

COURT ONLINE COVER PAGE

IN THE HIGH COURT OF SOUTH AFRICA
Gauteng Division, Pretoria

CASE NO: 2025-240916

In the matter between:

ORGANISATION UNDOING TAX ABUSE Plaintiff / Applicant / Appellant
NPC

and

**MINISTER OF HIGHER EDUCATION AND
TRADING, MEMBERS OF THE INSETA
ACCOUNTING
AUTHORITY, DEPARTMENT OF HIGHER
EDUCATION, INSURANCE SECTOR
EDUCATION AND TRADING
AUTHORITY, IGNATIA GUGU MKHIZE**
Defendant / Respondent

Annexure 10

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ELECTRONICALLY SIGNED BY:

Registrar of High Court of South
Africa , Gauteng Division, Pretoria

"FA10.3"



REPORT OF THE AUDITOR-GENERAL

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

- I have audited the financial statements of the Insurance Sector Education and Training Authority set out on pages 83 to 134, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
- In my opinion, except for the effects of the matters described in the basis of qualified opinion sections of this auditors 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 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

Evidence of qualified opinion

Discretionary grants

- I was unable to obtain sufficient appropriate audit evidence

for project expenditure as the entity did not implement effective systems of internal control to maintain proper accounting records. I could not confirm the amount for project expenditure by alternative means as the public entity's records did not permit the application of alternative audit procedures. Consequently, I was unable to determine whether any adjustments were necessary to project expenditure stated at R410 985 000 in note 20 to the financial statements.

Excepted to opinion

- I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
- 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.
- I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Employers of matters

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

Restatement of corresponding figures

- As disclosed in note 28 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2024.

Responsibilities of the accounting authority for the financial statements

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

Responsibilities of the auditor general 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. This description, which is located at page 79, forms part of our auditor's report.

Report on the audit of the annual performance report

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

14. I selected the following programmes presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected programmes that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 2: Skills planning	18-19	To promote relevance of support provided by INSETA through implementation of innovative and impactful programmes
Programme 3: Learning programmes	19-22	The learning interventions are INSETA contributions to the achievement of the DNDP five year implementation plan.
15.		I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
16.		I performed procedures to test whether:
		<ul style="list-style-type: none"> the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated

- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets/measures taken to improve performance

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

18. The material findings on the reported performance information for the selected programmes are as follows:

Programme 3 - learning programmes

19. Overachievements were reported against the related planned targets together with the reasons for this. However, adequate supporting evidence was not provided for auditing. Consequently, I could not confirm the reliability of the reported reasons.

Indicator	Target	Reported achievement	Reported reason
Number of unemployed learners completed internships	250	264	Early commencement and timely implementation of the programme resulted in timely completion.
Number of unemployed learners completed for Learnerships programmes	630	642	Improved efficiency in the quality assurance environment leading to increased certification.
Number of workers granted bursaries (Continuing)	50	235	Increased demand of workers continuing their studies.

Indicator	Target	Reported achievement	Reported reason
Number of workers granted bursaries completed their studies	600	626	Consistency in the bursary participants in completing their studies.
Number of workers completed for learnerships programmes.	600	605	Improved efficiency in the quality assurance environment leading to increased certification.
Number of unemployed learners granted bursaries completed their studies	280	281	Consistency in the bursary participants in completing their studies.
Number of workers completed AET programmes	30	44	Completion of the learner performance depends on learner performance to complete timeously. The increased throughput rate was as a result high uptake of employees.
Number of workers enrolled for RPL	160	177	Improved participation by industry due to awareness created around Recognition of Prior Learning (RPL) which resulted in more interest from the industry.
Number of workers completed for RPL	130	134	Improved participation by industry due to awareness created around Recognition of Prior Learning (RPL) which resulted in more interest from the industry.
Number of learners who completed workplace-based learning programmes absorbed into employment or self-employment	400	425	More interest from the sector in absorbing learners who completed the work-based learning programme in the workplace.
Number of people trained on entrepreneurship skills & supported to start their businesses	10	11	A targeted approach implemented to support entrepreneurship programmes in the sector.

Number of learners completed for learnerships programmes

20. Based on audit evidence, the achievements reported in the annual performance report materially differed from the supporting evidence.

Indicator	Target	Reported achievement
Number of workers enrolled for RPL Programme	160	180
Number of unemployed learners enrolled for internships.	950	994
Number of unemployed learners enrolled for learnerships programmes.	1200	1462

Number of unemployed learners completed for learnerships programmes

21. An achievement of 642 was reported against a target of 630. However, it was identified that the target had not been clearly defined during the planning process. Inconsistencies were found in the definition and the method of calculation included in the technical indicator description.

Differences

22. I draw attention to the matter below.

Achievement of planned targets

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

Material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for programme 3: learning programmes. Management did not

correct all of the misstatements and I reported material findings in this regard.

REGISTRAR OF THE HIGH COURT OF SOUTH AFRICA
GALVANIS DIVISION,
PRETORIA

REPORT OF THE HIGH COURT OF SOUTH AFRICA
AUDITING AND ACCOUNTING
AUTHORITY

Report on compliance with legislation

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

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

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

28. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

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

30. Material misstatements of discretionary grants commitment, related parties, other operating commitment, financial instrument, risk management and statement of change in net assets, identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statement receiving a qualified opinion.

Other information in the annual report

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

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

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

34. I did not receive the other information prior to the date of this auditors 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 to 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 is corrected this will not be necessary.

internal control deficiencies

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

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

37. The public entity did not implement proper record keeping to ensure that complete, relevant and accurate information was accessible and available in a timely manner to support financial and performance reporting. This resulted in unnecessary delays in completing the audit.

38. The public entity developed an audit action plan to address internal control deficiencies, however, the plan was not adequately monitored to ensure that corrective measures were effectively implemented. As a result, there were recurring findings with similar root causes as those previously reported.

39. Oversight of responsibility regarding financial reporting and compliance was not adequately exercised, as the controls in place did not prevent or detect internal control deficiencies, resulting in material misstatements and non-compliance.

40. The public entity did not ensure that the financial statements

and annual performance report were adequately reviewed and supported by complete and accurate supporting documents, resulting in material misstatements identified during the audit.

41. The public entity did not implement adequate controls relating to daily and monthly processes of reconciliation of transactions. The controls that management put in place to ensure regular, accurate and complete financial reports did not always prevent and/or detect material misstatements in the financial statements and annual performance report.

AUDITOR GENERAL

Pretoria

31 July 2024



Auditing to build public confidence

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Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control

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

Communication with those charged with governance

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

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

REGISTRAR OF THE HIGH COURT OF SOUTH AFRICA
REGISTRATION NUMBER: 2010/000000/01
REGISTRATION DATE: 01/01/2010
REGISTRATION EXPIRY DATE: 31/12/2024
REGISTRATION STATUS: ACTIVE
REGISTRATION TYPE: AUDITOR
REGISTRATION NUMBER: 2010/000000/01
REGISTRATION DATE: 01/01/2010
REGISTRATION EXPIRY DATE: 31/12/2024
REGISTRATION STATUS: ACTIVE
REGISTRATION TYPE: AUDITOR



Compliance with legislation - selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Treasury regulations	Treasury reg 16A6.1 Treasury 16A3.2 (fairness) Treasury reg 16A3.2(a) and b Treasury reg R16A6.3(a), (b)(c) &(e) Treasury reg 16A6.4 Treasury reg 16A6.5 Treasury reg 16A6.6 Treasury reg 16A7.1 Treasury reg 16A7.3 Treasury reg 16A7.6 Treasury reg 16A7.7 Treasury reg 16A8.3 Treasury reg 16A8.4 Treasury reg 16A9.1(b) (ii), (d), (e) Treasury reg 16A9.1(d), (e) & (f) Treasury reg 16A9.2(a)(ii) Treasury reg 8.2.1 Treasury reg 8.2.2 Treasury reg 29.1(a) &(c) Treasury reg 29.3.1 Treasury reg 30.1.1 Treasury reg 30.1.3(a), (b) & (d) Treasury reg 30.1.3(b) Treasury reg 30.1.3(d) Treasury reg 30.2.1 Treasury reg 31.1.2(c) Treasury reg 31.2.1 Treasury reg 31.3.3 Treasury reg 33.1.1 Treasury reg 33.1.3

PFMA instruction note 3 of 2021/22	Paragraph 4.1 Paragraph 4.2(b) Paragraph 4.3 Paragraph 4.4 and Paragraph 4.4(c), (d)
PFMA SCM instruction note 03 of 2021/22	Definition Paragraph 4.1 Paragraph 4.2(b) Paragraph 4.3 and 4.4 Paragraph 4.4(c) Paragraph 4.4(d) Paragraph 7.2
SCM Instruction note 02 of 2021/22	Paragraph 3.2.1 Paragraph 3.2.4 Paragraph 4.1
SCM instruction note 3 of 2016	Note 3 Note 6
National Treasury Instruction 01 of 2021/2022	Paragraph 4.1
Treasury Instruction note 11 of 2020/21	Paragraph 3.1 Paragraph 3.4(b) Paragraph 3.9
National Treasury Instruction 5 of 2020/21	Paragraph 1 Paragraph 2 Paragraph 4.8 Paragraph 4.9 Paragraph 5.3
National Treasury Instruction 07 of 2017/18	Paragraph 4.3
National Treasury Instruction 4A of 2016/17	Paragraph 6
Legislation	Sections or regulations



Legislation	Sections or regulations
National Treasury Instruction 4 of 2015/16	Paragraph 3.4
Practice Note 7 of 2009/10	Paragraph 4.1.2
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA	PFMA 35(4) PFMA 38(1)(b) PFMA44 PFMA45(b) PFMA 51(1)(b)(ii) PFMA 51(1)(e)(iii) PFMA 52(b) PFMA 54(2)(c), (d) PFMA 57(b) PFMA 55(1)(a), (b) PFMA 55(1)(a), (b)
PPPFA	Definition "acceptable tender" Section 2(1)(a) and (b) Paragraph 2(1)(f)
Preferential Procurement Regulation 2011	Regulation 9(1), 9(5)
Preferential Procurement Regulation 2017	under functionality Regulation 4(1), 4(2) Regulation 5(1), 5(3), 5(6), 5(7) Regulation 6(8) Regulation 7(8) Regulation 8(2), 8(5) Regulation 9(1) Regulation 10(1) Regulation 11(1)
Preferential Procurement Regulation 2022	Regulation 4(4)

CIBD Act	Section 18(1)
CIBD Regulations	Regulation 17 Regulation 25(7A)
SBD	SBD 62 issued in 2017
Sita Act	Section 7(3)
Public Service regulation	Regulation 18(1), (2)
PRECCA	Section 34(1)
Grant regulations	GNR.990 2(1) GNR.990 3(3) & 4 GNR.990 4(3), 8 GNR.990 6(9)(iii)

