering with Nelson Mandela University and University of Fort Hare. BANKSETA implemented this project in the rural areas of Tsomo, Mount Coke and St Lukes within various schools for learners doing grade 12. Project was a success and learners gained skills in coding and accounting, and were also assisted with extra classes in mathematics, work readiness and career counselling.

- The Maths and Science project with the NGOs with which BANKSETA partnered was also a success. This project is also implemented in rural schools and assists learners doing mathematics, science and accounting with extra classes to achieve good results.

Since the Eastern Cape is predominantly a rural province, the existence of the BANKSETA's regional office in the province demonstrates its commitment to the servicing of rural areas. All programmes target beneficiaries from both rural and urban areas.

Most of the projects implemented in 2021/22 have been approved for implementation in the year 2022/23. The projects have been expanded by increased funding for bursaries with the universities and new projects are being implemented such as the Gender Based Violence project.

# PERFORMANCE INFORMATION

## Limpopo and Mpumalanga regions

Encompassing predominantly rural areas, one of Limpopo and Mpumalanga region's main objectives is to reach young people wherever they are. This is achieved through attending career exhibitions, and providing career booklets and materials, keeping in touch with bursary departments of universities and TVET colleges as well as students themselves, interacting with community organisations, municipalities, cooperative financing institutions (CFIs) and various government departments.

Successes in 2021/22 were:

- Combining of two projects into one in the Mopane district. Learners were able to benefit from both projects as a result.
- The fruits of SAICA accreditation for the University of Venda's BCom accounting degree, achieved in 2019. BANKSETA assisted in this process and is starting to see graduates with full accreditation emerging from the institution. The region also encourages graduates to look for employment in their home provinces, not only to save travelling costs but also to help develop the areas where they grew up.
- The Maths and Science and SFF project is now focused on grade 12 learners, particularly in rural areas, and good results are being achieved.

The region assists with implementing BANKSETA projects undertaken by all its departments. For example, the two provinces are host to 20 learners from the Letsema project who have been placed in various banks, and the region ensures that learners are making good progress and helps them address any problems they may have. For the Quality Department, the region does site visits to new providers who have applied for accreditation and checks that procedures have been followed correctly. Alternative Banking Department beneficiaries, especially in deep rural areas, receive training and information sessions.

The region is looking forward to the recruitment of two further learners in the next month to assist in its offices and further expand its work into rural parts.





## Stakeholder Engagement

The review of BANKSETA's stakeholder engagement management process is one of the fundamentals of its integrated reporting procedures. Stakeholders are key communicators of what the BANKSETA should implement to drive the skills development agenda. 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 reporting purposes during 2022/23. The approach involves the following:

- Identification of stakeholder groupings and sub-groupings
- 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 robustly with its stakeholders, each of whom has its own expectations and deliverables and is continuously improving its key strategic engagements. Internal controls measure the engagement from various levels in the organisation. Various communication methods, such as ad hoc meetings and steering committee meetings, email, telephone, online communication, forums, exhibitions and other relevant events, are used. For organisational engagement and communication efforts, an integrated approach was implemented to drive brand awareness and strengthen stakeholder communication and engagement through utilising promotional methods such as advertising, media relations, public relations, direct marketing, social media and the website.

## Stakeholder Satisfaction Survey

The purpose of the survey, conducted annually, is to assess stakeholders' overall satisfaction and perceptions of BANKSETA's offerings and their experience of BANKSETA's service.

BANKSETA stakeholders are Board members, staff, the ministries of basic education and higher education and training, the National Treasury, the Auditor-General of South Africa, strategic partners in the banking and alternative banking sectors, unemployed learners, employed beneficiaries, accredited training providers, financial cooperatives, small, medium and large companies in the banking and alternative banking sectors, community based organisations (CBOs), non-profit organisations (NPOs), non-governmental organisations (NGOs), legislative bodies, institutions of higher learning, industry bodies, service providers, media and the general public. The survey is conducted with stakeholders for whom the BANKSETA has provided services and engaged.

The research methodology applied was qualitative and quantitative. The overall rating for the 2021/22 Stakeholder Satisfaction Survey is **4.4 out of 5**. Recommendations from the survey report were implemented as the BANKSETA team is committed to continuously improve on the organisation's mandate.

## Career Guidance/Awareness

The Department of Higher Education and Training (DHET) published the National Policy for an Integrated Career Development Services System for South Africa in 2017, a significant milestone for the career development services (CSD) project, and a guide for an integrated career development system across all spheres of government.

The BANKSETA is an active participant in the Career Development SETA Forum (CDSF) and has partnered with the Ministry of Basic Education, the Ministry of Higher Education and Training, community organisations and SETAs.

Youth development is one of the BANKSETA's strategic objectives. The SETA has disseminated information to its diverse target markets on career guidance activities to provide quality career and study related information for youth development. BANKSETA disseminates information and career booklets through national career exhibition events in collaboration with DHET, NGOs, NPOs CBOs and other SETAs. The BANKSETA actively participated in strategic career development sessions organised by the DHET, DHESI and COGTA.





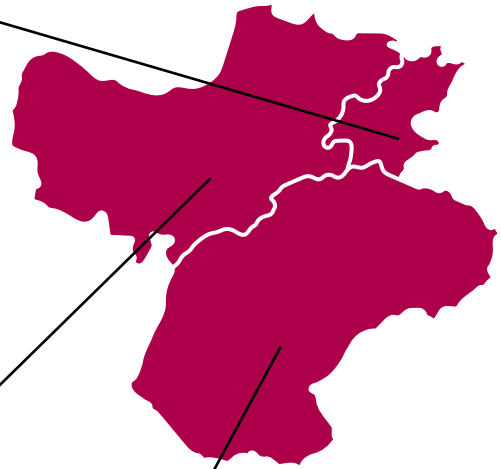
# PROVINCIAL PROGRAMME DIVERSIFICATION

## Unemployed Beneficiaries and Small and Micro Enterprise Funding

*Gauteng*

1

GAUTENG	Number of Delegates
No. of SMEs funded	32
No. of cooperatives provided with skills development support	1
No. of rural delegates trained	67
No. of rural areas in which training was provided	2
HEI institutions supported	20
No. of GR 12 learners enrolled in AET programmes	-
No. of GR 12 learners completed AET programmes	-
No. of learners who entered WIL	102
No. of learners who completed WIL	70
No. of unemployed learners enrolled in learnerships programmes	157
No. of unemployed learners granted bursaries (new entries)	120
No. of unemployed learners granted bursaries completed their studies	209
No. of debt settlements	1
Budget in rands committed for HEIs	R88 537 106



2

*North West*

NORTH WEST	Number of Delegates
No. of SMEs funded	-
No. of cooperatives provided with skills development support	-
No. of rural delegates trained	132
No. of rural areas in which training was provided	1
HEI institutions supported	3
No. of GR 12 learners enrolled in AET programmes	130
No. of GR 12 learners completed AET programmes	160
No. of learners who entered WIL	6
No. of learners who completed WIL	1
No. of unemployed learners enrolled in learnerships programmes	2
No. of unemployed learners granted bursaries (new entries)	5
No. of unemployed learners granted bursaries completed their studies	16
No. of debt settlements	-
Budget in rands committed for HEIs	R6 572 316

3

*Free State*

FREE STATE	Number of Delegates
No. of SMEs funded	3
No. of cooperatives provided with skills development support	-
No. of rural delegates trained	165
No. of rural areas in which training was provided	2
HEI institutions supported	5
No. of GR 12 learners enrolled in AET programmes	50
No. of GR 12 learners completed AET programmes	80
No. of learners who entered WIL	140
No. of learners who completed WIL	50
No. of unemployed learners enrolled in learnerships programmes	2
No. of unemployed learners granted bursaries (new entries)	42
No. of unemployed learners granted bursaries completed their studies	38
No. of debt settlements	-
Budget in rands committed for HEIs	R20 910 404

*Limpopo*

4

LIMPOPO	Number of Delegates
No. of SMEs funded	53
No. of cooperatives provided with skills development support	-
No. of rural delegates trained	167
No. of rural areas in which training was provided	2
HEI institutions supported	11
No. of GR 12 learners enrolled in AET programmes	1 375
No. of GR 12 learners completed AET programmes	578
No. of learners who entered WIL	533
No. of learners who completed WIL	193
No. of unemployed learners enrolled in learnerships programmes	18
No. of unemployed learners granted bursaries (new entries)	120
No. of unemployed learners granted bursaries completed their studies	123
No. of debt settlements	8
Budget in rands committed for HEIs	R53 276 316



# PROVINCIAL PROGRAMME DIVERSIFICATION

## 5 Northern Cape

NORTHERN CAPE	Number of Delegates
No. of SMEs funded	-
No. of cooperatives provided with skills development support	-
No. of rural delegates trained	122
No. of rural areas in which training was provided	2
HEI institutions supported	3
No. of GR 12 learners enrolled in AET programmes	-
No. of GR 12 learners completed AET programmes	-
No. of learners who entered WIL	53
No. of learners who completed WIL	27
No. of unemployed learners enrolled in learnerships programmes	1
No. of unemployed learners granted bursaries (new entries)	3
No. of unemployed learners granted bursaries completed their studies	5
Budget in rands committed for HEIs	R7 233 816

## 6 Western Cape

WESTERN CAPE	Number of Delegates
No. of SMEs funded	3
No. of cooperatives provided with skills development support	-
No. of rural delegates trained	96
No. of rural areas in which training was provided	2
HEI institutions supported	25
No. of GR 12 learners enrolled in AET programmes	-
No. of GR 12 learners completed AET programmes	-
No. of learners who entered WIL	226
No. of learners who completed WIL	76
No. of unemployed learners enrolled in learnerships programmes	17
No. of unemployed learners granted bursaries (new entries)	133
No. of unemployed learners granted bursaries completed their studies	110
No. of debt settlements	17
Budget in rands committed for HEIs	R86 000 399

## 7 Eastern Cape

EASTERN CAPE	Number of Delegates
No. of SMEs funded	5
No. of cooperatives provided with skills development support	3
No. of rural delegates trained	158
No. of rural areas in which training was provided	3
HEI institutions supported	14
No. of GR 12 learners enrolled in AET programmes	588
No. of GR 12 learners completed AET programmes	446
No. of learners who entered WIL	555
No. of learners who completed WIL	114
No. of unemployed learners enrolled in learnerships programmes	24
No. of unemployed learners granted bursaries (new entries)	107
No. of unemployed learners granted bursaries completed their studies	132
No. of debt settlements	70
Budget in rands committed for HEIs	R38 535 020

## 8 Mpumalanga

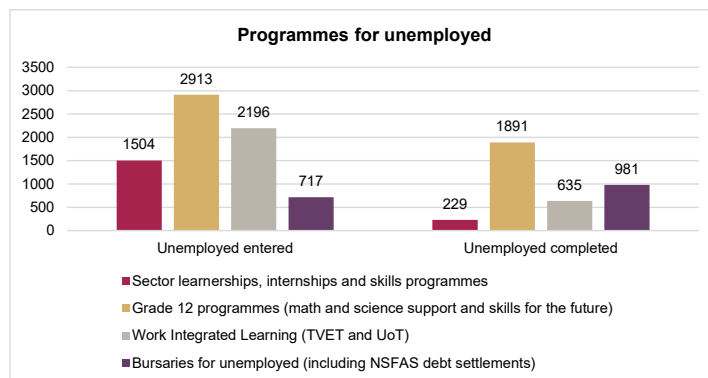
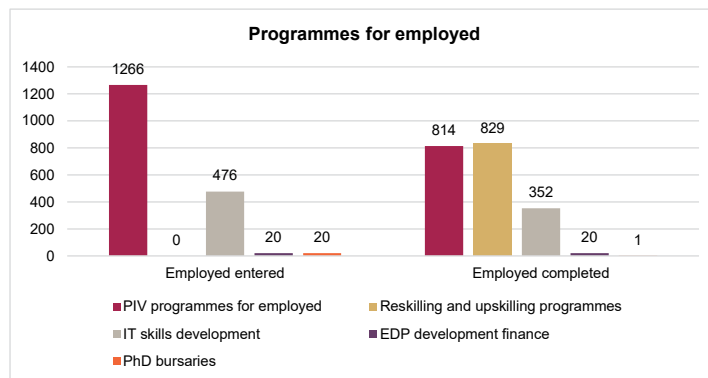
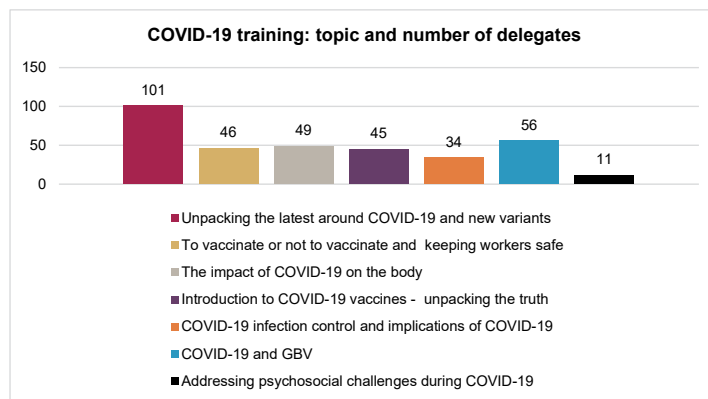
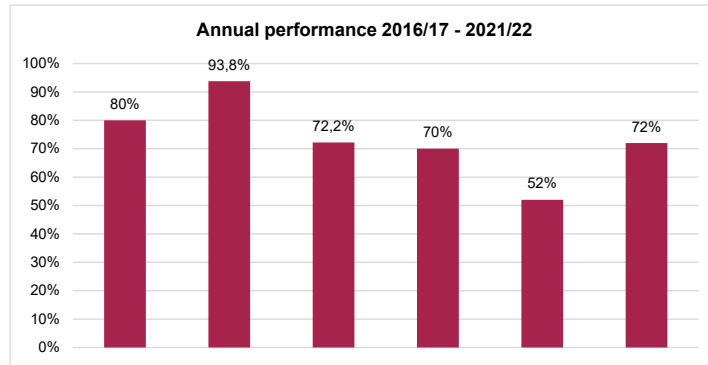
MPUMALANGA	Number of Delegates
No. of SMEs funded	1
No. of cooperatives provided with skills development support	-
No. of rural delegates trained	345
No. of rural areas in which training was provided	3
HEI institutions supported	1
No. of GR 12 learners enrolled in AET programmes	280
No. of GR 12 learners completed AET programmes	314
No. of learners who entered WIL	40
No. of learners who completed WIL	8
No. of unemployed learners enrolled in learnerships programmes	4
No. of unemployed learners granted bursaries (new entries)	18
No. of unemployed learners granted bursaries completed their studies	42
No. of debt settlements	-
Budget in rands committed for HEIs	R1 323 000

## 9 KwaZulu-Natal

KWAZULU-NATAL	Number of Delegates
No. of SMEs funded	8
No. of cooperatives provided with skills development support	-
No. of rural delegates trained	694
No. of rural areas in which training was provided	5
HEI institutions supported	22
No. of GR 12 learners enrolled in AET programmes	490
No. of GR 12 learners completed AET programmes	313
No. of learners who entered WIL	541
No. of learners who completed WIL	96
No. of unemployed learners enrolled in learnerships programmes	4
No. of unemployed learners granted bursaries (new entries)	169
No. of unemployed learners granted bursaries completed their studies	210
No. of debt settlements	-
Budget in rands committed for HEIs	R113 927 873



# BANKSETA AT A GLANCE





## **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 and alternative banking sector and supports people development through partnerships, skills development, alleviating unemployment, creating a brighter future and enabling change.

Anti-fraud Hotline: 0800 005 749

[www.bankseta.org.za](http://www.bankseta.org.za)

ENABLING SKILLS DEVELOPMENT IN THE BANKING AND ALTERNATIVE BANKING SECTOR



**INVESTORS  
IN PEOPLE**

# GOVERNANCE

## PART C: *Governance*



“BANKSETA, as a public entity and a steward of public funds, is accountable to its Executive Authority and Portfolio Committee on Higher Education and Training and stakeholders and is responsible for the implementation of its mandate.”

# INTRODUCTION

## 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 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 9 of 1999, the SETA Standard Constitution and other relevant legislation.

## Portfolio Committee

Parliament, through its Portfolio Committee on Higher Education and Training (Portfolio Committee), 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 legislation 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 2021/22, 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 on corporate governance, 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.

## Governance Structure

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 and Training) 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 PFMA, King IV code on corporate governance (where applicable), National Treasury Regulations and other legislation.



# BANKSETA GOVERNANCE STRUCTURE

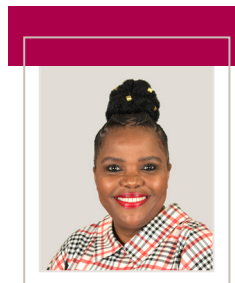
## Board Members



**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  
Selepe**  
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 Myenthrree  
Moodley**  
Organised Employer



**Ms Mmathema  
Matle**  
Organised Employer

# BANKSETA GOVERNANCE STRUCTURE

## Governance Structure



# BANKSETA GOVERNANCE STRUCTURE

## Accounting Authority/Board

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

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 NSDP 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. Meet the targets in the National Skills Development Plan;
12. Implement the approved Strategic Plan; and
13. Adhere to the requirements of the PFMA and Treasury Regulations.

## 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 Plan 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 2021/22 financial year, no non-compliance with the Board Charter was reported.

## Board Composition

The BANKSETA Board comprises six representatives from organised labour and six 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 2021/22 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 Makhanya	Independent Chairperson	1 April 2020 <sup>1</sup>	N/A	<ul style="list-style-type: none"> <li>Bachelor of Business Science in Management Studies in the field of Finance (Honours)</li> <li>Post Graduate Diploma in Accounting</li> <li>Bachelor of Laws</li> </ul>	<ul style="list-style-type: none"> <li>Finance</li> <li>Accounting</li> </ul>	Executive Committee	15/15
Mr Langalakhe Mhlongo	Member - Community Organisation	1 April 2020	N/A	<ul style="list-style-type: none"> <li>Marketing Diploma</li> </ul>	<ul style="list-style-type: none"> <li>Community Development</li> </ul>	Finance and Remuneration Committee Policy Review Committee	15/15
Dr Mamohau Sekgaphane	Member - Community Organisation	1 April 2020	N/A	<ul style="list-style-type: none"> <li>PhD in Management of Technology &amp; Innovation</li> <li>Higher Certificate in Adult Basic Education &amp; Training</li> <li>Bachelor of Commerce</li> </ul>	<ul style="list-style-type: none"> <li>Community Development</li> <li>Academic</li> <li>Finance</li> </ul>	Governance and Strategy Committee Policy Review Committee	15/15
Mr Moses Lekota	Member - Organised Labour	1 April 2020 <sup>2</sup>	N/A	<ul style="list-style-type: none"> <li>Masters in Business Administration</li> <li>Advanced Diploma in Public Admin</li> <li>Diploma in Business Management</li> </ul>	<ul style="list-style-type: none"> <li>Trade Union Leadership</li> <li>Banking and Business Management</li> </ul>	Executive Committee Policy Review Committee	14/15
Ms Vanessa Hattingh	Member - Organised Labour	1 April 2020	N/A	<ul style="list-style-type: none"> <li>Labour Law Certificate</li> <li>Public Relations Certificate</li> </ul>	<ul style="list-style-type: none"> <li>Trade Union Leadership</li> </ul>	Finance and Remuneration Committee	14/15

# 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
Mr Brigate Nyakane	Member - Organised Labour	1 April 2020	N/A	• Bachelor of Commerce	• Finance	Audit and Risk Committee	14/15
Ms Lebogang Selepe	Member - Organised Labour	1 April 2020 <sup>3</sup>	N/A	• B.COM Hon: Financial Management • B.COM Law	• Finance • Trade Union Leadership	Executive Committee	13/15
Adv Philip Landman	Member - Organised Labour	1 April 2020	N/A	• LLB	• Legal • Trade Union Leadership	Governance and Strategy Committee Policy Review Committee	15/15
Mr David Cedras	Member - Organised Employer	1 April 2020 <sup>4</sup>	N/A	• N4 Certificate in Marketing Management	• Trade Union Leadership	Finance and Remuneration Committee Policy Review Committee	15/15
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	13/15
Ms Myentthree Moodley	Member - Organised Employer	1 April 2020 <sup>5</sup>	N/A	• Bachelor Of Administration Honours • Masters in Administration (Industrial Psychology)	• Banking • Human Resources	Finance and Remuneration Committee	12/15
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	13/15
Ms Leonie Van Pletzen	Member - Organised Employer	1 April 2020	N/A	• BA in Languages	• Management	Governance and Strategy Committee	11/15

# 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
Vacant	Organised Employer	-	-	-	-	-	-
Vacant	Organised Employer	-	-	-	-	-	-

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

1. Ms Nosipho Makhanya – Board Chairperson reappointed effective 1 April 2020
2. Mr Moses Lekota – Board member reappointed effective 1 April 2020
3. Ms Lebogang Selepe – Board member reappointed effective 1 April 2020
4. Mr David Cedras – Board member reappointed effective 1 April 2020
5. Ms Myenthrree Moodley – Board member reappointed effective 1 April 2020

## 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	6	4	Ms Nosipho Makhanya Ms Mmathema Matle Mr Moses Lekota Ms Lebogang Selepe Vacant
Audit and Risk Committee	7	5	Dr Prittish Dala Ms Thembelihle Mbatha Ms Michelle Pillay Mr Brigade Nyakane Mr Phumudzo Siphuma
Finance and Remuneration Committee	9	4	Mr David Cedras Ms Vanessa Hattingh Ms Myenthrree Moodley Mr Langalakhe Mhlongo Vacant
Governance and Strategy Committee	7	3	Dr Mamohau Sekgaphane Ms Leonie van Pletzen Adv Phillip Landman

## **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 at 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	Remuneration R'000	Other Allowance including Ad Hoc Meetings R'000	Other Re- imbursements R'000	Total R'000
Ms Nosipho Makhanya	224	148	-	372
Mr Langalakhe Mhlongo	192	72	-	264
Dr Mamohau Sekgaphane	209	91	-	300
Mr Moses Lekota	176	60	-	236
Ms Vanessa Hattingh	181	44	-	225
Mr Brigade Nyakane	186	6	-	192
Ms Lebogang Selepe	155	40	-	195
Adv Philip Landman	184	36	-	220
Mr David Cedras	217	127	-	344
Mr Phumudzo Siphuma	167	36	-	203
Ms Myenthrée Moodley	173	34	-	207
Ms Mmathema Matle	166	81	-	247
Ms Leonie van Pletzen	149	10	-	159
Vacant	-	-	-	-
Vacant	-	-	-	-
Dr Prittish Dala (Audit and Risk Committee Chairperson)	156	10	-	166
Ms Thembelihle Mbatha (Audit and Risk Committee member)	53	N/A	-	53
Ms Michelle Pillay (Audit and Risk Committee member and Chairperson of Risk Management Committee)	96	1	-	97
<b>Total:</b>	<b>2 684</b>	<b>796</b>	<b>-</b>	<b>3 480</b>

## Risk Management

The Board approved the 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.

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 risk management aligned to the principles of good corporate governance, supported by legislation and leading practice. The Board approved the following in the financial year:

- Risk Management Policy, Strategy and Implementation Plan
- Compliance Management Framework, Policy and Plan
- Anti-Corruption Policy, Whistleblowing Policy and Ethics Policy
- Combined Assurance Framework and Plan
- Strategic risk register 2021/22

### **Risk Assessments to Determine Effectiveness of Risk Management Strategy and Identify New and Emerging Risks**

BANKSETA has conducted strategic and operational risk assessments annually and presents risk registers to the Risk Management Committee and Audit and Risk Committee for adoption. Strategic and operational risk registers are monitored and reports are presented quarterly to the Risk Management Committee and Audit and Risk Committee. Emerging risks are identified and management develops and implements plans to mitigate these risks to an acceptable level.

## Risk Management and Mitigation

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

### **Advice on Risk Management and Independent 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 of BANKSETA. 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 Risk 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 people, reputation, strategy, business processes and systems, financial and environmental performance are identified, assessed and maintained at an acceptable level by:

- Incorporating a consistent approach to risk management into the culture and strategic planning processes of BANKSETA, supporting the setting of priorities and making of decisions at all levels;
- Applying a consistent approach to risk response and control activities to support BANKSETA'S governance responsibilities for innovation and responsible risk-taking, policy development, programmes and objectives. In all cases, measures are put in place to address unfavourable impacts from risks and favourable benefits from opportunities.

# BANKSETA GOVERNANCE STRUCTURE

- Maintaining transparency in its approach to risk through formal and informal communication and monitoring of all key risks, and balancing the cost of managing the risk with the anticipated benefit. Risk management practices are adapted to encompass best practices, specific circumstances and mandate.

## Fraud and Corruption

BANKSETA is committed to fight the scourge of fraud, corruption, and unethical behaviour and has no tolerance to corruption. The Board approved the Whistleblowing and Anti-Corruption Policy in the financial year. BANKSETA has a dedicated 24/7 hotline service and panel of forensic service to investigate reported allegations. BANKSETA is committed to preventing incidents of fraud, corruption, and unethical conduct through continuous awareness sessions to employees and ensuring deterrence through implementing consequence management as well as recommendations from investigation reports.

The BANKSETA anti-fraud hotline is managed by an independent service provider with specific reporting processes. All reported cases are maintained in the fraud case register. Fraud reporting is a standard agenda item for the Audit and Risk Committee and Board governance structure meetings.

## Internal Audit

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.

## 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.

## 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.



# BANKSETA GOVERNANCE STRUCTURE

Internal Audit coverage for 2021/22 (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
- Information Technology - Cyber Security Review
- Protection of Personal Information (POPI) Act Compliance Review
- Financial Discipline (including Travel expenditure & Investments)
- Information Technology: General Controls (ITGC)
- Performance Bonus Review (outsourced)
- Supply Chain Management (including Contract Management)
- Commitments – Interim
- Performance Information
- Mandatory grants and revenue
- Annual Performance Plan and Strategic Plan (APP & SP)
- Discretionary Grants (including site visits)
- Risk Management
- HR and Payroll (including consequence management)
- Performance Audit
- Information Technology – Governance Review
- Quality Assurance Management review (business unit within BANKSETA)
- Governance and Compliance
- Ad Hoc Activities (budget used for Risk Management Review)

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. During the 2021/22 financial year, there were no significant changes to legislation nor regulations applicable to the SETA.

BANKSETA is also required to report on the disclosure of information in terms of the Promotion of Access to Information Act 2 of 2000.

## Minimising Conflict of Interest

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.

## 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 thereof.
- (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 Skills Development Act and the 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) 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.

# BANKSETA GOVERNANCE STRUCTURE

- (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.
- (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 interests.
- (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 requires 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. No breaches of the code were recorded during 2020/21.

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, national strategic objectives and skills development legislation (Standard Constitution of SETA Regulations and Skills Development Act).



# 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 2022.

## 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.

## Membership and Attendance

In terms of membership, the ARC is currently comprised of three external independent members and two additional members from the Accounting Authority. For the financial year, the ARC convened seven 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 of Appointment	Date Resigned / End of Term	No. of Meetings Attended
Dr. Pritish 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 (CHF1), 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	7 of 7
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	6 of 7
Ms. Michelle Pillay (External Independent Member)	Chartered Accountant (SA), Bachelor of Commerce, Honours in Accounting (CTA)	1 Dec 2020	N/A	5 of 7
Mr. Brigade Nyakane (Accounting Authority Member: Organised Labour)	Bachelor of Commerce	25 Jun 2020	N/A	7 of 7



# AUDIT AND RISK COMMITTEE REPORT

Name of Member	Qualifications	Date of Appointment	Date Resigned / End of Term	No. of Meetings Attended
Mr. Phumudzo Siphuma (Accounting Authority Member Organised Labour)	Chartered Accountant (SA), B Compt, Honours Accounting (CTA).	25 Jun 2020	N/A	7 of 7

## 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:

- Quality of Performance Information;
- Processing and Reconciling Controls;
- Record Keeping;
- Consequence Management;
- Risk Management;
- Compliance; and
- Information Technology.

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 Report;
- Commitments (Final);
- Information Technology - Cyber Security;
- Protection of Personal Information (POPI) Act Compliance;
- Financial Discipline (incl. Travel Expenditure and Investments);
- Information Technology: General Controls (ITGC);
- Performance Bonus;
- Supply Chain Management (incl. Contract Management);
- Commitments (Interim);
- Performance Information Q1 and Q2;

- Mandatory Grants and Revenue;
- Annual Performance Plan and Strategic Plan (APP and SP);
- Discretionary Grants (Including Site Visits);
- Risk Management;
- Performance Information Q3;
- HR and Payroll (Including Consequence);
- Information Technology - Governance Review;
- Quality Assurance Management review; and
- Governance and Compliance.

## In-Year Management and Monthly/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, which were implemented, to improve the quality of financial and non-financial information (performance information, information communication technology, risk management, human resource management, legal and compliance) and reporting during the year under review. The ARC was satisfied with the content and quality of the financial and non-financial quarterly reports submitted during the year under review, except for the quarterly performance information reports based on reviews by Internal Audit and the AGSA interim audit as well as progress in terms of addressing irregular expenditure previously identified.

## 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;

# AUDIT AND RISK COMMITTEE REPORT

- Reviewed changes in accounting policies and practices;
- Reviewed compliance with legal and regulatory provisions;
- Reviewed significant financial reporting judgements and estimates contained in the annual financial statements;
- Reviewed clarity and completeness of disclosures in the annual financial statements and whether disclosures made have been set properly in context;
- Reviewed compliance of the annual financial statements with accounting standards and legal requirements;
- Reflected on unusual circumstances or events and management's explanation for the accounting treatment adopted;
- Reviewed reasons for major year-on-year fluctuations, including variances of actual versus budget;
- Reviewed levels of general and specific provisions in the annual financial statements;
- Reviewed write-offs and reserve transfers in the annual financial statements;
- Reviewed the basis for the going concern assumption, including any financial sustainability risks and issues;
- Reviewed the unaudited information on predetermined objectives with due consideration of the independent assurance provided by IA as well as the assurance provided by Management;
- Reviewed the Auditor-General South Africa (AGSA) audit and management reports, with due consideration of the responses provided by Management; and
- Reviewed 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 report and reported to the Accounting Authority.

## **Auditor-General of South Africa's Report**

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.

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. Prittish Dala**  
**BANKSETA Audit and Risk Chairperson**  
**Date: 5 August 2022**





## PART D: *Human Resources Management*



“The new normal of remote working is shaping the future of HR and affecting organisational culture and day-to-day operations.”

# HUMAN RESOURCES OVERVIEW

## Human Resources: Preparing for the Future of Work

The role of human resources (HR) has been completely transformed following the Covid-19 pandemic and given rise to many questions. How should HR professionals prepare for the future? What kind of HR jobs will be there in the future? The change in HR and its core competencies will also have an impact on the future of work itself. HR has become an absolute strategic business partner. Along with that, metric analysis is an integral part of core HR functions. HR professionals will become an integral part of business operations and strategy. This is true for most global enterprises where strategic planning has become a core HR competency. The new normal of remote working is shaping the future of HR and affecting organisational culture and day-to-day operations. Its effect on business has highlighted the need for adaptability and resilience in today's workforce through the implementation of the organisation design that will address the strategic mandate of all organisations, including the BANKSETA.

## Changing Work and Employee Expectations

The future of HR depends on the employee. HR leaders need to constantly reexamine workforce planning, emerging skills, the impacts of artificial intelligence, the employee experience and so much more as business disruptions reset - many irreversibly - key work trends. Moreover, large scale implementation of the employee experience platform is correlated to organisational business outcomes. This is attested to by budget provisions for upskilling employees.

## Hybrid Working Arrangement Approach

Over the past year, the world of work has changed dramatically, as organisations across the world were forced to rethink their operations in the face of the Covid-19 pandemic. This change prompted businesses to employ new strategies and tools to continue serving stakeholders and driving revenue with a remote workforce. As we begin returning to the office, organisations have to work out how to adapt their work styles to operationalise this future, ensure employee satisfaction, expand access to talent, and maximise productivity.

BANKSETA recently conducted the BANKSETA employee: hybrid working model 2022 survey with our staff to better understand what our internal stakeholders think, feel, need, and expect about the future of work and returning to the office. Based on the outcome of the survey, the BANKSETA will ensure a holistic employee experience for both on-site and remote working staff members by implementing a hybrid working model from 1 April 2022.

## Outlook of the 4IR Impact on HR

In the fourth industrial revolution, HR is faced with the massive task of shaping the workforce of the future. This can only be done in a collaborative way that is dynamic, highly responsive to the technological variations, and sensitive to the changing scenarios of employees and employers. The impact of the 4IR is to enhance interaction in the workplace through technology, to ensure and improve on efficiency.

## Human Resource Information Systems Drive

The next generation of workers will log in to their HRMS not only from home, but from anywhere. The revolution that is coming in the facilities and infrastructure domains will enable solutions for a permanently mobile workforce. The BANKSETA is investigating the implementation of a web based human resource information system to centralise all HR processes, including modules for recruitment, performance management, skills, employment equity, payroll and ESS.

# HUMAN RESOURCES OVERVIEW

## 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	5 554	14.51%	4	1 388
Professional qualified	13 040	34.06%	17	767
Skilled	17 324	45.25%	39	444
Semi-skilled	2 071	5.41%	13	159
Unskilled	294	0.76%	2	147
<b>Total</b>	<b>38 283</b>	<b>100%</b>	<b>75</b>	<b>510</b>

- Under skilled and semi-skilled qualified, we have a total number of 34 and 7 employees which includes 11 employees accounted for in the payroll but are on fixed term contracts linked to projects and their positions are not on the structure.
- The increase in the temporary staff is as a result organisational structural under review, and measures to alleviate human capacity constraints in certain BANKSETA units pending the finalisation of the OD Study.
- The total average of staff is 65, excluding the fixed term contracts in line with approve structure.

## Final Performance Rewards Paid for 2020/21 Year (prior year)

Occupational Level	No. of Employees	Personnel Expenditure (R'000)	% of Performance Rewards to Total Personnel Cost
Senior Management	2	1 139	20.4%
Professional qualified	15	3 918	26.8%
Skilled	30	4 046	20.1%
Semi-skilled	6	269	11.2%
Unskilled	2	60	16.6%
<b>Total</b>	<b>55</b>	<b>9 432</b>	<b>21.9%</b>

The BANKSETA makes a provision for performance rewards each year. The 2021/22 performance rewards are not presented as the actual amounts per employee and the final total amounts are subject to Board approval which will be finalised after the annual report is published. The final 2021/22 amounts will be presented in next year's 2022/23 annual report.

# HUMAN RESOURCES OVERVIEW

BANKSETA is advanced in the representation of designated groups as defined by employment equity plan. BANKSETA optimises opportunities presented in terms of talent sourcing of designated groups in support of its employment equity policy and plan.

Employment Equity Profile												
	Males				Female				Foreign Nationals		Total	% EE
	AM	CM	IM	WM	AF	CF	IF	WF	M	F		
Senior Management	1	0	0	0	1	0	0	1	0	1	4	50.00%
Professionals	6	1	1	0	4	1	0	2	1	0	16	81.25%
Skilled	16	0	1	0	15	0	1	1	0	1	35	94.29%
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%
<b>Total permanent</b>	<b>27</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>25</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>64</b>	<b>89.06%</b>
<b>Temporary employees</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11</b>	
<b>Total permanent</b>	<b>31</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>32</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>75</b>	

## Employment Equity

### Disability

Skilled	0	0	0	0	1	0	0	0	0	0	0	1.64%
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## 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)
	38 282	582	1.59%	36	16

## Employment and Vacancies

Occupational Levels	Appointments	Terminations	Vacancies
Senior Management	0	1	1
Professionals	2	0	0
Skilled	1	3	0
Semi-skilled	2	0	0
Unskilled	0	0	0
<b>Total</b>	<b>5</b>	<b>4</b>	<b>1</b>

# HUMAN RESOURCES OVERVIEW

## Reasons for Staff Leaving

Reason	Number
Death	0
Resignation - personal	1
Ill-health	0
Retirement	1
Misconduct	2
Contract expired	0

## Labour Relations: Misconduct and Disciplinary Action

Nature of Disciplinary Action	Number
Verbal warning	0
Written warning	1
Final written warning	0
Dismissal	2







## PART E: Financial Information



“The Accounting Authority is firmly committed to the achievement of clean audits and will continue its quest to reach this position.”

# ANNUAL FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL RESPONSIBILITY

as at 31 March 2022

### Statement of Financial Responsibility

The Annual Financial Statements for the year ended 31 March 2022, set out on pages 121 to 196, have been approved by the Accounting Authority on 27 July 2022 in terms of section 51(1) (f) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), as amended, and are signed on their behalf by:



**Mr Eubert Mashabane**  
Chief Executive Officer

27 July 2022



**Ms Nosipho 'Mia' Makhanya**  
Chairperson of the Board

27 July 2022

# ANNUAL FINANCIAL STATEMENTS

*as at 31 March 2022*

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

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Banking Sector Education and Training Authority set out on pages 125 to 196, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and 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, the financial statements present fairly, in all material respects, the financial position of the Banking Sector Education and Training Authority as at 31 March 2022, 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 opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the Banking Sector Education and Training Authority 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Responsibilities of the accounting authority for the financial statements

6. 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.
7. 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.

### Auditor-general's responsibilities for the audit of the financial statements

8. 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.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

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

## Report on the audit of the annual performance report

### Introduction and scope

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the public entity's annual performance report for the year ended 31 March 2022:

Programme	Pages in the annual performance report
Programme 3: Learning programmes	45 – 68

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. The material findings on the usefulness of the performance information of the selected programme are as follows:

### Programme 3: Learning programmes

#### Various performance indicators were not consistent with planned indicators

15. The reported performance indicator numbers 3.2.1; 3.2.2; 3.10.1 and 3.10.2 did not agree with the planned performance indicator number 3.2.1; 3.2.2; 3.10.1 and 3.10.2 as per the approved in the annual performance plan.

#### Performance indicator no. 3.3.2: Maths and science support – Completion of learners.

16. The source information and supporting evidence for measuring the planned indicator were not clearly defined and related systems and processes were not adequate to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions. As a result, I was unable to audit the reliability of the achievement of 1 891 reported against the target of 1 300 in the annual performance report.

### Other matters

17. I draw attention to the matters below.

#### Achievement of planned targets

18. Refer to the annual performance report on pages 45 to 68 for information on the achievement of planned targets for the year and management's explanations provided for the under/overachievement of targets. This information should be considered in the context of the material findings on the usefulness of the reported performance information in paragraphs 15 to 16 of this report.

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

## Report on the audit of compliance with legislation

### Introduction and scope

19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
20. I did not raise any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

## Other information

21. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information 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 in this auditor's report.
22. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
23. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
24. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing in this regard.

## Internal control deficiencies

25. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report.
26. Reviews of performance reporting were inadequate, resulting in material findings on areas of performance information reporting.

*Auditor-General*

Pretoria  
31 July 2022



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## ANNEXURE – AUDITOR-GENERAL’S RESPONSIBILITY FOR THE AUDIT

1. 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 programme and on the public entity’s compliance with respect to the selected subject matters.

### Financial statements

2. 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 by the accounting authority.
  - conclude on the appropriateness of the accounting authority’s 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 Banking Sector Education and Training Authority 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

3. 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.
4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and 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.

# ANNUAL FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	1	2 839	2 262
Intangible assets	2	612	751
<b>Total non-current assets</b>		<b>3 451</b>	<b>3 013</b>
<b>Current assets</b>			
Receivables from non-exchange transactions	3	717	3 570
Receivables from exchange transactions	4	1 321	3 596
Cash and cash equivalents	5	1 212 576	1 062 015
<b>Total current assets</b>		<b>1 214 614</b>	<b>1 069 181</b>
<b>Total assets</b>		<b>1 218 065</b>	<b>1 072 194</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables from exchange transactions	6	6 790	6 712
Payables from non-exchange transactions	7	103 923	51 135
Provisions	8	44 499	46 655
<b>Total liabilities</b>		<b>155 212</b>	<b>104 502</b>
<b>NET ASSETS</b>		<b>1 062 853</b>	<b>967 692</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Funds and reserves</b>			
Administration reserve		3 451	3 013
Employer grant reserve		111	136
Discretionary reserve		1 059 291	964 543
<b>TOTAL FUNDS AND RESERVES</b>		<b>1 062 853</b>	<b>967 692</b>

## ANNUAL FINANCIAL STATEMENTS

### STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
<b>REVENUE</b>			
Skills development levy: income from non-exchange transactions	10	805 221	551 558
Skills development levy: penalties and interest income from non-exchange transactions	11	43 023	47 490
<b>Total revenue from non-exchange transactions</b>		<b>848 244</b>	<b>599 048</b>
Investment revenue from exchange transactions	12	47 613	45 023
Other revenue from exchange transactions	13	106	48
<b>Total revenue from exchange transactions</b>		<b>47 719</b>	<b>45 071</b>
<b>Total revenue</b>		<b>895 963</b>	<b>644 119</b>
<b>EXPENSES</b>			
Employer grant and project expenses	14	(716 771)	(457 158)
Administration expenses	15	(84 031)	(88 523)
<b>Total expenses</b>		<b>(800 802)</b>	<b>(545 681)</b>
<b>NET SURPLUS FOR THE YEAR</b>	16	<b>95 161</b>	<b>98 438</b>

## ANNUAL FINANCIAL STATEMENTS

### STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2022

Notes	Administration reserve	Employer grant reserve	Discretionary reserve	Unappropriated surplus/(deficit)	Total
	R'000	R'000	R'000	R'000	R'000
<b>Balance at 31 March 2020</b>	1 998	115	867 141	-	869 254
Net surplus for the period	-	-	-	98 438	98 438
Allocation of unappropriated surplus	(16 065)	3 036	111 467	(98 438)	-
Excess reserves transferred to discretionary reserve	17 080	(3 015)	(14 065)	-	-
<b>Balance at 31 March 2021</b>	<b>3 013</b>	<b>136</b>	<b>964 543</b>	<b>-</b>	<b>967 692</b>
Net surplus for the period	-	-	-	95 161	95 161
Allocation of unappropriated surplus	9 21 798	4 952	68 411	(95 161)	-
Excess reserves transferred to discretionary reserve	9 (21 360)	(4 977)	26 337	-	-
<b>BALANCE AT 31 March 2022</b>	<b>3 451</b>	<b>111</b>	<b>1 059 291</b>	<b>-</b>	<b>1 062 853</b>

## ANNUAL FINANCIAL STATEMENTS

### CASH FLOW STATEMENT

for the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Operating activities</b>			
Cash receipts from skills development levy; income from non-exchange transactions (including interest and penalties)		847 872	633 113
Other revenue from exchange transactions - mandatory grant		106	47
Cash paid to stakeholders and suppliers		(689 017)	(462 284)
Cash paid for employee costs		(57 978)	(52 672)
Cash generated from operations	16	100 983	118 204
Investment revenue from exchange transactions received	12.1	50 420	47 087
<b>Net cash inflow from operating activities</b>		<b>151 403</b>	<b>165 291</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(445)	(1 360)
Purchase of intangible assets	2	(428)	(994)
Proceeds on disposals of fixed assets		31	10
<b>Net cash outflow from investing activities</b>		<b>(842)</b>	<b>(2 344)</b>
<b>Net increase in cash and cash equivalents</b>		<b>150 561</b>	<b>162 947</b>
<b>Cash and cash equivalents at the beginning of the period</b>	5	<b>1 062 015</b>	<b>899 068</b>
<b>Cash and cash equivalents at the end of the period</b>	5	<b>1 212 576</b>	<b>1 062 015</b>

## ANNUAL FINANCIAL STATEMENTS

### STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 March 2022

Notes	Approved original budget	Budget adjustments	Final adjusted budget	Actual income/ (expenditure)	Variance	
	2021/22	2021/22	2021/22	2021/22	2021/22	
	R'000	R'000	R'000	R'000	R'000	
<b>REVENUE</b>						
Skills development levy transfer from no-exchange transactions	30.2	733 373	-	733 373	805 221	71 848
Skills development levy penalties and interest from non-exchange transactions	30.3	-	-	-	43 023	43 023
Investment revenue from exchange transactions	30.4	40 500	-	40 500	47 613	7 113
Other revenue from exchange transactions		-	-	-	106	106
<b>Total Revenue</b>		<b>773 873</b>	<b>-</b>	<b>773 873</b>	<b>895 963</b>	<b>122 090</b>
<b>EXPENSES</b>						
Employer grant expenses	30.5	(177 843)	-	(177 843)	(194 101)	(16 258)
Project expenses	30.6	(599 775)	(564 000)	(1 163 775)	(522 670)	641 105
Administration expenses	30.7	(96 255)	-	(96 255)	(84 031)	12 224
<b>Total Expenses</b>		<b>(873 873)</b>	<b>(564 000)</b>	<b>(1 437 873)</b>	<b>(800 802)</b>	<b>637 071</b>
<b>NET SURPLUS/(DEFICIT) FOR THE PERIOD</b>						
		<b>(100 000)</b>	<b>(564 000)</b>	<b>(664 000)</b>	<b>95 161</b>	<b>759 161</b>

The BANKSETA considers the R759 161 000 variance as unfavourable. Please refer to note 30.1 for explanations on budget adjustments.



## ANNUAL FINANCIAL STATEMENTS

# ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

### 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.

## ANNUAL FINANCIAL STATEMENTS

# ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

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

#### 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.

#### 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 cashflows 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 cashflows 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

These financial statements are presented in South African Rands. All figures have been rounded off to the nearest thousand Rands, unless otherwise stated.

## 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, Act No 97 of 1998 as amended and the Skills Development Levies Act, 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 2022

## 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 needs adjustment. Levy payers may also through their own processes identify 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, to facilitate accurate accounting.

## 5. REVENUE RECOGNITION (CONTINUED)

Adjustments to levy revenue already recognised, arises from the completion of a South African Revenue Services (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 to the appeal or review process carried on by SARS, and hence could not 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.”

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 onto 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 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 disclose 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 measure 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.

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# ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

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## 6. EXPENDITURE - GRANTS AND PROJECT EXPENDITURE AND ADMINISTRATION EXPENDITURE

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 SETA Grant Regulations regarding monies received and related matters (The SETA Grant Regulations).

### 6.1 *Mandatory grants*

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.

#### 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 comprise:

- 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.



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## 6. EXPENDITURE - GRANTS AND PROJECT EXPENDITURE AND ADMINISTRATION EXPENDITURE (CONTINUED)

### 6.3 Administration expenditure

The Skills Development Levies Act (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.

## 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 12 years       |
| - Office furniture and fittings | 10 to 21 years      |
| - Office equipment              | 5 to 15 years       |
| - Leasehold improvements        | over the lease term |

## 7. PROPERTY AND EQUIPMENT (CONTINUED)

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 benefit 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.

### 7.1 Impairment of 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 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.

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 licenses and computer application licenses.

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.

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

Software, application software and licenses      2 years (unless the license 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 benefit or service potential from those assets.

The gain or loss on disposal of intangible asset 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 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 the 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 amortised 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.

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### 8. INTANGIBLE ASSETS (CONTINUED)

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. The 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 lease 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.

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.

#### 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 post-retirement benefits 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.

## ANNUAL FINANCIAL STATEMENTS

# ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

### 12. GRANTS AND PROJECTS

A liability is recognised for grant payments once the specific criteria set out in the SETA Grant Regulations has 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 Statement. 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 amortized cost
Receivables from exchange transactions	Financial asset measured at amortized cost

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 of 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.



**13. FINANCIAL INSTRUMENTS (CONTINUED)**

**Loans and receivables**

Exchange and non-exchange receivables comprise of 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.

**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.

## ANNUAL FINANCIAL STATEMENTS

# ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

### 13. FINANCIAL INSTRUMENTS (CONTINUED)

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 unamortized 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 resource 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 is met.

## ANNUAL FINANCIAL STATEMENTS

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for the year ended 31 March 2022

### 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 view point. 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:

	2021/22	2020/21
	%	%
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	80.0
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 2021/22 year in the levy download information. The SETA continued to pay and accrue mandatory grants at 20% in the 2021/22 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

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for the year ended 31 March 2022

### 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 carry accumulated reserves allocated to administration expenditure in future years.

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

The discretionary grant reserve carry 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) – therefore salary commitments relating to employment contracts or social security benefit commitments are 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,

## ANNUAL FINANCIAL STATEMENTS

# ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

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### 16. COMMITMENTS (CONTINUED)

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.

### 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 2021 to 31 March 2022 and has been prepared on the accrual basis of accounting.

## ANNUAL FINANCIAL STATEMENTS

# ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

### 19. IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

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

- The PFMA,
- The Skills Development Act (the 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.

All 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 where-ever recovered in the same accounting period, it is shown net of any recoveries. Where-ever 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.

Irregular and fruitless and wasteful expenditure is removed from the notes to the annual financial statements when condoned by the Accounting Authority and National Treasury.

Fruitless expenditure is condoned by the Accounting Authority only.

Fruitless and wasteful expenditure is removed from the Annual Financial Statements when condoned by the Accounting Authority.

### 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 and received an income tax exempt status from SARS, in terms of Section 10 of the Income Tax Act , 1962 (Act 58 of 1962). The SETA is compliant with the conditions of this tax exempt status.

### 22. EVENTS AFTER THE REPORTING DATE

Events after 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 2022

### 1. PROPERTY AND EQUIPMENT

	Cost	Accumulated depreciation	Closing carrying amount
	R'000	R'000	R'000
<b>Year ended 31 March 2022</b>			
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
Balance at end of period	<b>8 351</b>	<b>(5 512)</b>	<b>2 839</b>
Made up as follows:			
- Owned assets	<b>8 351</b>	<b>(5 512)</b>	<b>2 839</b>

<b>Year ended 31 March 2021</b>			
Computer equipment	2 941	(2 233)	708
Office furniture and fittings	1 931	(1 318)	613
Office equipment	1 663	(1 338)	325
Leasehold improvements	656	(40)	616
Balance at end of period	<b>7 191</b>	<b>(4 929)</b>	<b>2 262</b>
Made up as follows:			
- Owned assets	<b>7 191</b>	<b>(4 929)</b>	<b>2 262</b>

#### Movement summary 2021/22

	Carrying amount 2020	Additions	Disposals	Depreciation	Carrying amount 2021
	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
Balance at end of period	<b>2 262</b>	<b>1 233</b>	<b>(48)</b>	<b>(608)</b>	<b>2 839</b>

# ANNUAL FINANCIAL STATEMENTS

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

### 1. PROPERTY AND EQUIPMENT (CONTINUED)

#### Movement summary 2020/21

	Carrying amount 2020	Additions	Disposals	Depreciation	Carrying amount 2021
	R'000	R'000	R'000	R'000	R'000
Computer equipment	220	710	-	(222)	708
Office furniture and fittings	749	29	(21)	(144)	613
Office equipment	452	-	-	(127)	325
Leasehold improvements	-	621	-	(5)	616
Balance at end of period	<b>1 421</b>	<b>1 360</b>	<b>(21)</b>	<b>(498)</b>	<b>2 262</b>

Three laptops and a tablet were stolen during the year with original cost of R73 000, and accumulated depreciation of R25 000. The insurance proceeds amounted to R33 000 on those assets.

BANKSETA has not incurred R65 000 on repairs and maintenance on these assets.

The BANKSETA had contractual commitments of R45 000 at year-end for acquisitions of property and equipment.

BANKSETA has no restriction or encumbrances on their assets.

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

Category	Useful lives	Depreciation rate
- Computer equipment	3 - 12 years	33.33% to 8%
- Office furniture and fittings	10 - 21 years	10% to 4.7%
- Office equipment	5 - 15 years	20% to 6.7%
- Leasehold improvements	over the lease term	10% - 8%

#### 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 made.

Category	Previous useful lives	Re-assessed useful lives
- Computer equipment	3 - 10 years	3 - 12 years
- Office furniture and fittings	10 - 21 years	10 - 21 years
- Office equipment	5 - 11 years	5 - 15 years
- Leasehold improvements	over the lease term	over the lease term

The net reversal is 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.

## ANNUAL FINANCIAL STATEMENTS

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

#### 2. INTANGIBLE ASSETS

##### 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
1 340	(728)	612
<b>1 340</b>	<b>(728)</b>	<b>612</b>
<b>1 340</b>	<b>(728)</b>	<b>612</b>

##### Year ended 31 March 2021

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
1 004	(253)	751
<b>1 004</b>	<b>(253)</b>	<b>751</b>
<b>1 004</b>	<b>(253)</b>	<b>751</b>

##### Movement summary 2021/22

Carrying amount 2020	Additions	Disposals	Amortisation	Carrying amount 2022
R'000	R'000	R'000	R'000	R'000
751	428	-	(567)	612

##### Movement summary 2020/21

Carrying amount 2020	Additions	Disposals	Amortisation	Carrying amount 2021
R'000	R'000	R'000	R'000	R'000
577	994	-	(820)	751

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 R92 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 no contractual commitments for acquisitions of intangible assets. BANKSETA has no restriction or encumbrances on their assets.

# ANNUAL FINANCIAL STATEMENTS

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

### 2. INTANGIBLE ASSETS (CONTINUED)

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 - 50% p.a.

### 3. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Notes	2021/22 R'000	2020/21 R'000
Employer receivables	3.1	717	3 570
		<b>717</b>	<b>3 570</b>
The effect of discounting was considered and found to be immaterial.			
<b>3.1 Employer receivable</b>			
Employer receivable			
Overpayment to employers		1 251	4 105
Allowance for impairment		(534)	(535)
Net effect of SARS retrospective adjustments on affected employers	3	<b>717</b>	<b>3 570</b>
R1 251 000 employer receivables (2020/21: R4 105 000) 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 251 000 employer receivables amount, R534 000 is impaired and R 717 000 is not impaired			
Reconciliation of impairment allowance on employer receivable			
Opening balance: impairment of employer receivable		(535)	(530)
Change In estimate		-	-
Addition		1	(5)
Recovered/reversed		-	-
Closing balance: impairment allowance on employer receivable		<b>(534)</b>	<b>(535)</b>

## ANNUAL FINANCIAL STATEMENTS

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

#### 4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2021/22 R'000	2020/21 R'000
Deposits	367	367
Staff advances and payroll receivables	42	96
Interest receivables	142	2 950
Other receivables	771	88
Prepaid expenses	-	95
	<b>1 321</b>	<b>3 596</b>

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

#### 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:

	2021/22 R'000	2020/21 R'000
Cash at bank and on hand	32 096	24 570
Cash at bank	32 093	24 570
Cash on hand	3	-
Short term investments/instruments	1 180 480	1 037 445
Cash and cash equivalents at end of year	<b>1 212 576</b>	<b>1 062 015</b>

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.

During the year, National Treasury issued a circular dated 14 September 2021, which withdrew any exemptions previously granted to Schedule 3A entities to invest any surplus funds outside the Corporation of Public Deposits (CPD). All investments outside CPD were to be moved to the CPD as they matured. BANKSETA complied with the circular and as at year, all surplus funds are invested at the CPD.

**ANNUAL FINANCIAL STATEMENTS**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2022

**6. PAYABLES FROM EXCHANGE TRANSACTIONS**

	<b>2021/22</b>	<b>2020/21</b>
	<b>R'000</b>	<b>R'000</b>
Salary related payables	292	337
Sundry payables	6 498	6 374
Trade payables	2 065	2 132
Other accrued expenses	1 618	1 587
Leave accrual	2 809	2 641
Sundry creditors	6	14
	<b>6 790</b>	<b>6 712</b>

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

**7. PAYABLES FROM NON-EXCHANGE TRANSACTIONS**

	<b>2021/22</b>	<b>2020/21</b>
	<b>R'000</b>	<b>R'000</b>
Skills development grants payable - mandatory	17 078	15 670
Employer payables	1 574	2 473
Project grants payable - discretionary	85 271	32 992
	<b>103 923</b>	<b>51 135</b>

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 2022

#### 8. PROVISIONS

	Opening balance	Over/under provision	Addition	Paid/reversed	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>2021/22</b>					
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
<b>Total</b>	<b>46 655</b>	<b>(1 726)</b>	<b>9 311</b>	<b>(9 741)</b>	<b>44 499</b>

	Opening balance	Over/under provision	Addition	Paid/reversed	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>2020/21</b>					
Levies incorrectly received*	1 495	-	296	-	1 791
Provision for incentive bonus**	10 542	(626)	10 198	(9 020)	11 094
Levy funds received in excess of allocation per levies files***	-	-	33 770	-	33 770
Provision for acting allowances	54	-	-	(54)	-
<b>Total</b>	<b>12 091</b>	<b>(626)</b>	<b>44 264</b>	<b>(9 074)</b>	<b>46 655</b>

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

\*\*\* 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 2022

### 9. ALLOCATION OF NET SURPLUS FOR THE YEAR TO RESERVES

	Total per Statement of Financial Performance 2021/22	Administration reserve 2021/22	Employer grants reserve Mandatory skills grant 2021/22	Discretionary reserve Total discretionary 2021/22	Total per Statement of Financial Performance 2021/22
	R'000	R'000	R'000	R'000	R'000
<b>Total revenue</b>	<b>895 963</b>	105 829	199 053	591 081	644 119
Skills development levy: income from non-exchange transactions					
Admin levy income (10,5%)	<b>105 723</b>	105 723	-	-	72 410
Grant levy income (69,5%)	<b>699 498</b>	-	199 053	500 445	479 148
Skills development levy: penalties and interest income from non-exchange transactions	<b>43 023</b>	-	-	43 023	47 490
Investment revenue from exchange transactions	<b>47 613</b>	-	-	47 613	45 023
Other revenue from exchange transactions	<b>106</b>	106	-	-	48
<b>Total expenses</b>	<b>(800 802)</b>	(84 031)	(194 101)	(522 670)	(545 681)
Administration expenses	<b>(84 031)</b>	(84 031)	-	-	(88 523)
Employer grants and project expenses	<b>(716 771)</b>	-	(194 101)	(522 670)	(457 158)
<b>Net surplus per Statement of Financial Performance allocated</b>	<b>95 161</b>	<b>21 798</b>	<b>4 952</b>	<b>68 411</b>	<b>98 438</b>

## ANNUAL FINANCIAL STATEMENTS

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

#### 10. SKILLS DEVELOPMENT LEVY INCOME FROM NON-EXCHANGE TRANSACTIONS

	Notes	2021/22 R'000	2020/21 R'000
The total levy income per the Statement of Financial Performance is as follows:			
Levy income: Administration		105 723	72 410
Levies received		105 674	72 449
Levies received from SARS	10.1	105 674	72 449
InterSETA transfers in		-	-
Levies accrued		49	(39)
Levy income: Employer (Mandatory) Grants		199 053	136 775
Levies received	10.1	198 960	136 849
Levies received from SARS		198 960	136 849
InterSETA transfers in		-	-
Levies accrued		93	(74)
Levy income: Discretionary Grants		500 445	342 373
Levies received from SARS		500 214	342 556
Levies received	10.1	500 214	342 556
InterSETA transfers in		-	-
Levies accrued		230	(183)
		<b>805 221</b>	<b>551 558</b>

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

#### 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 2022

#### 10. SKILLS DEVELOPMENT LEVY INCOME FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

The impact on levy income is as follows:

	2021/22	2020/21
Notes	R'000	R'000
Net levies received: administration		
	110 060	81 998
	(4 386)	(9 549)
10	105 674	72 449
Net levies received: mandatory		
	208 388	155 316
	(9 428)	(18 467)
10	198 960	136 849
Net levies received: discretionary		
	519 951	387 326
	(19 737)	(44 770)
10	500 214	342 556

#### 11. SKILLS DEVELOPMENT LEVY PENALTY AND INTEREST INCOME FROM NON-EXCHANGE TRANSACTIONS

	2021/22	2020/21
	R'000	R'000
Skills development levy penalties and Interest income - current year	43 023	47 490
Total Skills development levy penalties and Interest income	<b>43 023</b>	<b>47 490</b>

The effect of discounting was considered and found to be immaterial. There were no adjustments/reversals of penalties and interest income recognised in prior years.

## ANNUAL FINANCIAL STATEMENTS

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

#### 12. INVESTMENT REVENUE FROM EXCHANGE TRANSACTIONS

	2021/22 R'000	2020/21 R'000
Interest Revenue		
Interest revenue from current year received as cash during the year	47 471	42 073
Receivable	142	2 950
	<b>47 613</b>	<b>45 023</b>
<b>12.1 Cashflow from interest revenue</b>		
Portion of Interest revenue in current year received as cash during the year	47 471	42 073
Portion of interest revenue in prior year received as cash during the current year	2 950	5 014
	<b>50 420</b>	<b>47 087</b>
<b>13. OTHER REVENUE</b>		
Other revenue comprises:		
Other income		
Mandatory grants received	106	47
	<b>106</b>	<b>47</b>

#### 14. EMPLOYER GRANT AND PROJECT EXPENSES

	2021/22 R'000	2020/21 R'000
Mandatory grants	194 101	133 739
Disbursed	193 778	133 560
Provisions and accruals	323	179
Project expenditure	522 670	323 419
<b>Total employer grant and project expenses per Statement of Financial Performance</b>	<b>716 771</b>	<b>457 158</b>

Project expenditure comprises of training grants to stakeholders and higher education institutions, bursaries, stipends and training and project related admin expenses.

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 2022

### 15. ADMINISTRATION EXPENSES

	Notes	2021/22 R'000	2020/21 R'000
Advertising, marketing and promotions, communication		525	2 037
Allowance for irrecoverable debts		(1)	5
Audit fees		4 187	2 672
External audit fees		3 193	2 182
Internal audit fees		994	490
Catering at stakeholder meetings		25	84
Consultancy fees		646	253
Cost of employment	15.1	56 052	53 207
Depreciation/Amortisation		1 175	1 318
Depreciation		608	498
Amortisation		567	820
Legal fees		817	887
Maintenance, repairs and running costs - other		127	232
Loss on disposal of property		15	11
Operating lease rentals (minimum lease payments)		3 597	4 476
Buildings		3 543	4 319
Equipment		54	157
Quality Council for Trade and Occupations	22.2	3 951	5 793
Remuneration to members of the Accounting Authority and committees		3 480	3 439
Research costs		1 110	2 590
Service provider fees		3 317	6 135
Staff training and development		599	824
Travel and subsistence		457	179
Other		3 952	4 380 *
Other administration expenses		2 980	3 556
Printing and stationery		236	131
Telephone costs		491	465 *
Workshops		245	228
		<b>84 031</b>	<b>88 523</b>

\* Prior year presentation adjusted to align with current year presentation



# ANNUAL FINANCIAL STATEMENTS

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

### 15. ADMINISTRATION EXPENSES (CONTINUED)

#### 15.1 Cost of employment

		2021/22 R'000	2020/21 R'000
Salaries and wages		48 632	46 477 *
Basic salaries		38 324	33 967
Performance awards		7 958	9 572
Allowances		41	442
Communication allowances		620	496 *
Employee settlement		38	-
Leave expense		1 651	2 000
Social contributions		7 420	6 730
Medical aid contributions		1 551	1 469
Pension contributions: defined contribution plans		4 666	4 303
Risk cover contributions		478	414
Skills Development Levies		494	360
Workmen's Compensation		99	79
UIF		132	105
Allocation of cost of employment		56 052	53 207 *
Administration expenses	15	56 052	53 207 *
Average number of employees		65	59

Refer to the report by the Accounting Authority for disclosure of the Accounting Authority members. Note 24 details the emoluments of members of the Accounting Authority, independent board committee members and the Executive management group.

- \* The BANKSETA changed from providing communication devices to providing communication costs. The categorisation of this expense has been changed accordingly. The prior year disclosure has been corrected in line with current disclosure.

## ANNUAL FINANCIAL STATEMENTS

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

#### 16. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET SURPLUS

	Notes	2021/22 R'000	2020/21 R'000
Net surplus as per Statement of Financial Performance		95 161	98 438
Adjusted for non-cash items:			
Depreciation/amortisation		1 175	1 318
Allowance for irrecoverable debts		(1)	5
Interest accrued at year end		(142)	(2 950)
Loss on disposal of fixed assets		15	11
Adjusted for items separately disclosed			
Interest received	12.1	(50 420)	(47 087)
Adjusted for working capital changes:			
(Increase)/decrease in receivables from exchange transactions		2 419	4 931
(Increase)/decrease in receivables from non-exchange transactions		2 853	(2 707)
(Decrease)/Increase in payables and provisions		49 923	66 245
Cash generated from operations		<b>100 983</b>	<b>118 204</b>

#### 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. On 2 September 2020, National Treasury gazetted National Treasury instruction no 12 of 2020, whose application has been applied retrospectively to 31 March 2020.

	2021/22 R'000	2020/21 R'000
Cash and cash equivalents at the end of the year	1 212 576	1 062 015
Add: receivables	2 039	7 166
Less: current liabilities	(155 212)	(104 502)
<b>Total surplus per current legislation</b>	<b>1 059 402</b>	<b>964 679</b>
Less: discretionary grant commitments	(1 041 906)	(398 805)
<b>Surplus after commitments</b>	<b>17 496</b>	<b>565 874</b>

# ANNUAL FINANCIAL STATEMENTS

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

### 17. CONTINGENCIES (CONTINUED)

The BANKSETA submitted an application to the Department of Higher Education and Training and National Treasury for the retention of surplus funds and is awaiting approval. Commitments are contractual obligations of the SETA. The current legislation applied to surpluses from 31 March 2020 does not provide for deduction of commitments.

#### 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 R111 000 (2020/21:R136 000) will be payable. The amount is contingent on the number of submissions received and approved.

#### 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. The Minister has not yet made the decision in regard to the mandatory levy or grant percentage. The effect of the ruling is that the Minister would have to decide on the percentage for mandatory levies and grants in consultation with the sector. The Minister has not yet made the decision in regard to the mandatory levy or grant percentage or process to determine a revised percentage. DHET continued to show the mandatory levies portion as 20% in 2021/22 year in the levy download information. The SETA continued to pay and accrue mandatory grants at 20% in the 2021/22 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 2 and the mandatory grant expenditure in Note 6 as well as the mandatory grant liability in note 14 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 2021/22 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.

The amount cannot be determined 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. Should the outcome be that the BANKSETA must pay mandatory grants at a higher level since the court decision, the BANKSETA would have to seek National Treasury approval to access its own reserves to cover the payments.

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# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

## 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 reimbursement of legal costs and damages as a result of disciplinary charges brought by the BANKSETA, which the BANKSETA then withdrew.

Both cases are contingent on the outcome of external labour arbitration processes which should be completed within the next 12 months. An estimate of the contingent liabilities is R 1 327 000.

## 18. COMMITMENTS

### 18.1 Discretionary reserve

Of the balance of R1 059 291 000 (2020/21: R964 543 000) available in the discretionary reserve as at year-end, R1 041 906 000 (2020/21: R398 805 000) 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. Amounts for expenses that have already been incurred, and therefore included in grant expenses in the Statement of Financial Performance, are also indicated. A request for retention of the reserve funds has been submitted to National Treasury. At the time of approval of the financial statements, the BANKSETA was awaiting approval from National Treasury.

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18. COMMITMENTS (CONTINUED)

Commitments		R'000									
Project name	Project number	Opening balance 31 March 2020	New commitments approved by Accounting Authority	Charged to Statement of Financial Performance 2020/21	Write backs and other adjustments 2020/21	Opening balance 31 March 2021	New commitments approved by Accounting Authority	Charged to Statement of Financial Performance 2021/22	Write backs and other adjustments 2021/22	Closing balance 31 March 2022	
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>PROGRAMME: QUALITY ASSURANCE</b>											
Assessment Centre for RPL	621	185	-	(185)	-	-	-	-	-	-	
Assessment centre	620	460	-	(348)	-	112	31	(143)	-	-	
Provision for General management	594	1 068	-	(91)	(707)	270	-	-	(270)	-	
<b>Total Quality Assurance</b>		<b>1 713</b>	<b>-</b>	<b>(624)</b>	<b>(707)</b>	<b>382</b>	<b>31</b>	<b>(143)</b>	<b>(270)</b>	<b>-</b>	
<b>PROGRAMME: RESEARCH</b>											
Africa Expansion Leadership Programme	581	15 439	-	(3 259)	(12 180)	-	-	-	-	-	
Research Chairs Funding	644	1 590	-	(1 590)	-	-	-	-	-	-	
Doctoral and Post Doctoral Funding	675	850	100	(950)	-	-	-	-	-	-	
Doctoral and Post-Doctoral Funding Window 2019	680	-	584	-	-	584	352	(880)	(56)	-	
Research and Benchmarking	644	-	-	-	-	-	130	(130)	-	-	
<b>Total Research Programmes</b>		<b>17 879</b>	<b>684</b>	<b>(5 799)</b>	<b>(12 180)</b>	<b>584</b>	<b>482</b>	<b>(1 010)</b>	<b>(56)</b>	<b>-</b>	

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for the year ended 31 March 2022

18. COMMITMENTS (CONTINUED)

Commitments		R'000									
Project name	Project number	Opening balance 31 March 2020	New commitments approved by Accounting Authority	Charged to Statement of Financial Performance 2020/21	Write backs and other adjustments 2020/21	Opening balance 31 March 2021	New commitments approved by Accounting Authority	Charged to Statement of Financial Performance 2021/22	Write backs and other adjustments 2021/22	Closing balance 31 March 2022	
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>PROGRAMME: SKILLS DEVELOPMENT</b>											
Learnership Funding	625	20 553	1 098	(4 717)	(8 854)	8 080	921	(3 820)	(5 182)	-	
Learnership funding Window	628	999	-	(680)	(319)	-	-	-	-	-	
Learnership -People with disabilities	630	157	-	(45)	(112)	-	-	-	-	-	
Pivotal Funding Window-Unemployed	636	516	-	(220)	(296)	-	-	-	-	-	
Pivotal Funding Window	646	55 152	5 625	(27 919)	(31 281)	1 577	-	(1 760)	183	-	
Kuyasa Learnership	651	24	-	-	(24)	-	-	-	-	-	
Learnerships Unemployed	655	4 412	-	(2 265)	(1 427)	720	-	-	(720)	-	
Learnerships Unemployed	653	750	-	(488)	(262)	-	-	-	-	-	
NFSAS Support Funding	456	5 003	-	-	(5 003)	-	-	-	-	-	
IT Skills Funding	647	1 938	-	-	(1 938)	-	-	-	-	-	
IT Skills Funding	669	1 992	-	(642)	(1 350)	-	-	-	-	-	



## 18. COMMITMENTS (CONTINUED)

Commitments		R'000									
Project name	Project number	Opening balance 31 March 2020	New commitments approved by Accounting Authority	Charged to Statement of Financial Performance 2020/21	Write backs and other adjustments 2020/21	Opening balance 31 March 2021	New commitments approved by Accounting Authority	Charged to Statement of Financial Performance 2021/22	Write backs and other adjustments 2021/22	Closing balance 31 March 2022	
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>PROGRAMME: SKILLS DEVELOPMENT (CONTINUED)</b>											
Programmes supporting Learners with Disabilities	654	1 996	-	(586)	(1 410)	-	-	-	-	-	
Maths & Science Support Programme 2019	666	2 375	250	(2 535)	(90)	-	-	-	-	-	
PIVOTAL: Grant Funding Window	668	78 330	146 793	(41 977)	(1 538)	181 608	-	(35 659)	(21 592)	124 357	
Letsema & Kuyasa	662	50 070	1 604	(52 550)	876	-	-	-	-	-	
PIVOTAL Grant Funding Window 2019	663	24 542	-	(6 530)	(6 350)	11 662	-	(2 635)	(8 650)	377	
Cyber Security Internship	656	7 839	-	(8 275)	520	84	32 351	(26 936)	1	5 500	
IT SKILLS FUNDING WINDOW 2020-21	684	-	9	-	-	9	4 322	(1 416)	(1 277)	1 638	
Skills for Future: Scholars Funding Window	685	-	4 589	-	-	4 589	-	(3 997)	(591)	-	

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for the year ended 31 March 2022

18. COMMITMENTS (CONTINUED)

Commitments		R'000									
Project name	Project number	Opening balance 31 March 2020	New commitments approved by Accounting Authority	Charged to Statement of Financial Performance 2020/21	Write backs and other adjustments 2020/21	Opening balance 31 March 2021	New commitments approved by Accounting Authority	Charged to Statement of Financial Performance 2021/22	Write backs and other adjustments 2021/22	Closing balance 31 March 2022	
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>PROGRAMME: SKILLS DEVELOPMENT (CONTINUED)</b>											
Skills for Future: Scholars Funding Window	685	-	2 189	-	-	2 189	-	(2 189)	-	-	
PIVOTAL Grant Funding Window for Employed	686	-	65 381	-	-	65 381	7 211	(29 325)	(2 428)	40 839	
PIVOTAL Grants Funding Window 2020/21	690	-	25 366	-	-	25 366	400	(16 097)	(280)	9 389	
Math and Science Support Programme 2020	687	-	14 700	-	-	14 700	4 500	(19 020)	(180)	-	
NEDLAC Partnership	716	-	2 000	-	-	2 000	-	(274)	(1 726)	-	
PIVOTAL Grant Funding Window 2021	070	-	-	-	-	-	102 571	(25 701)	-	76 870	
Doctoral and Post-Doctoral Funding Window	072200	-	-	-	-	-	1 620	(804)	-	816	
IT Funding Window	709	-	-	-	-	-	6 152	(4 693)	-	1 459	

## 18. COMMITMENTS (CONTINUED)

Commitments		R'000									
		Project number	Opening balance 31 March 2020	New commitments approved by Accounting Authority	Charged to Statement of Financial Performance 2020/21	Write backs and other adjustments 2020/21	Opening balance 31 March 2021	New commitments approved by Accounting Authority	Charged to Statement of Financial Performance 2021/22	Write backs and other adjustments 2021/22	Closing balance 31 March 2022
Project name		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>PROGRAMME: SKILLS DEVELOPMENT (CONTINUED)</b>											
Skills for Future: Scholars 2021/22	721	-	-	-	-	9 450	-	-	-	-	9 450
Maths & Science Support Programme 2021/22	703	-	-	-	-	14 580	(7 047)	-	-	-	7 533
Leadership Development Programme	706	-	-	-	-	9 200	-	-	-	-	9 200
<b>Total Skills Development</b>		<b>256 648</b>	<b>269 604</b>	<b>(149 429)</b>	<b>(58 858)</b>	<b>317 967</b>	<b>(181 373)</b>	<b>(42 442)</b>	<b>287 430</b>		

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18. COMMITMENTS (CONTINUED)

Commitments		R'000									
Project name	Project number	Opening balance 31 March 2020	New commitments approved by Accounting Authority	Charged to Statement of Financial Performance 2020/21	Write backs and other adjustments 2020/21	Opening balance 31 March 2021	New commitments approved by Accounting Authority	Charged to Statement of Financial Performance 2021/22	Write backs and other adjustments 2021/22	Closing balance 31 March 2022	
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>PROGRAMME: YOUTH</b>											
BANKSETA Higher Education Funding Window	595	2 147	128 192	(90 982)	(14 910)	24 447	156 147	(153 264)	(25 633)	1 697	
TVT WIL Funding 2016/17	596	12 127	3 465	(14 040)	98	1 650	-	(1 620)	(30)	-	
TVT WIL Funding 2016/17	597	37 573	-	(25 240)	1 294	13 627	-	(17 052)	4 615	1 190	
Digitalisation programme for disabled learners	692	-	22 227	(3 951)	-	18 276	-	(16 837)	(1 439)	-	
Higher Education Institution (HEI) Funding Window	679	-	55 825	(30 895)	(5 891)	19 039	-	(7 839)	(11 200)	-	
Digital Transformation Lecturer Development	724	-	-	-	-	-	19 700	(2 786)	-	16 914	
Presidential Youth Programme TVET Placement	723	-	-	-	-	-	40 000	(10 526)	-	29 474	

## 18. COMMITMENTS (CONTINUED)

Commitments		R'000									
Project name	Project number	Opening balance 31 March 2020	New commitments approved by Accounting Authority	Charged to Statement of Financial Performance 2020/21	Write backs and other adjustments 2020/21	Opening balance 31 March 2021	New commitments approved by Accounting Authority	Charged to Statement of Financial Performance 2021/22	Write backs and other adjustments 2021/22	Closing balance 31 March 2022	
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>PROGRAMME: YOUTH (CONTINUED)</b>											
University of Technology Funding Window	695	-	-	-	-	-	34 563	(15 485)	-	19 078	
TVET WIL Funding Window	697	-	-	-	-	-	126 016	(54 310)	-	71 706	
BANKSETA Higher Education Funding Window 2021/22	698	-	-	-	-	-	73 618	(10 454)	(8 181)	54 983	
Letsema and Kuyasa Projects	702	-	-	-	-	-	37 983	(25 361)	(107)	12 515	
NFSAS Internship Funding Window 2022	718	-	-	-	-	-	4 000	(2 082)	-	1 918	
PIVOTAL Grant Funding Window 2021	725	-	-	-	-	-	255 029	-	-	255 029	
699		-	-	-	-	-	26 231	(8 887)	-	17 344	
<b>Total Youth</b>		<b>51 847</b>	<b>209 709</b>	<b>(165 108)</b>	<b>(19 409)</b>	<b>77 039</b>	<b>773 287</b>	<b>(326 503)</b>	<b>(41 975)</b>	<b>481 848</b>	

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18. COMMITMENTS (CONTINUED)

Commitments		R'000									
Project name	Project number	Opening balance 31 March 2020	New commitments approved by Accounting Authority	Charged to Statement of Financial Performance 2020/21	Write backs and other adjustments 2020/21	Opening balance 31 March 2021	New commitments approved by Accounting Authority	Charged to Statement of Financial Performance 2021/22	Write backs and other adjustments 2021/22	Closing balance 31 March 2022	
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>PROGRAMME: INCLUSIVE BANKING/SMEs</b>											
SME Funding Window	673	810	-	(528)	(282)	-	-	-	-	-	
Cooperative Bank Staff Development	671	3 863	-	(1 500)	-	2 363	-	-	(2 363)	-	
SME Funding Window	677	-	472	-	-	472	262	(587)	(95)	51	
SME Funding Window 2021/22	710	-	-	-	-	-	3 743	(1 493)	-	2 250	
Entrepreneurship Funding Window 2021/22	711	-	-	-	-	-	14 204	-	-	14 204	
Rural Development support	713	-	-	-	-	-	8 000	(8 000)	-	-	
IEDP Development Finance	714	-	-	-	-	-	2 328	(2 328)	-	-	
CFI Support-Gauteng department of Economic Development	717	-	-	-	-	-	3 250	-	-	3 250	
<b>Total Inclusive Banking/SME Programmes</b>		<b>4 673</b>	<b>472</b>	<b>(2 028)</b>	<b>(282)</b>	<b>2 835</b>	<b>31 787</b>	<b>(12 408)</b>	<b>(2 458)</b>	<b>19 755</b>	

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18. COMMITMENTS (CONTINUED)

Commitments		R'000									
Project name	Project number	Opening balance 31 March 2020	New commitments approved by Accounting Authority	Charged to Statement of Financial Performance 2020/21	Write backs and other adjustments 2020/21	Opening balance 31 March 2021	New commitments approved by Accounting Authority	Charged to Statement of Financial Performance 2021/22	Write backs and other adjustments 2021/22	Closing balance 31 March 2022	
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>PROGRAMME: STRATEGIC PROJECTS</b>											
Universities South Africa (USAF)	729	-	-	-	-	-	11 271	-	-	11 271	
Partnerships BS & Lejweleputswa District Municipality Unemployed	729	-	-	-	-	-	135 703	-	-	135 703	
Indlela/ National Artisan Development	729	-	-	-	-	-	11 400	-	-	11 400	
<b>Total Strategic projects</b>		-	-	-	-	-	<b>252 874</b>	-	-	<b>252 874</b>	
<b>Total Commitments</b>		<b>332 760</b>	<b>480 469</b>	<b>(322 988)</b>	<b>(91 436)</b>	<b>398 805</b>	<b>1 251 740</b>	<b>(521 439)</b>	<b>(87 202)</b>	<b>1 041 906</b>	



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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

### 18. COMMITMENTS (CONTINUED)

	Notes	2021/22 R'000	2020/21 R'000	
<b>18.1.1</b> Project expenditure (per commitments table disclosed above)		<b>521 439</b>	<b>322 987</b>	
Split into				
Project direct expenditure		<b>506 376</b>	<b>312 589</b>	*
Project admin expenditure		<b>15 063</b>	<b>10 398</b>	*
Project admin expenditure (included in commitments analysis)		15 063	10 398	*
Project admin expenditure - non contractual (not in commitments analysis)		<b>1 231</b>	<b>432</b>	
Total project admin expenditure		<b>16 294</b>	<b>10 830</b>	*
Total project direct expenditure		<b>506 376</b>	<b>312 589</b>	*
Total project expenditure	5	<b>522 670</b>	<b>323 419</b>	

\* Prior year figures restated

#### \* **Prior Year Error**

In the prior year project admin expenditure relating to project management fees paid to institutes of higher education for monitoring BANKSETA bursary projects at their institution was incorrectly included in project direct expenditure.

This has been correctly retrospectively with impact as follows

	2020/21 R'000	2020/21 R'000	2020/21 R'000
Closing commitments value			
	<b>Project admin expenditure included in commitments table</b>	<b>Total project admin expenditure</b>	<b>Total project admin direct expenditure</b>
As reported in prior year	4 839	5 271	318 148
Correction effected	5 559	5 559	(5 559)
Prior year figure restated	<b>10 398</b>	<b>10 830</b>	<b>312 589</b>

This prior year error and restatement has no effect on opening reserves or the statement of financial position or performance.

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### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

#### 18. COMMITMENTS (CONTINUED)

**18.1.2** 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:

	Notes	2021/22 R'000	2020/21 R'000
Amounts for 2021/22 year		-	34 095
Amounts for 2022/23 year		33 572	26 022
Amounts for 2023/24 year		13 130	-
Total contracts with suspensive conditions		<b>46 702</b>	<b>60 117</b>

#### 18.2 Other commitments

Capital expenditure

	Notes	2021/22 R'000	2020/21 R'000
Office furniture and fittings		45	-
Total		<b>45</b>	

As at 31 March 2022, The BANKSETA had placed orders for office furniture and fittings, which were delivered a few days after year end.

#### 18.3 Operating leases

Total of future minimum lease payments under non-cancellable leases:

	2021/22 R'000	2020/21 R'000
Not later than one year	3 877	3 577
Later than one year and not later than five years	11 923	14 567
Later than five years	2 298	3 351
	<b>18 098</b>	<b>21 495</b>

## ANNUAL FINANCIAL STATEMENTS

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

#### 18. COMMITMENTS (CONTINUED)

The BANKSETA entered into operating leases in 2020 for its head office in Centurion, Gauteng and two regional offices, one being 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 March 2024.

There are no annual escalations in the printer agreements.

#### 19. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

There were no losses experienced through criminal conduct in the current or previous year.

##### 19.1 Irregular expenditure

	Incident/detail of irregular expenditure	Disciplinary steps taken/ criminal proceedings	2021/22 R'000	2020/21 R'000
19.1.1	Award that did not comply with one specifications in the request for quotation and was deemed unfair in terms of the PFMA	Remedial action will be instituted by the entity.		116
19.1.2	Board fees of the Accounting Authority members whose appointment were not made in line with the Skills Development Act, no 97 of 1998 (SDA) as amended	DHET has affected remedial action as the vetting of Accounting Authority members lies under DHET Authority	1 298	1371
<b>Total irregular expenditure incurred in the current financial year</b>			<b>1 298</b>	<b>1 487</b>

## ANNUAL FINANCIAL STATEMENTS

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

#### 19. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

	2021/22 R'000	2020/21 R'000
<b>Opening balance</b>	22 641	21 154
Add: Irregular expenditure - current year	1 298	1 487
Less: amounts condoned by National Treasury	-	-
Less: correction of prior year' errors in recognition of irregular expenditure	-	-
<b>Closing balance of expenditure awaiting condonation/to be recovered</b>	<b>23 939</b>	<b>22 641</b>
<b>Irregular expenditure awaiting condonation</b>	<b>23 939</b>	<b>22 641</b>
Irregular expenditure where BANKSETA has applied for condonation	2 970	-
Irregular expenditure under determination and assessment	18 300	22 641
Irregular expenditure awaiting DHET to process condonation	2 669	-
<b>Total irregular expenditure awaiting condonation</b>	<b>23 929</b>	<b>22 641</b>
<b>19.1 Analysis of expenditure awaiting condonation per age classification</b>		
2015/16	125	125
2016/17	101	101
2017/18	3 109	3 109
2018/19	10 318	10 318
2019/20	7 501	7 501
2020/21	1 487	1 487
2021/22	1 298	
<b>Total</b>	<b>23 939</b>	<b>22 641</b>

#### 19.2 Fruitless and wasteful expenditure

There were no losses experienced due to fruitless and wasteful expenditure in the current or previous year. There is no balance of fruitless and wasteful expenditure awaiting condonation.

## ANNUAL FINANCIAL STATEMENTS

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

#### 20. FINANCIAL INSTRUMENTS

In the course of the SETA operations it 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:

	At amortised cost			
	Interest bearing		Non-interest bearing	Total
	Amount R'000	Effective interest rate	Amount R'000	R'000
<b>Year ended 31 March 2022</b>				
Assets				
Cash	1 212 576	3.99%	-	1 212 576
Other accounts receivable	-	-	1 321	1 321
<b>Total financial assets</b>	<b>1 212 576</b>	<b>3.99%</b>	<b>1 321</b>	<b>1 213 897</b>
Liabilities				
Trade and other payables & provisions	-	-	92 062	92 062
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>92 062</b>	<b>92 062</b>
<b>Year ended 31 March 2021</b>				
Assets				
Cash and cash equivalents	1 062 015	4.53%	-	1 062 015
Other accounts receivable	-	-	3 501	3 501
<b>Total financial assets</b>	<b>1 062 015</b>	<b>4.53%</b>	<b>3 501</b>	<b>1 065 516</b>
Liabilities				
Trade and other payables & provisions	-	-	39 704	39 704
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>39 704</b>	<b>39 704</b>

\* Prior year other accounts receivables figure restated to exclude prepayments. Refer to prior year error note.

\*\* Prior year trade and other payables restated to exclude provisions and mandatory grants payable. Refer to prior year error note.

# ANNUAL FINANCIAL STATEMENTS

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

### 20. FINANCIAL INSTRUMENTS (CONTINUED)

#### 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.

#### 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:

The SETA manages liquidity risk through proper management of working capital, capital expenditure and review of cashflows against budgeted cashflows as detailed in the finance policies. Adequate reserves and liquid resources are also maintained.

#### 20.4 Ageing of financial assets and liabilities

##### The ageing of receivables from exchange transactions

	2021/22		2020/21		*
	Gross R'000	Impairment R'000	Gross R'000	Impairment R'000	
Not past due	1 313	-	3 501	-	
Past due 0 - 30 days	-	-	-	-	
Past due 31 - 120 days	8	-	-	-	
Past due 120 - 365 days	-	-	-	-	
More than one year	-	-	-	-	
<b>Total receivables</b>	<b>1 321</b>	<b>-</b>	<b>3 501</b>	<b>-</b>	

##### The ageing of cash and cash equivalents:

	2021/22		2020/21	
	Gross R'000	Impairment R'000	Gross R'000	Impairment R'000
Not past due	1 212 576	-	1 062 015	-
Past due 0 - 30 days	-	-	-	-
Past due 31 - 120 days	-	-	-	-
Past due 120 - 365 days	-	-	-	-
More than one year	-	-	-	-
<b>Total cash and cash equivalents</b>	<b>1 212 576</b>	<b>-</b>	<b>1 062 015</b>	<b>-</b>

\* Prior year other accounts receivable figure restated to exclude prepayments. Refer to note 20.9.

# ANNUAL FINANCIAL STATEMENTS

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

### 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
<b>2021/22</b>						
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)	-	-	-

	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
<b>2020/21</b>						
Trade and other payables from exchange transactions	(6 712)	(6 712)	(6 712)	-	-	-
Trade and other payables from non - exchange transactions	(32 992)	(32 992)	(32 992)	-	-	-

\* \*

In case of liquidity problems, 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. Post balance sheet events in regard to the Covid -19 pandemic, and the lockdown emanating from the declaration of the National State of Disaster, and the expected economic downturn as well as the four month skills development levy holiday legislated are not expected to impact on the accounts receivable. 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 2022

### 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 approximates 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 accommodations 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.

	2021/22 R'000	2020/21 R'000
Cash and cash equivalents	1 212 576	1 062 015
Receivables from exchange transactions	1 321	3 501 *
	<u>1 213 897</u>	<u>1 065 516</u>

\* Prior year accounts receivables figure restated to exclude prepayments. See note 20.9.

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 2022

### 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 has led to negative impact on profitability for the major stakeholders in the sector for 2020. This is expected to result in reduction in employment within the sector in during the next year. The impact of this on the BANKSETA's levy income is expected in the next financial year as disclosed under going concern note no 27.

#### 20.9 Prior Year Error - Restatement

<b>2020/21</b>
<b>R'000</b>

**20.9.1** The prior year figure for other receivables from exchange transactions has been restated to exclude prepayments which are not classified as financial instruments. This has been corrected retrospectively as follows:

2020/21 total receivables from exchange transactions figure reported in the prior year	3 596
Deduct prepayments incorrectly included	(95)
Restated 2020/21 total receivables from exchange transactions (in note 20.1 and 20.4)	3 501

The prior year error has no impact on opening reserves or the statements of financial position or performance.

**20.9.2** Prior year figure for total trade and other payables has been restated to excluded provisions which are not classified as financial instruments as follows:

2020/21 total trade and other payables previously reported	(104 502)
Deduct provisions incorrectly included	46 655
Deduct mandatory grants payables incorrectly included	18 143
Restated 2020/21 total trade and other payables (in note 20.1)	(39 704)

The prior year error has no impact on opening reserves or the statements of financial position or performance.

# ANNUAL FINANCIAL STATEMENTS

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

### 21. ACCOUNTING PRONOUNCEMENTS

#### 21.1 Standards and interpretations effective and newly adopted in the current year

In the current year, there were no new standards that became effective that are relevant to BANKSETA's operations.

#### 21.2 Standards and interpretations issued but not yet effective

At the date of authorization 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.

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.

	Statement	Effective date, commencing on or after
Employee Benefits	GRAP 25	No effective date set
Financial Instruments	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.

#### 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.

# ANNUAL FINANCIAL STATEMENTS

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

### 21. ACCOUNTING PRONOUNCEMENTS (CONTINUED)

#### **GRAP 104: Financial instruments**

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.

#### **IGRAP 7: 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 postemployment 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.

#### **IGRAP 21: 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.

#### **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 2022

### 21. ACCOUNTING PRONOUNCEMENTS (CONTINUED)

#### 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 put 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 below:

#### 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 employees from one SETA to another. The balances at year-end included in receivables and payables are:

	Nature of transaction	2021/22			2020/21		
		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	-	274	-	-	-	2 000
Transport SETA	SETA training	-	-	42 000	-	-	-
<b>Total</b>		<b>-</b>	<b>274</b>	<b>42 000</b>	<b>-</b>	<b>-</b>	<b>2 000</b>

- \* Note that wherever amounts relating to SETA transfer of skills development levies received from employees are shown that the amount of the transaction, where applicable, includes interest and penalties transferred to or from the SETA.

# ANNUAL FINANCIAL STATEMENTS

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

### 22. RELATED PARTY TRANSACTIONS (CONTINUED)

#### 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 7. 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	2021/22		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	3 951	-	5 793	-

#### 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 programs benefitting learners,
- work integrated learning programs benefitting learners and
- research programs including research chairs.

The year end balances payable or receivables and outstanding commitments to the universities and UoTs are shown at the end of note 22 below.

#### 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 programs benefitting learners
- work integrated learning programs benefitting learners

The year end balances (payable and/or receivables) and outstanding commitments to the TVETs are shown at the end of note 22 below.

## ANNUAL FINANCIAL STATEMENTS

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

#### 22. RELATED PARTY TRANSACTIONS (CONTINUED)

##### 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 Indlela are shown below.

##### 22.7 The year end balances (payable and/or receivables) and outstanding commitments.

Type of entity	Nature of transaction	2021/22		2020/21	
		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	-	11 271	-	-
NSFAS	Bursaries	-	1 918	-	-
TVETs	Bursaries	-	-	-	-
TVETs	Work Integrated Programs	(2 441)	72 896	(876)	13 627
TVETs	Skills programs	-	2 995	-	-
Universities and Universities of Technology	Bursaries	(55)	65 297	(2 107)	48 950
Universities and Universities of Technology	Work Integrated Programs	(6 883)	19 078	(660)	1 650
Universities and Universities of Technology	Skills programs	-	12 024	-	-
Universities	Research programs	(130)	-	-	-
Universities	Lecturer development programmes	-	1 309	-	-
<b>Subtotal related parties balances and transaction i.e.. programmes</b>		<b>(9 509)</b>	<b>186 788</b>	<b>(3 643)</b>	<b>64 227</b>

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 2022

#### 22. RELATED PARTY TRANSACTIONS (CONTINUED)

##### 22.8 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	2021/22		2020/21	
		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)	-	-	-

#### 23. REMUNERATION OF MEMBERS OF THE ACCOUNTING AUTHORITY, COMMITTEE MEMBERS AND MANAGEMENT

##### 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 is: 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:

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### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

#### 23. REMUNERATION OF MEMBERS OF THE ACCOUNTING AUTHORITY, COMMITTEE MEMBERS AND MANAGEMENT (CONTINUED)

##### Remuneration of members of the Accounting Authority and committee members

	Meeting and preparation fees	Ad hoc meetings	Total 2021/22	Total 2020/21
	R'000	R'000	R'000	R'000
N Makhanya (Chairperson)	224	148	372	414
M Lekota	176	60	236	245
D Cedras	217	127	344	307
L Selepe	155	40	195	164
M Moodley	173	34	207	176
M Matle	166	81	247	238
N Sekgaphane (GSC Chair)	209	91	300	273
B Makasi (resigned effective 28 August 2020)	-	-	-	94
L Mhlongo	192	72	264	212
L van Pletzen	149	10	159	228
P Landman	184	36	220	176
R Phillips (resigned effective 30 November 2020)	-	-	-	101
V Hattingh	181	44	225	229
B Nyakane	186	6	192	173
P Siphuma	167	36	203	244
<b>Aggregate remuneration Accounting Authority members</b>	<b>2 379</b>	<b>785</b>	<b>3 164</b>	<b>3 274</b>

## ANNUAL FINANCIAL STATEMENTS

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

#### 23. REMUNERATION OF MEMBERS OF THE ACCOUNTING AUTHORITY, COMMITTEE MEMBERS AND MANAGEMENT (CONTINUED)

##### Remuneration of Independent committee members

		Meeting and preparation fees	Ad hoc meetings	Total 2021/22	Total 2020/21
		R'000	R'000	R'000	R'000
P Dala - Chairperson (appointed effective 01 December 2020)	Independent ARC members	156	10	166	51
N Maharaj (term ended 31 July 2020)		-	-	-	47
L Mangquku (appointed effective 20 February 2020)		-	-	-	15
T Mbatha (appointed effective 01 December 2020)		53	-	53	26
M Pillay (appointed effective 01 December 2020)		96	1	97	26
<b>Aggregate remuneration independent ARC committee members</b>		<b>305</b>	<b>11</b>	<b>316</b>	<b>165</b>
<b>Aggregate remuneration of all members of the Accounting Authority and its sub-committees</b>		<b>2 684</b>	<b>796</b>	<b>3 480</b>	<b>3 439</b>
Number of persons				16	20

# ANNUAL FINANCIAL STATEMENTS

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

### 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 remuneration	Total remuneration	
	2021/22	2021/22	2021/22	2021/22	2021/22	2020/21	
	R'000	R'000	R'000	R'000	R'000	R'000	
CEO	1 709	209	102	601	2 621	449	**
Acting CEO	-	-	-	-	-	1 431	*
CFO	1 382	171	93	485	2 131	2 197	
GM Operations	1 361	168	122	485	2 136	2 205	
GM Corporate Services	1 136	140	374	-	1 651	2 205	***
<b>Total</b>	<b>5 588</b>	<b>688</b>	<b>692</b>	<b>1 571</b>	<b>8 538</b>	<b>8 487</b>	

\* The HR Manager acted as the CEO for a period of 9.5 months of the 2020/21 year.

\*\* The CEO position was vacant for 9,5 months in 2020/21 financial year.

\*\*\* The GM Corporate Services position was vacant for 2 months in 2021/22 financial year

### 25. TRANSACTIONS WITH STAKEHOLDERS REPRESENTED ON THE ACCOUNTING AUTHORITY

BANKSETA has, in the normal course of its operations, entered into certain transactions with entities which had a nominated representative serving on BANKSETA's accounting authority.

Related party	Nature of relationship	Transaction type	2021/22		2020/21	
			Amount of the transaction	Amount receivable/ (payable)	Amount of the transaction	Amount receivable/ (payable)
			R'000	R'000	R'000	R'000
ABSA - not applicable for 2021/22	(Authority member)	Discretionary and mandatory grants	-	-	(3 121)	(3 121)
Standard Bank	Accounting Authority member	Discretionary and mandatory grants	(11 014)	(11 014)	(6 837)	(6 837)
South African Reserve Bank	Accounting Authority member	Discretionary and mandatory grants	(325)	(325)	(303)	(303)

## ANNUAL FINANCIAL STATEMENTS

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

#### 25. TRANSACTIONS WITH STAKEHOLDERS REPRESENTED ON THE ACCOUNTING AUTHORITY (CONTINUED)

Related party	Nature of relationship	Transaction type	2021/22		2020/21	
			Amount of the transaction	Amount receivable/ (payable)	Amount of the transaction	Amount receivable/ (payable)
			R'000	R'000	R'000	R'000
MFSA	Accounting Authority member	Discretionary and mandatory grants	(3)	(3)	-	-
Landbank	Accounting Authority member	Discretionary and mandatory grants	-	-	(50)	(50)
NEF	Accounting Authority member	Discretionary and mandatory grants	(24)	(24)	(19)	(19)
<b>Total</b>			<b>(11 365)</b>	<b>(11 365)</b>	<b>(10 330)</b>	<b>(10 330)</b>

The above transactions occurred under terms that were no less favourable than those available in similar arm's length dealings.

#### 26. 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 R3 451 000 (2020/21: R3 013 000) 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 R111 000 (2020/21: R136 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 swept to the discretionary grant reserve to fund future skills development.

## 27. COVID-19 IMPACT ON THE 2020/21 FINANCIAL YEAR RESULTS

The country moved through several Covid-19 alert stages during the financial year, ending up at adjusted alert level one. Lighter restrictions were imposed in the 2021/22 financial year, compared to the previous year, however there were still some workplace and education capacity restrictions. The BANKSETA was impacted materially by the effect of restrictions within the banking and alternative banking sector in 2021/22 financial year.

The BANKSETA and its stakeholders adopted a hybrid approach to work. BANKSETA had to incorporate hybrid delivery models into all its programmes.

### 27.1 Skills development levy suspension

There was no skills development levy holiday in the 2021/22 financial year.

In the prior financial year, 2020/21 the government gazetted a 4 month skills development holiday whereby all stakeholders were exempted from paying skills development levies. This was part of government's efforts to ease the economic hardship brought about by lockdown restrictions due to the Covid-19 pandemic.

The banking sector has rebounded from the economic downturn since then.

### 27.2 Impact of Covid on BANKSETA's ability to deliver skills development services

The late completion of the 2020 academic year, led to the late start in the 2021 and 2022 academic years.

Learning at higher education institution was restricted to online basis for most of the year. This led to some BANKSETA program having to incorporate learning tools as well as delays. Work placed based learning was restricted for most of the year, as employers could not commit to take on learners as they could not operate with full staff capacity at their office

All the above resulted in decreased discretionary grant expenditure in 2021/22 financial year.

### 27.3 Impact of Covid on BANKSETA's administration expenditure

The BANKSETA provided staff with personal protective equipment and provided sanitisation facilities at all its offices. In addition appropriate cleaning was done whenever there was a Covid case. The additional administrative costs were minimal.

## 28. 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.

**28. GOING CONCERN (CONTINUED)**

**28.1 Covid-19 related uncertainties impact on going concern**

The Covid pandemic that began in 2020 is ongoing. South Africa lifted all restrictions in July 2022. However, the threat of new Covid waves is still present.

Should a new wave materialise, the government may adjust the Alert level and re-impose restrictions on business operations. This will in turn further negatively impact economic conditions and stakeholders profitability, which in turn impacts employment within the banking and alternative banking sector and SDL revenue to the BANKSETA.

BANKSETA acknowledges the uncertainty this presents and the potential threat to BANKSETA's revenue. However, BANKSETA management is of the view that the governments plans for vaccinations and the Covid health protocols already in place should reduce the likelihood for the need for severe Covid related business restrictions within the next 12 months that would impact the sector.

The BANKSETA has adjusted its delivery methods and operations to be able to switch between hybrid operations if the need arises.

**28.2 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, the timing and amount of this liability can not be reasonably estimated. Should the BANKSETA have to revert to the previous 50% mandatory grant percentage backdated to the court date, it would be over committed. However due to the timing of the discretionary grants payments the BANKSETA would be able to still pay liabilities as they fell due and would continue as a going concern.

**28.3 Contributions towards Covid related alleviation skills development programmes**

In 2020/21 DHET conducted a study to determine the level of funds SETAs can contribute to Covid alleviation initiatives within skills development. In January 2021 an amount of R240 million was approved by the Board and communicated to DHET. DHET reverted shortly before year-end giving instruction of 4 skills development programmes that SETAs should direct such funds towards. Unfortunately, due to the short time lines BANKSETA could not put together the necessary discretionary funding window facility or tender to start these skills development programs before year end. The BANKSETA has committed to fund these projects with the 2021/22 surpluses approved by National Treasury in October 2021. The amounts are therefore included in discretionary grant commitments as at 31 March 2022.

**28.4 Surplus retention and approval**

The BANKSETA has a surplus of R1 059 402 000 (2020/21: 964 769 000) as of 31 March 2022 as disclosed in note 17.1. The BANKSETA has applied to National Treasury to retain and utilise to fund the discretionary grants commitments. Should the BANKSETA forfeit this surplus to the fiscus, it is expected to still continue as a going concern, but would need to curtail some of the planned 2021/22 discretionary grant projects in order to cover the existing discretionary grant commitments at year end.



## ANNUAL FINANCIAL STATEMENTS

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for the year ended 31 March 2022

## 28. GOING CONCERN (CONTINUED)

### 28.5 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.

## 29. EVENTS AFTER REPORTING DATE

There were no post balance sheet events that impact the annual financial statement disclosures or are reportable.

## 30. NOTES TO STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### 30.1 Budget and Adjustments to budget

The BANKSETA Accounting Authority approved the original budget and the revised budget.

The adjustment to budget arose from the proposed utilisation of the 2020/21 surplus approved by the National Treasury for BANKSETA to retain and utilise for discretionary projects. The surplus funds are in BANKSETA's reserves..

The 2021/22 project expenditure budget was adjusted upwards to cover expenditure in 2021/22 on the prior year commitments as well as on additional projects.

Legislation requires that the SETA annually, in August submit a budget for the following year to the Minister for approval.

The Minister approved both the original budget and the revised budget.

The BANKSETA received approval from the National Treasury to budget for a deficit in the original budget.

### 30.2 Skills Development Levy: income from non-exchange transactions

The levy receipt for the current year was 10% higher than the budgets for the year. There was a 4 month levy holiday in the prior year, therefore the prior year amounts are not comparable.

The major stakeholders rebounded from the negative impact of the Covid-19 restrictions on the economy and posted strong results.

This was reflected in the skills development levy receipts.

The levels are however still not at the pre-Covid levels.

### 30.3 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 incorrect 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. This analysis of this amount indicates that it is a few big bank levy payers with tax compliance matters.

## ANNUAL FINANCIAL STATEMENTS

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

### 30. NOTES TO STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (CONTINUED)

#### 30.4 *Investment Revenue from Exchange Transactions*

Investment revenue from exchange transactions was 39% greater than budgeted due to the BANKSETA having a larger investment pool than budgeted due to discretionary grant and project expenditure being lower than budget. The average rate of 3.99% is in line with budget. The reasons for the lower discretionary expenditure are outlined in note 30.5 below.

#### 30.5 *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 9% above budget and 11% above prior year is in line with the increased mandatory levies received. The mandatory grant claim ratio climbed to 98%.

#### 30.6 *Project and discretionary grant expenditure*

The BANKSETA underspent in this category by 55% compared to the revised budget. The budget was also doubled by an increase of R564 million in November 2021 when National Treasury approved the surplus.

The reasons include:

- 30.6.1 The BANKSETA began 2020/21 year with a low level of commitments due to disruption in supply chain management activities in 2019/20 and 2020/21 and late approval of discretionary grant funding windows. The opening commitments are the base from which project expenditure draws from within the first 6 months of the year.
- 30.6.2 The evaluation of discretionary grant funding window applications for the 2021/22 year were subjected to a comprehensive review process and therefore the request for Board approval was tabled from October 2021 onwards. This led to the applications only being approved later during the year. The BANKSETA could only make limited progress on implementation and completion of 2021/22 discretionary projects. The BANKSETA will advertise the 2022/23 discretionary grant funding windows earlier to avoid this being repeated in the next financial year.
- 30.6.3 Some disruption in SCM activities due to challenges with tender advertisement platforms in early 2021/22 year, and legislation challenges in February and March 2022.
- 30.6.4 Covid restrictions led to disruptions in projects that required classroom attendance and/or work based learning. The BANKSETA moved to other delivery methods wherever possible.
- 30.6.5 The extension of the 2021 academic year for higher education sector and the subsequent delays in start of the 2022 intake.

# ANNUAL FINANCIAL STATEMENTS

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

### 30. NOTES TO STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (CONTINUED)

#### 30.7 Administration expenses

Administration expenditure is limited to 10.5% of levies received.

BANKSETA did not exceed this level in 2021/22.

Admin expenditure is 13% below budget and 4% below prior year.

The larger variances for 2021/22 year are as follows:

-	Employment costs	5% below budget	The BANKSETA had an average of 4 vacancies during the year
-	Employee performance bonus	11% below budget	The BANKSETA experienced reversals of prior year performance bonuses provisions that had not been finalised by 31 March 2021.
-	Audit fees internal	42% below budget	The expense is lower than budgeted as some of the planned 2021/22 projects were will only be executed in 2022/23 financial year.
-	Communications and marketing costs	53% below budget	Covid-19 restrictions on meetings and exhibitions limited this work.
-	Consultation costs	48% below budget	The organisation study started this year but will only be completed in 2022/23.
-	Outsourced services	41% below budget	BANKSETA delivered some of these services like MIS inhouse.
-	Rent paid	17% above budget	This is the effect of lease smoothing adjustments.

In addition, capital expenditure which is funded from admin levies but capitalised was 65% below budget.









# Stay informed!!

Visit the BANKSETA website and social media pages to stay abreast of new developments and BANKSETA offerings.

Please visit [www.bankseta.org.za](http://www.bankseta.org.za) for more information or email [info@bankseta.org.za](mailto:info@bankseta.org.za).

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# ANNUAL REPORT 2021/22

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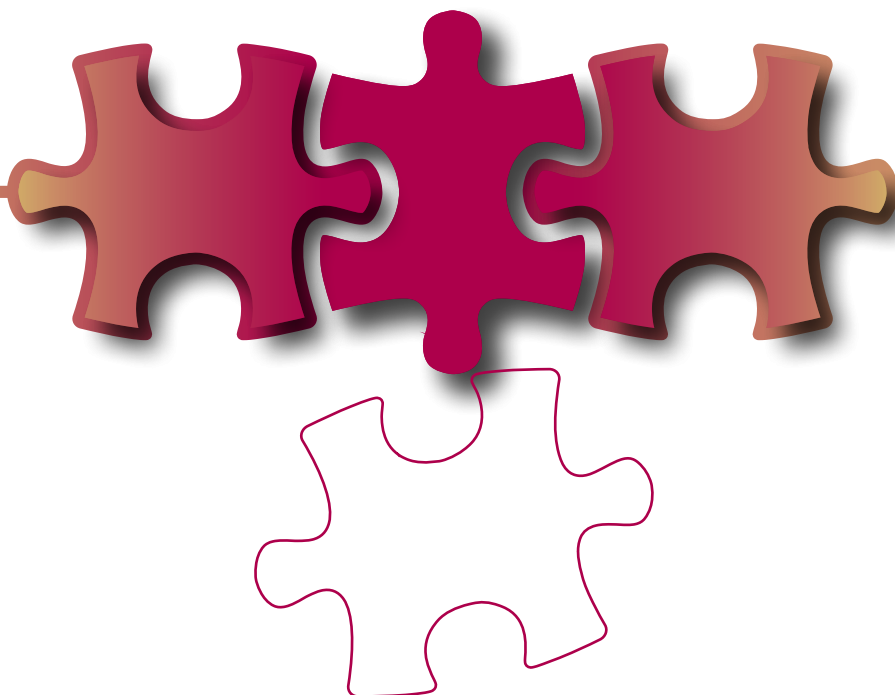
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