2022/23
ANNUAL REPORT

inseta
INSURANCE SECTOR EDUCATION AND TRAINING AUTHORITY

higher education & training
Department: Higher Education and Training
REPUBLIC OF SOUTH AFRICA

EMPOWERED TO INFLUENCE AND INSPIRE

2022/2023
ANNUAL REPORT

DR BLADE NZIMANDE
Minister of Higher Education, Science and Innovation

BUTI MANAMELA
Deputy Minister of Higher Education, Science and Innovation

SIHLE JOEL NGUBANE
Board Chairperson

GUGU MKHIZE
Chief Executive Officer

Honourable Minister, it is with pleasure that we present to you the annual report of the Insurance Sector Education and Training Authority (INSETA) for the period 1 April 2022 to 31 March 2023.

inseta
INSURANCE SECTOR EDUCATION AND TRAINING AUTHORITY

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PART A
GENERAL INFORMATION

REGISTERED NAME:
Insurance Sector Education and Training Authority

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INTERNAL AUDITORS:
OMA Chartered Accountants

EXTERNAL AUDITORS:
Auditor-General of South Africa

BANKERS:
First National Bank

RP 12. RP164/2023

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LIST OF ABBREVIATIONS AND ACRONYMS

ASISA	Association of Savings and Investment South Africa
ATR	Annual Training Report
APP	Annual Performance Plan
AET	Adult Education and Training
ARC	Audit and Risk Committee
BUSA	Business Unity South Africa
B-BBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operations Officer
CET	Community Education and Training
DHET	Department of Higher Education and Training
EXCO	Executive Committee
FINCO	Finance Committee
FAIS	Financial Advisory Intermediary Services
FETC	Further Education and Training Certificate
FSCA	Financial Sector Conduct Authority
FSC	Financial Sector Charter
4IR	Fourth Industrial Revolution
HRDS-SA	Human Resource Development Strategy for South Africa
HR RemC	Human Resources and Remuneration Committee
ICT	Information and Vommunication Technology
INSETA	Insurance Sector Education and Training Authority
MTSF	Medium-Term Strategic Framework
MTEF	Medium-Term Expenditure Framework
NDP	National Development Plan
NSDP	National Skills Development Plan

NGP	National Growth Path
NQF	National Qualifications Framework
NSDS	National Skills Development Strategy
NSA	National Skills Authority
NGO	Non-Government Organisation
NSF	National Skills Fund
NT	National Treasury
PIVOTAL	Professional, Vocational, Technical and Academic Learning
PWDs	People with Disabilities
RPL	Recognition of Prior Learning
PFMA	Public Funds Management Act
PESTEL	Political, Economic, Social, Technological, Environmental, Legal
QCTO	Quality Council for Trade and Occupations
SAQA	South African Qualifications Authority
SDP	Skills Development Provider
SETA	Sector Education and Training Authority
SCM	Supply Chain Management
SDA	Skills Development Act
SDLA	Skills Development Levies Act
SIC	Standard Industrial Classification
SME	Small and Micro Enterprises
SSP	Sector Skills Plan
TVET	Technical and Vocational Education and Training
WIL	Work-Integrated Learning
WP-PSET	White Paper on Post-School Education and Training
WSP	Workplace Skills Plan

FOREWORD
BY THE BOARD CHAIRPERSON

On behalf of the Insurance Sector Education and Training Authority (INSETA) Board, I take great pleasure in presenting the 2022/23 annual report. The purpose of this report is to demonstrate the effective delivery of our skills development mandate and highlight the significant milestones and challenges that we overcame during the year under review. Furthermore, we will be highlighting the critical key focus areas aligned to the strategy of the SETA.

The Accounting Authority is satisfied with the integrity of the report and the assurance applied. INSETA's annual financial statements were audited by the independent external auditor, the Auditor-General of South Africa, whose audit report appears on pages 66 to 72. The financial statements were prepared according to the Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Authority and the SETA's guiding legal prescripts, the Skills Development Act (Act no 97 of 1998) and the Skills Development Levy Act (Act No 9 of 1999), as amended. The Accounting Authority is satisfied with the assurance on the annual report and no further external assurance is needed.

The year under review

Resilience means adapting to change, and the insurance and financial services sector has over the years progressed transformation, however, COVID-19 has increased this pace within the sector. The proliferation of the Fourth Industrial Revolution (4IR), artificial intelligence (AI), and machine learning have revolutionised the landscape forever and with it, the skills requirements. INSETA's role as a SETA is to keep up with the trends and skills requirements of the sector while looking to the horizon of the impact of globalisation. Our priority remains that we ensure INSETA's stakeholders are supported with innovative and relevant skills development programmes.

As we look forward and understand the continued need for increased speed of transformation, the impact of automated and digitalised functions, and the growth of new disciplines, skills, and environments – we need to be geared to support these transitions with knowledge, research, and skills. Furthermore, INSETA will continue to invest in means to address emerging challenges through research and Research Chairs that provide valuable information for the sector and its requirements for the future.

Challenges

INSETA has, over the past year, been developing its own Management Information System (MIS), a development that the majority of our sector is aware of. Finally, technological advancements have shown us that the insurance sector is a rapidly changing one, which is why we must continue to stay abreast with the Internet of Things (IoT) amongst other technological advancements brought about by 4IR and accelerated by the COVID-19 pandemic.

Resilience means adapting to change, and the insurance and financial services sector has been going through an exciting and somewhat progressive transformation.

Performance highlights

It is extremely gratifying to report that INSETA achieved 48 of its 53 performance indicators, ending the year with a score of 91% against its annual performance plan (APP). This performance reflects the SETA's positive contribution to the government's key programmes, namely the Human Resource Development Strategy (HRDS-SA), National Development Plan (NDP), Industrial Policy Action Plan (IPAP) and Medium-Term Strategic Framework (MTSF), and more specifically, sector development plans.

The Auditor-General has issued a qualified audit opinion mainly indicating some areas which require collaborative and urgent response. The Accounting Authority is committed to the turnaround of the audit outcome through the deployment of various interventions and remedial actions.

Driving Excellence

INSETA's focus remains to facilitate training that is relevant, futuristic, and accessible to ordinary people. To become one of the leading SETAs in the skills landscape, INSETA continues to place emphasis on strengthening research capability. It plays a vital role in ensuring its relevance and providing knowledge in our sector. Through research, we have stayed ahead of sector requirements and collaborated with key stakeholders in the sector.

Corporate governance

The Board and committees played a critical role in the oversight function. The performance achievements of the year under review were delivered against the approved strategic direction set out by the Board. The Board continued to support management to comply with the relevant legislation, policies, and procedures. Furthermore, the organisation's risk management framework was also elevated to turn the audit outcome of the organisation.

Acknowledgements

As the Chairperson of the Board, I continue to appreciate the input and support from the Minister, for his valued guidance and feedback that has kept the INSETA on course.

My sincerest thanks and gratitude to the Accounting Authority and all sub-committees for their expert guidance and contributions in finding solutions and forging a way forward. I also acknowledge and thank the INSETA Executive team for the part they played in tumultuous times in the face of extreme disruption, as well as their contributions to the development of our own management information system.

Thank you for keeping our focus on the goal, and the vision in our minds and giving us all cause to celebrate our successes when achieved and to tackle our challenges head-on. To all the staff at INSETA who rose to this challenge, I commend you on your commitment and dedication, your unwavering determination to see us through this trying time, and last, but by no means least, I acknowledge and thank all our sector stakeholders who partnered with, remained patient and worked closely with INSETA during this period under review.

I look forward to working with all stakeholders as INSETA seeks to achieve its strategic goals in both the medium- and long term.

SJ Ngubane
Independent Chairperson of the INSETA Board
31 July 2023

CHIEF EXECUTIVE OFFICER'S REVIEW

Whilst the period under review was one of growth and development for INSETA, this took place within a South African context characterised by low economic and GDP growth, rising inflation, steady increases in the prime lending rate, crippling load shedding that continues to impact the economy negatively and the ever-present risks associated with climate change.

During the initial months of the period under review, the South African Special Risk Insurance Association (SASRIA) was hard at work finalising claims following the July 2021 riots, having received R33 billion in claims.

The critical role of the insurance sector has been elevated in recent times as a result of climate change, the digitalisation evolution, and changes in consumer behaviour. This has impacted INSETA's strategic imperatives and hence the nature of the projects and programmes funded.

In our 2021/22 Annual Report, employment in the sector was placed at 149 000, but factors such as digitisation and the marked growth in gig jobs have seen employment figures in the sector increase to approximately 180 000. The sub-sectors that recorded the greatest growth include short-term insurance, life insurance, insurance and pension funding.

Review of successes and challenges

The total number of WSPs and ATRs submitted increased by 14,5% to 1296 submissions. We can attribute this increase to an improved and robust stakeholder engagement strategy, increased internal capacity to facilitate meaningful engagement with employers, extensive collaboration with the industry and sector, as well as communication activities with employers to highlight the importance of collaboratively working with the sector to support and, at the same time, promote the sector's skills development objectives.

Improved performance and meeting the needs of our diverse stakeholders are key strategic drivers for INSETA and we are seeing the results. Our performance against our Annual Performance Plan has enjoyed year-on-year growth from 86% in 2021/22 to 91% in 2022/23. We can attribute this growth to the number of factors that include the strengthening of the implementation of programmes, a more efficient DG approval process, increased internal capacity, and accelerated performance interventions accompanied by close tracking of performance and a culture of accountability across all levels.

In addition, our improved performance can also be attributed to the close collaborations we have with the insurance sector, a delivery model that provides access to delivery partners, TVET and CET colleges, as well as higher education institutions.

We implemented a number of changes to strengthen organisation capacity namely improved planning processes, finalisation of the Discretionary Grant processes, review of the organisational structure, as well as new systems deployed.

The rapidly changing nature of the insurance sector requires us to stay abreast of developments through focused research. This has resulted in a shift in focus on the research agenda.

Key highlights

A total number of 4850 beneficiaries participated in the worker programmes, whilst a total number of 5086 youth participated in skills programmes, bursaries, learnerships and internships.

The Insurance Sector Student Fund (ISSF) which was launched in December 2021 has successfully funded 12 employers, four higher education institutions and one strategic partner. The funding has benefited 244 beneficiaries. The ISSF has got off to a very promising start, but the goal remains to increase the number of participating employers to achieve maximum impact. We intend to

The rapidly changing nature of the insurance sector requires us to stay abreast of developments through focused research. This has resulted in a research agenda that is driven by the Board.

achieve this through advocacy to drive participation and achieve increased member numbers.

INSETA funding provided for the Advanced Diploma in Management Development (ADMD) at the UCT Graduate School of Business resulted in employees from a range of small, medium and large companies within the insurance industry, gaining broad knowledge of key management issues relevant to the sector. Whilst the beneficiaries themselves have benefitted from this training, ultimately, the sector benefits.

Career guidance remains an important strategic focus for INSETA, but during the period under review we literally 'reached for the stars' in this regard. INSETA created an edutainment movie featuring veteran actor Luthuli Dlamini that was flighted at cinemas across all nine provinces called 'Choose your Fate'. It highlights the top ten critical and scarce skills in the insurance industry and we were able to reach over 5000 young people across the country with the screening of the movie.

During the review period, we placed emphasis on several focus areas and exceeded targets for work-integrated learning, bursaries, SMME development and the growth of much-needed digital skills. With increased achievement, comes the need for increased certification and our ETQA division stepped up to the plate to ensure that all successful candidates received certificates due to them.

A key change implemented to overcome challenges experienced previously with the late commencement of programmes in a financial period, is the early commencement of implementation of programmes. In doing this, INSETA has been capacitated to strengthen reporting mechanisms, data quality, tracking of programme progress, as well as monitoring and evaluation.

In terms of the submission of the WSP and ATR, 90% were submitted through the new MIS system despite the challenges.

Data management and reporting remains a key focus after INSETA's move from an outdated system to a more efficient one. The data 'clean up' process is an ongoing one that, once completed, will result in more efficient programme management and improved stakeholder communication. We implemented an Electronic Document Management System.

Financial overview

The Skills Development Levy revenue collection for the 2022/23 increased by 8% with an amount of R632 million from the previous financial year. The total revenue recognised for the reporting period increased by 11% with an amount of R670 million compared to the previous period amount of R606 million. The collection of levies has since displayed an upward increase since the impact of the COVID-19 disruption. An amount of R425 million has been invested on numerous skills programmes which shows significant improvement of 266% compared to the previous financial year's amount of R256 million. These can be distributed among learnerships, internships, skills programmes, bursaries and catalytic projects.

The SETA has reported an operating surplus of R14 million for the reporting period.

Looking ahead

Our mandate is a large one, but our focus remains on providing support to our youth through skills development and upskilling of workers in the sector and capacitating SMMEs with skills so that they can make a positive impact on the economy and country. The rapid technological changes in our sector require us to drive digital literacy and knowledge and this remains a key strategic focus. Strategic partnerships are the priority of the SETA and research that is responsive to the sector's needs.

Looking inwards, we will continue our journey of excellence through organisational remodelling and development as required, as well as placing focus on people and systems to enable us to achieve our mandate and desired impact. The question we need to keep asking ourselves is: what kind of SETA do our stakeholders want?

Acknowledgements

Our continued pursuit of excellence would not have been possible without the guidance and support of the Minister and his dedicated team at DHET. The Accounting Authority and various sub-committees have provided the Executive team with valuable guidance as we have navigated what has been a successful, yet challenging financial period.

To our employers, industry bodies and associations, as well as skills delivery partners, a very big thank you for the trust you have placed in INSETA and your contributions to driving much-needed skill development in the sector.

To my Executive team, thank you for helping to steer this ship over the financial period. We are a stronger and more effective organisation and this would not have been possible without your hard work and dedication.

Last, but by no means least, to the staff at INSETA, you have embraced change and made a sterling contribution to improved organisational efficiencies and higher performance.

Let the journey of excellence propel us forward.

GUGU MKIZE
Chief Executive Officer
31 July 2023

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2023

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

- All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General.
- The annual report is complete, accurate and free of any omissions.
- The annual report has been prepared in accordance with the guidelines on annual reports issued by National Treasury.
- The annual financial statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity.
- The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The Accounting Authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2023.

SJ Ngubane
Independent Chairperson of the INSETA Board
31 July 2023

G Mkhize
Chief Executive Officer
31 July 2023

STRATEGIC OVERVIEW

VISION
Empowered to Influence and Inspire

MISSION
Harness technology and strategic partnerships in pursuit of excellence to enable relevant, inclusive and impactful skills development; and be the bridge between education and the world of work by identifying skills in demand and providing agile and appropriate responses.

VALUES

RESPECT
Diversity, inclusivity and trust

INNOVATION
Agile and impactful solutions

COLLABORATION
Unity and partnerships

ACCOUNTABILITY
Ethical conduct

COURAGEOUS LEADERSHIP
Compassionate and empowering

CUSTOMER-CENTRICITY
Responsive and professional

LEGISLATIVE AND OTHER MANDATES

INSETA was established in March 2000 in terms of the Skills Development Act 97 of 1998, subsequently amended in December 2008. INSETA is required to promote, facilitate and monitor education and skills development provision in the insurance and related services sector, and has been re-established until 31 March 2030 by Government Gazette notice.

INSETA is a Schedule 3A public entity in terms of the Public Finance Management Act (PFMA) and must execute its mandate in accordance with the Skills Development Act (SDA), the Skills Development Levies Act (SDLA), the PFMA, the INSETA constitution and any legislation that relates to the governance of Sector Education and Training Authorities (SETAs).

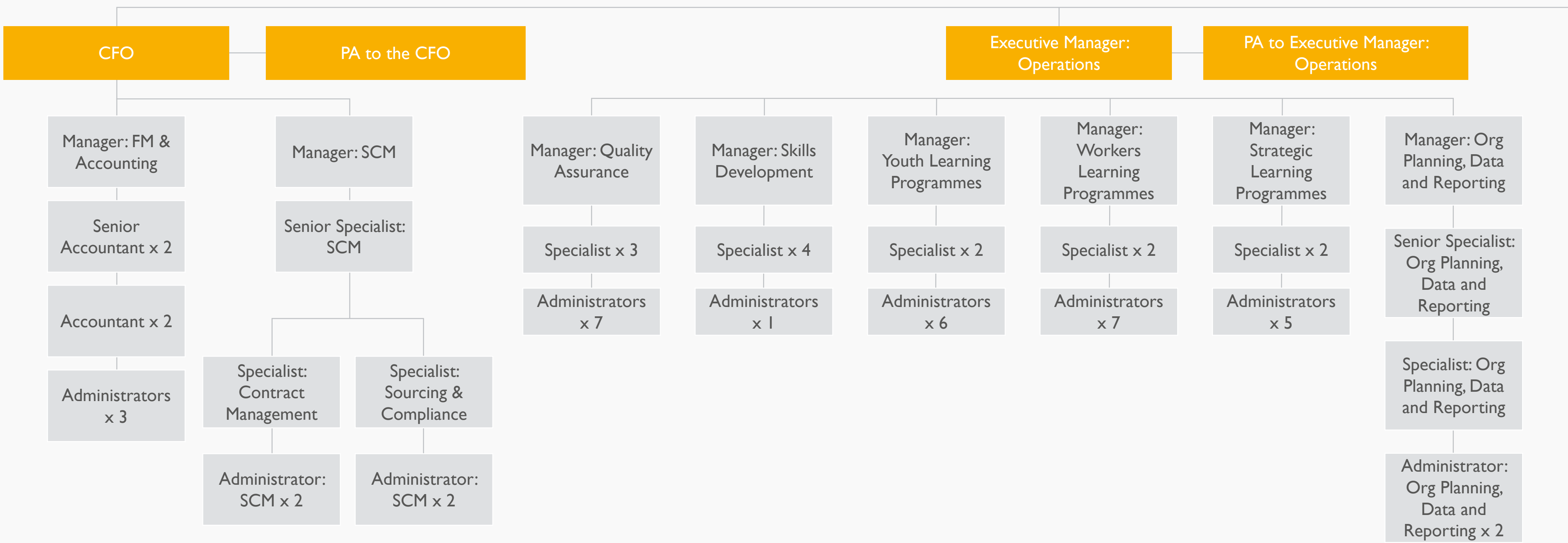
The table to the right presents the acts and other mandate documents that direct and influence INSETA's role in skills development.

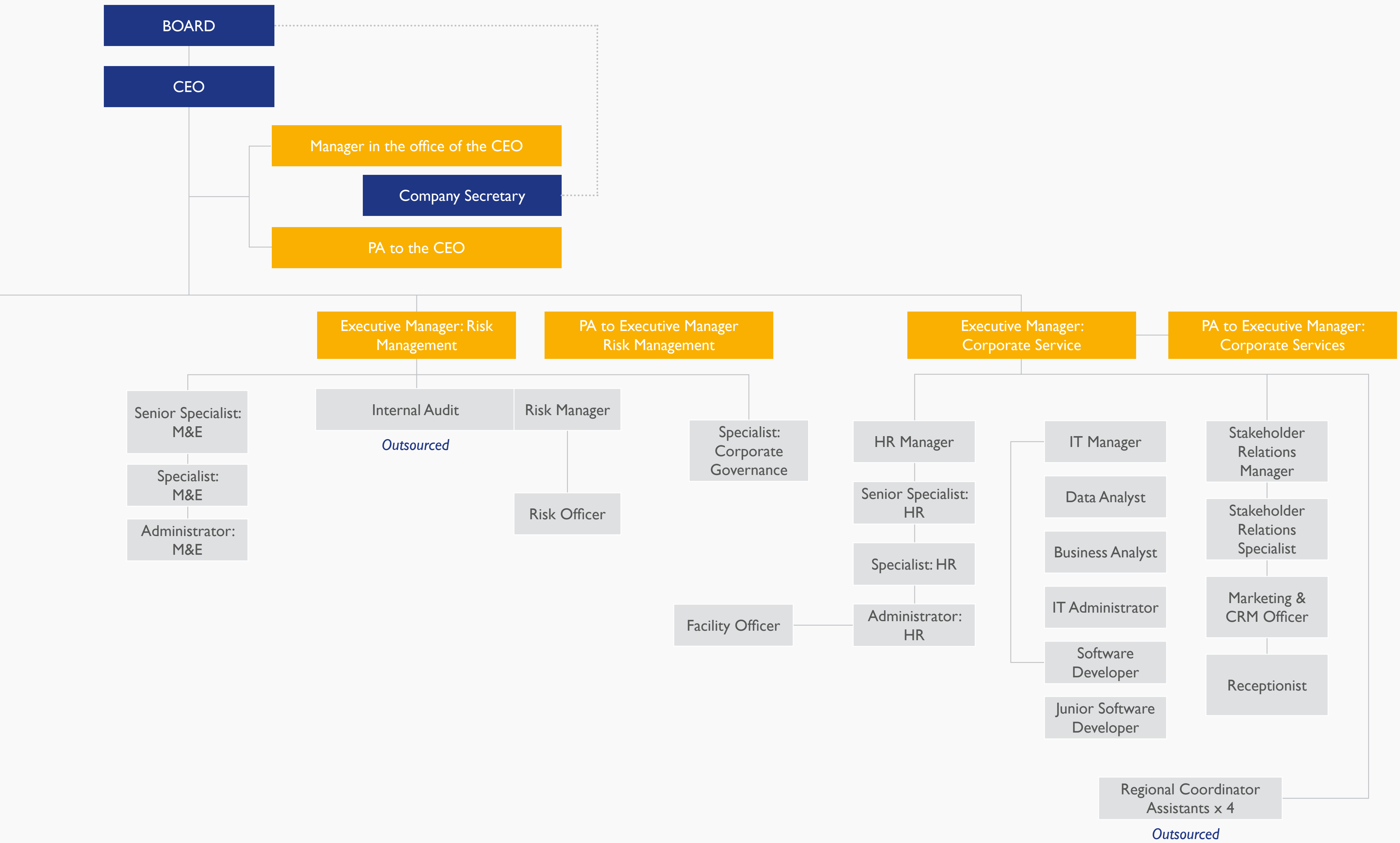
ACT/OTHER MANDATE DOCUMENTS	PURPOSE OF THE ACT/OTHER MANDATES
INSETA Constitution	This constitution provides an institutional framework for the SETA to develop and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce.
Skills Development Act, Act 97 of 1998 (as amended)	Provides an institutional framework to develop and implement national, sector and workplace strategies to improve the skills of the South African workforce.
Public Finance Management Act, Act 1 of 1999 (as amended)	The PFMA seeks to regulate financial management and corporate governance in national and provincial governments.
Skills Development Levies Act, Act 9 of 1999	Provides for the imposition of the skills development levy and related matters.
Financial Advisory and Intermediary Services (FAIS) Act, Act 37 of 2002	Sets out the fit-and-proper requirements for financial services providers. New requirements include compulsory regulatory examinations with strict timeframes laid down by the Financial Sector Conduct Authority (FSCA).
National Qualifications Framework Act, Act 67 of 2008	To provide for the National Qualifications Framework (NQF), a system for the classification, registration and publication of all national qualifications and part-qualifications.
National Skills Development Plan (NSDP)	A strategy to improve the skills development system to create a skilled and capable workforce that shares in, and contributes to, the benefits and opportunities of economic expansion and an inclusive growth path.
National Skills Accord	A commitment agreed to by government, business, labour and civil society organisations to promote skills development in line with the New Growth Path (NGP) strategy objective to create five million new jobs by 2020.
Sector Skills Plan (SSP)	The SSP is the research document produced by the SETA in each economic sector, using inputs from constituent employers. The SSP outlines key skills shortages and, specifically, a sector's top scarce and critical skills.
Annual Performance Plan (APP)	Contains INSETA's performance commitments and measurement framework.

STRATEGIC OUTCOME-ORIENTED GOALS

INSETA has identified four programmes with ten outcomes crucial to the achievement of its NSDP and SDA mandate, and its operational efficiency.

PROGRAMME 1: Administration	
NSDP Outcome 9	Effective corporate governance maintained
PROGRAMME 2: Skills Planning	
NSDP Outcome 1	Identify and increase production of occupations in high demand
PROGRAMME 3: Learning Programmes and Projects	
NSDP Outcome 2	Linking education and the workplace
NSDP Outcome 3	Improving the level of skills in the South African workforce
NSDP Outcome 4	Increase access to occupationally-directed programmes
NSDP Outcome 6	Skills development support for entrepreneurship and cooperative development
NSDP Outcome 7	Encourage and support worker-initiated training
NSDP Outcome 8	Support career development services
NSDP Outcome 10	Number of rural development projects initiated
PROGRAMME 4: Quality Assurance	
NSDP Outcome 4	Increase access to occupationally-directed programmes
NSDP Outcome 5	Support the growth of the public college system


CFO
PA to the CFO
Executive Manager: Operations
PA to Executive Manager: Operations
Manager: FM & Accounting
Senior Accountant x 2
Accountant x 2
Administrators x 3
Manager: SCM
Senior Specialist: SCM
Specialist: Contract Management
Specialist: Sourcing & Compliance
Administrator: SCM x 2
Administrator: SCM x 2
Manager: Quality Assurance
Specialist x 3
Administrators x 7
Manager: Skills Development
Specialist x 4
Administrators x 1
Manager: Youth Learning Programmes
Specialist x 2
Administrators x 6
Manager: Workers Learning Programmes
Specialist x 2
Administrators x 7
Manager: Strategic Learning Programmes
Specialist x 2
Administrators x 5
Manager: Org Planning, Data and Reporting
Senior Specialist: Org Planning, Data and Reporting
Specialist: Org Planning, Data and Reporting
Administrator: Org Planning, Data and Reporting x 2


BOARD
CEO
Manager in the office of the CEO
Company Secretary
PA to the CEO
Executive Manager: Risk Management
PA to Executive Manager Risk Management
Executive Manager: Corporate Service
PA to Executive Manager: Corporate Services
Senior Specialist: M&E
Specialist: M&E
Administrator: M&E
Internal Audit
Outsourced
Risk Manager
Risk Officer
Specialist: Corporate Governance
HR Manager
Senior Specialist: HR
Specialist: HR
Administrator: HR
Facility Officer
IT Manager
Data Analyst
Business Analyst
IT Administrator
Software Developer
Junior Software Developer
Stakeholder Relations Manager
Stakeholder Relations Specialist
Marketing & CRM Officer
Receptionist
Regional Coordinator Assistants x 4
Outsourced

PART B
PERFORMANCE

PERFORMANCE INFORMATION

ANNUAL PERFORMANCE REPORT (1 APRIL 2022 TO 31 MARCH 2023)

The table below represents a high-level summary of the programmes, outcomes, outputs, output indicators and performance achieved during the 2022/23 financial years.

IMPACT STATEMENT	PROGRAMME	OUTCOME	OUTPUT	OUTPUT INDICATORS	ACTUAL ACHIEVEMENT 2021/22	PLANNED ACHIEVEMENT 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGETS	REASONS FOR DEVIATION
Prudent and compliant management of resources	Administration	Effective Corporate Governance	Effective Corporate Governance maintained	Maintain an unqualified audit	Unqualified audit opinion	Unqualified audit opinion	Qualified Audit opinion	Qualified audit Opinion	Material findings of commitment and misclassification of payables.
			High level skills developed through bursaries	Percentage of DG budget allocated at developing high level skills through bursary grant funding	40%	28%	83%	55%	The increase in the revenue collected, during the year under review, contributed to the increased spend on DG allocations. This was evidence through top-up allocations to qualifying stakeholders to meet the sector skill demand.
			Intermediate skills developed through learning programmes	Percentage of DG budget allocated at developing intermediate skills through Learnerships, Skills Programmes, Work Experience/ Internships and WIL grant funding	79%	71.8%	74%	2.2%	The increase in the revenue collected, during the year under review, contributed to the increased spend on DG allocations. This was evidence through top-up allocations to qualifying stakeholders to meet the sector skill demand.
			Elementary skills developed through adult education	Percentage of DG budget allocated at developing elementary skills through adult education and training grant funding	4%	0.2%	1%	0.8%	The increase in the revenue collected, during the year under review, contributed to the increased spend on DG allocations. This was evidence through top-up allocations to qualifying stakeholders to meet the sector skill demand
Responsive Skills Planning System	Skills Planning	Occupations in high demand identified and their production increased	SME WSPs and ATRs approved	Number of WSPs and ATRs approved for small firms	747	900	908	8	Increased stakeholder engagement leading to registration of new entities under INSETA.
			Medium firms WSPs and ATRs approved	Number of WSPs and ATRs approved for medium firms	138	140	146	6	Increased stakeholder engagement leading to registration of new entities under INSETA.
			Large firms WSPs and ATRs approved	Number of WSPs and ATRs approved for large firms	222	230	243	13	Increased stakeholder engagement leading to registration of new entities under INSETA.
			Skills Planning researched	Number of sector research conducted for SMEs & Co-Operatives	1	1	1	0	N/A
			Skills Planning researched	Number of approved Research Agenda outputs produced	New Indicator	6	7	1	There were multiyear research projects that was completed in the year under review leading to an increased number of research reports completed.
			Programmes impact assessment conducted	Conduct an impact assessment on Rural programmes	New Indicator	1	1	0	N/A

IMPACT STATEMENT	PROGRAMME	OUTCOME	OUTPUT	OUTPUT INDICATORS	ACTUAL ACHIEVEMENT 2021/22	PLANNED ACHIEVEMENT 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGETS	REASONS FOR DEVIATION
			TVET curriculum development Research	Number of sector research agreements signed for TVET growth occupationally-directed programmes	1	1	1	0	N/A
Responsive Skills Planning System	Skills Planning	Occupations in high demand identified and their production increased	SME WSPs and ATRs approved	Number of WSPs and ATRs approved for small firms	747	900	908	8	Increased stakeholder engagement leading to registration of new entities under INSETA.
			Medium firms WSPs and ATRs approved	Number of WSPs and ATRs approved for medium firms	138	140	146	6	Increased stakeholder engagement leading to registration of new entities under INSETA.
			Large firms WSPs and ATRs approved	Number of WSPs and ATRs approved for large firms	222	230	243	13	Increased stakeholder engagement leading to registration of new entities under INSETA.
			Skills Planning researched	Number of sector research conducted for SMEs and Co-Operatives	1	1	1	0	N/A
			Skills Planning researched	Number of approved Research Agenda outputs produced	New indicator	6	7	1	There were multiyear research projects that was completed in the year under review leading to an increased number of research reports completed.
			Programmes impact assessment conducted	Conduct an impact assessment on Rural programmes	New indicator	1	1	0	N/A
			TVET curriculum development Research	Number of sector research agreements signed for TVET growth occupationally-directed programmes	1	1	1	0	N/A

IMPACT STATEMENT	PROGRAMME	OUTCOME	OUTPUT	OUTPUT INDICATORS	ACTUAL ACHIEVEMENT 2021/22	PLANNED ACHIEVEMENT 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGETS	REASONS FOR DEVIATION
			Learners enrolled for learnerships	Number of unemployed learners enrolled for Learnerships programmes	1151	1500	1777	277	Increased interest in supporting unemployed youth prompted by robust stakeholder engagement, contributed to the increased uptake from Employers, to support unemployed learners in acquiring qualifications.
			Learners certificated through learnerships	Number of unemployed learners certificated for Learnerships programmes	610	1050	1071	21	Improved efficiency in the quality assurance environment leading to increased certification.
			Learners for enrolled for skills programme	Number of unemployed learners enrolled for Skills programmes	672	1020	1274	254	The increase in the revenue collected, during the year under review, contributed to the increased spend on DG allocations. The INSETA responsiveness to the digital skill requirement through special projects.
			Learners completing skills programmes	Number of unemployed learners completed skills programmes	356	710	781	71	The special projects that were responding to the ERRP, national priorities and digitisation to support the sector.
Responsive PSET System	Learning Programmes	Linked education and the workplace	TVET learners enrolled on WIL programmes	Number of TVET Students enrolled for WIL programmes to complete their qualifications	619	1000	1046	46	Implementation of the strategic projects in the TVET colleges and the increased uptake from Employers, to support unemployed learners in acquiring qualifications.
			TVET learners completing WIL programmes	Number of TVET students completed their WIL programmes	206	700	339	-361	The target not met due to the low numbers enrolled in the previous financial year. **Remediation** INSETA is participating in the Ministerial TVET WIL programme that allows for additional learners completed.
			Learners enrolled for Internships	Number of unemployed learners enrolled for internships	748	1240	1205	-35	The late start of the internship programme implementation. **Remediation** Timeous implementation and engagement with the sector on multiple intake through out the year.
			Learners completing internships	Number of unemployed learners completed internship	217	870	491	-379	The target not met due to the low numbers enrolled in the previous financial year. **Remediation** The alignment of what was enrolled in the previous year with the current planned targets.

IMPACT STATEMENT	PROGRAMME	OUTCOME	OUTPUT	OUTPUT INDICATORS	ACTUAL ACHIEVEMENT 2021/22	PLANNED ACHIEVEMENT 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGETS	REASONS FOR DEVIATION
Responsive PSET System	Learning Programmes	The level of skills in the South African workforce improved.	Workers enrolled granted Bursaries	Number of workers granted Bursaries (new entries)	975	800	1028	228	Increased uptake from Employers, to support employees in achieving qualifications and improving on their competency levels. The implementation of the first cohort of Insurance Sector Student Fund (ISSF).
			Workers continuing granted bursaries	Number of workers granted Bursaries (continuing)	39	200	238	38	Increased demand of workers continuing their studies.
			Workers granted bursaries completed studies	Number of workers granted bursaries completed their studies	583	600	640	40	Consistency in the bursary participants in completing their studies.
			Workers enrolled for skills programmes	Number of workers enrolled Skills programmes	1593	2866	3025	159	There is a high demand for employees to be supported to meet the fit and proper requirements with the FSCA. Digital Literacy skills required to meet the skills development needs to improve competence levels within the organisation.
			Workers completing skills programmes	Number of workers completed skills programmes	914	2058	1640	- 418	Late commencement of the skills programme contributed to the target not met. **Remediation:** The alignment of planned enrolment to taking into account the throughput rate.
			Workers enrolled for Learnerships programmes	Number of workers enrolled for learnerships programmes	759	800	1024	224	Increased uptake from Employers, to support employees in achieving qualifications and improving on their competency levels.
			Workers certificated for Learnerships programmes	Number of workers certificated for Learnerships programmes	556	500	521	21	Improved efficiency in the quality assurance environment leading to increased certification.
			AET programmes enrolled	Number of workers enrolled for AET programmes	20	30	58	28	High uptake for employees to be supported to improve their competency levels.
			AET programmes completed	Number of workers completed AET programmes	20	18	23	5	The completion of the learner performance depends on learner performance to complete timeously. The increased throughput rate was as a result of the above.

IMPACT STATEMENT	PROGRAMME	OUTCOME	OUTPUT	OUTPUT INDICATORS	ACTUAL ACHIEVEMENT 2021/22	PLANNED ACHIEVEMENT 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGETS	REASONS FOR DEVIATION
Responsive PSET System	Learning Programmes	Access to occupationally-directed programmes increased	Unemployed enrolled granted Bursaries	Number of unemployed learners granted Bursaries (new enrolments)	844	600	770	170	Increase uptake from Institutions to support unemployed youth to be sponsored to achieve their qualifications.
			Unemployed continuing granted bursaries	Number of unemployed learners granted Bursaries (continuing)	234	400	472	72	Increased demand for learners continuing their qualifications.
			Unemployed granted bursaries completed studies	Number of unemployed learners granted Bursaries completed their studies	93	280	338	58	Consistency in the bursary participants in completing their studies.The implementation of the Insurance Sector Student Fund (ISSF) to support final year students.
			Workers entered RPL	Number of workers enrolled RPL	150	158	165	7	Improved participation by industry due to awareness created around Recognition of Prior Learning (RPL) which resulted in more interest from the industry which resulted to a higher intake and higher throughput rate.
			Workers completed	Number of workers completed RPL	110	135	136	1	
			TVETs partnerships established	Number of TVET partnerships established	4	5	5	0	N/A
			HET partnerships established	Number of HET partnerships established	3	5	6	1	Improved brand visibility and stakeholder engagement contributed to increased partnerships.
Responsive PSET System	Learning Programmes	Access to occupationally-directed programmes increased	CET partnerships established	Number of CET partnerships established	2	3	3	0	N/A
			Employer Professional Bodies & Trade Associations partnerships established	Number of SETAEmployer partnerships established with Employer Professional Bodies & Trade Associations	2	5	6	1	Improved brand visibility and stakeholder engagement contributed to increased partnerships.
			Learners placed in employment	Number of learners placed in employment on completion of Internships & Learnerships	307	400	473	73	More interest from the sector in absorbing learners who completed the work-based learning programme in the workplace, this was achieved through the employability programmes.

IMPACT STATEMENT	PROGRAMME	OUTCOME	OUTPUT	OUTPUT INDICATORS	ACTUAL ACHIEVEMENT 2021/22	PLANNED ACHIEVEMENT 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGETS	REASONS FOR DEVIATION
Responsive PSET System	Learning Programmes	Skills development support for entrepreneurship and cooperatives provided	Cooperatives supported	Number of Co-operatives funded for skills that enhance enterprise growth and development	132	10	29	19	Increased number of cooperatives were supported with the skills development.
			SME supported	Number of Small Business supported for training interventions	359	375	426	52	Increased interest for Small Micro Enterprises participated in the various skills development interventions provided.
			Business Startup supported	Number of people trained on entrepreneurship skills	16	10	47	37	Targeted approach implemented to support entrepreneurship programmes in the Insurance sector.
				Number of people trained on entrepreneurship skills & supported to start their businesses	5	5	5	0	N/A
		Worker-initiated training supported	Union consultations held and required skills implemented	Number of Trade Unions supported through relevant skills training interventions	2	2	2	0	N/A
		Career development services supported	Career exhibits in urban areas	Number of career development events conducted for urban areas on occupations in high demand	12	10	11	1	Implementation of the career guidance strategy for targeted learners to promote increased Insurance careers.
			Career exhibits in rural areas	Number of career development events conducted for rural areas on occupations in high demand	14	10	21	11	Implementation of the career guidance strategy for targeted learners to promote increased Insurance careers.
Responsive PSET System	Learning Programmes	Career development services supported	Career development practitioners trained	Number of career development practitioners trained	11	15	19	4	In support for the PSET system, more staff members had to be supported with skills.
		Rural Development supported	Rural projects initiated	Number of rural development projects initiated	4	5	8	3	Strategic partnerships with the sector resulted in the increase in the number of rural projects implemented.

IMPACT STATEMENT	PROGRAMME	OUTCOME	OUTPUT	OUTPUT INDICATORS	ACTUAL ACHIEVEMENT 2021/22	PLANNED ACHIEVEMENT 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGETS	REASONS FOR DEVIATION
Responsive PSET System	Quality Assurance	Access to occupationally-directed programmes increased	Qualifications offered in line with occupations in high demand	Number of public TVET Colleges accredited to offer insurance occupationally-directed learning programmes addressing occupations in high demand	4	4	4	0	N/A
		Growth of the public college system supported	SETA TVET offices maintained	Number of SETA offices established in TVET colleges	2	2	2 w	0	N/A
				Number of SETA offices maintained in TVET colleges	N/A	3	3	0	N/A
			TVET lecturers exposed to industry	Number of TVET lecturers exposed to the industry through skills programmes	49	15	15	0	N/A
			TVET lecturers awarded bursaries	Number of TVET colleges lecturers awarded bursaries	10	10	16	6	Increased interest in the insurance sector from TVET college lecturers resulted in the target being exceeded.
			CET Lecturers trained	Number of CET college lecturers awarded skills development programmes	12	10	10	0	N/A

SIGN OFF:

Gugu Mkhize (CEO) ______________________________

Leslie Kwapeng (EMO) ______________________________

Zanele Malaza (CFO) ______________________________

Farzana Salfa (EMR) ______________________________

PERFORMANCE AGAINST INDICATORS

The following table depicts current achievement under the various programmes:

Programme	Outcomes	Number of indicators	Number of indicators achieved	Achievement
1 Administration	Effective Corporate Governance	4	3	Partially achieved
2 Skills Planning	Occupations in high demand identified and their production increased	7	7	Fully achieved
3 Learning Programme	Education and workplace linked	8	5	Partially achieved
	The level of skills in the South African workforce improved	9	8	Partially achieved
	Access to occupationally-directed programmes increased	10	10	Fully achieved
	Skills development for entrepreneurship and cooperative development supported	4	4	Fully achieved
	Worker-initiated training supported	1	1	Fully achieved
	Career development services supported	3	3	Fully achieved
	Rural development supported	1	1	Fully achieved
4 Quality Assurance	Access to occupationally-directed programmes increased	1	1	Fully achieved
	Growth of the public college system supported	5	5	Fully achieved
TOTAL		**53**	**48**	**91%**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OVERVIEW OF INSETA'S PERFORMANCE

STRATEGY TO OVERCOME UNDERPERFORMANCE

INSETA achieved 91% of targets set during the review period. There was a low intake from employers and a low throughput rate due to programme extensions from the employers and dropouts from the learners leaving the programme before the programme's end date.

With the lessons learnt, programmes have commenced earlier in the 2023/24 financial year, which will reduce the extensions. INSETA introduced a mentorship programme that will assist with increasing the throughput rate and a different reporting structure for learners who are leaving the programme due to receiving employment prior to completion of the programme.

Other strategies include the introduction of different programme interventions that will boost the internship indicator in the 2023/24 financial year, as well as the introduction of the graduate development and employer mentorship programmes.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, the AGSA must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the Annual Performance Report (contained in pages 66 to 72 of the Auditor-General's Report).

SERVICE DELIVERY ENVIRONMENT

As a statutory body charged with driving skills development in the insurance and related services sector, INSETA is uniquely positioned to improve the sector's skills base.

The following sectoral priority occupations were identified in the insurance and related financial services sector:

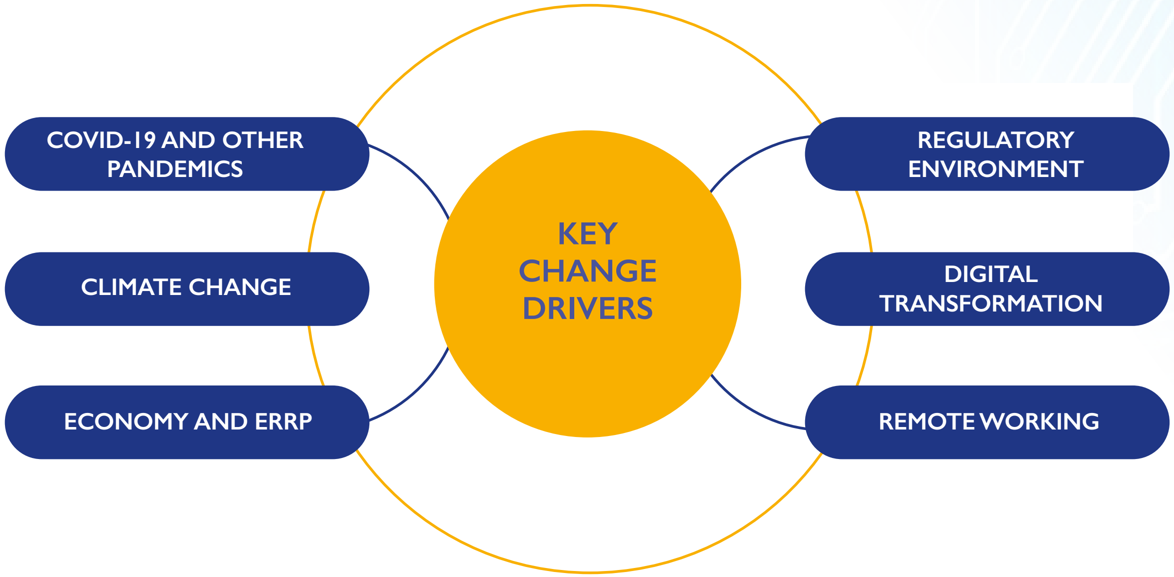
- Insurance agents
- Insurance brokers
- Actuaries
- Data analysts
- Insurance loss adjustors
- Financial investment advisers
- Fraud examiners
- Developer programmers
- Information and communications technology (ICT) security specialists and
- Organisational risk managers

These skills priorities were identified by studying all the relevant policies and frameworks, including the National Development Plan (NDP), the New Growth Path (NGP) and its associated National Youth Accord, the Human Resources Development Strategy (HRDSA) 2010 to 2030 and the National Skills Development Plan (NSDP) 2030. These skills needs were also derived from interactive sessions between the INSETA and the sector.

INSETA achieved 91% of targets set during the review period.

KEY DRIVERS OF CHANGE IN THE SECTOR

INSETA has identified that the following external change drivers impact skills demand and supply in the sector:



PESTEL (political, economic, social, technological, environmental, and legal) analysis used to monitor external factors driving change in the insurance sector

POLITICAL: The currently stable political environment enabled INSETA to carry out its mandate through the implementation of this strategy.

ECONOMIC: The South African economy has performed poorly over the last ten years. Current unemployment of 29% means that a significant proportion of the economically-active population is out of work and cannot access insurance products. COVID-19 resulted in retrenchments in the insurance sector that will necessitate reskilling and repurposing of retrenched workers to increase their potential to be re-employed or self-employed.

SOCIAL: High youth unemployment constitutes a considerable risk to national stability due to high crime rates that negatively affect the insurance sector. In addition, insurers must keep up with the rapidly changing consumer needs and expectations of new generations.

To remain competitive and differentiated in an increasingly fluid society and marketplace, insurance companies need to be trailblazers in developing and launching innovative and responsive products. Customers require seamless, quick and transparent interactions, which calls for tech-savvy salespeople.

TECHNOLOGICAL: Technology continues to disrupt insurance companies and the sector. The fourth industrial revolution has increased the use of artificial intelligence, robotics, big data, digitisation, digital marketing, blockchain, predictive analytics and machine learning. For the insurance industry, in particular, this is an environment that is volatile, uncertain, complex and often ambiguous.

ENVIRONMENTAL: Climate change is one of the most significant challenges facing the insurance sector and has immediate to long-term impacts. As climate change may be tied to the frequency and severity of natural disasters, it is even more of a core issue for insurers. Climate change is also increasing human-wildlife conflict, that necessitates new product skill sets in the insurance sector.

LEGISLATIVE: The insurance sector is highly regulated and insurers are impacted by legislation such as the Insurance Act, the Financial Advisory and Intermediary Services (FAIS) Act and Twin Peaks. These influence the way insurers do business and usually demand new skills for insurers to remain in business. The recent introduction of national health insurance (NHI) may have a negative impact on the medical insurance sub-sector.

Thus, research and stakeholder consultation are essential if the insurance sector is to respond appropriately and timeously to address challenges before they have an irreversibly negative impact on the sector.

ORGANISATIONAL ENVIRONMENT

The INSETA Board provides strategic direction to management and exercises oversight.

Core divisions

The Skills Planning and Research Division is responsible for:

i. Research, which serves as a key source document in the compilation of the INSETA Strategic Plan and Annual Performance Plan.
ii. Coordination of research centres of excellence.
iii. Registration and support of companies for the submission of Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs).
iv. Recommendation of payment of mandatory grants.
v. Ensuring that INSETA-registered employers are compliant with the Skills Development Levies Act (SDLA) before awarded discretionary grant funding.

Learning Division for Youth Programmes is responsible for:

i. Registration and management of learnerships.
ii. Management of the implementation of internships and bursaries for youth.
iii. Management of the implementation of TVET work-integrated learning (WIL) programmes.
iv. Management and implementation of the TVET strategy.
v. Management and implementation of career guidance.

Learning Division for Workers Programmes is responsible for:

i. Management of implementation of skills programmes and bursaries for workers.
ii. Management of implementation of candidacy learning programmes for workers.
iii. Management and implementation of the SMME strategy.
iv. Management and implementation of catalytic projects for workers.

Quality Assurance Division is responsible for:

i. Accreditation of SDPs.
ii. Registration of assessors and moderators.
iii. Monitoring of skills development providers (SDPs).
iv. Verification of learning.
v. Certification of learners.
vi. Development, review and implementation of occupational qualifications.
vii. Implementation of external integrated summative assessments.

Support divisions

Project Management is responsible for:

i. Reporting on the implementation of projects.
ii. Submission of compliance reports on INSETA performance.
iii. Monitoring and evaluation.

Office of the Chief Financial Officer (CFO) is responsible for:

i. Financial management and accounting functions which include expenditure management, asset and liability management.
ii. Supply Chain Management which ensures effective, efficient and economical procurement processes.

Corporate Services Department

A work environment that is conducive to staff performance and, ultimately, service delivery, is key to the success of any organisation. INSETA's Corporate Services Division is responsible for this important activity within the organisation and provides support services to all divisions. Whilst the Corporate Services Division's overall responsibility is the development and implementation of the INSETA's corporate strategy, policies, and procedures, as well as the development and maintenance of systems, more specifically, the division seeks to:

- Ensure that all corporate policies and practices are aligned with the objectives and mandate of INSETA.
- Facilitate and expedite delivery of all HR activities.
- Promote effective communication with all relevant stakeholders.
- Provide information technology to enable INSETA to deliver on its mandate.
- Facilitate the development of a record management system

Ensuring adequate capacity in the form of skills and human assets, as well as capability in the form of systems, procedures, and policies underpins all the activities of the Corporate Services Division. The Division comprises three departments namely, the Stakeholder Relations Department, the Human Resources Department, and the Information Technology Department.

Human Resources

The Human Resources unit is responsible for the management and administration of all human resource-related matters. INSETA regards its people as its most important asset. Human Resources assists in creating a work environment that is supportive and conducive to performance and delivery against strategic objectives.

The unit develops, implements and oversees an integrated strategy in which all human resources functions work cohesively to create a positive work environment characterised by performance, cross-functional teamwork and accountability.

Stakeholder Relations

This newly formed division comprises of four staff members, the Stakeholder Relations Manager, Stakeholder Relations Specialist, Customer Relationship Manager Specialist and receptionist. Previously known as Public Relations and Marketing, this renamed division will strengthen the already solid public relations and marketing foundation. Stakeholder Relations will continue to advance the INSETA brand through digital communications.

The division will collaborate with industry partners, as well as forge ahead new partners to extend the INSETA brand reach and visibility. The outreach was extended beyond the insurance landscape as INSETA signed MoUs with CHIETA, professional bodies and the NYDA, thus opening up a wider scope for stakeholder relations and more opportunities for learners. The additional support from stakeholders throughout the year provided immense support to the SETA in achieving its mandate.

INSETA social media continues to grow exponentially, and the brand presence is reflected not just in urban areas, but in rural areas, as well as through a dedicated rural outreach programme. Brand and social media content is carefully crafted by the team.

Evidence of these is seen in the positive responses received from fans on various social media channels, as well as in the graduations. Graduations have become the highlight of the INSETA, as well as the throughput rates of these learners who finish their programmes. During the reporting period, the graduation videos reached over a thousand views. This helps us to ensure that we provide digital content to INSETA stakeholders.

Ensuring that stakeholders receive the utmost care continues to solidify the positive reputation of INSETA. This is achieved through the front-line receptionist who ensures calls and front-line stakeholder support are carried out with professionalism.

INSETA acknowledges the value of stakeholder relations and a number of events were held in the reporting period. These included:

- Webinars
- Face-to-face events, i.e. WSP/ATR and discretionary grant seminars
- CEO roadshows
- Career awareness events – nationally in all nine provinces
- Physical/virtual graduations
- Business training for employers
- Newsletters and communication with stakeholders via electronic and social media

Information Technology

The organisation has successfully implemented an insourcing strategy, filling various positions such as Business Analyst, IT Developer, IT Administrator, and Data Analyst, headed by the IT Manager. During the implementation of the Management Information System (MIS), the organisation encountered several challenges. However, effective plans have been put in place to address these challenges. In addition to overcoming the MIS challenges, the organisation has achieved notable improvements in the utilisation of collaborative tools, enhanced security measures, and the automation of document management. These accomplishments contribute to the overall success of the organisation's technological advancements and adaptation.

Risk Management

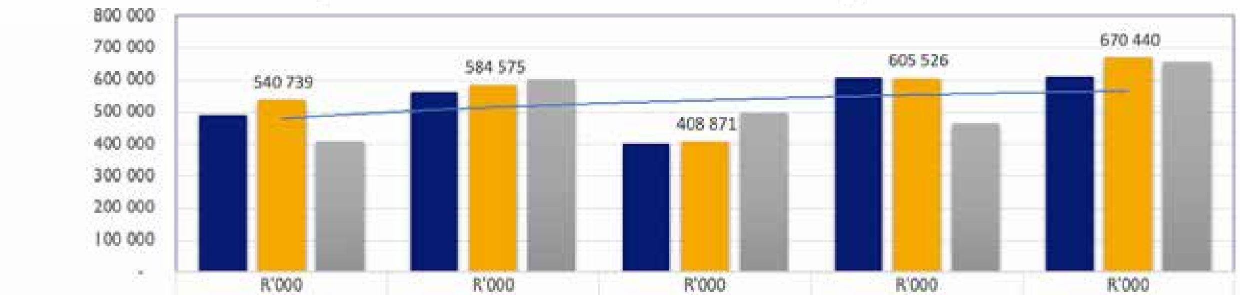
This department oversees Legal, Risk Management, and Compliance for the organisation to ensure compliance with all relevant legislation and to proactively identify and manage potential risks and litigation.

The following are some core functions under the Risk Management department:

- Development and monitoring of risk management strategies, systems (methodologies, models and tools, etc.), policies and annual risk management plan.
- Development and monitoring of compliance risk management plans aligned with the compliance universe.
- Optimise risk and compliance controls and processes.
- Review, update and monitor the Fraud Prevention Plan.
- Maintain, oversee, and ensure policies and procedures are implemented and aligned to all relevant legislation and amendments.
- Ensure statutory compliance is observed in all matters governed by relevant legislation.
- Compile and maintain the risk profile of the organisation as well as monitor and review the identified risk response activities.
- Ensure that risk management philosophy and culture is embedded in the organisation.

SUMMARY OF FINANCIAL INFORMATION

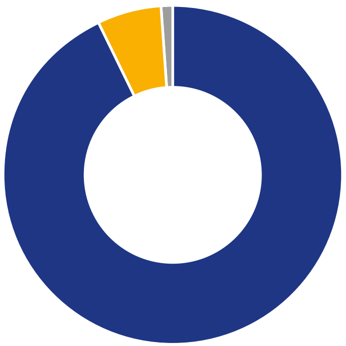
BUDGETED REVENUE versus ACTUAL REVENUE versus ACTUAL EXPENDITURE



	R'000	R'000	R'000	R'000 Restated	R'000
	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Budgeted Revenue	491 188	563 387	402 703	608 463	613 685
Actual Revenue	540 739	584 575	408 871	605 526	670 440
Actual Expenditure	409 489	604 986	497 873	463 640	656 810

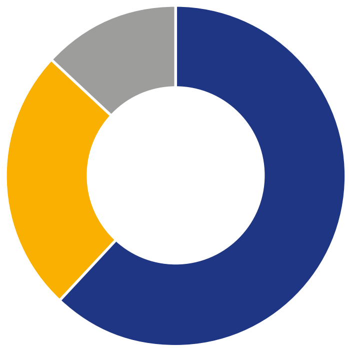
Budgeted Revenue | Actual Revenue | Actual Expenditure | Power (Budgeted Revenue)

2022/23 REVENUE SOURCES



- Skills Development Levy: 625 702 (93%)
- Interest Income: 37 273 (6%)
- Other Income: 7 465 (1%)

BREAKDOWN OF SDL INCOME



- Discretionary Grant: 387 224 (62%)
- Mandatory Grant: 156 359 (25%)
- Admin: 82 119 (13%)

RESEARCH

During the year under review, we were privileged to have access to the direction, expertise and resources of two research Chairs, Dr Morne Oosthuizen of the Development Policy Research Unit at the University of Cape Town (DPRU-UCT) and Professor Colin Thakur of the Durban University of Technology (DUT). This resulted in the production of seven research reports and one MoU with a TVET college which are outlined below:

Report 1: Occupational profiling of the top 10 sectoral priority occupations in the insurance sector.

Report 2: Insurtechs: Current and future needs.

Insurtech refers to technological innovations that are created and implemented to improve the efficiency of the insurance industry. Insurtech powers the creation, distribution, and administration of the insurance business.

Report 3: Insurance SETA 1 August 2022 Sector Skills Plan submission.

Of particular importance was the top 10 sectoral priority occupations in the insurance sector. These occupations in demand are prioritised from a strategic planning perspective and are filtered through to INSETA's Annual Performance Plan. Qualifications, short courses and micro-credentials aligned to the above sectoral priority occupations were identified and incorporated into our latest service offerings.

Report 4: The Insurance Sector's Contribution towards a Green Economy.

Report 5: COVID-19 and Employment and Training in the Insurance Sector.

Report 5: The types of occupations and workers which were 'vulnerable' from the perspective of not being able to work remotely or not being able to socially distance effectively if at work.

Around three-fifths of the value of the PI index for the sector derives from frequent face-to-face discussions, while one-quarter is attributable to physical proximity, and just under one-fifth to the use of public transport. Within the sector, lower skilled occupations – skilled agricultural and crafts and related trades, elementary occupations, and service and sales occupations – tend to have higher PI indices, indicating that they are less able to work remotely or socially distance when at work. Overall, there is no evidence of a significant relationship between workplace physical interaction and net employment change in the insurance sector: workers in occupations with higher index values do not appear to be more vulnerable to job losses based on the available data.

Report 6: Learning and Career Pathways in the Insurance Sector.

Report 7: Job Quality in South Africa's Insurance Sector.

For many adults, work accounts for a significant proportion of their available time.

Sector skills plan workshops

Two sector skills plan workshops were held during the year under review.

Insurance Sector Student Fund (ISSF)

The Insurance Sector Student Fund has successfully run its first mile, notwithstanding the delays associated with setup and data gathering from the different stakeholders. A total of twelve employers have been allocated funding in line with their commitments, four higher education institutions and one strategic partner were allocated as well as the public applicants (employed and unemployed). A total of 249 beneficiaries were approved and 244 were funded after deviations. On its one-year anniversary, the ISSF celebrated a cheque handover of over three million rand from one of the 2022 co-funders, the Standard Group, for co-funding 54 unemployed youth from different walks of life in a variety of institutions. ISSF 2022 students who benefitted from the partnership shared about the impact of the fund on the completion of their studies, the majority of which will be graduating in 2023. Likewise, our 2022 strategic implementation partner, Ikusasa Student Financial Aid Programme (ISFAP), also hosted a donor event to appreciate the contribution from the ISSF to fund 39 unemployed people in different fields of study across the insurance value chain, amongst others.

The Fund is open to all insurance sector employers, including cross-sectoral employers who have a proven direct or indirect relationship with the insurance industry. Each participating partner will be required to co-contribute to the ISSF Fund in order to be eligible to apply, amongst other criteria that have been set up. INSETA has established a structured co-funding model that will enable the ISSF to be sustainable and thrive amidst fluctuations in the economy.

The INSETA has segmented the Fund to include 360-degree support for all beneficiaries. The categories of beneficiaries are as follows:

- Unemployed rural youth
- Unemployed youth
- Employed within business
- Small business professional development

Youth projects

TVET learnership graduations 2022/23

INSETA, in partnership with Technical and Vocational Education and Training (TVET) colleges as skills development providers (SDPs), held a graduation for 87 learners who were participating in the TVET learnership programme. This was the first cohort of learners who participated in the fully implemented TVET learnership programme funded by INSETA. These learnership programmes were completed at the Boland College TVET College (WC); Maluti TVET College (FS); Ekurhuleni West TVET College (GP) and College of Cape Town (WC). The programme commenced with 107 learners who were trained by the TVET colleges and placed in different workplaces across the insurance sector on completion of their theoretical studies. The learners who graduated, obtained a variety of learnership qualifications with 47 learners having done Short-term insurance NQF L4; 28 completed the FETC: IT Technical Support NQF L4 and 12 completed Wealth Management NQF L4. This was achieved and obtained through partnerships with the TVET colleges and ten different employers in the insurance sector that hosted these learners in their workplaces for the practical and experiential component.

Worker projects

SASBO Union Worker Programme

A number of trade unions were supported through relevant skills training interventions.

The project objective was to reskill and upskill employees with entry-level digital skills only, that would have a broader appeal and impact on members both in the workplace and in their personal lives. Our investment of over R10 million ensured that employees would receive the training to further their office skills whilst on the job. The Durban University of Technology and the Enterprise University of

Pretoria provided the training for these employees. In total, 201 employees successfully graduated from this training that took place in the following provinces:

1. Eastern Cape
2. Western Cape
3. KwaZulu-Natal
4. Mpumalanga
5. Free State
6. Limpopo
7. Northern Cape
8. Gauteng
9. Northern Cape

SASBO KWAZULU-NATAL GRADUATION

SASBO GRADUATION CAPE TOWN

UCT GSB through the UCT Faculty of Commerce

The Advanced Diploma in Management Development (ADMD) programme is offered by the UCT Graduate School of Business through the UCT Faculty of Commerce. Students are registered as UCT students and on successful completion of the programme, graduate with a university certificate. The ADMD programme is a National Qualifications Framework (NQF) Level 7 qualification. This Middle Management Programme is designed to enhance the development of skills across a number of areas in the sector, that include human-centred proficiencies and business acumen. Graduates from the ADMD will have broad knowledge of the key issues of management and will have a spirit of critical enquiry honed through the practical business model exercise that is the culmination of the qualification.

This qualification was offered to 40 employees from large, medium and small companies within the insurance industry. Forty employees enrolled and thirty nine completed with an impressive 97.5 percent completion rate.

ADVANCED DIPLOMA IN MANAGEMENT DEVELOPMENT GRADUATION

STRATEGIC LEARNING PROGRAMMES

The INSETA implements the following interventions through the Strategic Learning Division:

- Work-integrated learning: Funding of TVET college learners requiring 18 months of work placement to qualify to apply for a national diploma.
- Short skills programmes: Skills programmes aligned to the insurance sector to allow access to the sector for unemployed learners.
- Career guidance.
- Entrepreneurship advocacy programmes: Entrepreneurship skills programmes to assist potential entrepreneurs with requisite knowledge to start their businesses.
- TVET, CET partnerships.
- Establishing and maintaining SETA offices at TVET colleges.
- Implementation of catalytic/special projects aligned to innovative initiatives and INSETA critical-scarce skills.

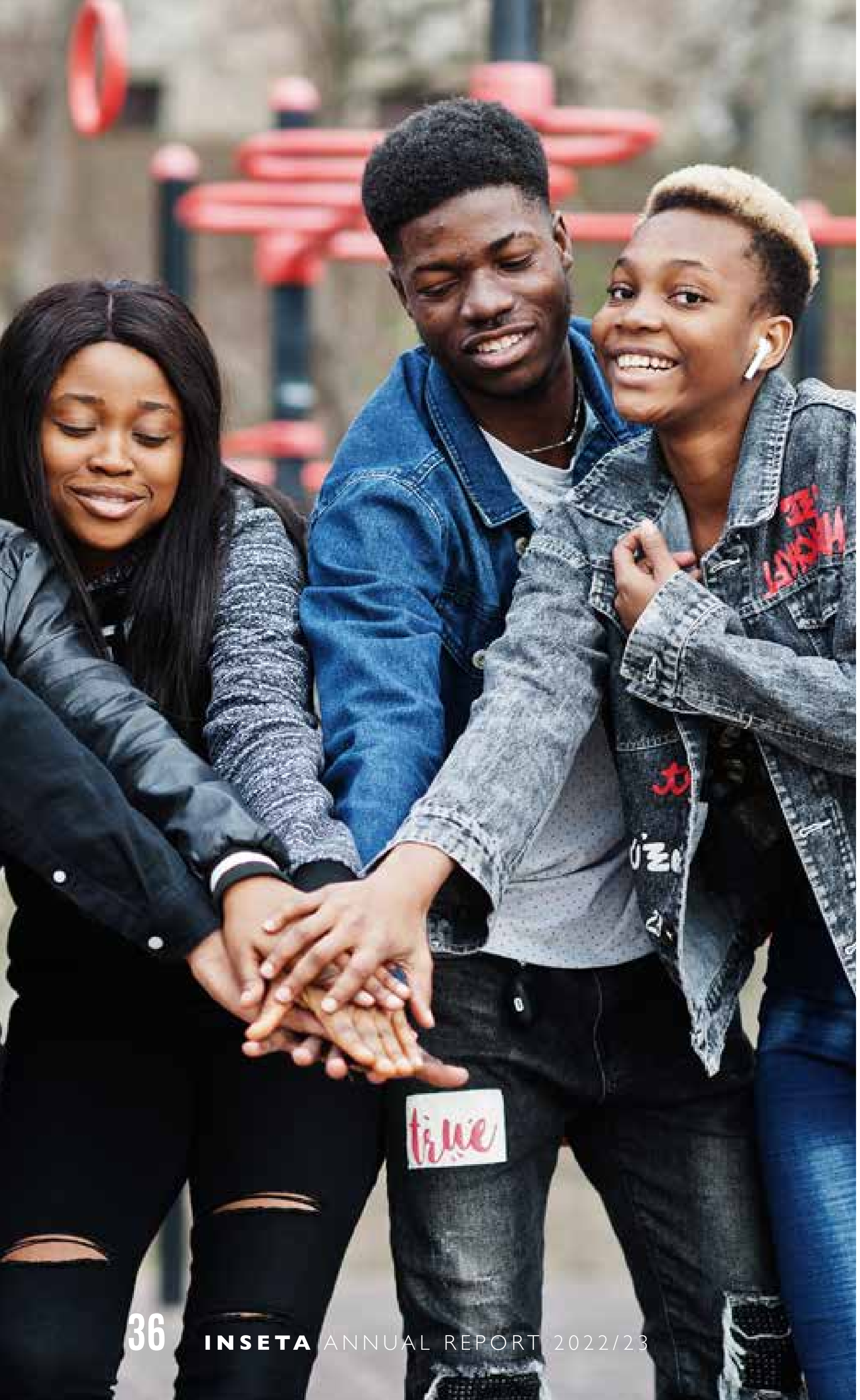
INSETA career guidance:

Career guidance is seen as one of the cornerstones of skills development and a vessel to guide learners onto the correct career path. The INSETA, in its efforts to respond to NSDP 2030 Outcome 8 (Support Career Development Services), has participated and facilitated interventions that speak to decreasing the gap of access to information, while assisting learners to make informed career choices.

- The INSETA directs career guidance efforts to the following target groups:
- Learners in basic education (Grades 10 to 12)
- Learners in higher education institutions
- Unemployed youth
- Employees in the insurance and financial-related sector
- Career guidance practitioners in higher education institutions and basic education
- Lecturers and teachers
- Parents of learners
- Companies in the insurance and financial-related sector

The INSETA implements career guidance interventions through:

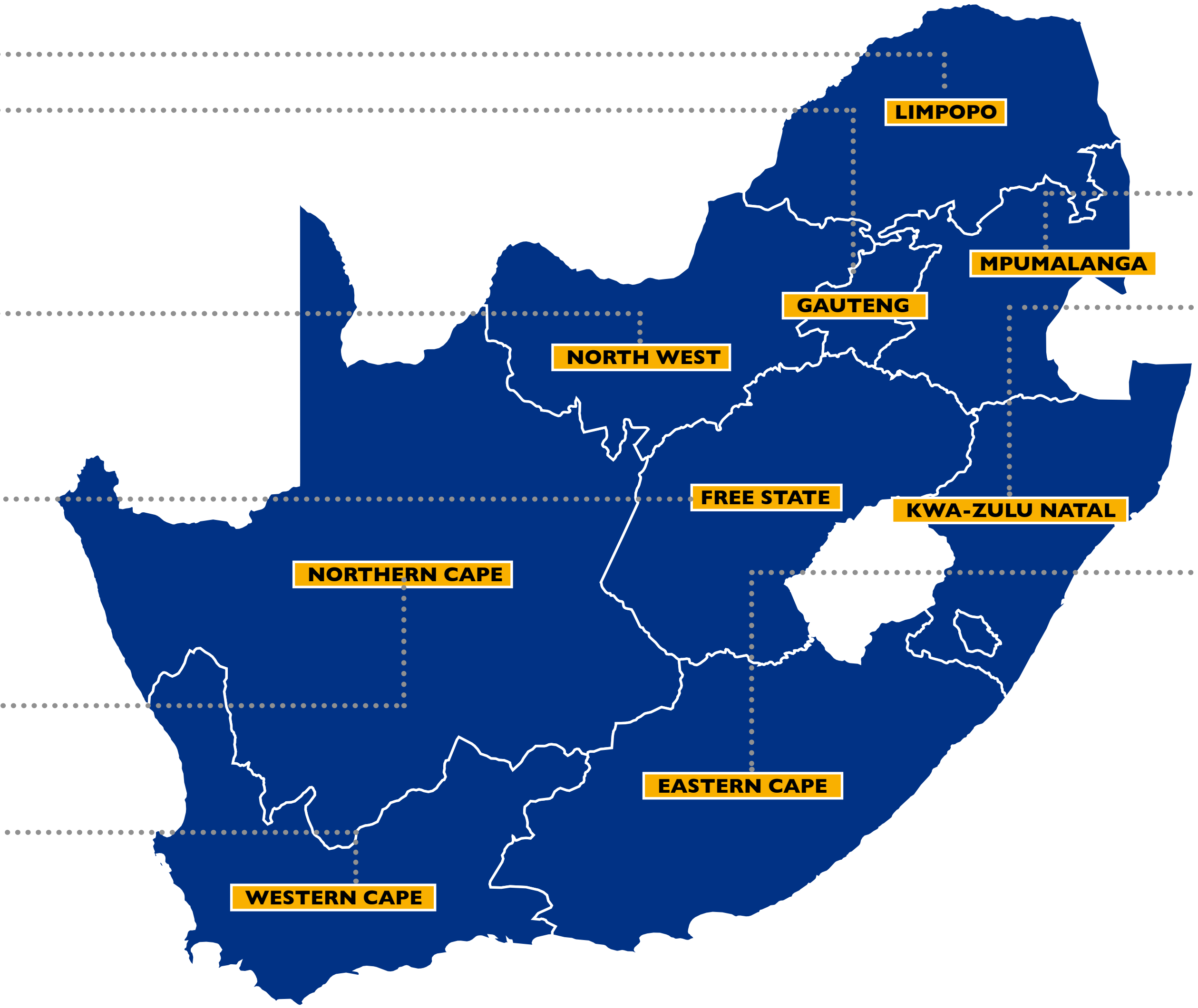
- Hosting and participation in career guidance exhibitions nationally.
- Training of TVET career guidance practitioners to enhance the implementation of career guidance implementation and coordination.
- Physical and virtual career guidance booklet that assists learners with information on careers in the insurance industry and outlines critical-scarce skills in the sector.
- An animated series called (After School), dealing with aspects of career and personal development.
- An INSETA movie called 'Choose your Fate', INSETA Career Guidance Portal and WhatsApp Portal.



HOSTING AND PARTICIPATION IN CAREER GUIDANCE EXHIBITIONS NATIONALLY

Province:	Name of Event:	Area:	Approximate No of Attendees:
Limpopo	'We Can' Career Expo	Ga-Ramongoana	103
Gauteng	Empowa Youth Week	Orange Farm	322
	The Methodist Church Career Expo	Johannesburg	150
	INSETA Choose your Fate movie screening and career guidance session	Soweto	85
	INSETA Choose your Fate movie screening and career guidance session	Mamelodi	106
North West	High school career guidance visit session	Phokeng, Meriting, Seraleng	41
	High school career guidance visit session	Motswedi, Borakalalo	23
	High school career guidance visit session	Ikageleng	16
	INSETA Choose your Fate movie screening and career guidance session	Brits	323
Free State	INSETA Choose your Fate movie screening and career guidance session	Mangaung Metropolitan Municipality	283
	DUT WOW Career Exhibition	Durban	140
	Heritage Career Expo	Ehrlich Park, Bloemfontein	652
	AgriSETA Career Summit	Glen	533
Northern Cape	Presidential Imbizo Upington	Ehlanzeni District Municipality l	43
	AgriSETA Career Summit	Gamagara Local Municipality	143
Western Cape	Mitchell's Plain Youth Day event	Mitchells Plain	700
	Heritage Careers Expo Food Day	Bellville	253
	INSETA Choose your Fate movie screening and career guidance session	Belgravia	96

NATIONAL FOOTPRINT OF CAREER EXHIBITIONS



Province:	Name of Event:	Area:	Approximate No of Attendees:
Mpumalanga	University of Mpumalanga Career Exhibition	Mbombela Local Municipality	50
	Heritage Careers Expo Art Day	Kamhlushwa Township	226
Kwa-Zulu Natal	World Skills SA Career Festival	Nongoma	120
	World Skills SA Career Festival	Gamalakhe	123
	Heritage Careers Expo closing ceremony	Newcastle	230
	Department of Social Development Youth Expo	Newcastle	44
Eastern Cape	Ikhala TVET College	Queenstown, Aliwal North	213
	Youth Day commemoration	uMtata	107
	OR Tambo Inland Career Exhibition	Umhlontlo , Mqanduli, Ngcobo	263
	INSETA movie screening and career guidance session	Mount Frere	138
	INSETA Choose your Fate movie screening and career guidance session	Ezibeleni	200
	NMB Career Guidance Roadshow	KwaDesi	67
	AWGB Career Exhibition	Umzimkhulu	152
	INSETA Choose your Fate movie screening and career guidance session	Zangwa	137

The numbers that have been provided on this graphic indicate the approximate number of learners reached at the events

INSETA 'CHOOSE YOUR FATE' MOVIE

INSETA created an edutainment movie featuring veteran actor Luthuli Dlamini that was flighted at cinemas across all nine provinces called 'Choose your Fate'. It highlights the Top Ten Critical and Scarce Skills in the Insurance Industry.

A red-carpet launch was held on 30 August 2022 where 100 Grade 10 to 12 learners walked amongst the stars with various dignitaries present to witness the momentous occasion.

LAUNCH OF 'CHOOSE YOUR FATE' MOVIE

QA Division - Annual Report: 2022/3

1. **Occupational Qualifications – INSETA Projects:**
   Total number of learners registered with QCTO in 2022/2023 = **132**
   Occupational qualifications = Insurance Underwriter
   and Claims Assessor
   Number that wrote EISA exams 2022/23 = **57**
   Number certificated in 2022/2023 by QCTO = **51**
   Pass % wrote = **86.44%**

   Number of Skills Development Providers supported to achieve QCTO accredited as at 31st March 2023 = **38**
   Number of EISA Assessment Centres supported to achieve QCTO accreditation as at 31st March 2023 = **33**
   Number of Short Skills programmes applied/submitted to QCTO for registration as 31st March 2023 = **2** (*Life Insurance Risk Officer & Financial Services Product Seller*).

2. **Occupational qualification – Batseta Project:**
   This RPL project was funded by INSETA but implemented by Batseta (Association for Retirement Funds) in the 2022/2023 financial year.
   Number of RPL candidates funded for the Trustee Occupational qualification = **100**
   Number of RPL candidates enrolled by
   31st March 2023 = **70**
   Number of EISA exams implemented by
   31st March 2023 = **1**
   Number of RPL candidates (trustees) certificated
   by 31st March 2023 = **30**

3. **RPL (FISA) examinations**
   The FISA examination was implemented as pilot project as a strategy to fight/reduce the INSETA backlog and exit learners hanging in the system. The pilot project intended to increase efficiency in exiting learners, achieving learners and clearing the certification backlog.
   Number of RPL candidates enrolled for FISA pilot project = **150**
   Number of RPL candidates wrote FISA exam in July and Dec 2022 = **94**
   Number of RPL candidate certificated by INSETA = **79**
   pass % wrote = **84.04%**

PART C
GOVERNANCE

2022/2023
INSETA BOARD MEMBERS


SJ Ngubane
Board Chairperson


CB Botha
Labour


FM Mabaso
Government


JJM Mabena
Labour


K Sungay
Business


M Soobramoney
Labour


MS Mpuru
Community Organisation


N Jonas
Labour


AP Mendes
Business


RG Govender
Business


L Van der Merwe
Business


SA Anders
Labour


TS Dinyake
Labour


V Pearson
Business


ZRN Motsa
Business

RISK MANAGEMENT COMMITTEE REPORT

The Risk Management Committee (RMC) is constituted as a sub-committee of the Audit and Risk Committee, which is a committee of the Accounting Authority.

Membership

Members of the committee, managers from various business units, are appointed by the CEO and its Chairperson, and its independent Chairperson, is appointed by the Board.

Role and responsbility

The committee oversees the entity's risk management process and ensures that Management identifies risks which may affect the entity operations and implements an effective risk management policy and framework, enhancing the entity's ability to achieve its strategic objectives. The committee performed the following roles and responsibilities during the year, as per its approved charter:

- Reviewed the Risk Management Policy and its implementation;
- Reviewed the Compliance Management Policy and Framework for implementation;
- Reviewed the entity's Compliance Regulatory Universe;
- Reviewed the Strategic and Operational risk profile;
- Considered the entity's insurance cover.

Risk management committee charter

The committee operates in accordance with its formal charter and annual work plan. During the year, the Audit and Risk Committee reviewed and approved the committee's charter and annual work plan and was satisfied that the committee fulfilled its responsibilities in line with its charter.

Meetings

The committee meets formally at least four times a year, on a quarterly basis.

Activities during the year

The entity has implemented a risk management policy and framework, including strategic and operational risk registers, designed to ensure the entity's material business risks are identified, analysed, evaluated and that adequate and effective controls are in place. The strategic risk register was reviewed by the Board, and Management confirmed operational risk registers, in line with the entity's mandate and strategy. The Audit and Risk Committee, on a quarterly basis, considers Management's progress on the implementation of risk action plans.

A Fraud Risk Assessment was conducted which initiated the review of INSETA's Fraud Risk Management Programme, having crafted a detailed implementation which will be implemented beyond the current financial year. The development and approval of the Regulatory Universe also marked the start of the development of Compliance Risk Management Plans for key legislation, on a risk-based approach depending on its priority. The draft Business Continuity Management Policy will be finalised during 2023/24 for implementation.

In further demonstrating the Board and Management's commitment to the process of risk management, an Executive Manager: Risk Management was appointed towards the end of quarter three of the year under review whose primary responsibility, amongst others, would be to facilitate an improvement in the entity's risk and compliance management maturity in subsequent years.

A word of gratitude to Management for their dedicated and constructive contributions during the year, under the astute leadership of the Chief Executive Officer.

Vernon Makaleni

Vernon Makaleni
Chairperson: Risk Management Committee

The entity has implemented a risk management policy and framework, including strategic and operational risk registers, designed to ensure the entity's material business risks are identified, analysed, evaluated and that adequate and effective controls are in place.

REPORT OF THE ACCOUNTING AUTHORITY

The Accounting Authority (Board) is responsible for the preparation of the annual financial statements. It believes that, based on INSETA's assurance model, these financial statements fairly present its financial position at 31 March 2023.

Corporate governance

The INSETA Accounting Authority operates in accordance with Section 51 of the PFMA. It ensures that INSETA maintains effective and transparent systems of risk management and internal controls by having a strong audit committee that is supported by an effective internal audit and skilled and experienced executive management. During the review year, management prepared and submitted policies for the Board's approval. The Board is supported in its functions and duties by the Audit and Risk Committee, the Finance Committee and the Human Resources Committee, all of which were set up at the inception of INSETA in 2000.

INDEPENDENT AUDIT AND RISK COMMITTEE MEMBERS

CN Nyakaza
Independent Chairperson: Audit and Risk Committee

R Tshimomola
Independent Member: Audit and Risk Committee

MM Phiri
Independent Member: Audit and Risk Committee

Allowances paid to Board members and Board committee members

The information below summarises all payments made to Board and Board committees:

Designation	Meeting/preparation fee per day (R'000)
Chairperson	5 549
Ordinary member	4 317

The following reflects payments to Board members only:

Meeting fee accrued during the review period	(R'000)
Remuneration of Board members	1 416
Audit and Risk Committee members' attendance of committee meetings	820

The following reflects payments to Board members only:

S - Scheduled A – Attended

	Board meetings		Executive Committee		Finance Committee		Audit Committee		Joint ARC/Finco		HR Committee		Other engagements		Total R'000
Name	S	A	S	A	S	A	S	A	S	A	S	A	S	A	Remuneration 2023
Mr JS Ngubane (Chairperson - Board and Exco)	4	4	12	8	4	0	4	0	1	0	4	0	0	33	429
Ms L v/d Merwe	4	4	12	8	4	0	4	0	1	0	4	0	0	6	116
Ms RG Govender (FinCoChairperson)	4	4	12	0	4	4	4	0	1	2	4	0	0	8	107
Ms P Mendes	4	4	12	0	4	0	4	0	1	0	4	4	0	5	84
Ms ST Dinyake	4	4	12	8	4	4	4	0	1	2	4	0	0	7	119
Mr M Soobramoney	4	4	12	0	4	0	4	0	1	0	4	4	0	4	73
Ms S Anders	4	4	12	0	4	0	4	0	1	0	4	4	0	4	75
Mr CB Botha	4	4	12	0	4	3	4	3	1	2	4	0	0	13	87
Ms Noxolo Jonas Bukiwe	4	4	12	0	4	0	4	0	1	0	4	1	0	6	50
Mr SM Mpuru	4	4	12	0	4	4	4	0	1	2	4	0	0	8	93
Mr JM Mabena	4	4	12	8	4	0	4	0	1	0	4	0	0	6	127
Mr Khalil Sungay	4	1	12	0	4	0	4	0	1	0	4	0	0	2	10
Ms V Pearson	4	2	12	0	4	2	4	0	1	1	4	0	0	6	46
Ms Z Motsa (Chairperson HR Committee)	4	3	12	0	4	0	4	0	1	0	4	4	0	10	-
Ms F Mabasso	4	2	12	0	4	0	4	0	1	0	4	3	0	3	-
															1 416

The following reflects payments to members of the Audit and Risk Committee

Note: The amounts indicated above are paid to the member or the nominating organisation. The schedule of payments excludes independent members of the Audit and Risk Committee.

Audit and Risk Committee report to the INSETA Board for the year ended 31 March 2023

S - Scheduled A - Attended

	Board meetings		Executive Committee		Finance Committee		Audit Committee		Joint ARC/Finco		HR Committee		Other engagements		Total R'000
Name	S	A	S	A	S	A	S	A	S	A	S	A	S	A	Remuneration 2023
Ms N Nyakaza	4	3	12	0	4	0	4	4	1	2	4	0	0	10	202
Ms Margaret Phiri	4	0	12	0	4	0	4	4	1	2	4	0	0	7	205
Mr Rabelani Tshimomola	4	0	12	0	4	0	4	4	1	2	4	0	0	9	183
															590
Risk Committee Chairperson - Mr V Makaleni	4	1	12	0	4	0	4	4	1	2	4	0	0	17	230
															820

Remuneration of key management

The remuneration of management, detailed in terms of Treasury Regulation 28.1.1 of the Public Finance Management Act, was as follows for the review period:

Chief Executive Officer: Ms G Mkhize

Designation	2022/2023 (R'000)	2021/2022 (R'000)
Cost of employment	2 239	2 229
Bonuses	218	-

Chief Financial Officer: Ms Z Malaza

Designation	2022/2023 (R'000)	2021/2022 (R'000)
Cost of employment	1 050	-
Bonuses	-	-

Acting Chief Financial Officer: Mr T Maake

Designation	2022/2023 (R'000)	2021/2022 (R'000)
Cost of employment	235	279
Bonuses	-	-

Chief Operating Officer: Ms T Peele

Designation	2022/2023 (R'000)	2021/2022 (R'000)
Cost of employment	721	1 620
Bonuses	162	-

Executive Corporate Services Officer: Ms P Gwala-Mahaye

Designation	2022/2023 (R'000)	2021/2022 (R'000)
Cost of employment	715	-
Bonuses	-	-

Executive Manager Operations: Mr L Kwapeng

Designation	2022/2023 (R'000)	2021/2022 (R'000)
Cost of employment	1 020	-
Bonuses	-	-

Executive Manager Risk: Ms F Safla

Designation	2022/2023 (R'000)	2021/2022 (R'000)
Cost of employment	840	-
Bonuses	-	-

Sihle Joel Ngubane
Chairperson,
INSETA

Gugu Mkize
Chief Executive Officer,
INSETA

CORPORATE GOVERNANCE

Corporate governance at INSETA is applied through the rules of the PFMA. The Board at INSETA is ultimately responsible for corporate governance.

Parliamentary Portfolio Committees

During the review period, INSETA was not invited to the Higher Education and Training Parliamentary Portfolio Committee but was invited by the National Skills Authority to account on the mandate and its achievement.

Executive authority

INSETA submitted both financial and performance quarterly reports to DHET quarterly in accordance with the PFMA. DHET conducted quarterly verification visits at INSETA. Service-level agreements (SLAs) and budgets were also submitted in line with statutory requirements.

Compliance with laws and regulations

INSETA complies with all laws and regulations binding on it, and all its policies, procedures and processes are aligned to statutory requirements.

Minimising conflict of interest

INSETA has several strategies in place to minimise conflicts of interest in SCM. All practitioners sign the INSETA code of conduct for SCM officials, which provides for disclosures. A record is kept of all disclosures and all bid/tender committees have disclosure processes. In addition, staff sign a declaration of interest annually.

Code of conduct

All new appointees attend induction on their first day at INSETA. This includes a presentation on the code of ethics and business conduct. All inductees must sign the code to confirm that they understand and commit to it. The signed documents are filed in their personnel files. The human resources team conducts a presentation annually.

The code aims to ensure that everyone conducting business on INSETA's behalf adheres to the highest standards of ethics, business conduct and professionalism.

All INSETA employees must comply with the code and all applicable laws. Failure to do so is a serious matter that may cause INSETA reputational damage and is subject to disciplinary action that may include dismissal. Discipline may also be imposed for conduct considered unethical or improper, even if not specifically covered by the code. An external service provider manages the hotline that accepts anonymous reports by employees and the public of code violations.

Fraud and corruption

INSETA has approved a whistle-blowing policy and has conducted a fraud risk assessment which has led to the development of the Fraud Prevention Plan.

Employees and the public are encouraged to report fraud and corruption though the anonymous fraud hotline. Fraud and corruption allegations are escalated to the CEO, Chairperson of the Audit and Risk Committee and Chairperson of the Board. There were no cases of fraud and corruption reported to the fraud hotline. However, INSETA undertook a forensic investigation of the irregular allocation of discretionary grants.

Health, safety and environmental issues

INSETA has appointed Wealth and Safety representatives who have undergone training. A risk assessment has been conducted to identify health and safety risks and these are managed and monitored on a monthly basis.

AUDIT AND RISK COMMITTEE'S RESPONSIBILITY

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51 (1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1. The committee also reports that it has adopted appropriate formal terms of reference approved by the Board. The committee has regulated its affairs in compliance with its charter and has discharged all the responsibilities contained therein.

The effectiveness of the Internal Audit function

INSETA has outsourced the internal audit services to an external service provider. The internal auditor prepared a three-year rolling plan that was approved by the Audit and Risk Committee. The three-year internal audit plan is based on the key risks facing the organisation. During the year, the internal auditor submitted to the committee its reports on the progress made against the plan. The internal audit activities are undertaken in terms of an approved internal audit charter.

The Audit and Risk Committee is satisfied that internal audit provided assurance on governance, risk management and control processes as per the approved risk-based internal audit plan. The Audit and Risk Committee is also satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity.

Internal Audit will continue to focus on providing reasonable assurance in line with the mandate from the Public Finance Management Act, Treasury Regulations, and the King Code on Corporate Governance with regards to:

- Risk management;
- Internal controls;
- Governance;
- Business processes;
- Ethical environment; and
- Evaluation and development of recommendations for the enhancement or improvement of the processes.

Effectiveness of internal controls

Internal controls are policies, procedures and processes put into place by the entity to safeguard its assets, promote compliance, prevent fraud, promote accountability and effective operations as well as ensure the integrity of financial and performance information. Based on the reports received from assurance providers there were control deficiencies and areas of improvement that were identified. Control weaknesses were noted regarding the following focus areas:

- Internal Financial Control;
- Skills Plan Implementation (Learnerships, Bursaries, Internships, and Other Learning Programsmes);
- Information Communication Technology – Security Controls;
- Quality Assurance;
- Performance Information; and
- Human Resource Management;

These were identified within the entity and management has developed plans to address them. Management has committed to continuously revisiting its control environment to ensure that controls implemented are adequate to address weaknesses identified.

Risk management

Strategic, operational and project risks have been identified by the Board and Management. Mitigating actions have been developed and progress monitored on a quarterly basis. INSETA has appointed an independent Risk Chairperson who reports directly to the Audit and Risk committee to provide oversight to the risk function. Organisational risks are regularly reviewed by management and reported to the Board. The risk management policy, risk management framework, implementation plan and fraud prevention plan were reviewed during the year.

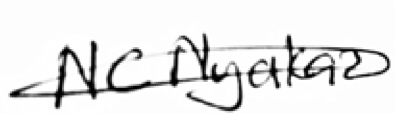
In addition, INSETA also developed a compliance regulatory universe as well as compliance risk management plans to address critical compliance risks.

The quality of monthly and quarterly reports submitted in terms of the PFMA

The committee is satisfied that the INSETA has established appropriate financial reporting procedures for quarterly reporting. Consequently, the committee is satisfied with the quality of the in-year management and monthly/quarterly reports, which were reported to the Executive Authority.

Auditor-General's report

The Audit and Risk Committee concurs with and accepts the conclusions of the Auditor-General on the annual financial statements and recommends that the audited annual financial statements be accepted and read together with the report of the Auditor-General. Refer to the Section of the Auditor-General's report on pages 66 to 72.

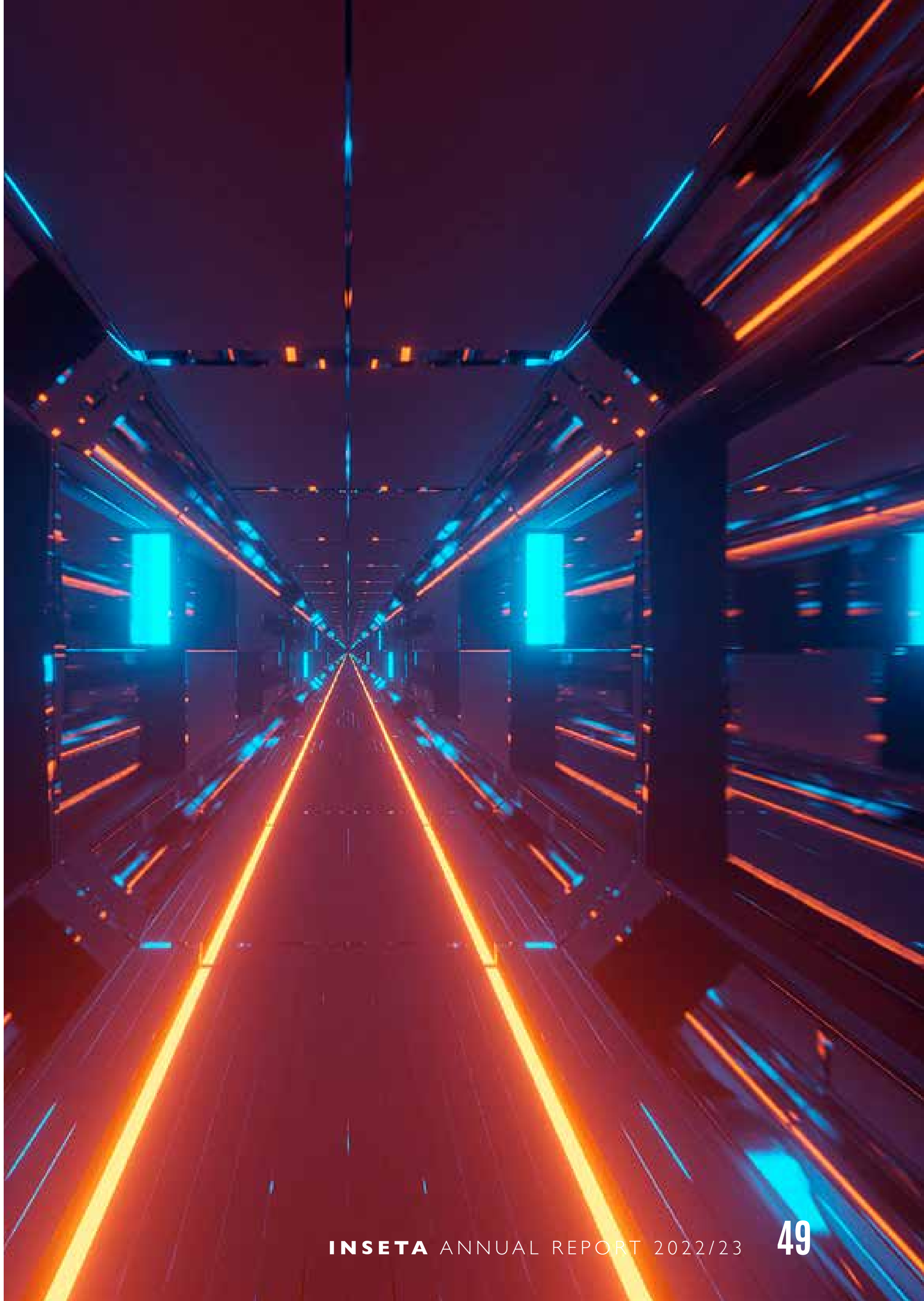


Nonkululeko Nyakaza CA(SA)
Audit and Risk Committee Chairperson
INSETA
31 July 2023

B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	**Response Yes / No**	**Discussion** *(include a discussion on your response and indicate what measures have been taken to comply)*
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	N/A	
Developing and implementing a preferential procurement policy?	Yes	As per the National Treasury
Determining qualification criteria for the sale of state-owned enterprises?	N/A	
Developing criteria for entering into partnerships with the private sector?	Yes	This is done through the Discretionary Grants and Special Projects Policies.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	Yes	This is done through the Discretionary and Special Projects Policies.



PART D
HUMAN RESOURCE MANAGEMENT

INTRODUCTION

The HR department is a strategic support business partner that seeks to enable the achievement of the INSETA organisational objectives. INSETA achieves APP targets through people, resources, systems as well as policies and procedures.

The Annual Human Resources Operational plan highlights the strategic Human Resources value chain activities that include work analysis, workforce planning which includes organisational structure review, recruitment and selection, remuneration and rewards, change management, training and development, performance management and development, review and implementation of policies and procedures.

HR deliverables also include HR audits, HR Risk Register, employee wellness and employee relations.

OCCUPATIONAL HEALTH AND SAFETY (OHS) MATTERS

The OHS Policy was approved by the Board in March 2023 and was workshopped to all staff. Quarterly meetings were held to consider OHS matters through an established OHS Committee. The OHS Committee is chaired by the Human Resource Manager and constitutes various internal stakeholders, including shop stewards. The wheelchair ramps and ablutions facilities for people living with disabilities were required to be renovated prior to the occupation of the building. In addition, the landlord was required to ensure all building electrical and plumbing installations were compliant in order to issue INSETA with a compliance certificate. The OHS progress report was discussed at Quarterly Risk Management Committee meetings.

Change management

INSETA went through significant changes to improve its operational efficiency. The changes included a revised organisational structure, implementation of new IT systems and appointed new executive leadership. A service provider will be appointed to drive the culture change to promote excellence within the organisation and improve customer / stakeholder confidence.

Organisational structure review

The new organisational structure was approved in April 2022. Nine positions were redundant after the organisational structure was reviewed. The matching and placement committee, that included union representatives, was appointed to focus on matching and placement of affected employees because of new organisation structure review. The committee was chaired by an independent external Organisational Development Specialist. All nine of the affected employees were placed in the new organisational structure. After the conclusion of the matching and placement process, the new positions in the new organisational structure were advertised internally and externally. The recruitment started with the appointment of an Executive Manager for Corporate Services, Executive Manager for Operations, Chief Financial Officer and Executive Manager for Risk Management.

Employee wellness

The external employee wellness Key Accounts Consultant for INSETA presented employee wellness awareness information on how to access their services, benefits of wellness and how to download the wellness app. The app allows employees to create their own unique wellness portal based on preferences and interests, read articles, watch videos, conduct wellness self-assessment and how to connect with a counsellor via the LiveChat wellness app.

Mental health, relationship issues, organisational and managerial issues, health and lifestyle, personal development, trauma, loss issues, legal issues, marital problems and child and family care were identified as the most common wellness problems.

STAFF MEMBERS

EXECUTIVE MANAGEMENT

Gugu Mkhize
Chief Executive Officer

Zanele Malaza
Chief Financial Officer

Leslie Kwapeng
Executive Manager: Operations

Farzana Safla
Executive Manager: Risk

MANAGEMENT

Akhona Wotshela
Learning Manager: Youth Programmes

Bonginkosi Mthombeni
Learning Manager: Strategic Programmes

Kgothatso Modise
Learning Manager: Workers Programmes

London Malinga
Acting Manager: Skills Planning & Research

Norman Maphala
HR Manager

Phuti Seanego
Acting Manager: Finance

Saloshnee Govender
Stakeholder Relations Manager

Serurubele Mutinhima
Manager in the Office of CEO

Sibusiso Zulu
ETQA Manager

Tshembani Maluleke
IT Manager

PERSONAL ASSISTANTS & RECEPTION

Lynn Mafeking
PA to CEO

Maria Nkomo
PA to EMO

Matimba Baloyi
PA to CFO

Nomusa Zungu
PA to EMR

Margaret Janfeke
Receptionist

SPECIALISTS


Bayathandwa Shembe
Business Analyst


Ernest Kaplan
Research Specialist


Hlengiwe Mazibuko
Learning Specialist


Judith Moyana
HR Specialist


Khazwinake Mphephu
Compliance, Demand & Contract Management Specialist


Monica Marumo
SCM Specialist


Nelisiwe Bophela
Business Analyst


Nerissa Sheopershad
Corporate Governance Specialist


Nhlanhla Siboto
Learning Specialist


Nokuthula Mokase
Financial Accountant


Nonhlanhla Nkabinde
Monitoring & Evaluation Specialist


Phumelele Sithole
Learning Specialist


Siphiwe Yende
Learning Specialist


Stanley Matende
Occupational Qualifications Specialist


Tasmin Davids
Skills Development Specialist


Thembisile Mahlangu
Learning Specialist


Tshepo Mabika
Stakeholder Relations Specialist


Unathi Jakalase
ETQA Specialist


Zakariyya Desai
Research Specialist

ADMINISTRATORS

Asavela Pumelo
Learning Administrator

Athi Nomavila
Learning Administrator

Aubrey Manganyi
Skills Development Administrator

Califonia Chauke
ETQA Administrator

Comfort Mokou
Finance Administrator

Esethu Roro
Learning Administrator

Halalisani Ngwenya
Records Administrator

Miranda Mthethwa
ETQA Administrator

Ivy Chan
ETQA Administrator

Jacob Mabotja
Project Administrator

Jean Kandolo
Project Administrator

Kamogelo Sengakana
Project Administrator

Katlego Siko
Learning Administrator

Lebogang Mabusela
Monitoring & Evaluation Administrator

Lebogang Mmola
Learning Administrator

Lebohang Tshabalala
Organisational, Planning, Data & Reporting Administrator

Lebohang Mashego
Learning Administrator

Mancha Koko
IT Administrator

Martin Kolele
Learning Administrator

Mathoto Mokasane
Learning Administrator

Merriam Mashiane
ETQA Administrator

Mikateko Massango
Organisational, Planning, Data & Reporting Administrator

Nelisiwe Xaba
Project Administrator

Nthabiseng Mazibhuko
Learning Administrator

Nyiko Maholobela
ETQA Administrator

Oscar Nkundla
Data and Validation Administrator

Ouma Nkoadi
ETQA Administrator

Rosa Sephuma
Learning Administrator

Primrose Moyo
Records Administrator

Rebotile Shai
Learning Administrator

Rendani Mathagu
Learning Administrator

Rony Baloyi
Records Administrator

Rudzani Nekhumbe
Organisational, Planning, Data & Reporting Administrator

Sabelo Madonsela
Finance Administrator

Sello Baloyi
Finance Administrator

Senzo Mhlongo
Records Administrator

Sizakele Mdlalose
Organisational, Planning, Data & Reporting Administrator

Thabani Mlala
Records Administrator

Vukosi Baloyi
Project Administrator

Vuyokazi Memela
ETQA Administrator

Zandile Thabethe
Data and Validation Administrator

Zanele Mashiane
Planning, Data & Reporting Administrator

Zimasa Mduduma
Learning Administrator

PROJECT COORDINATORS

Paseka Pebane
Building Project Coordinator

Thalia Naidoo
Project Coordinator

Michelle Reuben
Project Record Keeping Coordinator

Nozizwe Mathole
PR & Marketing Coordinator

OFFICE SUPPORT

Sarah Richard
Office Support

Simphiwe Mathebula
Office Support

INTERNS


Aluwani Mamafha
Office of the CEO


Kgomotso Makwe
WIL Intern


Levundo Mbotho
WIL Intern


Mmakadikwa Mashishi
Learning Intern


Nokulunga Mokubung
WIL Intern


Nokuthula Mgidi
WIL Intern


Nopiwa Mvundlela
WIL Intern


Noxolo Mndebele
WIL Intern


Nthabiseng Kekana
WIL Intern


Kedihitlhetse Moepadira
WIL Intern


Remofilwe Mogapi
WIL Intern


Sabelo Mabasa
IT Intern


Sanele Lukhele
WIL Intern


Thandiwe Buso
Learning Intern


Nomsa Maghena
WIL Intern


Sakhile Mashi
IT Intern

Bellina Lupuwana	Travel Administrator
Mapula Nchabeleng	Project Administrator
Ntebelleng Pakkies	TVET Skills Development Coordinator
Palesa Moki	Data and Validation Administrator
Rose Dibakoane	ETQA Administrator
Velmans Seluma	Records Administrator
Tendani Mavhaga	Learning Administrator
Annie George	Data Analyst

As a public entity, INSETA must provide the following key information on human resources.

Personnel cost by programme/activity/objective

Programme/activity/objective	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Admin	33 087	30 180	52%	37	894
Discretionary projects	29 832	29 832	48%	30	994
TOTAL	62 919	62 919	100%	67	

The Admin employee cost of R33 087 is made up of the total employee-related costs of R34 096 less employee wellness of R1 009.

Personnel cost by salary band

Level	Personnel expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top management	6 822	11%	4	1 706
Management	6 960	11%	9	773
Professional qualified				
Skilled	29 149	46%	18	1 619
Semi-skilled	19 718	31%	34	580
Unskilled	270	0	2	135
TOTAL	62 919	100	67	

Performance rewards

Programme/activity/objective	Performance rewards	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top management	380	6 822	6%
Management	550	6 960	8%
Professional qualified			
Skilled	902	29 149	3%
Semi-skilled	508	19 718	3%
Unskilled	25	270	9%
TOTAL	2 365	62 919	

Training costs

Programme/activity/objective	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	No. of employees trained	Average personnel cost per employee (R'000)
All	62 919	987	2%	44	22
Traning and Development	987				
TOTAL	63 906				

Employment and vacancies

Programme/activity/objective	Number of employees 2021/2022	Approved posts 2022/2023	Number of employees 2022/2023	Vacancies 2022/2023	Percentage of vacancies
Top management	3	5	4	1	20%
Management	8	12	9	3	25%
Professional qualified	-	-	-	-	-
Skilled	18	38	25	11	34%
Semi-skilled	29	42	27	11	36%
Unskilled	2	2	2	0	0
TOTAL	60	99	67	32	

Employment changes

The table below depicts turnover rates provide as an indication of trends in employment profile.

Salary band	Employment at beginning of period 1 April 2022	Appointments	Terminations	Employment at end of the period 31 March 2023
Top management	3	3	2	4
Management	8	4	3	9
Professional qualified	-	0	0	-
Skilled	18	7	0	25
Semi-skilled	29	0	2	27
Unskilled	2	0	-	2
TOTAL	60	14	7	67

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0
Resignation	5	72%
Dismissal	1	14%
Retirement	1	14%
Ill health	0	0
Expiry of contract	0	0
Other	0	0
TOTAL	7	100%

Labour relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal warning	-
Written warning	-
Final written warning	-
Dismissal	1

Equity target and employment equity status

INSETA will specify in the advert the preferred candidate needed to fill the vacancy in line with Employment Equity Plan.

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	1	-	-	-	-	-	-
Management	4	1	-	1	-	-	-	1
Professional qualified	-	-	-	-	-	-	-	-
Skilled	6	6	-	2	1	1	1	1
Semi-skilled	4	8	-	-	-	-	-	1
Unskilled	0	-	-	-	-	-	-	-
TOTAL	15	16	-	3	1	1	1	3

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	2	-	-	-	1	-	-	1
Management	3	-	1	-	1	-	-	1
Professional qualified	-	-	-	-	-	-	-	-
Skilled	13	-	1	1	2	-	1	1
Semi-skilled	22	-	1	1	-	1	-	1
Unskilled	2	-	-	-	-	-	-	-
TOTAL	42	-	3	2	4	1	1	4

Levels	DISABLED STAFF			
	Male		Female	
	Current	Target	Current	Target
Top management	-	-	-	-
Management	-	1	-	-
Professional qualified	-	-	-	-
Skilled		1	-	1
Semi-skilled	-	-	-	1
Unskilled	-	-	-	-
TOTAL	-	2	-	2

PART E
PFMA COMPLIANCE REPORT

IRREGULAR EXPENDITURE DISCLOSURE

Irregular expenditure
Reconciliation of irregular expenditure
Description

	2023 R'000	2022 R'000
Opening Balance	18 684	812
Add: Irregular expenditure confirmed	5 006	18 175
Less: Irregular expenditure condoned		
Less: Irregular expenditure not condoned and removed	- 429	- 303
Less: Irregular expenditure recoverable		
Less: Irregular expenditure not recovered and written off		
Closing balance	**23 261**	**18 684**

Reconciling notes to the annual financial statement disclosure
Description

	2023 R'000	2022 R'000
Irregular expenditure that was under assessment in 2021/2022	0	0
Irregular expenditure that relates to 2021/2022 and identified in 2022/23	0	
Irregular expenditure for the current year	5006	18 175
Total	5006	18175

	Disciplinary steps taken/criminal proceedings	2023 R'000	2022 R'000
Details of the current year irregular expenditure **Incident/Detail of Irregular Expenditure**			
Expenditure incurred on payments made after a contract expiry	The debit order arrangement was stopped with INSETA bankers.	73	1073
Board fees of the Accounting Authority members whose appointment were not made in line with the Skills Development Act, no 97 of 1998 (SDA) as amended	DHET has effected remedial action as the vetting of Accounting Authority members lies under DHET's responsibility. The expenditure has been removed from the notes to the Annual Financial Statements.	429	303
Procurement irregularities on the office lease accomodation	The internal discliplinary processes were concluded and dismisal of the implicated official was successfully implemented as part of consequence management.	4504	12893
Project Administration Expenditure exceeding the 7.5% threshold in contravention of the Grant Regulation 6.9 (iii)	The investigation process will be finalised during the 2023/2024 financial year.	0	3906
		5 006	**18 175**

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

	2023 R'000	2022 R'000
Irregular expenditure under assessment	0	0
Irregular expenditure under determination	0	0
Irregular expenditure under investigation	0	3 906
Total	0	**3 906**

The investigations of the irregular expenditures incured during the previous financial year were concluded and remedial measures to mitigate the re-occurance of the expenditure were employed. The irregular expenditure incurred as a result of exceeding the 7.5% Project Administration Cost for the 2022 financial year will be concluded during the 2023/2024 financial year however remedial measures have been implemented to monitor the spending of the Project Administration to be within the legislated threshold.

Details of current and previous year irregular expenditure condoned

	2023 R'000	2022 R'000
Irregular expenditure condoned	0	0
Total	0	0

Discussion points

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

	2023 R'000	2022 R'000
Irregular expenditure NOT condoned and removed	429	303
Total	**429**	**303**

The Board has, at its meeting held 29 May 2023 resolved under the resolution No. BRD038/2023 included with the Annual Financial Statements Report to approve the removal of the Irregular Expenditure incurred due to the Board appointment made by the Department of Higher Education prior conducting the necessary vetting legislative requirement.

FRUITLESS AND WASTEFUL EXPENDITURE DISCLOSURE

	2023 R'000	2022 R'000
Reconciliation of Fruitless and Wasteful expenditure		
Opening Balance	768	4
Add: Fruitless and Wasteful expenditure confirmed	-	764
Add: Fruitless and Wasteful expenditure relating to Prior Year		
Less: Fruitless and Wasteful expenditure condoned		
Less: Fruitless and Wasteful expenditure not condoned and removed		
Less: Fruitless and Wasteful expenditure recoverable		
Less: Fruitless and Wasteful expenditure not recovered and written off		
Closing balance	**768**	**768**

	2023 R'000	2022 R'000
Reconciling notes to the annual financial statement disclosure		
Fruitless and Wasteful expenditure that was under assessment in 2021/2022	0	0
Fruitless and Wasteful expenditure that relates to 2021/2022 and identified in 2022/23	0	
Fruitless and Wasteful expenditure for the current year	0	764
Total	**0**	**764**

	Disciplinary steps taken/criminal proceedings	2023 R'000	2022 R'000
Details of the current year Fruitless and Wasteful expenditure			
Incident/Detail of Fruitless and Wasteful Expenditure			
Expenditure relating to payments which were made to a fictitious company under Discretionery Project Grants.	Investigation was concluded and consequence management applied and discliplinary processes implemented.	0	764
		0	764

Details of current and previous year Fruitless and Wasteful expenditure (under assessment, determination and investigation)

	2023 R'000	2022 R'000
Previous Year's Fruitless and Wasteful expenditure under assessment (2015/2016)	0	7 300
Fruitless and Wasteful expenditure under determination	0	0
Fruitless and Wasteful expenditure under investigation	0	0
Total	**0**	**7 300**

The previous year's fruitless and wasteful expenditure under assessment relates to the payment made to Ground Floor Consortium (PTY) LTD which was paid in August 2015 thus no services nor goods were received by INSETA. The expenditure was identified during the 2022/2023 audit.

	2023 R'000	2022 R'000
Details of current and previous year Fruitless and Wasteful expenditure condoned		
Fruitless and Wasteful expenditure condoned	0	0
Total	**0**	**0**
Details of current and previous year Fruitless and Wasteful expenditure removed - (not condoned)		
Fruitless and Wasteful expenditure NOT condoned and removed	0	0
Total	**0**	**0**

PART F
FINANCIAL INFORMATION

THE REPORTS AND STATEMENTS SET OUT BELOW COMPRISE THE ANNUAL FINANCIAL STATEMENTS PRESENTED TO THE PARLIAMENT

ABBREVIATIONS USED

CPD	Corporation for Public Deposits
SARS	South African Revenue Service
GRAP	Generally Recognised Accounting Practice
TVET	Technical Vocational Education and Training
R	Rand
PAYE	Pay As You Earn
BBBEE	Broad-Based Black Economic Empowerment
INSETA	Insurance Sector Education and Training Authority
NSF	National Skills Fund
COIDA	Compensation for Occupational Injuries and Diseases Act
SDLA	Skills Development Levy Act
SDA	Skills Development Act
QCTO	Quality Council for Trades and Occupations
DHESI	Department of Higher Education, Science and Innovation
UIF	Unemployment Insurance Fund
SDL	Skills Development Levy
PFMA	Public Finance Management Act

Country of incorporation and domicile	South Africa
Legal form of entity	PFMA Schedule 3A Public Entity
Nature of business and principal activities	The entity is mandated to promote, facilitate and monitor education and skills development provision in the insurance and related services sector
Members	Mr. J.S Ngubane Ms.V Pearson Ms. L van der Merwe Ms. R.G Govender Ms. Z Motsa Mr. M Soobramoney Mr. J.J M Mabena Ms. S.A Anders Mr. C.B Botha Ms. S.T Dinyake Ms. F Mabaso Mr. S.M Mpuru Mr. K Sungay Ms. N Jonas Ms. P Mendes
Registered office	18 Fricker Road Illovo, Sandton Gauteng, 2196
Business address	18 Fricker Road Illovo, Sandton Gauteng, 2196
Postal address	P.O. Box 32035 Braamfontein, Johannesburg Gauteng, 2017
Bankers	First National Bank
Auditors	Auditor-General of South Africa
Secretary	IKB Company Secretaries
Website	www.inseta.org.za
Telephone	(011) 381 8900

AUDITOR'S REPORT

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE INSURANCE SECTOR EDUCATION AND TRAINING AUTHORITY (INSETA)

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the financial statements of the Insurance Sector Education and Training Authority, set out on pages 64 to 116, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, except for the effects of the matters described on the basis of the qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Insurance Sector Education and Training Authority as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (GRAP), and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

Basis for qualified opinion

Payables from exchange and non-exchange transactions

3. The public entity did not account for payables from exchange transactions in accordance with GRAP 1, *Presentation of financial statements*. Project creditors were incorrectly accounted for as trade payables, disclosed in note 7 to the financial statements. Consequently, trade payables stated at a balance of R17 744 000 is overstated by R7 469 838, and project creditors stated at a balance of R68 720 000 in note 8 to the financial statements, is understated by the same amount.

Commitments

4. The public entity did not account for commitments in accordance with GRAP 1, *Presentation of financial statements*, as discretionary grant contracts awarded in the prior year were cancelled without sufficient appropriate audit evidence. Consequently, the discretionary grant commitments corresponding figure was understated by R29 286 120 in note 25 and annexure A to the financial statements.

5. In addition, the restatement included recognition of discretionary expenditure payments relating to the prior year in the commitment schedule but not in the corresponding figures for discretionary grants expenditure stated at a balance of R234 037 000 disclosed in note 20 to the financial statements. I was unable to obtain sufficient appropriate evidence that the discretionary expenditure was correctly accounted for as supporting evidence was not provided for the recorded transactions. The discretionary grants commitment corresponding figure was further understated by R2 410 650 in note 25 and annexure A to the financial statements.

Context for opinion

6. 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.

7. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matter

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

Note 26: Prior-year adjustments

10. As disclosed in note 28: prior year adjustments to the annual financial statements, the corresponding figures for 31 March 2022 have been restated as a result of errors discovered during 2022-23 in the financial statements of INSETA.

Other matters

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

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

12. On 23 December 2022, National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure (UIFW expenditure). Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed, is no longer disclosed in the disclosure notes of the annual financial statements. Only the current year and prior year's figures are disclosed in note 34 to the financial statements. Furthermore, the movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of the Insurance Sector Education and Training Authority. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now included as part of other information in the annual report of the Insurance Sector Education and Training Authority. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Retention of surplus funds

13. There are current deliberations with the National Treasury and the Department of Higher Education and Training regarding the appropriate approval processes for the retained surplus of R572 663 000, for the financial year 2021-22, disclosed in note 26. The ultimate outcome of the matter could not be determined and no provision for any liability was disclosed in the financial statements.

Responsibilities of the accounting authority for the financial statements

14. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the PFMA and SDA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

15. 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

16. 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.

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

Report on the audit of the annual performance report

18. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, the Auditor-General of South Africa must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

19. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 2 - skills planning	13	To promote relevance of support provided by INSETA through implementation of innovative and impactful programmes.
Programme 3 - learning programmes	13	The learning interventions are INSETA's contribution to the achievement of the NDP five-year implementation plan, the monitoring framework for the NDP five-year implementation plan.

20. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery of its mandate and objectives.

21. I performed procedures to test whether:
    - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives;
    - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements;
    - the targets can be linked directly to the achievement of the indicators and are specific, time-bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance, as well as how performance will be evaluated;
    - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents;
    - the reported performance information is presented in the annual performance report in the prescribed manner; and
    - there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

22. I performed the procedures for the purpose of reporting material findings only, and not to express an assurance opinion.

23. The material findings on the performance information of the selected programme 3 - learning programme are as follows:

Programme 3 - learning programmes

24. For the indicators listed below, the achievements reported in the annual performance report materially differed from the supporting evidence provided, as skills programmes were reported as bursaries for workers continuing; and workers granted bursaries completed, were reported under both the indicator number of bursaries continuing and number of workers granted bursaries completed their studies.

Indicator	Reported achievement
Number of workers granted bursaries (continuing)	238
Number of workers enrolled skills programmes	3 025
Number of workers completed skills programmes	1 640

Other matters

25. I draw attention to the matters below.

Achievement of planned targets

26. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under achievements. This information should be considered in the context of the material findings on the reported performance information in paragraph 27 of this report.

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

Key service delivery indicators not achieved	Planned target	Reported achievement
Programme 3- learning programmes *Targets achieved: 75%* *Budget spent: 40%*		
Number of TVET students completed their WIL	700	339
Number of unemployed learners enrolled for internships	1 240	1 179
Number of unemployed learners completed internships	870	491
Number of workers completed skills programmes	2 058	1 640

28. Reasons for the underachievement of targets are included in the annual performance report on pages 17 to 24.

Material misstatements

29. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 3 - learning programmes. Management did not correct the misstatements and I reported material findings in this regard.

Report on compliance with legislation

30. 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.

31. 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.

32. 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.

Annual financial statements

33. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and, as required, by section 55(1) (b) of the PFMA.

34. Material misstatements of administration expenses, receivables from non-exchange transactions, property, plant and equipment, discretionary expenditure, other operational commitments, statement of change in net assets, statement of comparison of budget and actual amounts and statement of cash flow identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified opinion.

Expenditure management

35. Effective and appropriate steps were not taken to prevent irregular expenditure of R5 006 000 as disclosed in note 34 to the annual financial statements, as required by section 51(1) (b) (ii) of the PFMA. The majority of the irregular expenditure was caused by non-compliance with supply chain management prescripts.

Other information in the annual report

36. The public entity is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.

37. 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.

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

39. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material inconsistency therein, I am required to communicate to those charged with governance and request that the information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

40. 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.

41. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on the annual performance report, and the material findings on compliance with legislation included in this report.

42. The accounting authority did not adequately exercise oversight responsibility regarding financial reporting, monitoring compliance with laws and regulations and related internal controls to ensure that the financial statements submitted for audit are free from material misstatements and are of the required quality as per the GRAP requirements and supported by reliable, complete and credible financial information.

43. The public entity developed an audit action plan to address the internal control deficiencies. However the plan did not adequately address the significant deficiencies on the controls for financial information. This resulted in repeat findings being identified during the audit.

44. Management did not prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information. This is evidenced by material misstatements that were detected on the submitted annual financial statements and performance report during the audit.

45. Management did not implement adequate controls over the daily processing/recording of transactions, and month-end-closure controls could not ensure that the financial records were complete and accurate.

46. Management could not retrieve supporting evidence timeously due to lack of systematic filing and record-keeping which resulted in unforeseen delays in the audit process.

Auditor - General

Pretoria

31 July 2023

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 programmes and on the public entity's compliance with selected requirements in key legislation.

Financial statements

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

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

concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c'); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b); Section 66(3)(c'); 66(5)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e);16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6;TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1 16A9; 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii);TR 16A 9.2(a)(iii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c') Treasury Regulation 31.2.1; 31.2.5; 31.2.7(a) Treasury Regulation 31.3.3 Treasury Regulation 32.1.1(a); 32.1.1(b); 32.1.1(c') Treasury Regulation 33.1.1; 33.1.3
Public Service Regulation	Public Service Regulation 13(c);18; 18 (1) and (2);
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
CIDB Regulations	CIDB Regulation 17; 25(1); 25 (5) & 25(7A)

Legislation	Sections or regulations
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
PPR 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.4 (c) -(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Par 5.5.1(vi); Paragraph 5.5.1(x);
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
NT SCM Instruction Note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM Instruction 08 of 2022/23	Paragraph 3.2 Par. 4.3.2; 4.3.3
NT Instruction Note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
Practice Note 7 of 2009/10	Paragraph 4.1.2
NT Instruction Note 1 of 2021/22	Paragraph 4.1

BOARD OF MEMBERS' RESPONSIBILITIES AND APPROVAL

The members are required by the Public Finance Management Act (Act 1 of 1999) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period ended 31 March 2023.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or deficit 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 entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations given by Management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially, the scale of the entity.

The annual financial statements set out on page 64 to 116, which have been prepared on the going concern basis, were approved by the Board on 31 May 2023 and were signed on its behalf by:

Mr. J.S Ngubane
Chairperson of the Board

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Note(s)	2023 R '000	2022 Restated* R '000
Assets			
Current Assets			
Receivables from exchange transactions	5	4 230	3 717
Receivables from non-exchange transactions	6	1 405	9 060
Cash and cash equivalents	10	691 209	653 393
		696 844	**666 170**
Non-Current Assets			
Property, plant and equipment	3	17 097	6 136
Intangible assets	4	1 876	2 264
		18 973	**8 400**
Total Assets		**715 817**	**674 570**
Liabilities			
Current Liabilities			
Operating lease liability	9	151	879
Payables from exchange transactions	7	21 831	18 491
Payables from non-exchange transactions	8	91 974	66 907
Provisions	11	7 168	7 230
		121 124	**93 507**
Total Liabilities		**121 124**	**93 507**
Net Assets		**594 693**	**581 063**
Reserves			
Employer grant reserve		19 674	49 863
Discretionary reserve		575 019	531 200
Total Net Assets		**594 693**	**581 063**

STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2023 R '000	2022 Restated* R '000
Revenue			
Revenue from exchange transactions			
Other income from exchange transactions	13	1 272	839
Interest received	14	37 273	19 415
Total revenue from exchange transactions		**38 545**	**20 254**
Revenue from non-exchange transactions			
Transfer revenue			
Skills Development Levy income	16	625 702	577 834
Skills Development Levy: Penalties and interest	12	6 142	6 676
Public contributions and donations	12	51	762
Total revenue from non-exchange transactions		**631 895**	**585 272**
Total revenue	12	**670 440**	**605 526**
Expenditure			
Employee related costs	17	(34 096)	(35 659)
Depreciation and amortisation	18	(843)	(550)
Debt Impairment	21	(6 145)	-
Employer grants	19	(136 640)	(129 540)
Discretionary grants	20	(425 073)	(255 543)
Loss on disposal of assets		(1 691)	(9)
Administration expenses	22	(52 322)	(42 339)
Total expenditure		**(656 810)**	**(463 640)**
Surplus for the year		**13 630**	**141 886**

STATEMENT OF CHANGES IN NET ASSETS

	Admin reserve R '000	Employer reserve R '000	Discretionery reserve R '000	Total reserves R '000	Total net assets R '000
Balance at 01 April 2021	**(2 908)**	**154**	**440 839**	**438 085**	**438 085**
Changes in net assets					
Prior period accounting error*	1 094	-	-	1 094	1 094
Total Prior period errors	**1 094**	**-**	**-**	**1 094**	**1 094**
Surplus for the year	15 044	49 709	77 133	141 886	141 886
Total changes	13 230	49 863	517 972	581 063	581 063
Adjustments					
Transfer of administration to discretionery	(13 230)	-	13 230	-	-
Restated* Balance at 01 April 2022	**-**	**49 863**	**531 200**	**581 063**	**581 063**
Changes in net assets					
Transfer of Employer to discretionery	-	(49 863)	49 863	-	-
Surplus for the year	(3 736)	19 674	(9 780)	(13 630)	(13 630)
		-		-	-
Transfer of administration to discretionery	(3 736)	-	(3 736)	-	-
Total changes	-	19 673	43 819	13 630	13 630
Balance at 31 March 2023	**-**	**19 673**	**575 020**	**594 693**	**594 693**

*Refer to note 28 for the prior period accounting error disclosure note.

CASH FLOW STATEMENT

	Note(s)	2023 R '000	2022 Restated* R '000
Cash flows from operating activities			
Receipts			
Levies, interest and penalties		631 811	585 457
Interest income		37 266	19 415
Other receipts		822	1 358
		669 899	606 230
Payments			
Employee costs		(33 918)	(31 938)
Suppliers		(48 363)	(40 811)
Employer grants and project expenses		(536 719)	(333 824)
		(619 000)	(406 573)
Net cash flows from operating activities	23	**50 899**	**199 657**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(69)	(2 089)
Proceeds from sale of property, plant and equipment	3	136	
Purchase of other intangible assets	4	-	(2 426)
Leasehold improvements	4	(13 150)	-
Net cash flows from investing activities		**(13 083)**	**(4 515)**
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		**37 816**	**195 142**
Cash and cash equivalents at the beginning of the year		653 393	458 251
Cash and cash equivalents at the end of the year	10	**691 209**	**653 393**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Accrual Basis

	Approved original budget R '000	Adjustments R '000	Approved Final Budget R '000	Actual Amounts R '000	Difference between final budget and actual R '000	% Variance
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	-	-	**-**	1 272	**1 272**	100%
Interest received - investment	18 850	16 714	**35 564**	37 273	**1 709**	4%
Total revenue from exchange transactions	**18 850**	**16 714**	**35 564**	**38 545**	**2 981**	
Revenue from non-exchange transactions						
Transfer revenue						
Skills development levy income	584 000	-	**584 000**	625 702	**41 702**	7%
Skills development Levy: Penalties and interest	10 835	-	**10 835**	6 142	**(4 693)**	43%
Public contributions and donations	-	-	**-**	51	**51**	100%
Total revenue from non-exchange transactions	**594 835**	**-**	**594 835**	**631 895**	**37 060**	
Total revenue	**613 685**	**16 714**	**630 399**	**670 440**	**40 041**	
Expenditure						
Employee related costs	(32 500)	-	**(32 500)**	(34 096)	**(1 596)**	4%
Depreciation and amortisation	(845)	-	**(845)**	(843)	**2**	0%
Debt Impairment	-	-	**-**	(6 145)	**(6 145)**	
Employer grants	(131 400)	-	**(131 400)**	(136 640)	**(5 240)**	4%
Discretionary grants	(405 635)	(559 851)	**(965 486)**	(425 073)	**540 413**	54%
General Expenses	(43 305)	(16 714)	**(60 019)**	(52 322)	**7 697**	25%
Total expenditure	**(613 685)**	**(576 565)**	**(1 190 250)**	**(655 119)**	**535 131**	
Operating surplus	**-**	**(559 851)**	**(559 851)**	**15 321**	**575 172**	
Loss on disposal of assets and liabilities	-	-	**-**	(1 691)	**(1 691)**	100%
Prior year approved surplus	-	559 851	**559 851**	-	**(559 851)**	100%
	-	**559 851**	**559 851**	**(1 691)**	**(561 542)**	
Surplus for the year	**-**	**-**	**-**	**13 630**	**13 630**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**13 630**	**13 630**	

Refer to note 33 for detailed explanations of variances between the approved final budget and the actual amounts.

1. SIGNIFICANT ACCOUNT POLICIES

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any applicable interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies which have been consistently applied in the preparation of these annual financial statements are disclosed below. These accounting policies are consistent with the previous period.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the entity. The figures have been rounded off to the nearest thousand (R'000).

1.3 GOING CONCERN ASSUMPTION

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

1.4 MATERIALITY

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.5 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts presented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

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

Provisions: Provisions are recognised at the best estimate of cash outflows required to settle the related obligations. Provisions were recognised using the best estimate of available information.

Impairment allowance for doubtful debts: An impairment loss on doubtful debts is recognised in surplus or deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Useful lives of Property, Plant and Equipment: INSETA determines the estimated useful lives of property plant and equipment as well as intangible assets which are subsequently reviewed at the end of each annual reporting period.

Allowance for impairment of receivables from exchange and non-exchange transactions.

Receivables from exchange and non-exchange transactions are assessed for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, judgments are made as to whether there is observable data indicating measurable decrease in the estimated future cash flows from the receivables.

The impairment is measured as the difference between the receivables carrying amount and the present value of the estimated future cashflows.

Reserves

Amounts retained in the employer grant reserve are based on an estimate of employer grants that may be approved after the reporting date, in relation to newly registered companies that have up to six months to submit applications for mandatory grants in terms of the Skills Development Act. This estimate is also disclosed as a contingent liability.

Revenue from non-exchange transactions: The accounting policy for the recognition and measurement of Skills Development Levy income is based on the Skills Development Act, Act No 97 of 1998, as amended and the Skills Development Levies Act, Act No 9 of 1999, as amended. In terms of section 3(1) and 3(4) of the Skills Development Levies Act (the Levies Act), 1999 (Act No 9 of 1999) as amended, wherein registered member companies of INSETA pay a skills development levy of 1% of their total payroll cost to SARS, which collects the levies on behalf of the DHET.

Employers are permitted to adjust their contributions retrospectively, thereby affecting revenue already recognised by INSETA in previous periods. These adjustments cannot be determined with sufficient reliability and are accounted for prospectively as they occur. Other significant judgments, sources of estimation uncertainty and/or relating information have been disclosed in the related notes.

1.6 PROPERTY, PLANT AND EQUIPMENT

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

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

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably. Property, plant and equipment is initially measured at cost.

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up. When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are unrecognised.

Subsequent measurement

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

Property, plant and equipment is depreciated on the straight-line basis over their expected useful lives.

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

Item	Depreciation method	Average useful life
Office furniture	Straight-line	10-25 years
Motor vehicles	Straight-line	
Office equipment	Straight-line	5-22 years
IT equipment	Straight-line	3-20 years
Other fixtures	Straight-line	Lease term

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses, at each reporting date, whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

Derecognition: 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 entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

1.7 INTANGIBLE ASSETS

Initial recognition and measurement

An intangible asset is an identifiable non-monetary asset without physical substance. An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

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; and
- the cost or fair value of the asset can be measured reliably.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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

Intangible assets are initially measured at cost.

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.

Subsequent measurement

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 annually 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.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

Item	Depreciation method	Average useful life
Computer software and licenses	Straight-line	2 - 5 years / limited to license period

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

1.8 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 amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Initial recognition

INSETA recognises a financial asset or a financial liability in its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. Financial assets are recognised through the application of the trade date accounting.

Upon initial recognition, INSETA classifies the instrument, or its component parts, as a financial liability, a financial asset or residual interest in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and a residual interest.

Initial measurement of financial assets and financial liabilities

When a financial asset or financial liability is recognised initially, INSETA measures it at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

INSETA subsequently measures financial assets and financial liabilities at fair value, amortised cost or cost. INSETA assesses which instruments should subsequently be measured at fair value, amortised cost or cost, based on the definitions of “financial instruments at fair value”, “financial instruments at amortised cost” or “financial instruments at cost”.

Impairment and collectability of financial assets

INSETA assesses, at the end of each reporting, period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised in surplus or deficit.

Financial assets measured at cost

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Derecognition

Derecognition of financial assets

INSETA derecognises financial assets using trade date accounting. INSETA derecognises a financial asset only when:

(a) the contractual rights to the cash flows from the financial asset expire, are settled or waived;
(b) the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
(c) the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, INSETA therefore:
    (i) derecognises the asset; and
    (ii) recognises separately, any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset shall be allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations shall be measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised in accordance with this paragraph shall be recognised in surplus or deficit in the period of the transfer.

Derecognition of financial liabilities

INSETA removes a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished, primarily when the obligation specified in the contract is discharged, cancelled, expires or waived.

Presentation

Interest, dividends or similar distributions, losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as revenue or expense in surplus or deficit. Distributions to holders of residual interests shall be recognised by the entity directly in net assets. Transaction costs incurred on residual interests shall be accounted for as a deduction from net assets.

Offsetting a financial asset and a financial liability
A financial asset and a financial liability is offset and the net amount presented in the statement of financial position when, and only when, INSETA:
(a) currently has a legally enforceable right to set off the recognised amounts; and
(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

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

Financial assets	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost

INSETA has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:
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Financial liabilites	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost

1.9 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.

Finance leases - lessee
Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charges and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor
Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance.

Assets subject to operating leases are presented in the statement of financial position according to the nature of the asset.

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.

1.10 EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by an INSETA in exchange for service rendered by employees. Termination benefits are employee benefits payable as a result of either:
- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

A constructive obligation is an obligation that derives from an entity's actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

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

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

1.11 PROVISIONS AND CONTINGENCIES

A provision is a liability of uncertain timing or amount. The liability may be a legal obligation or a constructive obligation. A constructive obligation arises from the entity's actions, through which it has indicated to others that it will accept certain responsibilities, and as a result has created an expectation that it will discharge those responsibilities.

Provisions are recognised when:

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

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

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

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus/(deficit).

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.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A contingent liability is a possible obligation whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The entity does not recognise a contingent liability or contingent asset.A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

1.12 COMMITMENTS

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

Disclosures are required in respect of unrecognised contractual commitments.

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

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.13 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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

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

Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non- contractual) arrangement (see the accounting policy on Statutory Receivables).

Rendering of services

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

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

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest income

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.14 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue comprises gross inflows of economic benefits or service potential received and receivable by INSETA, which represents an increase in net assets, other than increases relating to contributions from owners.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

In a non-exchange transaction, an entity 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.

Non-exchange transactions result in resources being received by INSETA, usually in accordance with a binding arrangement.

When INSETA receives resources as a result of a non-exchange transaction, it recognises an asset and revenue in the period that the arrangement becomes binding and when it is probable that INSETA will receive economic benefits or service potential and a reliable estimate of resources transferred can be made. Where the resources transferred to INSETA are subject to the fulfilment of specific conditions, an asset and a corresponding liability are recognised. As and when the conditions are fulfilled, the liability is reduced and revenue is recognised. The asset and the corresponding revenue are measured at fair value on initial recognition. Non-exchange revenue transactions include the receipt of levy income from DHET.

Skills development levy: Income

The accounting policy for the recognition and measurement of skills development levy income is based on the SDA, as amended and the SDLA, as amended.

In terms of Section 3(1) and 3(4) of the SDLA, 1999 (Act No 9 of 1999) as amended, registered member companies of INSETA pay a Skills Development Levy of 1% of their total payroll cost to SARS, which collects the levies on behalf of DHET. Companies with an annual payroll cost below R500 000 are exempted in accordance with section 4(b) of the SDLA as amended, effective 1 August 2005.

Eighty percent of Skills Development Levies are paid to INSETA from SARS through DHET (net of the 20% contribution to the National Skills Fund (NSF). Revenue is adjusted for transfers of employers between SETAs. Such adjustments are separately disclosed as interSETA transfers. The amount of the interSETA adjustment is calculated according to the most recent standard operating procedure issued by DHET.

Skills development levy transfers are recognised on an accrual basis when it is probable that future economic benefits or service potential will flow to INSETA and these benefits can be measured reliably. This occurs when DHET makes an allocation to INSETA, as required by Section 8 of the SDLA as amended.

When a new employer transfers to INSETA, levies received from the former SETA are recognised as revenue and allocated to the respective category to maintain original identity.

Skills development levy: Penalties and interest

Interest and penalties are levied by SARS in terms of the SDLA as amended. Penalties and interest are recognised as revenue when they become receivable and an allocation has been made by SARS.

Revenue from non-exchange transactions is measured at the consideration received or receivable, which approximates fair value.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and 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.

1.15 EMPLOYER GRANTS, DISCRETIONARY GRANTS AND ADMINISTRATIVE EXPENDITURE

Expenditure and related liabilities are accounted for on an accrual basis. Using this basis, transactions are recorded and disclosed when they occur and not when cash is paid to ensure that transactions are recorded in the periods to which they relate.

A registered employer may recover a maximum of 20% of its total levy payment as a mandatory employer grant (excluding interest and penalties) by complying with the criteria in accordance with the SDA, as amended, and the SETA Grant Regulations regarding monies received and related matters (the SETA Grant Regulations)

Mandatory grants and mandatory grant liabilities are equivalent to 20% of the total levies contributed by employers during the corresponding financial period. Liabilities are recognised when INSETA has an obligation to pay grants and the amount can be measured reliably.

Discretionary grants and project expenses
The funding for discretionary grants and projects comprises 49.5% of the total levies paid by the employers, mandatory grants that are not claimed by employers, the surplus of administration levies not utilised, interest income, and other income generated by the SETA.

INSETA may, out of any surplus monies and in accordance with criteria as defined in the SETA Grant Regulations, allocate funds to employers, and other associations or organisations when the conditions have been met. The criteria for allocating funds are approved by the INSETA Board. Where necessary, interested employers, associations or organisations may be required to complete and submit a funding application for consideration and approval by the SETA.

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

Costs are allocated using methods that are systematic and rational and are applied consistently to all costs of a similar nature. Discretionary grants and project expenses are recognised in the period in which they are incurred.

Revenue adjustments by SARS
INSETA refunds amounts to employers in the form of grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected, this may result in grants that have been paid to affected employers being in excess of the amount INSETA would have granted to those employers had all information been available at the time of paying those grants.

A receivable relating to overpayments made in earlier periods is recognised at the amount of the grant overpayment, net of allowance for impairment of irrecoverable amounts

1.16 COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. When it is impracticable to reclassify comparative amounts, the reason for not reclassifying the amounts as well as the nature of the adjustments that would have been made if the amounts had been reclassified is disclosed.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. If a change in accounting policy results from initial application of a standard of GRAP that has specific transitional provisions, the entity accounts for the change in accordance with the specific transitional provisions of that accounting standard. Reclassifications of certain accounts are made to ensure consistency, relevance, and faithful representation.

1.17 FRUITLESS AND WASTEFUL EXPENDITURE

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

Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance when incurred and when recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.18 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:
(a) the PFMA as amended;
(b) the SDA as amended.

Irregular expenditure is recognised in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense.

Irregular expenditure that was incurred and identified during the current financial and that was condoned before year end and/or before finalisation of the financial statements is recorded in the irregular expenditure register and disclosed in the notes to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is awaited at year end is recorded in the irregular expenditure register and disclosed as irregular expenditure awaiting condonement in the notes to the financial statements.

Where irregular expenditure was incurred in a previous financial year and is condoned only in the following financial year, the register and the disclosure note to the financial statements are updated with the amount condoned during the year under review.

Irregular expenditure incurred and identified during the current financial year and that was not condoned by National Treasury or the relevant authority is recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, an account receivable is recognised. Thereafter, steps are taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose all amounts written off in the relevant note to the financial statements.

If the irregular expenditure has not been condoned and no person is held liable, the expenditure related remains in the irregular expenditure register and is disclosed in the notes to the financial statements.

1.19 BUDGET INFORMATION

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

The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements has been prepared. The comparison of budget and actual amount will be presented on the same accounting and classification basis and period as for the approved budget.

Material differences in terms of the basis, timing or entity have been disclosed in the notes to the annual financial statements. The most recent approved budget by the Board is the final budget for the purpose of comparison with the actual amounts.

The approved budget relates to the fiscal period of 01 April 2022 to 31 March 2023.

1.20 RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

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

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions which are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.21 EVENTS AFTER REPORTING DATE

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

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

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

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

1.22 INTER-SETA TRANSFERS - RECEIVABLES/ PAYABLES

Inter-SETA transactions arise due to employer(s) requesting a transfer from one SETA to another SETA. The recognition criteria for inter-SETA transfers are aligned to the Standard Operating Procedure issued by the Department of Higher Education and Training.

Inter-SETA receivables

Inter-SETA receivables arise due to employer(s) requesting a transfer from another SETA to INSETA. A receivable is recognised together with an increase in revenue when the following criteria have been met:

a) SARS has affected the transfer and DHET portal confirms the transfer.
b) INSETA submitting a claim to the previous SETA (requesting transfer of current year levies).
c) The previous SETA has not yet made a payment but confirms their obligation to transfer to INSETA; and
d) The previous SETA has approved a WSP for the past scheme year and sent the confirmation to INSETA. In instances where any one of the criteria above is not met, the amount will be disclosed as a contingent asset as the transaction meets the definition.

Inter-SETA payables

Inter-SETA payables arise due to employer(s) requesting a transfer from INSETA to another SETA. A payable is recognised against a reduction in revenue when the following criteria has been met:

a) SARS has affected the transfer and DHET portal confirming the transfer;
b) Submission of claim to INSETA by the new SETA;
c) INSETA has not yet made a payment but confirms their obligation to transfer to a new SETA; and
d) INSETA has approved a WSP in relation to 2022/2023 and sent a confirmation to the new SETA.

In the instance when any one of the above criteria is not met, then the amount will be disclosed as a contingent liability as it meets the definition of a contingent liability.

1.23 RESERVES

Net assets are classified based on the restrictions placed on the distribution of monies received in accordance with the regulations issued in terms of the Skills Development Act, 1998 (Act 97 of 1998) as amended as follows:

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

Surplus funds in the administration reserve and unallocated funds in the employer grant reserve are transferred to the discretionary reserve. Provision is made in the mandatory grant reserve for newly registered companies participating after the legislative cut-off date.

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

- Administration costs of INSETA
- Employer grant fund levy
- Discretionary grants and projects
- Contributions to the National Skills Fund

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to fund INSETA's administration costs. Interest and penalties received from SARS as well as interest received on investments are utilised for discretionary grant projects.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2023 or later periods:

GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities. The most significant changes to the Standard affect:

- Financial guarantee contracts issued;
- Loan commitments issued;
- Classification of financial assets;
- Amortised cost of financial assets;
- Impairment of financial assets;
- Disclosures.

The effective date of the revisions is not yet set by the Minister of Finance. The entity expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions. It is unlikely that the standard will have a material impact on the entity's annual financial statements.

iGRAP 21: The Effect of Past Decisions on Materiality

Background
The Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (GRAP 3) applies to the selection of accounting policies. Entities apply the accounting policies set out in the Standards of GRAP, except when the effect of applying them is immaterial. This means that entities could apply alternative accounting treatments to immaterial items, transactions or events (hereafter called "items").

The Board received questions from entities asking whether past decisions to not apply the Standards of GRAP to immaterial items effect future reporting periods. Entities observed that when they applied alternative accounting treatments to items in previous reporting periods, they kept historical records on an ongoing basis of the affected items. This was done so that they could assess whether applying these alternative treatments meant that the financial statements became materially "misstated" over time. If the effect was considered material, retrospective adjustments were often made.

This interpretation explains the nature of past materiality decisions and their potential effect on current and subsequent reporting periods.

iGRAP 21 addresses the following two issues:
- Do past decisions about materiality affect subsequent reporting periods?
- Is applying an alternative accounting treatment a departure from the Standards of GRAP or an error?

The effective date of these interpretation have not yet been set. 01 April 2023.

The entity expects to adopt the interpretation for the first time in the 2023/2024 01 April 2023.

It is unlikely that the interpretation will have a material impact on the entity's annual financial statements.

GRAP 1 (amended): Presentation of Financial Statements

Amendments to this Standard of GRAP are primarily drawn from the IASB's Amendments to IAS 1. Summary of amendments are:

Materiality and aggregation
The amendments clarify that:
- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

Statement of financial position and statement of financial performance
The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

Notes structure
The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

Disclosure of accounting policies
Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful. An entity applies judgement based on past experience and current facts and circumstances. The effective date of this amendment is for years beginning on or after 01 April 2025. The entity expects to adopt the amendment for the first time in the 2025/2026 annual financial statements. It is unlikely that the amendment will have a material impact on the entity's annual financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

	2023			2022		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Fixtures	-	-	-	2 009	(1 908)	101
Office furniture	33	(15)	18	1 615	(875)	740
Motor vehicles	292	(175)	117	292	(117)	175
Office equipment	180	(45)	135	357	(134)	223
IT equipment	4 687	(1 010)	3 677	5 910	(1 013)	4 897
Leasehold improvements	13 150	-	13 150	-	-	-
Total	**18 342**	**(1 245)**	**17 097**	**10 183**	**(4 047)**	**6 136**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Work in Progress	Disposals	Depreciation	Total
Fixtures	101	-	-	(76)	(25)	-
Office furniture	740	-	-	(657)	(65)	18
Motor vehicles	175	-	-	-	(58)	117
Office equipment	223	69	-	(139)	(18)	135
IT equipment	4 897	24	-	(955)	(289)	3 677
Leasehold improvements	-	-	13 150	-	-	13 150
	6 136	**93**	**13 150**	**(1 827)**	**(455)**	**17 097**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Fixtures	134	-	-	(33)	101
Office furniture	804	-	-	(64)	740
Motor vehicles	233	-	-	(58)	175
Office equipment	239	-	-	(16)	223
IT equipment	3 034	2 089	(9)	(217)	4 897
	4 444	**2 089**	**(9)**	**(388)**	**6 136**

Reconciliation of Work-in-Progress 2023

	Leasehold Improvements	Total
Opening balance	-	-
Additions/capital expenditure	13 150	13 150
	13 150	**13 150**

Expenditure incurred to repair and maintain property, plant and equipment		
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Repairs and maintenance	91	50

Disposal Decisions

A decision to dispose items of Property, plant and equipment was granted in line with the Delegations of Authority. The disposal committee considered the condition of the assets and the office move requirements. A public auction was conducted 31 March 2023 and the total proceeds from the auction amounted to R128 742. A register containing the information required by the Public Finance Management Act is available for inspection at the registered office of the entity.

4. INTANGIBLE ASSETS

	2023			2022		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software and licences	2 426	(550)	1 876	2 426	(162)	2 264

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software and licences	2 264	(388)	1 876

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Computer software, other	-	2 426	(162)	2 264

Pledged as security

No intangible assets were pledged as security or collateral for any loans. A register containing the information required by the Public Finance Management Act is available for inspection at the registered office of the entity. The intangible assets have a residual value of zero and in the current financial year there was no impairment or impairment reversals.

5. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2023 R'000	2022 R'000
Advance and other amounts receivable from employees	24	19
Deposits	490	1 514
Prepayments	3 500	1 965
Diners Club	-	4
Sundry receivable	216	215
	4 230	**3 717**

Prepayments

Prepayments comprise rental expenses paid before the start of the new month, annual computer licences and insurance which are recognised as expenses systematically at each month.

Sundry receivables

Sundry receivables consists mainly of amounts outstanding from proceeds on the auction conducted. No allowance for impairment has been recognised for receivables from exchange transactions. Refer to note 30 for the ageing of receivables disclosed as financial instruments. The effect of discounting, where applicable, was considered and found to be immaterial given the short-term nature of all receivables. The carrying amount approximates the fair value for each class of receivables. No receivables were pledged as security for liabilities.

6. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2023 R'000	2022 R'000
Employer receivables	218	1 761
Discretionary receivables	1 187	7 299
	1 405	**9 060**
Receivables included in receivables from non-exchange transactions above are as follows:		
Employer receivables	852	2 043
Allowance for impairment	(634)	(282)
	218	**1 761**
Discretionary receivables included in receivables from non-exchange transactions above are as follows:		
Discretionary receivables	6 145	-
Allowance for impairment	(6 145)	-
	-	**-**
Financial asset included in receivables from non-exchange transactions above	**1 187**	**7 299**
Total receivables from non-exchange transactions	1 405	9 060

An amount of R852 000 (2022: R2 043 000) was recognised as a receivable relating to grant overpayments to levy-paying employers in prior periods as a result of levy income adjustments done by SARS after grants had been paid. An amount of R634 000 (2022: R282 000) was provided for as an allowance for impairment.

The amount of R6 145 000 (2022: R6 145 000) was recognised as a receivable this amount represent the ground floor matter an amount of R6 145 000 was provided as for allowance for impairement due to the fact that at 31 March 2022 there was significant dougt that the aount will be recoverable. The above receivables do not meet the definition of statutory receivables as per GRAP 108.

Discretionary receivables

Refer to note 30 for the ageing of receivables disclosed as financial instruments. There are no restrictions on receivables from non-exchange transactions and no receivables have been pledged as security for liabilities.

7. PAYABLES FROM EXCHANGE TRANSACTIONS

	2023 R'000	2022 R'000
Trade payables	17 744	14 798
Accrued leave pay	1 878	1 712
Accrued administration expense	2 107	1 981
Diners Club	102	-
	21 831	**18 491**

The effect of discounting, where applicable, was considered and found to be immaterial given the short-term nature of these payables. The carrying amount approximates the fair value for each class of payables, to correct the prior year's error the previously reported trade payables have been restated according to GRAP 3.

8. PAYABLES FROM NON-EXCHANGE TRANSACTIONS

	2023 R'000	2022 R'000
Refunds arising from non-exchange revenue	1 422	1 412
Mandatory grants	19 401	43 148
Project creditors	68 720	18 756
Other levy adjustments	2 431	3 591
	91 974	**66 907**

The effect of discounting, where applicable, was considered and found to be immaterial given the short-term nature of these payables. The carrying amount approximates the fair value for each class of payable.

9. OPERATING LEASE ASSET (LIABILITY)

	2023 R'000	2022 R'000
Current liabilities	(151)	(879)

The above office lease agreement will be escalated at 5% per annum over a 5 year lease period. The building will only be used for the purposes of conducting INSETA business and no any other business will be conducted without the landlord's approval.

10. CASH AND CASH EQUIVALENTS

	2023 R'000	2022 R'000
Cash and cash equivalents consist of:		
Cash on hand	2	1
Short-term deposits	513 326	483 337
Other cash and cash equivalents	177 881	170 055
	691 209	**653 393**

All bank accounts were approved by National Treasury in terms of National Treasury Regulation 31.2. The weighted average interest rate on short-term deposits was 6.04% (2022: 3.65%) at the reporting date. Surplus funds were invested in line with the SETA's investment policy as required by National Treasury Regulation 31.3.5. Short-term deposits refer to funds invested with the Corporation for Public Deposits (CPD). All cash and cash equivalents were available for use as at the reporting date and no balances were pledged as security for liabilities.

11. PROVISIONS

	Opening Balance	Additions	Utilised during the year	Total
Reconciliation of provisions - 2023				
Provision for levies received from exempt employers	3 410	581	(655)	3 336
Bonus provision	3 820	12	-	3 832
	7 230	**593**	**(655)**	**7 168**
Reconciliation of provisions - 2022				
Provision for levies received from exempt employers	2 915	1 139	(644)	3 410
Bonus provision	-	3 837	(17)	3 820
	2 915	**4 976**	**(661)**	**7 230**

INSETA implemented a performance management system. Employees conclude performance contracts as part of their conditions of service at the beginning of each financial year. Employees are assessed through performance rating and review on an annual basis. The amount is dependent on the outcome of the individual performance ratings, as well as the attaining the overall organisational performance of 80% and above.

For the year under review, a bonus provision of R3 832 000 has been raised and is only payable subject to meeting INSETA's performance policy.

An amount of R3 336 000 (2022: R3 410 000) relates to levies received from employers exempt from contributing SDL in terms of legislation changes that came into effect from 1 August 2005. As SARS collects the levies on behalf of DHET, the responsibility to refund the levies to the levy-paying employers remains with SARS.

In terms of Skills Development Circular No 09/2013, issued by DHET on 25 August 2013, SETAs are able to utilise exempted amounts contributed after the expiry date of five years as stipulated in terms of section 190 (4) of the Tax Administration Act. An amount of R74 000 (2022: R644 000) has been transferred to discretionary funds in line with the afore mentioned circular.

12. REVENUE

	2023 R'000	2022 R'000
Other income from exchange transactions	1 272	839
Interest income	37 273	19 415
Skills development levies: Income	625 702	577 834
Skills development levies: Penalties and interest	6 142	6 676
Public contributions and donations	51	762
	670 440	**605 526**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Other income from exchange transactions	1 272	839
Interest income	37 273	19 415
	38 545	**20 254**
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Skills development levies: Income	625 702	577 834
Skills development levies: Penalties and interest	6 142	6 676
Public contributions and donations	51	762
	631 895	**585 272**

Nature and type of donations

Insurance Sector Student Fund (ISSF) – unconditional public donations for funding academically deserving students at institutions of higher learning in South Africa.

13. OTHER INCOME FROM EXCHANGE TRANSACTIONS

	2023 R'000	2022 R'000
Other income from exchange transactions	1 272	839

14. INTEREST INCOME

	2023 R'000	2022 R'000
Interest income		
Interest income	37 273	19 415

The amount included in Investment revenue arises fom interest earned from the Corporation for Public Deposist (CPD) and amounted to R37 273 000. (2022: R19 415 000) Total interest income, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit was 6.04% (2022: 3.65%).

15. ALLOCATIONS OF SURPLUSES

	Administration reserve	Employer grant reserve	Discretionery reserve	Total
Allocation of surplus to reserves - 2023				
Administration income	82 119	-	-	82 119
Employer income	-	156 314	-	156 314
Discretionary income	-	-	387 269	387 269
Interest and penalties	-	-	6 142	6 142
Interest income	16 714	-	20 559	37 273
Other income	-	-	1 323	1 323
Administration expenses	(95 057)	-	-	(95 057)
Employer expenses	-	(136 640)	-	(136 640)
Discretionary expenses	-	-	(425 073)	(425 073)
	3 776	**19 674**	**(9 780)**	**13 670**

	Administration reserve	Employer grant reserve	Discretionery reserve	Total
Allocation of surplus to reserves - 2022				
Administration income	74 186	-	-	74 186
Employer income	-	179 249	-	179 249
Discretionary income	-	-	324 398	324 398
Interest and penalties	-	-	7 438	7 438
Interest income	-	-	19 415	19 415
Other income	839	-	-	839
Administration expenses	(78 557)	-	-	(78 557)
Employer expenses	-	(129 540)	-	(129 540)
Discretionary expenses	-	-	(255 543)	(255 543)
	(3 532)	**49 709**	**95 708**	**141 885**

16. SKILLS DEVELOPMENT LEVY: INCOME

	2023 R'000	2022 R'000
Administration levy income	82 119	74 186
Discretionary grants income	387 224	324 399
Employer grant levy	156 359	179 249
	625 702	**577 834**

17. EMPLOYEE RELATED COSTS

	2023 R'000	2022 R'000
Basic remuneration	26 109	28 031
Bonus	2 365	3 820
Medical aid - company contributions	254	321
UIF	94	251
COIDA	50	-
SDL	297	278
Leave pay provision charge	166	59
Acting Allowance	642	434
Cellphone allowance	177	139
Overtime	87	-
Long-service awards	1 840	1 858
Temporary staff	1 006	101
Employee wellness	1 009	367
	34 096	**35 659**

18. DEPRECIATION AND AMORTISATION

	2023 R'000	2022 R'000
Property, plant and equipment	455	388
Intangible assets	388	162
	843	**550**

19. EMPLOYER GRANTS

	2023 R'000	2022 R'000
Employer grants	(136 640)	(129 540)

20. DISCRETIONARY GRANTS

	2023 R'000	2022 R'000
Project Expenditure Account	379 069	234 037
Discretionary Project Admin	30 032	21 507
ISSF Project Expenditure	15 971	-
	425 072	**255 544**

Grant Regulation 6.9 (iii) stipulates that a maximum of 7.5% of the project grant costs can be used for project administration. The project administration expenses were on average 7.1% which is below the regulated threshold in compliance with the Grant Regulations.

21. DEBT IMPAIRMENT

	2023 R'000	2022 R'000
Debt impairment	6 145	-

The Impairment loss of R6 145 000 (2022:0) represents the amount owing by GroundFloor Consortium trading as Mutual Financial Analyst to INSETA. As at year end 31 March 2023, management assessed the recoverability of the receivable recognised and there were indications for impairment. The receivable was impaired in accordance with GRAP 104.

22. ADMINISTRATION EXPENSES

	2023 R'000	2022 R'000
Audit fees	3 611	3 338
Advertising	892	762
Internal Auditors	890	483
Bank charges	34	32
Cleaning	149	73
Consulting and professional fees	9 289	6 744
Consumables	399	145
Deposit write off	1 514	-
Delivery expenses	663	-
Gifts	12	1
Insurance	3 217	1 090
Audit Risk committee fees	820	831
IT expenses	3 568	11 866
Motor vehicle expenses	5	7
Postage and courier	25	27
Printing and stationery	235	262
Repairs and maintenance	91	50
Other board expenditure	1 150	1 495
Security services	604	386
Subscriptions and membership fees	107	86
Telephone and fax	1 170	988
Training	987	1 312
Travel and subsistence	6 681	646
Assets expensed	74	104
Utilities	2 290	688
Board and subcommittee fees	2 677	1 372
Fraud Hotline	43	41
Rental head office	4 811	5 954
QCTO	3 777	2 537
Rentals equipment	1 064	869
Recruitment fees	269	150
Strategic planning costs	1 204	-
	52 322	**42 339**

23. CASH GENERATED FROM OPERATIONS

	2023 R'000	2022 R'000
Surplus	13 630	141 886
Adjustments for:		
Depreciation and amortisation	843	550
(Gain)/loss on sale of assets and liabilities	1 691	9
Debt impairment	6 145	-
Movements in operating lease assets and accruals	(728)	(91)
Movements in provisions	(62)	4 315
Non-cash income	(24)	-
Changes in working capital:		
Receivables from exchange transactions	(513)	1 668
Debt Impairment	(6 145)	-
Receivables from non-exchange transactions	7 655	5
Payables from exchange transactions	3 340	15 249
Payables from non-exchange transactions	25 067	36 066
	50 899	**199 657**

24. OPERATING (DEFICIT) SURPLUS

	2023 R'000	2022 R'000
Operating (deficit) surplus for the year is stated after accounting for the following:		
Amortisation on intangible assets	388	162
Depreciation on property, plant and equipment	455	388
Employee costs	34 096	35 659

25. COMMITMENTS

	2023 R'000	2022 R'000
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	4 389	4 030
- in second to fifth year inclusive	18 025	-
	22 414	**4 030**

Operating lease payments represent rentals payable by the entity for its office lease accomodation. Leases are negotiated for an average term of 5 years. No contingent rent is payable.

Other operational commitments		
Minimum payments due	47 195	1 594

Other operational commitments are contractual obligations for various services,including but not limited to Internal audit, security services, printing services, fraud hotline and document storage services among others.

Discretionary projects

Included in the balance of R575 735 000 (2022: R572 663 000) available in the discretionary reserve, is an amount of R478 542 960 (2022: R413 714 082*) which has been committed. Refer to supplementary information for detailed commitments schedule.

*The closing balance for the year ended 31 March 2022 has been restated to an amount of R413 714 082 previously disclosed as R421 044 959.

26. CONTINGENCIES

	2023 R'000	2022 R'000
Surplus funds		
Cash and cash equivalents	691 209	653 393
Add: Receivables	5 650	12 777
Less: Current liabilities	(121 124)	(93 507)
	575 735	**572 663**

Uncommitted surpluses

The cash surplus of R575 753 000 (2022: R572 663 000) does not take into account contractual commitments of R478 542 000 (2022: R413 714 000) for discretionary commitments which existed at the reporting date. Refer to note 24 and supplementary schedule to these financial statements. If these commitments are considered, the uncommitted cash surplus is R97 211 000 (2022: R158 949 000) There is no reimbursement from any third parties for potential obligations of the entity.

First-time employer registrations

The Skills Development Act allows an employer registering for the first time 6 months to submit an application for a mandatory grant. In terms of SETA Grant Regulations, SETAs must allocate mandatory grants to a levy-paying employer who has registered for the first time in terms of Section 5 of the Skills Development Levies Act, who applied for a mandatory grant within six months of registration. Due to this requirement, INSETA has a contingent liability to set aside funds for all employers that registered from 1 October 2022 to 31 March 2023. Consequently, the total potential mandatory grant pay- out is R1 896 000 (2022: R0)

Minister of Higher Education and Training vs Business Unity South Africa (BUSA) matter

During December 2012, the Minister of Higher Education and Training (DHET) repealed the 2005 Grant Regulations and promulgated the 2012 Grant Regulations. Regulation 4(4) of the 2012 Grant Regulations reduced the mandatory grant that an employer could claim back from 50% to 20% of the total levies paid by the employer. The promulgation of the Grant Regulations resulted in a litigation which was instituted by BUSA (Business Unity South Africa) with the Labour Court. The Labour Court declared the 2012 Grant Regulations invalid and consequently set aside, with the suspension of the order until March 2016.

Prior to the order coming into effect, the regulation was re-promulgated in January 2016, to which BUSA launched a review application in the Labour Court to set the 2016 re-promulgated Regulations aside. The Labour Court dismissed the review application and BUSA decided to appeal the decision through the Labour Appeal Court (LAC). During October 2019, the LAC ruled that the decision to re-promulgate Regulation 4(4) was 'irrational and lacking in any legal justification'. The regulation as re-promulgated in 2016 was consequently set aside.

Despite the said regulation being set aside, the LAC ruling is silent on both the percentage quantum that can be claimed back by employers and on the effective date of the order. The effect of the ruling is that the Minister, in consultation with employers and BUSA, would have to decide on the percentage for mandatory grants in consultation with the sector, and this accordingly published in the Government Gazette. To date, there has been no communication regarding the approved mandatory grant percentage that can be claimed back by employers. These circumstances create uncertainty as to the percentage of mandatory grants that can be paid and/or accrued by the SETA during the year under review.

Post the ruling, DHET continues to split the mandatory grant levy income portion at a rate of 20% in the monthly levy file.

Consequently, the SETA has continued to pay and accrue mandatory grants at 20% in the 2022/2023 financial year, which is also aligned to the approved annual performance plan. Considering the outcome of the judgement, there is a possible liability due to additional grant payments over and above those that have been paid in the current year based on a payment rate of 20%, however, due to this uncertainty on when the SETA should start paying additional mandatory grants and the percentage rate not yet determined, the amount of the possible liability cannot be reliably estimated.

Office lease accommodation contract

The office lease accommodation contract, which was concluded in March 2020, was cancelled by INSETA with an effective termination date of 30 November 2022 after serving a one-year notice to the landlord on 1 December 2021. The cancellation was due to declared irregular expenditure emanating from the procurement processes. The investigation conducted confirmed irregularity on the procurement processes. These outcomes concluded that the lease contract had to be terminated. As part of consequence management, INSETA implemented the recommendations of the investigation and legal opinion sought.

A claim against INSETA amounting to R15 601 695 (2022: R0) was instituted through legal interdictory relief on the cancellation of the office lease accommodation contract. The case is defended through appointed legal representatives. The completion of the matter due to the appeal process could not be estimated with reasonable certainty as at the end of the financial year.

Contingent assets

Deposit for office lease accommodation

INSETA paid a damage deposit for the office lease accommodation contract which was subsequently declared irregular. The office lease accommodation contract, which was concluded in March 2020 was cancelled by INSETA with an effective termination date of 30 November 2022 after serving a one-year notice to the landlord on 1 December 2021. The landlord withheld the deposit and did not pay it over to INSETA due to the legal proceedings currently ongoing. The damage deposit balance amounted to R1 514 000.

27. RELATED PARTIES

Relationships	
Members	Refer to members' report note
Controlling entity	Department of Higher Education and Training
Entities under common control	By virtue of INSETA being a national public entity controlled by the DHET, it is considered to be related to other SETAs, QCTO, NSF and entities within the sphere of national government.
Executive management	Ms. GI Mkhize (CEO) Ms. ZP Malaza (CFO) Ms. TJ Peel (COO) Ms. P Gwala-Mahaye (EMCSR) Mr. L Kwapeng (EMO) Ms. F Safla (EMRM)
Other related parties	Organisations considered to be related to Board members: Hollard Insurance Institute of South Africa CP Naidoo Mosswick Investments Financial Intermediaries Association of South Africa Financial Planning Institute of Southern Africa The Association for Savings and Investment South Africa South African Insurance Association

	2023 R'000	2022 R'000
Related party balances		
Amounts included in receivable (payable) regarding related parties		
Services SETA	(198)	(198)
Health and Welfare SETA	(77)	-
Financial & Accounting Sector Education And Training	61	-
Media,Information and Communication Technologies SETA	59	-
Unallocated Employers(registrations not finalised)	6	-
Discretionary grants payable to TVET colleges and public universities: Learnerships	(12 827)	(11 359)

Amounts included in the commitment balances

Included in commitments is an amount of R146 134 000 (2022: R60 002 000) in respect of contractual commitments to TVETs and public universities, R11 041 000 (2022 R3 666 000) in respect of contractual commitments to other public sector organisations, and R8 771 000 (2022: R2 247 000) in respect of organisations considered to be related to Board members as follows:

	2023 R'000	2022 R'000
Organisations considered to be related to Board members as follows:		
CP Naidoo Mosswick Investments	-	15
Hollard Life Assurance	6 811	1 220
Insurance Institute of South Africa	-	15
Financial Intermediaries Association of South Africa	338	-
Financial Planning Institute of Southern Africa	921	-
The Association for Savings and Investment South Africa	-	1 011
South African Insurance Association	701	-

The above liabilities are payable in monetary terms, are not secured, and no guarantees have been given.

Related party transactions

Transactions with related parties were within the SETA's normal operating parameters. The nature of transactions with related parties is as follows:

1. Levies received from/paid to other SETAs in respect of employers who transferred to/from INSETA, annual levy paid to QCTO.
2. Transfers received from the controlling entity.
3. Mandatory grants paid to other public organisations in accordance with the SDLA.
4. Discretionary grants paid to TVET colleges, public universities and other public sector organisations in the ordinary course of business.
5. Administrative expenses such as printing, verifications and telephone expenses paid to other organisations in the public sector.
6. Mandatory and discretionary grants paid to organisations considered to be related to Board members and executive management.

Key management information

Class	Description	Number
Non-executive board members	Oversight	13
Executive management	Day to day management	04

Name	Fees	Total
Remuneration of board members 2023		
Mr JS Ngubane (Chairperson - Board and Executive Committee)	429	429
Ms L v/d Merwe	116	116
Ms RG Govender (Finance Commitee Chairperson)	107	107
Ms P Mendes	84	84
Ms ST Dinyake	119	119
Mr M Soobramoney	73	73
Ms S Anders	75	75
Mr CB Botha	87	87
Ms NB Jonas	50	50
Mr SM Mpuru	93	93
Mr JM Mabena	127	127
Mr K Sungay	10	10
Ms V Pearson	46	46
Ms Z Motsa (Chairperson HR Committee)*	-	-
Ms F Mabasso*	-	-
Ms SJ Kruger**	-	-
	1 416	**1 416**

*No remuneration paid to directors that are members or employees of other government institutions.

**Resigned

Remuneration of board members 2022		
Mr JS Ngubane (Chairperson - Board and Executive Committee)	268	268
Ms RG Govender (Finance Commitee Chairperson)	107	107
Ms AP Mendes	78	78
Ms L van der Merwe	136	136
Ms ST Dinyake	111	111
Mr SM Mpuru	86	86
Mr M Soobramoney	79	79
Ms S Anders	89	89
Mr CB Botha	98	98
Ms SJ Kruger	35	35
Mr JM Mabena	128	128
Mr RP Motlhabane	-	-
Ms V Pearson	94	94
	1309	**1 309**

The above represents fees paid or accrued to Board members for all committees on which they serve. This disclosure excludes the remuneration of independent audit committee members, Independent audit committee members do not have authority and responsibility for planning, directing and controlling the activities of INSETA and are therefore not considered to be related parties. No other short-term or long-term benefits were paid to Board members.

Management class: Executive management 2023

Name	Basic salary	Bonuses and performance related payments	Other short- term employee benefits	Termination benefits	Total
Ms GI Mkhize-Chief Executive Officer	2 240	218	74	-	2 532
Ms ZP Malaza-Chief Financial Officer	1 050	-	7	-	1 057
Mr T Maake- Acting Chief Financial Offcer*	235	-	1	44	280
Ms TJ Peele-Chief Operations Officer**	721	162	13	84	980
Ms P Gwala-Mahaye-Executive Manager Corporate Services	715	-	5	54	774
Mr L Kwapeng-Executive Manager Operations	1 021	-	7	-	1 028
Ms F Safla -Executive Manager Risk Management	840	-	6	-	846
	6 822	**380**	**113**	**182**	**7 497**

* Acting Chief Financial Officer – October 2021 to August 2022.
**Chief Operations Officer - August 2022.

Name	Basic salary	Other Long-term employee benefits	Other short-term employee benefits	Termination benefits	Total
Management class: Executive management 2023					
Ms GI Mkhize-Chief Executive Officer	2 229	-	-	-	2 229
Mr D Molapo -Chief Financial Officer*	1 476	209	42	129	1 856
Ms TJ Peele-Chief Operations Officer	1 620	229	44	-	1 893
Ms B Mswabuki- Acting Chief Financial Officer**	51	-	-	-	51
Mr T Maake -Acting Chief Financial Officer***	279	-	-	-	279
	5 655	**438**	**86**	**129**	**6 308**

*Resigned 31 January 2022
** Acting Chief Financial Officer – July 2021 to September 2021
***Acting Chief Financial Officer – October 2021 to 31 August 2022.

28. PRIOR-YEAR ADJUSTMENTS

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position 2022

	Note	As previously reported	Correction of error	Re- classification	Restated
Receivables from exchange transactions	5	3 776	(59)	-	3 717
Receivables from non-exchange transactions	6	7 964	1 096	-	9 060
Cash and cash equivalents	10	655 458	(2 065)	-	653 393
Operating lease liability	9	(1 492)	613	-	(879)
Payables from exchange transactions	7	(8 007)	9	(10 493)	(18 491)
Payables from non-exchange transactions	8	(90 618)	13 218	10 493	(66 907)
Provisions	11	(7 247)	17	-	(7 230)
		559 834	**12 829**	**-**	**572 663**

Statement of financial performance 2022

Reported Surplus	Surplus	Total
Previous year reported surplus	130 149	130 149
Net effect of the adjustments as per items below	11 737	11 737
Restated Surplus for the previous period (2022)	**141 886**	**141 886**

	Note	As previously reported	Correction of error	Restated
Other income	13	43	796	839
Skills Development Levy Income	16	577 811	23	577 834
Employee related costs	17	(35 673)	14	(35 659)
Loss on disposal on assets		-	(9)	(9)
Public contributions and donations		2 174	(1 412)	762
Administrative Expenditure	22	(45 060)	2 721	(42 339)
Discretionary grants	20	(254 706)	(837)	(255 543)
Employer grants	19	(139 981)	10 441	(129 540)
Surplus for the year		**104 608**	**11 737**	**116 345**

Cash flow statement 2022

	As previously reported	Correction of error	Restated
Cash flow from operating activities			
Employer grants and project expenses)	(332 208)	(1 616)	(333 824)
Cash flow from investing activities			
Purchase of property, plant and equipment	2 080	9	2 089
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the end of the year	655 458	(2 065)	653 393

Receivables from exchange transactions

For the year ended 31 March 2022, management did not account for the staff debtors as at 31 March 2022, consequently the receivables from exhange transactions for the reporting period were understated by R59 000. In order to achieve fair presentation on the annual financial statements, the comparative figures have been restated accordingly.

Receivables from non-exchange transactions

For the year ended 31 March 2022, management incorrectly accounted for other receivables that occurred during the year ended 31 March 2022, consequently the receivables from non-exchange transactions were overstated by R1 096 000. In order to achieve fair presentation on the annual financial statements, the comparative figures have been restated accordingly.

Cash and cash equivalents

For the year ended 31 March 2022, management determined that certain transactions amounting to R2 065 000 were processed in the bank but were not recognised in the cash book resulting in an overstatement of R2 065 000 in the cash and cash equivalent line item. The annual financial statements for the year ended 31 March 2022 have been adjusted to reflect these changes.

Operating lease liability

For the year ended 31 March 2022, management did not correctly account for the reduced office lease term on a terminated lease agreement; consequently a lease liability of R613 000 was not accounted for in the 2022 financial year. The adjustment of the R613 000 was made to ensure fair presentation on the annual financial statements.

Provisions

For the year ended 31 March 2022, management discovered an error made in the calculations of a bonus provision for an amount of R17 000 included in the payables from non-exchange transaction balance, consequently the employee related costs were overstated by the said amount. The provision for bonus was based on the approved policies and these are adjusted based on those policies. It was decided that in order to achieve fair presentation the corresponding figures for the year ended 31 March 2022 should be adjusted accordingly.

Payables from exchange transactions

For the year ended 31 March 2022, management identified a misalignment between the payables from exchange transactions and the related expenses, consequently the payables from exchange transactions were understated by R9 000 thus in order to ensure the completeness of expenditure and prudence in reporting, the 2022 financial period have been adjusted to reflect these understatements.

Payables from non-exchange transactions

For the year ended 31 March 2022, management discovered employer claims and related errors with an amount of R13 218 000 which were erroneously included in the 2022 reported period as a payable from non-exchange transactions. In order to achieve fair presentation, the financial statements were restated and corrected accordingly with the adjustment.

Other income from exchange transactions

For the year ended 31 March 2022, management discovered that certain revenue transactions with the value of R796 000 were not recognised in the 31 March 2022 annual financial statements thus in order to ensure the completeness of revenues and prudence of reporting, the 2022 financial statements have been adjusted to reflect these understatements.

Skills Development Levy income

For the year ended 31 March 2022, management discovered that an error was made in the income received from the Skills Development Levy with amount of R23 000. Consequently the Skills Development Levy income was understated by the said amount. In order to achieve fair presentation, the corresponding figures for the year ended 31 March 2022 were adjusted accordingly.

Loss on disposal of assets

For the year ended 31 March 2022, management discovered that loss on disposal of assets with the amount of R9 000 was not accounted for and presented separately on the statement of financial performance. In order to achieve fair presentation, the corresponding figures for the year ended 31 March 2022 were adjusted accordingly.

Public contributions and donations
For the year ended 31 March 2022, management discovered that co-funded donations amounting to R1 412 000 were incorrectly recognised as other revenue from non-exchange transactions due to the conditions of the co-funding agreement, which were not entirely met. In order to achieve fair presentation, the corresponding figures for the year ended 31 March 2022 were adjusted accordingly.

Employee related costs
For the year ended 31 March 2022, management discovered that an accounting error was made in the various accounts included within the employee related costs, (i) error in calculation for bonus provision for an amount of R17 288 (ii) incorrect exclusion of the SDL amount for R2 500 and UIF amount of R1 771 for the Technology Innovation Agency (TIA) employees (iii) Incorrect rounding of the previously recognised total employee related costs with an amount of R1 000. Consequently the employee related costs were overstated by an amount of R14 000. It was decided that in order to achieve fair presentation, the corresponding figures for the year ended 31 March 2022 be adjusted accordingly.

Administrative expenses
For the year ended 31 March 2022, management discovered that the rental deposit amount of R1 517 000 included in the receivables from non-exchange was utilised by the landlord to settle advance rental fees which were under legal dispute given the termination of the contract. The receivable from non exchange transaction was reduced by the said amount. In order to achieve fair presentation, the total correction of error amounting to R2 887 000 and the 31 March 2022 financial statements were restated to present the changes that took place in the receivable from exchange transactions and the other related administrative expenditure.

Discretionary grants
For the year ended 31 March 2022, management discovered that certain Discretionary Grant expenditures relating to projects and project administration for an amount of R837 000 was erroneously omitted in the 2022 annual financial statements. In order to achieve fair presentation the financial statements were restated and corrected to recognise the expenditures incurred.

Employer grants
For the year ended 31 March 2022, management discovered that the employer grants for the amount of R10 441 000 was erroneously duplicated and included in the 2022 annual financial statements. In order to achieve fair presentation the financial statements were restated and corrected.

29. COMPARATIVE FIGURES RECLASSIFICATIONS

In order to satisfy the comparability and understandability criterion as set out in the qualitative characteristics of financial statements as required by the standard of GRAP, certain accounts have been reclassified.

The effects of the reclassification are as follows:

Payables from exchange transactions for the year ended 31 March 2022 decreased by R10 493 000, whereas payables from non-exchange transactions increased by R10 493 000 as result of incorrect classification.

During the year ended 31 March 2022, the carrying amount of the disposed asset of R9 273 was incorrectly classified as additions for the year, consequently the additions for the year were understated by the same amount.

Comparative Statements Segment reporting
INSETA reports to management on the basis of three functional segments namely Admininistration, Mandatory and Discretionary. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources, furthermore GRAP 18.05 defines a segment is an activity of an entity

a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
b) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance;
c) for which separate financial information is available.

The disclosure of information about these segments is also considered appropriate for external reporting purposes.

During the financial year ended 31 March 2023, Management did not disclose any segment reporting information as previously reported, after the careful considerations of GRAP 18 Segment reporting requirements it was evaluated that disclosure of segment reporting will be removed from the annual financial statements as the functions and activities of INSETA do not meet the definition of segments as required by the standard.

30. RISK MANAGEMENT

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and commitments, capital expenditure, expenditure against budgets and forecasts, maintenance of reserves, and through its cash management policy, which requires the maintenance of adequate cash and cash equivalents to meet obligations.

	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	More than 2 years
At 31 March 2023					
Current assets	696 844	696 844	696 844	-	-
Current liabilities	(121 124)	(121 124)	(121 124)	-	-
	575 720	**575 720**	**575 720**	**-**	**-**
At 31 March 2022					
Current assets	720	664 720	664 720	-	-
Current liabilities	(92 057)	(92 057)	(92 057)	-	-
	572 663	**572 663**	**572 663**	**-**	**-**

The above excludes non-financial instruments disclosed in notes 7 and 8, namely employee-related liabilities and skills development grants payable.

Credit risk

Financial assets that potentially expose INSETA to the risk of non-performance by counterparties, i.e credit risk, consist mainly of cash and cash equivalents deposited with financial institutions and receivables from exchange and non-exchange transactions. INSETA's credit risk is limited by investing funds only with the Corporation for Public Deposits (CPD) as approved by National Treasury in terms of Treasury Regulation (TR 28). INSETA's exposure is continuously monitored by the executive committee.

Credit risk with respect to levy-paying employers is limited due to the nature of the income received. INSETA does not have any material credit risk, this is managed on a group basis. INSETA's concentration of credit risk is limited to the industry in which it operates. No events occurred in the industry during the year under review that may have a significant impact on accounts receivable that have not been provided for. Receivables are presented net of allowance for doubtful debt. Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash through major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

	2023 R'000	2022 R'000
Financial instruments		
Receivables from exchange transactions (notes 5)	4 230	3 717
Receivables from non-exchange transactions (note 6)	1 405	9 060
Cash and cash equivalents (excludes cash on hand) (note 10)	691 209	653 393

Market risk Interest rate risk

Cash flow interest rate risk

	Floating rate R'000	Non-interest bearing	Total
2023			
Cash and cash equivalents	691 209	R'000	691 209
Receivables from exchange and non-exchange transactions	5 635		5 635
Payables from exchange and non-exchange transactions	(121 124)		(121 124)
	575 720		**575 720**
2022			
Cash and cash equivalents	653 393	R'000	653 393
Receivables from exchange and non-exchange transactions	12 777		12 777
Payables from exchange and non-exchange transactions	(93 507)		(93 507)
	572 663		**572 663**

Fair value interest rate risk

INSETA's financial instruments consist mainly of cash and cash equivalents, receivables from exchange and non-exchange transactions and payables from exchange as well as non-exchange transactions. No financial instruments were carried at an amount in excess of their fair values. The carrying amount of each class of financial instruments approximates their fair value due to the relatively short-term maturity of these financial instruments.

31. GOING CONCERN

INSETA has been managing its working capital requirement and liquidity management objectives which confirms its financial sustainability. A going concern assessment was undertaken as at 31 March 2023 which indicated the financially healthy position of INSETA. For the year ended 31 March 2023, a surplus of R13 630 000 was realised with a net assets balance of R594 693 000. The current ratio measured at 5.8:1, primarily as a result of cash and cash equivalent balance which had an amount of R691 209 000. There are no known instances that cast doubt on INSETA's ability to continue as a going concern.

32. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS

Paragraph 12(1)(d)(i) of Government Gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process. Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that the reasons for any deviations and reports them to the next meeting of the board and includes a note to the annual financial statements. All deviations considered by the Accounting Officer are processed in terms of the SCM regulations and the SCM policy. The SCM policies and regulations allow for the deviation from normal SCM processes in circumstances where it is impractical or impossible to follow the official procedures, or for correction of minor breaches. The reasons for these deviations were documented and approved in accordance with the delegations of authority.

	2023 R'000	2022 R'000
Deviations summary		
Deviations from supply chain processess	768	1 504

Awarded Bidder Name	Description	Reason	2023 R'000	2022 R'000
Awarded Bidder Name (2023)				
S.K. Sese Golo Security Services (Pty) Ltd	Security Service	Single Source	142	
Solugrowth (Pty) Ltd	Extraction of data SQL	Single Source	93	
Empowarx (Pty) Ltd	Participation in the Empowayouth week Summit on	Single Source	250	
Northlink College	Strategic Industry Partnerships with TVETS	Single Source	100	
Adapt IT (Pty) Ltd	Caseware and GRAP training		90	
National School of Government	Bid Committee Training	Sole source	93	
			768	
Awarded Bidder Name (2022)				
Prospen Group (Pty) Ltd	Payroll Management	Sole source		10
Financial Planning Institute of South Africa (Pty) Ltd	Review learner materials	Sole source		322
Adapt It (Pty) Ltd	Renewal of Caseware	Sole source		213
Volkswagen South Africa	Vehicle repairs	Single Source		5
Empowaworx (Pty) Ltd	Career Exhibition	Sole Source		79
VENMCQ	Anti-Bullying	Sole Source		100
SoluGrowth	Extraction of Data MIS	Single Source		89
Munelo Technologies	Plumbing services	Single Source		8
Letleka Consulting Pty ltd	Mimecast Licenses	Single Source		52
K& M Chartered Consotium	Forensic services	Single Source		614
PlusOneX	Rental of PABX Solutions	Single Source		12
				1 504

33. BUDGET DIFFERENCES

Material differences between budget and actual amounts

The adjustments between the original budget and final budget were approved by the relavant authorities.The following variances between actual and the final budget above 10% are hereunder explained:

Other income	100%	The variance is due to the DG refunds for programs not completed as well as the proceeds from the public auction conducted for the disposal of assets.
Prior Year Approved Surplus	100%	The prior year surplus relates to the cash surplus approved by the Minister.The approval to retain the cash surplus realised during the 2021/2022 financial year to be used during the 2022/2023 financial year was granted and received by the SETA in March 2023.
Skills Development Levy	43%	Variance is due to the economic recovery impacting the insurance sector positively, resulting in increased Skills Development Levy contributions from employers with reduced penalties imposed.

Public contributions and donations	100%	The amount relates to donations received through the Insurance Sector Skills Fund (ISSF) program which could not be budgeted for with certainty.
Discretionary Grants	54%	The approval to retain the cash surplus realised during the 2021/2022 financial year, to be used during the 2022/2023 financial year, was granted and received by the SETA in March 2023. Internal systems and operational processes were enhanced to ensure multiple DG windows are opened to ensure optimal utilisation by employers eligible for the grant.
General Expenses	25%	An amount of R19 million uncommitted cash surplus budgeted for administration expenses was part of the application made to retain cash surplus which was granted in March 2023. The delay in the approval of the application and the revised budget contributed to the underspending.
Loss on disposal of assets and liabilities	100%	The variance is attributable to the public auction response on the disposal of assets which was only office furniture. The class/ category for furniture and equipment is mainly not attractive than fleet thus a loss was realised.

34. IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

	2023 R'000	2022 R'000
Irregular expenditure	5 006	18 176
Fruitless and wasteful expenditure	-	764
Closing balance	**5 006**	**18 940**

Criminal or disciplinary steps taken as a result of losses, irregular and fruitless and wasteful expenditure

- **Payments made after contract expiry:** An investigation was concluded and a condonation request was submitted to National Treasury for consideration. New contract acquired through the NT transversal procurement method.
- **Procurement irregularities on the office lease accommodation:** A one-year notice period was placed with the landlord on 1 December 2021 for the termination of the office lease accommodation contract from 30 November 2022. The disciplinary processes relating to the irregular expenditure matter have been concluded. The contract termination matter is undergoing legal processes and a contingent liability has been disclosed.
- **Fruitless & Wasteful expenditure:** There was no fruitless and wasteful expenditure incurred in the financial year.

35. EVENTS AFTER THE REPORTING DATE

The Board has resolved to remove the irregular expenditure incurred as a result of the appointment of Accounting Authority members for SETA's by the Department of Higher Education, Science and Innovation prior to a vetting process concluded. The Board granted the removal of the irregular expenditure in accordance with the Irregular Expenditure Framework at its meeting held 29 May 2023. The disclosure note to these annual financial statements have been adjusted accordingly.

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INSURANCE SECTOR EDUCATION AND TRAINING AUTHORITY

FOR MORE INFORMATION, PLEASE CONTACT US:

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