ANNUAL REPORT 2021/2022

inseta

INSURANCE SECTOR EDUCATION AND TRAINING AUTHORITY

Empowered to Influence and Inspire

ANNUAL REPORT
2021/2022

Dr Blade Nzimande

Minister of Higher Education, Science and Technology

Buti Manamela

Deputy Minister of Higher Education, Science and Technology

Sihle Joel Ngubane

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 2021 to 31 March 2022.

inseta

INSURANCE SECTOR EDUCATION AND TRAINING AUTHORITY

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GENERAL INFORMATION

REGISTERED NAME:	Insurance Sector Education and Training Authority
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TELEPHONE NUMBER:	011 381 8900
WEBSITE ADDRESS:	www.inseta.org.za
EXTERNAL AUDITORS:	Auditor-General of South Africa 4 Daventry Street, Aurecon Centre Lynnwood Bridge Office Park Lynnwood Manor Pretoria 0001
INTERNAL AUDITORS:	SAB&T Nexia
COMPANY SECRETARY:	Olasesi Martins LLM, FCIS, EO
BANKER:	First National Bank Simmonds Street Johannesburg 2001

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List of acronyms

AET	Adult education and training
APP	Annual Performance Plan
ASISA	Association of Savings and Investment South Africa
ATR	Annual training report
BBBEE	Broad-based black economic empowerment
BUSA	Business Unity South Africa
CEO	Chief Executive Officer
CET	Community education and training
CFO	Chief Financial Officer
COO	Chief Operations Officer
CPD	Continuous professional development
DHET	Department of Higher Education and Training
EXCO	Executive Committee
FAIS	Financial Advisory Intermediary Services
FETC	Further education and training certificate
FINCO	Finance Committee
FSC	Financial Sector Charter
FSCA	Financial Sector Conduct Authority
HRDS-SA	Human Resource Development Strategy for South Africa
ICT	Information and communication technology
INSETA	Insurance Sector Education and Training Authority
MTEF	Medium-term Expenditure Framework
MTSF	Medium-term Strategic Framework
NDP	National Development Plan
NGO	Non-governmental organisation
NGP	National Growth Path
NSDP	National Skills Development Plan
NSF	National Skills Fund
NQF	National Qualifications Framework
PESTEL	Political, Economic, Social, Technological, Environmental, Legal
PFMA	Public Funds Management Act
PIVOTAL	Professional, vocational, technical and academic learning
PWDs	People with disabilities
RPL	Recognition of prior learning
QCTO	Quality Council for Trade and Occupations
SAQA	South African Qualifications Authority
SCM	Supply chain management
SDA	Skills Development Act
SDLA	Skills Development Levies Act
SDP	Skills development provider
SETA	Sector Education and Training Authority
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 for Post-school Education and Training
WSP	Workplace skills plan

FOREWORD BY THE CHAIRPERSON

SJ Ngubane

It is with great pride that I present, on behalf of the Insurance Sector Education and Training Authority (INSETA) Board, this account of the SETA's activities and achievements during the 2021/22 financial year. As it comes in the wake of a period in which the world grappled with the unknowns of Covid-19, the review year's performance is particularly pleasing, as it shows that, no matter what the universe visits on us, the human spirit is a force not to be underestimated nor undermined.

As Covid started retreating into the shadows during 2021/22, it was replaced by another devastating event, this one taking us back to pre-democracy days, when unrest erupted in KwaZulu-Natal and Gauteng in July 2021, claiming more than 350 lives and costing the economy a staggering R50 billion.

No event in our recent history has brought home more clearly the importance of insurance in daily life. The riots sent the insurance industry into a tailspin, with National Treasury having to step in to enable the South African Special Risk Insurance Association to cover approximately R34 billion in claims. Several relief funds were instituted by government entities to assist those with no insurance but with livelihoods to rebuild.

Demand was unprecedented for experienced professionals such as underwriters, loss adjustors and claims assessors, with the best of the best being brought in to expedite payments so that those affected could resume operations and return to some state of normality.

The fact that skills such as these appear on our list of the 10 scarcest and most critical skills highlights the importance of generating interest in careers in these fields and of facilitating the necessary training to promote these occupations.

The Board

The Board, or Accounting Authority, continued to adhere to the highest standards of corporate governance, aligned with King IV report principles. It met five times during the review year, conducting its business according to Section 51 of the Public Finance Management Act (PFMA).

The Board is responsible for the preparation of the annual financial statements contained in this annual report and is confident that they have been compiled in line with Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Authority and the SETA's guiding legislation, the Skills Development Act (Act No 97 of 1998) and the Skills Development Levy Act (Act No 9 of 1999), as amended. The Board is also satisfied with the integrity of the other information in the report and the assurance applied.

The annual financial statements were audited by the Auditor-General of South Africa, whose modified report appears on pages 60 to 63.

Financial overview

The levy collection for 2021/22 increased from that of the previous year, which was affected by the payment holiday. The levies received were R584 million compared to the R374 million of 2020/21, the increase attributable to the sector's resilience and agility.

During 2021/22, investment in skills development increased by 50% compared to the previous year, distributed among learnerships, internships, skills programmes, bursaries and catalytic projects.

The SETA reported an operating net surplus of R129 951 000 and requested permission to have this allocated to projects for 2022/23.

Performance highlights

INSETA ended the review year with a commendable performance of 48 targets realised of 56 across four programmes, an 86% achievement. This is compared to the 72% of 2020/21. Great progress was made in key areas such as technical and vocational education and training (TVET) college collaboration and capacitation, and skills for entrepreneurship and cooperative development, on which we will build in future.

The Auditor-General issued us with a qualified audit report.

Aligning with strategy

The alignment of the INSETA mandate to the National Skills Development Plan (NSDP) is of the utmost importance to the Board. Accordingly, we reviewed our strategy to ensure that the programmes planned are responsive to the sector's needs. The Economic Reconstruction and Recovery Plan (ERRP) was also considered, as it encapsulates the strategy for addressing skills demands post-Covid-19.

Outlook

To remain responsive to its key policy documents, new approaches are being implemented to improve research and increase partnerships with TVET colleges in the light of the Department of Higher Education and Training's concern about university-centricity of post-school education and training. Ties will be strengthened with universities, insurance industry professional bodies and other important stakeholders.

INSETA management has been tasked with seeking alternate revenue streams and funding partnerships to ensure the robust development of the critical skills needed to grow the economy.

The strategic priority occupations drawn from the latest workplace skills plan and annual training report data were the subject of in-depth discussions with sector employers, our learning and research committee, and professional and industry associations, which all contributed informed opinion on the list and provided accurate pointers on where funding is most needed. This feedback will guide planning of interventions and activities into 2022/23.

The SETA will maintain its active support of the Presidential Youth Employment Intervention through its national internship project, through which it runs internships for a minimum of 12 months. Our involvement in this intervention includes both TVET and community education and training (CET) colleges.

Efforts to place graduates in workplaces will endure in the coming years, this being the key to bridging the gap between lecture rooms and workplaces.

Appreciation

The Board extends its gratitude to Minister Blade Nzimande and his highly knowledgeable team for imparting strategic direction and guidance that ensure that our activities are focused, aligned to national priorities and in the best interests of the country.

To my colleagues on the Board, your contributions to our discussions make for debate that is often boisterous, but always constructive. Thank you for your support throughout the review year.

On behalf of the Board, I congratulate CEO Gugu Mkhize, her management and staff on a fine performance this year, with many fulfilled and exceeded targets to build on in 2022/23, when it will again be our pleasure to oversee their sterling work.

I conclude this report, as I do every year, by inviting our stakeholders and sector colleagues to attend our annual general meeting later in the year. It will be a welcome opportunity to gather once again in the same room together to network, discuss pertinent skills development issues and forge partnerships that will address the pressing issues we face.

We are confident that, with your continued support, expertise and knowledge, together we can create and constantly replenish the deep pool of skills needed take the country into the future proficiently and professionally.

Sihle Joel Ngubane
Independent Chairperson of the INSETA Board
August 2022

CHIEF EXECUTIVE OFFICER'S REVIEW

Gugu Mkhize

The year under review was an eventful one, as the country and the world were altered permanently, following the effects of Covid-19, which changed so much about the way we live, work, teach and learn. The reality of the lingering impact of an unprecedented pandemic required that we revisit our strategies, projects, approaches and goals as we responded to the rapidly changing needs of a sector that is evolving constantly in line with technological, societal and environmental changes.

Our sector is very diverse and dynamic, as our latest Sector Skills Plan reveals.

In 2021, it boasted 3 603 active employers, 31.1% in life insurance, 30.6% in non-life insurance and the balance in risk management and auxiliary activities. Just over 75% of employers who submitted workplace skills plans in the last round of submissions were small enterprises with fewer than 50 employees. From the skills plans, employment is estimated at just over 130 000. Thus, we must tailor programmes for a broad range of stakeholders.

These programmes must be designed against the backdrop of the six change drivers we have identified, namely climate change, Covid-19 and other pandemics, digital transformation, the economy, the regulatory environment and remote working. Transformation, job creation in the context of the 34.5% unemployment rate and access to financial services for those currently excluded remain critical priorities.

The organisation underwent a robust internal renewal, with systems implementation, projects as well as the organisational structure review. This was meant to strengthen internal capabilities and align people to the strategy.

Achievements across the board

There was an improvement of 14% on the performance, with 86%. The increase in levies was significant due to the recovery and resilience of the sector. These included TVET students enrolled on work-integrated learning initiatives to gain workplace experience to complement their theoretical knowledge. The number of unemployed learners enrolled for internships exceeded the target by 35%, while those entering learnerships topped 1 150, over target by 30%.

Career guidance interventions are a major focus as we provide youngsters with information on evaluating, choosing and preparing for a career. Our partnership with the Department of Higher Education and Training is invaluable in helping us to communicate the messages far and wide. During the year, we were able to ramp up our participation in career events in both urban and rural areas to 26 against the planned 14.

We also supported more TVET and CET colleges through our concerted drive to increase the pool of TVETs accredited to provide insurance-related courses and our continuing campaign of lecturer capacitation through bursaries and development programmes.

Project progress

The implementation of worker and youth projects moved with speed in the year under review. For the youth, we implemented Pivotal programmes such as bursaries, work-integrated learning and internships.

Our research capability reached new levels, as we celebrated the continuation of our association with University of Cape Town (UCT) and the two-year anniversary of our partnership with the Durban University of Technology (DUT). Both organisations have advanced our research agenda with enthusiasm and expertise, with a report on the implications of Covid-19 handed over in October 2021 and another, on cybersecurity, well underway. A study profiling the insurance sector was also released during the review year, a product of UCT.

Other research progressing covers gig economy benefits for small, medium and micro enterprises in the sector, measuring occupational change: Firm-level case studies, and an analysis of current and future skills needs of insurtechs.

I'm thrilled to be associated with the Insurance Sector Student Fund (ISSF), which was launched on 14 December 2021 by the Minister of Higher Education, Science and Innovation, Dr Blade Nzimande, and INSETA. The growing demand for financial support in education far exceeds supply and continues to hinder skills development in all industries. The ISSF addresses this by providing funding for youth, workers and businesses.

The fund caters for programmes that were previously excluded but that support the value chain across the sector and at different National Qualifications Framework levels. It will cater for all South African academically qualifying youth, the missing middle and non-missing middle, of all races – both new and continuing students who are financially hamstrung. It will also support students across TVET colleges, universities, universities of technology, private and international institutions and other certified entities.

Our goals are to encourage a growing number of employers in our sector to participate in the co-funding concept and to attain maximum impact for beneficiaries, which will boost employability and entrepreneurship prospects and, ultimately, bring positive change to many.

Skills programmes, bursaries, and cooperative and small and emerging enterprise development also benefitted from the increased funds, with a total of 2 138 individuals enrolling against the target of 1 875.

Looking forward

Partnerships will remain key to strengthening the supply-side delivery of insurance programmes in the public post-school education and training system, hence our emphasis on research partnerships with public universities.

Furthermore, our focus will be:

- Exploring the digital delivery of learning
- Improving service standards to our stakeholders
- Investing in transformative programmes
- Addressing the placement of youth in employment.

INSETA is also expanding its range of qualifications in the sector by working closely with industry bodies.

Over the years, our relevance has relied on our ability to adapt to the needs of an ever-changing and highly regulated sector. Our medium-term performance will require even faster-paced action and readjustment of skills interventions to address external priorities and attend to internal fundamentals, including:

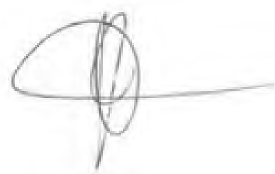
- Innovation (and research)
- The impact of the fourth industrial revolution
- Sector transformation
- Sustained support of small and medium enterprises
- Quality assurance
- Monitoring and evaluation.

Management will focus on strengthening internal capacity, specifically in the Finance division, and finalising the implementation of systems to ensure excellent service to stakeholders.

Acknowledgements

The Board's commitment to the SETA and the sector never fails to impress me and my team. We know we can rely on the members to steer us in the right direction at every turn in the road, setting the tone on governance and good corporate citizenship, imparting valuable and sage advice on strategies, learning interventions and approaches, and overseeing our performance and progress.

It may be regarded as a cliché, but it is one that rings true – our people are our greatest asset. And they proved that without a shadow of a doubt during the review year, as they cast the Covid-19 fallout to the back of their minds to concentrate on our reason for being. You all stepped up to the plate and I believe we hit a home run this year. We certainly have a more solid footing than ever to empower, influence and inspire.



Gugu Mkhize
Chief Executive Officer
August 2022

Statement of responsibility and confirmation of accuracy
FOR THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2022

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

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

The annual report is complete, accurate and is free 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 judgments made in this information. The Accounting Authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance 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 2022.

SJ Ngubane
Independent Chairperson of the INSETA Board
August 2022

G Mkhize
Chief Executive Officer
August 2022

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 below 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	Responds to the policy goals of the White Paper for Post-school Education and Training to improve the integration of the skills ecosystem and greater collaboration.
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 2030.
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.
Protection of Personal Information Act, Act 4 of 2013	The purpose of this act is to promote the protection of personal information being processed by public and private bodies and to introduce certain conditions for the lawful processing of personal information.

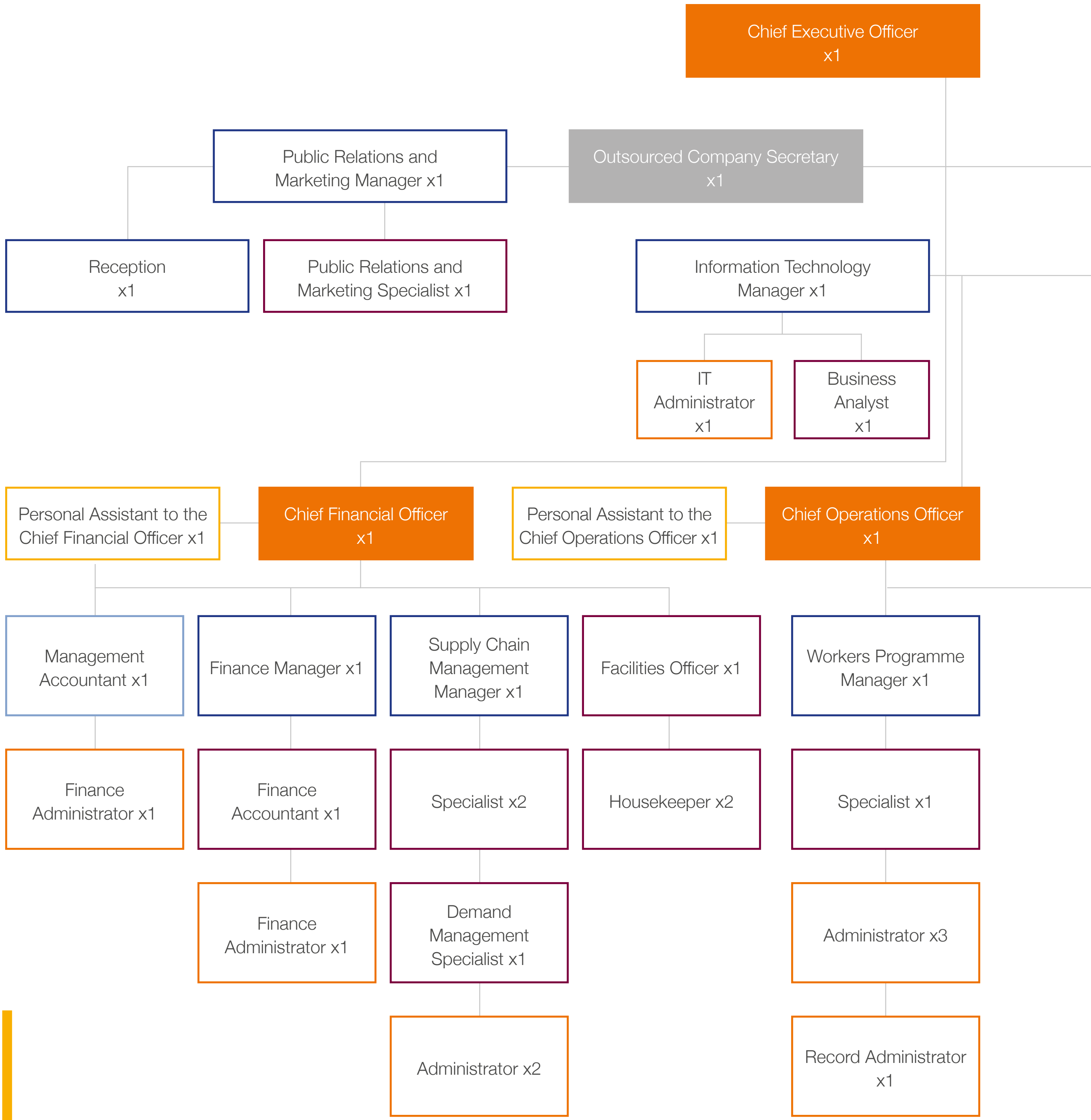
Strategic outcome-oriented goals

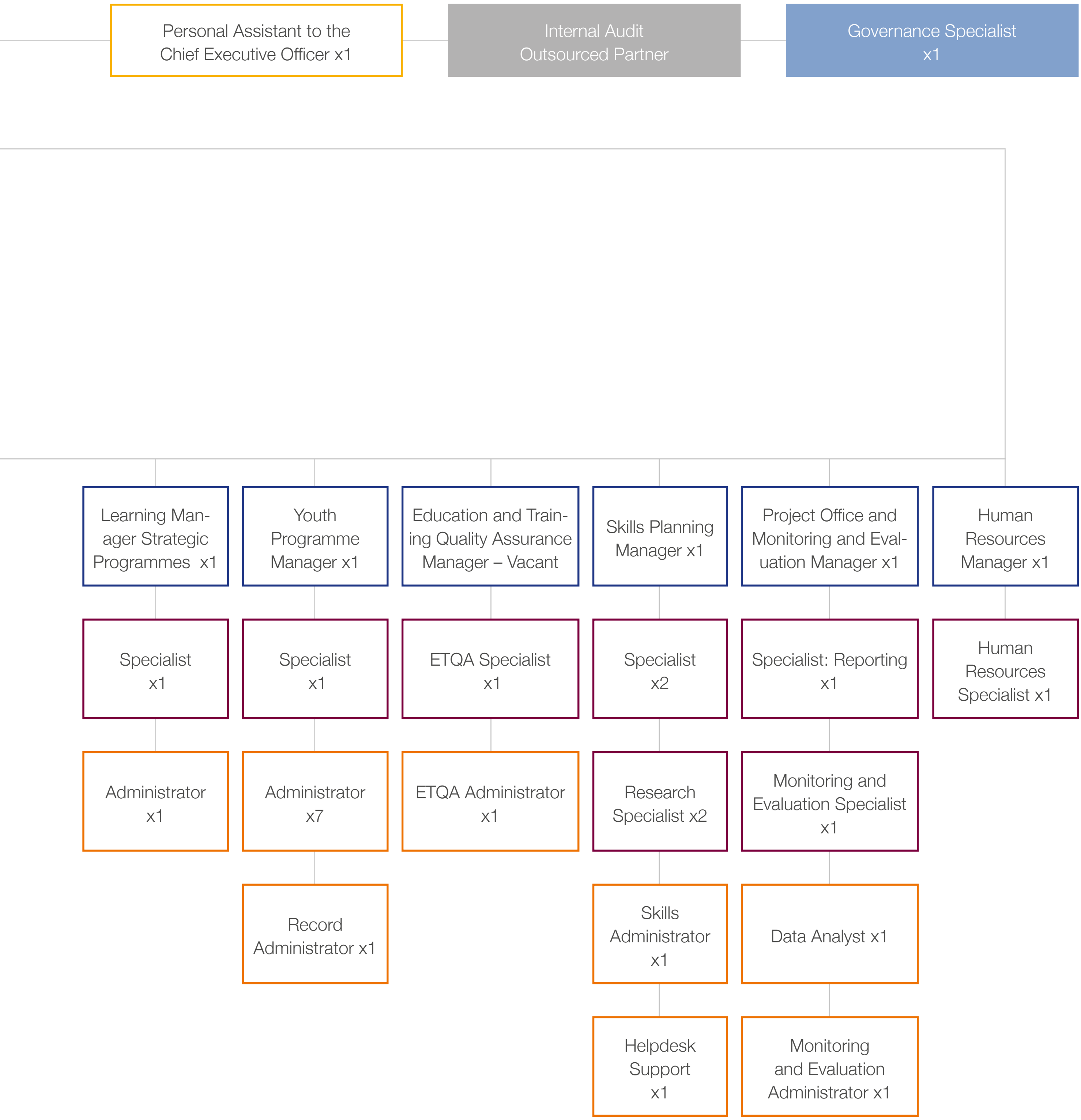
INSETA identified four programmes with 10 outcomes crucial to the achievement of its NSDP and SDA mandate, and its operational efficiency.

The four programme and their outcomes are as follows:

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.

Organisational structure




Personal Assistant to the Chief Executive Officer x1
Internal Audit Outsourced Partner
Governance Specialist x1
Learning Manager Strategic Programmes x1
Youth Programme Manager x1
Education and Training Quality Assurance Manager – Vacant
Skills Planning Manager x1
Project Office and Monitoring and Evaluation Manager x1
Human Resources Manager x1
Specialist x1
Specialist x1
ETQA Specialist x1
Specialist x2
Specialist: Reporting x1
Human Resources Specialist x1
Administrator x1
Administrator x7
ETQA Administrator x1
Research Specialist x2
Monitoring and Evaluation Specialist x1
Record Administrator x1
Skills Administrator x1
Data Analyst x1
Helpdesk Support x1
Monitoring and Evaluation Administrator x1

B PERFORMANCE INFORMATION

ANNUAL PERFORMANCE REPORT

(1 APRIL 2021 to 31 MARCH 2022)

The table below represents a high-level summary of the programmes, outcomes, outputs, output indicators and performance achieved during the 2021/22 financial years.

Impact Statement	Programme	Outcome	Output	Output Indicators	Actual Achievement 2020/21	Planned Achievement 2021/22	Actual Achievement 2021/22	Deviation From Planned Targets	Reasons For Deviation
Providing service to stakeholders in line with Batho Pele principles	Administration	Effective Corporate Governance	Effective Corporate Governance maintained	Obtain a clean audit opinion	Unqualified Audit	Clean audit opinion	Qualified Audit opinion	Clean audit opinion	There were errors in financial and performance reported that lead to the qualified audit opinion
			Number of significant SCM Audit findings kept at zero	No significant SCM Audit findings	N/A	0	0	0	N/A
			Number of significant adjustments to unaudited Financial Statements kept at zero	No significant adjustments to unaudited Financial Statements	N/A	0	N/A	N/A	These indicators will be reported on only after the final audit outcome is communicated in July 2022.
			All INSETA Management Team, Specialists and SCM division personnel received SCM-related training	Percentage of INSETA Management Team, Specialists and SCM division personnel receiving SCM-related training	N/A	100%	100%	0	N/A
Responsive Skills Planning System	Skills Planning	Occupations in high demand identified and their production increased	High level skills developed through bursaries	Percentage of DG budget allocated at developing high level skills through bursary grant funding	53%	37%	40%	3%	Due to INSETA recovering more levies than projected, there was a concomitant increase in DG allocations. Additional Discretionary Grant application window was opened to make funding available to support more learners applied for.
			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	47%	60%	79%	19%	

Impact Statement	Programme	Outcome	Output	Output Indicators	Actual Achievement 2020/21	Planned Achievement 2021/22	Actual Achievement 2021/22	Deviation From Planned Targets	Reasons For Deviation
Responsive Skills Planning System	Skills Planning	Occupations in high demand identified and their production increased	Elementary skills developed through adult education	Percentage of DG budget allocated at developing elementary skills through foundational and adult education and training grant funding	0	3%	4%	1%	
			SME WSPs & ATRs approved	Number of WSPs and ATRs approved for small firms	847	400	747	347	1. Transfer of a number of companies to INSETA. 2. Appointment of additional SSFs to assist companies submit WSPs/ ATRs.
			Medium firm WSPs & ATRs approved	Number of WSPs and ATRs approved for medium firms	131	78	138	60	
			Large firm WSPs & ATRs approved	Number of WSPs and ATRs approved for large firms	227	87	222	135	
			Research	Number of sector research agreements signed for TVET growth occupationally directed programmes	N/A	1	1	0	N/A
Responsive PSET System	Learning Programmes	Education and workplace linked	TVET learners enrolled on WIL programmes	Number of TVET Students requiring WIL to complete their qualifications placed in workplaces	665	600	619	19	Due to INSETA recovering more levies than projected, there was a concomitant increase in DG funding available to increase the number of funded learners. Whenever there is sufficient funding to support learners, INSETA would allocate extra number to ensure that the targets are not adversely affected by learners who drop out.

Impact Statement	Programme	Outcome	Output	Output Indicators	Actual Achievement 2020/21	Planned Achievement 2021/22	Actual Achievement 2021/22	Deviation From Planned Targets	Reasons For Deviation
Responsive PSET System	Learning Programmes	Education and workplace linked	TVET learners completing WIL programmes	Number of TVET students completed their WIL placements	503	420	206	-214	Some programmes started late in 2020/21 due to unavailability of employers to host learners on TVET WIL programmes. Because the WIL programme spans over 18 months, learners who started late in 2021 would only complete the WIL programmes in Q1 of 2022/23. Learners reported to have completed in 2021/22 would have started 18 months before. **Remediation**: INSETA is participating in the Ministerial TVET WIL programme that allows for placement of learners at the same TVET Colleges they qualified from. This will assist INSETA to support more TVET learners, especially in Rural areas.
			Learners enrolled for Internships	Number of unemployed learners enrolled for internships	360	550	748	198	Due to INSETA recovering more levies than projected, there was a concomitant increase in DG funding. Additional Discretionary Grant application window was opened to make funding available to support more learners.
			Learners completing internships	Number of unemployed learners completed internship	614	200	217	17	Programmes that started late in 2020/21 completed in 2021/22 and increased the planned number of completions.

Impact Statement	Programme	Outcome	Output	Output Indicators	Actual Achieve-ment 2020/21	Planned Achieve-ment 2021/22	Actual Achieve-ment 2021/22	Deviation From Planned Targets	Reasons For Deviation
Responsive PSET System	Learning Programmes	Education and workplace linked	Learners enrolled for learnerships	Number of unemployed learners enrolled for Learnerships programmes	374	810	1 151	341	Due to INSETA recovering more levies than projected, there was a concomitant increase in DG funding. Additional Discretionary Grant application window was opened to make funding available to support more learners.
			Learners completing learnerships	Number of unemployed learners completed Learnerships programmes	667	500	521	21	Programmes that started late in 2020/21 completed in 2021/22 and increased the planned number of completions.
			Learners certificated through learnerships	Number of unemployed learners certificated for Learnerships programmes	590	350	610	260	Increase in the number of INSETA Verifiers to validate learning outcomes and learners from previous year successfully completing learning programmes in 2021/22 increased the number of certificated learners.
			Learners for skills programme	Number of unemployed learners enrolled for Skills programmes	N/A	610	672	62	Due to INSETA recovering more levies than projected, there was a concomitant increase in DG funding. Additional Discretionary Grant application window was opened to make funding available to support more learners.
			Learners completing skills programmes	Number of unemployed learners completed skills programmes	N/A	355	356	1	Increase in the number of TVET Colleges offering skills programmes and learners' commitment to completing learning programmes.

Impact Statement	Programme	Outcome	Output	Output Indicators	Actual Achievement 2020/21	Planned Achievement 2021/22	Actual Achievement 2021/22	Deviation From Planned Targets	Reasons For Deviation
Responsive PSET System	Learning Programmes	The level of skills in the South African workforce improved	Workers enrolled on bursaries	Number of workers granted Bursaries (new entries)	435	800	975	175	Due to INSETA recovering more levies than projected, there was a concomitant increase in DG funding. Additional Discretionary Grant application window was opened to make funding available to support more learners applied for.
			Workers continuing bursary programmes	Number of workers granted Bursaries (continuing)	18	150	39	-111	A large number of workers apply for one-year programmes at universities. This results in lower number of workers continuing with the programmes they were funded for. **Remediation:** Early assessment by INSETA, of the duration of programmes applied for by workers and increase number of workers supported to study towards degrees and 3-year diplomas.
			Workers completing bursary programmes	Number of workers granted bursaries completed their studies	300	570	583	13	More learners were funded in the year.
			Workers enrolled for skills programmes	Number of workers enrolled for Skills programmes	2 597	3 050	1 593	-1 457	Insufficient number of workers enrolled for skills programmes for a reason that can only be determined through an impact study.

Impact Statement	Programme	Outcome	Output	Output Indicators	Actual Achievement 2020/21	Planned Achievement 2021/22	Actual Achievement 2021/22	Deviation From Planned Targets	Reasons For Deviation
Responsive PSET System	Learning Programmes	The level of skills in the South African workforce improved	Workers completing skills programmes	Number of workers completed skills programmes	1 193	2 625	914	-1 711	Insufficient number of workers enrolled for skills programmes, leading to insufficient numbers completing learning programmes. **Remediation:** Improved communication to stakeholders regarding INSETA's funding on non-credit-bearing skills programmes that support the sector to remain FAIS compliant.
			Workers enrolled for candidacy	Number of Workers enrolled for candidacy programmes	52	100	104	4	The industry responded to the need
			Workers completing candidacy	Number of Workers completed candidacy programmes	42	40	42	2	The industry responded to the need
			Workers enrolled for programmes	Number of workers enrolled in Learnerships programmes	400	700	759	59	Due to INSETA recovering more levies than projected, there was a concomitant increase in DG funding. Additional Discretionary Grant application window was opened to make funding available to support more learners applied for.
			Workers completed Learnerships programmes	Number of workers completed Learnerships programmes	314	350	369	19	Programmes that started late in 2020/21 completed in 2021/22 and increased the planned number of completions.
			Workers certificated for Learnerships programmes	Number of workers certificated for Learnerships programmes	630	245	556	312	Increase in the number of INSETA Verifiers to validate learning outcomes and learners from previous year successfully completing learning programmes in 2021/22 increased the number of certificated learners

Impact Statement	Programme	Outcome	Output	Output Indicators	Actual Achievement 2020/21	Planned Achievement 2021/22	Actual Achievement 2021/22	Deviation From Planned Targets	Reasons For Deviation
Responsive PSET System	Learning Programmes	The level of skills in the South African workforce improved	AET programmes enrolled	Number of worker enrolled AET programmes	32	20	20	0	N/A
			AET programmes completed	Number of worker completed AET programmes	21	20	20	0	N/A
		Access to occupationally directed programmes increased	Youth Bursaries enrolled	Number of unemployed learners granted Bursaries (new enrolments)	930	725	844	119	Due to INSETA recovering more levies than projected, there was a concomitant increase in DG funding. Additional Discretionary Grant application window was opened to make funding available to support more learners applied for.
			Youth bursaries continuing	Number of unemployed learners granted Bursaries (continuing)	130	225	234	9	Apart for the increased levies that increased DG funding available for allocations, most youth continue with programmes they were originally funded for and can be reported as continuing, in line with DHET's description of the indicator.

Impact Statement	Programme	Outcome	Output	Output Indicators	Actual Achievement 2020/21	Planned Achievement 2021/22	Actual Achievement 2021/22	Deviation From Planned Targets	Reasons For Deviation
Responsive PSET System	Learning Programmes	Access to occupationally directed programmes increased	Youth bursaries completed	Number of unemployed learners granted Bursaries completed their studies	660	625	93	-532	INSETA set the target before the DHET revised its description of the Bursaries Completed indicator to meaning completing of full degrees and Diplomas, not those who completed academic year as was reported before. This led to the reporting of only learners who achieved full degrees and diplomas as per DHET's new description of this indicator. **Remediation:** INSETA to open DG funding window for education institutions during quarter three of each financial year as they do not have to comply with the DG Regulations for submission of WSP/ATRs.
			Workers entered RPL	Number of workers enrolled RPL	106	150	150	0	N/A
			Workers completed	Number of workers completed RPL	N/A	105	110	5	N/A
			TVETs partnerships established	Number of TVET partnerships established	8	4	4	0	N/A
			HET partnerships established	Number of HET partnerships established	3	3	3	0	
			CET partnerships established	Number of CET partnerships established	1	1	2	0	
			Employer Professional Bodies & Trade Associations partnerships established	Number of SETA-Employer partnerships established with Employer Professional Bodies & Trade Associations	2	2	2	0	Willingness by Professional Bodies and Trade Associations to partner with INSETA

Impact Statement	Programme	Outcome	Output	Output Indicators	Actual Achievement 2020/21	Planned Achievement 2021/22	Actual Achievement 2021/22	Deviation From Planned Targets	Reasons For Deviation
Responsive PSET System	Learning Programmes	Access to occupationally directed programmes increased	Learners placed in employment	Number of learners placed in employment on completion of Internships & Learnerships	475	355	307	-48	Insufficient number of companies able to employ learners on completion of learning programmes. **Remediation**: Offering learners Work Readiness programmes in partnership with the sector to increase employability opportunities for learners.
		Skills development support for entrepreneurship and cooperatives provided	Cooperatives supported	Number of Co-operatives funded for skills that enhance enterprise growth and development	N/A	125	132	7	Partnerships with Association for Cooperatives enabled INSETA access and support to more Cooperative.
			SME supported	Number of Small and emerging enterprises trained on sector and national identified priority occupations or skills	N/A	350	359	9	Availability of additional DG as a result if increased levies enabled for increased support of SMEs. Commitment of SMEs to attend training.
			Entrepreneurial skills developed	Number of people trained on entrepreneurial skills	33	15	16	1	Availability of funds to train more learners
			Business Start-up supported	Number of people trained on entrepreneurship skills supported to start their businesses	0	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 intervention	N/A	2	2	0	N/A
		Career development services supported	Career exhibits in urban areas	Number of career development events in urban areas on occupations in high demand	10	7	12	5	Increase numbers were the result of INSETA's partnerships with DHET and other SETAs to implement Career Guidance events

Impact Statement	Programme	Outcome	Output	Output Indicators	Actual Achieve-ment 2020/21	Planned Achieve-ment 2021/22	Actual Achieve-ment 2021/22	Deviation From Planned Targets	Reasons For Deviation
Responsive PSET System	Learning Programmes	Career development services supported	Career exhibits in rural areas	Number of career development events in rural areas on occupations in high demand	9	7	14	7	Increase numbers were the result of INSETA's partnerships with DHET and other SETAs to implement Career Guidance events
			Career development practitioners trained	Number of career development practitioners trained	12	10	11	1	Availability of additional DG as a result if increased levies enabled for increased support of TVET employees. More interest shown by TVET employees to participate in the programme.
		Rural Development supported	Rural projects initiated	Number of rural development projects initiated	1	1	4	3	Availability of additional DG as a result if increased levies enabled for increased support of Rural learners
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	N/A	2	4	2	Increased drive by INSETA to increase pool of accredited TVET Colleges, coupled with willingness of TVETs to participate in INSETA programmes.
		Growth of the public college system supported	SETA TVET offices maintained	Number of SETA offices established and maintained in TVET colleges	2	1	2	1	Willingness by additional TVET to host INSETA at its campuses
			TVET Lectures exposed to industry	Number of TVET lecturers exposed to the industry through skills programmes	N/A	10	49	39	Availability of additional DG as a result if increased levies enabled for increased support more TVET and CET employees. Commitment by TVET College Lecturers and CET Managers to attend learning programmes.

Impact Statement	Programme	Outcome	Output	Output Indicators	Actual Achievement 2020/21	Planned Achievement 2021/22	Actual Achievement 2021/22	Deviation From Planned Targets	Reasons For Deviation
Responsive PSET System	Quality Assurance	Growth of the public college system supported	TVET lecturers awarded bursaries	Number of TVET colleges lecturers awarded bursaries	10	10	10	0	
			Managers trained	Number of CET college lecturers awarded skills development programmes	N/A	5	12	7	

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	2	Partially achieved (2 indicators awaiting final audit)
	Obtain a clean audit opinion			
	Number of significant SCM audit findings			
	Number of significant adjustments to unaudited financial statements			
	Percentage of INSETA management team, specialists and SCM division personnel receiving SCM-related training			
2 Skills Planning	Occupations in high demand identified and their production increased	7	7	Fully achieved
3 Learning Programmes	Education and workplace linked	9	7	Partially achieved
	The level of skills in the South African workforce improved.	9	7	Partially achieved
	Access to occupationally directed programmes increased	11	9	Partially achieved
	Skills development for entrepreneurship and cooperative development supported	7	7	Fully achieved
	Career development services supported	3	3	Fully achieved
	Rural development supported	1	1	Fully achieved
4 Quality Assurance	Promoting the growth of a public TVET sector college system that is responsive to the sector, local, regional and national skills needs and priorities	5	5	Fully achieved
TOTAL		**56**	**48**	**86%**

Overview of INSETA's performance

Strategy to overcome underperformance

INSETA achieved 86% of all targets set during the review period. This was as a result of the performance improvement measures that were implemented. We were resolute on improving prior-year performance and we mobilised all key role-players to support the SETA to achieve these great results.

Auditor's report: Predetermined objectives

The Auditor-General of South Africa audits the performance information to provide reasonable assurance in the form of an audit conclusion. This is reported under the 'Predetermined objectives' heading in the 'Report on other legal and regulatory requirements' section of the auditor'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.

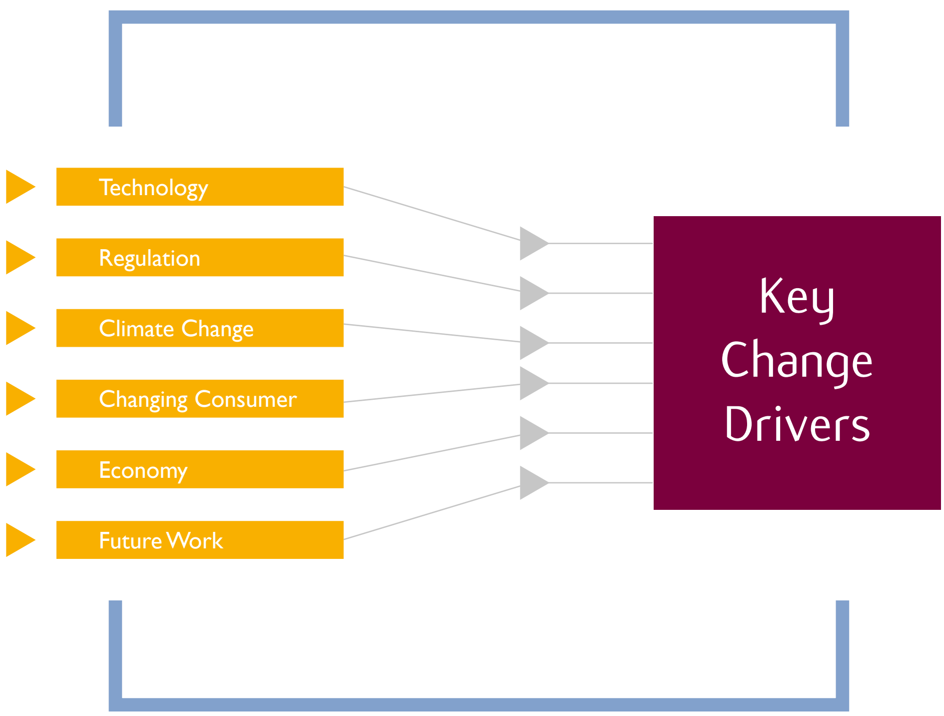
The following skills priorities were identified in the insurance and related services sector:

- Insurance agents
- Insurance brokers
- Actuaries
- Software developers
- Insurance claims administrators
- Developer programmer
- Compliance officers
- Insurance loss adjustors
- Sales managers
- Commercial sales representatives

These skills priorities were identified by studying policies and frameworks such as the National Development Plan (NDP), the HRDSA 2010 to 2030 and the NSDP. The skills needs were also derived from interactive sessions between INSETA and sector stakeholders during the update of the SSP. Our delivery model is anchored on the key delivery partners, namely employers, higher education institutions (HEIs), accredited training partners and strategic partners.

Key drivers of change in the sector

The following external change drivers influence skills demand and supply in the sector:



PESTEL (political, economic, social, 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.

Economy: The South African economy has performed poorly over the last 10 years. Current unemployment of 34.5% 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, which means that retrenched workers must continue to be reskilled and repurposed to increase their potential of reemployment or self-employment.

Social: High youth unemployment constitutes a considerable risk to national stability due to high crime rates, which negatively affects 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 develop and launch innovative and responsive products. Customers require seamless, quick and transparent interactions, which calls for tech-savvy salespeople.

Technology: Technology continues to disrupt insurance companies and the sector. The fourth industrial revolution has increased 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 impact. As climate change may be tied to frequency and severity of natural disasters, it is even more of a core issue for insurers. Climate change is also increasing human-wildlife conflict, which necessitates new products and skills 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 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.

The revised organisational structure was approved in October 2021 and is currently being implemented.

Core divisions

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 APP.
ii) Coordination of research centres of excellence.
iii) Registration and support of companies for the submission of WSPs and the annual training report.
iv) Recommendation of payment of mandatory grants.
v) Ensuring that INSETA-registered employers are compliant with the SDLA before being awarded discretionary grant funding.

Learning Division for Youth and Strategic Programmes is responsible for:

i) Registration and management of learnerships.
ii) Management of implementation of internships and bursaries for youth.
iii) Management of implementation of TVET WIL programmes.
iv) Management and implementation of the TVET strategy.
v) Management and implementation of career guidance.
vi) Implementation of strategic programmes.
vii) 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.
ii) Monitoring of SDPs.
iv) Verification of learning.
v) Certification of learners.
vi) Development, reviewing and implementation of occupational qualifications.
vii) Implementation of external integrated summative assessments.

Support divisions:

Project Management is responsible for:

i) Reporting on 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.
ii) Audit and risk management.
iii) Financial compliance reporting.

Supply Chain Management (SCM) is responsible for procurement of resources, products and services.

Supply Chain Management (SCM) is accountable for the procurement of goods and services and works and enforces proper and successful procurement in line with the five pillars of procurement listed in Section 217 of the SETA's constitution. They are applied to ensure that procurement is fair, transparent, equitable, cost-effective and competitive.

During the 2021/22 financial year, the INSETA supply chain management process achieved the delivery of an SCM Policy and SCM procedures that drive effective and efficient procurement processes, good governance and reduction of fruitless, wasteful, irregular expenditure.

INSETA implemented strategic acquisitions against an approved procurement plan in compliance with effective demand management (using collaborative compliance processes such as bid specification, bid evaluation and bid adjudication committees). These acquisitions finalised contracts for operational business efficiencies: Internal audit services provision of insurance services, PABX cloud-based solution, document management solution and information technology licences.

Stakeholder engagement

During 2021/22, SCM conducted supplier workshops to ensure that suppliers who intend to do business with INSETA fully understand the SCM environment in which the SETA operates. INSETA also implemented a vendor portal that integrates into the National Treasury supplier database, ensuring a compliant database. In addition, SCM conducted standard operating procedures workshops and training with INSETA staff and management, making sure that all stakeholders are empowered to participate in SCM processes.

Transformation and regulatory compliance:

During the year under review, INSETA procurement activities were aligned with the approved SCM Strategy, which attends to the transformation spend in complying with the BBBEE Act 2003 and conditions stipulated in the Preferential Procurement Policy Framework Act Regulation of 2017 (PPPFA). It achieved 60% contract spend towards BBBEE levels 1 and 2 contributor suppliers against the total over contract spend. This provided opportunities to exempt micro enterprises and qualifying small enterprises that are 51% owned by blacks, black youth, black women, black people with disabilities, black people living in rural or underdeveloped areas or townships, cooperatives owned by black people and black military veterans, in line with the provisions of PPPFA 2017. However, the changes in the SCM regulatory framework, with the suspension of the PPPFA 2017 towards the end of the financial year halted further implementation of the strategy.

Marketing and Communications

The Marketing and Communications business unit leads, develops and implements integrated communication plans so that stakeholders are regularly informed about INSETA and its services.

A communications plan is prepared annually to ensure that the public is well informed of INSETA developments and to ensure a steady stream of communications building the INSETA brand.

During 2021/22, marketing activities included:

- Webinars.
- Career awareness events.
- Virtual graduations.
- Business training for employers.
- Stakeholder engagements.
- Newsletters and communiques to stakeholders via electronic and social media.

Information Technology

The IT Division, headed by the IT Manager, previously assisted by an outsourced service provider, was brought in-house, and the appointment of recruits began to take ownership of the data and processes. As part of this plan, INSETA is implementing an enterprise resource planning and management information system solutions fully owned and managed internally.

Facilities Management

The Facilities Management Division, staffed by a facilities officer and two housekeepers and reporting to the CFO, assists INSETA units with building services maintenance, renovations and facilities project management. The division also manages soft services such as occupational health and safety, security, fleet management, space planning, courier and postage, catering and refreshments, inventory control, switchboard and printing.

Summary of Financial Information

Revenue Collection

Sources of revenue	2021/22			2020/21		
	Estimate	Amount collected	Over-/ (under-) collection	Estimate	Amount collected	Over-/ (under-) collection
	R'000	R'000	R'000	R'000	R'000	R'000
Skills levies	579 701	577 811	- 1 890	373 189	374 221	1 032
Levies: Interest and penalties	5 234	6 676	1 442	10 707	14 381	3 674
Investment and other income	23 528	19 458	- 4 070	18 807	20 269	1 462
Public Contributions and Donations	-	2 174	2 174	-	-	-
TOTAL	**608 463**	**606 119**	**- 2 344**	**402 703**	**408 871**	**6 168**

Project highlights

RESEARCH

INSETA's research capability is coordinated by the Research and Learning Committee, a community of experts from professional bodies, industry associations and experts including university representatives and partners that advises and guides INSETA on research reports and projects.

The INSETA research hub brings together experts to discuss innovative ideas on various themes.

Research partnerships are forged to bolster the hub and realise the SETA's goal of being a thought leader in skills planning in the insurance sector. The partnership with the Durban University of Technology (DUT) marked its two-year anniversary in March 2022.

The INSETA Research Chair at DUT, Prof Colin Thakur, who sits on the ministerial task team for the fourth industrial revolution, is tasked with supporting the INSETA research agenda on that and on technology and digitalisation. The partnership was celebrated at a Covid-19-delayed launch in Durban on October 2021, at which Prof Thakur handed over his first research report to INSETA.

A report on cybersecurity is in progress. It acknowledges the importance of cybersecurity awareness among the youth and concentrates on two TVET colleges in KwaZulu-Natal, Elangeni and Umfolozi. The study features an action plan to measure impact on rural youth communities.

Other research underway focuses on gig economy benefits for SMMEs in the sector, measuring occupational change: Firm-level case studies, and an analysis of current and future skills needs of insurtechs.

The DUT Research Chair also conducted two webinars for the insurance sector through the Office of the INSETA CEO.

The digital democracy webinar concentrated on shifting the paradigm from inline to online voting and examined the possibility of e-voting in the future. The drone technology webinar focused on the need to improve, extend, expand and automate collection of environmental data in a safe and secure manner.

An innovative component of the DUT partnership was the establishment of thinktank sessions to create and nurture a community of practice around topics affecting the sector through robust discussion. The INSETA research team continues to guide its partners on compliance and often joins them in their quest for data from insurance stakeholders.

The University of Cape Town continued its research into skills planning and forecasting and reviewing skills supply and demand. Its work in profiling the sector and career-pathing and -planning is expected to yield robust consultations during 2022/23.

Profiling the insurance sector

The insurance sector is dependent on the education and training system's ability to deliver the kinds of skilled workers to function effectively. The insurance sector needs highly skilled and -educated workers, meaning it has to compete for the country's limited pool of skills. INSETA satisfies a critical role as it responds to the insurance sector's skills needs, participates in broader policy discussions around skills and directly supports and coordinates skills development.

This research sought answers to five questions:

- How is the insurance sector most appropriately defined?
- What types of firms form part of the insurance sector and what are their primary activities?
- Which are the key professional licensing role-players and what are their requirements?
- What professional designations exist in the sector and what are their requirements?
- What continuous professional development (CPD) is there?

This research found that the sector could be viewed through a regulatory lens in terms of either the scope of the Insurance Act or of licences issued by the Prudential Authority and the Financial Sector Conduct Authority. Alternatively, it could be defined through standard industrial classification (SIC) on which INSETA's scope is based.

Statistics South Africa puts insurance sector employment at 200 000, while data from recent workplace skills plan submissions indicate about 130 000 employees.

Employers in the sector are generally small. Roughly eight of 10 employees have fewer than 50 employees, while around one in 10 have 50 to 149 employees. Just under one in 10 are large employers (150 or more employees).

It is estimated that professional members completed about 210 000 hours of CPD during 2020 – equivalent to 101 working years of CPD activities. CPD represents a substantial investment of time, resources and effort by individuals and organisations in the sector.

The sector faces crucial skills challenges that cannot be separated from those affecting the national education and training system.

This research report was completed in October 2021 by the Development Policy Research Unit at the University of Cape Town and is available on request from Ernest Kaplan – ernestk@inseta.org.za.

Sector profile

Employees in the insurance sector by race, gender, disability status and occupation, 2022

Occupation	Total ('000s)	Share (%)							
		African	Coloured	Asian	White	Other	Male	Female	Living with disability
High-skill occupations	46.8	44.7	13.4	11.4	29.3	1.2	45.1	54.9	0.9
Managers	17.7	37.5	13.3	13.2	34.9	1.1	44.9	55.1	0.9
Professionals	29.1	49.1	13.5	10.3	25.8	1.3	45.2	54.8	1.0
Skilled occupations	83.4	61.9	13.5	7.5	16.3	0.7	35.4	64.6	1.1
Technicians and associated professionals	47.2	63.6	9.8	7.4	18.2	1.0	37.4	62.6	0.6
Clerks	29.7	54.8	20.4	8.6	15.8	0.4	29.4	70.6	2.2
Service and sales workers	5.9	81.1	9.0	4.5	4.9	0.5	45.9	54.1	0.1
Skilled agricultural, craft and related trades	0.1	69.4	8.8	2.7	18.4	0.7	55.8	44.2	0.7
Operators and assemblers	0.4	89.4	4.6	2.3	3.2	0.5	88.8	11.2	0.0
Low-skill occupations	1.2	88.5	8.3	0.5	1.2	1.5	21.3	78.7	1.1
Elementary occupations	1.2	88.5	8.3	0.5	1.2	1.5	21.3	78.7	1.1
Total	**131.3**	**56.0**	**13.4**	**8.8**	**20.8**	**0.9**	**38.7**	**61.3**	**1.1**

Source: Own calculations, INSETA (2022)

The table disaggregates employment at occupational level by race and gender, highlighting the sector's challenge in transforming employment so that it reflects the demographic profile of the labour force or of the working age population. It is clear from the data that Africans are far more dominant in less-skilled occupations: While nearly nine of 10 workers in elementary occupations are African, this is true of eight of 10 service and sales workers, six of 10 technicians and associate professionals, and fewer than four of 10 managers. Conversely, more than one-third of managers are white compared to less than 5% of service and sales workers, 3.2% of operators and assemblers, and 1.2% of elementary occupations. Asians also tend to be over-represented in higher-skilled occupations, while coloureds are particularly prevalent among clerks.

While women dominate in total employment in the sector, they are less likely to be employed in high-skill occupations. More than three-quarters (78.7%) of elementary workers in the sector are women, as are 70.6% of clerks. In contrast, women account for 54.9% of those in high-skill occupations. Women still outnumber men in absolute terms in high-skill occupations. Finally, 1.1% of workers in the sector are living with a disability, with relatively little variation across occupations. Clerks have the highest proportion of people living with a disability (2.2%).

It is clear that the insurance sector has had some employment equity successes but also faces significant challenges. Three-fifths of insurance sector employees are female, significantly above the proportion of the finance industry as a whole. However, while Africans dominate the sector, they are under-represented in the broader finance industry and in more highly skilled occupations. Skills development interventions are, therefore, needed for continued sector transformation, to equip young Africans in particular to take up more highly skilled and higher-level positions.

INSETA is currently investigating the transfer of research skills and knowledge from higher education to further education institutions to facilitate public university/public TVET collaboration on research, with a view to creating research hubs in these institutions.

Other research opportunities being explored are aligned to the Economic Reconstruction and Recovery Plan (ERRP) and sourcing of a new research partner to conduct an impact study on INSETA-funded learning programmes.

FIRST-OF-A-KIND FUND FOR WORKERS AND YOUTH

The innovative Insurance Sector Student Fund (ISSF) was launched on 14 December 2021 by the Minister of Higher Education, Science and Innovation, Dr Blade Nzimande, and INSETA. An alternative funding model for youth, workers and businesses in the insurance sector, it is the brainchild of INSETA CEO, Gugu Mkhize, who said at the launch: 'We are thrilled to launch this groundbreaking fund, which will significantly increase skilling opportunities in higher education institutions. Its impact will be felt by in the lives changed through access to funds. The overwhelming support and response from INSETA's stakeholders validate our view that skills development must continuously evolve and innovate.'

The fund was born out of the Covid pandemic, the challenges of funding for undeployed youth and looming retrenchments across different sectors.

After approval and endorsement by the Department of Higher Education and Training (DHET) and the Financial Sector Transformation Council (FSTC), INSETA held consultations with insurance and related stakeholders namely, employers, organised labour, and professional bodies and associations. Within two months, INSETA had raised R24.6 million.

In his keynote address, the Minister highlighted the importance of reviewing the funding structure of higher education and stressed that the consumption of skills was a matter for both public and private sectors.

The fund is open to all insurance sector employers, including cross-sectoral employers with a proven direct or indirect relationship with the insurance industry. To be eligible to apply, each participating partner will be required to co-contribute to the fund. INSETA has established a structured co-funding model that will enable the ISSF to be sustainable and thrive despite fluctuations in the economy.

The ISSF has been segmented to include 360-degree support for all beneficiaries. Beneficiaries are unemployed youth, including rural, employees and small businesses. Unemployed and rural youth will receive funding for tuition, administrative, transportation and accommodation, academic books, laptops and internet connection, coaching and tutoring, and a monthly stipend.

YOUTH PROJECTS

Rural development learnership programme for unemployed youth

INSETA's rural development learnership, created to address poverty, inequality and unemployment in areas lacking opportunities for learning, culminated during 2021/22 with the certification of 78 learners, 19 of whom were absorbed by employers in the insurance sector.

The qualifications earned were the Further Education and Training Certificate (FETC): Long-term Insurance, FETC: Wealth Management and FETC: Short-term Insurance, all on National Qualifications Framework level 4.

The intervention, in partnership with employers, included a work readiness element and assisted learners with regulatory exams and class of business, which are sector compliance requirements.

Mitchells Plain skills development programme for unemployed youth

In 2019/20, INSETA committed to funding unemployed youth in Mitchells Plain on different learning programmes in partnership with two TVET colleges and a local high school. Of the 60 learners enrolled, 44 completed the learnership and they were certificated in 2021/22, 30 on FETC: Information Technology (technical support) and 14 on FETC: Long-term Insurance, both on NQF level 4.

It remains a priority to focus on placement opportunities for employment in the sector.

WORKER PROJECTS

Middle management development programmes

INSETA annually invests in the development of the executive leadership and middle management competencies through partnerships with universities that have the top-rated programmes in South Africa. This strengthens the sector's ability to respond to transformational targets in the Financial Sector Charter.

Middle management interventions were run in 2021/22 with the University of Cape Town Graduate School of Business, with 45 candidates in Western Cape and KwaZulu-Natal, and Henley Business School, with 25 candidates in Gauteng.

The programme incorporated into the curriculum the following behavioural skills needs highlighted through INSETA sector skills research as essential:

- Critical thinking
- Problem solving
- Systems thinking
- Cognitive thinking
- Adaptive thinking

- Design thinking
- Emotional intelligence
- Collaborative approaches
- Decisiveness
- Data analytics
- Digital literacy
- Creativity
- Adaptability
- Innovation
- Communication

Strategic Learning Programmes Division

INSETA facilitates work-integrated learning, skills and entrepreneurship programmes for unemployed youth, TVET lecturer capacitation and career guidance.

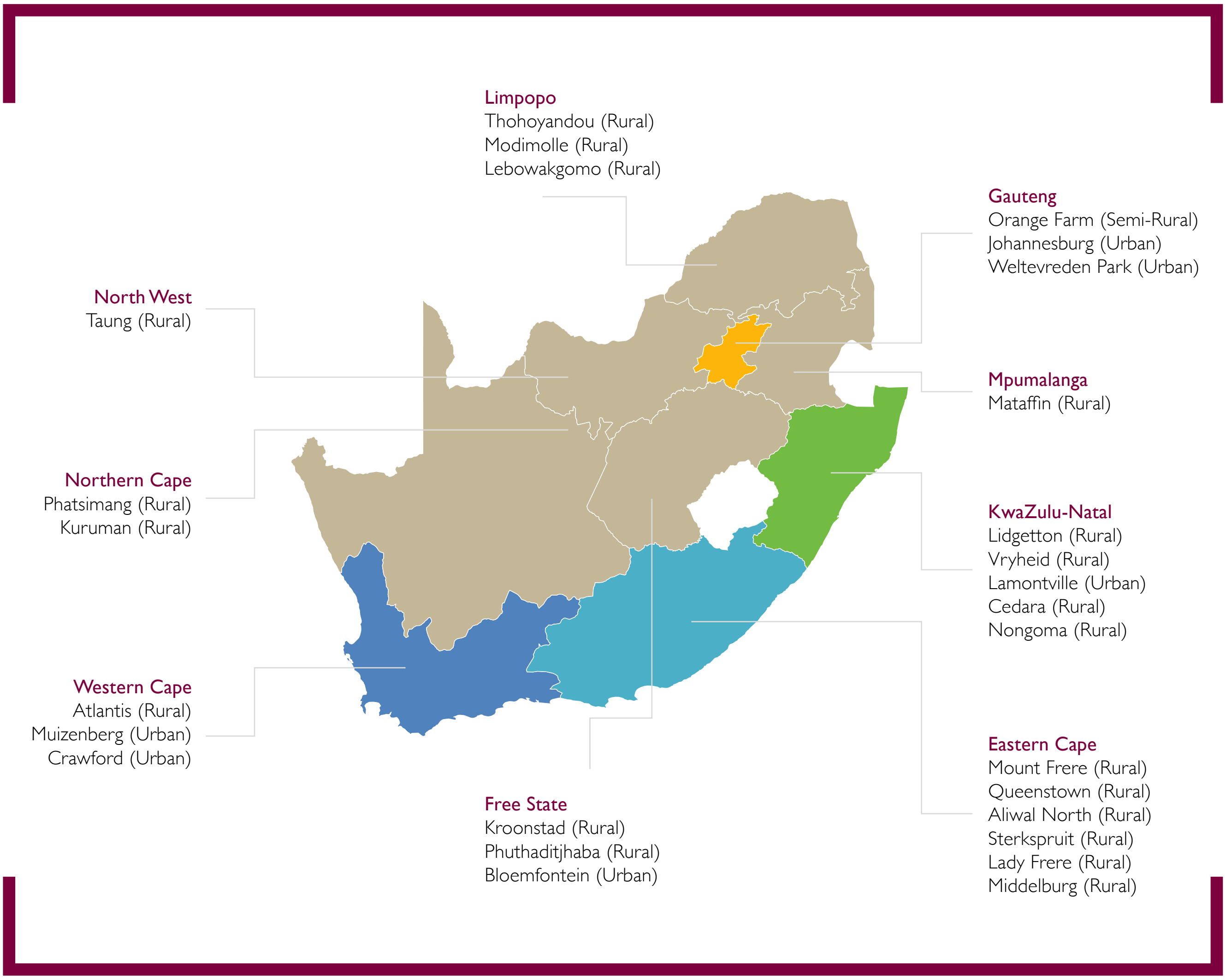
Projects undertaken in 2021/22 were as follows:

Career guidance initiatives

Career guidance is a central cornerstones of transformation and a tool to guide learners to the correct career-path. INSETA, in its response to NSDP 2030 Outcome 8 (support career development services) facilitates interventions that close the gap of access to information through:

- Participation in career guidance exhibitions nationally;
- Training of TVET guidance practitioners to enhance guidance implementation and coordination;
- Physical and virtual career guidance booklet that assists learners in choosing the career-path outlining that responds to critical and scarce skills in the sector; and
- An animated series, After School, dealing with aspects of career and personal development.

INSETA national footprint 2021/22



INSETA career guidance events 2021/22:

Urban

- Sponsorship of Empowayouth Week
- TVET career practitioner training workshop
- Sponsorship of antibullying career exhibition
- Heritage Day career exhibition
- IIG Youth Day
- Avbob career day
- Career talks
- 12th Mangaung Empowerment Week
- INSETA virtual career guidance session – West Coast TVET College
- INSETA virtual career guidance session – False Bay TVET College
- Randfontein walk-in career exhibition
- INSETA career guidance session – Mbodleni Senior Secondary School
- AgriSETA career summit
- Ministerial academic day

Rural

- INSETA career exhibitions in Taung and Kuruman, Northern Cape
- Mpumalanga Innovation Week
- Antibullying activation
- INSETA rural career guidance exhibition
- INSETA virtual career guidance session – Lephalale TVET College
- INSETA virtual career guidance session – Maluti TVET College
- INSETA virtual career guidance session – Mthashana TVET College
- TVET entrepreneurship campaign awareness
- Minister's visit – Jabula Combined School
- Ikhala TVET College exit workshop
- Flavius Mareka TVET College career exhibition
- INSETA career guidance session – Bulelani Senior Secondary School
- AgriSETA career summit
- Services SETA career expo

TVET practitioner training

INSETA hosted virtual training for TVET college officials involved in career development. Information was shared on opportunities in insurance and the alternative financial services sector, skills required for the future and the impact of the fourth industrial revolution. Twenty practitioners were trained from Flavius Mareka and Maluti (Free State), Gert Sibande (Mpumalanga), Lephalale (Limpopo) and Umfolozi (KwaZulu-Natal) TVET colleges.

Career guidance booklet

The INSETA career guide offers guidance in selecting a career and highlights post-school options and routes and funding mechanisms. It also examines the top 10scarce and critical skills and occupations. Link to INSETA Career Guide: https://inseta.org.za/wp-content/uploads/2022/05/Career-Guidance-Brochure-2022.pdf

After School series

INSETA's animated After School series on YouTube consists of 28 'bite-sized' programmes, providing extensive information on recommended subject choice, choosing a career, where to study, challenges in obtaining experience and work, factors that contribute to career success and careers in the insurance sector.

Link to the After School videos: https://www.inseta.org.za/gallery/

TVET month activation

Date of event	Event	Rural/ urban	Number of beneficiaries
10 August 2021	Lephalale TVET College	Rural	16
12 August 2021	West Coast TVET College	Rural	75
16 August 2021	Mthashana TVET College	Rural	22
17 August 2021	Maluti TVET College	Rural	47
18 August 2021	Mnambithi TVET College	Rural	22
27 August 2021	False Bay TVET College	Urban	50

The SETA conducted virtual/face-to-face career guidance awareness sessions throughout August 2021, mostly in rural areas. The sessions outlined funding opportunities available in the SETA environment and introduced the scare and critical skills required in insurance and finance-related services.

The sessions benefitted TVET students, lecturers and student support services officials and prepared them to disseminate this information in their communities.

Virtual career guidance sessions

Maths and science support

INSETA partnered with Ingwe TVET College and Ikhala TVET College to hosted career guidance sessions for maths and science grades 11 and 12 pupils on 3 February 2022 at Mount Frere Mbodleni Senior Secondary School and at Bulelani Senior Secondary School in Komani on 4 February 2022.

These sessions shared with pupils information on insurance and finance sector opportunities, the top 10 scarce skills and how to access INSETA-funded programmes. Both sessions were well received by the youngsters, whose eyes were opened to careers other than nursing, law and teaching. Calculators were presented to the schools for distribution to deserving learners from poor backgrounds.

INSETA notes that intensive career guidance information sessions are necessary from Grade 9 to matric.

Ekurhuleni West TVET College entrepreneurship programme

In partnership with Ekurhuleni TVET College, INSETA facilitated an incubation entrepreneurship project for 21 beneficiaries.

The candidates are being guided towards creating innovative solutions for the insurance sector and supported to develop sustainable businesses through exposure to industry experts and entrepreneurial guidance.

A day was dedicated to entrepreneurship, during which speaker entrepreneurship officer from Allan Gray Foundation, Linda Dhladhla, and Bryte Insurance underwriting specialist Jabulile Mthimkhulu addressed the beneficiaries.

TVET lecturer skills development

Fifty TVET college Lecturers were trained in a short skills programme over 10 days in March 2022 in partnership with the University of Pretoria (E-Enterprises). The curriculum was designed to introduce lecturers to the insurance and financial services sector.

Ikhala and Ingwe (Eastern Cape), West Coast and Boland (Western Cape) and South-west Gauteng TVET colleges attended.

Self-help Association of Paraplegics graduation

A graduation was held on 15 March 2022 in Mofolo, Soweto, for 26 people with disabilities who successfully completed the National Certificate: Contact Centre Support at NQF level 2 with 128 credits.

The Self-help Association of Paraplegics was launched in 1981 by unemployed Soweto paraplegics who reasoned that a gainfully employed disabled person would be in a stronger position to help him- or herself in all areas of life. They set up a factory employing only disabled people, doing work on a subcontract basis.

They sought sponsorship for equipment and tools and organised fundraising efforts that proved most successful. Their building, completed in 1983, incorporates 600m of potential production space, offices, ablutions and storage.

The main objectives of the contact centre training project were to:

- Revitalise the township economies by insuring these businesses
- Empower people with disabilities through a credit-bearing intervention
- Identify unemployed people with disabilities and train them to service township businesses
- Link people with disabilities to established insurances houses to gain workplace experience
- Acquire infrastructure for beneficiaries so they can grow and become self-reliant in the Self-help Association of Paraplegics disability friendly call centre.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Career Guide
merSETA


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INSURANCE SECTOR EDUCATION


inseta
higher education & training

Education and Training Quality Assurance (ETQA) Division

The APP 2021/22 assigns responsibility to the ETQA Division for seven indicators/targets:

Output/indicator	Target	Achieved	Comment
Number of unemployed learners certificated through learnership programmes	500	665	133% achieved: Several skills development practitioners completed training on time and there was better coordination between ETQA and the Learning Division (youth).
Number of workers certificated for learnership programmes	350	548	156% achieved: Several skills development practitioners completed training on time and there was better coordination between ETQA and the Learning Division (workers).
Number of workers enrolled for recognition of prior learning (RPL)	150	150	100% achieved: INSETA piloted an RPL programme with a FISA exam component. The three legacy programmes are short-term insurance level 4, short-term insurance level 5 and retail insurance level 4.
Number of workers completed RPL	105	105	100% achieved: 79 completed RPL for the occupational qualifications claims assessor level 4 and insurance underwriter level 5.
Numbers of TVET colleges accredited to offer insurance occupationally directed programmes in line with occupations in high demand	2	2	100% achieved: TVET colleges accredited to offer INSETA learnership studies.
Number of TVET lecturers awarded bursaries for studies in insurance or related qualifications	10	12	120% achieved: Lecturers from Nkangala, South-West Gauteng and East Coast Midlands colleges received INSETA bursary funding for further studies.
Number of community education and training (CET) lecturers trained in management/leadership skills	5	10	200% achieved: South-West Gauteng TVET College implemented INSETA-funded leadership training to staff from Gauteng CET College.

Occupational qualifications

During 2021/22 financial year, INSETA registered the following insurance occupational qualifications as reviewed, bringing the number registered with the South African Qualifications Authority by 31 March 2022 to 11.

	Reviewed/registered	NQF level	Credits
118693	Retirement fund trustee *	5	120
118694	Trustee *	4	31
117329	Insurance agent – insurance underwriter	5	163

**Partnered with Batseta (Council of Retirement Funds).*

During the year, INSETA implemented three external integrated summative assessment (EISA) examination sessions for the claims assessor and insurance underwriter occupational qualifications. Certificates issued or pending from the Quality Council for Trades and Occupations (QCTO) for 2021/22 are detailed below:

	Occupational qualification	Number of certificates	Date of EISA	Status of certificate
1	Insurance underwriter NQF level 5	42	May 2021	Issued by QCTO
2	Claims assessor NQF level 4	36	August 2021	Pending
3	Insurance underwriter NQF level 5	6	November/December 2021	Pending
4	Claims assessor	4	November/December 2021	Pending

Challenges included QCTO delays in registering previously realigned legacy qualifications in anticipation of SETAs' transitioning to occupational qualifications on 30 June 2023 and in approving EISA results and generating/distributing learner certificates. In addition, many skills development practitioners did not cope adequately with the demands of online training implementation, resulting in their closure or non-compliance with accreditation requirements. The number of learners directly contacting INSETA to request reprints of misplaced, lost or stolen certificates was also concerning.

GOVERNANCE

INSETA Board members – 2021/2022

SJ Ngubane
Chairperson

V Pearson
Business

L van der Merwe
Business

RG Govender
Business

AP Mendes
Business

SJ Kruger
Business

ZRN Motsa
Business

M Soobramoney
Labour

JJM Mabena
Labour

SA Anders
Labour

CB Botha
Labour

TS Dinyake
Labour

FM Mabaso
Government

MS Mpuru
Community organisation

R Motlhabane
Labour

Independent Audit and Risk Committee members

CN Nyakaza
Chairperson
Effective February 2022
to date

MW Shezi
Resigned
Effective November 2021

R Tshimomola
Effective 1 October 2020
to date

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 2022.

Corporate governance

The INSETA Board 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.

General review of the state of affairs

Investment income

Investment income has increased from R18 967 000 to R19 415 000 in the current year

Operating results

INSETA is reporting a surplus of R130 149 000. Following this projection, a request was made for the surplus to be allocated to the balance of commitments as well as future special projects to be committed in the following financial period.

Allowances paid to Board members and Board committee members.

Designation	Meeting/preparation fee per day
Chairperson	R5 549
Ordinary member	R4 317

The table below summarises all payments made to Board and Board committees.

	Meeting fees accrued during the review period
Remuneration of Board members	R1 309 520
Audit and Risk Committee members' attendance of committee meetings	R801 000
TOTAL	**R2 110 520**

The following reflects payments to Board members only.

S - Scheduled **A - Attended**

	BOARD		EXCO		FINANCE COMMITTEE		AUDIT AND RISK COMMITTEE		HUMAN RESOURCES COMMITTEE		OTHER		
Member	**S**	**A**	**S**	**A**	**S**	**A**	**S**	**A**	**S**	**A**	**S**	**A**	**Remuneration**
SJ Ngubane (Chairperson – Board and Exco)	5	5	12	9	4	-	4	-	4	-	-	15	267 955.00
L van der Merwe	5	4	12	9	4	-	4	-	4	-	-	4	135 930.00
RG Govender (Chairperson – Finance Committee)	5	5	12	-	4	4	4	-	4	-	-	5	107 415.04
P Mendes	5	4	12	-	4	-	4	-	4	4	-	5	77 982.00
ST Dinyake	5	3	12	4	4	4	4	-	4	-	-	3	111 323.40
M Soobramoney	5	4	12	-	4	-	4	-	4	4	-	6	79 332.00
S Anders	5	5	12	-	4	-	4	-	4	4	-	6	89 316.00
CB Botha	5	4	12	-	4	4	4	2	4	-	-	5	98 306.40
SM Mpuru	5	5	12	-	4	4	4	-	4	-	-	3	85 806.00
JM Mabena	5	5	12	9	4	-	4	-	4	-	-	2	127 516.00
V Pearson	5	5	12	-	4	4	4	-	4	-	-	3	94 102.40
SJ Kruger	5	1	12	3	4	-	4	-	4	-	-	0	34 536.00
Z Motsa (Chairperson – Human Resources Committee)	5	5	12	-	4	-	4	3	4	4	-	5	-
F Mabasso	5	5	12	-	4	-	4	-	4	4	-	5	-
													1 309 520.24

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.

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: Gugu Mkhize

Designation	2021/2022	2020/2021
Cost of employment	2 229 000	743 000
Bonuses	-	-
Total	**2 229 000**	**743 000**

Chief Financial Officer: David Molapo (1 March 2021 to 10 January 2022)

Designation	2021/2022	2020/2021
Cost of employment	1 476 000	2 106 000
Bonuses	-	-
Total	**1 476 000**	**2 106 000**

Chief Operating Officer: Tumi Peele

Designation	2021/2022	2020/2021
Cost of employment	1 620 000	1 784 000
Bonuses	-	-
Total	**1 620 000**	**1 784 000**

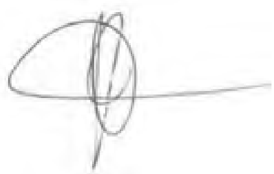
Acting Chief Financial Officer: Buli Mswabuki (17 June 2021 to 30 September 2021)

Designation	2021/2022	2020/2021
Cost of employment	51 000	-
Bonuses	-	-
Total	**51 000**	**-**

Acting Chief Financial Officer: Thabo Maake (4 October 2021 to 31 March 2022)

Designation	2021/2022	2020/2021
Cost of employment	279 000	-
Bonuses	-	-
Total	**279 000**	**-**

Sihle Joel Ngubane
Chairperson, INSETA



Gugu Mkhize
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. There is adequate segregation of duties to avoid potential conflicts of interest in SCM and payment roles. During the year under review, a Gifts, Donations and Sponsorship Policy and Procedures was approved and implemented to record and manage the gift registry.

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 to remind staff about the code.

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

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 an active Health and Safety Committee that addresses environmental, health and safety issues. Most of the focus in 2021/22 continued to be on Covid-19 regulations and ensuring that workplace precautions were followed. Staff continue to receive support through ICAS.

AUDIT AND RISK COMMITTEE REPORT TO THE INSETA BOARD FOR THE YEAR ENDED 31 MARCH 2022

The Audit and Risk Committee is pleased to present the report for the financial year ended 31 March 2022.

S - Scheduled **A - Attended**

	BOARD		EXCO		FINANCE COMMITTEE		AUDIT AND RISK COMMITTEE		HUMAN RESOURCES COMMITTEE		OTHER		
Member	**S**	**A**	**S**	**A**	**S**	**A**	**S**	**A**	**S**	**A**	**S**	**A**	**Remuneration**
M Shezi	5	-	12	-	4	-	4	3	4	-	-	5	R143 259.76
N Nyakaza	5	-	12	-	4	-	4	4	4	-	-	9	R180 215.00
R Tshimomola	5	-	12	-	4	-	4	4	4	-	-	6	R175 201.47
													R498 676.23

	BOARD		EXCO		FINANCE COMMITTEE		AUDIT AND RISK COMMITTEE		HUMAN RESOURCES COMMITTEE		OTHER		
Member	**S**	**A**	**S**	**A**	**S**	**A**	**S**	**A**	**S**	**A**	**S**	**A**	**Remuneration**
V Makaleni (Risk Committee Chairperson)	5	-	12	-	4	-	4	-	4	-	-	15	R302 324.04
													R302 324.04

Audit and Risk Committee 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 as its Audit and Risk Committee Charter as approved by the Board, has regulated its affairs in compliance with this charter and has discharged all the responsibilities contained therein.

The effectiveness of Internal Audit function

INSETA has outsourced the internal audit services to an external service provider. The service provider used the identified risks to develop its risk-based audit approach. The internal auditor prepared a three-year rolling plan that was approved by the Audit and Risk Committee. During the year, the internal auditor submitted to the committee its reports on progress made against the plan. The internal audit activity is undertaken in terms of an approved charter. The three-year internal audit plan is based on the key risks facing the organisation. The Audit and Risk Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

The effectiveness of the Finance function

The Audit and Risk Committee has noted the capacity constraints that were identified in the Finance function during the year and management should put remedial action to address that with the view to improve the audit outcome.

Effectiveness of internal control

The system of controls within INSETA is designed to provide reasonable assurance that assets are safeguarded and that liabilities and working capital are properly managed in line with the PFMA and the protocol on corporate governance. This is achieved through a risk-based internal audit plan, Internal Audit assessing the adequacy and effectiveness of controls mitigating the risks and the Audit and Risk Committee monitoring management's implementation of corrective actions. Control weaknesses identified as part of internal audit and the audit opinion issued by the Auditor-General would require management's attention in remedying the audit outcome achieved for the year under review.

The Audit and Risk Committee's review of the findings identified by the internal and external auditors reveals that the control environment is generally adequate and effective. However, the committee has identified the following key areas of concern that should be addressed to further improve the overall adequacy and effectiveness of the control environment:

- Risk management (governance, risk assessment, risk monitoring and combined assurance);
- ICT governance, project management and cybersecurity; and
- Performance information reporting.

Risk management

Strategic risks have been identified by the Board and were risk rated and prioritised accordingly. A Risk Management Committee is in place and is chaired by an independent Chairperson who reports to the Audit and Risk Committee. Management identifies operational risks on an ongoing basis. Progress on the implementation of action plans to address identified risks was quarterly reported to the Board. The risk management policy and implementation plan were reviewed during the year under review.

In addition to the risk register, INSETA also developed a framework of applicable laws and a compliance risk management plan.

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

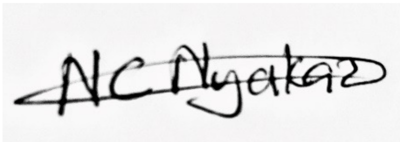
The committee is satisfied that the INSETA has established appropriate financial reporting procedures for quarterly reporting. Consequently, the committee is satisfied with the quality of the in-year management and monthly/quarterly report, which were reported to the Executive Authority.

Auditor-General's report

This report appears on pages 60 to 63 and the Auditor-General considered internal controls relevant to the audit of the financial statements, reported performance information and compliance with applicable legislation and identified weaknesses were identified in the report.

The governance of INSETA is regulated primarily by the PFMA and Treasury Regulations. INSETA also considers codes of best practice when designing its governance and oversight arrangements.

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.



Nonkululeko Nyakaza CA(SA)
Chairperson of the Audit and Risk Committee
INSETA
August 2022

HUMAN RESOURCE MANAGEMENT

Staff members

Executive management

Gugu Mkhize
Chief Executive Officer

David Molapo
Chief Finance Officer

Tumi Peele
Chief Operations Officer

Thabo Maake
Acting Chief Financial Officer

Middle Management

Norman Maphala
Human Resource Manager

Saloshnee Govender
Communications and Marketing Manager

Tshembani Maluleke
IT Manager

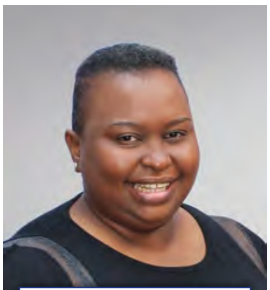
Buli Mswabuki
Finance Manager

Henry Goliath
Project Management Office Manager

Adeline Singh
Skills Planning and Research Manager

Akhona Wotshela
Learning Manager: Youth Programmes

Kgothatso Modise
Learning Manager: Worker Programmes



Vuyiswa Manentsa
Supply Chain Management Manager

Lesha Maharajh
ETQA Manager

Bonginkosi Mthombeni
Learner Manager: Special Projects

Specialists

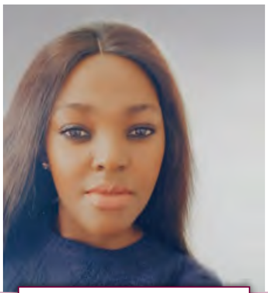
Bonginkosi Malinga
Learning Manager: Special Projects

Nerissa Sheopershad
Corporate Governance Specialist

Tshepo Mabika
Communications and Marketing Specialist

Nokuthula Mokase
Finance Accountant

Khazwinakhe Mphephu
Supply Chain Management Specialist



Sindisiwe Mweli
Supply Chain Management Specialist

Nonhlanhla Nkabinde
Monitoring and Evaluation Specialist

Ernest Kaplan
Research Specialist

Tasmin Davids
Skills Development Specialist

Stanley Matende
ETQA Specialist

Unathi Jakalase
ETQA Specialist

Nhlanhla Siboto
Learning Specialist

Phumelele Sithole
Learning Specialist: Youth Programmes

Siphiwe Yende
Learning Specialist: Worker Programmes

Miranda Mthwethwa
ETQA Specialist

Personal assistants

Lynn Tlale
PA to CEO

Matimba Baloyi
PA to CFO

Maria Nkomo
PA to COO

Administrators

Sello Baloyi
Finance Administrator

Comfort Mokou
Finance Administrator

Vuyokazi Memela
Supply Chain Management

Lebogang Mabusela
Monitoring and Evaluation Administrator

Aubrey Manganyi
Skills Development Administrator

Ouma Nkoadi
ETQA Administrator

Merriam Mashiane
ETQA Administrator

Mathoto Mokasane
ETQA Administrator

Nyiko Maholobela
ETQA Administrator

Zibuyile Nkabinde
Learning Administrator: Worker Programmes

Lavern Ogle
Learning Administrator: Youth Programmes

Rosa Sephuma
Learning Administrator

Administrators (continued)

Athi Nomavilla
Learning Administrator: Youth Programmes

Katlego Siko
Learning Administrator: Youth Programmes

Martin Kolele
Skills Development Administrator

Asavela Pumelo
Learning Administrator: Youth Programmes

Ngwako Mpebe
Learning Division: Workers Programmes

Esethu Roro
Learning Division: Workers Programmes

Nthabiseng Mazibuko
Records Administrator

Zanele Mashiane
Project Management Office Administrator

Office support

Zodwa Motloung
Office Support

Margaret Janfeke
Office Support

Sarah Richard
Office Support

The Human Resource Unit is responsible for the delivery of organisational objectives. INSETA achieves APP targets through people, resources, systems and sound policies.

The annual human resources operational plan highlights strategic activities, which include organisational structure review, team cohesion and change management, review of policies and procedures, performance management and other human resources value chain activities.

Covid-19: INSETA staff worked remotely in the previous financial year, returning to the office in line with the approved work plan calendar. The IT Division rented laptops for staff without the tools for the remote environment. Home-based employees worked according to a Board-approved policy. In the last quarter of 2021/22, during Covid alert level 1. The staff of the core divisions, supply chain management and finance, worked from the office to finalise organisational performance portfolios of evidence.

Fifteen positive Covid cases were recorded in the review year, with all recovering.

Organisational culture: A service provider was appointed through supply chain management processes to facilitate team cohesion and change management solutions for the three executives and 11 managers. The five drivers of the climate were identified as trust, motivation, change, teamwork and execution. The following were part of the process:

- Enabling team cohesion.
- Conflict management.
- Breaking down of silos.
- Fostering respect among team members.
- Developing communication etiquette and protocols.
- Formulating a code of conduct that includes consequence management.
- Increasing engagement and teamwork and setting an example for employees through greater collaboration and effective teamwork.

By the end of the intervention, team members were aware of the importance of climate in organisational performance, could identify leaders' impacts on climate and developed best practices for leaders to improve the climate, reported positive emotions about the team and an encouraging shift in team cohesion, and developed an action plan to move the organisation forward.

Enterprise resource planning system human resources module: INSETA insourced and successfully implemented payroll processing and employee self service, through which employees are able to view and print payslips and submit online leave applications.

Organisational structure review: A service provider was appointed to conduct an INSETA organisational structure review for alignment and efficiency. The new structure will be implemented during 2022/23.

Human resources policies: The remote work, life threatening and infectious diseases, education and training, and retention and succession policies were reviewed.

Employee wellness: Employees continue to have access to the services of the employee wellness service provider. Psychosocial issues emerged as the top concern, notably mental health, stress, conflict and relationship difficulties.

A full employee wellness day was held at INSETA's offices in December 2021, during which the service provider presented a one-hour, face-to-face presentation to all staff on its services and on how to access them. Comprehensive health checks for all staff included screening for cholesterol, high blood pressure, HIV and body mass index.

Training and development: Twenty-two employees were granted internal bursaries in line with the approved Training and Development Policy.

Salary increase: Management and the union agreed on and implemented 4.5% consumer price index salary increase across the board, 10% increase on the medical aid subsidy and 3.5% increase on employer contributions towards the pension fund.

As a public entity, INSETA presents 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)	Programme expenditure as a % of total personnel expenditure	Number of employees	Average personnel cost per employee (R'000)
Admin	35 673	35 673	71%	60	594
Discretionary projects	14 287	14 287	29%	55	260
Total	**49 960**	**49 960**	**100%**	**115**	

Personnel cost by salary band

Level	Personnel expenditure (R'000)	% of salary band to total personnel cost (R'000)	Number of employees	Average personnel cost per employee (R'000)
Executive management	6 308	13%	3	2 102
Management	12 367	25%	13	951
Skilled	17 413	35%	28	622
Semi-skilled	13 595	27%	69	197
Unskilled	277	0,00%	2	138
TOTAL	**49 960**	**100%**	**115**	

Performance rewards

Level	Performance rewards	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Executive management	-	6 308	N/A
Management	-	12 367	N/A
Skilled	-	17 413	N/A
Semi-skilled	-	13 595	N/A
Unskilled	-	277	N/A
TOTAL	**-**	**49 960**	

Training costs

Level/programme	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as % of total personnel expenditure	Number of employees trained	Average training cost per employee
All	49 960	1 312	3%	128	10

Employment and vacancies

Programme/activity/ objective	2020/2021 number of employees	2021/2022 approved posts	2021/2022 Number of employees	2021/2022 vacancies	% of vacancies
Top management	3	3	3	1	33%
Management	10	11	8	2	25%
Professionally qualified	-	-	-	-	-
Skilled	23	23	18	5	27%
Semi-skilled	26	30	29	-	-
Unskilled	1	2	2	-	-
TOTAL	**63**	**69**	**60**	**8**	**13%**

Programme/activity/ objective	2020/2021 number of employees	2021/2022 approved posts	2021/2022 number of employees	2021/2022 vacancies	% of vacancies
Top management	3	3	3	1	33%
Senior management	10	11	8	2	25%
Professionally qualified	-	-	-	-	-
Skilled	23	23	18	5	27%
Semi-skilled	26	30	29	-	-
Unskilled	1	2	2	-	-
TOTAL	**63**	**69**	**60**	**8**	**13%**

Measures taken to successfully attract and retain staff:

- Twenty-two employees were awarded bursaries to study further for career development, which is a retention strategy to equip the internal staff to occupy advertised positions for career advancement.
- Retention Policy and Succession Policy are in place and approved by the Board.
- Retention Policy provides recognition and rewards for good performance.
- The policy for remote work was approved by the Board to allow staff to work remotely, especially during the pandemic.
- INSETA promotes work-life balance by appointing an employee wellness through its appointed wellness service provider.
- Internships are offered for graduates, with high performers absorbed through application for advertised vacancies.
- Job grading and salary benchmarking are conducted for competitive advantage to attract and retain high performers.

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 2021	Appointments	Terminations	Employment at end of the period: 31 March 2022
Top management	3	-	1	2
Management	1-	-	2	8
Professionally qualified	-	-	-	-
Skilled	23	-	5	18
Semi-skilled	26	3	-	29
Unskilled	1	1	-	2
Total	**63**	**4**	**8**	**59**

Reasons for staff leaving

Reason	Number	% of total number of staff leaving
Death	-	-
Resignation	7	87.5 %
Dismissal	1	12.5%
Retirement	-	-
Ill-health	-	-
Expiry of contract	-	-
Other	-	-
Total	**8**	**100%**

Reasons for staff leaving and attempts made to fill vacancies:

- The CFO resigned and the recruitment process of the new CFO has been concluded. The recruitment is being finalised.
- The ETQA manager left for an alternative post due to family challenges..
- The facility officer moved to another SETA. The position is advertised externally and strong CVs have been received.
- The supply chain management specialist resigned and will be replaced by a candidate from another SETA.
- The learning administrator resigned and moved to another SETA.

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 specifies in its adverts the preferred candidate to fill the vacancy in line with the Employment Equity Plan.

	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
Levels	Current	Target	Current	Target	Current	Target	Current	Target
Top management	-	-	-	-	-	-	-	-
Senior management	3	-	1	-	-	-	-	-
Professionally qualified	-	-	-	-	-	-	-	-
Skilled	5	-	-	1	1	1	1	1
Semi-skilled	5	-	-	-	-	-	-	-
Unskilled	-	-	-	-	-	-	-	-
TOTAL	**13**	**-**	**1**	**1**	**1**	**1**	**1**	**1**

	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
Levels	Current	Target	Current	Target	Current	Target	Current	Target
Top management	2	-	-	-	-	-	-	-
Senior management	4	-	1	-	1	-	-	-
Professionally qualified	-	-	-	-	-	-	-	-
Skilled	11	-	1	-	1	1	1	1
Semi-skilled	19	-	1	-	-	1	-	-
Unskilled	2	-	-	-	-	-	-	-
TOTAL	**38**	**-**	**3**	**-**	**1**	**2**	**1**	**1**

	DISABLED STAFF			
	Male		Female	
Levels	Current	Target	Current	Target
Top management	-	-	-	-
Senior management	-	-	-	-
Professionally qualified	-	-	-	-
Skilled		1	-	1
Semi-skilled	-	-	-	-
Unskilled	-	-	-	-
TOTAL	**-**	**1**	**-**	**1**

FINANCIAL INFORMATION

INDEX

CPD	Corporation for Public Deposits
DHET	Department of Higher Education and Training
GRAP	Generally Recognised Accounting Practice
IESBA	International Ethics Standards Board for Accountants
INSETA	Insurance Sector Education and Training Authority
ISAs	International Standards on Auditing
ISSF	Insurance Sector Student Fund
NSF	National Skills Fund
PAA	Public Audit Act
PFMA	Public Finance Management Act
QCTO	Quality Council for Trades and Occupations
SARB	South African Reserve Bank
SARS	South African Revenue Service
SDL	Skills development levy
SETA	Sector Education and Training Authority
TVET	Technical and vocational education and training
UIF	Unemployment Insurance Fund

The annual financial statements set out on page 65, which have been prepared on the going concern basis, were approved by the Board of members on 31 July 2022 and were signed on its behalf by:

Auditor's report

31 March 2022

Report of the auditor-general to Parliament on the Insurance Sector Education and Training Authority

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Insurance Sector Education and Training Authority, set out on pages 65 to 109, which comprise the statement of financial position as at 31 March 2022, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, except for the effects of the matters described in the basis for 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 2022, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act of South Africa Act 1 of 1999 (PFMA) and the Skills Development Act of South Africa Act 97 of 1998 (SDA).

Basis for qualified opinion

Administration expenses

3. The public entity did not properly account for administration expenses in accordance with GRAP 1, *Presentation of financial statements due to inadequate processes and systems,* which resulted in invoices for goods and services received in the current financial year not being recognised as expenditure. I was unable to determine the full extent of the understatement of the administration expenses stated at R45 275 000 in note 19 to the financial statements as it was impracticable to do so.

Payables from non-exchange transactions

4. The public entity did not account for project creditors in accordance with GRAP 1, *Presentation of financial statements*. Payments made to suppliers during the financial year were included in the payables balance at year end, this was due to inadequate review controls. I was unable to determine whether any adjustments were necessary to payables from non-exchange transactions stated at R32 706 000 in note 9 to the financial statements as it was impracticable to do so.

5. In addition, the public entity did not perform an assessment of the levies payable as required by GRAP 19, *Provisions, contingent liabilities and contingent assets*. As a result, I was unable to determine whether the balance for other levies stated at R 3 613 000 in note 9 to the financial statements required any adjustments. I was unable to determine the full extent of the misstatements as it was impracticable to do so.

Context for the 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 auditor-general's responsibilities 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.

Responsibilities of the accounting authority for the financial statements

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of 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.

10. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

11. 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.

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

Report on the audit of the annual performance report

Introduction and scope

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

14. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the public entity's annual performance report for the year ended 31 March 2022:

PROGRAMME	PAGES IN THE ANNUAL PERFORMANCE REPORT
Programme 3 – learning programmes	17-24

16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

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

Programme 3 – learning programmes: number of unemployed learners granted bursaries (continuing)

18. I was unable to obtain sufficient appropriate audit evidence for the achievement of the number of unemployed learners granted bursaries (continuing) reported against a target of 225 in the annual performance report, due to lack of accurate and complete records.

Other matter

19. I draw attention to the matters below.

Achievement of planned targets

20. Refer to the annual performance report on pages 15 to 25 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 18 of this report.

Adjustment of material misstatements

21. 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. As management subsequently corrected only some of the misstatements, I raised material findings on the reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

22. In accordance with the PM and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

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

Annual financial statements

24. 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. Material misstatements of cash and cash equivalents, related parties, project administration expenses, irregular expenditure and fruitless and wasteful expenditure 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

25. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R18 175 000 as disclosed in note 31 to 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.

26. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R768 000, as disclosed in note 30 to the financial statements, as required by section 51(1)(b)(ii) of the PFMA.

Other information

27. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

28. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

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

30. 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 misstatement therein, I am required to communicate the matter to those charged with governance and request that the other 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

31. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

32. The accounting authority did not exercise adequate oversight responsibility regarding financial and performance reporting and compliance, as the controls in place did not prevent or detect internal control deficiencies that resulted in material misstatements in the financial and performance reports as well as non-compliance with applicable laws and regulations.

33. The public entity developed an audit action plan to address the internal control deficiencies; however, the plan was not adequately monitored to ensure the effective implementation of corrective measures to address these weaknesses and therefore improve the overall audit outcome.

34. Management did not implement proper recordkeeping to ensure that complete, relevant and accurate information was accessible and available in a timely manner.

35. Management did not prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information. This is evidenced by the material misstatements identified, some of which were corrected during the audit.

36. The controls for the daily and monthly processing and reconciliation of transactions were not effective in preventing and detecting material misstatements.

Auditor - General

Auditor-General
Pretoria
31 July 2022

AUDITOR-GENERAL
SOUTH AFRICA

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

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

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

Communication with those charged with governance

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

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

Annual Financial Statements for the year ended 31 March 2022

Statement of Financial Position as at 31 March 2022

	Note(s)	2022 R'000	2021 R'000
Assets			
Current Assets			
Cash and cash equivalents	3	655 458	458 251
Receivables from exchange transactions	4	3 776	5 385
Receivables from non-exchange transactions	5	7 964	7 974
		667 198	**471 610**
Non-current Assets			
Property, plant and equipment	6	6 136	4 444
Intangible assets	7	2 264	-
		8 400	**4 444**
Total Assets		**675 598**	**476 054**
Liabilities			
Current Liabilities			
Operating lease liability		1 492	970
Payables from exchange transactions	8	8 007	3 242
Provisions	10	7 247	2 915
Payables from non-exchange transactions	9	90 618	30 841
		107 364	**37 968**
Total Liabilities		**107 364**	**37 968**
Net Assets		**568 234**	**438 086**
Reserves			
Administration reserve		(5 309)	(2 908)
Employer grant reserve		4 626	154
Discretionary reserve		568 917	440 840
Total Net Assets		**568 234**	**438 086**

Annual Financial Statements for the year ended 31 March 2022
Statement of Financial Performance

	Note(s)	2022 R'000	2021 R'000
Revenue			
Revenue from exchange transactions			
Other income from exchange transactions	12	43	1 302
Interest received	13	19 415	18 967
Total revenue from exchange transactions		**19 458**	**20 269**
Revenue from non-exchange transactions			
Transfer revenue			
Skills development levy income	14	577 811	374 221
Public contributions and donations		2 174	-
Skills development levy: Penalties and interest		6 676	14 381
Total revenue from non-exchange transactions		**586 661**	**388 602**
Total revenue	11	**606 119**	**408 871**
Expenditure			
Depreciation and amortisation	16	(550)	(375)
Employee-related costs	17	(35 673)	(27 546)
Finance costs	18	-	(3)
Administration expenses	19	(45 060)	(30 130)
Discretionary grants	21	(254 706)	(355 070)
Employer grants	22	(139 981)	(84 749)
Total expenditure		**(475 970)**	**(497 873)**
Surplus (deficit) for the year		**130 149**	**(89 002)**

Annual Financial Statements for the year ended 31 March 2022
Statement of Changes in Net Assets

	Administration Reserve R'000	Employer grant reserve R'000	Discretionary reserve R'000	Other reserves R'000	Total reserves R'000	Unappropriated surplus / (deficit) R'000	Total net assets R'000
Balance at 01 April 2020	**4 721**	**121**	**522 245**	**-**	**527 087**	**-**	**527 087**
Changes in net assets							
Deficit for the year	-	-	-	-	-	(89 003)	(89 003)
Allocation of unappropriated deficit	(7 629)	8 788	(90 162)	-		89 003	-
Excess transferred to discretionary reserve	-	(8 755)	8 755	-	-	-	-
Balance at 01 April 2021	**(2 908)**	**154**	**440 840**	**-**	**438 086**	**-**	**438 086**
Changes in net assets							
Surplus for the year	(2 401)	4 472	128 078	-	130 149	-	130 149
Other adjustments	-	-	(1)	-	(1)	-	(1)
Total changes	(2 401)	4 472	128 077	-	130 148	-	130 148
Balance at 31 March 2022	**(5 309)**	**4 626**	**568 917**	**-**	**568 234**	**-**	**568 234**
Note(s)	15						

Annual Financial Statements for the year ended 31 March 2022

Cash Flow Statement

	Note(s)	2022 R'000	2021 R'000
Cash flows from operating activities			
Receipts			
Levies, interest and penalties		584 487	388 479
Other receipts		2 217	1 302
Interest income		19 415	18 967
		606 119	408 748
Payments			
Employee costs		(35 673)	(30 075)
Suppliers		(36 525)	(32 454)
Finance costs		-	(3)
Employer grants and project expenses		(332 208)	(442 236)
		(404 406)	(504 768)
Net cash flows from operating activities	23	**201 713**	**(96 020)**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(2 080)	(98)
Purchase of other intangible assets	7	(2 426)	-
Net cash flows from investing activities		**(4 506)**	**(98)**
Net increase/(decrease) in cash and cash equivalents		**197 207**	**(96 118)**
Cash and cash equivalents at the beginning of the year		458 251	554 369
Cash and cash equivalents at the end of the year	3	**655 458**	**458 251**

Annual Financial Statements for the year ended 31 March 2022
Statement of Comparison of Budget and Actual Amounts

	Approved budget R'000	Adjust-ments R'000	Final budget R'000	Actual amounts on comparable basis R'000	Difference between final budget and actual R'000	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income from exchange transactions	-	-	**-**	43	**43**	
Interest income	23 528	-	**23 528**	19 415	**(4 113)**	35.1
Total revenue from exchange transactions	**23 528**	**-**	**23 528**	**19 458**	**(4 070)**	
Revenue from non-exchange transactions						
Transfer revenue						
Skills development levies: income	532 000	47 701	**579 701**	577 811	**(1 890)**	35,2
Public contributions and donations	-	-	**-**	2 174	**2 174**	
Skills development: penalties and interest	3 373	1 861	**5 234**	6 676	**1 442**	35.3
Total revenue from non-exchange transactions	**535 373**	**49 562**	**584 935**	**586 661**	**1 726**	
Total revenue	**558 901**	**49 562**	**608 463**	**606 119**	**(2 344)**	
Expenditure						
Personnel	(30 421)	-	**(30 421)**	(35 673)	**(5 252)**	35.4
Depreciation and amortisation	(792)	-	**(792)**	(550)	**242**	35.5
Discretionary grants	(369 376)	(9 799)	**(379 175)**	(254 706)	**124 469**	35.6
Employer grants	(119 700)	(33 502)	**(153 202)**	(139 981)	**13 221**	35.7
Administration expenses	(38 612)	(6 261)	**(44 873)**	(45 060)	**(187)**	35.8
Total expenditure	**(558 901)**	**(49 562)**	**(608 463)**	**(475 970)**	**132 493**	
Surplus before taxation	**-**	**-**	**-**	**130 149**	**130 149**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**130 149**	**130 149**	

Annual Financial Statements for the year ended 31 March 2022
Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), 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.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2 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.

1.3 Materiality

Material 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.

1.4 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 represented in the annual financial statements and related disclosures. Use of available information and the application of judgment 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 judgments 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.

Annual Financial Statements for the year ended 31 March 2022
Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

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 a 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 cash flows.

Useful lives of property, plant and equipment and intangible assets

INSETA reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each annual reporting period.

Provisions

Provisions are recognised at the best estimate of cash outflows required to settle the related obligations.

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, 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 relating notes.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 10 – Provisions.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and 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.

Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures an impairment loss. The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or

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1.4 Significant judgements and sources of estimation uncertainty (continued)

group of statutory receivables, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable are revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

1.5 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 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.

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1.5 Property, plant and equipment (continued)

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 derecognised.

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

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

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

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

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

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.

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 (see note 20).

1.6 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

1.6 Intangible assets (continued)

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.

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment 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, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software licences	Straight-line	2 – years / limited to licence period
ERP	Straight-line	2 – 5 years / limited to licence period

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

1.7 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.

Initial recognition

An entity shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. An entity recognises financial assets using trade date accounting.

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1.7 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

When a financial asset or financial liability is recognised initially, an entity shall measure 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

An entity subsequently measures financial assets and financial liabilities at fair value, amortised cost or cost. An entity assesses which instruments should be subsequently 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 uncollectibility 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.

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 discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability are/is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are offset and the net amount presented in the statement of financial position only when the entity currently has a legally enforceable right to set off the recognised amounts and 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.

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 uncollectibility.

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.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

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1.7 Financial instruments (continued)

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 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.

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

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.

Classification

INSETA has the following types of financial assets as reflected on the face of the statement of financial position or in the notes thereto:

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

INSETA has the following types of financial liabilities as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost

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1.8 Statutory receivables

Identification

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

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

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

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

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with legislation, supporting regulations or similar means.

Initial measurement

INSETA initially measures statutory receivables at their transaction amount.

Subsequent measurement

INSETA measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:
- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Impairment losses

The entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, INSETA considers, as a minimum, the following indicators:
- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the INSETA measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

1.9 Tax

Tax expenses

No provision has been made for taxation, as INSETA is exempt from income tax in terms of Section 10 of the Income Tax Act, 1962 (Act 58 of 1962).

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1.10 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 charge 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 return 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.

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.

1.11 Inventories

Consumables are initially measured at cost on acquisition date and subsequently measured at the lower of cost and current replacement cost.

Consumables are recognised as assets at acquisition date and subsequently recognised in surplus or deficit as they are consumed.

1.12 Employee benefits

Employee benefits are all forms of consideration given by 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.

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1.12 Employee benefits (continued)

A constructive obligation is an obligation that derives from an entity's actions where by 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 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 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. INSETA 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.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment. Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:
- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an 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 contribution in the cost of an asset.

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1.12 Employee benefits (continued)

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

1.13 Provisions and contingencies

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 25.

1.14 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; and

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1.14 Commitments (continued)

- 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.

1.15 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 timeframe, revenue is recognised on a straight-line basis over the specified timeframe 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

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 or service are recognised as revenue over the period during which the service is performed.

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1.16 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 revenue 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 the 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.

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1.17 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).

Employer grants (mandatory grants)

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.

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;
- 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 rationale 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.

1.18 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

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Accounting Policies

1.19 Fruitless and wasteful expenditure

Fruitless and 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 in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.20 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, and
(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.

1.21 Segment information

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

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.
Segment information is presented based on service segments.

Service segments relate to a distinguishable component of INSETA that provides specific outputs or achieves particular operating objectives that are in line with INSETA's overall mission. INSETA's service segments are mandatory, discretionary and administration activities. These segments are based on the SDLA and the SETA Grant Regulations.

Annual Financial Statements for the year ended 31 March 2022
Accounting Policies

1.22 Research and development expenditure

Expenditure on research is recognised as an expense when it is incurred. An asset arising from development 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.

1.23 Budget information

The approved budget is prepared on a accrual basis and presented by functional classification linked to performance outcome objectives. The approved budget covers the fiscal period from 2021/04/01 to 2022/03/31.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting, therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.24 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 ventures).

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 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.

Annual Financial Statements for the year ended 31 March 2022
Accounting Policies

1.25 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).

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

INSETA 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.

1.26 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.

Annual Financial Statements for the year ended 31 March 2022
Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

2.2 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 2022 or later periods:

GRAP 25 (as revised 2021): Employee Benefits

Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS® 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14®) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (iGRAP 7).

Key amendments to GRAP 25

The Board agreed to align GRAP 25 with IPSAS 39, but that local issues and the local environment need to be considered. As a result of this decision, there are areas where GRAP 25 departs from the requirements of IPSAS 39. The Board's decisions to depart are explained in the basis for conclusions.

The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans. A new renumbered Standard of GRAP (e.g. GRAP 39) will not be issued, but rather a new version of the current GRAP 25.

The effective date of these revisions have not yet been set. 01 April 2024.

The entity expects to adopt the revisions for the first time in the 2024/2025 annual financial statements. It is unlikely that the revisions will have a material impact on the entity's annual financial statements.

2. New standards and interpretations (continued)

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 affect 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.

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2022 or later periods but are not relevant to its operations:

3. Cash and cash equivalents

Cash and cash equivalents consist of:

	2022 R'000	2021 R'000
Cash on hand	3	4
Short-term deposits	483 337	457 593
Other cash and cash equivalents	172 118	654
	655 458	**458 251**

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 3.65% (2021: 3.75%) 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.

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

4. Receivables from exchange transactions

	2022 R'000	2021 R'000
Deposits	1 514	1 474
Prepayments	1 965	3 742
Sundry receivable	273	169
	3 752	**5 385**
Staff debtors		
Advance and other amounts receivable from employees	24	7
Rental deposits and others		
Deposits	1 514	1 474
Sundry receivables	273	169
	1 787	**1 643**
Prepayments	**1 965**	**3 742**
Total receivables from exchange transactions	3 752	5 385

Prepayments

Prepayments comprise rental expenses paid before the start of the new month, annual computer licences, which are recognised as expenses systematically at each month-end, insurance and a computer software licence not yet commissioned and not available for use at the reporting date.

Sundry receivables

Sundry receivables relate mainly to amounts receivable from SARS due to revisions to previously submitted returns. No allowance for impairment has been recognised for receivables from exchange transactions. Refer to note 25 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.

5. Receivables from non-exchange transactions

	2022 R'000	2021 R'000
Employer receivables	1 761	1 761
Discretionary receivables	6 203	6 206
	7 964	**7 967**

Statutory receivables included in receivables from non-exchange transactions above are as follows:

	2022 R'000	2021 R'000
Mandatory grant receivables	2 043	2 043
Allowance for impairment	(282)	(282)
	1 761	**1 761**

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

5. Receivables from non-exchange transactions (continued)

	2022 R'000	2021 R'000

R2 043 000 (2021: 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 R282 000 (2021: R282 000) was provided for as an allowance for impairment.

The above receivables do not meet the definition of statutory receivables as per GRAP 108.

	2022 R'000	2021 R'000
Discretionary receivables	**6 203**	**6 206**
Total receivables from non-exchange transactions	7 964	7 967

R6 203 000 (2021: R6 206 000) recognised as discretionary receivables relates to refunds owed by employers for expenditure incurred by INSETA on discretionary projects. An amount of RNil (2021: RNil) was provided for as an allowance for impairment. Refer to note 25 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.

6. Property, plant and equipment

	2022			2021		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Fixtures	2 009	(1 908)	101	2 009	(1 875)	134
Office furniture	1 615	(875)	740	1 615	(811)	804
Motor vehicles	292	(117)	175	292	(59)	233
Office equipment	357	(134)	223	357	(118)	239
Computer equipment	5 910	(1 013)	4 897	3 835	(801)	3 034
Total	**10 183**	**(4 047)**	**6 136**	**8 108**	**(3 664)**	**4 444**

Reconciliation of property, plant and equipment – 2022

	Opening balance	Additions	Depreciation	Total
Fixtures	134	-	(33)	101
Office furniture	804	-	(64)	740
Motor vehicles	233	-	(58)	175
Office equipment	239	-	(16)	223
Computer equipment	3 034	2 080	(217)	4 897
	4 444	**2 080**	**(388)**	**6 136**

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Notes to the Annual Financial Statements

6. Property, plant and equipment (continued)

	2022 R'000	2021 R'000

Reconciliation of property, plant and equipment – 2021

	Opening balance	Additions	Depreciation	Total
Fixtures	168	-	(34)	134
Office furniture	868	-	(64)	804
Motor vehicles	292	-	(59)	233
Office equipment	255	-	(16)	239
Computer equipment	3 137	98	(201)	3 034
	4 720	**98**	**(374)**	**4 444**

Pledged as security

No property, plant and equipment are held as security for liabilities:

7. Intangible assets

	2022			2021		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	2 426	(162)	2 264	-	-	-

Reconciliation of intangible assets – 2022

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

Reconciliation of intangible assets – 2021

8. Payables from exchange transactions

	2022	2021
Trade payables	4 701	-
Accrued leave pay	1 712	1 618
Accrued administration expense	1 594	1 624
	8 007	**3 242**

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.

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Notes to the Annual Financial Statements

9. Payables from non-exchange transactions

	2022 R'000	2021 R'000
Skills development grants payable	54 299	10 843
Project creditors	32 706	16 385
Other levy adjustments	3 613	3 613
	90 618	**30 841**

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.

10. Provisions

Reconciliation of provisions – 2022

	Opening Balance	Additions	Utilised during the year	Total
Bonus provision	-	3 837	-	3 837
Provision for levies received from exempt employers	2 915	1 139	(644)	3 410
	2 915	**4 976**	**(644)**	**7 247**

Reconciliation of provisions – 2021

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Bonus provision	2 936	-	(2 340)	(596)	-
Provision for levies received from exempt employers	2 958	526	-	(569)	2 915
	5 894	**526**	**(2 340)**	**(1 165)**	**2 915**

Bonus provision is calculated using the basic annual salary and is limited to the budgeted amount. Payment is based on employee performance evaluations and INSETA performance of at least 80% against the approved targets. At each reporting date, there is uncertainty that a bonus will be paid and the value of such payment.

For the year under review, a bonus provision of R3 836 947 has been raised and only payable subject to meeting INSETA's performance policy matrix.

An amount of R3 410 000 (2021: R2 915 000) 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. R644 000 (2021: R569 000) has been transferred to discretionary funds in line with the aforementioned circular.

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

11. Revenue

	2022 R'000	2021 R'000
Other income from exchange transactions	43	1 302
Interest income	19 415	18 967
Skills development levies: Income	577 811	374 221
Public contributions and donations	2 174	-
Skills development levies: Penalties and interest	6 676	14 381
	606 119	**408 871**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Other income from exchange transactions	43	1 302
Interest income	19 415	18 967
	19 458	**20 269**
The amount included in revenue arising from non-exchange transactions is as follows:		
Skills development levies: Income	577 811	374 221
Public contributions and donations	2 174	-
Skills development levies: Penalties and interest	6 676	14 381
	586 661	**388 602**

Nature and type of donations:

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

12. Other income from exchange transactions

	2022 R'000	2021 R'000
Recoveries and sundry income	43	1 302

13. Interest income

	2022 R'000	2021 R'000
Interest received – short-term deposits	19 415	18 967

14. Skills development levy: Income

	2022 R'000	2021 R'000
Administration levy income	76 665	49 122
Discretionary grants income	356 693	231 562
Mandatory grants income	144 453	93 537
	577 811	**374 221**

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Notes to the Annual Financial Statements

15. Surplus for the year

	2022 R'000	2021 R'000

Allocation of surplus to reserves – 2022

	Administration reserve	Employer grant reserve	Discretionary reserve	Total
Skills development levy: Administration income	76 665	-	-	76 665
Skills development levy: Mandatory grant income	-	144 453	-	144 453
Skills development levy: Discretionary grant income	-	-	356 693	356 693
Skills development levy: Penalties and interest	-	-	6 676	6 676
Interest income	-	-	19 415	19 415
Donations – ISSF	2 217	-	-	2 217
	78 882	144 453	382 784	606 119
Administration expenses	(81 283)	-	-	(81 283)
Employer grants	-	(139 981)	-	(139 981)
Project expenses	-	-	(254 706)	(254 706)
	(2 401)	**4 472**	**128 078**	**130 149**

Allocation of surplus to reserves – 2021

	Administration reserve	Employer grant reserve	Discretionary reserve	Total
Skills development levy: Administration income	49 122	-	-	49 122
Skills development levy: Mandatory grant income	-	93 537	-	93 537
Skills development levy: Discretionary grant income	-	-	231 562	231 562
Skills development levy: Penalties and interest	-	-	14 381	14 381
Interest income	-	-	18 967	18 967
Other income	1 302	-	-	1 302
	50 424	93 537	264 910	408 871
Administration expenses	(58 055)	-	-	(58 055)
Employer grants	-	(84 749)	-	(84 749)
Project expenses	-	-	(355 070)	(355 070)
	(7 631)	**8 788**	**(90 160)**	**(89 003)**

16. Depreciation and amortisation

	2022 R'000	2021 R'000
Property, plant and equipment	388	374
Intangible assets	162	1
	550	**375**

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17. Employee-related costs

	2022 R'000	2021 R'000
Basic	28 605	25 868
Bonus provision/(paid)*	3 837	(596)
Medical aid – company contributions	321	270
UIF	249	77
SDL	276	186
Leave pay provision charge	59	336
Long-service awards	1 858	1 122
Temporary	101	76
Employee wellness	367	207
	35 673	**27 546**

* No bonus provision was provided during the prior year. A bonus provision has been provided in the current year.

18. Finance costs

Other interest paid	-	3

19. Administration expenses

Audit fees	3 338	2 791
Advertising	762	524
Bank charges	32	46
Cleaning	73	226
Computer expenses	37	-
Consulting and other professional fees*	11 354	3 376
Consumables	137	58
Gifts	-	2
Insurance	1 090	617
IT expenses**	10 149	5 340
Motor vehicle expenses	7	3
Postage and courier	25	3
Printing and stationery	261	168
Repairs and maintenance (Refer Note 20)	49	58
Other Board expenditure	1 495	596
Security (guarding of municipal property)	386	641
Subscriptions and membership fees	86	22
Telephone and data lines	864	929
Training	1 312	901
Travel – local	651	8
Assets expensed	44	27
Utilities	688	516
Board and subcommittee fees	1 309	1 700
Audit and Risk Committee remuneration	801	465
Rental head office	6 568	6 569

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Notes to the Annual Financial Statements

19. Administration expenses (continued)

	2022 R'000	2021 R'000
QCTO	2 537	3 533
Rentals equipment	868	553
Workmen's compensation (WCA)	-	242
Recruitment	137	180
Allowance for impairment of receivables	-	36
	45 060	**30 130**

* Material movement due to implementation of new document management system, automation, investigations and other professional fees during the year. A reclassification of other expenses from project administration fees was also effected.
** Cost incurred on implementation of new ERP and MIS systems.

20. Repairs and maintenance

Repairs and maintenance	49	58

Repairs and maintenance are expenses incurred on the maintenance of the current head office building owned by the lessor.

21. Discretionary grants

Direct project expenses	233 302	340 855
Project administration expenses	21 404	14 215
	254 706	**355 070**

Grant Regulation 6.9(iii) stipulates that a maximum of 7.5% of the project grant costs can be used for project administration. For the year ended 31 March 2022, INSETA incurred R3 906 350 above the regulated limit of 7.5% of project costs. Additional information is disclosed under Note 31.

22. Employer grants

Employer grants	139 981	84 749

23. Cash generated from (used in) operations

Surplus/(Deficit)	130 149	(89 001)
Adjustments for:		
Depreciation and amortisation	550	375
Movements in operating lease assets and accruals	522	970
Movements in provisions	4 332	(2 979)
Impairment of receivables	-	36
Changes in working capital:		
Receivables from exchange transactions	1 616	(2 847)
Receivables from non-exchange transactions	3	(117)
Payables from exchange transactions	4 765	(36)
Payables from non-exchange transactions	59 776	(2 421)
	201 713	**(96 020)**

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Notes to the Annual Financial Statements

24. Commitments

	2022 R'000	2021 R'000
Operating leases – as lessee (expense)		
Minimum lease payments due		
- within one year	4 030	6 045
- in second to fifth year inclusive	-	21 195
	4 030	**27 240**

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

INSETA cancelled its head office lease contract. The lease contract will end on 30 November 2022.

	2022 R'000	2021 R'000
Other operational commitments		
Minimum payments due	1 594	18 638

Other operational commitments are contractual obligations for various services, including accrued board fees, security services, printing services, fraud hotline and document storage services among others.

Discretionary projects

Of the balance of R568 917 000 (2021: R440 840 000) available in the discretionary reserve, R421 044 959 (2021: R313 479 000) has been committed.

Refer to supplementary information for detailed commitments schedule.

25. Contingencies

Contingencies

Contingent liabilities

	2022 R'000	2021 R'000
Surplus funds		
Cash and cash equivalents	655 458	458 251
Add: Receivables	11 740	13 359
Less: Current liabilities	(107 364)	(37 968)
	559 851	**433 642**

Uncommitted surpluses

The cash surplus of R559 834 000 (2021: R433 642 000) does not take into account contractual commitments of R421 044 959 (2021: R313 479 000) for discretionary commitments which existed at the reporting date. Refer to note 22 and supplementary schedule to these financial statements. If these commitments are considered, the uncommitted cash surplus is R138 789 041 (2021: R120 163 000).

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. At the reporting date it is estimated that additional mandatory grant expenditure of R0 (2021: R154 000) will be payable. The amount is contingent on the number of submissions received and approved.

25. Contingencies (continued)

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 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 manner in which the 2012 Grant Regulations were promulgated, among other matters, led to a litigation instituted by BUSA (Business Unity South Africa) at the Labour Court. The Labour Court declared the 2021 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 these 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 2021/22 financial year which, is also aligned to the approved annual performance plan.

Pending the final agreement between the Minister and the employers (through BUSA) on the approved rate, there is therefore a possible liability or asset due to additional or lesser grant payments over or under the amounts already paid and accrued in the current year based on a payment rate of 20%. Given the initial review application at the Labour Court, whereby BUSA cited that the mandatory grant reduction is irrational and unreasonable, as well as latter reports by business arguing that the LAC judgment would revert back to the original position, it is therefore remotely likely that there would be a contingent asset. It is therefore submitted that the likelihood of a possible liability is greater, which can be confirmed only from the outcome of the agreement the Minister and employers reach. The amount of the possible obligation cannot be reliably estimated due to the uncertainty of the approved rate, as well as the effective date of application. In addition, the entity has had no experience in similar transactions to be able to reasonably estimate the outcome of the events nor the amount.

INSETA head office lease

The current head office lease contract, which was concluded in March 2020 was cancelled by INSETA with an effective termination date of 30 November 2022. The cancellation is as a result of a forensic investigation which was conducted by an independent forensic expert into the legality of the procurement process in acquiring the building. The outcome of the forensic investigation concluded that the lease contract entered into was irregular. Consequence management required INSETA to act on the recommendations of both the forensic investigation and legal opinion sought. These outcomes concluded that the lease contract had to be terminated.

The landlord is challenging the cancellation of the lease contract through their legal representatives. The matter is still at its early stage and no court processes in motion. The outcome of the legal correspondences between INSETA and the property owner cannot be estimated with any reasonable certainty as at the end of the current financial year.

Contingent assets

The entity did not have any contingent assets at the reporting date.

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26. Related parties

Relationships	
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	Mkhize G (CEO) Molapo D (former CFO) Peel TJ (COO)
Other related parties	Organisations considered to be related to Board members: Hollard Insurance Institute of South Africa ASISA CP Naidoo Mosswick Investments

Related party balances

The nature of balances (receivable from)/owing to related parties is as follows:

Amounts included in trade receivable (trade payable) regarding related parties	2022 R'000	2021 R'000
Services SETA	198	198
South African Qualifications Authority (SAQA)	-	4
Discretionary grants payable to TVET colleges and public universities: Learnerships	11 359	4 768
Telephone expenses: Telkom	-	18
Insurance Institute of South Africa	-	729

Included in commitments is an amount of R60 002 722 (2021: R80 781 000) in respect of contractual commitments to TVETs and public universities, R3 666 838 (2021: R6 942 000) in respect of contractual commitments to other public sector organisations, and R2 247 642 (2021: R4 509 000) in respect of organisations considered to be related to Board members as follows:

Hollard R1 220 900 (2021: R3 497 000)

Insurance Institute of South Africa R0 (2021: R0)

ASISA R1 011 742 (2021: R1 012 000), and

CP Naidoo Mosswick Investments R15 000 (2021: R0).

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:

Levies received from/paid to other SETAs in respect of employers who transferred to/from INSETA, Annual levy paid to QCTO,

Transfers received from the controlling entity,

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26. Related parties (continued)

	2022 R'000	2021 R'000

Mandatory grants paid to other public organisations in accordance with the SDLA,

Discretionary grants paid to TVET colleges, public universities and other public sector organisations in the ordinary course of business,

Administrative expenses such as printing, verifications and telephone expenses paid to other organisations in the public sector.

Mandatory and discretionary grants paid to organisations considered to be related to Board members and executive management.

Remuneration of management

Board members' fees

Name	2022	2021
Ngubane SJ (Chairperson)	268	223
Govender RG	107	121
Mendes AP	78	119
van der Merwe L	136	163
Dinyake S	111	103
Mpuru SM	86	98
Soobramoney M	79	107
Andersen SA	89	123
Botha CB	98	133
Kruger SJ	35	152
Mabena JM	128	148
Motlhabane RP	-	129
Pearson V	94	81
	1 309	**1 700**

The above represents fees paid or accrued to Board members for all committees on which they sit. This disclosure excludes the remuneration of independent audit committee members, which is reported in the corporate governance section of the annual report. 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- or long-term benefits were paid to Board members.

Executive management

2022

Name	Basic salary	Other long-term employee benefits	Other short-term employee benefits	Termination benefits	Total
Mkhize G	2 229	-	-	-	2 229
Molapo D*	1 476	209	42	129	1 856
Peele TJ	1 620	229	44	-	1 893
Mswabuki B (Acting CFO)**	51	-	-	-	51
Maake T (Acting CFO)***	279	-	-	-	279
	5 655	**438**	**86**	**129**	**6 308**

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26. Related parties (continued)

2021

Name	Basic salary	Bonuses and performance related payments	Other long-term employee benefits	Other short-term employee benefits	Total
Starr N	1 254	145	-	175	1 574
Molapo D	1 853	138	93	22	2 106
Peele TJ	1 568	116	78	22	1 784
Mkhize G	743	-	-	-	743
	5 418	**399**	**171**	**219**	**6 207**

* Resigned January 2022

** Acting CFO – July 2021 to September 2021

*** Acting CFO – October 2021 to current

27. 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, 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.

At 31 March 2022	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	More than 2 years
Payables from exchange and non-exchange transactions	(39 216)	(39 216)	(39 216)	-	-
At 31 March 2021					
Payables from exchange and non-exchange transactions	(17 862)	(17 862)	(17 862)	-	-

The above excludes non-financial instruments disclosed in notes 8 and 9, 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

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27. Risk management (continued)

	2022 R'000	2021 R'000

exposure to any individual or counterparty. 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.

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

Financial instrument	2022 R'000	2021 R'000
Receivables from exchange transactions (notes 4)	1 787	1 483
Receivables from non-exchange transactions (note 5)	6 203	6 213
Cash and cash equivalents (excludes cash on hand) (note 3)	655 458	458 251

The ageing of receivables and related allowance for impairment at the reporting date is as follows:

2022	Gross	Impairment	Net
Ageing of receivables from exchange and non-exchange transactions:	-	-	-
Not past due	1 787	-	1 721
Past due	6 203	-	6 203
	7 990	**-**	**7 924**

2021	Gross	Impairment	Net
Ageing of receivables from exchange and non-exchange transactions:	-	-	-
Not past due	1 490	-	1 490
Past due	6 206	-	6 206
	7 696	**-**	**7 696**

Market risk

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.

INSETA is exposed to fluctuations in the employment market, such as sudden increases in unemployment and changes in wage rates. INSETA is not aware of significant events that may have occurred in the market during the year under review. There are adequate procedures in place to address changes in the market when necessary.

Interest rate risk

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.

INSETA manages its interest rate risk by effectively investing surplus cash in call deposits with the Corporation for Public Deposits according to the investment policy.

Exposure to cash flow interest rate risk and effective interest rates on financial instruments at the reporting date was as follows:

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27. Risk management (continued)

	2022 R'000	2021 R'000

Cash flow interest rate risk

2022	Floating rate R'000	Non-interest bearing R'000	Total R'000
Cash and cash equivalents	655 458	-	655 458
Receivables from exchange and non-exchange transactions	8 038	3 702	11 740
Payables from exchange and non-exchange transactions	(4 701)	(34 515)	(39 216)
	658 795	**(30 813)**	**627 982**
2021			
Cash and cash equivalents	458 251	-	458 251
Receivables from exchange and non-exchange transactions	7 680	16	7 696
Payables from exchange and non-exchange transactions	(1 477)	(16 385)	(17 862)
	464 454	**(16 369)**	**448 085**

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 and 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.

28. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

There are no known instances that cast doubt on INSETA's ability to continue as a going concern.

29. Events after the reporting date

During the reporting period, management commissioned an investigation into a discretionary grant contract which was reported to have been allocated funding to a fictitious company. As at 31 March 2022, the investigation was still in progress. The investigation was concluded after year-end (i.e. 31 March 2022) but prior to the publication of the annual financial statements. The details of the financial implications on the fictitious contract are disclosed under Note 30.

It was further reported from the investigation report that the fictitious company was awarded two additional contracts. Management has referred these contracts for further investigation and determination on any possible financial implications.

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30. Fruitless and wasteful expenditure

	2022 R'000	2021 R'000
Opening balance as previously reported	4	1
Opening balance as restated	**4**	**1**
Add: Expenditure identified – current	764	3
Closing balance	**768**	**4**

Current year fruitless and wasteful expenditure relates to payments which were made to a fictitious company under discretionary project grants. Consequence management has already been implemented, whereby officials implicated in the award have been suspended and disciplinary processes are at an advanced stage.

31. Irregular expenditure

	2022 R'000	2021 R'000
Opening balance as previously reported	812	395
Opening balance as restated	**812**	**395**
Add: Irregular expenditure – current	18 175	462
Less: Amount written off – current	-	(43)
Less: Amounts recovered	-	(2)
Closing balance	**18 987**	**812**

Current year irregular expenditure relates to the following:

- Cancelled head office lease contract. The lease contract was independently investigated for material non-compliance issues identified. Irregular expenditure relating to the 2020 lease contract amounts to R12 892 603. The investigation relating to the 2020 irregular lease contract further revealed possible irregularities relating to the contract variations which were concluded during the 2018 financial year on the old expired contract. Management will obtain a legal opinion and comply with the National Treasury Guidelines and Framework on dealing with irregular expenditure with respect to the items relating to the reported possible irregular variations reported on the old expired contract.
- Board members' fees deemed irregular due to the appointment vetting process conducted after the appointment of the affected board members. The application for condonement of this irregular expenditure is currently being led by DHET on behalf of all SETAs to National Treasury. Payment relating to this line item amounts to R303 000.
- Communication and data lines contract with Telkom and Nashua were deemed irregular due to payments after expiry of contract as follows: Telkom: R1 002 511 and Nashua: R71 074.
- INSETA incurred project admin costs in excess of the 7.5% limit, contravening Grant Regulation 6.9(iii). R3 906 350 was incurred in contravention of Grant Regulation 6.9(iii).

Incidents/cases identified in the current year include those listed below:

	2022 R'000	2021 R'000
Disciplinary steps taken/criminal proceedings		
Competitive bidding unlawful or irregular	12 893	-

Disciplinary steps taken/criminal proceedings

Two officials charged and disciplinary steps underway. One of the charged officials subsequently resigned during the disciplinary process.

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32. Public contributions and donations

Public contributions and donations 1	2 174	-

Conditions still to be met – remain liabilities (see note)

Provide explanations of conditions still to be met and other relevant information

33. Financial instruments disclosure

Categories of financial instruments

2022

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	1 787	1 787
Other receivables from non-exchange transactions	6 203	6 203
Cash and cash equivalents	655 458	655 458
	663 448	**663 448**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	6 295	6 295
Trade and other payables from non-exchange transactions	32 706	32 706
	39 001	**39 001**

2021

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	1 483	1 483
Other receivables from non-exchange transactions	6 213	6 213
Cash and cash equivalents	458 251	458 251
	465 947	**465 947**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	1 477	1 477
Trade and other payables from non-exchange transactions	16 385	16 385
	17 862	**17 862**

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34. Change in estimate

Property, plant and equipment

The useful life of office fixtures is linked to the lease term of the head office building. INSETA entered into a new lease agreement with the landlord during the 2020/2021 financial year, which resulted in the office fixtures with a remaining useful life of 47 months as at 31 March 2022 impacted by this change. Management has determined that the quantitative impact of this change in estimate is insignificant or immaterial to warrant any reassessment given the adequate remaining useful life on the assets. A reassessment of the useful life of these assets will be performed in the next reporting period.

The impact on the cash flow statement is zero.

35. Segment information

General information

Identification of segments

INSETA reports to management on the basis of three functional segments, namely administration, mandatory and discretionary.

Administration: This segment is responsible for the administration of the SETA's services.

Mandatory: This segment is responsible for the disbursement of mandatory grants to qualifying employers.

Discretionary: This segment is responsible for the implementation of discretionary projects.

These segments are consistent with previously reported segments. Accounting policies have been applied consistently across all segments and from the previous financial years.There are no differences between the measurement criteria of segmental surplus or deficit, assets and liabilities.

The above segments are at the same geographical location and have not been aggregated. All revenue, expenditure, assets and liabilities have been incurred or earned at the same location. All property, plant and equipment and intangible assets are used for administration purposes and have accordingly been allocated to the administration segment. Refer to note 6 for additions and changes to property, plant and equipment. Depreciation and amortisation disclosed as part of administration expenditure belong to the administration segment only. There are no other material non-cash items to be disclosed separately in the segment report.

Management uses these segments in determining strategic objectives and allocating resources.

Reporting based on these segments is also appropriate for external reporting purposes.

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35. Segment information (continued)

Segment surplus or deficit, assets and liabilities

Segment surplus or deficit

2022

	Adminis-tration	Manda-tory	Discre-tionary	Total segment revenue	Adminis-tration	Manda-tory	Discre-tionary	Total segment expendi-ture	Total segment (deficit) surplus
Revenue									
Interest income	19 415	-	-	19 415	-	-	-	-	19 415
Donations - ISSF	2 217	-	-	2 217	-	-	-	-	2 217
Skills development levy: Income	76 665	144 453	356 693	577 811	81 283	139 981	254 706	475 970	101 841
Skills development levy: Penalties and interest	-	-	6 676	6 676	-	-	-	-	6 676
Total	**98 297**	**144 453**	**363 369**	**606 119**	**81 283**	**139 981**	**254 706**	**475 970**	**130 149**
Entity's revenue				**606 119**					
Entity's surplus (deficit) for the period									**130 149**

2021

	Adminis-tration	Manda-tory	Discre-tionary	Total segment revenue	Admin-istration	Manda-tory	Discre-tionary	Total segment expendi-ture	Total segment (deficit) surplus
Revenue									
Revenue from exchange transactions	-	-	-	-	-	-	-	-	-
Interest income	-	-	18 967	18 967	-	-	-	-	18 967
Other income from exchange transactions	1 302	-	-	1 302	-	-	-	-	1 302
Revenue from non-exchange transactions	-	-	-	-	-	-	-	-	-
Skills development levy: Income	49 122	93 537	231 562	374 221	58 055	84 749	355 070	497 874	(123 653)
Skills development levy: Penalties and interest	-	-	14 381	14 381	-	-	-	-	14 381
Total	**50 424**	**93 537**	**264 910**	**408 871**	**58 055**	**84 749**	**355 070**	**497 874**	**(89 003)**
Entity's revenue				**408 871**					
Entity's surplus (deficit) for the period									**(89 003)**

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35. Segment information (continued)

Segment assets and liabilities

2022

	Administration	Mandatory	Discretionary	Total segment assets	Total segment liabilities
Non current assets	8 400	-	-	8 400	-
Receivables from exchange transactions	3 776	-	-	3 776	-
Receivables from non-exchange transactions	-	1 761	6 203	7 964	-
Cash and cash equivalents	25 661	146 460	483 337	655 458	-
Operating lease liability	(1 492)	-	-	-	(1 492)
Payables from exchange transactions	(8 007)	-	-	-	(8 007)
Payables from non-exchange transactions	-	(54 299)	(36 319)	-	(90 618)
Provisions	(3 837)	(3 410)	-	-	(7 247)
Total segment assets	**24 501**	**90 512**	**453 221**	**675 598**	**(107 364)**
Total as per Statement of Financial Position				**675 598**	**(107 364)**

2021

	Administration	Mandatory	Discretionary	Total segment assets	Total segment liabilities
Non-current assets	4 444	-	-	4 444	-
Receivables from exchange transactions	5 385	-	-	5 385	-
Receivables from non-exchange transactions	-	1 761	6 213	7 974	-
Cash and cash equivalents	(8 525)	15 764	451 012	458 251	-
Operating lease liability	(970)	-	-	-	(970)
Payables from exchange transactions	(3 242)	-	-	-	(3 242)
Payables from non-exchange transactions	-	(14 456)	(16 385)	-	(30 841)
Provisions	-	(2 915)	-	-	(2 915)
Total segment assets	**(2 908)**	**154**	**440 840**	**476 054**	**(37 968)**
Total as per Statement of Financial Position				**476 054**	**(37 968)**

36. Budget differences

Material differences between budget and actual amounts

The excess of actual revenue or expenditure over the budget is considered material if it is above 10%.

36.1 Interest income

Interest income relates to interest earned mainly on the CPD investment with the SARB and other positive bank balances throughout

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36. Budget differences (continued)

the financial year. The entity budgeted for its interest at a higher rate of 5%, which was below the prevailing earning rate due to the SARB keeping its interest environment low during the financial year under reporting.

36.2 Skills development levies: Income

Levies variance is below 2% and therefore insignificant.

36.3 Skills development: Penalties and interest

Penalties and interest relate to charges on non-complying employers with respect to submission of statutory returns. During the period under reporting, more penalties and interest were charged on non-complying employers than anticipated.

36.4 Employee cost (personnel)

Employee related cost were 14% higher than budgeted mainly due to additional payments made on unexpected acting positions at a senior employment level due to suspensions. The expenditure above budget was also as a result of the insourcing of the IT division and additional employment of temporary staff to assist the entity with the implementation of the Electronic Document and Records Management System (EDRMS).

36.5 Depreciation and amortisation

The late procurement and supply of the budgeted IT equipment (computers), which was delayed during 2021 by the impact of Covid-19 on global supply chains, resulted in the late depreciation charge as the items were capitalised late into the year.

36.6 Discretionary grant expenditure

The entity did not meet its spending commitments towards discretionary grants due to large ringfenced project commitments from the prior years. DG spending was underspent by 32%.

36.7 Employer grants

Employer grants are 7% below budget and therefore insignificant.

36.8 Administration expenses

Prudent management of administration expenditure resulted in cost savings. The impact of Covid-19 reduced many administrative expenses on incidental costs such as travel and accommodation for meetings. The approved application under regulation 2(3) of Grants Regulations on exceeding 10.5% of administration expenditure also assisted the entity to contain administrative expenses within the approved limit.

Annexure A

Supplementary Information

1. Project commitment balances

Project ID	Programme Description	31 March 2021	New Contracts	Adjustments	Payments	YTD Balance 31 March 2022
INPROJ000099	Learnerships 2019/20	-	-	144 667	-144 667	-
INPROJ000101	Internships Year 17/18	1 735 200	-	-294 300	-1 440 900	-
INPROJ000120	Skills Programme For Youth 18/19	49 333	-	-49 333	-	-
INPROJ000121	Internships For Youth 18/19	10 758 420	-	-7 450 420	-3 308 000	-
INPROJ000122	Learnerships Year 18/19	7 235 200	-	-5 309 523	-1 925 677	-
INPROJ000149	Skills Programmes for Small Business and Coops 2019/20	530 062	-	-133 989	-396 073	-
INPROJ000150	Skills Programmes for Workers 2019/20	7 003 764	-	-3 921 260	-3 082 504	-
INPROJ000151	Internships TVET colleges & universities of technology 2019/20	3 300 610	-	-2 630 657	-669 953	-
INPROJ000152	Bursaries for youth year 2019/20	168 280	-	-168 280	-	-
INPROJ000153	Learnerships Year 2019/20	36 574 869	56 000	-13 108 206	-21 477 128	2 045 535
INPROJ000154	Bursaries for Workers Year 2019/20	15 587 386	110 000	-8 622 471	-7 019 914	55 000
INPROJ000155	Internships for Youth Year 2019/20	23 627 500	-	-7 188 100	-16 092 600	346 800
INPROJ000156	Skills Programmes for Youth Year 2019/20	1 507 865	-	-1 172 142	-335 723	-
INPROJ000158	Regulatory Compliance Support 2019/20	234 600	-	-	-234 600	-
INPROJ000159	Occupational Qualification Implementation and RPL 2019/20	4 025 840	-	-178 090	-1 540 750	2 307 000
INPROJ000160	Promotion of Insurance Year 2019/20	829 000	-	-	-829 000	-
INPROJ000161	Establishment of INSETA Research Chair Centre 2019/20	20 329 823	-	-3 885 703	-3 679 393	12 764 728
INPROJ000165	Broker Qualification – CAT052019	-	-	-	-	-
INPROJ000167	Broker Development	1 011 743	-	-	-1 011 743	-
INPROJ000169	Continuous Professional Development	550 000	-	-	-304 000	246 000
INPROJ000175	NPO Regulatory Support and Career Guidance Videos	2 107 246	-	9	-2 107 255	-
INPROJ000181	Data Analyst Training	10 198 000	-	-	-10 198 000	-
INPROJ000195	Catalytic Worker Programmes 2019/20	34 450 513	-	-6 944 868	-11 073 712	16 431 933
INPROJ000196	Catalytic Youth Programme 2019/20	18 538 153	-	-2 953 360	-9 646 096	5 938 696
INPROJ000197	Bursaries for Unemployed Youth 2020/21	2 609 770	4 861 120	-2 049 858	-1 599 526	3 821 506
INPROJ000198	Internships 2021	28 293 700	186 000	-1 596 900	-19 526 450	7 356 350
INPROJ000199	Learnerships 2021	34 834 200	2 064 000	-1 339 134	-25 828 066	9 731 000
INPROJ000202	Promotion of Insurance Year 2020/21			80 000	-80 000	-
INPROJ000203	Qualification and Assessment Development 2020/21	119 409	411 453	-	-530 862	-
INPROJ000206	Skills Programmes for Workers 2021	3 785 007	301 700	-303 554	-3 573 925	209 228
INPROJ000209	Work Integrated Learning (TVET and universities of technology) 2021	26 559 750	-	-	-12 649 342	13 910 408

Project ID	Programme Description	31 March 2021	New Contracts	Adjustments	Payments	YTD Balance 31 March 2022
INPROJ000210	Bursaries for Workers 2021	16 923 619	349 743	2 512 348	-7 571 204	12 214 505
INPROJ000212	Skills Programmes for Youth	-	3 679 000	-	-1 196 000	2 483 000
INPROJ000213	Internships 2021/22	-	60 372 000	-	-11 061 500	49 310 500
INPROJ000214	Work-integrated Learning	-	44 274 600	1 656 000	-16 115 980	29 814 620
INPROJ000215	Learnerships 2021/22	-	105 720 480	-127 500	-9 533 621	96 059 359
INPROJ000216	Skills Programmes for Workers	-	12 041 145	385 000	-703 502	11 722 643
INPROJ000217	Bursaries for Workers	-	25 871 012	11 224	-1 901 085	23 981 151
INPROJ000218	Bursaries for Unemployed Youths	-	105 802 589	190 000	-15 277 932	90 714 657
INPROJ000219	Qualification and Assessment Development	-	322 000	-	-322 000	-
INPROJ000220	Recognition of Prior Learning	-	2 025 000	-	-607 500	1 417 500
INPROJ000221	TVET and CET Lecturer Development	-	370 400	-	-215 588	154 812
INPROJ000223	SME and Cooperatives	-	2 342 027	21 938	0	2 363 965
INPROJ000224	Adult Education Training	-	80 000	-	0	80 000
INPROJ000225	Promotion of Insurance	-	188 500	-	-188 500	-
INPROJ000230	Special Projects	-	28 407 082	-	-2 843 019	25 564 062
		-	-	-		-
		313 478 861	**399 835 850**	**-64 426 462**	**-227 843 290**	**421 044 959**
	Other adjustments (reclassification from project admin to project costs)				-5 458 870	
	Project administration expenditure				-21 404 411	
					-254 706 570	

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