Annual Report

2017 - 2018

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INSURANCE SECTOR EDUCATION AND TRAINING AUTHORITY

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INSURANCE SECTOR EDUCATION AND TRAINING AUTHORITY

INSETA ANNUAL REPORT

2017/2018

Mrs GNM Pandor

Minister of Higher Education and 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 (INSETA) for the period 1 April 2017 to 31 March 2018.

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higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

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INSURANCE SECTOR EDUCATION AND TRAINING AUTHORITY

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PART A:

GENERAL INFORMATION

1. General Information

REGISTERED NAME:	Insurance Sector Education and Training Authority
PHYSICAL ADDRESS:	Ground Floor, 37 Empire Road, Parktown, Johannesburg
POSTAL ADDRESS:	PO Box 32035, Braamfontein, 2017
TELEPHONE NUMBER:	011 381 8900
EMAIL ADDRESS:	insetacallcentre@inseta.org.za
WEBSITE ADDRESS:	www.inseta.org.za
EXTERNAL AUDITORS:	Auditor-General of South Africa
INTERNAL AUDITORS:	PricewaterhouseCoopers (PwC)
BANKERS:	Nedbank

2. List of Abbreviations and Acronyms

AGSA	Auditor-General of South Africa
ATR	Annual Training Report
CBO	Community-Based Organisation
CEO	Chief Executive Officer
CFO	Chief Financial Officer
DHET	Department of Higher Education and Training
ETDP SETA	Education, Training and Development Practices Sector Education and Training Authority
ETQA	Education and Training Quality Assurance
FAIS	Financial Advisory and Intermediary Services
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
HEI	Higher Education Institution
HR	Human Resources
HRDSA	Human Resource Development Strategy for South Africa
INSETA	Insurance Sector Education and Training Authority
ICT	Information and Communication Technology
IT	Information Technology
MBA	Master in Business Administration
MOA	Memorandum of Agreement
NDP	National Development Plan
NGO	Non-Governmental Organisation
NGP	New Growth Path
NQF	National Qualifications Framework
NSDS	National Skills Development Strategy
OFO	Organising Framework for Occupations
PFMA	Public Finance Management Act
PIVOTAL	Professional, Vocational, Technical and Academic Learning
PWD	Persons with disabilities
QCTO	Quality Council for Trades and Occupations
RPL	Recognition of Prior Learning
SAICA	South African Institute of Chartered Accountants
SARS	South African Revenue Service

SAQA	South African Qualifications Authority
SCM	Supply Chain Management
SDA	Skills Development Act
SDLA	Skills Development Levies Act
SETA	Sector Education and Training Authority
SLA	Service-Level Agreement
SME	Small and Micro Enterprise
SMME	Small, Medium and Micro Enterprise
SSP	Sector Skills Plan
TVET	Technical and Vocational Education and Training
WIL	Work-Integrated Learning
WSP	Workplace Skills Plan

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INSURANCE SECTOR EDUCATION AND TRAINING AUTHORITY

M.V. Mokgobinyane

Independent Chairperson of the INSETA Board

3. Foreword by the Chairperson

My reflections on the year under review are premised on the notion that change is a constant. The environment in which INSETA operates is typified by changes – in landscape, regulation, skills requirements and even government priorities. Complicating matters further is the fact that the sector we serve is diverse (from independent brokers to multinational insurers) with a myriad different skills development objectives.

In this complex environment, INSETA has continued to perform well and I am pleased that INSETA's 2017/2018 Annual Report indicates increasingly higher performance against strategic targets and consistently effective financial management.

This financial year has seen the maturation of one of INSETA's values, 'partnering to enable others' as we have strengthened strategic relationships with industry and professional bodies and trade associations, as well as developed increasingly good relationships with public TVET colleges in line with national priorities.

The year under review saw challenges in terms of long-term planning as the SETA landscape has come under review by the Department of Higher Education and Training (DHET). These challenges are ongoing and promise much change in the forthcoming financial year. Regardless, through the leadership of the Accounting Authority (the Board), INSETA has set out on an exciting and challenging strategic direction that includes medium-term projects aimed specifically at transformation and rural projects as well as increased research outputs in the longer term.

As a newly constituted Board, our role is to provide oversight and leadership with due regard to continued and improved levels of corporate governance. We look forward to a new financial year that builds on the successes of the past and we particularly look forward to new and innovative strategic directions for the uncertain future. This 'uncertain future' must also be the basis of crucial conversations with the sector regarding the future world of work and the support the sector requires of INSETA to develop the skills required for the 'Fourth Industrial Revolution'.

In conclusion, I acknowledge with great appreciation the keen oversight of the previous Board and its Independent Chairman, Mr Mzimkulu Msiwa, who have ensured high levels of corporate governance and a high-performance culture, while setting the strategic direction for the certainly uncertain near future.

Our appreciation also goes to the INSETA management and staff, under the leadership of the INSETA Chief Executive Officer, Ms Sandra Dunn, who have collectively learnt and grown year on year. The successful clean audit results obtained under this leadership are evidence of an ever-evolving and improving organisational culture.

M.V. Mokgobinyane
Independent Chairperson of the INSETA Board

31 July 2018

Sandra Dunn
Chief Executive Officer
INSETA

4. Chief Executive Officer's Review

General review of INSETA

INSETA is a mature organisation. This is reflected in INSETA achieving its third clean audit in successive years. In addition, there has been an improvement in the performance of the organisation, with 100% of performance indicators having been met. This is a satisfactory 4% improvement on the 2016/2017 financial year (96%). These achievements would not have been possible without the leadership of the Board, the commitment of the management and staff and the meaningful partnerships maintained within the sector.

Several of INSETA's achievements in the reported year are particularly noteworthy:

The promotion of the growth of public TVET Colleges

INSETA has facilitated key partnerships between the sector (professional bodies and employers) and the public TVET colleges. Through these partnerships, INSETA was able to facilitate the development of a Skills Programme. The Skills Programme is linked to the Short-Term Insurance SAQA-registered qualification. TVET colleges have been accredited to deliver the skills programme and their lecturers have also received the required training.

Launching the Underwriter Occupational Qualification

The Underwriter Occupational Qualification was developed according to the new QCTO model and is the first of its kind to be implemented in the insurance sector. It was developed to address the scarce and critical skill of underwriting and the paucity of accredited training. The programme was launched with a cohort of 35 employed candidates who come from short-term, long-term, medical and re-insurance sub-sectors. We look forward to the completion and application of their learnings in their respective sub-sectors in the near future.

Launch of the Rural Learnership in Mbizana, Eastern Cape

Thirty-five unemployed learners were placed for training and experiential learning with two employers, namely MMI Holdings and Sanlam Sky. This learnership signals the commencement of INSETA's strategy of taking skills development to rural communities.

Pilot Upskilling Project for Plumbing Installers

Under the auspices of the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) and in partnership with the short-term insurers (STIs), INSETA, the Energy and Water Sector Education and Training Authority (EWSETA) and the Plumbing Industry Registration Board (PIRB) piloted a project that saw 85 plumbing installers for solar geysers upskilled.

INSETA actively supported the programme and provided strategic and operational input which generated some excitement and commitment among all stakeholders. This project showcased the impact a public-private partnership can make and actively demonstrated government's priority in upskilling plumbing artisanship as a scarce and critical skill in the country.

Financial Review

In the 2017/2018 financial year, INSETA received R465 763 000, compared to R443 795 000 in the previous financial year. The 5% increase in levies has not matched inflation and as such there are service-level constraints caused by higher inflation on costs outstripping the increase in revenue.

Thanks to tight budgetary controls, INSETA spent 98% of the administration fund of R60 340 000, thus staying within the 10% permitted for administration in terms of the legislation. It is pleasing to note that 94% of the mandatory grant funds were paid out to companies and the payout ratio for discretionary grants was 80%.

A surplus of R92 769 000 for the current year resulted from underspending – the 2% on administration (R932 000), 6% on the mandatory grants (R6 767 000) and the 20% on the discretionary grant (R59 244 000) – as well as interest income (R25 826 000) on the bank balances from prior years.

Based on the accumulated reserves, the commitments and the available bank balances as at year end, INSETA has made an application to National Treasury to retain R225 406 000 of uncommitted funds as at year end. Among other things, access to these reserves will enable INSETA to accelerate its management and leadership programmes, broker development programmes and fund bursary students for the duration of their studies.

Though our Supply Chain division (SCM) has been stable, INSETA met with new challenges that indicated a need to strengthen our SCM operations within INSETA which will be actioned going forward.

INSETA is moving towards the insourcing of its financial administration and management. There are positive indications that the transition will be a smooth one.

Appreciation

I am pleased to report that INSETA's financial and operational performance remain at high levels and would like to thank my management team and staff for their continued commitment to high performance and the achievement of the goals and objectives described in this report.

On behalf of my team, I welcome the new INSETA Board. My team and I wish you well and we will endeavour to provide every level of support that the Board requires to effect sound governance at INSETA.

Sandra Dunn

Chief Executive Officer

INSETA

Date: 31 July 2018

5. Statement of Responsibility and Confirmation of Accuracy for the Annual Report for the Year ended 31 March 2018

To the best of my knowledge and belief, I confirm the following:

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

The annual report is complete, accurate and free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the GRAP standards applicable to the public entity.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2018.

Sandra Dunn

Chief Executive Officer

6. Strategic Overview

Purpose

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

Vision

A skilled and capable insurance and related services workforce.

Values

Partner to enable others:

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

Lead with vision:

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

Deliver quality:

- Results for real impact
- Value for investment

Touch lives:

- Make a difference
- Leave an enduring legacy

Inspire trust:

- Transparent
- Reliable and consistent
- Accountable

7. Strategic Outcome-Oriented Goals

INSETA set the following strategic goals for 2017/2018:

Strategic Goal 1: A credible institutional mechanism for skills planning in the sector.

Strategic Goal 2: Increased access to occupationally directed programmes.

Strategic Goal 3: Encouraging better use of workplace-based skills development.

Strategic Goal 4: Encouraging and supporting cooperatives, small enterprises, worker-initiated, non-governmental organisation (NGO) and community training initiatives.

Strategic Goal 5: Building career and vocational guidance.

Strategic Goal 6: Promoting the growth of a public technical and vocational education and training (TVET) sector college system that is responsive to sector, local, regional and national skills needs and priorities.

8. Legislative and Other Mandates

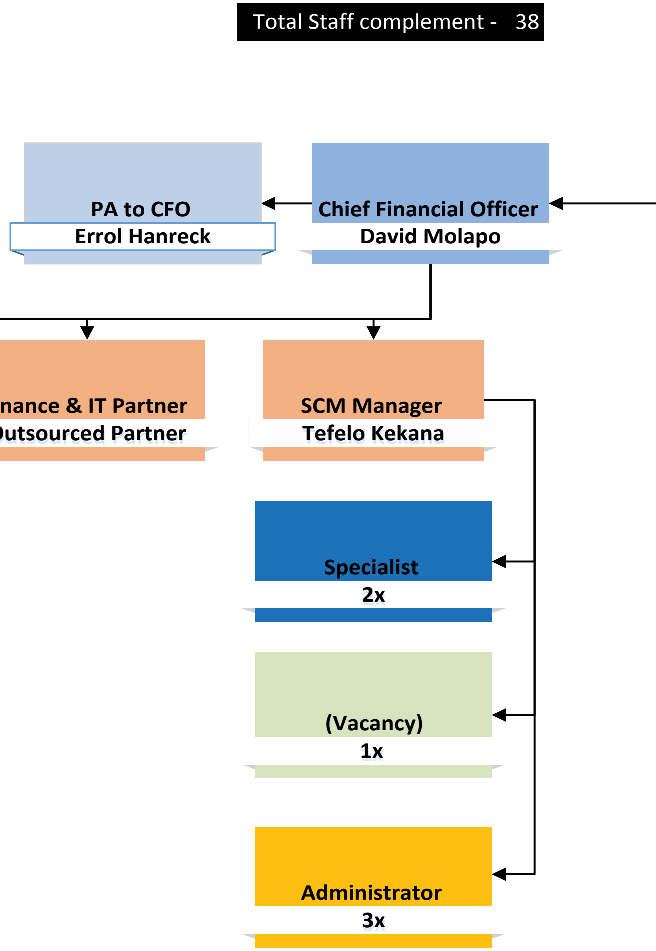
INSETA is a Schedule 3A public entity in terms of the Public Finance Management Act (PFMA) and must execute its mandate in accordance with the Skills Development Act (SDA), the Skills Development Levies Act (SDLA), the PFMA, the INSETA constitution and any legislation that relates to the governance of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

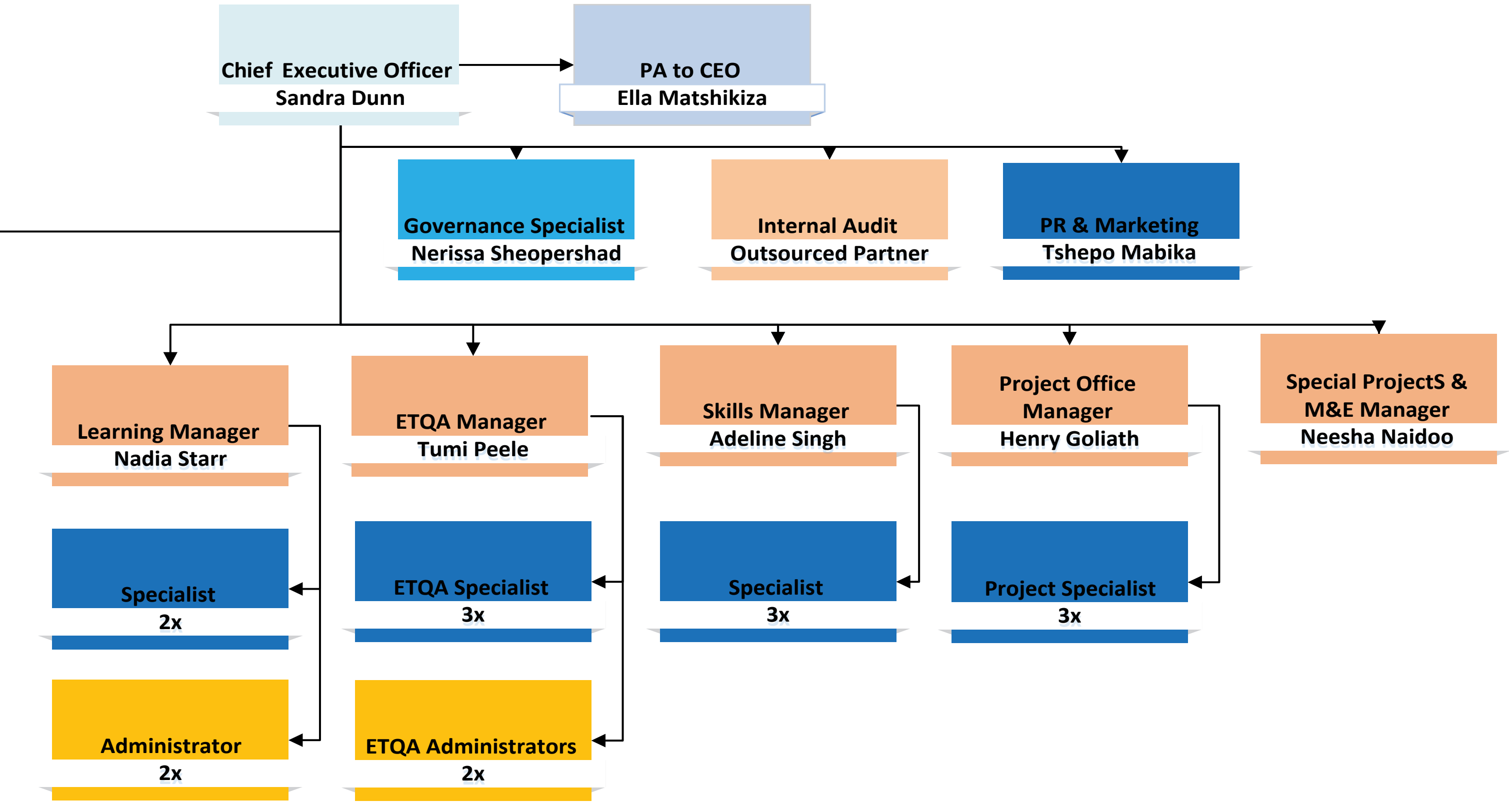
The table below presents the Acts and other mandate documents that predominantly direct and influence INSETA's role in skills development.

ACT/ OTHER MANDATE DOCUMENTS	PURPOSE OF THE ACT/ OTHER MANDATES
Insurance Sector Education and Training Authority Constitution	This constitution provides an institutional framework for the SETA to develop and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce.
Skills Development Act, Act 97 of 1998 (as amended)	Provides an institutional framework to develop and implement national, sector and workplace strategies to improve the skills of the South African workplace.
Public Finance Management Act, Act 1 of 1999 (as amended)	The PFMA seeks to regulate financial management and corporate governance in the national government and provincial governments.
Skills Development Levies Act, Act 9 of 1999	Provides for the imposition of the skills development levy and related matters.
The Financial Advisory and Intermediary Services Act, Act 37 of 2002	Sets out the fit and proper requirements for financial services providers. New requirements include compulsory regulatory examinations (REs) with strict timeframes laid down by the Financial Services Conduct Authority (FSCA).
National Qualifications Framework Act, Act 67 of 2008	To provide for the National Qualifications Framework, a system for the classification, registration and publication of all national qualifications and part-qualifications.

ACT/ OTHER MANDATE DOCUMENTS	PURPOSE OF THE ACT/ OTHER MANDATES
National Skills Development Strategy III (NSDS III)	A strategy to improve the skills development system to create a skilled and capable workforce that shares in, and contributes to, the benefits and opportunities of economic expansion and an inclusive growth path.
National Skills Accord (NSA)	A commitment agreed to by government, business, labour and civil society organisations to promote skills development in line with the New Growth Path (NGP) strategy objective to create five million new jobs by 2020.
Sector Skills Plan (SSP)	Definition: An SSP is the research document produced by the SETA in each economic sector, using inputs from constituent employers. The SSP outlines key skills shortages and specifically, a sector's top scarce and critical skills.
Annual Performance Plan (APP)	Contains INSETA's performance commitments and measurement framework.
Service-Level Agreement (SLA)	The SLA sets out the agreement between the Department of Higher Education and Training (DHET) and INSETA.

9. Organisational Structure




Chief Executive Officer
Sandra Dunn
PA to CEO
Ella Matshikiza
Governance Specialist
Nerissa Sheopershad
Internal Audit
Outsourced Partner
PR & Marketing
Tshepo Mabika
Learning Manager
Nadia Starr
ETQA Manager
Tumi Peele
Skills Manager
Adeline Singh
Project Office Manager
Henry Goliath
Special ProjectS & M&E Manager
Neesha Naidoo
Specialist
2x
ETQA Specialist
3x
Specialist
3x
Project Specialist
3x
Administrator
2x
ETQA Administrators
2x

PART B:

PERFORMANCE INFORMATION

10. Overview of INSETA's Performance

10.1 Service delivery environment

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

The following skills priorities have been identified within the insurance and related services sector:

- Advance the employability potential of young adults.
- Support the development of scarce and critical skills in the sector.
- Promote the professionalism of the sector.
- Support rural development initiatives through partnerships.

These skills priorities were identified by studying all the relevant policies and frameworks. These include the National Development Plan (NDP), the New Growth Path (NGP) and its associated National Youth Accord, the Human Resource Development Strategy for South Africa (HRDSA) 2010–2030 and the NSDS III. These skills needs were also derived from Chief Executive Officers, managers and other stakeholders through mutually interactive participatory sessions.

10.2 Auditor's Report: Predetermined Objectives

The Auditor-General of South Africa (AGSA) performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. This is reported under the 'Predetermined Objectives' heading in the 'Report on Other Legal and Regulatory Requirements' section of the auditor's report.

Refer to page 79 of the Report of the Auditors, which is published in Part E: Financial Information.

B-BBEE

INSETA is a level 8 BBBEE contributor and recognises that there are areas for improvement.

Key drivers of change in the sector

PricewaterhouseCoopers (PwC), in its published review on the outlook of the insurance industry for 2020, has identified the following five "megatrends" that are altering the global insurance landscape.

Change driver	Explanation
Social networks and changing customer behaviour	In recent years, online social networking has emerged as a strong component of social interaction. Financial institutions are starting to recognise the opportunities social media can bring to their businesses. They are looking to gain a competitive advantage over other institutions while also trying to mitigate the threats posed by social media. Until recently, the sector has lagged behind some others in its comprehensive adoption of social media. However, many companies are now using social media to revolutionise the traditional business models that the finance sector has relied upon for decades.
Technology, innovation and FinTech	Financial technology companies are generally start-ups trying to disintermediate incumbent financial systems and challenge traditional corporations that are less reliant on technology. The financial technology sector is booming. New start-ups are popping up at an increasing pace, and large banks and insurance companies are being pushed toward increasing digital operations in order to survive.
Environmental and sustainability issues	Climate change is the most significant challenge to achieving sustainable development and it is not just a long-term issue. It is happening today, and it entails uncertainties for policymakers trying to shape the future, who are unsure what the local, regional, societal and economic impacts will be. Many decisions being made today have long-term consequences and are sensitive to climate conditions.
Economic change and future growth opportunities	The future may be hard to predict, but needs not be hard to prepare for. Insurers are grappling with the tough new business, investment and regulatory environments that are emerging after the global financial crisis of 2008. The industry also faces far broader challenges. Demographic shifts, the rise in power of the emerging markets and changing customer behaviour will all help shape the sector's longer-term future. Insurers who can anticipate and plan for change can create their own future.
Regulatory and political landscape	There are strong signs that Africa's insurance industry is currently in a transformation phase. The global risk landscape has been marred by political conflict in both emerging and developed markets, highlighting the growing need for political risk insurance globally. Thus, the underwriting of political risk insurance, locally and internationally, is a growing business.

Source: PWC - Insurance 2020: Turning change into Opportunity, 2012

10.3 Organisational environment

The INSETA Board provides strategic direction to management and fulfils an oversight role. The core divisions within INSETA are:

The Skills Planning and Research Division is responsible for research; registration of companies for submission of Workplace Skills Plans and the Annual Training Report, and the recommendation of payment of mandatory grants.

The Learning Division is responsible for the registration and management of learnerships, internships, bursaries for workers and skills programmes for youth.

The Quality Assurance Division is responsible for the accreditation of skills development providers, registration of assessors and moderators, verification of learning, certification of learners, and coordination of External Integrated Summative Assessments (EISA); as well as development of occupational qualifications and / or realignment of legacy qualifications to occupational qualifications.

The following are support divisions:

The Office of the Chief Financial Officer (CFO) is responsible for financial management.

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

The Human Resources (HR) division is responsible for management and administration of all human resource-related matters.

The INSETA Project Office (IPO) is responsible for management of projects, including management of projects for TVET Work-Integrated Learning and bursaries for youth.

In addition, INSETA has regional representation through two TVET colleges in the Eastern Cape, namely Ikhala in Queenstown and Ingwe in Mount Frere. These two TVET colleges were allocated to INSETA by the DHET.

11. Strategic Outcome-Oriented Goals

INSETA is committed to meeting the skills needs of the sector and to remaining true to the national strategic imperatives of transformation. This commitment to transformation includes the development of the skills of the existing INSETA workforce by providing bursaries to enable improved stakeholder service provision.

INSETA has identified six key strategic programmes that aim to deliver on the six strategic outcome-oriented goals.

INSETA is pleased with its 100% target achievement rate in 2017/2018 which reflects a 4% improvement from 96% in 2016/2017. Notably, the 100% includes performance in excess of targets in some areas.

Strategic Goal	Number of indicators	Number of indicators achieved	Comment
A credible institutional mechanism for skills planning (NSDS III Indicator 4.1).	5	5	Achieved
Increased access to occupationally-directed programmes (NSDS III Indicator 4.2).	12	12	Achieved
Better use of workplace-based skills development (NSDS III indicator 4.5).	12	12	Achieved
Training and support provided to sector cooperatives, small enterprises and NGOs (NSDS III Indicator 4.6).	11	11	Achieved
Building career and vocational guidance (NSDS III Indicator 4.8).	3	3	Achieved
Promoting the growth of the public tvet sector college system that is responsive to the sector, local, regional and national skills needs and priorities (NSDS III Indicator 4.3).	4	4	Achieved
Total	**47**	**47**	**100%**

The strategic goals link to six programmes. Below is the breakdown of expenditure per programme.

12. Performance Information by Programme

INSETA 2017/2018 ANNUAL PERFORMANCE REPORT (1 APRIL 2017 to 31 MARCH 2018)

Introduction

INSETA has identified six key strategic programmes that aim to deliver on the strategic outcome-oriented goals. The table below represents a high-level summary of the programmes, strategic objective titles and performance indicators that support the NSDS III aligned Strategic Outcome-Oriented Goals.

NO	STRATEGIC OUTCOME-ORIENTED GOAL	PROGRAMMES	STRATEGIC OBJECTIVE TITLE	PERFORMANCE INDICATOR
GOAL 1	A credible institutional mechanism for skills planning (NSDS III Indicator 4.1)	Skills Planning	Determine supply and demand of skills in the sector	Number of WSPs received from employers reflects the current supply and demand for skills statistics in the sector
			Identify priority scarce and critical skills for the sector	Number of scarce and critical skills identified
			Develop sector skills plan	Board approval and number of sector endorsements received for the Sector Skills Plan
				Number of employers that endorse the sector-approved organising framework for occupations (OFO) codes

ACTUAL ACHIEVEMENT 2016/2017	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	DEVIATION FROM PLANNED TARGETS	REASONS FOR DEVIATIONS	LINK TO STRATEGIC PLAN
1250	1300	1303	+3	An increase in the number of workshops hosted led to a higher number of WSPs received	This goal addresses the need to analyse sector data annually and collaborate with stakeholders
10	10	10	0	Target achieved	
4	4	6	+2	Wider consultation with sector professional bodies and industry associations has resulted in additional endorsements towards the Sector Skills Plan this year, hence target exceeded	
617	130	878	+748	This indicator was exceeded because INSETA consults with all stakeholders countrywide but some stakeholders may not use the OFO codes in their submissions and hence this target fluctuates at times and in this case is exceeded	

NO	STRATEGIC OUTCOME-ORIENTED GOAL	PROGRAMMES	STRATEGIC OBJECTIVE TITLE	PERFORMANCE INDICATOR
			Disseminate research findings to all stakeholders	Number of Sector Skills Plans distributed to stakeholders
GOAL 2	Increased access to occupationally-directed programmes (NSDS III Indicator 4.2)	Occupationally-directed programmes	Number of youth entering learning programmes	Number of youth receiving bursaries
				Number of youth entered in learnerships
				Number of youth entered in skills programmes
			Number of youth completing learning programmes	Number of youth completing bursary-funded programmes

ACTUAL ACHIEVEMENT 2016/2017	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	DEVIATION FROM PLANNED TARGETS	REASONS FOR DEVIATIONS	LINK TO STRATEGIC PLAN
1573	1500	1888	+388	INSETA distributed the SSP to active participants on the INSETA database. This database grows in numbers each year and INSETA has no control over the number of participants within the database at the time of distribution hence, the target was exceeded	
820	800	887	+87	A project to develop Actuaries was implemented to supplement the 800 bursaries awarded through the normal bursaries project to meet the demand for actuaries in the sector. Two overage learners are also included	This goal addresses the economically depressed areas in all 9 provinces, annually
1338	1300	1339	+39	Target exceeded as additional learners were recruited to allow for drop outs. Performance includes 60 industry-funded learners	This goal targets learners in all 9 provinces annually
1214	1200	1341	+141	Target exceeded as additional learners were recruited to allow for drop outs	
741	700	757	+57	A higher number than targeted entered which translated into a higher number than targeted completing. Two overage learners are also included	This goal addresses the economically depressed areas in all 9 provinces, annually

NO	STRATEGIC OUTCOME-ORIENTED GOAL	PROGRAMMES	STRATEGIC OBJECTIVE TITLE	PERFORMANCE INDICATOR
				Number of youth completing learnership programmes
				Number of youth completing skills programmes
			Number of youth receiving full or part qualification	Number of youth receiving full or part-qualifications through bursaries
				Number of youth receiving full or part-qualifications through learnerships
				Number of youth receiving full or part-qualifications through skills programmes

ACTUAL ACHIEVEMENT 2016/2017	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	DEVIATION FROM PLANNED TARGETS	REASONS FOR DEVIATIONS	LINK TO STRATEGIC PLAN
1156	910	1124	+214	Achievement includes performance from the previous financial year that was submitted and processed in the current financial year. Six overage PWD learners that received Board approval for funding are also included. 21 of the learners were industry funded	This goal targets learners in all 9 provinces annually
869	840	1852	+1012	Achievement includes performance from the previous financial year that was submitted and processed in the current financial year	
556	397	597	+200	Target overachieved as more learners than expected have successfully achieved their learning goals. Two overage learners are also included	This goal addresses the economically depressed areas in all 9 provinces, annually
924	637	713	+76	Target overachieved as cross-sectoral certificates have also been included. A higher number than targeted entered in the previous year translated into a higher number than targeted completing in the current financial year	This goal targets learners in all 9 provinces annually
787	588	622	+34	Some learners commenced training in February 2017 (previous financial year) and were only certificated during the current financial year	

NO	STRATEGIC OUTCOME-ORIENTED GOAL	PROGRAMMES	STRATEGIC OBJECTIVE TITLE	PERFORMANCE INDICATOR
			Number of youth supported with workplace experience through internship programmes	Number of youth entering internship programmes
			Number of youth completing internship programmes	Number of youth completing internship programmes
			Number of youth accepted into employment after completion of internship programmes	Number of youth accepted into employment after completion of internship programmes
GOAL 3	Better use of workplace-based skills development (NSDS III Indicator 4.5)	Workplace-based skills development	Workers entering learning programmes through bursaries, skills programmes and learnerships	Number of workers receiving bursaries
				Number of workers entering learnerships
				Number of workers entering skills programmes
			Workers completing learning programmes	Number of workers completing bursaries

ACTUAL ACHIEVEMENT 2016/2017	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	DEVIATION FROM PLANNED TARGETS	REASONS FOR DEVIATIONS	LINK TO STRATEGIC PLAN
1003	800	825	+25	Target exceeded as additional interns were recruited to allow for drop outs	This goal targets learners in all 9 provinces annually
611	560	569	+9	A higher number than targeted entered in the previous year translated into a higher number than targeted completing in the current financial year	
409	392	449	+57	A higher number than targeted entered in the previous year translated into a higher number than targeted completing in the current financial year	
1074	1000	1011	+11	Target exceeded as additional learners were recruited to allow for drop outs	This goal targets learners in all 9 provinces annually
1090	1000	1132	+132	Target exceeded as additional learners were recruited to allow for drop outs. This performance includes 205 industry funded learners	
2419	2400	2401	+1	Target exceeded as additional learner grants were awarded to allow for drop outs	
856	700	851	+151	A higher number than targeted entered in the previous year translated into a higher number than targeted completing in the current financial year	This goal targets learners in all 9 provinces annually

NO	STRATEGIC OUTCOME-ORIENTED GOAL	PROGRAMMES	STRATEGIC OBJECTIVE TITLE	PERFORMANCE INDICATOR
				Number of workers completing learnerships
				Number of workers completing skills programmes
			Workers achieving full or part-qualifications	Number of workers receiving full or part-qualifications through bursaries
				Number of workers receiving full or part-qualifications through learnerships
				Number of workers receiving full or part-qualifications through skills programmes
				Workers certificated through Recognition of Prior Learning (RPL) interventions

ACTUAL ACHIEVEMENT 2016/2017	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	DEVIATION FROM PLANNED TARGETS	REASONS FOR DEVIATIONS	LINK TO STRATEGIC PLAN
797	700	1059	+359	Achievement includes performance from the previous financial year that was submitted and processed in the current financial year. 53 learners were industry funded	
2616	1680	2047	+367	Target overachieved as more learners than expected have successfully achieved their learning goals	
606	490	774	+284	Target overachieved as more learners than expected have successfully achieved their learning goals	This goal targets learners in all 9 provinces annually
595	490	566	+76	Target overachieved as cross-sectoral certificates have also been included. A higher number than targeted entered in the previous year translated into a higher number than targeted completing in the current financial year	
2172	1182	2045	+863	INSETA prioritised funding insurance related programmes that we have quality assurance control over	
150	N/A	N/A	N/A	No longer a target in this financial year due to DHET requiring certification of RPL candidates. INSETA only provided concessions for RPL candidates and hence was not in a position to meet the DHET definition of RPL	This target is no longer applicable

NO	STRATEGIC OUTCOME-ORIENTED GOAL	PROGRAMMES	STRATEGIC OBJECTIVE TITLE	PERFORMANCE INDICATOR
			Mandatory grant paid to large firms	Mandatory grant paid to large firms
			Mandatory grant paid to medium sized firms	Mandatory grant paid to medium firms
			Mandatory grant paid to small firms	Mandatory grant paid to small firms
GOAL 4	Training and support provided to sector cooperatives, small enterprises and NGOs (NSDS III Indicator 4.6)	Cooperatives, SMEs, NGOs and CBOs	Support small and micro enterprises workers and cooperatives members through entering learning programmes	Number of small business workers entering skill programmes
				Number of small business workers entering bursaries
				Number of cooperative members (burial societies) entering in skills programmes
			Support small and micro enterprise workers and cooperative members completing learning programmes	Number of small business workers completed skills programmes

ACTUAL ACHIEVEMENT 2016/2017	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	DEVIATION FROM PLANNED TARGETS	REASONS FOR DEVIATIONS	LINK TO STRATEGIC PLAN
67 (80%)	87 (80%)	119 (136%)	+32 (36%)	Mergers, acquisitions as well as business expansions and growth have resulted in an increase in the number of WSPs received from large companies and thus the number of mandatory grants paid	This target addresses the need to increase workplace learning of workers in registered workplaces through annual mandatory grant incentives
102 (50%)	81 (50%)	91 (112%)	+10 (12%)	An increase in the number of WSPs received from medium sized companies translated to an increase in the number of mandatory grants paid	
448 (30%)	411 (30%)	449 (109%)	+38 (9%)	An increase in the number of WSPs received from small companies translated to an increase in the number of mandatory grants paid	
1031	1000	1010	+10	Target exceeded as additional learner grants were awarded to allow for drop outs	This goal targets learners in all 9 provinces annually
162	150	161	+11	Target exceeded as additional learners were recruited to allow for drop outs	
817	700	714	+14	Target exceeded as additional learners were recruited to allow for drop outs	
959	700	1084	+384	Small businesses were mostly supported through a managed project, with a service provider appointed to support the learners through the learning process	This goal targets learners in all 9 provinces annually

NO	STRATEGIC OUTCOME-ORIENTED GOAL	PROGRAMMES	STRATEGIC OBJECTIVE TITLE	PERFORMANCE INDICATOR
				Number of small business workers completed bursary funded programmes
				Number of co-operative members (burial societies) completed skills programmes
			Support small and micro enterprise workers and cooperative members to achieve full or part qualifications	Number of small business workers receiving full or part qualifications through skills programmes
				Number of small business workers receiving full or part-qualifications through bursaries
				Number of co-operative members (burial societies) receiving full or part-qualifications through skills programmes
			Develop, maintain and increase numbers of brokers on database of national brokers and intermediaries	Develop and maintain database
				Number of brokers on the database increased to target

ACTUAL ACHIEVEMENT 2016/2017	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	DEVIATION FROM PLANNED TARGETS	REASONS FOR DEVIATIONS	LINK TO STRATEGIC PLAN
131	105	122	+17	A higher number than targeted entered in the previous year translated into a higher number than targeted completing in the current financial year	
889	490	490	0	Target achieved	
1538	490	536	+46	Small businesses were mostly supported through a managed project, with a service provider appointed to support the learners through the learning process	This goal targets learners in all 9 provinces annually
96	75	78	+3	Target overachieved as more learners than expected have successfully achieved their learning goals	
625	342	385	+43	Burials societies were supported through a managed project, with a service provider appointed to support the learners through the learning process	
Database maintained	N/A	N/A	N/A	No longer a target due to INSETA having increased its database by 1500 members. INSETA does not have the capacity physically and financially to support any more stakeholders at this point as INSETA would be creating expectations that we cannot achieve. The current database is already maintained and this should not be a future target as it is easily achievable	This is no longer a target
1570	N/A	N/A	N/A		

NO	STRATEGIC OUTCOME-ORIENTED GOAL	PROGRAMMES	STRATEGIC OBJECTIVE TITLE	PERFORMANCE INDICATOR
			Provide support to small and micro enterprises through learning programmes	Number of small and micro enterprise supported through learning programmes
				Number of cooperatives including burial societies supported through learning programmes
GOAL 5	Building career and vocational guidance (NSDS III Indicator 4,8)	Career and Vocational Guidance	Provide career guidance development information to youth both within the sector and new to entrants to the sector	Reach two district municipalities in 9 provinces
			Review and update career guide (include revised occupational codes)	Review and update career guide
			Forge partnerships with public institutions and industry	Partner with TVET Colleges For Career Guidance
GOAL 6	Promoting the growth of the pubic TVET sector college system that is responsive to the sector, local, regional and national skills needs and priorities (NSDS III Indicator 4,3)	TVET college system	TVET colleges awarded programme approval as INSETA training providers	Number of TVET lecturers developed to support the implementation of INSETA programmes
				Number of programme approvals awarded to TVET colleges
			TVET graduates supported to access workplace experience through internships	Number of TVET graduates supported to access workplace experience through internship programmes
			TVET graduates completing workplace experience through internship programmes	Number of TVET graduates completing workplace experience through internship programmes

ACTUAL ACHIEVEMENT 2016/2017	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	DEVIATION FROM PLANNED TARGETS	REASONS FOR DEVIATIONS	LINK TO STRATEGIC PLAN
1004	900	905	+5	A higher number than expected applied for discretionary grants	This goal targets learners in all 9 provinces annually
112	100	113	+13	A higher number than expected applied for discretionary grants as a result of an increase in the number of support workshops held	
26	18	19	+1	An increase in the number of invitations from the DHET and other institutions translated to a higher achievement	This goal targets learners in all 9 provinces annually
01 Dec 16 (1)	01 Dec 17 (1)	01 Dec 17 (1)	0	Target achieved	
26	7 TVET colleges and 2 industry partners	7 TVET colleges and 2 industry partners	0	Target achieved	
8	2 x 4 colleges	10	+2	TVET Colleges have started showing interest in having their lecturers developed to offer insurance related qualifications	This goal targets learners in all 9 provinces over the next five years
0	1 x 4 colleges	5	+1	INSETA embarked on a drive to assist TVET Colleges to apply for programme approval	
364	260	328	+68	A higher number of applications was received from TVET Colleges and surplus funds from the previous financial year were applied	This goal addresses the need to provide workplace experience for TVET learners
605	175	351	+176	A higher number than targeted entered in the previous year translated into a higher number than targeted completing in the current financial year	

13. Summary of Financial Information

13.1 Revenue collection

	2017/2018			2016/2017		
Sources of revenue	Estimate	Actual amount collected	(Over)/ under-collection	Estimate	Actual amount collected	(Over)/ under- collected
	R'000	R'000	R'000	R'000	R'000	R'000
Skills levies	R455 000	R459 298	R4 298	R432 548	R431 422	(R1 126)
Levies: penalties and interest	R0	R6 465	R6 465	R0	R12 373	R12 373
Investment and other income	R12 600	R25 826	R13 226	R13 100	R25 934	R12 834
Total	**R467 600**	**R491 589**	**R23 989**	**R445 648**	**R469 729**	**R24 081**

13.2 Strategy to overcome areas of underperformance

INSETA achieved all targets set during the period under review.

13.3 Changes to annual performance targets

There were no changes to planned targets.

14. Highlights

Rural Learnership Launch in Mbizana

INSETA has launched its rural learnership in Mbizana with 35 unemployed learners placed for training and experiential learning with two employers, namely MMI Holdings and Sanlam Sky. This learnership signals the commencement of INSETAs strategy to take skills development and open workplaces within rural communities.

Promoting the Growth of public TVET Colleges

INSETA has facilitated partnerships between the sector (professional bodies and employers) and the public TVET colleges. Through these partnerships INSETA has facilitated the development of a skills programme linked to the Short-Term Insurance SAQA-registered qualification, training of TVET lecturers and accreditation of TVET colleges to deliver the skills programme.

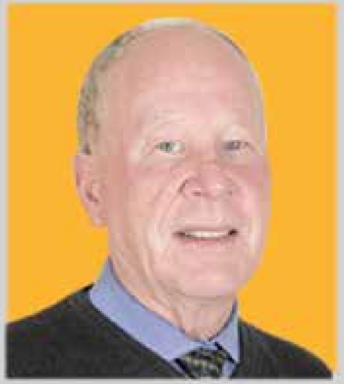
Launch of the Underwriter Pilot

The Underwriter Occupational Qualfication was developed according to the new QCTO model and is the first of its kind to be implemented in the insurance sector. The Underwriter qualification was developed to address the scarce and critical skill of underwriting and the paucity of accredited training. The programme was launched with a cohort of 35 employed candidates who come from the short-term, long-term, medical and re-insurance sectors and we look forward to the completion and application of their learnings in their respective sub-sectors in the near future.

PART C:

GOVERNANCE

MEMBERS OF THE BOARD



M.V. Mokgobinyane
(Chairperson)

G. Conradie
(Labour)

B. McKay
(Labour)

T.S Dinyake
(Labour)

A. D'Alton
(Business)

M. Machai
(Business)

V. Pearson
(Business)

I. Ramputa
(Community Organisation)

P. Govender
(Professional Bodies)

L. Hollis
(Labour)

R. Motlhabane
(Labour)

M. Soobramoney
(Labour)

A. Khoza
(Business)

W. Hiller van Rensburg
(Business)

J. Ramsunder
(Business)

J. Poggiolini
(ARC Chairperson)

G. Sandrock
(ARC Member)

N. Mhlongo
(ARC Member)

15. Report of the Accounting Authority

The Accounting Authority (Board) takes responsibility for the preparation of the Annual Financial Statements. The Board is of the opinion that based on INSETA's assurance model, these financial statements fairly present its financial position as at 31 March 2018.

Corporate governance

The Board of INSETA operated in accordance with section 51 of the PFMA. It ensured that INSETA maintained effective and transparent systems of risk management and internal controls by having a strong audit committee that is supported by effective internal audit and skilled executive management. During the financial year, management prepared and submitted policies for the Board's approval. The Board 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.

General review of the state of affairs

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

The Insurance Sector is a rapidly evolving, growing and developing major player in the South African economy. Approximately 5 140 employers within the Insurance Sector have registered with the South African Revenue Service (SARS), with 2 571 being 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 10 000 employees). The majority of the workforce represents skilled and highly skilled employees. The sector employs over 120 000 people, excluding people employed in micro-enterprises and informal businesses.

The Board has oversight over the affairs of INSETA. INSETA had a permanent staff complement of 38 as at 31 March 2018.

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

INSETA's 80% levy income increased by approximately R28 million from R431 million in the 2016/2017 financial year to R459 million for the 2017/2018 financial year. The administration surplus decreased marginally by R127 000 for the 2017/2018 financial year as compared to R239 000 in 2016/2017. The actual administration expenditure for the current financial year was R60 million (2016/2017: R56 million). The increase can be largely attributed to an increase in personnel costs. Total project and grant expenditure for the current financial year amounted to R339 million (2016/2017: R409 million). This decrease is attributable to allocations made to employers not translating into actual commitments and expenditure.

Allowances paid to Board members and Board Sub-committee members

Board and Board Sub-committee members or their employers are remunerated for their attendance at Board and Board Sub-Committee meetings. Disclosure of the allowances paid is in accordance with Treasury Regulation 28.1.1 and is as follows:

Designation	Meeting/ Preparation fee per day
Chairperson	R5 260
Ordinary member	R4 092

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

	Meeting fees accrued during the period under review
Remuneration of board members	R1 444 858
Audit committee member´s attendance of sub-committee meetings	R192 912
Independent expert committee member – R N Xaba	R 36 828
TOTAL	**R1 674 598**

Anomalies against the AFS are a consequence of rounding.

Board remuneration

Name of Board/ committee member	Name of committee on which member serves	Number of scheduled meetings	Number of meetings attended	Meeting fees accrued during the period under review
Ms A. D'Alton	Board	4	4	R32 736
	HR Committee	5	5	R40 924
	Special meetings or engagement			R32 736
Mr B. Scott	Board	4	3	R24 552
	Finance, IT & Administration Committee	5	5	R36 828
	Joint Finance and Audit and Risk	1	0	
	Special meeting or engagement			R20 460
Ms G. Conradie	Board	4	2	R16 368
	Executive Committee	9	6	R45 012
	Special meeting or engagement			R24 552

Name of Board/ committee member	Name of committee on which member serves	Number of scheduled meetings	Number of meetings attended	Meeting fees accrued during the period under review
Dr M. Machai	Board	4	4	R32 736
	Executive Committee	9	9	R69 564
	HR Committee	5	5	R40 920
	Special meeting or engagement			R12 276
Mr M. Msiwa	Board (Chairperson)	4	4	R42 080
	Executive Committee (Chairperson)	9	9	R89 420
	Special meeting or engagement			R90 726
Ms M. Naidoo	Board	4	4	R32 736
	Executive Committee	9	8	R61 380
	Finance, IT & Administration Committee	6	4	R36 828
	Joint Finance and Audit and Risk	1	1	R8 184
	HR Committee (Chairperson)	5	5	R52 600
	Special meeting or engagement			R51 108
Ms S. Padayachee	Board	4	4	R32 736
	Finance Committee (Chairperson)	6	6	R57 860
	Joint Finance Audit and Risk	1	1	R8 184
	Executive Committee	9	6	R49 104
	Special meeting or engagement			R51 619
Mr T. Gool	Board	4	3	R24 552
	Finance Committee	6	6	R45 012
	Joint Finance and Audit and Risk	1	1	R8 184
	Special meeting or engagement			R28 644
Ms V. Harrypersadh	Board	4	4	R32 736
	HR Committee	5	5	R40 920
	Special meeting or engagement			R44 373
Mr W. Seya	Board	4	3	R24 552
	Finance, IT & Administration Committee	6	4	R32 736
	Joint Finance and Audit and Risk	1	1	R8 184
	Special meeting or engagement			R60 741
TOTAL				**1 444 858**

Note: The payments indicated above are paid to the member or the nominating organisation. The above schedule of payments excludes the independent members of the audit and risk committee and Rosetta Xaba (R36 828) who was an independent expert committee member. Keneiloe Selamolela independent HR committee member elected not to be remunerated.

Anomolies against the AFS are a consequence of rounding. The remuneration of Board members B. McKay and J. Ramsunder are disclosed under the Audit and Risk Committee Remuneration.

Remuneration of Key Management

As required by Treasury Regulation 28.1.1 issued in terms of the Public Finance Management Act, the remuneration of management during the period of reporting consisted of the following components:

Chief Executive Officer: Sandra Dunn

Designation	2017/2018	2016/2017
Cost of employment	R1 958 000	R1 848 000
Bonuses	R259 000	R267 000
Total	**R2 217 000**	**R2 115 000**

Chief Financial Officer: David Molapo

Designation	2017/2018	2016/2017
Cost of employment	R1 675 000	R1 502 000
Bonuses	R146 000	R8 000
Total	R1 821 000	R1 510 000

Business Address

The Insurance Sector Education and Training Authority is situated at 37 Empire Road, Parktown, Johannesburg. The postal address is PO Box 32035, Braamfontein, 2017.

M.V. Mokgobinyane

Chairperson, INSETA

Sandra Dunn

Chief Executive Officer, INSETA

16. Corporate Governance

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

Parliamentary Portfolio Committees

During the period under review, INSETA was invited to attend a Higher Education and Training Parliamentary Portfolio Committee meeting on its Strategic Plan and Annual Performance Plan on 7 June 2017.

Executive Authority

INSETA submitted both financial and performance reports to the Department of Higher Education and Training (DHET) quarterly in accordance with the PFMA precepts. DHET conducted quarterly verification visits at INSETA. The service-level agreements (SLAs) and budgets were also submitted in accordance with the statutory requirements.

Compliance with Laws and Regulations

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

Minimising Conflict of Interest

INSETA has a number of strategies in place to minimise conflicts of interest in Supply Chain Management (SCM). All practitioners signed the INSETA code of conduct for SCM officials, which provides for disclosures. A record is kept of all disclosures and all bid/tender committees have disclosure processes. There is adequate segregation of duties to avoid potential conflicts of interest in the various SCM and payment roles. INSETA also maintains a gift register where all gifts received by officials are recorded as per the policy.

Code of Conduct

All employees sign a code of conduct/ethical conduct when they commence their employment at INSETA. Suppliers who contract with INSETA have to sign a code of conduct for providers. This raises awareness that a certain standard of behaviour and ethical conduct is required when transacting with INSETA. Where there is a breach of the relevant code, INSETA is entitled to pursue a remedy, either by disciplinary or by other rights granted by the contract.

Fraud and Corruption

There were no reported incidents of fraud and corruption in the period under review.

Health, Safety and Environmental Issues

INSETA has in place mechanisms to address environmental, health and safety issues.

Audit and Risk Committee Report to the INSETA Board for the Year Ended 31 March 2018

INSETA is pleased to present its report for the financial year ended 31 March 2018.

Audit and Risk Committee members and attendance for the year

The INSETA Audit and Risk Committee consists of the members listed below. In accordance with its Charter, the committee is required to meet at least four times a year. For the year under review, meetings, attendance and remuneration (independent members) are as shown in the table below. The remuneration of Board members serving on this committee is disclosed in the report of the Accounting Authority.

Name of board/ committee member	Name of committee on which member serves	Number of scheduled meetings	Number of meetings attended	Meeting fees accrued during the period under review
Mr B. McKay (Board Member)	Board	4	4	R32 736
	Special meetings or engagement			R29 155
	Audit and Risk Committee	6	6	R57 288
	Joint Audit and Finance Committee	1	1	
Dr G. Sandrock[1] Independent	Audit and Risk Committee	6	6	R173 815
	Joint Audit and Finance Committee	1	1	
Ms J. Poggiolini[2] Independent Chairperson	Audit and Risk Committee (Chairperson)	6	6	R151 320
	Joint Finance and Audit and Risk Committee	1	1	
	Board (Ex officio)	4	4	R48 670
Mr J. Ramsunder Board Member	Board	4	4	R32 736
	Special meetings or engagement			R41 431
	Audit and Risk Committee	6	6	R49 104
	Joint Finance and Audit and Risk Committee	1	1	R8 184
Mr N. Mhlongo[3] Independent	Audit and Risk Committee	6	4	R86 400
	Joint Finance and Audit and Risk Committee	1	1	
TOTAL				**710 839**

1. Dr G. Sandrock is remunerated at SAICA rates for the meetings attended.
2. Ms J. Poggiolini is remunerated at SAICA rates for the meetings attended.
3. Mr N. Mhlongo is remunerated at SAICA rates for the meetings attended.

Audit and Risk Committee responsibility

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

The Audit and Risk Committee has adopted appropriate, formal terms of reference as its charter which are reviewed on an annual basis. The Committee has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Controls

The Audit and Risk Committee has reviewed, among others:

- The effectiveness of the INSETA strategic risk management framework;
- The effectiveness of the risk management process and internal control systems;
- The effectiveness of the internal audit function in terms of

its annual work plan, coordination with the external audit function;

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

The INSETA Audit and Risk Committee is of the opinion, based on information supplied, audit findings and discussions with INSETA management, the internal auditor and the independent external auditor, that the system of internal control for the period under review was efficient and effective.

Risk management

Strategic risks have been identified by the Board and have been rated and tolerance levels set. Management identifies operational risks on an ongoing basis. Both strategic and operational risks are regularly reviewed by management and reported to the Board. The risk management framework, along with the implementation plan, fraud prevention plan and combined assurance plan, were reviewed during the year.

A contract with a key service provider ends in July 2018. The most significant risk at INSETA for the period under review was ensuring that an appropriate ICT service provider was appointed, systems implemented, processes revised and people trained. It is anticipated that this will remain a risk during 2019/2020.

Governance

The governance of INSETA is regulated primarily by the PFMA and Treasury Regulations. INSETA also considers codes of best practice when designing its governance and oversight arrangements. A review of the existing arrangements will be undertaken based on the most recent publication of the King Committee's report on corporate governance.

Evaluation of Financial Statements

The Audit and Risk Committee has:

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

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

Internal Audit

The Internal Audit activity is undertaken in terms of its approved Charter. A three-year Internal Audit Plan has been developed based on the key risks facing the organisation. The Audit and Risk Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

The Internal Audit function undertook audits of the discretionary grants and commitments, supply chain management, performance information and a review of the general controls in the ICT environment. The Internal Audit and External Audit functions have cooperated in the performance of the ICT audit.

While no significant findings were identified, there are a number of areas where processes could be improved, particularly in supply chain management. This will be a focus area for 2019/2020.

A number of reports were received during the year on the Whistleblowers hotline. While some of the reports were found to relate to contract management or staff-related issues, four required further investigation. At year end, these investigations still needed to be finalised.

Based on the increased use of the Whistleblowers line, the Committee identified the need to revise the relevant policies in the upcoming financial year.

Auditor-General of South Africa

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

Ms Jeanine Poggiolini

Chairperson of the Audit and Risk Committee

31 July 2018

PART D:

HUMAN RESOURCE MANAGEMENT

17. Introduction

INSETA had a staff complement of 38 permanent employees and 23 non-permanent employees as at 31 March 2018. The collective efforts towards improvement of organisational efficiency enabled INSETA to achieve 100 % of its APP targets in the reported financial year.

Performance targeting

Monthly staff meetings have organisational performance targets as a standing agenda item. Employees are regularly updated on the targets and our organisational performance.

INSETA embarked on an exercise to formalise and update the business process manual which will ultimately lead to automation (paperless) as some of the business processes were manual. Automation will improve performance and the turnaround time to complete the projects. The business process manual is complete and has been signed off by the Board.

Performance Management

At INSETA we believe that good performance should be recognised and rewarded. The budget made provision for the distribution of performance bonuses and performance salary increases to eligible employees to recognise their good performance. INSETA is paying an organisational performance bonus plus an individual performance bonus of 2%.

INSETA appreciates the value added by its employees and assists employees to improve their ability to perform by investing in their training and development. INSETA spent R933 000 on training and development in the 2017/2018 financial year.

Employee wellness

INSETA also recognises that given the pace and pressure of the corporate environment, employees need wellness support to cope. Due to constantly raising awareness, the use of the employee wellness programme increased.

The employee wellness service provider offered free services to all employees and their immediate family members regarding:

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

Management received quarterly employee wellness usage reports to stay abreast of employee issues that need management attention.

Other matters

Two employees retired on 31 March 2018 after long periods of service with INSETA.

There is no turnover to report for the financial period.

17.1. Organisational Structure and Workforce Size

The table below illustrates personnel expenditure (excluding performance awards) for the financial period April 2017 – March 2018. In addition to the R22 374 000 personnel costs for permanent employees, project-related salaries amounted to R5 330 000.

Table: Personnel costs by salary band

Level	Personnel expenditure	% of personnel expenditure to total personnel cost	No of employees	Average personnel cost per employee
Top management	R3 633 000	16%	2	R1 817 000
Senior management	R7 621 000	35%	8	R953 000
Skilled	R8 091 000	36%	16	R506 000
Semi-skilled	R2 764 000	12%	9	R307 000
Unskilled	R265 000	1%	2	R133 000
TOTAL	**R22 374 000**	**100%**	**37**	

17.2. Performance Rewards

The table below illustrates employee performance bonuses for the 2016/2017 financial year that were paid during 2017/2018.

Table: Performance Rewards

Level	Performance rewards	Personnel Expenditure	% of performance rewards to total personnel cost
Top management	R405 110	R3 633 000	11%
Senior management	R586 478	R7 621 000	8%
Skilled	R577 735	R8 091 000	7%
Semi-skilled	R192 224	R2 764 000	7%
Unskilled	R16 950	R265 000	6%
TOTAL	R1 778 399	R22 374 000	8%

The amount of R1 913 000 disclosed in the annual financial statements includes a movement of R135 000 in provisions.

17.3. Recruitment and Talent Management

Employees are always financed with bursaries for studies that are relevant to the core business of INSETA.

Bonginkosi Mthombeni an INSETA employee was awarded a scholarship to study for a global Masters in Business Administration (MBA) at Doshisha University in Kyoto Japan. All costs were sponsored by the Japanese Government and INSETA. Bonginkosi successfully graduated with a global MBA.

17.4. Training Costs

INSETA spent around R933 000 on staff training and development for the financial year. This equates to 4% of personnel expenditure.

Table: Training costs

Directorate/ business unit	Personnel expenditure (R'000) 2017/2018 excl. project salaries and leave pay	Training expenditure (R'000)	Training expenditure as a % of personnel cost	No of employees trained	Average training cost per employee (R'000)
All	R22 374	R 933 000	4%	20 different initiatives/ 47 employees, including interns and fixed-term employees.	R25 000

17.5. Employment and Vacancies

There were two vacancies which were filled internally at INSETA, for a Corporate Governance Specialist and Skills Development Specialist. There was one approved permanent position of Demand Management Specialist vacant during the period. The temporary position of Manager in the Office of the CEO was created to support the CEO's office. The Skills Development Manager was seconded to the position. There was no staff turnover

The table below illustrates the number of occupied posts as at 31 March 2018 and the number of permanent vacancies during the financial year April 2017 – March 2018.

Table: Employment and vacancies

Level	No of employees at 31 March 2017	Approved posts as at 31 March 2018	Approved posts vacant at 31 March 2018	% of vacancies
Top management	2	2	-	-
Senior management	8	8	-	-
Skilled	14	17	1	6%
Semi-skilled	9	9	-	-
Unskilled	2	2	-	-
TOTAL	**35**	**38**	**1**	**3%**

17.6. Employment Changes

Table: Employment Changes

Salary band	Employment at beginning of period 1st April 2017	Appointments	Terminations	Employment at specified period 31st March 2018
Top management	2	-	-	2
Senior management	8	-	-	8
Skilled	14	2	-	16
Semi-skilled	9	-	-	9
Unskilled	2	-	-	2
TOTAL	**35**	**2**	**-**	**37**

17.7. Labour Relations: Misconduct and Disciplinary Actions

There were no disciplinary enquiries during the period. Employees are always reminded of the disciplinary and grievance policy, conflict of interest, code of ethics and business conduct in the monthly staff meetings.

17.8. Employment Equity

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

- Employee bursaries allocation;
- WSP/ATR and submission to ETDP SETA;
- Employment Equity Framework Report.

INSETA employment demographics are reflective of the broader economically active demographics of the country.

The tables below set out the status of employment equity in the organisation.

Table: Equity target and employment equity status: Male

LEVELS	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top management	1	0	0	0	0	0	0	0
Senior management	2	0	1	0	0	0	0	0
Skilled	2	0	0	0	0	0	*2	0
Semi-skilled	1	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	**6**	**0**	**1**	**0**	**0**	**0**	**2**	**0**

Note: *One white male at 'skilled' level is recorded as being disabled.

Table: Equity target and employment equity status: Female

LEVELS	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top management	0	0	1	0	0	0	0	0
Senior management	2	0	2	0	1	0	0	0
Skilled	8	0	1	0	2	0	1	0
Semi-skilled	7	0	1	0	0	0	0	0
Unskilled	2	0	0	0	0	0	0	0
TOTAL	**19**	**0**	**5**	**0**	**3**	**0**	**1**	**0**

Dr Moses Machai

HR Committee Chairperson

STAFF PHOTOS

STAFF


Sandra Dunn


Ella Matshikiza


Tshepo Mabika


Nerissa Sheopershad


David Molapo


Bernadette Pitamber


Errol Hanreck


Norman Maphala


Doctor Khashane


Tefelo Kekana


Vuyokazi Memela


Mamasele Mokoena


Nonhlanhla Nkabinde

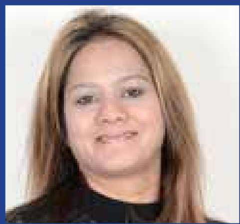

Zodwa Motloung


Bellina Lupuwana


Lebogang Phaleng


Henry Goliath


Neesha Naidoo


Raveena Govender


Lebohang Mabusela


Linda Nxumalo


Allie Sebola


Bonginkosi Nthombeni


Nyiko Maholobela


Ngwako Mpebe

STAFF


Tumi Peele


Nasreen Ravat


Unathi Jakalase


Miranda Mthethwa


Merriam Mashiane


Mathoto Mokasane


Nthabiseng Mazibukho


Zanele Mashiane


Ouma Mmethi


Esethu Roro


Rose Dibakwane


Zibuyile Nkabinde


Nadia Starr

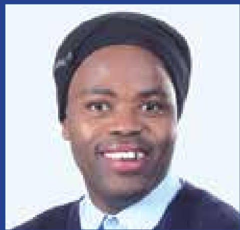

Kgothatso Modise


Phumelele Sithole


Rosa Sephuma


Siphiwe Yende


Akhona Wotshela


Martin Kolele


Athi Nomavila


Katlego Siko


Adeline Singh


Tasmin Davids


Ernest Kaplan


Bongosi Malinga

PART E:

FINANCIAL INFORMATION

Insurance Sector Education and Training Authority
Annual Financial Statements for the year ended 31 March 2018

Insurance Sector Education and Training Authority

(Registration number 13/INSETA/01/04/11)
Annual Financial Statements for the year ended 31 March 2018

Index

The reports and statements set out below comprise the annual financial statements:

DHET	Department of Higher Education and Training
GRAP	Generally Recognised Accounting Practice
INSETA	Insurance Sector Education and Training Authority
NSF	National Skills Fund
SARS	South African Revenue Service
SDL	Skills Development Levy
SETA	Sector Education and Training Authority
PFMA	Public Finance Management Act No. 1 of 1999
QCTO	Quality Council for Trades and Occupations
UIF	Unemployment Insurance Fund

Statement of Responsibility

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

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

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

The external auditors are responsible for expressing an independent opinion on the financial statements of INSETA.

The annual financial statements set out on pages 85 to 130 were approved by the Accounting Authority on 29 May 2018 and were signed on its behalf by:

Board Chairperson	Chief Executive Officer

Auditor's report

Insurance Sector Education and Training Authority (INSETA)

31 July 2018

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the INSETA set out on pages 85 to 130, which comprise, the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Insurance Sector Education and Training Authority as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Skills Development Act of South Africa, 1998 (Act No. 97 of 1998) (SDA)

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.

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

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

Responsibilities of the accounting authority for the financial statements

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

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

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

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on the audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

11. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2018:

Programmes	Pages in the annual performance report
Programme 2– occupationally directed programmes	32 - 36
Programme 3– workplace-based skills development	36 - 40
Programme 5– career and vocational guidance	44 - 45

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and

related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

14. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Programme 2 – occupationally directed programmes
- Programme 3 – workplace-based skills development
- Programme 5 – career and vocational guidance

Other matters

15. I draw attention to the matters below.

Achievement of planned targets

16. Refer to the annual performance report on pages 26 to 45 for information on the achievement of planned targets for the year and explanations provided for the under/ over achievement of a significant number of targets.

Report on the audit of compliance with legislation

Introduction and scope

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

18. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

19. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the chairman's report, the audit committee's report and the chief executive officer's report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.

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

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

22. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.. I have nothing to report in this regard.

Internal control deficiencies

23. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria

31 July 2018

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

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

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

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

Insurance Sector Education and Training Authority

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

Annual Financial Statements for the year ended 31 March 2018

Statement of Financial Position as at 31 March 2018

	Note(s)	2018 R '000	2017 R '000
Assets			
Current Assets			
Consumables		39	71
Operating lease asset		57	-
Receivables from exchange transactions	3	6,846	1,055
Receivables from non-exchange transactions	4	2,531	5,517
Cash and cash equivalents	5	461,585	375,606
		471,058	**382,249**
Non-Current Assets			
Property, plant and equipment	6	1,816	989
Intangible assets	7	288	22
Receivables from exchange transactions	3	1,700	-
		3,804	**1,011**
Total Assets		**474,862**	**383,260**
Liabilities			
Current Liabilities			
Payables from exchange transactions	8	29,541	35,005
Payables from non-exchange transactions	9	25,673	21,550
Provisions	10	4,816	4,643
		60,030	**61,198**
Total Liabilities		**60,030**	**61,198**
Net Assets		**414,832**	**322,062**
Reserves			
Administration reserve		1,943	1,011
Employer grant reserve		130	242
Discretionary reserve		412,759	320,809
Total Net Assets		**414,832**	**322,062**

Insurance Sector Education and Training Authority

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

Annual Financial Statements for the year ended 31 March 2018

Statement of Financial Performance

	Note(s)	2018 R '000	2017 R '000
Revenue			
Revenue from exchange transactions			
Interest income	12	25,826	25,900
Other income from exchange transactions	13	-	34
Total revenue from exchange transactions		**25,826**	**25,934**
Revenue from non-exchange transactions			
Skills Development Levy: Income	14	459,298	431,422
Skills Development Levy: Penalties and Interest		6,465	12,373
Total revenue from non-exchange transactions		**465,763**	**443,795**
Total revenue		**491,589**	**469,729**
Expenditure			
Employer grants and project expenses	15	(339,412)	(409,317)
Administration expenses	16	(59,408)	(55,605)
Total expenditure		**(398,820)**	**(464,922)**
Surplus for the year	11	**92,769**	**4,807**

Insurance Sector Education and Training Authority

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

Annual Financial Statements for the year ended 31 March 2018

Statement of Changes in Net Assets

	Note	Admin-istration reserve R '000	Employer grant reserve R '000	Discret-ionary reserve R '000	Total reserves R '000	Unapprop-riated surplus R '000	Total net assets R '000
Balance at 01 April 2016		**1,453**	**182**	**315,620**	**317,255**	**-**	**317,255**
Changes in net assets							
Surplus for the year		-	-	-	-	4,807	4,807
Allocation of unappropriated surplus	11	544	14,727	10,464	4,807	4,807	-
Excess transferred to discretionary reserve		(986)	(14,667)	15,653	-	-	-
Total changes		(442)	60	5,189	4,807	-	4,807
Balance at 01 April 2017		**1,011**	**242**	**320,809**	**322,062**	**-**	**322,062**
Changes in net assets							
Surplus for the year		-	-	-	-	92,769	92,769
Allocation of unappropriated surplus	11	932	6,787	85,070	92,769	(92,769)	-
Excess transferred to discretionary reserve		-	(6,879)	6,879	-	-	-
Total changes		932	(112)	91,949	92,769	-	92,769
Balance at 31 March 2018		**1,943**	**130**	**412,759**	**414,832**	**-**	**414,832**

Transfer of excess to discretionary reserve

Administration Reserve:
Excess reserves of RNil (2017: R986 000) were transferred to the discretionary reserve. In 2017, the amount retained in the administration reserve equals the carrying amount of property, plant and equipment and intangible assets. The surplus in 2018 is not adequate for the retention of a balance equal to the carrying amount of property, plant and equipment.

Employer grant reserve:
Excess reserves of R6 879 000 (2017: R14 667 000) were transferred to the discretionary reserve. The balance retained in the employer grant reserve is limited to the estimated amount of mandatory grants payable to newly registered employers, who have up to 6 months to submit applications for mandatory grants. Refer also to contingent liabilities note 19.

Insurance Sector Education and Training Authority

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

Annual Financial Statements for the year ended 31 March 2018

Cash Flow Statement

	Note(s)	2018 R '000	2017 R '000
Cash flows from operating activities			
Receipts			
Levies, interest and penalties		468,788	441,389
Interest received		25,874	26,123
Other receipts		-	34
		494,662	467,546
Payments			
Employee-related costs		(25,418)	(22,891)
Employer grants and project expenses		(347,250)	(414,670)
Payments to suppliers		(34,322)	(27,767)
		(406,990)	(465,328)
Net cash flows from operating activities	17	**87,672**	**2,218**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(1,364)	(149)
Purchase of intangible assets	7	(329)	(46)
Net cash flows from investing activities		**(1,693)**	**(195)**
Net increase/(decrease) in cash and cash equivalents		**85,979**	**2,023**
Cash and cash equivalents at the beginning of the year		375,606	373,583
Cash and cash equivalents at the end of the year	5	**461,585**	**375,606**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest income	12,600	-	**12,600**	25,826	**13,226**	28.1
Revenue from non-exchange transactions						
Skills Development Levy: Income	455,000	-	**455,000**	459,298	**4,298**	28.2
Skills Development Levy: Penalties and Interest	-	-	**-**	6,465	**6,465**	28.3
Total revenue from non-exchange transactions	**455,000**	-	**455,000**	**465,763**	**10,763**	
Total revenue	**467,600**	-	**467,600**	**491,589**	**23,989**	
Expenditure						
Employer grants and project expenses	(407,881)	-	**(407, 881)**	(339,412)	**68,469**	28,4
Administration expenses	(59,719)	-	**(59,719)**	(59,408)	**311**	28.5
Total expenditure	**(467,600)**	-	**(467,600)**	**(398,820)**	**68,780**	
Surplus	-	-	-	**92,769**	**92,769**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	**92,769**	**92,769**	

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

INSETA does not budget for a surplus.

Accounting Policies

1. Presentation of Annual Financial Statements

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

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. Amounts are presented in round thousands unless otherwise stated.

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Critical accounting judgements and key sources of estimation uncertainty

In the application of INSETA's accounting policies management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and 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 and in 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.

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

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

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

Useful lives of property, plant and equipment and intangible assets

INSETA reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each annual reporting period. Refer to notes 6 and 7 for the carrying values of property, plant and equipment and intangible assets.

Management determined, consistent with the prior period, that the useful life of assets should not be limited to INSETA's operating licence. Management's determination of useful life also impacts the determination of the residual value of assets. INSETA's operating licence ends on 31 March 2020. The licence period has not been applied in the determination of useful lives as past experience indicates that a further extension can be reasonably expected.

Provisions

Provisions are recognised at the best estimate of cash outflows required to settle the related obligations. Disclosure of the basis of each provision is included in note 10.

Reserves

Amounts retained in the employer grant reserve are based on an estimate of employer grants that may be approved after the reporting date in relation to newly registered companies who have up to 6 months to submit applications for mandatory grants in terms of the Skills Development Act. This estimate is also disclosed as a contingent liability.

1.3 Property, plant and equipment

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

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

Impairment losses are recognised when the carrying amount of property, plant and equipment exceeds its estimated recoverable amount. Such property, plant and equipment is written down immediately to its recoverable amount. Impairment losses are recognised in surplus or deficit.

The estimated useful lives, residual values and depreciation method are reviewed at each reporting date. The effect of any change in these estimates is accounted for prospectively.

Where property, plant and equipment are disposed, the gain or loss on disposal is determined as the difference between disposal proceeds and the carrying amount on date of disposal. Gains or losses on disposal are recognised in surplus or deficit.

Costs associated with the repair and maintenance of property, plant and equipment are recognised in surplus or deficit in the period in which they are incurred.

Accounting Policies

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

Item	Depreciation method	Average useful life
Office furniture	Straight line	10 years
Office equipment	Straight line	5 years
Computer equipment	Straight line	3 years
Other fixtures	Straight line	Lease term of premises

1.4 Intangible assets

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

Intangible assets are amortised on the straight line basis over their expected useful lives to their estimated residual value.

Impairment losses are recognised when the carrying amount of an intangible asset exceeds its estimated recoverable amount.

Such intangible asset is written down immediately to its recoverable amount. Impairment losses are recognised in surplus or deficit.

The amortisation period and amortisation method are reviewed at each reporting date. The effect of any change in these estimates is accounted for prospectively.

Where intangible assets are disposed, the gain or loss on disposal is determined as the difference between disposal proceeds and the carrying amount on date of disposal. Gains or losses on disposal are recognised in surplus or deficit.

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

Item	Depreciation method	Average useful life
Licenses	Straight line	2 years

1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:

  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

1.5 Financial instruments (continued)

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

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

Classification

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

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions (excluding employee advances and prepayments)	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions (excluding accrual for leave pay)	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost

Initial recognition

INSETA recognises a financial asset or a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

INSETA measures financial assets and financial liabilities initially at fair value net of transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

Financial instruments categorised as financial instruments at amortised cost are measured at amortised cost using the effective interest rate method less any impairment losses.

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

1.5 Financial instruments (continued)

financial asset, or, where appropriate, a shorter period.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Impairment and uncollectibility of financial assets

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

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

Presentation

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

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

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

1.6 Taxation

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

1962 (Act 58 of 1962).

1.7 Leases

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease asset or liability.

Accounting Policies

1.7 Leases (continued)

When an operating lease is terminated before the lease period has expired, any payment made to the lessor as a penalty is recognised as an expense in the period in which termination occurs.

1.8 Consumables

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

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

1.9 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

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

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

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

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

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets' remaining service potential.

Reversal of an impairment loss

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

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased

Accounting Policies

1.9 Impairment of non-cash-generating assets (continued)

to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset

is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.10 Reserves

Net assets are classified based on the restrictions placed on the distribution of monies received in accordance with the

Regulations issued in terms of the Skills Development Act, 1998 (Act 97 of 1998) as amended as follows:

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

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

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

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

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

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

Accounting Policies

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered.

At the reporting date, a liability is recognised for compensated absences such as annual leave not yet utilised by employees. INSETA recognises this obligation based on the best available estimate of accumulated leave days expected to vest and on remuneration rates of the respective employees.

Defined contribution plans

Payments to defined contribution plans are recognised as an expense as they fall due. A liability is recognised for unpaid contributions at the end of the reporting period.

Termination benefits

Termination benefits are recognised when they accrue to employees.

1.12 Provisions and contingencies

Provisions are recognised when:

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

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

1.13 Commitments

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

Unrecognised contractual commitments are disclosed in the notes to the annual financial statements. Refer to note 18.

1.14 Revenue from exchange transactions

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

Accounting Policies

1.14 Revenue from exchange transactions (continued)

the corresponding revenue are measured at fair value on initial recognition.

Interest income

Interest income is recognised in surplus or deficit using the effective interest rate method. Interest is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

1.15 Revenue from non-exchange transactions

In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

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

Non-exchange revenue transactions include the receipt of levy income from the Department of Higher Education and Training.

Skills Development Levy: Income

The accounting policy for the recognition and measurement of skills development levy income is based on the Skills

Development Act, Act No 97 of 1998, as amended and the Skills Development Levies Act, Act No 9 of 1999, as amended.

In terms of section 3(1) and 3(4) of the Skills Development Levies Act (the Levies Act), 1999 (Act No. 9 of 1999) as amended, registered member companies of the INSETA pay a skills development levy of 1% of their total payroll cost to the South African Revenue Services (SARS), who collects the levies on behalf of the Department of Higher Education and Training (DHET). Companies with an annual payroll cost below R500 000 are exempted in accordance with section 4(b) of the Levies Act as amended, effective 1 August 2005.

80% of Skills Development Levies are paid over to INSETA from SARS through DHET (net of the 20% contribution to the National Skills Fund (NSF)). Revenue is adjusted for transfers of employers between SETAs. Such adjustments are separately disclosed as inter-seta transfers. The amount of the inter-seta adjustment is calculated according to the most recent Standard Operating Procedure issued by DHET.

Skills Development Levy (SDL) transfers are recognised on an accrual basis when it is probable that future economic benefits or service potential will flow to INSETA and these benefits can be measured reliably. This occurs when DHET makes an allocation to INSETA, as required

1.15 Revenue from non-exchange transactions (continued)

by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended.

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

Skills Development Levy: Penalties and Interest

Interest and penalties are levied by SARS in terms of the Skills Development Levies Act (the Levies Act), 1999 (Act No. 9 of

1999) as amended. Penalties and interest are recognised as revenue when an allocation is made by the South African Revenue Services.

1.16 Employer grants and project expenses

A registered employer may recover a maximum of 20% of its total levy payment as a mandatory employer grant (excluding interest and penalties) by complying with the criteria in accordance with the Skills Development Act, 1998, as amended and the SETA Grant Regulations regarding monies received and related matters (the SETA Grant Regulations).

Employer grants (Mandatory grants)

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

Discretionary grants and project expenses

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

Project expenses comprise;

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

Accounting Policies

1.16 Employer grants and project expenses (continued)

Costs are allocated using methods that are systematic and rational and are applied consistently to all costs of a similar nature.

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

Revenue adjustments by SARS

INSETA refunds amounts to employers in the form of grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected this may result in grants that have been paid to affected employers being in excess of the amount INSETA would have granted to those employers had all information been available at the time of paying those grants. A receivable relating to overpayments made in earlier periods is recognised at the amount of the grant over payment, net of bad debts and allowance for irrecoverable amounts.

1.17 Comparative figures

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

1.18 Fruitless and wasteful expenditure

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

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

1.19 Irregular expenditure

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

(a) the PFMA as amended;

(b) the Skills Development Act (the Act), 1998 (Act No. 97 of 1998) as amended

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

Accounting Policies

1.20 Segment information

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by INSETA. The major classifications of activities identified in budget documentation would usually reflect the segments for which INSETA reports information to management.

Segment information is either presented based on service or geographical segments.

Service segments relate to a distinguishable component of INSETA that provides specific outputs or achieves particular operating objectives that are in line with INSETA's overall mission. INSETA's service segments are mandatory, discretionary and administration activities. These segments are based on the Skills Development Levies Act, 1999 and the SETA Grant Regulations.

1.21 Budget information

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

The approved budget covers the fiscal period from 01/04/2017 to 31/03/2018.

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

1.22 Related parties

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

Transactions with related parties are disclosed in the notes to the annual financial statements. Refer to note 20.

Accounting Policies

1.23 Events after reporting date

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

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date);

  and

- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

Standard/ Interpretation:	Effective date:	Expected impact:
• GRAP 20: Related parties	1 April 2019	The standard prescribes the disclosure of information relevant to draw attention to the possibility that the entity's financial statements may have been affected by the existence of related parties. The adoption of this standard is not expected to impact on the results of INSETA but may result in more disclosure than is currently provided in the annual financial statements.
• GRAP 108: Statutory Receivables	1 April 2019	The standard prescribes the accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. It is not expected that this standard will significantly impact the recognition, measurement and disclosures of these receivables.
• GRAP 109: Accounting by Principals and Agents	1 April 2019	The standard outlines the principles for an entity to determine whether it is party to a principal-agent arrangement and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. This standard may result in more disclosure than is currently provided in the annual financial statements.

Notes to the Annual Financial Statements

		2018 R '000	2017 R '000
3. Receivables from exchange transactions			
Current Assets			
Deposits		720	564
Discretionary receivables	3.1	5,677	64
Employee advances	3.2	212	1
Fruitless and wasteful expenditure receivables		1	-
Interest receivable		121	169
Prepayments		115	257
		6,846	**1,055**
Non-current Assets			
Discretionary receivables		1,700	-
		1,700	**-**

3.1 Discretionary receivables

	2018 R '000	2017 R '000
Current assets		
Current portion of discretionary receivables - gross	6,787	1,174
Allowance for impairment	(1,110)	(1,110)
	5,677	**64**

R6 787 000 (2017: R1 174 000) recognised as discretionary receivables relates to refunds owed by levy-paying employers for expenditure incurred by INSETA on discretionary projects. The amount of R1 110 000 (2017: R1 110 000) provided for as an allowance for impairment relates to the previous year's discretionary receivables. No allowance has been provided for discretionary receivables recognised for the first time during the 2017/2018 year as they are considered to be fully recoverable. Subsequent to year end, the employer has paid instalments in line with the settlement aggreement.

Notes to the Annual Financial Statements

		2018 R '000	2017 R '000

3.2 Employee advances

Employee advances		212	1

The increase in employee advances was due to a payroll-related transaction whereby funds were transferred to the payroll account and subsequently refunded.

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

The carrying amount approximates the fair value for each class of receivables.

4. Receivables from non-exchange transactions

Employer receivables	4.1	2,442	5,469
Inter-seta receivables		89	48
		2,531	**5,517**

4.1 Employer receivables

Overpayments to employers	2,579	5,603
Allowance for impairment	(137)	(134)
	2,442	**5,469**

R2 579 000 (2017: R5 603 000) was recognised as a receivable relating to grant overpayments to levy-paying employers in prior periods as a result of levy income reversals done by SARS after grants had been paid. An amount of R137 000 (2017: R134 000) was provided for as doubtful debt.

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3	-
Bank balances	59,431	26,348
Short-term deposits	402,151	349,258
	461,585	**375,606**

	2018 R '000	2017 R '000

5. Cash and cash equivalents (continued)

As required in terms Treasury Regulation 31.2, all bank accounts were approved by National Treasury. The weighted average interest rate on short-term bank deposits was 7.08% (2017: 6.75%). Surplus funds were invested in line with the SETA's investment policy as required by National Treasury Regulation 31.3.5 and all funds were invested with the Corporation for Public Deposits (CPD).

6. Property, plant and equipment

	2018			2017		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Office furniture	1,463	(1,191)	272	1,463	(1,138)	325
Office equipment	331	(221)	110	253	(177)	76
Computer equipment	2,335	(1,078)	1,257	1,067	(744)	323
Other fixtures	1,933	(1,756)	177	1,933	(1,668)	265
	6,062	**(4,246)**	**1,816**	**4,716**	**(3,727)**	**989**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Total
Office furniture	325	-	(53)	272
Office equipment	76	78	(44)	110
Computer equipment	323	1,286	(352)	1,257
Other fixtures	265	-	(88)	177
	989	**1,364**	**(537)**	**1,816**

	2018 R '000	2017 R '000

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Write-off	Transfers	Depreciation	Total
Office furniture	443	4	(23)	3	(102)	325
Office equipment	124	14	(7)	(18)	(37)	76
Computer equipment	334	131	(15)	15	(142)	323
Other fixtures	529	-	-	-	(264)	265
	1,430	**149**	**(45)**	**-**	**(545)**	**989**

7. Intangible assets

	2018			2017		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Licenses	**455**	**(167)**	**288**	**109**	**(87)**	**22**

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
Licenses	22	329	(63)	288

Notes to the Annual Financial Statements

	2018 R '000	2017 R '000

7. Intangible assets (continued)

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Write-off	Amortisation	Total
Licences	23	46	(2)	(45)	22

8. Payables from exchange transactions

	2018 R '000	2017 R '000
Accrued administration expenses and creditors	4,768	5,101
Accrued leave pay	1,527	1,178
Accrued project expenses and creditors	23,246	27,830
Trade creditors	-	896
	29,541	**35,005**

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

9. Payables from non-exchange transactions

	2018 R '000	2017 R '000
Skills development grants payable	25,673	21,550

Notes to the Annual Financial Statements

	2018 R '000	2017 R '000

10. Provisions

Reconciliation of provisions - 2018

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Bonus provision	1,892	2,026	(1,892)	-	2,026
Provision for levies received from exempt employers	2,751	121	-	(82)	2,790
	4,643	**2,147**	**(1,892)**	**(82)**	**4,816**

Reconciliation of provisions - 2017

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in provision	Total
Bonus provision	1,531	1,892	(2,219)	-	688	1,892
Provision for levies received from exempt employers	2,541	629	-	(451)	32	2,751
	4,072	**2,521**	**(2,219)**	**(451)**	**720**	**4,643**

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

An amount of R2 790 000 (2017: R2 751 000) relates to levies received from employers exempt from contributing SDL in terms of legislation changes which came into effect from 1 August 2005. As SARS collects the levies on behalf of DHET, the responsibility to refund the levies to the levy-paying employers remains with SARS.

Notes to the Annual Financial Statements

	2018 R '000	2017 R '000

10. Provisions (continued)

In terms of Skills Development circular No. 09/2013, issued by DHET on 25 August 2013, SETAs are able to utilise exempted amounts contributed after the expiry date of five years as stipulated in terms of section 190 (4) of the Tax Administration Act. R82 000 (2017: R451 000) has been transferred to discretionary funds in line with the aforementioned circular.

11. Surplus

Allocation of surplus to reserves - 2018	Administration reserve R'000	Employer grant reserve R'000	Discretionary reserve R'000	Total
Skills Development Levy: Administration income	60,340	-	-	60,340
Skills Development Levy: Mandatory grant income	-	110,567	-	110,567
Skills Development Levy: Discretionary grants income	-	-	288,391	288,391
Skills Development Levy: Penalties and interest	-	-	6,465	6,465
Interest income	-	-	25,826	25,826
Subtotal	60,340	110,567	320,682	491,589
Administration expenses	(59,408)	-	-	(59,408)
Employer grants	-	(103,800)	-	(103,800)
Project expenses	-	-	(235,612)	(235,612)
	932	**6,767**	**85,070**	**92,769**

Notes to the Annual Financial Statements

	2018 R '000	2017 R '000

11. Surplus (continued)

Allocation of surplus to reserves - 2017	Administration reserve R'000	Employer grant reserve R'000	Discretionary reserve R'000	Total
Skills Development Levy: Administration income	56,149	-	-	56,149
Skills Development Levy: Mandatory grant income	-	109,491	-	109,491
Skills Development Levy: Discretionary grants income	-	-	265,782	265,782
Skills Development Levy: Penalties and interest	-	-	12,373	12,373
Interest income	-	-	25,900	25,900
Other income	-	-	34	34
	56,149	109,491	-	469,729
Administration expenses	(55,605)	-	-	(55,605)
Employer grants	-	(94,764)	-	(94,764)
Project expenses	-	-	(314,553)	(314,553)
	544	14,727	(10,464)	4,807

12. Interest income

	2018 R '000	2017 R '000
Short-term deposits	25,670	25,900
Interest received - rental deposit	156	-
	25,826	**25,900**

13. Other income from exchange transactions

	2018 R '000	2017 R '000
Mandatory grant received	-	34

14. Skills Development Levy: Income

	2018 R '000	2017 R '000
Administration levy income	60,340	56,149
Discretionary grants income	288,391	265,782
Mandatory grants income	110,567	109,491
	459,298	431,422

Notes to the Annual Financial Statements

		2018 R '000	2017 R '000

15. Employer grants and project expenses

Employer grants		103,800	94,764
Project expenses	15.1	235,612	314,553
		339,412	**409,317**

15.1 Project expenses

Direct project expenses	230,141	311,513
Project administration expenses	12,771	3,040
Expense recovery	(7,300)	-
	235,612	**314,553**

The expense recovery relates to a settlement from an employer in breach of a discretionary project contract. An amount of R7 495 000 was disclosed as a contingent asset in this regard in previous years.

Notes to the Annual Financial Statements

16. Administration expenses

	Note	2018 R '000	2017 R '000
Advertising, marketing and communications		1,619	955
Allowance for impairment of receivables		1	6
Audit committee remuneration		517	481
Auditors' remuneration		2,115	2,545
Board and other sub-committees' remuneration		1,677	1,366
Consulting and professional fees		13,492	13,155
Depreciation and amortisation		600	590
Employee-related costs	16.1	25,832	23,731
Entertainment		283	274
Gifts		2	-
Governance-related costs		654	968
Professional indemnity insurance		22	70
Internal audit fees		1,224	571
Legal fees		144	92
Loss on disposal of property, plant and equipment		-	47
Operating lease rentals		3,829	3,852
Other expenses		844	723
Postage and courier		161	71
Printing and stationery		292	413
Quality Council for Trades and Occupations		2,422	2,107
Recruitment fees		81	16
Repairs and maintenance		776	682
Telephones		575	363
Training and development		933	991
Travel and subsistence		1,313	1,536
		59,408	**55,605**

Notes to the Annual Financial Statements

	2018 R '000	2017 R '000

16.1 Employee-related costs

	2018 R '000	2017 R '000
Basic salaries	22,374	19,938
Employee wellness	168	80
Leave pay	438	608
Performance awards	1,913	2,579
SDL	266	281
Temporary Staff	602	149
UIF	71	96
	25,832	**23,731**

Refer to note 20 for board and key management remuneration.

17. Cash (used in) generated from operations

	2018 R '000	2017 R '000
Surplus	92,769	4,807
Adjustments for:		
Depreciation and amortisation	600	590
Movements in operating lease assets and accruals	(57)	-
Movements in provisions	173	571
Loss on disposal of property, plant and equipment	-	47
Changes in working capital:		
Consumables	32	(32)
Receivables from exchange transactions	(7,491)	1,058
Receivables from non-exchange transactions	2,986	(3,464)
Payables from exchange transactions	(5,463)	13,052
Payables from non-exchange transactions	4,123	(14,411)
	87,672	**2,218**

Notes to the Annual Financial Statements

	2018 R '000	2017 R '000

18. Commitments

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	4,315	3,776
- in second to fifth year inclusive	4,475	-
	8,790	**3,776**

Operating lease payments relate to buildings used for office space, leases in relation to office equipment and office plants. The average term of the leases is 2 years. No contingent rent is payable.

Discretionary projects

Of the balance of R412 759 000 (2017: R320 809 000) available in the Discretionary reserve at the end of March 2018, R178 436 000 (2017: R217 908 000) has been committed in future contracts. A request for the accumulation of these funds has been submitted to National Treasury through the Department of Higher Education and Training. At the time of compiling the financial statements, no reply had been received.

Please refer to Annexure A for the detailed commitments schedule

Notes to the Annual Financial Statements

	2018 R '000	2017 R '000

19. Contingencies

Contingent liabilities

Surplus funds

In terms of section 53(3) of the PFMA, public entities listed in Schedule 3A and 3C to the PFMA may not retain surpluses that were realised in the previous financial year without obtaining the prior written approval of National Treasury. In May 2017 National Treasury Issued Instruction No.6 of 2017/2018 which provides guidance on the determination of surpluses.

	2018	2017
Cash and cash equivalents at the end of the year	461,585	375,606
Add: Receivables	11,077	6,572
Less: Current liabilities	(60,030)	(61,198)
Less: Operating lease commitments	(8,790)	(3,776)
Less: Discretionary projects commitments	(178,436)	(217,908)
Surplus	**225,406**	**99,296**

Uncommitted surpluses

On 1 November 2017 the Labour Appeal Court set aside Regulation 3(12) of the SETA Grant Regulations. In terms of Regulation 3(12), at the end of each financial year it was expected that the SETA must have spent or committed (through actual contractual obligations) at least 95% of discretionary funds available to it and retain a maximum of 5% of uncommitted funds; the remaining (uncommitted) surplus of discretionary funds must be paid by 1 October of each year to the National Skills Fund.

In essence, Regulation 3(12) no longer applies to SETAs and the National Skills Fund (NSF). There is no contingent liability for uncommitted surpluses.

On 30 November 2017, DHET issued Skills Development Circular No. 15/2017 which requires SETAs to continue to apply for the retention of surpluses in terms of section 53(3) of the PFMA and should observe National Treasury Instruction No. 6 of 2017/18.

Notes to the Annual Financial Statements

	2018 R '000	2017 R '000

19. Contingencies (continued)

First-time employer registrations

The Skills Development Act allows an employer registering for the first time, 6 months to submit an application for a mandatory grant. At the reporting date it is estimated that, as a result, additional mandatory grant expenditure of R130 000 (2017: R242 000) will be payable. The amount is contingent on the number of submissions received and approved.

Litigation

A company that responded to an advert for the provision of secretariat services to the INSETA board to the value of R2 363 000 instituted claims against INSETA after they were not selected for the provision of those services. At the reporting date, the matter was being addressed by legal representatives and was not finalised.

Contingent assets

1. A service provider was contracted to provide work experience for 45 unemployed learners on a learnership. After commencing the programme, the service provider prevented the learners from completing the workplace component of the learnership. INSETA has pursued a civil claim for an amount of R950 000. At the reporting date, the matter was being addressed by legal representatives and was not finalised.

2. Two service providers were paid a total of R208 800 to provide learnerships but did not utilise the funds for learnerships as contractually agreed. Legal claims were instituted by INSETA. At the reporting date, both claims were being addressed by legal representatives and were not finalised.

Notes to the Annual Financial Statements

	2018 R '000	2017 R '000

20. Related parties

Relationships

Controlling entity	Department of Higher Education and Training
Entities under common control	By virtue of INSETA being a National Public Entity controlled by the DHET, it is considered to be related to other SETAs, QCTO and NSF. Transactions incurred between INSETA and entities under common control were consistent with normal operating relationships between the entities and were 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 INSETA and entities under common control of the DHET, these amounts are disclosed below.
Members of key management (executive)	Dunn S. (CEO) Molapo D. (CFO)

Related party balances

Inter-seta receivables	2018 R '000	2017 R '000
W & R SETA	-	48
Fasset	89	-

Inter-seta payables	2018 R '000	2017 R '000
Other	189	-

Related party transactions	2018 R '000	2017 R '000
Fasset	6	2
W & R SETA	48	(48)
Other	-	35
QCTO	2,422	2,107
DHET	465,793	443,795

Notes to the Annual Financial Statements

	2018 R '000	2017 R '000

20. Related parties (continued)

Remuneration of Board members

	106	93
D'Alton A	82	93
Scott B	86	62
Conradie G	155	120
Machai M	222	179
Msiwa M (Chairperson)	243	224
Naidoo M	200	182
Padayachee S	106	93
Gool T	118	93
Harrypersadh V	126	108
Seya W	**1,444**	**1,247**

The above represents amounts paid or accrued to board members for all committees in which they sit. Audit committee and other non-board members' remuneration are excluded.

Remuneration of key management

2018	**Basic salary**	**Bonuses and performance related payments**	**Total**
Dunn S	1,958	259	2,217
Molapo D	1,675	146	1,821
	3,633	**405**	**4,038**

	2018 R '000	2017 R '000

20. Related parties (continued)

2017

Dunn S	1,848	267	2,115
Molapo D	1,502	8	1,510
	3,350	**275**	**3,625**

21. Comparative figures

Service provider fees disclosed separately within the note on payables from exchange transactions in the 2017 annual financial statements were reclassified and have been disclosed as part of accrued administration expenses. The outstanding fees are part of administration liabilities and were aggregated for fairer presentation. Refer to note 8.

The effects of the reclassification are as follows:

	2018 R '000	2017 R '000
Service provider fees outstanding	-	2,762
Accrued administration expenses	-	(2,762)
	-	**-**

22. Risk management

Liquidity risk

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

INSETA manages liquidity risk through ongoing review of future commitments, capital expenditure, expenditure against budgets and forecasts, maintenance of reserves, and through its cash management policy which requires the maintenance of adequate cash and cash equivalents to meet obligations.

	2018 R '000	2017 R '000

22. Risk management (continued)

2018	Carrying amount	Contractual cashflows	6 months or less	6-12 months	More than 2 years
Payables from exchange transactions	(27,559)	(27,559)	(27,559)	-	-

22. Risk management (continued) Interest rate risk

2017	Carrying amount	Contractual cashflows	6 months or less	6-12 months	More than 2 years
Payables from exchange transactions	(33,827)	(33,827)	(33,827)	-	-

Credit risk

Financial assets, which potentially expose INSETA to the risk of non performance by counter parties, i.e credit risk, consist mainly of cash and cash equivalents deposited with financial institutions and receivables from exchange and non-exchange transactions.

INSETA's credit risk is limited by investing funds only with the Corporation for Public Deposits as approved by National Treasury in terms of Treasury Regulation (TR 28). INSETA's exposure is continuously monitored by the executive committee.

Credit risk with respect to levy-paying employers is limited due to the nature of the income received. INSETA does not have any material exposure to any individual or counter-party. INSETA's concentration of credit risk is limited to the industry in which it operates. No events occurred in the industry during the year under review which may have a significant impact on accounts receivable that have not been provided for. Receivables are presented net of allowance for doubtful debt.

	2018 R '000	2017 R '000

22. Risk management (continued)

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

2018

Ageing of receivables from exchange and non-exchange transactions:

	Gross	Impairment	Net
Not past due	10,838	(137)	10,701
Past due	1,159	(1,110)	49
	11,997	**(1,247)**	**10,750**

2017

Ageing of receivables from exchange and non-exchange transactions:

	Gross	Impairment	Net
Not past due	6,459	(134)	6,325

Market risk

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

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

22. Risk management (continued)

Interest Rate risk

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

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

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

2018	Floating rate R'000	Non-interest bearing R'000	Total R'000
Cash and cash equivalents	461,582	3	461,585
Receivables from exchange and non-exchange transactions	8,141	2,609	10,750
Payables from exchange and non-exchange transactions	(4,313)	(23,246)	(27,559)
	465,410	**(20,634)**	**444,776**

2017	Floating rate R'000	Non-interest bearing R'000	Total R'000
Cash and cash equivalents	375,606	-	375,606
Receivables from exchange and non-exchange transactions	-	6,459	6,459
Payables from exchange and non-exchange transactions	-	(34,675)	(34,675)
	375,606	**(28,216)**	**347,390**

	2018 R '000	2017 R '000

22. Risk management (continued)

Fair value interest rate risk

INSETA's financial instruments consist mainly of cash and cash equivalents, receivables from exchange and non-exchange transactions and payables from exchange and non-exchange transactions. No financial instruments were carried at an amount in excess of their fair values.

The carrying amount of each class of financial instruments approximates their fair value due to the relatively short-term maturity of these financial instruments.

23. Going concern

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

The Minister of Higher Education and Training extended the tenure for the Accounting Authorities for all Sector Education and Training Authorities up until 31 March 2020 in line with the extension of the National Skills Development Strategy III. Based on the cash reserves available as at 31 March 2018, and the ongoing receipt of monthly levies, there are no known instances that cast doubt on INSETA's ability to continue as a going concern.

24. Events after the reporting date

Management is not aware of any significant events after the reporting date which require disclosure in the financial statements.

25. Fruitless and wasteful expenditure

	2018	2017
Opening balance	-	1
Add: Fruitless and wasteful expenditure incurred in the current year	2	-
Less: Amounts recoverable and recognised as receivables	(1)	(1)

Fruitless and wasteful expenditure of R1 500 incurred in the current year relates to advertisments which were subsequently cancelled. Of this total, R750 is recoverable from employees and has been recognised as receivables. At the reporting date, an enquiry to determine the parties liable for the additional R750 had not been completed.

Fruitless and wasteful expenditure disclosed in the prior year was due to interest levied on late payment of accounts during 2015/2016.

Notes to the Annual Financial Statements

	2018 R '000	2017 R '000

26. Irregular expenditure

	2018 R '000	2017 R '000
Opening balance	-	3
Add: Irregular Expenditure - current year	1,839	-
Less: Amounts recovered	(1,500)	(3)
	339	**-**

26. Irregular expenditure (continued)

Details of irregular expenditure – current year

	Status	
Payment made to incorrect company	Expenditure recovered	1,500
Payment made for services outside the scope of a contract	INSETA will institute an enquiry to establish an official or officials who are liable. As at year end the enquiry had not been started.	339
		1,839

Irregular expenditure disclosed in the prior year was due to non-compliance with cost containment measures in terms of National Treasury Instruction 01 of 20 13/2014 and was incurred in 2015/2016.

27. Other losses

In the previous years INSETA disclosed a contingent asset of R7 495 000 in respect of an employer who breached a contract. During the year under review, a settlement of R7 300 000 was agreed with the responsible service provider. With this settlement, INSETA realised a loss of R195 000.

	2018 R '000	2017 R '000

28. Budget differences

Differences between budget and actual amounts

The excess of actual revenue or expenditure over the final budget are considered material if they are above 10%.

28.1 Interest income

Interest income was 105% higher than budget. This was due to project spending being less than budget and the fluctuation of interest rates.

28.2 Skills Development Levy: Income

Skills Development levy income was 0.94% higher than budget. The variance is not considered material and is attributed to marginally higher salaries in the industry than anticipated.

28.3 Skills Development Levy: Penalties and interest

Receipt of penalties and interest was not budgeted for as there are no identifiable past trends to reliably estimate revenue from penalties and interest.

28.4 Employer grants and project expenses

Employer grants and project expenses were 17% lower than budget due to expenditure on some discretionary projects not occurring as anticipated at the time of budget preparation.

28.5 Administration expenses

Administration expenses were 0.52% lower than budget. The variance is not considered material. Administrative expenditure including QCTO is limited to 10.5% of skills development levy income. The legislated limit has not been exceeded.

29. Segment information

General information

Identification of segments

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

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

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

29. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2018	Administration R '000	Mandatory R '000	Discretionary R '000	Total R '000
Revenue				
Revenue from exchange transactions	-	-	25,826	25,826
Interest income				
Revenue from non-exchange transactions				
Skills Development Levy: Income	60,340	110,567	288,391	459,298
Skills Development Levy: Penalties and interest	-	-	6,465	6,465
Total segment revenue	**60,340**	**110,567**	**320,682**	**491,589**
Entity's revenue				**491,589**
Expenditure				
Administration expenses	59,408	-	-	59,408
Employer grants and project expenses	-	103,800	235,612	339,412
Total segment expenditure	**59,408**	**103,800**	**235,612**	**398,820**
Total segmental surplus				**92,769**

	2018 R '000	2017 R '000

29. Segment information (continued)

	Administration R '000	Mandatory R '000	Discretionary R '000	Total R '000
Assets				
Non-current assets	2,104	-	1,700	3,804
Consumables	39	-	-	39
Operating lease asset	57	-	-	57
Receivables from exchange transactions	933	-	5,913	6,846
Receivables from non-exchange transactions	-	2,531	-	2,531
Cash and cash equivalents	7,131	26,062	428,392	461,585
Total segment assets	**10,264**	**28,593**	**436,005**	**474,862**
Total assets as per Statement of Financial Position				**474,862**
Liabilities				
Payables from exchange transactions	6,295	-	23,246	29,541
Payables from non-exchange transactions	-	25,673	-	25,673
Provisions	2,026	2,790	-	4,816
Total segment liabilities	**8,321**	**28,463**	**23,246**	**60,030**
Total liabilities as per Statement of Financial Position				**60,030**

	2018 R '000	2017 R '000

29. Segment information (continued)

2017	Administration R '000	Mandatory R '000	Discretionary R '000	Total R '000
Revenue				
Revenue from exchange transactions				
Interest income	-	-	25,900	25,900
Other income from exchange transactions	-	-	34	34
Revenue from non-exchange transactions				
Skills Development Levy: Income	56,149	109,491	265,782	431,422
Skills Development Levy: Penalties and interest	-	-	12,373	12,373
Total segment revenue	**56,149**	**109,491**	**304,089**	**469,729**
Entity's revenue				**469,729**
Expenditure				
Administration expenses	55,605	-	-	55,605
Employer grants and project expenses	-	94,764	314,553	409,317
Total segment expenditure	**55,605**	**94,764**	**314,553**	**464,922**
Total segmental surplus				**4,807**

29. Segment information (continued)

	Administration R '000	Mandatory R '000	Discretionary R '000	Total R '000
Assets				
Non-current assets	1,011	-	-	1,011
Consumables	71	-	-	71
Receivables from exchange transactions	822	-	233	1,055
Receivables from non-exchange transactions	-	5,517	-	5,517
Cash and cash equivalents	8,527	17,372	349,707	375,606
Total segment assets	**10,431**	**22,889**	**349,940**	**383,260**
Total assets as per Statement of Financial Position				**383,260**
Liabilities				
Payables from exchange transactions	7,175	-	27,830	35,005
Payables from non-exchange transactions	-	21,550	-	21,550
Provisions	2,245	1,097	1,301	4,643
Total segment liabilities	**9,420**	**22,647**	**29,131**	**61,198**
Total liabilities as per Statement of Financial Position				**61,198**
Payables from non-exchange transactions	-	21,550	-	21,550
Provisions	2,245	1,097	1,301	4,643
Total segment liabilities	**9,420**	**22,647**	**29,131**	**61,198**
Total liabilities as per Statement of Financial Position				**61,198**

Insurance Sector Education and Training Authority

(Registration number 13/INSETA/01/04/11)
Annual Financial Statements for the year ended 31 March 2018

Annexure A

Commitments

Project #	31 March 2017	New Contracts	Movements	Payments	31 March 2018
Project 101	25,462,300.00	37,775,000.00	- 2,820,000.00	- 32,813,084.86	27,604,215.14
Project 102	-	4,845,788.60	- 159,100.00	- 2,651,476.29	2,035,212.31
Project 106	-	26,416,408.19	- 77,130.00	- 6,580,733.31	19,758,544.88
Project 114	-	14,028,000.00	-	-	14,028,000.00
Project 33	-	6,220.00	- 3,110.00	- 3,110.00	-
Project 34	75,700.00	-	-	-	75,700.00
Project 41	3,969,000.00	-	- 151,731.70	- 3,722,768.30	94,500.00
Project 5 Y15	2,063,600.00	-	- 708,061.72	- 642,600.00	712,938.28
Project 56	18,810.00	-	26,710.20	- 26,710.20	18,810.00
Project 57	665,293.80	921,199.25	-	- 754,538.58	831,954.47
Project 58	7,120,840.23	-	- 1,655,376.42	- 5,465,463.81	-
Project 59	325,000.00	-	-	- 325,000.00	-
Project 5Y16	19,008,002.00	1,456,000.00	- 5,624,182.00	- 12,942,820.00	1,897,000.00
Project 7 Y15	-		-	-	-
Project 7 Y16	5,215,350.00	-	- 1,618,744.00	- 1,608,505.84	1,988,100.16
Project 73	2,693,294.93	-	- 9,823.18	- 756,028.45	1,927,443.30
Project 75	16,863,371.01	-	- 2,388,456.67	- 13,854,390.46	620,523.88
Project 75.01	1,149,187.20	-	- 639,655.08	- 416,442.12	93,090.00
Project 76	74,548,800.00	300,000.00	- 1,378,000.00	- 56,180,000.00	17,290,800.00
Project 76.03	726,635.25	-	-	- 726,635.25	-
Project 77	3,612,754.10	-	- 332,880.00	- 3,279,874.10	-
Project 78	16,651,100.00	78,000.00	- 977,233.34	- 5,955,611.66	9,796,255.00
Project 79	4,004,230.81	311,808.00	- 733,551.56	- 3,582,487.25	-
Project 8	849,453.18	-	- 871,517.18	22,064.00	-
Project 80	3,045,618.80	-	-	- 3,045,618.80	-
Project 81		7,500,000.00	-	- 1,852,941.18	5,647,058.82
Project 82	899,596.00	-	-	- 502,221.00	397,375.00
Project 91	9,266,244.62	1,024,667.00	- 1,466.03	- 10,289,445.59	-
Project 93	14,742,000.00	-	8,802,000.00	- 13,414,372.44	10,129,627.56
Project 95	-	6,635,542.85	-	- 2,259,554.49	4,375,988.36
Project 96	-	12,464,029.60	- 754,580.17	- 7,390,802.70	4,318,646.73
Project 99	4,932,000.00	48,772,000.00	- 56,000.00	- 21,399,600.00	32,248,400.00
Project 99	-	1,120,000.00	-	- 896,000.00	224,000.00
Project 99.02	-	13,386,632.40	14,430,000.00	- 5,494,816.20	22,321,816.20
Project 92	-	11,329,703.70	-	- 11,329,703.70	-
Total	**217,908,181.93**	**188,370,999.59**	**2,298,111.15**	**- 230,141,292.58**	**178,436,000.09**

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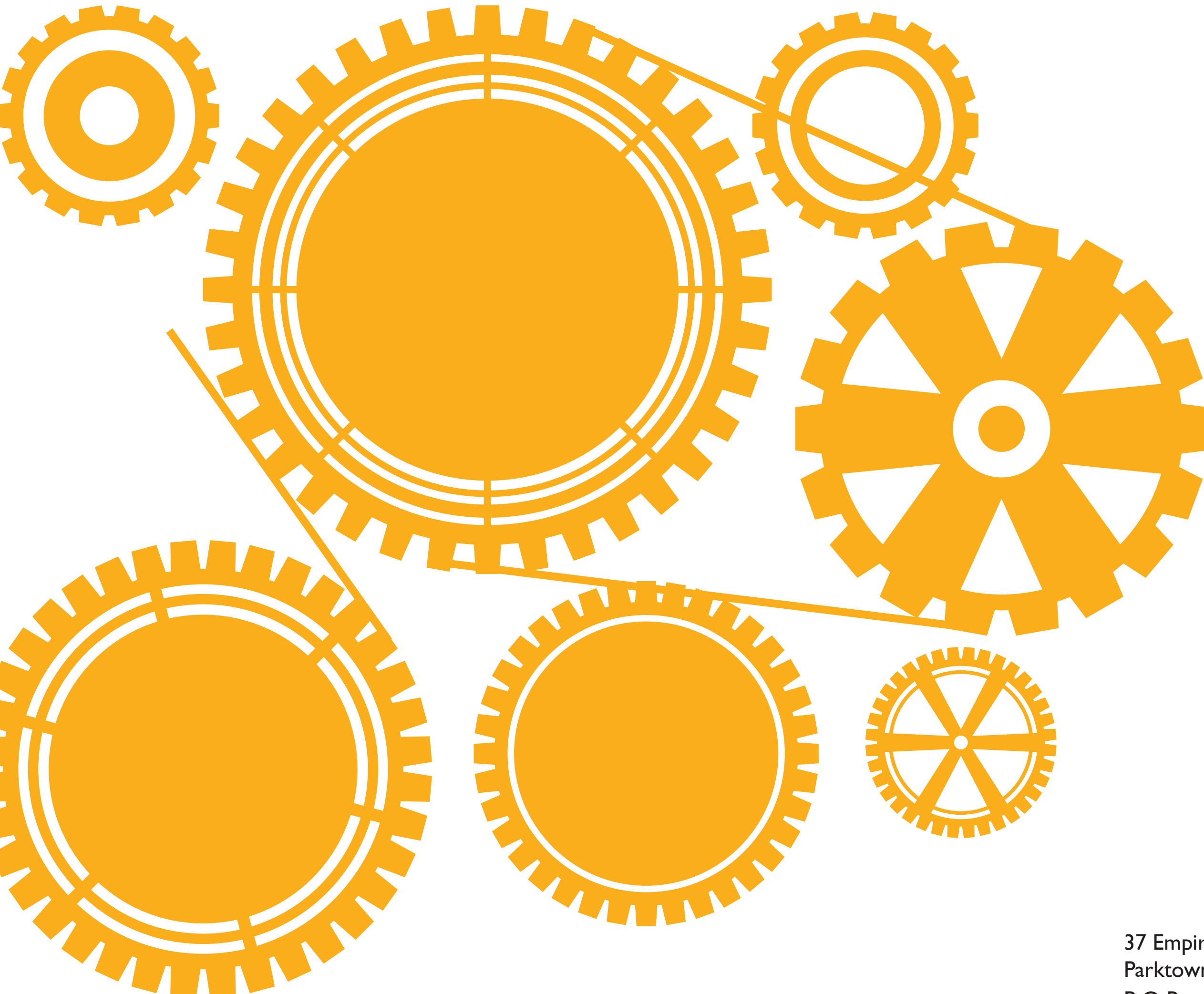
INSURANCE SECTOR EDUCATION AND TRAINING AUTHORITY



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