

ANNUAL REPORT
2015/2016



inseta
INSURANCE SECTOR EDUCATION
AND TRAINING AUTHORITY



Sandra Dunn

INSETA Chief Executive Officer



Dr Blade Nzimande

*Minister of Higher Education
and Training*

HONOURABLE **MINISTER**

**it is with pleasure that we present to you the
annual report of the Insurance Sector
Education and Training Authority for the
period 1 April 2015 to 31 March 2016**

RP179/2016

ISBN: 978-1-77018-821-1



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



inseta

INSURANCE SECTOR EDUCATION
AND TRAINING AUTHORITY

CONTENTS

PART A: GENERAL INFORMATION

1. List of Abbreviations and Acronyms	4
2. Strategic Overview	6
3. Legislative Mandates	6
4. Organisational Structure.....	8
5. Foreword by the Chairperson	10
6. Chief Executive Officer's Report.....	14

PART B: PERFORMANCE INFORMATION

1. Statement of Responsibility for Performance Information.....	22
2. Auditor's Report: Predetermined Objectives.....	23
3. Performance Information by Programme.....	25
4. Summary of Financial Information	34
5. Highlights.....	35

PART C: GOVERNANCE

1. Report of the Accounting Authority	38
2. The Board.....	44
3. Audit Committee Report.....	46

PART D: HUMAN RESOURCE MANAGEMENT

1. Human Resource Statistical Overview.....	50
2. Improvement of Organisational Efficiency and Employer of Choice	53
3. Other Human Resource matters.....	54
4. Employment Equity.....	54
5. Future Outlook.....	55

PART E: FINANCIAL INFORMATION

1. Statement of Responsibility.....	58
2. Report of the Auditor General	59
3. Annual Financial Statements.....	62

ABBREVIATIONS / ACRONYMS

ABET	Adult basic education and training
ABIB	Association for Black Insurance Brokers
APP	Annual performance plan
ASABA	Association for Black Actuaries
ASB	Accounting Standards Board
ASISA	Association for Savings and Investments of South Africa
ASSA	Actuarial Society of South Africa
ATR	Annual training report
BBF	Black Brokers Forum
BEE	Black economic empowerment
B-BBEE	Broad-based black economic empowerment
BISA	Business Unity South Africa
BUSOSA	Burial Societies of South Africa
CEO	Chief executive officer
CFO	Chief financial officer
COO	Chief operations officer
DHET	Department of Higher Education and Training
ESG	Environmental, social and governance
ETQA	Education and training quality assurance
FAB	Funeral Assistance Business
FAIS	Financial Advisory and Intermediary Services Act
FIA	Financial Intermediaries Association
FPI	Financial Planning Institute
FSB	Financial Services Board
GRAP	Standards of Generally Recognised Accounting Practice
ICT	Information and communications technology
IISA	Insurance Institute of South Africa
INSETA	Insurance Sector Education and Training Authority
IRMSA	Institute of Risk Managers South Africa
IT	Information technology
MFA	Mutual Financial Analysts
NGO	Non-governmental organisation
NGP	New Growth Plan
NLRD	National Learner Record Database

NQF	National Qualifications Framework
NSA	National Skills Accord
NSDS	National Skills Development Strategy
NSF	National Skills Fund
PFMA	Public Finance Management Act
OFO	Organising Framework for Occupations
PIVOTAL	Professional, vocational, technical and academic learning
QCTO	Quality Council for Trade and Occupations
RE	Regulatory examination
RPL	Recognition of prior learning
SAADP	South African Actuaries Development Programme
SAFOBS	South African Federation of Burial Societies
SAICA	South African Institute of Chartered Accountants
SAIA	South African Insurance Association
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
SAUMA	South African Underwriting Managers Association
SCM	Supply chain management
SDA	Skills Development Act
SDF	Skills development facilitator
SDLA	Skills Development Levies Act
SDP	Skills development provider
SETA	Sector Education and Training Authority
SETAB	Sector Education and Training Advisory Board
SIC	Standard industrial classification
SLA	Service level agreement
SMME	Small, medium and micro enterprises
SSP	Sector skills plan
TVET	Technical and vocational education and training
UMA	Underwriters Managers Association
WBE	Work-based experience
WSP	Workplace skills plan

STRATEGIC OVERVIEW

Purpose

INSETA's purpose is to grow the pool and quality of scarce and critical skills in the insurance sector, enhancing the sector and supporting the country's transformation.

Vision

A skilled and capable insurance and related services workforce.

Values

Partner to enable others

- Form strategic partnerships
- Be an employer of choice
- Consult and collaborate with stakeholders

Lead with vision

- Develop contemporary solutions to guide the industry
- Listen, learn, influence and shape

Deliver quality

- Results for real impact
- Value for investment

Touch lives

- Make a difference
- Leave an enduring legacy

Inspire trust

- Transparent
- Reliable and consistent
- Accountable

STRATEGIC OUTCOME- ORIENTED GOALS

INSETA set the following strategic goals for 2015/16.

Strategic goal 1:

A credible institutional mechanism for skills planning

Strategic goal 2:

Increased access to occupationally directed programmes

Strategic goal 3:

Better use of workplace-based skills development

Strategic goal 4:

Training and support provided to sector cooperatives, small enterprises and non-governmental organisations (NGOs)

Strategic goal 5:

Building career and vocational guidance

Strategic goal 6:

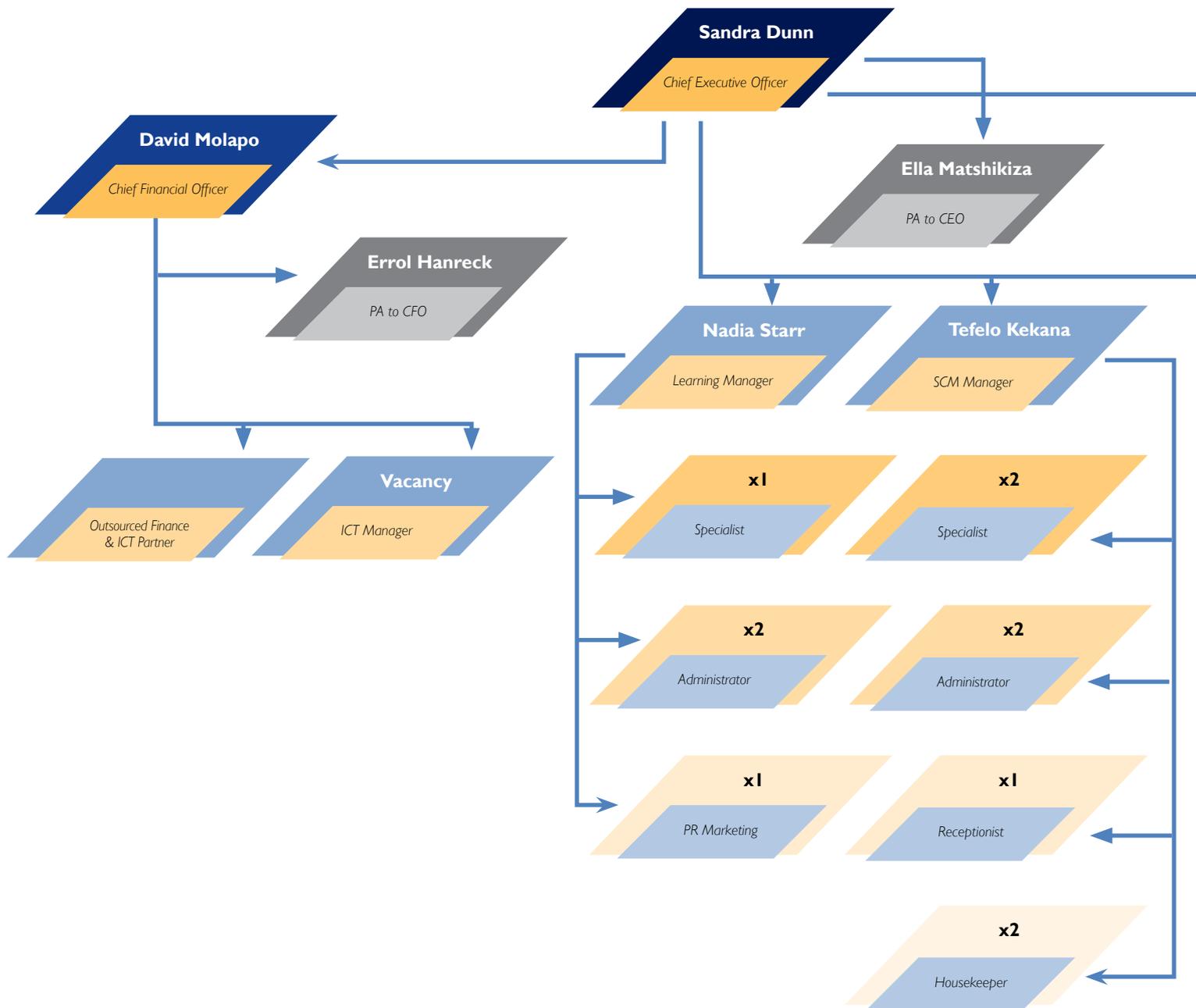
Promoting the growth of a public technical and vocational education and training (TVET) sector college system that is responsive to sector, local regional and national skills needs and priorities

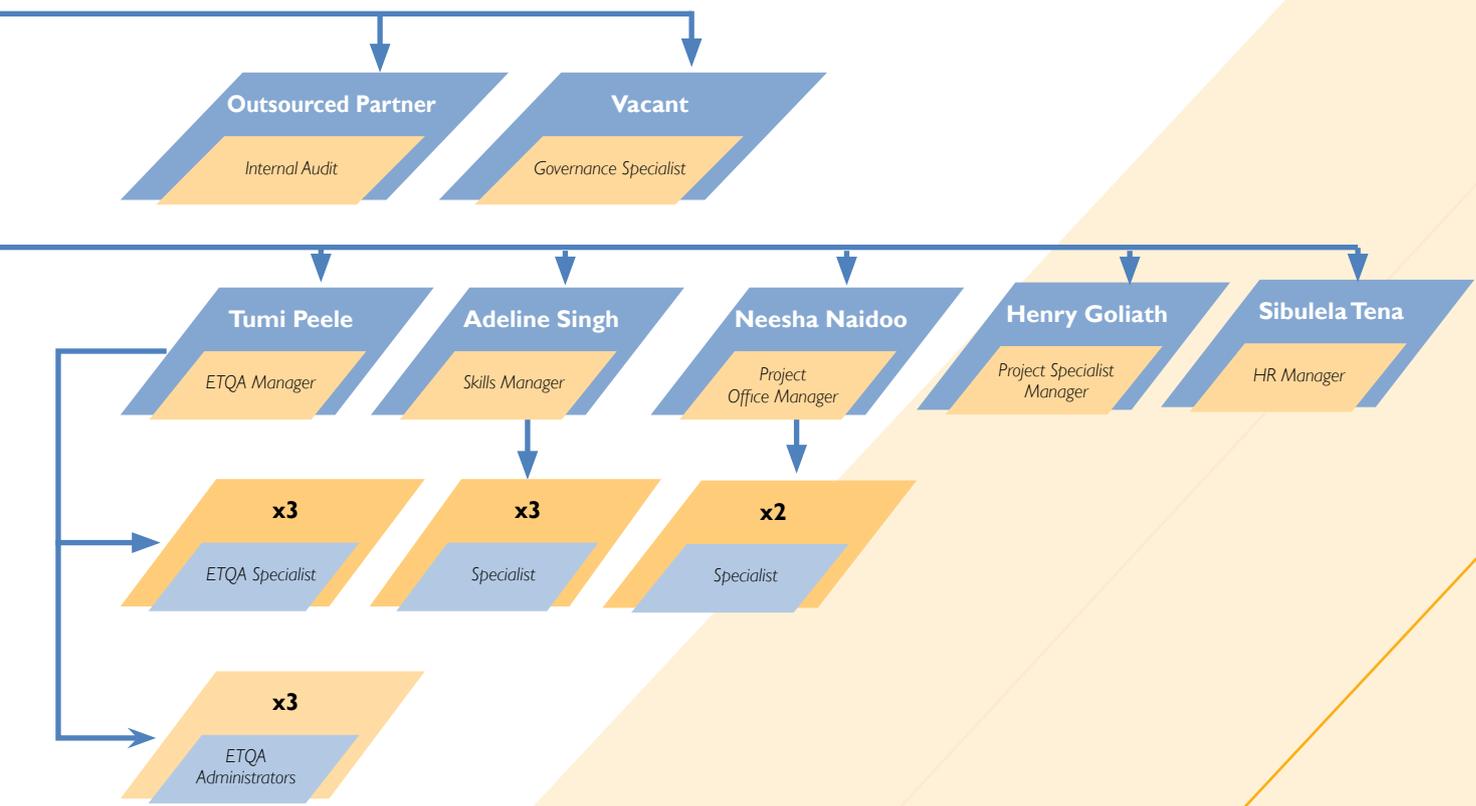
Legislative and other mandates of INSETA

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 other legislation that relates to the governance of Sector Education and Training Authorities (SETAs).

The table below represents the Acts and other mandate documents that predominantly direct and influences INSETA in skills development.

ACT/OTHER MANDATE DOCUMENTS	PURPOSE OF THE ACT/OTHER MANDATES
Insurance Sector Education and Training Authority 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.
SDA 1998 (as amended)	Provides an institutional framework to develop and implement national, sector and workplace strategies to improve the skills of the South African workplace.
PFMA 1999 (as amended)	The PFMA seeks to regulate financial management and corporate governance in the national government and provincial governments.
SDLA 1999	Provides for the imposition of the skills development levy and related matters.
The Financial Advisory and Intermediary Services (FAIS) Act 2002	Sets out the fit and proper requirements for financial services providers. New requirements include compulsory regulatory examinations (REs) with strict timeframes laid down by the Financial Services Board (FSB).
National Qualifications Framework (NQF) Act 2009	To provide for the NQF.
National Skills Development Strategy III (NSDS III)	Creates a skilled and capable workforce that shares in, and contributes to, the benefits and opportunities of economic expansion and an inclusive growth path.
National Skills Accord (NSA)	Provides defined commitments that are in line with the New Growth Path (NGP) strategy objective to create five-million new jobs by 2020.
Sector skills plan (SSP)	Definition: An 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, the sector's top scarce and critical skills.
Annual performance plan (APP)	Contains INSETA's performance commitments and measurement framework.
Service level agreement (SLA)	The SLA sets out the agreement between the Department of Higher Education and Training (DHET) and INSETA.







Mzimkulu Msiwa

Independent Chairperson of the INSETA Board

FOREWORD BY THE CHAIRPERSON

Knowledge is like a garden. If it is not cultivated it cannot be harvested

- African proverb

The old maxim that the only constant in life is change is played out time and again across every industry and situation. The SETA landscape is no exception, with a proposed overhaul of the structure and duties of the authorities mooted for 2018 and consultations now underway on the best route forward.

Over the last 15 years, the SETAs have had more than their fair share of detractors and, yes, in some cases their allegations were founded. However, there is no doubt that SETAs have changed the lives of many South Africans for the better. Just ask the unemployed youngster who had all but lost hope when he was awarded a bursary to study and gain employment; the disabled person who had never been given a chance, but is now enrolled on a learnership; the micro business owner who badly needed skills to sustain his business and who

was given the opportunity to complete skills programmes that impart valuable financial and management skills.

The term of the SETAs in their current form has been extended to 2018, thus for INSETA, it is business as usual.

Not so the South African insurance sector; according to PricewaterhouseCoopers' latest study into trends in the industry. Given the poor economy and the difficult trading conditions in South Africa, insurers have to 'quickly break away from business as usual and find new ways to achieve growth', the study states. Factors such as FinTech, changing demographics, regulation and the rising significance of emerging-market economies make it more susceptible to disruption than other industries, according to PWC.

Digital technology and data analysis ability will be significant in facilitating more real time engagement with consumers and in anticipating their changing needs.

In this scenario, skills obviously have a crucial role to play.

Financially, INSETA is in a strong position to facilitate such skills, with levy income rising by R46 million, from R371 million for the 2014/15 financial year to R417 million for the 2015/16 financial year. INSETA funded project and grant expenditure for the year to the value of R364,8 million.

INSETA's skills bible is its sector skills plan (SSP), which it regularly updates to keep it abreast of trends such as those noted by PWC. During the year, the SSP was again brought up to date with, among other information, the latest scarce and critical skills findings that inform interventions and ensure their relevance to the needs of the market and the plans of the government.

In implementing the plan, INSETA promotes the seven NSDS III developmental and transformational imperatives of race, class, gender, geography, age, disability and the HIV and Aids pandemic.

The SETA also partners with various sub-sectors to focus on implementable interventions that address sustainability issues facing

the sector, such as transformation, human capital development, risk management and the professionalisation of trustees and the sector as a whole.

Insurance requires increasingly professional intermediate and high-level occupationally specific qualifications such as underwriter, claims assessor, risk manager, actuary, financial planner and compliance officer. These will meet the demands of a competitive and challenging market and enable it to cope with increasingly stringent regulatory demands. INSETA is committed to supporting the sector to achieve this raised level of qualifications by increasing access to occupationally directed programmes and to a range of qualifications that meet scarce and critical skills needs.

INSETA also supports the transformation of the sector by providing qualifications such as wealth management through TVET colleges, which allow youngsters access to the industry. Through career guidance initiatives, INSETA aims to attract youth and unemployed graduate talent to the sector.

One of a number of catalytic interventions during this year under review was the continuation of our ground-breaking broker development programme launched towards the end of the previous financial year, which is helping to fill a pressing need in the marketplace. The programme was crafted to cultivate small to medium black brokerages so as to expand the supply and quality of scarce and high-priority skills, while enriching the industry and fostering transformation.

Run in partnership with the Association for Savings and Investments South Africa (ASISA), the project delivered a 12-month development, training and mentorship programme. Concurrently, research was undertaken to gauge the feasibility of a shared-services model including classroom-based education that will ensure optimal, scalable and sustainable approaches to broker development in the future.

This project has had real impact, as evidenced by a growth in revenue and profitability of the eight brokerages involved, as well as the formation of impactful partnerships of beneficiary brokerages.

INSETA has also provided support for those who must comply with the 'fit and proper' requirements of the Financial and Advisory Intermediary Service (FAIS) Act. Discussions are in progress on anticipated legislation and will be looked at in terms of the SETA's mandate with the sector and the Financial Services Board (FSB).

A customised 'captains of industry' programme was run very successfully with a view to creating cutting-edge leadership attributes and management skills in the context of current industry drivers.

Through this 12-month programme, 79 employed learners successfully completed a learning programme at an equivalent of NQF level 6, acquiring the SSP-identified skills needs for effective management and for 'non-tangible' aspects of leadership skills in the following areas:

- The green agenda: the changing landscape and the impact of legislation
- The aging population: impact on the industry
- Regulation: impact of changing and new regulations
- Technology: fast-pace of change and impact on the industry
- Social media: effective integration with the corporate strategy of the company
- Client-centricity: broader consumer awareness, education and protection
- The 2020 landscape: rapid changes impacting the industry, workforce and key stakeholders.

The Board is particularly proud of the work that has been done during 2015/16 through the bursary programme in allocating life-changing resources to youngsters, particularly in no-fee schools. These schools are classified as quintiles one to three according to the poverty of the surrounding community and infrastructural factors. Of the 694 bursary beneficiaries to date, 372 have been from quintiles one to three.

There is tremendous human potential in our poorer and most under-resourced classrooms that would go untapped if not for programmes such as this, so this is truly putting resources where they are most needed. Through the initiative, universities are required to apply for bursaries for beneficiaries from these schools.

During the year, INSETA maintained its strong partnerships with key organisations in the sector, with a view to prioritising talent shortages and addressing these to ensure sector competitiveness.

CATEGORY	ENTITY	
Industry associations	Associations of Savings and Investment of South Africa (ASISA)	South African Insurance Association (SAIA)
Intermediary sub-sector	Financial Intermediaries Association (FIA) Black Brokers Forum (BBF)	Association for Black Insurance Brokers (ABIB)
Professional bodies	Insurance Institute of South Africa Institute of Loss Adjusters Actuarial Society of South Africa (ASSA)	Financial Planning Institute (FPI) Principal Officers Association (POA) Association for Black Actuaries (ASABA)
Risk management	Institute of Risk Managers South Africa (IRMSA)	
Underwriting agencies	South African Underwriting Managers Association (SAUMA)	
Funeral sub-sector	Funeral Assistance Business (FAB) South African Federation of Burial Societies (SAFOBS)	Burial Societies of South Africa (BUSOSA)
Healthcare benefits and administration	Board of Healthcare Funders	
Regulatory	Financial Services Board (FSB) Council for Medical Aid Schemes	National Treasury

In doing so, INSETA has leveraged labour market intelligence within the insurance sector towards ensuring that skills development and strategic interventions can produce real, valid impact. Through an INSETA-commissioned research project conducted with stakeholders in all INSETA's constituent sub-sectors, coupled with these partnership

engagements, factual data has been obtained on the status of the industry and key industry drivers, which INSETA is analysing for interventions in the 2016/17 financial year:

Being able to leverage such partnerships and drawing on the invaluable data thus obtained during the year under review, INSETA is armed for strategic interventions in 2016/17 that will have real, valid impact. Some R260.5 million will be spent in the coming year on PIVOTAL programmes and R29 million on catalytic initiatives.

The road ahead

The Board has noted the future landscape proposals. Whatever decisions are made, the Board is confident that they will be in the best interests of the country and all its people.

There is no doubt that the foundation has been laid for a continued culture of training and development to strengthen the South African economy. Life is a journey of learning for everyone and no learning or skills enhancement is ever wasted, but can continue to be built on.

Appreciation

In conclusion, I acknowledge the invaluable support and wise counsel of my fellow INSETA Board members over the year under review. Without your expertise as leading lights in the industry, the SETA would not have been able to achieve what it has this year and in previous years.

On behalf of the Board, I thank each and every SETA team member for continuing the proud INSETA traditions of hard work, commitment and perseverance. A more dedicated group of people would be difficult to find in any South African organisation.

As we move through the next two years, we must continue to be guided by the values that have become ingrained in our every activity and undertaking. Thus, we must enable others through partnerships, while leading with vision and delivering quality service that touch lives and inspire trust.



Mzimkulu Msiwa
Independent Chairperson of the INSETA Board
31 July 2016



Sandra Dunn
Chief Executive Officer INSETA

CHIEF EXECUTIVE OFFICER'S REPORT

Knowledge is like a baobab; no one person can embrace it

- African proverb

INSETA has delivered a consistently high performance since inception in 2001 in conceptualising and implementing the best skills solutions for the sector and its employees. This annual report, which covers activities for 2015/16, reflects another successful period of achievement towards the SETA's vision, in partnership with its committed sector stakeholders.

NSDS III performance

In the period, INSETA achieved 40 (80%) of the 50 targets set in its annual performance plan (APP). This is an improvement from last years achievement of 78%.

Six strategic goals have been identified to deliver on INSETA's NSDS III mandate. Below is a summary of achievements against each goal.

GOAL	INSETA PROGRAMME	FUNDING ALLOCATED AND NUMBER OF ACTIVE PROJECTS	NO. OF PLANNED INDICATORS	NO. OF INDICATORS ACHIEVED	COMMENT
A credible institutional mechanism for skills planning	Skills Planning	R1 827 173 (1 active projects)	5	5	100%
Access to occupationally directed programmes	Occupationally Directed Programmes	R547 970 966 (19 active projects)	12	11	The slight underachievement (92%) reflects learnership qualification achievement for youth
Better use of workplace-based skills development	Workplace Skills Development		13	11	Underachievement (15%) pertains to learnership completions and qualification achievement for workers
Training and support provided to sector cooperatives, small enterprises and NGOs	Small business and co-operative support	R26 500 583 (5 active projects)	11	7	The achievement of only 54% against the planned target on this goal demonstrates the need for focused interventions to support small businesses. INSETA will be putting in place a strategy for the new year.
Effective established career and vocational guidance channels	Career Development	R619 305 (1 active project)	3	3	100%
Promoting the growth of a public TVET college system that is responsive to sector, and to local, regional and national skills priorities	TVET College Programme	R28 364 396 (3 active projects)	4	3	Underachievement (25%) due to TVET colleges not seeing the need to obtain programme approval as they do not view themselves as competitors in skills development

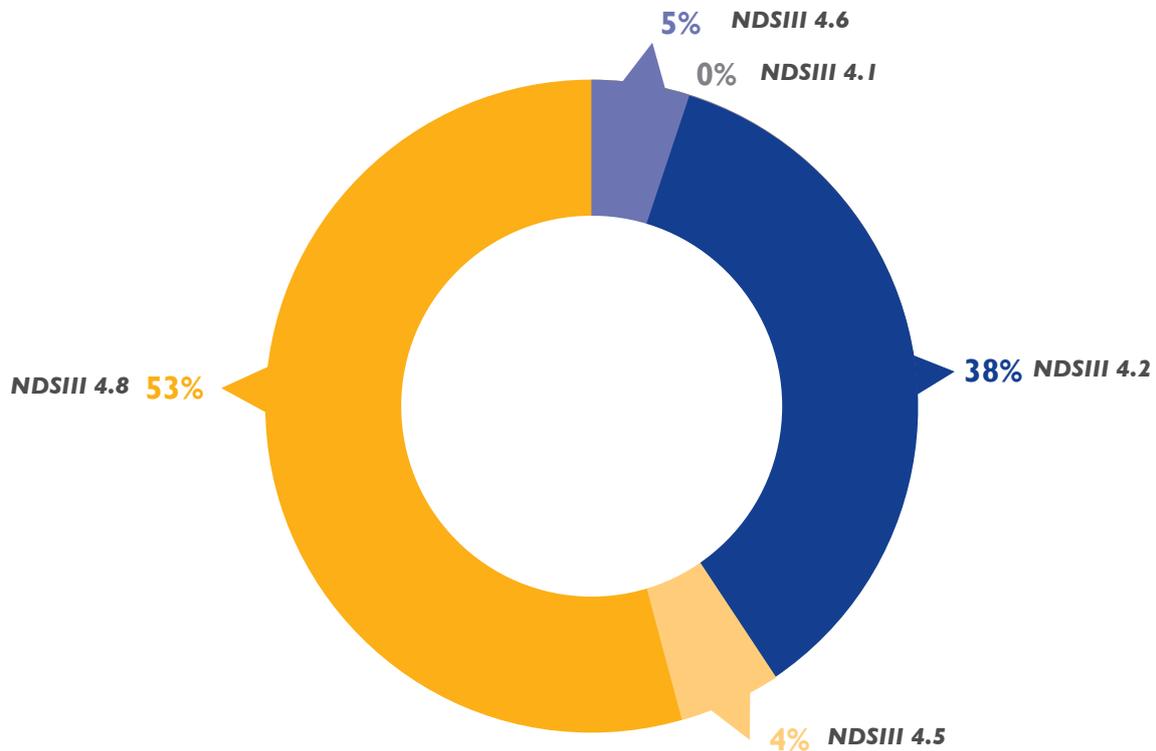
Discretionary grant projects active in the 2015/16 financial year were distributed across the programmes in the following percentages:

Discretionary projects and programmes remain a mechanism for INSETA to take a lead in meeting the skills needs of the industry, while also meeting national skills development objectives. INSETA's success as an ambassador to the industry is heavily dependent on the commitment of its stakeholders, particularly as youth development and workplace learning are key components that rely on employers. A culture of commitment to partnerships is imperative so that INSETA can work towards meeting national and industry goals and objectives.

PIVOTAL programmes - namely bursaries, learnerships and internships - accounted for the lion's share of grant funding. Challenges were experienced with bursary programmes for small businesses and with completions for employed learnerships. The SETA, in consultation with the sector, is relooking at the small-business bursaries mechanism. Robust follow-up and regular communication with participants will enhance employed learnership performance.

Strategic projects

In the 2015/16 financial year, INSETA had 35 projects, seven in closure phase, four in initiation, 11 in planning and 13 in implementation.



The FAIS fit and proper support workshop initiative drew to a close after great success as a flagship project.

The small and micro enterprise broker development support pilot programme also wound down, having benefited eight brokerages nominated by industry bodies. The brokerages received comprehensive business development, training and mentorship support, including skills in management and leadership, business acumen and industry-specific support such as with compliance and regulatory needs. The brokerages have seen tangible results in overall business development and growth in revenue and profits, which will contribute to their long-term sustainability.

The management and leadership development project also closed, having been very well received by the industry for its success in nurturing leadership potential in the context of key industry drivers. There is much demand for such programmes in future.

An exciting new strategic sustainable energy project has been scoped in partnership with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). The project focus is on the up skilling of plumbing installers and makes a contribution to artisan development and will in the long run have an impact on claims assessing in the area of geyser claims within the short-term insurance sector.

Burial society support

The burial society industry is an important and expanding link in the South African financial services sector and one that is badly in need of skills. Finscope research indicates that there may be tens of thousands of burial societies serving as many as 11.7 million members, excluding dependents, and that nearly every African household is covered by a society. Membership of burial societies and stokvels contributes between R25 billion and R44 billion to the economy.

INSETA pledged financial support to 1 102 burial societies in the 2015/16 year, enabling their members to obtain part of full qualifications in scarce and critical skills identified in the SSP. Training was delivered through short, accredited unit standards-based skills programmes. In

spite of the low skills level of the beneficiaries, programme completion rates were higher than in the previous year.

Thus, the project is viewed as a great success for both INSETA and the participants. It has also allowed INSETA to forge strong relations with apex bodies such as the Burial Societies of South Africa (BUSOSA) and the South African Federation of Burial Societies (SAFOBS).

These efforts were acknowledged at the Stokvel and Burial Society Indaba in September 2015, when Gauteng Premier David Makhura commended the SETA for taking a keen interest in developing the industry.

Skills planning

This table shows the breakdown of WSP submissions by organisation size.

COMPANY SIZE	NO OF LEVY PAYING ORGANISATIONS	TARGET FOR SUBMISSION	TOTAL SUBMITTED 2015/16
Large (150+ employees)	81	65	87
Medium (50 to 149 employees)	150	75	81
Small levy payers (0 to 49 employees)	879	220	411
Total	1 110	551	579

Quality assurance

The responsibility for TVET initiatives lies with the Education and Training Quality Assurance (ETQA) Division.

During the year, INSETA supported 21 TVET colleges in eight provinces (there were no applications for assistance from Northern Cape). The R59.5 million allocation benefited 945 learners on internships. Eighty percent of the interns were placed in companies in the insurance sector and half of the group will complete their programmes during 2016/17.

In addition, INSETA funded bursaries at five TVET colleges in support of 86 learners who were studying towards qualifications that support the insurance sector.

A decision was made to include career guidance partnerships in the agreements with the TVET colleges that received internship funding. Thus, career guidance was delivered at the colleges during learner orientation sessions.

INSETA, the sector represented by IISA, FPI and FIA and Ekurhuleni West College began are exploring the establishment of an insurance college. This is a first step in a journey that will hopefully put TVETs on the insurance careers map.

Projects during the year included:

- Development of a claims administrator occupational qualification development, which will be submitted for approval early in 2016/17 to the Quality Council for Trades and Occupations (QCTO), after which it will go to the South African Qualifications Authority (SAQA) for approval and registration.
- Development of a health administrator occupational qualification, which was submitted to QCTO for review.
- Curriculum for the financial services representative occupational qualification, which was submitted for industry verification and will then go to QCTO.
- Further progress towards accreditation with QCTO to offer the registered underwriter occupational qualification

Appreciation

My appreciation goes to the Board for maintaining its strategic oversight of our activities through the year and keeping us grounded and focused at all times. To my awesome team of managers and staff, you have done yourselves proud yet again and have ensured that INSETA can hold its head high on the skills development stage and as a key roleplayer in the South African financial services sector.

Long may we continue to make a difference to the lives of our fellow citizens.



Sandra Dunn
Chief Executive Officer
INSETA
31 July 2016

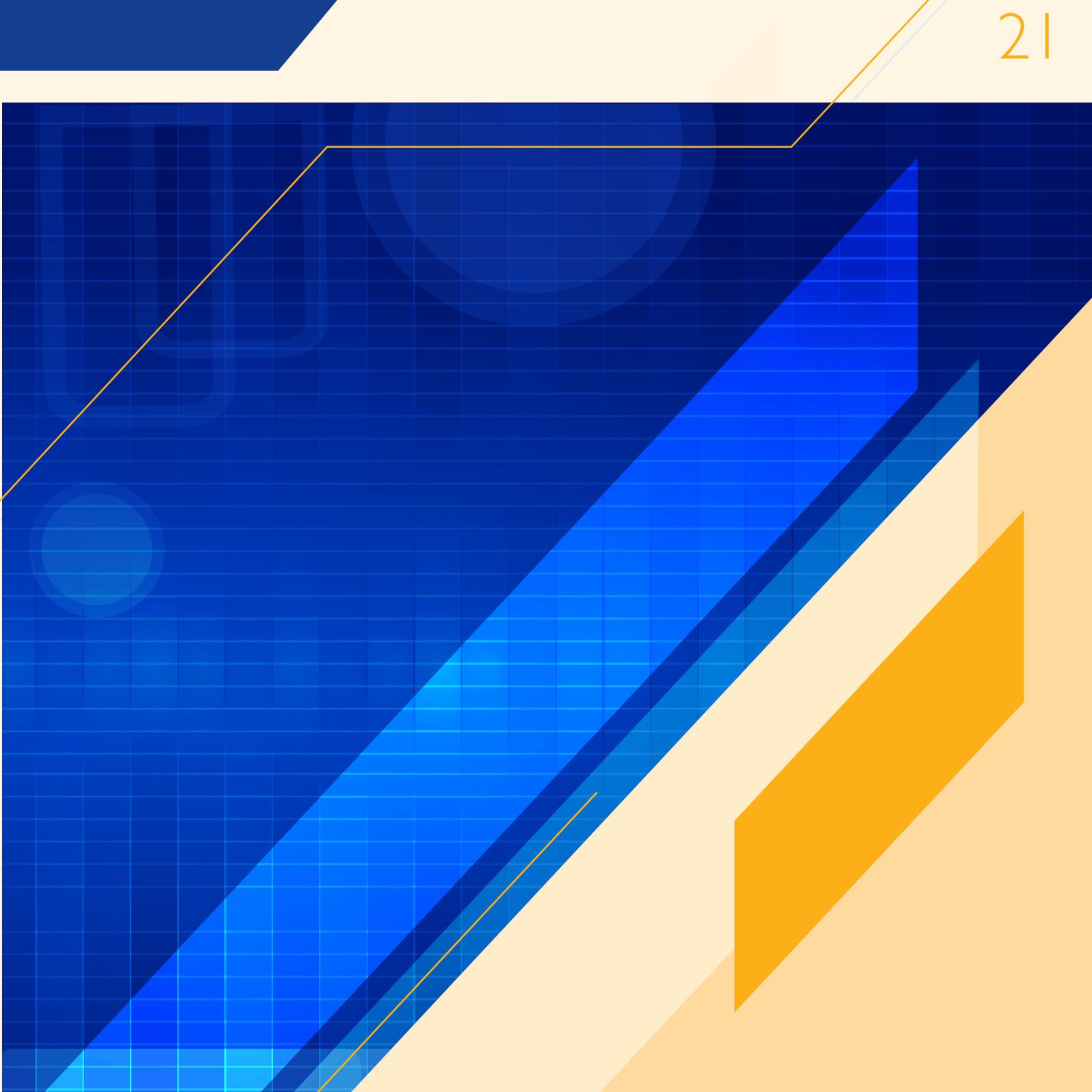
Cost of consultants and technical advisers

INSETA's main service providers are:

CONSULTANTS AND TECHNICAL ADVISERS	SERVICE	COST FOR 2015/16
Deloitte	Provides outsourced services in information technology, financial management and other back office processes. Contracted until March 2016.	R 12 407 117
Business Innovation Group	Provide outsourced internal audit function. Contracted until March 2016.	R 1 129 590
Auditor General	Perform the external audit function, which is a legislative requirement for all SETAs.	R 2 410 275

B

PERFORMANCE INFORMATION





Sandra Dunn
Chief Executive Officer INSETA

PERFORMANCE INFORMATION

It always seems impossible until it is done
– Nelson Mandela

Statement of responsibility of performance information

Statement of responsibility for performance information for the year ended 31 March 2016

The chief executive officer (CEO) is responsible for the preparation of, reporting on and judgments against INSETA's performance information.

The CEO is responsible for establishing and implementing a system of internal controls that can provide reasonable assurance as to the integrity and reliability of INSETA's performance information.

In my opinion, the information reported on INSETA's performance fairly reflects the actual achievements against planned objectives, indicators and targets as per the strategic and annual performance plan of the public entity for the financial year ended 31 March 2016.

The INSETA performance information for the year ended 31 March 2016 has been examined by the Auditor General of South Africa and their report is presented on page 59.

The performance information of the entity as set out on page 25 to page 34 was approved by the Board.

A handwritten signature in black ink, appearing to read 'Sandra Dunn', written in a cursive style.

Sandra Dunn
Chief Executive Officer

AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor General of South Africa performs the audit on 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.

Refer to page 60 of the Report of the Auditors, published as Part E: Financial information.

Overview of INSETA's performance

Service delivery environment

The INSETA SSP indicates that skills in demand are within the occupational categories of clerk, administrator, sales worker, managers and professionals, notably at intermediate and high level. The top 10 scarce and critical skills in the insurance and related services sector represented by the SSP are:

- Insurance agent
- Call or contact centre agent
- Outbound contact centre consultant
- Sales manager
- Insurance loss adjuster
- Insurance claims administrator
- Corporate services manager
- Marketing practitioner
- Associate legal professional
- Corporate general manager

Partnerships in skills development is a key driver as INSETA transitions to a new skills development landscape. Various in-depth engagements with industry stakeholders, including employers, professional bodies,

trade associations, regulatory bodies and other roleplayers is ongoing. INSETA remains committed to meeting the demands of all the subsectors through its consultative approach to partnerships for meaningful and sustainable impact.

Impending changes to the SETA landscape and anticipated consequences provide the impetus for engagements at a deep and analytical level as INSETA prepares to take the industry forward. Establishing the validity of reported essential skills needs is a key focus and focused discussions are planned for the new year. The various subsectors represented by INSETA are reflected in the standard industrial classification (SIC) codes table below:

SIC CODE	SCOPE OF COVERAGE/DESCRIPTION
81901	Unit trusts (or collective investments)
81902	Risk management
82100	Insurance and pension funding, except compulsory social security
82110	Life insurance
82120	Pension funding
82131	Healthcare benefits administration
82191	Short-term insurance
82192	Funeral insurance
82193	Reinsurance
83300	Activities auxiliary to insurance and pension funding (including brokers/intermediaries)

Organisational environment

The INSETA Board comprises six constituent nominees who represent the interests of business, six constituent nominees who represent the interests of labour, two ministerial appointees and one independent chairperson. The INSETA Board provides strategic direction to management and plays an oversight role.

INSETA has a permanent staff complement of 36.

The INSETA head office is in Johannesburg. In line with the Minister's request for greater national coverage, regional representation will be extended through INSETA's partnership with TVET colleges. INSETA has established offices in the Eastern Cape at Ingwe and Ikhala TVET colleges. The core divisions within INSETA are skills planning and research, learning and quality assurance. Support divisions comprise human resources, supply chain management, public relations and marketing, project management and outsourced finance and information technology (IT). In addition, INSETA has appointed a chief financial officer (CFO) as an internal resource.

INSETA's revenue is obtained primarily from skills development levies.

Key policy developments and legislative changes

In line with grant legislation, 49.5% of skills levies are allocated to discretionary grant projects.

Regulations governing the spend of discretionary grants stipulate that a minimum of 80% of funds must be spent on professional, internship, vocational, occupational, technical, academic and learning (PIVOTAL) programmes. The remaining 20% may be spent on catalytic interventions, such as those that respond to key industry drivers and needs outside these stipulated categories, as established through engagements with industry.

Strategic outcome-oriented goals

INSETA has identified six strategic goals that contribute to the NSDS III vision of a 'skilled and capable workforce'.

INSETA is pleased of its 80% target achievement rate reflecting a 2 percent improvement from 78% reported in 2014/15. Below is a short narrative under each goal on INSETA's achievements

Goal 1: A credible institutional mechanism for skills planning

All planned indicators were achieved.

Goal 2: Access to occupationally directed programmes

All but one of the planned indicators was met. Certification of youth on learnerships will be a focus area in the current and subsequent year to ensure that this important indicator is met in the future.

Goal 3: Better use of workplace-based skills development

INSETA achieved 11 of the 13 indicators under this goal. The 2 indicators not met pertain to workers not completing their learnerships and consequently not achieving their qualifications. These two indicators will be given priority during 2016 as qualifications are critical for continued employment within the insurance sector.

Goal 4: Training and support provided to sector cooperatives, small enterprises and NGOs

Given that INSETA only achieved 7 of the 11 indicators is an opportunity for INSETA to engage with small business in understanding their skills development needs and providing appropriate solutions.

Goal 5: Effective established career and vocational guidance

INSETA achieved all of its career and vocational guidance indicators. It participated in career days in all nine provinces and more than once in all provinces except for the Free State and Northern Cape.

Goal 6: Promoting the growth of a public TVET college system that is responsive to sector, and to local, regional and national priorities

INSETA targeted two TVET colleges (South West Gauteng and Vuselele) for Lecturer Development.

NO	STRATEGIC OUTCOME ORIENTED GOAL	PROGRAMMES	STRATEGIC OBJECTIVE TITLE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/15	PLAN-NED TARGET 2015/16	ACTUAL ACHIEVEMENT 2015/16	DEVIATION FROM PLANNED TARGETS	REASONS FOR DEVIATIONS
GOAL I	A credible institutional mechanism for skills planning (NSDS III Indicator 4.1)	Skills Planning	Develop Sector Skills Plan	Number of WSPs received from employers reflects the current supply and demand for skills statistics in the sector	1309	900	933	+33	The more WSPs received the more data INSETA has to accurately identify the needs for the sector. The target was set at 900 as a result of the decreasing participation rate expected due to the reduction of mandatory grant from 50% to 20%. However this number was exceeded as one cannot accurately predict the rate of voluntary participation.
				Number of scarce and critical skills identified	10 scarce and critical skills identified	10	10	0	This target has been achieved.
				Board approval and number of sector endorsements received for the Sector Skills Plan	SSP Approved by Board 4 Professional Body Endorsement	3	4	+1	In order to meet the target of 3 an additional endorsement was sought to ensure that target would be met.
				Number of Sector Skills Plans distributed to stakeholders	1515 SSPs have been distributed to stakeholders	1500	1500	0	This target has been achieved.
				Number of employers that endorse the sector approved organising framework for occupations (OFO) codes	140	110	164	+54	In order to meet the target additional approvals were sought to ensure that target would be met.

NO	STRATEGIC OUTCOME ORIENTED GOAL	PROGRAMMES	STRATEGIC OBJECTIVE TITLE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/15	PLAN-NED TARGET 2015/16	ACTUAL ACHIEVEMENT 2015/16	DEVIATION FROM PLANNED TARGETS	REASONS FOR DEVIATIONS
GOAL 2	Increased access to Occupationally directed programmes (NSDS III Indicator 4.2)	Occupationally Directed Programmes	Number of Youth entering learning programmes	Number of youth receiving Bursaries	880	300	806	+506	Based on the need identified by the universities and the additional funds approved by the Board, additional bursaries were approved
				Number of youth entered in Learnerships	2029	1500	1577	+77	Where the demand exceeds the target and in the context of high youth unemployment, the SETA approved additional applications to host unemployed youth
				Number of youth entered in Skills Programmes	1017	1000	1010	+10	In order to meet the target an additional 10 approvals were granted
			Number of youth completing learning programmes	Number of youth completing Bursary funded programmes	878	210	489	+279	The achievement is consistent with the higher numbers entered.
				Number of youth completing learnership programmes	651	1200	1238	+38	The achievement is consistent with the higher numbers entered in the previous financial year.
				Number of youth completing Skills Programmes	1057	800	803	+3	The achievement is consistent with the higher numbers entered.
			Number of youth receiving full or part qualifications	Number of youth receiving full or part qualifications through Bursaries	701	180	489	+309	The achievement is consistent with the higher numbers entered.
				Number of youth receiving full or part qualifications through Learnerships	277	1050	582	-468	This target was not achieved. Verification requests from training providers not received in time.
				Number of youth receiving full or part qualifications through Skills Programmes	1084	700	977	+277	Based on the higher numbers entered, the target for completion was exceeded

NO	STRATEGIC OUTCOME ORIENTED GOAL	PROGRAMMES	STRATEGIC OBJECTIVE TITLE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/15	PLAN-NED TARGET 2015/16	ACTUAL ACHIEVEMENT 2015/16	DEVIATION FROM PLANNED TARGETS	REASONS FOR DEVIATIONS
			Number of Youth supported with workplace experience through internship programmes	Number of youth entering internship programmes	1061	1000	1277	+277	Due to increased stipend amounts, take up was higher than in previous years
			Number of youth completing internship programmes	Number of youth completing internship programmes	489	480	684	+204	Exceeded target due to extensive follow ups and cautions to employers that new allocations would be withdrawn if records pertaining to previous funded projects were not produced
			Number of youth accepted into employment after completion of internship programmes	Number of youth accepted in to employment after completion of internship programmes	181	350	444	+94	Exceeded target due to extensive follow ups and cautions to employers that new allocations would be withdrawn if records pertaining to previous funded projects were not produced
GOAL 3	Better use of workplace-based skills development (NSDS III Indicator 4.5)	Workplace-based skills development	Workers entering learning programmes through bursaries, skills programmes and learnerships	Number of workers receiving bursaries	1485	1500	1545	+45	The demand from the sector exceeded the target set.
				Number of workers entered Learnerships	1153	1000	1093	+93	The demand from the sector exceeded the target set.
				Number of Workers entering in skills programmes	2669	2000	2000	0	This target has been achieved
			Workers completing learning programmes	Number of workers completing bursaries	555	1050	1247	+197	Exceeded target due to extensive follow ups and cautions to employers that new allocations would be withdrawn if records pertaining to previous funded projects were not produced

NO	STRATEGIC OUTCOME ORIENTED GOAL	PROGRAMMES	STRATEGIC OBJECTIVE TITLE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/15	PLAN-NED TARGET 2015/16	ACTUAL ACHIEVEMENT 2015/16	DEVIATION FROM PLANNED TARGETS	REASONS FOR DEVIATIONS
				Number of workers completing learnerships	453	700	372	-328	This target has not been met due to outstanding reports and documentation from employers which did not satisfy the requirements for uploading of information.
				Number of workers completing skills programmes	2651	1400	2176	+776	Exceeded target due to extensive follow ups and cautions to employers that new allocations would be withdrawn if records pertaining to previous funded projects were not produced
			Workers achieving full or part qualifications	Number of workers receiving full or part qualifications through bursaries	555	900	1184	+284	Exceeded target due to extensive follow ups and cautions to employers that new allocations would be withdrawn if records pertaining to previous funded projects were not produced
				Number of workers receiving full or part qualifications through learnerships	185	600	441	-159	This target was not achieved. Verification requests from training providers not received in time
				Number of workers receiving full or part qualifications through skills programmes	2180	1200	2176	+976	Exceeded target due to extensive follow ups and cautions to employers that new allocations would be withdrawn if records pertaining to previous funded projects were not produced
				Workers certificated through Recognition of Prior Learning (RPL) interventions	102	100	123	+23	ETQA works on application basis and in this financial year there was a higher number of learners recruited by the sector in need of RPL—

NO	STRATEGIC OUTCOME ORIENTED GOAL	PROGRAMMES	STRATEGIC OBJECTIVE TITLE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/15	PLAN-NED TARGET 2015/16	ACTUAL ACHIEVEMENT 2015/16	DEVIATION FROM PLANNED TARGETS	REASONS FOR DEVIATIONS
			Mandatory Grant paid to large firms	Mandatory grant paid to large firms	80.3% (61)	80% (65)	134% (87)	+22 (34%)	Mandatory grant payment is calculated based on the number of WSPs received and that have met the regulated compliance requirements. Based on all WSP submissions received, we have managed to payout grants accordingly, hence the variance. INSETA will always aim to ensure that all employers are paid out timeously, given that there are issues on employer EMP201 forms and this may prevent payments to employers if the matter remains unresolved.
			Mandatory Grant paid to medium sized firms	Mandatory grant paid to medium size firms	68% (79)	50% (75)	108% (81)	+6 (8%)	Mandatory grant payment is calculated based on the number of WSPs received and that have met the regulated compliance requirements. Based on all WSP submissions received, we have managed to payout grants accordingly, hence the variance. INSETA will always aim to ensure that all employers are paid out timeously, given that there are issues on employer EMP201 forms and this may prevent payments to employers if the matter remains unresolved. Baseline for Medium employers derived from total active Levy payers in 2015: 150 * 50% Calculated Target for 2015:75
			Mandatory grant paid to small firms	Mandatory grant paid to small firms	27.5% (434)	25%(220)	187% (411)	+191 (87%)	Mandatory grant payment is calculated based on the number of WSPs received and that have met the regulated compliance requirements. Based on all WSP submissions received, we have managed to payout grants accordingly, hence the variance. INSETA will always aim to ensure that all employers are paid out timeously, given that there are issues on employer EMP201 forms and this may prevent payments to employers if the matter remains unresolved.

NO	STRATEGIC OUTCOME ORIENTED GOAL	PROGRAMMES	STRATEGIC OBJECTIVE TITLE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/15	PLAN-NED TARGET 2015/16	ACTUAL ACHIEVEMENT 2015/16	DEVIATION FROM PLANNED TARGETS	REASONS FOR DEVIATIONS
GOAL 4	Training and support provided to sector cooperatives, small enterprises and NGOs (NSDS Indicator 4.6)	Co-operatives, SME's, NGO's and CBO's	Support small and Micro enterprises and cooperatives through entering learning programmes	Number of small business workers entering skill programmes	2235	1000	363	-637	This targets could not be achieved due to employer failure to submit information for reporting despite INSETA having committed funding to meet and exceed the target
				Number of small business workers entering bursaries	172	250	234	-16	Low applications, additional windows have been opened three times and approved but SMMEs require a different intervention
				Number of co-operative members (Burial Societies) entering in skills programmes	782	700	1102	+402	This target has been achieved. Historically there have been issues with achieving this target due to the level of education of members of burials. A new methodology of centralising the training with provider contracts was used to ensure that this is addressed which has proved to be a successful and tested intervention for support to this target going forward.
			Support small and Micro enterprise and cooperative completing learning programmes	Number of small business workers completed skill programmes	931	700	193	-507	The low achievement is consistent with the low numbers entered numbers inspite of extensive follow ups..
				Number of small business workers completed bursaries funded programmes	216	200	141	-59	Low applications, additional windows have been opened three times and approved but SMMEs require a different intervention
				Number of co-operative members (Burial Societies) completed skills programmes	683	490	999	+509	Based on the higher numbers entered, the target for completion was exceeded

NO	STRATEGIC OUTCOME ORIENTED GOAL	PROGRAMMES	STRATEGIC OBJECTIVE TITLE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/15	PLAN-NED TARGET 2015/16	ACTUAL ACHIEVEMENT 2015/16	DEVIATION FROM PLANNED TARGETS	REASONS FOR DEVIATIONS
			Support small and Micro enterprise and cooperative to achieve full or part qualifications	Number of small business workers receiving full or part qualifications through skills programmes	938	600	193	-407	The low achievement is consistent with the low numbers entered numbers inspite of extensive follows.
				Number of small business workers receiving full or part qualifications through bursaries	216	175	136	-39	Low applications, additional windows have been opened three times and approved but SMMEs require a different intervention
				Number of co-operative members (Burial Societies) receiving full or part qualifications through skills programmes	683	0	999	+509	Performance has been achieved despite not having a target set for this indicator. Higher than expected completion performance had led to higher than expected certification performance
			Develop, maintain and increase numbers of brokers on database of national brokers and intermediaries	Develop and maintain database	Achieved	1	1	0	This target has been achieved
				Number of brokers on the database increased to target	1579	20	23	+3	INSETA cannot estimate the number of people that will register on the broker network database. This is done on a voluntary basis but employers are encouraged at workshops to register on the network in order to receive support from INSETA. In this period we managed to over-achieve the target through various engagements with the sector.

NO	STRATEGIC OUTCOME ORIENTED GOAL	PROGRAMMES	STRATEGIC OBJECTIVE TITLE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/15	PLAN-NED TARGET 2015/16	ACTUAL ACHIEVEMENT 2015/16	DEVIATION FROM PLANNED TARGETS	REASONS FOR DEVIATIONS
			Provide support to small and micro enterprises and cooperatives through various initiatives such as information sharing workshops, learnerships, bursaries, skills programmes and non-accredited but relevant industry related interventions to meet consumer and regulatory requirements	Number of small and micro enterprise supported through various initiatives such as information sharing workshops, Learnerships, Bursaries, Skills Programmes and non-accredited but relevant industry related interventions. To meet consumer and regulatory requirements	1010	1000	1011	+11	This achievement is consistent with the support provided in the previous financial year.
				Number of cooperatives including burial societies supported through various initiatives such as information sharing workshops, Learnerships, Bursaries, Skills Programmes and non-accredited but relevant industry related interventions. To meet consumer and regulatory requirements	135	100	136	+36	Due to the previous problems encountered with Coops and Burial societies, additional allocations were made to ensure that target was achieved
GOAL 5	Building career and vocational guidance (NSDS III Indicator 4,8)	Career and Vocational Guidance	Develop a career guide	Review and update career guide	Updated	0	0	0	

NO	STRATEGIC OUTCOME ORIENTED GOAL	PROGRAMMES	STRATEGIC OBJECTIVE TITLE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/15	PLAN-NED TARGET 2015/16	ACTUAL ACHIEVEMENT 2015/16	DEVIATION FROM PLANNED TARGETS	REASONS FOR DEVIATIONS
			Review and update career guide (include revised occupational codes)	To provide career guidance and development to youth both within the sector and new entrants to the sector for the next five years	9 Provinces including rural and remote	9	24	+15	INSETA participation is requested throughout the year and accepted based on budget. In some cases, unplanned departmental requests are honoured
			To provide career guidance development to youth both within the sector and new entrants to the sector for the next five years	Partner with TVET Colleges for Career Guidance	10 colleges 1 industry body	7	23	+16	Because the MoAs signed with TVET Colleges for WIL include Career Guidance, this target is overachieved.
GOAL 6	Promoting the growth of the public TVET sector college system that is responsive to the sector, local, regional and national skills needs and priorities (NSDS III Indicator 4.3)	TVET College System	TVET Colleges awarded programme approval as INSETA training providers	Number of TVET lecturers developed to support the implementation of INSETA programmes	8 lecturers 2 Colleges	8	17	+9	More lecturers showed interest in the training that was offered
				Number of programme approvals awarded to TVET colleges	4	4	0	-4	This target is dependent on the desire of TVET colleges to collaborate and apply for programme approval
			TVET graduates supported to access workplace experience through internships and/ or Learnership programmes	Number of TVET graduates supported to access workplace experience through internship programmes	425	600	946	+346	This target achievement was as a result of request for additional learners from West Coast College, Umgungulovo internship initiated by DHET and learners earmarked for 2014/15 entering in 2015/16.

NO	STRATEGIC OUTCOME ORIENTED GOAL	PROGRAMMES	STRATEGIC OBJECTIVE TITLE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/15	PLANNED TARGET 2015/16	ACTUAL ACHIEVEMENT 2015/16	DEVIATION FROM PLANNED TARGETS	REASONS FOR DEVIATIONS
			TVET graduates completing workplace experience through internship programmes	Number of TVET graduates completing workplace experience through internship programmes	4	420	463	+43	This target has been exceeded due to a number of TVET college internships that started late in the previous financial year as well as some internships that started and completed within this financial year, resulting in the targeted number of completions being exceeded.

SUMMARY OF FINANCIAL INFORMATION

Revenue collection

SOURCES OF REVENUE	2015/16			2014/15		
	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER)/UNDER COLLECTION	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER)/UNDER COLLECTED
	R'000	R'000	R'000	R'000	R'000	R'000
Skills levies	R400 507	R417 006	R16 499	R346 139	R370 840	R24 701
Levies: penalties and interest	R0	R14 975	R14 975	R0	R7 136	R7 136
Investment and other income	R13 254	R20 094	R6 994	R13 500	R22 497	R8 997
Total	R413 761	R452 075	R38 314	R359 639	R400 473	R40 834

Strategy to overcome areas of underperformance

INSETA has identified learnerships certification and small business support as areas warranting a focussed action plan to overcome the underperformance.

Changes to planned targets

There were no changes to planned targets.

Highlights

Empowering the disabled

Persons with disabilities continue to experience unacceptably high levels of exclusion, marginalisation and discrimination, according to the Department of Social Development.

The 2015 National Disability Awards recognised the contribution of disabled employees.

The Young Leader Award was conferred on Samkelisiwe Mshuqwana, who contracted meningitis at age three, causing deafness. Notwithstanding her impediment and being orphaned at a young age, Samke completed her matric and is now looking forward to a solid career and to becoming an ambassador for the deaf community. She has been accepted by the University of Free State to do a bridging year towards full enrolment for a Bachelor's Degree in 2017. INSETA is proud to support Samke through its bursary scheme.

The INSETA National Disability BEE Equity Award went to Old Mutual for its significant contribution to transformation in the company and in the country, and for prioritising people with disabilities in its strategies and projects.

Power of partnerships

Through partnerships with enthusiastic employers, INSETA managed to place 80% of the 945 TVET college interns funded in the last financial year with insurance companies, in either contract or permanent capacities. The low dropout rate experienced during the year is encouraging.

High achiever

INSETA takes its academic cap off to Dr Marinda Faasen (BA, HED, Nat Cert in Datametrics, MPhil, PhD), having funded her PhD in curriculum studies entitled 'A learning design framework for active learning using

audience response systems'. Dr Faasen is currently manager: learner technologies at Moonstone Business School of Excellence.

"I would like to thank INSETA for the funding for my PhD. I really do appreciate it."

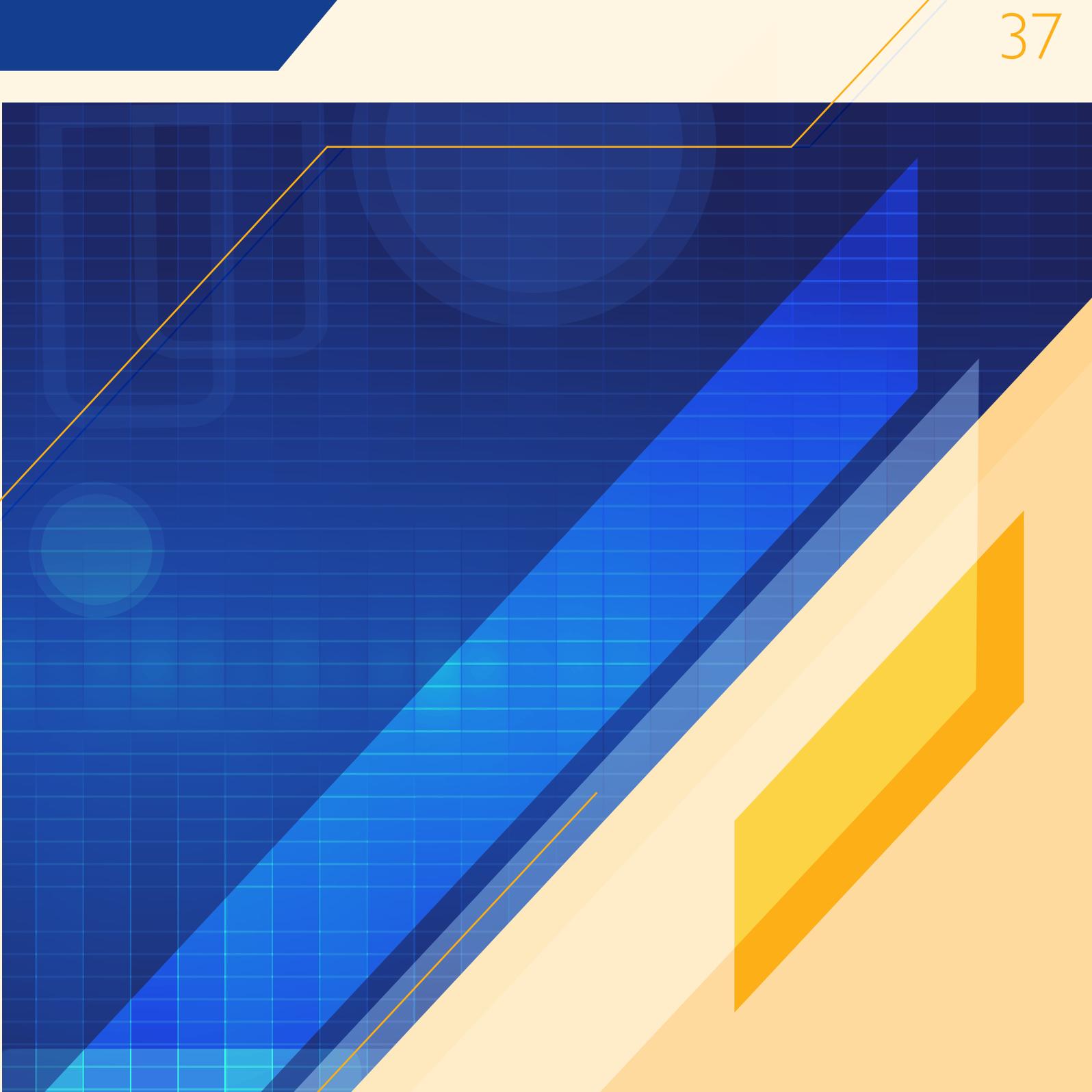


Dr Marinda Faasen



C

GOVERNANCE



PART C: GOVERNANCE

You must act as if it is impossible to fail

- Ashanti saying

Report of the Accounting Authority

As the INSETA Accounting Authority, it is the Board's responsibility to prepare financial statements that fairly represent INSETA's financial position at 31 March 2016 and also the financial performance and summary cash flow activities for the year ended 31 March 2016. We are of the opinion that appropriate accounting policies, supported by reasonable and prudent judgments and estimates, have been applied consistently. The financial statements comply with the prescribed Standards of Generally Recognised Account Practice (GRAP) and with any interpretations of such Statements issued by the Accounting Standards Board (ASB).

Corporate governance

From the outset, both INSETA Board and management identified good corporate governance as a critical success factor; by setting the highest standards that comply with best practice, and this stance remains unchanged as the SETA ends its 15th year of operations. The Board is supported in its functions and duties by the Audit Committee, the Finance, IT and Administration Committee, and the HR/Remuneration Committee, all of which have been functional since the establishment of INSETA.

The Audit Committee is governed by a charter, which outlines its roles and responsibilities. The Finance, IT and Administration Committee and HR/Remuneration Committee abide by terms of reference.

INSETA has a fraud prevention plan and a high-level risk profile has been developed to identify, manage and control the business risks of

the SETA. Numerous divisional policies have also been implemented to manage the day-to-day operations of the SETA. These policies are approved by the Board and are reviewed from time to time.

General review of the state of affairs

INSETA promotes and represents the training and development interests of the insurance sector of the economy in terms of the skills development legislation. INSETA's mission is *'to promote and enable quality skills development through funding education and training in South Africa to meet the national skills agenda and contribute to transformation in the sector'*.

The insurance sector is a rapidly evolving, growing and developing major player in the South African economy. Approximately 9 595 employers within the insurance sector have registered with the South African Revenue Service (SARS), with 2 233 classified as levy contributors. INSETA represents a sector with a diverse range of employers, from very small (10 employees) to very large (more than 12 000 employees). The majority of the workforce is skilled and highly skilled employees. The sector employs over 1 000 000 people (excluding people employed in micro-enterprises and informal businesses).

The Board, comprising business, labour and ministerial appointments, governs the affairs of INSETA. INSETA had a permanent staff complement of 36 at 31 March 2016.

INSETA has adopted a learning strategy, which is aimed at all levels of employment in the sector and is aligned to the NSDS.

INSETA's 80% levy income increased by R46 million, from R371 million for the 2014/15 financial year to R417 million for the 2015/16 financial year. Changes in levy income estimates relating to prior years are included in the current year balances. The administration surplus for 2015/16 was R6.88 million (2014/15: R6.8 million). The actual administration expenditure for the year was R48.8 million (2014/15: R41.9 million). Total project and grant expenditure for the year amounted to R364.8 million (2014/15: R407 million).

Allowances paid to Board members and Board sub-committee members

Board and Board sub-committee members or their employers are remunerated for their attendance at Board and Board sub-committee meetings. Disclosure of the allowances paid is in accordance with Treasury Regulation 28.1.2 and is as follows:

DESIGNATION	MEETING/PREPARATION FEE PER DAY
Chairperson	R4 864
Ordinary member	R3 784

NAME OF BOARD/COMMITTEE MEMBER	NAME OF COMMITTEE THAT MEMBER SERVES ON	NUMBER OF SCHEDULED MEETINGS	NUMBER OF MEETINGS ATTENDED	MEETING FEES ACCRUED DURING THE PERIOD UNDER REVIEW
A D'Alton (Ms)	Board * HR Committee (Chairperson)	6	6	R45 408
		5	4	R38 912
B McKay (Mr)	Board * Audit Committee	6	4	R30 272
		6	4	R30 272
B Scott (Mr)	Board * Finance, IT and Administration Committee Special Ad-hoc Finance Committee	6	6	R45 408
		4	4	R30 272
		1	1	R1 419
G Conradie (Ms)	Board * Executive committee	6	4	R30 272
		6	5	R37 840
G Sandrock (Dr)	Audit Committee	6	6	R78 038
J Poggiolini (Ms)	Audit Committee (Chairperson) Board (ex-officio capacity as Chairperson of Audit Committee)	6	6	R143 100
		6	5	R36 000
J Ramsunder (Mr)	Board * Audit Committee	6	5	R37 840
		6	5	R37 840
M Machai (Dr)	Board * Executive Committee HR Committee	6	6	R45 408
		6	6	R45 408
		5	4	R30 272
M Msiwa (Mr)	Board* (Chairperson) Executive Committee (Chairperson) HR Committee (special)	6	6	R58 368
		6	5	R48 640
		1	1	R7 568

NAME OF BOARD/COMMITTEE MEMBER	NAME OF COMMITTEE THAT MEMBER SERVES ON	NUMBER OF SCHEDULED MEETINGS	NUMBER OF MEETINGS ATTENDED	MEETING FEES ACCRUED DURING THE PERIOD UNDER REVIEW
M Naidoo (Ms)	Board *	6	5	R37 840
	Executive Committee	6	5	R37 840
	Finance, IT and Administration Committee	4	4	R30 272
	HR Committee	5	1	R7 568
	Special Ad-hoc Finance Committee	1	1	R1 419
R Govenden (Mr)	Board *	6	1	R7 568
	Executive Committee	6	3	R22 704
S Padayachee (Ms)	Board *	6	6	R45 408
	Finance Committee	4	4	R30 272
	Special Ad-hoc Finance Committee	1	1	R1 419
T Gool (Mr)	Board *	6	6	R45 408
	Finance Committee	4	3	R15 136
	Special Ad-hoc Finance Committee	1	1	R22 704 R1 419
V Harrypersadh (Ms)	Board *	6	6	R45 408
	HR Committee	5	4	R30 272
W Seya (Mr)	Board *	6	6	R45 408
	Executive Committee	6	4	R30 272
	Finance Committee (Chairperson)	4	4	R38 912
	Special Ad-hoc Finance Committee	1	1	R1 824
N Mhlongo (Mr)	Audit Committee	6	5	R117 000
J van Greuning (Mr)	Finance, IT and Administration Committee	4	2	R15 136
	Special Ad-hoc Finance Committee	1	1	R1 419
TOTAL				R1 489 164

*Planning workshop.

Professor Keet resigned from the INSETA board 19 October 2015

Mr Comfort Duma did not attend any Board meetings during the financial year

NAME OF BOARD/COMMITTEE MEMBER	AD-HOC SUB-COMMITTEE MEETING ATTENDANCE FEES	CONFERENCES/WORKSHOPS FEES	MEETING FEES ACCRUED DURING THE PERIOD UNDER REVIEW
A D'Alton (Ms)	R4 630	R11 352	R15 982
B McKay (Mr)	-	R3 784	R3 784
B Scott (Mr)	R1 419	-	R1 419
J Ramsunder (Mr)	-	R11 352	R11 352
M Machai (Dr)	R1 792	R7 568	R9 360
M Msiwa (Mr)	-	R53 504	R53 504
M Naidoo (Ms)	R7 791	-	R7 791
S Padayachee (Ms)	R1 419	R7 568	R8 987
T Gool (Mr)	R1 419	R7 568	R8 987
V Harrypersadh (Ms)	R1 792	R18 920	R20 712
W Seya (Mr)	R11 034	R15 136	R27 115
J van Greuning (Mr)	R1 419	-	R1 419
TOTAL Ad-hoc sub-committee meetings			R170 412
TOTAL			R1 659 576

Remuneration of senior management

As required by Treasury Regulation 28.1.2 of the PFMA, the remuneration of senior management during the period of reporting consisted of the following components:

Chief Executive Officer (CEO): Sandra Dunn

	2015/16	2014/15
Basic salary	R1 732 299	R1 438 732
Bonuses	R349 612	R245 006
Travel expenses and allowances	-	-
Total	R2 081 911	R1 683 738

Until the appointment of the CFO in March 2016, the CEO also acted as the CFO of INSETA.

Chief Operating Officer (COO): Sharon Snell¹

	2015/16	2014/15
Basic salary	R331 686	R1 034 065
Leave payout	R127 605	-
Bonuses	R71 006	R92 184
Travel expenses and allowances	R2 800	R7 200
Total	R533 097	R1 133 449

Chief Financial Officer (CFO): David Molapo²

	2015/16
Basic salary	R77 527
Bonuses	-
Travel expenses and allowances	-
Total	R77 527

Business address

The Insurance Sector Education and Training Authority is situated at 37 Empire Road, Parktown, Johannesburg.

The postal address is PO Box 32035, Braamfontein 2017.



Mzimkulu Msiwa
Chairperson: INSETA



Sandra Dunn
Chief Executive Officer: INSETA

¹ INSETA's COO left the INSETA in July 2015

² INSETA's CFO joined the INSETA in Mid-March 2016.

CORPORATE GOVERNANCE

Corporate governance at INSETA is applied through the rules of the PFMA and is aligned to the principles contained in the King III Report on Corporate Governance. The Accounting Authority of INSETA is ultimately responsible for corporate governance.

Portfolio committees

During the period under review, INSETA was not invited to attend any higher education portfolio committee meeting.

Executive authority

INSETA submitted both financial and performance reports to the DHET quarterly in accordance with the PFMA precepts and DHET conducted quarterly verification visits at INSETA. The SLAs and budgets were also submitted timeously. In addition, INSETA reported to National Treasury quarterly on the performance against the APP.

Compliance with laws and regulations

INSETA has complied with all laws and regulations that are binding on the entity.

Minimising conflict of interest

INSETA has a number of strategies in place to minimise conflict of interest in SCM. All SCM practitioners and INSETA managers received SCM refresher training during the year. The practitioners also signed 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 conflict of interest in the various SCM and payment roles. INSETA also maintains a gift register where all gifts received by officials are recorded and this register is reviewed regularly.

Code of conduct

All employees sign a code of conduct/ethics when they commence their employment with INSETA. Suppliers who contract with INSETA have to sign a code of conduct for providers. This raises awareness that a certain standard of behaviour and ethical conduct is required when transacting with INSETA. Where there is a breach of the relevant codes, INSETA is entitled to pursue a remedy, either by disciplinary or by other rights granted by the contract. There were no reports of breaches during the period under review.

Fraud and corruption

During 2015/16 alleged corruption between an INSETA employee and a training provider was reported. The allegation is still under investigation. If the corruption allegations are substantiated INSETA will invoke all remedies under the law to prosecute and recover funds including laying criminal charges as appropriate.

Health, safety and environmental issues

INSETA has put in place mechanisms to address health, safety and environmental issues. Health and safety representatives have been trained.

THE BOARD



Margaret Naidoo



Moses Machai



Anne-Marie D'Alton



Vanita Harrypersadh



Jeanine Poggiolini



Bryan McKay



Jayduth Ramsunder



Gizelle Conradie



Barry Scott



William Seya



Shantha Padayachess



Thabit Gool



Mzimkulu Msiwa

AUDIT COMMITTEE REPORT TO THE INSETA BOARD FOR THE YEAR ENDED 31 MARCH 2016

We are pleased to present our report for the financial year ended 31 March 2016.

Audit Committee members and attendance

The Audit Committee consists of the members listed hereunder and should meet at least four times per annum as per its approved terms of reference. During the year under review, six meetings were held.

NAME OF MEMBER	NUMBER OF SCHEDULED MEETINGS	NUMBER OF MEETINGS ATTENDED
Ms Jeanine Poggiolini (Chairperson)	6	6
Mr Bryan McKay	6	4
Mr Jay Ramsunder	6	5
Dr Gerrit Sandrock	6	6
Mr Nala Mhlongo	6	5

Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from sections 51 (l)(a)(ii) and 76 (4)(d) of the PFMA and Treasury Regulation 27.

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee charter; has regulated its affairs in compliance with this charter and has discharged all its responsibilities contained therein.

The effectiveness of internal control

The Audit Committee has reviewed, amongst others:

- The effectiveness of the risk management process;
- The effectiveness of the internal control systems;
- The effectiveness of the internal audit function and its annual work plan, coordination with the external auditors, the reports issued and the response of management to specific recommendations;
- The risk areas of the entity's operations covered in the scope of internal and external audits;
- The adequacy, reliability and accuracy of financial information provided by management and users of such information;
- Accounting and auditing concerns identified as a result of internal and external audits;
- Compliance with legal and regulatory provisions; and
- The independence and objectivity of both internal and external auditors.

The Audit Committee is of the opinion, based on the information and explanations given by management, the internal auditors, and discussions with the independent external auditor on the result of its audit, that the system of internal control for the period under review was efficient and effective.

Evaluation of financial statements

The Audit Committee has:

- Reviewed and discussed the audited financial statements included in the annual report with the Auditor-General and the Accounting Authority;
- Reviewed the Auditor-General of South Africa's management report and management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed compliance with legal and regulatory provisions; and
- Reviewed adjustments resulting from the audit.

The Audit Committee concurs with and accepts the Auditor-General of South Africa's report on the financial statements, and is of the opinion that the audited financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit

The Audit 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.

Auditor-General of South Africa

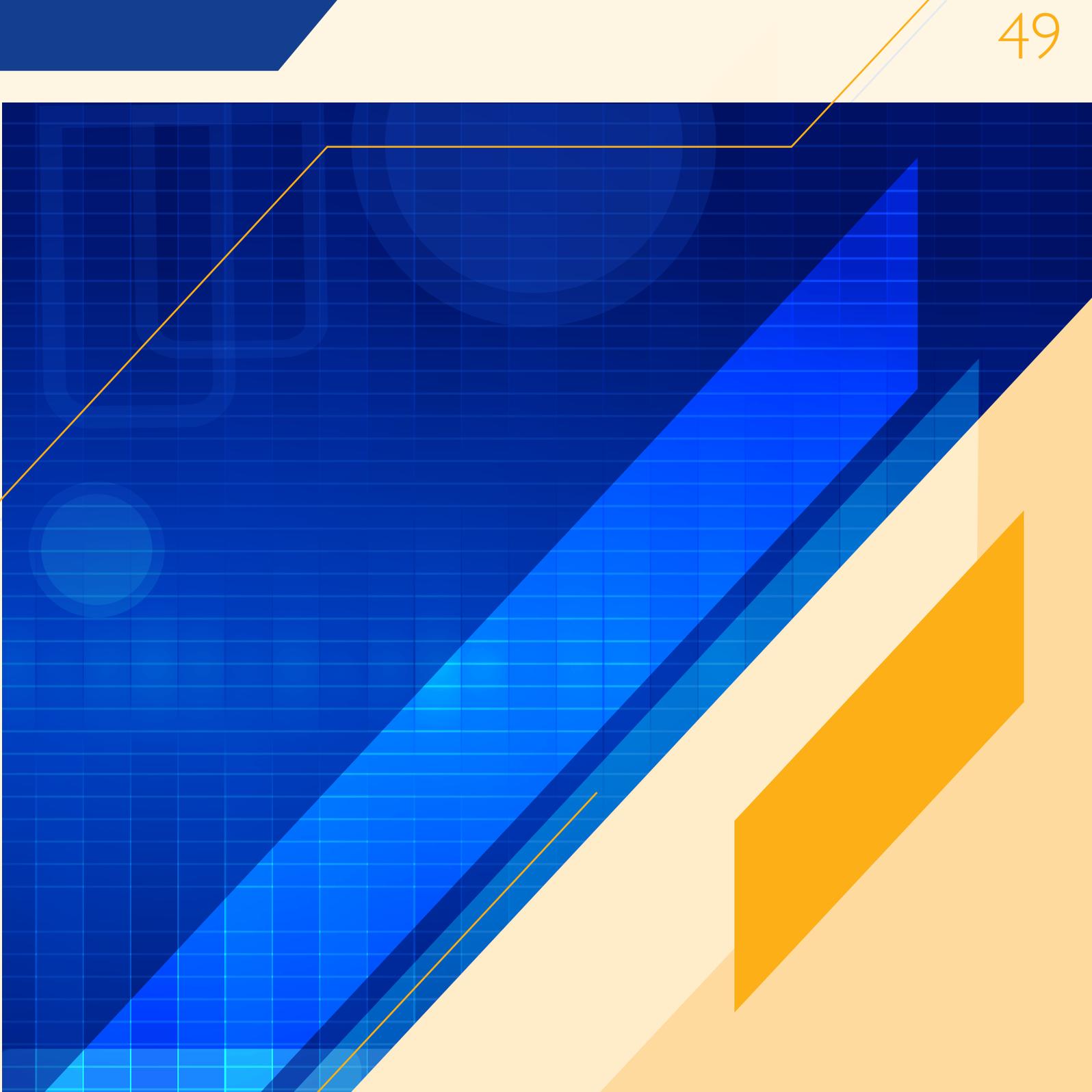
The Audit Committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.



Ms Jeanine Poggiolini
Chairperson of the Audit Committee
31 July 2016

D

HUMAN RESOURCE MANAGEMENT



PART D: HUMAN RESOURCE MANAGEMENT

If you want to go quickly, go alone. If you want to go far, go together
– African proverb

The workforce at INSETA remained stable, with an attrition rate well below 10%. At the end of the financial year, it had a staff complement of 36 permanent employees. Two new roles were added to the INSETA structure, namely Chief Financial Officer and ICT specialist and the role of Chief Operations Officer was expunged.

INSETA changed its performance bonus system during the the previous year to include rewards for both individual and organisational performance. Organisational performance during the year improved by 2% over 2014/15 to 80%.

INSETA values its employees and this is evidenced by the training spend rate. This increased by more than 50%, from R548 000 to approximately R950 000. As INSETA views its employees as one of its most valuable assets, it will continue to invest in both the breadth and depth of both skills and qualifications in the organisation.

Organisational structure and workforce size

INSETA had a staff complement of 36 permanent employees with three unfilled vacancies at 31 March 2016. The table below illustrates personnel expenditure (excluding performance awards) for the financial period April 2015 – March 2016.

PERSONNEL EXPENDITURE

LEVEL	PERSONNEL EXPENDITURE	% OF PERSONNEL EXPENDITURE TO TOTAL PERSONNEL COST	NO OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE
Top management	R2 153 884	13.6%	2	R1 076 942
Senior management	R5 946 052	37.7%	7	R849 436
Skilled	R5 226 225	33.1%	13	R402 017
Semi-skilled	R2 172 751	13.8%	9	R241 417
Unskilled	R281 096	1.8%	2	R140 548
TOTAL	R15 780 009		33***	

*** Number of employees is as per the organogram of 31 March 2016

In addition to the R15.8 million personnel costs for permanent employees, project-related salaries recognised in projects amounted to R3.1 million.

Performance Rewards

The table below illustrates employee performance bonuses paid in the financial year April 2015 – March 2016 as per note 10 to the Financial Statements.

LEVEL	PERFORMANCE REWARDS	PERSONNEL EXPENDITURE	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST
Top management	R420 618	R2 153 884	19.5%
Senior management	R 270 184	R5 946 052	4.5%
Skilled	R 279 812	R5 226 225	5.4%
Semi-skilled	R 104 364	R2 172 751	4.8%
Unskilled	R11 368	R281 096	4%
TOTAL	R 1 086 346	R15 780 009	6.9%

Recruitment and talent management

There were three vacancies during the reporting period, one in senior management and two in the skilled category.

Employment and vacancies

The table below illustrates the number of occupied posts at 31 March 2016 and the number of permanent vacancies during the financial year April 2015 – March 2016.

PROGRAMME	NO OF EMPLOYEES AT 31 MARCH 2015	APPROVED POSTS AS AT 31 MARCH 2016	APPROVED POSTS VACANT AT 31 MARCH 2016	% OF VACANCIES
Top management	2	2	-	-
Senior management	6	8	1	13%
Skilled	12	15	2	13%
Semi-skilled	9	9	-	-
Unskilled	1	2	-	-
TOTAL	30	36	3	8%

Internal employment mobility

During 2015/16, there were three resignations, as illustrated in the table below.

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT SPECIFIED PERIOD
Top management	2	1	1	2
Senior management	6	1		7
Skilled	12	3	2	13
Semi-skilled	9	-	-	9
Unskilled	1	1	-	2
Total	30	6	3	33

Resignations

Reasons for staff leaving

The table below illustrates the reasons that permanent employees and non-permanent employees left the organisation during the financial year.

REASON	NUMBER
Death	-
Resignation	3
Dismissal	-
Retirement	-
Ill health	-
Expiry of contract	-
Other	-
Total	3

INSETA's turnover of permanent staff decreased from below 17% in 2014/15 to 8% in 2015/16.

Investment in staff development

INSETA embraces a learning culture and follows a developmental approach to learning. During the year, several group training sessions were conducted on topics such as communications skills, skills development facilitation and Investors in People advocacy. 18 employees were assisted with bursaries to undertake undergraduate and post graduate studies. One employee is studying an international Masters in Business Administration abroad in Japan.

The Board approved attendance by the CEO and two managers at the Association for Talent Development conference in Orlando USA, where they were exposed to international thought leaders on leadership and talent development.

Training costs

Training was conducted in line with personal development requirements. In total for the financial year; INSETA spent around R950 000 on staff training and development.

Total salaries for 2015/16 amounted to R15 780 000 (excluding project salaries). Training expenditure expressed as a percentage of salary amounted to 6%, with the average cost of training per employee being R22 619.

DIRECTORATE/ BUSINESS UNIT	PERSONNEL EXPENDITURE (R'000) 2015/16 EXCL PROJECT SALARIES AND LEAVE PAY	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AS A % OF PERSONNEL COST	NO OF EMPLOYEES TRAINED	AVERAGE TRAINING COST PER EMPLOYEE
All	R15 780	R950	6%	25 different initiatives/42 employees, including interns and fixed-term employees	R22 619

The table above illustrates training costs paid by INSETA during the financial year.

Performance management

The INSETA performance management system has been extended in scope and application. Individual and organisational performance is now integrated, which means that all staff collectively are now accountable for achieving the objectives of the annual performance plan without detracting from individual performance. In instances of underperformance, appropriate remedial measures have been taken.

Labour relations: misconduct and disciplinary action

The approach to labour relations is supportive rather than punitive. However, when a need for remedial action arises, management takes the necessary steps. The table below details disciplinary action taken for misconduct.

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal warning	-
Written warning	-
Final written warning	1
Dismissal	-
TOTAL	1

Improvement of organisational efficiency

Job profiling and job grading

INSETA completed an organisation-wide review and update of staff job descriptions. These job descriptions informed the Patterson grading system that has been implemented at INSETA.

Employee wellness

INSETA's employment wellness partner provided the following services:

- Work-related stress;
- Financial - money management and debt management;
- Legal advice – legal matters, maintenance, child custody and divorce;
- Relationships – spouses, family, work, friends and partners;
- Substance abuse - alcohol and drugs;
- Family matters advice – child care, care for the elderly, education and benefits;
- Health issues - illness, HIV and Aids; and
- Work – career matters, maternity, harassment, dealing with bosses and managing others.

Other human resource matters

Union

The union (UASA) and INSETA have a cordial relationship and salary negotiations were successfully concluded. Management and union representatives meet monthly to discuss issues of mutual benefit.

Employment equity

INSETA has an active employment equity forum. The forum addressed the following issues:

- Training report;
- WSP/ATR reports;
- Employment equity framework report; and
- INSETA employment demographics is reflective of the broader economically active demographics of the country. Consequently INSETA has not set employment equity targets.

The tables below sets out the status of employment equity in the organisation:

Equity target and employment equity status

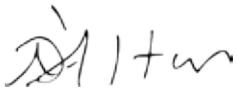
LEVELS	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top management	1		-	-	-	-	-	
Senior management	1		1		-	-	-	
Skilled	2		-		-	-	2 ⁵	
Semi-skilled	1		-		-	-	-	
Unskilled	-		-		-	-	-	
Total	5		1		-	-	2	

LEVELS	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top management	-		1		-		-	
Senior management	2		1		2		-	
Skilled	6		-		2		1	
Semi-skilled	7		1		-		-	
Unskilled	2		-		-		0	
Total	17		3		4		1	

LEVELS	PEOPLE WITH DISABILITIES							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top management	-	-	-	-	-	-	-	-
Senior management	-	-	-	-	-	-	-	-
Professional Qualified	-	-	-	-	-	-	-	-
Skilled	-	-	-	-	-	-	1 ⁶	
Semi-skilled	-	-	-	-	-	-	-	
Unskilled	-	-	-	-	-	-	-	
Total	-	-	-	-	-	-	1	

Outlook

INSETA will continue to invest in the training and development of staff so that they are well equipped to meet the demands of all stakeholders.

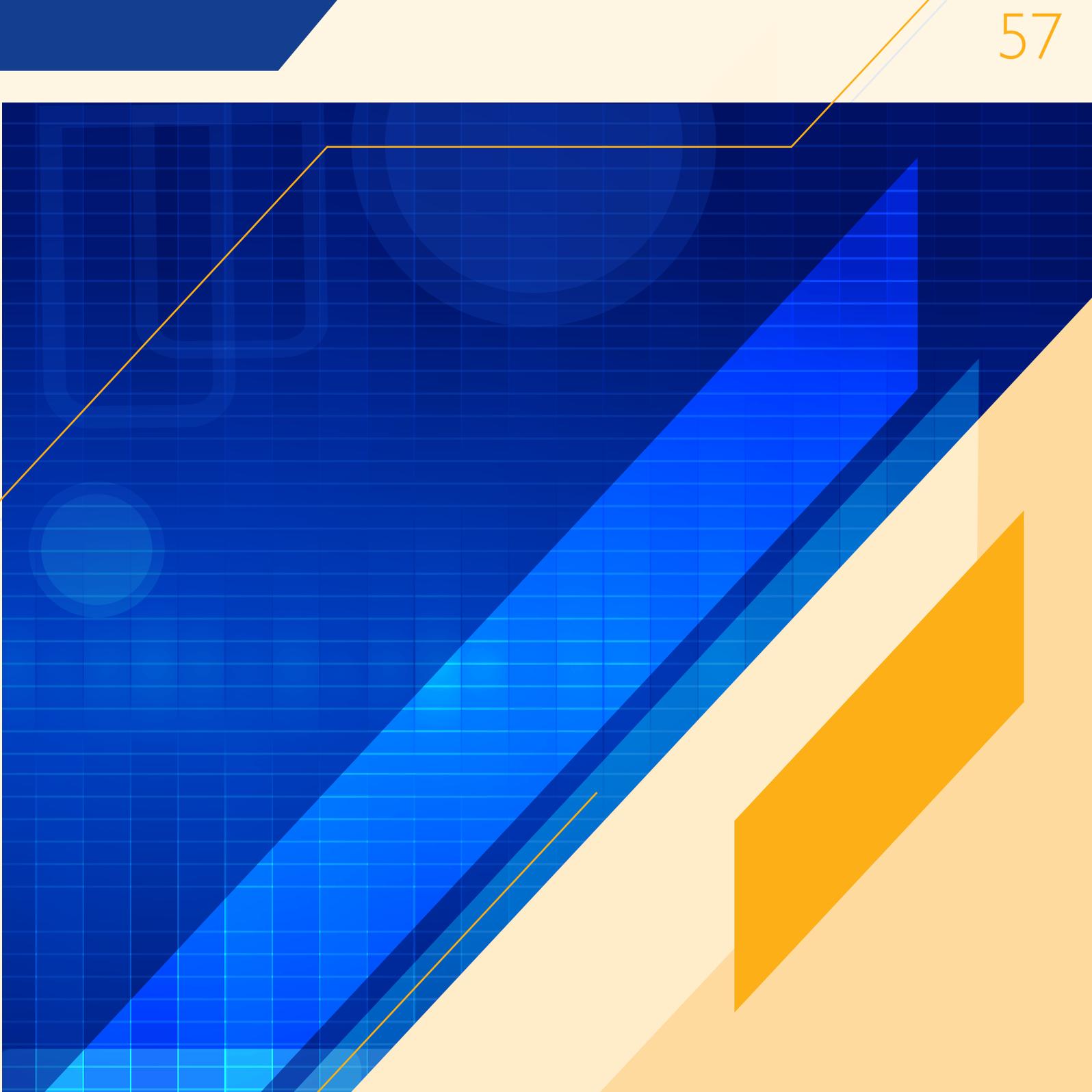


ANNE-MARIE D'ALTON

HR Committee Chairperson

E

PART E:
FINANCIAL
INFORMATION



PART E: FINANCIAL INFORMATION

He who learns, teaches

– Ethiopian proverb

Statement of responsibility

Statement of responsibility for the annual financial statements for the year ended 31 March 2016

The Accounting Authority is responsible for the preparation of INSETA's 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 designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements.

In our opinion, the financial statements fairly reflect the operations of INSETA for the financial year ended 31 March 2016.

The external auditors are engaged to express an independent opinion on the annual financial statements of INSETA. The INSETA annual financial statements for the year ended 31 March 2016 have been audited by the external auditors and their report is presented on page 59 to 61.

The annual financial statements of INSETA set out on page 64 to page 98 have been approved by the Board on 28 July 2016.



Sandra Dunn
CHIEF EXECUTIVE OFFICER
INSETA
31 July 2016



Mzimkulu Msiwa
CHAIRPERSON OF THE BOARD
INSETA
31 July 2016

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

Report on the financial statements

Introduction

1. I have audited the financial statements of the Insurance Sector Education and Training Authority (INSETA) set out on pages 64 to 100, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Skills Development Act of South Africa, 1998 (Act No. 97 of 1998) (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.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the INSETA as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA and the SDA.

Report on other legal and regulatory requirements

7. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected strategic outcome oriented goals presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected strategic outcome oriented goals presented in the annual performance report of the public entity for the year ended 31 March 2016:
- Strategic outcome oriented goal 2: increased access to occupationally directed programmes on pages 26 to 27
 - Strategic outcome oriented goal 3: encouraging better use of workplace-based skills development on pages 27 to 29
 - Strategic outcome oriented goal 4: encouraging and supporting co-operatives, small enterprises, worker-initiated, NGO and community training initiatives on pages 30 to 32

9. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned strategic outcome oriented goals. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information.
10. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
11. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following strategic outcome oriented goals:
- Strategic outcome oriented goal 2: increased access to occupationally directed programmes
 - Strategic outcome oriented goal 3: encouraging better use of workplace-based skills development
 - Strategic outcome oriented goal 4: encouraging and supporting co-operatives, small enterprises, worker-initiated, NGO and community training initiatives

Additional matter

12. Although I raised no findings on the usefulness and reliability of the reported performance information for the selected strategic outcome oriented goals, I draw attention to the following matter:

Achievement of planned targets

13. Refer to the annual performance report on page(s) 20 to 24 and 25 to 34 for information on the achievement of the planned targets for the year.

Compliance with legislation

14. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

15. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria

31 July 2016



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

Insurance Sector Education and Training Authority

(Registration number 13/INSETA/01/04/11)

Financial Statements for the year ended 31 March, 2016

Index

The reports and statements set out below comprise the financial statements presented to the provincial legislature:

Index	Page
Statement of Responsibility	63
Report of the Auditor General	59
Statement of Financial Position	64
Statement of Financial Performance	65
Statement of Changes in Net Assets	66
Cash Flow Statement	67
Statement of Comparison of Budget and Actual Amounts	68
Accounting Policies	70 - 77
Notes to the Financial Statements	78 - 98
Annexure A - Commitments	99
Annexure B - Segment Reporting	100

Insurance Sector Education and Training Authority

(Registration number 13/INSETA/01/04/11)

Statement of Responsibility

The Accounting Authority is responsible for the preparation of the INSETA's annual financial statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements.

In our opinion, the financial statements fairly reflect the operations of INSETA for the year ended 31 March 2016.

The external auditors are engaged to express an independent opinion on the financial statements of INSETA. The INSETA annual financial statements for the year ended 31 March 2016 have been audited by the external auditors and their report is presented on page 59 to 61.

The Annual Financial Statements of the INSETA set out on page 64 to page 98 have been approved by the Board on 28 July 2016



SANDRA DUNN
Chief Executive Officer,
31 July 2016



MZIMKULU MSIWA
INSETA Chairperson, INSETA
31 July 2016

Insurance Sector Education and Training Authority

(Registration number 13/INSETA/01/04/11)

Statement of Financial Position as at 31 March, 2016

	Notes	2016 R' 000	2015 R'000
Assets			
Current Assets			
Consumables		39	39
Account receivables from exchange transactions	3	2,113	3,069
Account receivables from non-exchange transactions	4	2,053	2,288
Cash and cash equivalents	5	373,583	339,328
Total current assets		377,788	344,724
Non-Current Assets			
Property, plant and equipment	6	1,430	1,378
Intangible assets	7	23	-
Total Non-Current Assets		1,453	1,378
Total Assets		379,241	346,102
Liabilities			
Current Liabilities			
Trade and other payables from non-exchange transactions	8	35,961	30,189
Trade and other payables from exchange transactions	9	21,953	35,877
Provisions	10	4,072	3,964
Total Current Liabilities		61,986	70,030
Total Liabilities		61,986	70,030
Net Assets		317,255	276,072
Reserves			
Administration reserve		1,453	1,378
Discretionary reserve		315,620	274,474
Employer grant reserve		182	220
Total Reserves		317,255	276,072

Insurance Sector Education and Training Authority

(Registration number 13/INSETA/01/04/11)

Statement of Financial Performance for the year ended 31 March 2016

	Notes	2016 R' 000	2015 R'000
Revenue			
Revenue from non-exchange transactions			
Skills Development Levy: Income		417,006	370,840
Skills Development Levy: penalties and interest		14,975	7,136
Total revenue from non-exchange transactions		431,981	377,976
Revenue from exchange transactions			
Other income from exchange transactions	11	66	1,132
Investment income from exchange transactions	12	20,028	21,365
Total revenue from exchange transactions		20,094	22,497
Total revenue	13	452,075	400,473
Expenditure			
Employer Grant and Project Expenses	14	(362,564)	(407,014)
Administration Expenses	15	(48,328)	(41,859)
Total expenditure		(410,892)	(448,873)
Surplus / (deficit) for the year		41,183	(48,400)

Insurance Sector Education and Training Authority

(Registration number 13/INSETA/01/04/11)

Statement of Changes in Net Assets for the year ended 31 March 2016

	Aministration reserve R '000	Employer grant reserve R '000	Discretionary reserve R '000	Total reserves R '000	Unappropri- ated surplus R '000	Total net assets R '000
Balance at 01 April 2014	2,188	19	322,265	324,472	-	324,472
Changes in net assets						
Deficit per Statement of Financial Performance	-	-	-	-	(48,400)	(48,400)
Performance						
Allocation of unappropriated surplus	6,813	13,752	(68,965)	(48,400)	48,400	-
Excess reserves transferred to Discretionary reserve	(7,623)	(13,551)	21,174	-	-	-
Balance at 31 March 2015	1,378	220	274,474	276,072	-	276,072
Balance at 01 April 2015	1,378	220	274,474	276,072	-	276,072
Changes in net assets						
Surplus per Statement of Financial Performance	-	-	-	-	41,183	41,183
Allocation of unappropriated surplus	6,414	13,567	21,202	41,183	(41,183)	-
Excess reserve transferred to discretionary reserve	(6,339)	(13,605)	19,944	-	-	-
	-	-	-	-	-	-
Balance at 31 March 2016	1,453	182	315,620	317,255	-	317,255

Note(s)

16

Insurance Sector Education and Training Authority

(Registration number 13/INSETA/01/04/11)

Cash Flow Statement for the year ended 31 March 2016

	Notes	2016 R' 000	2015 R'000
Cash flows from operating activities			
Cash receipts from stakeholders			
Levies, interest and penalties received		433,375	375,394
Interest income		19,825	21,363
Other cash receipts from stakeholders		66	1,115
		453,266	397,872
Cash paid to stakeholders, suppliers and employees			
Grant and project payments		(371,035)	(374,070)
Compensation of employees		(17,839)	(16,487)
Payments to suppliers		(29,563)	(22,856)
		(418,437)	(413,413)
Net cash flows from operating activities	17	34,829	(15,541)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(537)	(237)
Purchase of other intangible assets	7	(37)	-
Insurance proceeds		-	17
		(574)	(220)
Net increase / (decrease) in cash and cash equivalents		34,255	(15,761)
Cash and cash equivalents at the beginning of the year		339,328	355,089
Cash and cash equivalents at the end of the year	5	373,583	339,328

Insurance Sector Education and Training Authority

(Registration number 13/INSETA/01/04/11)

Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2016

	Approved budget R '000	Adjustments R '000	Final Budget R '000	Actual amounts on comparable basis R '000	Difference between final budget and actual R '000	Reference R '000
Statement of Financial Performance						
Revenue						
Revenue from non - exchange transactions						
Skills Development Levy: Income	366,000	34,507	400,507	417,006	16,499	26.1
Skills Development Levy:	-	-	-	14,975	14,975	26.2
Penalties and Interest						
Prior year uncommitted discretionary reserves	-	154	154	-	(154)	26.3
Total revenue from exchange transactions	366,000	34,661	400,661	431,981	31,320	
Revenue from exchange transactions						
Transfer revenue						
Other income from exchange transactions	-	-	-	66	66	
Investment income from exchange transactions	13,100	-	13,100	20,028	6,928	26.4
Total revenue from exchange transactions	13,100	-	13,100	20,094	6,994	
Total revenue	379,100	34,661	413,761	452,075	38,314	

	Approved budget R '000	Adjustments R '000	Final Budget R '000	Actual amounts on comparable basis R '000	Difference between final budget and actual R '000	Reference R '000
Expenditure						
Employer Grant and Project expenses	(301,811)	(60,522)	(362,333)	(362,564)	(231)	26.5
Administration Expenses	(47,265)	(4,163)	(51,428)	(48,328)	3,100	26.6
Total expenditure	(349,076)	(64,685)	(413,761)	(410,892)	2,869	
Surplus for the year	30,024	(30,024)	-	41,183	41,183	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	30,024	(30,024)	-	41,183	41,183	

The approved budget was submitted to the Executive Authority in line with the Public Finance Management Act, 1999, Chapter 6 Public Entities, part 2 par 53.

INSETA does not budget for a surplus. The R30 024 000 shown as a surplus in the budget was due to the National Treasury expenditure ceiling which required that INSETA limit its total 2016 expenditure to R349 076 000. This limit was subsequently removed in April 2015.

For details regarding the difference between budget and actual amounts refer to Note 26.

Insurance Sector Education and Training Authority

(Registration number 13/INSETA/01/04/11)

Accounting Policies for the year ended 31 March 2016

1. Presentation of Financial Statements

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

These 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.

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

1.1 Presentation currency

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

1.2 Revenue recognition

1.2.1 Revenue from non-exchange transactions

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 it can make a reliable

measurement of the resources transferred. Where the resources transferred to INSETA are subject to the fulfilment of specific conditions, it recognises an asset and a corresponding liability. 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 Department of Higher Education and Training.

Levy income

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 the INSETA pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS), who collects the levies on behalf of the Department. Companies with an annual payroll cost less than R500 000 are exempted in accordance with section 4(b) of the Levies Act as amended, effective 1 August 2005.

80% of Skills Development Levies are paid over to INSETA (net of the 20% contribution to the National Skills Fund (NSF)). INSETA was not in a position to verify that SARS has collected all potential skills levy income.

Revenue is adjusted for transfers of employers between SETAs. Such adjustments are separately disclosed as inter-SETA transfers. The amount of the inter-SETA adjustment is calculated according to the most recent Standard Operating Procedure issued by the Department. Skills Development Levy (SDL) 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 the Department makes an allocation to INSETA, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended.

When a new employer is transferred to INSETA, the levies transferred by the former SETA are recognised as revenue and allocated to the respective category to maintain its original identity.

Interest and Penalties

Interest and penalties are levied by SARS in terms of the Skills Development Levies Act (the Levies Act), 1999 (Act No. 9 of 1999) as amended. Penalties and interest are recognised as revenue when an allocation is made by the South African Revenue Services.

1.2.2 Revenue from exchange transactions

Revenue from exchange transactions is recognised when it is probable that future economic benefits or service potential will flow to INSETA and these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

Interest income

Interest income is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

1.3 Grants and project expenditure

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 Skills Development Act, 1998, as amended and the SETA Grant Regulations regarding monies received and related matters (the SETA Grant Regulations).

Mandatory grants

Grants are equivalent to 20% of the total levies contributed by employers during the corresponding financial period.

Discretionary grants and project expenditure

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 expenditure comprises:

- 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.

Such costs are allocated using methods that are systematic and rational and are applied consistently to all costs having similar characteristics.

Discretionary grants and project costs are recognised as expenses in the period in which they are incurred.

Transfers to the National Skills Fund (NSF) relating to uncommitted surpluses:

In terms of SETA Grant Regulations 3(11) and (12), any uncommitted discretionary funds must be transferred to the NSF. This payment is treated as a non-exchange transaction and is recognised as an expense in the period in which it is incurred as outlined in the SETA Grant Regulations.

An expense has been recognised in the prior period for the payment made during the prior year.

Effect on 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, it may result in grants that have been paid to certain employers that are in excess of the amount INSETA is permitted to have granted to employers. A receivable relating to the overpayment to the employer in earlier periods is raised at the amount of such grant over payment, net of bad debts and provision for irrecoverable amounts.

1.4 Irregular expenditure

Irregular expenditure comprises expenditure, incurred in contravention of, or that is not in accordance with a requirement of any applicable legislation, including:

- The PFMA, as amended
- The Skills Development Act (the Act), 1998 (Act No. 97 of 1998) as amended

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

All irregular and fruitless and wasteful expenditure is recognised against the respective class of expense in the period in which it is incurred.

1.5 Critical accounting judgements and key sources of estimation uncertainty

In the application of INSETA's accounting policies management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only

that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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:

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, refer note 6 and note 7 for the respective carrying values.

Management determined, consistent with the prior year, that the useful life of assets should not be limited by INSETA's establishment. Management's determination of useful life also impacts the determination of the residual value of assets.

1.6 Property, plant and equipment

Property, plant and equipment is stated at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is charged so as to write off the costs of assets over their estimated useful lives, using the straight line method.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised). Impairment losses are recognised in surplus or deficit.

The gain or loss on disposal of property, plant and equipment is determined as the difference between the sale proceeds and the

carrying amount and are taken into account in determining surplus or deficit for the year.

The gain or loss on disposal of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining surplus or deficit for the year.

Costs relating to repairs and maintenance are recognised in surplus or deficit as incurred.

1.7 Intangible assets

Intangible assets are stated at cost less any subsequent accumulated amortisation and adjusted for any impairments. Amortisation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method.

The estimated useful lives and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Where the carrying amount of an asset is greater than its estimated recoverable service amount, it is written down immediately to its recoverable service amount (i.e. impairment losses are recognised). Impairment losses are recognised in surplus or deficit.

The gain or loss on disposal of intangible assets is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining surplus or deficit for the year.

1.8 Consumables

Consumables are recognised as an asset at cost on the date of acquisition and are recognised in surplus or deficit as they are consumed. The balance is subsequently measured at the lower of the cost and current replacement cost.

1.9 Leasing

Payments made under operating leases are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

1.10 Provisions

Provisions are recognised when INSETA has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits or service potential that can be estimated reliably.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 19.

1.11 Employee benefits

The cost of employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the reporting date. Provisions included in the Statement of Financial Position are provisions for bonuses.

Termination benefits are recognised when the benefits accrue.

Liabilities for annual leave are recognised as they accrue to employees. INSETA recognises the leave obligation during the vesting period based on the best available estimate of the accumulated leave expected to vest. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee. The leave liability is recognised as an accrual.

INSETA operates a defined contribution plan and recognises a liability for any contributions owing to the fund at the end of the reporting period. An expense is recognised for defined contribution plans equal to the amount of contributions that were paid or due to the plan during the reporting period.

1.12 Grants and projects liability

Mandatory and discretionary grant liability

A liability is recognised for grant payments once the specific criteria set out in the SETA Grant Regulations has been complied with by member companies and it is probable that INSETA will approve the grant application for payment. The liability is measured based on the expected future cash outflow as determined in accordance with the Act. The measurement of the liability is estimated using the value of the levies received.

Discretionary projects

No accrual is made for projects approved at year-end, unless the service in terms of the contract has been delivered. Where a project has been contracted, but has not been fully paid or accrued for, it is disclosed as commitments in the notes to the financial statements.

1.13 Financial instruments

Recognition

Financial assets and financial liabilities are recognised on INSETA's Statement of Financial Position when the INSETA becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets are recognised and derecognised on trade date and are initially measured at fair value, net of transaction costs.

All financial assets of INSETA are categorised as financial instruments at amortised cost.

Financial Instruments at amortised cost

Financial instruments at amortised cost are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate except for short-term receivables where the recognition of interest would be immaterial.

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs.

All financial liabilities of INSETA were classified as financial liabilities at amortised cost.

Financial liabilities at amortised cost

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

1.14 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 moved to the discretionary fund 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 the following:

Administration costs of INSETA	10.5%
Employer grant fund levy	20.0%
Discretionary grants and projects	49.5%
Contributions to the National Skills Fund	20.0%

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.

1.15 Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.16 Cash and cash equivalents

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

The approved budget covers the financial period from 01 April 2015 to 31 March 2016.

The 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.

The Statement of comparative and actual information has been included in the financial statements as the recommended disclosure when the financial statements and the budget are on the same basis of accounting as determined by National Treasury.

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.17 Comparatives figures

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

1.18 Taxation

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).

1.19 Segment reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and

making decisions about how future resources will be allocated to the various activities undertaken by INSETA. The major classifications of activities identified in budget documentation would usually reflect the segments for which INSETA reports information to management.

Segment information is either presented based on service or geographical 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 Skills Development Levies Act, 1999 and the SETA Grant Regulations. Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

1.20 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

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

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

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

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

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

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

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. Useful life is either:

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

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential. The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Reversal of an impairment loss

INSETA assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the INSETA estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

1.21 Related Parties

Parties are said to be related if one party ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity or another entity are subject to common control.

Where such a situation exists the nature and type of transactions and relationships between parties are disclosed in the notes to the Annual Financial Statements.

1.22 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.

Insurance Sector Education and Training Authority

(Registration number 13/INSETA/01/04/11)

Notes to the Financial Statements for the year ended 31 March 2016

2016

2015

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:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 18: Segment Reporting	01 April 2015	<p>This standard describes the disclosure requirements to present more specific and detailed information about major activities undertaken by</p> <p>INSETA during a particular period along with the resources allocated to those activities. INSETA reports on the following segments; administration, mandatory and discretionary activities.</p>

2. New standards and interpretations (continued)

2.2 Standards and interpretations issued and relevant 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 2016 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 20: Related parties	Not yet determined	The standard prescribes the disclosure of information relevant to draw attention to the possibility that the entity's financial statements may have been affected by the existence of related parties. The adoption of this standard is not expected to impact on the results of INSETA but may result in more disclosure than is currently provided in the annual financial statements.
GRAP 108: Statutory Receivables	Not yet determined	This standard prescribes the accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. It is not expected that this standard will significantly impact the INSETA.
GRAP 109: Accounting by Principals and Agents	Not yet determined	This standard outlines the principles for entities to determine whether it is party to a principal-agent arrangement before applying the recognition and measurement principles of other Standards of GRAP. This standard may result in more disclosure than is currently provided in the annual financial statements

2. New standards and interpretations (continued)

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 2016 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 32: Service Concession Arrangements: Grantor	Not yet determined	The adoption of the standard is not expected to have an impact on INSETA as the INSETA has not entered into any service concession arrangements.
IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	Not yet determined	The adoption of the standard is not expected to have an impact on INSETA as the INSETA has not entered into any service concession arrangements

2016
R' 0002015
R'000

3. Account receivables from exchange transactions

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:

PAYE receivable		323	323
Staff Debtors		5	-
Prepayments		432	489
Deposits		570	570
Interest receivable		357	154
Sundry receivables		178	47
Discretionary Receivables	3.1	248	1,486
		2,113	3,069

3.1 Discretionary Receivables

Discretionary Receivables		1,358	1,486
Allowance for doubtful discretionary receivables		(1,110)	-
		248	1,486

R1 358 000 (2015: R1 486 000) was recognised as a discretionary receivable relating to refunds owed by employers, on current and previous discretionary projects. An amount of R1 110 000 was provided for as a doubtful discretionary receivable as some of these receivables may not be fully recovered.

The effect of discounting, where applicable, was considered and found to be immaterial given the short term nature of these receivables.

		2016 R' 000	2015 R'000
4. Account receivables from non-exchange transactions			
Overpayment to employers		17	18
Employer receivable	4.1	2,036	2,270
		2,053	2,288

4.1 Employer receivable

Overpayment to employers		2,163	2,387
Allowance for doubtful debt		(127)	(117)
		2,036	2,270

R2 163 000 (2015: R2 387 000) was recognised as a receivable relating to the overpayment to employers, and is based on the amount of such grant over payments. An amount of R127 000 (2015: R117 000) was provided for as doubtful debt. INSETA is confident that it will be able to recover the net balance. Also refer to Note 8 for grant amounts owed to employers as a result of subsequent changes in levy information.

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Short term investments/ instruments		324,550	301,972
Cash on hand		2	-
Cash at bank		49,031	37,356
		373,583	339,328

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short term bank deposits was 5.65 % (2015: 5.10%). Surplus funds were invested in line with an investment policy as required by Treasury Regulation 31.3.5 and all funds were invested with the Corporation for Public Deposits.

INSETA uses its cash and equivalents to settle its current liabilities and has committed in contracts R297 625 000 for future projects and skills priorities as set out in Annexure A

6. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulat- ed impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulat- ed impairment	Carrying Value
Furniture and fixtures	1,748	(1,305)	443	1,644	(1,197)	447
Office equipment	532	(408)	124	434	(369)	65
Computer equipment	1,990	(1,656)	334	1,694	(1,614)	80
Office fixtures	1,933	(1,404)	529	1,926	(1,140)	786
Total	6,203	(4,773)	1,430	5,698	(4,320)	1,378

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	447	105	-	(109)	443
Office equipment	65	98	-	(39)	124
Computer equipment	80	328	-	(74)	334
Office fixtures	786	6	-	(263)	529
	1,378	537	-	(485)	1,430

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	344	195	-	(92)	447
Office equipment	98	3	(1)	(35)	65
Computer equipment	171	30	(13)	(108)	80
Office Fixtures	1,553	9	-	(776)	786
	2,166	237	(14)	(1,011)	1,378

Useful lives

INSETA has reviewed the estimated useful lives & residual values used for the purposes of depreciation calculations and due to the fact that INSETA's licence was extended until 31 March 2018, the useful lives of the leasehold improvements were re- assessed, resulting in a change in estimate, refer note 28. The review did not highlight any requirement for an adjustment to the remaining assets as the impact is immaterial.

The following useful lives are used in the calculation of depreciation.

- . Computer equipment 3 years
- . Office furniture and equipment 10 years
- . Office equipment 5 years
- . Office fixtures over the lease term

2016	2015
R' 000	R'000

7. Intangible assets

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulat- ed impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulat- ed impairment	Carrying value
Computer software, other	470	(447)	23	433	(433)	-

Reconciliation of intangible assets – 2016

	Opening balance	Additions	Amortisation	Total
Computer software, other	-	37	(14)	23

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Amortisation	Total
Computer software, other	22	--	(22)	-

8. Trade and other payables from non-exchange transactions

Skills development grants payable	35,924	30,136
Intersetra payables	37	53
	35,961	30,189

9. Trade and other payables from exchange transactions

Other accrued expenses	1,294	3,754
Leave Accrual	699	747
Project creditors	16,763	30,997
Service provider fees outstanding	1,466	338
Trade creditors	1,731	41
	21,953	35,877

The effect of discounting, where applicable, was considered and found to be immaterial given the short term nature of these payables.

2016	2015
R' 000	R'000

10. Provisions

Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in Provision	Total
Employee bonus provision	1,414	1,531	(1,086)	-	(328)	1,531
Provision for incorrect receipts	2,550	553	-	(582)	20	2,541
	3,964	2,084	(1,086)	(582)	(308)	4,072

Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in Provision	Total
Employee bonus provision	1,482	1,414	(1,062)	-	(420)	1,414
Provision for incorrect receipts	2,425	568	-	(465)	22	2,550
	3,907	1,982	(1,062)	(465)	(398)	3,964

Bonus provision is calculated using the total cost of employment and is based on performance evaluations conducted by the CEO of INSETA and the HR and Remuneration committee as appropriate.

An amount of R 2 541 000 (2015: R 2 550 000) relates to levies incorrectly contributed by employers, and paid over by SARS and DHET, after being exempted from contributing (SDL) due to legislation changes which came into effect from 1 August 2005. As SARS collects the levies on behalf of DHET, the responsibility to refund the levies to the employers remain 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. These amounts have been transferred to the discretionary funds in line with the aforementioned circular.

11. Other Income

Mandatory grant received	66	4
Insurance proceeds received	-	17
Other income from litigations	-	1,111
	66	1,132

		2016 R' 000	2015 R'000
12. Investment Income			
Interest received		19,671	21,211
Interest accrued		357	154
		20,028	21,365
13. Revenue			
Skills Development Levy: Income	13.1	417,006	370,840
Skills Development Levy: Penalties and interest		14,975	7,136
Other income		66	1,132
Investment income from exchange transaction		20,028	21,365
		452,075	400,473
13.1 Skills Development Levy: Income			
Administration levy income		54,742	48,672
Employer grants income		103,438	92,234
Discretionary grants income		258,826	229,934
		417,006	370,840
14. Employer grant and project expense			
Mandatory grants		89,871	78,482
Discretionary grants		-	(3)
Project expenditure		272,693	235,672
Surrender of uncommitted surplus funds to NSF *		-	92,863
		362,564	407,014

* In the previous financial year, an instruction was received from the Department of Higher Education and Training to transfer an amount of R92 863 000 to the National Skills Fund. This amount was reflected as part of the uncommitted discretionary reserves as at 31 March 2014.

2016
R' 0002015
R'000

15. Administration expenses

External auditor's remuneration	2,410	1,436	
Interest paid *	1	-	
Operating lease rentals (minimum lease payments)	3,641	3,227	
Consultancy and service provider fees	13,367	11,116	
Entertainment expenses	104	80	
Gifts, donations and sponsorships paid	-	2	
Professional Indemnity Insurance	146	101	
Advertising, marketing and promotions, communication	1,134	942	
Postage & courier services	60	54	
Stationery	197	398	
Maintenance, repairs and running costs - Property and Buildings	589	870	
Remuneration to members of the accounting authority and other sub-committees	1,197	1,559	
Remuneration to members of the audit committee	463	316	
Sundry expenses	402	269	
Allowance for doubtful debts	10	56	
Legal fees	197	83	
Telephone costs	315	294	
Staff training and development	950	548	
Travel and subsistence	1,018	799	
Loss on disposal of property, plant and equipment	-	13	
Internal audit fees	1,130	578	
Depreciation/ Amortisation **	499	1,033	
Governance related expenditure	987	665	
Recruitment fees	247	3	
Cost of employment	15.1	17,899	16,459
Quality Council for Trade and Occupations	1,365	958	
	48,328	41,859	

*The interest charged in 2016 was due to the interest levied in the telephone account due to late payment, as INSETA received the invoices late.

** As per the accounting policy, INSETA reviews the useful lives of all the asset classes at the end of each reporting period. Due to the fact that INSETA's licence was extended until 31 March 2018, the useful life of the leasehold improvements were re- assessed, resulting in a change in estimate in the depreciation charge.

2016	2015
R' 000	R'000

15.1 Employee related costs

Basic Salaries	15,780	14,748
Performance awards	1,274	1,049
UIF	80	80
SDL	222	203
Leave payments	226	78
Temporary staff	254	242
Employee Wellness	63	59
	17,899	16,459

Average number of employees 36 (2015: 37)

16. Accumulated surplus

Allocation of Surplus/(Deficit) to Reserves

Current year 2016

	Administration reserve R'000	Employer grant reserve R'000	Discretionary reserve R'000	Projects R'000	Total discretionary R'000
Skills Development Levy: Admin Income	54,742	-	-	-	54,742
Skills Development Levy: Grant Income	-	103,438	-	258,826	362,264
Skills Development Levy: Penalties and Interest	-	-	-	14,975	14,975
Investment Income	-	-	-	20,028	20,028
Other Income	-	-	-	66	66
Subtotal	54,742	103,438	-	293,895	452,075
Administration Expenses	(48,328)	-	-	-	(48,328)
Employer grant and project expenses	-	(89,871)	-	(272,693)	(362,564)
	6,414	13,567	-	21,202	41,183

Prior year - 2015

	Administration reserve R'000	Employer grant reserve R'000	Discretionary reserve R'000	Projects R'000	Total discre- tionary R'000
Skills Development Levy: Admin Income	48,672	-	-	-	48,672
Skills Development Levy: Grant Income	-	92,234	-	229,934	322,168
Skills Development Levy: Penalties and Interest	-	-	-	7,136	7,136
Investment Income	-	-	-	21,365	21,365
Other income	-	-	-	1,132	1,132
Subtotal	48,672	92,234	-	259,567	400,473
Administration Expenses	(41,859)	-	-	-	(41,859)
Employer grant and project expenses	-	(78,482)	3	(328,535)	(407,014)
	6,813	13,752	3	(68,968)	(48,400)

Please note that the following balances will be left in Administration and Employer Grant reserves in the Statement of changes in net assets:

- Administration Reserve: An amount of R1 453 000 (2015: R1 378 000) is retained in the administration reserve equal to the carrying value of property, plant and equipment and intangible assets.
- An amount of R182 000 (2015: R220 000) is disclosed in the employer grant reserve relating to levies received from newly registered member companies, participating after the legislative cut-off date and for who grant applications may be received and approved

	2016 R' 000	2015 R'000
Net surplus / (Deficit) as per Statement of Financial Performance	41,183	(48,400)
Adjustments for:		
Depreciation and amortisation	499	1,033
Profit on disposal of property, plant and equipment	-	(4)
Increase/(decrease) in provisions	108	57
Changes in working capital:		
Decrease in consumables	-	51
Decrease/(Increase) in accounts receivables from exchange transactions	956	(1,554)
Decrease/(Increase) in accounts receivables from non-exchange transactions	235	(1,043)
(Decrease)/Increase in payables from exchange transactions	(13,924)	27,511
Increase in payables from non-exchange transactions	5,772	6,808
	34,829	(15,541)

	2016 R' 000	2015 R'000
--	----------------	---------------

18. Commitments

18.1 Operating lease - as lessee (expense)

Minimum lease payment due		
- within one year	3,394	3,504
- in second to fifth year inclusive	3,296	8
	6,690	3,512

The operating leases relate to building premises used for office accommodation, and leases for printers and plant. The lease agreement for the building was entered into effective 1 September 2013 and will be expiring on 31 March 2018. The last lease agreement for the printers will be expiring on 30 June 2016. The plant rental agreement started on 1 December 2013 and will expire on 30 June 2016.

18.2 Discretionary reserve

Of the balance of R315 620 000 (2015: R274 474 000) available in the Discretionary reserve at the end of March 2016, R297 625 000 (2015: R274 320 000) has been committed in future contracts. A request for the accumulation of these funds have been submitted to National Treasury via the Department and approval was received before 31 July 2016. Amounts for expenses that have already been incurred, and therefore included in the project expenses in the Statement of Financial Performance, are also indicated.

Amounts disclosed in the contractual movements column should be read as follows:

The positive amounts represent new or additional contracts entered into by INSETA. The negative amounts represent reductions in contract values.

Amounts disclosed in the expenditure against contracts column should be read as follows:

The negative amounts represent credit notes or reallocations of invoices against contracts. The positive amounts represent expenses that have been incurred against the contract.

Please refer to Annexure A for the detailed commitments schedule

19. Contingencies Contingent Liabilities Surplus Funds

In terms of section 53 (3) of the PFMA, public entities listed in Schedule 3A and 3C to the PFMA may not retain cash surpluses that were realized in the previous financial year without obtaining the prior written approval of National Treasury. During September 2015, National Treasury Issued Instruction No.3 of 2015/16 which gave more detail to the surplus definition. According to this instruction, a surplus is based on the cash flow from operating activities and net investing activities in financial assets.

As of 31 March 2016, the cashflow from operating activities and net investing activities was

	2016 R' 000	2015 R'000
Cashflow from operating activities	34,829	(15,541)
Cashflow from net investing activities in financial assets	-	-
Surplus/(Deficit)	34,829	(15,541)

First time employer registrations

The Skills Development legislation 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, as a result, additional mandatory grant expenditure of R182 000 (2015: R220 000) will be payable. The amount is contingent on the number of submissions received and approved.

Potential surrender of uncommitted funds to National Skills Fund

In August 2015, the Labour Court declared regulation section 3(11) of the 2012 Grant Regulations regarding the surplus surrender to be invalid and was set aside to be effective on 31 March 2016. The DHET has communicated to the SETAs through the Skills Development Circular No. 6/2016 (issued and effective on 31 May 2016) that this Labour Court decision is under legal review and based on this position, a contingent liability of R2 244 000 has been disclosed to reflect the potential surplus surrender should the DHET be successful.

Contingent assets

During the 2015/16 financial year, INSETA contracted with an employer who applied for 300 interns for an amount of R20 million. By October 2015, most of the interns were dismissed and the employer was requested to refund INSETA R7 495 000 in line with the reported terminated interns and the refund requirements. The employer denies being in breach of contract and believes the matter should be referred to arbitration. INSETA has handed over the matter to their attorneys. The amount receivable is contingent on the outcome of the arbitration process.

2016
R' 0002015
R'000

20. Related parties

Relationships

Controlling entity

Department of Higher Education and Training

Entities under common control

By virtue of the fact that INSETA is a National Public Entity controlled by the DHET it is considered related to other Setas, the QCTO and the NSF. The transactions are consistent with normal operating relationships between the entities and are undertaken on terms and conditions that are normal for such transactions. Where there were transactions and balances arising due to the movement of funds between entities under common control of the DHET, these amounts are disclosed below.

Members of key management

S. Dunn (CEO)

S. Snell (COO) - resigned July 2015

D. Molapo (CFO) - started March 2016

Related party balances

Intersetas payables

Fasset	2	2
Other	35	51

Related party transactions

Transactions with executive authority, setas and other entities under common control

Fasset	-	83
MICT Seta	-	(5)
Health & Welfare SETA	(1,496)	(22)
Services seta	-	134
Other	(16)	(52)
Cathseta	-	(7)
QCTO	1,365	958
Department of Higher Education and Training	150	-

Remuneration of Key Management

The key management personnel of INSETA are: the members of the accounting authority and the members of the senior management group.

The accounting authority consists of members appointed in terms of its constitution; the chief executive officer and chief financial officer attend meetings of the accounting authority but are not members of the accounting authority. The aggregate remuneration of members of the accounting authority and the number of members receiving remuneration within this category, are:

Accounting Authority

Aggregate remuneration	1,197	1,500
Number of persons	15	15

The senior management group consists of the chief executive officer, chief financial officer (employment start date: March 2016) and the previous chief operations officer (employment end date July 2015). The aggregate remuneration of members of the senior management group and the number of managers receiving remuneration within this category are:

Senior management group

Aggregate remuneration	2,693	2,817
Number of persons	3	2

Refer to the report by the Accounting Authority for detailed disclosure concerning the emoluments of the chief executive officer, chief operating officer and chief financial officer.

INSETA is controlled by the DHET. The Department is controlled by the Minister of Higher Education and Training. There were transactions relating to revenue with the DHET - refer to note 13.1.

21. Members' emoluments

Refer to the Accounting Authority report for details regarding the remuneration of key management.

22. Risk management

Liquidity risk

INSETA manages liquidity risk through proper management of working capital, capital expenditure and actual vs. forecasted cash flows and its cash management policy. Adequate reserves and liquid resources are maintained.

2015/16	Carrying amount	Contractual cash flows	6 months or less	6-12 months	More than 2 years
Payables from exchange transactions	(21,254)	(21,254)	(21,254)	-	-

2014/15	Carrying amount	Contractual cash flows	6 months or less	6-12 months	More than 2 years
Payables from exchange transactions	(35,130)	(35,130)	(35,130)	-	(2)

Credit risk

Financial assets, which potentially subject INSETA to the risk of non performance by counter parties and subject INSETA to credit concentrations of credit risk, consist mainly of cash and cash equivalents deposited with financial institutions and accounts receivable.

INSETA limits its treasury counter-party exposure by only dealing with the Corporation for Public Deposits as approved by National Treasury through the approval of an investment policy 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 exposure to any individual or counter-party. INSETA's concentration of credit risk is limited to the industry in which INSETA operates. No events occurred in the industry during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. Accounts receivable are presented net of allowance for doubtful debt.

The ageing of receivables from exchange & non-exchange transactions:

Not past due

Gross	Impairment	2016:Total
3,269	(127)	3,142

The ageing of receivables from exchange & non-exchange transactions:

Not past due

Gross	Impairment	2015:Total
4,397	(117)	4,280

22. Market risk

INSETA is exposed to fluctuations in the employment market, for example, sudden increases in unemployment and changes in the wage rates. No significant events occurred during the year in the market that INSETA is aware of. There are adequate procedures in place to address changes in the market when necessary.

Interest rate risk

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

The exposure to cash flow interest rate risk and the effective interest rates on financial instruments at reporting date are as follows:

Year ended 31 March 2016

	Floating rate (R'000)	Non-interest bearing (R'000)	Total (R'000)
Cash	373,583	-	373,583
Receivables from exchange and non- exchange transactions	-	3,269	3,269
Payables from exchange and non- exchange transactions	-	(21,254)	(21,254)
	373,583	(17,985)	355,598

Year ended 31 March 2015

	Floating rate (R'000)	Non-interest bearing (R'000)	Total (R'000)
Cash	339,328	-	339,328
Receivables from exchange and non- exchange transactions	-	4,397	4,397
Payables from exchange and non- exchange transactions	-	(35,130)	(35,130)
	339,328	(30,733)	308,595

Fair value interest rate risk

INSETA's financial instruments consist mainly of cash and cash equivalents, account and other receivables, and account and other payables. No financial instruments were carried at an amount in excess of its fair value. Fair values could be reliably measured for all financial instruments. The following methods and assumptions are used to determine the fair value of each class of financial instrument:

Cash and cash equivalents - The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets. Accounts receivable - The carrying amount of accounts receivable approximates fair value due to the relatively short-term maturity of these financial assets. Accounts payable - The carrying amount of accounts payable approximates fair value due to the relatively short-term maturity of these financial liabilities.

23. Events after the reporting date

In August 2015, the Labour Court declared regulation section 3(11) of the 2012 Grant Regulations regarding the surplus surrender to be invalid and was set aside to be effective on 31 March 2016. The DHET has communicated to the SETAs through the Skills Development Circular No. 6/2016 (issued and effective on 31 May 2016) that this Labour Court decision is under legal review and based on this position, a contingent liability has been disclosed to reflect the potential surplus surrender should the DHET be successful, refer to Note 19.

	2016 R' 000	2015 R'000
--	----------------	---------------

24. Fruitless and wasteful expenditure

Opening balance	-	-
Add: Fruitless and wasteful expenditure incurred in the current year	1	-
Less: Amounts written off	-	-
	1	-

Fruitless and wasteful expenditure amounting to R1 460 was incurred in the current year which relates to interest levied in the telephone account due to late payment, as INSETA received the invoices late.

25. Irregular expenditure

Opening balance	1,110	1,388
Add: Irregular Expenditure - current year	12	-
Less: Amounts condoned	(1,110)	(278)
Less: Amounts recovered	(9)	-
	3	1,110

1. Inseta appointed two contractors during 2012/2013 by using an outside service provider to handle all the project procurements together. The appointed service provider was responsible for checking the validity of the tax clearance certificates. They returned the files to the INSETA Project Office but management discovered that the tax clearance certificates were missing. Expenses relating to this procurement amounts to a total of R 1 110 000.

The expenditure was condoned by the Accounting Authority subsequent to year-end.

2. In 2010 INSETA renewed a contract for fixed data lines with Telkom for 5 years. At that stage there was only one competitor service provider which INSETA did not consider due to the following reasons:

- The network coverage of the competitor was inferior to that of Telkom
- Various business continuity considerations as INSETA would have to change their telephone numbers

The reasons for the single source procurement and evidence of the market analyses was not sufficiently documented at the time of consideration and is thus seen as irregular. The total contract value amounts to R988 000 with payments made to date totalling R278 000. The contract and resulting expenditure was condoned by the Accounting Authority in the 2015 year financial year.

3. Irregular expenditure identified in the current year is a result of non-compliance to the Guideline on Cost Containment Measures National Treasury Instruction 01 of 2013/14 in procuring domestic hotel accommodation that exceeded R1 300 per night and hiring vehicles outside of Group B as prescribed by the practice note. The total value of the irregular accommodation expenditure amounts to R9 000 which was subsequently recovered from the liable parties. The irregular expenditure of the vehicle hire amounts to R3 000 and steps have been taken to recover the amount from the liable parties.

26. Budget differences

Notes to Statement of Comparison of Budget and Actual amounts

Legislation requires that INSETA annually submits a budget to the Minister for approval within at least six months before the start of the financial year. Any subsequent changes required to the initial budget are approved by the Accounting Authority.

26.1 Non exchange revenue - levies

Levy receipts were higher than budget by 4% due to higher than anticipated salaries or industry growth in the insurance sector

26.2 Non exchange revenue - Interest and penalties

Income from penalties and interest arise when employers fail to submit their returns as required by legislation. These amounts typically vary significantly year on year. The full balance is made available for projects. INSETA does not budget for this line item

26.3 Prior year uncommitted discretionary reserves

In the current year, approval was obtained from National Treasury for INSETA to retain their 2014/15 uncommitted discretionary reserves. A re-budgeting exercise was subsequently performed and the additional income allocated to the discretionary expenditure budget to fund discretionary projects.

26.4 Investment revenue

The investment income was 53% higher than budget due to higher average cash balances being held during the year and the timing of payments. The change in interest rates also had a positive effect on the funds invested.

26.5 Employer grant and project expenses

The employer grant and project expenses exceeded the budget, as INSETA was able to apply the available surplus funds.

26.6 Administration expenses (including QCTO, employee related costs, general expenses, rent and consultancy fees)

Administration expenditure (including QCTO) is limited to 10.5% of levies received. The legislative limit has not been exceeded.

27. Going concern

The 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.

The Minister of Higher Education and Training extended the tenure for the Accounting Authorities for all Sector Education and Training Authorities for a period of two years in line with the extension of the National Skills Development Strategy III. There are no known instances that casts doubt on INSETA's ability to continue as a going concern.

28. Change in estimate

Property, plant and equipment

As per the accounting policy, INSETA reviews the useful lives of all the asset classes at the end of each reporting period. Due to the fact that INSETA's licence was extended until 31 March 2018, the useful life of the leasehold improvements were re-assessed, resulting in a change in estimate. The effect of this change is a decrease in depreciation for the current period of R529 000 and an increase in depreciation for the years ended 31 March 2017 and 31 March 2018 of R265 000 respectively.

29. Segment Reporting

INSETA reports to management on the basis of three functional segments namely; administration, mandatory and discretionary. Management uses these segments in determining strategic objectives and allocating resources.

The reporting of these segments is also appropriate for external reporting purposes. Refer to Annexure B.

Annexure A – COMMITMENTS

Discretionary reserve

Included in the discretionary reserve of R315 620 000 (2015: R274 474 000) are the below listed commitments for future projects of R297 625 000 (2015: R274 320 000). The expenditure against projects of R256 364 000 as shown in the table below excludes the project administrative support expenditure whereas the project expenditure under note 14 is inclusive of projects administrative support

Project Name	Commitments as at 31 March 2015	Contractual movements in 2015/16	2015/16 Expenditure against Contracts	Commitments as at 31 March 2016
	R'000	R'000	R'000	R'000
2010/2011 Projects				
Financial Advisory and Intermediary Services Act Support	5 166	(308)	4 858	-
2011/2012 Projects				
Research Project	362	189	551	-
2012/2013 Projects				
SME TRAINING VOUCHERS	1 484	(1 484)	-	-
LEARNERSHIPS YEAR 2013	401	-	401	-
SETA-FET Collaboration Pilot Project	100	-	100	-
Quality Promotion Project	76	(30)	46	-
SMME Learnership	1 765	(140)	1 625	-
2013/2014 Projects				
BASA 2013 Programme	-	-	-	-
LEARNERSHIPS YEAR 2014	8 517	(29)	1 555	6 933
INTERNSHIPS YEAR 2014	5 702	1 011	4 282	2 431
Skills Programmes for Workers in 2013/2014	469	(4)	170	294
Skills Programmes for small businesses and Co-ops	4 049	2 805	3 135	3 719
Skills Programmes for Unemployed Youth	3 495	-	2 847	648
Broker Development Program	3 882	-	3 882	-
2014/2015 Projects				
LEARNERSHIPS YEAR 2015	68 174	92 737	62 527	98 383
INTERNSHIPS YEAR 2015	77 625	80 783	50 553	107 855
Bursaries for Workers; SME'S & Co-ops 2015	41 349	20 694	37 024	25 019
Management and Leadership development 2015	3 538	-	3 534	4
Skills Programmes for Workers in 2014/2015	2 827	3 468	4 548	1 747
SAADP Year 2015	3 140	-	3 139	1
Bursaries for Youth not in Employment 2015	20 820	364	21 184	-
WIL Programmes for TVETs and UoTs 2014 (Internships Y14)	12 893	(1 282)	10 732	879
Skills Programmes for SME's and Cooperatives 2014/2015	1 831	2 102	2 671	1 262
WIL Programmes for TVETs and UoTs 2015	2 567	5 568	5 825	2 310
2015/2016 Projects				
Skills Programmes for Unemployed Youth 2015/2016	-	4 019	1 275	2 744
Skills Programmes for SME's an Cooperatives 2015/2016	4 090	1 923	3 535	2 478
SKILLS PROGRAMMES FOR WORKERS 2015/2016	-	8 879	4 214	4 665
INTERNSHIPS FOR TVET COLLEGE LEARNERS		48 573	17 202	31 371
MNGUNGUNDLOVU SKILLS PROJECT		4 200	1 050	3 150
2016/2017 Projects				
Skills Programmes for Workers In 2016/17		5 631	3 899	1 732
Total Commitments	274 320	279 669	256 364	297 625

Annexure B - Segment Reporting

Insurance Sector Education and Training Authority – Information about the surplus, assets and liabilities reconciliations

	Administration R'000	Mandatory R'000	Discretionary R'000	Unallocated R'000	Total R'000
REVENUE – 2016					
Revenue from non-exchange transactions					
Skills development levy: Income	54 742	103 438	258 826	-	417 006
Skills development levy: Penalties and interest	-	-	14 975	-	14 975
Revenue from exchange transactions					
Other income	-	-	66	-	66
Investment income	-	-	20 028	-	20 028
Total segment revenue	54 742	103 438	293 895	-	452 075
EXPENSES					
Employee cost	17 874	-	-	-	17 874
Depreciation and amortisation	499	-	-	-	499
Other administration expenses	29 955	-	-	-	29 955
Employer grant and project expenditure	-	89 871	272 693	-	362 564
Total segment expenditure	48 328	89 871	272 693	-	410 892
Total surplus	6 414	13 567	21 202	-	41 183
ASSETS					
Non-current assets	1 453	-	-	-	1 453
Consumables	39	-	-	-	39
Account receivables from exchange transactions	1 508	-	605	-	2 113
Account receivables from non-exchange transactions	-	2 053	-	-	2 053
Cash and cash equivalents *	-	-	-	373 583	373 583
Total assets	3 000	2 053	605	373 583	379 241
Liabilities					
Trade and other payables from non-exchange transactions	5	35 933	23	-	35 961
Trade and other payables from exchange transactions	5 190	-	16 763	-	21 953
Provisions	1 858	1 030	1 184	-	4 072
Total liabilities	7 053	36 963	17 970	-	61 986
REVENUE-2015					
Revenue from non-exchange transactions					
Skills development levy: Income	48 672	92 234	229 934	-	370 840
Skills development levy: Penalties and interest	-	-	7 136	-	7 136
Revenue from exchange transactions					
Other income	-	-	1 132	-	1 132
Investment income	-	-	21 365	-	21 365
Total segment revenue	48 672	92 234	259 567	-	400 473
EXPENSES					
Employee cost	16 459	-	-	-	16 459
Depreciation and amortisation	1 033	-	-	-	1 033
Other administration expenses	24 367	-	-	-	24 367
Employer grant expenses	-	78 482	328 532	-	407 014
Total segment expenditure	41 859	78 482	328 532	-	448 873
Total surplus	6 813	13 752	(68 965)	-	(48 400)
ASSETS					
Non-current assets	1 378	-	-	-	1 378
Consumables	39	-	-	-	39
Account receivables from exchange transactions	1 429	-	1 640	-	3 069
Account receivables from non-exchange transactions	-	2 288	-	-	2 288
Cash and cash equivalents *	-	-	-	339 328	339 328
Total assets	2 846	2 288	1 640	339 328	346 102
Liabilities					
Trade and other payables from non-exchange transactions	7	30 149	33	-	30 189
Trade and other payables from exchange transactions	4 880	-	30 997	-	35 877
Provisions	1 739	1 243	982	-	3 964
Total liabilities	6 626	31 392	32 012	-	70 030

* Cash and cash equivalents are disclosed as unallocated assets as the item cannot be attributed to either the administration, mandatory or discretionary service segments.

STAFF



Sandra Dunn

Chief Executive Officer



David Molapo

Chief Financial Officer



Sibula Tena

Manager – HR



Neesha Naidoo

Strategic Project Manager



Ella Matshikiza

PA to the CEO



Errol Hanreck

PA to the CFO



Tshepo Mabika

PR & Marketing



Lebogang Mabusela

Monitoring & Evaluation Intern



Tefelo Kekana

SCM Manager



Vuyokazi Memela

SCM Administrator



Zodwa Mottaung

Receptionist



Jabu Mabaso

Housekeeper



Mamasele Mokoena

SCM Specialist



Nonhlanhla Nkabinde

Office Administrator



Belina Luluwana

Housekeeper



Henry Goliath

Project Office Manager



Allie Sebola

Projects Administrator



Ngwako Mpebe

Projects Intern



Tasmin Davids

Projects Administrator



Raveena Govender

Projects Administrator



Lesego Masite

Projects Specialist



Adeline Singh

Skills development Manager



Aubrey Manganyi

Skills Development Administrator



Bongani Ndlebe

Skills Development Intern



Ernest Kaplan

Skills Research Specialist



Nerissa Sheopershad

Skills Development Specialist



Bonginkosi Malinga

Skills Development Specialist



Nadia Star

Learning Division Manager



Lavern Ogle

Internships Administrator



Sadie Oosthuizen

Data Capturer



Rosa Sephuma

Learnerships Administrator



Kgothatso Modise

Learning Division Consultant



Matthew Kgame

Bursary administrator



Athi Nomavila

Learnerships Administrator



Phumelele Sithole

Learnerships Administrator



Martin Kolele

Records Administrator



Esther Gichamba

Internships Administrator



Akhona Wotshela

Learnership Consultant



Tumi Peele

ETQA Manager



Unathi Jakalase

Specialist - ETQA



Kate Kuhn

ETQA Certification Specialist



Miranda Mthethwa

ETQA Certification Administrator



Merriam Mashiane

ETQA Administrator



Rose Dibakoane

Data Capturer



Zanele Mashiane

ETQA Administrator



Esethu Roro

ETQA Administrator

Physical Address:

**37 Empire Road,
Ground Floor,
Parktown,
Johannesburg**

Postal Address:

**P O Box 32035
Braamfontein
2017**

Telephone: 011 381 8900

INSETA Call Centre:

086 113 0013

Email: insetacallcentre@inseta.org.za)

Website (www.inseta.org.za)

RP179/2016

ISBN: 978-1-77018-821-1