



ANNUAL REPORT 2017/2018



the gpaa

Department:
Government Pensions Administration Agency
REPUBLIC OF SOUTH AFRICA

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Contents Contents Contents

PART A: GENERAL INFORMATION.....	4
LIST OF ABBREVIATIONS / ACRONYMS	6
FOREWORD BY THE MINISTER OF FINANCE	10
ACCOUNTING OFFICER'S NOTE	12
STRATEGIC OVERVIEW	16
PART B: PERFORMANCE INFORMATION.....	22
AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES	23
OVERVIEW OF ORGANISATIONAL PERFORMANCE	23
STRATEGIC OUTCOMES - ORIENTED GOALS	25
PERFORMANCE INFORMATION BY PROGRAMME	34
PART C: GOVERNANCE.....	58
INTRODUCTION	59
RISK MANAGEMENT	59
FRAUD AND CORRUPTION	60
MINIMISING CONFLICT OF INTEREST	61
CODE OF CONDUCT	62
HEALTH, SAFETY AND ENVIRONMENTAL ISSUES	62
PRIOR MODIFICATIONS TO AUDIT REPORTS	63
INTERNAL AUDIT AND AUDIT COMMITTEES	63
AUDIT COMMITTEE REPORT	66
PART D: HUMAN RESOURCE MANAGEMENT.....	72
INTRODUCTION	74
OVERVIEW OF HUMAN RESOURCES	74
HUMAN RESOURCES OVERSIGHT STATISTICS	75
PART E: FINANCIAL INFORMATION.....	108



PART A: GENERAL INFORMATION



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LIST OF ABBREVIATIONS / ACRONYMS

AC	Audit Committee
AG	Auditor - General
AGSA	Auditor - General South Africa
AIPF	Associated Institutions Pension Fund
AMDP	Advanced Management Development Programme
APP	Annual Performance Plan
ATC	Announcements, Tabling and Committee reports
BAS	Basic Accounting System
BC	Business Continuity
BCI	Business Continuity Institute
BEE	Black Economic Empowerment
BOT	Board of Trustees
BPA	Benefit Payment Automation
BPM	Business Process Management
BSS	Business Support Services
CAE	Chief Audit Executive
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Information Officer
CIP	Compulsory Induction Programme
CIVPEN	Civil Pensions
CLO	Client Liaison Officer
CM&E	Corporate Monitoring and Evaluation
COBIT	Control Objectives for Information and Related Technologies
COIDA	Compensation for Occupational Injury & Diseases Act
COSO	Committee of Sponsoring Organisations
CRM	Client Relationship Management
CRO	Chief Risk Officer
CSA	Client Service Agent
CSA	Continuity SA
CSS	Client Satisfaction Survey
DBC	Departmental Bargaining Chamber

DPME	Department of Planning, Monitoring and Evaluation
DPSA	Department of Public Service and Administration
DPW	Department of Public Works
DQIM	Data Quality Improvement and Management
EB	Employee Benefits
ECB	European Central Bank
ECM	Electronic Content Management
EDM	Enterprise Data Management
EDMS	Enterprise Data Management Solution
EH&W	Employee Health and Wellness
EMDP	Emerging Management Development Programme
EMI	European Monetary Institute
ERP	Enterprise Resources Planning
ESL	Employee Satisfaction Level
ETDP	Education Training and Development Practice
EWRM	Enterprise Wide Risk Management
EXCO	Executive Committee
FFPM	Forensics and Fraud Prevention Management
FMPPI	Framework for Managing Programme Performance Information
FPEC	Forensic Prevention and Ethics Committee
FRO	Fund Relationship Officer
FSCA	Financial Sector Conduct Authority
GCIS	Government Communication Information System
GEMS	Government Employees Medical Scheme
GEP	Government Employees Pension
GEPF	Government Employees Pension Fund
GPAA	Government Pensions Administration Agency
GRAP	Generally Recognised Accounting Practice
HCM	Human Capital Management
HCT	HIV Counselling and Testing
HDI	Historically Disadvantaged Individuals
HIRA	Hazard Identification and Risk Assessment
HIV	Human Immunodeficiency Virus
HO	Head Office

HOA	Home Owner's Allowance
HRD	Human Resources Development
IA	Internal Audit
IAM	Identity and Access Management
ICT	Information Communication Technology
IDMS	Integrated Document Management Solution
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IOD	Injury on Duty
IT	Information Technology
ITIL	Information Technology Infrastructure Library
LAN	Local Area Networks
MANCO	Management Committee
MIA	Management Information and Analytics
MoF	Minister of Finance
MPLS	Multiprotocol Label Switching
MTSF	Medium-Term Strategic Framework
MVM	McAfee Vulnerability Management
NEDLAC	National Development Advisory Council
NDP	National Development Plan
NT	National Treasury
OECD	Organisation for Economic Co-operation and Development
OHS	Occupational Health and Safety
OLA	Operational Level Agreement
PAIA	Public Access to Information Act
PAYE	Pay-As-You-Earn
PCM	Pension Case Management
PDP	Personal Development Plan
PEO	Principal Executive Officer
PERSAL	Personnel Salary
PFMA	Public Finance Management Act
PIC	Public Investment Corporation
PMO	Project Management Office
POPI	Protection of Personal Information

PPM	Project Portfolio Management
PSA	Public Servants Association
PSA	Public Service Act
PSC	Public Service Commission
PSCBC	Public Service Co-ordinating Bargaining Council
PSRMF	Public Sector Risk Management Framework
QMS	Queue Management System
RFQ / RFP	Request for Quote / Request for Proposal
RMC	Retirement Member Campaign
SAMVA	South African Military Veterans Association
SAPS	South African Police Service
SARS	South African Revenue Service
SCM	Supply Chain Management
SDIP	Service Delivery Improvement Programme
SDLC	Systems Development Life Cycle
SHERQ	Safety, Health, Environment, Risk and Quality
SIEM	Security Information and Event Monitoring
SLA	Service Level Agreements
SMS	Senior Management Service
SMS	Short Message Service
SP	Strategic Plan
SSA	State Security Agency
TAD	Technical Architecture Design
TEPF	Temporary Employees Pension Fund
TOGAF	The Open Group Architecture Framework
TOR	Terms of Reference
TQM	Total Quality Management
WAN	Wide Area Networks
WAR	Work Area Recovery
WIC	Walk-in Centre
WSP	Workplace Skills Plan



MR N NENE, MP
MINISTER OF FINANCE



FOREWORD BY THE MINISTER OF FINANCE

The Government Pensions Administration Agency (GPAA) plays an important role in the lives of public servants and their beneficiaries. In the best interests of those who have served the state, many of whose wellbeing depends on their pensions as their only life-long savings, the GPAA continues to ensure that their dignity is upheld as they retire from the public service and whilst they are on pension.

The GPAA's support of those who have served our nation has evolved towards being of the highest quality with the implementation of changes in the way the organisation administers pensions. Momentum on this evolution is exacerbated by the implementation of the Modernisation Programme, which is aimed at improving processes, technology and people competencies. This will lead to lean processes, state of the art technology and competent staff, resulting in improved efforts to pay the right amount to the right person at the right time.

Through its Modernisation Programme, the GPAA has reaped benefits such as the Pension Case Management (PCM), which enables employer departments to capture exit claims electronically. This solution resulted in 77% of all exits being submitted through PCM. Another Modernisation benefit is the Self-Service, a solution which allows GEPF members to view their benefit statements online thereby giving them power to verify their personal details. During the year under review, the Self-Service was piloted with the GPAA staff members who contribute to the

Fund. This was followed by a successful testing with some members from SARS, National Treasury and the Department of Sport, Art, Culture and Recreation. The next phase of the Self-Service project in 2018 / 2019 will be the roll-out to members and pensioners.

The organisation continues to strive towards creating a conducive environment for its staff and other stakeholders in order to pay and administer benefits with due care and in a cost-effective manner. For example it has joined hands with partners such as Home Affairs, SARS, and the employer departments to ensure efficiency and effectiveness in paying benefits.

I extend my gratitude to the GPAA's Chief Executive Officer, Mr Krishen Sukdev, his executive team and the staff in general for the leadership and commitment they have displayed in ensuring that the GPAA remains relevant and executes its mandate of ensuring the dignity of retired public servants and of the members and beneficiaries of the funds under the GPAA administration.



MR N NENE, MP
MINISTER OF FINANCE
31 July 2018



Mr Krishen Sukdev
Chief Executive Officer
Government Pensions Administration Agency (GPAA)



ACCOUNTING OFFICER'S NOTE

This Annual Report presents the performance of the GPAA in implementing the 2017 / 2018 Annual Performance Plan (APP) which was geared towards the attainment of the strategic goals of developing an efficient, effective and economical organisation through high performance. These strategic goals continue to drive the vision of the GPAA to become the leading, people-centric benefits administrator in government.

Through resolute implementation of the Modernisation Programme, aimed at technology improvements, systems and process re-engineering, as well as human capital development, the GPAA positioned itself closer to the realisation of its strategic goals.

As an organisation, our approach and practices towards service delivery through the Modernisation Programme resulted in improved client experience and customer satisfaction. The organisation further

realised a competent workforce, increased interactions with employer departments and Fund members, as well as accurate and timeous payment of exit benefits.

In the 2017 / 2018 financial year, the Modernisation Programme intensified efforts to improve the data integrity of our members' details, which forms the basis of achieving our strategic goals of paying benefits to the right person, at the right time, with the right amount and at the right cost of administration per member.

Since the separation from the GEFP in 2010, the GPAA has laid a solid foundation as a modern pension fund and benefits administrator. We continue to ensure a respectable retirement for government employees and their beneficiaries, and to build lasting relationships with all the stakeholders.

One of the greatest highlights for the year was the multi-media publicity campaign that was aimed at raising brand awareness and educating our members about the GEFP and its processes.

Achievements

We have achieved an average of 94% customer satisfaction on services rendered to our clients through our various service channels across the country. It is important to note that the organisation paid an average of 86% (National Treasury 99% and GEPP 71%) benefits on time after the receipt of duly completed documentation.

As an organisation, we continue to strive to reach out to our members, pensioners and beneficiaries through a variety of initiatives. In this regard, one of the greatest highlights for the year was the multi-media publicity campaign that was aimed at raising brand awareness and educating our members about the GEPP and its processes. This included a radio campaign which saw the GEPP featured on several radio stations for a period of three months and a television campaign which included squeeze back adverts on a popular local TV series. We also successfully advertised the GEPP Call Centre and Unclaimed Benefits call numbers through in-Taxi Television and Outdoor LED advertising during several games played by Kaizer Chiefs and Orlando Pirates against other PSL teams.

Our outreach initiatives also included the successful staging of nine community roadshows in eight provinces, five RMC campaigns in five provinces, five HR fora in seven provinces and exhibitions at shopping malls. We further participated at the annual Rand Show in April 2017, where we had the opportunity to attend to over 1000 members on various queries.

During the 2017 / 2018 financial year, we managed to pilot the Self-Service to the GPAA employees who contribute to the GEPP. We further successfully tested it with a sample of GEPP members from three government departments. The next phase of the Self-Service is the roll-out planned for the next financial year.

We are still in pursuit of attaining the target to pay retiring member benefits within / less than 30 days of their exit from the public service. The Retirement Member Campaign (RMC) initiative, aimed at communicating the necessary requirements proactively to our clients before retirement, accelerated the benefits payment process.

Irregular expenditure during 2017 / 2018

Irregular expenditure as at 01 April 2017 was R26.3 million. An additional amount of R712 000 incurred in the prior year was raised during the current financial year. Irregular expenditure of R1.705 million was incurred and raised during the financial year under review. No irregular expenditure was condoned, leaving the balance of R28.7 million at the end of the financial year awaiting condonement.

Conclusion

The GPAA is looking forward to the 2018 / 2019 financial year as we continue to deliver quality services to our pensioners, members and their beneficiaries. As an organisation, we will continue to support government in achieving its planned national outcomes aimed at improving the lives of all South Africans and contributing to economic transformation.

A word of gratitude is extended to the political leadership for the guidance provided and to the employees of the GPAA for their continuous dedication to serving our clients with utmost dignity and dedication.



Mr Krishen Sukdev
Chief Executive Officer
Government Pensions Administration Agency
31 July 2018

ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY

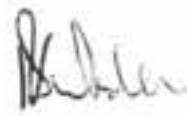
Statement of responsibility and confirmation of accuracy for the Annual Report for the year ended 31 March 2018.

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

- All information and amounts disclosed throughout the Annual Report are consistent.
- The Annual Report is complete, accurate and is free from any omissions in all material aspects.
- The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury.
- The Annual Financial Statements have been prepared in accordance with the standards of GRAP and the relevant frameworks and guidelines issued by the National Treasury.

The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance with regard to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the agency for the financial year ended 31 March 2018.



Mr Krishen Sukdev
CHIEF EXECUTIVE OFFICER
Government Pensions Administration Agency
(GPAA)
31 July 2018

STRATEGIC OVERVIEW

1. STRATEGIC OVERVIEW

1.1 Introduction

The Government Pensions Administration Agency (GPAA) was established as a government component as Gazetted in March 2010 in terms of Section 7A (4) of the Public Service Act of 1994 (Proclamation No. 103 of 1994). The GPAA's mandate is to provide benefits administration services on behalf of its two customers, the Government Employees Pension Fund (GEPF) and National Treasury's Programme 7 funds. The GPAA provides benefit administration services, regulated by Service Level Agreements (SLAs). This includes processing and paying benefits and claims to clients, including pensioners, members, spouses and orphans, in accordance with the Government Employees Pension (GEP) Law of 1996 and several pieces of legislation which fall under the ambit of National Treasury's Programme 7 funds and schemes.

1.2 Vision, Mission and Values

The GPAA's vision, mission and values are as follows:

Vision:

To be the leading, people-centric benefits administrator in government.

Mission:

To serve clients by paying benefits accurately and timeously.

Values:



Transparency

We undertake to be open and accountable in our engagements with all of our stakeholders.

Respect

We are committed to treating everyone with dignity, equality and trust.

Integrity

We act fairly, ethically and openly in all we do.

Courtesy

We treat our stakeholders and clients with consideration, compassion and kindness.

Service excellence

We commit to giving our clients quality service.

LEGISLATIVE AND OTHER MANDATES

2. LEGISLATIVE AND OTHER MANDATES

2.1 Government mandate

In January 2010, Cabinet adopted and approved 14 priority outcomes based on the Medium Term Strategic Framework (MTSF) priorities with the aim of developing an efficient, effective and development oriented Public Service and an empowered, fair and inclusive citizenry. The capacity and developmental commitment of the state is prioritised in the National Development Plan (NDP) and the Department of Public Service and Administration (DPSA) provides guidelines that inform policy and the implementation of this priority.

Key actions for the 2014 - 2019 administration as articulated in the Medium-term Strategic Framework (MTSF), include “institutionalising long-term planning, forging a disciplined, people-centred and professional public service, empowering citizens to play a greater role in development and building an ethical public service” (DPM&E,n.d.).

The GPAA's objectives are entailed in the 12th priority and the DPSA focus areas. The GPAA's performance indicators support the achievement of its objectives which is linked to government priorities. The organisational strategic goals are to administer pension benefits effectively, efficiently and economically. These are more specifically reflected in our strategic objectives of paying the right person, with the right amount, at the right time, by the right people and at the right cost. These goals and objectives resonate profoundly with government's priorities of developing an efficient, effective and development oriented Public Service.

The GPAA also adheres to government's overarching strategic service delivery goals which include the Batho Pele Principles of consultation, service standards, access, courtesy, information, openness and transparency, redress and value for money. Therefore, in line with these principles, improved processes can ensure that our clients are informed, empowered and can easily access services. Such improvements increase clients' confidence, preparedness and decision making, further strengthening their trust in the organisation.

Pension fund administration is guided and regulated by the Pension Funds Act (PFA) 24 of 1956 and the Financial Services Board (NT, 2014). The Pension Funds Act 24 of 1956 was developed to provide for the registration, regulation, incorporation and dissolution of pension funds and incidental matters. Rules regarding benefits for the Public Sector are regulated by the Public Service Coordinating Bargaining Council (PSCBC) and other bargaining structures such as the National Economic Development Advisory Council (NEDLAC) (NT, 2014).

The Financial Sector Conduct Authority (FSCA) has legislation covering the regulation of finances in the country which affects the GPAA as a financial institution that administers the payment of pensions and other benefits to its members and beneficiaries. The Financial Institutions Act 28 of 2001 and the Financial Services Board Act 97 of 1990 are legislations within the FSCA. These Acts were developed to provide for and consolidate laws relating to investment, safe custody and administration of funds and to deal with the establishment of a board to supervise compliance with laws regulating financial institutions and the provision of financial services.

It is therefore clear that the GPAA's goals and objectives provide significant support to government in achieving outcome 12, while being cognisant of international and national best practise in the pension benefits administration sphere. The GPAA is committed to enhancing its operations to ensure it contributes to a sustainable future as far as developments within the pension administration space are concerned. It also aims to ensure that the GPAA becomes the employer of choice and in addition, be the preferred pension administrator for government – one that is responsive and adds value to the core needs of its clients and stakeholders.

2.2 Legislative mandate

The GPAA reports to the Minister of Finance, as its Executive Authority. Its financial affairs are governed by the Public Finance Management Act (PFMA), while its human resources fall under the ambit of the Public Services Act.

The GPAA provides administration services to the GEPP and National Treasury (Programme 7), an arrangement regulated by Service Level Agreements. On behalf of the GEPP and its Board of Trustees, the GPAA administers government employees' pensions and funeral benefits in terms of the Government Employees Pension (GEP) Law of 1996.

The National Treasury administers the Temporary Employees Pension Fund (TEPF) in terms of the Temporary Employees Pension Fund Act (1979), and the Associated Institutions Pension Fund (AIPF) in terms of the Associated Institutions Pension Fund Act (1963). Post-Retirement Medical Subsidies are administered as provided for and regulated by the Public Services Bargaining Council (PSCBC); Military Pensions in terms of the Military Pensions Act (1976); Injury on Duty payments in terms of the Compensation for Occupational Injuries and Diseases Act (1993); and Special Pensions in terms of the Special Pensions Act (1996).

3. THE STRUCTURE FOR MANAGING THE GPAA'S STRATEGIC AND ANNUAL PERFORMANCE PLANS

The structure of the GPAA for implementing the Annual Performance Plan (APP) is directed by the GPAA's Chief Executive Officer (CEO), and it consists of two Programmes, namely; Support Services and Benefits Administration, which are supported by eight sub-programmes as depicted in **Figure 1**.

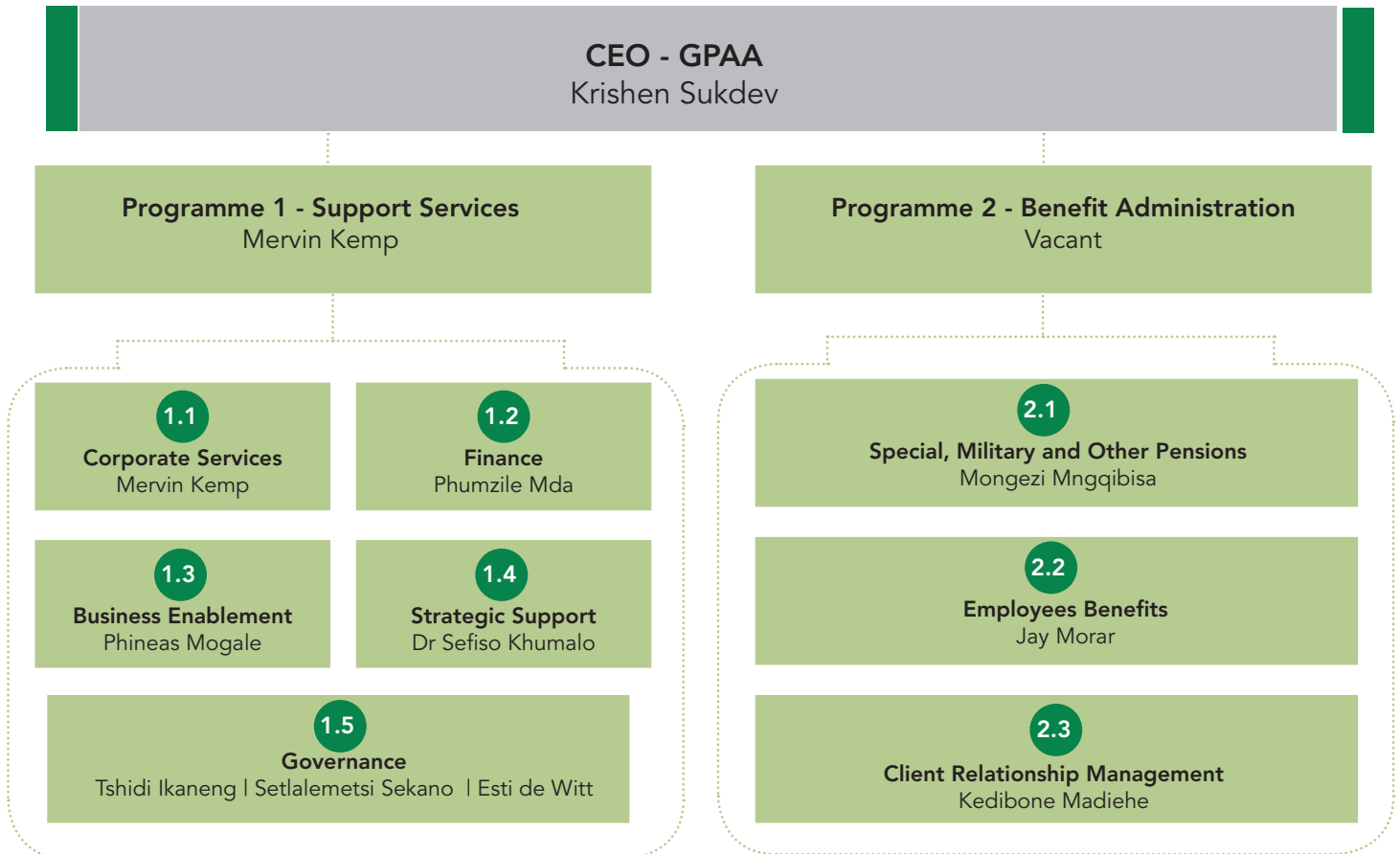


Figure 1: The GPAA Structure

PROGRAMME 1 - SUPPORT SERVICES

Programme 1 administers the business and governance affairs of the GPAA and gives rise to the strategic outcomes in support of the core business of Programme 2.

Sub-programme 1.1 - Corporate Services

The primary aim of Corporate Services is to support the GPAA in achieving its strategic goals through the management, co-ordination and oversight of human and physical resources, as well as other related

services within the organisation. The sub-programme consists of Employee Relations, Individual Performance Management, Recruitment, Training and Development, Physical Security and Facilities Management.

Sub-programme 1.2 – Financial Services

This sub-programme manages the financial resources available to administer pensions and other benefits using best practice principles. In this regard, the sub-programme ensures that financial policies are adhered

to, financial record keeping is done according to the appropriate framework, and sufficient cash flow levels are maintained for operational activities. This sub-programme also prepares the financial statements for the organisation and its stakeholders.

Sub-programme 1.3 – Business Enablement

This sub-programme directs and manages the organisation's ICT infrastructure including two data centres hosting the server, storage and application systems, Local Area Network (LAN) and Wide Area Network (WAN) with a national footprint, and a complete range of end-user devices, including desktops, laptops, tablets, printers and scanners. This sub-programme provides the GPAA with enabling capabilities and technologies it needs to deliver on its mandate. In its current initiatives, through the Modernisation Programme, the GPAA is in the process of automating its core business processes and expanding its electronic outreach to provide its clients and customers with secure access to its services. These initiatives are based on leading-edge technology solutions and established best practice frameworks, models and standards that promote and preserve the security and integrity of the organisation's information, as well as the systems that process and maintain them.

The Modernisation Programme spans the entire organisation and seeks to upgrade, automate and improve the efficiency and efficacy of human capital, systems, processes and technology whilst fostering mutually beneficial relationships with clients and stakeholders. The programme has become a critical vehicle that the organisation uses to transform and modernise its business processes and practices to achieve comparative levels of productivity, savings in administrative costs and compliance with legislative requirements - therefore making steady progress towards becoming a sustainable organisation.

Sub-programme 1.4 - Strategic Support

The purpose of Strategic Support (the Office of the CEO and the business units that fall within it) is to plan, direct and support the organisation in order to ensure that employee benefits, pensions and retirement funds are administered according to the relevant legislation and Service Level Agreements (SLAs). The sub-programme consists of Strategy, Policy, Information Management and Analytics, Corporate Monitoring and Evaluation and Communications.

This group of business units is responsible for ensuring that the GPAA is effectively managed in order to deliver services that meet or exceed the requirements of clients. It is also responsible for building relations and ensuring effective communication with various stakeholders, including the media and intergovernmental engagements which promote the achievement of government priorities and service delivery. Finally, the Office of the CEO is responsible for oversight of the GPAA and the overall performance of the organisation.

Sub-programme 1.5 - Governance

The Governance sub-programme is aimed at ensuring that the required processes and advisory services are in place for decision making and implementation. This sub-programme ensures that the values of accountability, transparency, compliance, following the rule of law, responsiveness, effectiveness and efficiency are built into the processes, procedures and policies governing the GPAA, its stakeholders and decision making processes. The sub-programme consists of the Internal Audit, Legal and Advisory Services, Enterprise-wide Risk Management as well as the Forensic and Fraud Prevention Management business units.

PROGRAMME 2 - BENEFITS ADMINISTRATION

This programme consists of three sub-programmes that administer a range of benefits, and is responsible for client relationship management.

Sub-programme 2.1 - Special, Military and Other Pensions (National Treasury)

This sub-programme is responsible for administering funds on behalf of National Treasury's Programme 7. It provides for the payment of non-contributory benefits funded by National Treasury to the beneficiaries of various public sector bodies in terms of different statutes, collective bargaining agreements and other commitments. Military Pensions, Post-Retirement Medical Subsidy, Special Pensions and Injury on Duty (IOD) payments are the various benefits administered under this sub-programme. Military Pensions and IOD payments provide for the payment of military pension benefits and medical claims arising from treatment for disability, medical assistance devices and other related expenses, in terms of statutory commitments.

Sub-programme 2.2 - Employee Benefits (GEPF)

The Government Employees Pension Fund (GEPF) is a contributory defined benefit pension fund whose benefits are administered by the GPAA in terms of the Government Employees Pension (GEP) Law. The GPAA, through this sub-programme, provides the full spectrum of benefit administration services, inclusive of member admissions, contribution collection, member / pensioner / beneficiary maintenance and benefit processing services for the GEPF. Benefit processing starts from the benefit application, the

processing of all relevant forms and documentation, and ends with the finalisation of the benefit payment from the Fund. These processes are aimed at the accurate and timely payment of benefits to the GEPF's members and beneficiaries.

Sub-programme 2.3 - Client Relationship Management (CRM)

The Client Relationship Management (CRM) sub-programme is aimed at managing relationships with all stakeholders, including clients, third parties and employers, by providing high quality, responsive client services based on the Batho Pele Principles. The service channel operations (the call centre and walk-in centres) ensure effective support for the interface between the GPAA and its client base through accepting, resolving and monitoring all service requests or queries made by clients. This sub-programme also provides employer education and training through its regional and employer liaison units. In addition, CRM oversees the document management process to support the GPAA's core functions and business processes. This includes the conversion of paper documents into electronic format, indexing, tracking and the storage of these documents.



PART B | PERFORMANCE INFORMATION



PERFORMANCE INFORMATION

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General South Africa (AGSA) performs certain audit procedures on performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management.

Refer to page 66 of the Report of the Auditor General, published as Part E: Financial Information.

2. OVERVIEW OF ORGANISATIONAL PERFORMANCE

2.1 Service Delivery Environment

The GPAA, through the Modernisation Programme, aimed to automate its core business processes and expand its electronic outreach to provide clients and customers with secure access to its services. The modernising of business processes and practices is beneficial to both the GPAA and its stakeholders as it assists the organisation in moving towards being a sustainable organisation. Below is a discussion that analyzes the situation of pension schemes and pension reform, together with the analysis of where the GPAA currently fits in the pension landscape.

2.2 Pension Reform

The retirement reform that is proposed for South Africa is derived from an international policy agenda that focuses on addressing structural challenges in the retirement industry. This policy agenda also focuses on reducing unsustainable dependencies that impact on socio-economic stability.

South Africa, like most African countries, faces challenges of high unemployment rates amongst the economically active population. The South African government has therefore worked towards reforming its pension system to improve social security coverage, which is a basic human right. In doing this, the government is supported by retirement fund administrators and trustees, the actuarial society and research organisations.

2.3 Public Service Reform

Public service reform in South Africa is realised through numerous strategies that are implemented throughout government departments and entities. The GPAA, as a component of government, uses strategic management as an instrument for managing change and innovation. In applying strategic management principles, the organisation needs to understand the external environment within which it operates. In the case of the GPAA, that means understanding the pension fund administration environment. This is necessary as the external environment has an influence on the GPAA internal environment.

2.4 The GPAA as Administrator

The GPAA administers benefits for the 1.8 million member-strong Government Employees Pension Fund (GEPF), National Treasury, and other funds and schemes. The GEPF is a defined benefit scheme and the GPAA collects contributions, distributes pensions and undertakes an investment accounting function for the GEPF, which has a separate asset manager in the Public Investment Corporation (PIC).

2.5 Flexibility in Service Delivery

The main concerns of the GPAA regarding service delivery are with regard to improved communication, enhancing member education, ensuring timely and accurate payment of benefits, and the strengthening of regional and satellite offices. Although traditional newsletters remain the main form of communication with clients, the GPAA is slowly introducing digital communication as another way of communicating with members.

The GPAA has embarked on a media campaign to educate members about their benefits and the importance of staying in service until retirement and to retire with the GEPPF rather than resigning and transferring their savings out of the Fund.

2.6 Governance

Governance is a critical aspect of pension administration and reform. A review of pension governance emphasised the importance of administrative efficiencies and increased co-operation between the Fund, the administrator and the client. Good governance in a pension administration environment promotes the timely and cost-effective delivery of benefits.

Good governance in the GPAA is progressively recognised as an important aspect of an efficient pension administration system, enhancing administrative performance and securing service delivery. The adoption of a good governance model will promote the timely and cost-effective delivery of benefits and their administration. The proclamation of the GPAA made provision for the Minister of Finance to appoint an Advisory Board for the administration function. This Advisory Board is responsible for strengthening the governance and executive oversight of the work of the GPAA.

Fraud Prevention and Integrity Framework is also implemented within the GPAA. This framework is aimed at anti-corruption and ethics training, improving awareness amongst both internal and external stakeholders, and the development and improvement of policies and procedures. In

addition, it encompasses the implementation of internal controls, conducting of fraud risk assessments, effectively managing whistleblowing mechanism and assisting with co-operative agency liaison and effective investigations.

2.7 Batho Pele Principles

In line with the Batho Pele Principles, the GPAA aims to improve clients' access to information and services through improved processes. This is also done through various outreach initiatives, such as roadshows, mobile offices, satellite offices and the self-service. These ensure that the GPAA's clients are informed and empowered. It is also important to note that the GPAA is in the process of rolling out self-service, where clients will have access to their information and can access their benefits statements.

Such improvements, further ensure retirement preparedness, arming clients with the knowledge to make informed and important decisions about their retirement. They are also in line with the GPAA's current strategic objectives to ensure that benefit and pension pay-outs are made to the right clients and are paid at the right time, which could increase stakeholder satisfaction, trust and confidence.

2.8 National Framework for Sustainable Development

The National Framework for Sustainable Development adopted in 2008 states that if the country's long-term economic performance is to avoid breaching key ecological thresholds, new technologies and processes need to be developed to increase productivity, using less energy, fewer resources and reducing waste.

2.9 Corporate Governance

Corporate governance refers to formal and informal relationships between the GPAA and its stakeholders, which includes formal systems of accountability. The organisation embraces corporate governance and seeks to align its own goals with those of its stakeholders / society to strengthen cohesion in the sector. Ethics Officers have been appointed as part of

implementing the DPSA initiatives towards creating an ethical public service.

2.10 Modernisation – the GPAA's Service Delivery Improvement Programme (SDIP)

The Modernisation Programme replaced the SDIP in 2010 by order of the then Minister of Finance.

Refer to page 36 (sub-programme 1.3) for information on the Modernisation Programme.

3. ORGANISATIONAL ENVIRONMENT

The modernisation of public entities for better efficiency and effectiveness in public institutions has become extremely important. The GPAA therefore aims to understand pension developments, reforms and technological developments, and to utilise this information to become more economic, effective and efficient, while continuing to be a caring organisation. Modernisation in the GPAA is a vehicle journeying towards a sustainable organisation thus helping the organisation to fulfil its legislative mandate. The implementation of the Modernisation Programme is aimed at transforming the GPAA's operational effectiveness and efficiency, stakeholder management and governance so as to improve service delivery. This objective is in line with the broad objective of improving service delivery programmes and committing to the Batho Pele Principles.

Cost saving drivers

The GPAA continues to design its costing model for the next few years of its administration of funds. There are three ways in which administration costs can be stabilised namely, by leveraging off inter-governmental contracts which will result in supply chain resources being relieved; using an overall cost cutting exercise where budget under-spends are drastically curbed; and through National Treasury's cost containment measures which are being implemented and already yielding a number of savings.

4. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

Proposed new pension regulations from National Treasury had a large impact on both exits from the GEPF and on the reputation of the Fund during the year under review and the years preceding it. Over the past few years government, particularly through National Treasury, has begun formulating proposals regarding retirement reform to ensure maximum benefit for citizens during their retirement. This is a process through which government, through policies, seeks to:

- a) Encourage people to save and provide adequately for retirement to ensure that they retire comfortably and have an income that lasts for their lives in retirement;
- b) Encourage employers to provide retirement saving plans for their employees as part of the employment contract;
- c) Ensure that people receive good value for money for their retirement savings and are treated fairly; that their savings are prudently and diligently managed; and that they are kept informed of their retirement savings; and
- d) Improve standards of retirement fund governance, including Trustee knowledge and conduct, and the protection of members' interests.

The above clearly indicate that retirement reform is an ongoing process, and the new reforms will take some time to complete as it seeks to address. The aim is to ensure that whatever reforms are undertaken do not result in unintended consequences. In this regard, it is also imperative to learn from other countries that are going through similar policy debates and reforms.

5. STRATEGIC OUTCOMES-ORIENTED GOALS

The Minister's contract, the National Development Plan (NDP), the GPAA's environment, different analysis methods, the outcomes of Modernisation, as well as the previous year's performance were all taken into

consideration when developing the strategic goals of the GPAA. The strategic goals were therefore deemed to still be relevant for the purpose of strategic direction according to the Medium Term Strategic Framework (MTSF).

The performance areas have been aligned to the GPAA's operating model and have been incorporated into the Annual Performance Plan (APP) against the goals and objectives as provided in the 2017 / 2018 – 2020 / 2021 strategic period.

The GPAA's operating model compliments its structure, processes and capabilities as depicted in **Figure 2**.

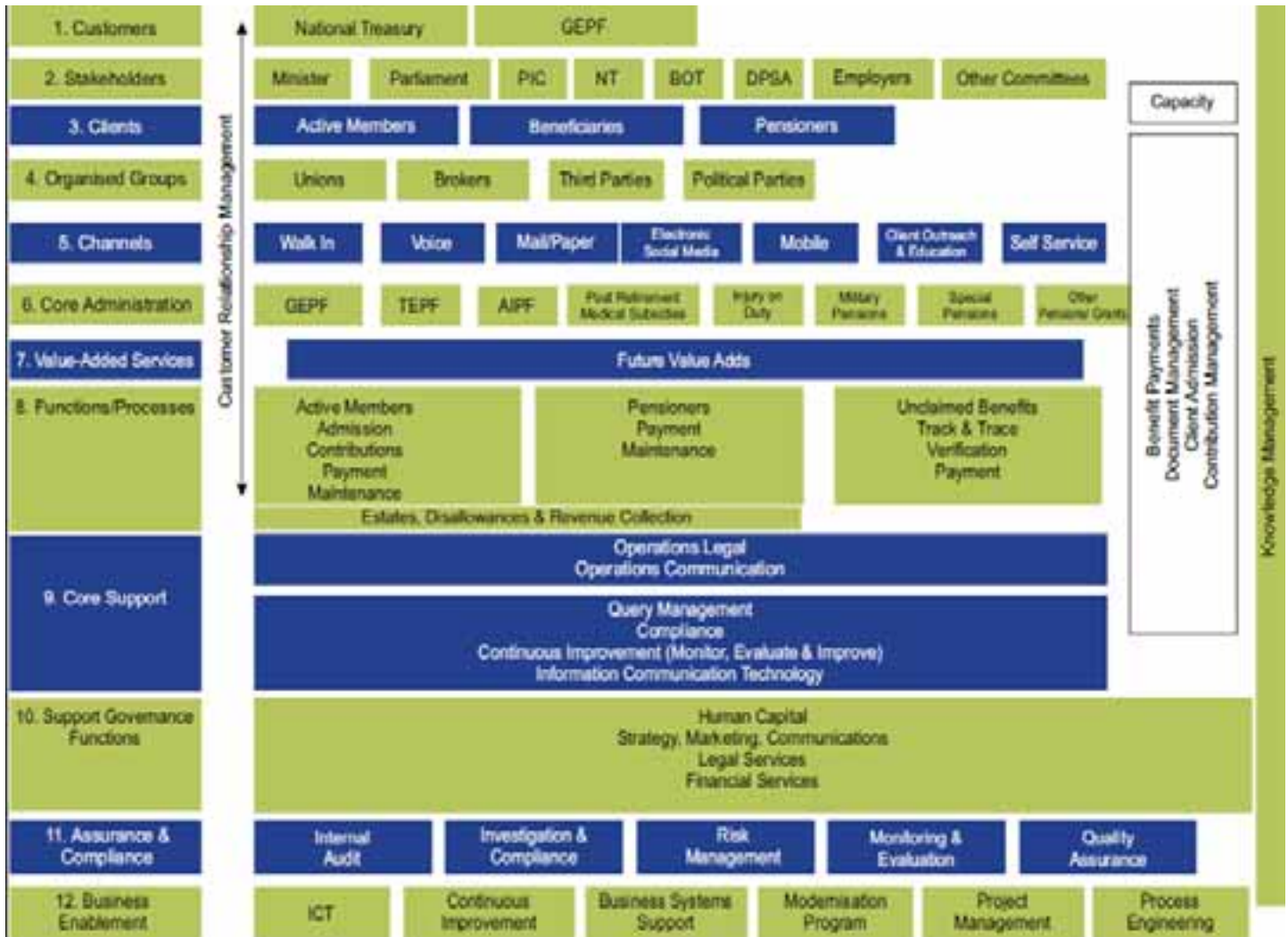


Figure 2- GPAA's Operating Model

The organisational scorecard was amended to incorporate the above operating model to ensure that the GPAA becomes effective and economical in administering benefits to all clients i.e. members, pensioners and beneficiaries.

GOAL 1 - EFFECTIVE ADMINISTRATION OF BENEFITS

Objective 1.1: To pay the right amount as per the legal entitlement as prescribed by legislation and rules.

The GPAA's Operating Model's Performance Areas:

- Clients: active members, beneficiaries and pensioners.
- Organised groups: unions, brokers, third parties and political parties.
- Channels: walk-in centres, newsletters, social media, mobile, client outreach and education, Self-Service and eChannel.
- Business Enablement: ICT, continuous improvement, business systems support, the Modernisation Programme, project management and process engineering.
- Core administration: GEPF, TEPF, AIPF, Post-Retirement Medical Subsidies, Injury on Duty, Military Pensions, Special Pensions and other pensions / grants.

Objective 1.2: To pay the right person who is the lawful member or beneficiary.

The GPAA's Operating Model Performance Areas:

- Core administration: GEPF, TEPF, AIPF, Post-Retirement Medical Subsidies, Injury on Duty, Military Pensions, Special Pensions, other pensions / grants.
- Functions and processes: active members, admissions, contributions, payment, maintenance, unclaimed benefits, track and trace and verification.
- Core support: Operations Legal, Operations Communication, query management,

compliance, continuous improvement and ICT.

GOAL 2 - EFFICIENT ADMINISTRATION OF BENEFITS

Objective 2.1: To pay benefits on time as per legislation.

The GPAA's Operating Model Performance Areas:

- Customers: National Treasury and GEPF.

Objective 2.2: To employ the right people who are competent, performance driven and caring.

The GPAA's Operating Model Performance Areas:

- Support governance functions: human capital, strategy, marketing, communications, legal services and financial services.

GOAL 3 - ECONOMICAL ADMINISTRATION OF BENEFITS

Objective 3.1: To administer funds at an economically acceptable cost of administration per member.

The GPAA's Operating Model Performance Areas:

- Assurance and compliance: internal audit, investigation and compliance, risk management, monitoring and evaluation and quality assurance.
- Stakeholders: the Minister of Finance, Parliament, the Public Investment Corporation (PIC), National Treasury, GEPF's Board of Trustees, the Department of Public Service and Administration (DPSA), employer departments and other committees.
- Value-added services.

Institutionalisation of Outcomes-Based Planning in the GPAA

The GPAA has embraced the outcomes-based approach of government. In doing so, the organisation illustrated its mandate through the Strategic Plan for the period 2017 / 2018 – 2020 / 2021 as well as the Annual Performance Plan (APP) for the 2017 / 2018

financial year. These were produced within the ambits of the GPAA Strategic Planning Framework, which outlines the planning, budgeting, implementation and reporting cycle of the organisation.

The performance of the organisation in implementing the APP was monitored through the guidance of the Monitoring and Evaluation (M&E) Framework, which outlines the results-based M&E approach of the organisation in alignment with the results-based approach of government. This framework is also aligned to the Framework for Managing Programme Performance Information and the National Evaluation Policy Framework. It further provides for various types of evaluations employed by the GPAA in evaluating the effectiveness and efficiency of various initiatives.

It is on this basis that the outcomes-based approach has been embedded in the GPAA's planning, monitoring and evaluation instruments.

Performance Against Strategic Objectives

The GPAA has delivered on most of its predetermined objectives for the 2017/2018 financial year. A total of 16 out of 20 (80%) performance targets were achieved.

A number of highlights have been recorded for the financial year under review, the greatest being that an average of 86% (*GEPF: 71% and National Treasury: 99%*) of benefits were paid on time after receipt of duly completed documentation. Another notable achievement is the positive feedback regarding the Self-Service system which was piloted with employees of the GPAA who are members of the GEPF, as well as a sample of employees from three other government departments.

The GPAA administered benefits on behalf of GEPF, with a membership of 1.2 million at the end of March 2018. Contributions of approximately R75.3 billion were received in 2017 / 2018 and benefits of approximately R89.6 billion were paid. A summary of the 2017 / 2018 administration of cases is tabulated below.

CASES ADMINISTERED AND FINALISED AT THE GPAA	CASES PAID 2015 / 2016	CASES PAID 2016 / 2017	CASES PAID 2017 / 2018
Resignation from GEPP	36 552	30 932	26 690
Retirement from GEPP	31 845	32 196	35 571
Transfer from GEPP	4104	3 510	3 345
Beneficiaries paid due to death of members	7 282	7 126	7 760
Total	79 783	73 764	73 366
RECIPIENTS RECEIVING MONTHLY PAYMENTS FROM THE FUND	MONTHLY PAYMENTS 2015 / 2016	MONTHLY PAYMENTS 2016 / 2017	MONTHLY PAYMENTS 2017 / 2018
Injury on Duty (IOD) payments	101 622	9 765	9 720
Post-retirement Medical Benefits - per month	1 155 396	104 325	109 979
Military Pensions – per month	63 903	5 149	5 025
Special Pensions – per month	90 525	7 201	6 939
Other benefits – per month	12 411	972	926
Pension benefits (GEPP) – per month	3 216 333	282 600	292 437
Spouses benefits (GEPP) – per month	1 771 734	153 079	156 681
Orphans benefits (GEPP) – per month	19 752	1 372	1 204
Pension benefits (AIPF) – per month	5 560	5 279	4 997
Spouses benefits (AIPF) – per month	2 862	2 844	2 826
Pension benefits (TEPF) – per month	230	220	207
Spouses benefits (TEPF) – per month	126	126	128
Total benefits paid per month (averaged)	6 440 454	582 801	591 069

The initiatives that were high on the agenda were:

- Stakeholder management to enhance employer department support and improvement on payment turn-around time;
- Continuous monitoring of backlogs by the Backlog Committee which has resulted in a 20% reduction;
- Electronic communication through SMS and email;
- Education and outreach programmes - with more focus on rural and far flung areas;
- Employee engagement and support to enhance productivity; and
- Implementation of strategic risk actions.

The key initiatives were aimed at improving the pension administration services provided by the GPAA to clients on behalf of the GEPP and National Treasury.

High Level Performance Scorecard:

Strategic Goal	Strategic Objective	Performance Indicator	Annual Target	
Effective administration of benefits	To pay the right amount as per the legal entitlement as prescribed by legislation and rules	% of the new (current year) unclaimed benefits of the accumulated unclaimed benefits total	80% of the new (current year) unclaimed benefits of the accumulated unclaimed benefits total	
Economical administration of benefits	To administer funds at an economically acceptable cost of administration per member	% reduction in administration costs per member	5% reduction in administration costs per member	
Economical administration of benefits	To administer funds at an economically acceptable cost of administration per member	% of Pensioner Case Management (PCM) System implemented	100% of Pensioner Case Management (PCM) system implemented	
Economical administration of benefits	To administer funds at an economically acceptable cost of administration per member	% of Benefit Payments Automation (BPA) System implemented	70% of Benefit Payments Automation (BPA) system implemented	
Economical administration of benefits	To administer funds at an economically acceptable cost of administration per member	% of Self-Service System implemented for access to clients	100% of Self-Service system implemented for access to clients	
Effective and efficient administration of benefits	All five strategic objectives are relevant	Number of dedicated Fund (NT & GEPP) Relationship Officer appointed	1 dedicated Fund (NT & GEPP) Relationship Officer appointed	
Economical administration of benefits	To administer funds at an economically acceptable cost of administration per member	Number of fraud prevention activities implemented (PSC)	12 fraud prevention activities implemented (PSC)	
Efficient administration of benefits	To pay benefits on time as per legislation	% of NT benefits paid on time	85% of NT benefits paid on time	
Effective administration of benefits	To pay the right person who is the lawful member or beneficiary	% of NT members admitted within 21 days	96% of NT members admitted within 21 days	
Effective administration of benefits	To pay the right person who is the lawful member or beneficiary	% of NT pensioner records maintained	90% of NT pensioner records maintained	
Effective administration of benefits	To pay the right person who is the lawful member or beneficiary	% of NT suspended pensioners (overseas) reinstated after receipt of Life Certificates	100% of NT suspended pensioners (overseas) reinstated after receipt of Life Certificates	

Actual Achievements 2017 / 2018	Deviation from planned target to actual achievement for 2017 / 2018	Comment on deviations
67% of the new (current year) unclaimed benefits of the accumulated unclaimed benefits total	Target missed by 13%	Comprehensive efforts were made to reduce unclaimed benefits amounts, however the number kept on increasing. The organization is putting strategies to reduce unclaimed benefits in place.
- 4% reduction in administration costs per member	Target missed by 9%	The increase is mainly due to the overspending of the Mordernisation projects that are in their finalisation stage as they were under budgeted for. The organisation is monitoring the spending pattern to ensure that there is a decrease in administration costs.
100% of Pensioner Case Management (PCM) System implemented	Target achieved as planned	PCM is deployed to the employer departments per the project plan
76% of Benefit Payments Automation (BPA) system implemented	Target exceeded by 6%	The BPA resignation process is operational in the production environment
100% of Self-Service system implemented for access to clients	Target achieved as planned	The solution is available for use in the production environment and the departments were used for the pilot to confirm that users outside the GPAA can access the application
1 dedicated Fund (NT & GEPP) Relationship Officer appointed	Target achieved as planned	One dedicated FRO for both NT and GEPP was appointed in 1 April 2017
9 fraud prevention activities implemented (PSC)	Target missed by 3	The policies of fraud detection are still undergoing consultation processes, and the processes have dependencies.
99% of NT benefits paid on time	Target exceeded by 14%	Effective and efficient monitoring of production statistics
99% of NT members admitted within 21 days	Target exceeded by 3%	This is attributed to effective and efficient administrative processes
99% of NT pensioner records maintained	Target exceeded by 9%	Effective management of members and pensioner records
100% of NT suspended pensioners (overseas) reinstated after receipt of Life Certificates	Target achieved as planned	Effective verification of member life status

Strategic Goal	Strategic Objective	Performance Indicator	Annual Target	
Efficient administration of benefits	To pay benefits on time as per legislation	% of NT (Special Pensions) death benefits paid within 60 days after duly completed documents were received	70% of NT (Special Pensions) death benefits paid within 60 days after duly completed documents were received	
Effective administration of benefits	To pay the right person who is the lawful member or beneficiary	% of NT membership certificates issued within 30 days of admission	90% of NT membership certificates issued within 30 days of admission	
Efficient administration of benefits	To pay benefits on time as per legislation	% of GEPF benefits paid on time	80% of GEPF benefits paid on time	
Effective administration of benefits	To pay the right person who is the lawful member or beneficiary	% of GEPF members admitted within 21 days	96% of GEPF members admitted within 21 days	
Effective administration of benefits	To pay the right person who is the lawful member or beneficiary	% of GEPF contributions reconciled by the 22 nd of the month	95% of GEPF contributions reconciled by the 22 nd of the month	
Effective administration of benefits	To pay the right person who is the lawful member or beneficiary	% of GEPF Existing Member data confirmed annually with the member and/or the employer departments (to cleanse member data)	25% of GEPF Existing Member data confirmed annually with the member and/or the employer departments (to cleanse member data)	
Effective administration of benefits	To pay the right person who is the lawful member or beneficiary	% of GEPF annual benefit statements issued within a set period after the yearly salary increases approved by the Fund (subject to approval in Q4 of the previous year)	90% of GEPF annual benefit statements issued within a set period after the yearly salary increases approved by the Fund (subject to approval in Q4 of the previous year)	
Effective administration of benefits	To pay the right amount as per the legal entitlement as prescribed by legislation and rules	% client satisfaction levels	90% client satisfaction levels	
Effective administration of benefits	To pay the right amount as per the legal entitlement as prescribed by legislation and rules	% of post voice call resolution	80% % of post voice call resolution	

Actual Achievements 2017 / 2018	Deviation from planned target to actual achievement for 2017 / 2018	Comment on deviations
92% of NT (Special Pensions) death benefits paid within 60 days after duly completed documents were received	Target exceeded by 22%	This is attributed to effective and efficient monitoring of production statistics
99% of NT membership certificates issued within 30 days of admission	Target exceeded by 9%	Effective management of membership roll
71% of GEPF benefits paid on time	Target missed by 9%	All processes are still manual. Very little automation of payments, resulting in not meeting targets as set out
98% of GEPF members admitted within 21 days	Target exceeded by 2%	Staff went extra mile to exceed the set targets.
98% of GEPF contributions reconciled by the 22 nd of the month	Target exceeded by 3%	Embarked on a drive to get employers to pay contributions prior to financial year end in order for it not to reflect as payable, even though rule 8 to the GEP Law provides for it to be only payable by the 7th day of the following month
32% of GEPF Existing Member data confirmed annually with the member and/or the employer departments (to cleanse member data)	Target exceeded by 7%	Member data confirmed as planned
92% of GEPF annual benefit statements issued	Target exceeded by 2%	Ensured that the data is cleansed before benefit statements were issued
94% client satisfaction levels	Target exceeded by 4%	Employees consistently provided a professional service to members, leading to high levels of client satisfaction
94% of post voice call resolution	Target exceeded by 14%	Members have been consistently provided with accurate information and calls were handled professionally and in a friendly manner at the Call Centre

6. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 1: SUPPORT SERVICES

Sub-programme 1.1: Corporate Services

Purpose of the sub-programme

The business units within Corporate Services play a supporting role to the provision of primary services. The aim of this sub-programme is to support the GPAA in achieving its strategic goals through the management, co-ordination and oversight of all management support, human and physical resources and various services within the organisation.

List of business units

- Human Resource Management
- Facilities Management

Strategic objectives for 2017 / 2018

- To employ the right people that are competent, performance driven and caring.
- To administer the funds at an economically acceptable cost of administration per member.

Performance Against Predetermined Objectives

Sub-programme 1.1 had no APP targets to report on for the year under review.

Note: Achievements and challenges of HR are covered in Part D: Human Resource Management; and achievements and challenges of Facilities Management are covered in Part C: Governance.

Linking Performance with Budgets

Programme and sub-programme expenditure:

Programme 1.1 Corporate Services	2016 / 2017			2017 / 2018		
	Final appropriation	Actual expenditure	(Over)/ Under expenditure	Final appropriation	Actual expenditure	(Over)/ Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
	177 550	148 689	28 861	202 215	178 732	23 483
Total	177 550	148 689	28 861	202 215	178 732	23 483

Sub-programme 1.2: Financial Services

Purpose of the sub-programme

This sub-programme manages the financial resources available to administer pensions and other benefits using best practice principles. In this regard, the sub-programme ensures that financial policies are adhered to, financial

record keeping is done according to an appropriate framework, and sufficient cash flow levels are maintained for operational activities. This sub-programme also prepares the financial statements for the organisation and for use by stakeholders.

List of business units

- Finance: Administration
- Finance: Employee Benefits
- Supply Chain Management
- Unclaimed Benefits
- Taxation

Strategic objectives for 2017 / 2018

- To administer funds at an economically acceptable cost of administration per member.
- To pay the right amount as per the legal entitlement as prescribed by legislation and rules.

Performance Against Predetermined Objectives

Strategic objectives	Performance indicator	Actual achievement 2016 / 2017	Planned target 2017 / 2018	Actual achievement 2017 / 2018	Deviation from planned target to actual achievement for 2017 / 2018	Comment on deviations
To pay the right amount as per the legal entitlement as prescribed by legislation and rules	% of the new (current year) unclaimed benefits of the accumulated unclaimed benefits total	80% of the total unclaimed benefits amount relating to the current year (should be higher)	80% of the new (current year) unclaimed benefits of the accumulated unclaimed benefits total	67% of the new (current year) unclaimed benefits of the accumulated unclaimed benefits total	Target missed by 13%	Comprehensive efforts were made to reduce unclaimed benefits amounts, however the number kept on increasing. The organization is putting strategies to reduce unclaimed benefits in place.
To administer the funds at an economically acceptable cost of administration per member	% reduction in administration costs per member	18% reduction in administration costs per member	5% reduction in administration costs per member	-4% reduction in administration costs per member	Target missed by 9%	The increase is mainly due to the overspending of the Modernisation projects that are at finalisation stage as they were under budgeted for. The organisation is monitoring the spending pattern to ensure that there is a decrease in administration costs.

Achievements:

- Vigorous efforts have been put in place to trace old Unclaimed Benefit cases; such that only 33% of all unclaimed benefits are older than 12 months as per definition of unclaimed benefits, while 67% are within the financial year under review.
- Supply Chain Management (SCM) processes, as well as the budgetary controls improved during the financial year to support the business; such that for the first time in more than 5 years, the variance report reflects a variance of less than 10% for the year. This could have even been less than 2% had the relationship with SITA been better, so that the computer infrastructure procurement could be finalized earlier or as expected.

Challenges:

- Non-compliance matters within procurement processes still exist, though there is a significant reduction. This is shown by irregular expenditure of R2 million during the current year, in comparison to R9 million in prior year.

Strategies to Overcome Areas of Under-performance:

- The investigation on the cause of non-compliance is being done and consequence management will be implemented.
- Training on Supply Chain Management and non-compliance will be provided to all decision makers.

Linking Performance with Budgets

Programme and sub-programme expenditure:

Programme 1.2 Financial Services	2016 / 2017			2017 / 2018		
	Final appropriation	Actual expenditure	(Over)/ Under expenditure	Final appropriation	Actual expenditure	(Over)/ Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
	54 388	53 087	1 301	58 959	54 113	4 846
Total	54 388	53 087	1 301	58 959	54 113	4 846

Sub-programme 1.3: Business Enablement

Purpose of the sub-programme

This sub-programme directs and manages the organisation's ICT infrastructure, including two data centres hosting the server, storage and application systems, Local Area Networks (LANs) and Wide Area Networks (WANs) with a national footprint, and an entire range of end-user devices, including desktops, laptops, tablets, printers and scanners. This sub-programme provides the GPAA with the enabling capabilities and technologies it needs to deliver on its mandate.

List of business units

Business Support Services (BSS)

- Information Security (IS)
- ICT Service Management
- ICT Acquisition and Demand
- ICT Infrastructure
- Project Management Office (PMO)
- ICT Applications and Middleware
- Process Innovation and Business Analysis

Strategic Objectives for 2017 / 2018

Business Enablement contributes towards the following strategic objectives:

- To pay the right amount by ensuring the availability of systems and solutions to ensure that payments are made accurately.
- To pay the right person by including system and solution validations to confirm the person as the qualifying beneficiary.
- To pay benefits at the right time by automating payment processes and compliance checks to allow for payment when all the required processing of the claims were done.
- To pay benefits at the right cost by deploying automated solutions for use by the internal and external clients of Business Enablement.

Performance Against Predetermined Objectives

Strategic objectives	Performance indicator	Actual achievement 2016 / 2017	Planned target 2017 / 2018	Actual achievement 2017 / 2018	Deviation from planned target to actual achievement for 2017 / 2018	Comment on deviations
To administer funds at an economically acceptable cost of administration per member	% of Pensioner Case Management (PCM) system implemented	Not measured	100% of Pensioner Case Management (PCM) system implemented	100% of Pensioner Case Management (PCM) system implemented	Target achieved as planned	PCM is deployed to the employer departments per the project plan
To administer funds at an economically acceptable cost of administration per member	% of Benefit Payments Automation (BPA) System implemented	Not measured	70% of Benefit Payments Automation (BPA) System implemented	76% of Benefit Payments Automation (BPA) system implemented	Target exceeded by 6%	The BPA Resignation process is operational in the production environment
To administer funds at an economically acceptable cost of administration per member	% of Self-Service system implemented for access to clients	Self-service functionality went live on 30 March 2017	100% of Self-Service system implemented for access to clients	100% of Self-Service system implemented for access to clients	Target achieved as planned	The solution is available for use in the production environment and departments were used for the pilot to confirm that users outside the GPAA can access the application

Achievements:

The Technical Architecture Document (TAD) was reviewed and the proposed architecture as specified in the document was approved. The document was re-baselined. The Oracle technology stack was shown to be capable of addressing the GPAA's needs and carry the organisation forward. Continued use of this technology was approved.

The ICT Governance Framework was compiled and approved by the GPAA management. Business Enablement developed and deployed Self-Service, Pension Case Management (PCM) and Benefit Payment Automation (BPA) as planned for the financial year.

The Data Quality Improvement Management (DQIM) dashboards were used by Programmes 2.1 and 2.2 to identify and correct data errors. The DQIM dashboards and reports are based on the information sourced from the Civil Pensions (CIVPEN) system and populated to the Enterprise Data Management Solution (EDMS) solution as the data verification solution.

DQIM reports assisted Operations to understand the errors and to focus on the correction of data records that will add value in the exit process. The DQIM Operational meeting, chaired by one of the data owners in Operations, also attends to detailed solutions based on analysis done in the meeting.

Self-Service was successfully deployed in the GPAA production environment and a penetration test was carried out by an independent institution to analyse the system and network for any potential vulnerabilities. The analysis covers system configuration, known or unknown application flaws or operational weaknesses. The solution passed the tests with only minor changes proposed as a result of the report produced by the institution. Self-Service was also tested with active GEPF members of three employer departments. The test required members to access the Self-Service portal, login with their credentials and access information available to them, such as their personal details and their personalised benefit statement. Confirmation was received from all three departments that the information was accessed and viewed. The focus for the 2018 / 2019 financial year in rolling out the solution is to simplify the authentication process for the GPAA clients so that they can access the solution and view their information in a secure manner.

PCM is available for use in the production environment and the Client Relationship Management unit (CRM) is assisting in rolling out the solution. An average of 77% of all exits submitted for the financial year were via PCM. The percentage increased by 59% from the previous year (from 18% in 2016/2017 to 77% in 2017/2018). The increased percentage can also be attributed to the effort by our CRM colleagues marketing the solution and converting employers from the eChannel application to the PCM application.

Channel 2017- 2018	Sum of Cases Received	%
Manual	8062	11%
Old eChannel to Manual	9069	12%
PCM eChannel to Manual	56826	77%
Grand Total	73957	100%

Channel 2016-2017	Sum of Cases Received	%
Manual	17619	23%
Old eChannel to Manual	43942	59%
PCM eChannel to Manual	13128	18%
Grand Total	74689	100%

The SLAs for the Fund were also achieved by automating the service components to reach the SLAs for the submission of tax directives, the implementation of pensioner increases and the required system uptime percentages. The measurement of the system availability and system response is done via a monitoring solution. The monitoring tool allows the GPAA and the service providers to react to any incident that may result in the loss of a service or degradation of the quality of the service.

A GPAA Architecture Review Committee was established to allow for ICT business review and recommendation of various aspects of the Enterprise Architecture, leading to a selection of proposed solutions that comply with the adopted architectures. The committee encourages communication between the various business units within the GPAA so that appropriate solutions that are both fit for purpose and cost effective are adopted.

As part of continuous business improvement, ICT is focusing on the business architecture aspects of the business rather than merely concentrating on the technology aspects of assisting the business. In light of this and with a view to significantly reduce the potential for backlogs and turn-around time for paying claims, ICT started moving all data correction aspects that are currently part of the exit process to the member maintenance stage which occurs prior to the initiation of an exit claim. The plan is to reap the benefits of this approach already within the 2018 / 2019 financial year.

Challenges:

Business Enablement invested a lot of time and effort to ensure that the applicable governance structures, frameworks and standards are in place to deliver on the ICT services required by the GPAA.

The execution by Business Enablement to ensure that the frameworks and structures are in place,

was hampered by the lack of an approved Business Enablement organisational structure to source and appoint the required skills. The sub-programme needs to move away from relying on external service providers to deliver on services and instead, organically develop internal skills within the organisation where possible.

The identified ICT risks that include the operational, fraud, compliance and strategic risk registers are also high on the agenda of the sub-programme with the view to mitigate the risks associated with the services to the administration.

Focus on the formulation of business architecture for the GPAA will result in significant changes in the organisation's organogram. Such changes are naturally accompanied by a sense of insecurity that will be experienced by the GPAA human capital. A significant change management effort must be undertaken to allay such insecurity so that the entire human capital of the GPAA is fully committed to, and supportive of the changes that the GPAA is expected to undergo.

Strategies to Overcome Areas of Under-performance:

The main focus for the 2018 / 2019 financial year is to deliver ICT services in new innovative ways within the governance frameworks and standards agreed upon. Delivery on time will also be of essence with increased participation from the Project Management Office to manage, measure and execute ICT projects and deliverables.

An approved ICT organisational structure that will allow for the appointment of internal GPAA employees who are able to execute the mandate of the sub-programme will also be high on the agenda.

Review of Supply Chain Management (SCM) processes by the GPAA ICT, the GPAA SCM, as well as SITA is crucial to ensure that procurement time lines for services and products are shortened.

Linking Performance with Budgets

Programme and sub-programme expenditure:

	2016 / 2017			2017 / 2018		
Programme 1.3 Business Enablement	Final appropriation	Actual expenditure	(Over)/ Under expenditure	Final appropriation	Actual expenditure	(Over)/ Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
	420 196	312 802	107 394	311 327	278 760	32 567
Total	420 196	312 802	107 394	311 327	278 760	32 567

Sub-programme 1.4: Strategic Support

Purpose of the sub-programme

The purpose of the Office of the CEO and the business units that fall within it is to plan, direct and support the organisation in order to ensure that employee benefits, pensions and retirement funds are administered according to the relevant legislation and Service Level Agreements (SLAs).

This group of business units is responsible for ensuring that the GPAA is effectively managed in order to deliver services that meet or exceed the requirements of clients. It is also responsible for building relations and ensuring effective communication with various stakeholders, including the media and intergovernmental engagements, which promote the achievement of government priorities and service delivery. Finally, the Office of the CEO is responsible for oversight of the GPAA and the overall performance of the organisation.

List of business units

- Corporate Monitoring and Evaluation
- Strategy and Policy
- Management Information and Analytics
- Communications
- Complaints Management

Strategic Objectives for 2017 / 2018

- To pay the right person who is the lawful member
- To pay benefits on time as per legislation
- To pay the right amount as per the legal entitlement as prescribed by legislation and rules
- To administer the funds at an economically acceptable cost of administration per member
- To employ the right people that are competent, performance-driven and caring

Performance Against Predetermined Objectives

Strategic objectives	Performance indicator	Actual achievement 2016 / 2017	Planned target 2017 / 2018	Actual achievement 2017 / 2018	Deviation from planned target to actual achievement for 2017 / 2018	Comment on deviations
All five strategic objectives are relevant	Number of dedicated Fund (NT & GEPF) Relationship Officer appointed	Not measured	1 dedicated Fund (NT & GEPF) Relationship Officer appointed	1 dedicated Fund (NT & GEPF) Relationship Officer was appointed on 01 April 2017	Target achieved as planned	One dedicated FRO for both NT and GEPF was appointed in 1 April 2017

Achievements:

- The Office of the CEO has been leading the process engineering initiative, which is an assessment of the benefit payment value chain with the view to assist business to improve the turnaround of the benefit payment. Digitalization is also in the pipeline to ensure that members can access services and are communicated to.
- The GPAA has produced a Communication Strategy which has been agreed upon with the GEPF to enhance communication with members and beneficiaries.
- The GPAA's 2018 / 2019 to 2021 / 2022 Strategic Plan and 2018 / 2019 Annual Performance Plan were developed and consulted with National Treasury in alignment with the Framework for Strategic Plans and Annual Performance Plans. The plans were successfully tabled in Parliament on 13 March 2017 as registered on the Announcements, Tabling and Committee Reports [ATC, No. 33 – 2017].
- The Management Information and Analytics (MIA) business unit together with the Business Intelligence team provided valuable regular membership and contributions analysis on the GEPF regional drill down and summative information for 2017/2018 in response to the National Treasury requirements.
- The GPAA embarked on a multi-media publicity campaign whose main objective was to raise brand awareness and educate members about the Fund and its processes. This campaign saw the GEPF featured on several radio stations including Lesedi FM, Ukhozi FM and Jacaranda FM, amongst others.
- The television campaign included squeeze back adverts on a popular local TV series called Skeem Saam and also ran a 13 part TV campaign on Khumbul'khaya (SABC1). All these were done in an effort to trace beneficiaries in different parts of the country.
- The GPAA managed to meet and engage with 25 journalists/media houses to establish working relationships countrywide. As a result, several opinion pieces and articles were printed mainly in Sowetan and Daily Sun.
- The GPAA also advertised the GEPF Call Centre and Unclaimed benefits call numbers through in-Taxi Television and Outdoor LED advertising during several games played by Kaizer Chiefs and Orlando Pirates against other PSL teams.
- Community roadshows were successfully staged in Upington in the Northern Cape; Khutsong in Gauteng; Ganyesa in the North West; Tonga in Mpumalanga; Queenstown in the Eastern Cape; Vereeniging in Gauteng; Polokwane in Limpopo; Khayelitsha in the Western Cape and Kroonstaad in the Free State. Over 5000 members, including pensioners and beneficiaries were attended to.
- Pre-retirement workshops under the campaign Retirement Member Campaign (RMC) were staged successfully in Potchefstroom in the North West; Richards Bay in KZN; Giyani in Limpopo; Kuruman in the Northern Cape; and Vereeniging in Gauteng. This campaign is aimed at educating and empowering GEPF members who are close to retirement age regarding their responsibilities as they approach retirement. More than 1500 active members between the ages of 50 and 60 attended these workshops.

- HR Fora (events for Human Resources practitioners at employer departments to engage on Fund-related matters) were successfully staged in Kimberley and Upington in the Northern Cape; Mahikeng in the North West; Mt Frere in the Eastern Cape; Midrand in Gauteng; and Durban in KZN. Over 600 Human Resource Practitioners, including Directors attended.
- Our participation at the annual Rand Show on 14 – 23 April 2017 presented an opportunity to attend to over 1000 members on various queries.
- Exhibitions at shopping malls were initiated and pilot activations were staged in March 2018 at Maponya Mall, Soweto in Gauteng; Wonderpark shopping Centre, Pretoria North in Gauteng; and Polokwane Mall of the North in Limpopo.
- The new visual identity of the GPAA was officially launched in November 2017. The GPAA corporate profile as well as a Corporate Identity manual were produced and distributed to the GPAA employees.
- Signage in line with GEPPF corporate identity was installed at the Polokwane; Thohoyandou; Pietermaritzburg; Cape Town, Port Elizabeth; Nelspruit; Pretoria; Bisho and Mahikeng offices.
- A total of 644 officials were interviewed at HR Fora and 96% were satisfied about the services provided by the GPAA.
- The number of clients interviewed at roadshows was 832 and 97% of clients were satisfied about the service provided by the GPAA.
- The number of clients interviewed at RMCs was 574 and 78% were satisfied about the services offered by the GPAA.
- Approximately, 51 700 clients utilised the CSS device. 95% were satisfied with the services delivered in the regional offices.
- The GPAA successfully hosted the annual Cell C Take a Girl Child to Work campaign and over 20 young women from previously disadvantaged backgrounds got work-related exposure.
- The sub-unit of Complaints Management, in its second year of managing the complaints in the organisation, is working well in terms of maintaining stakeholder relations. The unit ensures that complaints received are responded to within a day of receipt of the complaints. The unit has further taken strides to track if the lodged complaints are resolved by different business units within the GPAA.
- The Service Level Agreement (SLA) between the GEPPF and the GPAA for the service level standards for the Complaints Management sub-unit of responding to clients was over achieved. Overall, the sub-unit has managed to coordinate resolution of 1 502 complaints out of 1 539 received for the financial year.

Challenges:

- Delays in signage installation were experienced due to defects, non-conformance and unsatisfactory quality of service rendered at the Polokwane, Thohoyandou and Port Elizabeth offices.
- The Complaints unit experienced challenges of receipt of incomplete or unverifiable information from the clients which delays resolution of some cases.

Strategies to Overcome Areas of Under-performance

- Signage installation: Appointment of reputable service providers for signage installations at the outstanding offices.
- Client Satisfaction Survey (CSS): Utilisation of CSS devices will be enhanced by engagement with service agents to remind clients to rate the services offered.
- The CM&E unit will develop innovative ways to acquire more responses from clients who lodge complaints to the GPAA.

Linking Performance with Budgets

Programme and sub-programme expenditure:

Programme 1.4 Strategic Support	2016 / 2017			2017 / 2018		
	Final appropriation	Actual Expenditure	(Over)/ Under expenditure	Final appropriation	Actual expenditure	(Over)/ Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
	62 042	56 892	5 150	92 006	65 719	26 286
Total	62 042	56 892	5 150	92 006	65 719	26 286

Sub-programme 1.5: Governance

Purpose of the sub-programme

The Governance sub-programme is aimed at ensuring that the required processes and advisory services are in place for decision making and implementation. The sub-programme ensures that the values of accountability, transparency, compliance, following the rule of law, responsiveness, effectiveness and efficiency are built into processes, procedures and policies governing the GPAA and its stakeholders.

List of business units

- Enterprise-wide Risk Management
- Forensics and Fraud Prevention Management (FFPM)
- Legal and Advisory Services

Strategic Objectives for 2017 / 2018

- To administer the funds at an economically acceptable cost of administration per member.

Forensics and Fraud Prevention Management (FFPM) Objectives:

- Promoting and building a fraud - free environment based on strong ethical business conduct.
- Creation of proactive mechanisms to detect fraud and corruption.
- Prevention of fraud and corruption.
- Investigation & support effective criminal and disciplinary prosecutions and stakeholder liaison.
- Support in the recovery of monetary losses.

Risk Management Objectives:

- Conduct and facilitate enterprise strategic and operational Risk assessments at organisational, programme and functional level focusing on likelihood and impact of risks.
- Create awareness on EWRM throughout GPAA using internal communications channels.

Performance Against Predetermined Objectives

Strategic objectives	Performance indicator	Actual achievement 2016 / 2017	Planned target 2017 / 2018	Actual achievement 2017 / 2018	Deviation from planned target to actual achievement for 2017 / 2018	Comment on deviations
To administer the funds at an economically acceptable cost of administration per member	Number of fraud prevention activities implemented (PSC)	16 fraud prevention strategies implemented	12 fraud prevention activities implemented (PSC)	9 fraud prevention activities implemented (PSC)	Target missed by 3	The policies of fraud detection are still undergoing consultation processes, and the processes have dependencies

Forensics and Fraud Prevention Management (FFPM) Unit

Achievements:

During the year under review, FFPM investigated 71% of the reported fraud cases against the target of 60%. The appointment of a panel of service providers contributed towards the finalisation of more reported cases during the period. The teamwork spirit displayed by FFPMU staff in carrying out their responsibilities throughout the period was the biggest reason behind the achievement.

During the course of the 2017 / 2018 financial year, the FFPMU presented fraud, integrity and ethics awareness sessions at induction training sessions that were held for new employees of the GPAA. Fraud risk assessments were held at Head Office as well as at the regional offices of the GPAA. The aim of fraud risk assessments and reviews was to establish an integrated and effective fraud risk management culture where all fraud risks and emerging fraud risks are continually identified, analysed and managed in order to achieve an optimal risk/reward profile for stakeholders.

Fraud, ethics and integrity awareness were also highlighted at roadshows held at various places around the country during the course of the year. This was done to raise awareness and sensitise GEPF members and HR personnel at employer departments on the types of fraud/corruption that can take place and how these can be prevented.

Enterprise-wide Risk Management

Achievements:

- Conducted strategic and operational risk assessment at Head office and in all the regional offices.
- Conducted ICT/Modernisation risk assessments.
- Conducted action plan monitoring for all the business units and regional offices.
- Reviewed and approved the following: Risk Management Strategy, Risk Management Framework and Risk Committee Charter.
- Conducted awareness on various aspects of risk management and implemented the # risk-aware-culture campaign through internal communications channels.
- Conducted business continuity risk identification and business impact analysis.
- Conducted compliance risk identification and monitoring.

How the achievements have contributed towards the achievement of strategies objectives of the organisation:

- The achievement of the unit targets assisted the GPAA to pay the right person and to pay the benefits on time.
- The achievement of the unit's targets also assisted the GPAA in reducing fraud.
- The risk assessments highlighted existing vulnerable areas and enabled management to put in place mitigation strategies to manage the risks.
- The monitoring action plans enables the risk management unit to check progress towards the implementation of the mitigation actions to reduce the likelihood and impact of the risk.

Challenges:

- Lack of cooperation by business units in providing information to the risk management officials when conducting action plan monitoring.
- Failure to implement the agreed action plans by business units.
- Lack of response by internal employees to blow the whistle on fraud, corruption and unethical behavior.
- Inability to trace witnesses and the unwillingness of witnesses to provide information/sworn affidavits.
- Delays by the South African Police Service (SAPS) in finalising the GPAA's reported fraud cases.

Strategies to Overcome Areas of Under-performance:

- SMS members to sign 2018 / 2019 performance agreements that talk to risk management.
- Intensify awareness campaigns.
- Approval of Whistle Blowing policy will provide more assurance to employees that they will be protected.
- Signing of the MOUs with law enforcement agencies.

Legal Services

Legal Services aims to render effective enterprise-wide legal support and advisory services and facilitate all legal aspects that are strategically important to the GPAA. Legal Services is the custodian of legislation and legal compliance in the GPAA. It comprises of a dedicated team of individuals who, through supporting the core business activities of the GPAA, contribute in the achievement of the strategic goals.

Achievements:

- Legal Services provided legal advice through numerous legal opinions across the enterprise and continued to direct the organization in respect of all divorce and maintenance court matters. The aforementioned contributed to the effective and economical administration of benefits. Legal Services also managed litigious matters and protracted litigation was kept to a minimum.
- The turn-around time applicable to clean break divorce cases has also improved with a positive impact on the payment of interest.
- Legal Services provided advice and guidance in the conclusion of a number of policies and process efficiency improvements within the organisation.
- Several contracts and/or agreements were assessed and settled by Legal services.
- Legal Services also provided guidance in respect of legal risks and possibilities of mitigating such through sound legal judgement.

Challenges:

- As Legal Services provide a service across all functions of the business, capacity to attend to the workload demand remained a challenge.

Strategies to Overcome Areas of Under-performance:

- Continuous improvements to support the core business in service delivery.
- Improved turn-around times and efficiency will remain a primary focus.

Linking Performance with Budgets

Programme and sub-programme expenditure:

	2016 / 2017			2017 / 2018		
Programme 1.5 Governance	Final appropriation	Actual Expenditure	(Over)/ Under expenditure	Final appropriation	Actual expenditure	(Over)/ Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
	53 455	50 696	2 759	57 329	47 793	9 536
Total	53 455	50 696	2 759	57 329	47 793	9 536

Sub-programme 2.1: Special, Military and Other Benefits Administration (National Treasury)

Purpose of the sub-programme

The Sub-programme is responsible for administering funds on behalf of National Treasury Programme 7. It provides for the payment of non-contributory pensions funded by National Treasury to the beneficiaries of various public sector bodies in terms of different statutes, collective bargaining agreements and other commitments. Military Pensions and Injury on Duty payments provide for the payment of military pension benefits and medical claims arising from treatment for disability, medical assistance devices and other related expenses, in terms of statutory commitments.

List of business units

- Post-retirement Medical Subsidy
- Injury on Duty
- Special Pension
- Military Pension
- Other Benefits

Strategic Objectives for 2017/2018

The programme ensures the payment of benefits and awards to rightful beneficiaries in terms of various statutes, collective bargaining and other agreements. It is the responsibility of the programme to ensure that benefits are paid to the correct recipients within specified times.

- To pay the right amount as per legal entitlement as prescribed by legislation and rules.
- To pay benefits on time as per legislation.
- To pay the right person who is a lawful beneficiary.

Performance Against Predetermined Objectives

Strategic objectives	Performance indicator	Actual achievement 2016 / 2017	Planned target 2017 / 2018	Actual achievement 2017 / 2018	Deviation from planned target to actual achievement for 2017 / 2018	Comment on deviations
To pay benefits on time as per legislation	% of NT benefits paid on time	98% of NT benefits paid on time	85% of NT benefits paid on time	99% of NT benefits paid on time	Target exceeded by 14%	Effective and efficient monitoring of production statistics
To pay the right person who is the lawful member or beneficiary	% of NT members admitted within 21 days	Not measured	96% of NT members admitted within 21 days	99% of NT members admitted within 21 days	Target exceeded by 3%	This is attributed to effective and efficient administrative processes
	% of NT pensioner records maintained	Not measured	90% of NT pensioner records maintained	99% of NT pensioner records maintained	Target exceeded by 9%	Effective management of members and pensioner records
	% of NT suspended pensioners (overseas) reinstated after receipt of Life Certificates	Not measured	100% of NT suspended pensioners (overseas) reinstated after receipt of Life Certificates	100% of NT suspended pensioners (overseas) reinstated after receipt of Life Certificates	Target achieved as planned	Effective verification of member life status
To pay benefits on time as per legislation	% of NT (Special Pensions) death benefits paid within 60 days after duly completed documents were received	Not measured	70% of NT (Special Pensions) death benefits paid within 60 days after duly completed documents were received	92% of NT (Special Pensions) death benefits paid within 60 days after duly completed documents were received	Target exceeded by 22%	This is attributed to effective and efficient monitoring of production statistics
To pay the right person who is the lawful member or beneficiary	% of NT membership certificates issued within 30 days of admission	Not measured	90% of NT membership certificates issued within 30 days of admission	99% of NT membership certificates issued within 30 days of admission	Target exceeded by 9%	Effective management of membership roll

Achievements:

- The sub-programme paid 99% of benefits on time against a target of 85%, and paid the right amount as per the legal entitlement as prescribed by the legislation and rules of the funds under administration.
- The above can be attributed to team effort and continuous monitoring of the sub-programme's production, improvement in internal controls, implementation of Risk Action Plans and addressing internal and external audit findings. This was further augmented by focused leadership and monitoring of all business units within the sub-programme.
- The sub-programme paid out pensions and benefits of R4.6 billion in 2017/2018 vs. R4.4 billion in 2016/2017, an increase of 4.5%. The increase in applications received is attributed to medical subsidies.
- The overall number of pensioners and beneficiaries increased by 4% from 127 412 in 2016/2017 to 132 407 in 2017/2018. The increase in applications received can be attributed to Post-Retirement Medical Subsidy.
- The sub-programme prioritises on building and maintaining stakeholder relations and as such plays a critical role in all the campaigns run by the organisation.

Challenges:

- Military Medical Accounts payments and access to medical treatment by pensioners is still a manual process and this results in late payment of claims for pensioners and service providers.
- The sub-programme has established that some employer departments are impacting negatively on the payments of Injury on Duty awards by not finalising the awards and instead send them to the GPAA for payments.

Strategies to Overcome Areas of Under-performance:

- Acquire a service provider in the medical accounts administration to manage the service through a Service Level Agreement with the GPAA.
- Continue to be part of the HR Forums and Retiring Member Campaigns to ensure that employer departments are well informed on the expectations of the GPAA in relation to medical subsidies and Injury on Duty claims.
- Continue to automate all programme processes through the GPAA Modernisation Programme.

Linking Performance with Budgets

Programme and sub-programme expenditure:

Programme 2.1: Civil Pensions and Military Pensions - National Treasury	2016 / 2017			2017 / 2018		
	Final appropriation	Actual expenditure	(Over)/ Under expenditure	Final appropriation	Actual expenditure	(Over)/ Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
	61 426	49 931	11 495	65 196	53 856	11 340
Total	61 426	49 931	11 495	65 196	53 856	11 340

Sub-programme 2.2: Employee Benefits (GEPF)

Purpose of the sub-programme

The GPAA, through this sub-programme, provides the full spectrum of benefit administration services, inclusive of member admissions, contribution collection, member / pensioner / beneficiary maintenance and benefit processing services for GEPF. Benefit processing starts from the benefit application, the processing of all relevant forms and documentation, and ends with the finalisation of the benefit payment from the Fund. These processes are aimed at the accurate and timely payment of benefits to GEPF's members and beneficiaries.

List of business units

- Membership Management
- Contributions Management
- Withdrawals – where all exit payments are processed
- Special Projects – where benefits of special nature are processed
- Pensioner Maintenance – where spouse's pensions, recalculations, orphan's pensions are processed
- Funeral Benefits

Strategic Objectives for 2017 / 2018

The sub-programme ensures that the payment of pension and other associated benefits are paid as per the various laws, rules and acts.

The objectives of the sub-programme are:

- To pay the right amount.
- To pay benefits at the right time.
- To pay the right person.

Service Level Agreement (SLA) with the Government Employees Pension Fund (GEPF)

The services categories per the SLA with the GEPF that directly affect the programme are:

- New Member Services;
- Existing Contributing Member Services;
- Pensioner Services;
- Contributing Services;
- Benefit Payments in Respect of Contributing Members;
- Benefit Payments in Respect of Pensioners; and
- Bulk Transfers into and out of the Fund.

These services are measured on a quarterly basis and reported to the customer accordingly.

Performance Against Predetermined Objectives

Strategic objectives	Performance indicator	Actual achievement 2016 / 2017	Planned target 2017 / 2018	Actual achievement 2017 / 2018	Deviation from planned target to actual achievement for 2017 / 2018	Comment on deviations
To pay benefits on time as per legislation	% of GEPF benefits paid on time	80% of benefits paid accurately	80% of GEPF benefits paid on time	71% of GEPF benefits paid on time	Target missed by 9%	All processes are still manual. Very little automation of payments resulting in not meeting targets as set out
To pay the right person who is the lawful member or beneficiary	% of GEPF members admitted within 21 days	Not measured	96% of GEPF members admitted within 21 days	98% of GEPF members admitted within 21 days	Target exceeded by 2%	Staff went extra mile to exceed the targets as set out.
	% of GEPF contributions reconciled by the 22 nd of the month	Not measured	95% of GEPF contributions reconciled by the 22 nd of the month	98% of GEPF contributions reconciled by the 22 nd of the month	Target exceeded by 3%	Embarked on a drive to get employers to pay contributions prior to financial year end in order for it not to reflect as payable, even though rule 8 to the GEP Law provides for it to be only payable by the 7 th day of the following month
	% of GEPF Existing Member data confirmed annually with the member and/or the Employer Departments (to cleanse member data)	Not measured	25% of GEPF Existing Member data confirmed annually with the member and/or the Employer Departments (to cleanse member data)	32% of GEPF Existing Member data confirmed annually with the member and/or the Employer Departments (to cleanse member data)	Target exceeded by 7%	Member data confirmed as planned
	% of GEPF annual benefit statements issued within a set period after the yearly salary increases approved by the Fund (subject to approval in Q4 of the previous year)	New measure	90% of GEPF annual benefit statements issued within a set period after the yearly salary increases approved by the Fund (subject to approval in Q4 of the previous year)	92% of GEPF annual benefit statements issued	Target exceeded by 2%	Ensured that data is cleansed before benefit statements were issued.

Achievements:

During the period under review, the unit was able to achieve the following, in comparison to the overall goal of "effective administration of benefits":

- Exceeded the SLA targets in respect of:
 - Manual admissions – 98% of clients were admitted to the Fund within 21 days of receipt of correctly completed documents;
 - Electronic admissions - 100% of clients were admitted within 21 days of receipt of data sets from participating employers to the Fund;
 - 98% of contributions received by the 7th day of the following month;
 - 98% of purchase of service instalments received by the 7th day of the following month;
 - 92% of GEPF membership received the GEPF annual member benefit estimates; and
 - Confirmed 32% of member data with employer departments or members.
- Implemented the following rule changes on behalf of the GEPF: enhanced Funeral Benefits, Discharge Anomaly and Market Value Adjustment changes as approved by the Board of Trustees and the Public Service Coordination Bargaining Council (PSCBC).
- At year end, the GPAA reduced its claim volumes on hand by almost 11% from the previous financial year, whilst increasing its too early to pay claims which would be paid in the new financial year by 33% from the previous year.

The sub programme's membership unit received and processed high volumes of membership documentation. The table below is indicative of the number of transactions processed by the unit.

Description	2017/2018	2016/2017	2015/2016
Exit Claims	91 595	100 066	110 890
Active Membership	218 862	181 383	110 640

The GPAA is responsible for the collection and reconciliation of contributions on behalf of the GEPF. The table below details the contributions collected and the number of members who contributed.

	2017 / 2018	2016 / 2017
Contributions Received	R 71.420 billion	R 65.436 billion
Membership	1.27 million	1.28 million

The number of claims received versus claims paid in the past five financial years was as follows:

Year	Received	Paid	%Age Claims Paid to Received
2018	73 957	73 336	99.16%
2017	74 689	73 764	98.76%
2016	81 090	79 783	98.38%
2015	83 209	75 329	90.52%
2014	67 137	62 771	93.49%

Apart from the high volume of exits claims paid, the GPAA also paid the following benefits:

Other Benefit Paid	2017 / 2018	2016 / 2017	2015 / 2016
Funeral Benefits	24 789	24 783	25 217
Spouses Pension	6 635	6 778	9 758
Clean-break Payments	7 484	6 803	4 914
Five Year Balances	2 930	2 760	2 397
Orphans Pensions	1 055	1 492	1 548
Third Pensions	27	38	52
Special Nature Benefits	1 187	494	1 791
Purchase of Service Quotations	867	621	586
Purchase of Service Periods Recognised	1 051	668	207

The sub-programme participated actively in the Modernisation Programme, making important contributions to the design, development and testing of the Benefit Payment Automation (BPA) system as well as improving the functionality of the system. In addition, the sub-programme focused on data cleansing activities and ensured that members were informed of the benefits available to them.

Challenges:

The sub-programme had the following challenges:

- The quality of the member data provided by the Transversal Systems is poor and thus corrupting the GEPF data.
- Ineffective technology support and integration of applications has resulted in larger than normal rejection of claims back to employer departments.
- Labour unrest, due to a number of underlying organisational structure issues relating to the review of the organisational structure not having been approved since 2007, is having a negative impact on staff morale and the ability of core operations to deliver against its mandate and operational targets in respect to the timeous payment of benefits.
- Employer departments submit exit documentation long after the member has terminated service in government, which results in late payment to members and leaves some members with no income.
- The automation of business applications is slow, resulting in high volumes of claims being processed manually.
- The lack of workflow system has resulted in work still being processed on paper, increasing turnaround times.
- Although some automation exists, a large part of the benefit payment processing is still paper-based and this contributes to a high number of incomplete/erroneous claim documents still being received from employer departments.

Strategies to Overcome Areas of Under-performance:

- Implementation of BPA to be accelerated with improved functionality.
- Improve employee operational skills and gear them for change as systems improvements are rolled-out.
- Filling of vacancies.
- Implement stronger controls and processes to ensure that employer departments submit complete, valid and accurate exit claims timeously.

- Enhanced processes and structures for the efficient administration of death benefits will also be implemented in early 2018 / 2019.
- In addition, the GPAA also conducts workshops, road shows and training to employer departments to enhance the quality of exit documentation.

Linking performance with budgets

Programme and sub-programme expenditure:

Programme 2.2 Government Employees	2016 / 2017			2017 / 2018		
	Final appropriation	Actual expenditure	(Over)/ Under expenditure	Final appropriation	Actual expenditure	(Over)/ Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
	80 728	73 980	6 748	83 085	78 119	4 966
Total	80 728	73 980	6 748	83 085	78 119	4 966

Sub-programme 2.3: Client Relationship Management (CRM)

Purpose of the sub-programme

CRM is aimed at managing the relationship with all of the GPAA' stakeholders – clients, third parties and employers – by providing high-quality, responsive client services based on the Batho Pele Principles. The service channel operations (Call Centre, walk-in centres, email and mobile offices) ensure effective support of the interface between the GPAA and its client base by accepting, resolving and monitoring all requests or queries made by clients.

CRM also provides employer education and member awareness campaigns through its regional client liaison services.

In addition, CRM oversees the document management and verification process to support the GPAA's core business processes. This includes the conversion of paper documents into electronic format and the indexing, tracking, verification, and storage of these documents.

List of business units

- CRM Call Centre
- CRM Mobiles Offices
- CRM Regional Offices
- CRM Back Office
- Outreach Events

Strategic Objectives for 2017 / 2018

- To attain Call Centre service level targets
- To attain customer service experience targets at all client touch-points/channels
- To encourage compliance in benefits administration requirements by participating employers
- To conduct joint member, employer and stakeholder awareness, education and empowerment programmes

Performance Against Predetermined Objectives

Strategic objectives	Performance indicator	Actual achievement 2016 / 2017	Planned target 2017 / 2018	Actual achievement 2017 / 2018	Deviation from planned target to actual achievement for 2017 / 2018	Comment on deviations
To pay the right amount as per legal entitlement as prescribed by legislation and rules	% client satisfactions levels	97% client satisfaction levels	90% client satisfaction levels	94% client satisfaction levels	Target exceeded by 4%	Employees consistently provided a professional service to members, leading to high levels of client satisfaction
	% of post voice call resolution	92% of post voice call resolution	80% of post voice call resolution	94% of post voice call resolution	Target exceeded by 14%	Members have been consistently provided with accurate information and calls were handled professionally and in a friendly manner at the Call Centre

Achievements:

CRM, through its client and stakeholder engagements, has achieved the following activities for the year:

- A total of 474 779 walk-in clients (members, pensioners and beneficiaries) were serviced across 16 regional offices nationally.
- The Call Centre received 1 239 950 calls and answered 764 794 calls.
- A total of 1 127 033 document images were scanned.
- A total of 1 114 794 document images were indexed. This is 99% of all documents that were scanned.
- A total of 11 628 employer sites were visited i.e. one CLO visited 182 employer sites.
- A total of 5 723 employer education sessions were conducted on GPAA products, processes and procedures.
- A total of 655 employer on-site RMC group sessions were conducted to educate members on their readiness for retirement.
- A total of 2 463 one-on-one client RMC interviews were conducted to educate members on their readiness for retirement.
- A total of 965 member awareness sessions were conducted at employer work sites to educate active members on GPAA's benefit products, processes and procedures.
- A total of 767 mobile sites were visited nationally, servicing 90 634 clients; and 18 618 documents were received and processed through the mobile offices.
- The PCM was successfully rolled out to employers; 98% of employers submitted cases via PCM which has reduced the number of manual claims received.
- The QMS was successfully rolled out to 14 regional offices nationally.

- The following outreach events were conducted by CRM:
 - Nine Road shows across eight Provinces creating awareness and educating members on Fund related matters and benefits;
 - Five RMC campaigns across five Provinces educating members nearing retirement on the necessary steps and actions to be taken in preparation for retirement; and
 - Seven HR Forums across seven provinces educating employers on the key steps and actions to follow and remember when submitting exit claims to the GPAA.

Challenges:

The following challenges have negatively affected CRM's service delivery across various channels (Call Centre, Walk-In-Centres, Mobile Offices, CLOs and Back Office):

- Resource shortage to effectively manage and support superior client and stakeholder services.
 - In this regard the Call Centre was seriously under-staffed which is evident in the high call abandonment rate of 38% (475,156 calls) and a low service level of 62%;
 - The mobile offices were not effectively staffed which led to the regions using their Walk-in Centre agents to service the mobile offices;
 - The non-filling of key vacant positions due to the normalisation process; and
 - The unsustainable high ratio of the number of employer servicing pay points to the number of CLOs.
- We are awaiting the finalisation of the structure which includes increasing the GPAA client services footprint by increasing the number of regional offices.
- Challenges in data quality hampered quality and timeous service delivery to clients, resulting in increased processing errors, rejections and re-works. This in turn increased claims payment turnaround times.

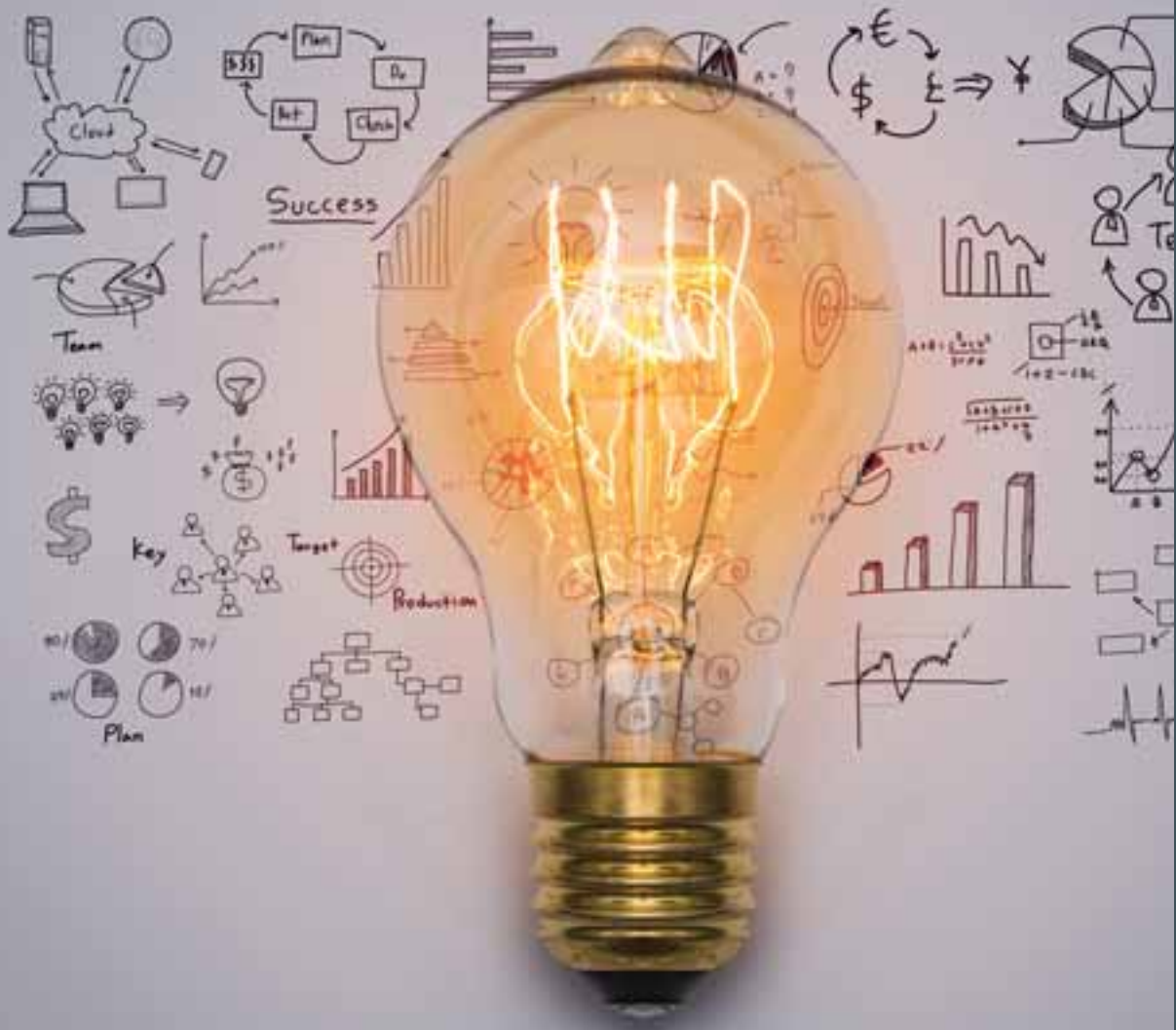
Strategies to Overcome Areas of Under-performance:

- Implementation of a fully integrated line of business system, including implementation of key functionality to improve effectiveness, efficiency and claims payment turn-around times.
- Elimination of all manual and paper-based processes.
- Elimination of all processing re-works and duplicate checks/validations.
- Implementation of a fully automated contributions allocations and reconciliations system.
- Implementation of CRM strategy.
- Implementation of an effective work-flow system.
- Vacant positions and structure to be filled.
- Review and correct national client/stakeholder servicing footprint, including branding, uniform for client-facing staff members and allocation of adequate resources.

Linking Performance with Budgets

Programme and sub-programme expenditure:

	2016 / 2017			2017 / 2018		
Programme 2.3 Client Relations	Final appropriation	Actual expenditure	(Over)/ Under expenditure	Final appropriation	Actual expenditure	(Over)/ Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
	234 993	192 515	42 478	214 855	212 597	2 913
Total	234 993	192 515	42 478	214 855	212 597	2 913



PART C | GOVERNANCE



GOVERNANCE

1. INTRODUCTION

The GPAA operates in a dynamic environment that deems it necessary to strengthen its governance processes and procedures. The organisation has an enterprise-wide risk management programme which is geared towards ensuring the attainment of its strategic and operational objectives. The organisation manages its risks in a pro-active manner, considering mainly factors affecting the achievement of strategic objectives and operational targets.

The Risk Committee and the Executive Committee (EXCO) have approved key risk management governance documents which include the following: the Enterprise Wide Risk Management (EWRM) Policy, Framework and Strategy. The Risk Committee consists of internal and two external members, who are instrumental in supporting EWRM processes within the organisation. The GPAA developed its risk appetite and risk tolerance statement using a qualitative approach, and this is assessed as part of the organisation's strategic and operational risk assessment exercise. The GPAA has a zero tolerance appetite level when it comes to fraud and corruption.

The organisation has an Internal Audit (IA) function, which executes its duties under the guidance of a written charter as approved by the Audit Committee. The charter provides the role and functions as envisaged in the Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The IA function assists the Accounting Authority to achieve the strategic objectives of the GPAA by evaluating and developing recommendations for the enhancement or improvement of business processes. IA follows a risk-based Internal Audit Plan which is approved by the Audit Committee; and reports all identified findings and matters of significance to the Audit Committee on a regular basis.

The organisation is committed to continuously improving its risk management processes in pursuit of its objectives, with the ultimate aim of creating and ensuring the sustainability of its core business. Recognition of the need for a pro-active risk management process is an essential element of good corporate governance and a crucial enabler in making the most of opportunities. It is essential that risk management is understood as an integral component of all processes and that it is not identified as an add-on to core business activities.

The ability of the GPAA to evolve into a mature risk environment is highly dependent on the level of training and awareness provided to its employees and management. This is critical for the organisation, because it has committed itself to an enterprise-wide risk management process. In order to achieve risk maturity, the GPAA will continue to align risk management processes to the approved EWRM Framework, Policy and Strategy.

2. RISK MANAGEMENT

Effective risk management aligns risks and opportunities to the GPAA's objectives. Proactive risk management practices ensures governance mechanisms are effective across the value chain, and focusses on both strategic and operational risks. The GPAA's management assumes full responsibility for risk management through the application of the EWRM Policy Framework and Strategy.

To ensure a consistent approach to risk management throughout the GPAA, the Risk Management Strategy is reviewed annually and approved by the Risk Committee, Risk Management Strategy incorporates generally accepted risk management practices and the GPAA has adopted the Committee of Sponsoring Organisations (COSO) Framework.

Management is constantly integrating risk management processes into their day-to-day activities. Risk assessments are conducted annually and the implementation of risk mitigation plans is monitored quarterly. Risk management records and manages its risk universe on the Barn-Owl system.

Audit and Risk Committee meetings are held each quarter to discuss the key risks and the implementation status of mitigation plans.

For the 2017 / 2018 financial year, the Risk Management unit achieved the following:

- Conducted a strategic risk assessment workshop in February 2018 where the following top 10 risks were identified:
 - Timeous payment of benefits.
 - Inability to timeously detect or prevent fraud, maladministration, theft and corruption.
 - Inadequate human resources to deliver on the GPAA services.
 - Organisational leadership and accountability at various levels.
 - Labour unrest.
 - Compliance to legislations and applicable rules.
 - Slow progress from the GPAA to deliver on Modernisation objectives.
 - Loss of critical skills.
 - Inability to timeously identify and respond to public relations/media crisis or negative press.
 - The threat of customers/stakeholders opting to utilise a new administrator.
- Conducted operational, ICT and Modernisation risk assessments.
- Continuous risk monitoring and updating of risk registers.
- Conducted business impact analysis.
- Conducted compliance risk assessment and continuous monitoring.
- Conducted risk management awareness as follows:
 - # risk-aware-culture campaign via internal communications channels
 - Presentations at various platforms

The top 10 strategic risks contributed in the development of the Internal Audit Plan and directed Internal Auditing efforts towards those areas of higher risks to the organisation. This is based on the best practices according to principles of King IV Code of Good Governance.

3. FRAUD AND CORRUPTION

Treasury Regulation 27.2.1 of the PFMA requires the GPAA to develop and maintain a Risk Management Strategy, which must include a Fraud Prevention plan, whose purpose is to direct internal audit effort and priority and to determine the skills required of managers and staff to improve controls and to manage identified risks. The Fraud Prevention Plan must cover a period of three years per the directive of Treasury Regulation 29.1.1(e).

The purpose of the Fraud Prevention Strategy is to positively change the attitudes of all employees, external service providers and suppliers of the Agency towards corruption and fraud. Fraud prevention can be seen as the cumulative effect of both preventative and detection systems incorporated by management. Detection of fraud can only lead to the prevention thereof if the response acts as a deterrent.

To this end, the GPAA has an approved Fraud Prevention Plan. This plan is aimed at ensuring that employees and management act legally, ethically and in the public interest. Furthermore, it promotes a culture that does not tolerate any act of fraud or corruption. It seeks to prevent the risk of fraud occurrence and it provides guidance in the detection and investigation of fraud when it occurs, and takes appropriate corrective action. During the year under review, and as directed by the Fraud Prevention Plan together with the Fraud Prevention Strategy, the following Governance documents were reviewed:

- Forensic Investigation Methodology
- Fraud Response Plan
- Whistle Blowing Policy

The approved Fraud Prevention Plan includes the following twelve (12) Fraud Prevention Strategies which were implemented during the period under review:

- a) Investigation capacity;
- b) Improved access to report wrongdoing;
- c) Protection of whistle blowers and witnesses;
- d) Prohibition of corrupt individuals and businesses from doing business with the GPAA;
- e) Improved management policies and practices;
- f) Managing professional ethics;
- g) Partnership with stakeholders;
- h) Social analysis, research and policy advocacy;
- i) Awareness, training and education;
- j) Conducting fraud risk assessments;
- k) Development of a Fraud Prevention Plan; and,
- l) Implementation of the Fraud Prevention and Ethics Committee (FPEC).

3.1 Mechanisms in place to report fraud and corruption and how these operate

The GPAA has a whistle blowing hotline which is managed by an independent service provider. Employees and members of the public are encouraged to report fraud and corruption anonymously using either this toll free number, an email, sms or fax line.

The GPAA further has internal investigation capacity to investigate fraud-related matters. During the period under review, a panel of service providers was appointed to assist the internal team in dealing with backlog cases.

Once an internal investigation is finalised, all suspected cases of fraud or corruption are referred to the South African Police Service (SAPS) for further criminal investigation. Suspected cases of misconduct against employees are referred to the Labour Relations unit for disciplinary action.

3.2 How these cases are reported and what action is taken

All suspected cases of fraud, corruption, unethical behaviour are reported internally through the following channels: whistleblowing hotline, email, fax line and sms. Cases can also be directly reported to supervisors, managers, and regional managers and /or any member of senior management.

The GPAA has internal investigation capacity to investigate such matters. However, some of the cases received and/or determined to be of a complex nature are referred to an external service provider through the standard SCM procurement processes.

All the cases received/reported for investigation are captured in a case management system called Barn-Owl which assists in the maintenance of data and the allocation of case numbers. In instances where a full scale investigation is warranted, cases are allocated internally to the forensic investigation team. On completion of the investigation, reports are sent to the Accounting Officer for approval of disciplinary actions or referral to SAPS for further investigation. Some cases are also referred to the Legal section to pursue civil action.

4. MINIMISING CONFLICT OF INTEREST

All the Supply Chain Management (SCM) practitioners are required to declare any interest in the GPAA on an annual basis. In addition, SCM practitioners do not have voting rights in SCM committees, but participate as strategic support to the committees.

All the members appointed to SCM committees are required to sign a conflict of interest declaration form at all meetings of the respective committees. In an event that a conflict of interest is declared by a member in their respective meeting, they are recused from further participation.

5. CODE OF CONDUCT

The GPAA Code of Conduct and Ethics is taken very seriously to build a culture of ethical behaviour. Mechanisms and systems are put in place to monitor adherence and compliance to the Public Service Code and Service Charter.

Thus far, the following have been done:

- Compliance to the Code of Conduct was monitored, and cases of non-compliance were reported to the Labour Relations unit for handling and consequence management was applied where misconduct was committed.
- An ethics risk campaign was conducted to promote an ethical culture within the GPAA.
- Requests were made and granted by SMS members to the Chief Executive Officer (CEO) to do remunerative work outside the public service.

The process followed for the breach of the Code of Conduct.

- The breach of the GPAA Code of Conduct was treated according to the Public Service Disciplinary Code of Conduct to ensure remedy and consequent management.
- The breaches were investigated by the Human Resource section, and disciplinary steps and actions were taken to remedy the misconducts.
- The registers of misconduct and disciplinary action is kept by HR.

6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The GPAA's non-compliance to the Occupational Health & Safety Act (OHSA) and other related regulations may result in serious health and safety risks to employees, customers and other visitors to its premises. These directly impact on employee productivity and safety, as well as on the safety of our assets.

Current non-compliance areas identified:

- Legal appointments not done.
- Hazard identification and assessment not yet conducted to identify and quantify OHS hazards and risks.
- Fire and other emergencies – location of equipment and evacuation during emergencies is not clearly marked.
- Safety security, access control and subsequent emergency handling require attention and improvement.
- Contracts and contractor control.
- Physical condition of office equipment and storage practices.
- Energy Reduction War-frame (ERW), 3 Lighting – A lighting survey has not yet been done, thus unable to confirm if illumination is at a suitable level.
- ERW 5 Ventilation – A ventilation survey has not yet been done to confirm the air quality in the office.
- Ergonomics in the office is poor due to lay-out of the office, poor storage practices and redundant equipment.
- Occupational hygiene survey not done.
- Safety glass survey not done.

Corrective Measures to enforce compliance to Health Safety and Environmental issues

- Hygiene surveys on illumination, ventilation/indoor air quality, and ergonomics will be conducted.
- The development of a risk assessment methodology.
- Address the issue of redundant equipment, and re-look office lay-out.
- Conduct safety glass survey to ensure safety of the glass fittings and structures.
- A rigorous contractor system to be implemented.
- Effective inclusion and addressing of risks associated with aggressive and difficult customers into Hazard Identification and Risk Assessment (HIRA).
- A fire risk assessment will assist to identify required equipment appropriate to the related level of risk.
- Services of an approved Inspection Authority to assess the adequacy of the lighting in the offices.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

7.1 The Internal Audit (IA) unit

Internal Audit objectives

The objectives of the Internal Audit unit are to review the adequacy and effectiveness of the management systems of internal controls, risk management and governance processes to ensure that:

- Laws, regulations and contracts are complied with;
- Operations are effective and efficient;
- Financial and operational information are reliable; and
- Assets are properly safeguarded.

Key activities

- Prepare a flexible three-year rolling Strategic Internal Audit plan using an appropriate risk based methodology, including any risks or control concerns identified by the Audit Committee and management, and submit that plan to the Audit Committee (AC) for review and approval;
- Implement the annual Internal Audit plan, as approved, including any special tasks or projects agreed with the Audit Committee and management;
- Perform consulting services, where applicable, beyond Internal Audit's assurance services, to assist management in meeting its objectives. Examples may include facilitation, process design, training and advisory services;
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of the organisation and its Charter;
- Evaluate and assess significant governance, risk management and control services, processes, operations, and control processes coincident with their development, implementation, and/or expansion;
- Prepare a quarterly report to the Audit Committee (AC) and management summarising results of audit activities and detailing its performance against the annual Internal Audit plan, to allow effective monitoring and possible intervention;
- Keep the AC informed on emerging trends and successful practices in Internal Auditing;
- Co-ordinate with other internal and external assurance providers to ensure proper coverage and minimise duplication of effort in terms of Section 3.2.10 of the Treasury Regulations; and
- Establish a quality assurance programme by which the Chief Audit Executive (CAE) can assure the operation of internal auditing activities.

7.2 Summary of audit work done

Type	Total Planned Audits	Total No (%) Completed
Approved Internal Audit plan 2017 / 2018		
Regularity Audit	23	10 (44%)
Performance Audit	5	0 (0%)
Information Technology Audit	15	3 (20%)
Total	43	13 (30%)

Consulting projects 2017 / 2018		
Ad-hoc Audits	0	3
SCM: Tender evaluations	12	12 (100%)

Projects carried over 2016 / 2017		
Regularity Audit	15	13 (87%)

7.3 The Audit Committee

Audit Committee objectives

To review the adequacy and effectiveness of the actions taken by the various parties in discharging its oversight responsibilities in terms of the:

- Integrity of the GPAA's financial statements;
- Internal and external auditor qualifications and independence;
- Performance of the GPAA's internal audit function and external auditor;
- Effectiveness of internal controls;
- GPAA's compliance with legal and regulatory requirements; and
- Identification of the material risks that may affect the corporation and the implementation of appropriate measures to manage such risks.

Activities in relation to Internal Audit

The Audit Committee periodically informs the Board about its work and advice it about its recommendations.

- The committee examines the appointment, replacement, reassignment or dismissal of the CAE and reviews the mandate, annual audit plan, and resources of the internal audit function.
- The committee meets the CAE to review the results of the internal audit activities, including any significant issues reported to management by the internal audit function and management's responses and/or corrective actions.

- The committee reviews the performance, degree of independence and objectivity of the internal audit function and adequacy of the internal audit process.
- The committee together with CAE reviews any issues brought forward, such as audit scope, access to information and staffing restrictions.
- The committee ensures the effectiveness of the coordination between the Internal Audit and external auditors.

Attendance of Audit Committee meetings by Audit Committee members

Name	Internal or external	If internal, position at the GPAA	Position in the Committee	Date appointed	Date resigned	Number of meetings attended
Ms. Octavia Matloa	External	External	Chairperson	01 March 2016	NA	8 of 8
Mr. Ameen Amod	External	External	Member	01 July 2015	NA	6 of 8
Mr. Brandon Furstenberg	External	External	Member	01 June 2016	NA	8 of 8
Ms. Anna Badimo	External	External	Member	01 July 2015	NA	8 of 8
Mr. CG De Kock	External	External	Member	01 February 2017	NA	8 of 8
Mr. Luyanda Mangquku	External	External	Member	01 July 2015	NA	8 of 8

8. AUDIT COMMITTEE REPORT

We hereby present our report for the financial year ended 31 March 2018.

Background

- The Audit Committee (AC) was established as a statutory committee in terms of section 77 of the Public Finance Management Act and Treasury Regulation 3.1
- The Committee has adopted formal terms of reference as its audit committee charter and has fulfilled its responsibilities for the year, in compliance with its terms of reference.

Membership and Attendance

- The Committee consists solely of independent members who are financially literate and have the appropriate experience.
- The Committee met 8 times during the year.

The following is a list of its members, qualifications and a record of their attendance:

Name of member	Qualifications	Appointment Date	Number of meetings attended
Ms Octavia Matloa (Chairperson)	Chartered Accountant (SA), B.Com (Hons) and CTA.	1 July 2013	8 of 8
Ms Anna Badimo	B.Sc Computer Science B.Sc Hons Computer Science MBA, MSC, CISM, CGEIT, CRISC M. InstD, Cobol Programming Diploma, Project Management Diploma and Certificate in IT Auditing.	1 July 2015	8 of 8
Mr Ameen Amod	Master in Business Administration (MBA), Bachelor of Commerce, Certificate in Internal Audit (CIA), Certified Government Auditing Professional Auditor and Certification in Risk Management Assurance, Chartered Director (SA)	1 July 2015*	6 of 8
Mr Brandon Furstenburg	Master of Science (MSc) in Financial Management, Master of Commerce (MCom) in Economics, BCom Hons, Bcom and FAIS exams: RE1, RE3 & RE5. M.InstD	1 June 2016	8 of 8

Name of member	Qualifications	Appointment Date	Number of meetings attended
Mr. Charl de Kock	Masters in IT Auditing, Honours degree in Accounting, Certified Information Systems Auditor (CISA), Certified Internal Auditor (CIA), South African Institute of Professional Accountants (SAIPA)	1 February 2017	8 of 8
Mr Luyanda Mangquku	Chartered Accountant (SA), Masters in Business Leadership, Honours Bachelor of Accounting and Honours Bachelor of Commerce, Advanced Company Law I & II	1 July 2015*	8 of 8

* Contracts expired on 30 June 2018

The Audit Committee's Responsibilities

The Committee is satisfied that it has discharged its responsibilities in assisting the Accounting Authority with the following and that this was done in conjunction with the Risk Committee:

- The safeguarding of assets, the operation of adequate systems, control and reporting processes, and the preparation of accurate reporting and financial statements in compliance with the applicable legal requirements and accounting standards;
- Overseeing the activities of, and ensuring coordination between, the activities of internal and external audit;
- Providing a forum for discussing financial, enterprise-wide, regulatory and other risks and control issues; and monitoring controls designed to minimise these risks;
- Reviewing the entity's quarterly financial and performance information, annual report, including annual performance information and annual financial statements, and any other public reports or announcements containing financial and non-financial information;
- Receiving and dealing with any complaints concerning the accounting practices, internal and external audit or the content and audit of its financial statements and performance reports or related matters; and
- Annually reviewing the Committee's work and charter making recommendations to the Accounting Authority to ensure its effectiveness.

Risk Management

- Management is responsible for the establishment and maintenance of an effective system of governance, risk management, the prevention and detection of fraud and internal controls.
- Internal Audit was guided by the consolidated risk profile provided by the Enterprise Risk Management unit, critical audit areas and managements inputs in the formulation of its 3-year strategic and annual plans.
- The entity has a Risk Committee which is chaired by an independent member who reports directly to the Audit Committee.
- The Risk Committee met 7 times during the year under review.
- A risk register is updated at least annually to ensure that all the major risks including emerging risks facing the entity are properly managed.

Internal Audit

The Committee approved a risk based 3 years Strategic Internal Audit Plan and an Annual Internal Audit plan for periods 1 April 2018 to 31 March 2021 and the following were the key audit activities for the 2017/2018 financial year:

Type	Total Planned Audits	Total No (%) Completed
Regularity Audit	23	7 (30%)
Performance Audit	5	0 (0%)
Information Technology Audit	15	3 (20%)
Ad-hoc Audits	3	3 (100%)
Total	46	13 (28%)

During the last quarter of 2016/2017 an external quality assurance review was performed by PricewaterhouseCoopers assessing the Internal Audit unit's compliance with the Internal Auditing, International Standards for The Professional Practice of Internal Audit (ISPPA) and the Code of Ethics; and the overall achievement was a partial conformance rating.

The Committee reviewed all the internal audit reports, is very concerned about the poor performance of the internal audit function; and is therefore not satisfied:

- The work output and activities of the internal audit function, including progress on its planned annual work programme, co-ordination with the external auditors (Auditor-General), and the responses of management to specific recommendations by the Committee.
- With management's progress to implement a co-sourcing intervention, as requested by the Committee.
- With the prolonged unresolved disputes in the unit which has rendered it dysfunctional.

Accounting and Auditing Concerns Identified by Internal Audit

Internal audit has not executed its plan for the year under review and the only accounting and auditing concerns that have been brought to our attention were reported by the Auditor-General South Africa.

The Committee is therefore of the opinion that Internal Audit is not independent, has not provided objective assurance and consulting activities that were designed to add value and improve the entity's operations.

Other Identified Concerns

The Committee noted the following areas of concern:

- The overall status of human resources management, high vacancy rate of the critical positions and the low staff morale.
- The Modernisation Project
 - The Modernisation Project is a significant risk as reported in our previous report and for the year under review we requested the Auditor-General South Africa to perform a project assurance audit covering periods from its inception until the end of the year under review. The following findings were reported as major concerns:
 - Inadequate project documentation
 - Insufficient monitoring of activities, timelines, and finances
 - Lack of policy
 - Management had challenges in measuring project performance, distinguishing between development and operational costs; and took a decision to re-baseline the project during the year under review. Consequently, the closing of certain projects was not in line with the prescribed ICT standards and GEPP as the project sponsor is still to ratify the decision.
 - The project is still running behind schedule and management has committed to implement measures to address these delays.
- The lack of controls to adequately and effectively mitigate the risks associated with the manual processes due to the incompatibility of some of the functions within the CIVPEN system.
- Increase in the number of whistleblowing reports and strikes resulting in instability within the organization.
- Poor consequence management because of little progress made in the implementation of forensic investigators' recommendations.
- Increase and sophistication in the perpetration of fraud pertaining to unclaimed benefits.

The Adequacy, Reliability and Accuracy of the Financial and Performance Information

- The Committee noted:
 - The reported material misstatements, management's acceptance and amendment of the submitted annual financial statements.
 - The reported performance information for Programme 1: Support Services and Programme 2: Benefits Administration are useful and reliable, in accordance with the applicable criteria as developed from the performance management and reporting framework.
- The Committee is of the opinion, based on the information and explanations provided by management as well as the results of audits performed by the Auditor-General South Africa, that the financial and performance information provided by management to users of such information is adequate, reliable and accurate.

External Audit

- The Committee noted the outcome of the project assurance audit on modernisation which was performed for the first time
- The Committee has reviewed the independence and objectivity of the Auditor-General; and noted that there were no non-audit services rendered by them during the year.
- In line with the legislative requirements the Committee has also considered the Auditor-General' independence declaration in the auditors' report, *"I am independent of the government component 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."* The Committee is therefore satisfied with their independence.
- The Auditor-General attended 8 meetings of the Committee and we are satisfied that there are no unresolved issues of concern other than raised in this report.
- The Committee reviewed and approved the external audit report and several accounting and auditing concerns were noted.
- The Committee has reported major concerns relating to the entity to the Accounting Officer, Executive Authority and the Auditor-General.

The Effectiveness of Internal Controls

- The Committee considered all the reports issued by the various assurance providers e.g. Auditor-General, Risk Committee, etc.
- The Committee noted managements' actions in addressing identified control weaknesses and the following achievements reported during the year:

Assurance Provider	Total Findings	Resolved Findings	Unresolved Findings
Internal Audit	41	0*	41
External Audit	40	5	35

* No follow-up audits confirming management's implementation of recommendations were presented to the Committee.

- We noted significant progress made in preventing irregular, unauthorized, fruitless and wasteful expenditure in comparison to the previous years. However, the Auditor - General South Africa has reported significant deficiencies in internal control which led to an overall regression in the drivers of key controls i.e. leadership, financial and performance management; and governance.

In light of the above we report that there was no assurance provided by internal audit and we are unable to express our opinion about the adequacy of internal controls.

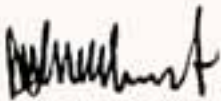
Compliance with Legal and Regulatory Provisions

- The Committee has reviewed the in-year management and quarterly reports submitted in terms of the Public Finance and Management Act and the Division of Revenue Act.
- The Committee also noted managements' policies and procedures to ensure compliance with applicable laws and regulations.
- The Auditor- General has reported the following material findings on compliance with selected specific requirements of applicable legislation, as set out in the general notice issued in terms of the Public Audit Act:
 - Expenditure management - effective steps were not taken to prevent irregular expenditure, as required by section 38(1)(c)(ii) of the PFMA, and Treasury Regulation 9.1.1.
 - Annual financial statements - the financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and/or supported by full and proper records as required by section 40(1)(a) and (b) of the PFMA.

Evaluation of Financial Statements and Annual Report

- The Committee has reviewed the annual financial statements and performance information for the year ended 31 March 2018 and duly recommended them for the Accounting Officer's approval prior to being submitted to the Auditor - General South Africa for audit.
- The Committee considered the Auditors' management and audit reports; and concurs with their conclusions. The Committee therefore accepts the audit opinion and conclusion expressed by the Auditor General South Africa on the annual financial statements and performance information.

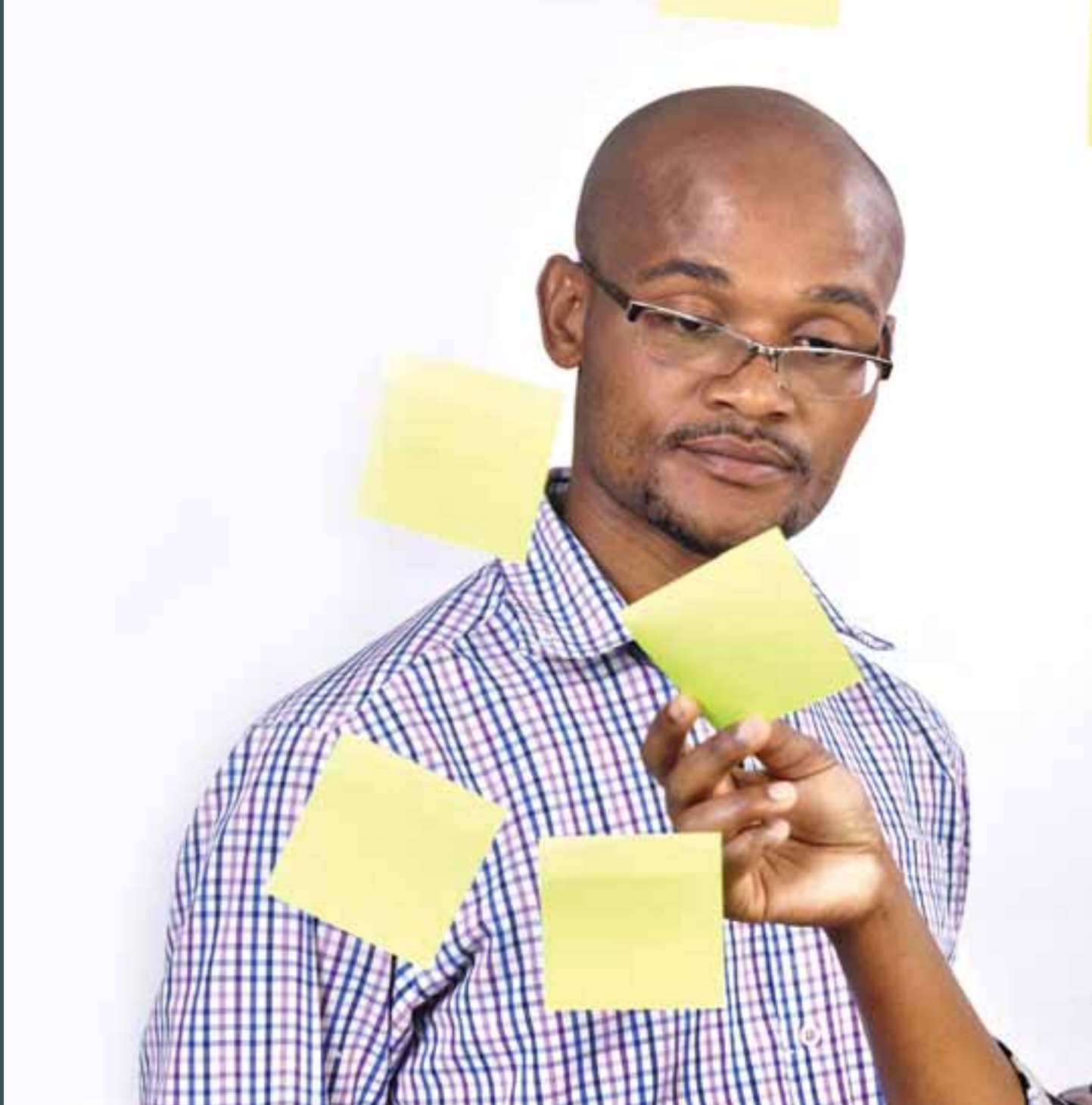
We would like to express our appreciation to the Chief Executive Officer and management for the achievement of the same unqualified audit opinion with findings.



Octavia M. Matloa

Chairperson

Date: 31 July 2018





PART D |

HUMAN RESOURCE MANAGEMENT



HUMAN RESOURCE MANAGEMENT

234 contract employees were permanently employed.

1. INTRODUCTION

The information contained in this part of the annual report has been prescribed by the Minister for the Public Service and Administration for all departments in the public service.

2. OVERVIEW OF HUMAN RESOURCES

2.1 The status of Human Resources in the GPAA

In the year under review, The GPAA significantly reduced the number of contract employees when 234 contract employees were permanently employed. These people were appointed to perform the same job in the approved structure and have been performing the same for a number of years. The process of appointing fell within the CEO's delegated authority while the approval for the remaining 120 contract employees (excluding 12 trainees and the backlog contract workers) still needs to be obtained from the Minister of Public Service and Administration as well as the Minister of Finance.

2.2 Human Resource priorities for the year under review and the impact thereof

The Human Resource unit aims to finalise the proposed organisational structure in consultation with organised labour and, with the approval from EXCO, submit to both the Minister of Public Services and Administration and the Minister of Finance.

The unit further aims to expedite the finalisation of job evaluations to resolve salary disparities within the GPAA and present the results to EXCO for submission to the Minister of Public Service and Administration and the Minister of Finance.

2.3 Workforce planning and key strategies to recruit a skilled and capable workforce

The GPAA shall continue to recruit skilled and capable employees through the approved channels in the Public Service.

2.4 Employee Performance Management

The GPAA employees comply fully to the performance management policy.

2.5 Employee Wellness Programme

The GPAA, as a government component, complies with the requirement of the DPSA Act which stipulates that all government departments with employees hired under public service regulations should have an Employee Health and Wellness (EH&W) programme. In line with the said Act, the GPAA's EH&W programme is managed through the following four strategic pillars:

- HIV, AIDS and TB management;
- Health and productivity management;
- Wellness management; and
- Safety Health Risk and Quality Management (SHERQ).

Achievements:

In implementing the EH&W programme, the GPAA provided a variety of services to its employees; such as blood donation, screening for non-communicable diseases, HCT, fitness classes financial workshops and life skills.

Counselling services utilisation was as follows:

Report Period	GPAA usage
April 2017	01
May 2017	13
June 2017	12
July 2017	17
August 2017	24
September 2017	17
October 2017	03
November 2017	11
December 2017	02
January 2018	03
February 2018	13
March 2018	08
Total usage	124

Challenges:

- The Employee Health and Wellness unit experienced challenges with regard to creating conducive environment for physical activities for the onsite workplace fitness journey aerobics sessions. As a result, the onsite workplace fitness activities have been suspended until such time where there's provision allocated to conduct fitness activities.
- Under-utilisation of Employee Health and Wellness Offerings - Counselling service.

Future Plans:

- Facilitate the provision of availing onsite workplace fitness activities by partnering with other government departments within our vicinity.
- Conduct educational sessions for all supervisors on how to manage employees with ill health, disability and mental illnesses.

- Conduct educational sessions to supervisors with teams, on managing group dynamics within teams.
- Host pre-retirement preparation sessions for all employees between the ages of 50-65.
- Host and educate employees on STI testing and TB testing.

2.6 Organisation Development and Design

Achievements:

- The normalised organisational structure was approved.
- A memo for the proposed creation of 120 additional posts on the organisational structure was submitted to the Minister of Finance.
- Engaged in a salary level disparity project with second level recommendations submitted.

Future Plans:

- Obtain structure approval from the Minister of Finance (MoF) and Minister of Public Services & Administration (MPSA).
- Obtain approval of placement protocol.
- Obtain approval of 120 additional positions.
- Implement the salary level disparity recommendations.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 Personnel related expenditure

The following tables summarise the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- Amount spent on personnel.
- Amount spent on salaries, overtime, home-owner's allowances and medical aid.

Table 3.1.1: Personnel expenditure by programme for the period 1 April 2017 to 31 March 2018

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Corporate Services	165 248	47 722	4 703	15 810	29%	408
Finance	53 145	45 056	-	3 562	83%	426
Business Enablement	285 528	49 411	-	62 363	17%	696
Strategic Management	57 177	26 279	-	745 141	46%	730
Governance	52 538	31 649	-	4 873	60%	719
Prog. 1 National Treasury	50 998	49 135	-	383	97%	419
Employee Benefits	77 510	76 046	-	-	98%	409
CRM	200 361	164 098	-	1 798	78%	395
Total	942 505	489 397	4 703	89 533	50%	-

Table 3.1.2: Personnel costs by salary band for the period 1 April 2017 to 31 March 2018

Salary band	Compensation of Employees Cost including Transfers (R'000)	Percentage of Total Personnel Cost for Department	Average Compensation Cost per Employee (R)	Total Personnel Cost for Department including Goods and Services (R'000)	Number of Employees
Lower skilled (levels 1-2)	3 052	0.60	110 000	489 397	28
Skilled (levels 3-5)	21 138	4.50	263 358	489 397	81
Highly skilled production (levels 6-8)	169 603	8.10	294 426	489 397	582
Highly skilled supervision (levels 9-12)	124 103	2.50	557 279	489 397	226
Senior and Top management (levels 13-6)	38 441	7.90	1 385 464	489 397	28
Contract (levels 1-2)	1 812	0.40	914 500	489 397	2
Contract (levels 3-5)	17 558	3.70	746 708	489 397	24
Contract (levels 6-8)	56 437	11.60	619 359	489 397	92
Contract (levels 9-12)	21 235	4.40	2 155 200	489 397	10
Contract (levels 13-16)	15 928	3.30	1 461 273	489 397	11
Contract other	122	0	0	489 397	0
Periodical remuneration	11 579	2.40	307 500	489 397	38
Total	481 008	100	433 752	489 397	1 122

TABLE 2.3 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme

Programme	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)
ACCOUNTING FINANCE	8 356	84.10	288
ACQUISITION & DEMAND	1 232	88.20	0
APPLICATION MIDDLEWARE	2 408	96.00	0
CORPORATE FINANCE GEFP	7 124	85.70	153
CRM CALL CENTRE	27 452	79.90	2 011
EASTERN CAPE REGIONAL OFFICE	1 834	81.00	11
EB FUNERAL BENEFITS	5 096	83.70	37
EB OPS & FINANCE MANAGEMENT	3 298	88.90	0
EB WITHDRAWALS	13 020	79.30	834
EMPLOYEE RELATIONS	3 421	86.10	0
END USER SUPPORT	3 071	93.30	14.00
ENTERPRISE WIDE RISK	2 410	84.60	0.00
FACILITIES MANAGEMENT	8 979	76.70	315
FINANCE MANAGEMENT ACCOUNTS AND BUDGETS	1 270	88.70	0
FINANCE SUPPLY CHAIN MANAGEMENT	5 089	86.90	0
FRAUD & FORENSIC MANAGEMENT	7 586	84.10	7
FREE STATE	6 537	84.10	39
GAUTENG (WALK-IN-CENTRE)	7 448	77.00	477
GEFP BISHO	6 091	83.60	28
GEFP BOARD OF TRUSTEES	2 099	21.60	0
GEFP BUSINESS SUPPORT SERVICES	7 796	83.10	89
GEFP CLIENT RELATIONSHIP MANAGEMENT	4 531	83.40	48
GEFP COMMUNICATIONS	6 414	85.30	72
GEFP EMPLOYEE BENEFITS	2 840	85.60	41
GEFP EMPLOYER & GOVERNMENT LIAISON	16 156	79.40	915
GEFP ICT	14 325	91.90	11
GEFP INTERNAL AUDIT	32 733	81.90	156
GEFP LEGAL	24 924	85.80	267
GEFP MANGEMENT	2 531	88.60	0
GEFP MEMBERSHIP & CONTRIBUTIONS	9 208	81.10	246
GEFP MILITARY PENSIONS	6 823	90.10	90
GEFP SPECIAL EB PROJECTS	13 048	86.30	224

	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Programme (R'000)
	2.90	235	2.40	416	4.20	9 938
	0.00	15	1.10	24	1.70	1 397
	0.00	0	0.00	0	0.00	2 509
	1.80	159	1.90	232	2.80	8 308
	5.90	819	2.40	1 626	4.70	34 340
	0.50	64	2.80	122	5.40	2 263
	0.60	191	3.10	240	3.90	6 089
	0.00	7	0.20	49	1.30	3 709
	5.10	490	3.00	787	4.80	16 415
	0.00	97	2.40	157	4.00	3 971
	0.40	17	0.50	9	0.30	3 292
	0.00	90	3.20	51	1.80	2 848
	2.70	529	4.50	978	8.40	11 703
	0.00	28	2.00	0	0.00	1 431
	0.00	153	2.60	186	3.20	5 858
	0.10	141	1.60	320	3.50	9 017
	0.50	117	1.50	321	4.10	7 777
	4.90	343	3.50	590	6.10	9 677
	0.40	171	2.30	223	3.10	7 288
	0.00	0	0.00	0	0.00	9 722
	0.90	156	1.70	465	5.00	9 387
	0.90	143	2.60	130	2.40	5 431
	1.00	98	1.30	252	3.40	7 517
	1.20	30	0.90	43	1.30	3 316
	4.50	433	2.10	906	4.50	20 355
	0.10	34	0.20	101	0.60	15 587
	0.40	844	2.10	1 310	3.30	39 989
	0.90	604	2.10	894	3.10	29 039
	0.00	15	0.50	52	1.80	2 856
	2.20	328	2.90	631	5.60	11 349
	1.20	134	1.80	164	2.20	7 571
	1.50	290	1.90	597	3.90	15 124

TABLE 2.3 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme

Programme	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	
HUMAN RESOURCES ADMINISTRATION	13 512	83.70	669	
INFORMATION SECURITY	2 839	83.10	34	
INFRASTRUCTURE MANAGEMENT	2 096	90.80	44	
INJURY ON DUTY	3 804	85.50	0	
JOHANNESBURG SATELLITE OFFICE	1 936	78.50	32	
KIMBERLEY REGIONAL OFFICE	3 931	79.80	14	
KZN (DURBAN)	1 756	84.00	0	
KZN (PIETERMARITZBURG)	8 507	79.20	0	
LIMPOPO	7 188	78.00	46	
MANAGEMENT	0	0.00	0	
MANAGEMENT INFORMATION SYSTEMS	2 027	88.40	0	
MANAGEMENT SUPPORT	3 272	91.30	0	
MEDICAL BENEFITS	7 837	82.40	11	
MODERNISATION	5 147	91.50	0	
MONITORING AND EVALUATION	8 748	88.30	19	
MPUMALANGA	3 952	80.40	18	
NORTH WEST	7 957	84.50	26	
OPERATIONAL SUPPORT SERVICES	9 760	71.40	1 183	
ORGANISATIONAL DESIGN & DEVELOPMENT	1 385	86.30	0	
PENSIONER MAINTENANCE	9 379	84.50	236	
PHYSICAL SECURITY	4 837	82.30	68	
PROGRAM 8 FINANCE	7 062	91.70	30	
PROJECT MANAGEMENT OFFICE	4 968	88.20	5	
REGISTRY	1 849	73.50	220	
SECRETARIAT	771	86.10	0	
SERVICE ASSETS & CONFIG MNG	284	88.20	11	
TRAINING & DEVELOPMENT	3 347	86.90	39	
UMTATA REGIONAL OFFICE	3 218	80.30	14	
WESTERN CAPE	5 064	82.60	1	
TOTAL	401 583	82.10	9 096	

	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Programme (R'000)
	4.10	265	1.60	480	3.00	16 146
	1.00	76	2.20	122	3.60	3 416
	1.90	13	0.60	14	0.60	2 308
	0.00	140	3.10	171	3.80	4 450
	1.30	121	4.90	148	6.00	2 466
	0.30	64	1.30	172	3.50	4 926
	0.00	60	2.90	123	5.90	2 091
	0.00	297	2.80	663	6.20	10 747
	0.50	244	2.60	543	5.90	9 211
	0.00	0	0.00	0	0.00	2
	0.00	35	1.50	45	2.00	2 292
	0.00	9	0.30	20	0.60	3 583
	0.10	235	2.50	644	6.80	9 512
	0.00	59	1.00	48	0.90	5 626
	0.20	200	2.00	125	1.30	9 910
	0.40	114	2.30	293	6.00	4 914
	0.30	176	1.90	256	2.70	9 416
	8.70	556	4.10	1 019	7.50	13 669
	0.00	15	0.90	57	3.60	1 605
	2.10	287	2.60	529	4.80	11 096
	1.20	155	2.60	278	4.70	5 879
	0.40	45	0.60	112	1.50	7 702
	0.10	45	0.80	123	2.20	5 632
	8.70	119	4.70	98	3.90	2 517
	0.00	15	1.70	43	4.80	895
	3.40	9	2.80	0	0.00	322
	1.00	60	1.60	72	1.90	3 852
	0.30	127	3.20	203	5.10	4 008
	0.00	132	2.20	242	3.90	6 132
	1.90	10 452	2.10	18 521	3.80	489 397

TABLE 2.4 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Salary Band

Salary Bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	
01 Lower skilled (Levels 1-2)	2 161	70.00	44	
02 Skilled (Levels 3-5)	15 054	70.50	1 447	
03 Highly skilled production (Levels 6-8)	131 818	76.80	5 045	
04 Highly skilled supervision (Levels 9-12)	105 526	82.90	975	
05 Senior management (Levels 13-16)	34 635	88.50	19	
10 Contract (Levels 1-2)	1 798	97.90	30	
11 Contract (Levels 3-5)	17 198	95.70	475	
12 Contract (Levels 6-8)	55 690	97.20	1 044	
13 Contract (Levels 9-12)	20 442	94.80	17	
14 Contract (Levels 13-16)	15 039	93.30	0	
18 Contract Other	122	100.00	0	
19 Periodical Remuneration	2 099	17.80	0	
TOTAL	401 583	82.10	9 096	

	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Salary Band (R'000)
	1.40	248	8.00	372	12.10	3 085
	6.80	1 050	4.90	1 959	9.20	21 345
	2.90	6 506	3.80	11 718	6.80	171 733
	0.80	2 251	1.80	4 147	3.30	127 358
	0.00	292	0.70	208	0.50	39 118
	1.60	0	0.00	0	0.00	1 836
	2.60	0	0.00	0	0.00	17 975
	1.80	15	0.00	43	0.10	57 322
	0.10	90	0.40	29	0.10	21 571
	0.00	0	0.00	45	0.30	16 120
	0.00	0	0.00	0	0.00	122
	0.00	0	0.00	0	0.00	11 813
	1.90	10 452	2.10	18 521	3.80	489 397



3.2 Employment and vacancies

The tables in this section summarise our position with regard to employment and vacancies.

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether or not there are any additional staff to the establishment. This information is presented in terms of three key variables:

- Programme;
- Salary band; and
- Critical occupations.

Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

Table 3.2.1: *Employment and vacancies by programme as at 31 March 2018*

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Programme 1.1	117	110	6%	9
Programme 1.2	97	88	9.3%	17
Programme 1.3	72	65	9.7%	7
Programme 1.4	42	32	23.8%	4
Programme 1.5	51	41	19.6%	4
Programme 2.1	105	98	6.7%	22
Programme 2.2	177	160	9.6%	28
Programme 2.3	365	351	3.6%	41
Total	1 026	945	7.8%	132

Table 3.2.2: *Employment and vacancies by salary band as at 31 March 2018*

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Lower skilled (1-2)	32	28	12.5%	2
Skilled (3-5)	77	77	0%	25
Highly skilled production (6-8)	624	586	6.1%	84
Highly skilled supervision (9-12)	252	226	10.3%	10
Senior management (13-16)	41	28	31.7%	11
Total	1 026	945	7.8%	132

Table 3.2.3: Employment and vacancies by critical occupations as at 31 March 2018

GPAAs has not yet determined critical occupations and scarce skills.
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3.3 Filling of SMS posts

The tables in this section provide information on employment and vacancies as they relate to members of the Senior Management Service (SMS) by salary level. It also provides information on advertising and filling of SMS posts, the reasons for not complying with prescribed timeframes and any disciplinary steps taken.

Table 3.3.1: SMS post information as at 31 March 2018 (Please take note that this table only includes permanent employees)

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director–General/ Head of Department	1	1	100%	0	0%
Salary Level 16	0	0	-	0	-
Salary Level 15	3	0	0%	3	100%
Salary Level 14	9	8	88.9%	1	11.1%
Salary Level 13	28	20	71.4%	8	28.6%
Total	41	29	70.7%	12	29.3%

Table 3.3.2: SMS post information as at 30 September 2017

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director–General/ Head of Department	1	1	100%	0	0%
Salary Level 16	0	0	-	0	-
Salary Level 15	3	0	0%	3	100%
Salary Level 14	9	8	88.9%	1	11.1%
Salary Level 13	28	20	71.4%	8	28.6%
Total	41	29	70.7%	12	29.3%

Table 3.3.3: Advertising and filling of SMS posts for the period 1 April 2017 to 31 March 2018

SMS Level	Total number of funded SMS posts	Total number of SMS posts advertised / filled in this year	% of SMS posts advertised / filled in this year	Total number of SMS posts vacant	% of SMS posts vacant
Director– General/ Head of Department	1	0	0%	0	0%
Salary Level 16	0	0	0%	0	0%
Salary Level 15	3	3	100%	3	100%
Salary Level 14	9	1	11.1%	1	11.1%
Salary Level 13	28	4	14.3%	8	28.57%
Total	41	8	19.5%	12	29.3%

Table 3.3.4: Reasons for non-compliance with the filling of funded vacant SMS posts - advertised within six months and filled within 12 months after becoming vacant for the period 1 April 2017 to 31 March 2018

Reasons for vacancies not advertised within six months
<p>The GPAA's Modernisation Programme was approved by the Minister of Finance and is comprised of a series of projects undertaken by the GPAA to improve the quality of the services offered to its clients. One of the deliverables is the development and implementation of a new organisational structure aligned to redesigned business processes and the automation of systems to ensure operational improvement.</p> <p>The design of the organisational structure has been completed and is undergoing a series of approval. A capacity model has been developed and job descriptions and job evaluations were done. A draft placement protocol has been developed as a framework for the transition of employees into the new structure.</p> <p>To minimise the difficulty in matching and placing staff in the new structure, as well as to ensure stability through the change that is inevitably going to happen, a decision was taken in the previous financial year, not to fill permanent positions on the current structure, unless they are critical and in line with the new proposed organisational structure.</p> <p>The positions on level 15 were advertised and recruitment started. The approval for the shortlist and the request to appoint a selection panel was sent to the Minister of Finance and is still awaiting response.</p>

3.4 Job evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in their organisation. In terms of the regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. In the year under review, there were no posts evaluated and none upgraded.

3.5 Employment changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the organisation. The following tables provide a summary of turnover rates by salary band and critical occupations.

Table 3.5.1: Annual turnover rates by salary band for the period 1 April 2017 to 31 March 2018

Salary band	Number of employees at beginning of period-1 April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (levels 1-2)	14	15	0	0%
Skilled (levels 3-5)	75	9	3	4%
Highly skilled production (levels 6-8)	421	178	18	4.3%
Highly skilled supervision (levels 9-12)	195	41	10	5.1%
Senior Management Service Bands A	20	0	0	0%
Senior Management Service Bands B	8	0	0	0%
Senior Management Service Bands C	0	0	0	0%
Senior Management Service Bands D	0	0	0	0%
Contracts	450	21	339	75.3%
Total	1 183	264	370	31.3%

Table 3.5.2: Annual turnover rates by critical occupation for the period 1 April 2017 to 31 March 2018

The GPAA has not yet determined critical occupations and scarce skills and cannot report for the year ending 31 March 2018.

The table below identifies the major reasons why employees left the organisation.

Table 3.5.3a: Reasons why staff left the organisation for the period 1 April 2017 to 31 March 2018: Permanent Employees

Termination type	Number	% of total resignations
Death	4	12.9%
Resignation	19	61.3%
Expiry of contract	0	0%
Dismissal – operational changes	0	0%
Dismissal – misconduct	2	6.5%
Dismissal – inefficiency	0	0%
Discharged due to ill-health	1	3.2%
Retirement	4	12.9%
Transfer to other public service departments	1	3.2%
Other	0	0%
Total	31	
Total number of employees who left as a % of total employment	4.2%	

Table 3.5.3b: Reasons why staff left the department for the period 1 April 2017 to 31 March 2018: Contract Employees

Termination type	Number	% of total resignations
Death	0	0%
Resignation	16	4.7%
Expiry of contract	82	24.2%
Dismissal – operational changes	0	0%
Dismissal – misconduct	2	0.6%
Dismissal – inefficiency	0	0%
Discharged due to ill-health	0	0%
Retirement	0	0%
Transfer to other public service departments	0	0%
Other	239	70.5%
Total	339	
Total number of employees who left as a % of total employment	75.3%	

Table 3.5.4: Promotions by critical occupation for the period 1 April 2017 to 31 March 2018

The GPAA has not yet determined critical occupations and scarce skills and cannot report for the year ending 31 March 2018.

Table 3.5.5: Promotions by salary band for the period 1 April 2017 to 31 March 2018

Salary band	Employees 1 April 2017	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progression to another notch within a salary level	Notch progression as a % of employees by occupation
Lower skilled (Levels 1-2)	14	0	0%	1 (13)	7.6%
Skilled (Levels3-5)	75	0	0%	12 (76)	15.7%
Highly skilled production (Levels 6-8)	421	1	0.2%	81 (413)	19.6%
Highly skilled supervision (Levels 9-12)	195	2	1%	58 (195)	29.7%
Senior Management (Levels 13-16)	28	0	0%	20 (26)	76.9%
Total	733	3	0.4%	172 (723)	23.7%

3.6 Employment equity

Table 3.6.1a: Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2018 (permanent employees)

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	13	1	2	3	7	0	0	2	28
Professionals	86	6	5	12	81	7	3	26	226
Technicians and associate professionals	150	8	3	7	327	24	9	54	582
Clerks	38	1	0	0	35	3	0	4	81
Service and sales workers	-	-	-	-	-	-	-	-	-
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades workers	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	-	-	-	-	-	-	-	-	-
Elementary occupations	5	0	0	0	23	0	0	0	28
Total	292	16	10	22	473	34	12	86	945
Employees with disabilities	6	1	-	2	5	-	-	1	15

Table 3.6.1b: Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2018 (contract employees)

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	2	0	2	3	1	0	0	3	11
Professionals	6	0	0	0	3	0	0	1	10
Technicians and associate professionals	35	0	0	0	46	2	0	1	84
Clerks	9	0	0	0	16	0	0	0	25
Service and sales workers	-	-	-	-	-	-	-	-	-
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades workers	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	-	-	-	-	-	-	-	-	-
Elementary occupations	0	0	0	0	2	0	0	0	2
Total	52	0	2	3	68	2	0	5	132
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.2a: Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2018 (permanent employees)

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	3	1	1	0	2	0	0	1	8
Senior management	10	0	1	3	5	0	0	1	20
Professionally qualified and experienced specialists and mid-management	86	6	5	12	81	7	3	26	226
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	150	8	3	7	327	24	9	54	582
Semi-skilled and discretionary decision making	38	1	0	0	35	3	0	4	81

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Unskilled and defined decision making	5	0	0	0	23	0	0	0	28
Total	292	16	10	22	473	34	12	86	945
Employees with disabilities	6	1	-	2	5	-	-	1	15

Table 3.6.2b: Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2018 (contract workers)

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	1	0	0	0	0	0	1
Senior management	2	0	1	3	1	0	0	3	10
Professionally qualified and experienced specialists and mid-management	6	0	0	0	3	0	0	1	10
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	35	0	0	0	46	2	0	1	84
Semi-skilled and discretionary decision making	9	0	0	0	16	0	0	0	25
Unskilled and defined decision making	0	0	0	0	2	0	0	0	2
Total	52	0	2	3	68	2	0	5	132
Employees with disabilities	-	-	-	-	-	-	-	-	-

Table 3.6.3a: Recruitment for the period 1 April 2017 to 31 March 2018 (permanent employees)

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	1	0	0	0	0	0	1
Senior management	2	0	1	3	1	0	0	3	10
Professionally qualified and experienced specialists and mid-management	6	0	0	0	3	0	0	1	10
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	35	0	0	0	46	2	0	1	84

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Semi-skilled and discretionary decision making	9	0	0	0	16	0	0	0	25
Unskilled and defined decision making	0	0	0	0	2	0	0	0	2
Total	52	0	2	3	68	2	0	5	132
Employees with disabilities	0	0	1	0	0	0	0	0	1

Table 3.6.3b: Recruitment for the period 1 April 2017 to 31 March 2018 (contract employees)

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	1	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	0	0	0	2	1	0	1	6
Semi-skilled and discretionary decision making	6	0	0	0	8	0	0	0	14
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	8	0	0	1	10	1	0	1	21
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.4: Promotions for the period 1 April 2017 to 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	1	0	0	0	1	0	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	1	0	0	1
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	1	0	0	0	1	1	0	0	3
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5a: Terminations for the period 1 April 2017 to 31 March 2018 (permanent employees)

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	5	0	0	0	3	0	1	1	10
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	5	1	0	1	7	1	0	3	18
Semi-skilled and discretionary decision making	1	0	0	1	1	0	0	0	3
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	11	1	0	2	11	1	1	4	31
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5b: Terminations for the period 1 April 2017 to 31 March 2018 (contract employees)

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	1	0	1	0	0	0	0	0	2
Senior management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	16	1	0	7	8	1	0	11	44
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	71	2	1	1	114	4	2	10	205
Semi-skilled and discretionary decision making	37	0	0	0	35	0	0	0	72
Unskilled and defined decision making	4	0	0	0	11	0	0	0	15
Total	130	3	2	8	168	5	2	21	339
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6: Disciplinary action for the period 1 April 2017 to 31 March 2018

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Final written	0	0	0	0	0	0	0	1	1
Written warning	1	0	0	0	0	0	0	0	1
Dismissal	2	0	0	0	1	0	0	2	5
Not guilty	0	0	1	0	0	0	0	0	1
Pending cases	3	0	0	0	0	0	0	0	3
Withdrawn	0	0	0	0	1	0	0	0	1

Table 3.6.7: Skills development for the period 1 April 2017 to 31 March 2018

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	14	1	3	5	7	0	0	2	32
Professionals	82	5	6	13	76	5	3	25	215
Technicians and associate professionals	168	10	5	9	347	23	9	57	628
Clerks	71	3	0	3	57	1	0	1	136
Elementary occupations	2	0	0	0	28	0	0	0	30
Total	337	19	14	30	515	29	12	85	1 041
Employees with disabilities	1	1	0	1	2	0	0	1	6

3.7 Signing of performance agreements by SMS members

All members of the SMS must conclude and sign performance agreements within specific time frames. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and the disciplinary steps taken are presented here.

Table 3.7.1: Signing of performance agreements by SMS members as at 31 May 2017

SMS level	Total number of funded SMS posts - contract plus permanent, including vacancies	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/Head of Department	1	1	0	0%
Salary Level 16	-			
Salary Level 15	1	1	1	100%
Salary Level 14	9	9	8	88.88%
Salary Level 13	29	29	28	96.55%
Total	40	40	37	92.50%

Table 3.7.2: Reasons for not having concluded performance agreements for all SMS members as on 31 May 2017

Reasons
In the 2017 / 2018 performance cycle, the Chief Information Officer was appointed on 1 March 2018. Subsequent changes in the Business Enablement environment had an impact on the finalisation of the operational APPs, which were not concluded on time. This resulted in some SMS members not being able to conclude and sign their performance agreements by the due date.

Table 3.7.3: Disciplinary steps taken against SMS members for not having concluded performance agreements for all SMS members as at 31 May 2017

Reasons
No disciplinary steps had been taken. However, all SMS members that did not conclude their performance agreements by the due date will forfeit all their incentive performance bonuses and pay progressions for the financial year 2017 / 2018, including the CIO.

3.8 Performance rewards

To encourage good performance, the GPAA granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations.

Table 3.8.1: Performance rewards by race, gender and disability for the period 1 April 2017 to 31 March 2018

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African	756	876	86%	R 5 167 655	R 6 836
Male	290	339	86%	R 2 197 875	R 7 579
Female	466	537	87%	R 2 969 780	R 6 373
Asian	20	24	83%	R 175 757	R 8 788
Male	8	11	73%	R 101 642	R 12 705
Female	12	13	92%	R 74 115	R 6 176
Coloured	51	55	93%	R 392 858	R 7 703
Male	17	18	94%	R 150 529	R 8 855
Female	34	37	92%	R 242 329	R 7 127
White	113	123	92%	R1 146 012	R 10 142
Male	25	29	86%	R 277 499	R 11 100
Female	88	94	94%	R 868 512	R 9 869
Total	940	1 078	87%	R 6 882 282	R 7 322

Table 3.8.2: Performance rewards by salary band for personnel below the Senior Management Service for the period 1 April 2017 to 31 March 2018

Salary band	Beneficiary profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	30	30	100%	R 69 805	R 2 327	1%
Skilled (Level 3-5)	92	95	97%	R 362 201	R 3 937	6%
Highly skilled production (Level 6-8)	558	669	83%	R 3 265 811	R 5 583	53%
Highly skilled supervision (Level 9-12)	228	246	93%	R 2 484 730	R 10 898	40%
Total	908	1040	87%	R 6 182 547	R 6 809	100%

Table 3.8.3: Performance rewards by critical occupation for the period 1 April 2017 to 31 March 2018

Currently the GPAA does not have critical skills.

Table 3.8.4: Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2017 to 31 March 2018

Salary band	Beneficiary profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee	
Band A	25	29	86%	R 489 730	R 19 589	70%
Band B	7	8	88%	R 210 005	R 30 001	30%
Band C	0	1	0%	-	-	0%
Band D	0	0	0%	-	-	0%
Total	32	38	84%	R 699 735	R 21 867	100%

3.9 Foreign workers

The table below summarises the employment of foreign nationals in the GPAA in terms of salary band and major occupation.

Table 3.9.1: Foreign workers by salary band for the period 1 April 2017 to 31 March 2018

Salary band	1 April 2017		31 March 2018		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled	0	0	0	0	0	-
Highly skilled production (Level 6-8)	0	0	0	0	0	-
Highly skilled supervision (Level. 9-12)	2	66.6%	2	66.6%	0	-
Contract (Level 9-12)	1	33.4%	1	33.4%	0	-
Contract (Level 13-16)	0	0	0	0	0	-
Total	3		3		0	

Table 3.9.2: Foreign workers by major occupation for the period 1 April 2017 to 31 March 2018

Major Occupation	1 April 2017		31 March 2018		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Level 6-8)	0	0	0	0	0	0
Highly skilled supervision (Level. 9-12)	2	66.6%	2	66.6%	0	0
Contract (Level 9-12)	1	33.4%	1	33.4%	0	0
Contract (Level 13-16)	0	0	0	0	0	0
Total	3		3		0	0

3.10 Leave utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 3.10.1 Sick leave for the period 1 January 2017 to 31 December 2017

Salary band	Total days	% days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)
Lower Skills (Level 1-2)	166	84.34%	48	1.97%	3.46	R90 552.59
Skilled (Levels 3-5)	988	76.38%	355	14.54%	2.78	R827 769.44
Highly skilled production (Levels 6-8)	4 655	80.66%	1 553	63.62%	3.00	R5 534 456.86
Highly skilled supervision (Levels 9 -12)	1 360	80.38%	428	17.53%	3.18	R3 312 863.04
Top and Senior management (Levels 13-16)	137	74.52%	57	2.34%	2.40	R536 369.66
Total	7 306		2 441	100%	2.99	R10 302 011.59

Table 3.10.2: Disability leave (temporary and permanent) for the period 1 January 2017 to 31 December 2017

Salary band	Total days	% days with medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	29	100%	6	13.64%	4.83	R24 653.44
Highly skilled production (Levels 6-8)	309	100%	28	63.64	11.04	R369 849.55
Highly skilled supervision (Levels 9-12)	142	100%	9	20.45%	15.78	R385 464.39
Senior management (Levels 13-16)	8	100%	1	2.27%	8	R30 155.25
Total	488	100%	44	100%	11.09	R810 122.63

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the Public Service Co-ordinating Bargaining Council in 2000 requires good management of annual leave to prevent high levels of accrued leave paid at the time of termination of service.

Table 3.10.3: Annual Leave for the period 1 January 2017 to 31 December 2017

Salary band	Total days taken	Number of employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	697	109	6.39
Skilled (Levels 3-5)	3 191	565	5.65
Highly skilled production (Levels 6-8)	15 702	2 530	6.21
Highly skilled supervision (Levels 9-12)	5 615	847	6.63
Senior management (Levels 13-16)	794	135	5.88
Total	25 999	4 186	6.21

Table 3.10.4: Capped leave for the period 1 January 2017 to 31 December 2017

Salary band	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 December 2017
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	41
Highly skilled production (Levels 6-8)	48.02	12	4	31
Highly skilled supervision (Levels 9-12)	12	4	3	41
Senior management (Levels 13-16)	0	0	0	42
Total	60.02	16	4	36

The following table summarises payments made to employees as a result of leave that was not taken.

Table 3.10.5: Leave pay-outs for the period 1 April 2017 to 31 March 2018

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-out for 2017 / 2018 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay-outs on termination of service for 2017 / 2018	R120 805.98	3	R40 268.66
Current leave pay-out on termination of service for 2017 / 2018	R1 010 003.53	112	R9 017.89
Total	R1 130 809.51	115	R9 833.13

3.11 HIV and AIDS and health promotion programmes

Table 3.11.1: Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
None	None

Table 3.11.2: Details of health promotion and HIV/AIDS programmes

Question	Yes	No	Details, if yes
1. Has the GPAA designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her / his name and position.	√		Mervin Kemp Acting Head: Corporate services
2. Does the GPAA have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	√		There is no dedicated annual budget for this purpose. However funds are made available as per annual operational plan from Employee Relations Budget. There are two (2) designated employees to promote the health and well-being of employees.
3. Has the GPAA introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	√		<ul style="list-style-type: none"> • Counselling services • Wellness screening • Fitness programme • Blood donation
4. Has the GPAA established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		√	The department does not have HIV and AIDS committee in place.
5. Has the GPAA reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.		√	The HIV and AIDS policy is due for review.
6. Has the GPAA introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	√		There are educational sessions to educate employees on their rights and they include how employees can protect themselves against discriminatory practices. Confidentiality is guaranteed for employees who decide to purposefully disclose their status. Supervisors, managers and all HR employees who handle such information have signed oath of secrecy.
7. Does the GPAA encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	√		Total tested: 351 Negative:347 Positive: 04
8. Has the GPAA developed measures / indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	√		The Monitoring and Evaluation unit regularly conduct the survey to measure the impact.

3.12 Labour relations

Table 3.12.1: Collective agreements for the period 1 April 2017 to 31 March 2018

Subject matter	Date
Substantive Agreement on memorandum of demands made by Organised Labour	30 May 2017

The following table summarises the outcome of disciplinary hearings conducted within the GPAA for the year under review.

Table 3.12.2: Misconduct and disciplinary hearings finalised for the period 1 April 2017 to 31 March 2018

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0%
Verbal warning	0	0%
Written warning	1	12.50%
Final written warning	1	12.50%
Suspended without pay	0	0%
Fine	0	0%
Demotion	0	0%
Dismissal	4	50%
Not guilty	1	12.50%
Case withdrawn	1	12.50%
Total	8	100%

Table 3.12.3: Types of misconduct addressed at disciplinary hearings for the period 1 April 2017 to 31 March 2018

Type of misconduct	Number	% of total
Gross Dishonesty	2	40%
Unauthorised use of State Vehicle	2	40%
Use of derogatory language towards subordinates	1	20%
Total	5	100%

Table 3.12.4: Grievances lodged for the period 1 April 2017 to 31 March 2018

Grievances	Number	% of total
Number of grievances resolved	20	61
Number of grievances not resolved	13	39
Total number of grievances lodged	33	100

Table 3.12.5: Disputes lodged with councils for the period 1 April 2017 to 31 March 2018

Disputes	Number	% of total
Number of disputes upheld	0	0%
Number of disputes dismissed	3	100%
Number of disputes pending	3	100%
Total number of disputes lodged	6	100%

Table 3.12.6: Strike action for the period 1 April 2017 to 31 March 2018

Total number of persons working days lost	0
Total costs working days lost	0
Amount recovered as a result of no work no pay (R'000)	0

Table 3.12.7: Precautionary suspensions for the period 1 April 2017 to 31 March 2018

Number of people suspended	2
Number of people whose suspension exceeded 30 days	2
Average number of days suspended	60 Days
Cost of suspension(R'000)	284 104.00

3.13 Skills development

This section highlights the efforts of the GPAA with regard to skills development.

Table 3.13.1: Training needs identified for the period 1 April 2017 to 31 March 2018

Occupational category	Gender	Number of employees as at 1 April 2017	Training needs identified at start of the reporting period			
			Learner-ships	Skills programmes and other short courses	Other forms of training	Total number of training days
Legislators, senior officials and managers	Female	13	0	10		13
	Male	29	0	9		9
Professionals	Female	124	0	98		231
	Male	121	0	86		177
Technicians and associate professionals	Female	485	0	145		984
	Male	214	0	104		434
Clerks	Female	88	0	30		112
	Male	77	0	48		122
Elementary occupations	Female	25	0	15		63
	Male	7		7		11
Sub Total	Female	735	0	298		1 403
	Male	448	0	254		753
Total		1 183		552		2 154

Table 3.13.2: Training provided for the period 1 April 2017 to 31 March 2018

Occupational category	Gender	Number of employees as at 1 April 2017	Training provided within the reporting period			
			Learner-ships	Skills programmes and other short courses	Other forms of training - Bursaries	Total attendees
Legislators, senior officials and managers	Female	13	0	10	2	14
	Male	26	0	16	3	45
Professionals	Female	121	0	44	13	288
	Male	116	0	31	16	210
Technicians and associate professionals	Female	486	0	55	52	919
	Male	210	0	42	27	475
Clerks	Female	92	0	30	2	131
	Male	77	0	26	2	111
Elementary occupations	Female	25	0	11	2	55
	Male	5	0	3	1	13
Sub Total	Female	737	0	150	71	1 407
	Male	434	0	118	48	854
Total		1 171	0	268	119	2 261

3.14 Injury on Duty

The following table provides basic information on Injury on Duty.

Table 3.14.1: Injury on duty for the period 1 April 2017 to 31 March 2018

Nature of injury on duty	Number	% of total
Required basic medical attention only	12	85.71%
Temporary total disablement	0	0
Permanent disablement	0	0
Fatal	2	14.29%
Total	14	100%

3.15 Utilisation of consultants

The following tables relay information on the utilisation of consultants in the GPAA.

In terms of the Public Service Regulations, a "consultant" is a natural or juristic person or a partnership that provides, in terms of a specific contract on an adhoc basis, any of the following professional services to a department against remuneration received from any source:

- The rendering of expert advice;
- The drafting of proposals for the execution of specific tasks; and
- The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a department.

Note: The information below relates to the appointment of consultants through the award of tenders only.

Table 3.15.1: Report on consultant appointments using appropriated funds for the period 1 April 2017 to 31 March 2018

No	Tender Number	Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rands
	GPAA22/2017	Internal Audit Panel	12	3 years	Rate base to a total of R 3million annual budget

Total number of projects	Total individual consultants	Total duration (work days)	Total contract value in Rands
The panel was appointed to assist with various internal audit services of which the number at the time was not known only the scope	12	3 years	Rate base to a total of R 3 million annual budget

Table 3.15.2: Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2017 to 31 March 2018

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that worked on the project
Internal Audit Panel	Aggregate of all PSP appointments as per the SCM financial year end statistics: 21.81	Aggregate of all PSP appointments as per the SCM financial year end statistics: 21.81	12

3.16 Severance packages

Table 3.16.1: Granting of employee initiated severance packages for the period 1 April 2017 to 31 March 2018

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
Lower Skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0
Highly Skilled Production (Levels 6-8)	0	0	0	0
Highly Skilled Supervision (Levels 9-12)	0	0	0	0
Senior Management (Levels 13-16)	0	0	0	0
Total	0	0	0	0



PART E |

FINANCIAL INFORMATION

ANNUAL FINANCIAL STATEMENTS

For the year ended

31 March 2018



Contents

Contents

1	Accounting Officer's Statement of Responsibility	111
2	Report of the Auditor - General to Parliament	112
3	Statement of Financial Position	118
4	Statement of Financial Performance	119
5	Statement of Changes in Net Assets	120
6	Cash Flow Statement	121
7	Statement of Comparison between Budget and Actual Amounts	122
8	Notes to the Annual Financial Statements	124 - 153

ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY

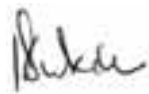
Statement of responsibility and confirmation of accuracy for the Annual Report for the year ended 31 March 2018.

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

- All information and amounts disclosed throughout the Annual Report are consistent.
- The Annual Report is complete, accurate and is free from any omissions in all material aspects.
- The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury.
- The Annual Financial Statements have been prepared in accordance with the standard of GRAP and the relevant frameworks and guidelines issued by the National Treasury.

The Accounting Officer 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.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the agency for the financial year ended 31 March 2018.



Mr. Krishen Sukdev
CHIEF EXECUTIVE OFFICER
Government Pensions Administration Agency (GPAA)
31 July 2018

REPORT OF THE AUDITOR - GENERAL TO PARLIAMENT ON THE GOVERNMENT PENSIONS ADMINISTRATION AGENCY

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Government Pensions Administration Agency (GPAA) set out on pages 118 to 153, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison between 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 GPAA 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 (GRAP) and the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

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 government component 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.

Emphasis of matters

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

Reporting framework

7. As disclosed in Note 1 to the financial statements, the GPAA obtained approval from the Accountant General for an early application of GRAP, hence the financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices as determined by Directive 5 (Determining the GRAP Reporting Framework), including any interpretations, guidelines and directives issued by the Accounting Standards Board, in accordance with section 55 and 89 of the Public Finance Management Act No. 1 of 1999 (as amended by Act 29 of 1999).

Irregular expenditure

8. As disclosed in Note 16 to the financial statements, irregular expenditure of R28 731 000 (R26 315 000 in 2016-17) is awaiting condonement.

Responsibilities of the accounting officer for the financial statements

9. The Accounting Officer is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the Accounting Officer is responsible for assessing the GPAA'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 Officer either intends to liquidate the government component or cease operations, or has no realistic alternative but to do so.

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

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

13. In accordance with the Public Audit Act 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.
14. My procedures address the reported performance information, which must be based on the approved performance planning documents of the government component. 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.

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

Programmes	Pages in the annual performance report
Programme 1 – Support services	34 – 46
Programme 2 – Benefits administration	47 – 57

16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
17. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Support services
 - Benefits administration

Other Matters

18. I draw attention to the matters below.

Achievement of planned targets

19. Refer to the annual performance report on pages 34 to 57 for information on the achievement of planned targets for the year and explanations provided for the under and/ or over achievement of numerous targets.

Adjustment of material misstatements

20. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 1. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

21. 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 government component with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

22. The material findings on compliance with specific matters in key legislations are as follows:

Expenditure management

23. Effective steps were not taken to prevent irregular expenditure, as required by section 38(1)(c)(ii) of the PFMA, and Treasury Regulation 9.1.1

Annual financial statements

24. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and/or supported by full and proper records as required by section 40(1)(a) and (b) of the PFMA

Material misstatements of statements, non-current assets, current liabilities, expenditure, and disclosure items identified by the auditors in the submitted financial statement were corrected and/or the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified opinion.

Procurement and contract management

25. Some of the goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1.

OTHER INFORMATION

26. The Accounting Officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

27. 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.

28. 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.

29. 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

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

Financial and performance management

Proper record keeping

31. Management did not have sufficient review processes in place to ensure that the prepared financial information was accurate, complete, and supported by reliable evidence.

Compliance monitoring

32. Management did not exercise effective controls to verify that quotations could be obtained instead of following deviation processes.

OTHER REPORTS

33. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the government component's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

34. At the date of this report, there are two investigations underway by external parties. The first is addressing allegations brought to the attention of the audit committee, and the second was an internal investigation which has since been referred to law enforcement agencies. The impact, if any, on the financial statements of the GPAA can only be determined once the investigations are concluded.

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 government component'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 government component's internal controls
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accounting Officer
 - Conclude on the appropriateness of the accounting officer'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 GPAA's ability to continue as a going concern. If I conclude that 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 government component 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 Officer 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 Officer 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.

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
Statement of Financial Position as at 31 March 2018

	Notes	2018 R'000	2017 R'000
Assets			
Current Assets		120,740	132,162
Cash and cash equivalents	8	42,257	36,948
Inventory	7	612	544
Trade and other receivables	6	77,871	94,670
Non-Current Assets		379,362	390,738
Property, plant and equipment	4	208,735	199,924
Intangible assets	5	170,626	190,814
TOTAL ASSETS		500,102	522,900
Current Liabilities		105,183	127,493
Trade and other payables	9	68,229	93,720
Provisions	10	36,954	33,773
TOTAL LIABILITIES		105,183	127,493
Net Assets		394,919	395,407
Accumulated surplus		394,919	395,407
TOTAL NET ASSETS AND LIABILITIES		500,102	522,900

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

Statement of Financial Performance for the period ended 31 March 2018

	Notes	2018 R'000	2017 R'000
Revenue		981,055	941,671
Administration fees	2.1	978,643	939,605
Other income	2.2	2,412	2,066
Expenses		981 543	908 295
Personnel remuneration	3	481,008	458,618
Travel and subsistence		19,045	20,051
Depreciation	4	23,686	22,038
Amortisation	5	70,030	49,126
Cleaning services		5,347	4,920
Maintenance and repairs		6,942	15,730
Operating leases		49,349	51,035
Professional services and consulting		104,990	116,056
Audit fees		4,976	4,866
Communication		80,663	50,050
Printing and stationery		30,206	20,292
Advertising		19,135	7,621
Computer services		62,362	63,748
Training and staff development		9,882	8,562
Municipal services		9,593	6,626
Other operating expenses		4,329	4,677
Assets written off	4	-	4,207
Loss on disposal of property, plant and equipment		-	72
SURPLUS (DEFICIT) FOR THE YEAR		(488)	33,376

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

Statement of Changes in Net Assets for the year ended 31 March 2018

	Notes	R'000
		Accumulated Surplus
Balance as at 01 April 2016 - restated		362, 031
Surplus for the year		33, 376
Balance as at 31 March 2017 - restated		395, 407
Deficit for the year		(488)
Balance as at 31 March 2018		394, 919

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

Cash flow Statement for the year ended 31 March 2018

		2018	2017
	Notes	R'000	R'000
Cash flow from operating activities			
Cash generated from operations	11	85, 255	111, 610
Cash receipts from customers		997, 800	987, 166
Cash paid to personnel and suppliers		(912, 545)	(875, 556)
Interest received		2, 366	2,699
Net cash flow from operating activities		87, 621	114, 309
Net cash flow from investing activities			
Proceeds from disposal of property, plant and equipment		-	131
Additions to property, plant and equipment		(32, 471)	(17,744)
Additions to intangible assets		(49,841)	(77,500)
Net (decrease)/ increase in cash and cash equivalents		5,309	19,196
Cash and cash equivalents at the beginning of the year		36,948	17,752
Cash and cash equivalent at the end of the year	8	42,257	36,948

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

Statement of Comparison between Budget and Actual amounts for the year ended 31 March 2018

	Approved Budget		Adjustments		Final		Actual Amounts on comparable basis		Difference between final budget and Actual Amounts	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Receipts										
Administration Fees	1,084,716	1,219,412	-	(74,634)	1,084,716	1,144,778	978,643	939,605	106,073	205,173
Total Receipts	1,084,716	1,219,412	-	(74,634)	1,084,716	1,144,778	978,643	939,605	106,073	205,173
Payments										
Personnel and remuneration expenses	520,710	485,357	(2,500)	(7,868)	517,710	477,489	481,008	458,618	36,646	18,871
Operating costs	489,536	607,646	(40,029)	(87,665)	449,507	519,981	400,924	409,049	48,639	110,932
Other expenditure	74,970	126,409	42,529	20,899	117,499	147,308	96,711	71,938	20,788	75,370
Total Payments	1,084,716	1,219,412	-	(74,634)	1,084,716	1,144,778	978,643	939,605	106,073	205,173
Net receipts / (payments)	-	-	-	-	-	-	-	-	-	-

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

Statement of comparison between budget and actual amounts for the year ended 31 March 2018

VARIANCE AGAINST BUDGET ANALYSIS

Receipts

GPAA administration fees are determined on cost recovery basis. The Service Level Agreement (SLA) was entered with GEPF and the National Treasury and it is the main source of revenue.

GPAA receives 93% of its budget from GEPF and 7% from National Treasury as administration fees for administering for both GEPF and National Treasury members.

Payments

The under spending of 10% (R106 million) is mainly due to:

- Compensation of employees: Unfilled positions resulted in under spending of R36.6 million, this is due to a number of positions not filled as GPAA was cautious in filling positions whilst there are expectations to automate the process and the total labour force will be reduced as a result.
- Goods and services: Under spending on advertising and promotions by R10 million due to digital advertising which was not commissioned during the year. Consulting and professional fees underspent by R9 million due to monitoring and evaluation market research which was never commissioned, Unclaimed Benefits tracing tender was put on hold and some fraud cases were not finalised. Printing and publications underspent by R8 million due to delays in communication projects which were planned for GEPF members. Travel and subsistence resulted savings of R3 million due to productive use of video communication facility when communicating with regional offices. Lastly computer licenses amount to R18 million were budgeted for March 2018 but were eventually purchased in April 2018.
- Capital expenditure: Under spending of R21 million on security equipment as well as office furniture and fittings. This project was put on hold due to the possibility of the head office relocation to a new building.

Notes to the Annual Financial Statements for the year ended 31 March 2018

1. PRINCIPAL ACCOUNTING POLICIES

1.1 Basis of presentation of financial statements

The entity was established as a Government component in terms of the Public Services Act, 1994 (Act No. 103 of 1994).

GPAA obtained approval from the Accountant General for an early application of GRAP, hence the financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices as determined by Directive 5 (Determining the GRAP Reporting Framework), including any interpretations, guidelines and directives issued by the Accounting Standards Board, in accordance with section 55 and 89 of the Public Finance Management Act No. 1 of 1999 (as amended by Act 29 of 1999).

1.1.1 Presentation currency

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

1.1.2 Going concern assumption

These annual financial statements are prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.1.3 Comparative information

Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods.

1.1.4 Standards, amendments to standards and interpretations issued but not yet effective

The following Standards of GRAP and / or amendments thereto have been issued by the Accounting Standards Board, but will only become effective in future periods or have not been given an effective date by the Minister of Finance. The entity has not early-adopted any of these new Standards or amendments thereto.

Notes to the Annual Financial Statements for the year ended 31 March 2018

GRAP 21 'IMPAIRMENT OF NON-CASH-GENERATING ASSETS' AND GRAP 26 'IMPAIRMENT OF CASH-GENERATING ASSETS'

The standards require that an entity shall first apply these Standards of GRAP to designate its assets as either non-cash-generating or cash-generating in accordance with paragraphs 13A to 16C of the Standard on GRAP on Impairment of Non-cash-generating Assets. Entities that designate their assets as non-cash-generating assets shall apply the requirements of the Standard of GRAP on Impairment of Non-cash-generating Assets. For assets that are designated as cash-generating assets, entities shall apply the requirements of the Standard of GRAP on Impairment of Cash-generating Assets.

The proposed effective date for these Standards is 1 April 2018.

1.1.5 Significant judgements and estimates

In complying with the accounting policies, management is required to make various judgements, apart from those involving estimates, which may affect the amounts of items recognised in the financial statements.

Management is also required to make estimates of the effects of uncertain future events which could affect the carrying amounts of certain assets and liabilities at the reporting date.

The use of judgment, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods.

Details of any significant judgements and estimates are disclosed in relevant policies where the impact on the financial statements is material:

1.1.5.1 Judgements

In the process of applying these accounting policies, management has made the following judgements that may have a significant effect on the amounts recognised in the financial statements.

1.1.5.2 Provision for Impairment of Receivables

The receivables are assessed individually for any indications of impairment or recoverability.

1.1.5.3 Provision for accumulated leave pay

The leave pay provision accounts for vested leave pay to which employees may become entitled upon exit from the service of GPAA.

1.1.5.4 Provision for Performance Bonus

The provision recognised on performance bonuses is based on the outcome of the performance evaluation of employees and relevant approval.

Notes to the Annual Financial Statements for the year ended 31 March 2018

1.1.5.5 Estimates

Estimates are informed by past experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

In the process of applying the entity's accounting policies the following estimates, were made:

1.1.5.5.1 Residual values and useful lives

Residual values and useful lives of property, plant and equipment are assessed annually. Impairment for Equipment is assessed annually, or more frequently when there is an indication that an asset may be impaired and the related impairment loss recognised in the statement of changes in net assets in the period in which the impairment occurred.

1.1.5.5.2 Other provisions

Provisions are measured as the present value of the estimated future outflows required to settle an obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision, management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes. Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then

applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions.

Further information about the key assumptions concerning future and other key sources of estimation are set out in the relevant notes to the financial statements

1.2 Property, Plant and Equipment.

1.2.1 Initial recognition and measurement

Property, plant and equipment are tangible non-current assets including infrastructure assets that are held for use in the production or supply of goods or services, or for administrative purposes and are expected to be used for over one year.

Items of property, plant and equipment are recognised as assets when it is probable that future economic benefits or service potential associated with the item will flow to the entity and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost where acquired through exchange transactions. However, when items of property, plant and equipment are acquired through non-exchange transactions, those items are initially measured at their fair values as at the date of acquisition.

The cost of an item of property, plant and equipment is the purchase price and other costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity. Trade discounts and rebates are deducted in arriving at the cost at which the asset is recognised. The cost also includes the estimated costs of dismantling

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

Notes to the Annual Financial Statements for the year ended 31 March 2018

and removing the asset and restoring the site on which it is operated.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. These major components are depreciated separately over their useful lives.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the entity expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.2.2 Subsequent measurement

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

1.2.3 Subsequent expenditure

Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequent expenditure including major spare parts and servicing equipment qualify as property, plant and equipment if the recognition criteria are met.

1.2.4 Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an assets' residual value, where applicable to entity.

The assets' residual values, useful lives and depreciation methods are reviewed at each financial year-end and adjusted prospectively, if appropriate.

CATEGORY OF ASSET	USEFUL LIFE (Years)
Computer Equipment	8
Furniture & Fittings	10
Leasehold Improvements	Lesser of 15 years and lease period.
Office Equipment	10
Motor Vehicles	7
Tools	6

1.2.5 Impairments

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying

Notes to the Annual Financial Statements for the year ended 31 March 2018

amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

1.2.6 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.3 Intangible Assets

1.3.1 Initial recognition and measurement

An intangible asset is an identifiable non-monetary asset without physical substance. The entity recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure

is never capitalised, while development expenditure is only capitalised to the extent that:

- a) The entity intends to complete the intangible asset for use or sale.
- b) It is technically feasible to complete the intangible asset.
- c) The entity has the resources to complete the project.
- d) It is probable that the entity will receive future economic benefits or service potential.
- e) The entity has the ability to measure reliably the expenditure during development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Some intangible assets may be contained in or on a physical substance such as a compact disc (in the case of computer software), legal documentation (in the case of a licence or patent) or film. In determining whether an asset that incorporates both intangible and tangible elements should be treated under the Standard of GRAP on Property, Plant and Equipment (GRAP 17) or as an intangible

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

Notes to the Annual Financial Statements for the year ended 31 March 2018

asset under this Standard, an entity uses judgement to assess which element is more significant. For example, the software of a navigation system in a fighter aircraft is integral to the aircraft and it is treated as property, plant and equipment. The same applies to the operating system of a computer. When the software is not an integral part of the related hardware, computer software is treated as an intangible asset. If however the hardware cannot operate without specific software because it is an integral part of the related hardware, both should be treated as property, plant and equipment.

1.3.2 Subsequent measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments.

The cost of an intangible asset is amortised over the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible asset.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in Statement of Financial Performance in the expense category consistent with the function of

the intangible asset. During the period of development, the asset is tested for impairment annually.

1.3.3 Amortisation

Amortisation is charged to write off the cost of intangible assets over their estimated useful lives using the straight-line method.

CATEGORY OF INTANGIBLE ASSET	USEFUL LIFE (Years)
	Computer Software
Licenses	1-5 years

1.3.4 Impairments

The entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

1.3.5 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Notes to the Annual Financial Statements for the year ended 31 March 2018

1.3.6 Capital work-in-progress

Given the amount of resources that are spent annually on assets, whether to construct or develop new assets, or refurbish and maintain existing, users expressed a strong need for more disclosure about capital work in progress and expenditure on repairs and maintenance.

For capital work in progress, users indicated that they needed more information about the types of asset being constructed or developed, per class of assets.

Capital work in progress includes amounts spent on projects that are taking a significant amount of time to complete, or have been halted. The information about the ageing of projects should be included in capital work in progress.

The organisation should disclose information on amounts that are included in capital work in progress that are long outstanding or relate to projects that have been stopped, and whether impairment has been considered.

The disclosure may not be relevant to all entities as materiality should be considered when making the assessment.

1.4 Inventory

1.4.1 Initial recognition and measurement

Inventories consist of consumables and are initially recognised at cost. Cost refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.4.2 Subsequent measurement

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. The basis of determining cost is the weighted-average method.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

A provision is maintained for obsolete or damaged inventory. The level of the provision for obsolete inventory is equivalent to the value of the difference between the cost of the inventory and its net realisable value or current replacement cost at financial year-end.

Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction of inventories recognised as an expense in the period in which the reversal occurs.

1.4.3 Derecognition

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

Notes to the Annual Financial Statements for the year ended 31 March 2018

1.5 Financial Instruments

1.5.1 Initial recognition

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the entity becomes a party to the contractual provisions of the instrument. This is achieved through the application of trade date accounting.

Upon initial recognition the entity classifies financial instruments or their component parts as financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

1.5.2 Initial measurement

When a financial instrument is recognised, the entity measures it initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

1.5.3 Subsequent measurement

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

1.5.4 Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired or through the amortisation process.

1.5.5 Impairments

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

1.6 Policies relating to specific financial instruments

1.6.1 Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

Notes to the Annual Financial Statements for the year ended 31 March 2018

1.6.2 Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

1.6.3 Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

1.7 Provisions

Provisions are recognised when the GPAA has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits and a reliable estimate can be made of the obligation.

1.8 Leases

The entity as lessee

1.8.1 Recognition

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity through the lease agreement. Assets classified as finance

leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Assets classified as operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005, in accordance with the transitional requirements of GRAP 3.

1.8.2 Measurement

Assets subject to a finance lease, as recognised in the Statement of Financial Position, are measured (at initial recognition) at the lower of the fair value of the assets and the present value of the future minimum lease payments. Subsequent to initial recognition these capitalised assets are depreciated over the contract term.

The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments.

Subsequent to initial recognition this liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest.

Notes to the Annual Financial Statements for the year ended 31 March 2018

The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

The lease expense recognised for operating leases is charged to the Statement of Financial Performance on a straight-line basis over the term of the relevant lease. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and / or liability is measured at the undiscounted difference between the straight-line lease payments and the contractual lease payments.

1.8.3 Derecognition

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is settled. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

The operating lease liability is derecognised when the entity's obligation to settle the liability is settled. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset.

1.9 Revenue

1.9.1 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

1.9.2 Recognition

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

- a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- b) The amount of revenue can be measured reliably; and
- c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue arising out of situations where the entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the entity as compensation for executing the agreed services.

1.9.3 Measurement

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Notes to the Annual Financial Statements for the year ended 31 March 2018

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor.

1.9.4 Other income

Income arising out of situations where the entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the entity as compensation for executing the agreed services.

1.10 Irregular expenditure

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is disclosed as such in the notes to the annual financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.11 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and which could have been avoided had reasonable care been exercised. Fruitless and wasteful

expenditure is disclosed as such in the notes to the annual financial statements.

Where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.11.1 Recovery of irregular, fruitless & wasteful expenditure

The recovery of irregular and fruitless and wasteful expenditure is based on legislated procedures, and is recognised when the recovery thereof from the responsible officials is probable. The recovery of irregular and fruitless and wasteful expenditure is treated as other income.

1.12 Post-reporting date events

Events after the 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:

- a) Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- b) Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event has occurred.

The entity 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,

Notes to the Annual Financial Statements for the year ended 31 March 2018

where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.13 Related parties

The entity has processes and controls in place to aid in the identification of 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.

Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Where transactions occurred between the entity and any one or more related parties, and those transactions were not within:

- a) normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances; and
- b) Terms and conditions within the normal operating parameters established by the reporting entity's legal mandate;

GPAA operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. All national departments of government and state-controlled entities are regarded as related parties in accordance with Circular 4 of 2005: Guidance on the term "state controlled entities" in context of IAS 24 (AC 126) - Related Parties, issued

by the South African Institute of Chartered Accountants. Other related party transactions are also disclosed in terms of the requirements of the accounting standard.

Information about such transactions is disclosed in the financial statements.

1.14 Commitments

Commitments comprise those future expenses that GPAA has committed itself to, but for which a present obligation for the payment thereof does not exist at the reporting date. Accordingly these commitments are not recognised as liabilities but are disclosed in the notes to the annual financial statements.

1.15 Budget Information

GPAA is subject to budgetary limits in the form of budget authorisations, which are given effect through authorising legislation, or similar.

General purpose financial reporting by the GPAA shall provide information on whether resources were obtained and used in accordance with approved budget.

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

The Financial Statements and budget are prepared on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period has been included in the Statement of Comparison of Budget and Actual amounts. Material movements are explained in the Statement of Comparison between Budget and Actual amounts.

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

Notes to the Annual Financial Statements for the year ended 31 March 2018

2. REVENUE**2.1 Administration fees**

	2018	2017
	R'000	R'000
GEPP	911,346	873,740
National Treasury (Programme 7)	61,453	60,000
Associated Institutions Pension Fund (AIPF)	5,656	5,680
Temporary Employees Pension Fund (TEPF)	188	185
	978,643	939,605

GPAA manages and administers pensions and related benefits on behalf of the GEPP and the National Treasury (Programme 7), AIPF and TEPF. All costs incurred by the GPAA are refunded by these entities on a monthly basis.

2.2 Other income

	2018	2017
	R'000	R'000
Commission earned	162	160
Interest received	2,220	1,877
Parking fees	30	29
	2,412	2,066

3. PERSONNEL REMUNERATION

	2018	2017
	R'000	R'000
Compensation of Employees	359,429	336,270
Contributions to the GEPP	34,587	28,979
Other benefits	86,992	93,369
	481,008	458,618

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

Notes to the Annual Financial Statements for the year ended 31 March 2018

4. Property, plant and equipment - 2018

	Computer	Furniture	Leasehold	Office	Motor	Tools	Capital	Total
	Equipment	& Fittings	Improvements	Equipment	Vehicles		WIP	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Current year	187,759	41,666	14,019	52,570	13,897	60	27,835	337,806
At beginning of year	180,118	26,494	6,330	44,603	13,897	60	33,833	305,335
Additions	591	15,017	7,689	5,220	-	-	3,954	32,471
Transfer from Intangibles	-	-	-	-	-	-	-	-
Reallocation from WIP	7,050	155	-	2,747	-	-	(9,952)	-
Assets written off	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment	(78,250)	(17,411)	(1,887)	(22,174)	(9,190)	(42)	-	(128,954)
At beginning of year	(62,049)	(14,927)	(1,359)	(18,880)	(8,016)	(37)	-	(105,268)
Depreciation	(16,201)	(2,484)	(528)	(3,294)	(1,174)	(5)	-	(23,686)
Impairment	-	-	-	-	-	-	-	-
Assets Write off	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Provision assets write off	(32)	-	-	(85)	-	-	-	(117)
Net carrying amount	109,477	24,255	12,132	30,396	4,707	18	27,835	208,735

Notes to the Annual Financial Statements for the year ended 31 March 2018

4. PROPERTY, PLANT AND EQUIPMENT - 2017

	Computer	Furniture	Leasehold	Office	Motor	Tools	Capital	Total
	Equipment	& Fittings	Improvements	Equipment	Vehicles		WIP	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Current year	180,118	26,494	6,330	44,603	13,897	60	33,833	305,334
At beginning of year	121,303	26,033	11,271	43,868	13,672	54	84,061	300,262
Additions	4,585	1,337	68	1,591	225	6	9,932	17,744
Transfer from Intangibles	-	-	-	462	-	-	-	462
Reallocation from WIP	59,854	-	-	307	-	-	(60,160)	-
Assets written off	(2,680)	(14)	(5,009)	(405)	-	-	-	(8,108)
Disposals	(2,944)	(862)	-	(1,220)	-	-	-	(5,026)
Accumulated depreciation and impairment	(62,049)	(14,927)	(1,359)	(18,880)	(8,016)	(37)	-	(105,268)
At beginning of year	(52,049)	(14,360)	(1,859)	(17,078)	(6,579)	(29)	-	(91,954)
Depreciation	(15,374)	(1,394)	(552)	(3,273)	(1,437)	(8)	-	(22,038)
Assets written off	2,513	14	1,052	322	-	-	-	3,901
Disposals	2,861	813	-	1,149	-	-	-	4,823
Provision for assets write off	(6)	(1)	-	(135)	-	-	-	(142)
Net carrying amount	118,063	11,566	4,971	25,588	5,881	23	33,833	199,924

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

Notes to the Annual Financial Statements for the year ended 31 March 2018

5. INTANGIBLE ASSETS - 2018

	Computer		Other		Internally Generated			Total
	Software	Licenses	Software	Licenses	Computer	Software	Capital WIP	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Current year	103,607	49,784	924	924	71,817	40,779	266,910	
Gross carrying amount								
At beginning of year	103,607	41,125	924	924	56,608	39,253	241,516	
Additions	-	33,108	-	-	4,757	11,978	49,842	
Reallocation from WIP	-	-	-	-	10,452	(10,452)	-	
Reallocation	-	-	-	-	-	-	-	
Assets write off	-	(24,448)	-	-	-	-	(24,448)	
Accumulated amortisation and impairment	(40,445)	(33,723)			(22,116)	-	(96,284)	
At beginning of year	(24,533)	(16,943)	-	-	(9,226)	-	(50,702)	
Amortisation	(15,912)	(41,228)	-	-	(12,892)	-	(70,030)	
Reallocation	-	-	-	-	-	-	-	
Assets Write off	-	24,448	-	-	-	-	24,448	
Net carrying amount at end of year	63,162	16,061	924	924	49,700	40,779	170,626	

Notes to the Annual Financial Statements for the year ended 31 March 2018

5. INTANGIBLE ASSETS - 2017

	Other		Internally Generated		Total
	Computer Software	Software Licenses	Computer Software	Capital WIP	
	R'000	R'000	R'000	R'000	R'000
Current year					
Gross carrying amount	103,607	41,125	56,608	39,253	241,516
At beginning of year	11,315	26,065	1,823	39,907	176,506
Additions	63	23,306	-	54,131	77,500
Reallocation from WIP	96,010	-	54,785	(54,785)	-
Reallocation	(3,782)	3,782	-	-	-
Assets Write off	-	(12,028)	-	-	(12,028)
Transfer to PPE	-	-	-	-	(462)
Accumulated amortisation and impairment	(24,533)	(16,943)	(9,226)	-	(50,702)
At beginning of year	(8,746)	(3,523)	(1,335)	-	(13,604)
Amortisation	(18,879)	(22,356)	(7,891)	-	(49,126)
Assets Write off	-	12,028	-	-	12,028
Reallocation	3,092	(3,092)	-	-	-
Net carrying amount at end of year	79,074	24,182	47,382	39,253	190,814

Notes to the Annual Financial Statements for the year ended 31 March 2018

6. TRADE AND OTHER RECEIVABLES

	2018	2017
	R'000	R'000
Trade and other receivables - gross	78,475	95, 220
Provision for bad debts	(604)	(550)
Trade and other receivables - net	77,871	94, 670

Trade and other receivables consist of outstanding claims from GEPF, National Treasury (Programme 7), TEPF, AIPF, prepayments, staff debtors and amounts owing by former GPAA employees, and consists of:

	2018	2017
	R'000	R'000
Trade receivables	70,967	78,292
Prepayments	6,043	15, 377
Staff debtors	794	946
Other debtors	671	605
	78,475	95, 220

Ageing and impairment analysis

	2018	2018	2018	2017	2017	2017
	Gross	Impaired	Net	Gross	Impaired	Net
	R'000	R'000	R'000	R'000	R'000	R'000
<i>Trade and other receivables</i>						
1 to 30 Days	70,788	-	70,788	78,134	-	78,134
31 to 60 Days	-	-	-	-	-	-
61 to 90 Days	-	-	-	-	-	-
91 to 120 Days	-	-	-	-	-	-
Over 120 Days	179	(179)	-	158	(158)	-
Total	70,967	(179)	70,788	78,292	(158)¹	78,134

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

Notes to the Annual Financial Statements for the year ended 31 March 2018

	2018	2017
	R'000	R'000
At beginning of the year	(550)	(402)
Additions	(54)	(148)
Reversals	-	-
	<u>(604)¹</u>	<u>(550)¹</u>

¹The difference on the total provision for doubtful debts and provision for doubtful debts on trade receivables is the doubtful debts provision on other debtors. The provision for doubtful debts on other debtors is not included in the ageing analysis.

7. INVENTORY

	2018	2017
	R'000	R'000
Inventory	612	544
Inventory consists of consumables		

8. CASH AND CASH EQUIVALENTS

	2018	2017
	R'000	R'000
Cash and cash equivalents consist of:		
Petty cash	14	18
ABSA	14,776	9,110
PMG	27,467	27,820
	<u>42,257</u>	<u>36,948</u>

Cash and cash equivalents comprise cash held by GPAA in ABSA and PMG current accounts. The carrying amount of these assets approximates their fair values.

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

Notes to the Annual Financial Statements for the year ended 31 March 2018

9. TRADE AND OTHER PAYABLES

Trade and other payables

	2018	2017
	R'000	R'000
Accounts payable are made up as follows:		
Trade creditors	37,287	48,752
Accruals	28,127	43,520
Operating lease liability	1,919	1,105
Sundry Creditors	896	343
	68,229	93,720

Trade Creditors Ageing

	2018	2017
	R'000	R'000
Trade Creditors		
1 to 30 Days	29,587	39,902
31 to 60 Days	7,338	8,395
61 to 90 Days	89	214
91 to 120 Days	10	33
Over 120 Days	258	208
	37,282	48,752

9. 1 Operating Lease Commitments

Future minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
	R'000	R'000
	65,381	75,535
Payable not later than one year	26,609	20,829
Payable later than one year and not later than five years	38,772	54,706
Payable later than five years	-	-

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

Notes to the Annual Financial Statements for the year ended 31 March 2018

10. PROVISIONS

	2018	2017
	R'000	R'000
Provision for accumulated leave pay	18,906	18,249
Balance at beginning of year	18,249	13,740
Provided	18,906	18,249
Utilised	(18,249)	(13,740)
Provision for bonuses	18,048	15,524
Balance at beginning of year	15,524	21,745
Provided	18,048	15,524
Utilised	(15,524)	(21,745)
Balance at end of period	36,954	33,773

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

Notes to the Annual Financial Statements for the year ended 31 March 2018

11. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS FOR THE YEAR

	2018	2017
	R'000	R'000
Surplus / (Deficit) for the year	(488)	33, 376
Add: Non Cash Movements:	97,742	71, 759
Depreciation and amortization	93, 716	71, 171
(Decrease) in lease smoothing	821	(573)
(Decrease)/ Increase provision for assets write off	-	(1, 557)
(Decrease)/ Increase in provisions	3, 151	(1, 712)
Loss on disposal property, plant and equipment	-	72
Assets write off	-	4,207
Increase in provision for doubtful debts	54	142
Add/Deduct: Separately disclosed line items		
Interest received	(2, 220)	(1, 877)
Add/(less) changes in working capital	(9, 780)	8, 363
(Decrease/ Increase in trade payables	(26, 312)	(36, 891)
Decrease/ (Increase) in trade receivables	16, 601	44, 670
Decrease/(Increase) in Inventories	(69)	583
Net Cash Flows from Operating Activities	85, 255	111,610

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

Notes to the Annual Financial Statements for the year ended 31 March 2018

12. CONTINGENT LIABILITIES

GPAA is not aware of any contingent liabilities at reporting date.

13. COMMITMENTS

	2018	2017
	R'000	R'000
Capital Expenditure	119,038	161,065
Approved and contracted	107,913	152,323
Approved but not yet contracted	11,125	8,742
Operational Expenditure	409,621	344,594
Approved and contracted	316,906	300,096
Approved but not yet contracted	92,714	44,498
Total Commitments	528,659	505,659

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

Notes to the Annual Financial Statements for the year ended 31 March 2018

14. EVENTS AFTER THE REPORTING PERIOD

There are no events post reporting period which warrant any adjustment or disclosure in the current financial year end period.

15. PRIOR PERIOD ERROR

In the prior year GPAA disclosed software licenses as prepayments and not intangible assets as per **GRAP 31: Intangible Assets**. The effect of this prior year error correction is as follows:

	2018 R'000	2017 R'000
The comparative amount(s) relating to the Statement of Financial Position have been restated as follows:		
Increase in Intangible assets	-	23, 492
- Cost	-	49,371
- Accumulated Amortisation	-	(25,875)
Decrease in Trade and other receivables	-	(1, 900)
Increase in Trade and other payables	-	(18, 755)
Decrease retained income 2016	-	3, 523
Net effect on Statement of Financial Position	-	6, 360
The comparative amount(s) relating to the Statement of Financial Performance have been restated as follows:		
Increase in Amortisation	-	22,356
Decrease in Computer services	-	(28, 715)
Net effect on Statement of Financial Performance	-	(6, 360)
Accumulated Surplus/(Deficit)	-	(6, 360)
Net Effect on Statement of changes in Net Assets	-	(6, 360)

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

Notes to the Annual Financial Statements for the year ended 31 March 2018

16. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

16.1 Irregular expenditure	2018	2017
	R'000	R'000
Opening balance	26,315	33,569
Irregular expenditure identified in the current year in respect of the current year expenditure	1,705	4,911
Irregular expenditure identified in the current year in respect of prior year expenditure	712	2,396
Condoned or written off by relevant authority	-	(14,561)
Irregular expenditure	28,732	26,315

Irregular expenditure arose as a result of:

1. Procurement of lease improvements without any approval. This resulted in R827k of irregular expenditure being incurred;
2. Procurement of 3G services without any approval. This resulted in R394k of irregular expenditure being incurred.
3. Procurement of storage, collection and delivery of data backup media services without approval. This resulted in R228k irregular expenditure being incurred.

No benefits were obtained by GPAA officials in respect of the condoned irregular expenditure; As a result no debt has been raised.

16.2 Fruitless and wasteful expenditure

	2018	2017
	R'000	R'000
Opening balance	134	223
Fruitless and wasteful expenditure current year	-	-
Assets deployed into use	-	(89)
Transfer to receivables for recovery	-	-
Closing balance	134	134

16.3 Losses through criminal conduct

GPAA is not aware of any losses incurred as a result of criminal acts as at reporting date.

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

Notes to the Annual Financial Statements for the year ended 31 March 2018

17. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

17.1 Categories of financial instruments

	2018	2017
	R'000	R'000
Current Assets		
Cash and cash equivalents	42,257	36,948
Trade and other receivables ¹	77,871	94,670
	120,128	131,618
Current Liabilities		
Trade and Other payables ¹	68,229	93,720
	68,229	93,720

¹All financial assets and financial liabilities are held at amortised cost.

17.2 Credit Risk

GPAA's maximum exposure to credit risk is represented by the carrying amount of the financial assets that are exposed to credit risk.

GPAA considers its maximum exposure per class, without taking into account any collateral and financial guarantees, to be as follows:

	2018	2017
	R'000	R'000
Financial Assets¹		
Cash and cash equivalents	42,257	36,948
Trade and other receivables	77,871	94,670
	120,128	131,618

¹GPAA does not hold any collateral and financial guarantees.

Cash and cash equivalents

Financial assets which potentially subject GPAA to credit risk consist principally of cash and cash equivalents. Cash and cash equivalents are held with banks which are of high quality credit standing and therefore having insignificant credit risk. Refer to note 7 for cash and cash equivalents.

Receivables

Receivables are presented net of the allowance for doubtful debts.

Receivables are exposed to a low credit risk as the bulk of receivables are the mainly Government Employees Pension Fund (GEPF), National Treasury, Associated Institutions Pension Fund (AIPF) as well as Temporary Employees Pension Fund (TEPF). The only amounts overdue are with other receivables which are insignificant. Refer to note 6 - Trade and other receivables.

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

Notes to the Annual Financial Statements for the year ended 31 March 2018

17.3 Liquidity Risk

Liquidity risk is the risk that the GPAA will be unable to meet its obligations as they become due.

GPAA's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the organisation's reputation.

GPAA ensures it has sufficient cash on demand (currently the GPAA is maintaining a positive cash position) to meet expected operational expenses. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following liquid resources are available:

	2018	2017
	R'000	R'000
Cash and cash equivalents	42,257	36,948
Loans and Receivables	77,871	94,670
	120,128	31,618

Payables

GPAA is only exposed to liquidity risk with regard to the payment of its payables. These payables are all due within a short term. GPAA manages its liquidity risk by matching the receivables to the payables as well as holding cash in the bank.

The following are the contractual cash flows of financial liabilities:

	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years
2018				
Trade and other payables	68,229	-	-	-
	68,229	-	-	-
2017				
Trade and other payables	93,720	-	-	-
	93,720	-	-	-

17.4 Market Risk

Market risk is the risk that changes in market prices (interest rate and currency risk) will affect the organisation's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk is the risk borne by an interest-bearing asset or liability, due to variability of interest rates.

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

Notes to the Annual Financial Statements for the year ended 31 March 2018

At the reporting date, the interest rate profile of the GPAA's interest-bearing financial instruments was:

Current financial assets

	2018		2017	
	Fixed rate instruments	Variable rate instruments	Fixed rate instruments	Variable rate instruments
	R'000	R'000	R'000	R'000
Cash and cash equivalents	-	42,257	-	36,948
	-	42,257	-	36,948

Sensitivity analysis

GPAA has used a sensitivity analysis technique that measures the estimated change to surplus or deficit of an instantaneous increase or decrease of 1% (100 basis points) in market interest rates. GPAA is only exposed to fluctuations in prime rates.

A change in the above market interest rates at the reporting date would have increased/ (decreased) surplus/deficit by the amounts shown below.

	Change in interest rate %	2018		2017	
		Upward	Downward	Upward	Downward
		R'000	R'000	R'000	R'000
Prime	1	423	(423)	369	(369)

Currency risk

Currency risk is the exposure to exchange rate fluctuations that have an impact on cash flows and financing activities.

GPAA does not have any currency risk exposure at year end as none of its financial assets and financial liabilities is denominated in foreign currency.

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

Notes to the Annual Financial Statements for the year ended 31 March 2018

18. RELATED PARTY TRANSACTIONS

18.1 Revenue and Trade Receivables

The Related Party transactions relate to administrative fees earned for services provided to GEFP and National Treasury funds (i.e. Programme 7, AIPF and TEPF):

	Revenue		Net Receivable/(Payable)	
	2018	2017	2018	2017
	R'000	R'000	R'000	R'000
Government Employees Pension Fund	911,346	873,740	59,897	67,729
National Treasury (Programme 7)	61,453	60,000	5,226	4,698
Associated Institutions Pension Fund	5,656	5,680	5,656	5,680
Temporary Employees Pension Fund	188	185	188	185
	978,643	939,605	70,967	78,292

18.2 Disclosure of Executive Remuneration

Name	Designation	Salary and allowances (R)	Bonus (R)	Total (R)
Sukdev KG	Chief Executive Officer	2,172,773	-	2,172,773
Mogale RP	Chief Information Officer	1,303,719	-	1,303,719
Kemp MJ	Acting Executive: Corporate Services	1,206,649	23,538	1,230,187
Ikaneng BB	Chief Risk Officer	1,213,625	27,288	1,240,913
De Witt E	General Manager: Legal	1,211,698	35,477	1,247,175
Mda P	Acting Chief Financial Officer	1,402,575	26,604	1,429,179
		8,511,039	112,907	8,623,946

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

Notes to the Annual Financial Statements for the year ended 31 March 2018

18.3 Audit Committee Members Remuneration

Name	Designation	Audit Committee (R)	Other Services (R)	Total (R)
Matloa OM ¹	Chairperson	195,568	177,087	372,655
Lesejane MJ ²	Member	-	2,020	2,020
Amod MAE	Member	132,296	-	132,296
Mangquku LM ³	Member	195,568	280,002	475,570
Badimo AMM ⁴	Member	195,568	317,825	513,393
De Kock CG	Member	195,568	-	195,568
Furstenburg B	Member	186,940	-	186,940
		1,101,508	776,934	1,878,442

¹ Other services fees relate to attendance of meetings with GPAA executive members.

² Other services fees relate to attendance of Advisory Board meetings. Contract as Audit Committee member ended.

³ Other services fees relate to attendance of Risk Committee meetings and meeting with GPAA executive.

⁴ Other services fees relate to attendance of Modernisation Steercom as a chairperson, Risk Committee meeting and meeting with GPAA executive members.

EDITORIAL TEAM

Aletta Tsaagane-Nkosi	Project Leader
Calvin Mokhine	Finance
Cliff Ferguson (Dr)	Strategy and Policy
Ditshupo Koosaletse	Graphic Design
Divhani Maremba	Internal Communications
Lebogang Letebele	Project Administrator
Mack Lewele	Communications
Nkosinathi Qwabe	Corporate Monitoring & Evaluations
Phumzile Mda	Finance
Priscilla Mphahla	Evaluations
Reneilwe Modipane	Language Editor
Rose Chiloane	Performance Monitoring
Sefiso Khumalo (Dr)	Strategic Support
Tondani Mbedzi	Performance Monitoring



