

2023/24 ANNUAL REPORT



CO-OPERATIVE
BANKS DEVELOPMENT AGENCY

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Part A

GENERAL INFORMATION

1. PUBLIC ENTITY GENERAL INFORMATION

Registered name:	Co-operative Banks Development Agency
Physical address:	27th floor National Treasury Building 240 Madiba Street Pretoria 0001
Postal address:	Private Bag X115 Pretoria 0001
Telephone number:	+27 (0)12 315 5367
Fax:	+27 (0)12 315 5905
Email:	cbda@treasury.gov.za
Website:	www.treasury.gov.za/coopbank
External auditors:	Auditor-General of South Africa
Bank:	First National Bank
Acting Board secretary:	Ms C Whitley

2. ABBREVIATIONS AND ACRONYMS

AFS	Annual financial statements
AGSA	Auditor-General of South Africa
AMD	Acting Managing Director
BANKSETA	Banking Sector Education and Training Authority
B-BBEE	Broad-based black economic empowerment
CBDA	Co-operative Banks Development Agency
CBSDS	Co-operative banking sector development strategy
CBI	Co-operative banking institution
CFI	Co-operative financial institution
CBU	Capacity Building Unit
CSU	Corporate Services Unit
GRAP	Generally recognised accounting principles
HR	Human resources
ICT	Information and communications technology
IT	Information technology
NSCB	National secondary co-operative bank
PFMA	Public Finance Management Act (1999)
sefa	Small Enterprise Finance Agency
SEDA	Small Enterprise Development Agency
SEDFA	Small Enterprise Development and Finance Agency
SMMEs	Small, medium and micro enterprises

3. MINISTER'S FOREWORD

The Co-operative Banks Development Agency (CBDA) was established as a schedule 3A public entity in 2010. The agency is mandated to supervise, regulate and support co-operative financial institutions (CFIs).

MERGER

Cabinet's decision to rationalise several public entities resulted in the merger of the CBDA, the Small Enterprise Finance Agency (**sefa**) and the Small Enterprise Development Agency (SEDA) in August 2021. To give effect to this Cabinet resolution, a business case for the establishment of the new merged entity, to be called the Small Enterprise Development and Finance Agency (SEDFA), was approved in December 2022.

To ensure the continuation of the CBDA's mandate, parts of the Co-operative Banks Act (2007) needed to be amended. These amendments were informed by the SEDFA business case, which resulted in drafting the Small Enterprise Amendment Bill and its submission to Parliament.

After Cabinet endorsed the policy framework titled 'An Inclusive Financial Sector for All' in August 2023, National Treasury published the financial inclusion policy framework in November 2023. The framework broadly aims to build a financial sector to serve all South Africans. Its objectives, which are built on three pillars, are to:

- Deepen the financial inclusion of individuals and households.
- Extend access to financial services for small, medium and micro enterprises (SMMEs).



I would like to thank the CBDA's Board of Directors, and its various committees, management and staff



- Leverage a more diversified provider and distribution base for financial services in South Africa.

While much work still needs to be done to achieve these objectives, headline figures on financial inclusion in South Africa over the last decade reflect positively on our progress. As things stand, more than 81% of the country's adult population have bank accounts. However, given low economic growth and high unemployment, many households are still restricted to using only basic financial services.

TRANSFORMATION AND FINANCIAL INCLUSION

Pillar 3 (leveraging a more diversified provider and distribution base) highlights priority 13 of the policy framework, which is to strengthen financial co-operatives and the development of co-operative banking institutions (CBIs) as preferred financial intermediaries for individuals, SMMEs and co-operatives.

This is further articulated in the draft SMME and co-operatives funding policy, which places CBIs at the centre of financing SMMEs and co-operatives. The policy intends to have a transformed and sustainable SMME and co-operative sector that contributes meaningfully to economic growth, job creation, poverty alleviation and reducing inequality.

CBIs extend access to finance by means of being self-help, member-driven entities that operate within communities with a common bond. The

81%

of South Africa's adult population have bank accounts

co-operative banking sector strategic options paper, developed by the World Bank, highlights that members prefer their CBIs for financial assistance, which includes personal and business loans.

The financial inclusion policy framework emanated from the conclusion of the second phase of the World Bank's South Africa financial sector development and reform programme (FSDRP II) in August 2023. The first phase, which began in 2014 and concluded in 2018, supported the introduction of the Financial Sector Regulation Bill, which is now legislated as the Financial Sector Regulation Act (2017). The overall objective of the FSDRP is to support government in strengthening financial stability and improving financial

inclusion through analytical and advisory services, focusing on implementation support. FSDRP II has three primary, interlinked pillars that focus on:

- Strengthening resilience and integrity in the financial sector.
- Financing the poor and vulnerable.
- Financing SMMEs.

The imminent establishment of a national secondary co-operative bank (NSCB) rests on the third pillar. The bank's purpose will be to diversify the distribution base of the financial sector. To this end, the World Bank has appointed a local resident advisor to assist with establishing the NSCB.

In essence, the merger, along with the legislative amendments and corresponding policy framework and the FSRDP, aim to strengthen and further the CBDA's core mandate to support the co-operative banking sector. Ultimately, these efforts are made to nurture and secure a part of the banking and finance sector that is integral to inclusive socioeconomic development.

I would like to thank the CBDA's Board of Directors, its various committees, management and staff for their commitment to ensuring that the agency's strategic objectives were achieved during the reporting period.



Mr Enoch Godongwana
Minister of Finance

4. CHAIRPERSON'S FOREWORD

The CBDA embarked on a memorable journey during the period under review. Part of this journey included establishing two pillars of the CBSDS, which is geared towards financial inclusion through supporting CBIs and CFIs. The CBDA is mandated to oversee the implementation of the strategy, as per its 2020-2025 strategic plan. This means promoting the drive of the National Development Plan (NDP) to ensure banked status for all South Africans through meaningful engagement with the co-operative banking sector. This largely requires a co-operative banking sector that can achieve broad-based financial inclusion. The CBDA continues its pursuit of this, albeit with limited resources.

The decision to merge the CBDA with **sefa** and SEDA to form SEDFA placed the Board in an awkward position. As the accounting authority, it had to focus on ensuring that the agency's strategic direction is maintained while taking the merger into consideration, in the context of achieving the targets set out in the NDP.

While the NDP's vision is not lost in our processes, the Board took note that the CBDA's 2023/24 budget allocation was not on par with those of the SEDA and **sefa**. Regardless, we viewed the merger as a positive step towards making a more meaningful and diverse impact in the sector through leveraging and combining the strengths of the three entities.

My involvement in the merger process, as Board Chairperson and member of the joint oversight committee, ensured that the CBDA's mandate was not diluted. Accordingly, it ensured acknowledgement of the co-operative banking sector and furthered its cause as a supporting agent for future enterprises such as community start-ups and SMMEs.

On behalf of the Board, I would like to thank the Honourable Minister Stella Tembisa Ndabeni-Abrahams of the Department Small Business Development for her leadership and for assigning us the important task of providing strategic direction to the merging entities.

I am happy to report that the Minister of Finance appointed an Acting Managing Director (AMD)



during the period under review. The appointment has provided stability within the agency and strengthened its participation in the merger process. This has allowed for greater alignment of the operational and strategic elements of the CBDA with those of SEDFA.

The Board participated in the Co-operative Banking Indaba in December 2023. The purpose of the indaba was to engage with key stakeholders and regulators on pertinent issues affecting the sector, as well as on the CBSDS and sector support programmes.

On behalf of the CBDA Board, I would like to sincerely thank all our strategic partners. Each has played a significant role in ensuring compliance and growth within the co-operative banking sector and is recognised at the highest level.

We would also like to thank management and staff for their work in ensuring that the CBDA's mandate is fulfilled. It is truly heart-warming to see these individuals go above and beyond what is required of them in tough economic conditions.

A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

Mr Luyanda Ntuane
Chairperson of the Board
31 July 2024



5. ACTING MANAGING DIRECTOR'S OVERVIEW

In 2023/24, the CBDA maintained financial stability and had sufficient funds to fulfil its mandate. Retained funds from 2022/23 approved by National Treasury were primarily allocated for spending on the Co-operative Banking Indaba, training initiatives and facilitating activities for the working group involved in establishing an NSCB. The Capacity Building Unit (CBU) was allocated 43% (R10.489 million) of the agency's total budget, while the Administration/Corporate Services Unit (CSU) received 57% (R14.078 million).

In accordance with National Treasury guidelines and a reduction in the budget

allocation for the year, the CBDA continued to implement cost-saving measures. For staff, this meant going the extra mile to meet operational demands and achieve targets within allocated budgets, as well as prepare for the merger. Notably, the CSU and CBU achieved all their targets for the year, resulting in an overall achievement rate of 100% for the agency.

To address severe capacity constraints, external service providers were engaged. However, the announcement of the merger led to the postponement of several projects and activities, including filling vacant administrative posts and implementing specific procurement plans.

The merger is likely to be finalised early in 2025. The effective date will be published in the Government Gazette. The business case and draft legislation supporting the merger and outlining the functions of the new entity have been finalised.

The business case informed the development and submission of the National Small Enterprise Amendment Bill, which was passed by the National Assembly and the National Council of Provinces, and assented by the President on 23 July 2023.

During the reporting period, the CBDA continued to use National Treasury's supply chain management (SCM) services. The

memorandum of understanding and service-level agreement between the department and the CBDA were renewed, resulting in an improved relationship and clearly defined roles and responsibilities.

The CBDA remained committed to implementing government priorities, as outlined in the NDP and government's 2019-2024 medium-term strategic framework.

Despite the challenges faced in aligning these national priorities with its own, the CBDA adapted its strategic plan, annual performance plan, operational plans and individual senior management service performance agreements accordingly.

The agency also successfully collaborated with provincial departments of economic development to provide training in their regions.

Action plans were developed to address internal and external audit deficiencies. These matters were monitored, updated and discussed at monthly management and Board sub-committee meetings. Internal audit reviewed these findings and reported to management quarterly. Relevant matters were escalated to the audit committee for guidance, as necessary.

Apart from four outstanding matters, we successfully concluded all historical cases of irregular, fruitless and wasteful expenditure. The remaining

four matters are in the process of being finalised. Notably, no new internal control deficiencies related to such expenditure were identified in the past two years. The CBDA received unqualified audit opinion with material statement in 2020/21 and 2021/22, and a qualified opinion with no material statement in 2022/23. We received a clean audit for 2023/24.



The merged entity should provide CBIs access to a full spectrum of financial and non-financial support throughout their life cycles

100%

The CBDA's achievement rate for all of its planned targets for 2023/24

The progress of the merger is the main aspect that is expected to be reported on after the financial year-end. Until the merger is finalised, the CBDA will continue to receive its budget from National Treasury. The merged entity should provide CBIs access to a full spectrum of financial and non-financial support throughout their life cycles.

I would like to express my gratitude to National Treasury for its continued support and the high level of services that it rendered to the CBDA. I also extend my appreciation to the Board for their unwavering support in providing strategic direction, and to management and staff for their tireless efforts in implementing our strategic plan. Special thanks are due to our CBIs for providing valuable banking services to their members, particularly in rural areas.

Mr Paul Rossouw
Acting Managing Director

6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY

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 (AFS), as audited by the Auditor-General of South Africa (AGSA).
- This annual report is complete, accurate and free from omissions.
- This annual report has been prepared in accordance with National Treasury guidelines.
- The AFS (Part E) has been prepared in accordance with the generally recognised accounting principles (GRAP) applicable to the public entity.
- The accounting authority is responsible for the preparation of the AFS and for the judgements made in this information.
- The accounting authority is responsible for establishing and implementing a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the information pertaining to performance and human resources (HR), and the AFS.
- The external auditors are engaged to express an independent opinion on the AFS.
- This annual report fairly reflects the operations, performance information, HR information and financial affairs of the CBDA for the financial year ended 31 March 2024.

Yours faithfully,



Mr Paul Rossouw
Acting Managing Director
31 July 2024



Mr Luyanda Ntuane
Chairperson of the Board
31 July 2024

7. STRATEGIC OVERVIEW

7.1. VISION

A competitive, accessible and sustainable co-operative banking sector that empowers communities.

7.2 MISSION

The CBDA's mission is to create an enabling environment for the co-operative banking sector through innovative solutions, capacity building, and funding and technology interventions. This is achieved through support provided to CBIs, for the ultimate benefit and financial inclusion of underserved communities in South Africa.

7.3 VALUES



To be driven and dedicated with a sense of urgency and encouraging full participation and a spirit of celebration.

To be honest, frank, accountable and transparent.





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

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



To be value-adding, diligent, professional, punctual and competent. This includes attention to detail and committing to learning and knowledge.

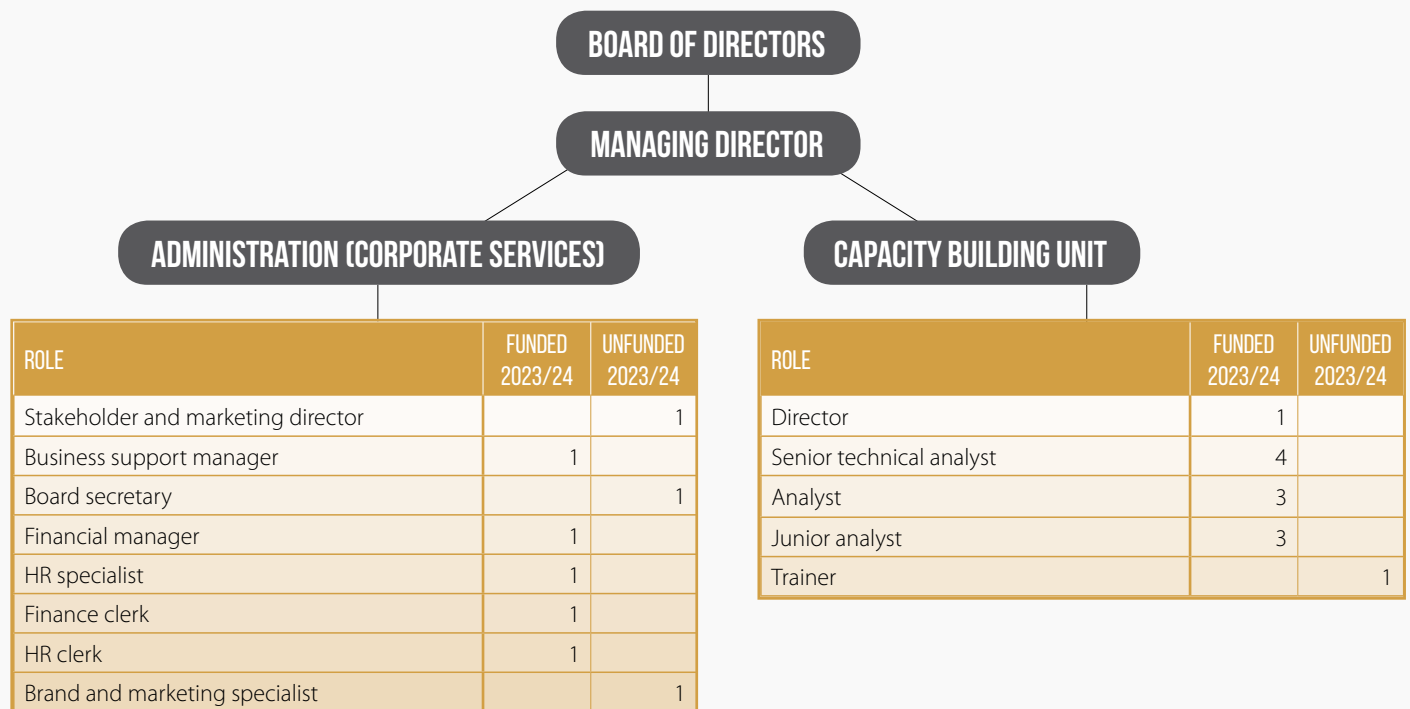


To ensure confidentiality with all stakeholders, where necessary.

8. LEGISLATIVE AND OTHER MANDATES

- Co-operative Banks Act (2007), as amended by the Financial Services Laws General Amendment Act (2013).
- Banks Act Exemption Notice (2014), Government Gazette 37903, 15 August 2014.
- Public Finance Management Act (1999) (PFMA).
- National Treasury regulations (various).
- Financial Sector Regulation Act (2017).
- Protection of Personal Information Act (2013).
- An Inclusive Financial Sector for All (financial inclusion policy framework, 2023).

9. ORGANISATIONAL STRUCTURE



Three temporary administrative assistants were employed during 2023/24. They are not part of the approved structure.

MANAGEMENT TEAM



Management team (left to right, back to front): Ms Catherine Whitley, Mr Paul Rossouw, Ms Nomadelo Sauli, Ms Lorna Padayachee

CAPACITY BUILDING UNIT



Capacity Building team (left to right, back to front): Mr Theo Ndlovu, Mr Andile Ncube, Mr Nare Senne, Mr Oral Matsimbi, Ms Tebogo Tshabalala, Ms Poppy Thubana, Ms Nomadelo Sauli, Ms Khuthala Lengisi

ADMINISTRATION (CORPORATE SERVICES)



Mr Paul Rossouw: Acting Managing Director



Ms Catherine Whitley:
Business Support Manager



Mx Siyanda Atyosi:
Temporary Administrative Clerk

FINANCE TEAM



Ms Lorna Padayachee:
Deputy Director: Financial Management



Ms Ofentse Seageng: Finance Clerk

HUMAN RESOURCES TEAM



Ms Ayanda Radebe:
Human Resource Specialist



Mr Solofelang Modise:
Human Resource Administrator

CAPACITY BUILDING UNIT



Ms Nomadelo Sauli: Director: Capacity Building



Mr Andile Ncube: Senior Technical Analyst



Mr Oral Matsimbi: Senior Technical Analyst



Ms Poppy Thubana: Technical Analyst



Mr Nare Senne: Technical Analyst



Ms Tebogo Tshabalala: Technical Analyst



**Ms Khuthala Lengisi:
Junior Technical Analyst**



Mr Theo Ndlovu: Junior Technical Analyst



**Ms Portia Botabota:
Junior Technical Analyst**



Part B

PERFORMANCE INFORMATION

10. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA performs the necessary audit procedures on the performance information and not to express an assurance opinion or conclusion. The audit did not

identify any material findings on the performance against predetermined objectives being reported in the Auditor's Report, published as Part E: Financial Information.

11. SITUATIONAL ANALYSIS

SERVICE DELIVERY ENVIRONMENT

The AMD is responsible for overseeing the preparation of the CBDA's performance information and for judgements made on this information. The AMD is also responsible for establishing and implementing a system of internal controls that will provide reasonable assurance about the integrity and reliability of the performance information.

In the AMD's opinion, the performance information fairly reflects actual achievements against planned objectives and targets, in line with the agency's strategic and annual performance plans for the financial year ended 31 March 2024.

The CBDA's performance information for the year ended 31 March 2024 has been examined by the AGSA, whose report is presented on pages 50 to 54. The CBDA's performance information, as set out on pages 16 to 28, was approved by the Board.

ORGANISATIONAL ENVIRONMENT

The CBDA comprises two units, the CSU and the CBU. The CSU is responsible for strategic leadership, governance, financial management and HR.

It ensures that the agency's activities are coordinated appropriately. The unit's other responsibilities include stakeholder management, marketing and research.

As set out in the terms of a memorandum of

understanding between the CBDA and National Treasury, the agency depends on the department for office accommodation, ICT, legal services, SCM, risk management and internal audit services.

This is due to limited budget and capacity constraints within the CBDA. Service level agreements are in place with units within National Treasury to improve the efficiency of the services it renders.

The CBU is responsible for supporting, promoting and developing CFIs/CBIs, and encouraging the establishment of representative bodies and support organisations.

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

KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

South Africa has been working on implementing a deposit insurance scheme to protect depositors in the event of a bank failure. This initiative is part of broader efforts to enhance financial stability and consumer protection in the banking sector. Co-operative banks are included in this scheme, ensuring that deposits with these institutions are safeguarded. Cabinet approved the merger of the CBDA, **sefa** and SEDA. The new entity, to be called SEDFA, is likely to be established early in 2025. SEDFA will report to the Minister of Small Business Development.

STRATEGIC OUTCOME-ORIENTED GOALS

OUTCOME	OUTCOME INDICATOR	BASELINE	FIVE-YEAR TARGET	STATUS FEBRUARY 2023	STATUS FEBRUARY 2024	PROGRESS TOWARDS FIVE-YEAR TARGET
Facilitate increased access to financial services by communities to ensure economic transformation	Increase in co-operative banking membership	27 490 (Feb 2019)	100% increase to 54 980	30 924	17 889 *	33% *
	Percentage increase of member deposits	R296m (Feb 2019)	50% increase to R444m	R515m	R594m	R150m (exceeded target by 33%)
	Number of registered CBIs by Prudential Authority	26 (Feb 2019)	30	28	30	Target achieved

* Some CBIs had not submitted their Q4 returns to the Prudential Authority by the time its annual report was published. A CBDA verification exercise of sector membership revealed that 30 123 Q4 returns were submitted to the PA past the due date. At the time of publication of this annual report, the CBDA had not received membership figures from one of the three entities that did not submit their Q4 returns to the PA on time. As such, their numbers are excluded from the report.

- The CBDA developed and maintained strong stakeholder relationships through participation, collaboration and partnerships. These relationships resulted in the following activities, which contributed to the CBDA fulfilling its mandate:
 - Continuing the process of implementing the CBSDS, with technical assistance from the World Bank. This included the appointment of a resident advisor to assist the sector with technical expertise to implement the strategy.
 - Signing a memorandum of understanding with the Prudential Authority that promotes collaboration on issues related to the regulatory framework and provides support required by the co-operative banking sector.
 - Attending some sessions of the International Monetary Fund/World Bank Financial Sector Assessment Programme review process, attending the session of the International Accounting Standards Board on the International Financial Reporting Standards II as well as assisting the national consumer

financial education committee with organising Money Smart Week South Africa 2023, an initiative aimed at driving consumer financial literacy.

RSA FINANCIAL CO-OPERATIVE RETAIL BONDS UPDATE (2023/24)

National Treasury launched the Financial Co-operative Retail Savings Bonds in October 2011 to provide a secure savings instrument that CFIs/CBIs can invest in. The bonds offer competitive interest rates, calculated biannually. The CFI model allows for top-ups, early withdrawals and preservation of capital with no fees and charges, or penalties levied. The CFIs that continue to invest have accumulated notable interest on their capital investments.

The CBDA encourages more CFIs to invest as it is risk-free and provides guaranteed financial growth. As at 31 October 2023, with an average coupon of 8.54% across all bond offers, R20.1 million was invested in the RSA Financial Co-operative Retail Bonds, with a total of 44 investments made.

FIGURE 1: RSA FINANCIAL CO-OPERATIVE BONDS UPTAKE AS AT 31 OCTOBER 2023

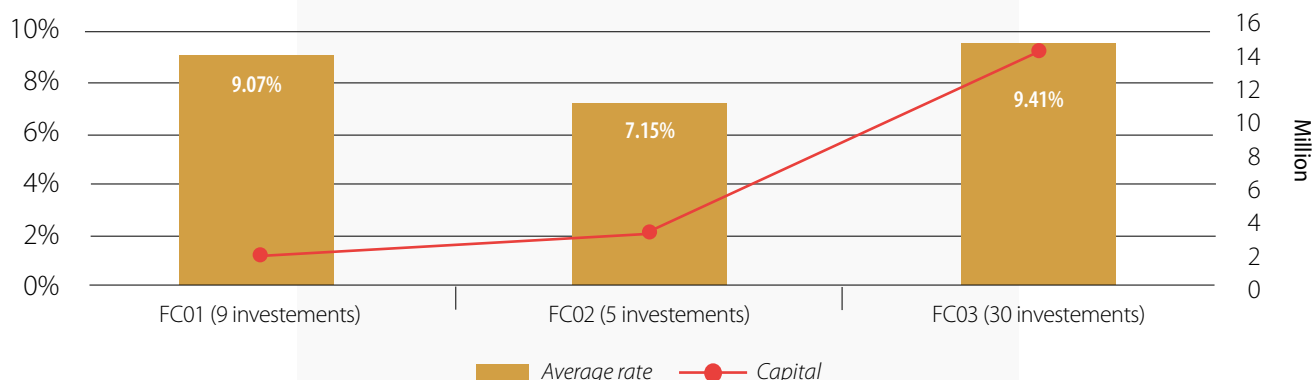


FIGURE 2: AVERAGE CO-OPERATIVE BONDS RATES BY YEAR

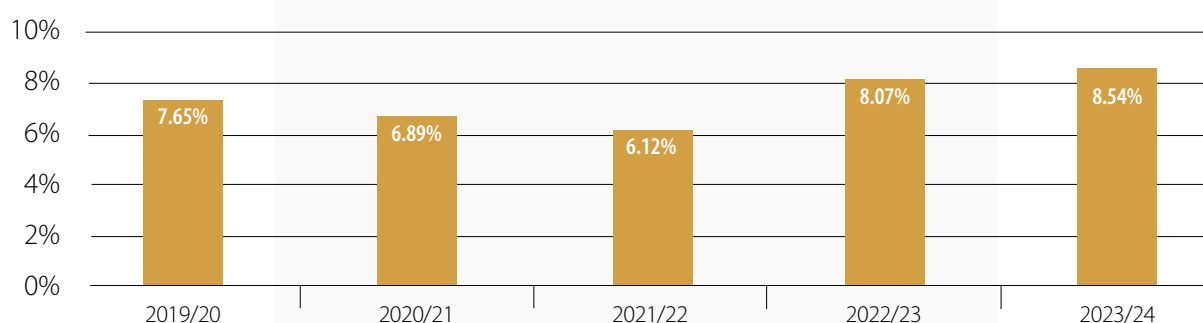


TABLE C: CBI SECTOR PERFORMANCE (2023/24)

	NUMBER		MEMBERS		DEPOSITS		ASSETS	
February	2023	2024	2023	2024	2023	2024	2023	2024
Co-operative banks	5	6	5 585	5 710	R405m	R478m	R453m	R529m
CFIs	23	24	25 339	12 179	R110m	R116m	R137m	R127m
Total	28	30	30 924	17 889	R515m	R594m	R590m	R656m

The financial year end of co-operative banks and CFIs is 28 February 2024.

Source: Prudential Authority

12. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 1: ADMINISTRATION/CSU

The AMD is responsible for strategic leadership, governance, financial management and HR; and ensuring coordination of all the CBDA's activities. The unit is also responsible for stakeholder management, marketing, research and administration of the Stabilisation Fund.

The following activities were conducted during the period under review:

- The revision of the five-year strategic plan and 2024/25 annual performance plan, taking into consideration funding constraints, the merger and related activities. These plans were approved and tabled in Parliament by the Minister of Finance.

The CBDA hosted a successful and well attended Co-operative Banking Indaba in Rustenburg, North West, in December 2023. The theme of the indaba was 'CBIs as financial intermediaries of choice for local economic development and growth'. This theme was chosen to highlight the key role that CBIs play in financing local economic development. CBIs promote the notion that a culture of profitability can co-exist with co-operative values, which translates into ethical banking.

KEY ACTIVITIES DURING THE INDABA

- A presentation by National Treasury on the financial inclusion policy framework, titled 'An Inclusive Financial Sector for All'.
- Recognition of Mutapa Co-operative Banking Institution for winning a 2023 presidential award in the co-operative banking space.
- Progress report on the implementation of the CBSDS, with guidance and input from the sector and stakeholders, and technical support from the World Bank.

OUTCOMES OF THE INDABA

- Enhanced understanding of the importance and benefits of a thriving co-operative banking sector.
- Provided a platform for building partnerships and networking to support the implementation of the CBSDS.
- Increased sector engagement that was focused on addressing challenges with a solution-based approach.
- Formation of the boards of the proposed NSCB and South African co-operative banking association.

THE CBDA ALSO ACHIEVED THE FOLLOWING

- Participation in a panel discussion hosted by the Department of Small Business Development, themed 'A well-coordinated, capable and cohesive ecosystem supporting economic growth through small enterprises'.
- Participation in the Department of Small Business Development's 2023/24 planning cycle during the final portfolio strategic planning session.
- Facilitation of technical requirements, costing models and value propositions for the proposed establishment of an NSCB in collaboration with the World Bank.
- Providing comprehensive comments on the draft standards issued by the Prudential Authority.

HIGHLIGHTS FOR 2023/24

The CBDA's development strategy is aligned with the NDP in that it aims to build capacity in the co-operative sector. This entails growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships in South African communities.

Several unique challenges arose during the reporting period. Key among these were the impact of a weaker economy on the sector, and the merger and how it might affect the agency's programmes.

In response to these challenges, the CBDA will continue to meet its responsibilities in terms of its current mandate, which was incorporated into the draft business case of the new entity.

CO-OPERATIVE BANKING SECTOR DEVELOPMENT STRATEGY

Progress was made on the implementation of the CBSDS, which was developed in 2021. Three visions were identified in this process. The overarching aim of these is to grow the co-operative banking sector, and recognise and broaden the financial services landscape in general. The visions are as follows:

- Improve broad-based black economic empowerment (B-BBEE) in the financial sector and expand financial inclusion to vulnerable communities.



- Provide a competitive, co-operatively owned alternative to the commercial banking sector to lower the cost of banking and improve the quality of banking services.
- Improve financial literacy and community engagement through local or national government-led initiatives and co-operative institutions/stokvels.

The co-operative banking sector is implementing the strategy to achieve its first pillar, which entails establishing an NSCB as an alternative to existing commercial banks. This is intended to benefit the South African economy, and introduce more competition to the retail and SMME sector. This should result in lower banking costs for consumers and underserved groups.

The pros and cons of the strategy are detailed in the following table. These should be considered when considering how the strategy's objectives could be achieved, especially as they require progress on a broad front.

NSCB AS AN ALTERNATIVE TO COMMERCIAL BANKS

PROS	CONS
● Is the most financially efficient approach and a single brand	● Difficult to achieve in the next five to 10 years as there are not many examples of successful greenfield national co-operative banks
● Could provide wide economic benefits and faster member growth	● Could encounter significant resistance from banks, credit providers and CFIs
● Would provide for economies of scale in the co-operative financial sector	● Requires significant funding from foreign or domestic investors, or a government that is already cash strapped
● May be able to attract foreign investment for growth	● High-risk strategy to compete head to head with well-established and well-funded banks

In terms of the percentage of the adult population served by financial co-operatives, South Africa is at 0.08% (ranks last out of 118 countries) and had \$22 million in assets in 2018.

COUNTRY	PERCENTAGE OF ADULTS WITH ACCOUNTS (2018 FINDEX)	ASSETS OF FINANCIAL CO-OPERATIVES IN USD (2018)	PERCENTAGE OF ADULTS WITH ACCOUNTS IN FINANCIAL CO-OPERATIVES (2018)
South Africa	69%	\$22 million	0.08%
Kenya	82%	\$8.3 billion	28.4%
Brazil	70%	\$54 billion	6.9%
Colombia	46%	\$6.7 billion	9.4%

According to the 2021 CBSDS, “unlike other countries during the start-up phase of financial co-operatives, South Africa has imposed more restrictive prudential and operational norms that have hindered growth”.

The strategy suggests that the registration process is key among the challenges faced by financial co-operatives. After what CFIs/CBIs consider a daunting registration process, they are then subjected to a lengthy licensing process to issue loans.

WORKING GROUP

The NSCB working group has been active since April 2022. It holds monthly virtual meetings and quarterly on-site workshops/meetings. The working group has developed a four-phased plan to establish the NCSB and is targeting implementation in 2024.

The workshops that were held provided the sector with fintech options to investigate. Through them, terms of reference were developed on advocacy for the project, and business and marketing plans were conceived along with costing models. The terms of reference were presented to the portfolio committee of the Department of Small Business Development on 20 September 2023.

CBDA-PRUDENTIAL AUTHORITY MEMORANDUM OF UNDERSTANDING

The CBDA and Prudential Authority continued working together on:

- Improving the regulatory framework for CBIs and CFIs.
- Developing a sustainable co-operative banking sector.
- Instilling a culture of compliance and operational discipline, in line with the regulatory framework, for prospective and registered CBIs and CFIs.

- Creating an enabling environment for the co-operative banking sector through a progressive, innovative regulatory framework that supports the safety and soundness of the sector.
- Providing a framework for and encouraging the parties to liaise on matters of common interest.
- Keeping stakeholders abreast on policy, statutory and developmental matters of joint concern.
- Conducting joint public consultation sessions pertaining to either supervision or regulation, as well as capacity building and the development framework for the sector.
- Conducting joint training programmes, where required, for the co-operative banking sector on matters of common interest.

The standards and comment templates are available on the Prudential Authority’s website, <https://www.resbank.co.za/en/home/what-we-do/Prudentialregulation>.

FINANCIAL SECTOR CONDUCT AUTHORITY’S CONDUCT STANDARDS FOR CFIS

The conduct standards, as well as a statement in support of them, is available on the Financial Sector Conduct Authority’s website, <https://www.fsc.co.za>.

PROTECTION OF PERSONAL INFORMATION ACT (2013)

The CBDA has a policy in place pertaining to the Protection of Personal Information Act (2013). The policy is published on the agency’s website (<https://www.treasury.gov.za/coopbank/PAIA/2.%20PAIA%20-%20POPI%20Act%20Policy.pdf>). The co-operative banking sector is advised to familiarise themselves with the policy and acquire practical knowledge about the act to ensure compliance.

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 2021/22	AUDITED ACTUAL PERFORMANCE 2022/23	PLANNED TARGET 2023/24	ACTUAL ACHIEVEMENT 2023/24	DEVIATION FROM PLANNED TARGET FOR 2023/24	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	26	33	10	21	+11	This was achieved without increasing resources
		Number of communication activities and publications	6	5	5	5	–	–
	Leverage products and services offered by partners and stakeholders through collaboration and agreements	Number of partners and stakeholder relationships	8	11	8	26	+18	The CBDA had more engagements due to the merger as well as the Co-operative Banking Indaba

STRATEGIC OUTPUT 2: ENSURE AND MAINTAIN EFFECTIVE, EFFICIENT AND TRANSPARENT SYSTEMS OF FINANCIAL AND RISK MANAGEMENT, SCM AND INTERNAL CONTROL								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/22	AUDITED ACTUAL PERFORMANCE 2022/23	PLANNED TARGET 2023/24	ACTUAL ACHIEVEMENT 2023/24	DEVIATION FROM PLANNED TARGET FOR 2023/24	REASON FOR DEVIATIONS
Fiscal discipline, sound governance and compliance with regulatory framework	Sound and complaint financial internal controls, financial management and reporting services	Unqualified audit opinion	Unqualified audit opinion (2020/21)	Unqualified audit opinion (2021/22)	Unqualified audit opinion (2022/23), with 25% fewer findings	Unqualified audit opinion (2022/23), with 29% fewer findings	–	No material misstatement on AFS
	Maintain a compliant SCM process	Percentage of valid invoices paid within 30 days	100% valid invoices paid within 30 days	100% valid invoices paid within 30 days	100% valid invoices paid within 30 days	100% valid invoices paid within 30 days	–	–

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

The CSU met all its performance targets in terms of providing strategic leadership and managing stakeholder relationships. In doing so, it contributed to the CBDA fulfilling its mandate. The Minister of Finance approved the extension of the AMD's contract for six months, from 5 July 2023 to 4 January 2024, and again from 23 January for six months.

LINKING PERFORMANCE WITH BUDGET

The Administration/CSU programme is allocated 57% (R14.078 million) of the agency's total budget. Although the unit achieved all its targets, it overspent by 3% (R482 000). The overspent amount was covered by gaining approval from National Treasury to retain the R5.5 million surplus accumulated in 2022/23. Of the retained surplus amount, R2.3 million was allocated to the 2023 Co-operative Banking Indaba, R620 000 was spent on implementing the CBSDS, R180 000 was used to hire temporary administrative assistants, and R2.4 million was reversed to the Stabilisation Fund.

National Treasury's approval to retain surplus funds from the previous year, along with the cost-saving measures implemented by the agency during the reporting period, enabled the achievement of the programme's output indicators, particularly towards maintaining or forging new strategic partnerships, and facilitating the work carried out to implement the CBSDS.

Exceeded targets for the output indicators 'number of outreach and education activities about CBI model to groups and institutions' and 'number of partners and stakeholder relationships' is attributed to:

- The Co-operative Banking Indaba in December 2023, spending on which amounted to R2.3 million (venue, travel and accommodation, and subsistence). More than 200 delegates participated in the indaba. These included stakeholders from the sector and government departments, and other strategic partners. The event facilitated information sharing, the formation of

boards for the proposed NSCB and South African co-operative banking association, and recognising CBIs through awards and networking opportunities.

- The approved retained funds were also used to facilitate and support the working groups in implementing the CBSDS, which supports the establishment of an NSCB and South African cooperative banking association. Cost-savings measures were also implemented on facilitating on-site working group engagements. This was done by delegating tasks, such as minute-taking and preparing the AFS, to internal staff that would normally be outsourced.
- No funds were spent on the output indicator 'number of outreach and education activities about CBI model to groups and institutions' due to virtual engagement and co-ordinating with the CBU to perform the function, which is linked to the CBU output indicator 'percentage of organised groups supported'.
- Media presence at the indaba increased

public awareness on co-operative banking, and stakeholder involvement. The progress report on the merger also opened new doors for the CBDA to detail how its services would be enhanced. The agency also interacted with stakeholders on how the sector can play a role in the SMME ecosystem.

The output indicator 'unqualified audit opinion' was achieved with improvements from 2022/23. There were no material misstatements on the AFS and no irregular, fruitless and wasteful expenditure.

The effective oversight of management by the Board and sub-committees ensured the desired outcomes of the

programme. Interventions that were implemented by management assisted the unit to ensure that the agency's compliance and governance requirements were met.

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

57%

The percentage
of the CBDA's
budget for
2023/24
allocated to the
Administration/
CSU programme

ACTIVITY	2023/24			2022/23		
	BUDGET (R'000)	ACTUAL EXPENDITURE (R'000)	(OVER)/UNDER EXPENDITURE (R'000)	BUDGET (R'000)	ACTUAL EXPENDITURE (R'000)	(OVER)/UNDER EXPENDITURE (R'000)
Output indicator						
Number of outreach and education activities about CBI model to groups and institutions	244	–	244	479	–	479
Number of communication activities and publications	156	221	(65)	350	377	(27)
Number of partners and stakeholder relationships	58	3 076	(3 018)	62	1 387	(1 325)
Unqualified audit opinion	3 900	2 853	1 047	4 298	2 668	1 630
Percentage of valid invoices paid within 30 days	200	207	(7)	500	154	346
Total	4 558	6 357	(1 799)	5 689	4 586	1 103
Economic classification						
Compensation of employees	5 164	5 357	(193)	6 381	4 817	1 563
Annual licence fee	10	10	–	–	9	(9)
Bank charges	25	18	7	30	19	11
Communication	36	21	15	30	22	8
Consultants	1 470	713	757	1 800	911	889
Depreciation and amortisation	150	74	76	300	255	45
Lease payments	20	23	(3)	40	32	8
Legal fees	500	182	318	300	–	300
Printing and stationery	20	10	10	100	42	58
HR management	100	15	85	100	–	100
Staff welfare	10	–	10	5	1	5
Subscription	5	11	(6)	5	–	5
Training and staff development	200	80	120	100	61	39
Rental of office space	1 500	1 385	115	1 700	1 248	452
Rental of furniture	310	305	5	305	305	–
Total	9 520	8 203	1 317	11 196	7 722	3 475
Grand total	14 078	14 560	(482)	16 885	12 308	4 577

PROGRAMME 2: CAPACITY BUILDING UNIT

HIGHLIGHTS FOR THE YEAR UNDER REVIEW

The CBU managed to achieve 100% of its performance targets for the period under review. In the last quarter of the financial year the CBU bolstered the agency's efforts to help the sector move towards data-driven decision making, especially when considering how traditional banks have been using data to innovate financial products.

Using data analytics tools such as Microsoft Power BI and other statistical analysis tools, the agency is expecting to assist CBIs understand the performance of their financial products, leading to data-driven decision-making by the board of directors and management but more importantly for CBDA to have reliable and accurate sector statistics.

From this intervention CBIs would be better positioned to provide products that speak to the needs of their members.

While embracing Power BI as indicated above, the CBDA has begun automating its tools to better service CBIs in a more professional manner with enhanced ease of access to information, moving away from manual interaction with the CBDA in requesting and/or accessing the CBU's support programmes.

The automation project is done in conjunction with the National Treasury's ICT Unit. The automation of the CBU tools, including the Co-op Bank-in-a-Box tool, will result in accurate reporting and, more importantly, compliance to set prudential standards, as set by the PA.

As the financial sector has become more complex,

new regulations have been introduced and existing regulations have been amended. Accordingly, with support from its stakeholders, the CBDA is working to ensure that the sector remains relevant in the broader financial services environment.

In partnership with sefa, the CBDA is assisting CBIs to participate in the applications of the blended finance mode, which involves the strategic use of development finance to mobilise additional finance towards sustainable development. This initiative is expected to provide an opportunity for CBIs to support the growth of SMMEs.

CAPACITY-BUILDING INITIATIVES

The CBU continued its capacity-building initiatives targeted at CBIs. These took the form of direct technical assistance, monitoring and training interventions, and

pre-registration support to prospective CBIs. During the reporting period, the agency introduced product development and treasury management training. Four CBIs (two from Gauteng, one from KwaZulu-Natal and one from Eastern Cape) were selected for mentoring and coaching over six months. Through this intervention, these service providers will be able to draft a full-fledged product and treasury management policy.

STAKEHOLDER SUPPORT

In 2023/24, the CBU hosted training programmes in collaboration with the National Credit Regulator, the Banking Sector Education Training Authority (BANKSETA), the Association for Savings and Investment South Africa Foundation, the Companies and Intellectual Property Commission, and the

Eastern Cape and Gauteng departments of economic development.

CHALLENGES FOR THE YEAR UNDER REVIEW

Due to the merger and its implications for the CBU, some of its activities were suspended. However, these activities were able to resume in 2023/24. One such activity was the automation of the Co-op Bank-in-a-Box tool, which began during the period under review, with National Treasury's assistance. Developers have been allocated to initiate the project, with the CBDA having submitted more than 90% of the tool to them to automate.

The process of procuring relevant service providers for new training interventions related to the sector, and conducting research with regards to CBIs, were postponed to 2024/25 due to budget constraints.

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

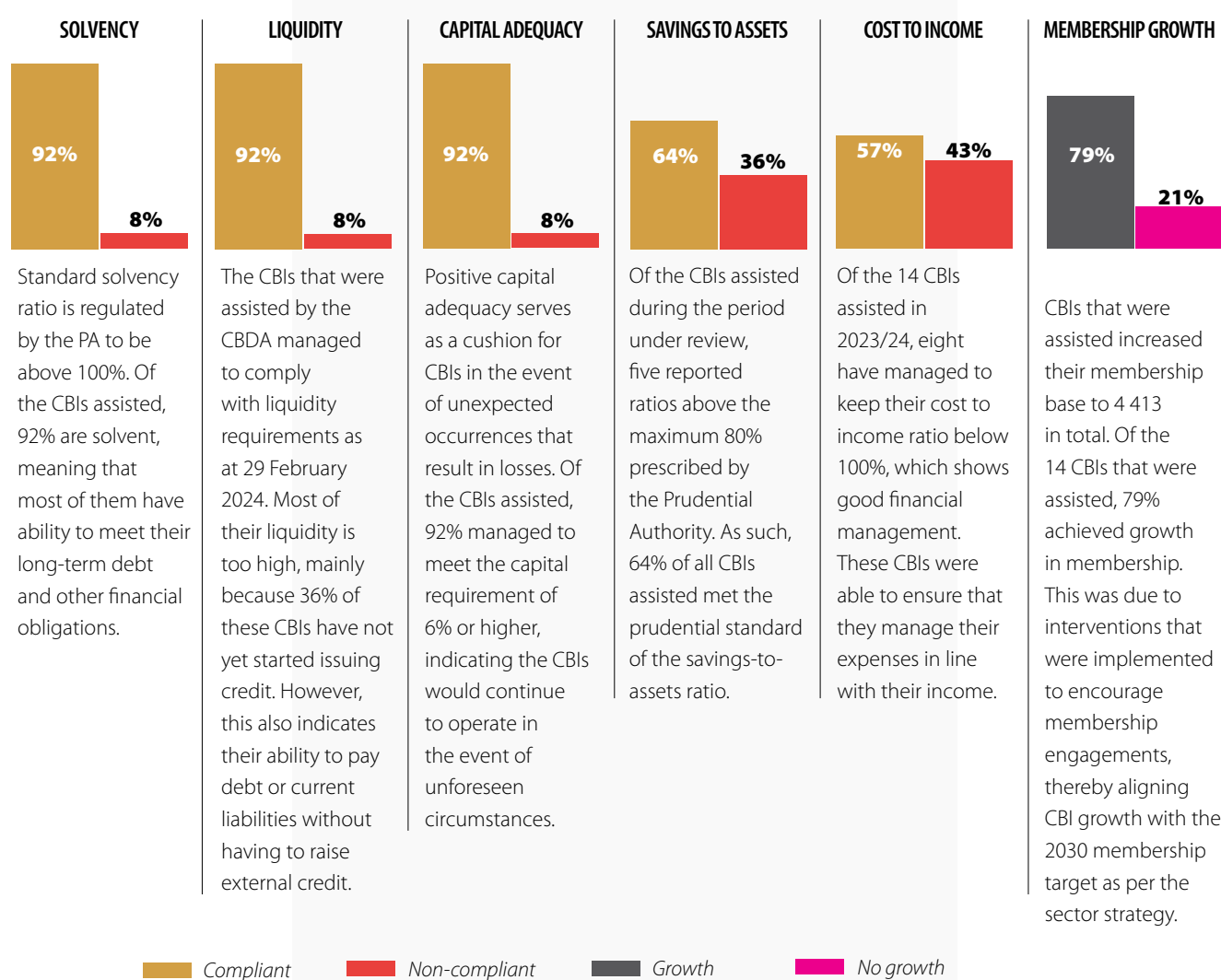
STRATEGIC OUTPUT 3: AN ADEQUATELY CAPACITATED CFI SECTOR								
OUTCOME	OUTPUT	OUTPUT INDICATORS	AUDITED ACTUAL ACHIEVEMENT 2021/22	AUDITED ACTUAL ACHIEVEMENT 2022/23	PLANNED TARGET 2023/24	ACTUAL ACHIEVEMENT 2023/24	DEVIATION FROM PLANNED TARGET FOR 2023/24	REASON/S FOR REVISIONS TO THE OUTPUTS/ OUTPUT INDICATORS/ANNUAL TARGETS
Increased access to financial services by communities to ensure economic transformation	Institutional development and organisational strengthening	Number of training programmes conducted	11	14	10	12	+2	Sector demanded and stakeholder funded training interventions resulted in a slight overachievement
		Number of direct technical assistance interventions provided	72	99	70	72	+2	The filling of the senior technical analyst position in the fourth quarter enabled the CBU to achieve the slight overachievement
		Number of monitoring visits conducted	45	42	40	40	N/A	–
		Percentage of organised groups supported	100%	100%	100%	100%	N/A	–
	Enhance operational efficiency through innovate solution and technology interventions	Percentage of registered CBIs prepared for digital transformation	45%	–	–	–	–	–

- The CBU's strategic objective is to facilitate a co-operative banking sector that has adequate capacity. This is directly linked to the overall vision and mission of the CBDA, that is, sector growth and competitiveness through providing innovative capacity development and support to CFIs and their members.
- The overachievement on the targeted training programmes for CFI board members,

members of the CBDA Board sub-committees, management and staff was made possible by the invaluable partnerships that the CBDA has forged over the years with the BANKSETA, and the Eastern Cape and Gauteng departments of economic development. As a new strategic partner, SEDA provided training in customer care in Gauteng and Eastern Cape during the third and fourth quarters.

PERFORMANCE RESULTS IN THE CO-OPERATIVE BANKING SECTOR

During the period under review, 14 CBIs participated in CBU interventions, which mainly included direct technical assistance, and monitoring and training. The 14 CBIs comprised 13 CFIs and one co-operative bank. Below are some of the performance highlights resulting from the interventions.



COMPLIANCE WITH LAWS AND REGULATIONS

- Of all the CBIs assisted to comply with laws and regulations, most were compliant as at 29 February 2024.
- Only two of the CBIs assisted with compliance were issued with non-compliance notices.
- All CBIs assisted with compliance have managed to submit their quarterly returns. However, 14% of these CBIs submitted later than the due date stipulated by the PA.
- Of the CBIs assisted with compliance, 79% successfully held annual general meetings during the financial year. Of those who successfully held the meetings, 73% were held within the regulated period. Those that were held after the due date were due to delays in finalising AFS. Condonations for the late annual general meetings were granted by the PA.

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

The CBU did not underperform in any of its performance areas.

CHANGES TO PLANNED TARGETS

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

LINKING PERFORMANCE WITH BUDGETS

The CBU was allocated 43% (R10.5 million) of the

agency's total budget. Although it achieved all its targets, it spent 83% (R8.7 million) of its allocation, including unbudgeted BANKSETA funds received amounting to R1 million.

In terms of transfer funds used against actual costs, excluding grant funds from BANKSETA, the programme underspent by R2.8 million. This had no material impact on the unit achieving its performance targets.

The overspending amounting to R242 000 is attributed to using funding from BANKSETA for on-site training. This contributed to the 20% overachievement of output indicator "number of training programmes conducted".

The underspending is attributed to the following:

- Underspending of R1.9 million on compensation of employees was due to the senior technical analyst having resigned in August 2023. After their resignation, the analyst's functions could not be carried out. A new appointment was made in January 2024, resulting in a catch-up plan being implemented to achieve annual targets. Two vacant posts were also not filled, as per cost-containment measures that were in place.
- Providing virtual, instead of on-site services, resulted in a decrease in logistical costs.

The following table details the CBU's costs to carry out its activities during the period under review.

ACTIVITY	2023/24			2022/23		
	BUDGET (R'000)	ACTUAL EXPENDITURE (R'000)	(OVER)/UNDER EXPENDITURE (R'000)	BUDGET (R'000)	ACTUAL EXPENDITURE (R'000)	(OVER)/UNDER EXPENDITURE (R'000)
Output indicator						
Number of training programmes conducted	994	1 739	(745)	995	1 332	(337)
Number of direct technical assistance interventions provided	742	458	284	864	304	560
Number of monitoring visits conducted	447	267	180	483	129	354
Percentage of organised groups supported	83	44	39	83	31	52
Total	2 266	2 508	(242)	2 425	1 796	629
Economic classification						
Compensation of employees	7 764	5 906	1 858	7 553	5 716	1 837
Communication	60	113	(53)	60	85	(25)
Marketing	159	–	159	–	–	–
Staff training and development	240	188	52	200	52	148
Total	8 223	6 207	2 016	7 813	5 853	1 960
Grand total	10 489	8 715	1 774	10 238	7 649	2 589

13. REVENUE COLLECTION

SOURCE OF REVENUE	2023/24			2022/23		
	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	20 911	20 911	–	20 831	20 831	–
Grant income	–	1 002	(1 002)	–	539	(539)
Services in kind	3 510	3 319	191	6 004	3 464	2 540
Services rendered	2	16	(14)	2	–	2
Interest income	144	1 472	(1 328)	286	952	(666)
Other income	–	120	(120)	–	11	(11)
Total	24 567	26 840	(2 273)	27 123	25 797	1 326

The CBDA's main source of revenue is transfers from National Treasury. These amounted to R20.9 million in 2023/24.

Grant income from BANKSETA amounting to R1.002 million was used for training officials in Eastern Cape department of economic development, training CBIs on product development, treasury management, and mentoring and coaching CBIs.

Services in kind, which is a non-cash item, valued at R3.3 million were provided by National Treasury. Provisions from the department include goods (office space, parking facilities and office furniture) and services (internal audit, enterprise risk management, legal, SCM, finance, ICT, cleaning,

and communication), to supplement the CBDA's insufficient resources.

The amount for services rendered relates to registration fees received for the 2023 Co-operative Banking Indaba.

An increase in interest income was due to unused transfer funds invested with First National Bank and stabilisation funds invested with the Corporation for Public Deposits. Approved surplus funds in 2023/24 also contributed to the increase in interest income.

Other income received is for the adjustment on leave accrual, and a refund from University of Fort Hare amounting to R124 000 following a settlement reached with the university related to courses provided.



Part C

GOVERNANCE

14. 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.

National Treasury regulations impose certain statutory and regulatory requirements on the agency.

15. PORTFOLIO COMMITTEES

On 16 May 2023, the CBDA briefed the Select Committee on Finance on its quarterly reports.

16. EXECUTIVE AUTHORITY

During the period under review, and in terms of the PFMA and National Treasury regulations, the CBDA submitted its 2023/24 quarterly report as well as the 2022/23 annual report and AFS to the executive authority. The agency also submitted its strategic and annual performance plans after obtaining approval from the Board on

15 February 2024 at a fully quorate meeting.

The 2024/25 Annual Performance Plan was then submitted to the public enterprise oversight unit, which then submitted it to the office of the Minister of Finance to seek approval. The 2024/25 Annual Performance Plan was thereafter approved and tabled in Parliament.

17. ACCOUNTING AUTHORITY/BOARD

INTRODUCTION

The CBDA Board acts as an independent accounting authority. The chairperson and Board of Directors are appointed by the Minister of Finance in terms of section 58 of the Co-operative Banks Act (2007).

As the accounting authority, the Board must fulfil certain duties and responsibilities, as outlined in the act, the PFMA and National Treasury regulations.

Mr L Ntuane served as Board Chairperson during the period under review.

To ensure that the Board continues to be fully quorate, the following should be noted:

- Ms P Motseo was appointed as deputy chairperson on 25 March 2024. She also leads the HR and remuneration, risk and ICT committees.
- Mr R Masoga resigned from the Board on 31 July 2023.
- Mr J Hlaethoa was appointed to the Board on 25 March 2024.
- The Minister of Finance reappointed Mr I Amien on 25 March 2024 for another term.

ROLE OF THE BOARD

The Board's roles and responsibilities are enshrined in the Board Charter, which is reviewed as and when required. The roles and responsibilities are as follows:

- The Board acts as the focal point for, and custodian of, corporate governance by managing its relationships with management, CFIs, National Treasury and other relevant government departments, and sector stakeholders along sound governance principles.
- The Board provides an oversight function for the management of the CBDA as it fulfils its mandate. It does so in good faith and in the best interest of the agency, in accordance with its values and ethics, and government's strategic objectives; its fiduciary duty of care, skill and diligence, and effective leadership on an ethical foundation. These functions are carried out while preserving the confidentiality of all matters of the agency, where necessary, 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 providing strategic guidance and direction, approving strategy, identifying key performance and risk indicators, overseeing performance against targets and objectives, and ensuring that appropriate risk governance (including IT risk governance) is in place. This includes determining the agency's risk appetite and risk governance structures; promoting risk management policies, processes and procedures; and ensuring appropriate internal controls.

BOARD CHARTER

The chairperson has played a key role in ensuring that the Board remained independent and made sound decisions in the best interest of the CBDA. One new Board member was appointed during the period under review after the resignation of another Board member. The Board was able to effectively execute its duties as prescribed in the Board Charter.

The charter was reviewed and approved during the first quarter of 2023/24. The changes were focused on providing clarity to the attendance rules of Board meetings.

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

COMPOSITION OF THE BOARD

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS	NUMBER OF MEETINGS ATTENDED
Mr L Ntuane ¹ 	Chairperson	23 November 2018 Reappointed 26 November 2021		● BCom (Economics and Business Information Systems) ● AdvDipPM (Project Management) ● PGDip (Management) ● Chief Information Officer (CIO) Practice Professional certifications ● Information security manager ● Risk and information systems control ● IT enterprise governance Other certifications ● Applied project management in IT ● Fundamentals of cybersecurity ● ITIL 4 Foundation ● COBIT Foundation PRINCE 2 Foundation	● Business and IT strategy development ● Corporate and IT governance ● Driving organisational performance ● Digital transformation ● Project and programme management ● IT management ● Governance, risk and compliance management ● Enterprise architecture ● Enterprise risk management ● Cybersecurity management ● Banking, investment and asset management	● CBDA: Chairperson ● Financial Sector Conduct Authority: Member of risk committee ● Office of the Pension Funds Adjudicator: Member of risk committee ● Office of the Ombud for Financial Services Providers: Member of audit and risk committee ● SEDA: Non-executive director ● sefa: Non-executive director ● Europcar South Africa: Board member ● Tempest South Africa: Board member	● CBDA HR and remuneration committee ● Risk and ICT committee member ● Joint oversight forum member ● Technical committee (merger) member	● Board (12/12) ● HR and remuneration (4/4) ● Risk and ICT (4/4) ● Other (16/16)
Mr R Masoga ² 	Member	23 May 2022	31 July 2023	● BProc ● PGDip (Compliance) ● LLM (Banking Law) ● Certificate in Finance (in progress) ● Postgraduate Diploma (Economic Policy), one module outstanding	● Public policy and regulatory affairs ● Anti-money laundering and combating of financing of terrorism ● Illicit financial flows ● Stakeholder relations and social dialogue ● Governance ● Impact on South Africa of the US and EU sanctions on Iran ● Financial Sector Charter ● Specialist: Commercial crimes attorney	● Legal Aid South Africa	N/A	● Board (2/12) ● HR and remuneration (2/4)

NAME	DESIGNATION (ON TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS	NUMBER OF MEETINGS ATTENDED
Ms P Motseo ³	Deputy Chairperson	23 May 2022	N/A	● MBA ● BCom Honours (Business Management) ● Diploma (Trade Law and Policy)	● Learning and development ● Transformation specialist ● Coaching and mentoring ● Human capital project management ● Job profiling and evaluations/grading ● SABPP professional ● Remuneration and rewards analyst ● Policy processes development ● Skills development facilitator (SAP - HCM and MM module) ● SAGE (VIP HR, payroll)	N/A	● Chairperson of risk and ICT committee ● HR and remuneration committee member	● Board (12/12) ● HR and remuneration (4/4) ● Risk and ICT (4/4) ● Other (13/16)
Ms N Shwala	Member	4 June 2018	N/A	● Master's (Business Leadership) ● Executive Leadership Programme ● Management Advancement Programme	● HR specialist ● Executive human capital ● Policy development	N/A	● HR and remuneration committee member	● Board (3/12) ● HR and remuneration (3/4) ● Other (3/16)
Mr I Amien ⁴	Member	29 March 2021 Reappointed 28 March 2024	N/A	● BA ● LLB ● MPhil (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 Trading ● Seven Lanterns Trust	N/A	● Board (8/12) ● Other (3/16)

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS	NUMBER OF MEETINGS ATTENDED
Mr V Pangwa 	Member	23 November 2018 Reappointed 26 November 2021	23 November 2021	- South African Institute of Chartered Accountants - Independent Regulatory Board of Auditors - Chartered Accountant (SA) - BCom Honours (Accounting)	- Audit planning and monitoring - Preparing financial statements - Reviewing financial statements - Budgeting/financial management	ANF CA (SA)	- HR and remuneration committee - Risk and ICT committee - Audit committee	- Board (12/12) - HR and remuneration (4/4) - Risk and ICT (4/4) - Other (16/16)
Advocate M Adhikari	Member	23 May 2022	N/A	- LLM (International Legal Studies) - LLB - PGDip (Organisation and Management) - BSocSc (Political Studies Africa)	- Practicing advocate and member of the Cape Bar - Lead attorney for women's health rights programme - Supervised financial and general administrative functions with director - Prepared funding reports to funders and trustees - State-owned entities in commercial and administrative litigation matters - NPOs on legal compliance, financial management and good governance - Developed regional governance and capacity-building programme for NPOs in the Southern African Development Community region with partners in Zimbabwe, Namibia and Botswana	CDBA: Board member	N/A	- Board (2/12) - HR and remuneration (1/4) - Risk and ICT (1/4)

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS	NUMBER OF MEETINGS ATTENDED
Mr J Hlaithoa ⁵ 	Member	28 March 2024	N/A	- BA - BA Honours - PGDip (Public and Development Management) - PGDip (Labour Law) - MCom (Business Management)	- Divisional executive for corporate services at the Financial Sector Conduct Authority (daily operations of communications, security and facilities, and HR departments) - Change management - Organisational design/restructuring - Process engineering - Rewards and benefits - Performance management - Project management - Sustainability reporting - Labour law - Security/risk assessment - Corporate event management	- CBDA: Board member - Board member: Limpopo Jewellery Business Incubator (also serves as chairperson of the incubator's HR and remuneration committee) - Trustee: Financial Sector Conduct Authority pension fund	N/A	N/A
MINISTER'S REPRESENTATIVE								
Ms N Lubisi ⁶ 	Minister's representative	23 March 2021	N/A	- Executive Development Programme (WITS) - MPhil (Taxation) - PGDip (Development Finance) - BTech (Quality Management) - BCom (Statistics, Economics and Banking)	Leading, directing and managing senior economists in policy development and implementing legislation on financial inclusion. Facilitating work on the transformation of the financial services sector to ensure it is diversified and inclusive, and empowers youth, women, SMMEs and people with disabilities	Culture Roof (Pty) Ltd	- HR and remuneration committee - Risk and ICT committee - Audit committee	- Board (9/12) - HR and remuneration (3/4) - Risk and ICT (3/4)

1. Reappointed as chairperson on 26 November 2021.
2. Resigned on 31 July 2023.
3. Appointed as deputy chairperson on 25 March 2024.
4. Reappointed to the board for a second term on 25 March 2024.
5. Appointed to the board on 25 March 2024.
6. Minister's representative since 23 March 2021.

SUB-COMMITTEES

The CBDA Board carries out its responsibilities and duties through its sub-committees. Each

sub-committee acts in accordance with the Board Charter and is chaired by an independent non-executive director.

SUB-COMMITTEE	NUMBER OF MEETINGS HELD	NUMBER OF MEMBERS	NAMES OF MEMBERS
Audit	5	3	Ms P Mzizi (chairperson) Mr A F Sinthumule Mr M Geswint
Risk and ICT	4	3	Ms P Motseo (chairperson) ¹ Mr Mr L Ntuane Mr V Pangwa (member)
HR and remuneration	4	5	Ms Ms P Motseo (chairperson) Ms N Shwala (member) Mr V Pangwa (member) Mr L Ntuane (member) Mr R Masoga ²

1. Member until July 2022 and chairperson from October 2022.
2. Resigned on 31 July 2023.

The sub-committees perform the following functions:

AUDIT

The audit committee is established in terms of legislation to serve as an independent governance structure. Its function is to provide an oversight role on the systems of internal control, risk management and governance. The sub-committee assists the accounting officer in the effective execution of their responsibilities with the aim of achieving the CBDA's objectives.

RISK AND ICT

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. This includes risk in the overall controls and processes to monitor compliance with laws and regulations.

HR AND REMUNERATION

The role of the HR and remuneration committee is to propose, agree and develop the agency's general policy on executive and senior management remuneration.

It also proposes specific remuneration packages for executive directors of the agency, 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 National Treasury, in terms of service benefit packages for office bearers of certain statutory and other institutions. The Board members' remuneration is shown in the table below as well as note 23 of the AFS.

NAME	MEMBERS' FEES (RANDS)	OTHER ALLOWANCE	OTHER REIMBURSEMENTS	TOTAL (RANDS)
Mr L Ntuane	293 000	N/A	N/A	293 000
Mr R Masoga	58 000	N/A	N/A	58 000
*Ms N Shwala	N/A	N/A	N/A	N/A
Mr V Pangwa	112 000	N/A	N/A	112 000
Mr I Amien	56 000	N/A	N/A	56 000
Adv M Adhikari	22 000	N/A	N/A	22 000
Ms P Motseo	295 000	N/A	N/A	295 000
*Mr J Hlaethoa	N/A	N/A	N/A	N/A

*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.

18. RISK MANAGEMENT

The risk and ICT sub-committee developed a framework to provide guidance on the function of the governance, risk and compliance landscape within the agency.

Risk management was more aligned with the framework and was managed in greater detail for the whole entity.

The Board has assigned oversight of the CBDA risk management process to the risk and ICT sub-committee, which laid the foundation for oversight on governance, risk and compliance of the CBDA, and provided direction in terms of ICT.

Risk and compliance registers are presented to the risk and ICT sub-committee quarterly to provide oversight and ensure that appropriate mitigation strategies are in place.

During the period under review, National Treasury's enterprise risk management team drafted an assessment report on the strategic

risk management within the CBDA.

The agency is compliant with the Protection of Personal Information Act (2013) and the Promotion of Access to Information Act (2000). These policies and procedures are published on the CBDA's website. (<https://www.treasury.gov.za/coopbank/PAIA/default.aspx>)

National Treasury's ICT unit reports quarterly to the CBDA's audit sub-committee. These reports provide updates on the work of ICT unit, and on how it had discharged its responsibilities in line with universally accepted principles of directors' duty of care. These principles ensure that prudent and reasonable steps are taken regarding IT and associated risks.

Communication and reporting between the risk and ICT committee and the audit committee was improved to ensure appropriate oversight and reporting to the CBDA Board.

19. INTERNAL AUDIT

The CBDA uses the services of National Treasury's internal audit and enterprise risk management units. These services provide assurance that the Board maintains an effective internal control environment. The responsibility for the oversight of internal financial management, risk management and operational control rests with the Board, with the assistance of the audit and risk, and ICT sub-committees. Internal audit is responsible for the CBDA's controls in determining its effectiveness, efficiency and economy. It is also responsible for improving and enhancing existing controls, where appropriate, and assists with developing new recommendations.

KEY ACTIVITIES AND OBJECTIVES

The internal audit unit's objectives are aligned with National Treasury regulations. Its function assists the AMD to achieve the agency's objectives in 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 performance goals, ensuring accountability, and preserving corporate values.

Maintaining controls is done by evaluating those controls to determine their effectiveness and developing recommendations for enhancement or improvement, if necessary. The controls are subject to evaluation and should encompass the following:

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

AUDITS CONDUCTED DURING THE FINANCIAL YEAR

The unit's risk-based annual plan and three-year rolling plan (2023/24-2025/26) was tabled and approved by the audit committee for implementation. Five internal audits were planned and completed in the period under review. These were:

- Review of 2022/23 AFS.
- Review of performance information on annual performance report.
- Review of asset management.
- Review of interim financial statements.
- Consultative review on annual performance information.

One ad-hoc request was received from the audit committee: to conduct due diligence on the submission of irregular, fruitless and wasteful expenditure, and supporting documents.

These reports were submitted to management and tabled at audit committee meetings. The results of the reports required management to

implement an action plan to address the internal control deficiencies that are monitored quarterly on the findings register.

These audits were beneficial in that they assisted management to identify the gaps in controls and act on strengthening procedures and processes.

20. AUDIT

The audit sub-committee is independent and fulfils an oversight role in governance by, among other things, reviewing the integrity of reporting, internal financial controls and risk management. Members are remunerated by National Treasury.

KEY ACTIVITIES AND OBJECTIVES

The audit committee effectively oversees the processes, models and frameworks for managing risk across the CBDA. This is done to:

- Support the achievement of business objectives.

- Safeguard the agency’s assets.
- Support compliance with regulatory requirements, policies and procedures.
- Ensure business continuity under normal and adverse operating conditions.
- Support principles of good governance.

The chairperson of the committee reports to the Board, as outlined in the Board Charter, which covers internal and external audit; financial, performance, risk, compliance and HR management; ICT governance; forensic investigation; and other committee matters.

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	IF INTERNAL, POSITION IN THE PUBLIC ENTITY	DATE APPOINTED
Ms P Mzizi	CA (SA) BCom BCom Honours (Transport Economics) BCompt Honours BBusSci (Finance)	External	Chairperson	1 October 2018
Mr G Geswint	B Admin B Admin Honours (Economics)	Internal	Member	19 May 2022
Mr A F Sinthumule	BCom (Accounting) NDip (Finance and Auditing) MBA (Special Project on PFMA)	External	Member	1 July 2019

21. COMPLIANCE WITH LAWS AND REGULATIONS

The CBDA implements various action plans to improve its policies, systems and procedures, and to ensure compliance with the relevant laws and regulations pertaining to its governance and operations.

A policy register enables the agency 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.

22. FRAUD AND CORRUPTION

The CBDA has a fraud policy aligned and compliant with National Treasury's fraud prevention plan. The CBDA uses the national anti-corruption hotline for whistleblowers to report fraud and corruption. The agency has a zero-tolerance policy against fraud, and appropriate action is taken in line with the policy.

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

Activities during the period under review:

- International Fraud Awareness Week (12-18 November 2023), where National Treasury

highlighted the elements of the fraud triangle (pressure, opportunity and rationalisation) that, when combined, may expose the CBDA to a high risk of fraud.

- Webinar held in collaboration with the South African Banking Risk Information Centre on 5 December 2023 to educate staff on the latest banking scams.

Improved controls were introduced to the CBDA to reduce fraud risk. The agency's risk and ICT committee has placed a greater emphasis on fraud risk management. No incidents of fraud were reported during the reporting period.

23. MINIMISING CONFLICT OF INTEREST

Guidelines on minimising conflicts of interest are contained in the CBDA's Code of Business Ethics. Board members are required to indicate, in writing, if

they have a conflict of interest in relation to any item on the agenda, and to sign a declaration of interest form at each governance meeting they attend.

24. CODE OF CONDUCT

The Board approved the agency's revised Code of Business Ethics during the period under review. All employees are required to sign the code upon appointment.

The CBDA expects all employees to live its values of passion, integrity, respect, commitment, excellence and confidentiality. Any violations of the code are reported to the AMD.

25. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

As the CBDA is located on National Treasury premises, it follows the department's policies and procedures for health, safety and environmental issues.

For the year under review, the CBDA was

represented by the HR unit for safety, health, and its environmental risk and quality management committee to ensure compliance with the Disaster Management Act (2002) and to report on office rotation of employees.

26. COMPANY/BOARD SECRETARY

The business support manager is taking on the responsibilities of this role.

27. SOCIAL RESPONSIBILITY

The CBDA is financed indirectly by taxes, through a transfer payment from National Treasury. As a

principle, it makes no donations or contributions for social responsibility.

28. AUDIT COMMITTEE REPORT

The audit committee is pleased to present its report for the financial year ended 31 March 2024.

BACKGROUND

The committee is established in terms of section 51(1)(a) of the PFMA and Treasury Regulation 27.1. It has adopted formal terms of reference (the committee charter) and has fulfilled its responsibilities for the year in compliance with the charter.

INTERNAL AUDIT

The committee approved a risk-based, three-year rolling strategic plan and an annual internal audit coverage plan for the period 1 April 2023 to 31 March 2024. Five audits were planned and conducted during the year:

- Review of the AFS.
- Audit of the annual performance report.
- Review of the adequacy and effectiveness of asset management processes.
- Review of the draft annual performance plan (consultation).
- Review of the interim financial statements.

A due diligence ad hoc assignment on the submission of supporting documents for irregular expenditure was also conducted.

The committee reviewed all the internal audit reports and is satisfied:

- With the activities of the internal audit function, including its annual work programme, coordination with the external auditors and the responses of management to specific recommendations.
- That internal audit is conducted in accordance with the standards set by the Institute of Internal Auditors.

RESPONSIBILITIES

The audit committee is satisfied that it has discharged its responsibilities in assisting the accounting authority with the following activities:

- Reviewing the adequacy, reliability and accuracy of the financial information provided by management and other users of such information.

- Overseeing the activities of, and ensuring co-ordination between, the activities of internal and external audit.
- Providing a forum for discussing exposure to financial and enterprise-wide risks and monitoring the controls that are designed to minimise these risks.
- Reviewing the agency's quarterly performance information and annual report, including annual performance information and AFS, and any other public reports or announcements containing financial and/or non-financial information.
- Receiving and dealing with any complaints concerning the accounting practices, internal and external audit or the content and audit of its financial statements or related matters.
- Reviewing the committee's work yearly, in line with the charter, and making recommendations to the accounting authority to ensure the committee's effectiveness.

RISK MANAGEMENT

Management is responsible for establishing and maintaining an effective system of governance, managing risks, preventing and detecting fraud, and internal controls. Internal audit was guided by the risk profile provided by management, critical audit areas and management's inputs in the formulation of its three-year strategic and annual plans. The CBDA has a committee that comprises board members and management to fulfil risk management responsibilities. The committee met five times during the period under review.

A risk register is updated quarterly to ensure that all the major risks, including emerging risks, facing the organisation are effectively managed. The committee monitors management's implementation of the risk management plans quarterly.

COMPLIANCE WITH LEGAL AND REGULATORY PROVISIONS

The committee has reviewed the in-year management and quarterly reports submitted in terms of the PFMA and the annual Division of Revenue Act, and is satisfied that no material deviations were noted. It has noted managements'

policies and procedures to ensure compliance with applicable laws and regulations. The committee has also noted the external auditor's report, which highlights that no instances of non-compliance were identified.

ACCOUNTING AND AUDITING CONCERNS

No accounting and auditing concerns have been noted and brought to the committee's attention. As such, it is of the opinion that internal audit is independent and has provided objective assurance and consulting activities that were designed to add value and improve the agency's operations. Accordingly, the committee is satisfied with the internal audit function's effectiveness. Nothing significant has come to the committee's attention to indicate any material breakdown in the functioning of controls, procedures and systems.

ADEQUACY, RELIABILITY AND ACCURACY OF THE FINANCIAL INFORMATION

Based on the information and explanations provided by management and the results of audits performed by the internal auditors and the AGSA, the committee is of the opinion that the financial information provided by management to users of such information is adequate, reliable and accurate.

The external auditors commended management for submitting financial statements that were free

from material misstatements. The committee is satisfied with the effectiveness of the finance function.

EXTERNAL AUDIT

The audit committee has reviewed the independence and objectivity of the external auditors, noting that no non-audit services were rendered by them during the year. To ensure that there were no unresolved issues, the committee met with the AGSA to discuss its audit report. It has also reviewed management's responses to issues raised in the management report. Continuous oversight will be exercised to ensure that unresolved findings are adequately addressed.

The committee considered the auditors' management and audit reports, and concurs with their conclusions. As such, the committee accepts the audit opinion expressed by the external auditors on the AFS, the audit outcomes of the annual report and the CBDAs and compliance with legislation.

EFFECTIVENESS OF INTERNAL CONTROLS

The committee considered all reports issued by the various assurance providers (for example, the internal and external auditors and the risk committee). It also noted managements' actions in addressing identified control weaknesses and is satisfied with the following achievements reported for the year:

ASSURANCE PROVIDER	TOTAL FINDINGS	RESOLVED FINDINGS	UNRESOLVED FINDINGS
Internal audit	27	23	4
External audit	10	9	1

Considering the above, the audit committee is satisfied with the adequacy of the internal control system for 2023/24.

GENERAL

The committee would like to express its appreciation to the Board for its leadership and support; and the AMD, internal audit and management for their commitment and cooperation.

Pumla Mzizi C.A(SA)

Ms Pumla Mzizi CA (SA)
Chairperson: Audit committee
12 August 2024

29. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance requirements of the Broad-Based Black Economic

Empowerment Act (2013) and as determined by the Department of Trade, Industry and Competition.

HAS THE PUBLIC ENTITY APPLIED ANY RELEVANT CODE OF GOOD PRACTICE (B-BBEE CERTIFICATE LEVELS 1-8) WITH REGARDS TO THE FOLLOWING:

CRITERIA	RESPONSE	INTERNAL OR EXTERNAL
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 B-BBEE imperatives. Legislation does not require compliance
Developing and implementing a preferential procurement policy?	Yes	National Treasury's preferential procurement policy informs all procurement decisions. The CBDA follows National Treasury prescripts
Determining qualification criteria for the sale of state-owned enterprises and assets?	N/A	CBDA is a development agency and not responsible for the selling of state-owned enterprises and assets
Developing criteria for entering partnerships with the private sector?	No	No criteria have been developed for entering into partnerships with the private sector
Determining criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE?	No	The CBDA provides support to CBIs, which are by their nature primarily B-BBEE entities



Part D

HUMAN RESOURCE MANAGEMENT

30. OVERVIEW OF HR MATTERS

The CBDA continued to assess HR risks and challenges in the year under review. This was done with a view to optimise performance and improve the employee experience. Retaining technical skills was prioritised as follows:

- Implemented critical elements of the remuneration framework.
- Implemented critical elements of the talent journey.

This HR report summarises the employment-related activities of the CBDA for the period 1 April 2023 to 31 March 2024. This includes:

- 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

- ICT Pastel: Change management policy and procedure for systems not supported by National Treasury's ICT unit was developed and submitted to the unit for comments.
- Migration of information to National Treasury's server to host the Pastel payroll system has been completed. Operational-level agreement has been approved.
- HR policies were reviewed to address AGSA's findings on policy reviews in 2022/23.
- HR forms part of workstreams 3 and 4, where the team is responsible for developing and implementing the consolidation of the business and operations of the CBDA, SEDA and sefa after the merger; and designing and implementing the post-merger organisational chart.

● WORKSTREAM 3: CHANGE MANAGEMENT AND COMMUNICATION

- This workstream is responsible for developing the change management strategy that will be implemented for the merger, and internal communication on the merger process. Change resistance management, as identified in the change management strategy, serves as a guide on how to manage resistance.
- The internal communication letter on the merger was distributed to all CBDA

employees. This included a presentation to staff on internal communications related to the merger.

● WORKSTREAM 4: HR

- Main reporting workstream on all work conducted by workstream 3.
- Organisational design – consolidation of the three org structures.
- Terms and conditions of employment – comparison of the three entities' policies and provision of a proposal.
- Competency framework.

EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

The normalisation committee finalised the 2022/23 performance assessments in August 2023. The assessments for the period under review are expected to be finalised in 2024/25.

EMPLOYEE WELLNESS PROGRAMMES

The CBDA supports its staff through National Treasury's Siyaphila employee wellness service. Siyaphila is a work site programme designed to assist employees in identifying and resolving personal concerns, including but not limited to, health; marital, family and financial affairs; issues related to alcohol and drug abuse; legal assistance; mental health support; and other personal issues that may affect job performance. The programme is aligned with the public service employee health and wellness programme.

There were two referrals during the reporting period. These are ongoing.

POLICY DEVELOPMENT

The following revised policies were approved during the period under review:

- Allowance for acting appointments.
- Bursary scheme policy.
- Code of Business Ethics.
- Compensation policy.
- Employee and funeral benefits policy.
- Long-service benefits policy.
- Termination policy.
- Disciplinary code and grievance procedures.
- Employment equity policy.
- Performance management policy.
- Recruitment and selection policy.

- Relocation policy.
- Salary advance policy.

The following policies are set to be reviewed in the first quarter of 2024/25:

- Internship policy.
- Leave benefits policy.
- Recruitment and retention policy.
- Succession planning and career pathing policy.
- Working hours policy.
- Headcount reduction policy.

APPOINTMENTS, CONTRACT EXTENSIONS AND TERMINATION OF EMPLOYMENT

Appointments, contract extensions and termination of employment in 2023/24:

CSU

- One finance clerk was appointed on a one-year fixed-term contract, effective 11 April 2023.
- The AMD's contract was renewed, effective 4 July 2023 to 4 January 2024. The contract was extended on 9 February 2024 until 9 August 2024, or until the merger is finalised.
- Three temporary administrative assistants were appointed on 10 July 2023 for six months. These contracts were extended to June 2024.

- The business support manager's contract was extended to December 2024.

CBU

- One senior technical analyst resigned in August 2023.
- One senior technical analyst was appointed on a permanent basis, effective 3 January 2024.

ADVERTISED VACANT POSTS

In 2023/24, CBDA advertised three posts for temporary administrative assistants and one for a permanent senior technical analyst.

CHALLENGES FOR THE YEAR UNDER REVIEW

Reductions in allocations within the medium-term expenditure framework resulted in employees in the CSU taking on additional tasks and CBU staff having to cope with increased workloads. More activities also needed to be carried out virtually as part of the cost-saving measures in place. Four vacant posts for technical analysts across different provinces were not filled due to the budget reductions.

FUTURE HR PLANS/GOALS FOR 2024/25

Filling of all vacant posts: all vacant posts should be filled permanently as they are in the organisational structure, budgeted for, and key to the CBDA's operations. However, this is unlikely considering the merger and cost-saving measures in place.

31. HR OVERSIGHT STATISTICS

PERSONNEL COST BY PROGRAMME

PROGRAMME/ACTIVITY/OBJECTIVE	TOTAL EXPENDITURE (R'000)	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXPENDITURE AS % OF TOTAL EXPENDITURE	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
CSU	14 560	5 357	23%	9	595
CBU	8 715	5 906	25%	9	656
Total	23 275	11 263	48%	18	626

PERSONNEL COST BY SALARY BAND

LEVEL	PERSONNEL EXPENDITURE (R'000)	% OF PERSONNEL EXPENDITURE TO TOTAL PERSONNEL COST	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top management	1 193	11%	1	1 193
Senior management	2 542	23%	1	1 271
Professional qualified	3 759	33%	5	940
Skilled	3 769	33%	11	343
Total	11 263	100%	18	626

PERFORMANCE REWARDS

The 2022/23 performance bonus was paid in August 2023 from provisions made in the 2022/23 AFS. These amounted to R339 000.

TRAINING COSTS

Training costs were incurred for 10 employees. Of these, seven were enrolled in institutions for formal training and three enrolled in an SCM course with the National School of Government. The fields of study were financial accounting, business administration compliance management, banking services and business analysis.

Six employees from the CBU applied for membership to the Institute of Business Advisors Southern Africa. Their applications were approved and accepted. This membership will enable upskilling and provide continuous professional

development to the employees, thereby improving the level of their services to the co-operative banking sector.

One employee attended the 2024 Global Entrepreneurship Congress Africa in Cape Town (13-14 March 2024). The event was hosted by the Department of Small Business Development, Gen Africa and the Western Cape provincial government.

Topics covered during the congress included:

- Role of innovative/digital financial services to strengthen financial inclusion.
- Policies that create an enabling environment for African entrepreneurs to thrive.
- Building community – elements of a strong ecosystem.
- Funding instruments for SMMEs.
- Winning models for enterprise and supplier development led by the African Bank.
- Connecting the dots through research.

PROGRAMME/ACTIVITY/ OBJECTIVE	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDI- TURE (R'000)	TRAINING EXPENDITURE AS A % OF PERSONNEL COST	NUMBER OF EMPLOYEES TRAINED	AVERAGE TRAINING COST PER EMPLOYEE (R'000)
CSU	5 357	80	0.71%	4	20
CBU	5 906	188	1.68%	6	31
Total	11 263	268	2.39%	10	27

EMPLOYMENT AND VACANCIES

PROGRAMME/ACTIVITY/ OBJECTIVE	NUMBER OF EMPLOYEES (2022/23)	APPROVED POSTS (2023/24)	NUMBER OF EMPLOYEES (2023/24)	VACANCIES (2023/24)	PERCENTAGE OF VACANCIES
CSU	7	9	9	2	22%
CBU	12	12	9	2	17%
Total	19	21	18	4	19%

LEVEL	NUMBER OF EMPLOYEES (2022/23)	APPROVED POSTS (2023/24)	NUMBER OF EMPLOYEES (2023/24)	VACANCIES (2023/24)	PERCENTAGE OF VACANCIES
Top management	1	1	1	–	–
Senior management	1	2	1	1	–
Professional qualified	5	8	5	3	33%
Skilled	7	12	11	–	–
Total	14	23	18	4	19%

EMPLOYMENT CHANGES

SALARY BAND	EMPLOYMENT AT THE BEGINNING OF THE PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT THE END OF THE PERIOD
Top management	1	–	–	1
Senior management	1	–	–	1
Professional qualified	5	1	1	5
Skilled	7	4	–	11
Semi-skilled	–	–	–	–
Unskilled	–	–	–	–
Total	14	5	1	18

REASONS FOR STAFF LEAVING

REASON	NUMBER	PERCENTAGE OF STAFF LEAVING
Death	–	–
Resignation	1	33%
Dismissal	–	–
Retirement	–	–
Illness	–	–
Contract expiry	2	77%
Other	–	–
Total	3	100%

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

NATURE OF DISCIPLINARY ACTION	NUMBER
Corrective counselling	1
Verbal warning	–
Written warning	–
Final written warning	–
Dismissal	–

GRIEVANCES LODGED IN 2023/24

GRIEVANCES	NUMBER
Number of grievances resolved	–
Number of grievances not resolved	–
Total number of grievances lodged	–

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

LEVEL	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top management	–	–	–	–	–	–	1	–
Senior management	–	–	–	–	–	–	–	–
Professional qualified	2	–	–	–	–	–	–	–
Skilled	3	–	–	–	–	–	–	–
Semi-skilled	–	–	–	–	–	–	–	–
Unskilled	–	–	–	–	–	–	–	–
Total	5	–	–	–	–	–	1	–

LEVEL	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top management	–	–	–	–	–	–	–	–
Senior management	1	–	–	–	–	–	–	–
Professional qualified	1	–	1	–	1	–	–	–
Skilled	8	–	–	–	–	–	–	–
Semi-skilled	–	–	–	–	–	–	–	–
Unskilled	–	–	–	–	–	–	–	–
Total	10	–	1	–	1	–	–	–

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



Part E

FINANCIAL INFORMATION

32. STATEMENT OF RESPONSIBILITY

The Board is required by the PFMA to maintain adequate accounting records, and is responsible for the content and integrity of the AFS and related financial information included in this report. The Board is also responsible to ensure that the AFS 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 AGSA is engaged to express an independent opinion on the AFS and was given unrestricted access to all financial records and related data.

The AFS have been prepared in accordance with GRAP, including any interpretations, guidelines and directives issued by the Accounting Standards Board. The AFS are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Board acknowledges that it is responsible for the system of internal financial control established by the CBDA management and places 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.

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

The CBDA is largely dependent on National Treasury for the continued funding of its operations. The AFS are prepared on the basis that the CBDA is a going concern until SEDFA is established through the merger of the CBDA, **sefa** and SEDA. The merger will enable an integrated government support to SMMEs and co-operatives. The merger is not anticipated to be concluded within 12 months of the reporting date.

In discharging its oversight responsibilities, the Board is supported by the audit, risk and ICT committees. The AFS, as set out on pages 48 to 83, have been prepared on the going concern basis and were approved by the CBDA Board on 30 July 2024 and signed on its behalf by:



Mr Luyanda Ntuane
Chairperson of the Board
31 July 2024



Mr Paul Rossouw
Acting Managing Director
31 July 2024

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. I have audited the financial statements of the Co-operative Banks Development Agency set out on pages 48 to 83, which comprise the statement of financial position as at 31 March 2024, 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 at 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (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 responsibilities of the auditor general for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (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:

Merger of the Small Enterprise Development Agency (SEDA), the Small Enterprise Finance Agency (sefa) and the Cooperative Banks Development Agency into Small Enterprise Development Finance Agency (SEDFA).

7. With reference to note 26 and 30 to the financial statements, the public entity is undergoing a merger process into a new entity, Small Enterprise Development Finance Agency. The public entity remains a going concern until the Cabinet decision of the merger with Small Enterprise Finance Agency and Small Enterprise Development Agency is established. The National Small Enterprise Amendment Bill went through the parliamentary processes and was assented by the President on the 23 July 2024. The Minister has yet to determine the effective date of the merger and Co-operative Banks Development Agency will continue to operate in its current form for at least 12 months after the reporting period.

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 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 public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to a going concern; and using the going concern basis of accounting unless the appropriate

governance structure either intends to liquidate the public entity or to cease operations or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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. This description, on page 53, forms part of my auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
13. I selected the following material performance indicators related to Programme 2: Capacity Building presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected those indicators that measures the public entity's performance on its primary mandated functions and that is of significant national, community or public interest.

- Number of training programmes conducted;
- Number of direct technical assistance interventions provided;
- Number of monitoring interventions conducted; and
- Percentage of organised groups supported.

14. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
15. I performed procedures to test whether:
 - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives.
 - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included.
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
 - the reported performance information is presented in the annual performance report in the prescribed manner.
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

16. I performed the procedures to report material findings only and not to express an assurance opinion or conclusion.

17. I did not identify any material findings on the reported performance information of the selected indicators.

REPORT ON COMPLIANCE WITH LEGISLATION

18. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

19. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

20. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

21. I did not identify any material non-compliance with the selected legislative requirements.

OTHER INFORMATION IN THE ANNUAL REPORT

22. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators

in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.

23. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

24. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected indicators presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

25. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

26. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

27. I did not identify any significant deficiencies in internal control.

Auditor General

Pretoria

31 July 2024



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

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

FINANCIAL STATEMENTS

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

COMPLIANCE WITH LEGISLATION — SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

LEGISLATION	SECTIONS OR REGULATIONS
Public Finance Management Act 1 of 1999	Section 51 (1)(b)(i); 51 (1)(b)(ii); 51 (1)(e)(iii); 53(4); Section 55(1) 55(1) Section 55(1) 56(1); 57(b)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a); 16A6.2(b); Regulation 16A6.3(a); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; Regulation 16A8.3; 16A8.4; Regulation 16A 9.1 (d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 1 30.1.1 ; 30.1.3(a); Regulation 30.1 .3 b ; 30.1.3 d ; 30.2.1; 31.2.1;
Companies Act 71 of 2008	Section 46(1) 46(1) 46(1)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Instruction No. 1 of 2021/22	Paragraph 4.1
National Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 3 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6
National Treasury SCM Instruction No. 1 1 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 1 1 of 2008/9	Paragraph 2.1; 3.1(b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

34. STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	NOTES(S)	2024 R'000	2023 R'000
ASSETS			
Current assets			
Prepayments	3	11	10
Accounts receivable	4	12	-
Cash and cash equivalents	5	15 772	19 202
		15 795	19 212
Non-current assets			
Property, plant and equipment	6	108	173
Intangible assets	7	4	3
		112	176
TOTAL ASSETS		15 907	19 388
LIABILITIES			
Current liabilities			
Payables	8	1 237	1 621
Grants	9	608	6 385
Provision	10	376	339
TOTAL LIABILITIES		2 221	8 345
NET ASSETS		13 686	11 043
Reserves			
Stabilisation Fund	11	2 630	2 424
Accumulated surplus/(deficit)		11 056	8 619
TOTAL NET ASSETS		13 686	11 043

35. STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 31 MARCH 2024

	NOTE(S)	2024 R'000	2023 R'000
REVENUE			
Revenue from exchange transactions	12		
Interest received		1 472	952
Other income		136	11
		1 608	963
Revenue from non-exchange transactions	12		
Transfers		20 911	20 831
Service in kind		3 319	3 464
Grants		1 002	539
		25 232	24 834
TOTAL REVENUE		26 840	25 797
EXPENDITURE			
Employee costs	13	(11 263)	(10 533)
Depreciation	6	(65)	(247)
Amortisation	7	(9)	(9)
Operating lease	14	(23)	(32)
Goods and services	15	(11 915)	(9 136)
TOTAL EXPENDITURE FROM CONTINUED OPERATIONS		(23 275)	(19 957)
SURPLUS/(DEFICIT)		3 565	5 840

36. STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 31 MARCH 2024

	NOTE(S)	STABILISATION FUND R'000	ACCUMULATED SURPLUS/ (DEFICIT) R'000	TOTAL NET ASSETS R'000
BALANCE AT 1 APRIL 2022		2 282	7 070	9 352
Changes in net assets				
Surplus for the year		-	5 840	5 840
Transfer to reserves		142	(142)	-
Surrender of surplus funds for 2021/22	16	-	(4 149)	(4 149)
TOTAL CHANGES		142	1 549	1 691
BALANCE AT 31 MARCH 2023		2 424	8 619	11 043
Changes in net assets				
Surplus for the year		-	3 565	3 565
Transfer to reserves		206	(206)	-
Surrender of surplus funds for 2022/23	16	-	(922)	(922)
TOTAL CHANGES		206	2 437	2 643
BALANCE AT 31 MARCH 2024		2 630	11 056	13 686

37. CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2024

	NOTE(S)	2024 R'000	2023 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		20 911	20 831
Transfers		1 472	952
Interest received		123	10
Other income		22 506	21 793
Payments		(11 263)	(10 533)
Employee costs		(13 741)	(9 542)
Suppliers		(922)	(4 149)
Surrender of surplus funds from transfers		(25 926)	(24 224)
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	(3 420)	(2 431)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets	7	(10)	(9)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(10)	(9)
Net increase/(decrease) in cash and cash equivalents		(3 430)	(2 440)
Cash and cash equivalents at the beginning of the year		19 202	21 642
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	5	15 772	19 202

38. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	APPROVED ANNUAL BUDGET R'000	ACTUAL AMOUNTS ON COMPARABLE BASIS R'000	DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL R'000	REFERENCE
STATEMENT OF FINANCIAL PERFORMANCE				
Revenue from exchange transactions				
Interest received	144	1 472	(1 328)	1
Services rendered	2	16	(14)	
Other income	–	120	(120)	2
Total	146	1 608	(1 462)	
Revenue from non-exchange transactions				
Transfer	20 911	20 911	–	
Service in kind	3 510	3 319	191	3
Grants	–	1 002	(1 002)	4
Total	24 421	25 232	(811)	
Total revenue	24 567	25 797	1 326	
Expenditure				
Employee costs	(12 928)	(11 263)	(1 665)	5
Advertising and promotions	(264)	(59)	(205)	6
Amortisation	(12)	(9)	(3)	
Auditors' remuneration	(1 110)	(1 082)	(28)	
Bank charges	(25)	(18)	(7)	
Board fees	(935)	(860)	(75)	
Catering	(32)	–	(32)	
Communication costs	(121)	(134)	13	
Consulting and professional fees	(3 683)	(2 812)	(871)	7
Depreciation	(138)	(65)	(73)	8
Legal fees	(500)	(182)	(318)	9
Operating lease	(20)	(23)	3	
Printing and stationery	(45)	(10)	(35)	
Rental and facilities	(1 500)	(1 385)	(115)	10
Rental of office furniture and equipment	(310)	(305)	(5)	
Software expenses	(10)	(10)	–	
Staff welfare	(10)	–	(10)	
Subscriptions and memberships	(5)	(11)	6	
Training and development	(440)	(268)	(172)	11
Travel and subsistence	(2 164)	(3 454)	1 290	12
Venues and facilities	(315)	(1 325)	1 010	13
Total expenditure	(24 567)	(23 275)	(1 292)	
Surplus/(Deficit) before capital expenses and interest	–	3 565	(3 565)	
Capital assets	–	–	–	
Surplus/(Deficit) for the year	–	3 565	(3 565)	

REFERENCE NOTES

1. Increase in interest income earned is due to funds not used due to underspending of transfers from National Treasury and retained surplus funds from 2022/23.
2. Other income related to an adjustment to leave accrual, registration fees received for the 2023 Co-operative Banking Indaba and unused funds for the diploma course undertaken of R124 000 was refunded by the University of Fort Hare.
3. Services in kind offered by National Treasury due to insufficient recourses. Services included internal audit, enterprise risk management, SCM, legal, finance, ICT and security. Goods provided are office space, parking and furniture.
4. BANKSETA grant funds from the prior year were used for:
 - Train-the-trainer services to Eastern Cape Department of Economic Development officials.
 - Training on product development and National Treasury management at the 2023 Co-operative Banking Indaba held in December 2023.
 - Mentorship and coaching provided to two CBIs.
5. Underspending on compensation of employees is due to two vacant posts not filled.
6. Underspending on advertising and promotions is due to using current CBDA materials on hand and stakeholder materials during the indaba.
7. Underspending in consulting is due to:
 - Using internal staff to take meeting minutes instead of outsourcing.
 - Saving on financial consultants through providing review services only, and not preparing financial reports.
 - Savings were redirected to costs to facilitate the working group work on the implementation on the sector strategy.
8. The decrease in depreciation is due to the reassessment of the useful life of computer equipment from three to five years. This measure is due to the merger and cost-containment guidelines.
9. Legal fees incurred from the state attorney for a labour court matter that is still in progress.
10. Rental and facilities over-budgeted in terms of estimates calculated.
11. Training and development underspending is due to the unavailability of some staff due to increased workloads.
- 12 & 13. Overspending for travel, subsistence, venue and facilities is due to the hosting of the 2023 Co-operative Banking Indaba. Approval for retaining surplus funds, amounting to R2.2 million, was given by National Treasury to cover the overspending.

39. ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

The AFS have been prepared in accordance with the GRAP, including any interpretations and directives issued by the Accounting Standards Board in accordance with section 122(3) of the PFMA. They are prepared in South African rand.

These financial statements have been prepared on an accrual basis of accounting, in terms of which items are recognised as assets, liabilities, net assets, revenue and expenses when they satisfy the recognition criteria for those elements. In all material aspects, they are consistent with those applied in the previous year, except where a change in accounting policy has been recorded.

Assets, liabilities, revenue and expenses were not offset, except where offsetting is either required or permitted by 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

These financial statements have been prepared based on the entity continuing to operate as a going concern until the merger of the CBDA, sefa and SEDA is finalised.

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. They are expected to be used over 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.
- 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 and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

Where an item of property, plant and equipment is acquired in exchange for non-monetary 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.

Items of property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value. They are 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
Office equipment	Straight line	5-8 years
Computer equipment	Straight line	3-5 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:

- It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity.
- 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. These 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 as at that date.

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:

- It is technically feasible to complete the asset so that it will be available for use or sale.
- There is an intention to complete and use or sell it.
- There is an ability to use or sell it.
- It will generate probable future economic benefits or service potential.

- There are available technical, financial and other resources to complete the development and to use or sell the asset.
- 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 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 the amortisation method for intangible assets are reviewed at each reporting date.

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

ITEM	AMORTISATION METHOD	AVERAGE USEFUL LIFE
Licences	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 and a 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. After initial recognition, these instruments are measured as set out below.

1.4.1 CASH AND CASH EQUIVALENTS

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

1.4.2 TRADE AND OTHER RECEIVABLES

Receivables are categorised as financial assets. These include 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 using 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 performance. After recoveries, amounts previously written off are credited against operating expenses in the statement of financial performance.

1.4.3 TRADE AND OTHER PAYABLES

Financial liabilities comprise trade payables, which are subsequently measured at amortised cost using the effective interest rate method. This 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 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 used to account for statutory receivables that require such receivables to be measured at their transaction amount, plus any accrued interest or other charges, where applicable, 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.

For purposes of this standard, the transaction amount for a statutory receivable means the amount specified in, calculated at, 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).

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 that are 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 obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less the cost(s) of disposal.

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

Useful life is either the period 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:

1.7 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.

At each reporting date, the CBDA assesses 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 a non-cash-generating intangible asset with an indefinite useful life, or a non-cash-generating intangible asset not yet available for use for impairment. This is done 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 reporting period, that intangible asset was tested for impairment before the end of the 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 the 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 GRAP requirement.

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.

1.8 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 items such as:

- Salaries and wages.
- Paid annual and sick leave, where the compensation for the absence is due to be settled within 12 months from the end of the reporting period in which the employees render the related service.
- 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 recognises the expected cost of bonus, incentive and performance-related payments when it has a legal or constructive obligation to make such payments because 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.

1.9 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- The CBDA has a present obligation because 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.
- 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 if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

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

Provisions are not recognised for 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 liabilities are not recognised but are disclosed.

1.10 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 is necessary to achieve a fair presentation are disclosed in a note to the financial statements, if the following criteria are met:

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

1.11 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 and 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.
- 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 is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes registration of support and representative organisations in the co-operative banking/financial sector.

INTEREST INCOME

Revenue is recognised as interest accrued using the effective interest rate and is included under exchange revenue in the statement of financial performance.

OTHER INCOME

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

1.12 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 recognises services in kind that are significant to its operations and/or service delivery objectives as assets. It also recognises 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 is a binding arrangement imposed on the use of a transferred asset by entities external to the CBDA. Stipulation can be either 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 if the grant is conditional. 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 recognises an amount of revenue equal to that reduction. A liability will be recognised to the extent that the conditions have not been met. It will reduce as the conditions are satisfied with a corresponding increase in revenue. Grants that have satisfied all obligations in terms of a binding agreement are recognised as revenue if there is no obligation to repay the amount unspent.

1.13 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 and can only be estimated. Estimates involve judgements based on recently available, reliable information. As such, 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. This is if the change affects that period only, in the period of the change and future periods and/or if the change affects both.

PRIOR PERIOD ERROR

Prior period errors are omissions from and misstatements in the entity's financial statements for one or more prior periods. These errors arise from a failure to use (or the misuse of) reliable information that was available

when the financial statements for those periods were authorised. Also, as errors arise when information could reasonably be expected to have been obtained and considered in the preparation and presentation of those financial statements. Such errors include the effect of mistakes in applying the accounting policy, oversight or misinterpretation of facts.

1.14 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless expenditure means expenditure in vain that 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 is incurred. As determined by an investigation, a receivable will be recognised against an employee who has been found to have incurred the fruitless and wasteful expenditure. In instances where a receivable is raised against an employee and the amount is irrecoverable, the accounting authority may write off the debt.

1.15 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 the PFMA, the State Tender Board Act (1968) or any regulations made in terms of the act or any provincial legislation providing for procurement procedures in that provincial government.

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 and requires the following (effective 1 December 2018):

- 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.

1.16 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 1 April 2023 to 31 March 2024.

The AFS and budget are on the same basis of accounting. Accordingly, a comparison with the budgeted amounts for the reporting period has been included in the statement of comparison of budget and actual amounts.

1.17 RELATED PARTIES

The CBDA operates in an economic sector dominated by entities directly or indirectly owned by the South African government. Because of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are related parties.

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

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

1.18 EVENTS AFTER THE REPORTING DATE

Events after the reporting date are those events, 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).
- 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 based on the financial statements.

1.19 CHANGE IN ACCOUNTING POLICY

The accounting policy has been applied consistently. The CBDA will change the accounting policy if the change results in the financial statements providing liable and more relevant information about the effects on transactions, other events or conditions on the performance or cash flow.

1.20 COMPARATIVE FIGURES

When the presentation or classification of items in the AFS is amended, prior period comparative amounts are restated, and the nature and reason(s) for the reclassification are disclosed. Where material accounting errors have been identified in the financial year under review, 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 policy in the financial year under review, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

40. NOTES TO THE FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The GRAP standards below have been issued by the Accounting Standard Board (ASB) but will be effective only in the future period or have not been given an effective date by the Minister of Finance. The CBDA has not yet adopted the standard.

STANDARD/INTERPRETATION	EFFECTIVE DATE: YEAR BEGINNING ON OR AFTER	EXPECTED IMPACT
Amendments to GRAP 1	1 April 2025	May have an impact on future financial statements
Improvement to Standard of GRAP	1 April 2023	
Amended GRAP 104 on Financial instruments	1 April 2025	
Amended GRAP 25 on Employee benefits	No effective date issued.	
IGRAP 7 on the limit on a defined benefit asset, minimum funding requirements and their interaction (revised)	No effective date issued.	
IGRAP 21 on the effect of past decisions on materiality	No effective date issued.	N/A
Guideline on Accounting for landfill sites	No effective date issued.	
GRAP 103 Heritage Assets	No effective date issued.	
GRAP 4 on the effect of changes in foreign exchange rate	1 April 2025	May have an impact on future financial statements

3. PREPAYMENTS

Prepaid expense

11

10

Prepayment is for annual payroll licence fees paid for 2024/25.

4. ACCOUNTS RECEIVABLE

Staff loan

12

–

Loan issued to staff due to unforeseen circumstances to be fully paid in April 2024 payroll. Amount owing to CBDA after reconciliation of advance given to staff to cover travel cost.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

FNB petty cash bank account and on hand
FNB bank balances
CPD investment account
CPD investment account – Stabilisation Fund

2

2

5 171

9 433

7 968

7 343

2 631

2 424

15 772

19 202

Cash and cash equivalents consist of four bank accounts: two in FNB and two in the Corporation for Public Deposits (CPD) at the South African Reserve Bank (SARB). The DALRRL bank account was closed after the funds were paid in the first quarter.

6. PROPERTY, PLANT AND EQUIPMENT

	2024 R'000			2023 R'000		
	COST/ VALUATION	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST/ VALUATION	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
Office equipment and furniture	56	(54)	2	56	(51)	5
Computer equipment	719	(613)	106	809	(641)	168
Total	775	(667)	108	865	(692)	173

Reconciliation of property, plant and equipment – 2024

	2024 R'000		
	OPENING BALANCE	DEPRECIATION	TOTAL
Office equipment and furniture	5	(3)	2
Computer equipment	168	(62)	106
	173	(65)	108

Computer equipment's useful life was reassessed from three years to five years for the period. Computer equipment fully depreciated and held as pool asset was written off from the asset register with a cost value of R90 274.

Reconciliation of property, plant and equipment – 2023

	2023 R'000			
	OPENING BALANCE	LOSS OF ASSET	DEPRECIATION	TOTAL
Office equipment and furniture	8	–	(3)	5
Computer equipment	425	(13)	(244)	168
	433	(13)	(247)	173

On 2 September 2022, the CBDA incurred the loss of an asset when an employee's vehicle was broken into and a laptop was stolen. The loss amounted to R13 000.

7. INTANGIBLE ASSETS

	2024 R'000			2023 R'000		
	COST/ VALUATION	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST/ VALUATION	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
Licences	19	(15)	4	17	(14)	3
Total	19	(15)	4	17	(14)	3

Annual licence fees of R8 000 were written off in the register.

Reconciliation of intangible assets – 2024

	2024 R'000			
	OPENING BALANCE	ADDITIONS	AMORTISATION	TOTAL
Licences	3	10	(9)	4
	3	10	(9)	4

The additions are for the annual licence renewal for the Pastel accounting system effective from 1 September 2023.

Reconciliation of intangible assets – 2023

	2023 R'000			
	OPENING BALANCE	ADDITIONS	AMORTISATION	TOTAL
Licences	3	9	(9)	3
	3	9	(9)	3

8. PAYABLES

Trade payables	.....
Accruals	.....
Leave accrual	.....
Salary control account	.....
Refund to CFIs for application	.....

2024 R'000	2023 R'000
333	652
387	419
506	542
9	6
2	2
1 237	1 621

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

9. GRANTS

	2024 R'000				
	OPENING BALANCE	FUNDS PAID	INTEREST RECEIVED	REVENUE RECOGNISED	CLOSING BALANCE
BANKSETA	1 610	-	-	(1 002)	608
DALRRD	4 775	(4 852)	77	-	-
	6 385	(4 852)	77	(1 002)	608

BANKSETA funds were used for conducting training for the Eastern Cape Department of Economic Development, training for treasury management and product development at the December 2023 indaba, and mentorship and coaching for two CBl.

	2023 R'000				
	OPENING BALANCE	FUNDS PAID	INTEREST RECEIVED	REVENUE RECOGNISED	CLOSING BALANCE
BANKSETA	2 149	–	–	(539)	1 610
DALRRD	4 577	–	198	–	4 775
sefa	3 989	(4 056)	67	–	–
	10 715	(4 056)	265	(539)	6 385

Letters written to stakeholders regarding unused funds in the CBDA's possession resulted in a payment made to **sefa** with interest. BANKSETA granted approval to retain the funds to be used for training. BANKSETA funds were used for training conducted at the indaba and Train the Trainer programmes.

Department of Agriculture, Land Reform and Rural Development

Engagement was held between the DALRRD officials and CBDA resulting in the stakeholder to have discussion on the continuation or discontinuation of the project with the respective senior official involved with the matter. No outcome was received from the department resulting in the Board taking the decision for the funds to be reimbursed. The funds were paid on 30 June 2023.

BANKSETA

The project plan and funds approved were used to train stakeholders (DEDs, municipality, etc) since they provide support in line with local economic development. The funds are also used for CBIs training on treasury management, NCR compliance, strategic management, product development, etc.

10. PROVISIONS

RECONCILIATION OF PROVISIONS	2024 R'000			
	OPENING BALANCE	ADDITIONS	USED DURING THE YEAR	TOTAL
Bonus provision	339	376	(339)	376

The performance bonus for 2022/23 was approved by the Board and paid in August 2023.

RECONCILIATION OF PROVISIONS	2023 R'000			
	OPENING BALANCE	ADDITIONS	USED DURING THE YEAR	TOTAL
Bonus provision	421	339	(421)	339

The Board approved the 2020/21 performance bonus after Internal Audit review and legal advice was provided. The payment was made in August 2022. Additional provision was made for 2022/23.

11. STABILISATION FUND RESERVE

		2024 R'000	2023 R'000
Opening balance	.....	2 424	2 282
Interest on capital	.....	206	142
		2 630	2 424

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 of R206 000 (2023: R142 000) accumulated on the fund for the period ending 31 March 2024 is capitalised.

12. REVENUE

Amounts included in revenue arising from exchange transactions

Interest received	1 472	952
Other income	136	11
	1 608	963

Other income relates to indaba registration fees, the adjustment of leave accrual and a refund from the University of Fort Hare.

Amount included in revenue arising from non-exchange transactions

Transfers	20 911	20 831
Services in kind	3 319	3 464
Grants	1 002	539
	25 232	24 834

Service in kind

Organisation	Type of service or goods		
National Treasury	Consulting services	1 629	1 911
National Treasury	Rental of office furniture and equipment	305	305
National Treasury	Rental space, parking and municipality costs	1 385	1 248
		3 319	3 464

13. EMPLOYEE-RELATED COSTS

Basic salary	10 639	9 610
Performance bonus	376	490
Cash allowance	-	253
Long service award	34	-
UIF	34	31
Funeral policy	9	7
Group life benefit	84	62
Leave accrual	-	66
Leave paid	87	14
	11 263	10 533

14. LEASE RENTALS ON OPERATING LEASE

Office equipment

Amount paid	23	32
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New agreement signed and effective from 1 October 2023.

15. GOODS AND SERVICES

	2024 R'000	2023 R'000
Auditors' remuneration	1 082	1 030
Advertising	59	176
Bank charges	18	19
Board fees	860	515
Communication costs	134	106
Consulting and professional fees	2 812	2 535
Courier expenses	–	2
Legal fees	182	–
Loss of asset	–	13
Printing and stationery	10	44
Rental and facilities	1 385	1 248
Rental of office furniture	305	305
Software expenses	10	9
Staff welfare	–	1
Subscriptions	11	–
Training and development	268	114
Travel and subsistence	3 454	1 980
Venues and facilities	1 325	1 039
	11 915	9 136

16. UNUSED FUNDS TO BE SURRENDERED TO NATIONAL TREASURY

Cash and cash equivalents	15 772	19 202
Add: Receivables	11	10
Less: Stabilisation Fund	(2 630)	(2 424)
Less: Payables	(1 237)	(1 621)
Less: Provisions	(376)	(339)
Less: Project funds unused	(608)	(6 385)
	10 932	8 443

In accordance with section 53(3) of the PFMA, as amended, the unused funds cannot be retained without prior written approval from National Treasury at year-end.

2024

National Treasury approved R9.935 million from surplus funds from 2022/23 to be used towards the Stabilisation Fund, the 2023 indaba, digitisation, research, training materials and the implementation of the cooperative banking strategy. An amount of R922 000 was surrendered to National Treasury in November 2023.

2023

The request to retain funds from 2021/22 was submitted to National Treasury on 29 August 2022. Approval was granted to retain R5.491 million, to be used as indicated in the submission. The amount is inclusive of stabilisation funding. The balance of R4.149 million was paid to National Treasury in November 2022.

17. CASH GENERATED FROM OPERATIONS

	2024 R'000	2023 R'000
Surplus	3 565	5 840
Adjustments for:		
Depreciation and amortisation	74	256
(Gain)/loss on sale of tangible assets	-	13
Movement in provision	37	(82)
Changes in working capital:		
Prepayments	(1)	(1)
Receivables	(12)	-
Payables	(384)	22
Grants	(5 777)	(4 330)
Funds surrendered to National Treasury	(922)	(4 149)
	(3 420)	(2 431)

18. AUDITORS' REMUNERATION

Fees	1 082	1 030
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19. COMMITMENTS

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 as expenditure in the statement of performance until services are rendered or goods are received.

Approved and signed contracts		
Media Meme (Pty) Ltd	-	279
Audit and Risk Management Solution (Pty) Ltd (ARMS)	189	-
Princetop Corporate Training (Pty) Ltd	215	-
Favest Advisory (Pty) Ltd	268	-
	672	279

20. OPERATING LEASES

Minimum lease payments due		
Within one year	45	-
More than one year, less than five years	68	-
	113	-

The lease agreement is for the use of a photo copy machine, which was concluded on 30 September 2023. The rental agreement is for a period of 36 months from 1 October 2023 to 30 September 2026 with a fixed rental payment of three years. Operating lease payments represent leases payable by the CBDA for office equipment. Leases are negotiated for an average term of three years.

21. RELATED PARTIES

RELATIONSHIPS	
National Treasury	Executive authority
BANKSETA	Public entity in national sphere
Government Printing Works	National government component reporting to national Department of Home Affairs

The CBDA is a schedule 3A national public entity in terms of the PFMA and falls within the national sphere of government. Unless specifically disclosed, these transactions are concluded on an arm's length basis. There are no restrictions on the CBDA's capacity to transact with any entity.

	2024 R'000	2023 R'000
Related party transactions		
BANKSETA	1 002	538
Government Printing Works	1	5
National Treasury	3 319	3 464
	4 322	4 007
Related party balances		
BANKSETA	608	1 611
DALRRD	–	4 775
Government Printing Works	–	5
National Treasury	–	–
	608	6 391

22. RELATED PARTY – EXECUTIVE MANAGEMENT REMUNERATION

Name	Position		
Ms N Sauli	Director: Capacity Building	1 362	1 291
Ms L Padayachee	Deputy Director: Financial Management	1 180	1 165
*Mr P Rossouw	Acting Managing Director	1 193	1 165
		3 735	3 621

*Mr P Rossouw was appointed Acting Managing Director on 1 May 2022 for a 6 months period with two re-appointments. Contract expiry on 6 January 2024 and was re-appointed for another six months.

23. RELATED PARTY – ACCOUNTING AUTHORITY

Board's emoluments		
Dr N Ngwenga ¹	–	20
Mr L Ntuane	293	175
Mr V Pangwa	112	80
Ms T Mashanda	–	62
Ms N Shwala ²	–	–
Ms N Lubisi	–	–
Mr J Amien	56	58
Mr P Rossouw ³	–	5
Ms MP Motseo ⁴	295	74
Adv M Adhikari ⁴	22	9
Mr SR Masoga ^{4,5}	58	32
	836	515

2024

3. Mr P Rossouw resigned from the Board and was appointed Acting Managing Director on a six-month contract from 1 May 2022, and in an official capacity from 24 May 2022. He was reappointed three times after the contract expired. His current contract period is from 7 February to 7 August 2024.
5. Mr SR Masoga resigned from the Board effective 1 August 2023.

2023

1. Dr N Ngwenga resigned from the Board in July 2022.
2. Government officials serving on the boards or committees of public entities or institutions are not entitled to additional remuneration without approval from their respective institution.
4. Ms MP Motseo, Mr SR Masoga and Adv M Adhikari were appointed to the Board on 1 May 2022.

24. FINANCIAL INSTRUMENTS DISCLOSURE**Categories of financial instruments**

FINANCIAL ASSETS	2024 R'000	
	AT FAIR VALUE	TOTAL
Account receivable	12	12
Cash and cash equivalents	15 772	15 772
	15 784	15 784

FINANCIAL LIABILITIES	2024 R'000	
	AT AMORTISED COST	TOTAL
Trade and other payables	723	723

FINANCIAL ASSETS	2023 R'000	
	AT FAIR VALUE	TOTAL
Cash and cash equivalents	19 202	19 202

FINANCIAL LIABILITIES	2023 R'000	
	AT AMORTISED COST	TOTAL
Trade and other payables	1 074	1 074

25. FINANCIAL RISK MANAGEMENT**LIQUIDITY RISK**

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

CREDIT RISK

Credit risk consists mainly of cash deposits, cash equivalents and receivables from exchange transactions. The CBDA deposits cash only 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 the impairment of overdue amounts relate to the size of the entity, its financial sustainability and the impact of cost recovery vs cost incurred. No credit limits were exceeded during the reporting period, and management does not expect any surplus from non-performance by these counterparties.

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.

26. GOING CONCERN

We draw attention to the fact that as at 31 March 2024, the CBDA had an accumulated surplus of R3.565 million and that the CBDA's total assets exceeded its liabilities by R13.686 million.

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 the settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The CBDA is largely dependent on National Treasury for continued funding of operations. The annual financial statements are prepared on the basis that the CBDA is a going concern until Cabinet's decision on the merger with **sefa** and SEDA into a new entity. The merger of these entities is expected to enable an integrated government support to SMMEs and cooperatives.

On 28 March 2024, Cabinet approved a 20-month extension period to conclude the process of merging the three entities into the new entity: the Small Enterprise Development Finance Agency (SEDFA). A transitional structure will be established for 24 months to prepare SEDFA for its new mandate and functions.

27. EVENTS AFTER THE REPORTING DATE

The Small Enterprise Amendment Bill was assented by the President on 23 July 2024. The Bill amends the National Small Enterprise Act of 1996 to establish a new entity, the Small Enterprise Development Finance Agency (SEDFA), which will incorporate the Small Enterprise Finance Agency (**sefa**), the Small Enterprise Development Agency (SEDA) and the Cooperative Banks Development Agency (CBDA). See Note 30.

28. CONTINGENT LIABILITIES AND ASSETS

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

CONTINGENT LIABILITIES

- Labour court dispute by an ex-employee for the automatically unfair dismissal by virtue of section 18(1)(f) of the Labour Relations (1995) Act, as amended. The matter has still not been finalised. It is not practical to estimate the value of the legal outcome.
- In terms of section 53(3) of the PFMA, a public entity may not accumulate surplus funds without National Treasury approval. A submission would be issued to National Treasury to obtain approval to retain a surplus of R10.932 million once the audited AFS have been approved.

CONTINGENT ASSETS

- The recovery of funds amounting to R2.348 million to be taken against guilty parties from the outcomes of domestic conference and accommodation investigation reports have made no progress. The case was opened in March 2020 and an investigation started in September 2021. None of the accused has been charged.
- The amount of R1.76 million to be recovered with regards to the non-accredited diploma course was removed from irregular expenditure due to an agreement reached with the University of Fort Hare. All students who passed were issued with certificates while those who failed were afforded the opportunity to rewrite the examination. The case has now been closed.

29. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

	2024 R'000	2023 R'000
Irregular expenditure	-	-
Fruitless and wasteful expenditure	-	-
	-	-

30. SEDA, SEFA AND CBDA MERGER INTO NEW ENTITY

In 2021, Cabinet resolved for the merger of the Small Enterprises Development Agency (SEDA), the Small Enterprises Finance Agency (sefa), and the Co-operatives Bank Development Agency (CBDA). To give effect to this Cabinet resolution, a business case for the establishment of the new merged entity, to be called the Small Enterprise Development Finance Agency (SEDFA), was developed and approved in December 2022. The rationale for the merger of the entities is to create a single integrated institution that can facilitate access to the full spectrum of financial and non-financial support needed by small enterprises across their lifecycle, accessible in all parts of the country.

The new Small Enterprise Development Finance Agency will function as a one-stop-shop for aspiring entrepreneurs and promote the development of the Co-operative Banking Institutions (CBIs) through accessibility by leveraging the provincial footprint of the new entity.

The Small Enterprise Amendment Bill when through the parliamentary processes and was assented by the President on the 23 July 2024. The Minister has yet to determine the effective date of the merger and CBDA will continue to operate in its current form for at least 12 months after the reporting period.

31. CHANGE IN ACCOUNTING ESTIMATE: PROPERTY, PLANT AND EQUIPMENT

The useful life of computer equipment has been reassessed from three years to five years. The effect of the revision has decreased the monthly depreciation from R19 983 to R5 177. The effect on the future accumulated depreciation amounts to an increase of R105 388.

RECONCILING NOTES ON IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

IRREGULAR EXPENDITURE

		2024 R'000	2023 R'000
Opening balance	.....	9 820	9 891
Add: Irregular expenditure confirmed	.....	–	–
Less: Irregular expenditure condoned	.....	–	–
Less: Irregular expenditure not condoned and removed	.....	(6 735)	(71)
Less: Irregular expenditure recoverable	.....	(124)	–
Less: Irregular expenditure not recovered and written off	.....	–	–
Closing balance	.....	2 961	9 820
Irregular expenditure under assessment	.....	–	–
Irregular expenditure related to 2021/22 and identified in 2022/23	.....	–	–
Irregular expenditure incurred	.....	–	–
Irregular expenditure under assessment	.....	–	–
Irregular expenditure under determination	.....	–	–
Irregular expenditure under investigation	.....	–	–
Irregular expenditure condoned	.....	–	–
Irregular expenditure not condoned and removed	.....	6 735	71
Irregular expenditure recovered	.....	124	–
Irregular expenditure written off	.....	–	–
Total	.....	6 859	71

Disciplinary steps took place during the period under review. This is because consequence management was completed in the previous financial period due to the absence of a consistent Acting Managing Director.

The Audit Committee requested that Internal Audit audit the process to determine compliance with the framework before it is recommended to the Board to remove it from the annual financial statements. The assessment resulted in the Board approving R6.735 million to be written off.

Outstanding matters are pending recommendation and the approval of submission to write off.

FRUITLESS AND WASTEFUL EXPENDITURE

		2024 R'000	2023 R'000
Opening balance	.....	5 376	5 447
Add: Fruitless and wasteful expenditure confirmed	.....	–	–
Less: Fruitless and wasteful expenditure written off	.....	(3 027)	(71)
Less: Fruitless and wasteful expenditure recoverable	.....	–	–
Closing balance	.....	2 349	5 376
Fruitless and wasteful expenditure under assessment	.....	–	–
Fruitless and wasteful expenditure related to the prior year	.....	–	–
Fruitless and wasteful expenditure related to the current year	.....	–	–
Fruitless and wasteful expenditure under determination	.....	–	–
Fruitless and wasteful expenditure under investigation	.....	–	–
Fruitless and wasteful expenditure recovered	.....	–	–
Fruitless and wasteful expenditure written off	.....	3 027	71
Total	.....	3 027	71

Disciplinary steps took place during the period under review. This is because consequence management was completed in the previous financial period due to the absence of a consistent Acting Managing Director.

Fruitless and wasteful expenditure of R3.027 million for prior years was written off. This was in regard to an arrangement agreed with the University of Fort Hare that students be removed from the blacklist, that qualifications would be issued to former students, and that students who failed the course be permitted to rewrite examinations.

Outstanding matters are pending recommendation and the approval of submission to write off.



Part F

EVENTS AND ACTIVITIES

41. 2023 CO-OPERATIVE BANKING INDABA

The CBDA hosted a successful and well attended Co-operative Banking Indaba at Sun City, North West, from 11 to 14 December 2023. The theme of the indaba was on the role of the co-operative banking sector in transforming the financial services sector without limits in South Africa.

Some of the indaba's agenda items included:

- Presentation of the National Treasury's financial inclusion policy framework.
- Presentations from the Eswatini Association of Savings and Credit Co-operatives, focusing on its importance, functions and support initiatives; the Mambu Banking Platform; and Future Prospects.
- Presentation of research by the University of Johannesburg – the Africa Cooperatives Institute of South Africa; Background to Co-operatives: Theoretical Historic Facts About Co-operative Banking; Contextualising Co-operative Banking in South Africa; Co-operative Banking as a Sector in South Africa: Issues and Challenges, Opportunities and Prospects; monopoly dominance; and directions for future research.

The indaba involved the continued training of role players in the co-operative banking sector on treasury management. Information sessions on financial inclusion were also provided by National Treasury.

We were honoured by the attendance of Mr Faiez Jacobs, MP, from 11 to 14 December 2023, as well as a keynote addresses by the Member of the Executive Council for the North West Department of Economic Development, Environment, Conservation and Tourism and the executive mayor of the Moses Kotane District in North West. The North West department was a key partner in the hosting of the indaba. Other key partners were the economic development departments from Eastern Cape, Limpopo, Gauteng and KwaZulu-Natal.

There was a noticeable shift during the period under review due to the co-operative banking sector driving the facilitation and implementation of its co-operative banking strategy.

Some of the CBIs/CFIs in attendance included:

- Motswedi Financial Services Co-operative Limited
- Boikago Savings and Credit Co-operative Limited
- SADTU Savings and Credit Co-operative Limited

- Umnotho Financial Institute Primary Co-operative Limited
- Kingdom Financial Institution Primary Co-operative Limited
- Nagrik Financial Services Co-operative
- Ndzhakeni South Avenue Co-operative Financial Services
- Mutapa Financial Services Co-operative Limited
- Kings Grange Stokvel Financial Services Co-operative Limited
- Ndlovukazi YakwaZulu Women Financial Services Co-operative Limited
- People Empowerment CFI Primary Co-operative Limited
- Imvelo Agricultural Co-operative Financial Institution Limited
- National Stokvel Association of South Africa Financial Primary Co-operative Limited
- NEHAWU Savings and Credit Co-operative Limited
- Ziphakamise Savings and Credit Co-operative Bank
- Isikhungo Sabantu Financial Services Primary Co-operative Limited

AWARDS

- The outstanding achievement award (R20 000), which looked at the overall growth of the CBI in terms of assets, membership, deposits and compliance, went to **Kingdom Financial Institution Primary Co-operative Limited** for having shown consistent growth over the period under review. Although it is a small CBI, it has been consistent and on a stable growth trajectory.
- The start-up award (R15 000), for CBIs that have been in operation for three years or less, went to the **National Stokvel Association of South Africa** for having managed to operate within six months of registration. More importantly, the association continued to be the best-performing start-up in the three-year period. One of the requirements for this award, in terms of the Prudential Authority, is that a newly registered CBI must be operational within six months. The CBDA ensures this through the Co-op Bank-in-a-Box tool, as part of its operationalisation programme.

- The compliance award (R15 000), which looked at compliance to outlined regulatory requirements and CBIs' diligence in safeguarding their members' deposits, went to **Umnotho Financial Institute Primary Co-operative Limited** for complying with all set prudential standards for 2022/23.
- The milestone award (R10 000), which looked

at the 16 CBIs that have participated in CBDA support programmes for 2022/23, went to **Ziphakamise Savings and Credit Co-operative Bank** for setting and achieving their 2022/23 targets, as part of the CBDA's targeted approach support programme. The award focuses on the attainment of set growth targets and compliance to prudential standards.

