

# Annual Report 2009/2010



**TEN YEARS**



**inseta**  
INSURANCE SECTOR EDUCATION  
AND TRAINING AUTHORITY

## 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.

## 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

## VISION

### **In 2013 INSETA will be:**

- Acknowledged as education and training thought leaders and enablers – the most effective SETA
- Have a highly esteemed reputation as being integral to the insurance sector's growth
- Demonstrate how a truly transformed (New South Africa) organisation should and does operate
- Have grown the talent pool to levels where the skills shortage is no longer critical
- Have a comprehensive research base on international trends and best practices
- Be delivering quality in all 9 provinces



higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



**inseta**

INSURANCE SECTOR EDUCATION  
AND TRAINING AUTHORITY



**Insurance Sector Education and Training Authority (INSETA)**

RP 108/2010

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**DR BLADE NZIMANDE**  
Minister of Higher Education & Training



**SANDRA DUNN**  
INSETA Chief Executive Officer

**Honourable Minister, it is with pleasure that we present to you the Annual Report of the Insurance Sector Education and Training Authority for the period 1 April 2009 to 31 March 2010.**

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## INSETA's milestones since establishment in 2000:

Period	Milestones
2000/2001	<ul style="list-style-type: none"><li>• March 2000 sees the official establishment of INSETA, representing the skills development interests of ten sub-sectors within the insurance sector.</li><li>• INSETA is classified as a "green SETA" which means that it has reached an acceptable level of capacity to successfully implement the skills development legislation.</li><li>• INSETA's Council, Council Sub-Committees and Executive Management Committee are established.</li><li>• INSETA's Sector Skills Plan is rated as "highly recommendable" and is amongst the top five.</li><li>• INSETA disburses R3,3 million in levies to employers.</li></ul>
2001/2002	<ul style="list-style-type: none"><li>• INSETA disburses R23 million in levies to employers, representing a payout ratio of more than 90%.</li><li>• 34 discretionary grant sector projects are implemented.</li><li>• INSETA's Education and Training Quality Assurance division receives its accreditation from the South African Qualifications Authority (SAQA).</li></ul>
2002/2003	<ul style="list-style-type: none"><li>• INSETA introduces learnerships to the insurance sector.</li><li>• 87 INSETA and sector projects to the value of R47,3 million are underway.</li><li>• 50 Grade 12 learners, from historically disadvantaged communities, graduate from INSETA's Insurance Employment Preparedness Programme (INSPREP), a six-month full time programme providing them with entry-level employment skills. 33 of the graduates find permanent employment in the sector.</li><li>• INSETA launches tailor-made leadership development programmes aimed at meeting the needs of senior employees in the sector.</li></ul>
2003/2004	<ul style="list-style-type: none"><li>• The Minister of Finance launches the Financial Sector Charter for Black Economic Empowerment. INSETA hosts highly successful conference aimed at creating awareness of the skills development imperatives of the Charter.</li><li>• INSETA implements Financial Sector Charter Learnerships which are partially funded by the National Skills Fund.</li><li>• INSETA implements the Financial Advisory and Intermediary Services (FAIS) Act Fit &amp; Proper Project, a project aimed at assisting financial advisors in obtaining licences necessary under the FAIS Act.</li></ul>
2004/2005	<ul style="list-style-type: none"><li>• INSETA launches its Women in Insurance (WIN) Management Development Programme, aimed at fast-tracking learning for senior women in the sector; in management and leadership skills.</li><li>• INSETA implements a retirement fund and trustee training project, to address the skills deficits in this area and recommend suitable skills programmes.</li><li>• INSETA exceeds its target of 20 companies either participating or achieving recognition of the Investors in People Standard.</li></ul>

Period	Milestones
2005/2006	<ul style="list-style-type: none"> <li>• INSETA's Quality Assurance division receives its re-accreditation as the sector's quality assurance body by SAQA for a further three years.</li> <li>• 1,247 unemployed learners successfully complete the Financial Sector Charter Learnerships programme, a completion rate of 83,1 % and of this 40 % of the learners find permanent employment in the sector.</li> <li>• INSETA's Council approves funding of R21,7 million for learnerships and internships and work-based education (WBE) programmes.</li> </ul>
2006/2007	<ul style="list-style-type: none"> <li>• INSETA's Council approves discretionary grant funding of R57,3 million for projects aligned to the National Skills Development Strategy (NSDS). Many of the projects are direct interventions into transformational issues such as INSETA's Black Brokers "Running a Brokerage" pilot project. A project aimed at training and equipping 20 Black SMMEs with the necessary skills and knowledge to grow, become sustainable and profitable and to be future role models for other SMMEs in the sector.</li> <li>• 2 institutions are awarded INSETA's Institute of Sectoral or Occupational Excellence (ISOE) Grants.</li> <li>• INSETA's Council approves funding of R20,6 million for unemployed and employed learners.</li> </ul>
2007/2008	<ul style="list-style-type: none"> <li>• 40% increase in learner enrollment over past three years and growth in demand for funding of skills by way of learnerships from employers in the sector.</li> <li>• INSETA signs a Joint Implementation Plan with SAQA where experts analyse research findings and develop appropriate qualifications and unit standards for the insurance sector.</li> <li>• First FAIS National Assessment conducted in November 2007. 729 financial advisors register and a pass rate of 75.6 % is achieved.</li> <li>• INSETA's Council approves discretionary grant funding of R68,2 million to INSETA and sector initiatives.</li> </ul>
2008/2009	<ul style="list-style-type: none"> <li>• 348 unemployed black graduates complete their year long Wealth Management Learnership (NQF Level 5). A learnership specifically created to accelerate the entry of black South African graduates into the insurance sector.</li> <li>• INSETA exceeds its Service Level Agreement (SLA) targets for training people with disabilities by 299%.</li> <li>• Mandatory Grants payout ratio remains high at 88%.</li> <li>• INSETA's Quality Assurance division receives re-accreditation from SAQA with a 100% compliance rating received.</li> </ul>
2009/2010	<ul style="list-style-type: none"> <li>• INSETA's mandatory grants payout ratio increases to 91%.</li> <li>• INSETA introduces National Disability Awards aimed at raising the profile of workers with disabilities who are making a remarkable difference in the insurance sector as well as individuals and organisations supporting the advancement of people with disabilities.</li> <li>• INSETA initiates the first pilot articulation project between FETs and HETs, a first for the insurance sector.</li> </ul>

**“It’s when ordinary people rise above the expectations and seize the opportunity that milestones truly are reached.”**

*Mike Huckabee*

**CHAIRPERSON'S**

**REPORT**



**IVAN MZIMELA**  
INSETA Chairperson

It is said that if you have a heart for South Africa, you are African. Certainly a fitting sentiment for 2010, as we celebrated and hosted the Soccer World Cup with the vociferous blows of vuvuzelas. We stood proud as we witnessed our glorious country leave its footprint globally. This year also sees a celebratory milestone for our SETA, as we complete our tenth year of operation.

Once again INSETA achieved an unqualified audit. An irregular finding by the Auditor General has highlighted the importance of ensuring that INSETA management abides by the Supply Chain Management (SCM) policy and that in cases where deviation from SCM is warranted that this approval is explicitly requested of the Accounting Authority prior to the event. The irregular finding related to a matter concerning a competitive bid process versus a recruitment process. INSETA remains committed to the principles of transparency, equal treatment, competitiveness, fairness, ethics and accountability. We will ensure that INSETA continues to operate at the highest levels of integrity.

As a relatively young organisation, INSETA has set out and made a positive and meaningful impression in the insurance sector. Its considerable achievements over the past ten years cannot be overlooked.

### THE YEAR UNDER REVIEW

During the year our Council hosted two strategic planning sessions with the management of INSETA. These sessions were extremely beneficial to both Council and the management, as we spent time reassessing the purpose, values and vision of INSETA and the work needed to enrich our reputation and image. I am pleased to report that we appointed a permanent Chief Executive Officer, Sandra Dunn, in November 2009 and that INSETA is now fully staffed. We also revisited the composition of our Council Sub-Committees and their respective Terms of Reference. Our Audit Committee was reconstituted with the appointment of an independent, external Chairperson. Following a recommendation from management, Council approved the decision to bring the project

management function in-house. A project manager who will oversee this core function is to be appointed shortly.

We are on track in meeting our targets in terms of the Service Level Agreement that we have signed with the Department of Higher Education and Training. Our challenges lie in the sustainability of new venture creations and Adult Based Education and Training (ABET) in the sector. Council is also closely monitoring the Discretionary Grant spend rate. We interrogate the Discretionary Grant Project Scorecard and INSETA's performance at each of our Council meetings and this issue remains a permanent item on our agenda.

Sector research indicates that over a five year period our sector has seen a steady growth in black employment. More than half of the employees in the sector are women; however there is still a shortage of black females holding senior management positions. The degree of scarcity for managers and professionals becomes more serious for occupations requiring higher National Qualifications Framework (NQF) qualifications. This skills gap can only be addressed through sector-specific training programmes and by up-skilling existing employees. Our mandatory grant payout ratio remains high at 91%, which is very encouraging to see employers claiming back their 50% from INSETA, through the submission of a Workplace Skills Plan (WSP) and Annual Training Report (ATR).

### HIGHLIGHTING SOME OF OUR PROJECTS

Our FAIS Fit & Proper Project has continued during the period under review, and INSETA is working very closely with the sector and its regulator, the Financial Services Board, to ensure that the sector is able to make the transition to the new "fit and proper" requirements. We are also proud of initiating the first pilot articulation project between Further Education and Training Colleges (FETs) and universities (HETs) in association with the University of the Western Cape. The purpose of the project is to enable employees who successfully complete the

## CHAIRPERSON'S REPORT

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Diploma in Wealth Creation at selected FET Colleges to advance to second year BCom diploma at participating universities thus making this a pioneer project in the area of FET/HET articulation. This type of offering is a first for our sector.

INSETA also partnered with the South African Actuaries Development Programme in a bid to address challenges faced by the acute shortage of black actuarial skills in South Africa. The year also saw the introduction of a pilot disability project aimed at raising the profile of workers with disabilities who are making remarkable differences in the insurance sector as well as individuals and organisations supporting the advancement of people with disabilities. This project culminated with the hosting of the first National Disability Awards on International Day of Persons with Disabilities.

### PROPOSED SETA LANDSCAPE

Towards the latter half of April 2010, the DHET gazetted the Notice of the proposed new SETA landscape for 2011 for public comment. INSETA was also invited to make a presentation at the National Skills Authority public hearings on the proposed landscape. We are pleased to report that no change is recommended for INSETA in the Notice and that this proposal has received overwhelming support by the insurance sector. In going forward we have much work to do to realise our vision. I have no doubt that through hard work and determination we can achieve our goals.

### APPRECIATION

I would like this opportunity to express my sincere appreciation to Tetiwe Jawuna, who held the INSETA Chairpersonship from November 2006 to September 2009. Her dedication and tireless efforts have made a significant impact on the organisation. We wish her everything of the very best in her future endeavours. Thank you to my Deputy Chairperson, Rama Govenden and all my fellow Councilors, who have

placed their faith in me as Chairperson, your support and sage advice, is greatly appreciated.

To Sandra and her team, thank you for all the long hours, commitment and allegiance that you show, on a daily basis, to INSETA.

Our gratitude must also be expressed to the Department of Higher Education and Training and the South African Qualifications Authority.



**IVAN MZIMELA**  
CHAIRPERSON



*Ivan Mzimela, INSETA Chairperson and Rama Govenden, INSETA Deputy Chairperson*

# CHIEF EXECUTIVE OFFICER'S REPORT



**SANDRA DUNN**  
INSETA Chief Executive Officer

Henry Ford, founder of the Ford Motor Company once said, **“Coming together is a beginning. Keeping together is progress. Working together is success”**. Not a truer statement can be said of INSETA, as we celebrate ten years of existence as a Sector Education and Training Authority. It is with great pleasure that we present an overview of our activities, achievements and challenges over the past financial year. Through the guidance of our Council and support and partnerships with our many stakeholders, we are firmly on track meeting and in some instances exceeding our targets in terms of the National Skills Development Strategy II.

### Revisiting our vision, purpose and values as an organisation

After a challenging year in 2009, we felt that it was opportune to regroup and revisit our values and purpose as an organisation. As such two strategic planning sessions were held with our Council and management, which lead to a revision in our vision, purpose and values, which we believe more accurately portrays us as an organisation, which 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.**

## CORPORATE GOVERNANCE

### Council and Council Sub-Committees

INSETA Council currently comprises of six Councilors who represent the interests of business, six Councilors who represent the interests of labour and one Councilor who represents the State's interests. At the 2009 Annual General Meeting three Councilors were re-elected to serve a further two year term. Ms. Tetiwe Jawuna's tenure as a Councilor and Chairperson ended in September 2009 and she did not stand for re-election. Mr. Ivan Mzimela was elected as Chairperson and Mr. Rama Govenden as Deputy Chairperson by Councilors. During the period of review new Councilors, Mr. Jay Mngoma (business representative), Mr. Jay Ramsunder (business representative) and Ms. Gizelle Conradie (labour representative) joined the INSETA Council. The year also saw the resignation of Councilor Eugene Ebersohn.

INSETA's Audit Committee was reconstituted with the Council appointment of an independent, external Chairperson. Following a tender process, OMA Chartered Accountants were appointed as INSETA's internal auditors. The Audit Committee Charter and Internal Audit Charter were reviewed as well as the Terms of Reference for the Finance, IT and Administration Committee and the HR/Remuneration Committee. The Council sub-committees met on a regular basis and provided recommendations to Council throughout the course of the year. The Learnerships/ETQA Advisory Committee met once during the year under review.

### Risk Management

Risk management remains a standard item on the agenda of both the Audit Committee and Management Committee.

### Policies and Procedures

Several policies and procedures were reviewed and approved by our Council during the year, including the:

- Revised Internships and Work Based Experience Grants Funding Policy
- Revised INSETA Bursary Funding Policy
- Revised Learnerships Funding Policy
- Revised Investments Policy

### Materiality Framework

INSETA has a materiality framework in place in accordance with Treasury Regulation Section 28.3.1. The Materiality Framework is updated annually.

### Supply Chain Management

An irregular finding by the Auditor General has highlighted the importance of ensuring that INSETA management abides by the SCM policy and that in cases where deviation from SCM is warranted that this approval is explicitly requested of the accounting authority prior to the event. INSETA remains committed to the principles of transparency, equal treatment, competitiveness, fairness, ethics and accountability.

**HUMAN RESOURCES**

During the period under review, INSETA had a permanent staff compliment of 25. We are committed to transformation and the table below illustrates our delivery against this commitment:

Race	Gender	
	Female	Male
Black	13	2
Coloured	3	1
Indian	2	
White	2	2

A list of INSETA's staff appears on Appendix E on page 86 of this Report.

**Salary Bands for INSETA Personnel:**

Position	Salary Band
Chief Executive Officer <sup>1</sup>	R1,2 M and above
Managers	R501K – R600K
Specialists, Consultants and Personal Assistants	R350K – R500K
Junior Specialists, Administrators and Secretarial Staff	R101K – R250K
Support Staff	R60K – R100K

(1) Details of the Chief Executive Officer's remuneration are provided in the Report of the Accounting Authority.

**FINANCIAL MANAGEMENT**

Levy income remained resilient despite global conditions. There was an 8% increase in levies received from the previous financial year.

Through close management of spending INSETA ended the year with an administrative surplus of R3,4 million. Administrative expenditure is always managed within the 10% allowed for. R107 million was allocated to discretionary projects in year 10.

We are delighted to report that INSETA has since its establishment received ten years of unqualified audits.

**Investments Policy**

The investment of SETA funds is managed in terms of an investment policy. This allows for investment by way of short term fixed deposits with the big four South African banks and a proviso that not more than 40% be held within one institution at any point in time. This method ensures that there is minimum risk to the capital and allows INSETA to capitalise on the most favourable interest rate being offered.

**Cost of Consultants and Technical Advisors**

INSETA's main service providers, listed below, have not changed during the year and are:

- Deloitte, whom are responsible for information technology, financial management and various other back office processes. They are contracted until 31 March 2011.
- PricewaterhouseCoopers, whom are responsible for the INSETA Project Office. During the year a decision was taken to bring this function in-house.
- OMA Chartered Accountants, whom are responsible for the outsourced internal audit function.

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The cost of engaging these service providers for the year was R12,9 million. The Auditor-General performs the external audit function, which is a legislative requirement for all SETA's. The cost for this function, for the period of reporting, was R1,1 million.

**INFORMATION TECHNOLOGY**

During the year several enhancements were made to our information technology systems to support and increase efficiency in our day-to-day operations. Some of these enhancements included:

- The implementation of an online learnership grant application system
- The implementation of learner view access
- Enhancements to the ETQA and learnerships systems
- The development of workplace skills plans forms for 2010/2011

**Website**

The website remains an important communications tool to INSETA stakeholders with the number of visitors to our site increasing steadily during the year.

Web information	Apr 2009	May 2009	June 2009	July 2009	Aug 2009	Sep 2009	Oct 2009	Nov 2009	Dec 2009	Jan 2010	Feb 2010	Mar 2010
Total Number of Visitors	12 302	14 341	19 072	16 179	15 501	16 437	19 223	18 712	14 291	17 949	18 332	18 907
Total Number of Visits	41 165	44 365	65 269	52 493	41 811	45 947	57 601	61 532	43 770	49 576	51 943	52 561
Average Hits per day	9 580	9 248	13 454	10 790	8 613	9 760	11 749	12 469	7 927	10 982	13 241	11 224
Average Page views per day	1 372	1 431	2 176	1 693	1 349	1 532	1 858	2 051	1 412	1 599	1 855	1 696
Average Number of User Sessions per day	410	463	636	522	500	548	620	624	461	579	655	610

**Disaster Recovery and Back Up Procedures**

INSETA disaster recovery and back up procedures are reviewed on a regular basis and a backup strategy has been implemented.

**DELIVERY ON THE NATIONAL SKILLS DEVELOPMENT STRATEGY (NSDS)**

SETA's are required on an annual basis to enter into a Service Level Agreement (SLA) with the Department of Higher Education and Training indicating their contribution towards the overall achievement of the NSDS. We are pleased to report that we have met most of our targets and in some areas exceeded them. Indicators that we need to focus on are Adult Based Education and Training, placement of learners in employment or self employment and new venture operations. Details of achievements against SLA targets appear in Appendix B on page 79 of this Report.

**Skills Development***Supporting transformation in the Sector*

One of the priorities as a SETA is to ensure that we meet the skills and transformation needs of the sector by facilitating a constant flow of black graduates into the sector. We are informed in this regard, by the Sector Skills Plan research, where scarce and critical skills are identified. Our research indicates that there is still a shortage of black employees, especially female, in senior management positions, professional positions and in sales related occupations. The degree of scarcity for managers and professionals becomes more serious for occupations requiring higher National Qualifications Framework (NQF) qualifications. This skills gap can only be addressed through sector-specific training programmes and by up-skilling existing employees, a key focus for INSETA.

*Number of levy paying employers and employees in the sector*

1491 levy paying organisations fall within the ambit of INSETA which represent more than 137 000 employees. The accompanying graph illustrates the spread across small, medium and large organisations.

Category	Number	Percentage
Small	1 319	88.46%
Medium	100	6.71%
Large	72	4.83%
<b>TOTAL</b>	<b>1 491</b>	<b>100%</b>

*Mandatory Grants and registration of Skills Development Facilitators*

Through the submission of either a Workplace Skills Plan (WSP) and Annual Training Report (ATR) employers are able to claim back 50% of their mandatory grant payments from INSETA. We are pleased to report that we achieved a 91 % mandatory grant payout ratio for the financial year, with R68 million being paid back to employers. INSETA approved 550 WSP/ATR submissions for the financial year. 829 Skills Development Facilitators (SDF's) have registered with INSETA across the nine regions with the highest numbers residing in Gauteng followed by the Western Cape and Kwazulu Natal.

**Skills Programmes and Projects***Adult Based Education and Training (ABET)*

Due to the insurance sector being a highly skilled and qualified sector, adult based learning has not been received as one of the more popular programmes, however a need was identified to up skill people in terms of their linguistic skills, as learning the basics of the eleven official languages has become a fundamental point of sale in securing key accounts for business. We are pleased to report that this programme is slowly gaining momentum across the sector.

*Mentorship Programme*

In 2009 INSETA initiated a Pilot Mentorship programme where 18 black students with an insurance background were identified as potential future leaders for the sector. The aim of the programme was to link mentors who were close to retirement (or were already retired) with new entrants to the industry, thus assisting with succession planning

by ensuring that insurance companies have sufficient human capital to allow for business continuity. All selected students graduated from the programme in 2010.

#### *New Venture Creation Programme*

In the past, the insurance sector has run new venture programmes independently of INSETA. We have recognised the valuable contribution to entrepreneur development and will be partnering the sector to implement the successful models used by the insurance companies to promote the establishment of new ventures. 84 new venture learners were hosted by insurance companies in the year under review. This initiative is being implemented over a two year period and will be monitored on an annual basis with host companies.

#### *Promoting the Insurance Sector*

INSETA embarked on various initiatives to promote the insurance sector to learners as a career of choice. An exciting career guide was produced and delivered to all schools in South Africa. In addition we participated in the Career Guide for the Insurance Sector produced by RISKSA. We exhibited at various career expos organised by DHET and other provincial departments. Finance Week held by Sci Bono is a one week initiative where Gauteng learners are exposed to careers in the maths and science fields. The insurance industry had a strong presence at the expo and learners were given talks by experts in the sector about insurance related careers.

#### *Stakeholder Support and Provincial Presence*

We have continued to support small companies on a regional basis through the appointment of Regional Advisors and Sector Skills Facilitators with their submissions of workplace skills plans and annual training reports and promotion of INSETA's activities.

#### **Quality Assurance**

The Financial Services Board's (FSB) deadline pertaining to FAIS licensing, although not a core ETQA function, was the main driver of ETQA activities for the past financial year.

Performance of the division was dominated by the need to assist industry via, learning providers, in conducting learning delivery and assessments to enable ETQA verifications and approvals prior to the 31 December 2009 FAIS deadline. We are pleased to report that 100% of all completed learning was verified within this deadline.

#### *Uploading of learner data to the National Learner Record Database (NLRD)*

Data uploading was achieved within the allowed time and with a 99.8 % success rate, which is a noteworthy achievement.

The following data records were amongst those uploaded to the NLRD in the February/March 2010 bi-annual upload:

Qualification / Degree Enrolment / Achievement	9 863
Unit Standard Enrolment / Achievement	1 239 461

Extensive assistance was given to providers with formatting of data for bulk uploads and upload of credits to the learner management system. A lesson learnt is that the ETQA carries a risk in taking over the upload function on behalf of providers. The ETQA is working hand-in-hand with our IT service provider, Deloitte, to look at systems enhancements and provider capacity-building as a more viable alternative to assisting with uploads in future.

#### *Provider audits for continued accreditation*

Providers accredited with INSETA in the first accreditation cycle have become due for targeted audits and monitoring towards continued accreditation with INSETA. The ETQA division has commenced its first cycle of provider audits, and this is ongoing, taking an integrated and holistic view of providers' delivery to date. Evaluations have involved the development of an audit tool, desk-based performance appraisals, site visits and development plans to enable informed decisions for continued accreditation per provider.

*Establishment of the Quality Council for Trade and Occupations (QCTO)*

The new Skills Development Act was promulgated in November 2008 and this established the Quality Council for Trade and Occupations (QCTO), which was launched on 23 February 2010. Our ETQA is engaging in a special project to lead INSETA and its stakeholders in the transition to the new skills development landscape, also embracing changes with the move to the Department of Higher Education, as applicable to our quality assurance function. The project will roll-out later this year, commencing with national stakeholder awareness campaigns and the formation of industry task-teams for the development of occupationally-driven curricula.

*Successful completion of ETQA projects*

The year under review has seen the successful completion of the following projects:

- Capacity-building seminars, held as a joint project with SAQA which presented a forum of high-level speakers on topics of interest.
- Capacity-building of training providers. This project will now continue with the new project planned for the 2010 year, with a wider scope.
- SAQA-INSETA joint project for the development and review of unit standards and qualifications. This function will now be taken under the wing of the QCTO project.
- Assistance with conversion and uploading of the Insurance Institute of South Africa's (IISA) legacy learning programmes for compatibility with the NLRD. This has resulted in over 40 000 records of learner data being uploaded for identified programmes for NQF recognition.

*Capacity-building*

Our ETQA has come a long way since its first accreditation and lessons learnt in the application of policies has led to a review of many aspects of our quality management system to achieve higher standards of quality and integrity. Our ETQA division is planning a dedicated project to

enable capacity-building of providers, assessors and moderators to meet our updated quality criteria in line with our ETQA's vision for enhanced quality standards in learning delivery. The success of this project will be realised in learnerships and other programmes that offer credit-bearing learning.

**Learnerships**

Our Learnerships division is responsible for management of learnerships and internships for the SETA. Our Council approved funding of R16,1 million for learnerships and R18,2 million for internships during the year under review. The following qualifications, offered through learnerships were made available to the sector:

Short-Term Insurance NQF Level 4
Financial Services Administrator NQF Level 3
Long-Term Insurance NQF Level 4
Wealth Management NQF Level 5
Wealth Management NQF Level 4

*Learnership statistics:*

Number of training providers who offered learnerships	23
Number of employer organisations that applied for learnerships funding	64
Number of learners that received funding:	
Employed learners	150
Unemployed learners	570
Disabled learners	94

**Internships**

INSETA provided funding for internship programmes to be run in the sector to assist unemployed graduates to obtain work-based experience with the aim of placing them in a better position to gain full time employment.

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During the year under review:

53 companies received funding for internships

338 unemployed learners participated in internship programmes

**Partnering with Training Providers**

Rural learners who want to enter the insurance profession face a barrier to entry in that the opportunities are mostly concentrated in the urban areas. This means that they have to relocate to participate in training initiatives resulting in additional costs for them. INSETA has reviewed the capacity of training providers to offer insurance training in rural areas. This has resulted in a partnership with Public FET colleges who already have a rural footprint. These FET colleges will be capacitated to deliver insurance related training in rural areas.

**DISCRETIONARY GRANT FUNDED PROJECTS**

The table below lists the projects which were approved for implementation or continuation during the 2009/2010 financial year:

Name of Project	Approved Funding
Adult Based Education and Training (ABET) Project	1 066 574.00
Bursaries	18 100 000.00
Bursary Fund	8 488 600.00
Career Guide to Promote Insurance Project	1 652 750.00
Disability Project	248 000.00
FAIS Assessments	1 877 238.00
FAIS Fit & Proper Compliance Support Project	12 118 799.00
FAIS: Fit & Proper Project	4 753 890.00
Institutes of Sectoral Excellence (ISOE)	1 134 888.00
Insurance Institute of South Africa (ISA) Project	620,179.77
Internships	18 261 027.00
Partnering with South African Actuaries Development Programme (SAADP)	5 229 000.00
Quality Council for Trades and Occupations (QCTO) Project	5 487 130.00
Sector Skills Plan (SSP) Research	2 082 465.00
Social Development Projects	1 377 292.00
Workshops for Skills Development Facilitators (SDF's)	385 612.00
Year 10 Learnerships	16 070 000.00
Year 9 Learnerships	7 000 000.00

## FAIS Fit and Proper Project

Overall the sector is in a process of professionalising and higher skills levels are required in all occupational categories according to INSETA sector skills plans research. This need is created specifically by new regulatory requirements mostly that of 'fit and proper' contained in the FAIS legislation. The FAIS Act was promulgated in 2002 and the purpose is to protect the consumer and to promote professionalism within the financial industry by ensuring that practitioners are properly trained and adequately experienced to serve the public. The insurance sector has the largest number of advisors who are affected by FAIS. INSETA has worked very closely with the sector and public entities such as the Financial Services Board, to ensure that the insurance sector has been able to make the transition to the new 'fit and proper' requirements.

The last Recognition of Prior Learning (RPL) assessments for the 30 or 60 credits were run last year in August and November 2009. Thousands of brokers wrote the 2009 assessments in a last ditch attempt to meet the FAIS requirements before the December 2009 deadline. The new Fit and Proper Requirements have introduced regulatory examinations as part of the competence requirements that comprise of two levels. A FAIS advisory committee was established by INSETA comprising of industry representatives who advise INSETA on sector needs for the second phase of FAIS compliance.

We also agreed to fund the development of learning material for the Regulatory Examinations (RE). A tender was issued and awarded to a joint venture consisting of the Milpark Business School and the IISA. The learning material is currently being developed and will be made available free of charge to all insurance industry stakeholders in time for the RE examinations.

The INSETA learning material will equip financial advisors with the knowledge and information to pass the FSB Regulatory Examinations. INSETA has made discretionary grant funding available to smooth the path of compliance for stakeholders. This is being done by:

- The provision of quality learning material free of charge to all stakeholders
- Bursaries for levy paying companies for FAIS training
- SMMs and black brokers to receive dedicated FAIS compliance funding and support
- Learnerships for full qualifications

The provider has also been tasked with conducting reviews and updating the learning material on a regular basis. The purpose of the review is to ensure that all lessons learnt from learners performance in the RE examinations and any updates done to the format of questions will be incorporated into the learning material.

## Introduction of INSETA National Disability Awards

One of the highlights during the year was the introduction of our pilot project aimed at raising the profile of workers with disabilities who are making a remarkable difference in the insurance sector as well as individuals and organisations supporting the advancement of people with disabilities. The project culminated with a National Disability Awards ceremony, held on the International Day of Persons with Disabilities. Awards were presented in the following categories:

- National Disability Company Award (for organisations that have created opportunities for people with disabilities)
- Business Leader Award (for persons with disabilities who have achieved in the workplace)
- Young Leader Award (for young persons between the ages of 18 and 25 who have displayed great potential in their studies or in the workplace) and;
- Champion Award

The pilot project illustrated how well-gearred the insurance sector is to take on workers with disabilities.

## STAKEHOLDER RELATIONS

As in previous years we maintained a presence in the media during the year by providing editorial and advertorial to the media on a regular basis. Our website and outsourced call centre remain crucial tools of communication to our stakeholders. Several publications promoting the activities of INSETA were also published during the year.

### *World Cup Expenditure*

The Standing Committee on Public Accounts (SCOPA) has requested that SETA's disclose all expenditure relating to the Soccer World Cup. INSETA did not incur expenditure relating to Soccer World Cup on clothing and tickets for the current or the prior year. Subsequent to year end, but before the Annual Financial Statements were authorised for issue, R20 000 was spent on Soccer World Cup apparel and memorabilia.

## THE WAY FORWARD

The five strategic pillars of Youth Development, Small and Micro Enterprise Development, Research and Benchmarking, Scarce and Critical Skills and Social Transformation will remain relevant beyond the 2011 SETA license.

The approach by INSETA in the current financial year and post 2011 is to ensure that programmes and projects proposed for Council's approval will ensure that the needs of the sector and the government's NSDS III imperatives are met through ensuring that they (projects and programmes) contribute to the realisation of INSETA's five strategies and the NSDS III. INSETA has set itself a 3 year vision to 2013.

For the next three years, INSETA will have four broad deliverables. These are:

- Delivering on our core mandate
- Making INSETA a great place to work
- Enabling transformation in the sector
- Becoming the sector's partner of choice for training, development and research

## APPRECIATION

Our deepest appreciation must be expressed to our ex-Chairperson, Tetiwe Jawuna, our current Chairperson, Ivan Mzimela and Deputy Chairperson, Rama Govenden and all members of our Council for their invaluable contributions and time that they make available to our SETA as well as the Chairpersons of our Council Sub-Committees: Gerrit Sandrock (Audit Committee), Johan van Greuning (Finance, IT & Administration Committee) and Margie Naidoo (HR/Remuneration Committee) and respective Committee members – thank you. To all the managers and staff, thank you so much for your considerable efforts and hard work. To all of our stakeholders' thank you for your continued support, our inaugural Annual Report included a quotation by Lao-Tzu, ***"A journey of a thousand miles must begin with a single step"***; together we have taken that first step and have since covered many miles over the past ten years. We look forward to continuing our journey with you.



**SANDRA DUNN**

CHIEF EXECUTIVE OFFICER

03

**REPORT of the**



**to the INSETA COUNCIL**

**REPORT OF THE AUDIT COMMITTEE TO THE INSETA COUNCIL**

FOR THE YEAR ENDED 31 MARCH 2010

**INTRODUCTION**

We are pleased to present our report for the financial year ended 31 March 2010.

**Composition of the Audit Committee and Attendance**

The Audit Committee consists of the members as listed below and met 4 times for the current year under review. The approved Charter requires the Committee to meet at least four (4) times a year. At the date of this Report the Audit Committee consisted of the following members:

Member	Date appointed by Council	Number of meetings attended during period under review
Dr. Gerrit Sandrock (Chairperson)	3 December 2009	1 of 4
Ms. Jeanine Poggiolini	3 December 2009	1 of 4
Mr. Terence Berry	19 February 2009	4 of 4
Mr. Godfrey Nti	3 December 2009	1 of 4
Mr. Thys Botha (resigned from Committee in July 2009)	12 December 2005	3 of 4

**Audit Committee Responsibility**

The Audit Committee reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, which was approved by the Accounting Authority, and has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

**The effectiveness of internal control**

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. INSETA did not have an effective internal audit function throughout the year as required by Treasury Regulation 27.2.2. and as such no reports of Internal Audit were available. From the Audit Report on the Annual Financial Statements (AFS), and management letter of the Auditor-General, it was noted that the system of internal controls and related businesses had weaknesses reported most of which were repeat findings which have not been satisfactorily addressed.

## REPORT OF THE AUDIT COMMITTEE TO THE INSETA COUNCIL

FOR THE YEAR ENDED 31 MARCH 2010

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We can report that the system of internal control over financial reporting for the period under review were efficient and effective except for controls with regards to performance information. Management has taken corrective steps to address areas of weaknesses identified during the course of the next financial year.

### Evaluation of Annual Financial Statements

The Audit Committee has

- Reviewed and discussed the audited Annual Financial Statements to be included in the annual report with Reports from the Auditor-General and the Accounting Authority;
- Reviewed management's assessment of the going concern status of the INSETA and recommended to the Accounting Authority the appropriateness of such;
- Reviewed the Auditor-General management letter and management's response thereto;
- Reviewed INSETA's compliance with legal and regulatory provisions;
- Reviewed changes in accounting policies and practices;
- Reviewed changes to the Investment policy; and
- Reviewed significant adjustments resulting from the audit.

### Conclusion in Respect of the Year Under Review

The Audit Committee wishes to report to Council that in its opinion:

- The internal auditors (OMA Chartered Accountants) appointment was approved by Council on 3 December 2009. Their mandate includes providing independent assurances on the effectiveness of controls in terms of an Internal Audit Coverage Plan approved by the Audit Committee. This Plan is reviewed annually by the Committee so as to ensure that all significant functions, business processes and systems will be afforded internal audit coverage within the 3 year internal audit cycle required by the PFMA.

- The external auditors (Office of the Auditor-General) have identified no impediments to conducting their audit of the Annual Financial Statements of INSETA without any restrictions.
- The continued adequacies of the methodology to more comprehensively identify, assess and document the risks are being given appropriate attention from management, the Audit Committee and internal audit.
- The effectiveness of measures taken to mitigate identified risks is continuously being assessed by management and internal audit.
- Control weaknesses identified and recommendations for control enhancements identified by internal audit receive adequate management attention.

The Audit Committee recommended and accepts the Auditor-General conclusions on the AFS. The Audit Committee recommended that audited AFS be accepted together with the report of the Auditor-General.

### AUDITOR GENERAL SOUTH AFRICA

We have met with the representatives of the Auditor-General South Africa to ensure that there are no unresolved issues.



**Dr. Gerrit Sandrock**

CHAIRPERSON OF THE AUDIT COMMITTEE

July 2010

**REPORT of the**

**04**

**AUDITOR-GENERAL**

**to PARLIAMENT**

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PREDETERMINED OBJECTIVES OF THE INSURANCE SECTOR EDUCATION AND TRAINING AUTHORITY

FOR THE YEAR ENDED 31 MARCH 2010

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

I have audited the accompanying financial statements of the Insurance Sector Education and Training Authority (INSETA), which comprise the statement of financial position as at 31 March 2010, and the statement of financial performance, statement of changes in net assets, statement of comparison of budget and actual amounts, and cash flow statement for the year then ended, and a summary of significant accounting policies, other explanatory information and the accounting authority's report.

### Accounting authority's responsibility for the financial statements

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 in the manner required by the Public Finance Management Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa and section 14(6)(a) of the Skills Development Act, 1998 (Act No. 97 of 1998), 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 and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. 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.

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.

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

### Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the INSETA as at 31 March 2010, and its financial performance, and its cash flows for the year then ended and its statement of comparison of budget and actual amounts in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Public Finance Management Act of South Africa.

### Emphasis of matter

We draw attention to the matter below. Our opinion is not modified in respect of these matter:

### Irregular expenditure

As disclosed in note to the financial statements, irregular expenditure to the amount of R2 161 000 was incurred, as a proper tender process had not been followed.

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PREDETERMINED OBJECTIVES OF THE INSURANCE SECTOR EDUCATION AND TRAINING AUTHORITY

FOR THE YEAR ENDED 31 MARCH 2010

## Additional matter

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

## Re-licensing

All SETAs have had their operating licences extended to 31 March 2011. According to the revised SETA landscape to be decided by the Minister of Higher Education and Training, SETAs will thereafter be relicensed for a period of five years. INSETA agrees with the Department of Higher Education and Training's proposal that INSETA be relicensed for a further five year period. INSETA have made all of the necessary submissions to the National Skills Authority, including attending the public hearings on the SETA landscape, to support their proposal. It is expected that the Minister will make the final SETA landscape announcement in October 2010.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the PAA of South Africa and *General notice 1570 of 2009*, issued in *Government Gazette No. 32758 of 27 November 2009* I include below my findings on the report on predetermined objectives, compliance with the PFMA and financial management (internal control).

## Findings

### Predetermined objectives

#### Reported indicators not reliable as inadequate supporting source information was provided

Sufficient appropriate audit evidence in relation to performance indicator 2.8 and 4.1 could not be obtained. There were also no satisfactory audit procedures that I could perform to obtain the required assurance as to the validity, accuracy and completeness of the reported information.

## Compliance with laws and regulations

### Non-adherence to legislation

- INSETA did not have an effective internal audit function throughout the year as required by Treasury Regulation 27.2.2.

## INTERNAL CONTROL

I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the PFMA, but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported are limited to the deficiencies identified during the audit.

- Financial and performance management  
Requested information was not available. As a result delays were experienced in obtaining information on predetermined objectives.

*Auditor - General.*

Pretoria  
31 July 2010



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

The background features a close-up of a 100 Euro banknote, showing the large number '100' and the texture of the paper. Several coins are scattered in the lower-left quadrant, including a 1 Euro coin, a 2 Euro coin, and several 50 Cent coins. A decorative, torn-edge banner is positioned across the middle of the image.

**ANNUAL**  
**FINANCIAL STATEMENTS**

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

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## Audited

The Annual Financial Statements for the year ended 31 March 2010, set out on pages 29 to 67, have been approved by the Accounting Authority in terms of section 51(1) (f) of the Public Finance Management Act (PFMA), No 1 of 1999 as amended, on 27 May 2010, and are signed on their behalf by:



**SANDRA DUNN**

CHIEF EXECUTIVE OFFICER



**IVAN MZIMELA**

CHAIRPERSON

## **REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA**

As the INSETA Accounting Authority, it is Council's responsibility to prepare Financial Statements that fairly represent INSETA's Financial Position as at 31 March 2010 and also the Financial Performance and Summary Cash Flow Activities for the year ending 31 March 2010. We are of the opinion that appropriate Accounting Policies, supported by reasonable and prudent judgements and estimates, have been applied on a consistent basis. The Financial Statements comply with Generally Recognised Account Practice (GRAP), including any interpretations of such Statements issued by the Accounting Practices Board.

### **CORPORATE GOVERNANCE**

From the outset both INSETA's Council and Management identified good corporate governance, as one of its critical success factors, by setting the highest standards that comply with best practice and this stance remains unchanged as the SETA ends its tenth year of operations. The Council is supported in its functions and duties by the Audit Committee, the Finance, IT & 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 & Administration Committee and HR/Remuneration Committee abide by a Terms of Reference.

Divisional policies have been implemented to manage the day-to-day operations of the SETA. These policies are approved by Council and are reviewed from time to time.

### **GENERAL REVIEW OF THE STATE OF AFFAIRS**

The Insurance Sector Education and Training Authority promotes and represents the training and development interests of the Insurance Sector of the economy in terms of the skills development legislation. 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"*.

INSETA's constituents cover the following sub-sectors of the Insurance Sector:

- Short-Term Insurance
- Life Insurance
- Insurance and Pension Funding
- Risk Management
- Health Care Benefits Administration
- Collective Investments
- Funeral Insurance
- Reinsurance
- Pension Funding and
- Activities auxiliary to Financial Intermediation

The Insurance Sector is a rapidly evolving, growing and developing major player in the South African economy. Approximately 8726 employers have registered with the South African Revenue Services within the Insurance Sector, with 1491 classified as levy contributors. INSETA represents a sector with a diverse range of employers, ranging from very small (10 employees) to very large (in excess of 12,000 employees). The majority of the workforce represents skilled and highly skilled employees. The sector employs over 137 000 people (excluding people employed in non levy paying companies, micro enterprises and informal businesses).

## REPORT OF THE ACCOUNTING AUTHORITY (Continued)

FOR THE YEAR ENDED 31 MARCH 2010

The Council, which comprises of Business, Labour and State representatives, governs the affairs of INSETA. During December 2008, INSETA Council suspended the Chief Executive Officer, Mike Abel as a result of allegations of misconduct made in the media. INSETA Council appointed Sharon Snell as the Acting Chief Executive Officer. Mike Abel resigned in June 2009. Sandra Dunn was appointed as the new CEO in November 2009. INSETA had a permanent staff compliment of 25 as at 31 March 2010. Regional Advisors have been appointed in Gauteng, Western Cape, Eastern Cape and Kwazulu Natal to assist, support and guide small employers in terms of the skills development legislation.

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

INSETA's 80% levy income increased by R15,3 million to R203,3 million (2008/9 R188,0 million). Changes in levy income estimates relating to prior years are included in the current year balances. The administration surplus for 2009/10 was R3,4 million (2008/9 R2,5 million). The actual administration expenditure for the current financial year was R21,9 million (2008/9 R21,0 million). Total project and grant expenditure for the current financial year amounted to R165,5 million (2008/9 R152,6 million).

### GOING CONCERN

We have every reason to believe that INSETA will continue to operate as a going concern in the foreseeable future.

### ALLOWANCES PAID TO COUNCIL MEMBERS AND COUNCIL SUB-COMMITTEE MEMBERS

Council and Council Sub-Committee members' employers are remunerated for their attendance at Council and Council Sub-Committee meetings. Disclosure of the allowances paid is in accordance with Treasury Regulation 28.1.2 and is as follows:

Chairperson	:	R1 000 per meeting
Deputy Chairperson	:	R900 per meeting
Ordinary Committee Member	:	R800 per meeting

**REPORT OF THE ACCOUNTING AUTHORITY (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

Name of Council/ Committee member	Name of Committee that member serves on	Number of meetings attended	Total Amount Paid
Audrey Mothupi	HR/Remuneration Committee	0	R0
Barry Scott	Council	4	R3 200
	Finance, IT & Administration Committee	4	R3 200
Eugene Ebersohn <sup>1</sup>	Council	4	R3 200
	Finance, IT & Administration Committee	4	R3 200
Eugene Zeeman	Council	3	R2 400
Giselle Conradie <sup>2</sup>	Council	0	R0
Godfrey Nti	Audit Committee	1	R800
Isaac Ramputa <sup>3</sup>	Council	4	R3 200
	Finance, IT & Administration Committee	0	R0
Ivan Mzimela	Council (in capacity as Deputy Chairperson)	1	R900
	Council (in capacity as Chairperson)	3	R3 000
	HR/Remuneration Committee	2	R1 600
Jay Mngoma	Council	3	R2 400
Jay Ramsunder	Council	2	R1 600
Jeannine Poggiolini	Audit Committee	1	R800
Johan van Greuning	Finance, IT & Administration Committee (Chairperson)	6	R6 000
Jonathan Dixon	Council	3	R2 400
Keneiloe Selamolela <sup>4</sup>	Council	4	R3 200
	HR/Remuneration Committee	0	R0
Margie Naidoo	Council	2	R1 600
	HR/Remuneration Committee (Chairperson)	2	R2 000
Rama Govenden	Council (Ordinary member)	3	R2 400
Gerrit Sandrock <sup>5</sup>	Council (in ex-officio capacity)	1	R17 235
	Audit Committee (Chairperson)	1	
Terence Berry	Council	5	R4 000
	Audit Committee	4	R3 200
Tetive Jawuna <sup>6</sup>	Council	2	R2 000
Thys Botha <sup>7</sup>	Audit Committee (Chairperson)	3	R3 000
Wayne Hattingh	Council	1	R800

**Note:**

The payments indicated above are paid to the Council member's nominating constituency and not to the individual representative, except the Chairperson of the Audit Committee, who is an independent external appointment made by Council.

**REPORT OF THE ACCOUNTING AUTHORITY (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

**REMUNERATION OF THE CHIEF EXECUTIVE OFFICER**

As required by Treasury Regulation 28.1.2 of the Public Finance Management Act, the remuneration of the Chief Executive Officer during the period of reporting consisted of the following components:

**Mike Abel**

	2009/10	2008/09
Basic Salary	R403 565	R1 102 388
Bonuses	Rnil	Rnil
Travel Expenses and Allowances	R24 960	R74 880
Other	R102 261	R38 992
Total	R530 786	R1 216 260

**Sandra Dunn**

	2009/10	2008/09
Basic Salary	R365 000	Rnil
Bonuses	Rnil	Rnil
Travel Expenses and Allowances	R10 000	Rnil
Other	Rnil	Rnil
Total	R375 000	Rnil

As of 12 December 2008 to 31 October 2009 the Chief Operating Officer, Sharon Snell, was appointed as Acting CEO and in this capacity she received R127 601 (2008/9: R67 363) as an acting allowance.

The Chief Executive Officer also acts as the Chief Financial Officer of INSETA.

**BUSINESS ADDRESS**

The Insurance Sector Education and Training Authority is situated on the Ground Floor, North Wing, Oakhurst, 11, St. Andrews Road, Parktown, Johannesburg. The postal address is P O Box 32035, Braamfontein, 2017.



**IVAN MZIMELA**  
CHAIRPERSON, INSETA



**SANDRA DUNN**  
CHIEF EXECUTIVE OFFICER, INSETA

**(Endnotes)**

- 1 Mr. Ebersohn resigned from Council and the Finance, IT & Administration Committee in February 2010.
- 2 Ms. Conradie was only appointed as a Council member at the meeting held in March 2010.
- 3 Mr. Ramputa was only appointed to serve on the Finance, IT & Administration Committee by Council in March 2010.
- 4 Ms. Selamolela was only appointed to serve on the HR/Remuneration Committee by Council in March 2010.
- 5 Dr. Sandrock is an independent consultant who was appointed as Chairperson of the Audit Committee by Council and chaired his first meeting in February 2010. He also serves in an ex-officio capacity on Council. Dr. Sandrock is remunerated according to SAICA rates.
- 6 Ms. Jawuna's tenure as a Council member and Chairperson ended in September 2009 and she did not stand for re-election.
- 7 Mr. Botha was appointed as Chairperson of the Audit Committee from April 2009 and resigned from the Committee in July 2009.

**STATEMENT OF FINANCIAL PERFORMANCE**

FOR THE YEAR ENDED 31 MARCH 2010

	Note	2009/10 R'000	2008/09 R'000
<b>REVENUE</b>			
Skills Development Levy: income from non-exchange transactions	2	203 310	188 030
Skills Development Levy: penalties and interest from non-exchange transactions		819	816
National Skills Fund income	13	-	3 647
Investment income	3	13 303	16 049
Other income		-	1
<b>Total revenue</b>		<b>217 432</b>	<b>208 543</b>
<b>EXPENSES</b>			
Employer grant and project expenses	4	(165 450)	(152 614)
Administration expenses	5	(21 946)	(20 964)
National Skills Fund expenses	13	-	(3 647)
<b>Total expenses</b>		<b>(187 396)</b>	<b>(177 225)</b>
<b>SURPLUS FOR THE YEAR</b>	1	<b>30 036</b>	<b>31 318</b>

**STATEMENT OF FINANCIAL POSITION**

AS AT 31 MARCH 2010

	Note	2009/10 R'000	2008/09 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	1 088	1 284
Intangible assets	7	55	117
<b>Total non-current assets</b>		<b>1 143</b>	<b>1 401</b>
<b>Current assets</b>			
Accounts receivable	8	389	1 239
Accounts receivable from non-exchange transactions	9	1 259	324
Consumables		105	165
Cash and cash equivalents	10	201 748	168 107
<b>Total current assets</b>		<b>203 501</b>	<b>169 835</b>
<b>TOTAL ASSETS</b>		<b>204 644</b>	<b>171 236</b>
<b>Current liabilities</b>			
Trade and other payables from non exchange transactions	11	33 586	26 471
Trade and other payables from exchange transactions	12	8 794	11,083
National Skills Fund received in advance	13	-	1 710
Government Grants and donor funding received in advance	14	9	9
Provisions	15	513	257
<b>Total current liabilities</b>		<b>42 902</b>	<b>39 530</b>
<b>Total net assets</b>		<b>161 742</b>	<b>131 706</b>
<b>FUNDS AND RESERVES</b>			
<b>Funds and reserves</b>			
Administration reserve		1 143	1 401
Employer grant reserve		118	44
Discretionary reserve		160 481	130 261
<b>Total funds and reserves</b>		<b>161 742</b>	<b>131 706</b>

**STATEMENT OF CHANGES IN NET ASSETS**

FOR THE YEAR ENDED 31 MARCH 2010

	Notes	Administration reserve R'000	Employer grant reserve R'000	Discretionary reserve R'000	Unappropriated surplus R'000	Total R'000
<b>Balance at 31 March 2008</b>		<b>1 531</b>	<b>112</b>	<b>98 745</b>	<b>-</b>	<b>100 388</b>
Surplus per Statement of Financial Performance		-	-	-	31 318	31 318
Allocation of unappropriated surplus	I	2 519	13 948	14 851	(31 318)	-
Excess reserves transferred to Discretionary reserve		(2 649)	(14 016)	16 665	-	-
<b>Balance at 31 March 2009</b>		<b>1 401</b>	<b>44</b>	<b>130 261</b>	<b>-</b>	<b>131 706</b>
Surplus per Statement of Financial Performance		-	-	-	30 036	30 036
Allocation of unappropriated surplus	I	3 431	12 882	13 723	(30 036)	-
Excess reserves transferred to Discretionary reserve		(3 689)	(12 808)	16 497	-	-
<b>Balance at 31 March 2010</b>		<b>1 143</b>	<b>118</b>	<b>160 481</b>	<b>-</b>	<b>161 742</b>

An amount of R1 143 000 (2009: R1 401 000) is retained in the administration reserve equal to the carrying value of property, plant and equipment.

An amount of R118 000 (2009: R44 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.

**CASH FLOW STATEMENT**

FOR THE YEAR ENDED 31 MARCH 2010

	Note	2009/10 R'000	2008/09 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Operating activities</b>			
Cash receipts from stakeholders		203 181	189 421
Levies, interest and penalties received		204 128	188 374
Other cash receipts from stakeholders		(947)	1 047
Cash paid to stakeholders, suppliers and employees		(181 619)	(177 262)
Grant and project payments		(158 335)	(149 569)
Special project expenses paid		-	(3 647)
Compensation of employees		(7 914)	(8 275)
Payments to suppliers and other		(15 370)	(15 771)
Cash generated from operations	16	21 562	12 159
Investment income	3	14 168	15 348
Special projects receipts	13	7	1 448
Refunded to NSF (Project Completed)	13	(1 717)	-
<b>Net cash inflow from operating activities</b>		<b>34 020</b>	<b>28 955</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	6	(342)	(288)
Purchase of Intangible assets	7	(37)	(177)
Proceeds from disposal of property, plant and equipment and investment properties		-	32
<b>Net cash outflow from investing activities</b>		<b>(379)</b>	<b>(433)</b>
<b>Net increase in cash and cash equivalents</b>		<b>33 641</b>	<b>28 522</b>
<b>Cash and cash equivalents at beginning of year</b>	10	<b>168 107</b>	<b>139 585</b>
<b>Cash and cash equivalents at end of year</b>	10	<b>201 748</b>	<b>168 107</b>

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

FOR THE YEAR ENDED 31 MARCH 2010

	Note	Approved Budget 2009/10 R'000	Final Budget 2009/10 R'000	Actual 2009/10 R'000	Favourable/ (Unfavourable) variance 2009/10 R'000
<b>REVENUE</b>					
Skills Development Levy: income from non-exchange transactions	25.1	194 194	194 194	203 310	9 116
Skills Development Levy: penalties and interest from non-exchange transactions	25.2	-	-	819	819
Investment income	25.3	16 039	16 039	13 303	(2 736)
<b>Total revenue</b>		<u>210 233</u>	<u>210 233</u>	<u>217 432</u>	<u>7 199</u>
<b>EXPENSES</b>					
Employer grant expenses	25.4	(110 448)	(110 448)	(114 129)	(3 681)
Project expenses	25.5	(75 510)	(75 510)	(51 321)	24 189
Administration expenses	25.6	(23 937)	(23 937)	(21 946)	1 991
Capital expenditure		(338)	(338)	(379)	(41)
<b>Total expenses</b>		<u>(210 233)</u>	<u>(210 233)</u>	<u>(187 775)</u>	<u>22 458</u>
<b>SURPLUS FOR THE YEAR</b>		<u>-</u>	<u>-</u>	<u>29 657</u>	<u>29 657</u>

For details regarding the difference between budget and actual amounts refer to Note 25

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

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The principal accounting policies adopted in the preparation of these financial statements are set out below and are, in all material respects, consistent with those of the previous year, except as otherwise indicated.

### 1. Basis of preparation

The annual financial statements have been prepared on the historical cost basis, except where adjusted for present/fair values as required by the respective accounting standards. The annual financial statements have been prepared in accordance with Statements of Generally Recognised Accounting Practice (GRAP) and the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) as amended, including any interpretations of such Statements issued by the Accounting Practices Board.

### 2. Currency

These financial statements are presented in South African Rands since that is the currency in which the majority of the entity transactions are denominated.

### 3.1 Revenue recognition

Non-exchange revenue transactions result in resources being received by the INSETA, usually in accordance with a binding arrangement. When the 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 the INSETA will receive economic benefits or service potential and it can make a reliable measure of the resources transferred. Where the resources transferred to the 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 on the basis of the fair value of the asset on initial recognition. Non-exchange revenue transactions include the receipt of levy income from the Department of Higher Education, levies from the National Skills Fund, grants from the national government and donor funding.

#### 3.1.1 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.

Skills Development Levy (SDL) transfers are recognised when it is probable that future economic benefits will flow to the SETA and these benefits can be measured reliably. This occurs when the Department either makes an allocation or payment, whichever comes first, to the SETA, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended. The new policy is effective from 1st April 2007.

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 the INSETA (net of the 20% contribution to the National Skills Fund). The SETA was not in a position to verify that SARS has collected all potential skills levy income.

Skills Development Levy (SDL) transfers are recognised on an accrual basis when it is probable that future economic benefits or service

## **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**

FOR THE YEAR ENDED 31 MARCH 2010

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potential will flow to the INSETA and these benefits can be measured reliably. This occurs when the Department makes an allocation to the INSETA, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended.

Revenue is adjusted for transfers between the SETAs due to employers changing 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.

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

### **3.1.2 Interest and penalties**

Interest and penalties received on the skills development levy are recognised on an accrual basis.

### **3.1.3 Funds allocated by the National Skills Fund for Special Projects**

Funds transferred by the National Skills Fund (NSF) are accounted for in the financial statements of the INSETA as a liability until the related eligible special project expenses are incurred. The liability is reduced by any project expenditure incurred and recognised as revenue.

Property, plant and equipment acquired for NSF Special Projects are capitalised in the financial statements of the SETA, as the SETA controls such assets for the duration of the project. Such assets may however only be disposed of in terms of agreement and specific written instructions by the NSF.

### **3.1.4 Government grants and other donor income**

Conditional government grants and other conditional donor funding are recognised as a liability until the related conditions are met. Once the conditions are met, revenue is recognised.

Unconditional grants are recognised as revenue when the receipt of the grant becomes binding.

## **3.2 Revenue from exchange transactions**

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

The only exchange revenue received by the INSETA is the interest earned on the investment.

### **3.2.1 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.

## **4. Grants and project expenditure**

A registered employer may recover a maximum of 50% of its total levy payment as mandatory employer grant (excluding interest and penalties) by complying with the criteria in accordance with the Skills Development Act, 1998, as amended SETA Grant Regulations regarding monies received and related matters (the SETA Grant Regulations).

### **Mandatory grants**

Grants are equivalent to 50% of the total levies contributed by employers during the corresponding financial period.

### **Discretionary grant and project expenditure**

A SETA 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 SETA Council.

## **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**

FOR THE YEAR ENDED 31 MARCH 2010

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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 comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the project; and
- such other costs as are specifically chargeable to the SETA 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 grant and project costs are recognised as expenses in the period in which they are incurred.

### *Retrospective adjustments by SARS*

The SETA 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 the SETA 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.

### **5. Irregular and fruitless and wasteful expenditure**

Irregular expenditure means expenditure incurred in contravention of, or 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.

### **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 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 service amount, it is written down immediately to its recoverable service amount (i.e. impairment losses are recognised.)

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 operating surplus or deficit for the year.

### **7. Intangible assets**

Intangible assets are stated at cost less any subsequent accumulated amortisation and adjusted for any impairments. Amortisation is charged

## **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**

FOR THE YEAR ENDED 31 MARCH 2010

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so as to write off the cost of assets over their estimated useful lives, using the straight-line method.

The estimated useful lives, residual values 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 amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised).

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 operating profit.

### **8. Leasing**

All leases are classified as operating leases.

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 lesser by way of penalty is recognised as an expense in the period in which termination takes place.

### **9. Provisions**

Provisions are recognised when the SETA 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.

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 and expensed only when the payment is made.

No provision has been made for retirement benefits as the SETA does not provide for retirement benefits for its employees.

### **10. Grants and projects**

#### *Mandatory and discretionary grant payments*

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 the SETA will approve the grant application for payment. The liability is measured at the net present value of 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 provision is made for projects approved at year-end, unless the service in terms of the contract has been delivered. Where a project has been approved, but has not been accrued for or provided for, it is disclosed as commitments in the notes to the financial statements.

### **11. Financial instruments**

#### *Recognition*

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

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2010

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### *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 the SETA are categorised as loans and receivables.

### *Loans and receivables*

Accounts receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables 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 method*

The effective interest 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.

### *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivables where the carrying amount is reduced through the use of an allowance account. When a accounts receivable is uncollectible,

it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus or deficit.

### *Financial liabilities*

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

All financial liabilities of the SETA were classified as other financial liabilities.

### *Other financial liabilities*

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

### *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.

## **12. 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

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**

FOR THE YEAR ENDED 31 MARCH 2010

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:

	2009/10 R'000	2008/09 R'000
Administration costs of the SETA	10	10
Employer Grant Fund Levy	50	50
Discretionary grants and projects	20	20
Received by the SETA	80	80
Contribution to the National Skills Fund	20	20
	100	100

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to fund the SETA's administration costs.

Interest and penalties received from SARS as well as interest received on investments are utilised for discretionary grant projects.

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.

**13. Comparative figures**

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

**14. Taxation**

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

**15. Consumable inventory**

Consumables are recognised as an asset at cost on the date of acquisition and are subsequently recognised in surplus or deficit as they are consumed.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2010

**I ALLOCATION OF SURPLUS FOR THE YEAR TO RESERVES:****Total revenue**

Skills Development Levy: income from non-exchange transactions	
Admin levy income (10%)	
Grant levy income (70%)	
Skills Development Levy: penalties and interest from non-exchange transactions	
National Skills Fund income	
Investment income	
Other income	

**Total expenses**

Administration expenses	
National Skills Fund expenses	
Employer grants and project expenses	

Surplus per Statement of Financial Performance allocated

	Total per Statement of Financial Performance 2008/09 R'000	Total per Statement of Financial Performance 2009/10 R'000
	208 543	217 432
	23 482	25 377
	164 548	177 933
	816	819
	3 647	-
	16 049	13 303
	1	-
	177 225	187 396
	20 964	21 946
	3 647	-
	152 614	165 450
	31 318	30 036

Discretionary reserve

Administration reserve R'000	Employer grants reserve R'000	Discretionary grants R'000	Projects R'000	Total discretionary R'000
25 377	127 011	50 922	14 122	65 044
25 377	-	-	-	-
-	127 011	50 922	-	50 922
-	-	-	819	819
-	-	-	-	-
-	-	-	13 303	13 303
-	-	-	-	-
21 946	114 129	(41)	51 362	51 321
21 946	-	-	-	-
-	-	-	-	-
-	114 129	(41)	51 362	51 321
<b>3 431</b>	<b>12 882</b>	<b>50 963</b>	<b>(37 240)</b>	<b>13 723</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

**2 SKILLS DEVELOPMENT LEVY INCOME FROM NON-EXCHANGE TRANSACTIONS**

	2009/10 R'000	2008/09 R'000
The total levy income per the Statement of Financial Performance is as follows:		
Levy income: Administration	25 377	23 482
Levies received	25 419	23 423
Levies received	25 389	23 242
Intersecta transfers in	39	230
Intersecta transfers out	(9)	(49)
Levies accrued	(42)	59
Levy income: Employer Grants	127 011	117 490
Levies received	127 224	117 196
Levies received	127 076	116 293
Intersecta transfers in	194	1 148
Intersecta transfers out	(46)	(245)
Levies accrued	(213)	294
Levy income: Discretionary Grants	50 922	47 058
Levies received	51 007	46 939
Levies received	50 948	46 578
Intersecta transfers in	77	459
Intersecta transfers out	(18)	(98)
Levies accrued	(85)	119
	<b>203 310</b>	<b>188 030</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

**3 INVESTMENT INCOME**

	2009/10 R'000	2008/09 R'000
Interest income - bank deposits	13 303	16 049
Received	13 208	15 089
Accrued	95	960
	13 303	16,049

**4 EMPLOYER GRANT AND PROJECT EXPENSES**

	2009/10 R'000	2008/09 R'000
Mandatory grants	114 129	103 542
Disbursed	112 308	103 535
Movement in provisions and accruals	1 821	7
Discretionary grants	(41)	2
Disbursed	(32)	(2)
Movement in provisions and accruals	(9)	4
Project expenditure	51 362	49 070
Disbursed	54 342	46 036
Movement in provisions and accruals	(2 980)	3 034
	165 450	152 614

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

**5 ADMINISTRATION EXPENSES**

	Note	2009/10 R'000	2008/09 R'000
Depreciation / amortisation		637	563
Operating lease rentals (minimum lease payments)		1 133	1 021
Buildings		1 050	969
Property, Plant and equipment		83	52
Maintenance, repairs and running costs - Property and Buildings		124	185
Advertising, marketing and promotions, communication		844	657
Entertainment expenses		159	143
Gifts, donations and sponsorships paid		4	2
Consultancy and service provider fees		7 511	6 822
Legal fees		177	850
Cost of employment	5.1	8 267	8 275
Travel and subsistence		560	589
Staff training and development		335	83
Remuneration to members of the accounting authority		157	101
Remuneration to members of the audit committee		-	4
External auditor's remuneration		1 155	353
Bad debts written off		-	5
Allowance for doubtful debts		(2)	-
Other		885	1 311
Stationery		178	281
Internal audit fees		-	397
Professional Indemnity Insurance		200	175
Telephone costs		294	284
Postage & courier services		30	-
Sundry expenses		183	174
		<b>21 946</b>	<b>20 964</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

**5.1 Cost of employment**

	2009/10 R'000	2008/09 R'000
Salaries and wages	8 120	8 181
Basic salaries	7 495	6 949
Performance awards	316	497
Temporary staff	337	431
Leave payments	(28)	304
Social contributions	147	94
UIF	38	31
SDL	100	63
Workmans Comp	9	-
	<b>8 267</b>	<b>8 275</b>
Average number of employees	28	21

**6 PROPERTY, PLANT AND EQUIPMENT****Year ended 31 March 2010**

Computer equipment
Office furniture and fittings
Office equipment
Office Fixtures
Balance at end of the year

Cost R'000	Accumulated depreciation R'000	Closing carrying amount R'000
1 239	(956)	283
1 277	(710)	567
423	(300)	123
1 119	(1 004)	115
<b>4 058</b>	<b>(2 970)</b>	<b>1 088</b>

**Year ended 31 March 2009**

Computer equipment
Office furniture and fittings
Office equipment
Office Fixtures
Balance at end of the year

Cost R'000	Accumulated depreciation R'000	Closing carrying amount R'000
1 061	(798)	263
1 226	(586)	640
382	(236)	146
1 047	(812)	235
<b>3 716</b>	<b>(2 432)</b>	<b>1 284</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

**6 PROPERTY, PLANT AND EQUIPMENT (Continued)****Movement summary 2010**

	Carrying amount 2009 R'000	Additions R'000	Disposals R'000	Depreciation charge R'000	Carrying amount 2010 R'000
Computer equipment	263	178	-	(158)	283
Office furniture and fittings	640	51	-	(124)	567
Office equipment	146	41	-	(64)	123
Office Fixtures	235	72	-	(192)	115
Balance at end of the year	<b>1 284</b>	<b>342</b>	<b>-</b>	<b>(538)</b>	<b>1 088</b>

**Movement summary 2009**

	Carrying amount 2008 R'000	Additions R'000	Disposals R'000	Depreciation charge R'000	Carrying amount 2009 R'000
Computer equipment	144	258	(32)	(107)	263
Office furniture and fittings	732	30	-	(122)	640
Office equipment	244	-	-	(98)	146
Office Fixtures	410	-	-	(175)	235
Balance at end of the year	<b>1 530</b>	<b>288</b>	<b>(32)</b>	<b>(502)</b>	<b>1 284</b>

**6.1 Property, Plant and equipment which have been fully depreciated but are still in use****Gross carrying value**

	2009/10 R'000	2008/09 R'000
Computer equipment	518	375
Office equipment	66	66
Office Fixtures	487	487
Balance at end of the year	<b>1 071</b>	<b>928</b>

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

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

**7 INTANGIBLE ASSETS**

	Cost R'000	Accumulated Amortisation R'000	Closing carrying amount R'000
Application Software			
Balance at 1 April 2008	95	(94)	1
Additions	177	-	177
Amortisation expense	-	(61)	(61)
Balance at 1 April 2009	272	(155)	117
Additions	37	-	37
Amortisation expense	-	(99)	(99)
Balance at 31 March 2010	309	(254)	55

**Temporarily idle assets and assets not in use**

Computer Software with a gross carrying value of R 23 000 (2009: R23 000) has been fully depreciated, but was still in use.

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

- Application software

2 years

**8 ACCOUNTS RECEIVABLE**

	2009/10 R'000	2008/09 R'000
Other accounts receivable		
Deposits	182	172
Prepayments	112	86
Interest receivable	95	979
Sundry receivables	-	2
	389	1 239

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

**9 ACCOUNTS RECEIVABLE FROM NON-EXCHANGE TRANSACTIONS**

	Note	2009/10 R'000	2008/09 R'000
Intersetta debtors	24.2	175	177
Employer receivable	9.1	1 084	147
		<u>1 259</u>	<u>324</u>

The effect of discounting was considered and found to be immaterial.

**9.1 Employer receivable**

	2009/10 R'000	2008/09 R'000
Employer receivable		
Overpayment to employers	1 460	525
Allowance for doubtful debt	(376)	(378)
Net effect of retrospective adjustments on affected employers	<u>1 084</u>	<u>147</u>

R1 460 000 (2009: R525 000) was recognised as a receivable relating to the overpayment to the employer in earlier periods, and is based on the amount of such grant over payments. An amount of R376 000 (2009: R378 000) was provided for as doubtful debt. Also refer to Note 11 for grant amounts owed to employers as a result of subsequent changes in levy information.

**10 CASH AND CASH EQUIVALENTS**

	2009/10 R'000	2008/09 R'000
Cash at bank and on hand	21 246	18 243
Cash at bank	21 246	18 238
Cash on hand	-	5
Short term investments/instruments	180 502	149 864
Cash and cash equivalents at end of year	<u>201 748</u>	<u>168 107</u>

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 6.82% (2009: 11.98%).

INSETA as a Public Entity was exempted by the National Treasury from the requirement of Treasury Regulation 31.3 to invest surplus funds with the Corporation for Public Deposits, surplus funds were invested in line with an investment policy as required by Treasury Regulation 31.3.5.

Included in Cash at bank is an amount of Rnil (2009: R2 613 000). These funds are held in trust by INSETA for purpose of the NSF project. INSETA uses its cash and equivalents to settle its current liabilities and has approved and allocated R152 839 000 for future projects and skills priorities as set out in Note 18.1.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

**11 ACCOUNTS PAYABLE FROM NON EXCHANGE TRANSACTIONS**

		2009/10	2008/09
	Note	R'000	R'000
Skills development grants payable - mandatory		31 337	23 905
Intersecta payables	24.2	2	393
Provision for incorrect receipts	11.1	2 182	1 841
Employer Payables		65	332
		<u>33 586</u>	<u>26 471</u>

The effect of discounting was considered and found to be immaterial.

**11.1 Provision for incorrect receipts**

	Opening Balance R'000	Change in Estimate R'000	Addition R'000	Closing balance R'000
<b>2009/10</b>				
Provision for levies from exempt employers	1 841	67	274	2 182
	<u>1 841</u>	<u>67</u>	<u>274</u>	<u>2 182</u>
<b>2008/09</b>				
Provision for levies from exempt employers	2 312	(744)	273	1 841
	<u>2 312</u>	<u>(744)</u>	<u>273</u>	<u>1 841</u>

An amount of R2 182 000 (2009: R1 841 000) relates to levies incorrectly contributed by employers, and paid over by SARS and the Department, after being exempted from contributing skills development levies due to new legislation which came into effect 1 August 2005.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

**12 ACCOUNTS PAYABLE FROM EXCHANGE TRANSACTIONS**

	2009/10 R'000	2008/09 R'000
Project creditors	6 390	9 370
Service provider fees outstanding	1 063	202
Leave Accrual	372	612
Sundry payables	969	899
Trade creditors	591	356
Other accrued expenses	378	543
	8 794	11 083

**13 NATIONAL SKILLS FUND: SPECIAL PROJECTS**

	2009/10 R'000	2008/09 R'000
Opening balance	1 710	3 909
Draw down received during the year - Learnership project	-	1 156
Interest received	7	292
Utilised and recognised as revenue - conditions met: Learnership Project	-	(3 647)
Refunded to NSF (Project Completed)	(1 717)	-
	-	1 710

During the current year conditional funds of Rnil (2009: R1 156 000) was received from the National Skills Fund for the purposes of a Learnership project. This amount was recognised as a liability until the conditions attached were met. During the year, Rnil (2009: R3 647 000) eligible project special expenses were incurred or recognised as revenue. Rnil (2009: R1 710 000) was accounted for as a liability until the remaining conditions attached have been met. During the year R1 717 000 was refunded to NSF after the completion of the project.

**14 GOVERNMENT GRANTS AND DONOR FUNDING RECEIVED IN ADVANCE**

	2009/10 R'000	2008/09 R'000
Opening balance	9	9
Closing balance	9	9

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

**15 PROVISIONS**

	Note	2009/10 R'000	2008/09 R'000
Employee bonus provision	15.1	513	257
		<u>513</u>	<u>257</u>

**15.1 Employee bonus provision**

	2009/10 R'000	2008/09 R'000
Open carrying amount	257	353
Amounts utilised	(420)	(628)
Additional provision	513	532
Change in estimate	163	-
Closing carrying amount	<u>513</u>	<u>257</u>
Current	513	257

Bonus provision is calculated using the total cost of employment and is based on performance evaluation conducted by the CEO of the SETA and the HR/Remuneration Committee as appropriate.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

**16 RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET SURPLUS**

	2009/10 R'000	2008/09 R'000
Net surplus as per Statement of Financial Performance	30 036	31 318
Adjusted for non-cash items:		
Depreciation / amortisation	637	563
Bad debts written off	-	5
Allowance for doubtful debts	(2)	-
Increase in provisions	256	(96)
Special project income recognised	-	(3 647)
Adjusted for items separately disclosed		
Investment income	(14 168)	(15 348)
Adjusted for working capital changes:		
(Increase) / Decrease in receivables from non-exchange transactions	(933)	1 130
Decrease / (Increase) in receivables	850	(786)
Decrease / (Increase) in consumables	60	(18)
Increase / (Decrease) in payables	4 826	(962)
Cash utilised in operations	21 562	12 159

**17 CONTINGENCIES****17.1 Surplus Funds**

In terms of the PFMA, all surplus funds as at year-end may be forfeited to National Treasury should an application for retention of surplus funds be denied. We have submitted an application to National Treasury via the Department for the retention of surplus funds. As in the previous year INSETA expects that National Treasury will approve the retention of surplus funds.

## **NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

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### **17.2 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 R1 18 000 (2008/9 R44 000) will be payable. The amount is contingent on the number of submission received and approved.

### **17.3 New scheme year levies received**

At the reporting date levies were received in respect of the new scheme year; for which, the Skills Development legislation allows an employer until 30 June 2011 to submit an application for a mandatory grant.

At the reporting date it is estimated, as a result, that additional mandatory grant expenditure of R8 000 (2008/9 R9 000) will be payable. The amount is contingent on the number of submissions received and approved.

## **18 COMMITMENTS**

### **18.1 Discretionary reserve**

Of the balance of R160 481 000 available in the Discretionary reserve at the end of March 2010, R151 982 000 has been approved and allocated for future projects and skills priorities as set out below. Amounts for expenses that have already been contracted or incurred, and therefore included in the employer grant and project expenses in the Statement of Financial Performance, are also indicated. A request for the accumulation of these funds have been submitted to National Treasury via the Department. At the time of compiling the financial statements, no reply had been received.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

**18.1 Discretionary reserve (Continued)**

NSDS	Project Name	Opening balance 2008/09 R'000	Allocation Approved by Accounting Authority not fully contracted R'000
2.7	ABET level 4 support	1 967	1 060
2.1 / 2.2	Black Business training support	2 291	-
2.5 / 4.3	Black Brokers - Running a brokerage	431	-
2.8	Bursaries and voucher project	2 870	12 169
	Business School Bursaries for Leadership and Management studies	2 400	-
2.5 / 5.3	Capacity building seminar	550	535
1.2 / 4.1	Career Guide	518	1 100
	Coaching and Mentoring	53	-
3.2	Corporate Social Investment	87	-
	Continuous Professional Development	476	-
	Curriculum Development	(174)	-
	Disability Project	-	-
2.1 / 2.2	Employment Equity	958	-
	Executive leadership development/Leadership advancement programme	921	-
2.8 / 3.2	Financial Advisory and Intermediary Services Act Support	2 312	11 609
	Financial Sector Charter Learnerships	-	-
2.7	Funeral assistance training	620	-
2.7	Funeral services sub-committees	14	-
	HIV/AIDS materials development	-	-
1.1	Impact study	888	-
5.1	Institute of Sectoral Excellence	122	1 060
5.3	IISA	-	-
4.2 / 4.3	Insurance leadership programme	920	-
	Insurance Standards Generating Body	1	-
	International Research	-	-
2.8 / 4.1	Internships	20 974	4 830
2.8 / 4.1	Learnerships	43 778	20 708
	Materials Development (INSMAT) / Learning Implementation Guides	506	-
	Maths Upliftment in the Insurance Sector	-	-
2.5 / 4.3	New Venture Creation Black Brokers	445	-
4.3 / 5.2	New Venture Development	-	-
4.3 / 5.2	New venture Dol SLA	1 476	1 750

Utilised R'000	Opening balance 2009/10 R'000	Allocation Approved by Accounting Authority not fully contracted R'000	Utilised R'000	Total R'000	Future commitments / contracts R'000
1 201	1 826	215	92	1 949	1 760
1	2 290	-	641	1 649	-
144	287	(299)	(12)	-	-
15 116	(77)	22 799	4 852	17 870	-
-	2 400	-	-	2 400	-
518	567	(146)	321	100	-
1 084	534	1 115	649	1 000	250
-	53	(53)	-	-	-
-	87	(87)	-	-	-
-	476	-	-	476	-
-	(174)	(10)	-	(184)	-
-	-	248	112	136	-
-	958	(46)	413	499	-
-	921	(739)	-	182	-
1 533	12 388	15 766	5 389	22 765	3 841
-	-	-	-	-	-
674	(54)	-	34	(88)	-
-	14	-	-	14	-
-	-	-	-	-	-
17	871	(234)	15	622	824
70	1 112	937	1 049	1 000	-
-	-	620	493	127	127
8	912	-	802	110	86
-	1	(1)	-	-	-
-	-	-	-	-	-
3 662	22 142	10 780	6 390	26 532	-
12 402	52 084	17 322	18 838	50 568	21 046
-	506	(509)	-	(3)	-
-	-	-	-	-	-
300	145	-	-	145	-
-	-	-	-	-	-
595	2 631	-	1 170	1 461	1 030

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

**18.1 Discretionary reserve (Continued)****NSDS Project Name**

4.3 / 5.3	New Venture Institutional Support
1.1	NSA Stakeholder Satisfaction
4.1 / 4.2	NSF Critical Skills Project
2.8	Partnering with SAADP
2.5 / 5.3	Provider Capacity Building
	PWC Management fees (Project office service provider)
5.3	QCTO
5.3	QMS Manual
1.1 / 5.4	Research
1.1 / 5.4	Research studies
	SAQA/INSETA joint implementation
2.2	SMME Better business toolkit
3.2 / 4.1	SMME Support (Regional Advisors)
	Standards Writing Consultancy
3.2	Social Development project
2.1 / 2.2	Training of black actuaries
2.5 / 5.3	Train the Trainer: Outcomes Based Education Materials Development
2.5 / 5.4	Trustee Training Skilling Program
4.2	Work Based Experience
1.2	Workshops for Skills Development Facilitators
	WIN - Woman in Insurance

Opening balance 2008/09 R'000	Allocation Approved by Accounting Authority not fully contracted R'000
711	-
-	350
10 034	-
-	-
454	-
312	3 898
-	-
580	-
705	1,060
233	-
735	-
3 020	-
614	6 382
22	-
373	1 280
756	-
(84)	-
9	-
-	3 150
69	380
13	-
<b>103 960</b>	<b>71 320</b>

Total project expenditure

Note that the definition commitments by the accounting authority includes signed contracts up to the approval date of the financial statements, approval letters sent to employers for learnerships, internships and bursaries and open purchase orders for travel and other related services. Refer below to reconciliation.

Contracted Amounts  
Approval letters and open RFP's

2009/10  
R'000

14 505

21 259

35 764

Utilised R'000	Opening balance 2009/10 R'000	Allocation Approved by Accounting Authority not fully contracted R'000	Utilised R'000	Total R'000	Future commitments / contracts R'000
-	711	(130)	95	486	114
146	204	-	-	204	-
4 616	5 418	(5 202)	-	216	213
-	-	5 229	-	5 229	-
-	454	(241)	213	-	-
3 898	312	4 064	4 064	312	-
-	-	4 976	251	4 725	3 600
-	580	-	8	572	-
877	888	1 559	723	1 724	678
-	233	(6)	(215)	442	-
121	614	(628)	11	(25)	-
718	2 302	-	511	1 791	-
496	6 500	(1 643)	1 429	3 428	750
-	22	(22)	-	-	-
700	953	1 272	24	2 201	1 400
18	738	-	608	130	-
-	(84)	(139)	-	(223)	-
-	9	-	-	9	-
13	3 137	-	1 925	1 212	-
142	307	380	467	220	45
-	13	(13)	-	-	-
-	-	-	-	-	-
<b>49 070</b>	<b>126 210</b>	<b>77 134</b>	<b>51 362</b>	<b>151 982</b>	<b>35 764</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

**18.2 Operating Leases**

Total of future minimum lease payments under non-cancellable leases:

	2009/10 R'000	2008/09 R'000
Not later than one year	220	655
Later than one year and not later than five years	-	220
	220	875

The operating leases relate to building premises used for office accommodation, the rental of a photocopier and PABX system. The lease agreement for the building was entered into effective 1 August 2005 and will be operational for a period of five years, expiring on 31 July 2010. The lease of a photocopier was entered into effective 1 November 2008 and expired 31 October 2009. The lease of the PABX system expires 31 July 2010.

**19 IRREGULAR EXPENDITURE**

	2009/10 R'000
Irregular Expenditure no condonation	
Irregular Expenditure – current year	2 161
Analysis of expenditure no condonation per age classification	
Current year	1 944
Prior years	217
Total	2 161

During the period under review the Auditor General identified expenditure deemed irregular of R2 161 000 of which R217 000 was incurred in the previous reporting periods. In May 2008 the INSETA Council approved the recruitment of Regional Advisors whose recruitment was done in terms of INSETA's Human Resource Policy; however proper tender process has not been followed and its reasons therefore was considered not adequately recorded and approved by the accounting authority.

**20 IMPLEMENTATION OF GRAP STANDARDS**

During the year the INSETA changed its policy for the measurement of assets acquired through a non-exchange transaction, i.e. for no consideration. Previously such assets were measured at zero cost. Currently the asset's cost is its fair value as at the date of the acquisition. The change was made as to comply with GRAP 17.22 and has been applied retrospectively.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

**20 IMPLEMENTATION OF GRAP STANDARDS (Continued)**

The comparative amounts have been appropriately restated. The effect of this change in accounting policy is as follows:

	2009/10 R'000	2008/09 R'000
Increase in opening cost price of Property, Plant and equipment	22	22
Increase in opening cost price of intangible assets	23	23
Increase in opening accumulated depreciation Property, Plant and equipment	(22)	(22)
Increase in opening accumulated depreciation intangible assets	(23)	(23)
Decrease in opening accumulated surplus	-	-

**21 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the SETA's accounting policies management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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**

The SETA 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. The SETA is currently established until 31 March 2011 and is awaiting notice from the Minister for a renewal of its certificate of establishment post 31 March 2011.

In the light of the pending renewal of the SETA's certificate of establishment, management was required to consider how it impacts the period over which assets are expected to be available for use by the SETA. Management determined, consistent with the prior year, that the useful life of assets should not be limited by the SETA's continuation until 31 March 2011. Management's determination of useful life also impacts the determination of the residual value of assets.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

**22 FINANCIAL INSTRUMENTS**

In the course of the SETA operations it is exposed to interest rate, credit, liquidity and market risk. The SETA has developed a comprehensive risk strategy in terms of TR 28.1 in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

## Categories of Financial Instruments

	2009/10 R'000	2008/09 R'000
<b>Financial assets</b>		
Cash and bank balances	201 748	168 107
Loans and receivables	95	2 950
	201 843	171 057
<b>Financial liabilities</b>		
Other financial liabilities	8 422	10 864

**Interest rate risk**

The SETA manages its interest rate risk by effectively investing SETA surplus cash in term deposits with different financial institutions according to the SETA's investment policy.

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

	Floating rate		Non-interest bearing		Total R'000
	Amount R'000	Effective interest rate	Amount R'000	Weighted average period until maturity in years	
<b>Year ended 31 March 2010</b>					
<b>Assets</b>					
Cash	201 698	6.82%	50		201 748
Accounts receivable	-		95	1 year	95
Total financial assets	201 698	6.82%	145		201 843
<b>Liabilities</b>					
Accounts payable	-		8 422	0,08 years	8 422
Total financial liabilities	-		8 422		8 422
	201 698		(8 277)		193 421

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

**22 FINANCIAL INSTRUMENTS (Continued)**

	Floating rate		Non-interest bearing		Total R'000
	Amount R'000	Effective interest rate	Amount R'000	Weighted average period until maturity in years	
<i>Year ended 31 March 2009</i>					
<i>Assets</i>					
Cash	168 041	11.98%	66		168 107
Loans	-		1 711		1 711
Accounts receivable	-		1 239	1 year	1 239
Total financial assets	<u>168 041</u>	11.98%	<u>3 016</u>		<u>171 057</u>
<i>Liabilities</i>					
Accounts payable	-		10 864	0,08 years	10 864
Total financial liabilities	<u>-</u>		<u>10 864</u>		<u>10 864</u>
	<u>168 041</u>		<u>(7 848)</u>		<u>160 193</u>

**Credit risk**

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

The SETA limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury through the approval of an investment policy in terms of Treasury Regulation TR 28. The SETA'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. The SETA does not have any material exposure to any individual or counter-party. The SETAs concentration of credit risk is limited to the industry in which the SETA 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.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

**22 FINANCIAL INSTRUMENTS (Continued)**

The ageing of other receivables from exchange transactions:

	2009/10		2008/09	
	Gross R'000	Impairment R'000	Gross R'000	Impairment R'000
Not past due	389	-	1 239	-

**Liquidity risk**

The SETA manages liquidity risk through proper management of working capital and capital expenditure. Adequate reserves and liquidity is maintained.

**2009/10**

Trade and other Payables from exchange transactions

Carrying Amount R'000	Contractual Cash Flows R'000	6 months or less R'000	6 - 12 months R'000	1 - 2 years R'000	More than 2 years R'000
8 422	8 422	8 319	78	21	4

**2008/09**

Trade and other Payables from exchange transactions

Carrying Amount R'000	Contractual Cash Flows R'000	6 months or less R'000	6 - 12 months R'000	1 - 2 years R'000	More than 2 years R'000
9 724	9 724	9 715	1	-	8

In case of short term liquidity problems, funding resources might be available in terms of the Department and National Treasury approval for borrowing requirements in the open market.

**Market risk**

The SETA 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 that the SETA is aware of.

**Fair values**

The SETA'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.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

**22 FINANCIAL INSTRUMENTS (Continued)**

The following methods and assumptions are used to determine the fair value of each class of financial instruments:

**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 effect of discounting considered and found to be immaterial.

**Accounts payable**

The effect of discounting considered and found to be immaterial.

**23 NEW ACCOUNTING PRONOUNCEMENTS**

At the date of authorisation of these financial statements, there are Standards and Interpretations in issue but not yet effective. These include the following Standards and Interpretations that are applicable to the SETA and may have an impact on future financial statements:

GRAP 21	Impairment of Non-cash-generating Assets	Effective date, commencing on or after
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)	not yet effective
GRAP 24	Presentation of Budget Information in Financial Statements	not yet effective
GRAP 25	Employee Benefits	not yet effective
GRAP 26	Impairment of Cash-generating Assets	not yet effective
GRAP 104	Financial Instruments	not yet effective

An entity shall apply Standards of GRAP for annual financial statements covering periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1)(b) of the PFMA.

GRAP 21, 23, 24 and 26 have been used to formulate accounting policies or inform presentation and disclosure.

The INSETA has not yet assessed the impact of adopting GRAP 25 and 104.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

**24 RELATED PARTY TRANSACTIONS****24.1 Transactions with the controlling entity**

The SETA was controlled by the Department, for the period up until 31 October 2009, and since 1 November 2009 by the Department of Higher Education and Training. The departments were controlled, respectively by the Minister of Labour and Minister of Higher Education and Training.

There were transactions relating to revenue with the Department (Note 2)

	2009/10 R'000		2008/09 R'000	
	Amount of the transaction	Amount receivable / (payable)	Amount of the transaction	Amount receivable/ (payable)
Department	-	(9)	-	(9)

**24.2 Transactions with entities under common control**

By virtue of the fact that INSETA is a National Public Entity related to other entities and departments in the National sphere of government it is considered related to Telkom, Eskom, South African Airways, other SETAs and the National Skills Fund. 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 the common control of the Department, these amounts were disclosed below.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

**24.2 Transactions with entities under common control (Continued)**

The balances at year-end included in receivables and payables are:

	2009/10 R'000		2008/09 R'000	
	Amount of the transaction*	Amount receivable / payable	Amount of the transaction	Amount receivable/ payable
<b>Receivables</b>	315	175	2 993	177
Fasset	127	-	1 563	30
Health & Welfare SETA	-	-	6	3
ISETT	5	5	-	-
Bankseta	18	3	(14)	-
Services SETA	165	167	152	23
THETA	-	-	130	121
NSF	-	-	1 156	-
	73	2	392	2 103
<b>Payables</b>				
Fasset	4	-	(50)	-
FIETA	-	-	49	-
Health & Welfare SETA	6	-	-	-
Merseta	38	-	-	-
ISETT	-	-	393	393
Services SETA	25	2	-	-
NSF	-	-	-	1 710
Total	242	173	2 601	(1 926)

\*Note that the amount of transaction includes interest and penalties transferred to or from the SETA.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

**24.3 Remuneration of Key Management**

The key management personnel of the SETA 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 attends meetings of the accounting authority but is not a member of the accounting authority. The aggregate remuneration of members of the accounting authority and the number of members receiving remuneration within this category, are:

	2009/10 R'000	2008/09 R'000
Aggregate remuneration	70	80
Number of persons	21	15

Refer to the report by the Accounting Authority for detail disclosure concerning the emoluments of members of the accounting authority.

The senior management group consists of the SETA's Chief Executive Officers and acting Chief Executive Officer. The aggregate remuneration of members of the senior management group and the number of managers receiving remuneration within this category are:

	2009/10 R'000	2008/09 R'000
Aggregate remuneration	1033	1637
Number of persons	3	2

Refer to the report by the Accounting Authority for detail disclosure concerning the emoluments of the Chief Executive Officer both the former and the current and Acting Chief Executive Officer.

## **NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2010

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### **25 NOTES TO COMPARISON OF BUDGET AND ACTUAL**

Legislation requires that the SETA annually, in September submit a budget to the Minister for approval. Any subsequent changes required to the initial budget are approved by the Accounting Authority.

#### **25.1 Skills Development Levy: income from non-exchange transactions:**

Levy receipts was slightly higher than anticipated. The increase in the levies resulted mainly from unanticipated growth in the sector despite the economic downturn. INSETA has also seen an increase in the number of new employers that joined during the period.

#### **25.2 Skills Development Levy: penalties and interest from non - exchange transactions**

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.

#### **25.3 Investment Income**

Investment income was lower than budgeted as a result of larger than anticipated declines in the prime interest rate.

#### **25.4 Employer grant expenses**

This increased expenditure was as a result of higher than anticipated levy income.

#### **25.5 Project expenses**

The project expenditure is less than budgeted due to delays in commencing new projects as a result of various structural changes and other challenges.

#### **25.6 Administration expenses**

Administration expenditure is limited to 10% of levies received. INSETA continues to operate well within this legislation limit and savings will be made available for spending on projects. The variance is mainly due to savings in internal audit fees, salaries, legal fees and travel.

# INSETA COUNCIL and COUNCIL SUB-COMMITTEES



## INSETA COUNCIL

Standing (left to right): *Barry Scott (business), Gizelle Conradie (labour), Isaac Ramputa (labour), Terence Berry (business), Gerrit Sandrock (Audit Committee Chairperson, ex-officio member of Council), Jay Ramsunder (business), Eugene Zeeman (labour) and Jay Mngoma (business).*

Seated (left to right): *Keneiloe Selamolela (business), Rama Govenden (business), Ivan Mzimela (labour), Margie Naidoo (labour) and Wayne Hattingh (labour).*

Not present: *Jonathan Dixon (state)*

## INSETA Council and Council Sub-Committees

### COMPOSITION OF INSETA'S COUNCIL FOR 2009/2010

Council Member	Constituency	Capacity	Gender	Race
Tetive Jawuna <sup>1</sup>	Business: Financial Intermediaries Association [FIA]	Chairperson	Female	Black
Ivan Mzimela	Labour: IBSA	Chairperson	Male	Black
Rama Govenden	Business: Association of Savings & Investments [ASISA]	Deputy Chairperson	Male	Indian
Barry Scott	Business: South African Insurance Association [SAIA]	Ordinary member	Male	White
Terence Berry	Business: Association of Savings & Investments [ASISA]	Ordinary member	Male	White
Keneiloe Selamolela	Business: South African Insurance Association	Ordinary member	Female	Black
Eugene Ebersohn <sup>2</sup>	Labour: SASBO	Ordinary member	Male	White
Isaac Ramputa	Labour: SASBO	Ordinary member	Male	Black
Eugene Zeeman	Labour: IBSA	Ordinary member	Male	White
Wayne Hattingh	Labour: SASBO	Ordinary member	Male	White
Jonathan Dixon	State: Financial Services Board	Ordinary member	Male	White
Margie Naidoo	Labour: IBSA	Ordinary member	Female	Indian
Jay Mngoma	Business: Black Brokers Forum	Ordinary member	Male	Black
Jay Ramsunder	Business: Financial Intermediaries Association (FIA)	Ordinary member	Male	Indian
Gizelle Conradie	Labour: SASBO	Ordinary member	Female	White
Gerrit Sandrock	Independent	Ex-officio, Chairperson of Audit Committee	Male	White

1 Ms. Jawuna tenure as Chairperson and member of Council ended in September 2009 and she did not stand for re-election. Mr. Mzimela was elected as Chairperson and Mr. Govenden as Deputy Chairperson in September 2009.

2 Mr. Ebersohn resigned from Council in February 2010 and was replaced by Ms. Conradie whose appointment was confirmed at the Council meeting held in March 2010.

## INSETA Council and Council Sub-Committees (Continued)

### INSETA COUNCIL MEETINGS 2009/2010:

Council member	21 May 2009	30 July 2009	17 Sept 2009	3 Dec 2009	17 March 2010	Total meetings attended
Tetiwe Jawuna	Present	Present	Apology	Resigned from Council		2
Ivan Mzimela	Apology	Present	Present	Present	Present	4
Rama Govenden	Present	Present	Present	Apology	Apology	3
Barry Scott	Present	Present	Present	Apology	Present	4
Terence Berry	Present	Present	Present	Present	Present	5
Keneiloe Selamolela	Present	Present	Apology	Present	Present	4
Eugene Ebersohn	Present	Present	Present	Present	Resigned from Council	4
Isaac Ramputa	Present	Apology	Present	Present	Present	4
Eugene Zeeman	Apology	Present	Present	Apology	Present	3
Wayne Hattingh	Apology	Present	Apology	Apology	Apology	1
Jonathan Dixon	Apology	Present	Present	Apology	Present	3
Margie Naidoo	Apology	Present	Present	Apology	Apology	2
Jay Mngoma	Not appointed yet		Present	Present	Present	3
Jay Ramsunder	Not appointed yet			Present	Present	2
Gerrit Sandrock	Not appointed yet				Present	1

### Allowances paid to Council members and members serving on Council Sub-Committees

An allowance of R1000 (for Chairperson), R900 (for Deputy Chairperson) and R800 (for ordinary members) is paid to the Council member's nominating constituency, per meeting that they attend. As the Chairperson of the Audit Committee is an independent external appointment and serves in an ex-officio capacity on Council, he is remunerated according to SAICA rates of R1800 per hour.

## INSETA Council and Council Sub-Committees (Continued)

### Council Sub-Committees

INSETA has three Council Sub-Committees that make recommendations to Council on finance, audit and human resources matters. Details of the composition and attendance at meetings during the year under review are illustrated below:

#### INSETA Audit Committee Meetings 2009/2010:

Committee member	16 April 2009	9 June 2009	22 July 2009 <sup>3</sup>	11 Feb 2010	Total meetings attended
Thys Botha <sup>4</sup>	Present	Present	Present	Resigned from Committee	3
Gerrit Sandrock (Chairperson)		Not appointed yet.		Present	1
Terence Berry	Present	Present	Present	Present	4
Jeanine Poggiolini		Not appointed yet.		Present	1
Godfrey Nti		Not appointed yet.		Present	1

(3) Joint meeting of Audit Committee & Finance Committee

(4) Mr. Botha was appointed as Chairperson of the Audit Committee from April 2009 and resigned from the Committee in July 2009.

#### INSETA Finance, IT & Administration Committee Meetings 2009/2010:

Committee member	21 May 2009	22 July 2009 <sup>5</sup>	22 July 2009 <sup>6</sup>	17 Sept 2009	1 Dec 2009	11 Feb 2010	Total meetings attended
Johan van Greuning (Chairperson)	Present	Present	Present	Present	Present	Present	6
Barry Scott	Present	Present	Present	Apology	Apology	Present	4
Eugene Ebersohn	Present	Present	Present	Apology	Present	Resigned from committee	4

(5) Joint meeting of Audit Committee & Finance Committee

(6) Ordinary Finance Committee meeting followed Joint Finance and Audit Committee meeting

#### INSETA Human Resources/Remuneration Committee Meetings 2009/2010:

Committee member	28 Oct 2009	4 Feb 2010	Total meetings attended
Margie Naidoo (Chairperson)	Present	Present	2
Ivan Mzimela	Present	Present	2
Audrey Mothupi	Apology	Apology	0

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## CORPORATE SERVICES

*Standing (left to right): Tshepo Mabika (intern), Chono Khorommbi (intern), Andani Sengani (intern), Sharon Snell, Jabu Mabaso*

*Seated (left to right): Tebogo Mathopa, Zodwa Motloung, Anna Zihle*

*Not present: Vincent Mulaudzi and Kim Pretorius*

## INSETA TEAM



## ETQA

*Standing (left to right): Unathi Jakalase, Michelle van der Merwe, William Fisher, Ernest Kaplan, Nadia Traut (contractor)*

*Seated (left to right): Sizakele Baloyi (contractor), Neesha Naidoo, Ouma Mmethi*



## SKILLS DEVELOPMENT

Standing (left to right): *Itumeleng Motaung, Elias Koma (intern), Mageshree Tandree*

Seated: *Adeline Singh*



## CEO'S OFFICE

Standing (left to right): *Ella Matshikiza, Sharon Snell, Tintswalo Makhuvele (contractor)*

Seated: *Sandra Dunn*



## LEARNERSHIPS

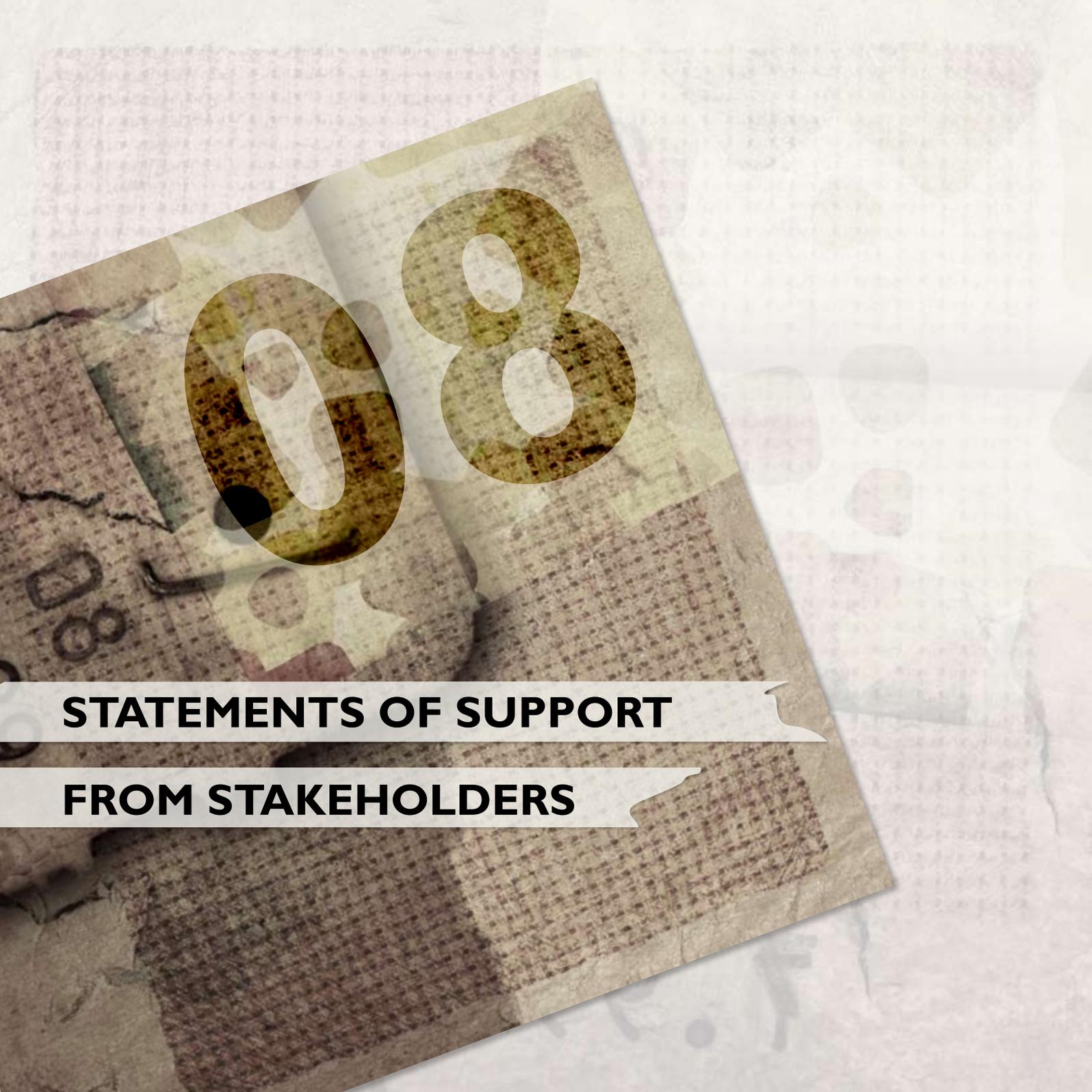
Standing (left to right): *Olebogeng Tsitsi (intern), Vuyo Diniso, Tsabuki Makou, Laverne Ogle*

Seated (left to right): *Nomonde Mandla, Tumi Peele*



## FAIS PROJECT OFFICE

*Lerato Mpatane and Glen Edwards*



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**STATEMENTS OF SUPPORT**

**FROM STAKEHOLDERS**

## STATEMENTS OF SUPPORT FROM STAKEHOLDERS

ANNUAL REPORT 2009/2010

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“Since the inception of INSETA ten years ago, the skills levels in the insurance sector have come of age! In this time INSETA has made tremendous progress toward achieving its goal of ‘Working together for a skilled tomorrow’. This has been made possible by INSETA’s constant quest to engage all industry stakeholders in meaningful dialogue in addressing the skills challenges of the sector.

As the leading professional body in the insurance sector, the Financial Planning Institute of Southern Africa (FPI) is committed to the same national objectives of ensuring quality skills development as well as transformation in this sector. FPI is very proud of its ongoing engagement with INSETA in these endeavours.

We would like to take this opportunity to wish INSETA a happy 10<sup>th</sup> anniversary. We look forward to working with INSETA in the years to come to continue building a skilled insurance sector that South Africa can be proud of.”

**Godfrey Nti**

CHIEF EXECUTIVE OFFICER

Financial Planning Institute of Southern Africa (FPI)

“I write on behalf of SAADP Board would like to convey our deep gratitude to INSETA for partnering in addressing the challenge of the acute shortage of black actuarial skills in the country. We are pleased to note and confirm the existence of the synergies between SAADP and INSETA with regard to our organisation’s commitment to address the imbalances of the past through equipping the youth with skills for the future. It is of great significance that at a time when the economy is struggling to recover from a recession, INSETA has seen it fit to contribute to our programme to enable graduates to take advantage of the anticipated upturn which will not doubt bring new and exciting opportunities.

SAADP is earnest in its endeavours to encourage aspiring black student actuaries to graduate and ultimately qualify as actuaries. We give our assurance to INSETA that their contribution will be well utilised to serve our common national goal. Once again thank you for becoming our partner in the development of actuarial skills.”

**Cyril Ramaphosa**

CHAIRMAN

South African Actuaries Development Programme

“The FAIS legislative framework created a significant need within the financial services sector to focus on the training and development of employees in order to meet professional requirements. Specific learning and assessment interventions were called for in order to develop and measure these qualifications and skills, including regulatory examinations.

INSETA has played a significant role in assisting the industry by developing and implementing learning and assessment solutions that are targeted at the specific needs of the insurance industry. They have assisted large numbers of learners to meet the qualification requirements, and will also assist learners to prepare for the coming regulatory examinations. INSETA has made a significant contribution towards the needs of the sector. The FSB looks forward to a continuing relationship with the INSETA in its endeavors to develop professional skills in the insurance industry.”

**Jonathan Dixon**

DEPUTY EXECUTIVE OFFICER,  
INSURANCE

Financial Services Board

## STATEMENTS OF SUPPORT FROM STAKEHOLDERS

ANNUAL REPORT 2009/2010

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"Faced with the escalating costs in terms of regulatory levies, compliance fees, the upgrading and accreditation processes meant black brokers faced financial ruin and possible exclusion from the industry. The introduction of the SETA's in particular INSETA could not have come at a better time, as the black broking fraternity has worked hand in hand with the INSETA to provide a cushion to the impact that the regulatory framework might otherwise have had by:

- Providing an in depth research and analysis of the new landscape. INSETA has been at the forefront of unpacking the abstract regulatory environment and then leading black brokers through the terrain.
- The innovative voucher system enabled brokers and their agents to meet the Fit and Proper requirements by affording in excess of 5000 black intermediaries an opportunity to write accreditation exams in the last five years.
- The simplification and breaking down of an otherwise complex and bureaucratic system into consumable and manageable bite size chunks which make compliance an ally of black brokers instead of a burden.

We wish the INSETA many more years of prosperity and strength."

### **Jay Mngoma**

MEMBER OF THE SENATE

Black Brokers Forum

"The Financial Intermediaries Association of Southern Africa (FIA) welcomed the proposal that no change be effected in respect of INSETA in the new SETA landscape. We therefore confirmed our support that INSETA remains a single SETA to cater for the specialised needs of the insurance industry.

The FIA and other stakeholders in the financial services industry (insurance) have established various forums with INSETA where matters are discussed and debated to betterment of the insurance industry's education and training regime.

The FIA recently hosted road shows countrywide about the impending regulatory exams in terms of the FAIS Act. INSETA was represented here and gave valuable insight into the role they play in our industry and what assistance the industry can expect regarding the regulatory exams.

Over the past number of years the financial services industry has been subject to numerous regulatory changes where the INSETA plays a crucial role in ensuring quality controls needed for specialisation. The same applies for skills development in our industry that is in dire need of job creation at many levels. INSETA has been instrumental in ensuring that only training

providers who confirm with strict quality and delivery measures are accredited as such.

INSETA promotes and enables quality skills development through funding education and training in South Africa to meet the national skills agenda and contributes to transformation in the insurance sector. INSETA represents an industry with a very wide range of employers, many of whom are very small and very large employers. The majority of the workforce represents skilled and highly skilled employees. Their constituents include a range of eleven financial services products and services and therefore their role in a rapidly evolving, growing and developing insurance industry, which is a major player in the South African economy, cannot be underestimated.

INSETA has always been a valuable partner of the FIA and its members. Their willingness to partake in projects to uplift the knowledge and successful practices of our members, and the industry at large, has been a telling factor in the important role the FIA plays in the insurance industry."

### **Justus van Pletzen**

CHIEF OPERATING OFFICER

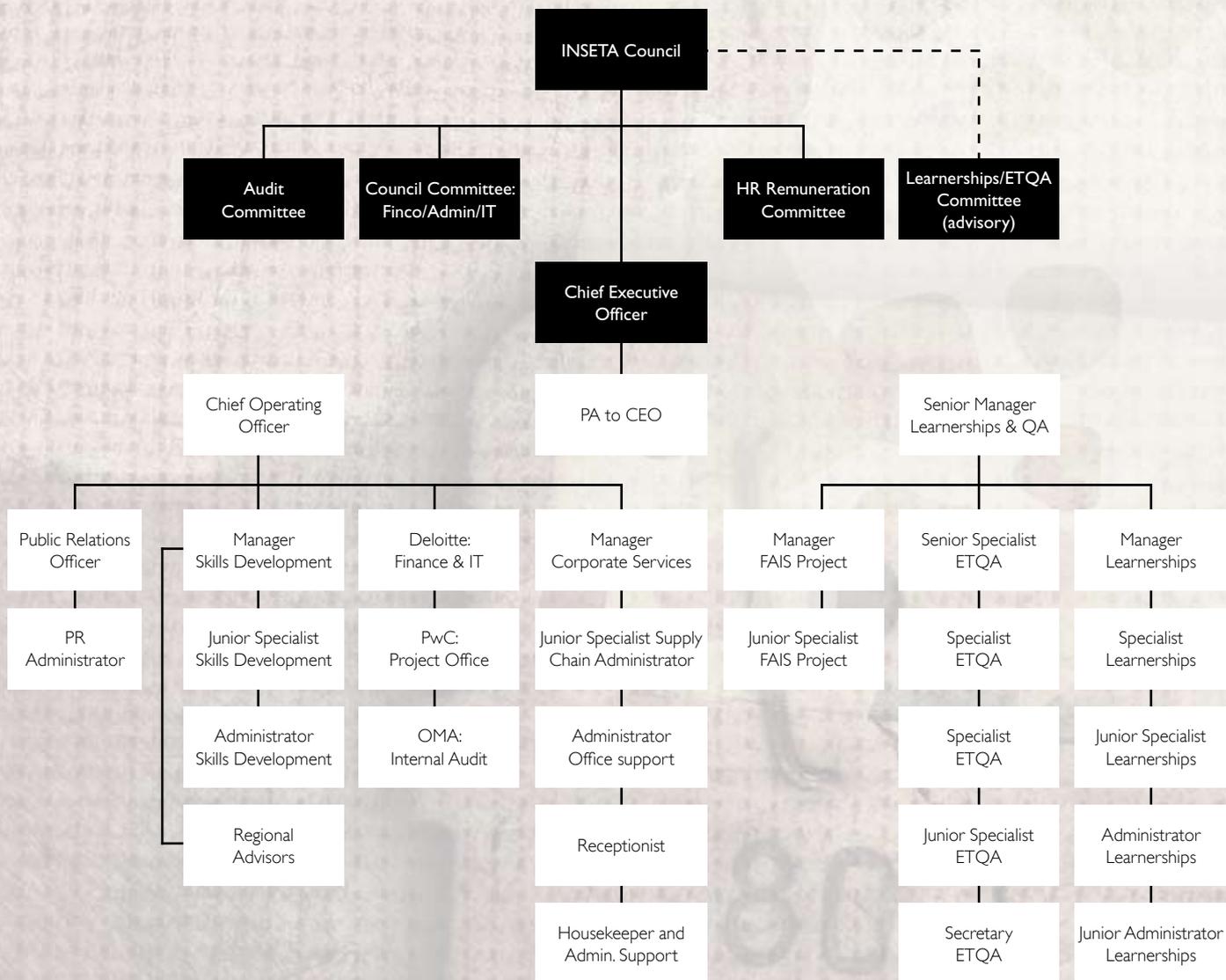
Financial Intermediaries Association of Southern Africa

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## APPENDICES

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# APPENDIX A ORGANOGRAM



## APPENDIX B NATIONAL SKILLS DEVELOPMENT STRATEGY II (NSDS)

### TARGETS AND ACHIEVEMENTS

Goal	NSDS Key Performance Indicator	INSETA 2009- 2010 Target	Performance Results	Reason for Variance
<b>NSDS OBJECTIVE 1: Prioritising and communicating Critical Skills for Growth, development and Equity</b>	1.1 Skills development supports national and sectoral growth, development and equity priorities.	Timeous research, updating and submission of SSP.	SSP research conducted, reports signed off and submitted timeously.	No deviation.
	1.2 Information on critical skills widely available to learners. Impact of information dissemination researched, measured and communicated in terms of rising entry, completion and placement of learners.	Development of an Annual Sector Guide and ensure that this is widely disseminated to learners.	Career Guides and brochures were developed and distributed widely.	The SETA identified additional opportunities to expose additional stakeholders to education and training on scarce skills through the participation at Exhibitions.
		100 SDFs trained on use of career guide and for the guide.	198 SDFs trained and capacitated through the career guide.	The SETA conducted Skills Development Facilitator training for SDFs which was well received by the SDFs.
<b>NSDS OBJECTIVE 2: Promoting and accelerating quality training for all in the workplace</b>	2.1 80% of large firms' and 60% of medium firms' EE targets, supported by skills development. Impact on overall equity profile assessed.	59 large firms and 56 medium firms supported through the payments of mandatory grants.	60 large firms submitted WSPs and ATRs and received grants. 71 medium firms submitted WSPs and ATRs and received grants.	No deviation.
	2.2 Skills development in at least 40% of small levy-paying firms supported and the impact of the support measured.	490 small levy paying firms receive WSP/ATR grants, free courses and support.	715 SMMEs received support, some through mandatory grants and others through skills programmes vouchers, Learnerships and bursaries funding.	INSETA initiated a project whereby WSP/ATR's were completed at no cost to the SMMEs.
	2.5 Number of small BEE firms and BEE co-operatives supported by skills development. Impact of support measured.	100 BEE firms and/or BEE co-operatives supported by skills development.	145 BEE firms received skills development support during the year through projects and bursaries.	Support was provided to BEE firms in respect of Burial Society support, FAIS and bursaries.

## APPENDIX B (Continued)

### NATIONAL SKILLS DEVELOPMENT STRATEGY II (NSDS)

#### TARGETS AND ACHIEVEMENTS

Goal	NSDS Key Performance Indicator	INSETA 2009- 2010 Target	Performance Results	Reason for Variance
	2.7 Number of workers have achieved ABET level 4.	Target for INSETA for the period 2009/10 for ABET registered Learners is: Level 4: 218 Level 3: 226 Level 2: 0 Level 1: 0	Total achieved for INSETA on ABET registered Learners is: Level 4: 8 Level 3: 95 Level 2: 0 Level 1: 0	Despite bursaries for ABET being offered, there was a low uptake from workers in the sector as per previous years.
		Target for INSETA for the period 2009/10 for ABET achieved Learners is: Level 4: 111 Level 3: 111 Level 2: 0 Level 1: 0	Total achieved for INSETA on Learners who achieved is: Level 4: 0 Level 3: 0 Level 2: 0 Level 1: 0	
	2.8 Number of workers assisted to enter and at least 50% successfully complete learning programmes. Impact of assistance measured.	Target for INSETA for the period 2009/10 for workers that have entered learning programmes is 725. 257 For learnerships. 234 Received bursaries. 234 Entered unit standard based skills programmes.	4372 workers entered learning programmes. 346 entered learnerships. 351 received bursaries. 3732 entered unit standard based skills programmes.	The high numbers achieved in this target is related to the increased activity sector training activity around FAIS and also increased uptake from the sector for learnerships and internships.
		Target for INSETA for the period 2009/10 for workers to have completed learning programmes is 363. 128 Learnerships. 117 Studies in Bursaries. 0 Completed Internships. 117 Completed unit standard based skills programmes.	27 547 workers completed learning programmes. 180 completed learnerships. 243 completed in bursaries. 27124 completed unit standard based skills programmes.	The high numbers achieved in this target is related to the increased activity sector training activity around FAIS and also increased uptake from the sector for learnerships and internships.

## APPENDIX B (Continued)

### NATIONAL SKILLS DEVELOPMENT STRATEGY II (NSDS)

#### TARGETS AND ACHIEVEMENTS

Goal	NSDS Key Performance Indicator	INSETA 2009- 2010 Target	Performance Results	Reason for Variance
<b>NSDS Objective 3: Promoting employability and sustainable livelihoods through skills development</b>	3.2 Number of Non-levy paying enterprises, NGOs, CBOs and community-based co-operatives supported by skills development. Impact of support on sustainability measured with a targeted 75% success rate.	Target for INSETA for the period 2009/10 is 26 NLPs, NGOs, and CBOs supported through skills development funding.	INSETA supported 32 NLPs, NGOs and CBOs financially to develop the skills of their employees.	INSETA supported NLPs through the Burial Society Indaba and FAIS RPL assessments
<b>NSDS Objective 4: Assisting new entrants into the labour market and self-employment</b>	4.1 Number of unemployed people assisted to enter learning programmes and at least 50% successfully completed. Impact of assistance measured.	Target for total number of unemployed people that have entered learning programmes is 625. 469 Unemployed People entered learnerships. 156 Unemployed people entered unit standard based skills programmes.	3761 unemployed people entered learning programmes. 888 unemployed people entered learnerships. 15 received bursaries. 2858 unemployed people entered unit standard based skills programmes.	Increased participation and buy-in from employers lead to the over-achievement against this target.
		Target for total number of unemployed people that have completed learning programmes is 313. 235 Unemployed people successfully completed learnerships. 78 Unemployed people successfully completed unit standard based skills programmes.	4938 unemployed people completed learning programmes. 517 unemployed people successfully completed learnerships. 4421 unemployed people successfully completed unit standard based skills programmes.	

## APPENDIX B (Continued)

### NATIONAL SKILLS DEVELOPMENT STRATEGY II (NSDS)

#### TARGETS AND ACHIEVEMENTS

Goal	NSDS Key Performance Indicator	INSETA 2009- 2010 Target	Performance Results	Reason for Variance
	4.2 Number of learners in critical skills programmes covered by sector agreements from FET and HET institutions assisted to gain work experience, of whom at least 70% successfully find placement in employment or self employment.	Target for INSETA for the period 2009/10 is 200 Learners to gain work experience.	450 learners gained work experience.	Whilst employing the Learners is a matter, which is not within our control, INSETA holds constant meetings with employers to solicit opportunities of employing the interns.
		Target for INSETA for the period 2009/10 is 140 Learners to be placed.	25 Learners were placed in employment	
	4.3 Number of young people trained and mentored to form new ventures and at least 70% of new ventures in operation 12 months after completion of programme.	Target for INSETA New Venture Creation entered for the period 2009/10 is 69.	84 Learners received New Venture Creation support.	
		Target for INSETA New Venture Creation to be sustained for the period 2009/10 is 48.	0 new ventures in operation.	
<b>NSDS Objective 5: Improving the quality and relevance of provision</b>	5.1 The SETA recognises and supports Institutes of Sectoral or Occupational Excellence (ISOEs) within public and private institutions, spread as widely as possible geographically, whose excellence is measured in the number of learners successfully placed in the sector and employer satisfaction ratings of their training.	Target for INSETA is 2 Institute.	13 ISOEs are recognised and supported.	

## APPENDIX B (Continued) NATIONAL SKILLS DEVELOPMENT STRATEGY II (NSDS)

### TARGETS AND ACHIEVEMENTS

Goal	NSDS Key Performance Indicator	INSETA 2009- 2010 Target	Performance Results	Reason for Variance
	5.2 Each province has at least two provider institutions accredited to manage the delivery of the New Venture Creation qualifications and 70% of new ventures still operating after 12 months.	Target for INSETA is 2 Institutions.	4 institutions have been accredited.	
	5.3 There are measurable improvements in the quality of services delivered by skills development institutions and those institutions responsible for the implementation of the NQF in support of the NSDS.	The SETA is to meet SAQA Audit and NLRD upload requirements.	The SAQA Audit and NLRD upload requirements were met.	No deviation.

## APPENDIX C: REGISTERED INSETA LEARNERSHIPS

AS AT 31 MARCH 2010

	Learnership Title	Registration No	Qualification	NQF Level
1.	Insurance & Investment Administrator	I3QI30031761202	National Certificate: Financial Services	2
2.	Intermediary: Assistance Policies	I3QI30035811202	National Certificate: Financial Services	2
3.	Financial Services Administration	I3QI30033991203	National Certificate: Financial Services	3
4.	Insurance & Investment Team Leader/ Supervisor	I3QI30030731303	National Certificate: Financial Services	3
5.	Short Term Insurance	I3QI30043991504	FETC: Short Term Insurance	4
6.	Long Term Insurance	I3QI30038991404	FETC: Long Term Insurance	4
7.	Medical Claims Assessing	I3QI30036681504	FETC: Medical Claims Assessing	4
8.	Long Term Risk Assessment	3QI30039791504	FETC: Long Term Insurance Risk Assessment	4
9.	Retail Insurance	I3QI30037941404	FETC: Retail Insurance	4
10.	Wealth Management	I3QI30046381504	FETC: Wealth Management	4
11.	Financial Services Manager	I3QI30042741504	National Certificate: Financial Services Management	4
12.	Wealth Management	I3QI30055261205	National Certificate: Wealth Management	5
13.	Long Term Risk Assessment Diploma	I3QI30041402455	National Diploma: Financial Services: Long Term Risk Assessment	5
14.	Financial Planning Advisor	I3QI30034001607	Postgraduate Diploma: Financial Planning	7
15.	Financial Services Administrator	I3QI30002441603	National Certificate: Financial Services	3

## APPENDIX D: INSETA STANDARDS INDUSTRIAL CLASSIFICATION (SIC) CODES

INSETA STANDARDS INDUSTRIAL CLASSIFICATION (SIC)	
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	Re-insurance
83300	Activities Auxiliary to Insurance and Pension Funding (including Brokers/Intermediaries)

## APPENDIX E: INSETA STAFF

AS AT 31 MARCH 2010

Name	Designation	Gender	Race
Vuyo Diniso	Junior Specialist Learnerships	Female	Black
Sandra Dunn	Chief Executive Officer	Female	Coloured
Glen Edwards	FAIS Project Manager	Male	White
William Fisher	Junior Specialist ETQA	Male	Coloured
Ernest Kaplan	Specialist Consultant ETQA	Male	White
Unathi Jakalase	Specialist Consultant ETQA	Female	Black
Jabu Mabaso	Housekeeper	Female	Black
Tsabuki Makou	Specialist Consultant Learnerships	Male	Black
Nomonde Mandla	Specialist Consultant Learnerships (Bursaries)	Female	Black
Tebogo Mathopa	Junior Specialist Supply Chain Management & Finance (Bursaries)	Female	Black
Ella Matshikiza	Personal Assistant to the Chief Executive Officer	Female	Black
Ouma Mmethi	Secretary ETQA	Female	Black
Itumeleng Motaung	Junior Specialist: Skills Development	Female	Black
Zodwa Motloug	Receptionist	Female	Black
Vincent Mulaudzi	Manager Corporate Services	Male	Black
Neesha Naidoo	Manager ETQA	Female	Indian
Laverne Ogle	Administrator Learnerships	Female	Coloured
Tumi Peele	Manager Learnerships	Female	Black
Kim Pretorius	Administrator Human Resources	Female	White
Sebolelo Malebye	Junior Specialist: PR and Marketing	Female	Black
Adeline Singh	Manager Skills Development	Female	Indian
Sharon Snell	Chief Operating Officer	Female	Coloured
Michelle van der Merwe	Specialist Consultant ETQA	Female	White
Lerato Mpatane	Junior Specialist FAIS	Female	Black
Anna Zihle	Office Administrator	Female	Black

## APPENDIX F: GLOSSARY OF TERMS

ANNUAL REPORT 2009/2010

<b>ABET</b>	Adult Based Education and Training	<b>NLRD</b>	National Learner Record Database
<b>ATR</b>	Annual Training Report	<b>NQF</b>	National Qualifications Framework
<b>BEE</b>	Black Economic Empowerment	<b>NSDS</b>	National Skills Development Strategy
<b>CEO</b>	Chief Executive Officer	<b>NSF</b>	National Skills Fund
<b>CFO</b>	Chief Financial Officer	<b>PFMA</b>	Public Finance Management Act
<b>COO</b>	Chief Operations Officer	<b>QCTO</b>	Quality Council for Trade and Occupations
<b>DHET</b>	Department of Higher Education and Training	<b>RE</b>	Regulatory Examinations
<b>ETQA</b>	Education and Training Quality Assurance	<b>SAADP</b>	South African Actuaries Development Programme
<b>FAIS</b>	Financial Advisory and Intermediary Services	<b>SAQA</b>	South African Qualifications Authority
<b>FET</b>	Further Education and Training	<b>SARS</b>	South African Revenue Services
<b>FSB</b>	Financial Services Board	<b>SCM</b>	Supply Chain Management
<b>GAAP</b>	Generally Accepted Accounting Practice	<b>SCOPA</b>	Standing Committee on Public Accounts
<b>GRAP</b>	Generally Recognised Accounting Practice	<b>SDF</b>	Skills Development Facilitators
<b>HET</b>	Higher Education and Training	<b>SETA</b>	Sector Education and Training Authority
<b>IISA</b>	Insurance Institute of South Africa	<b>SLA</b>	Service Level Agreement
<b>INSETA</b>	Insurance Sector Education and Training Authority	<b>SMME</b>	Small, Medium and Micro Enterprises
<b>ISOE</b>	Institute of Sectoral Excellence	<b>SSP</b>	Sector Skills Plan
<b>IT</b>	Information Technology	<b>WBE</b>	Work-based Experience
		<b>WSP</b>	Workplace Skills Plan



# inseta

INSURANCE SECTOR EDUCATION  
AND TRAINING AUTHORITY

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086 113 0013

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