



ANNUAL REPORT

2020/21

The CBDA has contributed to the medium-to long-term goals of the NDP insofar as the agency has assisted in facilitating increased access to financial services by communities to ensure economic transformation, by an increase in co-operative banking membership, deposits and number of sustainable entities underpinned by operational efficiency derived from innovative solutions and technological interventions.

E Godongwana
Minister of Finance
2021





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GENERAL INFORMATION

PART A

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	Co-operative Banks Development Agency
REGISTRATION NUMBER (if applicable):	None
PHYSICAL ADDRESS:	27 th Floor, National Treasury Building 240 Madiba Street Pretoria, 0001
POSTAL ADDRESS:	Private Bag X115 Pretoria, 0001
TELEPHONE NUMBER/S:	+27 (0)12 315 5932
EMAIL ADDRESS:	cbda@treasury.gov.za
WEBSITE ADDRESS:	www.treasury.gov.za/coopbank
EXTERNAL AUDITORS:	Auditor-General of South Africa Daventry Street Lynnwood Bridge Office Park Lynnwood Manor Pretoria, South Africa
BANKERS:	First National Bank FNB Bank City Cnr Rahima Moosa & Simmonds Streets Johannesburg, South Africa.
COMPANY/BOARD SECRETARY:	JD van Niekerk (Acting Board Secretary)

2. LIST OF ABBREVIATIONS/ACRONYMS

ACCOSCA	African Confederation of Co-operative Savings and Credit Associations
AGSA	Auditor-General of South Africa
AFS	Annual Financial Statement
APP	Annual Performance Plan
ASISA	Association for Savings, and Investments South Africa
BANKSETA	Banking Sector Education and Training Authority
B-BBEE	Broad-Based Black Economic Empowerment
CBDA	Co-operative Banks Development Agency
CB	Co-operative Bank
CBI	Co-operative Banking Institution
CFI	Co-operative Financial Institution
CBU	Capacity Building Unit
CSU	Corporate Services Unit
CSS	Central Support Services
DIF	Deposit Insurance Fund
DPSA	Department of Public Service and Administration
ECTTC	Eastern Cape Transportation Tertiary Co-operative
ERM	Enterprise Risk Management
FNB	First National Bank
FSCA	Financial Services Conduct Authority
FSRA	Financial Sector Regulation Act
GRC	Governance, Risk and Compliance
GRAP	Generally Recognised Accounting Principles
HIRA	Hazard Identification and Risk Assessment
HR	Human Resources
HR&R	Human Resources and Remuneration
ICT	Information and Communications Technology
IESBA	International Ethics Standards Board for Accountants
ISAs	International Standards on Auditing
IT	Information Technology
MD	Managing Director

2. LIST OF ABBREVIATIONS/ACRONYMS (continued)

MoU	Memorandum of Understanding
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NASASA	National Stokvel Association of South Africa
NCR	National Credit Regulator
NT	National Treasury
OAG	Office of the Accountant General
PAA	Public Audit Act 25 of 2004
PFMA	Public Finance Management Act
PA	Prudential Authority
PEOU	Public Entities Oversight Unit
SAICA	South African Institute of Chartered Accountants
SANCOE	South African Transport Centre of Excellence Secondary Co-operative
SARB	South African Reserve Bank
SCM	Supply Chain Management
SEDA	Small Enterprise Development Agency
SLA	Service Level Agreement
TOR	Terms of reference
TR	Treasury Regulations
WB	World Bank

3. FOREWORD BY THE MINISTER



E Godongwana
Minister of Finance

The Co-operative Banks Development Agency (CBDA) typical delivery mechanism was severely disrupted by the COVID-19 pandemic through its inability to conduct onsite direct technical assistance and training to the Co-operative Banking Institutions (CBIs). Notwithstanding, the CBDA and Co-operative Financial Institutions' ability to adapt was commendable, with the CBDA largely delivering on its mandate using collaborative internet-based platforms such as Teams and Zoom.

The CBDA in collaboration with the Prudential Authority (PA) recognised that COVID-19 could have an impact on the financial soundness of CBIs, nevertheless, expecting these institutions to continue operating in a prudent, sound, and socially responsible manner. With the assistance of the PA, a temporary regulatory relief package of supervisory actions to alleviate the stress caused by the COVID-19 pandemic on CBIs was provided. The PA and the CBDA were able to ensure that the sector was not adversely affected by COVID-19.

The pandemic accelerated demand for online financial solutions. Unfortunately, many CBIs do not have the necessary scale to facilitate the provision of financial services accessed and delivered through digital channels. The digitisation of the sector remains a challenge in the backdrop of the rapid acceleration of digital solutions across the economy.

The co-operative banking sector has shown a growth in deposits from R349 million to R419 million over the past financial year, with an additional CFI being registered as a co-operative bank. The slower increase in membership of 14.7% is of concern as stronger growth is required to impact the financial inclusion objectives as contained in the National Development Plan (NDP).

Overall, the agency has contributed to the medium-to long-term goals of the NDP insofar as the agency has assisted in facilitating increased access to financial services by communities to ensure economic transformation, by an increase in co-operative banking membership, deposits and number of sustainable entities underpinned by operational efficiency derived from innovative solutions and technological interventions.

3. FOREWORD BY THE MINISTER (continued)

I would like to express my heartfelt appreciation to the CBDA Board of Directors, management, and staff for their unwavering commitment to the promotion of cooperative banking, which helps to increase national savings and thus improves the lives of South Africans. When the strategy is successfully implemented within the sector, it is expected that the sector will grow in terms of membership, asset size, savings volumes, and capital levels.

I would like to encourage the sector to participate in the strategy's implementation and to collaborate effectively with the CBDA and other stakeholders. The National Treasury will continue to champion the CBDA to ensure that the sector is promoted and supported in improving the members' livelihoods through financial inclusion strategies.



E Godongwana
Minister of Finance

4. FOREWORD BY THE CHAIRPERSON



Mr Luyanda Ntuane
CBDA Board Chairperson

The national state of disaster was taking effect as our 2020/21 financial year was about to start and the year proved to be an eventful one for all South Africans. The nationwide restrictions had profound economic implications because of the reduced levels of activity and the impact on the co-operative banking sector was to be devastating. The Co-operative Banks Development Agency (CBDA) had to consider what the national lockdown and restrictions would mean for the sector as well as the effects of these restrictions on the delivery of our mandate to develop competitive, accessible, and sustainable Co-operative Banking Institutions (CBIs) that empower communities.

Despite the gloomy economic outlook, the CBDA Board remained committed to steer and guide the CBDA in delivering on its national duty. The economic climate inhibited activity and growth in the sector, thus minimising our contributions to Medium-Term Strategic Framework (MTSF) priority 2, Economic Transformation and Job Creation. The CBIs were faced with losses in human capital due to the pandemic and a decline in member activity and deposits. This situation, coupled with lack of infrastructure to provide financial products and services through digital means, rendered most of the CBIs non-operational during the stricter levels of the national lockdown. The Board continues to support the senior management team in reconfiguring the CBDA to achieve an efficient financial and operational model which drives co-operative banking sector growth.

Economic transformation and financial inclusion remain priority and we continue to drive initiatives in the sector that will transform the lives of all South Africans by broadening access to and participation in financial services. The CBDA, in collaboration with National Treasury (NT) and the World Bank (WB), is assisting the sector to adopt a National Co-operative Banking Strategy from the strategic options workshopped with Co-operative Financial Institutions (CFIs), Co-operative Banks (CBs) and the sector participants. This collaboration aims to advance the development of the South African co-operative banking sector and contribute to the economic and social well-being of all South Africans.

4. FOREWORD BY THE CHAIRPERSON (continued)

The CBDA, in carrying out its mandate to support and develop responsible financial co-operatives, has realised an accelerated use of digital platforms for the support and training offered during the period of reporting. This provided opportunities for reflection on and reinvention of our services to the sector. In its efforts to modernise operations within the CFIs and CBs, the CBDA will be assisting in and facilitating the digitisation of the CBI operations by providing first-level support and advisory services to CBIs and creating incentives to digitise.

As the Chairperson of the CBDA Board, I would like to take this opportunity to thank the Board members; my colleagues, who demonstrated commitment to excellence and served the CBDA with distinction through a challenging year. I would also like to thank the CBDA senior management and staff under the stewardship of Mr David de Jong, Acting Managing Director; for their dedication to developing the co-operative banking sector. I look forward to serving with teamwork and good relations with the entire Board of Directors and senior management of the CBDA. I am confident that the CBDA will maintain constructive working relations with all sector participants, enabling the CBDA to realise its vision.

On behalf of the Board, I would like to thank the NT for its unwavering support in ensuring the CBDA objectives are met. I would also like to acknowledge the assistance provided by the Department of Planning, Monitoring and Evaluation and other government departments and agencies that have assisted the CBDA in achieving its mandate over the years, namely the provincial Departments of Economic Development (DEDs) and the Banking Sector Education and Training Authority (BANKSETA).

I convey my sincerest gratitude to the CBIs for improving the quality of support we provide to the sector through your participation in our developmental programmes. While the pandemic has presented constraints to the effective delivery of our mandate and CBI delivery of financial intermediary services to the membership, these constraints call on all sector participants to act collectively in optimising and leveraging opportunities for sector growth and greater financial inclusion. We will continue to increase our agility to respond to the needs of the CBIs and the dynamic nature of sector development as we make every effort towards a sustainable co-operative banking sector.



Mr Luyanda Ntuane

CBDA Board Chairperson

Co-operative Banks Development Agency

31 July 2021

5. ACTING MANAGING DIRECTOR'S OVERVIEW



Mr David de Jong
Acting Managing Director

Unlike in previous years, the Acting Managing Director's report will focus on the financial aspects of the public entity, whilst the situational analysis, service delivery and organisational environment as well as highlights will be covered in Part B: Performance Information.

General financial review and spending trends

The CBDA is financially stable and has sufficient funds to meet its obligations and commitments. The COVID-19 pandemic drastically reduced spending on our programmes, resulting in a surplus of R7 789 000. This was due to the fact that several programmes, for which the CBDA provided programme funds in advance, were suspended and funds were therefore not spent. There were also cost savings by the Capacity Building Unit (CBU) as a result of working virtually, rather than on site (as is the norm). This situation might, however, result in the CBDA transferring a sizable amount of unspent funds back to the Fiscus.

The CBDA expenditure is 73% to total revenue. The expenditure makes up 57% of compensation, 38% of services in kind, 1% toward operations in terms of travel and 4% for administration with major costs relating to audit and governance.

During this period, the CBDA procured laptops due to equipment being fully depreciated. The process started in Quarter 4 of the previous financial year but was delayed due to the pandemic. Delivery only took place in December 2020. Other planned consulting procurement for the period, which includes accounting services, editing services, design and layout for the Annual Report, minute taking and training, software for Human Resources (HR) and the procurement of an accounting system, only commenced in Quarter 4 of the financial year. The CBDA will finalise these matters in the new financial year.

5. ACTING MANAGING DIRECTOR'S OVERVIEW (continued)

Capacity constraints and challenges facing the public entity.

The CBDA remains challenged and constrained by its responsibilities as a schedule 3A entity. The transfers provided are insufficient for entities governance and compliance requirements, thereby deviating funds from its core programmes to achieving its mandate. Only 50% of staff are dedicated to delivering on the primary capacity building needs of the sector. The rest of the CBDA's focus is on meeting its corporate and operational responsibilities as an entity. Oversight includes reporting to the Board, Audit Committee, Internal Auditors and the Information, Communications and Technology (ICT) and Risk Committee as well as reporting to the National Treasury's oversight departments, such as the Ministry and Public Entities Oversight Unit (PEOU).

Discontinued activities/activities to be discontinued

The decision taken in November 2019 not to renew the information technology system contract with EOH Limited, referred to as the Banking Platform implemented through the Central Services Section (CSS), resulted in the integration of eight staff members into the organisation. Six staff members were deployed into the CBU, with two staff members were integrated into the Corporate Services Unit (CSU). The finalisation of the lateral transfers was only completed in October of 2020. All staff members transferred needed to be upskilled into their new positions. A technical advisors skill programme was rolled out in which all staff members had the opportunity to participate. Having overcome initial contractual concerns, all staff members seem to be well embedded and productive in their new roles within the CBDA. This lateral movement is in strict compliance with the code of good practice on dismissal based on operational requirements as envisaged in the labour legislation/Labour Relations Act (Fair reasons for dismissal paragraph 2) and Section 14 (transfers within public service) and Section 15 (transfer and secondment from and to public service officials) of the public service act as amended from time to time.

New or proposed activities

Having terminated the banking platform, the CBDA has been engaged on its options for assisting and facilitating the digitisation of the CBIs. Going forward, the CBDA's focus will be advisory, through prioritisation of a baseline study of digital solutions used by CFIs. Based on this system review, the CBDA can advise CBIs on recognised and well-used digital solutions. In addition, the CBDA is proposing to draft Memorandums of Understanding (MOUs) with system providers to provide first-level support to CBIs and creating incentives for CFIs to digitise.

During lockdown, the Capacity Building Unit (CBU) successfully reached all CBIs virtually. They were able to provide both direct technical assistance and training to large groups. Over the next three years, the CBDA intends to focus on automation and digitisation, which should result in creating an interactive online presence with a suite of available training materials and tools.

The NT supports a phased approach toward achieving the above, with a focus on the development of training materials as the current priority. The CBDA Corporate Section is also implementing a digitisation drive to enhance efficiencies within the organisation.

Requests for roll-over of funds

The CBDA would be requesting roll-over of funds relating to the initiated procurement expenditure for 2020/21 that will be finalised in the next financial year because of delays due to the pandemic. The request would also include costs to address pandemic-related service delivery issues to carry out CBDA services more effectively and efficiently.

Supply chain management

The CBDA continues to utilise National Treasury shared supply chain management (SCM) services as part of cost containment. Challenges have been experienced in resolving findings relating to SCM due to service by a third party and a significant misstatement on the financial statements. Currently the CBDA is in the process of strengthening the relationship with the National Treasury Supply Chain Management SCM through a revised Service Level Agreement (SLA) which outlines the responsibilities and timelines of service delivery. This is in response to several Auditor-General of South Africa findings related to weak processes relating to SCM.

Audit report matters in the previous year

The CBDA management have implemented an action plan to address both internal and external audit matters. These matters are monitored, updated, and tabled monthly at a management meeting. Internal Audit was also requested to review these findings on a quarterly basis and to submit quarterly reports to CBDA management. The Audit Committee provides quarterly oversight when these reports are tabled.

Challenges experienced

The CBDA was presented with a report which implicated some CBU staff members in fraudulent activities relating to venues and accommodation, which were secured for training that never took place. The issue was dealt with swiftly and the National Treasury has laid a criminal case with the South African Police Services. The CBDA has a zero-tolerance policy on fraud and is strengthening its internal operations control processes in this regard.

Misstatements in the financial statements are attributed to lack of segregation of duties in our finance unit, and capacity and skill gaps have been identified. Management is in the process of sourcing a service provider to review reports prepared, and mentor and coach the finance staff.

Economic viability of the CBDA

During the past year, the CBDA reduced its core spending on its capacity building programmes as it was unable to host on-site programmes which resulted in a surplus for this financial year. Looking forward, the CBDA remains constrained in carrying out all its programmes due to insufficient budget. A request to the National Treasury to retain surplus has been made, to enable the CBDA to carry out core activities within its mandate in the short and medium term.

Events after the reporting date

Management is not aware of any events after the reporting date.

Outlook/plans to address financial challenges.

It is projected that the financial outlook for the 2022 financial year will be positive, due to constrained spending in place for at least the first half of the year because of ongoing COVID-19 restrictions. Once the situation is 'back to normal' and heading into 2023, the CBDA is likely to be fully capacitated and able to resume on-site technical assistance. The CBDA projects tighter budgets, exacerbated by Medium Term Expenditure Framework (MTEF) reductions. The CBDA strategy to mitigate this and still meet its mandate, is to focus on utilising stakeholder support and 'train the trainers' to achieve its outreach objectives more effectively.

5. ACTING MANAGING DIRECTOR'S OVERVIEW (continued)

Acknowledgements

I would like to take this opportunity to thank the NT for their continued support in terms of the operational budget and co-ordination with the Finance Department and Ministry; the CBDA Board of Directors for their support in providing strategic direction of the CBDA; the management of the CBDA for working tirelessly together with the staff in implementing the strategic plan of the organisation; our stakeholders, particularly the World Bank Group, BANKSETA and Gauteng Department of Economic Development and South African Reserve Bank (SARB) for running joint programmes with the CBDA in the past year. An acknowledgement of work well done is deserved by our CBIs for continuing to provide services to their members in these difficult times. Finally, a huge word of thanks to the Prudential Authority for their support in my extended secondment to the CBDA.



Mr David de Jong

Acting Managing Director

Co-operative Banks Development Agency

31 July 2021

6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

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

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

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

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

The Annual Financial Statements (Part E) have been prepared in accordance with the General Recognised Accounting Practice standards applicable to the public entity.

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

The Accounting Authority is responsible for establishing, and implementing, a system of internal controls which has been designed to provide reasonable assurance regarding the integrity and reliability of the performance information, human resources information and Annual Financial Statements.

The Auditor-General of South Africa as 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.



Mr David de Jong
Acting Managing Director
31 July 2021



Mr Luyanda Ntuane
Chairperson of the Board
31 July 2021

7. STRATEGIC OVERVIEW

Vision

To facilitate financial inclusion, economic transformation, and sector competitiveness to grow the co-operative banking sector.

Mission

The mission of the CBDA is to develop the co-operative banking sector through:

- Provision of innovative capacity development and support to CFIs and their members.
- Promotion of co-operative banking and the co-operative philosophy and principles.
- Enhancing operational capability and discipline in the CFI sector.

Values

The CBDA values are as follows:

Passion:

to be driven and dedicated with a sense of urgency and encouraging full participation and a spirit of celebration; and

Integrity:

to be honest, frank, accountable and transparent; and

Mutual respect:

to be trustworthy, selfless, willing to serve and compassionate with shared values and a respect for decisions; and

Commitment to solidarity and co-operation:

to be committed to teamwork, which includes being supportive, having a common purpose, sharing information, and taking responsibility; and

Excellence:

to be value-adding, diligent, professional, punctual, and competent. It includes giving attention to detail and having a commitment to knowledge and learning; and

Confidentiality:

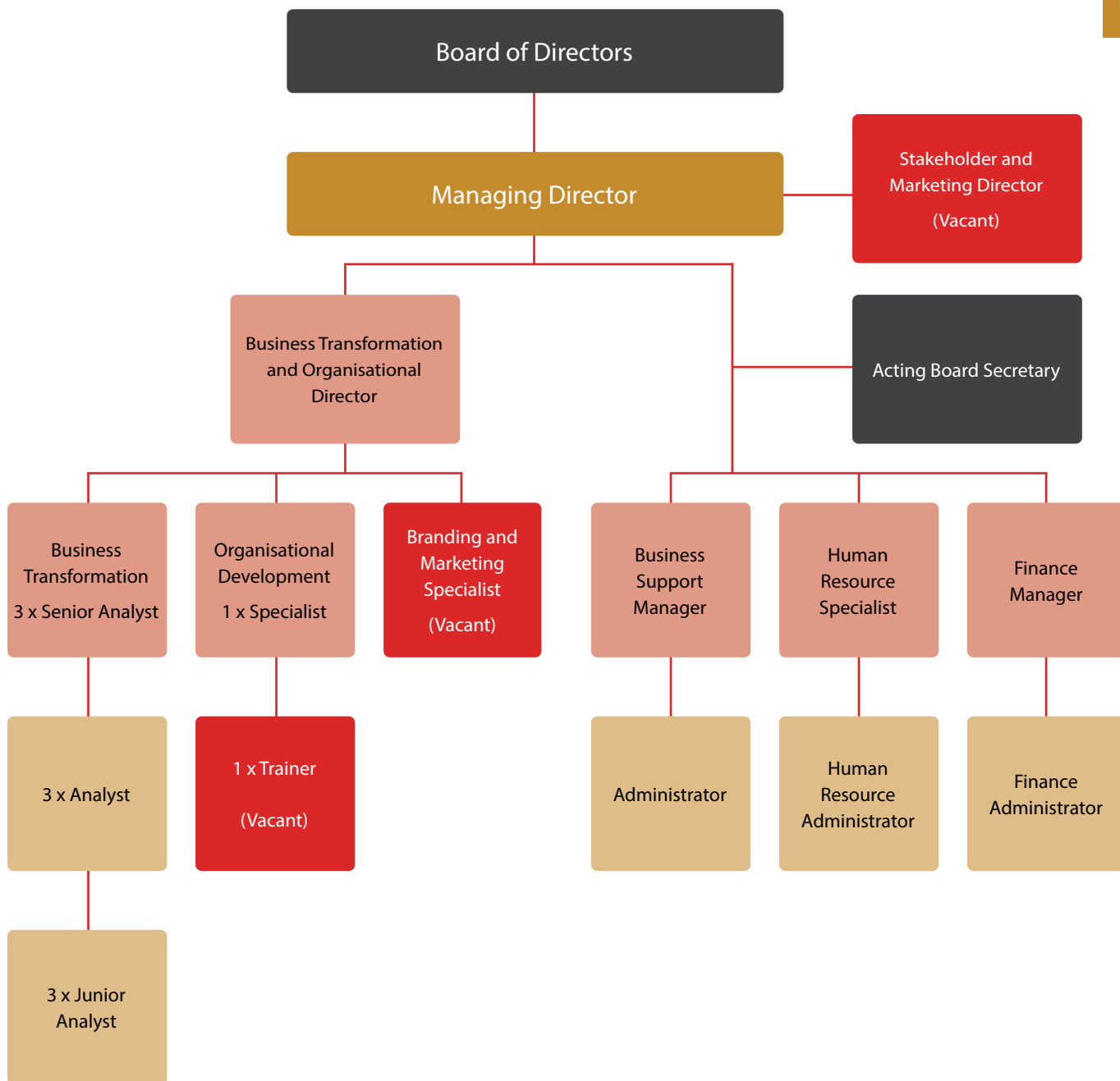
in dealings with all stakeholders.

8. LEGISLATIVE AND OTHER MANDATES

These include the following:

- Co-operative Banks Act (2007),
- Banks Act Exemption Notice (2014), Government Gazette 37903, 15 August 2014
- Public Finance Management Act (1999) (PFMA)
- Schedule 3A entity
- Treasury Regulations
- Financial Sector Regulation Act (2017)

9. ORGANISATIONAL STRUCTURE



Approved transitional structure as per Board meeting in January 2020 to accommodate lateral transfers from the CSS Unit which placed six team members into the CBU. The red blocks reflect vacant positions at the time.

9. ORGANISATIONAL STRUCTURE (continued)

Board Members



Mr L Ntuane
Chairperson



Mr D de Jong
Acting Managing Director



Dr N Ngwenga



Mr V Pangwa



Ms T Mashanda



Mr J Ndumo



Mr P Rossouw



Ms N Shwala



Ms P Ncapayi



Mr I Amien

Management Team



Capacity Building Unit



From left to right:
Tebogo Tshabalala (Technical Analyst);
Poppy Thubana (Technical Analyst);
Nomadelo Sauli (Director: Capacity Building); and
in front Timothy Mutyavaviri (Business Analyst).

CBDA Team







PERFORMANCE INFORMATION

PART B

10. REPORT BY THE AUDITOR-GENERAL OF SOUTH AFRICA: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide limited assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management. Material findings are reported under the Predetermined Objectives heading in the section, Report on other legal and regulatory requirements of the AGSA's report.

Refer to pages 64 to 68 of the Report of the Auditor General, published as Part E: Financial Information.

11. SITUATIONAL ANALYSIS

Service delivery environment

The entire 2020/21 has been typified by the CBDA's ability to re-orientate and organise itself to deliver on its mandate.

The CBDA's initial concern focused the effect the pandemic would have on our key stakeholders, CBIs. CBIs were declared essential services and had the option to either continue to operate or to close. Most of the CBIs closed their offices during the initial lockdown. Concerns by the CBDA and Prudential Authority (PA) about a loss of income to CBIs and increased loan delinquency, prompted them to issue a joint statement on regulatory relief that could be applied for, if required. A clearer picture has emerged that most CBIs have not been overly affected in the short term. However, the effects of the pandemic could be expected to filter into the next financial year. Interestingly, contrary to initial liquidity concerns, CBIs are showing increased saving deposits, although, there is a lack of loan demand and increased delinquency. Most CBIs have enough capital to absorb these initial losses.

The CBDA's typical delivery mechanism was severely disrupted through its inability to conduct on-site direct technical assistance and training to the CBIs. However, the CBDA and CFIs' ability to adapt was commendable, with the CBDA delivering on its mandate using collaborative internet-based platforms such as Teams and Zoom.

Organisational environment

The CBDA has two units which are described below.

The Corporate Services Unit (CSU) is responsible for strategic leadership, governance, financial management and HR of the CBDA and ensuring effective and efficient coordination of all the CBDA's activities. The unit is also responsible for stakeholder management, marketing, and research.

The Capacity Building Unit (CBU) is responsible for supporting, promoting, and developing CFIs and encouraging the establishment of representative bodies and support organisations.

The CBDA continues to depend on the NT for office accommodation, information, and communications technology (ICT), legal, SCM, risk management and internal audit services. SLAs have been signed with units within the NT to improve the efficiency of services offered.

The CBDA's goal is to explore and understand challenges faced by the co-operative banking sector in servicing their members.

After the easing of the hard lockdown under the COVID-19 restrictions, one third of staff returned to the office, initially on a need's basis, and thereafter on a rotational basis for the latter half of the year. On-site visits did resume former levels, with only three off-site visits conducted during the year.

As previously discussed, the impact of the COVID-19 pandemic as well as the matters discussed below had a direct bearing on the institution:

- Mr de Jong was appointed Acting Managing Director in February 2020 as a secondee from the PA for a six-month period, which has now been extended for three terms, with four days at the CBDA and one day at the PA. The organisation looks forward to the permanent appointment of a Managing Director (MD) to drive the strategic direction of the organisation.
- At the end of December 2019, a decision was taken to discontinue the banking platform. This resulted in the transfer of most of the staff working on this project to the CBU. Whilst re-skilling was required for analysts at various levels, the positive impact has been a more capacitated CBU, with additional skills, such as business analytic and accounting skills. Whilst the CBU initially struggled to meet its quarterly targets, a catch-up plan ensured that the training and direct technical assistance needs were met through additional capacity that became available.
- In August 2020, the organisation was presented with a report initiated by the NT and conducted by the Specialised Accounting Services (SAS) on third party accommodation. It investigated collusion between an NT staff member, the then appointed travel agency and certain CBDA staff members in activities pertaining to accommodation and training fraud. The disciplinary enquiry into the matter resulted in two staff members resigning while under investigation, whilst two disciplinary hearings remain outstanding and await an investigating officer's report. The organisation is still in the process of filling the analyst and administrative positions, due to the vacancies. The operational failure to detect the fraud has precipitated a review of the Standard Operating Procedure of the CBU as well as the authorisations and delegation prior to the submission of any claims in the unit.
- The CBDA is in the process of finalising its internal investigation into the Fort Hare Matter where students were enrolled to complete a diploma in CFI management at an institution that was never accredited. The investigation is considering the entire value chain of the process leading to the submission and termination of the course, and if malfeasance is determined, persons involved will be held accountable.

Key policy developments and legislative changes

Implementation of the Financial Sector Regulation Act (Act 9 of 2017)

Whilst the CBDA is not materially affected by the implementation of the Financial Sector Regulation Act (2017) (FSRA), the framework has a direct bearing on the CBDA's stakeholders. The CBDA is directly affected by the FSRA with regards to any appeal made against the CBDA decision regarding representative organisation and support bodies.

The process of CFIs registration with the PA is almost complete with only one CFI still operating under this notice. CFIs were previously registered with the CBDA under the Banks Act Exemption Notice (2014), *Government Gazette 37903*, 15 August 2014.

An inclusive financial sector for all: Draft for consultation

The NT published a consultation document to establish the policy framework for financial inclusion in South Africa and to sketch the approach to its implementation. The document outlines Government's policy to shape regulatory approaches, the evolving Financial Sector Code (FSC), and sector market practices in general. A specific section of the policy paper was directed toward the role the CBDA and CBIs could play in this regard. The CBDA provided comments on the paper.

12. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The CBDA impact statement aims to facilitate increased financial inclusion and economic transformation by leveraging a sustainable co-operative banking sector that empowers communities. The outcome indicators and expressed outcomes are presented below.

Outcome	Outcome Indicator	Baseline	Five-year target (2026)	Status
Facilitate increased access to financial services by communities to ensure economic transformation.	Increase in co-operative banking membership	Feb 2019 27 490	100%	Feb 2021 31 520 14.7% increase
	% Increase of member deposits	Feb 2019 R294.4 million	Increase member deposits by 50%	R419 million 42.5% increase
	Facilitate operational efficiency through innovative solutions and technological interventions.	-	100% of registered CBIs having an Information Technology (IT) system.	No progress The year was spent developing a digitisation implementation strategy.
	Number of registered CBIs by PA	Feb 2020 9	30	29 as listed on the PA website

The outcomes will have an impact on transforming the banking sector by creating diversity through co-operative banking.

The outcome indicators contribute to the following:

- Inclusion of members as owners in the banking sector, thereby transforming the financial sector through competitive and accessible markets.
- Increasing membership in CFIs and CBs through a combination of increased members numbers within existing CBIs as well as the inclusion of start-up CFIs.
- Access by communities to an alternative banking institution.
- Entrenching a saving culture which will stimulate local economic development, township economies and rural development as the savings are re-invested through loans back into those communities.
- Efficiency and effectiveness in terms of services to members and reporting of accurate and complete information to the PA. CBIs will be accountable to its members, promoting confidence and trust in the sector and resulting in sustainability and growth.

Jointly held webinar series

The CBDA, in conjunction with the Gauteng Department of Economic Development (DED), facilitated a four-part online webinar series during July 2020. Various topics on how to address the impact of the COVID-19 pandemic on the sector were discussed by the PA, Financial Services Conduct Authority (FSCA), Association for Savings and Investments South Africa (ASISA) and African Confederation of Co-operative Savings and Credit Associations (ACCOSCA)

Progress for 2020/21

Progress on several issues was achieved toward achieving its strategic goals over the past year.

Co-operative Banking Strategy and virtual indaba

The collaborative effort by the NT, the WB and the CBDA facilitated the development of a national Co-operative Banking strategy, which resulted in a Strategic Options Paper and National Survey of Members of CBIs.

CFI deposit insurance

A collaboration between the SARB, the PA and the WB to extend the deposit insurance to include CFIs resulted in a national workshop and CFI deposit survey on deposit categories, availability of accounts for various levels of deposits, and IT-related questions. The results of this survey will assist the SARB in designing a deposit insurance to meet CFIs specific needs.

New initiatives and registered CFIs

The CBDA received a larger than normal number of requests for information and support towards setting up CFIs. Some of the larger initiatives included the National Department of Transport and the Eastern Cape Transportation Tertiary Co-operative (ECTTC). The CBDA conducted an eight-day promotion tour to taxi co-operatives in the Eastern Cape. The South African National Taxi Association in the Gauteng also requested assistance with their initiative.

During this period, the PA registered several potentially sizable membership applicants such as the National Stokvel Association of South Africa (NASASA) Financial Co-operative, Ndlovukazi YakwaZulu Women Financial Services Co-operative (which won best start-up CFI award at the CBDA virtual Indaba), Isikuhungo Sabantu Financial Services, and the Women Building our Africa Financial Services Co-operative.

The CBDA rejected one application for registration as a support organisation on the basis that it did not have support agreements with at least two CBs or CFIs as required under section 37 (b) of the Co-operative Banks Act, a decision upheld by the Financial Sector (FS) tribunal.

	Number of institutes		Members		Deposit R Millions		Assets R Millions	
	2021	2020	2021	2020	2021	2020	2021	2020
February*	5	4	5 032	4 280	290	174	333	210
Co-operative Banks	24	23	26 488	25 911	129	175	169	213
CFIs	29	27	31 520	30 191	419	349	502	423
Total								

Source: Prudential Authority 2020/21 Annual Report.

*The financial year-end of co-operative banks and CFIs is 28 February.

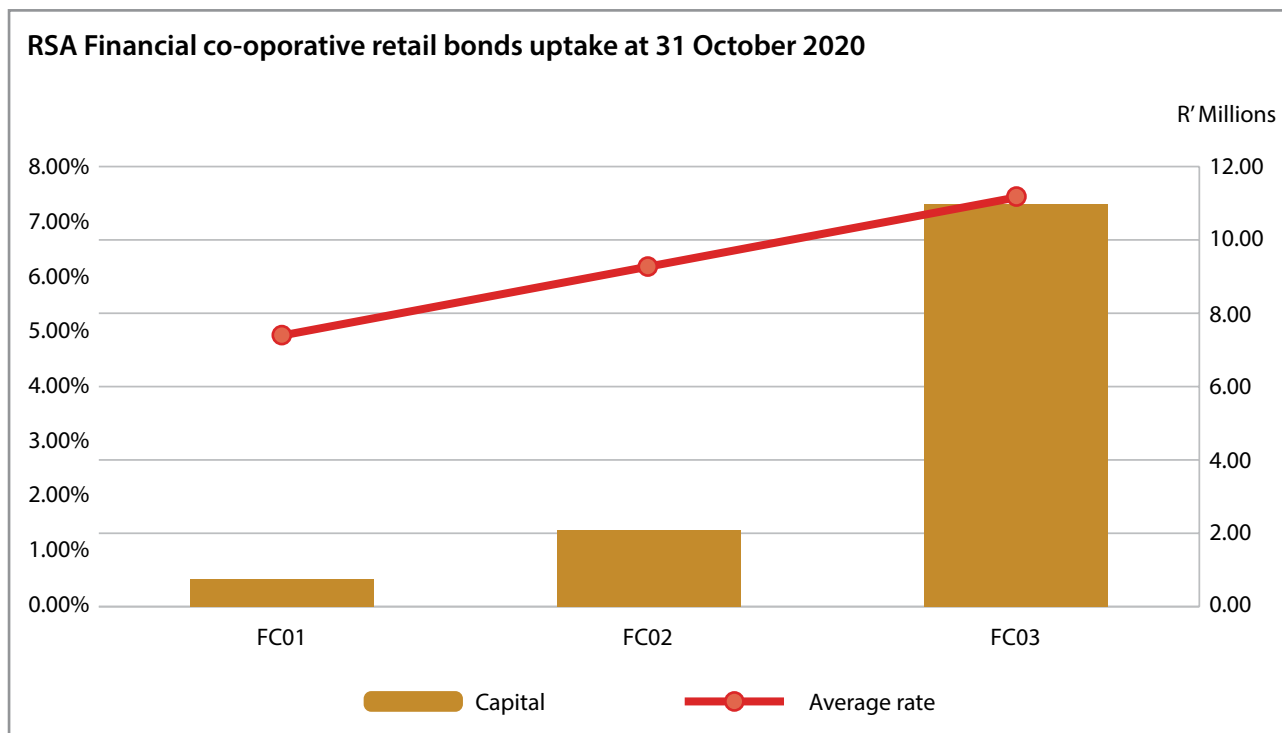
The co-operative financial sector consists of five CBs and 24 CFIs, as of the end of February 2021. Based on total assets as on the end of February 2021 CBs and CFIs constitute 50% of the total financial co-operative deposit-taking sector.

The overall growth in the co-operative banking sector is attributable to the registration of a fifth CB during 2020. Net loans amounted to R202 million for the period under review and increased by 29.61% from R156 million reported in February 2020.

It is important to note that there has been a decline in the balance sheet of CFIs; this was due to one CFI entity qualifying as a CB and therefore no longer registered as a CFI. Total assets of CFIs declined in 2021 to an annualised decrease of 20.62% at financial year-end, February 2021. Net loans amounted to R75 million for the period under review and decreased by 32.59% from the R111 million reported in February 2020. Sector assets remained concentrated with the three largest CFIs contributing 84% of the overall sector net loans in February 2021. (Prudential Authority 2020/21 Annual Report).

The NT launched the Financial Co-operative Retail Savings Bonds in October 2011 to provide a secure savings instrument as an investment vehicle for CFIs and CBs. The bonds offer competitive interest rates, calculated bi-annually. Additional features take into account the uniqueness of the CFI model. Through top-ups, it allows for early withdrawals and preservation of capital with no fees and charges, or penalties levied. The CFIs that continue to save in Retail Savings Bonds have accumulated notable interest on their capital amounts. The CBDA encourages more CFIs to utilise this investment vehicle as it is risk-free and provides guaranteed financial growth.

As on 31 March 2021, R13.820 million was invested in the financial co-operatives retail savings bonds with a total of 39 investments made.



13. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

Programme 1: Managing Director and Corporate Services Unit

The Managing Director and CSU are responsible for strategic leadership, governance, financial management and HR of the CBDA and ensuring effective and efficient co-ordination of all the CBDA's activities. The unit is also responsible for stakeholder management, marketing, research, and administration of the Stabilisation Fund.

Highlights for the year under review

- Finalised terms of reference (TOR) with the WB for an international consultant to craft a 'Strategic Options Paper' for the co-operative banking sector and a local consultant to perform a member and non-member survey. The project was completed in March 2021.
- Issued a joint communique with the PA on regulatory relief for CFIs and CBs after the onset of COVID-19 pandemic.
- Facilitation of a four-part webinar series with the Gauteng DED during July 2020 on various topics with speakers from the PA, FSCA, ASISA and ACCOSCA, whose presentations related to the impact of COVID-19 on the sector.
- Presented to the Portfolio Committee on Small Business development in August 2020.
- Attended to various requests to strategise on starting up CFIs, including the National Department of Transport, the ECTTC, the Small Enterprise Development Agency (SEDA) and the South African Transport Centre of Excellence Secondary Co-operative (SANCOE).
- Held quarterly meetings with the PA which also now include the FSCA to review CBI performance-related issues.
- Published two Connection newsletters and circulated three Masithethe mail drops during the year.
- The CSU facilitated a series of pre-Indaba training workshops presented by international speakers on the following topics to meeting the BANKSETA outputs as per our MOU:
 - Market conduct
 - Members surveys and product development
 - Market conduct standards and principles
 - NCR licencing and financial modelling
 - Product development of savings and loan products
 - Asset liability management and break-even pricing.
- The CBDA signed several agreements during the year to facilitate its objective of leveraging products and services offered by partners and stakeholders through collaboration and agreements. This included agreements with the World Bank Group, the ASISA and an addendum to the BANKSETA MOU to extend the programme into the first two quarters of 2021 to complete their outputs, as agreed.

Key performance indicators, planned targets and actual achievements

Strategic Output 1: Co-operative banking sector is known and recognised								
Outcome	Output	Output indicator	Audited Actual performance 2018/2019	Audited Actual performance 2019/2020	Planned target 2020/2021	Actual achievement 2020/2021	Deviation from planned target for 2020/2021	Reason for deviations
Increased access to financial services by communities to ensure economic transformation	Co-operative banking sector known and recognised	Number of outreach and education activities about CBI Model to groups and institutions	15	5	12	26	+14	Implemented additional controls to monitor and track activities from interested groups. Number of newsworthy items piqued interest.
		Number of communication activities and publications	3	4	5	6	+1	Additional communication provided at the onset of the COVID-19 pandemic.
	Leverage of products and services offered by partners and stakeholders through collaboration and agreements	Number of partner and stakeholder relationships	2	2	8	8	-	

Strategic Output 2: To ensure and maintain effective, efficient and transparent systems of financial and risk management, supply chain management and internal control								
Outcome	Output	Output indicator	Audited Actual performance 2018/2019	Audited Actual performance 2019/2020	Planned target 2020/2021	Actual achievement 2020/2021	Deviation from planned target for 2020/2021	Reason for deviations
Fiscal discipline, sound governance and compliance with the regulatory framework	Sound and compliant financial internal controls, financial management and reporting services	Clean Audit Opinion	Unqualified audit	Unqualified audit	Clean audit opinion	Qualified opinion	Qualified opinion	Capacity constraints resulting in no segregation of duties to review financials, including skills deficiencies.
	Maintain a compliant supply chain management process	Percentage of valid Invoices paid within 30 days.	100%	100%	100%	76%	-24%	The COVID-19 pandemic with the level 5 lockdown restriction prevented staff from going to the office. This resulted in an interim measure introduced to try and ensure payment can still be made to suppliers. The interim measure was not very effective due to delay of approval due to staff rotation in the NT.

Strategy to overcome areas of underperformance

The CBDA issued a TOR to obtain a consultant to review the financial statements and provide mentorship and coaching in the new financial year. Internal Audit reviewed the interim and Annual Financial Statements (AFS) for the current year. The assistance of NT Office of the Accountant General (OAG): Capacity unit also provided an external provider to perform a review of the financials.

A monitoring register has been implemented to ensure invoices submitted for payment to NT are followed up to ensure compliance with the 30-day period for invoice payments. This has resulted in 100% compliance in Quarters 3 and 4.

Linking performance with budget

The CBDA Administration Unit costs contribute to compliance, governance, and administrative support. NT provides in kind services to supplement insufficient CBDA funding to ensure that the CBDA operates effectively. These goods and services entail office space, parking facilities, office furniture and services for internal audit, enterprise risk management, legal, finance, SCM, ICT, cleaning, and communication.

A secondment agreement by the PA and the Board was renewed for the Acting Managing Director position which resulted in in kind service cost included in compensation.

The overspending of R6 066 000 is attributed to a non-cash item of service in kind to the value of R6 852 000 from NT and R1 188 000 from the SARB which was not budgeted for. Saving due to expenses not incurred is as a result of the pandemic. This covers the overspending on budget items without exceeding the CBDA's overall budget.

To fulfil the compliance and governance requirements, the following cost was incurred:

- The AGSA concluded the 2019/20 financial year audit on 30 September 2020.
- The CBDA awarded cash prizes of R10 000 retail bonds each to three CBIs as an incentive to encourage efficient and effective corporate governance toward growth and sustainability during its annual Indaba.
- Additional governance meetings were conducted virtually for the following reasons:
 - A second review of the AFS) was required, which necessitated amendments to the AFS before they could be recommended for adoption.
 - Two investigation reports were presented for deliberation by the Board and Audit Committee.
 - The HR and R Committee had to be convened to address several HR disputes within the CBDA.

Employees were provided with data advances when working from home due to the 1/3 office-based staff rotation plan implemented during the pandemic.

CBDA procured new laptops amounting to R749 000 after two years due to initial funding challenges. The procurement was for the CBU and CSU for amounts of R457 000 and R292 000, respectively.

The underspending did not have a significant impact on the unit's performance targets.

The table below reflect costs for the administration and governance activities performed during the period under review, as stated above.

Activities	2020/21			2019/20		
	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Compensation of employees	4 854	5 014	(160)	5 126	2 593	2 533
Annual Conference	100	30	70	-	-	-
Assets less than R5 000	5	-	5	10	-	10
Audit costs	900	914	(14)	420	864	(444)
Bank charges	56	25	31	30	28	2
Bad debt	-	-	-	-	1	(1)
Board fees	296	432	(136)	200	341	(141)
Communication	90	65	25	57	36	21
Compensation commission	5	-	5	6	-	6
Consultants	350	202	148	-	264	(264)
Computer service	-	8	(8)	-	8	(8)
Depreciation	200	216	(16)	45	251	(206)
Lease payments	48	33	15	48	30	18
Legal fees	500	-	500	-	-	-
Publication	70	-	70	55	1	54
Printing and stationery	79	8	71	97	36	61
Human Resource management	30	-	30	20	1	19
Staff welfare	4	-	4	3	2	1
Subscription	6	-	6	8	-	8
Service in kind	-	6 852	(6 852)	-	6 620	(6 620)
Training and staff development	50	-	50	75	6	69
Travel and subsistence	100	10	90	150	44	106
Total expenditure excludes capital expense and interest capitalised	7 743	13 809	(6 066)	6 350	11 126	(4 776)
Tangible and intangible assets	300	300	-	80	85	(5)
Stabilisation Fund	-	-	-	-	144	(144)
Surrender to COVID-19 budget	220	-	-	-	-	-
Total	8 263	14 109	(6 066)	6 430	11 355	(4 925)

Programme 2: Capacity Building Unit

Highlights for the year under review

The CBU managed to achieve 80% of its performance targets for the financial year 2020/21. This is viewed as a highlight as the unit had to swiftly adapt to a new business model, offering virtual support services to the Co-co-operative banking sector.

Challenges for the year under review

In Quarters 2 and 3 the CBU had to put its training programmes on hold, to review and strengthen its internal control systems after an investigation pointed out some operational and human deficiencies in some of the unit's operations.

Key performance indicators, targets and actual results

Strategic Output 1: Institutional Development and organisational strengthening								
Outcome	Output	Output indicator	Audited Actual performance 2018/2019	Audited Actual performance 2019/2020	Planned target 2020/2021	Actual achievement 2020/2021	Deviation from planned target for 2020/2021	Reason for deviations
Increased access to financial services by communities to ensure economic transformation.	Institutional development and organisational strengthening	Number of Training Programmes Conducted	N/A The indicator was changed from number of Board members trained to number of training programmes conducted	N/A The indicator was changed from number of Board members trained to number of training programmes conducted.	5	5	-	N/A
		Number of direct technical assistance interventions provided.	17	35	64	66	+2	The over-achievement in Q4 is due to the increased staff complement of the CBU, as the unit had to absorb the CSS team.
		Number of monitoring visits conducted.	N/A	N/A	16	23	+7	The over-achievement in Q4 is due to the increased staff complement of the CBU, as the unit had to absorb the CSS team.
		Percentage of organised groups supported.	N/A Indicator rephrased from using absolute numbers to percentage	N/A Indicator rephrased from using absolute numbers to percentage.	100%	100%	-	N/A
	Enhance operational efficiency through innovative solutions and technology interventions.	Percentage of CBIs digitised	N/A	N/A	80%	0%	-80%	It has been agreed that for the 2020/21 financial year, CBDA will offer CBIs advisory services towards digital transformation.

Strategy to overcome areas of underperformance.

The CBDA realised that without adequate resources, the CBDA can offer the co-operative banking sector only advisory services for digitisation towards digital transformation, which include but not limited to:

- Conducting a baseline study of what CFIs are using (Y1)
- Doing a system review of the solutions
- Providing advisory services on digitisation using known solutions
- Having MOUs with system providers to provide first-support level to CBIs
- Creating incentives for CFIs to be digitised.

The strategy for 2021/22 will focus on advisory services as outlined above.

Changes to planned targets

There were no changes to the CBU's planned performance indicators and/or targets in the year under review.

Linking performance with budgets

The CBDA's core service offerings were to conduct on-site visits with cost incurred for travelling, conference facilities and accommodation. The effect of the COVID-19 pandemic has placed restrictions on these activities. The CBDA therefore developed a 'New Normal' document whereby direct technical assistance, training, and performance monitoring are now conducted virtually, through Microsoft Teams, webinars, and videos. The budget was revised during the period under review due to lockdown restrictions that prevented on-site visits. Funds budgeted for logistical activity therefore had to be reallocated to consultants to conduct the following:

- Blended training methodology design including but not limited to an online Learning Management System, to assist with the CBI skills analysis, administration, documentation, tracking, reporting, automation and delivery of educational courses, training programmes, or learning and development programmes.
- Blended learning which entails a combination of online teaching and learning, comprising videos, webinars, interactive lecturer-student sessions, and classroom-based learning methodology. (The CBU started implementing blended learning during Level 1 of the COVID-19 Lockdown).
- Review, design, printing, and distribution of training material.

The underspending of R5 364 000 did not have a major impact on the unit's performance targets as a combination of virtual and on-site visits were performed. The plan for the reallocation of funds could not be implemented due to the capacity constraints and rotation of staff in the NT SCM Unit.

The underspending of grant funds of R1 981 000 is due to the delay in SCM whereby the TOR for the appointment of a consultant for training on the BANKSETA project could not be concluded by the end of the financial year and will be carried over into the new financial year.

Compensation costs included the movement of the CSS employees to the CBU. The transition entailed finalising the transfer agreements, performance agreements, and job descriptions which took a new format of a career pathing.

Activities	2020/21			2019/20		
	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Transfer funds						
Compensation of employees	9 604	7 320	2 284	5 921	4 905	1 016
Consultants	2 300	-	2 300	724	33	691
Training and development	500	-	500	60	20	40
Travel and subsistence	250	189	61	1 200	1 622	(422)
Venues and facilities	-	-	-	100	636	(536)
Total expenditure excludes capital expense	12 654	7 509	5 145	8 005	7 216	789
Tangible and intangible assets	500	457	43	-	-	-
Surrender to COVID-19 budget	176	-	176	-	-	-
Total	13 330	7 966	5 364	8 005	7 216	789

Grant funds						
Compensation of employees	9 604	7 320	2 284	5 921	4 905	1 016
Compensation of employees	-	-	-	-	36	(36)
Consultants	-	-	-	-	340	(340)
Travel and subsistence	-	-	-	-	4	(4)
Venues and facilities	2 000	19	1 981	-	-	-
Total	2 000	19	1 981	-	380	(380)
Grand total	15 330	7 985	7 345	8 005	7 596	409

Reporting on the institutional response to the COVID-19 pandemic

The organisation undertook no new additional programmes and interventions that had a direct budgetary implication as a response to the COVID-19 pandemic. The organisation was able to re-orientate its operations, service delivery methodology and communications strategies within its budget to achieve most of its objectives.

14. REVENUE COLLECTION

Sources of Revenue	2020/21			2019/20		
	Estimate R'000	Actual Amount Collected R'000	(Over)/Under Collection R'000	Estimate R'000	Actual Amount Collected R'000	(Over)/Under Collection R'000
Transfer	21 461	20 473	988	20 759	20 759	-
Grant income	2 000	19	1 981	3 415	2 082	1 333
Service in kind	-	8 040	(8 040)	-	6 818	(6 818)
Services rendered	2	3	(1)	-	2	(2)
Interest income	130	587	(457)	120	822	(702)
Other income	-	4	(4)	-	17	(17)
Total	23 593	29 126	(5 533)	24 294	30 500	(6 206)

The CBDA's source of revenue is transfers from the NT (R20 437 00) to achieve its strategic mandate. The COVID-19 pandemic had resulted in slow economic growth and low revenue collection resulting in a reduction of R988 000 for the period under review. COVID-19 and the cut in transfers had no impact on us achieving our targets but from the NT side, this resulted in transfers being cut.

Services in kind is from the NT and SARB to the value of R6 852 00 and R1 188 000 respectively. The NT provide goods and services (office space, parking facilities and office furniture) and services (internal audit, enterprise risk management, legal, SCM, finance, ICT, cleaning, and communication), to supplement CBDA's insufficient resources. The SARB seconded an employee to fill the vacant position of the MD in an acting capacity.

Grant funds are sourced from different stakeholders to supplement funding. In the 2020/2021 financial year, grant funding was received from BANKSETA for an amount of R1 million for capacity building initiatives and programmes. The pandemic and resultant lockdown restrictions prevented in person training events which would have incurred conference and accommodation costs. Virtual training was conducted with minimum cost to cover data expenses. The BANKSETA agreement had been extended as not all the deliverables have been completed due to the pandemic restrictions.

The cost for services rendered relate to one renewal fee as a representative body and one application to register as a support organisation.

Interest income is incurred from project funds invested at First National Bank (FNB) and stabilisation funds invested in the Corporation for Public Deposits.

Other income received was proceeds from the sale of assets on auction.





GOVERNANCE

PART C

15. INTRODUCTION

The CBDA is a public entity established in terms of the Co-operative Banks Act (2007) and listed under Schedule 3A of the PFMA. Treasury Regulations (TR) impose certain statutory and regulatory requirements on the CBDA.

16. PORTFOLIO COMMITTEES

The CBDA held one session with the Portfolio Committee on Small Business on the role of the CBDA in assisting CFIs and CBs on 19 August 2020.

17. EXECUTIVE AUTHORITY

In the period under review, and in terms of the PFMA and the TR, the CBDA has submitted to the executive authority its Strategic and Annual Performance Plans (APPs) for 2021/22, Quarterly Reports for 2020/2021, and the Annual Report and Financial Statements for 2019/20. The Minister was approached on 9 February 2021 to request an extension to submit the Strategic Plan and APP as a fully quorate meeting of the Board, constituted on 22 February 2021 was unable to quorate, due to an opinion of the NT legal that the meeting should not commence as a replacement Chairperson or Deputy Chairperson had not been appointed yet. In addition, the PEOU was engaged to advise on the issue of non-compliance. The final unapproved documents were submitted to the PEOU, and the issue was escalated to the NT for more assistance regarding the issue of non-compliance due to the Board not being properly constituted.

After the appointment of a Chairperson and Deputy Chairperson on the 29 March 2021, the Board-approved APPs were submitted to PEOU on 1 April 2021.

18. THE ACCOUNTING AUTHORITY/BOARD

Introduction

The Board of the CBDA is independent. The Chairperson and the Board of Directors of the CBDA are appointed by the Minister of Finance, in terms of Section 58 of the Co-operative Banks Act (2007). The Board is the Accounting Authority of the CBDA and must fulfil certain duties and responsibilities as outlined in the Co-operative Banks Act (2007), the PFMA and Treasury Regulations.

During the year under review, the Deputy Chairperson Mr Jeffery Ndumo served as the Chairperson of the Board until his term of office as the Deputy Chairperson came to an end on 23 November 2020. Mr Desmond Golding remained on special leave until 23 September 2020 after which his term of office as both CBDA Chairperson and Board member came to an end. There was a period between January 2021 and March 2021 that the Board could not be constituted due to the non-appointment of Chairperson and Deputy Chairperson. In March 2021, the Minister appointed Mr Luyanda Ntuane as Chairperson and Mr Paul Rossouw as Deputy Chairperson. Mr Ishtiaq Amien was appointed as a new Board member.

Role of the Board

The roles and responsibilities of the Board are enshrined in the Board Charter, which is reviewed as and when required. The key roles and responsibilities of the Board are outlined below.

- The Board acts as the focal point for, and custodian of, corporate governance by managing its relationships with management, CFIs, the NT, other relevant government departments, and other stakeholders of the CBDA along sound governance principles.

- The Board provides an oversight function over the management of the CBDA as it fulfils its mandate. The Board does so in good faith and in the best interest of the CBDA in accordance with its values and ethics, the strategic objectives of government; its fiduciary duty of care, skill, and diligence, and effective leadership on an ethical foundation, while preserving the confidentiality of all confidential matters of the CBDA and while maintaining the highest standard of integrity, responsibility, and accountability.
- The Board recognises that strategy, risk and performance are inseparable and gives effect to this by giving strategic guidance and direction to the CBDA, approving the strategy of the CBDA; identifying key performance and risk indicators, overseeing the CBDA's performance against targets and objectives, and ensuring that appropriate risk governance (including IT risk governance) is in place, including the CBDA's risk appetite, risk governance structures, risk management policies, processes and procedures and appropriate internal controls.

Board Charter

The Board reviews changes and approves the CBDA's policies as and when required, in line with the practices of the CBDA. The Chairperson has played a key role in ensuring that the Board is independent and makes sound decisions for the organisation. Although there have been new appointments and replacements to the Board, it was still able to execute its duties as prescribed in the Board Charter.

The Board Charter has been reviewed during the 2020/2021 financial year with the changes focusing on providing clarity relating to Board meeting attendance rules.

The Board is appointed by the Executive Authority. The term of office is for three years, which can be extended for a second term of three years.

Composition of the Board

Name	Designation	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	Other committees or task teams	No. of meetings attended
Mr Desmond Golding ¹	Chairperson	Reappointed 16 October 2017	23 September 2020	LLM Banking MA International Relations Finance for Senior Executives Postgraduate Dipl. Macroeconomics	Banking Macroeconomics International Relations			0
Mr Luyanda Ntuane ²	Chairperson	23 November 2018	N/A	Master's in Information Technology Bachelor of Commerce (Economics & IT)	IT Engineering Project Management IT Infrastructure IT Network	Co-operatives Banks Development Agency (Chairperson) Europcar South Africa Tempest South Africa Ubank Ltd: Specialist IT Advisor	CBDA Human Resources and Remuneration (HR&R) Committee CBDA Risk and ICT Committee Ubank Ltd Independent Specialist Member of the Information Technology and Governance Committee	8/8

Name	Designation	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	Other committees or task teams	No. of meetings attended
Mr Paul Rossouw ³	Deputy Chairperson	29 March 2021	N/A	BCom, B. Proc, LLB	Legal Drafting, Regulatory Compliance, Sanctions and Enforcement Banking Supervision Exchange Control			1/1
Mr Jeffrey Ndumo ⁷	Deputy Chairperson	Reappointed 23 November 2018	N/A	Master of Arts MA International Relations and Political Studies BA (Honours) International Relations and Political Studies Certificate in Finance (in progress) Executive Course in Globalisation and Environment; Labour Economics and Market Policy; Public Financial Management for Non-financial Managers. Co-operative Policy and Legislation; Social and Solidarity Economy	Politics International Relations Co-operative Development Economics and Policy Development			7/8

Name	Designation	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	Other committees or task teams	No. of meetings attended
Dr Nomfundo Ngwenya	Member	4 June 2018	N/A	PhD: International Studies MSc: Politics of the World Economy MA: International Studies BA and BA (Hons) Political Science	Institutional Governance Business Strategy Stakeholder Relations Project Management International Relations	NXN Analytics Ntsele Global (and its subsidiaries) Phuma Phambili Engineering	CBDA HR&R Committee	8/8
Ms Pumla Ncapayi	Member	23 November 2018	N/A	Master's in Business Administration (MBA) in Progress BCom Diploma in Trade Law & Policy	Policy and Strategy Development Leadership Support International Relations	CEO (Financial Sector Transformation Council)		4/8
Ms Nokonwaba Shwala	Member	4 June 2018	N/A	Master of Business Leadership Executive Leadership Programme Management Advancement Programme	HR Specialist Executive Human Capital Policy Development		CBDA HR&R Committee	4/8

Name	Designation	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	Other committees or task teams	No. of meetings attended
Mr Ishtiaq Amien ⁴	Member	29 March 2021	N/A	Bachelor of Art (UCT) LLB (UWC) Master of Philosophy: Information and Knowledge Management	Management Consulting, specifically Change Management Risk Management and Strategy Development	Kovacs Student Housing Western Cape-operator and manager of student housing. Kovacs Investments 670-Holding Company Busilex Busilex Trading Seven Lanterns Trust		1/1
Mr Velile Pangwa	Member	23 November 2018	N/A	South African Institute of Chartered Accountants (SAICA), Independent Regulatory Board of Auditors (IRBA) Chartered Accountant (CA) SA BCom Honours (Accounting) University of Natal	Planning and Monitoring the Audit Preparing Financial Statements Reviewing of Financial Statements Budgets/Financial Management	ANF CA(SA) INC	CBDA HR&R Committee CBDA Risk and ICT Committee	7/8

Name	Designation	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	Other committees or task teams	No. of meetings attended
Ms Thuli Mashanda	Member	12 December 2019	N/A	Chartered Accountant (SA) (1999/2000) (certificate 2001). Certificate in theory in accounting (1997) UNISA Bachelor of Arts in Accounting Studies (Honours) Thames Valley University London UK (1992)		K2015336896 (South Africa) Sodubo Projects Shibika Projects Back2Black Consulting Services Fairland College Njapa Municipal Services	Chairperson CBDA HR&R Committee CBDA Risk and ICT committee	6/8
Mr David de Jong	Acting Managing Director	1 February 2020		B. Econ B. Econ Honours	Specialist in co-operatives and financial co-operative development, and supervision, and regulation	N/A	N/A	8/8

Minister's Representative								
Name	Designation	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	Other committees or task teams	No. of meetings attended
Ms Olatse Matshane Chief Director: Financial Markets and Stability ⁵	Minister's Representative	4 June 2018	23 March 2021	MSC Economics BCom (Honours) Economics Certificate in Taxation Advanced Project Management	Economics Taxation Co-operative Banking Project Management	N/A	N/A	
Ms Nontobeko Lubisi ⁶	Minister's Representative	23 March 2021	N/A	Postgraduate Diploma (Development Finance) University of Stellenbosch Business School (2017) BTech (Quality Management), University of South Africa (2008- 2013) BCom (Statistics) in Statistics, Economics and Banking, University of Pretoria (2000-2004),	Leading, Directing and Managing Senior Economists (Deputy Directors) in the development of policy and implementation of legislation on financial inclusion as well as facilitating work on the transformation of the financial services sector to ensure that the sector is diversified, inclusive and empowers youth, women and SMMEs and people with disabilities.	Culture Roof (Pty) Ltd.		

¹ Mr Desmond Golding who is the Chairperson was on special leave in the year under review until 23 September 2020 when his term of office ended.

² Mr Luyanda Ntuane was appointed Chairperson on the 29 March 2021.

³ Mr Paul Rossouw was appointed to the Board and as deputy Chairperson on 29 March 2021.

⁴ Mr Ishtiaq Amien was appointed to the Board on 29 March 2021.

⁵ Ms Olatse Matshane resigned as the Minister's Representative Managing Director of the CBDA and was appointed by NT as Chief Director: Financial Markets and Stability.

⁶ Ms Nontobeko Lubisi was appointed as the Minister's Representative on 23 March 2021.

⁷ Mr Jeffrey Ndumo's term of office as Deputy Chair ended on 23 November 2020. He remains a Board member until 25 November 2021.

Subcommittees

Through its committees, the CBDA Board carries out its responsibilities and duties properly. Each committee acts in accordance with its charter and is chaired by an independent non-executive director.

Outcome	Baseline	Five-year target (2026)	Status
Audit Committee	5	4	Ms Pumla Mzizi (Chairperson) Mr B Furstenburg Ms A Badimo Mr F Sinthumule
Risk and ICT Committee ^{1,2}	3	3	Mr Luyanda Ntuane (Chairperson) Mr Velile Pangwa (Member) Ms Thuli Mashanda (Member)
HR&R Committee	4	5	Ms Thuli Mashanda (Chairperson) Ms Nomfundo Ngwenya Ms Nokonwaba Shwala (Member) Mr Velile Pangwa (Member) Mr Luyanda Ntuane (Member)

¹ The NT opted for an internal Risk Committee comprising NT risk employees

² The CBDA established a Risk and ICT Subcommittee in consultation with the CBDA Audit Committee during the year under review

The CBDA subcommittees perform the following functions:

- **Audit Committee**

The committee is established in terms of legislation to serve as an independent governance structure whose function is to provide an oversight role on the systems of internal control, risk management and governance. The Committee assists the Accounting Officer in the effective execution of his/ her responsibilities with the aim of the achievement of the organisation's objectives.

- **Risk and ICT Committee**

The overall purpose of the Risk and ICT Committee is to assist the Accounting Authority in fulfilling its oversight responsibilities for the management of risk, and the ICT assets of the CBDA, including the risk in the overall controls, and processes to monitor compliance with laws and regulations.

- **HR&R Committee**

The role of the HR&R Committee is to propose, agree, and develop the CBDA's general policy on executive and senior management remuneration. It also proposes specific remuneration packages for executive directors of the CBDA, including but not limited to basic salary, benefits in kind, any annual bonuses, performance-based incentives, pensions, and other benefits.

Remuneration of Board members

Board members are remunerated at rates determined by the NT, in terms of service benefit packages for office-bearers of certain statutory and other institutions. The remuneration of Board members is shown in the table below as well as Note 26 of the AFS.

Name	Remuneration	Other allowance	Other re-imbursements	Total
*Mr Desmond Golding				
Mr Luyanda Ntuane	117 000			117 000
*Mr Paul Rossouw				
*Mr Jeffrey Ndumo				
*Ms Nokonwaba Shwala				
Dr Nomfundo Ngwenya	81 000			81 000
Mr Velile Pangwa	149 000			149 000
*Mr I Amien				
Ms Thuli Mashanda	57 000			57 000
*Ms Pumla Ncapayi				

* Employees of national, provincial, and local government, or agencies and entities of government serving on public entities or institutions, are not entitled to additional remuneration

19. RISK MANAGEMENT

The Board has assigned oversight of the CBDA risk management process to the Risk and ICT Committee which was established in the year under review. The newly established committee laid the foundation for the future oversight on governance, risk, and compliance of the CBDA as well as providing direction in terms of ICT strategy.

The CBDA Risk and ICT Committee developed a Governance, Risk and Compliance (GRC) Framework to provide guidance on the function of the GRC landscape within the entity. Risk management has attracted a greater focus and is managed in more detail involving the whole entity.

Risk and compliance registers are presented to the Risk and ICT Committee to provide oversight and to ensure that appropriate mitigation strategies are in place.

A communication and reporting channel was established between the Risk and ICT Committee and the Audit Committee to ensure appropriate oversight.

20. INTERNAL AUDIT

The CBDA makes use of the services of the Internal Audit Unit of the NT. Internal audit provides assurance that the Board maintains an effective and efficient internal control environment. The responsibility for the oversight of internal financial and operational control rests with the Board, with the assistance of the Audit Committee. Internal audit is responsible for the CBDA's controls in determining its effectiveness, efficiency, and economy. Internal audit is also responsible for improving and enhancing existing controls where appropriate and assists with developing new recommendations.

Key activities and objectives

The objectives of the Internal Audit Unit are aligned with NT regulations. The internal audit function assists the MD of the CBDA in achieving the objectives of the institution evaluating, and developing recommendations for the enhancement or improvement of the governance processes; ensuring that objectives and values are established and communicated; monitoring the accomplishment of CBDA performance goals; ensuring accountability; and preserving corporate values.

Maintaining efficient and effective controls is done by evaluating those controls to determine their effectiveness and efficiency and by developing recommendations for enhancement or improvement. The controls subject to evaluation should encompass the following:

- The reliability and integrity of financial and operational information;
- The effectiveness of operations;
- Safeguarding of assets; and
- Compliance with laws, regulations, and controls.

Audits conducted during the financial year

Seven internal audits were planned and completed in the period under review.

- Review of AFS for 2019/20
- Review of corporate governance process
- Review of SCM process
- Review of irregular, fruitless, wasteful, and unauthorised expenditure for 2019/20
- Review of interim financial statements
- Review of Domain Controller
- Review of Firewall

These reports were submitted to management and tabled at the Audit Committee meetings. The results of the reports required management to implement an action plan to address the internal control deficiencies which are monitored quarterly on the findings register. The CBDA therefore benefitted from the audit review by the NT.

21. AUDIT COMMITTEE

The Audit Committee is independent and fulfils an oversight role in governance by, among others, reviewing the integrity of reporting, internal financial controls, and the management of risk. Due to the size and nature of the CBDA, it shares the NT's Audit and Risk Committees. The NT remunerates the members of the Audit and Risk Committees.

Key activities and objectives of the Audit Committee

The Audit Committee effectively oversees the processes, models, and frameworks for managing risk across the CBDA to:

- support the achievement of business objectives effectively and efficiently;
- safeguard the CBDA's assets;
- support compliance with regulatory requirements, policies, and procedures;
- ensure business continuity under normal, as well as under adverse operating conditions; and
- support the principles of good governance.

The table below discloses relevant information on the Audit Committee members:

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed
Ms P Mzizi	Bachelor of Commerce Degree (BCom) Honours in Transport Economics (University of South Africa (Unisa) BCompt Honours CTA (Unisa)(1995) BBusSci Finance Honours (UCT)(1992)	External	Chairperson	1 October 2018
Mr B Furstenburg	Master of Science (MSc) – Financial Management University of London, UK (2006) Master of Commerce (MCom) – Economics (Wits) (1999) BCom Honours (1997) and BCom (1996) (Wits) FAIS exams: RE1, RE3 & RE5 (Representative and Key Individual)	External	Member	1 June 2016
Ms A Badimo	BSc Computer Science BSc Hons Computer Science Master in Business Administration (MBA) Master of Science (MSc) CISM (Certified Information Security Manager) CGEIT (Certified in the Governance of Enterprise IT) CISA (Certified Information Systems Auditor) CRISC (Certified in Risk and Information Systems Control) Cobol Programming Diploma PMP (Project Management Professional) Cert. IT Auditing, COBIT 5, ITIL Foundation Certified ISO 22301 Lead Implementer Certified Blockchain Expert (CBE) F. Inst D (IoDSA).	External	Member	1 July 2015
Mr F Sinthumule	BCom Accounting (University of Venda) Diploma (Finance and Auditing) University of Zululand MBA (Special Project on PFMA) University of Limpopo	External	Member	1 July 2019

22. COMPLIANCE WITH LAWS AND REGULATIONS

As a growing and developing entity, the CBDA implements various action plans to improve its policies, systems, and procedures, and to ensure compliance with the relevant laws and regulations. A Policy Register enables the CBDA to identify policies and procedures to be reviewed and updated annually. A compliance register has been put in place to ensure compliance with all relevant legislation and statutory requirements.

23. FRAUD AND CORRUPTION

The CBDA has a fraud policy which complies with the NT fraud prevention plan. Due to the size of the CBDA the NT Enterprise Risk Management (ERM) Unit assists with compliance to the NT policies and procedures. The CBDA uses the National Anti-corruption Hotline for whistle-blowers to report fraud and corruption. The CBDA exercises a zero-tolerance policy against fraud, and appropriate action is taken in line with the policy.

CBDA employees are invited to attend events and workshops held by the NT to communicate the plan and to emphasise the importance of reporting fraud and corruption.

The CBDA Risk and ICT Committee has placed a greater emphasis on fraud risk management. Improved controls were introduced into the organisation to reduce fraud risk.

24. MINIMISING CONFLICT OF INTEREST

Guidelines on minimising conflict of interest are contained in the CBDA's Code of Business Conduct. At every meeting, Board members are required to indicate, in writing, whether they have a conflict of interest in relation to any item on the agenda, and to sign a Declaration of Interest form.

25. CODE OF CONDUCT

The Board has approved a Code of Business Conduct for the CBDA, which all employees are required to sign on appointment to the CBDA. The CBDA expects all employees to live the values of the CBDA of passion, integrity, respect, commitment, excellence, and confidentiality. Any violations of the code are reported to the MD.

26. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

As the CBDA is located on the NT's premises, it uses this entity's policies and procedures for health, safety, and environmental issues. For the year under review the CBDA was represented on the NT COVID-19 Task Team to ensure compliance to the Disaster Management Act as well as in office rotation.

27. COMPANY/BOARD SECRETARY

This position is currently filled for the year under review by an Acting Board Secretary.

28. SOCIAL RESPONSIBILITY

The CBDA is financed indirectly by taxes, through a transfer payment from the NT. As a principle, it makes no donations or contributions for social responsibility.

The staff of the CBDA has instituted a Charity Club Fund in their personal capacity into which monthly contributions are made towards selected charitable drives to make a change in communities.

29. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2021.

Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities in accordance with Section 38(1)(a) of the Public Finance Management Act and Treasury Regulation 3.1.

The Audit Committee also reports that it has adopted appropriate formal terms of reference based on the Audit Committee Charter and has regulated its affairs and has discharged all its responsibilities in compliance with the charter.

The effectiveness of internal control

The system of internal control is designed to provide cost-effective assurance that assets are safeguarded, and that liabilities are effectively managed. As per the PFMA requirements, internal audit, together with the Auditor-General of South Africa, evaluates the internal controls of the organisation for adequacy and effectiveness. This is achieved by assessing the effectiveness of risk management and identifying corrective actions and enhancements to controls and internal processes. Based on these evaluations, the Audit Committee considers that the internal control environment requires improvement.

Internal audit

The Audit Committee reviewed and approved the annual Internal Audit Plan for 2020/21 and has monitored the performance of the internal audit against that plan on a quarterly basis. The Audit Committee has noted that the Internal Audit Plan was not completed due to the OAG extending the submission of the Annual Financial Statements for 2019/20 from 31 May 2020 to 31 July 2020. The committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks specific to the Cooperative Banks Development Agency (CBDA) in conducting the reviews. In the external quality assurance review the internal audit function achieved general conformance.

The following internal audit assignments were completed during the year under review and the committee will continue to monitor progress made against the corrective action plans implemented by management:

- Domain Controller Review
- Firewall Review
- Review of the Annual Financial Statements
- Review of Supply Chain Management processes
- Review of irregular expenditure, fruitless and wasteful expenditure, and unauthorised expenditure
- Review of the Interim Financial Statements
- Audit of Performance Information

The internal control environment requires overall improvement, more so in the area where the controls were found to be unsatisfactory, namely the review of the domain controller.

Risk management

Management is responsible for the establishment and maintenance of an effective system of governance, risk management including the prevention and detection of fraud, and internal controls. Internal Audit was guided by the consolidated risk profile provided by the Enterprise Risk Management Unit, the critical audit areas, and management's inputs in the formulation of its Three-Year Strategic and the Annual plans. CBDA has established a Risk Committee that is chaired by an independent member. Quarterly meetings took place in line with its approved charter to consider and review the risk management policies and to provide oversight on the effectiveness of risk management within CBDA. The risk register is updated annually to ensure that all major risks including emerging risks facing the organisation are effectively managed. The committee also monitors management's implementation of the risk management plans on a quarterly basis.

Compliance with laws and regulations

The committee has reviewed the in-year management and quarterly reports submitted in terms of the Public Finance Management Act, and is satisfied that no material deviations were noted. The committee also noted the policies and procedures to ensure compliance with applicable laws and regulations, which require some enhancement. It has further taken note of concerns regarding the organisation's non-compliance with some of the legislative requirements relating to procurement and contract management as reflected in the audit report.

The committee remains concerned with the slow progress of finalisation of irregular expenditure and fruitless and wasteful expenditure. The status of the implementation of the guideline(s), as issued by National Treasury, to resolve irregular expenditure is inadequate.

Evaluation of Financial Statements

The committee submits that it has:

- Reviewed the 2020/21 unaudited and audited Annual Financial Statements prepared by the organisation.
- Reviewed the 2020/21 draft and final Annual Performance Report.

Auditor-General's Report

The Audit Committee has met with AGSA to discuss their audit report and to ensure that there are no unresolved issues. The committee has also reviewed management's responses to the audit issues raised in the AGSA Management Report and continuous oversight will be exercised to ensure that unresolved findings are adequately addressed.

We have reviewed the organisation's implementation plan for audit issues raised in the previous year and are satisfied that the matters raised were substantially resolved.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the Audited Annual Financial Statements should be accepted and read together with the report of the Auditor-General.

Appreciation

The Audit Committee expresses its sincere appreciation to the Executive Authority, Accounting Officer, AGSA, Management, and internal audit for their support and co-operation.



Pumla Mzizi CA(SA)

Chairperson of the Audit Committee

31 July 2021

30. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the Broad-Based Black Economic Empowerment (B-BBEE) requirements of the B-BBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Name	Response Yes / No	Date appointed
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law?	No	The CBDA is mandated to register Representative Bodies and Support Organisations. These must be registered, member-based co-operatives, which by their nature support financial inclusion and the B-BBEE imperative. Legislation does not require compliance.
Developing and implementing a preferential procurement policy?	Yes	The NT Preferential Procurement Policy informs all procurement decisions within the CBDA. The CBDA follows prescripts of the NT.
Determining qualification criteria for the sale of state-owned enterprises?	N/A	The CBDA is a development entity and is not responsible for selling of state-owned enterprises and assets.
Developing criteria for entering partnerships with the private sector?	No	No criteria developed for entering partnerships with the private sector.
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad Based Black Economic Empowerment?	No	The financial co-operatives to which the CBDA provides support (CFIs), are by their very nature primarily B-BBEE entities.





HUMAN RESOURCE MANAGEMENT

PART D

31. OVERVIEW OF HR MATTERS

The HR report summarises the employment-related activities of the CBDA from 1 April 2020 to March 2021.

HR responsibilities generally include the following:

- Recruitment and Selection
- Remuneration
- Skills Development.
- Performance management (performance agreements, reviews, and evaluation)
- Review and implementation of HR policies and governance.

HR priorities for the year under review and their impact

- Review of all CBDA employment contracts, to establish how many employees are contractually employed versus permanently employed.
- Organisational structure for implementation on adopted strategy and integration of staff: post CSS through contractual lateral agreements to the CBU. This lateral movement is in strict compliance with the Code of Good practice on dismissal based on operational requirements as envisaged in the Labour Relations Act (Fair reasons for dismissal paragraph 2) and Section 14 (Transfers within public service) and Section 15 (Transfer and secondment from and to public service officials) of the public service act as amended from time to time.
- Developing a career pathing plan for the CBU to accommodate the transfers of the CSS employees.
- The creation of job descriptions for a new Stakeholder Manager and HR Administrator.

Employee performance management framework

The Normalisation Committee will finalise the 2019/20 performance assessments in the new financial year.

Employee wellness programmes

Employee wellness is an integral part of the HR function, due to the COVID-19 pandemic. The NT formed a CSU COVID-19 Task Team in March 2020, which includes the CBDA. The aim of the Task Team is to provide information on changes that must be implemented as per the Department of Public Service and Administration (DPSA) circular to ensure employee safety.

For the period under review, there were various wellness initiatives aimed at employee awareness on identified vulnerabilities. Hazard Identification and Risk Assessments (HIRA) profiles employees in terms of uncontrolled and controlled comorbidities. A hotline is also provided as support to employees who are infected and affected by the corona virus. Each department is expected to report weekly on positive cases for contact tracing purposes. There have been no positive cases and uncontrolled comorbidities in the CBDA for the period under review.

Policy development

The following new and revised policies were approved under the review period:

- Revised Disciplinary Code and Grievance Procedures Policy
- Revised Performance Management Policy
- Headcount Reduction Policy

Highlights for the year under review

- Organisational structure for implementation on adopted strategy and integration of staff post CSS through contractual lateral agreements to the CBU.
- Development of a career pathing plan for the CBU to accommodate the transfers of the CSS employees.
- Upskilling and training of the CSS employees to operate in the CBU after their transfer.

Termination of employment and contract extensions

In the period under review, CBDA had the following end of contract, resignations, and extension of a secondment in the following units:

- **CSU:** The Programme Administrator resigned in November 2020. The HR Administrator's contract ended on 31 March 2021. The Acting Managing Director's secondment was extended to 30 June 2021 by the SARB.
- **CBU:** The Programme Administrator and a Senior Technical Analyst resigned in October 2020 and November 2020, respectively.

Advertised vacant positions

In the period under review, CBDA advertised vacant positions in the following units:

- **CSU:** Business Support Manager on a one-year contract and a Finance Clerk on a permanent basis.
- **CBU:** Senior Technical Analyst on a permanent basis.

Challenges for the year under review

- **Performance evaluations for 2019/20:** The Capacity Building 2019/20 outstanding Performance Evaluations will be submitted for normalisation (a process whereby all scores are justly allocated across all units in the organisation) to be completed in the new financial year.
- **HR system automation:** SCM is in the process of finalising the TOR submitted for automation, to be achieved in the new financial year.
- **Job grading:** The NT's Organisational Development Unit has availed its service to the CBDA with regards to grading. A submission for new and revised job descriptions will be submitted in the new financial year for grading, which will be completed in the new financial year.

Future HR plans/goals

- **Industrial relations services:** Reliance on the NT for the management of serious misconducts has proven to be a slow exercise/delayed progress due to limited resources available from NT's industrial relations experts. A TOR to source a service provider for a two-year period to manage the labour relations function and provide the CBDA with management training, will be finalised in the new financial year.
- **HR plan:** The development of a new HR Plan that will align to the strategic objective of the CBDA.
- **Advertisement and filling of all vacant positions:** All vacant positions should be filled permanently.

32. HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel cost by programme

Programme/activity/objective	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee (R'000)
CSU	13 809	5 014	23%	7	716
CBU	7 528	7 320	34%	12	610
TOTAL	21 337	12 334	57%	19	649

Personnel cost by salary band

Level	Personnel expenditure (R'000)	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Top Management	1 188	10%	1	1 188
Senior Management	3 511	28%	3	1 170
Professional Qualified	4 416	36%	5	883
Skilled	3 219	26%	10	322
TOTAL	12 334	100%	19	649

Performance rewards

There were no performance rewards awarded for the 2020/2021 financial year due to financial constraints.

Training costs

There was no training that incurred cost during the period under review.

Employment and vacancies

Programme/activity/objective	2019/2020 No. of employees	2020/2021 Approved posts	2020/2021 No. of employees	2020/2021 Vacancies	% of Vacancies
CSU	6	9	7	2	9%
CBU	7	13	12	1	5%
Central Support services	10	-	-	-	-
Interns	2	-	-	-	-
TOTAL	25	22	19	3	14%

Programme/activity/objective	2019/2020 No. of employees	2020/2021 Approved posts	2020/2021 No. of employees	2020/2021 Vacancies	% of Vacancies
Top Management	1	1	1	-	-
Senior Management	3	2	2	-	-
Professional Qualified	6	9	6	3	14%
Skilled	13	10	10	-	-
Interns	2	-	-	-	-
TOTAL	25	22	19	3	14%

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	-	-	1
Senior Management	2	-	-	2
Professional Qualified	6	-	1	5
Skilled	10	-	3	7
Semi-skilled	-	-	-	-
Unskilled	-	-	-	-
Total	19	0	4	15

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	-	-
Resignation*	3	16%
Dismissal	-	-
Retirement	-	-
Ill Health	-	-
Expiry of Contract	1	5.3%
Other	-	-
Total	4	21.3%

* Two resignations from the CBU took place whilst employees were under investigation.

Labour relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	4
Written Warning	-
Final Written warning	-
Dismissal	-

Equity target and employment equity status

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	-	-	-	-	-	1	-
Senior Management	-	-	-	-	-	-	1	-
Professional Qualified	3	-	-	-	-	-	-	-
Skilled	4	-	-	-	-	-	-	-
Semi-skilled	-	-	-	-	-	-	-	-
Unskilled	-	-	-	-	-	-	-	-
TOTAL	7	-	-	-	-	-	2	-

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	-	-	-	-	-	-	-
Senior Management	1	-	-	-	-	-	-	-
Professional Qualified	2	-	-	-	1	-	-	-
Skilled	6	-	-	-	-	-	-	-
Semi-skilled	-	-	-	-	-	-	-	-
Unskilled	-	-	-	-	-	-	-	-
TOTAL	9	-	-	-	1	-	-	-

The CBDA had no staff members with disabilities during the period under review.





FINANCIAL INFORMATION

PART E

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33. Statement of Responsibility

The Board is required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements and related financial information included in this Annual Report. It is the responsibility of the Board to ensure that the Annual Financial Statements fairly present the state of affairs of the CBDA as at the end of the financial year and the results of its operations and cash flows for the period then ended. The Auditor -General is engaged to express an independent opinion on the Annual Financial Statements and was given unrestricted access to all financial records and related data.

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. The Annual Financial Statements are based on appropriate accounting policies consistently applied, and supported by reasonable and prudent judgments and estimates.

The Board acknowledges that it is responsible for the system of internal financial control established by the CBDA management and place considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, management sets standards for internal control aimed at reducing the risk of error or misstatement in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the CBDA and all employees are required to maintain the highest ethical standards in ensuring the CBDA's business is conducted in a manner that is above reproach in all reasonable circumstances. The focus of risk management in the CBDA is on identifying, assessing, managing, and monitoring all known forms of risk across the CBDA's environment. While operating risk cannot be fully eliminated, the CBDA endeavours to minimise it by ensuring that appropriate controls, systems and ethical behaviour are applied, and managed within predetermined procedures and constraints.

The Board is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or errors.

The CBDA is largely dependent on the National Treasury for continued funding of operations. The Annual Financial Statements are prepared on the basis that the CBDA is a going concern with National Treasury neither having the intent nor the need to liquidate or materially curtail the scale of the CBDA operations.

In discharging its oversight responsibilities, the Board is supported by the Audit Committee and a Risk and ICT Committee. The Annual Financial Statements set out on pages 69 to 104 have been prepared on the going concern basis, and were approved by the CBDA Board on 30 July 2021 and signed on its behalf by:



Luyanda Ntuane
CBDA Board Chairperson
Date: 31 July 2021



David de Jong
Acting Managing Director
Date: 31 July 2021

34. REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE CO-OPERATIVE BANKS DEVELOPMENT AGENCY

Report on the audit of the financial statements

Opinion

1. I have audited the Financial Statements of the Co-operative Banks Development Agency set out on pages 71 to 106, which comprise the Statement of Financial Position as on 31 March 2021, the Statement of Financial Performance, Statement of Changes in Net Assets, Cash Flow Statement and Statement of Comparison of Budget and Actual Amounts 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 Co-operative Banks Development Agency as on 31 March 2021 and its financial performance and cash flows for the year then ended, in accordance with the South African Standards of Generally Recognised Accounting Principles (SA Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the Co-operative Banks Development Agency 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.

Restatement of corresponding figures

7. As disclosed in note 33 to the Financial Statements, the corresponding figures for 31 March 2020 were restated as a result of an error in the Financial Statements of the public entity at, and for the year ended 31 March 2021.

Responsibilities of the Accounting Authority for the financial statements

8. The Board of Directors, which constitutes the Accounting Authority is responsible for the preparation and fair presentation of the Financial Statements in accordance with the SA Standards of GRAP and the requirements of the PFMA, 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 Co-operative Banks Development Agency'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 programme presented in the public entity's Annual Performance Report for the year ended 31 March 2021:

Programme	Page in the annual performance report
Programme 2 – Capacity Building Unit	32

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. The material findings on the usefulness and reliability of the performance information of the selected programme is as follows:

Programme 2 – Capacity building

17. Indicator – Percentage of CBIs digitised

I was unable to obtain sufficient appropriate audit evidence that systems and processes were established to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions. This was due to a lack of measurement definitions and processes. I was unable to validate the existence of systems and processes by alternative means.

Other matter

18. I draw attention to the matter below.

Achievement of planned targets

19. Refer to the Annual Performance Report on pages 30 to 34 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 17 of this report.

34. REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE CO-OPERATIVE BANKS DEVELOPMENT AGENCY (continued)

Report on the audit of compliance with legislation

Introduction and scope

20. 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.
21. The material findings on compliance with specific matters in key legislation are as follows:

Annual Financial Statements, Performance and Annual Report

22. The Financial Statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA.
23. Material misstatements of liabilities and disclosure items identified by the auditors in the submitted Financial Statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

24. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R52 000 as disclosed in note 31 to the AFS, as required by Section 51(1)(b)(ii) of the PFMA. The irregular expenditure was due to failure by management to adhere to procurement prescripts.

Other information

25. 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.
26. 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.
27. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements and the selected programme presented in the Annual Performance Report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
28. We have nothing to report in this regard.

Internal control deficiencies

29. I considered internal control relevant to my audit of the Financial Statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the performance report and the findings on compliance with legislation included in this report.
30. There were inadequate controls to ensure that the financial statements submitted for audit were free from material misstatements due to incorrect interpretation/ application of the requirements of GRAP. Processes and systems were not in place to ensure that all indicators are verifiable. Management was unable to prevent a recurrence of irregular expenditure as they did not ensure that there was adherence to SCM Regulations.

Other reports

31. 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.
32. An independent consultant investigated an allegation of misconduct – procurement irregularities relating to the funding of a non-accredited diploma, which covered the period March 2015 to March 2020. The investigation was concluded on 30 April 2021 and resulted in disciplinary proceedings against employees. These proceedings were still in progress at the date of this auditor's report.
33. An investigation report done by the Specialised Audit Services (SAS), a unit within the Office of the Accountant General (OAG) relating to the irregular use of third parties for domestic conference and accommodation bookings for CBDA. This investigation covered the period June 2019 to November 2019 and was concluded on 23 March 2020 and resulted in criminal and disciplinary proceedings against employees. These proceedings were in progress at the date of this auditor's report.

Auditor-General

Pretoria
31 July 2021



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

34. REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE CO-OPERATIVE BANKS DEVELOPMENT AGENCY (continued)

Annexure A: Auditor-General's responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

3. I communicate with the Accounting Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the Accounting Authority with a statement that I have complied with relevant ethical requirements regarding independence, and 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.

35. Statement of Financial Position

as at 31 March 2021

	Note(s)	2021 R '000	Restated 2020 R '000
Assets			
Current assets			
Receivables from exchange transactions	3	-	17
Receivables from non-exchange transactions	4	2	9
Pre-payments	5	9	8
Cash and cash equivalents	6	20 992	14 452
		21 003	14 486
Non-current assets			
Property, plant and equipment	7	683	63
Intangible assets	8	3	82
		686	145
Total assets		21 689	14 631
Liabilities			
Current liabilities			
Payables	9	1 084	1 485
Grants	10	9 527	8 546
Provisions	11	421	-
Total liabilities		11 032	10 031
Net assets		10 657	4 600
Reserves			
Stabilisation Fund	12	2 198	2 116
Accumulated surplus/(deficit)		8 459	2 484
Total net assets		10 657	4 600

36. Statement of Financial Performance

for the year ended 31 March 2021

	Note(s)	2021 R '000	Restated 2020 R '000
Revenue			
Revenue from exchange transactions			
Interest received		587	822
Services rendered		3	2
Profit on sale of assets		3	-
Other income		1	17
	13	594	841
Revenue from non-exchange transactions			
Transfers		20 473	20 759
Service in kind		8 040	6 818
Grants		19	380
	13	28 532	27 957
Total Revenue		29 126	28 798
Expenditure			
Employee cost	14	(12 334)	(12 015)
Depreciation and amortisation		(216)	(251)
Operating lease	15	(33)	(30)
Goods and services	16	(8 754)	(11 760)
Total expenditure from continued operations		(21 337)	(24 056)
Total expenditure from discontinued operations	17	-	(1 538)
Surplus/(Deficit) for the year		7 789	3 204

37. Statement of Changes in Net Assets

for the year ended 31 March 2021

	Note(s)	Stabilisation Fund R'000	Accumulated surplus/ (deficit) R'000	Total net assets R'000
Restated* balance as at 01 April 2019		1 975	(579)	1 396
Changes in net assets				
Surplus for the year		-	3 204	3 204
Transfer to reserve		141	(141)	-
Total changes		141	3 063	3 204
Restated* balance as at 01 April 2020	34	2 116	2 484	4 600
Changes in net assets				
Surplus for the year		-	7 789	7 789
Transfer to reserves		82	(82)	-
Surrender of retained funds from 2019/20	18	-	(1 732)	(1 732)
Total changes		82	5 975	6 057
Balance at 31 March 2021		2 198	8 459	10 657

38. Cash Flow Statement

for the year ended 31 March 2021

	Note(s)	2021 R '000	Restated 2020 R '000
Cash flows from operating activities			
Receipts			
Transfer		20 473	20 759
Services rendered		3	2
Grants		1 000	1 951
Interest received		587	822
Other income		24	127
		22 087	23 661
Payments			
Employee costs		(12 334)	(12 015)
Suppliers		(2 459)	(7 008)
		(14 793)	(19 023)
Net cash flows from operating activities	19	7 294	4 638
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(749)	(13)
Purchase of intangible assets	8	(8)	(131)
Proceeds from sale of property, plant and equipment	13	3	-
Net cash flows from investing activities		(754)	(144)
Net increase/(decrease) in cash and cash equivalents		6 540	4 494
Cash and cash equivalents at the beginning of the year		14 452	9 958
Cash and cash equivalents at the end of the year	6	20 992	14 452

39. Statement of Comparison of Budget and Actual Amounts

for the year ended 31 March 2021

	Approved budget R'000	Adjustments R'000	Final budget R'000	Actual amounts on comparable basis R'000	Difference between final budget and actual amounts R'000	Reference
Statement of Financial Performance						
Revenue from exchange transactions						
Interest received	130	-	130	587	(457)	
Services rendered	2	-	2	3	(1)	
Profit on sale of asset	-	-	-	3	(3)	
Other income	-	-	-	1	(1)	
Total	132	-	132	594	(462)	
Revenue from non-exchange transactions						
Transfer	21 461	-	21 461	20 473	988	
Service in kind	-	-	-	8 040	(8 040)	1
Grants	2 000	-	2 000	19	1 981	2
Total	23 461	-	23 461	28 532	(5 071)	
Total revenue	23 593	-	23 593	29 126	(5 533)	
Expenditure						
Employee cost	(14 463)	-	(14 463)	(12 334)	(2 129)	1 and 3
Advertising and promotions	(5)	(100)	(105)	(30)	(75)	
Assets less than R5 000	(5)	-	(5)	-	(5)	
Auditors' remuneration	(900)	-	(900)	(914)	14	4
Bank charges	(56)	-	(56)	(25)	(31)	
Board fees	(296)	-	(296)	(432)	136	5
Catering	(19)	-	(19)	-	(19)	
Communication cost	(39)	(51)	(90)	(65)	(25)	

39. Statement of Comparison of Budget and Actual Amounts (continued)

	Approved budget R'000	Adjustments R'000	Final budget R'000	Actual amounts on comparable basis R'000	Difference between final budget and actual amounts R'000	Reference
Consulting and professional fees	(2 200)	(1 971)	(4 171)	(5 094)	923	1
Contribution to COVID-19 pandemic	-	(396)	(396)	-	(396)	
Depreciation and amortisation	(200)	-	(200)	(216)	16	
Legal fees	(150)	(350)	(500)	-	(500)	
Operating lease	(48)	-	(48)	(33)	(15)	
Rental of office furniture and equipment	-	-	-	(305)	305	1
Printing and stationery	(93)	14	(79)	(8)	(71)	
Rental and facilities	-	-	-	(1 657)	1 657	1
Software expenses	-	-	-	(8)	8	6
Staff welfare	(4)	-	(4)	-	(4)	
Subscription and membership	(11)	5	(6)	-	(6)	
Training and development	(550)	-	(550)	-	(550)	
Travel and subsistence	(3 254)	2 349	(905)	(172)	(733)	7
Venue and facilities	(1 000)	1 000	-	(44)	44	8
Total expenditure	(23 293)	500	(22 793)	(21 337)	(1 456)	
Surplus/(Deficit) before capital expense and interest	300	500	800	7 789	(6 989)	
Capital assets	(300)	(500)	(800)	(757)	(43)	
Surplus/(Deficit) for the year	-	-	-	7 032	(7 032)	

Reference notes:

1. Service in kind is received from National Treasury for providing office space, parking facilities and services such as: internal audit, enterprise risk management, legal, supply chain management, finance, IT and cleaning. It also includes in kind service from the South Africa Reserve Bank for secondment of an employee for the Acting Managing Director position.
2. CBDA signed an agreement with BANKSETA in February 2020 to facilitate training for the CBI sector, which was extended until the end of June 2021. As a result of the COVID-19 pandemic restrictions on travel and physical participation, these funds have not being utilised. Management is in the process of appointing a service provider to conduct virtual training in the new financial year.
3. Compensation cost reduced due to staff resignations and vacant positions not being filled.
4. The over spending on audit fees is due to additional audit work that was conducted to investigate and report on training and non-accredited diploma costs.
5. The increase in Board fees is due to an additional special meeting being convened as a result of; ineffective review of the Annual Financial Statement (AFS); the need to deliberate the investigations reports from the auditors and to deal with a number of human resource disputes.
6. The annual renewal of the software licence for the payroll system commenced on 1 April 2020.
7. Under spending on travel is due to the COVID-19 restrictions that prohibited large gatherings for training. Virtual training was conducted instead and resulted in minimum costs being incurred.
8. The budget for venue and facilities was reduced due to the pandemic. The expense incurred relates to unallocated accruals from the previous financial year.

40. Accounting Policies

for the year ended 31 March 2021

1. Basic of presentation

The Annual Financial Statements (AFS) have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). They are prepared in South African Rand (R).

The Annual Financial Statements have been prepared on an accrual basis of accounting, in terms of which items are recognised as assets, liability, net assets, revenue and expenses when they satisfy the recognition criteria for those elements, which in all material respects are consistent with those applied in the previous year, except where a change in accounting policy has been recorded.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these Financial Statements, are disclosed below.

1.1 Going concern assumption

The Annual Financial Statements have been prepared based on the expectation that the entity will continue to operate as a going concern.

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the rendering of services or for administrative purposes; and are expected to be used during more than one period.

The cost of an item of property, plant 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 entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price plus 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 date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Computer equipment	Straight-line	3–5 years
Office equipment	Straight-line	5–8 years

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Intangible assets

An intangible asset is recognised when:

- a) it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- b) the cost or fair value of the asset can be measured reliably.

The CBDA assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- a) it is technically feasible to complete the asset so that it will be available for use or sale;
- b) there is an intention to complete and use or sell it;
- c) there is an ability to use or sell it;
- d) it will generate probable future economic benefits or service potential;
- e) there are available technical, financial and other resources to complete the development and to use or sell the asset; or
- f) the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment yearly, and whenever there is an indication that the asset may be impaired. For all other intangible assets, amortisation is provided on a straight-line basis over their useful life.

The amortisation period and method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write-down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Amortisation method	Average useful life
Licenses	Straight-line	1 year
Computer software	Straight-line	3 years

1.4 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.

The CBDA measures a financial asset or financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Subsequent to initial recognition, these instruments are measured as set out in the following information.

1.4.1 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, petty cash and deposits held in call accounts and are stated at their fair value due to their short-term nature.

1.4.2 Receivables

Receivables are categorised as financial assets, which includes trade and other receivables from exchange and non-exchange transactions. Receivables are subsequently measured at amortised cost using the effective interest rate method.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectable, it is written off as bad debt in the Statement of Financial Performance. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

40. Accounting Policies

(continued)

1.4.3 Trade and other payables

Financial liabilities consist of trade payables. Trade and other payables are subsequently measured at amortised cost using the effective interest rate method, which is the initial carrying amount less payment plus interest.

1.4.4 Foreign currency transactions

Transactions in foreign currencies are accounted for at the rate of exchange ruling on the date of the transaction. Liabilities in foreign currencies are translated at the rate of exchange ruling at the reporting date or at the forward rate determined in forward exchange contracts. Exchange differences arising from translations are recognised in the Statement of Financial Performance in the period in which they occur.

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the Statement of Financial Position.

The cost method is the method used to account for statutory receivables, which requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable), and less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

1.5 Tax

The CBDA is exempted from income tax in terms of Section 10(1) of the Income Tax Act 1962 (Act No. 58 of 1962).

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation/(amortisation).

Carrying amount is the amount at which an asset is recognised in the Statement of Financial Position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation/(Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the CBDA; or
- the number of production or similar units expected to be obtained from the asset by the CBDA.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

1.8 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired. The CBDA assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the CBDA estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests non-cash-generating intangible assets with an indefinite useful life or non-cash-generating intangible assets not yet available for use for impairment yearly by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in Statement of Financial Performance.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the CBDA recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation/ (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.9 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within 12 months after the end of the period in which the employees render the related service.

Short-term employee benefits include:

- wages and salaries;
- paid annual leave and paid sick leave where the compensation for the absences is due to be settled within 12 months after the end of the reporting period in which the employees render the related employee service; and
- bonus, incentive and performance related payments payable within 12 months after the end of the reporting period in which the employees render the related service.

The CBDA recognise the expected cost of bonus, incentive and performance related payments when the entity 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 entity has no realistic alternative but to make the payments.

1.10 Provisions and contingencies

Provisions are recognised when:

- the CBDA has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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.

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

40. Accounting Policies

(continued)

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised as future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised, but are disclosed.

1.11 Commitments

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

Commitments for which disclosure are necessary to achieve a fair presentation are disclosed in a note to the Financial Statements if both of the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost; and
- Contracts should relate to something other than the routine, operation of business.

1.12 Revenue from exchange transactions

An exchange transaction is one in which the CBDA receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Services arise from the application of the approved tariff of charges being recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes registration of support and representative organisations in the financial co-operative sector.

Interest income

Revenue is recognised as interest accrued using the effective interest rate, and is included in exchange revenue in the Statement of Financial Performance.

Other income

Revenue is recognised as other income when an agreement or obligation exists which is not part of normal business operations.

1.13 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the CBDA either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Transfers

Apart from services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The CBDA recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Services in kind

Except for financial guarantee contracts, the CBDA recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the CBDA's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the CBDA discloses the nature and type of services in-kind received during the reporting period.

Grants

Grants are recognised when the definition of an asset is met and the recognition criteria of an asset is satisfied. Stipulation on grants are a binding arrangement imposed on the use of a transferred asset by entities external to the CBDA. Stipulation can either be in the form of conditions or in the form of restriction.

Grants are recognised as revenue, except to the extent that the liability is also recognised. As the CBDA satisfies a present obligation recognised as a liability in respect of an inflow of resources from grants recognised as an asset, it reduces the carrying amount of the liability recognised and recognise an amount of revenue equal to that reduction.

1.14 Changes in estimates and prior period errors

Change in estimates

As a result of the uncertainties inherent in delivering services, many items in Financial Statements cannot be measured with precision but can only be estimated. Estimates involve judgments based on recently available, reliable information and therefore an estimate may change as new information becomes known, circumstances change, or more experience is obtained.

The CBDA recognises the effects of changes in accounting estimates prospectively, by including the effects in surplus or deficit in the period of the change, if the change affects that period only. If the change affects the current period and future periods the effects are included in surplus and deficit for both periods.

Prior period error

Prior period errors are omissions from and misstatements in the entity's Financial Statements for one or more prior period. These errors arise from a failure to use (or misuse of) reliable information that was available when the Financial Statements for those periods were authorised for issue and could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those Financial Statements. Such errors include the effect of mistakes in applying accounting policies, oversight or misinterpretation of facts.

1.15 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure which was made in vain and could have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. When an investigation determines that a receivable should be recognised against an employee who has been found to have incurred the fruitless and wasteful expenditure, the employee must be notified of the debt and acknowledge liability of the debt. In instances where a receivable is not raised against an employee or the amount is irrecoverable, the Accounting Authority may write off the debt. Fruitless and wasteful expenditure identified is disclosed in the note to the Financial Statements.

1.16 Irregular expenditure

Irregular expenditure as defined in Section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

- this Act; or
- the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- any provincial legislation providing for procurement procedures in that provincial government.

The National Treasury Instruction Note 2 of 2019/20, which was issued in terms of Sections 76(2)(e) and 76(4)(a) of the PFMA, gives legal effect to the irregular expenditure framework that requires the following (effective from 1 December 2018):

40. Accounting Policies

(continued)

- When confirmed, irregular expenditure will be recorded in the notes to the Financial Statements. The amount to be recorded in the notes is equal to the value of the irregular expenditure incurred.
- Irregular expenditure will be removed from the notes when it is either condoned by the relevant authority or when it is transferred to receivables for recovery.

1.17 Budget information

The CBDA is typically subject to budgetary limits in the form of appropriations or budget authorisation (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the CBDA shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 4/1/2020 to 3/31/2021.

The Annual Financial Statements and the budget are prepared on the same basis of accounting. A comparison with the budgeted amounts for the reporting period has been included in the Statement of Comparison of Budget and Actual Amounts.

1.18 Related parties

The CBDA operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for 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.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, management in its dealings with the entity.

1.19 Events after 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 CBDA will adjust the amount recognised in the Financial Statements to reflect adjusting events after the reporting date once the event has occurred.

The CBDA 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.

1.20 Change in accounting policy

Accounting policies were applied consistently. The CBDA will change the accounting policies if the change results in the Financial Statements providing reliable and more relevant information about the effects on transactions, other events or conditions on the performance or cash flow.

1.21 Comparative figures

When the presentation or classification of items in the Financial Statements is amended, prior period comparative amounts are restated, and the nature and reason for the reclassification are disclosed. Where material accounting errors have been identified in the current financial year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in the accounting policies in the current financial year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

41. Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The below Standards of GRAP were issued by the Accounting Standard Board but will only be effective in future periods or have not been given an effective date by the Minister of Finance. The CBDA has not early adopted the Standards.

Standard/Interpretation:	Effective date: Year beginning on or after	Expected impact
GRAP 24 (amended): Employee Benefits	No effective date issued	Not expected to impact results but may result in additional disclosures
GRAP 104 (amended): Financial Instruments	No effective date issued	Not expected to impact results but may result in additional disclosures

3. Receivables from exchange transactions

	2021 R '000	Restated 2020 R '000
Other receivables	-	17
	-	17

2020

Other receivables related to an amount to be recovered from an employee.

4. Receivables from non-exchange transactions

Other receivables	2	9
	2	9

Other receivables relates to duplicated travel service invoices to be credited.

5. Pre-payments

Pre-paid expenses	9	8
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Pre-payment is for annual licence fees paid in advance for payroll software to be used from 01 April 2021.

41. Notes to the Annual Financial Statements

(continued)

6. Cash and cash equivalents

	2021 R'000	Restated 2020 R'000
Cash and cash equivalents consist of:		
FNB petty cash bank account and on hand	2	2
FNB bank balances	12 133	11 851
CPD investment account	6 659	483
CPD investment account – Stabilisation Fund	2 198	2 116
	20 992	14 452

Cash and cash equivalents consist of six banks accounts, four with First National Bank (FNB) and two with the Corporation for Public Deposit (CPD) at the South African Reserve Bank (SARB).

7. Property, plant and equipment

	2021 R'000			2020 R'000		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Office equipment	56	(47)	9	56	(43)	13
Computer equipment	1 268	(594)	674	643	(593)	50
Total	1 324	(641)	683	699	(636)	63

Reconciliation of property, plant and equipment – 2021

	2021 R'000				
	Opening balance	Additions	Disposal	Depreciation	Total
Office equipment	13	-	-	(4)	9
Computer equipment	50	749	-	(125)	674
Total	63	749	-	(129)	683

Computer equipment to the value of R125 000 has been fully depreciated and written off. Assets with a zero net carry value were disposed of. The equipment was auctioned with an income of R3 100 received for some of the equipment purchased. New computer equipment to the value of R749 000 was procured to replace fully depreciated assets. A submission to auction the equipment and write-off from the asset register were prepared.

Reconciliation of property, plant and equipment – 2020

	2020 R'000			
	Opening balance	Additions	Depreciation	Total
Office equipment	1	13	(1)	13
Computer equipment	150	-	(100)	50
Total	151	13	(101)	63

Computer equipment to the value of R161 313 was fully depreciated. The COVID-19 pandemic resulted in fully depreciated laptops being issued to staff who utilise desktops. Computer equipment useful life to the value of R48 800 and R157 599 was revised from three years by an additional two and one years respectively. Prior year figures were adjusted accordingly. Management is currently in the process of procuring new laptops.

8. Intangible assets

	2021 R'000			2020 R'000		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Licences	232	(229)	3	309	(232)	77
Computer software	92	(92)	-	777	(772)	5
Total	324	(321)	3	1 086	(1 004)	82

Reconciliation of intangible assets – 2021

	2021 R'000				
	Opening balance	Additions	Disposal	Amortisation	Total
Licences	77	8	-	(82)	3
Computer software	5	-	-	(5)	-
Total	82	8	-	(87)	3

Software and licences to the value of R684 813 and R84 134 respectively were approved for write-off during the period under review. These intangibles have a zero net carrying value.

41. Notes to the Annual Financial Statements

(continued)

Reconciliation of intangible assets – 2020

	2020 R'000			
	Opening balance	Additions	Amortisation	Total
Licences	68	131	(122)	77
Computer software	32	-	(27)	5
Total	100	131	(149)	82

Amortisation is included in the line item for depreciation and amortisation in the Statement of Financial Performance.

9. Payables

	2021 R'000	Restated 2020 R'000
National Treasury	447	761
Accruals	104	294
Accrued leave pay	526	308
National Treasury	-	117
Salary control account	5	1
Refund to CFIs for application	2	4
	1 084	1 485

Trade payables are outstanding amounts due to suppliers and fees to be reimbursed to CFIs for contributions made for the participation in the banking platform project.

10. Grants

	2021			
	R'000			
	Opening balance	Funds received	Revenue recognised	Closing balance
BANKSETA	713	1 000	(19)	1 694
Department of Rural Development and Land Reform (DRDLR)	4 193	-	-	4 193
Small Enterprise Finance Agency (SEFA)	3 640	-	-	3 640
Total	8 546	1 000	(19)	9 527

	Restated 2020			
	R'000			
	Opening balance	Funds received	Revenue recognised	Closing balance
BANKSETA	105	952	(344)	713
Department of Rural Development and Land Reform (DRDLR)	4 229	-	(36)	4 193
Small Enterprise Finance Agency (SEFA)	3 640	-	-	3 640
Total	7 974	952	(380)	8 546

Department of Rural Development and Land Reform (DRDLR)

Funds were provided for the registration and set-up of the NARYSEC CFI. Due to changes in the department the project manager responsible was moved to another department resulting in the project being put on hold. The project plan and deliverables will need to be redefined once the new project manager has been appointed.

BANKSETA

The agreements signed during February 2020 was extended until 30 June 2021 due to delays caused by the pandemic. The agreement is for services to be provided for mentorship, coaching and CFI specific training to the sector.

Small Enterprise Finance Agency (SEFA)

An addendum signed on 14 March 2019 resulted in an amendment whereby an amount of R3 640 000 was paid for the integration into the National Payment System (NPS). Unfortunately, due to the discontinuation of the banking system, management approached the stakeholder to provide a new proposal on how the funds could still be used to support the sector.

41. Notes to the Annual Financial Statements

(continued)

11. Provisions

Reconciliation of provisions – 2021

	2021 R'000			
	Opening balance	Additions	Utilised during the year	Total
Bonus provision	-	421	-	421

A provision has been provided for performance bonuses for services rendered in the current financial year which will only be paid in the 2021/22 financial year.

Reconciliation of provisions – 2020

	2020 R'000			
	Opening balance	Additions	Utilised during the year	Total
Bonus provision	318	-	(318)	-

No budget was allocated for bonuses due to insufficient funds to continue with the planned activities. Performance bonuses were paid for the 2018/19 financial year.

12. Stabilisation Fund reserve

	2021 R'000	Restated 2020 R'000
Opening balance	2 116	1 975
Interest on capital	82	141
	2 198	2 116

The Stabilisation Fund was established to protect the deposits of members in CFIs and provide assistance in the form of grants, loans, liquidity assistance etc. Interest accumulated on the fund for this financial year of R82 000 (2020: R141 000.00) capitalised.

13. Revenue

		2021 R '000	Restated 2020 R '000
The amount included in revenue arising from exchange transactions:			
Interest received		587	822
Services rendered		3	2
Profit on sale of assets		3	-
Other income		1	17
		594	841
The amount included in revenue arising from non-exchange transactions:			
Transfers		20 473	20 759
Service in kind		8 040	6 818
Grants		19	380
		28 532	27 957
Other income relates to recovery of costs from employees.			
Service in kind			
Organisation	Type of service or goods		
National Treasury	Consulting services	4 890	4 384
National Treasury	Rental of office furniture and equipment	305	305
National Treasury	Rental of office furniture and equipment	1 657	1 931
National Treasury	Rental space, parking and municipality cost	1 188	198
South African Reserve Bank	Salary for secondment	8 040	6 818

14. Employee related costs

Basic	11 469	11 721
Bonus	421	-
UIF	30	34
Leave pay provision charge	273	95
Funeral policy	8	9
Group life benefit	58	62
Acting allowances	-	57
Leave paid	75	37
	12 334	12 015

41. Notes to the Annual Financial Statements

(continued)

15. Lease rentals on operating lease

	2021 R'000	Restated 2020 R'000
Office equipment		
Amounts paid	33	30

16. Goods and services

Advertising and promotions	30	1
Auditors' remuneration	914	864
Bank charges	25	28
Board fees	432	300
Bad debts	-	1
Catering	-	24
Communication costs	65	46
Consulting and professional fees	5 094	5 160
Rental of office furniture	305	305
Printing and stationery	8	36
Rental and facilities	1 657	1 931
Refund	-	500
Software expenses	8	8
Staff welfare	-	2
Training and development	-	73
Travel and subsistence	172	1 846
Venue and facilities	44	635
	8 754	11 760

17. Discontinued operations

	2021 R '000	Restated 2020 R '000
IT banking system – Amounts paid	-	1 538

The expiry and non-sourcing of the IT banking system prevented the Central Support Service (CSS) Unit from carrying out and achieving its target objective of 01 November 2019. The reason for the non-sourcing of the IT banking system was due to:

- a) viability and sustainability of the continued unit;
- b) the challenges of procurement of a banking system;
- c) cost of change management to implement a new system; and
- d) affordability for the CBI sector in taking over the support services.

These circumstances led to the discontinuation of the IT banking system (Banking Platform) by 31 March 2020 and the transfer of the CSS Unit employees to the Capacity Building and Corporate Service units in the 2020/21 financial year.

18. Unused funds to be surrendered to National Treasury

	2021 R '000	Restated 2020 R '000
Cash and cash equivalent	20 992	14 452
Add: Receivables	2	26
Less: Stabilisation Fund	(2 198)	(2 116)
Less: Payables	(1 084)	(2 009)
Less: Commitments	-	(1 731)
Less: Provisions	(421)	-
Less: Project funds unused	(9 527)	(8 546)
	7 764	76

In accordance with Section 53(3) of PFMA, the unused funds cannot be retained without prior written approval from National Treasury.

2021

A request will be made to National Treasury to retain or surrender funds once the Annual Financial Statements have been finalised for audit.

2020

For the financial year 2019/20, National Treasury granted approval to retain surplus funds of R762 000 for the Stabilisation Fund and to surrender R1 732 000 due to commitments in terms of the banking platform project which was terminated.

41. Notes to the Annual Financial Statements

(continued)

19. Cash generated from operations

	2021 R '000	Restated 2020 R '000
Surplus	7 789	3 204
Adjustments for:		
Depreciation and amortisation	216	251
Movements in provisions	421	(318)
Gain on sale of tangible assets	(3)	-
Bad debts	-	(1)
Changes in working capital:		
Receivables from exchange transactions	17	3
Receivables from non-exchange transactions	7	1 107
Pre-payments	(1)	-
Payables	(401)	704
Grants	981	(312)
Funds surrender to National Treasury	(1 732)	-
	7 294	4 638

In accordance with Section 53(3) of PFMA, the unused funds cannot be retained without prior written approval from National Treasury.

2021

A request will be made to National Treasury to retain or surrender funds once the Annual Financial Statements have been finalised for audit.

2020

For the financial year 2019/20, National Treasury granted approval to retain surplus funds of R762 000 for the Stabilisation Fund and to surrender R1 732 000 due to commitments in terms of the banking platform project which was terminated.

20. Auditor's remuneration

	2021 R '000	Restated 2020 R '000
Fees	914	864

21. Commitments

	2021 R '000	Restated 2020 R '000
Approved and signed contracts		
Already contracted for but not provided for:		
- DB Fusion	-	317
- Absa Bank Limited	-	1 229
- First Corporate Transfer Secretaries	-	185
	-	1 731

Commitments are signed binding agreements between the CBDA and service providers. Commitments are not recognised in the Statement of Financial Position as a liability or an expense in the Statement of Financial Performance until services are rendered or goods are received.

	2021 R '000	Restated 2020 R '000
Operating leases		
Minimum lease payments due (as at 31 March 2021)		
- within one year	34	34
- later than one year and not later than five years	32	103
	66	137

Operating lease payments represent lease payables by the CBDA for office equipment. Leases are negotiated for an average term of three years.

The lease agreement is for the use of a photocopy machine which was concluded on 26 February 2020. The rental agreement is for a period of 36 months ending 25 February 2023 with fixed rental payments for three years.

41. Notes to the Annual Financial Statements

(continued)

22. Financial instruments disclosure

Categories of financial instruments – 2021

	2021 R'000		
	At amortised cost	At fair value	Total
Financial assets			
Receivables from non-exchange transactions	2	-	2
Cash and cash equivalents	-	20 992	20 992
	2	20 992	20 994

	2021 R'000	
	At amortised cost	Total
Financial liabilities		
Trade and other payables	984	984

Categories of financial instruments – 2020

	2020 R'000		
	At amortised cost	At fair value	Total
Financial assets			
Receivables from non-exchange transactions	9	-	9
Cash and cash equivalents	-	14 452	14 452
	9	14 452	14 461

	2020 R'000	
	At amortised cost	Total
Financial liabilities		
Trade and other payables	390	390

23. Financial risk management

Liquidity risk

The CBDA's risk to liquidity is as a result of the funds available to cover future commitments. The CBDA manages liquidity risk through proper management of working capital and actual vs. projected costs. Cash flow forecasts are prepared to maintain sufficient cash and reserves. The CBDA is only exposed to liquidity risk with regard to payment of its payables. These payables are all due in the short-term.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and receivables from exchange transactions. The CBDA only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. Investment exposure is managed by depositing funds in the CPD account in terms of Treasury Regulations.

Receivables from exchange transactions are exposed to low credit risk. The factors that determine impairment of overdue amounts relates to the size of the entity, financial sustainability, and impact of cost recovery vs costs incurred. No credit limits were exceeded during the reporting period, and management does not expect any surplus.

Market risk

Interest rate risk

The CBDA has no significant interest-bearing assets. The CBDA's income and operating cash flows are substantially independent of changes in market interest rates.

The CBDA is exposed to interest rate changes in respect of returns on its cash and investments with financial institutions and the CPD. The interest risk exposure is managed by investing in the CPD.

24. Related parties

Relationships

National Treasury

BANKSETA

Department of Rural Development and Land Reform (DRDLR)

Small Enterprise Finance Agency (SEFA)

Executive Authority

Public entity in the national sphere

National department in the national sphere

Subsidiary of the Industrial Development Corporation of South Africa (IDC)

The CBDA is a Schedule 3A national public entity in terms of the PFMA (Act No. 1 of 1999, as amended) and therefore falls within the national sphere of government. Unless specifically disclosed, these transactions are concluded at arm's length. There are no restrictions in the CBDA's capacity to transact with any entity.

41. Notes to the Annual Financial Statements

(continued)

	2021 R'000	2020 R'000
Related party transactions		
Services rendered		
BANKSETA	19	344
Department of Rural Development and Land Reform	-	36
	19	380

Services rendered for training to CFIs.

25. Related Party – Executive management remuneration

		2021 R'000
		Total costs
Name	Position	
Mr D de Jong	Acting Managing Director	1 188
Ms N Sauli	Director: Capacity Building	1 253
*Mr K van Niekerk	Acting Board Secretary	1 170
Ms L Padayachee	Deputy Director: Financial Management	1 089
		4 700

An interim organogram was established for the 2020/21 financial year due to the non-renewal of the contract for the IT anking project, which resulted in the CSS Unit activities becoming redundant. Management redeployed employees to other units to assist with the capacity constraints experience. Staff were upskilled through training after being assessed on their current job functions and suitability for the positions.

* Held the position of Director: Central Support Services in the 2019/20 financial year. Transferred to the Corporate Service Unit to carry out functions as the acting Board Secretary.

		2020 R'000			
Name	Position	Basic salary	Acting allowance	Leave pay	Total
Mr D de Jong	Acting Managing Director	198	-	-	198
Ms N Sauli	Director: Capacity Building	1 183	57	-	1 240
Mr K van Niekerk	Acting Board Secretary	1 114	-	-	1 114
Ms L Padayachee	Deputy Director: Financial Management	1 034	-	-	1 034
		3 529	57	-	3 586

26. Related Party – Accounting Authority

	2021 R '000
Board's emoluments	Member's fees
Dr N Ngwenga	81
Mr L Ntuane	117
Mr V Pangwa	149
Ms T Mashanda	57
*Mr J Ndumo	-
*Ms N Shwala	-
*Ms P Ncapayi	-
**Mr D Golding	-
***Ms N Lubisi	-
****Mr D de Jong	-
*****Mr I Amien	5
*****Mr P Rossouw	6
	415

* Government officials serving on Boards or committees of public entities or institutions are not entitled to additional remuneration without approval from their respective institutions.

** Mr D Golding was the Chairperson of the Board until his term of office ended in September 2020 while he was on special leave.

*** Ms N Lubisi replaced Ms O Matshane as the ministerial representative from National Treasury with effect from 24 March 2021.

**** Mr D de Jong was seconded from the South Africa Reserve Bank to take up the Acting Managing Director position from 1 February 2020. The contract has been extended to the end of June 2021.

***** Mr Amien and Rossouw were appointed to the Board on 25 March 2021.

41. Notes to the Annual Financial Statements

(continued)

26. Related Party – Accounting Authority (continued)

Board's emoluments	2020 R'000		
	Members' fees	Travel	Total
Dr N Ngwenga	85	7	92
Mr L Ntuane	95	9	104
Mr V Pangwa	102	-	102
Ms T Mashanda	10	1	11
*Mr J Ndumo	-	-	-
*Ms M Mosing	-	-	-
*Ms N Shwala	-	-	-
*Ms P Ncapayi	-	-	-
**Ms R de Vos	-	-	-
***Mr D Golding	-	-	-
****Ms O Matshane	-	-	-
*****Ms N Sauli	-	-	-
*****Mr D de Jong	-	-	-
	292	17	309

* Government officials serving on Boards or committees of public entities or institutions are not entitled to additional remuneration without approval from their respective institution.

** Ms R de Vos resigned as a board member effective 1 June 2019.

*** Mr D Golding is the chairperson of the Board who is currently on special leave.

**** Ms O Matshane is the ministerial representative from National Treasury.

***** Ms N Sauli was appointed as Acting Managing Director from 1 May 2018 and stepped down on 8 January 2020.

***** Mr D de Jong was seconded from the South Africa Reserve Bank to take up the Acting Managing Director position from 1 February 2020.

27. Going concern

We draw attention to the fact that at 31 March 2021, the CBDA had an accumulated surplus of R7 789 000 and that the CBDA's total assets exceed its liabilities by R10 657 000.

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.

28. Events after the reporting date

Management are not aware of any events that may have unfavourable financial implications for the organisation in the future.

29. Contingent liabilities and assets

Management is aware of the probability of incidents that might result in material litigation, claims made against the CBDA and recovery of funds due to fruitless, wasteful and irregular expenditure that would have financial implications as follows:

- Labour Court dispute by an ex-employee for the automatically unfair dismissal by virtue of Section 18(1)(f) of the Labour Relations Act No. 66 of 1995, as amended. It is not practical to estimate the value of the legal outcome.
- Recovery of funds to the amount of R4 108 000 from court action to be instituted against guilty parties as a result of the findings from two investigations report.
- In terms of Section 53(3) of the PFMA, a public entity may not accumulate surplus funds without approval from National Treasury. A submission will be issued to National Treasury to obtain approval to retain the surplus of R9 589 000 due to the impact of the pandemic resulting in revising the medium-term plan.
- The amount of R524 000 owed to the service provider relating to investigations conducted will only be paid after the legal outcome has been received.

30. Fruitless and wasteful expenditure

	2021 R '000	Restated 2020 R '000
Opening balance as previously reported	5 447	92
Opening balance as restated	5 447	92
Add: Expenditure identified – current	-	2 419
*Add: Expenditure identified – prior year	-	3 027
Less: Prior year expenditure written off	-	(91)
Closing balance	5 447	5 447

See note 33.1 on restatement of prior year figures.

* The amount was confirmed as fruitless and wasteful but could only be recognised in the Financial Statements once the outcome of the disciplinary process and legal outcome were received.

	2021 R '000
Incidents/cases identified	
Disciplinary steps taken/criminal proceedings	
No fruitless and wasteful expenditure was incurred.	-

Consequence management was conducted and concluded with disciplinary action taken against the responsible employees to the value of R71 000.

41. Notes to the Annual Financial Statements

(continued)

		2020 R'000
Incidents/cases identified	Disciplinary steps taken/criminal proceedings	
Employee lodged a dispute with the CCMA with regard to an expectation created to renew the employment contract once expired.	Written warning issued to manager who created the expectation.	68
Governance meeting convened without a quorum resulting in postponement to another date.	Internal assessment in progress	2
Late payment of salary to employee whose contract expired resulting in finance charges being incurred.	Internal assessment in progress.	1
Domestic conference and accommodation cost paid without training/activity taking place.	Investigation report submitted for consequence management to take place.	2 348
Travel and subsistence costs incurred for non-accredited diploma course.	Investigation report submitted for consequence management to take place.	3 027
		5 446

31. Irregular expenditure

	2021 R'000	Restated 2020 R'000
Opening balance	9 839	7 342
Opening balance as restated	9 839	7 342
Add: Irregular expenditure – current year	52	1 737
Add: Irregular expenditure – prior period	-	1 760
Less: Approved write-off of prior year's irregular expenditure not condoned	-	1 000)
Closing balance	9 891	9 839

See note 33.1 on restatement of prior year figures.

		2021 R'000
Incidents/cases identified	Disciplinary steps taken/criminal proceedings	
Value exceeded awarded contract value of service provider.	Internal assessment in progress.	52

		2020 R'000
Incidents/cases identified	Disciplinary steps taken/criminal proceedings	
Extension of contract to service provider with no competitive bidding invited.	Internal assessment in progress.	1 673
Rate of service provider increased from contract amount without approval.	Internal assessment in progress	9
Two employees paid without a signed employment contract.	Internal assessment in progress.	55
No proper procurement process conducted and overspending without approval in contravention of the PFMA.	Investigation report submitted for consequence management to take place.	1 760
		3 497

32. Change in accounting estimate

Property, plant and equipment

In the 2019/20 financial year, the useful life of certain computer equipment was reassessed in the amount of R48 800 and R157 599 which changed from 3 to 2 and 1 years respectively. The effect of this revision has decreased the depreciation charges for the 2019/20 financial year by R6 453. The effect on the next financial year would be an increase by R8 965.52.

33. Prior year disclosure errors

33.1 Fruitless and wasteful expenditure

	2020 R'000		
	As previously reported	Correction of error	Restated amount
Opening balance	92	-	92
Add: Expenditure identified – current	1 440	979	2 419
Add: Expenditure identified – prior period	5 277	(2 250)	3 027
Less: Prior year expenditure written off	-	(91)	(91)
Opening balance as restated	6 809	(1 362)	5 447

- The outcome of the investigation into allegations of fruitless and wasteful expenditure relating to a nonaccredited diploma in Co-operative Financial Institution Management offered by the CBDA through the University of Fort Hare concluded that an amount of R5 277 000 constituted irregular, fruitless and wasteful expenditure. The report did not clearly distinguish amounts relating to and meeting the definition of irregular and fruitless and wasteful expenditure. The investigation unit was requested to classify the amounts clearly in terms of the irregular, fruitless and wasteful expenditure through an addendum to the investigation report which resulted in the restatement.

41. Notes to the Annual Financial Statements

(continued)

The Office of the Accountant General was consulted and the amounts of R2 250 000 and R3 027 000 were reclassified as irregular and fruitless and wasteful expenditure respectively.

- 2) The outcome of the investigation report on allegations of the irregular use of a third-party for a domestic conference and accommodation amounting to R1 368 000 did not cover the entire 2019/20 financial year resulting in a qualification. Further assessment was conducted into the amount of R979 000 to obtain evidence for the activities not covered by the investigation report. The assessment reflected that the information provided could not verify that the activity took place. The amount was restated to R2 348 000.
- 3) An expenditure write-off in the 2018/19 financial year amounting to R92 000 was not disclosed. The write-off is as per the finance policy and delegation of authority in compliance with the Treasury Regulation.

33.2 Irregular expenditure

	2020		
	R '000		
	As previously reported	Correction of error	Restated amount
Opening balance	7 342	-	7 342
Add: Expenditure identified – current	1 737	-	1 737
Add: Expenditure identified – prior period	1 524	236	1 760
Less: Approved write-off of prior years irregular expenditure not condoned	-	(1 000)	(1 000)
Opening balance as restated	10 603	(764)	9 839

- 1) The amount of R5 277 000 was incorrectly classified as fruitless and wasteful expenditure due to the investigation reports not distinguishing amounts relating to and meeting the definition of irregular and fruitless and wasteful expenditure. See note 33.1 as reference.
The amount of R1 760 000 is irregular due to inappropriate deviation from Supply Chain Management process. The amount of R3 027 000 for travel and accommodation was incurred in vain due to diploma course not being accredited resulting in fruitless and wasteful expenditure.
- 2) Prior year irregular expenditure of R1 524 000 was duplicated in the note for fruitless and wasteful expenditure as well. The restatement is the correction of the duplication.
- 3) The Board approved the write-off of irregular expenditure on 27 July 2017, which was mistakenly not disclosed in the that financial year.

34. Prior year errors

- 1) The prior year error relates to fruitless and wasteful expenditure of R2 348 000) paid for conference and accommodation that did not take place. The payment was incorrectly reflected as expenditure for Grant and exceeding the budget rather than expended.
- 2) Outstanding amount not paid to the University of Fort Hare of R524 000 was incorrectly disclosed as an accrual rather than a contingent liability due to the obligation being dependent on legal outcomes.

Statement of Financial Position

	2019		
	R '000		
	As previously reported	Correction of error	Restated amount
Grants	(8 963)	989	(7 974)
Accumulated surplus/(deficit)	(2 092)	1 513	(579)
	(11 055)	2 502	(8 553)

Statement of Financial Performance

	2019		
	R '000		
	As previously reported	Correction of error	Restated amount
*Revenue from exchange and non-exchange transactions	31 043	(647)	30 396
*Expenditure	(30 960)	-	(30 960)
Surplus/(Deficit) for the year	83	(647)	(564)

* Grant revenue and expenditure were corrected and allocated to CBDA costs resulting in a deficit of R564 000.

41. Notes to the Annual Financial Statements

(continued)

Statement of Financial Position

	2020		
	R '000		
	As previously reported	Correction of error	Restated amount
Payables	2 009	(524)	1 485
Grants	7 833	7 13	8 546
Accumulated surplus/(deficit)	2 673	(189)	2 484
	12 515	-	12 515

Statement of Financial Performance

	2020		
	R '000		
	As previously reported	Correction of error	Restated amount
*Revenue from exchange and non-exchange transactions	30 500	(1 702)	28 798
*Expenditure	(25 594)	-	(25 594)
Surplus for the year	4 906	(1 702)	3 204

* Grant revenue and expenditure were corrected and allocated to CBDA costs resulting in a decrease in surplus by R1 702 000.







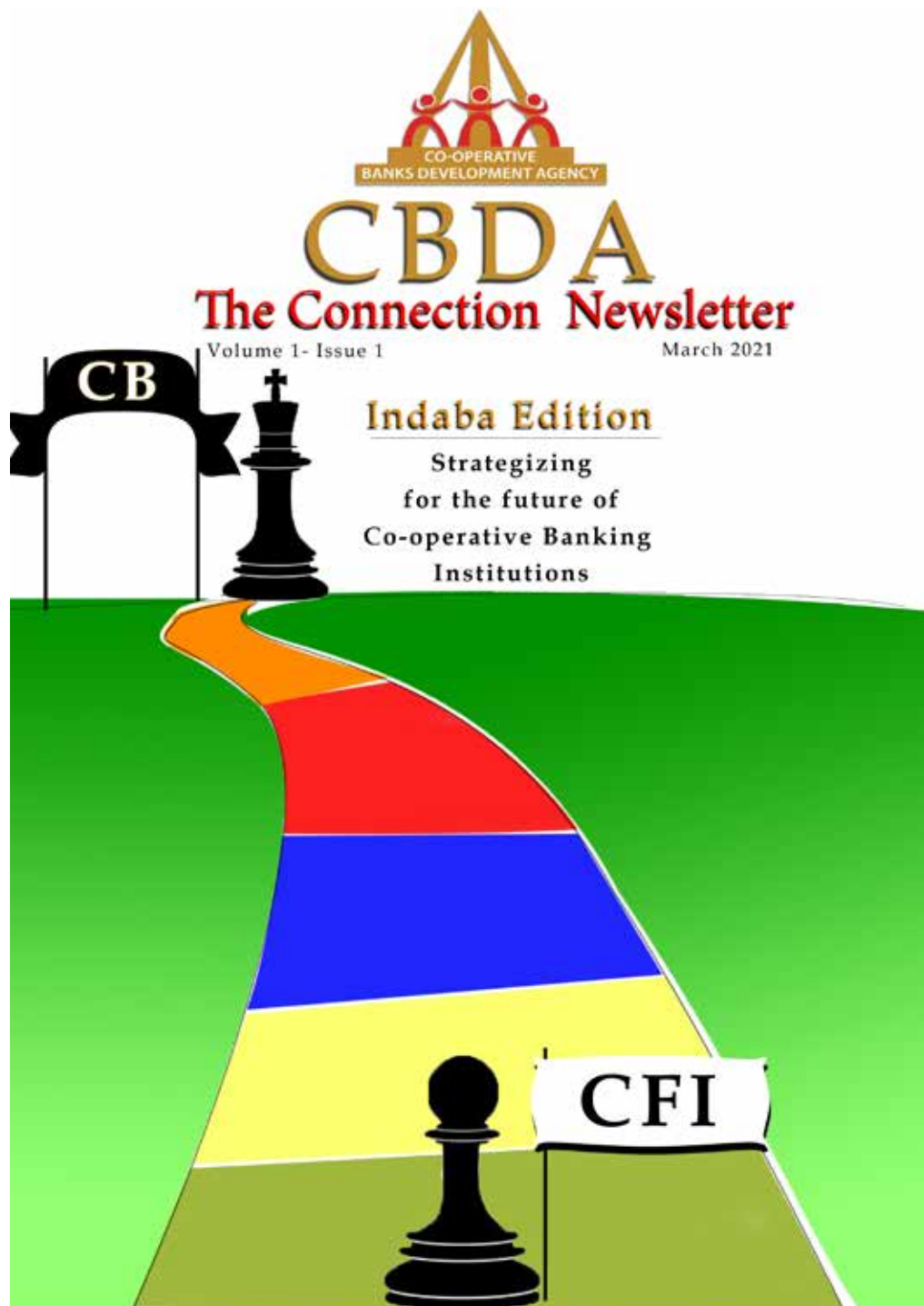
EVENTS AND ACTIVITIES

PART F

42. CBDA VIRTUAL INDABA

The collaborative effort by the NT, the WB and the CBDA facilitated the development of a National Co-operative Banking Strategy producing a Strategic Options Paper and National Survey of Members of CBIs. To bring all the work of this initiative to a conclusion, a virtual Indaba was held in March 2021, where the strategic option paper and survey results were presented to the sector.

The virtual Indaba was headlined by the Deputy Minister of Finance, Dr David Masondo. Various international and continental speakers gave inputs into the direction other co-operative banking movements around the world are following. Over 170 delegates were present at the peak of the Indaba. The research conducted by the WB into the drivers of the South African co-operative banking sector, as well as the drafted strategic options paper were presented to the Indaba. The sector then debated preferred options based on the papers presented. The Indaba concluded by nominating a committee to discuss how to implement the preferred option, to which the CBDA has agreed it will play a facilitating role. Further engagement will take place with the WB on continued assistance towards achieving the preferred option.



43. POTENTIAL VISION AND IMPLEMENTATION STRATEGIES FOR GROWING FINANCIAL CO-OPERATIVES IN SOUTH AFRICA – hosted in February 2021

This is unique in South Africa as the licensing process for a financial co-operative enables an organisation to provide both savings and lending services without taking additional licensing steps.

44. INDABA WORKSHOP – 15 to 17 March 2021

The CBDA would like to commend and congratulate the CFIs, CBIs awarded an “Award” in the different criteria’s!



CERTIFICATE



**THE BEST PERFORMING ESTABLISHED
CO-OPERATIVE FINANCIAL INSTITUTION**

AWARDED TO:

GIG Financial Services Primary Co-operative Limited

in recognition of outstanding performance, responsible governance, and consistent compliance.

19 MARCH 2021

VIRTUAL INDABA
"Strategizing for the future of co-operative banking institutions"



SIGNED
DAVID DE JONG
ACTING MANAGING DIRECTOR

CERTIFICATE



**THE BEST NEWLY REGISTERED
CO-OPERATIVE FINANCIAL INSTITUTION**

AWARDED TO:

**Ndlovukazi YakwaZulu Women
Financial Services Co-operative Limited**

in recognition of outstanding performance, responsible governance, and consistent compliance.

19 MARCH 2021

VIRTUAL INDABA
"Strategizing for the future of co-operative banking institutions"



SIGNED
DAVID DE JONG
ACTING MANAGING DIRECTOR

ANNUAL REPORT

2020/21



CO-OPERATIVE BANKS DEVELOPMENT AGENCY

Address: 27th Floor
National Treasury Building
240 Madiba Street
Pretoria 0001

Tel: +27 (0)12 315 5367
Email: cbda@treasury.gov.za

Web: www.treasury.gov.za/coopbank