



ANNUAL REPORT 2020-2021

Leading through innovative processes and practices





*Minister of Higher Education,  
Science and Innovation*  
**Dr. Bonginkosi Emmanuel 'Blade' Nzimande**



*Deputy Minister of Higher Education,  
Science and Innovation*  
**Mr. Buti Kgwaridi Manamela**

*Department of Higher Education and Training  
Honourable Minister, Dr Bonginkosi Emmanuel 'Blade' Nzimande  
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 2021.

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



# Contents

<b>PART A: GENERAL INFORMATION</b>	<b>002</b>	<b>PART C: GOVERNANCE</b>	<b>076</b>
PUBLIC ENTITY'S GENERAL INFORMATION	003	GROUP PROFILE	077
LIST OF ACRONYMS	004	BANKSETA GOVERNANCE STRUCTURE	078
ABOUT THIS REPORT	005	• Board Members	078
CHAIRPERSON'S FOREWORD	006	• Governance Structure	079
CHIEF EXECUTIVE OFFICER'S STATEMENT	009	• Accounting Authority/Board	080
STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT	011	• The Board Charter	080
STRATEGIC OVERVIEW	012	• Board Composition	080
• Vision	013	• Board Committees	081
• Mission	013	• Audit and Risk Committee	082
• Our Corporate Values	013	• Finance and Remuneration Committee	082
• Constitutional Mandate	013	• Executive Committee	082
• Legislative Mandates	013	• Governance and Strategy Committee	083
OUR MANDATE	014	• Board and Committee Member Remuneration	083
ORGANISATIONAL STRUCTURE	016	• Risk Management	086
OPERATIONAL OVERVIEW	018	• Governance Report	087
• Research	018	• Report by the Accounting Authority to the Executive Authority and Parliament of the Republic of South Africa	089
• Impact of BANKSETA Programmes	019	• Audit and Risk Committee Report	090
• Skills Development	022	<b>PART D: HUMAN RESOURCES OVERVIEW</b>	<b>092</b>
• Youth Development	026	ORGANOGRAM	093
• Work-integrated Learning and Bursaries	028	• Investors in People	094
• Alternative Banking	030	• Employee Wellness	095
• Quality Management	031	<b>PART E: FINANCIAL INFORMATION</b>	<b>098</b>
STAKEHOLDERS	032	STATEMENT OF FINANCIAL RESPONSIBILITY	099
• Stakeholder Engagement	033	REPORT OF THE AUDITOR-GENERAL	101
• Covid-19 Response	034	ANNUAL FINANCIAL STATEMENTS	105
<b>PART B: OPERATIONAL OVERVIEW AND PERFORMANCE INFORMATION</b>	<b>036</b>	• Statement of Financial Performance	105
ANNUAL PERFORMANCE REPORT	037	• Statement of Financial Position	106
• Programme 1: Administration	037	• Statement of Changes in Net Assets	107
• Programme 2: Skills Planning	045	• Cash Flow Statement	108
• Programme 3: Learning Programmes	048	• Statement of Comparison of Budget and Actual Amounts	109
• Programme 4: Quality Management	069	• Accounting Policies	110
• Annexure: Review of the Revised APP and Budget	070	• Notes to the Annual Financial Statements	128
ACHIEVEMENT SUMMARY	074		

PART

A

# General Information

# PUBLIC ENTITY'S GENERAL INFORMATION

---

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

## GAUTENG HEAD OFFICE

Tel: (0)11 805 9661  
Email: [Info@bankseta.org.za](mailto:Info@bankseta.org.za)

PO Box 11678  
Vorna Valley  
1686

Building C2  
Eco Origin Office Park  
Entrances 1 and 2  
349 Witch-Hazel Avenue  
Eco-Park Estate  
Highveld  
Centurion  
0144

# LIST OF ACRONYMS

---

<b>4IR</b>	Fourth Industrial Revolution
<b>AGSA</b>	Auditor-General of South Africa
<b>AOPO</b>	Audit of Predetermined Objectives
<b>AQP</b>	Assessment Quality Partner
<b>ARC</b>	Audit and Risk Committee
<b>ATR</b>	Annual Training Report
<b>BANKSETA</b>	Banking Sector Education and Training Authority
<b>CBDA</b>	Cooperative Bank Development Agency
<b>CEO</b>	Chief Executive Officer
<b>CFIs</b>	Cooperative Financial Institutions
<b>CFO</b>	Chief Financial Officer
<b>DUT</b>	Durban University of Technology
<b>EISA</b>	External Integrative Summative Assessment
<b>ERRP</b>	Economic Reconstruction and Recovery Plan
<b>ERP</b>	Enterprise Resource Plan
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>HEIs</b>	Higher Education Institutions
<b>HR</b>	Human Resources
<b>IEDP</b>	International Executive Development Programme
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>ISAs</b>	International Standards on Auditing
<b>IT</b>	Information Technology
<b>LOT</b>	Life Orientation Teacher
<b>M&amp;E</b>	Monitoring and Evaluation

<b>MoA</b>	Memorandum of Agreement
<b>MoU</b>	Memorandum of Understanding
<b>Nedlac</b>	National Economic Development and Labour Council
<b>NGOs</b>	Non-governmental Organisations
<b>NSFAS</b>	National Student Financial Aid Scheme
<b>NQF</b>	National Qualifications Framework
<b>NSA</b>	National Skills Authority
<b>NSDP</b>	National Skills Development Plan
<b>NSF</b>	National Skills Fund
<b>PFMA</b>	Public Finance Management Act
<b>PIVOTAL</b>	Professional, Vocational, Technical and Academic Learning
<b>PSET</b>	Post-school Education and Training
<b>QCTO</b>	Quality Council for Trade and Occupations
<b>RPL</b>	Recognition of Prior Learning
<b>SARS</b>	South African Revenue Service
<b>SCM</b>	Supply Chain Management
<b>SDP</b>	Skills Development Provider
<b>SETA</b>	Sector Education and Training Authority
<b>SME</b>	Small and Medium Enterprises
<b>SMME</b>	Small, Medium and Micro Enterprise
<b>SSP</b>	Sector Skills Plan
<b>TVET</b>	Technical and Vocational Education and Training
<b>UoT</b>	University of Technology
<b>WBL</b>	Work-based Learning
<b>WIL</b>	Work-integrated Learning
<b>WSP</b>	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 2020/21 financial year is in line with these.

## **ANNUAL FINANCIAL STATEMENTS FOR THE 2020/21 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).



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

# Chairperson's Foreword

*In a year perhaps most charitably described as unsettling, BANKSETA faced its fair share of challenges. But challenges have never been obstacles to this organisation.*

In a year perhaps most charitably described as unsettling, BANKSETA faced its fair share of challenges. But challenges have never been obstacles to this organisation. In my third year as Chairperson, having been reappointed for a further five-year tenure from 1 April 2020, it has been my great privilege to have influenced the strategic direction of this dedicated and hard-working team, and to witness the true impact of its efforts.

The World Economic Forum Global Competitiveness Index consistently rates South Africa's financial services institutions robust and resilient. The latest report ranks us 12<sup>th</sup> in the global banking sector for stability. It is appropriate, then, that the entities serving them should display similar traits. And BANKSETA endeavours to do so, year after year, success after success, conundrum after conundrum.

The world certainly experienced during 2020/21 the wisdom of Africa in the proverb 'Smooth seas do not make skilful sailors', when Covid-19 arrived to sweep the complacency carpet from under us and set us on an uncertain journey.

Followed by the spectre of an unprecedented disease, we could not afford to slumber on matters, defer decisions to a

later stage nor ponder plans to our heart's content. Nothing but decisive and immediate action would do.

BANKSETA urgently swung into remote working action, with each committee playing its support role admirably.

This year marked the separation of the Governance and Strategy Committee from the Executive Committee (Exco), leaving both to give undiluted attention to their specialised portfolios. This was particularly important given the Covid-dictated adaptations needed to strategies, projects and approaches.

The Audit and Risk Committee continued its all-important role in relation to, among other things, the internal control environment, participating in audits that revealed early warning signals for proactive intervention. The newly appointed committee boasts strong skills in risk management and conducts expert oversight of BANKSETA's information and communications technology (ICT) environment, which is of growing importance given the digitally advanced sector in which we operate.

All the committees were alert and responsive to the instructions issued by the National Coronavirus Command Centre, the Department of Higher Education and Training, and the office of the Minister of Higher Education, Science and Innovation, ensuring that these were implemented throughout the organisation, and were mindful of the bigger picture of every corporate citizen's responsibility to contribute to the South African Economic Reconstruction and Recovery Plan.

During the year, two Board members, who also served on the Executive Committee and the Finance and Remuneration Committee respectively, resigned. The remaining members will, as far as possible, ensure the continued functioning of these committees into 2021/22 pending the Minister of Higher Education, Science and Innovation Dr. Blade Nzimande's filling of the vacancies.

### Appointment of the Chief Executive Officer

The Minister's appointment during the year under review of a new Chief Executive Officer for the SETA, Mr. Eubert Mashabane, was welcomed enthusiastically by the Board, the staff and the sector alike, as stability at the top is essential for any organisation to progress and perform optimally. The previous CEO had been in an acting capacity.

### The Covid factor

In accommodating the pandemic, BANKSETA achieved on several levels the ministerial directives for the SETAs. These included the continued payment of stipends for beneficiaries on interrupted learnerships.

When the lockdown started, an impressive number of projects was already underway, each time-sensitive and delivering the promise of training or work experience to hopeful future recruits to the sector.

Certain providers were already well prepared to deliver training and skills development opportunities online and technological resources were made available to beneficiaries where practicable.

Unfortunately, performance results for the year were disappointing in some areas as certain training programmes had to be withdrawn or extended into the 2021/22 financial year, which delayed the achievement of planned outcomes. This was to be expected. Through it all, however, BANKSETA management did a remarkable job, putting on its tactical thinking cap to ensure that training and skills development opportunities were delivered and that BANKSETA remained operational during the time and available to stakeholders and beneficiaries.

This past year of living with Covid-19 has highlighted the necessity of not being over-reliant on traditional learning methods or on a brick-and-mortar corporate work environment. In many ways, the disease has forced us to do what would otherwise have been done at a more leisurely pace. We must not lose that momentum as we channel all our energy into the timely delivery of programmes even in the remotest areas of the country, while ensuring that we are not chasing just numbers, but are genuinely changing lives.

### Audit action

Following the work done in 2019/20 to strengthen, among others, the internal control environment, the risk management function and the supply chain management function, a specialist was appointed to head the risk management function, who reports to the Audit and Risk Committee. Further steps are being continuously taken to improve the employees' awareness of risks in their work areas. Training took place to rejuvenate risk consciousness and to reinforce the SETA's risk management culture.

Great strides were made to improve the supply chain management function, including contracting an external probity reviewer to independently verify the integrity and compliance of internal procurement processes.

Further, progress was made to the ICT systems, given their importance in a world finding its feet in the fourth industrial revolution while hurtling inexorably towards the fifth.

### SETA priorities

Moving through 2021/22, BANKSETA, as with all its SETA colleagues, has to deal with a packed agenda. It is difficult to single out specific priorities as taking precedence, because they all need our undivided attention. But a particularly crucial factor is the widening of our geographic reach so that we never underservice the deserving individuals in rural, outlying areas. BANKSETA must position itself to serve the entire nation.

South African youth must continue to receive adequate skills, whether in formal education or through workplace-based training. We must always pursue gender parity in our initiatives and never overlook the skills and career fulfilment needs of people living with disabilities.

Nor should we lose sight of the importance of developing the sector's employees – who have endured immense strain this past year given the changing work environment and through upskilling, reskilling or multiskilling either for new roles or to awaken their inner entrepreneur.

## Appreciation

The difficult terrain caused by the pandemic resulted in several Board meetings being held and I thank my Board colleagues for their steadfast commitment to guiding the SETA through this difficult time and for responding to short notices when necessary. I further thank the independent Board committees for availing to the Board their knowledge, skills and expertise.

The Board's heartfelt appreciation goes to Honourable Minister Dr. Nzimande for maintaining his open door policy in spite of the macro demands facing him and for devoting thought to the appointment of a new Board at a most inconvenient time. For the many engagements we held during the year, we acknowledge the National Skills Authority (NSA), the Auditor-General and National Treasury, and thank them for their guidance and support.

I have always believed in education, training and development as gateways to prosperity. They have the ability to transform lives and to allow people to be active economic agents in our country, they can help to turn a rudderless organisation into a focused and competitive industry player, and they are recognised as non-negotiables by the world's most successful countries.

As the National Skills Development Plan (NSDP) enters its second year, public and private sectors must work closely together to realise the country's potential and ensure that its children have a future worth dreaming about.

Difficulties aside, South Africa has the attributes of a great nation, not least a sturdy skills development system. We now need to spend more time climbing to new heights than looking down at past missteps.



**Ms. Nosipho 'Mia' Makhanya**  
BANKSETA Board Chairperson  
31 July 2021





Mr. Eubert Mashabane  
Chief Executive Officer

# Chief Executive Officer's Report

*BANKSETA pulled out all the stops to remain on top of its crucial work and continue to deliver value to its many stakeholders.*

In a year that no-one could have predicted nor anticipated, BANKSETA pulled out all the stops to remain on top of its crucial work and continue to deliver value to its many stakeholders. The challenges were immense, but at the end of the year, so too were the rewards of knowing that everything possible had been done to keep up the momentum of skills development to avoid disappointing hopeful and deserving beneficiaries countrywide.

While we were not able to salvage some of our plans and performance targets for the year, the Covid-19 experience taught us some valuable lessons and indispensable coping skills.

Chief among these were the need for urgent development of measures to deal with the hard lockdown rules, while maintaining business continuity, and for plans to sustain the academic and training year while containing the spread of the virus. Our consultation with stakeholders became more robust as we negotiated and navigated a return to training and learning within the requirements of the government's risk-adjusted strategy for economic activity.

BANKSETA did not pay lip-service to, but put into action the requirements of the journey and processes through adaptive and agile strategies and management ensured that the organisation's strategic goals and plans were achieved albeit, slower than initially planned.

As did the 2008 global economic crisis, Covid-19 will take a number of casualties. One of South Africa's primary casualties is the economy, which as a result of a slowdown in economic activity and output contracted and took its toll on citizens. Unemployment, poverty and inequality deepened. Our youth, already bearing the biggest brunt of unemployment, saw opportunities wiped out through scaling down of Work-based learning (WBL) and short-term opportunities. It is these realities that BANKSETA and its fellow SETAs need to address urgently as the country accelerates plans for economic recovery.

Throughout the year, the Minister of Higher Education, Science and Innovation provided leadership and guidance to ensure that the SETAs remained focused on supporting government plans. The Department of Higher Education and Training crafted and championed a skills strategy for the Economic Reconstruction and Recovery Plan (ERRP).

The BANKSETA Board has thrown its weight fully behind this strategy and has agreed to ring-fence funds for the purpose. We are currently seeking approvals from National Treasury to kick off our planned training programmes and projects.

## Inward focus

Internally, during the review year, we continued our organisational renewal and culture change project. Staff had to commit to plans and outputs, with only remote supervision. We created and promoted an environment that supported staff efforts to execute plans while maintaining safe working protocols. As the pandemic persists, we will continue to use both physical workspaces and virtual platforms.

The year brought home starkly the need to extract maximum efficiencies from our structures and processes to avoid implementation delays. Although we did not have control over many of the factors that came along with Covid, we were able to benefit from the structures and procedures put in place over the years to keep our ship steady.

The response of our stakeholders to resuming training as the lockdown restrictions eased was commendable and reflects the resilience of the sector in times of adversity. Employers warmly welcomed learners back into workplaces to continue or restart projects that stalled and we applaud them for that dedication.

## Performance highlights

Our performance scorecard for 2020/21 contains some pleasing figures along with the lowlights. We exceeded our targets in several areas, not least reskilling of individuals in preparation for new careers in or outside banking. The project catered for more learners than expected, with 1 735 learners taking advantage of programmes against a target of 400.

Fourteen more than the intended 20 memoranda of understanding were signed with institutions of higher learning following a flurry of applications for funding in our higher education window.

Demand for capacity building increased from cooperative financial institutions, with more than 500 members being trained, exceeding the target by more than 200.

A tracking and tracing study performed during the year proved most successful, enabling us to reach more than 1 850 past work-based training candidates to establish their employment status. The number of these formerly unemployed individuals now in permanent or contract employment is a pleasing 65%, which indicates that our learnerships and internships really hit the mark in changing

lives. This evidence supports our assertion that our training programmes make a difference in people's lives.

## Outlook

We acknowledge that technological changes will keep our banking sector globally competitive. We continue to encourage employers to assist with economic recovery plans by ensuring that employees are reskilled, upskilled and multiskilled to limit the possibility of retrenchments because of changes in technology and digitisation. We are confident that the sector will form the backbone of the country's recovery plans.

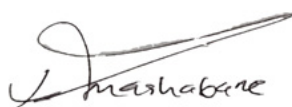
BANKSETA will continuously strive to keep abreast of technological development in the learning and training sphere and to strategically partner with associations that share its approach. Conducting research remains essential and we will through partnerships and collaborations constantly delve into areas that are aligned to the fourth and impending fifth industrial revolutions.

The country needs to adopt tunnel vision in the most constructive way where the development of unemployed youth is concerned. The government has rightly flagged youth-centricity as integral to the ERRP. 'This new approach sees youth as not only potential beneficiaries of jobs, but as co-creators of a new economy,' Deputy President David Mabuza commented recently. 'No society should allow young people to wallow in hopelessness when there are possible solutions that can change the prevailing situation.' We couldn't agree more.

## Appreciation

In conclusion, I recognise the contribution that the Ministry, National Treasury and Auditor-General play in the success of the SETA and its skills efforts, and add to that roll of honour the BANKSETA Board, which continues not only to hold us to account, but to support our every initiative in this, one of the country's most strategic economic sectors. My sincere appreciation goes to the executives, managers and staff of this organisation, without whom we would have nothing to tell the world about through this annual report.

May the years ahead be productive and may we view the lessons that 2020/21 brought us as a gift in the continued evolution of skills as the foundation for all achievement.



**Mr. Eubert Mashabane**  
Chief Executive Officer

# STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

---

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

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General.

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 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 that has been designed to provide reasonable assurance of 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, performance information, human resources information and financial affairs of the public entity for the financial year ended 31 March 2021.

Yours Faithfully



**Mr. Eubert Mashabane**  
Chief Executive Officer

Yours Faithfully



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

# STRATEGIC OVERVIEW

---

## STRATEGIC OUTCOME-ORIENTED GOAL 1

To conduct research on sector skills and undertake benchmarking against national and international best practices to ensure relevant and cutting-edge interventions.

## STRATEGIC OUTCOME-ORIENTED GOAL 2

To enhance the employability of South African youth through effective education and training development initiatives.

## STRATEGIC OUTCOME-ORIENTED GOAL 3

To provide the employed workforce with scarce and critical skills to close skills gap.

## STRATEGIC OUTCOME-ORIENTED GOAL 4

Enhance small and medium enterprise (SME) participation, sustainability and job creation through skills development.



## 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
- Teamwork – in providing service to our stakeholders, we work as one

## LEGISLATIVE AND OTHER MANDATES

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

BANKSETA's mandate is informed by the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996). The sections that guide BANKSETA operations 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 policymaking; and,
- Rendering an accountable, transparent and development-oriented administration.

## LEGISLATIVE MANDATES

BANKSETA operates within the following legislative and policy mandates:

- Skills Development Levies Act, 1999 (Act No 09 of 1999)
- Regulations published in Government Gazette No 35940, 3 December 2012, regarding monies received by a SETA and related matters (updated by National Treasury Circular 15 2017, which set aside Regulation 3(12) to send uncommitted surpluses to the National Skills Fund)
- South African Qualifications Authority Act, 1995 (Act No 58 of 1995)
- National Qualifications Framework Act (Act No 67 of 2008)
- Public Finance Management Act (Act No 29 of 1999)
- Employment Equity Act, 1998 (Act No 55, 1998)
- Promotion of Access to Information Act, 2000
- Regulations published in Government Gazette No 35940, 3 December 2012 and policy mandates

BANKSETA aligns its skills development activities to key national strategies and plans, namely the National Skills Development Plan (NSDP), the Strategic Integrated Projects, Government's Nine-point Plan and the State of the Nation Address. Sectoral strategies are also important to skills planning, as are Financial Inclusion Strategy, Regulation and the Financial Services Code. The main drivers of transformation in the financial sector have been the Financial Sector Charter and the Broad-based Black Economic Empowerment Act (BBBEE Act).

# OUR MANDATE

---

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

- Promoting efficient and effective governance and administration;
- Increasing access to occupationally directed programmes;
- Supporting career development services;
- Implementing the Sector Skills Plan (SSP):
  - approving Workplace Skills Plans (WSPs); and
  - 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;
- Identifying priority skills in the sector through a credible skills planning process;
- Distributing mandatory grants to qualifying registered companies;
- Distributing and managing discretionary grants that will benefit the sector and beneficiaries in it;
- Implementing quality assurance processes that will enhance and ensure quality provision of training that falls within the scope of BANKSETA;
- Supporting the implementation of applicable national strategic objectives identified in the NSDP;
- Promoting transformation, guided by the NSDP equity targets of 85% black, 54% female and 4% people with disabilities; and
- Allocating grants in the prescribed manner to employers, education and training providers.

## Our guiding principles

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

## Strategic focus areas

BANKSETA has identified the following five strategic focus priorities for project implementation:

- 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 to 2030)

BANKSETA's implementation is guided by the following policies and strategies:

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

## Sector Skills Plan focus areas

BANKSETA's functions under the Skills Development Act as outlined in its Constitution include the following:

- Develop an SSP within the framework of the NSDP;
- Implement the SSP by:
  - approving WSPs;
  - establishing learning programmes;
  - allocating grants in the prescribed manner to employers, education and training providers and employees; and
  - monitoring education and training in the sector.
- Promote workplace-based learning by:
  - identifying workplaces for practical work experience;
  - supporting the development of learning materials;
  - improving the facilitation of learning; and
  - assisting in the conclusion of learning programme agreements.
- Disburse 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 and other SETAs;
- Report to the Director-General on the implementation of its SSP and its income and expenditure;
- Liaise with employment services of the Department of Employment and Labour and any educational body established in terms of South Africa's education laws 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 government departments in its activities to:
  - address the competency requirements for social delivery;
  - address the learning needs of the most vulnerable segments of the sector;
  - promote training to small and medium enterprises 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 BANKSETA and the Act;
- At all times give effect to the purposes of the Act, being:
  - to develop the skills of the South African workforce;
  - to increase levels of investment in education and training in the labour market and to improve the return on that investment;
  - to encourage employers:
    - to use the workplace as an active learning environment;
    - to provide employees with opportunities to acquire new skills;
    - to provide opportunities for new entrants to the labour market to gain work experience;
    - to improve the prospects of persons previously disadvantaged by discrimination and to redress those advantages through training and education;
    - to ensure the quality of education and training in and for the workplace;
- Provide and regulate employment services;
- Provide opportunities for new entrants to the labour

market to gain work experience;

- To encourage workers to participate in learning programmes and other training programmes;
- Assist:
  - work seekers to find work;
  - retrenched workers to re-enter the labour market;
  - employers to find qualified employees.
- 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 BANKSETA.

### Annual Performance Plan (APP) focus areas

The APP presents four programmes of BANKSETA delivery:

- Administration
- Skills Planning
- Learning Programmes
- Quality Management

The programmes have measurable indicators and targets in line with NSDP goals and the sector skills needs outlined in the SSP and the strategic plan. They also provides the baselines from previous years to measure 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

# Departmental Management



**Ms. Busisiwe Lubisi**  
Manager: Marketing and Communications



**Mr. Rapula Sathekge**  
Manager: Supply Chain Management



**Ms. Charmaine Janisch**  
Manager: Quality Management



**Ms. Elelwani Netshituni**  
Regional Manager: Limpopo



**Ms. Tendai Sithole**  
Manager: Finance



**Ms. Nobuzwe Mangcu**  
Regional Manager: East and Western Cape



**Mr. Similo Dlamini**  
Manager: Work-integrated Learning



**Mr. Lefaso Motsoeneng**  
Manager: Human Resources



**Mr. Shaun Starr**  
Manager: Alternative Banking



**Ms. Madeleine Pelzer**  
Manager: Skills Development



**Mr. Rashaad Shamsoondeen**  
Manager: Internal Audit



**Mr. Marvelous Mokome**  
Officer: Risk and Compliance



**Mr. Brian Dhliwayo**  
Manager: Project Management



**Mr. Tsietsi Raleting**  
Manager: Information Technology



**Mr. Vuyani Ntanjane**  
Head of Research and Strategy

# OPERATIONAL OVERVIEW

## RESEARCH

Among BANKSETA's primary obligations is the submission of a strategic plan, APP and SSP, all of which were submitted as legislated during the review year, in spite of Covid-19 disruptions.

During 2020/21, the BANKSETA Research Unit's fourth industrial revolution (4IR) research partnership continued with the University of the Witwatersrand (Wits) and Durban University of Technology (DUT). Research during the year focused on digitisation, cybersecurity, mapping of occupations, just transitioning and related issues affecting the sector.

Supported by BANKSETA, Wits completed its digitisation and mapping of occupations research, while DUT finalised its 4IR digitisation and technology research studies.

At Rhodes University, another key project, the development and evaluation framework, was completed by the BANKSETA Research Chair.

This project dates back to 2015, when the Department of Higher Education and Training (DHET) acknowledged that the absence of effective monitoring and evaluation had rendered it and the SETAs unable to answer important questions on the performance and impact of SETA work. In response, a research chair partnership was initiated focusing on monitoring and evaluation (M&E). The partnership involved all 21 SETAs, supported by DHET and funded by BANKSETA and Services SETA, with additional support from the National Skills Authority (NSA). The Research Chair, which ran from August 2018 to March 2020, was tasked with developing an M&E framework to evaluate the SETAs and their frameworks, guidelines and tools in post-school education and training (PSET), which contributes to national development and global sustainability. National, continental and global aspirations viewed against the performance and impact of SETAs allow for the development of M&E frameworks at different levels. The overarching framework will be used by the NSA or other entities to evaluate the SETAs.

During the review year, BANKSETA commissioned a track-and-trace study to assess the performance of learners and interns funded between 1 April 2016 and 31 March 2019.

The initiative will determine:

- The destinations/transition of learners who have completed learnerships and internships;
- The factors associated with employment/unemployment;
- The intricacies and complexities of the articulation of qualifications into occupations;
- The type of employment secured by BANKSETA-funded learners; and
- The perceptions of employers on the value of learnerships and internships.

*The study was completed and is available on the BANKSETA website.*

A second study commissioned during 2020/21 researched the impact of BANKSETA-funded programmes for the unemployed between 1 April 2016 and 31 March 2019. Its objectives were to:

- Assess the impact (both intended and unintended) of projects, measure its magnitude and determine the factors causing it;
- Improve the effectiveness of existing and future projects; and
- Inform decisions on future programme design and implementation.

This study, too, was completed and is available on the BANKSETA website.

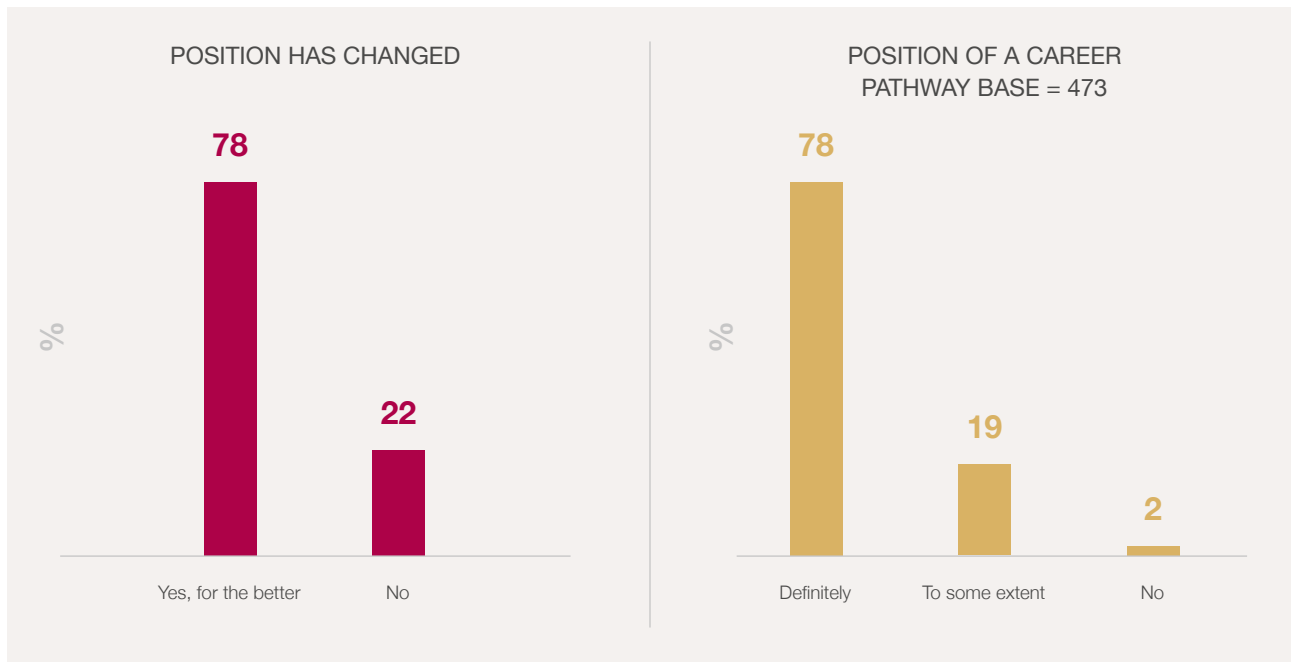
During the review year, the Cape Peninsula University of Technology was appointed to research skills of fintechs and their relation to skills gaps in the banking and alternative banking sector; and skills development barriers' contribution to the transformation of the banking and alternative banking sector (how the SETA can expand access to PSET).

# IMPACT OF BANKSETA PROGRAMMES

In May 2020, an impact assessment was conducted of BANKSETA-funded programmes, focusing on learners who completed studies between April 2016 and March 2019. The study set out to assess project impact and magnitude (both intended and unintended), improve programme effectiveness and inform decisions about future programme design and implementation.

## Employed learners

Of 557 employed learners completing a BANKSETA programme, about 95% maintained employment with their existing companies, with 78% indicating that their situations had changed for the better. Most of the learners – 97% – stated that BANKSETA programmes had provided them with a career pathway, while 82% indicated that they use the knowledge they acquired extensively.

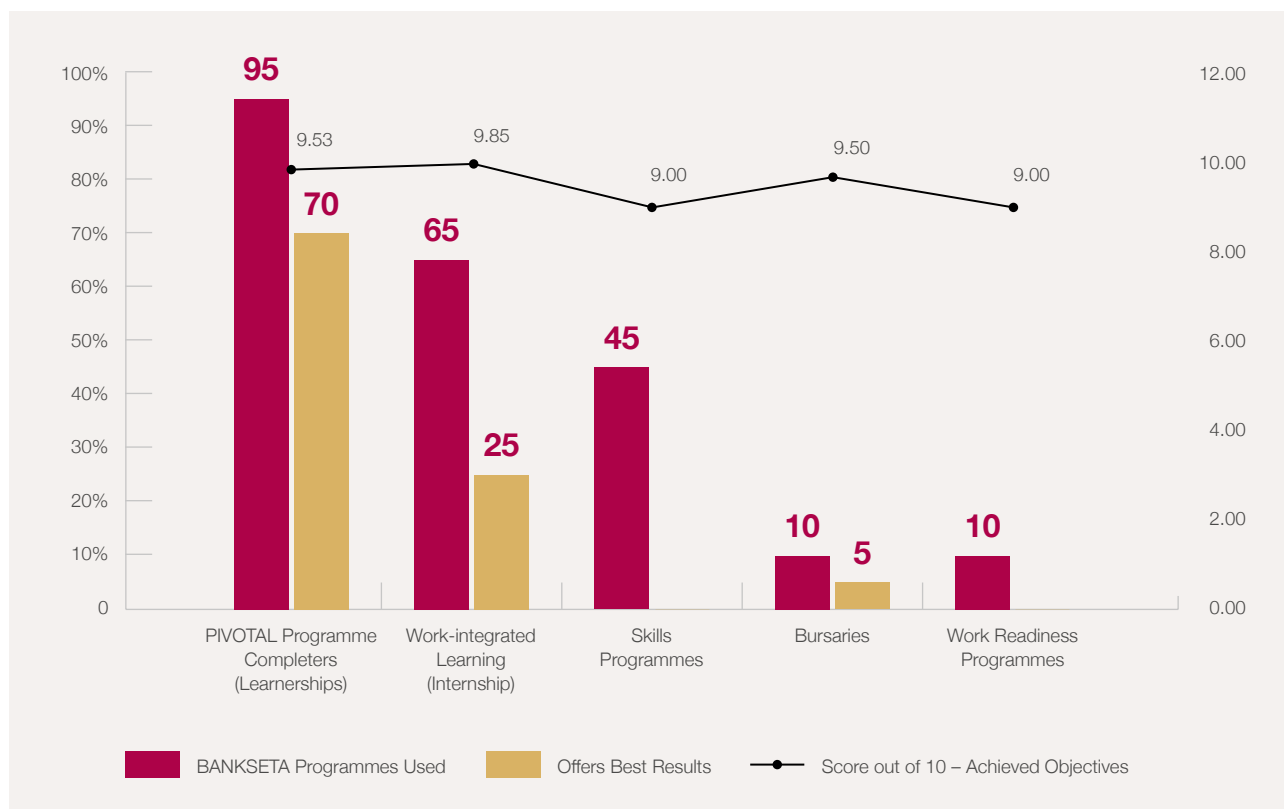


*BANKSETA impact on employed learners (n=473)*

The learners work an average of 35 hours per week, with 90% employed full-time, 7% on fixed-term contracts and 3% in temporary positions. The learners feel capacitated with diverse skills required across various departments

enabling them to deliver. The average gross monthly income of the 31% of learners willing to disclose their income was R20 222.

## Employers feedback



*BANKSETA programmes leveraged by employers (n=20)*

Employers scored PIVOTAL programmes highest, at 70%, and rated them 9.53 out of 10 for achieving the intended objectives. About 95% of the employers believed that course content was appropriate, with 75% agreeing that the programmes upskilled the learners.

Courses were cost effective, said 65% of employers agreed, but only 45% thought the courses provided value for money. Forty percent agreed that the return on investment made the programmes worthwhile.

### Small, medium and micro enterprises (SMMEs)

A sample of 84 self-employed learners was drawn, with 97% saying they apply what they learnt on the BANKSETA programme. About 71% of the learners earn an average of R12 514 a month.

Post-BANKSETA interventions, 6% of all employed learners are self-employed, with 21% of these having started their businesses after completing the BANKSETA learnership or other programme. The SMMEs employ on average five people, thus for each person trained on a BANKSETA programme, five jobs are created. This is called acceleration and will help to reduce unemployment.

### Unemployed learners

About 65% of learners who completed BANKSETA programmes between 2016 and 2019 were on unemployed programmes. A sample of 616 unemployed learners was interviewed, 41% of whom secured a job after the BANKSETA intervention.

The best-performing programme was learnerships, which enabled 48% of the unemployed learners to find employment – nearly one in two learners. This rate goes down to one in three for bursaries (35%), skills programmes (34%) and internships (31%).

Unemployment post-BANKSETA intervention is 29%, which was in line with the country's 2019 unemployment rate, which stood at 28.18% (youth unemployment 55.97%). This means at a certain stage the market is unable to absorb learners.

### Studying learners

About 24% of sampled learners who completed BANKSETA programmes between 2016 and 2019 were studying – 384 learners. Maths and science support learners accounted for 80% of all studying learners pre- and post-BANKSETA



intervention, followed by learnership students at 9% and bursary students at 7%. The percentage of students studying pre- and post-BANKSETA declined by 28%, which correlates with the 31% who were job seeking. To determine the impact of the BANKSETA maths and science support programme, tracking the learners' progression/destinations post-matric is a good indicator.

Post-BANKSETA on 1 April 2019, 63% of these learners were at university and 22% at WBL colleges. This indicates a positive BANKSETA impact, with 80% having been able to progress to post-Grade 12 studies. Most of the learners (63%) were at universities, an indication that they obtained bachelors passes.

Overall, the 24% studying learners dropped to 18% post-BANKSETA interventions, indicating employment. This was driven primarily by learnership students, whose numbers declined from 9% to 5%.

### Money well invested

The estimated BANKSETA spend of R557 million between 1 April 2016 and 31 March 2019 yielded positive results:

- Ninety percent of jobs created are full-time, with only 3% of positions part-time.
- About 65% of the employers agreed that the courses were cost-effective.
- While BANKSETA support is skewed towards females, at 60%, males have a better chance of employment. Male unemployment dropped by 23 percentage points, against females by 10 percentage points.

### Implications for policy

#### *Curriculum – digitalisation and the fourth industrial revolution*

- For PIVOTAL programmes, BANKSETA has identified the need for information technology as an enabler. While digitisation has been adopted in the banking sector, further engagements are required to understand the pace of change so that the BANKSETA programmes can be constantly upgraded. Employers indicated this as an area needing improvement.

- The Centre of Excellence in Financial Services has researched the impact of the fourth industrial revolution, highlighting the need to encourage digital innovation through fintechs, which has not been as disruptive in South Africa as in other parts of the world.

#### *Online learning*

- Covid-19 is challenging BANKSETA to consider how its support/interventions can be offered to those without connectivity or ability to adjust and learn online.

#### *Entrepreneurship/SMME support*

- SMMEs employ on average five people, thus for every person trained and starting a business, five jobs are created.
- Stakeholder engagement is needed, as there is an opportunity to support SMMEs through mentorships and through accelerator programmes through which employers adopt SMMEs and help drive their growth.

### Lessons learnt

- BANKSETA programmes have proved effective and have delivered on stakeholder expectations.
- Programmes yielded positive results, except recognition for prior learning, where there was a decline in employment due to the learners deciding to study further.
- BANKSETA needs to establish an efficient monitoring and evaluation system to ensure that databases and programmes can be monitored in real time to facilitate timely corrective action. Maths and science support, in particular, lends itself to this.
- Training providers are an important part of the BANKSETA ecosystem.

The BANKSETA has conducted extensive research to establish the impact of programmes offered and how interventions have resulted in the upskilling of beneficiaries' skills and in changing lives.

## SKILLS DEVELOPMENT

The Skills Development Department implements discretionary grant projects, including funding window programmes, for all employed staff in banking and alternative banking. It hosts annual discretionary grant funding window information sessions to explain the guidelines and process to skills development facilitators. More than 240 stakeholder representatives attended, including skills development facilitators, training personnel, and learning and development personnel.

The Department also manages the mandatory grant process for banking and alternative banking, ensuring that employers are equipped with information and a management information system platform to successfully complete their WSPs and ATRs online. Employers benefit from annual information sessions, a detailed training manual, online training in groups or one-on-ones on skills development legislation. New employees joining the SETA are afforded one-on-one sessions through which they are acquainted with BANKSETA processes and systems and can freely ask questions away from the pressure of a public forum.

During the review year, projects implemented successfully included the PIVOTAL grant funding window for the employed, the reskilling funding window, information technology (IT) skills funding window and doctoral and post-doctoral funding window.

The flagship PIVOTAL programme is one of BANKSETA's biggest and most sought-after undertakings.

Employers apply for funding and choose a preferred provider to implement the project on their behalf. Training must be South African Qualifications Authority (SAQA) and National Qualifications Framework (NQF) aligned and accredited, and the provider must be accredited for provision and for the course. The funding window, which funds learnerships, bursaries, skills programmes, candidacy programmes and recognition of prior learning is usually inundated with applications.

Implementation for an additional funding window launched in December 2019 began in 2020. Of the R150 million ring-fenced, R138 974 469.19 was approved for 6 682 learners.

Among the skills programmes funded through the PIVOTAL programme are Java programming, cloud computing, data mining, big data, artificial intelligence and machine learning, customer contact centre skills, credit risk management, basic financial management, online project management, customer relations management, online marketing sales and services, leadership, change management and enabling diversity in the workplace.

The IT skills project is another popular initiative, as employers apply for IT-related training that is not SAQA- or NQF aligned – quick, short programmes such as Linux, Pastel, Sage Intelligence reporting, Certified Scrum Master programme, International Software Testing Qualifications Board (ISTQB) advanced courses and agile training courses. A total of 142 applications was received for 2020/21. Only 13 applications were approved to the value of R4 738 875.62 for 257 beneficiaries. The funding window was approved in March 2021. No funds were disbursed in 2020/21 due to the late approval of the funding window. Organisations signed memoranda of agreement (MoAs) in April 2021. The employer will implement in the 2021/22 financial year. The 82 entered and 31 completions are for the IT programme approved in 2019. However, the amount disbursed for the 2019 programme in the 2020/21 financial year is R642 420.95.

The reskilling project funds training for retrenched employees or those whose roles have been impacted by restructuring or are not relevant for the bank of the future. Programmes do not need to be SAQA- or NQF aligned, but the reskilled employee should be redeployed or employed elsewhere on completion of training. Employees may be upskilled for another role with the current employer or be reskilled for another career, not necessarily in banking – certain beneficiaries have started their own businesses in trades such as plumbing and electrical services. This window is not time-bound and employers may apply at any time.

Since inception, the programme has upskilled and reskilled many employees within the banking sector. Five applications were received and three approved for the 2020/21 reskilling project. Funding of R4 716 795 was allocated in December 2019, which allowed 1 735 learners to benefit from reskilling training during the review year.

Doctoral and post-doctoral funding for both employed and unemployed candidates is available to students nominated by their employer or university lecturers in financial services, education, entrepreneurship, mathematics and related fields. Lecturers from technical and vocational education and training (TVET) colleges and universities of technology may also apply if they wish to complete their doctoral studies through dissertations on financial services, education, entrepreneurship, mathematics and related fields.

In its selection, the panel reviews and evaluates the relevance of the student research proposal to the banking and alternative banking sector. Once the student completes his or her qualification and dissertation, the thesis is shared with BANKSETA to be disseminated to stakeholders and is available at [www.bankseta.org.za](http://www.bankseta.org.za).

*Two new projects were launched, focusing on leadership development and Covid-19 awareness training with the Health and Welfare SETA, whose impacts will be felt during the coming year.*

The Covid-19 pandemic had a huge impact on skills development delivery and disrupted the whole banking and alternative banking sector. Employers struggled to implement projects and not all providers were geared to uplift their offering to deliver distance or online learning platforms, nor different e-learning or blended learning training interventions. Most employers requested extensions

to their MoAs with BANKSETA to make up the time lost and ensure successful implementation. The workplace learning component for learnerships suffered, but with the change in the Risk Adjusted Strategy levels, this resumed quickly. BANKSETA is working closely with employers to ensure that concerns and challenges are heard and resolved quickly.

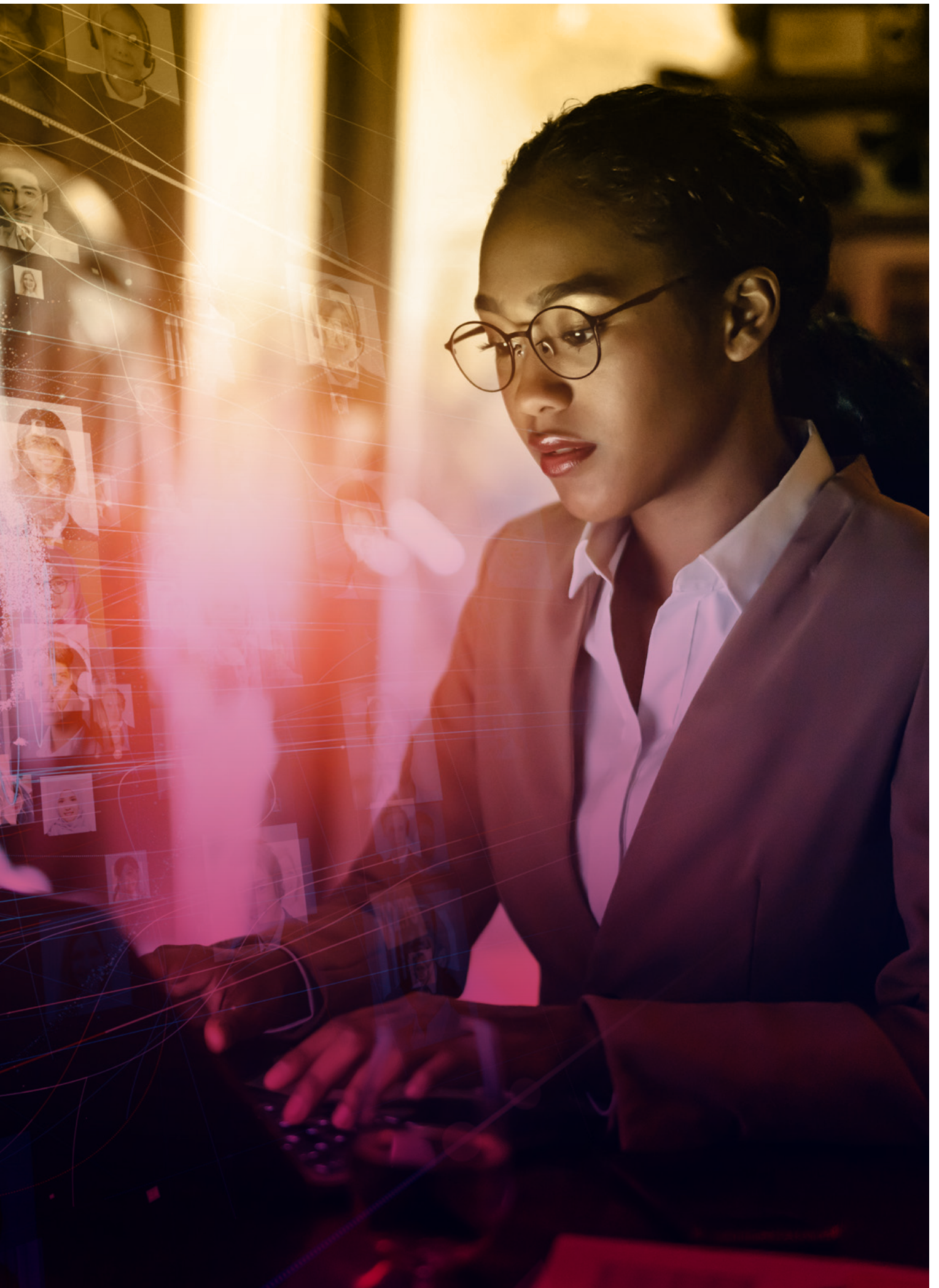
By submitting their WSPs and ATRs to BANKSETA, skills development levy payers may participate in discretionary grant projects. Although the SETA does not implement WSPs and ATRs, it assists through its funding windows.

Unfortunately, during the review year, Covid-19 and economic instability reduced the number of submissions by medium and large organisations. This resulted in fluctuations in organisation sizes – changing organisations from large to medium, medium to large, small to medium and medium to small – which impacted on medium and large organisation mandatory grant submission targets.

In 2021/22, the Skills Development Department plans to finetune the reskilling project to account for Covid-19-prompted job losses and company downsizing.

Attention will also be given to monitoring of projects to ensure that timelines are not exceeded and that supporting evidence is current and relevant.





# A true visionary

## BENEFICIARY SUCCESS STORY

Growing up in the small Limpopo village of Hlohlakwe, Patrick may not have imagined that a few years later, he would be telling the world how to model cross-border financial flows using a network theoretic approach. This was the subject of the thesis that completed his PhD in Industrial Systems. He credits BANKSETA for the 'Dr.' that now appears before his name, as it was the SETA that funded his PhD at the University of Pretoria.

Patrick always seemed destined for big things, having obtained his BSc in Mathematical Sciences and Bachelor of Statistics and Operations Research (Honours) degree from the University of Limpopo. He received the Nuffic scholarship, which enabled him to obtain his MSc in Engineering Mathematics from the University of Twente in The Netherlands.

The PhD was not his first serendipitous encounter with BANKSETA – previously, he had completed the SETA's International Executive Development Programme (IEDP) through the Gordon Institute of Business Sciences.

His career has taken him from quantitative analytics at African Bank to credit portfolio management at First National Bank, financial surveillance analysis at the South African Reserve Bank and, now, independent data science consultant in the financial services sector. He is an SAS-certified advanced analytics professional and a recipient of the SAS Global Forum 2019's International Professional Award.

Patrick says that his thesis proposes a novel network measure for detecting and impeding illegal cross-border financial transfers. 'The research was extended by developing a symmetric-key encryption algorithm for preserving the privacy of personally identifiable information in multidimensional datasets,' he explains.

'The results demonstrated the approach's ability to enhance the risk-based supervisory approach in regulatory organisations, enabling optimal inspection of regulated entities.'

BANKSETA, he adds, has contributed immensely to his academic and professional development over the years. 'The IEDP qualification developed my leadership skills and strengthened my resilience, while the PhD was the realisation of my childhood dream of becoming a renowned scientist. I successfully presented my work in both national and international conferences, with financial support from BANKSETA.'



**Dr. Patrick Sekgoka**

PhD funding beneficiary

**'He credits BANKSETA for the 'Dr.' that now appears before his name, as it was the SETA that funded his PhD at the University of Pretoria.'**

## YOUTH DEVELOPMENT

The Youth Development Department offers unemployed youth skills development programmes such as learnerships, internships and skills programmes to bridge skills gaps and enhance the employability of youth that they may contribute positively to the economy. During the review year, 24 employers were funded to deliver 52 programmes, with 33% of candidates having completed their studies by end-March 2021.

BANKSETA pioneered and has perfected over many years the Letsema and Kuyasa learnerships for post-matriculants and postgraduates. It was another successful year for the initiatives, with an average 89% completion rate.

The employment rate for Letsema and Kuyasa declined from 60% and 70% in 2018/19 to around 40% and 50% for the 2019/20 intake. This was attributable to the Covid-19 lockdown.

Placement is also proving challenging for the 2020/21 intake, sitting just after year-end at around 7% to 16%. Host employers who were interested in continuing with their learners post-programme were invited to apply through the PIVOTAL window to host the same learners and continue to provide them with workplace exposure.

The Kuyasa qualification was fully subscribed, but the sector is moving away from the qualification, seeking those that will better respond to their needs and the changing

banking environment, such as IT, business risk, credit analysis, security specialists, data science and digital financial management.

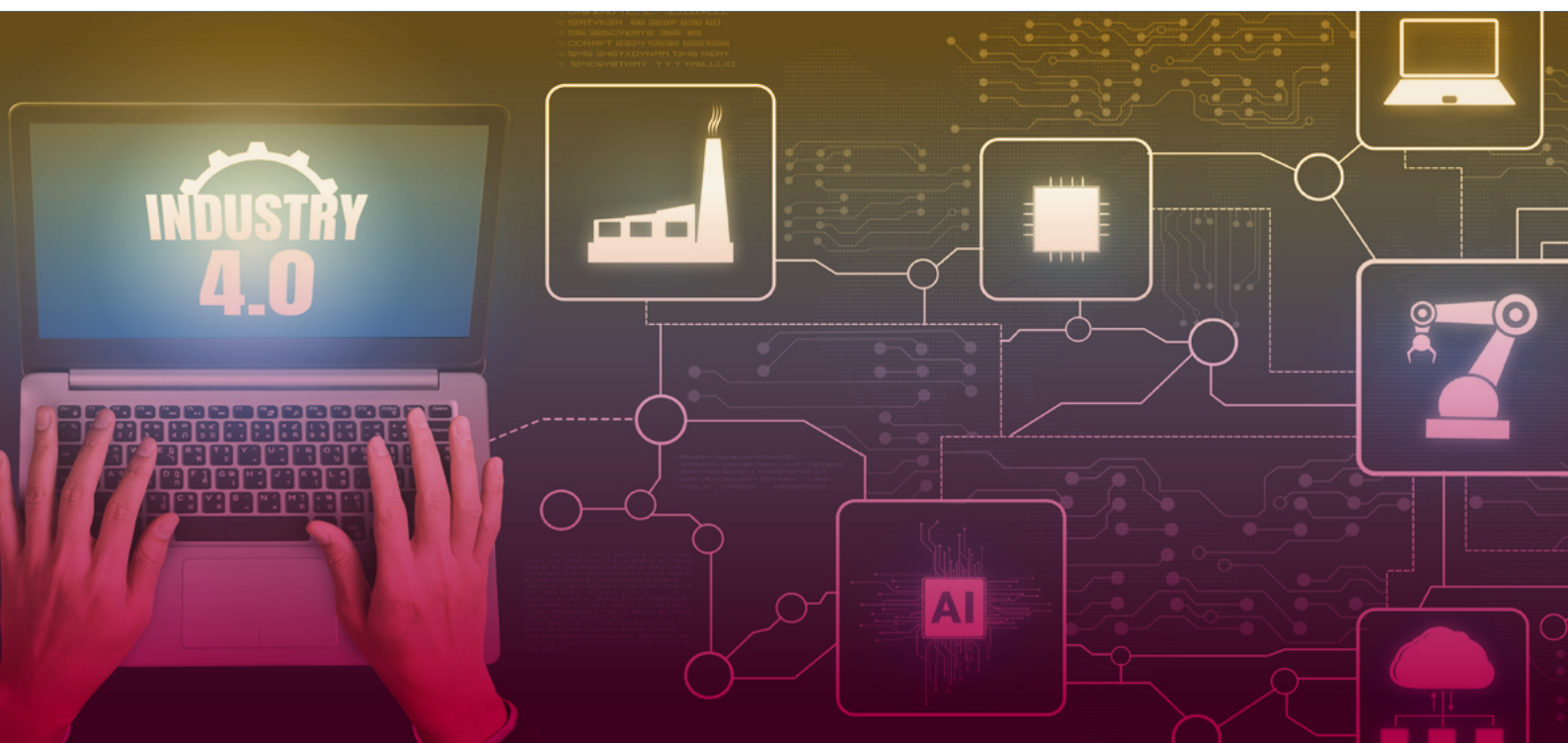
The pilot cybersecurity internship for the unemployed – deemed essential as the sector moves deeper into 4IR with the skills needs that accompany it – proved its worth in a pass rate of 98%. However, it too, was dealt an unfortunate blow by Covid-19, with only 42 of the 100 learners signed on able to gain workplace experience. The other 58 learners undertook simulated learning.

As learners did not have sufficient opportunity to display their abilities to prospective employers, the employment rate was low, with only two learners securing permanent jobs.

Overall, Covid-19 challenges were managed successfully through online learning and simulations. Although simulations cannot be implemented going forward due to the nature of the learning programmes, online learning gained momentum.

The Letsema and Kuyasa programmes have achieved an average placement rate of more than 60% in recent years, although Covid-19 decreased this in the review year.

To build on the traditional success of these programmes, BANKSETA is working with the sector on improved ways of rolling out the programmes and on expanding the current Kuyasa with more qualification streams to enhance its response to business needs.



# Leap ahead for natural leader

Having always regarded himself as a leader, Wayne van der Westhuizen finds that the words of author Simon Sinek resonate with him. 'There are leaders and there are those who lead,' wrote Sinek. 'Leaders hold a position of power and influence. Those who lead inspire us.'

Wayne completed the BANKSETA Letsema learnership, thereafter securing a permanent job with his host Standard Bank. It is a leap ahead for the boy raised by a single mother in an upbringing characterised, he says, by 'perks, twists and turns'. 'I was constantly reminded by my circumstances and environment to uphold high standards, have values and morals and never let situations dictate my path. I learnt to appreciate even the smallest achievements.'

However, this is no small achievement. 'I consider myself very lucky to have secured a job in these unprecedented times exacerbated by the condition of our economy,' he states. 'The programme overall was a delightful experience. Being in the hands of experienced facilitators was highlight. One facilitator, "Mama Shirley" Bendile was very engaging and kept us all inspired to do and be better. I met and worked with some brilliant individuals and was able to apply and practice the knowledge and skills I had acquired. Now that I have a foot in the door of banking, I want to grow and build myself a sustainable career. I plan to continue my studies to upskill myself and better my chances of moving up the organisational ladder.'

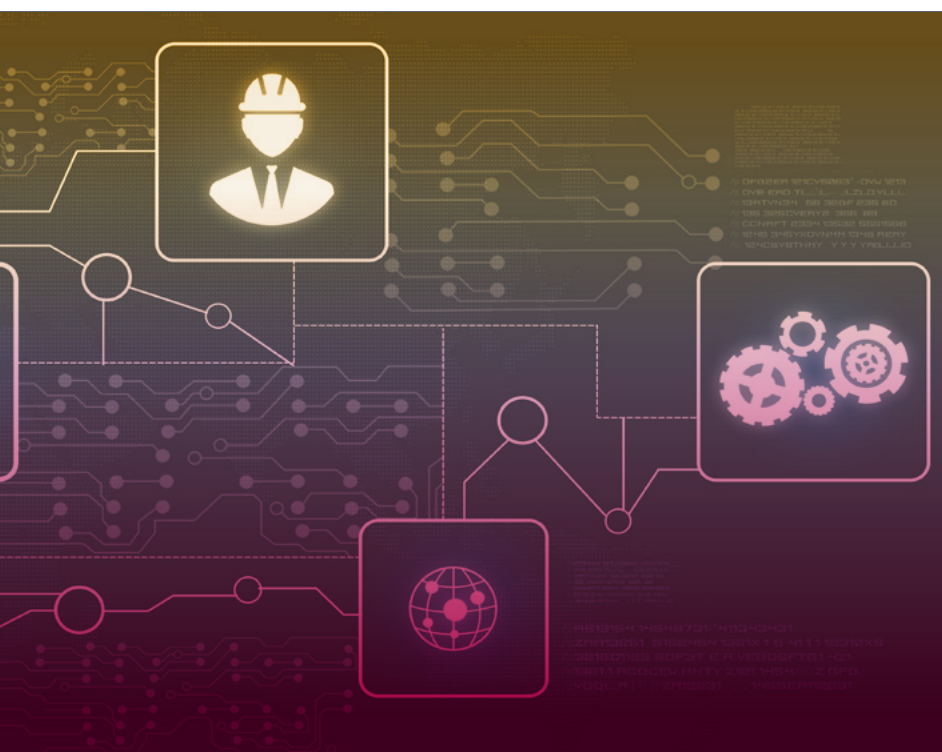
## BENEFICIARY SUCCESS STORY



Mr. Wayne van der Westhuizen

Letsema learnership beneficiary

**'Now that I have a foot in the door of banking, I want to grow and build myself a sustainable career.'**



## WORK-INTEGRATED LEARNING AND BURSARIES

BANKSETA funds bursaries through partnerships with universities, providing holistic support covering tuition, textbooks and accommodation, on- or off-campus. Each institution uses its predetermined entry criteria to nominate learners for BANKSETA merit bursaries, which are renewable annually and are dependent on the students' academic progress and the institution's application approval.

The areas funded by BANKSETA are:

- Actuarial Science (Accounting)
- Bachelor of Science (IT)
- Bachelor of Commerce (IT)
- Bachelor of Commerce (Finance, Economics, Financial Markets or Financial Modelling streams)
- Bachelor of Commerce (Accounting)

These areas are aligned to the sector's scarce and critical skills.

During 2020/21, the higher education funding window bursary scheme made available R124 million for the scarce skills programme (digitisation for people living with disability), which accounted for R14 million, the TVET work-integrated learning and universities of technology work-integrated learning.

The SETA fell short of its bursary target for the review year, being entry of 2 000 learners, but achieved a 72% score on learners benefitting from the programme, regarded

as a success. Reasons for the number shortfall included the delayed 2021/22 academic year. However, the target of partnerships with 20 universities was exceeded by 14. Similarly, 63 university lecturers were assisted with bursaries against a target of 50.

The digitisation scarce skills programme for people living with disability, which provides skills such as digital marketing, digital financial management, data mining and cybersecurity, became active just after year-end in three provinces, where it is benefitting 249 learners against a target for the year of 400. Some 180 candidates were to have completed the programme by year-end, but this was not achieved. Already, it has become clear that learners need tools such as laptops or tablets.

The purpose of TVET workplace-integrated learning is to place learners with employers to obtain relevant workplace experience to complete their qualifications. Only courses aligned to the skills priorities areas of the BANKSETA SSP are considered. BANKSETA currently partners with 30 TVET colleges.

Although the Covid-19-revised APP set a zero target for both learner entry and completions, 291 individuals entered the programme and 273 completed it.

During 2021/22, the higher education funding window is looking to assist at least 1 379 unemployed learners and capacitate 50 lecturers. A stakeholder survey will be conducted to determine the relevance of the scarce skills programme.





# Actually an actuary... almost

Esther Echelu took a strategic approach to her choice of career, confident that her studies in actuarial science would give her an advantage in a society where jobs are scarce, but that is constantly crying out for critical skills. 'A career in science and technology fits well with the way the world is going,' she explains.

Esther is currently a full-time honours student at North-West University under the auspices of the business mathematics and informatics department, having completed her BSc Actuarial degree with financial help from BANKSETA.

She will be eternally grateful for the SETA's help. 'Four months into my studies and still with no funding, I received the email stating that I was now a BANKSETA bursary recipient,' she recalls. 'I had searched everywhere for financial help so I was extremely relieved when the bursary came through. The funds covered my academic expenses, from textbooks to living costs, which helped free me from worry and stress that were distracting me from learning. Because I had no finances initially, I had outstanding fees as well. If I had not paid these, I would have been unable to write my exams and continue to the next phase. The good news came in just in time to allow me to write my first exams.'

Esther looks forward to working in many sectors of the finance industry, putting the skills and knowledge she's accumulated to best advantage. And once she can officially call herself an actuary, she will pass on her skills to others, thereby helping to create a stronger society.

## BENEFICIARY SUCCESS STORY



**Ms. Esther Echelu**

Bursary programme beneficiary

**'I received the email stating that I was now a BANKSETA bursary recipient.'**



## ALTERNATIVE BANKING

The Alternative Banking Department facilitates skills development for small employers, rural communities, cooperatives and stokvels. In the review year, the Department concentrated primarily on the Small and Medium Enterprise (SME) Support Programme and the Cooperative Development Project.

The former provides skills funding for small BANKSETA-registered employers seeking skills to help them manage and grow their businesses. Training is aligned to the sector's scarce and critical skills and should produce changed businesses that are demonstrating and visibly benefitting from the skills they have acquired.

With this responsibility, the project attracts the lion's share of the Department's funding, with R20 million dispersed during the review year to 67 entities. However, this covered only a percentage of needs in the sector, and applications were received from 400 entities for training that would have cost R700 million. Although certain businesses applied multiple times, this indicates the need among small businesses for skills to ensure not only growth, but survival. The budget for 2021/22 has been increased to R25 million.

The Cooperative Development Project is a partnership with the Cooperative Banks Development Agency (CBDA), which regulates 32 registered cooperative financial institutions (CFIs) and two cooperative banks, Orania and Ditsobotla Primary Savings Cooperative Bank. BANKSETA funding capacitates officials and members of these institutions.

The longstanding partnership with the CBDA enables managers of CFIs to undergo training culminating in a Diploma in Cooperative Financial Institution Management.

Cooperative banks and CFIs are an integral part of South Africa's financial services landscape, offering similar services to those provided by commercial private banks. Democratic structures founded by communities or specific groups provide a safe, convenient place for members to deposit or save money or obtain financial assistance at low cost.

During the review year, R5 million was made available, which funded provision of skills interventions focused on technology, risk management, leadership development and customer service.

Although only 18 of the targeted 32 CFIs were assisted during the review year because of Covid-19 work protocols and a delay in implementation by the lead training provider, the number of individuals trained topped 500 against the targeted 300.

As a result of the pandemic, neither the well-established rural nor entrepreneurship development project could be conducted as both depend on traditional classroom learning. Both have resumed and will be reported on in the 2021/22 annual report. The budget for the latter has been increased from R10 million to R25 million.

The Rural Development Project also received a boost towards the end of 2020/21 when a partnership was forged with the South African Local Government Association (SALGA), which will widen the project's reach in coming years. Research has shown that Covid-19 has concentrated spending more in the townships than with larger retailers in surrounding areas. Accordingly, during 2021/22, financial management workshops will be provided for spaza shop owners and stokvels, particularly those operated by the taxi industry, with which SALGA has close links. The project will target 1 500 beneficiaries in at least 10 rural areas.



## QUALITY MANAGEMENT

Quality is integral to BANKSETA's skills development efforts, as the calibre of qualifications bestowed on existing and aspirant banking sector employees must be beyond reproach.

The Quality Management Department is committed to upholding the highest quality standards across all BANKSETA programmes. Its responsibilities include accreditation of training providers, registration of skills programmes, registration of assessors and moderators, external moderations, learner certification and development of occupational qualifications.

Two qualifications were finalised during 2020/21, targeted at anti-money-laundering analysts and foreign exchange officers. The former was created in response to bank demand for analysts qualified to assess trends and detect fraud in large financial institutions. The qualification was developed with the South African Banking Risk Information Centre.

Four skills programmes were registered:

- Management agility and agile banking
- Management agility and empowering performance
- Management agility and financial performance
- Financial performance and empowering performance.

During the year, the Department registered 84 assessors and 20 moderators and conducted 29 external moderations online. Certificates were issued to 4 474 learners.

The general management qualification project launched in 2019/20 progressed as planned, unfettered by the Covid-19 pandemic. This qualification, which provides candidates with management experience in different aspects of banking, was rolled out in the previous financial year to South West Gauteng, Ekurhuleni, Capricorn and Motheo TVET colleges and Cape Peninsula University of Technology,

During 2020/21, BANKSETA training providers used electronic platforms to facilitate the theoretical aspects of the programme and simulations for the practical component in lieu of experience in the workplace.

During the year, it was business as usual for the Department in other areas, too, but with greater emphasis on e-learning and e-assessment support.

An e-learning workshop was held to guide providers in the following:

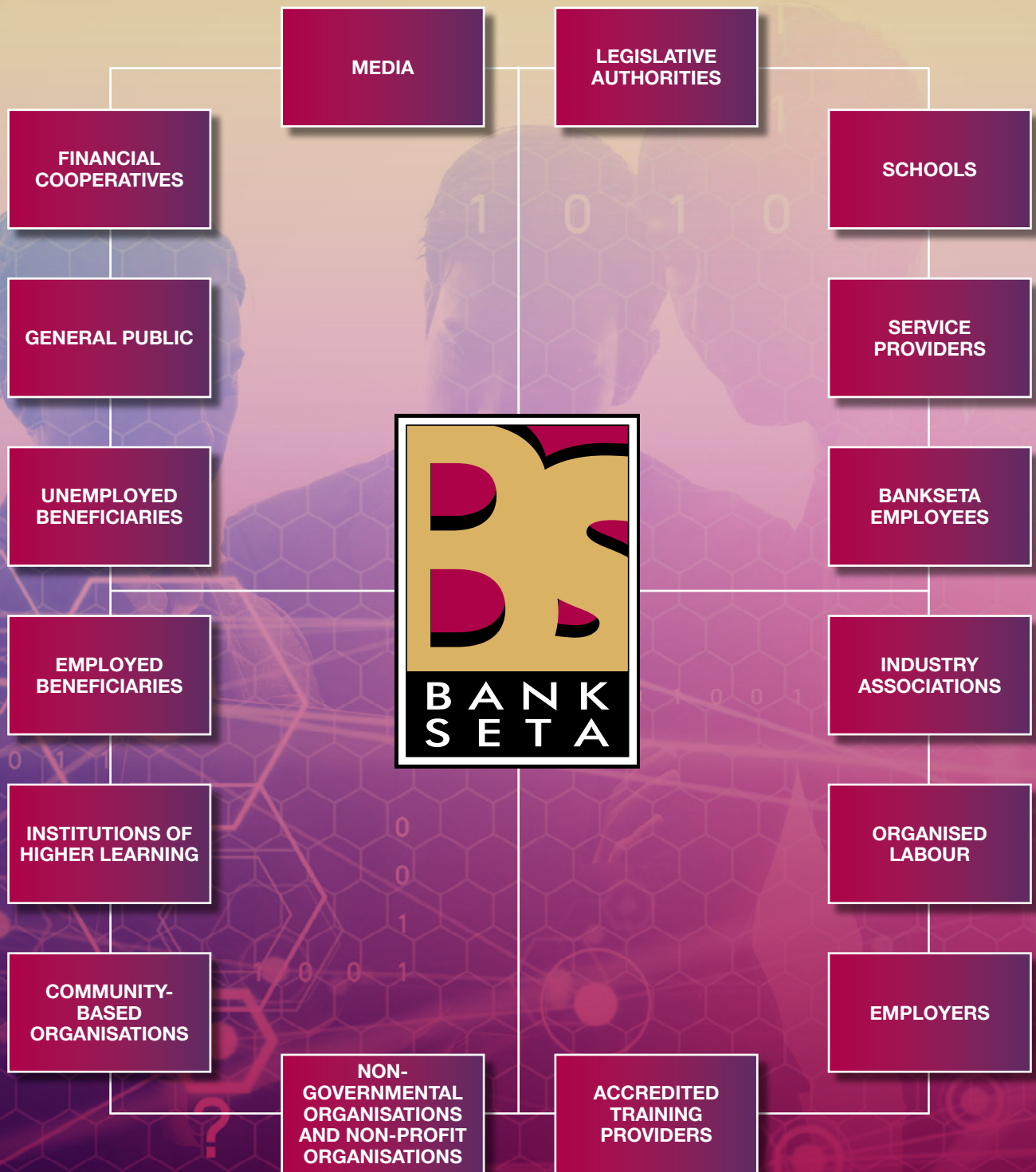
- Setting their e-systems vision and plan
- Providing training for their staff on the implementation of e-learning
- Various methodologies and blended learning approaches that could be applied, and
- Consolidation of the assessment results that determine learner competence.

The implementation of e-learning methodologies and blended learning will continue through 2021/22. The Department also plans to implement the anti-money-laundering and foreign exchange qualifications, and a third programme, for bank note processors.



# STAKEHOLDERS

## Our stakeholders



## STAKEHOLDER ENGAGEMENT

Nurturing the relationships that BANKSETA has with its significant stakeholders is a strategic priority and a key driver of success that informs business strategy and enables the SETA to improve the stakeholder impact of its activities.

BANKSETA proactively engages with stakeholder groups and is committed to working closely with stakeholders, to learning from past engagement experiences and continuing to improve and respond to social expectations.

Amid the review year's difficult circumstances, direct continuous engagement was maintained with stakeholders through remote learning and virtual meetings, reflecting the commitment of BANKSETA and its stakeholders to drive the skills development agenda as innovatively as possible.

### BANKSETA's stakeholder engagement objective are:

- Identification of stakeholder groupings and sub-groupings;
- Identification and review of current methods of engagement;
- Identification of stakeholder engagement gaps across the business;
- Develop innovative methods of stakeholder engagement (informed by the stakeholder analysis done by the entire business); and
- Assess and monitor the implementation plan.

In addition to its traditional strategic partnerships with government agencies, higher education institutions and SETAs, BANKSETA has established and sustained strategic engagements with key industry partners in the private and public sectors, such as the Banking Association South Africa, Business Unity South Africa and the Cooperative Banks Development Agency.

Despite the Covid-19 pandemic, the BANKSETA team carried out various publicity campaigns to keep stakeholders informed. These included communication on the BANKSETA website, social media, newsflashes, corporate publications and print and online advertising.

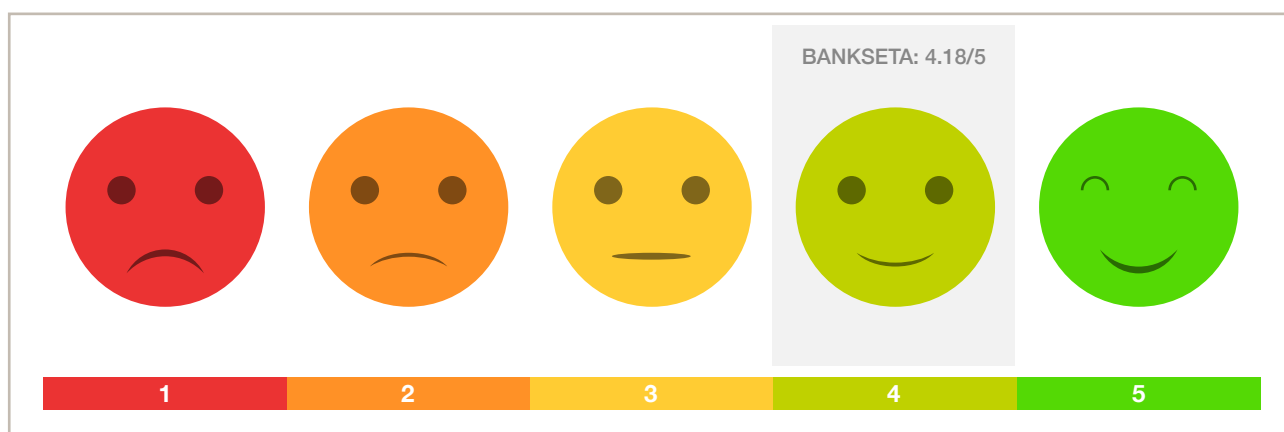
The SETA collaborated with industry bodies in education and community development, other SETAs, institutions of higher learning and non-governmental organisations. These collaborations spanned online sessions, meetings and the distribution of careers booklets, information on scarce and critical skills and 'Fourth Industrial Revolution Bankers of the Future' DVDs.

### Stakeholder satisfaction survey

For the annual 2020/21 stakeholder satisfaction survey, the provider used a five-point rating scale (1 – 5), where 1 rated as low satisfaction and 5 as exceptional satisfaction, and was required to deliver a comprehensive report detailing the methodology applied, findings and recommendations for service improvements. The survey was finalised in March 2021 and achieved the following objectives:

- Assessment of stakeholders' satisfaction with and perceptions of BANKSETA (projects being implemented, interaction with BANKSETA employees etc) and whether their service expectations were met;
- Reviewed the previously used instrument or questionnaire and made recommendations for improvement;
- Determined the perceived quality of BANKSETA service delivery;
- Ascertained whether expectations are being met; and
- Identified, based on stakeholders' perceptions, gaps in service delivery.

BANKSETA achieved a commendable 4.18 out of 5 rating.



## COVID-19 RESPONSE

The Covid-19 pandemic severely affected training delivery in the sector. Face-to-face training was replaced by online provision. Working remotely became the norm, which hampered employers' ability to provide work-integrated learning to unemployed youth. Simulation platforms where workplace learning was not possible enabled learners who were already in the system to complete their learning. These learners will be tracked to determine how many were employed on completion of learning. While work-integrated learning and learnership programme intakes were suspended in the review year, support to unemployed youth should resume in the coming year.

On 09 June 2020, BANKSETA received DHET Circular 02 of 2020 requesting SETAs to review their APPs and budgets in light of Covid-19. BANKSETA did so, but even at that time the full impact and ramifications of Covid-19 were not apparent.

Projects in several areas were delayed, as reflected by BANKSETA's low overall performance compared to previous years.

In April 2020, National Treasury suspended procurement until June 2020, which halted appointment of providers for discretionary grant projects and administration contracts.

Thereafter, uncertainty about the extent of the impact of Covid restrictions on banking stakeholders and their hesitation to commit to participation in training, with

continuing workplace restrictions, delayed the resumption of procurement and led to the cancellation and suspension of certain signed contracts.

Both training provision and discretionary grant expenditure for 2020/21 were affected.

Certain projects were cancelled and others deferred to 2021/22 and included in that year's procurement plan. Lost time is being made up and providers appointed for the coming year. Where adjustments in delivery methodology were made, improved performance is expected in 2021/22.

The delay in the entrepreneurship programme was unfortunate, as it supports government's drive to develop small businesses and create employment, but this programme will be fully implemented in 2021/22 with increased numbers of beneficiaries.

The pandemic's effect on human resources was felt strongly at BANKSETA, but support and assistance were provided to internal stakeholders to cope with remote working conditions and their family management implications, and the mental stress caused by the uncertainty of the situation. As far as possible, BANKSETA maintained business continuity, thanks to the efforts of its Human Resources Department, which focused on employee wellbeing through newly implemented policies and procedures. An employee wellness provider assisted employees during this stressful time.

## Covid-19 Prevention

DO



STAY HOME  
AS MUCH AS  
POSSIBLE



WASH YOUR  
HANDS  
REGULARLY



WEAR A MASK



SOCIAL  
DISTANCE



USE SANITISER  
AS MUCH AS  
POSSIBLE

DON'T



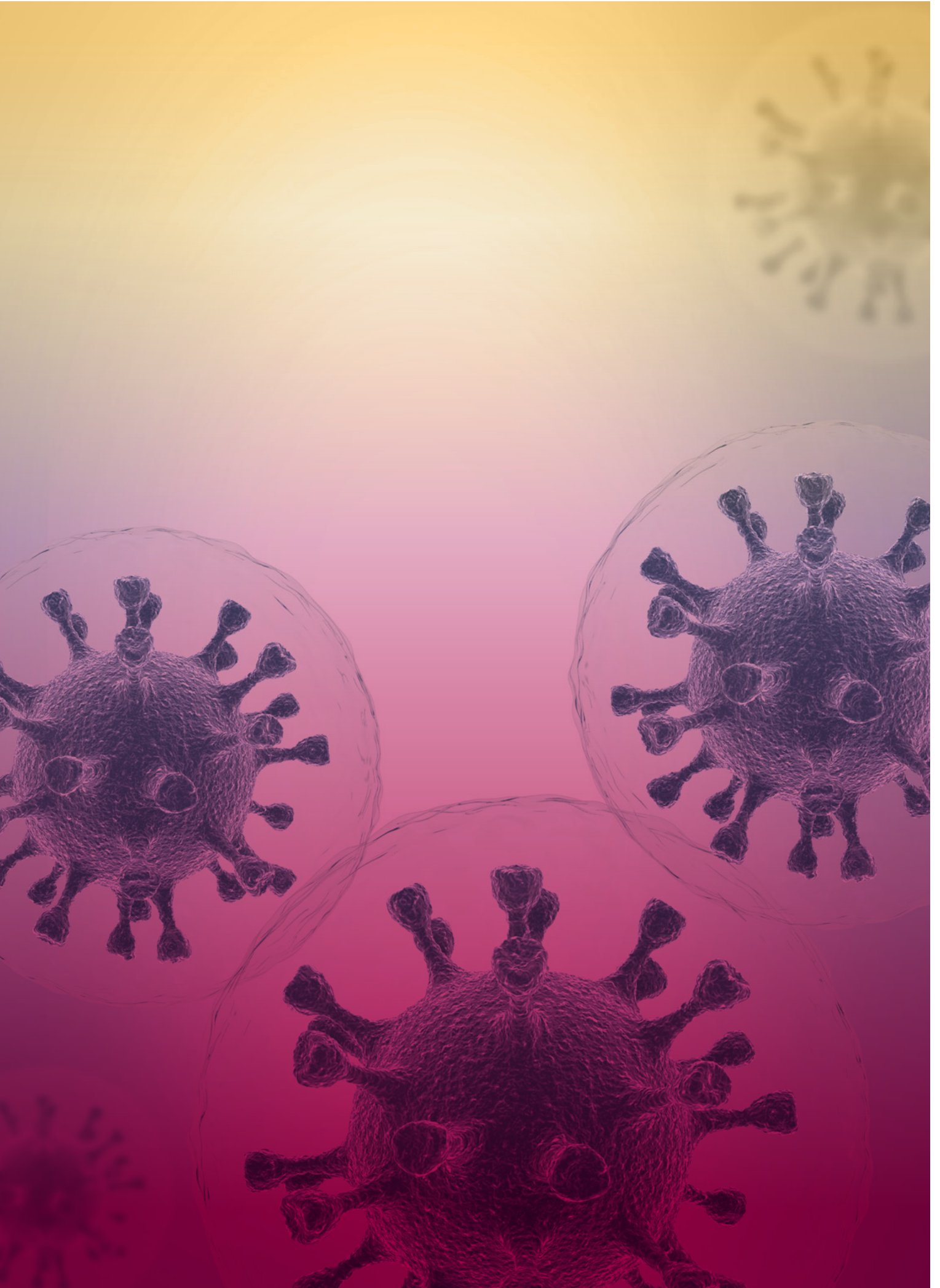
SHAKE  
HANDS



FORM  
GATHERINGS



TOUCH  
YOUR FACE



PART

B

Operational  
Overview and  
Performance  
Information



# ANNUAL PERFORMANCE REPORT

1 April 2020 to 31 March 2021

On 09 June 2020, BANKSETA received DHET Circular 02 of 2020 requesting SETAs to review their Annual Performance Plans in light of Covid-19. In addition, BANKSETA received DHET Circular 09 of 2020 requesting SETAs to support occupational health and safety training in Covid-19 environment to be rolled out to all sectors of the economy. It is with this background that BANKSETA has revised its Annual Performance Plan as indicated in the Annexure: Review of the Revised APP and Budget on pages 70 to 72. This was approved by the BANKSETA Board and submitted to the DHET and National Treasury accordingly.

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>PROGRAMME 1: ADMINISTRATION</b>								
<b>1.1 STRATEGIC MANAGEMENT</b>								
<b>Sub-programme 1.1</b> Strategic Management								
<b>Description</b>	Coordinate the development of BANKSETA Strategic and Annual Performance Plans and coordinate monitoring of the implementation of plans and report progress on their implementation							
<b>Responsibility</b>	Chief Executive Officer							
<b>Strategic Objective 1.1</b> To coordinate planning, monitoring and reporting on implementation of BANKSETA plans								
1.1.1 Reviewed SP and APP	Strategic and Annual Performance Plan Approved	SP and APP approved	Final Strategic Plan and APP sent to Parliament by due date	Conduct an annual review of strategic plans and APP as prescribed by the relevant planning frameworks	An annual review of a Strategic Plan and APP as prescribed by the relevant planning frameworks conducted	None		
1.1.2 Number of quarterly implementation reports	Quarterly reports approved by the Accounting Authority and submitted to DHET and National Treasury within 30 days from the end of the quarter	Quarterly reports submitted to the Executive Authority and National Treasury	Quarterly performance report has been submitted to the National Treasury and DHET	Quarterly reports approved by the Accounting Authority and submitted to DHET and National Treasury within 30 days of the end of the quarter	Quarterly reports approved by the Accounting Authority and submitted to DHET and National Treasury within 30 days of the end of the quarter	None		

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
1.1.3 Accounting Authority approved and audited annual report (AR)	Audited AR approved and submitted within stipulated timeframes	Audited AR submitted	Audited AR submitted	AR was submitted to AGSA, NT and Parliament by due dates	Produce AR and submit to AGSA for audit and to NT and Parliament by due dates	AR submitted to AGSA for audit and to NT and Parliament by due dates	None	
<b>1.2 OPTIMAL HUMAN RESOURCE CAPACITY</b>								
<b>Sub-programme 1.2</b>								
Optimal human resource capacity								
<b>Description</b>								
To recruit, develop and retain the right people, in the right positions and implement an effective performance management system throughout the licensing period of the BANKSETA, ensuring the retention of Investors in People Standards recognition								
<b>Responsibility</b>								
General Manager: Corporate Services								
<b>Strategic Objective 1.2</b>								
To recruit, develop and retain the right people, in the right positions and implement an effective performance management system throughout the licensing period of the BANKSETA								
1.2.1 Number of vacancies filled	<10%	14.06%	A vacancy rate of less than 5% was maintained	Maintain a vacancy rate of 5% or less annually	4.99%	None		
1.2.2 Number of performance agreements and reports	Not applicable	100%	100%	Achieve 100% of performance agreement, reviews and assessments by due dates	88.50%	7 Performance agreements were not received		Two of the performance agreements not received have to be signed off by Board or ARC. Three employees are on precautionary leave and will therefore only conclude on their performance agreements when they return to work. One employee was only appointed in February 2021 and not concluded by the due date. One employee reports to the newly appointed manager and the agreement has also not been concluded by the due date.
1.2.3 'Investors in People' recognition retained	Not applicable	74%	132%	Established status achieved with recommendations for improvement	Established status achieved with recommendations for improvement	None		
1.2.4 Employee satisfaction index	Not applicable	89.09%	88.3%	Achieve 3.5 score on employee satisfaction index	Achieve 4.09 score on employee satisfaction index	0.59		Rating was exceeded due to interventions by Management to improve employee satisfaction.

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>1.3 COMMUNICATION AND BRAND AWARENESS</b>								
<b>Sub-programme 1.3</b>								
Communication and Brand Awareness								
<b>Description</b>	Develop a communication strategy and plan for media engagement, and stakeholder liaison and communication with the public to increase brand awareness and ensure increasing levels of stakeholder satisfaction							
<b>Responsibility</b>	General Manager: Corporate Services							
<b>Strategic Objective 1.3</b>								
To promote internal and external communication on the work of BANKSETA								
1.3.1 Approved Annual Communication Plan and quarterly implementation reports	Not applicable	96%	Report submitted	Produce a communication plan annually and report on its implementation within 30 days of the end of each quarter of the financial year	Annual Communications Plan not approved 114%	Annual Communications Plan not approved 34%	This target was not achieved due to the communications plan not being approved by the Board.	
1.3.2 Stakeholder satisfaction rating score	3.1/5	4.2	4.5	3/5 stakeholder satisfaction rating maintained	4.18	0.68	Stakeholder satisfaction rating of 3/5 maintained, having scored 4.18	
<b>1.4 ICT SUPPORT</b>								
<b>Sub-programme 1.4</b>								
ICT Support								
<b>Description</b>	To provide ICT infrastructure and business applications including disaster recovery to support business continuity of BANKSETA to deliver on its mandate							
<b>Responsibility</b>	General Manager: Corporate Services							
<b>Strategic Objective 1.4</b>								
To implement and realise benefits from ICT solutions in doing the work of BANKSETA								
1.4.1 80% achievement of ICT systems standards	Not applicable	100%	80%	Produce quarterly reports indicating 80% achievement of ICT Systems standards	50%	-30	Not all standards were implemented, ITIL standards and ISO standards were implemented for service desk and security. Due to resource constraints in the IT Department this indicator was not achieved. An IT Manager has now been appointed and performance will be improved in the coming year.	
1.4.2 Achieve an average of 90% systems availability	Not applicable	99.75%	50%	Business Applications Plan produced and approved by Exco	50%	-40	BANKSETA did not have a key system for three quarters of the year. All systems are now in place and will be reflected as such in the 2021/22 year.	

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
	1.4.3 95% ICT compliance score	Not applicable	83%	85%	95% ICT compliance score	0%	-95	The defined ICT compliance framework will be reviewed in 2021/22 to include all reporting. This was not done for the 2020/21 year as the position of ICT Manager was vacant and filled only two months before year end. With an IT Manager being appointed, performance will be improved in the coming year.
	1.4.4 Achieve 'medium' ICT residual risk rating	Not applicable	100%	100%	Achieve 'medium' ICT residual risk rating	High	Yes	The risk as at 31 March 2021 was still rated at high. The Risk mitigation strategies will be fully implemented in 2021/22.
	1.4.5 Implement ICT innovation management	Not applicable	Not applicable	Not applicable	1	1	None	The annual target in the APP reflects 1 successful innovation to be achieved. The quarterly targets in the APP are reflected incorrectly and this was corrected in the Annual Performance Report. The newly implemented ERP includes innovative work flows wherein approval of purchase orders, invoices, projects and change control notes is fully automated and loaded at source.

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>1.5 FINANCIAL MANAGEMENT AND REPORTING</b>								
<b>Sub-programme 1.5</b>								
Financial Management and Reporting								
<b>Description</b>								
To promote overall financial efficiency as measured by prudent financial management and compliance with prescripts and policies governing public finance by strengthening financial management practices in the areas of budgeting, expenditure monitoring and reporting								
<b>Responsibility</b>								
Chief Financial Officer								
<b>Strategic Objective 1.5</b>								
To achieve unqualified audit opinion on financial statements								
	1.5.1 % of valid invoices paid within 30 days	Not applicable	99.96%	85.00%	97% of valid invoices paid within 30 days or appropriate disciplinary action taken on cases where it is justified	95%	-2.25	The delays in approval of invoices have been addressed with the managers.
	1.5.2 Admin costs controlled within the regulated limit of less than 10% of levies income	<10%	<10%	<10%	Admin costs controlled within the benchmarked limit of less than 10% of levies income or approval sought to exceed threshold due to 4 month skills development levy holiday. Then BANKSETA will keep within the original admin budget.	<10	None	
	1.5.3 100% of mandatory and discretionary grants processed in line with the Accounting Authority approved process and regulations. 97% claim ratio achieved	>96%	Processing/ payment of mandatory grants and discretionary grants	97.00%	100% of mandatory and discretionary grants payments processed in line with the Accounting Authority approved process and regulations. 97% claim ratio achieved	100% 97%	None	

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
	1.5.4 0% irregular fruitless and wasteful expenditure is achieved	0%	0.19%	0.00%	0% irregular, fruitless and wasteful expenditure	0.70%	-0.70%	BANKSETA has disclosed irregular expenditure arising from prior years and the DHET processes for which a determination test needs to be made to determine the way forward.
	1.5.5 Accounting Authority approved Procurement Plan and submitted to DHET and NT by compliance date and % adherence to plan including quarterly reports to the Accounting Authority.	100%	25%	32%	Procurement Plan approved by Accounting Authority and submitted to DHET and NT by due date and 75% adherence to plan including quarterly reports to the Accounting Authority	15%	-0.60%	The annual target is correctly reflected in the Annual Performance Plan (APP) however the quarterly breakdown of targets are incorrectly reflected in the APP. This has been corrected in the Annual Performance Report. The Procurement Plan was approved by the Board and submitted to National Treasury by the due date. However the plan was not implemented fully as this was impacted by legislative restrictions and challenges experienced due to Covid-19. BANKSETA is addressing the internal issues leading to delays in tender evaluations.
	1.5.6 97% SCM compliance with NT regulations and practice notes	100%	99.81%	99.00%	97% SCM compliance with NT regulations and practice notes	99.75%	2%	Target was achieved
	1.5.7 Unqualified audit outcome (financially unqualified; no material findings on AOPo and non-compliance with legislation)	Unqualified	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		

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>1.6 ORGANISATIONAL COMPLIANCE, INTERNAL AUDIT AND RISK MANAGEMENT</b>								
<b>Sub-programme 1.6</b>	Organisational Compliance, Internal Audit and Risk Management							
<b>Description</b>	Periodic risk assessment and audits on compliance with laws and regulations to identify potential risks and governance weaknesses							
<b>Responsibility</b>	Company Secretary and Head of Internal Audit							
<b>Strategic Objective 1.6</b>	To promote good corporate governance practices and management							
	1.6.1 % organisational compliance with all applicable legislation, regulations and policy	100%	99.81%	100.00%	100% organisational compliance with applicable legislation, regulations and policies	<100% Compliance	Some non-compliances were identified in 2020/21	The non compliance with SCM Policies identified during the audit will be addressed through an action plan to improve in the next financial year.
	1.6.2 Approved Risk Management Plan and quarterly progress reports	Risk register updated, approved and reported on	Risk register updated, approved and reported on	Risk register reported on	Conduct annual risk assessment/ review and produce risk management implementation plan. Produce annual risk plan and quarterly progress reports.	The Risk Management Plan was approved by the Board and reporting was done	Quarters 1, 2 and 3 targets not achieved	The submission date for the quarter 1 target is incorrectly reflected in the Annual Performance Plan and has been corrected in the Annual Performance Report. Due to the ARC being established later than planned the quarterly reporting was done in following quarters.
	1.6.3 Approved internal audit plan and quarterly monitoring reports	Plan submitted, approved and reported on	Plan submitted, approved and reported on	Plan submitted and reported on	Develop a three-year strategic rolling internal audit plan approved by the Audit and Risk Committee by 30 June 2020	The overall three-year Strategic and Annual Plan was approved in totality by the Audit and Risk Committee in the Feb 2021 meeting.	Quarters 1, 2 and 3 targets not achieved	The submission date for the quarter 1 target is incorrectly reflected in the Annual Performance Plan and has been corrected in the Annual Performance Report. Due to the ARC being established later than planned the quarterly reporting was done in following quarters.

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>1.7 MONITORING AND EVALUATION OF BANKSETA EFFECTIVENESS AND IMPACT MEASURED</b>								
<b>Sub-programme 1.7</b>	Monitoring and Evaluation of BANKSETA Effectiveness and Impact Measured							
<b>Description</b>	Effectiveness and impact of outcomes of BANKSETA Strategy, Sector Skills Plan and APP evaluated and recommendations for improvements implemented. Tracing and tracking of beneficiaries to measure the effectiveness of skills development interventions (to measure impact and inform decision making regarding skills development interventions)							
<b>Responsibility</b>	Head: Research and Skills Planning							
<b>Strategic Objective 1.7</b>	Overall Organisational performance evaluated and impact of BANKSETA programmes measured							
	1.7.1 Report on WBL tracking and tracer study	Not applicable	None	Report on learners who completed from 2016 to 31 March 2018 was concluded	80% of WBL learners completed in 2017 and 2018	80% of WBL learners are tracked and reported on	None	
	1.7.2 % of completed beneficiaries employed in 2018	Not applicable	None	None	80% of all employed beneficiaries completed in 2017 and 2018	Impact assessment conducted on 80% of all employed beneficiaries	None	



Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>PROGRAMME 2: SKILLS PLANNING</b>								
<b>2.1 MANDATORY GRANTS</b>								
<b>Sub-programme 2.1</b>	Mandatory Grants							
<b>Description</b>	Develop a sound system for the approval of employer WSP/ATR submissions for the approval of mandatory grants claims and the provision of valid labour market data, ensuring that qualifying levy-paying employers receive their mandatory grants within regulated timelines							
<b>Responsibility</b>	Head: Skills Planning							
<b>Strategic Objective 2.1</b>	Approve WSP/ATRs to support mandatory grant claims							
	2.1.1 Participation rates of employers in WSP process	Total: 428 Large: 76 Medium: 51 Small: 301	Total: 498 Large: 76 Medium: 50 Small: 372 of which 129 levy paying Large: 76 Medium: 51 Small: 301	428	477	49	Overall target exceeded = 477 Medium: 46 (1 new non-levy payer, few companies moved from medium to small following their internal restructuring) Large: 78 (2 new non-levy payers, and movement of one company from medium to large) Small: 353  We expect that the 2021 submissions will decline further as we keep receiving the notifications that some of the medium companies are closing down either because of economy and impact of Covid-19 or their services are no longer required by their clients or banks e.g. phasing out of cheque books has led to the closure of the company that was processing the cheques for the banks.	
	2.1.2 Mandatory grants claims ratio	97.35%	>95	At least 97% payout rate of mandatory grants	98%	0.07%	BANKSETA exceeded the target due to the diligence of employers in submitting Workplace Skills Plan and Annual Training Reports.	

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>2.2 RESEARCH AND BENCHMARKING</b>								
<b>Sub-programme 2.2</b> Research and Benchmarking								
<b>Description</b>	Develop an annual research agenda in line with sector skills planning requirements and the DHET post-school research agenda. Establish research partnerships with public higher education institutions through the funding support of Research Chairs who will be responsible for conducting research as outlined and approved in the research agenda in order to support skills planning and/or sector growth. The research conducted by the research chairs aligns to the five skills priority areas as outlined in the Sector Skills Plan.							
<b>Responsibility</b>	Head: Skills Planning							
<b>Budget</b>								
<b>Strategic Objective 2.2</b> Sectoral skills needs are researched, documented and communicated to stakeholders								
	2.2.1 Board-approved three-year rolling research agenda submitted to DHET by compliance due date	Submitted to DHET by due date	Submitted to DHET by 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 three-year rolling research agenda submitted to DHET by compliance due date	0	
	2.2.2 Number of research partners appointed	Not applicable	12	0	4	0	-4	Delays due to Covid-19 and poor response rate from the universities.
	2.2.3 Number of research reports and/or working papers completed and publications placed on knowledge portal	3	15	17	5	17	12	Research reports from Wits University and Rhodes University resulted in 17 reports being concluded in the 2020/21 financial year.

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>2.3 ANNUAL SECTOR SKILLS PLAN DEVELOPED AND APPROVED BY DHET</b>								
<b>Sub-programme 2.3</b>	Annual Sector Skills Plan developed and approved by DHET							
<b>Description</b>	Sector Skills Plan meets the requirements of DHET, and provides a sound analysis of the sector and articulates an agreed sector skills strategy to address the identified skills priorities for the sector.							
<b>Responsibility</b>	Head: Skills Planning							
<b>Budget</b>	Nil							
<b>Strategic Objective 2.3</b>	A responsive, credible Sector Skills Plan is developed, approved by DHET and communicated to stakeholders and aligned to Strategic Plan and Annual Performance Plan							
	2.3.1 Annual SSP approved by Board and submitted to DHET by compliance due date	SSP approved and submitted	SSP approved and submitted	SSP approved and submitted	Annual Board-approved SSP	Annual Board-approved SSP	None	In the Annual Performance Plan, the performance indicators are combined and the quarterly targets split in two items. For ease of reference the performance indicators are reflected separately in the Annual Performance Report.
	2.3.2 Annual SP and APP approved by Board and submitted by due date to DHET	SP and APP approved and submitted	SP and APP approved and submitted	SP and APP approved and submitted	Annual Board approved SP and APP	Annual Board approved SP and APP	None	

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>PROGRAMME 3: LEARNING PROGRAMMES</b>								
<b>3.1 SECTOR LEARNERSHIPS</b>								
<b>Sub-programme 3.1</b>	Sector Learnerships (Letsema and Kuyasa)							
<b>Description</b>	The aim of this project is to register unemployed learners (graduates or matriculants) on an appropriate learnership programme with a further aim of achieving successful completions as per the annual targets listed below by the year 2021/22. The number of learners entering the programme and successfully completing the programme annually is reflected in the table below.							
<b>Responsibility</b>	Manager: Youth Development							
<b>Budget</b>	R0							
<b>Strategic Objective 3.1</b>	Access to occupationally directed programmes for unemployed youth through a range of interventions in order to enhance employability							
<b>Skills Priorities</b>	<ul style="list-style-type: none"> <li>• Technology, Digitisation and Innovation</li> <li>• Compliance and Risk Management</li> <li>• Management and Leadership Development</li> <li>• Markets, Products and Services</li> <li>• Customer-centricity</li> </ul>							
<b>Scarce Skill / PIVOTAL Programme</b>	As per the PIVOTAL list							
	3.1.1 Number of learners enrolled in the programme	724	720	700	0	0	None	
	3.1.2 Success is measured by the number of learners completing the programme successfully	575	636	661	459	626	167	Due to Covid, BANKSETA had anticipated not much would be achieved but some employers were so agile and took more than the anticipated number of learners as achievement is largely dependent on ability to offer workplace training by employers.

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>3.2</b>								
<b>Sub-programme 3.2</b>								
PIVOTAL Grant Funding Window: Unemployed (Includes employer driven learnerships, internships, skills programmes, bursaries)								
<b>Description</b>	The aim of this programme is to register unemployed beneficiaries to meet sector demand that fall within the definition of PIVOTAL programmes as per the annual targets listed, by the year 2021/22. The number of learners entering the programme annually is reflected in the table below.							
<b>Responsibility</b>	Manager: Youth Development							
<b>Budget</b>	R36 000 000.00							
<b>Strategic Objective 3.2</b>	Access to occupationally directed programmes for unemployed youth through a range of interventions in order to enhance employability							
<b>Skills Priorities</b>	<ul style="list-style-type: none"> <li>• Technology, Digitisation and Innovation</li> <li>• Compliance and Risk Management</li> <li>• Management and Leadership Development</li> <li>• Markets, Products and Services</li> <li>• Customer-centricity</li> </ul>							
<b>Scarce Skill / PIVOTAL Programme</b>								
	As per the PIVOTAL list							
	3.2.1 Number of learners enrolled in the programme	711	680	715	0	156	156	Due to improved Covid restrictions some employers were able to host learners even though BANKSETA had revised the APP target to zero by adapting to online learning. Of the 156 learners entered, 128 entered learnerships and 28 entered internships.
	3.2.2 Number of learners completing the programme successfully	587	477	561	0	411	409	Revised APP has no targets, however, we managed to report completions in the 2020/21 year despite lockdown. This is due to some employers being able to still host learners until completion. Of the 411 learners who successfully completed, 349 completed learnerships and 62 completed internships.

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>3.3</b>								
<b>Sub-programme 3.3</b>								
Scarce Skills Programme								
<b>Description</b>	The aim of this project is to register unemployed youth on work readiness programmes, focusing on scarce and critical skills, with a further aim of achieving successful completions as per the annual targets listed below by the year 2021/22. The number of learners entering the programme and successfully completing the programme annually is reflected in the table below.							
<b>Responsibility</b>	Manager: Bursaries and Work-integrated Learning							
<b>Budget</b>	R24 000 000.00							
<b>Strategic Objective 3.3</b>	Access to occupationally directed programmes for unemployed youth through a range of interventions in order to enhance employability							
<b>Skills Priorities</b>	<ul style="list-style-type: none"> <li>• Technology, Digitisation and Innovation</li> <li>• Compliance and Risk Management</li> <li>• Management and Leadership Development</li> <li>• Markets, Products and Services</li> <li>• Customer-centricity</li> </ul>							
<b>Scarce Skill / PIVOTAL Programme</b>								
Information Technology								
3.3.1 Success is measured by number of learners enrolled in the programme	226	498	98	400	249	-151	Procurement of a service provider was delayed and then resulted in a non-award. Procurement for another service provider was delayed and contract signed only in January 2021. The reported achievement represents only one intake for the planned two intakes for 2020/21. Owing to Covid, we could not achieve the full target.	
3.3.2 Success is measured by the number of learners completing the programme successfully	212	249	249	180	98	-82	Learners started late due to the above and therefore completions will be delayed. The learners who completed related to a previous programme that started in the previous year 2019/20. The group of learners that started in the current year will be reported on in the next financial year 2021/22.	

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>3.4 SKILLS FOR THE FUTURE</b>								
<b>Sub-programme 3.4</b>								
Skills For Future Scholars								
<b>Description</b>	The aim of this programme is to register unemployed learners on a programme to improve pass results for grade 4 - 12 with a further aim of achieving successful completions as per the annual targets listed.							
<b>Responsibility</b>	Manager: Regional Managers							
<b>Budget</b>	R34 850 000.00							
<b>Strategic Objective 3.4</b>	Support career development services							
<b>Skills Priorities</b>	<ul style="list-style-type: none"> <li>• Technology, Digitisation and Innovation</li> <li>• Compliance and Risk Management</li> <li>• Management and Leadership Development</li> <li>• Markets, Products and Services</li> <li>• Customer-centricity</li> </ul>							
<b>Scarce Skill / PIVOTAL Programme</b>	This project does not address any specific scarce skill/PIVOTAL programme in the sector but supports the development of quality matriculants who enter university required by the sector.							
	3.4.1 Number of centres participating in the programme	Not applicable	Not applicable	Not applicable	4	4	None	
	3.4.2 Number of learners participating in the programme	Not applicable	Not applicable	Not applicable	200	0	-200	The general difficult working conditions created by Covid led to delays in launching of programmes. The programmes are now expected to be implemented in 2021/22 therefore achievement will be in 2021/22.

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>3.5 TVET WORK INTEGRATED LEARNING FUNDING WINDOW</b>								
<b>Sub-programme 3.5</b>								
TVET Work-integrated Funding Window								
<b>Description</b>	The aim of this programme is to assist TVET college learners to access work-integrated learning (WIL) opportunities through collaborations with TVEIs as per the annual targets set by the year 2021/22. The number of learners entering the programme annually is reflected in the table below.							
<b>Responsibility</b>	Manager: Bursaries and Work-integrated Learning							
<b>Budget</b>	R50 400 000.05							
<b>Strategic Objective 3.5</b>	Capacity building interventions to public providers for increased scope of registered programmes and increased participation and graduation rates of learners							
<b>Skills Priorities</b>	<ul style="list-style-type: none"> <li>• Technology, Digitisation and Innovation</li> <li>• Compliance and Risk Management</li> <li>• Management and Leadership Development</li> <li>• Markets, Products and Services</li> <li>• Customer-centricity</li> </ul>							
<b>Scarce Skill / PIVOTAL Programme</b>								
As per the PIVOTAL list								
	3.5.1 Success is measured by the number of MoUs signed with TVEIs	11	14	20	0	0	None	
	3.5.2 Success is measured by the number of learners accessing WIL opportunities	723	88	876	0	221	221	Due to improved Covid restrictions some employers were able to host learners even though BANKSETA had revised the APP target to zero.
	3.5.3 Success is measured by the number of learners completing WIL successfully			125	0	273	273	Due to improved Covid restrictions some employers were able to host learners even though BANKSETA had revised the APP target to zero.



Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>3.6 UNIVERSITIES OF TECHNOLOGY WORK INTEGRATED FUNDING WINDOW</b>								
<b>Sub-programme 3.6</b>	Universities of Technology Work-integrated Funding Window							
<b>Description</b>	The aim of this programme is to fund demand-driven skills development through collaborations with Universities of Technology and to register learners to access work-integrated learning (WIL) opportunities as per the annual targets listed by the year 2021/22. The number of learners entering the programme annually is reflected in the table below.							
<b>Responsibility</b>	Manager: Bursaries and Work-integrated Learning							
<b>Budget</b>	R26 400 000.05							
<b>Strategic Objective 3.6</b>	Capacity building interventions to public providers for increased scope of registered programmes and increased participation and graduation rates of learners							
<b>Skills Priorities</b>	<ul style="list-style-type: none"> <li>• Technology, Digitisation and Innovation</li> <li>• Compliance and Risk Management</li> <li>• Management and Leadership Development</li> <li>• Markets, Products and Services</li> <li>• Customer-centricity</li> </ul>							
<b>Scarce Skill / PIVOTAL Programme</b>	Aligned to the demands of the sector and in line with the five skills priority learning areas							
	3.6.1 Success is measured by the number of MoUs signed with UoTs	5	5	5	0	1	1	Due to improved Covid restrictions some employers were able to host learners even though BANKSETA had revised the APP target to zero.
	3.6.2 Success is measured by the number of learners accessing WIL opportunities	274	274	150	0	138	138	Due to improved Covid restrictions some employers were able to host learners even though BANKSETA had revised the APP target to zero.
	3.6.3 Success is measured by the number of learners completing WIL successfully			173	0	174	174	Due to improved Covid restrictions some employers were able to host learners even though BANKSETA had revised the APP target to zero.

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>3.7 HIGHER EDUCATION FUNDING WINDOW</b>								
<b>Sub-programme 3.7</b>								
Higher Education Funding Window								
<b>Description</b>	The aim of this programme is to fund demand-driven skills through collaborations with universities and universities of technology, with a focus on awarding bursaries in scarce and critical skills areas with a further aim of achieving successful completions as per the annual targets listed below by the year 2021/22. The number of learners entering the programme and successfully completing the programme annually is reflected in the table below.							
<b>Responsibility</b>	Manager: Bursaries and Work-integrated Learning							
<b>Budget</b>	R210 000 000.00							
<b>Strategic Objective 3.7</b>	Capacity building interventions to public providers for increased scope of registered programmes and increased participation and graduation rates of learners							
<b>Skills Priorities</b>	<ul style="list-style-type: none"> <li>• Technology, Digitisation and Innovation</li> <li>• Compliance and Risk Management</li> <li>• Management and Leadership Development</li> <li>• Markets, Products and Services</li> <li>• Customer-centricity</li> </ul>							
<b>Scarce Skill / PIVOTAL Programme</b>	Aligned to the demands of the sector and in line with the five skills priority learning areas							
	3.7.1 Success is measured by number of MoUs signed with higher education institutions	21	24	24	20	34	14	With some programmes having been revised downwards we re-directed more funds in response to a call by DHET for more support to try and counter the effects of Covid.
	3.7.2 Success is measured by the learners enrolled in the programme	2 630	946	1 196	2 000	1 424	-576	Due to improved Covid restrictions some employers were able to host learners even though BANKSETA had revised the APP target to zero.
	3.7.3 Success is measured by the number of learners completing the programme successfully	650	548	450	0	453	453	With some programmes having been revised downwards we re-directed more funds in response to a call by DHET for more support to try and counter the effects of Covid.

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
	3.7.4 Success is measured by the number of lecturer bursaries signed	61	112	130	50	63	13	With some programmes having been revised downwards we re-directed more funds in response to a call by DHET for more support to try and counter the effects of Covid.
	3.7.5 Success is measured by the number of lecturer bursaries successfully completed			5	0	0	None	
<b>3.8 NSFAS SUPPORT</b>								
<b>Sub-programme 3.8</b>								
<b>Description</b>								
The aim of the programme is to increase access to occupationally directed programmes by reimbursing learners who have successfully completed their qualifications (within scarce and critical skills scope of BANKSETA or teaching qualifications in maths or accounting, with bursary funding through NSFAS as per the annual targets listed.								
<b>Responsibility</b>								
Manager: Bursaries and Work-integrated Learning								
<b>Budget</b>								
R4 000 000,00								
<b>Strategic Objective 3.8</b>								
Access to occupationally directed programmes for unemployed youth through a range of interventions in order to enhance employability								
<b>Skills Priorities</b>								
<ul style="list-style-type: none"> <li>• Technology, Digitisation and Innovation</li> <li>• Compliance and Risk Management</li> <li>• Management and Leadership Development</li> <li>• Markets, Products and Services</li> <li>• Customer-centricity</li> </ul>								
<b>Scarce Skill / PIVOTAL Programme</b>								
Aligned to the demands of the sector and in line with the five skills priority learning areas								
	3.8.1 Success is measured by the number of learners reimbursed for completing the programme successfully	95	80	0	80	0	80	Despite attempts to engage with NSFAS funding could not be awarded and therefore no successful completions were recorded.

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>3.9 CAREER AWARENESS</b>								
<b>Sub-programme 3.9</b>	Career Awareness							
<b>Description</b>	The aim of this programme is to build career and vocational guidance by funding the development and dissemination of a career guide to youth and the training of life orientation teachers as per the annual targets listed in the table below.							
<b>Responsibility</b>	Manager: Marketing and Communication							
<b>Budget</b>	R2 500 000.00							
<b>Strategic Objective 3.9</b>	Accessible career and vocational guidance within the banking sector							
<b>Skills Priorities</b>	Not applicable							
<b>Scarce Skill / PIVOTAL Programme</b>	Not applicable							
	3.9.1 Success is measured by the number of career awareness workshops conducted	40	27	45	0	0	None	
	3.9.2 Success is measured by the number of Life Orientation Teachers trained	938	1 400	1 248	0	0	None	
	3.9.3 Success is measured by the number of career guides distributed	7 560	6 500	5 277	0	7 000	7 000	The planned target was revised to zero, however we identified alternative distribution methods through different partners as opposed to the usual physical career exhibitions being hosted.

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>3.10 LEADERSHIP DEVELOPMENT PROGRAMME</b>								
<b>Sub-programme 3.10</b>	Leadership Development Programme							
<b>Description</b>	The aim of this programme is to register learners on a management development programme targeting beneficiaries with a potential to occupy executive management positions in the banking sector with a further aim of achieving successful completions as per the annual targets listed below by the year 2021/22. The number of learners entering the programme and successfully completing the programme annually is reflected in the table below.							
<b>Responsibility</b>	Manager: Skills Development							
<b>Budget</b>	R0							
<b>Strategic Objective 3.10</b>	Workplace-based skills programmes for workers that address scarce and critical skills							
<b>Skills Priorities</b>	<ul style="list-style-type: none"> <li>• Technology, Digitisation and Innovation</li> <li>• Compliance and Risk Management</li> <li>• Management and Leadership Development</li> <li>• Markets, Products and Services</li> <li>• Customer-centricity</li> </ul>							
<b>Scarce Skill / PIVOTAL Programme</b>	Management and Leadership							
	3.10.1 Success is measured by number of learners enrolling for the programme	40	40	0	0	0	None	
	3.10.2 Success is measured by the number of learners completing the programme successfully	39	40	0	0	0	None	

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>3.11 PIVOTAL GRANT FUNDING WINDOW (EMPLOYED)</b>								
<b>Sub-programme 3.11</b>								
PIVOTAL Grant Funding Window								
<b>Description</b>	The aim of this programme is to register employed beneficiaries on demand-driven skills development programmes in the sector that fall within the definition of PIVOTAL programmes, with a further aim of achieving successful completions as per the annual targets listed below by the year 2021/22. The number of learners entering the programme and successfully completing the programme annually is reflected in the table below.							
<b>Responsibility</b>	Manager: Skills Development							
<b>Budget</b>	R123 650 000.00							
<b>Strategic Objective 3.11</b>	Workplace based skills programmes for workers that address scarce and critical skills							
<b>Skills Priorities</b>	<ul style="list-style-type: none"> <li>• Technology, Digitisation and Innovation</li> <li>• Compliance and Risk Management</li> <li>• Management and Leadership Development</li> <li>• Markets, Products and Services</li> <li>• Customer-centricity</li> </ul>							
<b>Scarce Skill / PIVOTAL Programme</b>	Aligned to the demands of the sector and in line with the five skills priority learning areas							
	3.11.1 Success is measured by the number of learners entering the programme: learnership, bursaries, skills programmes	2 590	4 949	3 607	3 640	3 689	49	More learners than anticipated enrolled for programmes through the PIVOTAL Funding Window. This is due to applications for funding meeting the criteria for approval and the cost of applications being within the available budget. Of the learners that entered 2 247 entered learnerships, 485 entered bursaries, 145 entered skills programmes and 812 RPL programmes.
	3.11.2 Success is measured by the number of learners completing the programme successfully	1 141	1 452	1 747	1 690	3 540	1 850	The increase in the achievement is as a result of some learners from previous financial year successfully completing plus the current achievement for 2020/21 leading to the almost double achievement. The 3 540 successful completions consisted of 1 906 learnerships, 695 bursaries, 634 skills programmes, 12 candidacy and 293 RPL programmes.

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>3.12 RESKILLING OF EMPLOYEES FUNDING WINDOW</b>								
<b>Sub-programme 3.12</b> Reskilling of Employees Funding Window								
<b>Description</b>	The aim of this project is to provide funding to employers in order to up skill or re-skill workers whose positions have/will become redundant as a result of digitisation or other reasons with a further aim of achieving successful completions as per the annual targets listed below by the year 2021/22. The number of learners entering the programme and successfully completing the programme annually is reflected in the table below.							
<b>Responsibility</b>	Manager: Skills Development							
<b>Budget</b>	R59 551 500.00							
<b>Strategic Objective 3.12</b>	Workplace-based skills programmes for workers that address scarce and critical skills							
<b>Skills Priorities</b>	Cross-sectoral							
<b>Scarce Skill / PIVOTAL Programme</b>	Cross-sectoral							
	3.12.1 Success is measured by number of learners enrolling for the programme	229	766	4 642	800	0	-800	The general difficult working conditions created by Covid led to delays in launching of programmes. The programmes are now expected to be implemented in 2021/22 therefore achievement will be in 2021/22.
	3.12.2 Success is measured by the number of learners completing the programme successfully	Not applicable	148	645	400	1 735	1 335	The increase in the achievement is as a result of some learners from previous financial year successfully completing plus the current achievement for 2020/21 leading to the almost double achievements.

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>3.13 IT FUNDING WINDOW</b>								
<b>Sub-programme 3.13</b> IT Funding Window								
<b>Description</b>	The aim of this project is to fund demand-driven IT skills development initiatives that employers are not able to access through existing BANKSETA projects with the further aim of achieving successful completions as per the annual targets listed below by the year 2021/22. The number of learners entering the programme and successfully completing the programme annually is reflected in the table below.							
<b>Responsibility</b>	Manager: Skills Development							
<b>Budget</b>	R10 000 000.00							
<b>Strategic Objective 3.13</b>	Workplace-based skills programmes for workers that address scarce and critical skills							
<b>Skills Priorities</b>	Technology, Digitisation and Innovation							
<b>Scarce Skill / PIVOTAL Programme</b>	Information technology-related skills							
	3.13.1 Success is measured by the number of learners entering the programme	423	689	413	300	82	-218	The general difficult working conditions created by Covid lead to delays in launching of programmes. The programmes are now expected to be implemented in 2021/2022 therefore achievement will be in 2021/22.
	3.13.2 Success is measured by the number of learners completing the programme successfully	342	383	282	150	31	-119	The general difficult working conditions created by Covid lead to delays in launching of programmes. The programmes are now expected to be implemented in 2021/2022 therefore achievement will be in 2021/22.



Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>3.14 SME FUNDING WINDOW</b>								
<b>Sub-programme 3.14</b>	SME Funding Window							
<b>Description</b>	The aim of this programme is to encourage and support small enterprises through funding scarce and critical skills as identified by skills planning and increase access to occupationally directed programmes with a further aim of achieving successful completions as per the annual targets listed below by the year 2021/22. The number of SMEs accessing funding and successfully completing the programme annually is reflected in the table below.							
<b>Responsibility</b>	Manager: Alternative Banking							
<b>Budget</b>	R15 000 000.00							
<b>Strategic Objective 3.14</b>	Training and development support to cooperatives, SMEs, NGOs etc in an effort to contribute to economic and employment growth							
<b>Skills Priorities</b>	<ul style="list-style-type: none"> <li>• Technology, Digitisation and Innovation</li> <li>• Compliance and Risk Management</li> <li>• Management and Leadership Development</li> <li>• Markets, Products and Services</li> <li>• Customer-centricity</li> </ul>							
<b>Scarce Skill / PIVOTAL Programme</b>	Aligned to the demands of the sector and in line with the five skills priority learning areas							
	3.14.1 Success is measured by the number of SME organisations accessing funding	108	156	141	100	26	-74	The number of SME organisations approved for funding through the funding window process decreased significantly from the previous year due to more stringent application requirements. Most applicants were declined due to failure to meet additional criteria
	3.14.2 Success is measured by the number of SME organisations completing the funded programme successfully	47	35	78	60	14	-46	The general difficult working conditions created by Covid led to delays in launching of programmes. The programmes are now expected to be implemented in 2021/22 therefore achievement will be in 2021/22.

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>3.15 ENTREPRENEURSHIP PROGRAMME</b>								
<b>Sub-programme 3.15</b>	Entrepreneurship Programme							
<b>Description</b>	The aim of this project is to ensure that SME businesses have necessary business skills to sustain their business by registering learners on bursaries with a further aim of achieving successful completions as per the annual targets listed below by the year 2021/22. The number of learners entering the programme and successfully completing the programme annually is reflected in the table below.							
<b>Responsibility</b>	Manager: Alternative Banking							
<b>Budget</b>	R20 000 000.00							
<b>Strategic Objective 3.15</b>	Training and development support to cooperatives, SMEs, NGOs etc in an effort to contribute to economic and employment growth							
<b>Skills Priorities</b>	<ul style="list-style-type: none"> <li>• Technology, Digitisation and Innovation</li> <li>• Compliance and Risk Management</li> <li>• Management and Leadership Development</li> <li>• Markets, Products and Services</li> <li>• Customer-centricity</li> </ul>							
<b>Scarce Skill / PIVOTAL Programme</b>	Entrepreneurship skills							
	3.15.1 Success is measured by the number of participants enrolled in the programme.	252	200	405	200	0	-200	Due to a delay in the procurement process, this target has not been achieved. Learner have been recruited and contracted, however, cannot be reported on as they have not been able to register with a training provider, still to be procured.
	3.15.2 Success is measured by the number of learners completing the programme successfully	171	199	346	0	0	None	

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>3.16 COOPERATIVE FINANCIAL INSTITUTION SUPPORT</b>								
<b>Sub-programme 3.16</b>	Cooperative Financial Institution Support							
<b>Description</b>	The aim of this programme is to encourage and support cooperatives by funding training in cooperative institutions and cooperative members as per the annual targets listed by the year 2021/22.							
<b>Responsibility</b>	Manager: Alternative Banking							
<b>Budget</b>	R10 000 000.00							
<b>Strategic Objective 3.16</b>	Training and development support to cooperatives, SMEs, NGOs etc in an effort to contribute to economic and employment growth							
<b>Skills Priorities</b>	<ul style="list-style-type: none"> <li>• Technology, Digitisation and Innovation</li> <li>• Compliance and Risk Management</li> <li>• Management and Leadership Development</li> <li>• Markets, Products and Services</li> <li>• Customer-centricity</li> </ul>							
<b>Scarce Skill / PIVOTAL Programme</b>	Aligned to the demands of the sector and in line with the five skills priority learning areas							
	3.16.1 Success is measured by the CFIs assisted with skills development.	30	30	33	30	18	-12	The lead training provider – Cooperative Bank Development Agency – could not commence with training as planned due to internal reviews. Owing to Covid, training methodology was changed to online but fewer CFIs were able to participate. Management will review the project with CBDA in order to accelerate delivery.
	3.16.2 Success is measured by the number of CFI members trained.	334	447	303	300	509	209	Although only 18 CFIs were trained, their members exceed the 300 members that were planned to be trained

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>3.17 RURAL TRAINING</b>								
<b>Sub-programme 3.17</b>								
Rural Area-focused Training								
The aim of the programme is to register learners in rural areas as per the annual targets listed by the year 2021/22								
<b>Description</b>								
Manager: Alternative Banking								
<b>Responsibility</b>								
R40 000 000.00								
<b>Budget</b>								
Access to occupationally directed programmes for unemployed youth through a range of interventions in order to enhance employability								
<b>Strategic Objective 3.17</b>								
<ul style="list-style-type: none"> <li>• Technology, Digitisation and Innovation</li> <li>• Compliance and Risk Management</li> <li>• Management and Leadership Development</li> <li>• Markets, Products and Services</li> <li>• Customer-centricity</li> </ul>								
<b>Skills Priorities</b>								
Financial Management								
<b>Scarce Skill / PIVOTAL Programme</b>								
	3.17.1 Success is measured by the number of rural areas receiving capacity building	18	37	21	10	0	-10	A partnership agreement with SALGA was signed in Q4 and the implementation will start in the 2021/22 financial year
	3.17.2 Success is measured by the number of rural-based learners attending training	1 801	2 510	1 597	1 500	0	-1 500	A partnership agreement with SALGA was signed in Q4 and the implementation will start in the 2021/22 financial year

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>3.18 INTERNATIONAL EXECUTIVE DEVELOPMENT PROGRAMME: DEVELOPMENT FINANCE</b>								
<b>Sub-programme 3.18</b>	International Executive Development Programme: Development Finance							
<b>Description</b>	The aim of this programme is to register learners on a management development programme targeting beneficiaries with a potential to occupy executive management positions in the banking sector with a further aim of achieving successful completions as per the annual targets listed below by the year 2021/22. The number of learners entering the programme and successfully completing the programme annually is reflected in the table below.							
<b>Responsibility</b>	Manager: Skills Development							
<b>Budget</b>	R10 000 000.00							
<b>Strategic Objective 3.18</b>	Workplace-based skills programmes for workers that address scarce and critical skills							
<b>Skills Priorities</b>	<ul style="list-style-type: none"> <li>• Technology, Digitisation and Innovation</li> <li>• Compliance and Risk Management</li> <li>• Management and Leadership Development</li> <li>• Markets, Products and Services</li> <li>• Customer-centricity</li> </ul>							
<b>Scarce Skill / PIVOTAL Programme</b>	Management and Leadership							
	3.18.1 Success of the programme is measured by number of learners entering the programme	0	0	0	0	0	None	
	3.18.2 Success of the programme is measured by number of learners completing the programme successfully	0	0	0	0	0	None	

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>3.19 DOCTORAL AND POST-DOCTORAL BURSARIES</b>								
<b>Sub-programme 3.19</b> Doctoral and Post-Doctoral Bursaries								
<b>Description</b>	The aim of this programme is to register learners for bursaries for PhD and post-doctoral studies, as per the annual targets listed by the year 2021/22. It is a bursary programme targeting beneficiaries researching topics that will benefit the banking and microfinance sector. In addition the project will support a university-approved programme aimed at developing the research supervisory skills of masters and Doctoral dissertation supervisors in support of doctoral studies.							
<b>Responsibility</b>	Head: Research							
<b>Budget</b>	R1 764 499.90							
<b>Strategic Objective 3.19</b>	Workplace-based skills programmes for workers that address scarce and critical skills							
<b>Skills Priorities</b>	Not applicable							
<b>Scarce Skill / PIVOTAL Programme</b>	This project is aligned to the research needs of the sector							
	3.19.1 Success of the programme is measured by number of bursaries awarded to students	Not applicable	0	20	25	4	-21	The general difficult working conditions created by Covid lead to delays in launching of programmes. The programmes are now expected to be implemented in 2021/22 therefore achievement will be in 2021/22.
	3.19.2 Success of the programme measured by the number of students completing successfully	24	21	20	8	1	-7	The anticipated completions did not materialise in the current financial year. The delay in universities opening and the break in support to learners during lockdown resulted in many students not completing as planned. However the learners are still continuing with their studies and will complete in the 2021/22 financial year.

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>3.20 MATHEMATICS AND SCIENCE SUPPORT PROGRAMME</b>								
<b>Sub-programme 3.20</b>								
Math and Science Support Programme								
<b>Description</b>	The aim of this programme is to register unemployed learners on a programme to improve pass results for grade 10, 11 and 12 with a further aim of achieving successful completions as per the annual targets listed below by the year 2020/21. Subject assistance may be extended to include digitisation and technology. The number of learners entering the programme and successfully completing the programme annually is reflected in the table below. This programme has a rural skills development element.							
<b>Responsibility</b>	Manager: Regional Managers							
<b>Budget</b>	R20 000 000.00							
<b>Strategic Objective 3.20</b>	Interventions that address the low level of youth language and numeracy skills, contributing to improved grades and entry to university level programmes in the financial sector							
<b>Skills Priorities</b>	<ul style="list-style-type: none"> <li>• Technology, Digitisation and Innovation</li> <li>• Compliance and Risk Management</li> <li>• Management and Leadership Development</li> <li>• Markets, Products and Services</li> <li>• Customer-centricity</li> </ul>							
<b>Scarce Skill / PIVOTAL Programme</b>	This project does not address any specific scarce skill/PIVOTAL programme in the sector but supports the development of quality matriculants who enter university qualifications required by the sector.							
	3.20.1 Number of NGOs participating in the programme	1 327	714	1 072	5	20	15	BANKSETA communicated the funding opportunity more aggressively to NGOs and more NGOs are now participating in the project than anticipated
	3.20.2 Number of learners participating in the programme	978	965	269	2 000	50	-1 950	The later than usual award of funding resulted in the programme starting late. The disruptions in schools also had a negative impact on the timeous starting of the programme. The participating learners will be reported on in the 2021/22 financial year. 947 learners who entered in the 2019/20 year completed the programme in 2020/21, which is positive taking into account the disruptions in the schooling system in 2020/21.

Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>Sub-programme 3.21</b>	Nedlac Partnership							
<b>Description</b>	The aim of this programme is to form a partnership for Covid-related interventions as agreed at Nedlac							
<b>Responsibility</b>	Manager: Skills Development							
<b>Budget</b>	R2 000 000.00							
<b>Strategic Objective 3.21</b>	Covid-related interventions							
<b>Skills Priorities</b>	Not applicable							
<b>Scarce Skill / PIVOTAL Programme</b>	This project does not address any specific scarce skill/PIVOTAL programme in the sector but supports Covid related interventions							
	3.21.1 Number of workers participating in the programme	Not applicable	Not applicable	Not applicable	TBA	0	None	This is a new project for which a partnership agreement with HWSETA was signed in March 2021. Implementation will start in the 2021/22 year. The target will then be confirmed.



Programme / Activity / Objective	Performance Indicators	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned targets to actual achievement for 2020/2021	Comments
<b>PROGRAMME 4: QUALITY MANAGEMENT</b>								
<b>4.1 QUALITY MANAGEMENT OF TRAINING PROVISION</b>								
<b>Sub-programme 4.1</b>	Quality Management of Training Provision							
<b>Description</b>	The QCTO is the custodian for the development and registration of occupation-based qualifications and the continuance of the legacy qualifications until the registration end date. BANKSETA works in partnership with the QCTO to develop new occupational qualifications, working with the relevant stakeholders i.e. Skills Development Providers (SDPs) and Assessment Quality Partners (AQPs) while ensuring moderation and certification of the learners on the legacy qualifications. Through the SDPs and AQPs the training and assessment of learners in preparation for the final EISA is ensured							
<b>Responsibility</b>	Manager: Quality Management							
<b>Budget</b>	Nil							
<b>Strategic Objective 4.1</b>	Occupation-based qualifications registered (through QCTO) against which curriculum is developed and submitted to QCTO and SAQA for approval							
	4.1.1 Success is measured by the number of curricula and quality assessment specifications documentation submitted for registration.	2	2	2	1	1	None	
<b>4.2 QUALITY MANAGEMENT OF TRAINING PROVISION, ASSESSMENT AND CERTIFICATION OF LEGACY QUALIFICATIONS</b>								
<b>Sub-programme 4.2</b>	Quality Management of Training Provision, Assessment and Certification of Legacy Qualifications							
<b>Description</b>	BANKSETA has the delegated authority of the QCTO to accredit sectoral training providers thereby ensuring quality assurance in the facilitation of learning delivery and implementation and the validity of summative assessments conducted. The quality assurance is enabled through provider site audits and external moderation to ensure the compliance of assessments conducted according to an assessment strategy and implementation.							
<b>Responsibility</b>	Manager: Quality Management							
<b>Budget</b>	Nil							
<b>Strategic Objective 4.2</b>	Quality-assured training provision, assessment and certification of legacy qualifications							
	4.2.1 Success of the programme is measured by number of learners that are verified and certified on BANKSETA qualifications.	2 929	4 230	5 962	1 000	7 346	6 346	The variance occurred due to the greater use of the legacy qualifications by service providers as the occupational qualifications have not been approved and registered by the QCTO/SAQA Council.
	4.2.2 Success is measured by timely and accurate submission of the QCTO quarterly report			4	4	4	None	

## ANNEXURE: Review of the Revised APP and Budget

APP Programme	Project	Budget as per Original APP	Revised Funding	Funding Impact	Beneficiaries as per Original APP	Revised Beneficiaries	Reason
3.1	Sector Learnerships	78 000 000.00	-	Decrease	650 unemployed learnerships entered 70% completions from previous intake (459)	0 entered 459 completed	The learners who started the programme in March 2020 were due to complete in February 2021. Due to Covid lockdown and the restriction on the number of employees in the workplace, some employers have terminated their participation in this programme. The delivery methodology had to change to an online and simulation platform. Employers could not commit to host unemployed youth from February 2021 and therefore the project was suspended for the 2020/21 year.
3.2	PIVOTAL Grant Funding Window: Unemployed	36 000 000.00	36 000 000.00	No change	Total entered: 910 Total completed: 409	0 entered 0 completed	Though the budget did not change it was anticipated that there would be a significant delay in the implementation and completion of the project and therefore the targets were amended.
3.3	Scarce Skills Programme	24 000 000.00	24 000 000.00	No change	200 unemployed skills programmes entered 180 completed	400 entered 180 completed	The budget did not change, however the target increased. This is due to the programme being converted to a skills programme, which will not require work experience in a workplace but will provide the learners with experience in a virtual IT environment.
3.4	Skills for the future world of work for grade 4 to 12	34 850 000.00	34 850 000.00	No change	4 centres/200 learners participating	No change	
3.5	TVET WIL Funding Window	50 400 000.05	50 400 000.05	No change	10 MoJUs 800 WIL learners entered 57 completed	0 new MoJUs 0 entered 0 completed	Though the budget did not change it was anticipated that there would be a significant delay in the implementation and completion of the project and therefore the targets were amended.
3.6	UoT WIL Funding Window	26 400 000.05	26 400 000.05	No change	5 MoJUs 400 WIL learners entered 200 completed	0 new MoJUs 0 entered 0 completed	Though the budget did not change it was anticipated that there would be a significant delay in the implementation and completion of the project and therefore the targets were amended.

APP Programme	Project	Budget as per Original APP	Revised Funding	Funding Impact	Beneficiaries as per Original APP	Revised Beneficiaries	Reason
3.7	HE Funding Window	1 10 000 000.00	2 10 000 000.00	Increased	10 MoUs 900 unemployed bursaries 450 completed, 50 lecturer bursaries signed 25 lecturers to complete	20 MoUs 2 000 entered 0 completed	The budget for this indicator increased. In addition the number of MoUs to be signed and the number of learners awarded bursaries increased. Due to an anticipated delay due to Covid restrictions in universities, the remainder of the targets were removed.
3.8	NSFAS Support	4 000 000.00	4 000 000.00	No change	80 unemployed bursaries completed		No change
3.9	Career Guidance	2 500 000.00	2 500 000.00	No change	40 workshops, 500 LOT, 5 000 guides	0 workshops 0 life orientation teachers 0 guides	Though the budget did not change it was anticipated that there would be a significant delay in the implementation and completion of the project and therefore the targets were amended.
3.10	Leadership Development Programme	21 836 000.00	-	Decrease	100 employees bursaries registered for a EDP; 95 complete	0 entered 0 completed	Due to a limitation on international travel and immersions for the foreseeable future BANKSETA included the management and learnership programmes in the PIVOTAL Funding Window for employed. This will enable more beneficiaries due to lower costs (it will exclude international travel) and will provide employers with the flexibility to utilise leadership and management programmes appropriate to their organisations.
3.11	PIVOTAL Grant Funding Window: Employed	123 650 000.00	123 650 000.00	No change	Total entered: 3 640 Total completed: 1 690	No change	No change in the overall targets. Previous years have shown that there is no appetite in the sector for candidacy programmes and in addition the writing of board exams are delayed in most professional bodies. Candidacy programmes are therefore excluded from the overall target.
3.12	Upskilling/ Reskilling of Employees (Non-PIVOTAL)	59 551 500.00	59 551 500.00	No change	800 assisted with reskilling; 400 to complete	No change	
3.13	IT Funding Window (Non-PIVOTAL)	10 000 000.00	10 000 000.00	No change	300 entered 150 completed	No change	

APP Programme	Project	Budget as per Original APP	Revised Funding	Funding Impact	Beneficiaries as per Original APP	Revised Beneficiaries	Reason
3.14	SME Funding for Scarce and Critical Skills including Stokvel Support, including NGOs/CBOs/Trade Unions	15 000 000.00	15 000 000.00	No change	100 organisations contracted 60 completed	No change	
3.15	Entrepreneurship programme	20 000 000.00	20 000 000.00	No change	200 employed bursaries entered 130 completed 100 unemployed internships entered	No change	
3.16	Cooperative Financial Institutions Support	10 000 000.00	10 000 000.00	No change	30 cooperatives, 300 members	No change	
3.17	Rural Training Development	10 000 000.00	40 000 000.00	Increased	10 rural areas 1500 delegates	No change	
3.18	IEDP: Development Finance	10 000 000.00	10 000 000.00	No change	20 employed bursaries entered 18 employed bursaries completed	0 entered 0 completed	Though the budget did not change it was anticipated that there would be a significant delay in the implementation and completion of the project and therefore the targets were amended.
3.19	Doctoral and Post-doctoral	1 764 499.90	1 764 499.90	No change	25 employed bursaries signed 15 completed	25 bursaries entered 8 completed	Though the budget did not change it was anticipated that there would be a significant delay in the completion of learners due to disruptions in the universities, taking Covid restrictions into account. The completion target was therefore decreased.
3.20	Maths and Science Support	-	20 000 000.00	New	5 NGOs 2 000 entered 0 completed	5 NGOs 2 000 entered 0 completed	Due to disruption in schools due to Covid, BANKSETA anticipated that this programme will be very necessary to assist learners with match and science. Therefore it was added to the APP.
Additional Funding Required	TVET WIL Funding and UoT Funding	-	70 200 000.00	Additional funding			Additional funding is required based on an estimate to extend all WIL agreements by six months due to Covid restrictions in the workplace.
3.21	Nedlac Partnership	-	2 000 000.00	New	None	None	This is a new project that was added to the APP. Targets to be agreed on after consultation with sector and HWSETA.
<b>Total</b>		<b>647 952 000.00</b>	<b>770 316 000.00</b>				



# ACHIEVEMENT SUMMARY

PROJECT	FUNDING	OUTCOME
Sector Learnerships	Budget 0, due to revised APP	0 rural areas 0 trained
PIVOTAL Grant Funding Window: Unemployed	<b>R36 000 000.00</b>	Total entered: 156 Total completed: 411
Scarce Skills Programme	<b>R24 000 000.00</b>	249 unemployed skills programmes entered, 98 completed
Skills for the future world of work for grades 4 to 12	<b>R34 850 000.00</b>	4 centres 0 learners participating
TVET WIL Funding Window	<b>R50 400 000.05</b>	0 MoUs 221 WIL learners entered 273 learners completed successfully
UoT WIL Funding Window	<b>26 400 000,05</b>	1 MoU 138 learners entered 174 completed
Higher Education Funding Window	<b>R210 000 000.00</b>	34 MoUs 1424 unemployed bursaries awarded 453 completed 63 lecturer bursaries signed 0 lecturers completed
NSFAS support	<b>R4 000 000.00</b>	0 bursaries completed
Career Guidance	<b>R2 500 000.00</b>	0 workshops 0 life orientation teachers trained 7 000 guides distributed
PIVOTAL grant funding window: Employed	<b>R123 650 000.00</b>	3 689 entered 3 540 completed

PROJECT	FUNDING	OUTCOME
Upskilling/Reskilling of Employees (Non-PIVOTAL)	R59 551 500.00	0 entered 1 735 completed
IT Funding Window (Non-PIVOTAL)	R10 000 000.00	82 entered 31 completed
SME Funding for Scarce and Critical Skills, including Stokvel Support, NGOs, CBOs and trade unions	R15 000 000.00	26 organisations contracted 14 completed
Entrepreneurship programme	R20 000 000.00	0 learners entered 0 learners completed
Cooperative Financial Institutions Support	R10 000 000.00	18 CFIs 509 members
Rural Training Development	R40 000 000.00	0 rural areas 0 trained
IEDP: Development Finance	R10 000 000.00	0 learners entered 0 learners completed
Doctoral and Post-doctoral	R1 764 499.90	4 bursaries awarded 1 completion
Maths and Science Support	R20 000 000.00	20 NGOs contracted 50 learners entered 947 completed
Nedlac Partnership	R2 000 000.00	None

PART

C

Governance





# GROUP PROFILE:

---

## Group profile: Who governs us, leads us

BANKSETA is a statutory body established through the Skills Development Act of 1998 to enable its stakeholders to advance the national and global position of the banking and alternative banking sector. In terms of the Public Finance Management Act (1999) (PFMA), BANKSETA is a Schedule 3A public entity. Thus, in delivering on its mandate, the SETA and its Accounting Authority are governed by the Skills Development Act, the PFMA, the Skills Development Levies Act, the SETA Standard Constitution and other relevant legislation.

## Portfolio Committee

Parliament, through its Portfolio Committee on Higher Education and Training, 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 responded to timeously.

## Executive Authority

The Executive Authority (the Minister of Higher Education, Science and Innovation) must exercise his/her powers and responsibilities for the SETA constitution to ensure that the implementation of the objectives and execution of SETA functions comply with both the Act and the policies of the Executive Authority and government. This is managed through a service level agreement that outlines the minimum service levels required by the SETA in performing its statutory functions, meeting the National Skills Development Plan targets and implementing its strategic and annual performance plans. Furthermore, as required by the PFMA and National Treasury Regulations for monitoring and evaluation, SETAs must adhere to the annual compliance calendar, which comprises quarterly reporting on SETA finances, performance, risk management and governance. BANKSETA complied fully during 2020/21, submitting all quarterly reports as required.

## Accounting Authority

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

## 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 Public Finance Management Act, King IV code (where applicable), National Treasury Regulations and other legislation.

# BANKSETA GOVERNANCE STRUCTURE

## BOARD MEMBERS



Ms. Nosipho 'Mia'  
Makhanya  
Board Chairperson



Ms. Mmathema Matle  
Organised Employer



Ms. Leonie van Pletzen  
Organised Employer



Dr. Roze Phillips  
Organised Employer



Mr. Phumudzo Siphuma  
Organised Employer



Dr. Ntombana  
Segaphane  
Community



Ms. Lebogang Selepe  
Organised Labour



Mr. Philip Landman  
Organised Labour



Mr. Moses Lekota  
Organised Labour



Mr. Proatas Mhlongo  
Community



Mr. David Cedras  
Organised Labour



Ms. Vanessa Hattingh  
Organised Labour

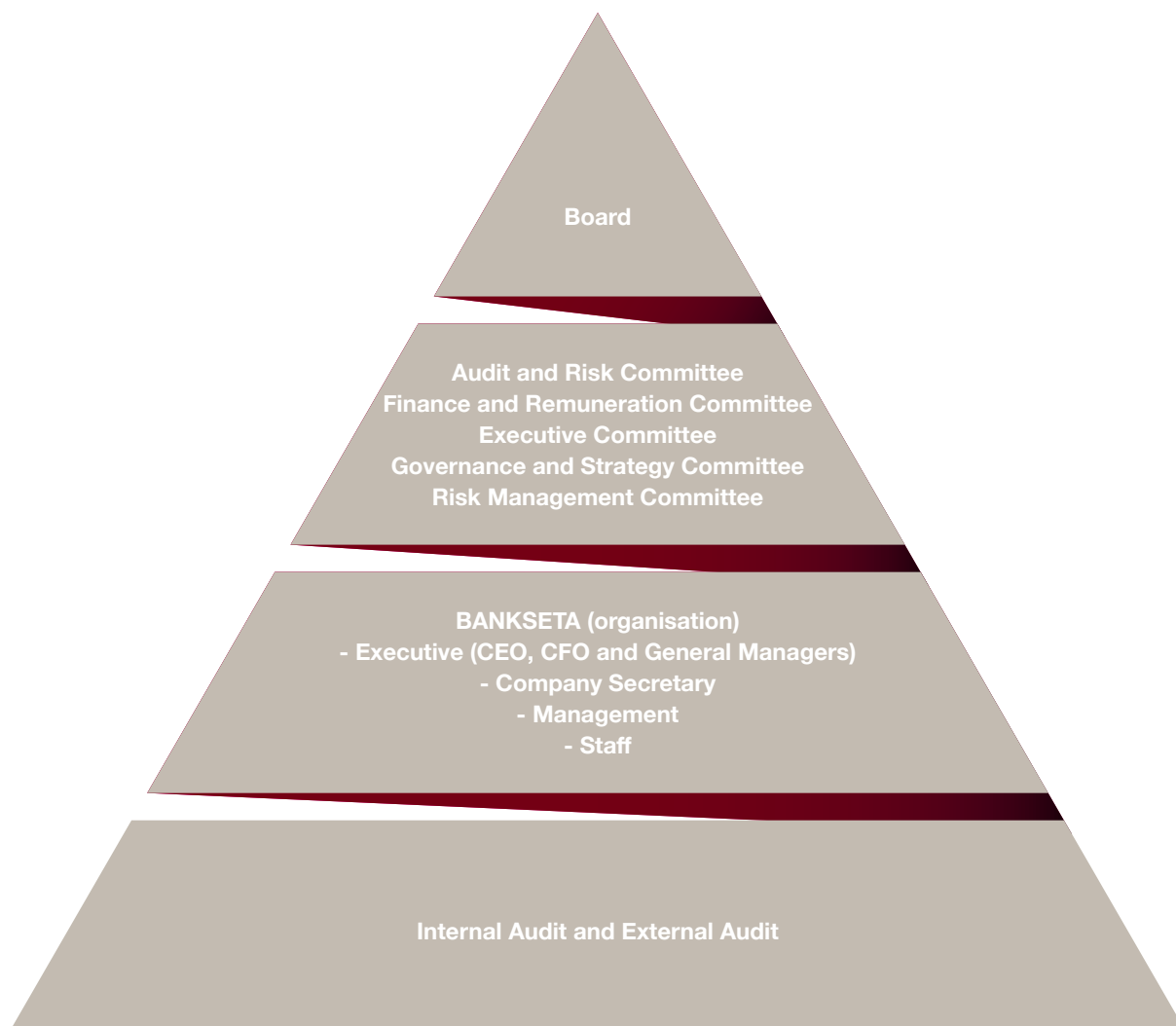


Mr. Brigade Nyakane  
Organised Labour



Ms. Myentthree Moodley  
Organised Employer

# GOVERNANCE STRUCTURE



## ACCOUNTING AUTHORITY/ BOARD

The 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 NSDP;
12. Implement the approved Strategic Plan; and
13. Adhere to the requirements of the Public Finance Management Act 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 NSDP 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 2020/21 financial year, there was no reporting on non-compliance with the charter.

## 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.

The Board's term of appointment is from 1 April 2020 to 31 March 2025. The Board members for 2020/21 were as follows:

Full names	Constituency	Role	Appointment date
Ms. Nosipho 'Mia' Makhanya	Independent	Chairperson	01 April 2020 <sup>1</sup>
Mr. Langalakhe Mhlongo	Community organisation	Member	01 April 2020
Dr. Mamohau Sekgaphane	Community organisation	Member	01 April 2020
Mr. Moses Lekota	Organised labour	Member	01 April 2020 <sup>2</sup>
Ms. Vanessa Hattingh	Organised labour	Member	01 April 2020
Mr. Brigade Nyakane	Organised labour	Member	01 April 2020
Ms. Lebogang Selepe	Organised labour	Member	01 April 2020 <sup>3</sup>
Adv. Philip Landman	Organised labour	Member	01 April 2020
Mr. David Cedras	Organised labour	Member	01 April 2020 <sup>4</sup>
Mr. Phumudzo Siphuma	Organised employer	Member	01 April 2020
Ms. Myenthrree Moodley	Organised employer	Member	01 April 2020 <sup>5</sup>
Ms. Mmathema Matle	Organised employer	Member	01 April 2020
Ms. Leonie van Pletzen	Organised employer	Member	01 April 2020
Ms. Bulelwa Makasi	Organised employer	Member	01 April 2020 <sup>6</sup>
Dr. Roze Phillips	Organised employer	Member	01 April 2020 <sup>7</sup>

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

## BOARD COMMITTEES

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

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

1. Ms. Nosipho 'Mia' Makhanya – Board Chairperson reappointed effective 01 April 2020

2. Mr. Moses Lekota – Board member reappointed effective 01 April 2020

3. Ms. Lebogang Selepe – Board member reappointed effective 01 April 2020

4. Mr. David Cedras – Board member reappointed effective 01 April 2020

5. Ms. Myenthrree Moodley – Board member reappointed effective 01 April 2020

6. Ms. Bulelwa Makasi – resigned effective 28 August 2020

7. Dr. Roze Phillips – resigned effective 30 November 2020

## AUDIT AND RISK COMMITTEE

The Audit and Risk Committee must perform the functions of an audit committee contemplated in the Public Finance Management Act. The Audit and Risk Committee must serve as a mechanism of the Accounting Authority to monitor and reinforce the effectiveness of both the internal control system and the internal and external audit (Auditor-General) functions in accordance with the Audit and Risk Committee and Internal Audit charters.

Full names	Constituency	Role	Start date
Ms. Nalini Maharaj	Independent	Chairperson	10 September 2018 <sup>9</sup>
Ms. Susan Yanguya	Independent	Member	10 September 2018 <sup>10</sup>
Mr. Luyanda Mangquku	Independent	Member	20 February 2020 <sup>11</sup>
Mr. Brigade Nyakane	Organised labour	Member	25 June 2020
Mr. Phumudzo Siphuma	Organised employer	Member	25 June 2020
Dr. Pritish Dala	Independent	Chairperson	01 December 2020 <sup>12</sup>
Ms. Thembelihle Mbatha	Independent	Member	01 December 2020 <sup>13</sup>
Ms. Michelle Pillay	Independent	Member	01 December 2020 <sup>14</sup>

## FINANCE AND REMUNERATION COMMITTEE

The Finance and Remuneration Committee must perform all functions referred or delegated to it by the Accounting Authority to ensure that the SETA meets the requirements of the Skills Development Act, the Skills Development Levies Act, Public Finance Management Act and the Treasury Regulations that relate to finance and the remuneration of the CEO, Board and committee members and staff.

Full names	Constituency	Role	Start date
Mr. David Cedras	Organised labour	Chairperson	22 June 2020
Ms. Vanessa Hattingh	Organised labour	Member	22 June 2020
Ms. Myenthrree Moodley	Organised employer	Member	22 June 2020
Ms. Bulelwa Makasi	Organised employer	Member	22 June 2020 <sup>8</sup>
Mr. Langelakhe Mhlongo	Community	Member	22 June 2020

## EXECUTIVE COMMITTEE

Subject to the directions of the Accounting Authority, Exco oversees the management of the SETA.

Full names	Constituency	Role	Start date
Ms. Nosipho 'Mia' Makhanya	Independent	Chairperson	22 June 2020
Ms. Mmathema Matle	Organised employer	Member	22 June 2020
Dr. Roze Phillips	Organised employer	Member	22 June 2020 <sup>15</sup>
Mr. Moses Lekota	Organised labour	Member	22 June 2020
Ms. Lebogang Selepe	Organised labour	Member	22 June 2020

8. Ms. Bulelwa Makasi – resigned effective 28 August 2020

9. Ms. Nalini Maharaj – term of office extended from 01 April 2020 to 31 July 2020

10. Ms. Susan Yangunya – term of office extended from 01 April 2020 to 31 July 2020. Resigned effective 05 July 2020

11. Mr. Luyanda Mangquku – term of office extended from 01 April 2020 to 31 July 2020

12. Dr. Pritish Dala – appointed effective 01 December 2020

13. Ms. Thembelihle Mbatha – appointed effective 01 December 2020

14. Ms. Michelle Pillay – appointed effective 01 December 2020

15. Dr. Roze Phillips – resigned effective 30 November 2020

## GOVERNANCE AND STRATEGY COMMITTEE

Subject to the directions of the Accounting Authority, the Governance and Strategy Committee is responsible for developing policies, principles, criteria and guidelines necessary for the governance and strategy of the SETA.

Full names	Constituency	Role	Start date
Dr. Mamohau Sekgaphane	Community organisation	Chairperson	22 June 2020
Ms. Leonie van Pletzen	Organised employer	Member	22 June 2020
Adv. Philip Landman	Organised labour	Member	22 June 2020

## 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 National Treasury on Adjustment of Remuneration Levels'. Audit and Risk Committee members are remunerated at the same rates as Board members approved by the Minister of the Department 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).

## BOARD MEMBER REMUNERATION (including fees for orientation, induction, special Board meetings, annual general meeting and round-robin approvals)

Full names	Constituency	Role	Meeting fee (R'000)	Attendance	<sup>16</sup> Fees for attended task team meetings (R'000)	<sup>17</sup> Fees for attended ad-hoc meetings (R'000)
Ms. Nosipho 'Mia' Makhanya	Independent	Chairperson	156	13/13	83	68
Mr. Langalakhe Mhlongo	Community organisation	Member	141	13/13	29	-
Dr. Mamohau Sekgaphane	Community organisation	Member	145	13/13	64	20
Mr. Moses Lekota	Organised labour	Member	136	13/13	26	-
Ms. Vanessa Hattingh	Organised labour	Member	104	10/13	85	6
Mr. Brigade Nyakane	Organised labour	Member	132	13/13	9	-
Ms. Lebogang Selepe	Organised labour	Member	105	13/13	14	7
Adv. Phillip Landman	Organised labour	Member	132	11/13	9	-
Mr. David Cedras	Organised labour	Member	146	13/13	85	21
Mr. Phumudzo Siphuma	Organised employer	Member	141	12/13	71	-
Ms. Myenthrree Moodley	Organised employer	Member	115	10/13	14	5
Ms. Mmathema Matle	Organised employer	Member	123	12/13	20	12
Ms. Leonie van Pletzen	Organised employer	Member	123	12/13	70	-
Ms. Bulelwa Makasi <sup>18</sup>	Organised employer	Member	69	7/13	16	-
Dr. Roze Phillips <sup>19</sup>	Organised employer	Member	80	7/13	-	-

## FINANCE AND REMUNERATION COMMITTEE MEMBER MEETING FEES (including round-robin approvals)

Full names	Constituency	Role	Meeting fee (R'000)	Attendance
Mr. David Cedras	Organised labour	Chairperson	55	5/5
Ms. Vanessa Hattingh	Organised labour	Member	34	4/5
Ms. Myenthrree Moodley	Organised employer	Member	42	5/5
Ms. Bulelwa Makasi <sup>20</sup>	Organised employer	Member	9	1/5
Mr. Langalakhe Mhlongo	Community	Member	42	5/5

16. Fees for attended task team meetings – include interviews, policy review meetings and due diligence exercises conducted in 2020/21 to ensure continuous improvement in processes.

17. Fees for attended ad-hoc meetings – including DHET, NSA, SETA and management meetings

18. Ms. Bulelwa Makasi – resigned effective 28 August 2020

19. Dr. Roze Phillips – resigned effective 30 November 2020



## AUDIT AND RISK COMMITTEE MEMBER MEETING FEES (including special committee meetings and induction)

Full names	Constituency	Role	Meeting fee (R'000)	Attendance	Fees for attended Board and ad-hoc meetings
Ms. Nalini Maharaj <sup>21</sup>	Independent	Chairperson	19	2/2	28
Ms. Susan Yanguya <sup>22</sup>	Independent	Member	-	0/2	-
Mr. Luyanda Mangquku <sup>23</sup>	Independent	Member	15	2/2	-
Mr. Brigade Nyakane	Organised labour	Member	32	5/5	-
Mr. Phumudzo Siphuma	Organised employer	Member	32	5/5	-
Dr. Pritish Dala <sup>24</sup>	Independent	Chairperson	33	3/3	18
Ms. Thembelihle Mbatha <sup>25</sup>	Independent	Member	26	3/3	-
Ms. Michelle Pillay <sup>26</sup>	Independent	Member	26	3/3	-

## EXECUTIVE COMMITTEE MEMBER MEETING FEES (including fees for special and in-committee meetings conducted):

Full names	Constituency	Role	Meeting fee (R'000)	Attendance
Ms. Nosipho 'Mia' Makhanya	Independent	Chairperson	107	13/13
Ms. Mmathema Matle	Organised employer	Member	83	13/13
Dr. Roze Phillips <sup>27</sup>	Organised employer	Member	21	3/13
Mr. Moses Lekota	Organised labour	Member	83	13/13
Ms. Lebogang Selepe	Organised labour	Member	38	6/13

## GOVERNANCE AND STRATEGY COMMITTEE MEMBER MEETING FEES

Full names	Constituency	Role	Meeting fee (R'000)	Attendance
Dr. Mamohau Sekgaphane	Community organisation	Chairperson	44	4/4
Ms. Leonie van Pletzen	Organised employer	Member	35	4/4
Adv. Philip Landman	Organised labour	Member	35	4/4

20. Ms. Bulelwa Makasi – resigned effective 28 August 2020

21. Ms. Nalini Maharaj – term of office extended from 01 April 2020 to 31 July 2020

22. Ms. Susan Yanguya – term of office extended from 01 April 2020 to 31 July 2020. Resigned effective 05 July 2020

23. Mr. Luyanda Mangquku – term of office extended from 01 April 2020 to 31 July 2020

24. Dr. Pritish Dala – appointed effective 01 December 2020

25. Ms. Thembelihle Mbatha – appointed effective 01 December 2020

26. Ms. Michelle Pillay – appointed effective 01 December 2020

27. Dr. Roze Phillips – resigned effective 30 November 2020

## RISK MANAGEMENT

The Board approved the Risk Management Policy and Strategy 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 all its objectives, and/or factors that present opportunities to enhance BANKSETA performance. The Accounting Authority, assisted by the Audit and Risk 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 following apply:

- Risk management is inseparable from BANKSETA's strategic and business processes;
- Risk should be identified in the context of BANKSETA's purpose;
- The Board shall be the ultimate body for overseeing the overall risk management system;
- The Board shall approve BANKSETA's chosen risk philosophy;
- The Board shall approve key strategic risk appetite and tolerance levels;
- The Board shall adopt a risk management implementation plan;
- The Board shall report to stakeholders on the effectiveness of risk management;
- The Board shall ensure that BANKSETA's reputational risk is protected;
- The Board shall determine the extent to which sustainability risks are addressed and reported on;
- The Board shall consider risk of the unknown in the qualitative and quantitative risk assessment process;
- The Board may delegate the responsibility of risk management to the Audit and Risk Committee;
- Management is responsible for the implementation of the risk management process;
- Risk management will be practised by all staff in their day-to-day activities and risk management will be a key performance area for all BANKSETA staff members;
- Risk assessments will be ongoing; and
- Key risks are quantified and responded to appropriately.

BANKSETA is committed to conducting risk assessment and conducts strategic and operational risk assessments annually and presents findings to the Audit and Risk Committee for adoption. Strategic and operational risk

registers are monitored, and reports are presented quarterly to the Audit and Risk Committee. Emerging risks are identified and management develops and implements plans to mitigate these to an acceptable level.

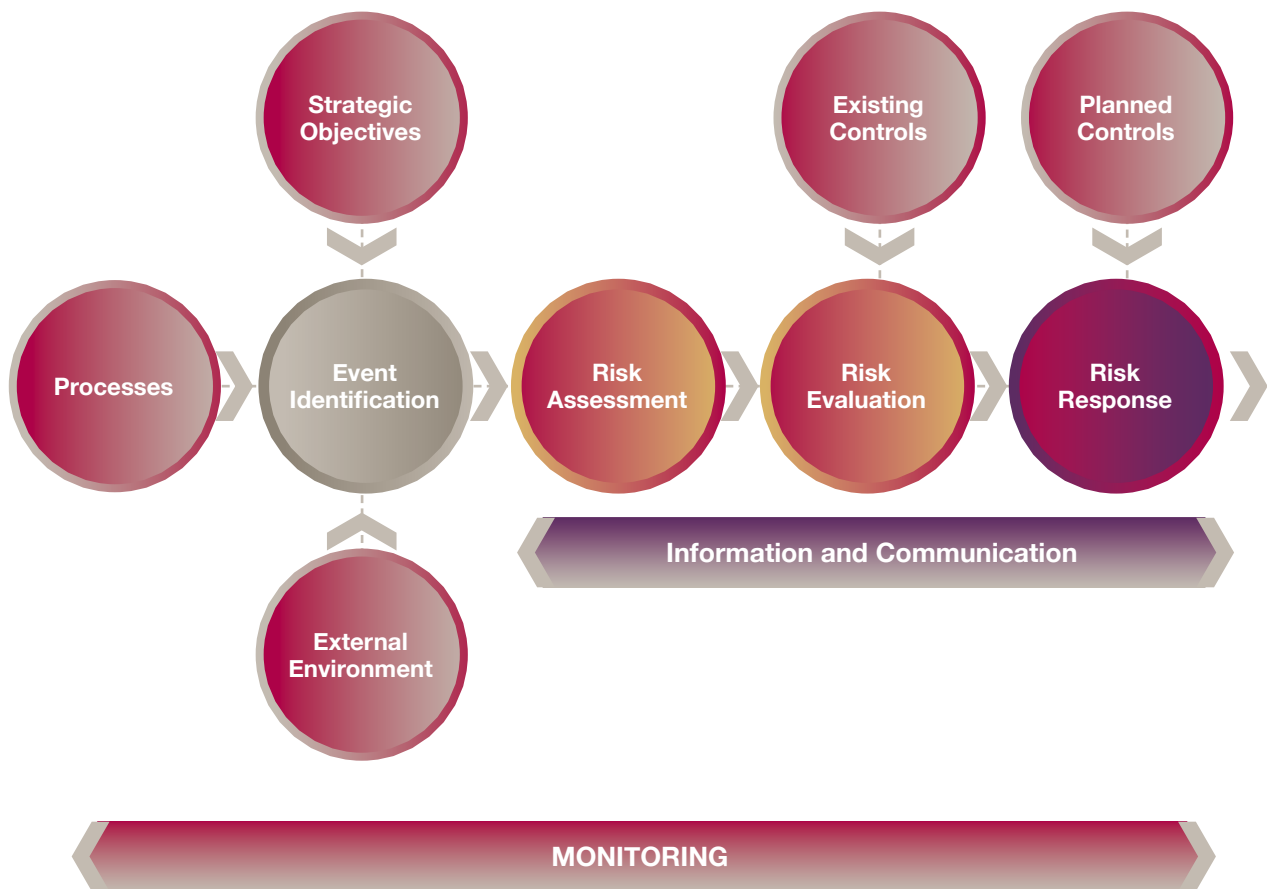
The Board has approved the proper establishment of a risk management committee chaired by an independent chairperson. It will be an Audit and Risk Committee sub-committee, whose chair will report to the Audit and Risk Committee, who will then report to the Board on the effectiveness of the risk management system. This will maintain effective risk management and a high level of independency. The Chief Risk and Compliance Officer attends meetings and provides reports to governance structures.

The Chief Risk and Compliance Officer reports quarterly to the Audit and Risk Committee, which is committed to ensuring effective risk management at 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.

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.
- 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.

# Information and Communication



## GOVERNANCE REPORT

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 Performance Finance Management Act.

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.

Internal Audit coverage for 2020/21 (aligned to the rolling three-year strategic internal audit plan and outcomes of the risk assessment) encompassed the following:

- Annual Financial Statements quality review
- Information technology (applications controls review)
- Annual Performance Report
- Follow-up on Internal Audit and Auditor-General findings
- Marketing and communications
- Commitments – interim
- Financial discipline review
- Supply chain management
- Discretionary grants
- Performance bonus review
- DHET follow-up on APP and strategic plan
- Performance information for first and second quarters
- Mandatory grants and revenue
- Performance information for third quarter
- Asset management
- Human resources and payroll
- Risk management.

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 2020/21 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.

A Fraud Prevention Plan and Policy (which includes whistleblower protection) is in place, as is an anti-fraud hotline managed by an independent service provider with specific reporting processes. Fraud reporting is a standard agenda item for Audit and Risk Committee and Board governance structure meetings. All reports are documented. No reports on fraud were received during 2020/21.

Formal declarations of interests are noted and records kept in accordance with Board and committee meeting requirements and 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 of the code.
- (2) Members of the Accounting Authority and any committee established by the Accounting Authority:
  - (a) Stand in a fiduciary relationship to the SETA;
  - (b) Must comply with all the applicable laws and regulations that regulate the activities they are engaged in for and on behalf of the SETA;
  - (c) Must perform their functions fairly, honestly and in good faith, giving full effect to the obligations and spirit of the Act and this constitution;
  - (d) Must protect and promote the reputation of the SETA and promote goodwill towards it;
  - (e) Must perform its duties conscientiously and in the best interest of the SETA; and
  - (f) Conduct itself ethically and in accordance with the principles of good governance.
- (3) To ensure the proper execution of its mandate and effective compliance with the applicable legislative and policy framework, the Accounting Authority must ensure

that the staff of the SETA and members of all committees adhere to the following principles of governance:

- (a) Effectiveness and efficiency in the execution of their specified mandates, which require clearly formulated purpose statements, objectives, roles and responsibilities.
- (b) Accountability for meeting their specified mandates, which requires effective accountability mechanisms, proper management, control and the safeguarding of finances and resources, as well as regular and accurate performance reviews, assessments and reporting.
- (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 and national strategic objectives and skills development legislation (Standard Constitution of SETA Regulations and Skills Development Amendment Act, 2011).

# REPORT BY THE ACCOUNTING AUTHORITY TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA

As the BANKSETA Accounting Authority, it is the Board's responsibility to prepare financial statements that fairly represent BANKSETA's financial position at 01 April 2020 and also the financial performance and summary cash flow for the year ended 31 March 2021.

We are of the opinion that appropriate accounting policies, supported by reasonable and prudent judgments and estimates, have been applied consistently. The financial statements comply 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.

## General review of the state of affairs

BANKSETA is a Schedule 3A public entity established by the Minister of Labour on 20 March 2000, and subsequently re-established to 31 March 2020 and then until 2030. BANKSETA develops skills in and for the banking and alternative banking sector in the country.

The following sectors are in BANKSETA's scope:

- Central banking.
- Discount houses, commercial and other banking.

- Building societies.
- Financial mediation.
- Lease financing.
- Securities dealings.
- Activities ancillary to financial mediation.

The mission of the BANKSETA 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.'

It is, therefore, responsible for:

- The identification of priority skills in the sector.
- The distribution of mandatory grants to qualifying registered companies.
- The distribution of discretionary grants that will benefit the sector and individuals.
- The implementation of quality assurance processes that will enhance and ensure high-quality provision of training.
- Supporting the implementation of the national strategic objectives identified in the NSDP.

# AUDIT AND RISK COMMITTEE REPORT

The BANKSETA Audit and Risk Committee is pleased to present its report for the financial year ended 31 March 2021.

## Background

The committee has complied with its responsibilities arising from sections 51(1) (a) (ii), 76 (4) (d) and 77 of the Public Finance Management Act (PFMA) and Treasury Regulation 27.1. It has adopted a committee charter and has regulated its affairs in compliance with this charter, discharging all the responsibilities contained therein.

The committee that reviewed the 2020/21 audit was appointed on 01 December 2020, the last committee's term

having expired on 30 April 2020 and extended to 31 July 2020. There was no Audit and Risk Committee in place from 01 August 2020 to 30 November 2020. There was an independent member resignation which negatively affected the composition of the Audit and Risk Committee.

## Membership and attendance

The committee comprises three external independent members and two additional members from the Accounting Authority. For the financial year, it met four times. Names of the members, their qualifications and attendance are provided below:

Name of member	Qualifications	Date of appointment	Date resigned/ end of term	Number of meetings attended
Ms. Nalini Maharaj (Chairperson – external independent member)	B Proc, LLB	10 September 2018	31 July 2021	2 of 2
Ms. Susan Yanguya (external independent member)	Chartered Accountant (SA), ACCA, FCCA, HDip Tax Law	10 September 2018	05 July 2021	0 of 2
Mr. Luyanda Mangquku (external independent member)	Master of Business Leadership (MBL), Chartered Accountant (SA), B Compt Honours Accounting (CTA), Bachelor of Accounting Science	19 February 2020	31 July 2021	2 of 2
Mr. Brigade Nyakane (Accounting Authority member)	Bachelor of Commerce	25 June 2020	N/A	4 of 5
Mr. Phumudzo Siphuma (Accounting Authority member)	Chartered Accountant (SA), B Compt Honours Accounting (CTA)	25 June 2020	N/A	4 of 5
Dr. Prittish Dala (Chairperson – external independent member)	PhD (IT), M IT, BSc Hons in Computer Science, BIT, CISA, CISM, CISSP, CRISC, CGEIT, CEH, CHFI and LA27001	01 December 2020	N/A	3 of 3
Ms. Thembelihle Mbatha (external independent member)	Master of Business Leadership (MBL), Chartered Accountant (SA), B Compt Honours in Accounting (CTA), B Compt Accounting Sciences	01 December 2020	N/A	3 of 3
Ms. Michelle Pillay (external independent member)	Chartered Accountant (SA), Honours in Accounting (CTA) (Cum Laude), Bachelor of Commerce (Accounting)	01 December 2020	N/A	3 of 3

## Effectiveness of internal control

An assessment of the findings identified by the internal and external auditors presented to the committee reveals that the control environment is partially adequate and requires improvement. In particular, the committee, in executing its oversight responsibilities in relation to governance, risk management and control at BANKSETA, has identified the following key concerns that should be addressed to improve the overall adequacy and effectiveness of the control environment:

- Supply chain management;
- Irregular expenditure;
- Human resource management;
- Marketing and communications;
- Risk management;
- Compliance; and
- Information technology.

The committee is satisfied that internal audit provided assurance 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;
- Information technology (application controls) review;
- Follow up on internal audit and Auditor-General findings;
- Marketing and communications;
- Commitments (interim);
- Financial discipline review;
- Supply chain management;
- Discretionary grants;
- Performance bonus review;
- Annual performance plan and strategic plan (DHET follow up);
- Performance information for quarters one to three;
- Mandatory grants and revenue;
- Asset management;
- Human resources and payroll; and
- Risk management.

## In-year management and quarterly reports

BANKSETA reported quarterly to National Treasury as required by the PFMA. The committee, as well as assurance providers, provided management with recommendations to improve the quality of financial and performance information during the year under review.

## Evaluation of financial statements and annual performance report

The Audit and Risk Committee reviewed:

- The unaudited financial statements with consideration of the independent assurance provided by internal audit and assurance provided by management;
- Changes in accounting policies and practices;
- Significant financial reporting judgments and estimates in the annual financial statements;
- Clarity and completeness of disclosures in the annual financial statements and whether disclosures made have been set properly in context;
- Compliance of the annual financial statements with accounting standards and legal requirements;
- Unusual circumstances or events and management's explanation for the accounting treatment adopted;
- Reasons for major year-on-year fluctuations, including variances of actual versus budget;
- Levels of general and specific provisions in the annual financial statements;
- Write-offs and reserve transfers in the annual financial statements;
- The basis for the going-concern assumption, including any financial sustainability risks and issues;
- The unaudited information on predetermined objectives with consideration of the independent assurance provided by internal audit and the assurance provided by management;
- The Auditor-General South Africa audit and management reports, with consideration of responses provided by management;
- The audited financial statements and 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; and
- Compliance with legal and regulatory provisions.

## Auditor-General's report

The Audit and Risk Committee concurs with the conclusions of the Auditor-General South Africa 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 Auditor-General.

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

*P. Dala*

**Dr. P Dala**

**Audit and Risk Committee Chairperson**

Date: 31 July 2021

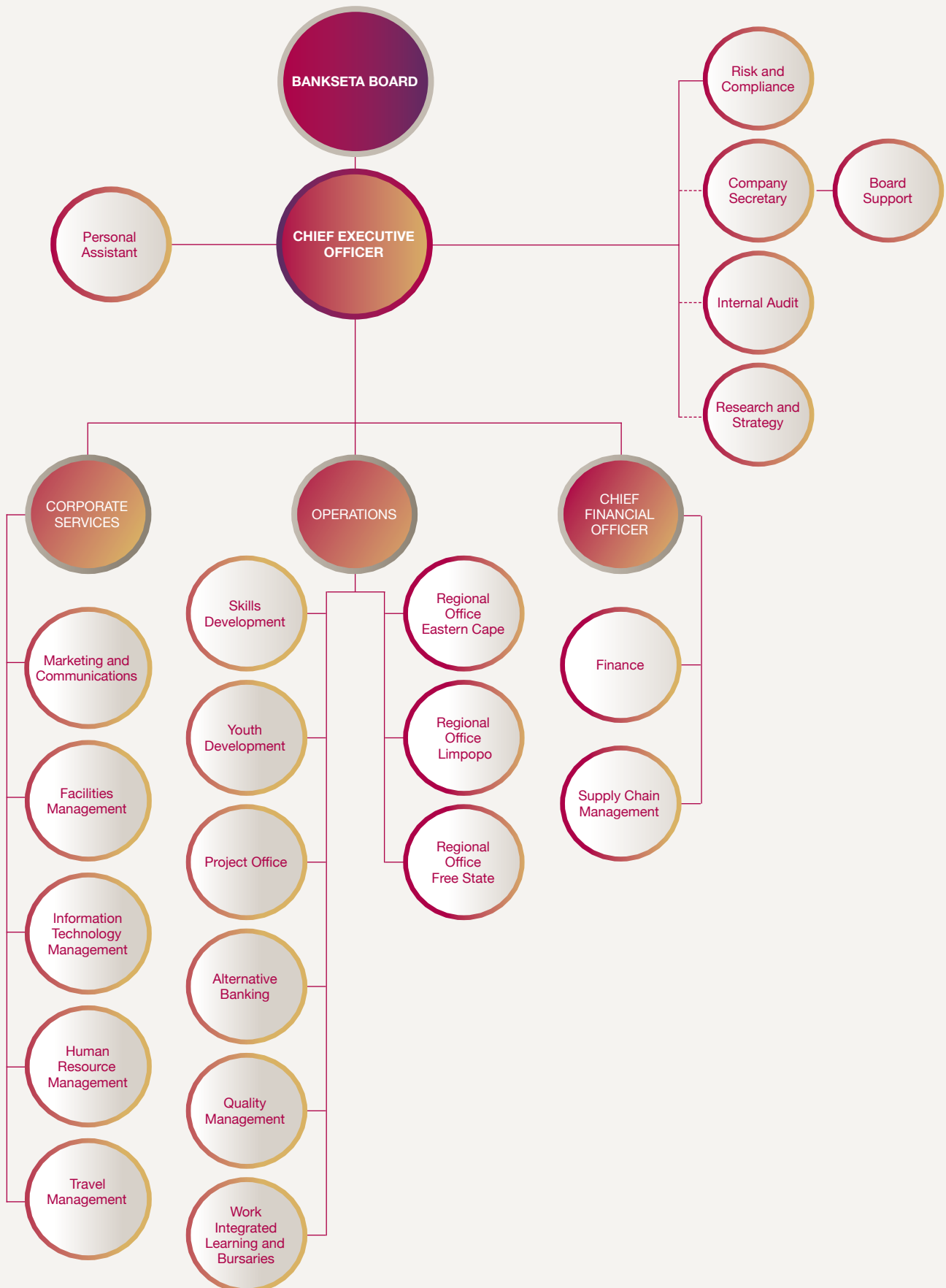
PART

D

# Human Resources Overview



# ORGANOGRAM



# INVESTORS IN PEOPLE

Central to the success of any organisation is the correct combination of talent, motivation and leadership.

BANKSETA is a committed 'Investor in People' organisation, believing that its people are its most valuable commodity.

The Investors in People framework assesses BANKSETA biennially against the criteria shown in this diagram:

Established by government to upskill the South African workforce, Investors in People South Africa has worked with more than



200 organisations, driving business forward through people management excellence. Sanlam Personal Finance, City Lodge Group, AdvTech Schools Group and BANKSETA are organisations in the Investors in People global community that are, and continue to be, internationally recognised for people management excellence.

Transformation includes promotion of educational, economic and cultural equity with respect for the value of diversity. People development covers the wide range of SETA-developed and -monitored educational programmes. With its business and educational partners, BANKSETA guarantees that its courses and teachers comply with National Qualifications Framework requirements. BANKSETA is currently accredited on the 'Developed' level and works continuously to improve its level.

## EMPLOYEE WELLNESS

Tom Rath of Gallup maintains that 'the most successful organisations are now turning their attention to employee wellbeing as a way to gain emotional, financial and competitive advantage'. BANKSETA takes a holistic view of employees and their families, focusing on both their physical and psychological wellbeing.

Newly appointed wellness provider, Kaelo Lifestyle, offers employees the support and protection they need and deserve, helping leaders and team members manage personal and work-related issues.

Through the AskNelson programme, Kaelo helps employees and their families cope with today's challenges such as financial pressure, personal stress, addictions, health problems, demanding work schedules, crime and violence. The programme includes counselling, and financial, legal and leadership support, with its ultimate aims identifying, preventing and treating issues that may result in absenteeism, reduced productivity and staff attrition.

## 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	5 577	12.93%	4	1 394
Professional qualified	14 629	33.91%	16	914
Skilled	20 163	46.74%	32	630
Semi-skilled	2 407	5.58%	7	387
Unskilled	361	0.84%	2	181
<b>Total</b>	<b>43 136</b>	<b>100%</b>	<b>61</b>	<b>707</b>

## PERFORMANCE REWARDS

Occupational level	No. of employees	Personnel expenditure (Rand Value) R'000	% of performance rewards to total personnel cost
Senior Management	3	1 698	3.94%
Professional qualified	14	3 672	8.51%
Skilled	31	4 383	10.16%
Semi-skilled	7	387	0.90%
Unskilled	2	59	0.14%
<b>Total</b>	<b>57</b>	<b>10 198</b>	<b>23.64%</b>

## EMPLOYMENT EQUITY

	Male				Female				Foreign national		T	%EE
	AM	CM	IM	WM	AF	CF	IF	WF	F	M		
Senior Management	1	-	-	-	1	-	-	1	-	-	4	33.3%
Professionals	3	1	-	-	2	-	-	1	-	1	15	71.43%
Skilled	7	-	-	-	13	-	1	-	1	-	32	93.55%
Semi-Skilled	2	-	-	-	3	-	-	-	-	-	7	1
Unskilled	-	-	-	-	2	-	-	-	-	-	2	1
Disabled	-	-	-	-	-	-	-	-	-	-	-	-
Total Permanent	25	1	2	-	25	-	1	4	2	1	61	86.21%
Temporary Employees												
<b>Total</b>	<b>25</b>	<b>1</b>	<b>2</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>1</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>28</b>	<b>86.21%</b>

## DISABILITY

Disabled	-	-	-	-	1	-	-	-	-	-	-	1.64%
----------	---	---	---	---	---	---	---	---	---	---	---	-------

## 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	No. of trained employees	Average training cost per employee (R'000)
	43 136	824	1.83%	61	13

## EMPLOYMENT AND VACANCIES

Occupational levels	Appointments	Terminations	Vacancies
Senior Management	1	1	-
Professionals	5	5	1
Skilled	2	1	-
Semi-Skilled	-	1	1
Unskilled	-	-	-
<b>Total</b>	<b>8</b>	<b>8</b>	<b>2</b>

## REASONS FOR STAFF LEAVING

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

## LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Nature Of disciplinary action	Number
Verbal Warning	-
Written Warning	1
Final Written Warning	1
Dismissal	1



PART

5

Financial  
Information



# STATEMENT OF FINANCIAL RESPONSIBILITY

as at 31 March 2021

## Statement of Financial Responsibility

The Annual Financial Statements for the year ended 31 March 2021, set out on pages 105 to 177, have been approved by the Accounting Authority on 28 July 2021 in terms of section 51(1) (f) of the Public Finance Management Act (PFMA), No 1 of 1999 as amended, and are signed on their behalf by:



**Mr. Eubert Mashabane**  
Chief Executive Officer  
28 July 2021



**Ms. Nosipho 'Mia' Makhanya**  
Chairperson of the Board  
28 July 2021

# ANNUAL FINANCIAL STATEMENTS

as at 31 March 2021

## TABLE OF CONTENTS

Report of the Auditor General	101
Statement of Financial Performance	105
Statement of Financial Position	106
Statement of Changes in Net Assets	107
Cash Flow Statement	108
Statement of Comparison of Budget and Actual Amounts	109
Accounting Policies to the Annual Financial Statements	110
Notes to the Annual Financial Statements	128



# 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 105 to 177, which comprise the statement of financial position as at 31 March 2021, 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 2021, and its financial performance and cash flow for the year then ended in accordance with the standards of the Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act of South Africa 1 of 1999 and the Skills Development Act of South Africa 97 of 1998 (SDA).

### Basis for the 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 public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

## Irregular expenditure

7. As discussed on note 19 to the financial statements, the public entity has incurred total irregular expenditure balance amounting to R22 641 000 (2019/20: R21 154 000), as a result of contravention of legislation and irregular appointment of the accounting authority members.

## Responsibilities of the accounting authority for the financial statements

8. 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 the 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.
9. 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

10. 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.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

12. 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.

13. 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.

14. 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 programmes presented in the public entity's annual performance report or the year ended 31 March 2021:

[Programmes/ objectives/ development priorities]	Pages in the annual performance report
Programme 3 - Learning programmes	48 – 68

15. 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.

16. I did not identify material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Programme 3 – Learning programmes

### Other matter

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

### Achievement of planned targets

18. Refer to the annual performance report on pages 37 to 73 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

## 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. The material findings on compliance with specific matters in key legislation are as follows:

### Expenditure management

21. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R19 671 000 as disclosed in note 19 to the annual financial statements, as required by section 51(1) (b) (ii) of the PFMA. The majority of the irregular expenditure was caused by irregularities due to inconsistent evaluation and disqualification of bidders on a tender. Irregular expenditure amounting to R18 184 000 was incurred on procurement awarded to provide financial management training in rural and outlying regions.

### Other information

22. 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.

23. 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.
24. 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 programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. 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 to report in this regard.

### Internal control deficiencies

26. 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 basis for my opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
27. The entity did not have adequate processes in place to prevent non-compliance with laws and regulations, which resulted in material non-compliance as a result of the irregular expenditure incurred.

### Other reports

28. I draw attention to the following engagements conducted by various parties, which had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

29. An independent consultant conducted an investigation of allegations of tender irregularities brought forward by a whistle-blower, which covered the 2017/18 financial year. The investigations covered the awarding of the tender. The investigation was concluded on 04 December 2020 and resulted in suggested criminal proceedings against employees involved in the evaluation of the tender. These proceedings were in progress at the date of this auditor's report.

30. An independent consultant was investigating an allegation of IT data breach and IT downtime, covering the period April 2019 to July 2019. The outcome of the investigation was expected by September 2021.

*Auditor-General*

**Auditor-General**

Pretoria

31 July 2021



**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 judgment and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the SETA’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 SETA’s internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting officer
  - conclude on the appropriateness of the accounting officer’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 SETA 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 an 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
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

## Communication with those charged with governance

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

**STATEMENT OF FINANCIAL PERFORMANCE**

for the year ended 31 March 2021

	Notes	2020/21 R'000	2019/20 R'000
<b>REVENUE</b>			
Skills development levy: income from non-exchange transactions	2	551 558	839 871
Skills development levy: penalties and interest income from non-exchange transactions	3	47 490	13 671
Total revenue from non-exchange transactions		599 048	853 542
Investment revenue from exchange transactions	4	45 023	62 781
Other revenue from exchange transactions	5	48	47
Total revenue from exchange transactions		45 071	62 828
<b>Total revenue</b>		<b>644 119</b>	<b>916 370</b>
<b>EXPENSES</b>			
Employer grant and project expenses	6	(457 158)	(629 129)
Administration expenses	7	(88 523)	(81 735)
Total expenses		(545 681)	(710 864)
<b>NET SURPLUS FOR THE YEAR</b>	<b>1</b>	<b>98 438</b>	<b>205 506</b>

**STATEMENT OF FINANCIAL POSITION**

for the year ended 31 March 2021

	Notes	2020/21 R'000	2019/20 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	8	2 262	1 421
Intangible assets	9	751	577
<b>Total non-current assets</b>		<b>3 013</b>	<b>1 998</b>
<b>Current assets</b>			
Receivables from non-exchange transactions	10	3 570	867
Receivables from exchange transactions	11	3 596	5 577
Cash and cash equivalents	12	1 062 015	899 068
<b>Total current assets</b>		<b>1 069 181</b>	<b>905 512</b>
<b>Total assets</b>		<b>1 072 194</b>	<b>907 510</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables from non-exchange transactions	14	51 135	22 111
Payables from exchange transactions	13	6 712	4 054
Provisions	15	46 655	12 091
<b>Total liabilities</b>		<b>104 502</b>	<b>38 256</b>
<b>NET ASSETS</b>		<b>967 692</b>	<b>869 254</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Funds and reserves</b>			
Administration reserve		3 013	1 998
Employer grant reserve		136	115
Discretionary reserve		964 543	867 141
<b>TOTAL FUNDS AND RESERVES</b>		<b>967 692</b>	<b>869 254</b>

## STATEMENT OF CHANGES IN NETS ASSETS

for the year ended 31 March 2021

	Notes	Adminis- tration reserve	Employer grant reserve	Discre- tionary reserve	Unapprop- riated surplus/ (deficit)	Total
		R'000	R'000	R'000	R'000	R'000
<b>Balance at 31 March 2019</b>		2 802	323	660 623	-	663 748
Net surplus for the period		-	-	-	205 506	205 506
Allocation of unappropriated surplus	1	28 543	5 143	171 820	(205 506)	-
Excess reserves transferred to discretionary reserve		(29 347)	(5 351)	34 698	-	-
<b>Balance at 31 March 2020</b>		<b>1 998</b>	<b>115</b>	<b>867 141</b>	<b>-</b>	<b>869 254</b>
Net surplus for the period		-	-	-	98 438	98 438
Allocation of unappropriated surplus	1	(16 065)	3 036	111 467	(98 438)	-
Excess reserves transferred to discretionary reserve	26	17 080	(3 015)	(14 065)	-	-
<b>BALANCE AT 31 March 2021</b>	<b>26</b>	<b>3 013</b>	<b>136</b>	<b>964 543</b>	<b>-</b>	<b>967 692</b>

**CASH FLOW STATEMENT**

for the year ended 31 March 2021

Banking Sector Education and Training Authority

**CASH FLOWS FROM OPERATING ACTIVITIES****Operating activities**

Cash receipts from skills development levy; income from non-exchange transactions (Including interest and penalties)

Other revenue from exchange transactions

Cash paid to stakeholders and suppliers

Cash paid for employee costs

Cash generated from operations

Investment revenue from exchange transactions received

**Net cash inflow from operating activities****CASH FLOW FROM INVESTING ACTIVITIES**

Purchase of property and equipment

Purchase of intangible assets

Proceeds on disposals of fixed assets

Net cash outflow from investing activities

**Net increase in cash and cash equivalents**

Cash and cash equivalents at the beginning of the period

**Cash and cash equivalents at the end of the period**

Notes	2020/21 R'000	2019/20 R'000
	633 113	853 545
	47	47
	(462 284)	(692 769)
	(52 672)	(47 330)
16	118 204	113 493
4.1	47 087	61 696
	<b>165 291</b>	<b>175 189</b>
8	(1 360)	( 136)
9	( 994)	( 598)
	10	-
	<b>(2 344)</b>	<b>( 734)</b>
	<b>162 947</b>	<b>174 455</b>
12	899 068	724 613
12	<b>1 062 015</b>	<b>899 068</b>



# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 March 2021

	Notes	Approved Original Budget	Budget Adjustments	Final Adjusted Budget	Actual Income/ (Expenditure)	Favourable/ (Un-favourable) variance
		2020/21	2020/21	2020/21	2020/21	2020/21
		R'000	R'000	R'000	R'000	R'000
<b>REVENUE</b>						
Skills development levy transfer from non - exchange transactions	30.2	825 550	(193 035)	632 515	551 558	(80 957)
Skills development levy penalties and interest from non - exchange transactions	30.3	-	-	-	47 490	47 490
Investment revenue from exchange transactions	30.4	26 000	6 000	32 000	45 023	13 023
Other revenue from exchange transactions		-	-	-	48	48
<b>Total Revenue</b>		<b>851 550</b>	<b>(187 035)</b>	<b>664 515</b>	<b>644 119</b>	<b>(20 396)</b>
<b>EXPENSES</b>						
Employer grant expenses	30.5	(200 200)	46 731	(153 469)	(133 739)	19 730
Project expenses	30.6	(573 000)	(171 288)	(744 288)	(323 419)	420 869
Administration expenses	30.7	(108 350)	-	(108 350)	(88 523)	19 827
<b>Total Expenses</b>		<b>(881 550)</b>	<b>(124 557)</b>	<b>(1006 107)</b>	<b>(545 681)</b>	<b>460 426</b>
<b>NET SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>(30 000)</b>	<b>(311 592)</b>	<b>(341 592)</b>	<b>98 438</b>	<b>440 030</b>

# ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

## 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 BANKSETA will continue to operate as a going concern for at least the next 12 months.

## 3. SIGNIFICANT JUDGMENTS, ESTIMATES AND SOURCES OF UNCERTAINTY

In preparing the Annual Financial Statements and application of 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 judgments about carrying values of assets and liabilities that are not apparent from other sources. Use of available information and the application of judgment 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 judgments 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 judgments 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

BANKSETA pays mandatory grants to its sector levy-payers based on information from the South African Revenue Service (SARS). Where SARS retrospectively amends the information on levies collected this may result in grants that have been paid to affected levy-payers being in excess of the amount BANKSETA would have granted 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.

### 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.

# ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

## 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 judgments 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 15 - Provisions.

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

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 Covid-19 related Matters

The Covid-19 pandemic and the related declaration of a national disaster, lockdown and associated negative economic effects has raised significant uncertainty in regard to future transactions. Management has made judgments and estimates and determined risks in regard to the impact on its going concern based on estimates and information available to it up to the date of issue of the Financial Statements.

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

# ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

## 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 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 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 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 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). The SETA was not in a position to verify that SARS has collected all potential skills levy income.

# ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

## 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 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 adjustments. Levy payers may also through their own processes identify need for such levy adjustments. Through a declaration, appeal or objection process undertaken in terms of legislation or similar means this 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. SARS nets off such levy adjustments against current levy receipts. BANKSETA therefore receives its levies monthly net of all levy adjustments.

Adjustments to revenue already recognised, arise 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 reasonable 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.

# ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

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

## 5.1.3 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 objection 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. 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. 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.

## 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.

# ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

## 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.

## 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 cases 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 the administration expense limit without prior approval, the SETA may apply to the Minister for condonation.

# ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

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

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

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



# ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

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.

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.

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.

# ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

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.)

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.

## 9. LEASING

Finance leases consistent with the definition set out in the Treasury Regulations refer to a contract that transfers the risks, rewards, rights and obligations incidental to ownership to the lessee and are recorded as a purchase of property and equipment by means of long-term borrowing. 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.

# ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

## 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.

Termination benefits are recognised and expensed only incurred or the agreement to incur these is entered into.

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), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the SETA recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another standard requires or permits the inclusion of the contribution in the cost of an asset.

# ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

## 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 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.

# ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

## 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.

## 13.2 Provision for irrecoverable Debts

The SETA must ensure that all debtors are recorded and that accurate accounting, reminder and control systems are in place in respect of debtor and suspense accounts. Irrecoverable debts are provided during the year in which they are identified. Approval for the writing-off of irrecoverable debtors, or any loss of money, are covered in the Delegations Framework.

## 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.

# ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

## 13.2 Financial liabilities

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

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

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

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

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

## 13.3 Derecognition

A financial asset or a portion thereof is derecognised when BANKSETA realises the contractual rights to the benefits specified in the contract, the rights expire, and 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.

# ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

BANKSETA does not have activities or units that meet the definition of a 'Segment' per the Accounting Standard. 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 BANKSETA operates as one segment both from a service and geographical view point. Management has therefore not divided the financial information into segments as required under GRAP 18.

BANKSETA has however, allocated revenue and expenditure into different activities and reserves as administration, mandatory and discretionary in the Statement of Net Changes in Assets and note 1. This allocation is in line with the relevant legislation splitting the revenue and expenditure in between the three categories.

## 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:

	2020/21	2019/20
	%	%
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.

# ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

DHET continued to show the mandatory levy portion as 20% in the 2020/21 year in the levy download information. The SETA continued to pay and accrue mandatory grants at 20% in the 2020/21 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 6 as well as the mandatory grant liability in note 14 were calculated using the mandatory grant percentage of 20%.

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.



# ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

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

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

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

## 17. RELATED PARTIES

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

# ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

## 18. PRESENTATION OF BUDGET INFORMATION IN THE FINANCIAL STATEMENTS

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 2020 to 31 March 2021 and has been prepared on the accrual basis of accounting.

## 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.

## 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.

# ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

## 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.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

## 1. ALLOCATION OF NET SURPLUS FOR THE YEAR TO RESERVES:

		Employer grants reserve	Discretionary reserve		
	Administra- tion reserve 2020/21	Mandatory skills grant 2020/21	Total discre- tion- ary 2020/21	Total per Statement of Financial Performance 2019/20	
	R'000	R'000	R'000	R'000	
<b>Total revenue</b>	<b>644 119</b>	72 458	136 775	434 886	916 370
Skills development levy: income from non-exchange transactions					
Admin levy income (10,5%)	72 410	72 410	-	-	110 231
Grant levy income (69,5%)	479 148	-	136 775	342 373	729 640
Skills development levy: penalties and interest income from non-exchange transactions	47 490	-	-	47 490	13 671
Investment revenue from exchange transactions	45 023	-	-	45 023	62 781
Other revenue from exchange transactions	48	48	-	-	47
<b>Total expenses</b>	<b>(545 681)</b>	(88 523)	(133 739)	(323 419)	(710 864)
Administration expenses	(88 523)	(88 523)	-	-	(81 735)
Employer grants and project expenses	(457 158)	-	(133 739)	(323 419)	(629 129)
<b>Net Surplus per Statement of Financial Performance allocated</b>	<b>98 438</b>	<b>(16 065)</b>	<b>3 036</b>	<b>111 467</b>	<b>205 506</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2021

**2. SKILLS DEVELOPMENT LEVY INCOME FROM NON-EXCHANGE TRANSACTIONS**

	Notes	2020/21 R'000	2019/20 R'000
The total levy income per the Statement of Financial Performance is as follows:			
Levy income: Administration		<b>72 410</b>	<b>110 231</b>
Levies received		72 449	110 231
Levies received from SARS	2.1	72 449	110 179
InterSETA transfers in		-	52
Levies accrued		(39)	-
Levy income: Employer (Mandatory) Grants		<b>136 775</b>	<b>210 218</b>
Levies received	2.1	136 849	210 218
Levies received from SARS		136 849	209 972
InterSETA transfers in		-	247
Levies accrued		(74)	(1)
Levy income: Discretionary Grants		<b>342 373</b>	<b>519 422</b>
Levies received from SARS		342 556	519 424
Levies received	2.1	342 556	519 324
InterSETA transfers in		-	100
Levies accrued		(183)	(2)
		<b>551 558</b>	<b>839 871</b>

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

Prior year disclosure has been changed in line with current year presentation.

**2.1 Change in estimate - 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.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2021

**2. SKILLS DEVELOPMENT LEVY INCOME FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)**

The impact on levy income is as follows:

	Notes	2020/21 R'000	2019/20 R'000
Net levies received: administration			
Levies received		81 998	117 363
Prior year levy adjustments		(9 549)	(7 184)
Net Levies received	2	72 449	110 179
Net levies received: mandatory			
Levies received		155 316	229 800
Prior year levy adjustments		(18 467)	(19 828)
Net Levies received	2	136 849	209 972
Net levies received: discretionary			
Levies received		387 326	547 801
Prior year levy adjustments		(44 770)	(28 477)
Net Levies received	2	342 556	519 324

**3. SKILLS DEVELOPMENT LEVY PENALTY AND INTEREST INCOME FROM NON-EXCHANGE TRANSACTIONS**

	2020/21 R'000	2019/20 R'000
Skills development levy penalties and Interest income - current year	47 490	13 671
Total Skills development levy penalties and Interest income	<b>47 490</b>	<b>13 671</b>

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

There were no reversals of penalties and interest income recognised in prior years.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

## 4. INVESTMENT REVENUE FROM EXCHANGE TRANSACTIONS

	2020/21 R'000	2019/20 R'000
Interest Revenue		
Interest revenue from current year received as cash during the year	42 073	57 767
Receivable	2 950	5 014
	<b>45 023</b>	<b>62 781</b>
<b>4.1 Cashflow from interest revenue</b>		
Portion of Interest revenue in current year received as cash during the year	42 073	57 767
Portion of interest revenue in prior year received as cash during the current year	5 014	3 929
	<b>47 087</b>	<b>61 696</b>

## 5. OTHER REVENUE

Other revenue comprises:		
Other Income		
Mandatory grants received	48	47
	<b>48</b>	<b>47</b>

## 6. EMPLOYER GRANT AND PROJECT EXPENSES

	Notes	2020/21 R'000	2019/20 R'000
Mandatory grants		<b>133 739</b>	<b>205 075</b>
Disbursed		133 560	189 024
Provisions and accruals		179	16 051
Project expenditure	18.1	<b>323 419</b>	<b>424 054</b>
<b>Total employer grant and project expenses per Statement of Financial Performance</b>		<b>457 158</b>	<b>629 129</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.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

## 7. ADMINISTRATION EXPENSES

	Notes	2020/21 R'000	2019/20 R'000
Advertising, marketing and promotions, communication		2 037	2 276
Allowance for irrecoverable debts		5	203
Audit fees		2 672	3 097
External audit fees		2 182	2 865
Internal audit fees		490	232
Catering at stakeholder meetings		84	322
Consultancy fees		253	853
Cost of employment	7.1	52 711	49 127
Depreciation/Amortisation		1 318	1 538
Depreciation		498	1 446
Amortisation		820	92
Legal fees		887	1 178
Maintenance, repairs and running costs - other		232	432
Loss on disposal of property		11	-
Operating lease rentals (minimum lease payments)		4 476	3 437
Buildings		4 319	3 254
Equipment		157	183
Quality Council for Trade and Occupations	23.2	5 793	5 300
Remuneration to members of the Accounting Authority and committees		3 439	2 797
Research costs		2 590	20
Service provider fees		6 135	5 031
Staff training and development		824	1 086
Travel and subsistence		179	724
Other		4 876	4 313 *
Other administration expenses		3 556	2 751
Printing and stationery		131	202
Telephone costs		961	787
Workshops		228	574
		<b>88 523</b>	<b>81 735</b>

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



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

## 7. ADMINISTRATION EXPENSES (CONTINUED)

## 7.1 Cost of employment

	Notes	2020/21 R'000	2019/20 R'000
Salaries and wages		<b>45 981</b>	<b>42 735</b>
Basic salaries		33 967	32 511
Performance awards		9 572	7 720
Allowances		442	495
Leave payments		2 000	1 464
Social contributions		<b>6 730</b>	<b>6 392</b>
Medical aid contributions		1 469	1 370
Pension contributions: defined contribution plans		4 303	4 132
Risk cover contributions		414	376
Skills Development Levies		360	395
Workmen's Compensation		79	14
UIF		105	105
		<b>52 711</b>	<b>49 127</b>
<i>Allocation of cost of employment</i>			
Administration expenses	7	<b>52 711</b>	<b>49 127</b>
Average number of employees		<b>59</b>	<b>59</b>

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.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

## 8. PROPERTY AND EQUIPMENT

## Year ended 31 March 2021

Computer equipment  
Office furniture and fittings  
Office equipment  
Leasehold improvements  
Balance at end of period

Made up as follows:

- Owned assets

Cost	Accumulated depreciation	Closing carrying amount
R'000	R'000	R'000
2 941	(2 233)	708
1 931	(1 318)	613
1 663	(1 338)	325
656	(40)	616
<b>7 191</b>	<b>(4 929)</b>	<b>2 262</b>
<b>7 191</b>	<b>(4 929)</b>	<b>2 262</b>

## Year ended 31 March 2020

Computer equipment  
Office furniture and fittings  
Office equipment  
Leasehold improvements  
Balance at end of period

Made up as follows:

- Owned assets

2 242	(2 022)	220
1 953	(1 204)	749
1 663	(1 211)	452
2 649	(2 649)	-
<b>8 507</b>	<b>(7 086)</b>	<b>1 421</b>
<b>8 507</b>	<b>(7 086)</b>	<b>1 421</b>

## Movement summary 2020/21

Carrying amount 2020	Additions	Disposals	Depreciation	Carrying amount 2021
R'000	R'000	R'000	R'000	R'000
220	710	-	(222)	708
749	29	(21)	(144)	613
452	-	-	(127)	325
-	621	-	(5)	616
<b>1 421</b>	<b>1 360</b>	<b>(21)</b>	<b>(498)</b>	<b>2 262</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

## 8. PROPERTY AND EQUIPMENT (CONTINUED)

	Carrying amount 2020	Additions	Disposals	Depreciation	Carrying amount 2021
	R'000	R'000	R'000	R'000	R'000
<b>Movement summary 2019/20</b>					
Computer equipment	515	-	-	( 295)	220
Office furniture and fittings	852	41	-	( 144)	749
Office equipment	525	95	-	( 168)	452
Leasehold improvements	839	-	-	( 839)	-
Balance at end of period	<b>2 731</b>	<b>136</b>	-	<b>(1 446)</b>	<b>1 421</b>

A fully depreciated laptop classified under computer assets with an original cost of R11 000 was stolen during the year. The insurance proceeds of R10 000 are shown in the cashflow statement.

BANKSETA disposed of furniture and fittings with original cost of R51 000 and accumulated depreciation of R30 000 during the year.

BANKSETA disposed of fully depreciated leasehold assets with original cost of R2,613 000 during the year when BANKSETA moved offices.

BANKSETA incurred R36 000 in repairs and maintenance expenditure on these assets.

BANKSETA has no contractual commitments 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 - 10 years	33.33% to 10%
- Office furniture and fittings	10 - 21 years	10% to 4.7%
- Office equipment	5 to 10 years	20% to 10%
- Leasehold improvements	over the lease term	

## 8.1 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 - 10 years
- Office furniture and fittings	10 - 21 years	10 - 21 years
- Office equipment	5 to 10 years	5 to 10 years
- Leasehold improvements	over the lease term	over the lease term

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

**8. PROPERTY AND EQUIPMENT (CONTINUED)**

The net effect of this change on current year depreciation is as follows:

	Reversal of Accumulated Depreciation Due to reassessment of useful lives	Reversal Allocated against current year Depreciation	Current Year Depreciation Charge	Net Depreciation (charge)/ reversal
	R'000	R'000	R'000	R'000
<b>Year ended 31 March 2021</b>				
Computer equipment	-	-	( 222)	( 222)
Office furniture and fittings	-	-	( 144)	( 144)
Office equipment	-	-	( 127)	( 127)
Leasehold improvements	30	30	( 35)	( 5)
Balance at end of period	<b>30</b>	<b>30</b>	<b>( 528)</b>	<b>( 498)</b>

**Year ended 31 March 2020**

Computer equipment	-	14	( 309)	( 295)
Office furniture and fittings	-	11	( 155)	( 144)
Office equipment	-	28	( 196)	( 168)
Leasehold improvements	-	-	( 839)	( 839)
Balance at end of period	-	<b>53</b>	<b>(1 499)</b>	<b>(1 446)</b>

The net reversal is not considered material.

The fixed asset register is available at 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. It is impractical to estimate the amount.

**9. INTANGIBLE ASSETS**

	Cost	Accumulated amortisation	Closing carrying amount
	R'000	R'000	R'000
<b>Year ended 31 March 2021</b>			
Application software	1 004	(253)	751
Balance at end of period	<b>1 004</b>	<b>(253)</b>	<b>751</b>
Made up as follows:			
- Owned assets	<b>1 004</b>	<b>(253)</b>	<b>751</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2021

**9. INTANGIBLE ASSETS (CONTINUED)****Year ended 31 March 2020**

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
1 309	( 732)	577
<b>1 309</b>	<b>( 732)</b>	<b>577</b>
<b>1 309</b>	<b>( 732)</b>	<b>577</b>

**Movement summary 2020/21**

Application software

Carrying amount 2019	Additions	Disposals	Amortisation	Carrying amount 2020
R'000	R'000	R'000	R'000	R'000
577	994	-	( 820)	751

**Movement summary 2019/20**

Application software

71	598	-	( 92)	577
----	-----	---	-------	-----

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 7, administration expenditure.

BANKSETA disposed of fully depreciated software assets with an original cost of R1 299 000 during the year as the licence periods had expired.

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

BANKSETA incurred no repairs and maintenance expenditure on these assets.

BANKSETA has no contractual commitments for acquisitions of intangible assets.

BANKSETA has no restriction or encumbrances on their assets

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

	Useful lives	Depreciation rate
- Application software	2 years (Unless license period is different)	50% p.a.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2021

**10. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

	Notes	2020/21 R'000	2019/20 R'000
Employer receivables	10.1	3 570	867
		<b>3 570</b>	<b>867</b>

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

**10.1 Employer receivable**

Employer receivable

Overpayment to employers

Allowance for impairment

Net effect of SARS retrospective adjustments on affected employers

4 105	1 397
( 535)	( 530)
<b>3 570</b>	<b>867</b>

R4 105 000 employer receivables (2019/20: R1 397 000) 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 R4 105 000 employer receivables amount, R529 000 is impaired and R3 576 000 is not impaired

Reconciliation of impairment allowance on employer receivable

Opening balance: Impairment of employer receivable

Change In estimate

Addition

Recovered/reversed

Closing balance : impairment allowance on employer receivable

( 530)	( 327)
-	-
( 5)	( 203)
-	-
<b>( 535)</b>	<b>( 530)</b>

**11. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	2020/21 R'000	2019/20 R'000
Deposits	367	438
Staff advances and payroll receivables	96	101
Interest receivables	2 950	5 014
Other receivables	88	24
Prepaid expenses	95	-
	<b>3 596</b>	<b>5 577</b>

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

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

## 12. 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:

	2020/21 R'000	2019/20 R'000
Cash at bank and on hand	24 570	33 374
Cash at bank	24 570	33 372
Cash on hand	-	2
Short term investments/instruments	1 037 445	865 694
Cash and cash equivalents at end of year	<b>1 062 015</b>	<b>899 068</b>

The bank balances are equivalent to the SETA balances shown above.

Bank	Type of Account	Number	Balance
Nedbank	Transactional Saver bank accounts	Two	Bank balance is equivalent to amount in BANKSETA's books
Nedbank	Current account	One	Bank balance is equivalent to amount in BANKSETA's books
Nedbank	Prefunded credit cards	Four	Bank balance is equivalent to amount in BANKSETA's books
ABSA	Money Market Fixed Deposits accounts	Six	Bank balance is equivalent BANKSETA balance and interest accrued.
Corporation of Public Deposits	Call account	One	Bank balance is equivalent to amount in BANKSETA's books
First National Bank	Money Market Fixed Deposits accounts	Two	Bank balance is equivalent BANKSETA balance and interest accrued.
Nedbank	Money Market Fixed Deposits accounts	Four	Bank balance is equivalent BANKSETA balance and interest accrued.
Standard Bank	Money Market Fixed Deposits accounts	Four	Bank balance is equivalent BANKSETA balance and interest accrued.

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short term bank deposits was 4.53% (2019/20: 7.24%).

The Skills Development Act Regulations state that a SETA may, if not otherwise specified by the Public Finance Management Act, invest the monies in accordance with the investment policy approved by the relevant SETA. BANKSETA investments funds are invested at institutions that quote the highest interest rates for the investment term needed.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2021

**12. CASH AND CASH EQUIVALENTS (CONTINUED)**

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.

As the SETA was exempted by the National Treasury from the requirement of Treasury Regulation 31.3 to invest surplus funds with the Corporation for Public Deposits, surplus funds were invested in line with an investment policy as required by Treasury Regulation 31.3.5.

**13. PAYABLES FROM EXCHANGE TRANSACTIONS**

	2020/21 R'000	2019/20 R'000
Salary related payables	337	305
Sundry payables	6 374	3 749
Trade payables	2 132	1 401
Other accrued expenses	1 587	444
Leave accrual	2 641	1 889
Sundry creditors	14	15
	<b>6 712</b>	<b>4 054</b>

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

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

	2020/21 R'000	2019/20 R'000
Skills development grants payable - mandatory	15 670	14 677
Employer payables	2 473	136
Project creditors	32 992	7 298
	<b>51 135</b>	<b>22 111</b>

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



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

## 15. PROVISIONS

	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>

**2019/20**

Levies incorrectly received*	1 491	-	4	-	1 495
Provision for incentive bonus**	9 018	(1 087)	8 807	(6 196)	10 542
Provision for acting allowances***	280	-	625	(851)	54
<b>Total</b>	<b>10 790</b>	<b>(1 087)</b>	<b>9 436</b>	<b>(7 048)</b>	<b>12 091</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. 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.

\*\*\* Acting allowances in terms of the HR Policy approved by the board. The timing of this is uncertain as it previously depended on board decisions.

\*\*\*\* Levy funds received in excess of allocations per levies files refers to the amount of levies which BANKSETA received in excess of the levy amounts substantiated in the levy files. SARS collects levies from levy payers through the PAYE system. SARS directs the levies to DHET who in turn pay 80% of the levies to the SETAs. The levy collection system is administered by SARS and has no mechanisms or provision for SETAs to repay any excess funds paid. The SETA awaits for DHET to collect the levies on SARS instruction or for the excess amounts to be netted off another period's levy allocation. 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, BANKSETA may recognise the excess amounts as levy income after three years.

As at 31 March 2021 the matter has not been resolved.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

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

	Notes	2020/21 R'000	2019/20 R'000
Net surplus as per Statement of Financial Performance		98 438	205 506
Adjusted for non-cash items:			
Depreciation/amortisation		1 318	1 538
Allowance for irrecoverable debts		5	203
Interest accrued at year end		(2 950)	(5 014)
Profit on disposal of fixed assets		11	-
Adjusted for items separately disclosed			
Interest received	4.1	(47 087)	(61 696)
Adjusted for working capital changes:			
(Increase)/decrease in receivables from exchange transactions		4 931	3 902
(Increase)/decrease in receivables from non-exchange transactions		(2 707)	2 850
(Decrease)/Increase in payables and provisions		66 245	(33 796)
Cash generated from operations		<b>118 204</b>	<b>113 493</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.

	2020/21 R'000	2019/20 R'000
Cash and cash equivalents at the end of the year	1 062 015	899 068
Add: receivables	7 166	6 444
Less: current liabilities	(104 502)	(38 256)
Total surplus per current legislation	964 697	867 256
Less: discretionary grant commitments	(398 805)	(337 064)
<b>Surplus after commitments</b>	<b>565 874</b>	<b>530 192</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

## 17. CONTINGENCIES (CONTINUED)

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 new legislation applied to surpluses as at 31 March 2020 does not provide for deduction of commitments.

BANKSETA has been requested by DHET to fund certain projects including the 'missing middle' higher education sector to the value of R240 million.

In addition, BANKSETA is looking into additional skills development programmes as well as increasing the intake of other skills development programmes in excess of targets to utilise these surpluses.

### 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 R136 000 (2019/20:R115 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 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 2019/20 year and 2020/21 year in the levy download information.

The SETA continued to pay and accrue mandatory grants at 20% in the 2019/20 and 2020/21 financial years 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 2020/21 financial year or after year-end that are material to the matters or indicate any direction in regard to this matter.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

### 17. CONTINGENCIES (CONTINUED)

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 effective date of application of any new rate.

BANKSETA has sufficient reserves to cover such contingent amounts.

Should the outcome be that BANKSETA must pay mandatory grants at a higher level since the court decision, BANKSETA would have to seek National Treasury approval to access its own reserves to cover the payments.

#### 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 matter is contingent on the outcome of an external labour arbitration process which should be completed within the next 12 months.

An estimate of the contingent liability is R954 000.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2021

**18. COMMITMENTS****18.1 Discretionary reserve**

Of the balance of R964 453 000 (2019/20: R867 142 000) available in the discretionary reserve as at year-end, R398 805 000 (2019/20: R332 760 000) 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, BANKSETA was awaiting approval from National Treasury.

**Commitments**

Project Name	Project number	Opening balance 31 March 2019	New Commitments Approved by Accounting Authority	Charged to statement of financial performance 2019/20	Write Backs and Other adjustments 2019/20	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	Closing Balance 31 March 2021
		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	-	450	(265)	-	185	-	(185)	-	-
Assessment centre	620	741	-	(281)	-	460	-	(348)	-	112
Provision for General management	594	2 394	-	(1 326)	-	1 068	-	(91)	(707)	270
<b>Total Quality Assurance</b>		<b>3 135</b>	<b>450</b>	<b>(1 872)</b>	<b>-</b>	<b>1 713</b>	<b>-</b>	<b>(624)</b>	<b>(707)</b>	<b>382</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2021

**18. COMMITMENTS (CONTINUED)**

Project Name	Project number	Opening balance 31 March 2019	New Commitments Approved by Accounting Authority	Charged to statement of financial performance 2019/20	Write Backs and Other adjustments 2019/20	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	Closing Balance 31 March 2021
		R'000		R'000	R'000	R'000		R'000	R'000	R'000
<b>PROGRAMME: RESEARCH</b>										
Africa Expansion Leadership Programme	581	19 509	9 500	(13 570)	-	15 439	-	(3 259)	(12 180)	-
Research Chairs Funding	644	9 624	-	(8 034)	-	1 590	3 700	(1 590)	(3 700)	-
Doctoral and Post Doctoral Research Funding	645	375	50	(325)	(100)	-	-	-	-	-
Doctoral and Post Doctoral Studies Research Funding	640	25	-	(25)	-	-	-	-	-	-
Doctoral and Post Doctoral Funding	675	-	2 700	(1 850)	-	850	100	(950)	-	-
Doctoral and Post-Doctoral Funding Window 2019	680	-	-	-	-	-	584	-	-	584
<b>Total Research Programmes</b>		<b>29 533</b>	<b>12 250</b>	<b>(23 804)</b>	<b>(100)</b>	<b>17 879</b>	<b>4 384</b>	<b>(5 799)</b>	<b>(15 880)</b>	<b>584</b>

18. COMMITMENTS (CONTINUED)

Project Name	Project number	Opening balance 31 March 2019	New Commitments Approved by Accounting Authority	Charged to statement of financial performance 2019/20	Write Backs and Other adjustments 2019/20	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	Closing Balance 31 March 2021
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>PROGRAMME: SKILLS DEVELOPMENT</b>										
Maths & Science Support Programme	605	4 061	-	(4 061)	-	-	-	-	-	-
18.2 Learnership Funding	614	65	-	-	(65)	-	-	-	-	-
Learnership Funding	625	18 484	16 807	(13 990)	(748)	20 553	1 098	(4 717)	(8 854)	8 080
Learnership funding Window	628	5 163	-	(1 781)	(2 383)	999	-	(680)	(319)	-
Internships Unemployed	629	933	-	(120)	(813)	-	-	-	-	-
Learnership - People with disabilities	630	630	-	(225)	(248)	157	-	(45)	(112)	-
Pivotal Funding Window-Unemployed	633	2 998	-	(955)	(2 043)	-	-	-	-	-
Pivotal Funding Window-Unemployed	636	41 439	-	(18 583)	(22 340)	516	-	(220)	(296)	-
IT Skill Funding 2018-9	637	1 671	-	(819)	(852)	-	-	-	-	-
Pivotal Funding Window	646	72 371	5 277	(22 254)	(242)	55 152	5 625	(27 919)	(31 251)	1 577**
Kuyasa Learnership	651	27 682	-	(25 805)	(1 853)	24	-	-	(24)	-
Letsema Learnership	652	31 330	-	(29 658)	(1 672)	-	-	-	-	-
Learnerships Unemployed	655	13 541	-	(6 749)	(2 380)	4 412	-	(2 265)	(1 427)	720
Learnerships Unemployed	653	2 138	-	(1 388)	-	750	-	(488)	(262)	-
NFSAS Support Funding	456	5 003	-	-	-	5 003	-	-	(5 003)	-
IT Skills Funding	647	4 330	1 880	(1 881)	(2 391)	1 938	-	-	(1 938)	-
IT Skills Funding	669	-	5 478	(2 157)	(1 329)	1 992	-	(642)	(1 350)	-
Programmes supporting Learners with Disabilities	654	2 867	900	(1 771)	-	1 996	-	(586)	(1 410)	-

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2021

**18. COMMITMENTS (CONTINUED)**

Project Name	Project number	Opening balance 31 March 2019	New Commitments Approved by Accounting Authority	Charged to statement of financial performance 2019/20	Write Backs and Other adjustments 2019/20	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	Closing Balance 31 March 2021
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Maths & Science Support Programme 2019	666	-	4 750	(2 375)	-	2 375	250	(2 535)	(90)	-
PIVOTAL: Grant Funding Window	668	-	114 886	(34 156)	(2 400)	78 330	146 793	(41 977)	(1 538)	181 608
Letsema & Kuyasa	662	-	62 151	(11 733)	(348)	50 070	1 604	(52 550)	876	-
PIVOTAL Grant Funding Window 2019	663	-	35 962	(11 420)	-	24 542	-	(6 530)	(6 350)	11 662
Cyber Security Internship	656	-	13 149	(5 310)	-	7 839	-	(8 275)	520	84
IT Skills Funding Window 2020-21	684	-	-	-	-	-	9	-	-	9
Skills for Future: Scholars Funding Window	685	-	-	-	-	-	4 589	-	-	4 589
PIVOTAL Grant Funding Window for Employed	686	-	-	-	-	-	65 381	-	-	65 381
PIVOTAL Grants Funding Window 2020/2021	690	-	-	-	-	-	25 366	-	-	25 366
Skills for Future: Scholars Funding Window	685	-	-	-	-	-	2 189	-	-	2 189
Math and Science Support Programme 2020	687	-	-	-	-	-	14 700	-	-	14 700
NEDLAC Partnership	0	-	-	-	-	-	2 000	-	-	2 000
<b>Total Skills Development</b>		<b>234 706</b>	<b>261 240</b>	<b>(197 191)</b>	<b>(42 107)</b>	<b>256 648</b>	<b>269 604</b>	<b>(149 429)</b>	<b>(58 858)</b>	<b>317 965</b>



18. COMMITMENTS (CONTINUED)

Commitments

Project Name	Project number	Opening balance 31 March 2019	New Commitments Approved by Accounting Authority	Charged to statement of financial performance 2019/20	Write Backs and Other adjustments 2019/20	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	Closing Balance 31 March 2021
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>PROGRAMME: CAPACITY BUILDING OF PUBLIC TRAINING PROVIDERS</b>										
Work Readiness IT Programme	542	27 623	9 625	(15 598)	(21 650)	-	-	-	-	-
Post School Public UOT Capacity Building	567	19 244	-	(16 563)	(2 681)	-	-	-	-	-
BANKSETA Higher Education Funding Window	595	1 169	112 323	(93 374)	(17 971)	2 147	128 192	(90 982)	(14 910)	24 447
TVET WIL Funding 2016/17	596	3 989	17 325	(8 422)	(765)	12 127	3 465	(14 040)	98	1 650
TVET WIL Funding 2016/17	597	17 133	55 444	(33 759)	(1 245)	37 573	-	(25 240)	1 294	13 627
Entrepreneurial Skills Development Programme	659	7 440	-	(7 663)	223	-	-	-	-	-
ADM WIL	631	8 820	-	(5 985)	(2 835)	-	-	-	-	-
Digitalisation programme for disabled learners	692	-	-	-	-	-	22 227	(3 951)	-	18 276
Higher Education Institution (HEI) Funding Window	679	-	-	-	-	-	55 825	(30 895)	(5 891)	19 039
<b>Total Capacity Building of Public Training Providers</b>		<b>85 418</b>	<b>194 717</b>	<b>(181 364)</b>	<b>(46 924)</b>	<b>51 847</b>	<b>209 709</b>	<b>(165 108)</b>	<b>(19 409)</b>	<b>77 039</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2021

**18. COMMITMENTS (CONTINUED)**

Project Name	Project number	Opening balance 31 March 2019	New Commitments Approved by Accounting Authority	Charged to statement of financial performance 2019/20	Write Backs and Other adjustments 2019/20	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	Closing Balance 31 March 2021
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>PROGRAMME: INCLUSIVE BANKING/SMEs</b>										
Debt advise consulting	616	5 471	-	(6 220)	749	-	-	-	-	-
SME Funding Window 2017	638	1 391	3 010	(4 792)	391	-	-	-	-	-
SME Support 2018	658	3 307	476	(3 034)	(749)	-	-	-	-	-
Cooperative Banking Sector Board Members and Staff Development	650	900	-	(900)	-	-	-	-	-	-
SME Funding Window	673	-	3 403	(2 593)	-	810	-	(528)	(282)	-
Cooperative Bank Staff Development	671	-	3 863	-	-	3 863	-	(1 500)	-	2 363
SME Funding Window	677	-	-	-	-	-	472	-	-	472
<b>Total Inclusive Banking/SME Programmes</b>		<b>11 070</b>	<b>10 752</b>	<b>(17 539)</b>	<b>391</b>	<b>4 673</b>	<b>472</b>	<b>(2 028)</b>	<b>(282)</b>	<b>2 835</b>
<b>PROGRAMME: MARKETING AND COMMUNICATIONS</b>										
Career Awareness	657	-	1 000	(1 000)	-	-	-	-	-	-
<b>Total Marketing and Communications Programmes</b>		<b>-</b>	<b>1 000</b>	<b>(1 000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Commitments</b>		<b>363 862</b>	<b>480 409</b>	<b>(422 771)</b>	<b>(88 740)</b>	<b>337 064</b>	<b>480 470</b>	<b>(322 987)</b>	<b>(91 436)</b>	<b>398 805</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

## 18. COMMITMENTS (CONTINUED)

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	2020/21 R'000	2019/20 R'000
Amounts for 2020/21 year	-	62 953
Amounts for 2021/22 year	34 095	41 070
Amounts for 2022/23 year	26 022	31 553
<b>Total contracts with suspensive conditions</b>	<b>60 117</b>	<b>135 576</b>
Project direct expenditure (per commitments table disclosed above)	<b>322 987</b>	<b>422 771</b>
Split into		
Project direct expenditure	<b>318 148</b>	<b>417 206 **</b>
Project admin expenditure	<b>4 839</b>	<b>5 565</b>
Project admin expenditure (in commitments)	4 839	5 565
Project admin expenditure - non contractual	<b>432</b>	<b>1 283</b>
<b>Total project admin expenditure (in commitments)</b>	<b>5 271</b>	<b>6 848 **</b>
Project direct expenditure	<b>318 148</b>	<b>417 206</b>
Total project expenditure	<b>5</b>	<b>424 054</b>

**\* Prior Year Error**

In the prior year, expenditure on a DG project, was omitted from the commitments note, leading to overstatement of the closing of commitments relating to project no 664.

This has been corrected retrospectively with impact as follows:

	2020/21 R'000 closing commit- ments value	2019/20 R'000 expendi- ture on commit- ments
As reported in prior year	337 064	418 467
Correction effected	(4 304)	4 304
<b>Prior year restated</b>	<b>332 760</b>	<b>422 771</b>

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

\*\* Presentation amended to align with current year

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2021

**18. COMMITMENTS (CONTINUED)****18.2 Other Commitments**Capital Expenditure

There were no capital expenditure commitments outstanding at year end.

**18.3 Operating Leases**

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

Not later than one year

Later than one year and not later than five years

Later than five years

	2020/21	2019/20
	R'000	R'000
Not later than one year	3 577	319
Later than one year and not later than five years	14 567	-
Later than five years	3 351	-
	<b>21 495</b>	<b>319</b>

BANKSETA entered into new operating leases during the year 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 on 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.

BANKSETA also participated in a transversal contract under National Treasury for printers. The lease contract for the printers ended on 6 April 2021

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

**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**

			2020/21	2019/20
	Incident/Detail of Irregular Expenditure	Disciplinary Steps Taken/ criminal proceedings	R'000	R'000
19.1.1	Cellphone contract entered into without National Treasury approval not to go out on competitive bid in contravention of National Treasury Instruction no 3 of 2016/17.	Remedial action on consequence management has started	-	500
19.1.2	The accounting system tender was awarded by the board. Subsequently BANKSETA did not sign the contract while investigating the tender process. Therefore payments were made before a contract was signed in contravention of National Treasury Regulation 8.2.1.	It was concluded that there were no irregularities in the tender process. The contract was subsequently signed. The irregular expenditure has been subsequently reversed and is shown as a prior year error below	-	-
19.1.3	Travel related payments made in excess of contract amounts in contravention of Treasury Regulation 8.2.1	Remedial action in regards to controls over expenditure management in line with the contract limits have been put in place. The disciplinary action is at an advanced stage and should be completed within the next 6 months.	-	781
19.1.4	Award that did not comply with one specification in the request for quotation and was deemed unfair in terms of the PFMA	Remedial action will be instituted by the entity.	116	-
19.1.5	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 will advise in regard to the remedial action required.	1 371	-
19.1.6	2017/18 Tender that was subject to a fraud hotline report, whereby the bids were not consistently evaluated and bidders fairly disqualified.	Determination report to be done.	-	6 220
<b>Total irregular expenditure incurred in the current financial year</b>			<b>1 487</b>	<b>7 501</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

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

19.1 Irregular Expenditure (continued)	2020/21	2019/20
	R'000	R'000
<b>Opening balance (restated)</b>	21 154	14 017**
Add: Irregular expenditure - current year	1 487	7 501 **
Less: amounts condoned by National Treasury	-	-
Less: correction of prior year' errors in recognition of irregular expenditure due to accounting contract	-	(364) *
<b>Closing Balance of Expenditure awaiting condonation/to be recovered</b>	<b>22 641</b>	<b>21 154</b>
<b>Irregular Expenditure awaiting condonation</b>	<b>22 641</b>	<b>21 154</b>
<b>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	-
<b>Total</b>	<b>22 641</b>	<b>21 154</b>

All the expenditure was in line with BANKSETA mandate and value was received.

**\* Details of Prior year Error**

In prior years BANKSETA recognised irregular expenditure in regards to an award of a tender for an accounting system. The award had been done via a public tender and approved by the Board. However subsequent to award and start of the accounting system service BANKSETA board received allegations that the tender was not done in line with legislation. The Board therefore did not sign the contract and the work proceeded on the basis of a purchase order. BANKSETA eventually established that the allegations were false and the tender was correctly awarded and the contract was signed. By that time BANKSETA has made payments amounting to R850 000 without a contract.

This was erroneously recorded as irregular expenditure of R364 000 in the 2018/19 financial year and R486 000 in 2019/20 financial year. BANKSETA's determination report concluded that this is not irregular expenditure.

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2021

**19. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)****19.1 Irregular Expenditure (continued)****\* Restatement of prior year opening balance**

Irregularities due to inconsistent evaluation and disqualification of bidders on a 2017/18 tender. The expenditure incurred in prior years on this amounted to R18,184,000. This has been shown by restatement of prior years figures as follows.

	<b>2019/20</b> <b>R'000</b>
Opening balance as previously stated	2 053
Expenditure on transaction flagged as irregular prior to March 2019	11 964
Restated opening balance	<b>14 017</b>
Restatement of 2019/20 Irregular expenditure	
2019/20 Irregular expenditure as previously stated	1 281
Addition due to 2017/18 tender	6 220
Restated 2019/20 Irregular expenditure	<b>7 501</b>

This prior year errors have no effect on opening reserves or the statement of financial position or performance.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

**19. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)****19.2 Fruitless and Wasteful Expenditure**

There were no losses experienced due to fruitless and wasteful expenditure in the current or previous year.

	2020/21	2019/20
	R'000	R'000
<b>Reconciliation of fruitless and wasteful expenditure</b>		
Fruitless and wasteful expenditure - opening balance restated	-	-
Fruitless and wasteful expenditure - current year	-	-
Less: amounts condoned by Board	-	-
Less: amounts recovered	-	-
Fruitless and wasteful expenditure awaiting condonation or recovery	-	-

	2018/19
	R'000
Opening balance 31 March 2019	40
Correction of prior year error	(40)*
31 March 2019 opening balance restated	-

**\*Details of Prior year Error**

The following prior period errors were identified and corrected retrospectively in the period affected by the error. The fruitless and wasteful expenditure recognised in 2018/19 financial year was the employee time and costs spent in evaluating a tender which was then not awarded. The tender was for the head office lease for five year. DHET extended the SETA licenses for only 2 years and the board decided it was best for BANKSETA to remain at the same offices. The tender was cancelled. The cost of time of permanent employees can not be wasteful as it can not be avoided regardless of what projects the employees worked on. The cancellation of the tender was in line with legislation. Had the correct interpretation been made, these cost should not have been classified as fruitless or wasteful. This prior year error has no effect on opening reserves or the statement of financial position or performance.

**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:



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

## 20. FINANCIAL INSTRUMENTS (CONTINUED)

	At amortised cost			TOTAL R'000
	Interest bearing		Non- interest bearing	
	Amount R'000	Effective interest rate	Amount R'000	
<b>Year ended 31 March 2021</b>				
Assets				
Cash	1 062 015	4,53%	-	1062 015
Other accounts receivable	-	-	3 596	3 596
<b>Total financial assets</b>	<b>1 062 015</b>	<b>4,53%</b>	<b>3 596</b>	<b>1 065 611</b>
Liabilities				
Trade and other payables and provisions	-	-	104 484	104 484
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>104 484</b>	<b>104 484</b>

**Year ended 31 March 2020**Assets

Cash and cash equivalents	899 068	7,24%	-	899 068
Other accounts receivable	-	-	5 577	5 577
<b>Total financial assets</b>	<b>899 068</b>	<b>7,24%</b>	<b>5 577</b>	<b>904 645</b>

Liabilities

Trade and other payables and provisions	-	-	23 443	23 443
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>23 443</b>	<b>23 443</b>

**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.

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.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2021

**20. FINANCIAL INSTRUMENTS (CONTINUED)****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.

**20.3 Ageing of financial assets and liabilities****The ageing of receivables from exchange transactions and non-exchange transactions**

	2020/21		2019/20	
	Gross R'000	Impairment R'000	Gross R'000	Impairment R'000
Not past due	3 596	-	5 577	-
Past due 0 - 30 days	-	-	-	-
Past due 31 - 120 days	-	-	-	-
Past due 120 - 365 days	-	-	-	-
More than one year	-	-	-	-
<b>Total receivables</b>	<b>3 596</b>	<b>-</b>	<b>5 577</b>	<b>-</b>

**The ageing of cash and cash equivalents:**

	2020/21		2019/20	
	Gross R'000	Impairment R'000	Gross R'000	Impairment R'000
Not past due	1 062 015	-	899 068	-
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>1 062 015</b>	<b>-</b>	<b>899 068</b>	<b>-</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2021

**20. FINANCIAL INSTRUMENTS (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>2020/21</b>						
Trade and other payables from exchange transactions	(6 712)	(6 712)	(6 712)	-	-	-
Trade and other payables from non-exchange transactions	(51 135)	(51 135)	(51 135)	-	-	-

	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>2019/20</b>						
Trade and other payables from exchange transactions	(4 054)	(4 054)	(4 036)	-	( 18)	-
Trade and other payables from non-exchange transactions	(22 111)	(22 111)	(22 111)	-	-	-

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.

**20.4 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 doubtful debt.

**20.5 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:

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2021

**20. FINANCIAL INSTRUMENTS (CONTINUED)****20.6 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.

	2020/21 R'000	2019/20 R'000
Cash and cash equivalents	1 062 015	899 068
Receivables from exchange transactions	3 596	5 577
	<b>1 065 611</b>	<b>904 645</b>

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.

**20.7 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 lead to negative impact on profitability for the major stakeholders in the sector for 2020. This is expected to results in reduction in employment within the sector in during the next year. The impact of this on BANKSETA's levy income is expected in the next financial year as disclosed under going concern note no 28.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2021

**21. ACCOUNTING PRONOUNCEMENTS****21.1 Standards and Interpretations Effective and Newly Adopted in the Current Year**

In the current year, BANKSETA adopted the following new standards and interpretations that became effective this financial year and that are relevant to its operations.

Standard/Interpretation	Statement	Impact
Separate financial statements	GRAP 34	Not applicable to BANKSETA
Consolidated financial statements	GRAP 35	Not applicable to BANKSETA
Investments in Associates and Joint Ventures	GRAP 36	Not applicable to BANKSETA
Joint Arrangements	GRAP 37	BANKSETA currently has no arrangements falling under this.
Disclosure of Interests in Other Entities	GRAP 38	Not applicable to BANKSETA
Living and non living resources	GRAP 110	Not applicable to BANKSETA
Accounting for Adjustments to revenue	IGRAP 20	Disclosures made in note 2.

**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.

Standard/Interpretation	Statement	Effective date, commencing on or after
Employee Benefits	GRAP 25	No effective date set
Financial Instruments	GRAP 104	No effective date set
Guideline on Accounting for Landfill Sites	guideline	No effective date set
Guideline on the application of Materiality to Financial Statements	guideline	No effective date set
Application of Standards of GRAP by Public Entities That Apply IFRS Standards	Directive 14	Effective for accounting periods starting 1 April 2021

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.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

### 21. ACCOUNTING PRONOUNCEMENTS (CONTINUED)

#### 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.

#### 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.

#### 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 BANKSETA and will not impact on its future reporting.

#### 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 BANKSETA's reporting.

#### Directive 14: Application of Standards of GRAP by Public Entities That Apply IFRS Standards.

This Standard should have no impact on BANKSETA's reporting as BANKSETA has always applied GRAP Standards

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

### 22. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the SETA's accounting policies management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. 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.

#### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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

The SETA has reviewed the residual values used for the purposes of depreciation calculations in light of the amended definition of residual value. The useful lives of assets were reassessed at the end of the financial year as per the table shown below. The new depreciation rates have been applied prospectively from the beginning of the financial year. Residual values are reviewed annually. Refer to note 8 and 9 for the respective carrying values.

#### Covid-19 implications on going concern basis

There is significant uncertainty in regard to the continuing negative economic impact of the Covid-19 induced lockdown restrictions on stakeholders profitability and employment levels in general as well as the impact on BANKSETA future levies. The threat of further Covid 19 waves may impact BANKSETA's ability to deliver discretionary programmes. BANKSETA has used the latest information from stakeholders in the sector and their ability to complete or participate in discretionary programs under the present Alert level 1.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2021

**23. 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:

**23.1 INTERSETA Balances and transactions**

InterSETA transactions and balances arise due to the movement of employers from one SETA to another.

The balances at year-end included in receivables and payables are:

	2020/21		2019/20	
	Amount of the transaction	Amount receivable/ payable	Amount of the transaction	Amount receivable/ payable
	R'000	R'000	R'000	R'000
Payables	-	2 000	-	-
HWSETA		2 000		
<b>Total</b>	<b>-</b>	<b>2 000</b>	<b>-</b>	<b>-</b>

\*Note that relating to SETA transfer that the amount of the transaction, where applicable, includes interest and penalties transferred to or from the SETA.



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2021

**23. RELATED PARTY TRANSACTIONS (CONTINUED)****23.2 QCTO**

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	2020/21		2019/20	
			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	7	5 793	-	5 300	-

**23.3 Public Universities and Universities of Technology (UoTs)**

BANKSETA and the public universities and the universities of Technology are public entities under the common control of DHET.

BANKSETA funds programs through the public universities and the UoTs as follows

- bursary programs benefitting learners
- work integrated learning programs benefitting learners
- 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 23 below.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

**23. RELATED PARTY TRANSACTIONS (CONTINUED)****23.4 Technical and Vocational Colleges (TVETs)**

BANKSETA and the TVETs are public entities under the common control of DHET.

BANKSETA funds the following programs through the TVETs

- bursary programs benefiting learners
- work integrated learning programs benefiting learners

The year end balances (payable and/or receivables) and outstanding commitments to the TVETs are shown at the end of note 23 below.

**23.5 NSFAS**

BANKSETA and the NSFAS are entities under the common control of DHET.

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.

Type of entity	Nature of transaction	2020/21		2019/20	
		Net Payable/ Receivable at year end	Commit- ment Value At year end'	Net Payable/ Receivable at year end	Commit- ment Value At year end'
		R'000	R'000	R'000	R'000
TVETs	Bursaries			-	798
TVETs	Work Integrated Programs	(876)	13 627	-	37 445
Universities and Universities of Technology	Bursaries	(2 107)	48 950	(409)	1 120
Universities and Universities of Technology	Work Integrated Programs	(660)	1 650	-	14 274
Universities	Research programs	-	-	(1 702)	1 590
NSFAS	Bursaries	-	-	-	5 004
<b>Subtotal related parties balances and transaction i.e.. Programmes</b>		<b>(3 643)</b>	<b>64 227</b>	<b>(2 111)</b>	<b>60 230</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.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

**24. REMUNERATION OF MEMBERS OF THE ACCOUNTING AUTHORITY, COMMITTEE MEMBERS AND MANAGEMENT****24.1 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:

**Remuneration of Members of the Accounting Authority and Committee members**

	Meeting and Preparation fees	Ad-hoc Meetings	Total 2020/21	Total 2019/20
	R'000	R'000	R'000	R'000
N Makhanya (Chairperson)	346	68	414	326
M Lekota	245	-	245	190
J Kokela (term ended 31 March 2020)	-	-	-	151
S Anthony (term ended 31 March 2020)	-	-	-	254
D Cedras	286	21	307	182
N Jonas (term ended 31 March 2020)	-	-	-	186
L Selepe (term ended 31 March 2020)	157	7	164	116
S Padi (term ended 31 March 2021)	-	-	-	208
V Moodley (term ended 31 March 2021)	-	-	-	217
M Moodley	171	5	176	284
L Voss-Price (resigned effective December 2019)	-	-	-	80
M Matle	227	11	238	-
N Sekgaphane	263	20	238	-
B Makasi (resigned effective 28 August 2020)	94	-	94	-
L Lekota	26	-	26	-
L Mhlongo	212	-	212	-
L van Pletzen	228	-	228	-
P Landman	176	-	176	-
R Phillips (resigned effective 30 November 2020)	101	-	101	-
V Hattingh	222	7	229	-
B Nyakane	173	-	173	-
P Siphuma	244	-	244	-
<b>Aggregate remuneration Accounting Authority members</b>	<b>3 135</b>	<b>139</b>	<b>3 274</b>	<b>2 194</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

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

	Meeting and Preparation fees	Ad hoc Meetings	Total 2020/21	Total 2019/20
	R'000	R'000	R'000	R'000
<b>Remuneration of Independent committee members</b>				
P Dala – Chairperson (appointed effective 01 December 2020)	51	-	51	-
N Maharaj (term ended 31 July 2020)	45	2	47	427
S Yanguya (resigned 5 July 2020)	-	-	-	102
C de Kock (resigned effective 22 August 2019)	-	-	-	61
L Mangquku (appointed effective 20 February 2020)	15	-	15	13
T Mbatha (appointed effective 01 December 2020)	26	-	26	-
M Pillay (appointed effective 01 December 2020)	26	-	26	-
<b>Aggregate remuneration independent ARC committee members</b>	<b>163</b>	<b>2</b>	<b>165</b>	<b>603</b>
<b>Aggregate remuneration of all members of the Accounting Authority and its Sub-committees</b>	<b>3 298</b>	<b>141</b>	<b>3 439</b>	<b>2 797</b>
Number of persons			20	15

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

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

## 24.2 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
	2020/21	2020/21	2020/21	2020/21	2020/21	2019/20
	R'000	R'000	R'000	R'000	R'000	R'000
CEO	375	57	17	-	449	1 946
Acting CEO	645	80	425	281	1 431	- *
CFO	1 371	171	98	557	2 197	2 028
GM Operations	1 351	168	116	570	2 205	2 027
GM Corporate Services	1 333	166	136	570	2 205	2 027
<b>Total</b>	<b>5 075</b>	<b>642</b>	<b>792</b>	<b>1 978</b>	<b>8 487</b>	<b>8 028</b>

\* The HR Manager acted as the CEO for a period of 10 months of the year.

\*\* The CEO joined the SETA in mid January 2021.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

## 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	2020/21		2019/20	
			Amount of the transaction	Amount receivable/ (payable)	Amount of the transaction	Amount receivable/ (payable)
			R'000	R'000	R'000	R'000
<b>Payables</b>						
ABSA	(Authority member)	Discretionary and mandatory grants	(3 121)	(3 121)	-	-
First Rand Bank	Accounting Authority Member	Discretionary and mandatory grants			(3 157)	(3 157)
Nedbank	Accounting Authority Member	Discretionary and mandatory grants	-	-	(1 777)	(1 777)
Standard Bank	Accounting Authority Member	Discretionary and mandatory grants	(6 837)	(6 837)	(3 113)	(3 113)
South African Reserve Bank	Accounting Authority Member	Discretionary and mandatory grants	(303)	(303)	(280)	(280)
Sasbo	Accounting Authority Member	Discretionary and mandatory grants	-	-	(8)	(8)
Landbank	Accounting Authority Member	Discretionary and mandatory grants	(50)	(50)	-	-
NEF	Accounting Authority Member	Discretionary and mandatory grants	(19)	(19)	-	-
<b>Total</b>			<b>(10 330)</b>	<b>(10 330)</b>	<b>(8 335)</b>	<b>(8 335)</b>

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

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

### 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 013 000 (2019/20: R1 998 000) is retained in the administration reserve equal to the carrying value of property and equipment, and intangible assets.

The terms of the Skills Development Act, 1999 as amended, BANKSETA applied to DHET to exceed the 10.5% administration cost level of budget R108 350 000 by R25 337 000 in 2020/21 financial year due to the effects on its levy income of the 4 months skills development levy holiday gazetted in the Income Tax Act 2020. This was approved by the Minister.

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

An amount of R136 000 (2019/20: R115 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 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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

## 27. COVID-19 IMPACT IN 2020/21 FINANCIAL YEAR

BANKSETA was impacted materially by the effect of restrictions within the banking and alternative banking sector in 2020/21 financial year.

### 27.1 Four month skills development levy suspension.

On 1 May 2020, in response to the National State of Disaster and the associated significant negative cashflow effect of the extended nation-wide lockdown on tax payers, the National Treasury gazetted the Disaster Management Tax Relief Bill (2020), to assist businesses with liquidity constraints in a time where business activity was likely to see an unprecedented decline. Government legislated a four-month holiday (non-payment) for skills development levy contributions made by employers, beginning 1 May 2020 and ending on 31 August 2020. This was a suspension and not a deferral of SDL payments, as a result employers did not become liable for those amounts after 31 August 2020. This meant that all levy payers including those in the banking and alternative banking sector paid no levies for 4 months and BANKSETA did not receive any levies for that period except for levy adjustments from prior periods.

This led to BANKSETA adjusting its 2020/21 levy revenue budgets downwards by R235 million to cover this period as disclosed in the statement of comparison of actuals to budget..

Post the 4 month SDL holiday, stakeholder receipts were in line with expectations despite the negative economic effects of the lockdown on general business activity and employment which fed into negative impacts on banking profitability.

### 27.2 Impact of Covid on BANKSETA's Ability to Deliver Skills Development Services.

The stakeholders within the banking and alternative banking sectors were deemed as essential to the economy and were not ordered to close under Alert Level 5 lockdown from March to May 2021. However their operations were severely restricted and the staffing levels at their branches and operations also restricted.

This in turn led to stakeholders being unable to host learners on work integrated programs and Learnerships and provide the required mentorship and on-the-job- training at the bank's workplace. Some projects were delayed for some months, before resuming and then BANKSETA had to extend the programmes and pay learner stipends for additional months during the hard lockdown. Some programmes could use other delivery methods like simulation to complete the programmes. Other projects were shortened and some of the modules were not delivered.

In addition the start of the 2021/22 WIL programmes with a workplace component which normally began in February were delayed by up to 4 months and some programmes were cancelled in their entirety. Stakeholders also could not commit their participation in new projects and the planned projects were either delayed or cancelled.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

## 27. COVID-19 IMPACT IN 2020/21 FINANCIAL YEAR (CONTINUED)

BANKSETA had to cancel several contracts with service providers due to this, but no penalties were paid.

The completion of the 2020 academic year was also delayed into 2021. The 2021 intake was delayed and the 2021 higher education programmes did not start before year end.

All the above resulted in decreased discretionary grant expenditure in 2020/21 financial year.

### 27.3 Impact of Covid on BANKSETA's Administration Expenditure

BANKSETA closed its offices during Alert Level 5 of the lockdown as it was not deemed essential. The offices were re-opened with restricted staff numbers as deemed appropriate at each lockdown level. 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.

### 28.1 Covid-19 Related Uncertainties Impact on Going Concern

The Covid pandemic that began in 2020 is ongoing and currently South Africa is under adjusted Level 3 where most businesses are allowed to operate with limited restrictions.

However, the threat of a third Covid wave is still imminent and the country's vaccination drive is still to gain momentum.

Should a third wave and more 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 BANKSETA.

BANKSETA acknowledges the uncertainty this presents and the potential threat to BANKSETA's revenue. However, BANKSETA management is of the view that the government's 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.

### 28.2 BUSA Matter In Respect of Mandatory Grant percentage

In 2019, the court struck down the Minister's reduction of mandatory grants percentage 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 can be reported as at year end on this matter. 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. The matter is not expected to impact on BANKSETA's ability to continue as a going concern.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

### 28. GOING CONCERN (CONTINUED)

#### 28.3 Contributions towards Covid Related Alleviation Skills development Programs

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 three days 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. BANKSETA still intends to fund these projects with its existing surpluses as at 31 March 2021. However, legislation requires that BANKSETA requests and obtains National Treasury's approval to retain the surplus and direct it towards the identified projects. Such approvals are normally only finalised in October after the audited annual reports are tabled.

These projects should not impact BANKSETA's going concern status as the projects would only proceed if National Treasury approves the retention of the existing surplus as at 31 March 2021

#### 28.4 Surplus retention and approval

BANKSETA has a surplus of R964 679 000 as of 31 March 2021, which it has applied to National Treasury to retain and utilise to fund the discretionary grants commitments disclosed in note 17.1.

Should 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.

#### 28.5 Combined effect

After assessing the combined effect of all the above, 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..

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

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

### 30.1 Adjustment to budget

DHET approved the original and revised budgets. National Treasury approved the original and revised budgeted deficit. In response to the negative economic effects of the Covid induced lockdowns, the Minister of Finance announced a 4 month SDL holiday effective from 1 May 2020, whereby levy payers were exempted from paying SDL to SETA's

In July 2020, National Treasury allowed public entities to revise their budget to take into account adjustments in planned programmes, income and expenditure, due to the new economic outlook.

BANKSETA revised its budgets accordingly and also reviewed its discretionary grant programmes. The revised budget and revised deficit were approved.

The National Treasury approved that BANKSETA retain its 2019/20 surplus of R857 256 000. However, due to the Covid restrictions, public sector financial reporting and the surplus approval was delayed by two months. The approval of the surplus was only given in December 2020, when it was deemed too late to adjust budgets to utilise some of this surplus in the 2020/21 financial year.

Legislation requires that the SETA annually, in August submit a budget to the Minister for approval. Any subsequent changes required to the initial budget are approved by the SETA's Board on recommendation of the Finance and Remuneration Committee.

In addition in the year under review, the negative economic impacts of the Covid-19 pandemic required public entities to reprioritise spending and SETA's SDL revenue was reduced by legislative changes. Public entities were requested to review and amend their budgets as necessary and the revised budgets were approved by the Minister.

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

The levy receipt for the current year was 5% lower than the revised budgets for the year and 30% above prior year. BANKSETA was impacted by a R33 million levy reversal which SARS/DHET did not collect. This is disclosed as a levy provision in BANKSETA's year end records. The 30% drop from prior year is mainly due to the 4 month SDL holiday.

The 30% drop from prior year is mainly due to the 4 month SDL holiday.

### 30.3 Skills Development Levy: penalties and interest from non-exchange transactions

Income from penalties and interest arise when employers fail to comply to taxation legislation either through late or incorrect declarations or late payments. The level indicates the non-compliance mainly within the big banks. These amounts typically vary significantly year on year and indicates growing non-compliance in the sector. The full balance is made available for discretionary projects.

### 30.4 Investment revenue from exchange transactions

Investment revenue from exchange transactions was 39% greater than budgeted due to BANKSETA having a bigger investment pool caused by decreased discretionary grant and project expenditure in prior year and the year under review. The reasons for this decreased expenditure is noted in 30.5 below.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

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

#### 30.5 Employer grant

The approved final budget includes the estimated mandatory grant spending of the current financial year based on budgeted mandatory grant levies. There was a decrease in the levy budget as outlined in note 28.1. The mandatory grant claim ratio remained at 97%.

#### 30.6 Project and discretionary grant expenditure

BANKSETA underspent in this category by 57%.

The reasons include:

- 30.6.1 BANKSETA began 2020/21 year with a very low level of commitments due to disruption in supply chain management activities in 2019/20. The opening commitments is the base from which project expenditure draws from within the first 6 months of the year.
- 30.6.2 Board approvals of the discretionary funding windows facilities for 2020/21 were only received in September 2020, a delay of 4 months, leading to the applications only being approved in March 2021. BANKSETA could therefore not make much progress on the 2020/21 discretionary projects. BANKSETA will advertise the 2021/22 funding windows earlier to ensure this is not repeated.
- 30.6.3 Covid induced disruption in SCM for three months and challenges due to the long tender approval system which requires board approval. BANKSETA struggled to catch up. In addition there was uncertainty on the uptake of some projects leading to delays in advertising the tenders.
- 30.6.4 Covid restrictions led to disruptions in projects that required classroom attendance and/or work based learning. BANKSETA moved to other delivery methods where ever possible.
- 30.6.5 Cancellation of parts of some programs due to Covid restrictions.
- 30.6.6 The extension of the 2020 academic year for higher education and the subsequent delays in start of the 2021 intake. It is yet to be determined if this will have a knock on effect on 2021 completions.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2021

**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.

DHET approved that BANKSETA may exceed the legislated limit of 10.5% of levies received in the sector by R25 337 000. The original budget was R108 350 000. The sector's levies decreased due to the 4 month levy holiday effective from May 2020. BANKSETA has maintained its admin expenditure within this level.

The larger variances for 2020/21 year are as follows:

-	Employment costs	13% below budget	BANKSETA had an average of 5 vacancies during the year. The CEO vacancy was filled in January 2021
-	Audit Fees	34% below budget	External audit was delayed by 2 months due to Covid-19 restrictions
-	Communications and Marketing Costs	28% below budget	Covid-19 restrictions on meetings and exhibitions limited this work..
-	Consultation costs	95% below budget	The planned staff restructure work was delayed to 2020/21.
-	Research costs	25% below budget	There were no acceptable submissions for some tenders for research.
-	Travel costs	79% below budget	Covid-19 restrictions on travel limited this work.

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







**ANTI-FRAUD HOTLINE: 0800 222 985**  
Anti-fraud Email: [faircall@kpmg.co.za](mailto:faircall@kpmg.co.za)  
General Email: [info@bankseta.org.za](mailto:info@bankseta.org.za)

**GAUTENG HEAD OFFICE**

Telephone: +27 (0) 11 805 9661  
Facsimile : +27 (0) 11 805 8348

Eco Origin Office Park,  
Building C2,  
349 Witch-hazel Ave,  
Eco-park Estate,  
Centurion,  
0144

**EASTERN CAPE OFFICE**

Telephone: +27 (0) 43 721 3349  
Facsimile : +27 (0) 86 574 2888

Waverly Office Park,  
Phase 4 Building,  
3-33 Phillip Frame Road,  
Chiselhurst,  
East London,  
5247

**FREE STATE OFFICE**

Telephone: +27 (0) 51 406 9365  
Facsimile : +27 (0) 86 667 7966

Motheo TVET College Central  
Office,  
C/O Georges and Aliwal Street,  
Bloemfontein,  
9300

**LIMPOPO OFFICE**

Telephone: +27 (0) 15 297 0199  
Facsimile : +27 (0) 86 218 0124

30 Dimitri Crescent – Unit 1,  
Bendor Ext 59,  
Platinum Park,  
Polokwane,  
0699

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

