



ANNUAL
REPORT | **2016**
2017

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the gpaa

Department:
Government Pensions Administration Agency
REPUBLIC OF SOUTH AFRICA

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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 15

PART B: PERFORMANCE INFORMATION.....20

1. AUDITOR-GENERAL’S REPORT: PREDETERMINED OBJECTIVES 21
 2. OVERVIEW OF ORGANISATIONAL PERFORMANCE 21
 3. STRATEGIC OUTCOME ORIENTED GOALS 24
 4. PERFORMANCE INFORMATION BY PROGRAMME 34

PART C: GOVERNANCE.....71

1. INTRODUCTION 72
 2. RISK MANAGEMENT 72
 3. FRAUD AND CORRUPTION 73
 4. MINIMISING CONFLICT OF INTEREST 74
 5. CODE OF CONDUCT 74
 6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES 75
 7. PRIOR MODIFICATIONS TO AUDIT REPORTS 76
 8. INTERNAL AUDIT AND AUDIT COMMITTEES 76
 9. AUDIT COMMITTEE REPORT 78

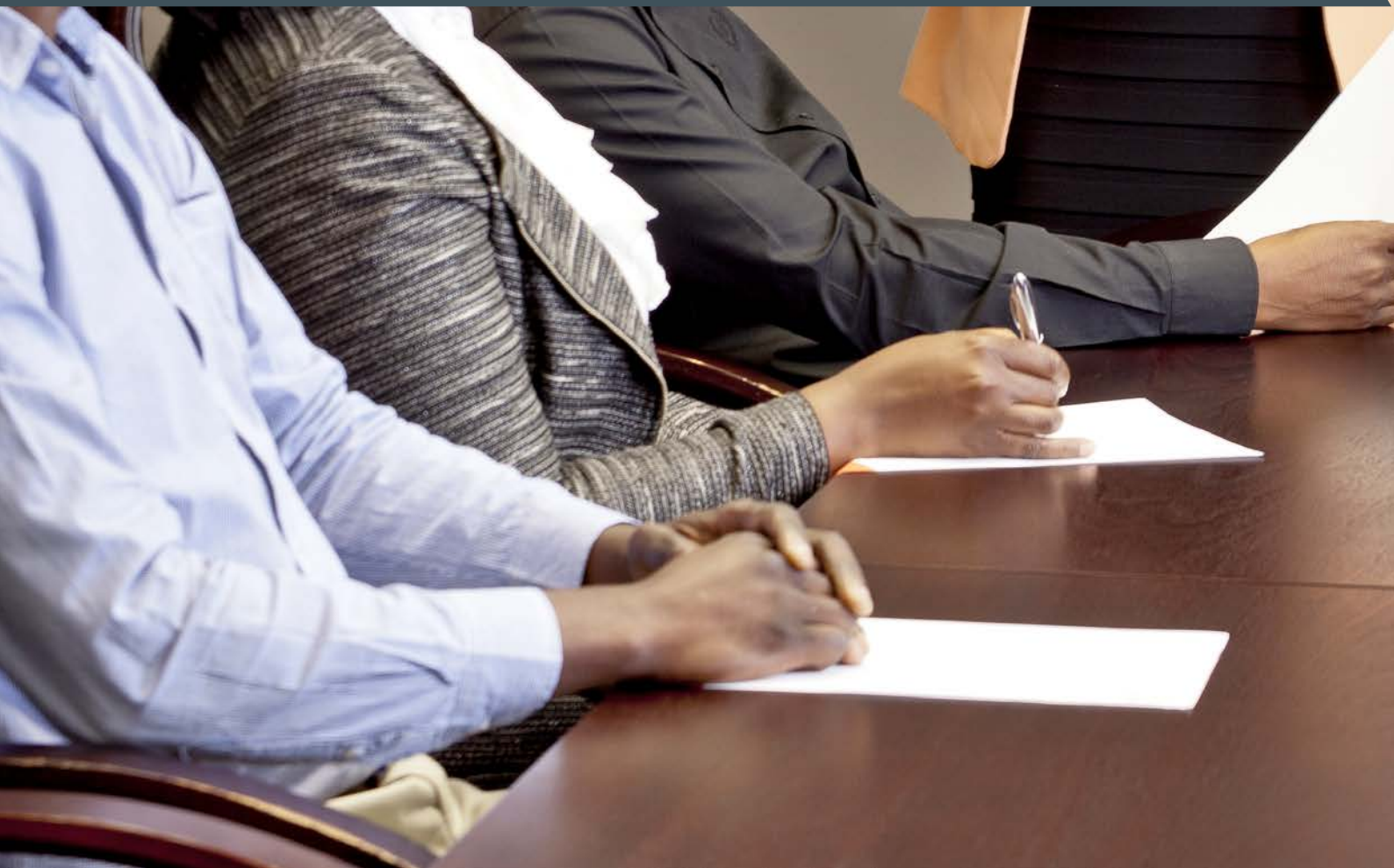
PART D: HUMAN RESOURCE MANAGEMENT.....83

1. INTRODUCTION 84
 2. OVERVIEW OF HUMAN RESOURCES 84
 3. HUMAN RESOURCES OVERSIGHT STATISTICS 85

PART E: FINANCIAL INFORMATION.....119



PART A: GENERAL INFORMATION



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LIST OF ABBREVIATIONS / ACRONYMS

AC	Audit-Committee
AG	Auditor-General
AGSA	Auditor-General of 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
BCE	Basic Conditions of Employment
BCI	Business Continuity Institute
BEE	Black Economic Empowerment
BOT	Board of Trustees
BPA	Benefit Payment Automation
BPM	Business Process Management
BSS	Business Support Service
CAE	Chief Audit Executive
CCMA	Commission for Conciliation, Mediation and Arbitration
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Information Officer
CIP	Compulsory Induction Programme
CIVPEN	Civil Pensions
CLO	Client Liaison Officers
CMC	Change Management Committee
CM&E	Corporate Monitoring and Evaluation
COBIT	Control Objectives for Information and Related Technologies
COSO	Committee of Sponsoring Organisations
CRM	Client Relations 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
ERM	Enterprise-wide Risk Management
ERP	Enterprise Resources Planning
ESL	Employee Satisfaction Level
ETDP	Education Training and Development Practice
EWRM	Enterprise Wide Risk management
EXCO	Executive Committee
FFPMU	Forensics and Fraud Prevention Management Business Unit
FMPPI	Framework for managing programme performance information
FPEC	Forensic Prevention and Ethics Committee
GCIS	Government Communication and Information-System
GEHS	Government Employee Housing Scheme
GEMS	Government Employees Medical Scheme
GEP	Government Employees Pension
GEPF	Government Employees Pension Fund
GPAA	Government Pensions Administration Agency
GPSSBC	General Public Service Sector Bargaining Council
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 Immune Virus

HO	Head Office
HR	Human Resources
HRD	Human Resources Department
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
IP	Internet Protocol
IS	Information Security
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
MPS	Managed Print Solution
MTSF	Medium-Term Strategic Framework
MVM	McAfee Vulnerability Management.
NDP	National Development Plan
NT	National Treasury
OECD	Organisation for Economic Co-operation and Development
OHS	Occupational Health and Safety
OLA	Operational Level Agreements
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 System
PFMA	Public Finance Management Act
PFMA	Public Finance Management Act
PIC	Public Investment Corporation

PILIR	Policy and Procedure on Incapacity Leave and Ill-health Retirement
PMO	Project Management Office
PO	Purchase Order
POPI	Protection of Personal information act
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
PTT	Policy Task Team
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	Software Development Life Cycle
SHERQ	Safety, Health, Environment, Risk and Quality
SIEM	Security Information and Event Management
SLA	Service Level Agreements
SMS	Senior Management Service
SOP	Standard Operating Procedure
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
TQM	Total Quality Management
WAN	Wide Area Networks
WAR	Work Area Recovery
WSP	Workplace Skills Plan



Malusi Gigaba, MP
Minister of Finance

FOREWORD BY THE MINISTER OF FINANCE

The Government Pensions Administration Agency's (GPAA) mandate is to administer benefits on behalf of the Government Employees Pension Fund (GEPF) and National Treasury in the best interests of its clients, predominantly public servants, many of whom depend on their pensions as their only life-long savings. It is therefore fitting that the benefits of those current and retired public servants, who dedicated themselves to serving the public, are efficiently, effectively and economically administered.

The GPAA remains committed to paying benefits speedily and on time to all the beneficiaries. In this regard, the GPAA has made significant strides in its Modernisation Programme, which endeavours to drive the organisation towards becoming the leading benefits administrator in government and amongst other industry players. This Modernisation Programme is aimed at improving processes, technology and people competencies and is growing from strength to strength. Notable achievements herein include the implementation of the Pensioner Case Management (PCM), which has been implemented in about 320 pay points, with the hope of 98% of cases being lodged through this system by the end of the third quarter of the 2017/2018 financial year. This project enables employer departments to capture exit claims electronically, which will accelerate the finalisation and payment of benefits in unprecedented timeframes.

Another notable achievement is the successful installation of the Queue Management System (QMS) in four walk-in centres. This has already had positive effects on agent and centre efficiencies. The self-service application has also been piloted and this will be rolled-out to clients to make provision for viewing of benefits statements, confirming beneficiary details and amending residential, contact and banking credentials online, once properly verified.

Further notable achievements for the financial year under review include the payment of an average of 80% of GEPF benefits and 98% of National Treasury benefits within 60 days after receipt of duly completed documentation. The organisation further achieved 99% continuous business (uptime) after disruption;

and a total of eight client outreach campaigns were conducted during the financial year.

Going forward, the GPAA will strive to meet its target to pay benefits to retiring members within 20 days of exiting the funds under administration. This will be done through collaboration with participating employer departments, through which the GPAA will pay and administer benefits with due care and in a cost-effective manner. The provision of these services and more by the GPAA will ensure that public servants are able to retire with the dignity they rightfully deserve and have secure access to their member information at their fingertips. This will also contribute to the economic wellbeing of government employees who have remained committed to serving the South African citizenry.

I truly believe that the GPAA will change the pension administration landscape in South Africa and collaborate with its stakeholders to achieve its strategic goals and objectives of paying benefits timeously. The GPAA has demonstrated commitment, integrity, financial prudence and efforts to expose and fight corruption and mismanagement of public funds, and it is my expectation that the organisation will continue to do so.

I would like to thank the GPAA's Chief Executive Officer, Mr Krishen Sukdev, for his unwavering and persistent leadership in spearheading the successes shared in this report and for resolving the challenges which the organisation faced during 2016/2017. All the fruits of the success which follow are evidence of the support, hard work and commitment of the GPAA's executive management team and its hard working employees. Accordingly, I would like to thank them and wish them all the best for the year ahead, as they work towards maintaining and surpassing their goals.



MR MKN GIGABA, MP
MINISTER OF FINANCE
31 July 2017



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

ACCOUNTING OFFICER'S NOTE

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 strategic goals, namely the economical, effective and efficient administration of benefits, drive its vision to become the leading, people-centric benefits administrator in government. 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.

In total, as at March 2017, the GPAA administered benefits to more than 1.8 million clients, including GEPF members, pensioners, spouses, orphans, National Treasury post-retirement medical, benefits, Military Pensions, Injury on Duty claims, Special Pensions, Associated Institutions Pension Fund (AIPF) and Temporary Employees Pension Fund (TEPF) pensioner and spouses' claims and benefits, as well as other claims. The GPAA's Modernisation Programme, now in its seventh year, aims to further enhance its technology, system, process and human capital development in efforts to achieve its strategic goals. During 2016, the launch of the Pensioner Case Management (PCM) and Benefits Payment Automation (BPA) projects yielded significant progress towards paying benefits to clients efficiently and effectively. PCM was rolled-out to over 100 employer departments, approximately 30% of the total number of employer departments, to handle exit cases electronically.

The GPAA continues to place emphasis on stakeholder management and engagement to promote collaboration with employer departments to reduce the time taken to pay benefits. In addition, the creation of a committee mandated to analyse and reduce delayed benefit payments, called the Backlog Committee, has shown marked improvement in this area during the year under review. This committee will continue with its work and I will continue to monitor the progress of backlog claims going forward.

Looking forward, the GPAA is exploring new ways of communicating with members through electronic channels, for example through SMS and electronic channels. This will continue to be on the radar for the upcoming year. The aforementioned and other planned activities for 2017/2018 going forward are entrenched in our values of delivering the best service possible to our clients in a manner that is fair, ethical and open.

Achievements

Our Walk-in Centres across the country achieved an average of 97% customer satisfaction on: openness, consultation, information, courtesy and service standards. The GPAA achieved 91% of its Annual Performance Plan (APP) targets, and paid 100% of benefits accurately. 98% of National Treasury's Programme 7 benefits and 80% GEPF benefits were paid on time after the receipt of duly completed documentation. The organisation also paid 89% of suppliers within 22 days from receipt of invoices. The client self-service solution was launched in March 2017 to the GPAA's management team and will be rolled out to members during the 2017/2018 financial year going forward.

Our next target is to pay retiring members their benefits within 20 days of their exit from service. To this end, the GPAA has adopted a dedicated project called Data Quality Improvement Management (DQIM) to ensure the data integrity of members' information to accelerate in paying benefits timeously and accurately. Further to this, the GPAA

has partnered with the South African Revenue Services (SARS) to enhance members' contact information, such as e-mail addresses and telephone numbers.

The GPAA is seven years old in 2017 and has already achieved significant milestones as a modernising pension and benefits administrator. The challenges that the GPAA is faced with for the 2017/2018 period is to finalise its new operating model, organisational structure and to alleviate technological and system obstacles that prevent the organisation from fully reaching its strategic objectives which are aimed at, predominantly, improving service delivery to our clients.

Irregular expenditure during 2016 / 2017

Irregular expenditure as at 01 April 2016 was R33.5 million; an additional amount of R4.9 million incurred in the prior year was raised during the current financial year. Irregular expenditure of R2.3 million was incurred and raised during the current year. A total of R14.5 million was condoned leaving the balance of R26.3 million at the end of the financial year awaiting condonement.

Conclusion

The foundations laid by the GPAA in terms of striving towards becoming a more innovative and client-centric benefits administrator will propel the organisation forward in terms of service delivery and supporting government in achieving its planned national outcomes aimed at improving the lives of all South Africans and contributing to economic transformation.



Mr Krishen Sukdev
Chief Executive Officer
Government Pensions Administration Agency
31 July 2017

ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY

Statement of responsibility and confirmation of accuracy of the Annual Report for the year ended 31 March 2017.

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 for the Annual Report as issued by National Treasury.
- The Annual Financial Statements have been prepared in accordance with Generally Recognized Accounting Practice (GRAP) standard and the relevant frameworks and guidelines issued by the National Treasury.

In response to the expectation of Clause 3 (8) of the Proclamation of the GPAA on 26 March 2010: 'A formal evaluation and review of the GPAA as a Government Component', commenced in the 2015 / 2016 year, as reported previously. The report was made available during the 2016 / 2017 Financial Year.

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 department for the financial year ended 31 March 2017.



Mr Krishen Sukdev
ACCOUNTING OFFICER
Government Pensions Administration Agency (GPAA)
31 July 2017

1. STRATEGIC OVERVIEW

Vision, Mission and Values

The GPAA's vision, mission and values are:

Vision

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

Mission

To serve clients by paying benefits accurately and timeously.

Values

Value	Implication
<i>Transparency</i>	We undertake to be open and accountable in our engagements with all of our stakeholders
<i>Respect</i>	We are committed to treating everyone with dignity, equality and trust.
<i>Integrity</i>	We act fairly, ethically and openly in all that we do.
<i>Courtesy</i>	We treat our stakeholders and clients with consideration, compassion and kindness.
<i>Service excellence</i>	We commit to giving our clients quality service.

2. LEGISLATIVE AND OTHER MANDATES

2.1 Government mandate

The GPAA is responsible for contributing towards Outcome 12 of the Government's 14 priority outcomes, which is an efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship. The key strategic areas and outputs of this outcome include:

- Service delivery quality and access;
- Human resource management and development;
- Business processes, systems, decision rights and accountability management; and
- Reducing corruption in the public service.

The GPAA is geared operationally to fully incorporate the above outputs in its strategic scorecard to contribute towards government achieving this outcome successfully.

Its core business is benefits administration, benefits and claims processing and payments, as well as access to members through mobile vans in remote areas, regional offices and walk-in centres, amongst others. The support services leg of the organisation ensures that programmes, training and development are accessible to employees to add value to their daily work activities.

The Modernisation Programme is aimed at ensuring an overhaul of business processes, systems and technology to enhance the client experience. While the last output of Outcome 12 is a priority within the GPAA and the organisation's policies, governance structures and whistle-blowing hotline are intended to promote a zero tolerance policy to corruption and fraud within the organisational environment.

The GPAA's scorecard has been aligned to these outputs to ensure that it propels the organisation through responsibility and accountability in contributing to government's Outcome 12.

2.2 Legislative mandate

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). In accordance with its proclamation, the GPAA's mandate is to provide administration services to its two customers, the Government Employees Pension Fund (GEPF) and National Treasury's Programme 7. On behalf of GEPF 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 provision of these services is regulated by Service Level Agreements (SLAs) between the GPAA and its customers.

The GPAA's financial affairs are governed by the Public Finance Management Act (PFMA), while its human resources fall under the ambit of the Public Service Act (PSA). The GPAA reports to the Minister of Finance as its Executive Authority and its mandate is to administer pensions on behalf of GEPF and National Treasury in respect of Post-Retirement Medical Subsidies, Military Pensions, Special Pensions, Injury on Duty payments and other Programme 7 functions.

The following legislation is applicable in the administration of the funds:

- The Government Employees Pension (GEP) Law of 1996, which is administered on behalf of GEPF's Board of Trustees;
- The Temporary Employees Pension Fund (TEPF) Act 75 of 1979, which is administered on behalf of National Treasury's Programme 7;
- The Associated Institutions Pension Fund (AIPF) Act 41 of 1963, which is administered on behalf of National Treasury's Programme 7;
- Post-Retirement Medical Subsidies as provided for and regulated by Public Service Co-ordinating Bargaining Council (PSCBC) resolutions, which is administered on behalf of National Treasury's Programme 7;
- Military Pensions in terms of the Military Pensions Act 84 of 1976, which is administered on behalf of National Treasury's Programme 7;
- Injury on Duty (IOD) payments in terms of the Compensation for Occupational Injuries and Diseases Act 130 of 1993, which is administered on behalf of National Treasury's Programme 7; and
- Special Pensions in terms of the Special Pensions Act 69 of 1996, which is administered on behalf of National Treasury's Programme 7.

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

The structure of the GPAA for managing the implementation of the Strategy and Annual Performance Plan is directed by the GPAA's Chief Executive Officer (CEO) and consists of two Programmes, namely Support Services and Benefits Administration, which are supported by eight sub-programmes as depicted in figure 1 below:



Figure 1: The GPAA's 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 business units within Corporate Services play a supporting role to the provision of primary services. The primary aim of this sub-programme 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 – Finance

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 the 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.

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, Management Information 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 principles of accountability, transparency, compliance, adhering to the rule of law, responsiveness, effectiveness and efficiency are built into the processes, procedures and policies governing the GPAA and its stakeholders. 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. The 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 – Government Employees (GEPF)

The Government Employees Pension Fund (GEPF) is a contributory defined benefit pension fund that is administered by the GPAA on behalf of GEPF 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 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. These processes are aimed at the accurate and timely payment of benefits to GEPF's members and beneficiaries.

Sub-programme 2.3 - Client Relations Management (CRM)

The Client Relations Management (CRM) sub-programme is aimed at managing the relationships with all stakeholders, including clients, third parties and employers, by providing high quality, responsive client services based on Batho Pele Principles. The call centre and walk-in centre 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

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General South Africa (AGSA) performs certain audit procedures on the 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 123 for the Report of the Auditor-General, published as Part E: Financial Information.

2. OVERVIEW OF ORGANISATIONAL PERFORMANCE

2.1 *Service Delivery Environment*

The GPAA is in the process of a Modernisation Programme which started in 2011 in order to equip itself for the fulfilment of its legislative mandate so as to meet the changing needs of its clients and customers. Below is a discussion that analyses the situation of pension schemes and pension reform, together with an analysis of where the GPAA currently fits into the pension landscape.

2.2 *Pension Reform*

Pension reform has been high on the agenda of many governments globally, with several in the process of reforming their pension systems in order to reduce their financial commitments and also to fulfil their social corporate responsibility towards pensioners and their dependants.

Leading international organisations, such as the Organisation for Economic Co-operation and Development (OECD), the International Monetary Fund (IMF), the European Monetary Institute (EMI, now the European Central Bank or ECB) and the European Commission, have long identified and reported concerns regarding structural changes

resulting in the rapid and unsustainable rise in the financial costs of pension systems. This represents the global context in which the GPAA operates.

2.3 *Public Service Reform*

Public service reform and modernisation are being realised through numerous strategies and their implementation throughout government departments and entities. Since strategic management is an instrument used by organisations to manage change and innovation, strategies should have objectives beyond setting goals, programmes and policy directives. With this in mind, a need was identified for the GPAA to understand the challenges that pension fund administration has to confront over the next two decades. This would influence and have an effect on the GPAA's internal environment.

2.4 *The GPAA as Administrator*

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

2.5 *Flexibility in Service Delivery*

The GPAA's main concerns regarding service delivery are with regards to improved communication, enhancing member education, ensuring timely and accurate payments, and the strengthening of regional and satellite offices. Newsletters remain the main form of communication with clients. The GPAA is on a gradual change from paper - based communication to digital communication.

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 GEPF rather than resign and transfer their savings out of the Fund.

2.6 Governance

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 pension systems promotes timely and cost-effective delivery of benefits, as well as the administration of pensions in the best interests of the pensioner, active member and / or beneficiary. Good governance in the GPAA is being increasingly recognised as an important aspect of an efficient pension administration system, enhancing administrative performance and securing service delivery. Adoption of good a 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 to appoint an Advisory Board for the administration function and this structure is strengthening the governance and executive oversight of the work of the GPAA.

A Fraud Prevention and Integrity Framework is also being 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, an effectively managed whistleblowing mechanism, as well as assisting with co-operative agency liaison and effective investigations.

2.7 Self-service

Self-service functionality has been developed and piloted in the year under review. A self-service portal is one of the technological advancements that the GPAA identified as allowing it to improve service delivery. Through such a channel, information can be retrieved and submitted, enabling the submission of applications, tracking of applications, calculating estimates, the sharing of National Treasury and GEPF products and benefit information. It is envisaged that the portal will also provide information on financial planning, as well as policies and laws guiding the administration and investment of funds.

Beyond Modernisation, the GPAA is considering variables, such as legislative developments, in understanding the direction of the pension landscape. The GPAA would like to become an employer of choice amongst pension administrators. It is also hoped that the organisation will become known widely for its service delivery ethos and its reputation as a fund administrator of choice, by putting its clients' interests first.

2.8 Batho Pele Principles

In South Africa, there is a growing acknowledgment that the physical infrastructure and accessibility of one's services contribute to the effective and efficient running of organisations. Therefore, in line with the Batho Pele Principles, improved processes can ensure that the GPAA's clients are informed and empowered. Such improvements further 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 in ensuring 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.

2.9 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.

2.10 Corporate Governance

Corporate governance refers to formal and informal relationships between the GPAA and its stakeholders, as well as 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. The GPAA has its own internal governance structures. To this end, a Fraud Prevention and Integrity Framework continues to be implemented within the GPAA, as discussed above.

The framework is aimed at anti-corruption and ethics training, increasing awareness amongst 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, an effectively managed whistleblowing mechanism, co-operative agency liaison and effective investigations. The GPAA has appointed Ethics Officers as part of implementing DPSA initiatives towards creating an ethical public service.

2.11 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 46 for information on the Modernisation Programme.

2.12 Organisational Environment

The need for modernisation as an instrument for increasing efficiency and effectiveness in public institutions is 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 (putting people first). Modernisation in the GPAA is a vehicle journeying towards a sustainable organisation and helping as the organisation strives to fulfil legislative mandates. 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 broad objective of improving service delivery programmes and committing to the Batho Pele Principles.

Cost saving drivers

As the GPAA embarks on designing its costing model for the next five years of its administration of funds, there are three areas in which administration costs can be stabilised, namely: by leveraging off intergovernmental contracts supply chain resources will be relieved and, secondly, an overall cost cutting exercise where budget under-spends are drastically curbed. Furthermore, a third factor, National Treasury's cost containment measures, is being implemented and is already yielding a number of savings.

2.13 Key Policy Developments and Legislative Changes

Newly proposed pension regulations from National Treasury had a large impact on both exits from GEPF and on the reputation of the Fund during both the year under review and the year preceding it. Over the past few years government, particularly through National Treasury, has begun formulating proposals regarding retirement reform. This is a process whereby government, through policies, seeks to:

1. 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, no matter how long they live;
2. Encourage employers to provide retirement saving plans for their employees as part of the employment contract;

3. Ensure that people receive good value for money for their retirement savings and are treated fairly, and that their savings are prudently and diligently managed and that they are kept informed of their retirement savings; and
4. Improve standards of retirement fund governance, including Trustee knowledge and conduct, and the protection of members' interests.

Retirement reform is an ongoing process, and the new reforms will take some time to complete. 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.

3. STRATEGIC OUTCOME-ORIENTED GOALS

After careful consideration of the Minister's contract, the National Development Plan (NDP), the GPAA's environment, different analysis methods and the outcomes of Modernisation, as well as the strategy and the previous year's performance, the strategic goals were found to still be valid 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 2015 / 2016 – 2019 / 2020 strategic period.

The GPAA's operating model complements its structure, processes and capabilities as depicted in Figure 2 – The GPAA's Operating Model, shown below:

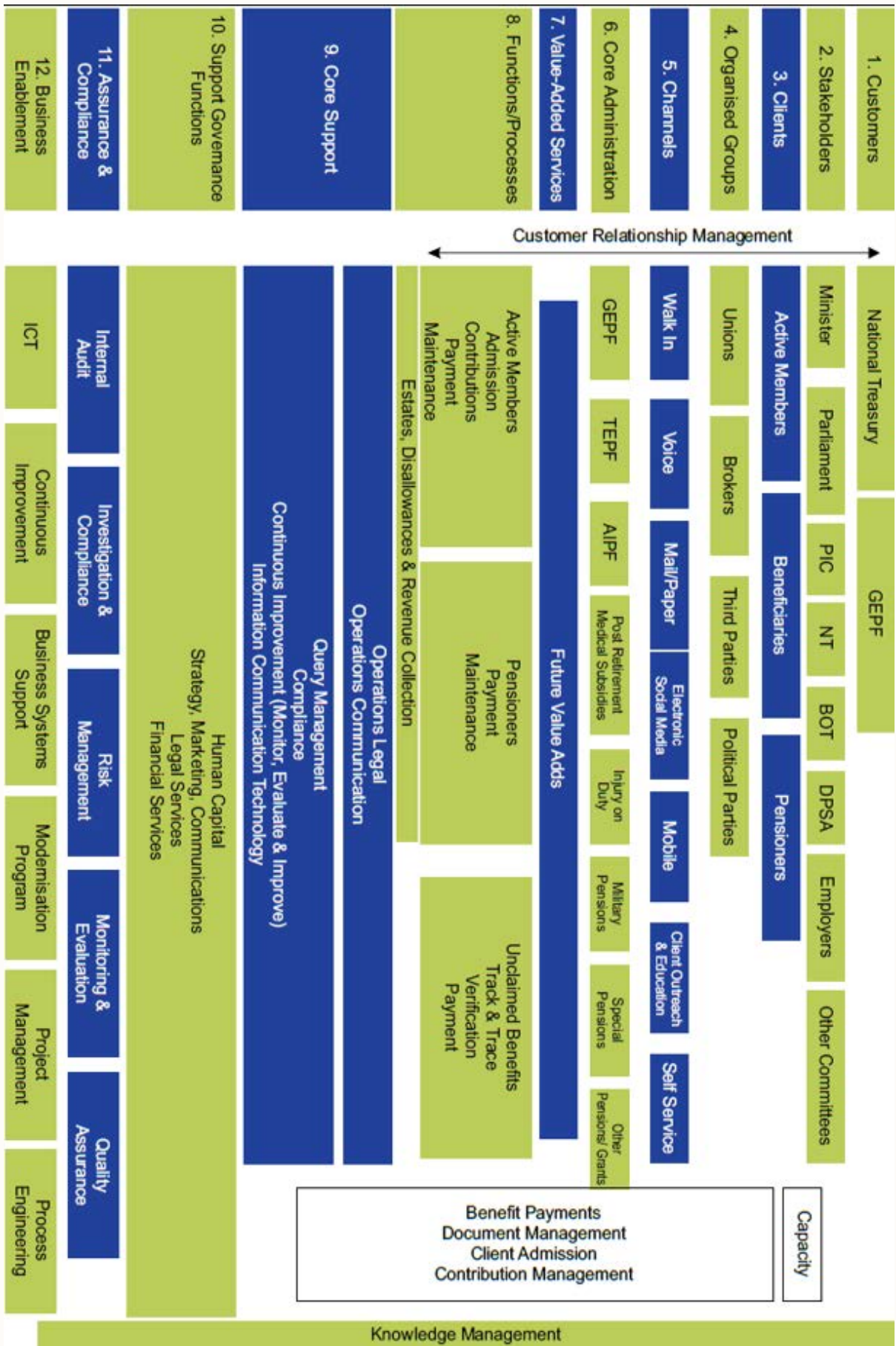


FIGURE 2 - GPAA'S OPERATING MODEL

The organisational scorecard was amended to incorporate the above operating model elements as performance areas.

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, including active members, beneficiaries and pensioners.
- Organised groups, including unions, brokers, third parties and political parties.
- Channels, including walk-in centres, voice, mail / paper, electronic social media, mobile, client outreach and education, self-service and eChannel.
- Business Enablement, including ICT, continuous improvement, business systems support, the Modernisation Programme, project management and process engineering.
- Core administration, including 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, including GEPF, TEPF, AIPF, Post-Retirement Medical Subsidies, Injury on Duty, Military Pensions, Special Pensions, other pensions / grants.
- Functions and processes, including active members, admissions, contributions, payment, maintenance, unclaimed benefits, track and trace and verification.
- Core support, including 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, including 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, including 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, including Internal Audit, Investigation and Compliance, Risk Management, Monitoring and Evaluation and Quality Assurance.
- Stakeholders, including 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, including future value adds.

Institutionalisation of Outcomes-Based Planning to Articulate the GPAA

To embrace the outcomes-based approach of government, the GPAA's approach during the year under review provided for the evaluation of the internal, external and allocative efficiency of each output, as well as of the budget programme. This organisational framework has provided for various types of evaluation that link inputs to activities, outputs, outcomes and impacts. It is also used in the Framework for Managing Programme Performance Information and the National Evaluation Policy Framework approved by Cabinet on 17 November 2011.

Over the medium term, the GPAA planned to initiate various projects, the format of which would be evaluated through all phases, from diagnosis to implementation and impact. The National Evaluation Plan intervention advocated by the Department of Planning, Monitoring and Evaluation (DPME) was embraced to profile evaluation plans for projects of national importance and solicit opportunities for resource sharing, given the fact that delivery on the GPAA's mandate required a cross-sectoral approach. It is on this basis that the outcomes-based approach has been embedded in the GPAA's planning instruments.

Performance Against Strategic Objectives

The GPAA has a number of highlights for the financial year under review, particularly that 100% of benefits were paid accurately; while, on average, 80% of GEFP benefits and 98% of National Treasury benefits were paid on time after receipt of duly completed documentation. The self-service system went live at the end of March 2017, and a total of eight member education campaigns were conducted.

The GPAA administered benefits on behalf of GEFP, with a membership of 1 273 784 in the past year. Contributions of approximately R65.1 billion were received in 2016 / 2017 and benefits of approximately R84.6 billion were paid. A summary of the 2016 / 2017 administration of cases is tabulated below.

CASES ADMINISTERED AND FINALISED AT THE GPAA	CASES PAID 2014 / 2015	CASES PAID 2015 / 2016	CASES PAID 2016 / 2017
Resignation from GEFP	36 353	36 552	30 932
Retirement from GEFP	28 802	31 845	32 196
Transfer from GEFP	3 518	4 104	3 510
Beneficiaries paid due to death of members	6 656	7 282	7 126
Total	75 329	79 783	73 764
NUMBER OF RECIPIENTS RECEIVING MONTHLY PAYMENTS FROM FUNDS	MONTHLY PAYMENTS 2014 / 2015	MONTHLY PAYMENTS 2015 / 2016	MONTHLY PAYMENTS 2016 / 2017
Injury on Duty (IOD) payments	9 309	101 622	9 765
Post-retirement Medical Benefits - per month	91 586	1 155 396	104 325
Military Pensions – per month	5 308	63 903	5 149
Special Pensions – per month	7 704	90 525	7 201
Other benefits – per month	1 053	12 411	972
Pension benefits (GEFP) – per month	259 464	3 216 333	282 600
Spouse's benefits (GEFP) – per month	145 521	1 771 734	153 079
Orphan's benefits (GEFP) – per month	1 410	19 752	1 372
Pension benefits (AIPF) – per month	5 920	68 793	63 720
Spouse's benefits (AIPF) – per month	2 897	35 379	34 452
Pension benefits (TEPF) – per month	248	2 847	2 652
Spouse's benefits (TEPF) – per month	128	1 557	1 500
Total benefits paid per month (averaged)	530 548	6 540 252	6 667 787

The GPAA delivered on the majority of its predetermined objectives in the 2016 / 2017 financial year. The organisation's overall performance was 91.30%, with 21 of the 23 predefined performance targets being achieved.

The initiatives that were high on the agenda were:

- Stakeholder management to enhance employer department support and improvement on payment turnaround time;
- Establishment of Backlog Committee to focus on the delayed payment;
- Electronic communication through SMS and email;
- Education and outreach - with more focus on rural and far flung areas;
- Employee engagement and support to enhance productivity;
- Stakeholder management to enhance employer department support and improvement of payment turnaround times; and
- Resolution of audit findings.

All of these aforementioned initiatives are aimed at improving the pension administration services provided to clients on behalf of the GPAA's customers, GEPP and National Treasury.

***High Level
Performance
Scorecard:***



Strategic goal	Strategic objective	Performance indicators	Annual target	
<i>Efficient administration of benefits</i>	<i>To employ the right people that are competent, performance-driven and caring</i>	% of Workplace Skills Plan (WSP) training completed (based on training curriculum and Personal Development Plans or PDPs)	70% of Workplace Skills Plan (WSP) training completed (based on training curriculum and Personal Development Plans or PDPs)	
		% Employee Satisfaction Level (ESL)	60% ESL	
<i>Economical administration of benefits</i>	<i>To administer the funds at an economically acceptable cost of administration per member</i>	% reduction in the GPAA's carbon footprint	Environmental -30% reduction	
<i>Effective administration of benefits</i>	<i>To pay the right amount as per the legal entitlement as prescribed by legislation and rules</i>	% of the total unclaimed benefits amount relating to the current year (should be higher)	70% of the total unclaimed benefits amount relating to the current year (should be higher)	
<i>Economical administration of benefits</i>	<i>To administer the funds at an economically acceptable cost of administration per member</i>	% reduction in administration costs	2% reduction in administration costs	
		Progress in developing the self-service system	Self-service functionality developed for updating client contact details	
		% compliance with SLA (GEPF SLA – ICT components)	98% compliance with SLA (GEPF SLA – ICT components)	
		% compliance with SLA (National Treasury SLA – ICT components)	98% compliance with SLA (National Treasury SLA – ICT components)	
		% continuous business (uptime) after disruption	95% continuous business (uptime) after disruption	
<i>Effective administration of benefits</i>	<i>To pay the right amount as per the legal entitlement as prescribed by legislation and rules</i>	Number of campaigns conducted	Three campaigns conducted	

Annual actuals	Deviation from planned target to actual achievement for 2016 / 2017	Comment on deviations
91% WSP training completed	Target exceeded by 21%	<p>Identification of needs, proper Human Resources Development (HRD) planning, including demand plan, which enables Supply Chain Management (SCM) to source service providers on time. Once confirmation of dates are available with the service provider, employees, together with line managers, are informed in advance for proper planning of operational requirements.</p> <p>Additional business requirements (ad-hoc training interventions) were addressed by dedicated employees</p>
71% Employee Satisfaction Level (ESL)	Target exceeded by 11%	<p>More in-depth engagement was done with employees to look at strategies to improve in areas where they perceived the organisation was lacking.</p> <p>The survey had a balance between expectations from both parties towards becoming a high performance organisation</p>
Environmental -38%	Target exceeded by 8%	Reduction is as a result of energy efficient automated electrical systems implemented
80% of the total unclaimed benefits amount relating to the current year (should be higher)	Target exceeded by 10%	Added effort by the team helped exceed expectations
18% reduction in administration costs	Target exceeded by 16%	The organisation is implementing cost containment measures
Self service functionality went live on 30 March 2017	Target achieved	94 people, mostly GPAA MANCO members, were enrolled and given the opportunity to attend one of three demonstrations on the self service product
100% compliance with SLA (GEPF SLA - ICT components)	Target exceeded by 2%	The ICT team indicators on the SLA were achieved or exceeded
100% compliance with SLA (National Treasury SLA - ICT components)	Target exceeded by 2%	The ICT team indicators on the SLA were achieved or exceeded
99% continuous business (uptime) after disruption	Target exceeded by 4%	The actual results are automatically calculated by the system, which works in favour for the achievement of the target
Eight campaigns conducted	Target exceeded by five	A need was identified to host events thus additional campaigns / events that were not on the initial schedule were hosted to service members

Strategic goal	Strategic objective	Performance indicators	Annual target	
<i>Economical administration of benefits</i>	<i>To administer the funds at an economically acceptable cost of administration per member</i>	% compliance to governance framework	100% compliance to governance framework	
		Number of fraud prevention strategies implemented (PSC)	12 fraud prevention strategies implemented (PSC)	
		% of reported fraud cases investigated	50% of reported fraud cases investigated	
		% of Enterprise-wide Risk Management (ERM) strategy implemented	90% of ERM strategy implemented	
<i>Effective administration of benefits</i>	<i>To pay the right person who is the lawful member or beneficiary</i>	% compliance to customer SLA (National Treasury)	90% compliance to customer SLA (National Treasury)	
	<i>To pay benefits on time as per legislation</i>	% of benefits paid accurately (National Treasury)	80% of benefits paid accurately (National Treasury)	
		% of benefits paid on time (National Treasury)	80% of benefits paid within 60 days	
	<i>To pay the right amount as per the legal entitlement as prescribed by legislation and rules</i>	% of contributions outstanding as at the 7th of the following month	< 5% contributions outstanding as at the 7th of the following month	
	<i>To pay the right person - the person who is the lawful member or beneficiary</i>	% compliance to customer SLA (GEPF)	90% compliance to customer SLA (GEPF)	
	<i>To pay benefits on time as per legislation</i>	% of benefits paid accurately (GEPF)	80% of benefits paid accurately (GEPF)	
<i>Efficient administration of benefits</i>	<i>To pay benefits on time as per legislation</i>	% of benefits paid on time (GEPF)	80% of benefits paid within 60 days	
<i>Effective administration of benefits</i>	<i>To pay the right amount as per the legal entitlement as prescribed by legislation and rules</i>	% client satisfaction levels	85% client satisfaction levels	
		% of post voice calls resolution (voice: post calls client survey - evaluate agent)	65% post voice call resolution	

	Annual actuals	Deviation from planned target to actual achievement for 2016 / 2017	Comment on deviations
	100% compliance to governance framework	Target achieved as planned	Proper planning and a dedicated team contributed to effective implementation of set activities
	16 fraud prevention strategies implemented (PSC)	Target exceeded by four	The over-achievement is as a result of assistance from the service provider and permission granted by the Chief Risk Officer (CRO) to allow employees from other units to assist the Fraud Prevention unit in completing their targets
	100% reported fraud cases investigated	Target exceeded by 50%	The strategy to source the services of an external service provider impacted positively on the workload within the Forensic unit. The cases finalized by the service provider ensured that the unit exceeded the expected target
	91% ERM strategy implemented	Target exceeded by 1%	The over- achievement is as a result of the following: (a) The appointment of a Senior Manager: Risk Management, and (b) improved support from the GPAA's management and the Risk Committee
	87% compliance to customer SLA (National Treasury)	Target missed by 3%	The two service levels were missed due to their nature i.e. on-going.
	100% of benefits paid accurately (National Treasury)	Target exceeded by 20%	Managing performance proactively and addressing short-comings immediately when they are identified. And providing feedback to the team.
	98% of benefits paid within 60 days	Target exceeded by 18%	Managing performance proactively and addressing short-comings immediately when they are identified.
	2.6% contributions outstanding as at the 7th of the following month	Target achieved as planned	Improved collections processes, which resulted in over achieving on target
	69% compliance to customer SLA (GEPF)	Target missed by 21%	The client introduced a new SLA which has much more stringent targets than the previous SLA. The GPAA agreed with the client that targets set would not necessarily be achieved in one year but the GPAA will continuously strive to achieve them
	100% of benefits paid accurately (GEPF)	Target exceeded by 20%	Strick adherence to legislation, SOP's and appropriate and effective system validations
	80% of benefits paid within 60 days	Target achieved as planned	Strong emphasis on paying on time throughout the business
	97% client satisfaction levels	Target exceeded by 12%	Client Relationship Management employees have consistently provided members with accurate information and handled enquiries professionally and in a friendly manner
	92% post voice call resolution	Target exceeded by 27%	The Client Service Agents (CSAs) in the Call Centre have consistently provided members with accurate information and handled calls professionally and in a friendly manner

4. 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 2016 / 2017

- 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

Strategic objectives	Performance indicator	Actual achievement 2015 / 2016	Planned target 2016 / 2017	Actual achievement 2016 / 2017	Deviation from planned target to actual achievement for 2016 / 2017	Comment on deviations
To employ the right people that are competent, performance driven and caring	% of Workplace Skills Plan (WSP) training completed (based on training curriculum and Personal Development Plans or PDPs)	89% of Workplace Skills Plan (WSP) training complete	70% of Workplace Skills Plan (WSP) training complete	91% WSP training completed	Target exceeded by 21%	<p>Identification of needs, proper Human Resource Development (HRD) planning including demand plan which enables Supply Chain Management (SCM) to source service providers on time. Once confirmation of dates is available with the service provider, employees, together with their line managers, are informed in advance for proper planning of operational requirements.</p> <p>Additional business requirements (ad-hoc training interventions) were addressed by dedicated employees</p>
To employ the right people that are competent, performance driven and caring	% Employee Satisfaction Level (ESL)	55% Employee Satisfaction Level (ESL)	60% Employee Satisfaction Level (ESL)	71% Employee Satisfaction Level (ESL)	Target exceeded by 11%	<p>More in-depth engagement was done with employees to look at strategies to improve in areas where the GPAA was perceived lacking.</p> <p>The survey had a balance between expectations from both parties towards becoming a high performance organisation</p>
To administer the funds at an economically acceptable cost of administration per member	% reduction in the GPAA's carbon footprint	Completed methodology	-30% reduction in carbon footprint	-38% reduction in carbon footprint	Target exceeded by 8%	The reduction is as a result of energy efficient automated electrical systems

Facilities Management

Achievements:

- A Travel policy was approved. This will guide the GPAA on how vehicles must be utilized.
- Physical Security logistics and requirements for 12 roadshows were provided in support of the CRM education and outreach project.
- The carbon footprint target was achieved.
- 77% (10 out of 13) Occupational Health and Safety (OHS) risks and audit findings were resolved.
- Building improvements and upgrades were completed at Head Office, including the ICT Block H ground floor, Reception Area, Trevenna Campus tenant installation and relocation of the Gauteng Regional Office Walk-in Centre. This contributes towards providing a safe, healthy and conducive working environment for employees in support of an improvement in service delivery.
- 51 vehicles were acquired from g-Fleet and allocated to CRM Client Liaison Officers (CLOs). This was done to improve service delivery.

Challenges:

- Cumbersome procurement processes were a challenge.
- Office accommodation for GPAA employees remained a concern. The current Head Office facility accommodating GPAA employees is old, lacks parking facilities, and experiences infrastructure failures like bursting water pipes on a regular basis.
- Poor response on vetting forms (Z204) by GPAA senior managers.
- Cumbersome internal approval processes.
- Poor turnaround times were experienced with external business partners (i.e. the Department of Public Works (DPW), the Public Investment Corporation (PIC), landlords and contractors / service providers).
- There was a dependency on internal business partners such as Finance, ICT, SCM, PMO, Legal Services, HR, etc. For example when procuring services or goods, Facilities Management relies on SCM and the Legal unit for the signing of contracts and leases. Delays in the procurement and signing of contract documents results in the delayed implementation of some projects.
- The dependency on external stakeholders such as the State Security Agency (SSA), SAPS, local municipalities and other departments or entities was also a challenge during the year under review. For example, some risk assessments can only be conducted by the State Security Agency, which means that the GPAA relies on their availability to do the assessments. Municipalities have long lead times, which resulted in some offices being unable to operate without municipal services.

Strategies to Overcome Areas of Under-performance:

- Development of an action plan to resolve identified risks recorded in the Risk Register;
- Appointment of an Accommodation Committee to look at accommodation challenges;
- Development of an action plan to address OHS issues;
- Establish and improve working relationships with both internal and external stakeholders; and
- Filling of vacant positions within the unit.

Human Resources

Achievements:

- The Performance Management unit embarked on a venture to ensure outcomes-based performance management. The aim was to develop and get approval for a new improved Performance Management Policy. The timeline for the finalization of the approved policy was set at 31 March 2017 (end of the fourth quarter of the 2016 / 2017 financial year). As a result of the dedication and drive of the Performance Management unit, the new policy was developed and consulted with organized labour and finally approved and implemented on 27 November 2016. This is an outstanding feat by the unit as it was finalized four months before the due date.
- Furthermore, the unit also embarked on an information campaign in all the regional offices to educate employees on the elements of the new policy.
- The new policy will enable the GPAA to implement effective performance management and development in the organisation. The previous policy did not address certain elements that were hindering the effective management of the GPAA's performance management system.
- The Basic Conditions of Employment (BCE) unit successfully implemented the new Government Employees Housing Scheme (GEHS) after communication from the DPSA was received on short notice. The due date for capturing on PERSAL was met, as well as the report to DPSA, in this regards was done by due date. Various other phases of the GEHS project were also implemented as it unrolled, including the issuing of letters and the communication of the enrolment process to all employees. An information session was also conducted by the DPSA GEHS team and SA Home Loans to GPAA employees.
- The BCE unit did manage to verify and submit Financial Disclosure forms for all Senior Managers to the Public Service Commission by due date, i.e. 31 May 2016.
- Due to the fact that the BCE unit implemented a Circular on Leave audits and Housing verifications on termination of service, the unit was able to finalise leave audits and housing within the turnaround time and contributes to speeding-up the termination process at the GPAA.
- The BCE unit successfully hosted the Long Service Awards Ceremony where certificates were handed to 56 employees.
- The process for close of business during December 2017 was communicated early and the leave was programmatically deducted from the employees.
- Attendance of Compulsory Induction Programme (CIP) module 1 (backlog) – to eliminate challenges related to probation confirmation and related employees' benefits.
- Exceeded the annual target as predetermined on the enterprise's APP, for WSP implementation (annual target of 70%) – employees were developed on competencies that are meant to increase performance.
- The GPAA hosted 83 interns until the end of the programme. Of the 83, 65 interns were offered traineeship contracts for a maximum period of 12 months. The competencies that the GPAA requires have been built to the interns, hence their retention. This responds to government's call to develop skills and create jobs.
- The unit won 75 % (3/4) of dispute cases referred to the GPSSBC and CCMA.
- The unit conducted employee sensitisation sessions to all regional offices.
- 66% (23/35) achieved in grievance resolution.
- 85% (22/26) of disciplinary actions concluded in the period in question
- The Bargaining Chamber structures meet regularly at prescribed intervals including engagements on an ad-hoc basis.

Challenges:

- There are still managers who do not adhere to the performance management policy and system and this created an unnecessary burden on the Performance Management unit and impacted on the GPAA's compliance. Co-operation from managers is an interdependency to ensure that targets on the Performance Plan are met and that procedures are followed in line with the policy.
- Inadequate human resource capacity to handle Basic Conditions of Employment and the PERSAL Controller duties.
- Poor turn-around times by the DPSA on queries/requests.
- Non-adherence to turn around times by management regarding leave, PILIR, Financial Disclosures and Probation reports.
- Generation of Purchase Orders (PO) remains the interdependency for training to take place.
- Rate of ad-hoc trainings is high and it increases the variance from the initial plan.
- Delays in the approval of submissions of sanctions resulting from disciplinary cases.
- Delays in finalisation of outstanding appeal cases.
- Delays in finalisation of engagements on issues tabled at the chamber and its task teams.
- Lack of permanent staff.
- Lack of boardrooms for interviews, disciplinary hearings, meetings and training.
- Lack of cooperation from managers and supervisors in response to requests for information during periods of strike action.

Strategies to Overcome Areas of Under-performance:

- One of the initiatives of the Performance Management unit was to develop a Reward and Recognition Framework. This could not be finalized. It has been identified as an important target for the next financial year and the unit will strive to deliver on this target.
- The appointment of a designated PERSAL Controller needs to receive priority.
- Continue with the implementation of the Government Employees Housing Scheme (GEHS) by focussing on the employees who terminated service and attending to the withdrawal of the accumulated savings from the GEHS individual-linked facility process.
- Continue with the rolling out of PILIR training.
- The Unit will be involved in the process to finalise all matters pertaining to the disclosure of SMS, such as appointment of Ethic Officers.
- Continue with the implementation of PERSAL Policy as required and verification of PERSAL functions of all users.
- Better planning and identifying of training gaps by business unit managers, in order to reduce the variance between the planned and the achieved.
- Strengthening the partnership with SCM, in order to smooth out the value chain related to PO generation.
- To design a negotiations road map / framework, define roles and responsibilities and participation for seamless engagement processes at the various bargaining forums.
- Continuous sensitisation sessions for managers and supervisors on labour relations issues (chairing, discipline, sexual harassment management, grievances, employment relations).

Note: Additional achievements and challenges of HR are covered in Part D: Human Resource Management

Linking Performance with Budgets

Programme and sub-programme expenditure:

Programme 1.1 Corporate Services	2015 / 2016			2016 / 2017		
	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
	190 733	134 711	56 022	177 550	148 689	28 860
Total	190 733	134 711	56 022	177 550	148 689	28 860

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 2016 / 2017

- 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

Performance Against Predetermined Objectives

Strategic objectives	Performance indicator	Actual achievement 2015 / 2016	Planned target 2016 / 2017	Actual achievement 2016 / 2017	Deviation from planned target to actual achievement for 2016 / 2017	Comment on deviations
To pay the right amount as per the legal entitlement as prescribed by legislation and rules	% of the total unclaimed benefits amount relating to the current year (should be higher)	Not measured	70% of the total unclaimed benefits amount relating to the current year (should be higher)	80% of the total unclaimed benefits amount relating to the current year (should be higher)	Target exceeded by 10%	Added effort by the team helped exceed expectations
To administer the funds at an economically acceptable cost of administration per member	% reduction in administration costs	The benchmark report was inclusive of the costing model and it was submitted to the Fund	2% reduction in administration costs	18% reduction in administration costs	Target exceeded by 16%	The organisation is implementing cost containment measures

Achievements:

- The average number of days taken to pay suppliers is 22 days for about 89% of payments, with the rest above 22 days due to disputes with suppliers. This is better than the 30-day requirement by the Public Finance Management Act (PFMA).
- A panel of 10 service providers has been established to trace unclaimed benefits, with the expectation of reducing unclaimed benefits within the near future.
- Taxation reconciliations (EMP501) were submitted a week before the due date of 31 May 2016 using the skilled and experienced employees supporting the unit.
- Cost savings of R81 million were achieved due to strict monitoring of expenses on a monthly basis and the engagement of business units on costs.
- A decrease in irregular expenditure was experienced in comparison to previous years, with the expectation to eradicate this in the following year.

Challenges:

- Variance reports for the organisation are still excessive due to major projects budgeted for but not being done during the year by business units.
- Slow progress is being made in automating processes in Finance, leading to human intervention being required and work needing to be done on checking.
- Poor preparation of time sheets by Project Managers and ICT external resources lead
- to difficulties in capitalising assets.

Strategies to Overcome Areas of Under-performance:

- Strict budgetary controls have been put in place to ensure that whatever is budgeted for will be done on time.
- Focus on Finance modules by the Modernisation Programme will be done during the upcoming financial year, with the expectation to automate the majority of Finance's processes.
- Specific requirements on timesheets have been shared with the ICT and external parties teams so that the capitalisation can be smooth and easy.

Linking Performance with Budgets

Programme and sub-programme expenditure:

	2015 / 2016			2016 / 2017		
Programme 1.2 Financial Services	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
	65 906	61 322	4 584	54 388	53 087	1 301
Total	65 906	61 322	4 584	54 388	53 087	1 301

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

- Information Security
- Service Assets and Configuration Management
- End-User Support
- Infrastructure
- Business Service Management
- Acquisition and Demand
- Project Management Office
- Modernisation
- Business Process Management

Strategic Objectives for 2016 / 2017

The overall strategic objective for Business Enablement is to maintain and upgrade technology in the GPAA. This ICT strategic focus for 2016 / 2017 was divided into two main objectives, being:

- % client satisfaction levels, and
- Progress in developing the self service system.

The GPAA's Business Enablement is comprised of both operational and modernised ICT functions to support and deliver on the organisation's strategic objectives. After the resignation of the Chief Information Officer (CIO) in April 2017, an acting CIO was appointed as the accountable person for the remainder of the financial year. However, a permanent CIO took office on 1 March 2017.

The ICT and Modernisation functions together aimed to deliver:

- Day-to-day ICT operational services as a vehicle for business;
- Optimised and improved service delivery mechanisms (people, processes and technology); and
- Modernised and automated systems and business processes.

Performance Against Predetermined Objectives

Strategic objectives	Performance indicator	Actual achievement 2015 / 2016	Planned target 2016 / 2017	Actual achievement 2016 / 2017	Deviation from planned target to actual achievement for 2016 / 2017	Comment on deviations
To administer funds at an economically acceptable cost of administration per member	Progress in developing the self service system	Self service terminal implemented at the Kingsley walk-in centre	Self service functionality developed for updating client contact details	Self service functionality went live on 30 March 2017	Target achieved	94 people, mostly GPAA MANCO members, were enrolled and given the opportunity to attend one of three demonstrations on the self service product
To administer funds at an economically acceptable cost of administration per member	% compliance with SLA (GEPF SLA - ICT components)	Not measured	98% compliance with SLA (GEPF SLA - ICT components)	100% compliance with SLA (GEPF SLA - ICT components)	Target exceeded by 2%	The ICT team indicators on the SLA were achieved or exceeded
To administer funds at an economically acceptable cost of administration per member	% compliance with SLA (National Treasury SLA - ICT components)	Not measured	98% compliance with SLA (National Treasury SLA - ICT components)	100% compliance with SLA (National Treasury SLA - ICT components)	Target exceeded by 2%	The ICT team indicators on the SLA were achieved or exceeded

Achievements:

Business Enablement experienced an extremely busy 2016 / 2017 and had a defined strategy with three key performance areas, namely:

- Implementing the initial building blocks of the ITIL framework;
- Building a modern, resilient ICT environment (refreshed technology); and
- Implementing additional benefits relating to collaboration, modernisation and automation of processes.

The tasks and / or projects delivered aimed to fulfil these objectives. The GPAA's Business Enablement also aimed to meet governance requirements during 2016 / 2017. Visible governance controls included:

- Change control management,
- Risk identification and management,
- Project management,
- Software Development Life-Cycle (SDLC),
- Management committees and structures, and
- Budget and financial control.

A defined ICT Governance Charter supports these objectives and Business Enablement also seeks to closely align with the relevant audit requirements and methodology. To ensure good governance, an emphasis was placed on governance frameworks such as Control Objectives for Information and Related Technologies (COBIT), Prince 2, The Open Group Architecture Forum (TOGAF), SDLC (both Agile and Waterfall models) and Information Technology Infrastructure Library (ITIL). Thus, Business Enablement is formulating an ICT Governance Framework to ensure a standardised, stabilised and compliant ICT environment.

The governance will be done inside of the Committee of Sponsoring Organisations (COSO) framework with TOGAF governing the architectural principles, and Prince 2 guiding project management for software development. COBIT governs the entire end-to-end ICT infrastructure and development, whilst ITIL governs the service layers in the ICT environment as depicted in Figure 3 - ICT Governance - GPAA.

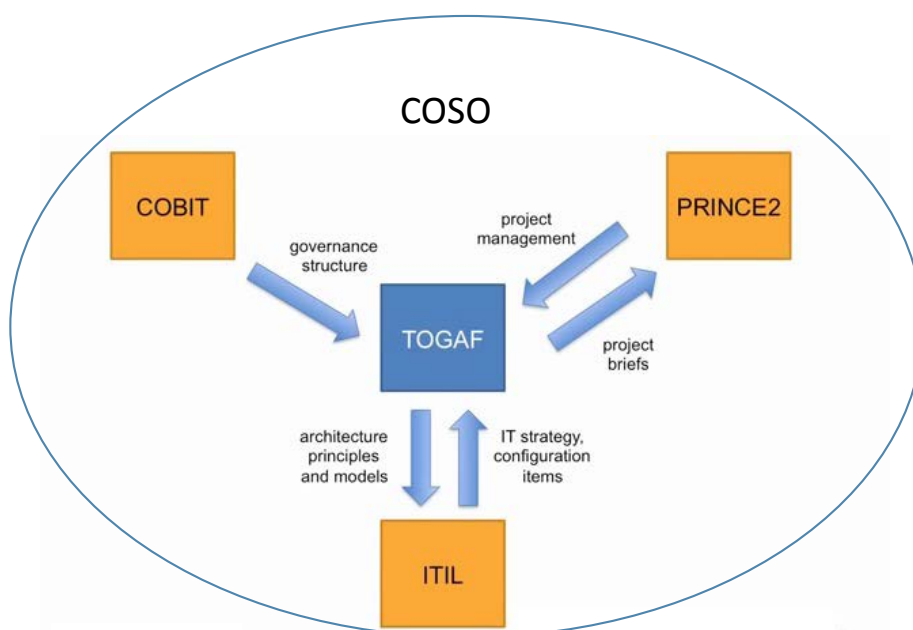


Figure 3 - ICT Governance - GPAA

With maturity realised in the adoption of the ITIL framework, various Service Level Agreements (SLAs) and Operational Level Agreements (OLAs) were adopted to enhance the delivery of services against expectations. Such SLAs were adopted between the GPAA and the infrastructure service provider, which was propagated into a service catalogue for the development and management of services, the same was realised for GEPP, as the GPAA's primary customer. Several OLAs were further adopted between ICT and various GPAA business units in order to define the type of service delivery expected by business and agreed on by both GPAA's operational business and ICT.

Notably, SLAs and OLAs now exist for service providers who provide services to the GPAA's Business Enablement function. Compliance to these are measured and discussed weekly with key service providers. The focus and target for bringing new services / service providers on board are to have contracts and supporting SLAs or OLAs negotiated within a month of appointment.

The Auditor-General's audit findings for the 2014 / 2015 financial year have all been resolved and there have been no further findings since. Of the 84 internal audit findings, including those from previous years, four risks were accepted, 68 were resolved and 12 remain unresolved - of which evidence for six findings' is being tested by the Internal Audit unit.

The focus for both audit findings and risks is on addressing the remainder of the findings and risks before due dates and also ensuring that the 'cause' and not the 'symptom' is addressed. Most of these are technical in nature and project dependent, especially SIEM.

In the service recovery space, two disaster recovery and various technical recovery tests were performed with much success. It would be noteworthy to deliberate the real disaster that took place on 14 July 2016 when a burst sewage pipe flooded the Kingsley

Centre that hosted the GPAA's Call Centre and regional walk-in service centre. The bad smell and risk to health caused by the burst pipe prevented employees from entering the building. As a result the Call Centre, a key communication platform, could not function, which had the potential to cause much frustration for clients as well as serious reputational damage for the organisation. It was clear that urgent intervention was required.

The GPAA's Business Continuity (BC) Committee met at 9:00 that morning to establish how best to manage the disaster and at 10:00 the committee officially declared the event a disaster. The invocation was recorded immediately at the GPAA's appointed disaster recovery site (ContinuitySA, or CSA) in Midrand, at which time 40 Call Centre agents were moved to the CSA site.

A makeshift client care centre was immediately set up on the sidewalk outside the Kingsley Centre office. It was staffed by management, back office and walk-in centre employees with a mobile van connected via satellite to the necessary systems. The remaining walk-in centre agents and back office employees were relocated to the ground floor and reception areas at the GPAA's Head Office at 34 Hamilton Street. Desktop computers and security areas were set up overnight, and by the second day a shuttle service was also in operation, running employees and clients between the Kingsley Centre and the GPAA's Head Office every 30 minutes.

On the second day, in addition to the agents at the Midrand WAR site, the remaining 40 Call Centre employees reported to the GPAA's Head Office at 34 Hamilton Street. Given space restrictions at this location, the BC Committee took the decision to convert one of the agency's boardrooms into a temporary Call Centre facility. This required an extensive setup process, which included creating work stations for 20 agents, establishing a new Local Area Network (LAN), and connecting the work stations to the network. This took approximately three hours to implement and, by 12:00 on the second day, both sites were fully operational with all calls being routed between the two locations.

Owing to the tremendous amount of work that went on behind the scenes, there was minimum disruption to the Call Centre functionality. However, by the end of the first week, the Client Relations Management (CRM) team realised that managing a call centre that was divided between two cities was problematic.

The BC Committee decided to bring all of the Call Centre agents to Head Office. Additional space was made available for the 40 agents located at the WAR site by moving some ICT personnel to Midrand. The GPAA's Facilities Management and ICT project teams began preparing a staging area on the first floor of a new site and, by day 56 of the invocation, this new site, Trevenna Campus in Sunnyside, was ready for operation. Within two days after invocation closed, the entire ICT team at CSA Midrand was moved to the Trevenna Campus.

The effectiveness of the GPAA's disaster response strategy and its invocation was recognised at the 2016 BCI Africa Awards, where the team was awarded the 'Most Effective Recovery' award, and was shortlisted in the 'Best Invocation' category at the November 2016 BCI Global Awards in London.

The ICT infrastructure environment implemented multiple projects during the reporting period to improve the environment. These projects were to ensure cyber security, network resilience, efficiency, availability and efficacy of systems and applications. These are explained as follows:

- The SIEM and MVM project, which is currently 85% complete and within budget, will ensure better reporting on the information security aspects of IT transactions on the network security and in the application space for the GPAA and GEPF.
- The network improvement project seeks to ensure that the entire GPAA and GEPF network is IP version 4 compliant with notable resilience throughout. It is about 54% complete and has encountered delays in implementation. It is

envisaged that the project should be complete by December 2017.

- The implementation of Information Security (IS) standards for the GPAA and GEPF is about 65% complete and has experienced a number of scope changes due to environmental demands on the current infrastructure, together with latest information security demands.
- The GEPF website and intranet upgrade phase two is 72% and 43% complete, respectively. Due to self service, minor scope changes will occur, yet it is envisaged that the phase two programming will be complete by the end of September 2017.
- The Managed Print Solution (MPS) Equitrac project for printer security and monitoring is about 93% complete. Extra licenses are now required, and by July 2017 the project will be complete. MPS hardware implementation is about 98% complete and, with good change management to reduce user resistance, it is expected to reach completion by end of June 2017.
- The MPLS project network has reached completion. Each regional office is now connected to Head Office by means of two independent IP links. This also enables immediate failover to ensure a resilient data backbone for Head Office to regional offices.

Positive user perception was achieved with a 68% favourable result attained in the 2016 / 2017 ICT Customer Satisfaction Survey.

In the application development and maintenance area, both internal applications development and middleware management functions have been established to support both the operation within business-as-usual ICT and within the Modernisation space. In 2016 all license and service fees were placed in a single cost centre to enable better governance and cost efficiency in this area.

Business Support Service (BSS) Management is supported by the following units:

- System Administration and Data Maintenance.
- Testing and Validation.
- Change- and Release Management.
- Functional Training Component.

BSS supports the GPAA's business and functions as an intermediary between the GPAA's operational programmes and ICT. Changes to existing and new business requirements are initiated via the BSS change management process and user access management for the key business applications is also administered in this function.

The automation of BSS application forms will allow for the reduction in the number of paper-based applications in future. Paper-based submission has been a concern for business for some time. The sourcing of business user information from business will assist BSS in the 2017 / 2018 financial year to effectively roll out the envisaged paperless administration system.

The Modernisation Programme

The Modernisation Programme is premised on capacitating and automation of business systems, and it replaced the Service Delivery Improvement Programme (SDIP) in 2010 by order of the then Minister of Finance. This programme boasts numerous successes for the 2016 / 2017 financial year. The projects and their successes are described in detail hereunder:

- **Pension Case Management (PCM)** is a self-developed Java solution based on Oracle WebEx technology. The solution was designed to allow employer entities to reduce their overall time spent to channel exit cases to the GPAA.

The interface reduces employer re-work of cases through system validations, thus allowing the capturing of more cases in less time. System validations add to the reduction of case processing time and the random allocation of cases between capturers and verifiers assists in the reduction of fraud risk, with an overall productivity improvement for employers and the GPAA. About 320 pay points already have access to PCM and it is hoped that by December 2017, 98% of cases will be lodged at the GPAA through the PCM system.

- **Benefit Payment Automation (BPA)** is also a self-developed Java solution based on Oracle WebEx technology. The solution was designed to eliminate the backlog of cases to be processed and to reduce volumes by increasing processing capacity. It reduces processing times required per case due to the automation of multiple tasks. The implementation of a random "push" case allocation system significantly reduces the opportunity for fraud. Calculation errors are identified on the fly and can be responded to prior to payment execution. The payment turnaround time is reduced to between five to seven working days. BPA will work toward improved management oversight on process and performance.
- **Self service** is a multi-channel application by which the 1.8 million GPAA clients can retrieve benefit statements, payment advice documents and tax certificates by enrolling and entering through a controlled gateway. This application will allow clients to track their claim from their PC, smartphone, iPad etc. Self-service kiosks shall also be made available at about 15 walk-in centres and at 11 satellite mobile van touch-points. By March 2017 a pilot on the development was concluded within the GPAA and final preparation is being made for a national roll-out. The roll-out will be in a phased approach and could take about 18 months. The first departments will be the GPAA, the Department of Public Service Administration

(DPSA), the South African Revenue Service (SARS), National Treasury and thereafter SAPS, the Department of Health, Education and others.

- **Data Quality Improvement Management (DQIM)** has the responsibility to ensure that member and pensioner data remains valid and updated. In the 2016 / 2017 financial year, the GPAA appointed 10 data stewards, introduced data quality management standards and communicated by email with about 470 000 members by delivering two newsletters and a new year's message from the Principal Executive Officer (PEO) of GEPP. DQIM has a master data capability that allows the GPAA to inspect multiple data sets both in the public and private sector for latest contact details. This initiative speaks to reducing unclaimed and unpaid benefits and allows for direct communication with members and beneficiaries. Fraudulent activity will reduce drastically once member data and employment details are verified on a continuous basis.
- **Enterprise Data Management System (EDMS)** works as a link between CIVPEN, which is a Natural Adabas platform housing a flat data structure, and DQIM, which analyses data in a structured logic manner. A full data mirroring of CIVPEN takes place through the landing and staging of data in EDMS. The business rule engine and toolkit is similar to that of CIVPEN to ensure the integrity of each transaction that takes place in CIVPEN. The GUT reporting tool is utilized by the DQIM data stewards to enhance and repair client data. The resolved anomalies are then repaired by EDMS automatically on CIVPEN. EDMS also has the capability of doing early warning on possible fraudulent activity which will result in the stoppage of such payments. EDMS programming was complete on 30 March 2017 and is in the process of being rolled out to business through data stewards.

EDMS will reduce the actuarial data contingency reserve, cost of administration per member, fraudulent payments as a result of better controls and will ensure improved client service due to having a centralised view of the client's data.

- **Integrated Document Management System (IDMS) and Electronic Content Management (ECM)** ensures that all documentation in the GPAA is managed, recorded, classified and secure. This fulfils the objective of the GPAA becoming a paperless administration environment. The digitization, or back scanning, has commenced and the about 18 million documents in storage are being scanned in a controlled and secure environment. This task will be completed in December 2017. The Electronic Content Management (ECM), Oracle, will be developed to process the digitized documents through the workflow process of both PCM and BPA. ECM will replace the current PEKWA system by about September 2018. The ECM Oracle suite will take on the digitised physical client-related records (back scanning of warehoused documents) and ensure an effective and auditable process of managing all documentation electronically. This will enhance document and records management governance, and ergonomics essential for the document and records management. The Microsoft SharePoint product is earmarked for internal GPAA document management. ECM will contribute to pension case lead-time reduction, enhance member satisfaction, document control and reduce duplication. This project reduced the storage capacity requirement of the managed funds at the GPAA, bringing down the cost of administration.
- **The Digital Signatures** project was developed for implementation in October 2017. The modernisation of the authentication and non-repudiation of the GPAA's information is assured by this product. It provides confidentiality and integrity of information and allows for a

forensic trail on document management and handling within the GPAA. It prevents incidents where electronic documents get lost, pages are missing, and text is unreadable or un-recognisable during entry points or processing. Digital signatures are stored in a vault and work seamlessly with Identity Access Management (IAM). This will also allow for digital approval of documents leaving a very successful audit trail in place. This application increases the level of document security.

- **The Queue Management System (QMS)** was successfully installed in four walk-in centres by 31 March 2017. The system allows a customer to pick up a queue slip at the door at the welcome station. When agents become free, the client number is called to a pre-determined desk. Whilst the queues are managed, the GPAA's management has a direct view on capacity, processing times, and agent availability. This is a client-facing product that has already provided an increase in agent and centre efficiency. The GPAA's management now have accurate data on walk-in centre traffic, which can be utilised for planning and informed decision making.

Challenges:

- Business Enablement experienced certain challenges in both the ICT and Modernisation environments, which still exist when engaging with the various stakeholders and assurance providers. At a high level these challenges can be combined into the following five challenges:
 - Problematic structure caused by means of the capacitation of ICT and the Modernisation Programme with contractors and consultants.

- The inherited Modernisation baseline, which sets projects up for continuous milestone variance.
- The quality of project management, especially resource and project financial management and continuous slippage of timelines and milestones.
- Although the rules for business and software development architecture were followed, a GPAA Architecture Committee has not yet been appointed by the CEO to vet final designs.
- Budget underspent due to procurement challenges.

Strategies to Overcome Areas of Under-performance

- **GPAA Structure** - The proposed approach is based on the following assumptions:
 - Implement the proposed ICT structure be populated,
 - The GPAA's contractors are made permanent in the new structure,
 - The GPAA's capacity be improved through training to encourage development and innovation in the ICT space. This will also assist stem the high ICT staff turnover, and
 - Recruitment cycles be shortened while ensuring adherence to relevant policies.
- **Baseline Stabilisation and Roll-out** - Owing to the use of resource panels for development on PCM and BPA, continued use of resources from the panels already in place is unavoidable in the short-term (maximum 12 months). The proposal

is for the panels to be used to deliver on the following:

- Validation of requirements for in-flight projects as per the roadmap,
- Software design, development and testing against in-flight projects, and
- Enhancements and bug-fixes identified in the BPA, PCM and self service modules.

This will enable stabilisation and continued roll-out of the software solutions developed to date.

- **Project management** – The Project Management Office (PMO) will be re-aligned by contracting independent Enterprise Architecture, Governance, Risk and Compliance (GRC) service providers. To this end the PMO will be equipped to properly manage contracts and projects within agreed timelines, budgets and with the required quality. This will enable business to periodically plan and execute maturity and result assessments as an input to maturity and PPM evolution roadmap maintenance via the PMO and project committees.
- **Architecture** - The GPAA architecture base will be revisited with the following recommendations:
 - To resume the functions of the architecture governance forums, that is, the Architecture Review Forum, the Change Management Committee (CMC) and Process Re-engineering / Innovation.

- To review the current trajectory of solutions in relation to the approved Technical Architecture Design (TAD).
- To contract independent Enterprise Architecture, Governance, Risk and Compliance (GRC) service providers.
- To submit the revised Modernisation architecture and roadmap to the relevant governance structures for ratification.

- **Procurement** - Procurement of services for the delivery of revised Modernisation projects in line with the revised architecture should be fast-tracked so that momentum gained in the stabilisation and roll-out phases is not lost. This will also allow for budget alignment with the ICT spend.

Linking Performance with Budgets

Programme and sub-programme expenditure:

Programme 1.3 Business Enablement	2015 / 2016			2016 / 2017		
	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
	572 144	373 484	198 660	420 196	312 802	107 394
Total	572 144	373 484	198 660	420 196	312 802	107 394

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). It is also to develop and implement a comprehensive Corporate Communication Strategy for the GPAA.

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

List of business units

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

Strategic Objectives for 2016 / 2017

- To administer the funds at an economically acceptable cost of administration per member
- To pay the right person who is the lawful member or beneficiary

Performance Against Predetermined Objectives

Strategic objectives	Performance indicator	Actual achievement 2015 / 2016	Planned target 2016 / 2017	Actual Achievement 2016 / 2017	Deviation from planned target to actual achievement for 2016 / 2017	Comment on deviations
To administer the funds at an economically acceptable cost of administration per member	% Continuous Business (uptime) after disruption	Not measured	95% continuous business (uptime) after disruption	99% continuous business (uptime) after disruption	Target exceeded by 4%	The actual amounts are automatically calculated by the system which works in favour for the achievement of the target
To pay the right amount as per the legal entitlement as prescribed by legislation and rules	Number of campaigns conducted	Not measured	Three campaigns conducted	Eight campaigns Conducted	Target exceeded by five	A need was identified to host extra events. Additional campaigns / events that were not on the initial schedule were hosted to service members

Strategy and Policy

Achievements:

- The GPAA's 2017 / 2018 to 2020 / 2021 Strategic Plan (SP) and the 2017 / 2018 Annual Performance Plan (APP) 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 2016 / 2017 APP was cascaded to all operational (programmes and sub-programmes) and business unit plans, to facilitate the achievement of organisational performance at all levels of the GPAA.
- The 2016 / 2017 cascaded plans, as required by the framework, provided a clear connection to the GPAA's corporate plan and aligned cost centre budgets to annual activities which promoted cost-cutting initiatives and a harmonised focus across the organisation's spectrum of programmes, sub-programmes and business units.
- The 2016 / 2017 financial year yielded 10 approved policies which were subjected to extensive consultation sessions with the GPAA's employer and labour representatives via the Policy Task Team (PTT) and the Departmental Bargaining Chamber (DBC) structures. These structures will ensure that policies introduced into the organisational environment promote the best interests of both the employer and employees.

Challenges:

The following challenges were identified:

- The Strategy and Policy business unit experienced challenges to achieve its target of 16 policies adopted during the year under review. This was mainly attributed to strained human resource capacity which was partially overcome by the appointment of a Policy Analyst in September 2016.

Strategies to Overcome Areas of Under-performance

- Going forward, the target was set for 40 policies to be adopted by the end of 2017 / 2018, accompanied by activities to review the life cycle and consultation constraints governing the policy development process.

Management Information and Analytics (MIA)

Achievements:

- The MIA section produced four reports for GEPF to enable the Board of Trustees to track the GPAA's administration activities.
- The MIA section, with support from the Business Intelligence team, provided valuable membership and contributions analysis of GEPF's summative information for 2016 / 2017 up to the third quarter in response to National Treasury's requirements.

Corporate Monitoring and Evaluation (CM&E)

Achievements:

- The CM&E unit conducted a Client Satisfaction Survey (CSS) through electronic survey devices installed in all regional offices. The aim of this survey was to provide GEPF clients with a platform to rate the GPAA's services in the regions. It emerged from the survey that most regional office administrators are helpful; these administrators provide quality information with care and with courtesy. The survey results concluded that the overall level of client satisfaction was 97%.
- A Mobile Office CSS was also conducted through face-to-face interviews with clients visiting GEPF's mobile offices. The aim of this survey was to solicit GEPF clients' experiences (good and / or bad) on services offered by the GPAA through mobile offices. It further aimed at soliciting GEPF clients' suggestions on how GEPF could improve its services. The overall results of the level of client satisfaction from this survey was 98%. The CSS report recommended that there should be more mobile Client Service Agents (CSAs) deployed in order to eliminate the time spent by members visiting mobile offices. It further recommended that ICT should extensively intervene to upgrade the systems' connectivity, and that the Communication unit should have an extensive marketing campaign to announce each event.
- The CM&E unit further conducted an evaluation study on GEPF's roadshows. The aim of the study was to solicit GEPF clients' feedback on their experiences of the roadshows. The study further aimed at soliciting clients' feedback on how GEPF could improve on its roadshows. The survey results concluded that the overall GEPF clients' satisfaction level with roadshows was 93%. The study further showed that there were a number of questions raised on policy and administration matters. These included pension increases, the clean-break principle, post-retirement medical benefits, past discriminatory practices, bonuses for pensioners, spouse's pensions and taxable matters applicable to spouse's pension as per the South African Revenue Services' (SARS') requirements.

- The surge of resignations that has plagued GEPF in the recent years prompted the GPAA to commission a study to investigate factors that contribute to the high rate of resignation and cashing out of pensions savings amongst GEPF members. The study was conducted by an external service provider in conjunction with the GPAA's research unit. The study revealed that the majority of members who had cashed in their pension savings had received very little advice on the implications of doing so. Only 21% mentioned that they were provided with information on the financial implications thereof. Furthermore, they were never advised on available preservation options that they could consider as alternatives to cashing in their pensions. Despite the rumours in the media indicating that the surge of resignations was due to proposed retirement reform, it emerged from the study that only 15% of members indicated this as a reason for their resignation. The main reasons for resignation were financial problems, the lack of opportunity for promotions within their workplace, burnout, lax policies on the rehiring of members and medical conditions. Vigorous education of members on the Fund is a key recommendation that stems from the study. The collaboration with financial institutions to assist and equip indebted public servants was another recommendation, as well as the provision of loans to rescue members who are in dire financial strain.

Challenges:

- The main challenge experienced within Corporate Monitoring and Evaluation is the low response rate to surveys.

Strategies to Overcome Areas of Under-performance:

- A Departmental Evaluation Plan will be developed for the 2017 / 2018 financial year in order to meet the demand experienced for CM&E services.

Complaints Management

- The Complaints Management sub-unit is relatively new. However it has started to play a key role in uplifting the reputation of the GPAA.
- GEPF's Service Level Agreement (SLA) service level standards were achieved, as well as the targets in the business plan for 2016 / 2017, with 1 740 complaints resolved out of 1 784 received for the year.
- In line with the GPAA being a caring, client-centric organisation, Complaints Management will continue to play a role in upholding the reputation of the GPAA going forward.

Communications

Achievements:

- *Publicity activities for National Treasury's tax harmonisation*
 - A Communication Plan was developed and implemented to handle National Treasury's tax harmonisation initiative. As part of this, a media statement was issued in the name of the GPAA's CEO and covered in both print and electronic media. Media interviews were held on media platforms and channels in this regard.
- *Media coverage*
 - Opinion pieces were published in *The Sowetan*, *Public Sector Manager Magazine* and in *Vuku'zenzele*.
 - Extensive media coverage (paid and unpaid) was received across the country in major and community media.
 - Queries received through media channels were responded to within the timeframes prescribed in the Media Policy.

- *Roadshows, HR Fora, Retirement Member Campaign (RMC) workshops and national event participation*
 - Community roadshows were successfully staged in Kuruman in the Northern Cape, Rustenburg in the North West, Kokstad in KwaZulu Natal, Giyani in Limpopo, Worcester in the Western Cape, and Welkom in the Free State.
 - An exhibition at the annual Rand Show was successfully staged from 25 March to 3 April 2016 and approximately 1 335 members were assisted at the stand.
 - Participation, for the first time, in the Government Exhibition Day event that took place on 29 July 2016 at the Tshwane Church Square was facilitated. The event, organised by the Government Communication and Information System (GCIS), was aimed at creating a platform for departments, agencies and entities to market their products, platforms and services directly to the public at no cost.
 - The GPAA participated at the annual Women's Day event on 9 August 2016 at the Union Buildings, Pretoria. Through this participation, Client Liaison Officers (CLOs) were able to assist GEPPF members with pension related matters.
 - A GEPPF mobile van was present at the Department of Arts and Culture's national Heritage Day commemoration event on 24 September 2016 in Kimberley at Galeshewe Stadium to assist GEPPF members with pension related enquiries.
 - GEPPF's participation in the annual National Association for Retired Civil Servants was also co-ordinated during the year under review.
 - Participation at the Department of Education's Women's Day Fun Walk that took place in Lethabile, North West, on 22 August 2016 was facilitated.
 - HR Fora (events for Human Resources practitioners at employer departments to engage on Fund-related matters) were held in Midrand in Gauteng, in Mangaung in the Free State and in East London in the Eastern Cape.
 - A Retirement Member Campaign (RMC) workshop event was held in Bloemfontein to educate members who are close to retirement age on the processes and benefits.
- *Move from Kingsley Centre to Trevenna Campus*
 - A full Crisis Communication Plan was used to assist the Gauteng Regional Office in their emergency move from Kingsley Centre to Trevenna Campus. This included informing relevant media houses of the interim location of the Pretoria Walk-in Centre and the final move to Trevenna Campus in Sunnyside.
- *Digital communication*
 - A new communication channel was used to communicate with GEPPF's active members during the year under review. Electronic communication (email) was sent to a database of active members received from SARS. Through this channel, the GPAA was able to communicate with close to 475 000 GEPPF members in a manner that is both fast and cost-effective. Regular communication through this new channel is planned going forward.
- *Internal communication*
 - Digital screensavers were launched internally as a means of communication. This is a cost-effective and impactful channel that is now used to convey information on developments within the Modernisation space.
 - A "comments" section was implemented for the internal weekly digital newsletter, *eTalk*, to allow employees to give feedback or make comments about news shared with them.

Challenges:

- The Communications unit experienced challenges with regards to the printing and distribution of newsletters. Certain editions were produced but distributed late due to procurement challenges. Some of these challenges were in relation to the Post Office's procurement processes which posed a challenge for the GPAA to timeously deliver mail to the clients.

Strategies to Overcome Areas of Under-performance

- Procurement challenges have been resolved and the GPAA now has service providers for both printing and mailing services for the next three years.
- Continuous interaction with relevant colleagues within the organisation is being done to find a lasting solution regarding the Post Office matter.

Linking Performance with Budgets

Programme and sub-programme expenditure:

Programme 1.4 Strategic Support	2015 / 2016			2016 / 2017		
	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
	60 882	41 831	19 051	62 042	56 892	5 150
Total	60 882	41 831	19 051	62 042	56 892	5 150

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. This sub-programme ensures that the principles of accountability, transparency, compliance, adhering to the rule of law, responsiveness, effectiveness and efficiency are built into the processes, procedures and policies governing the GPAA and its stakeholders. 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..

List of business units

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

Strategic Objectives for 2016 / 2017

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

Risk Management Objectives:

- Conduct and facilitate enterprise risk assessments at organisational, programme and functional level focusing on likelihood and impact of risks.
- Create awareness of EWRM throughout the GPAA, through articles published in internal media, posters published in all GPAA offices and presentations delivered in various fora.

Forensics and Fraud Prevention Management (FFPMU) 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 and support of effective criminal and disciplinary prosecutions and stakeholder liaison.
- Support in the recovery of monetary losses.

Performance Against Predetermined Objectives

Strategic objectives	Performance indicator	Actual achievement 2015 / 2016	Planned target 2016 / 2017	Actual achievement 2016 / 2017	Deviation from planned target to actual achievement for 2016 / 2017	Comment on deviations
To administer the funds at an economically acceptable cost of administration per member	% compliance to governance framework	There was progress in adopting the governance framework <i>Revision and addenda to the EXCO Terms of Reference (TOR), finalization of the TOR for the Asset Disposal Committee, input into and finalization of various policies, development of TORs for Project Committees and Steering Committees, finalization of the PAIA Manual, addendum to the National Treasury Administration Agreement and SLA</i>	100% compliance to governance framework	100% compliance to governance framework	Target achieved as planned	Proper planning and a dedicated team contributed to the effective implementation of set activities
	Number of fraud prevention strategies implemented (PSC)	Not measured	12 fraud prevention strategies implemented (PSC)	16 fraud prevention strategies implemented	Target exceeded by four	The overachievement is as a result of assistance from the service provider and permission also granted by the Chief Risk Officer (CRO) to allow employees from other units to assist the Fraud Prevention unit in achieving their targets
	% of reported fraud cases investigated	Not measured	50% of reported fraud cases investigated	100% reported fraud cases investigated	Target exceeded by 50%	The strategy to source the services of an external service provider impacted positively on the work load within the Forensic unit. The cases finalized by the service provider ensured that the unit exceeded the expected targetd
	% of Enterprise-wide Risk Management (ERM) strategy implemented	Not measure	90% of ERM strategy implemented	91% ERM strategy implemented	Target exceeded by 1%	The over achievement is as a result of the following: (a) The appointment of a Senior Manager: Risk Management and (b) improved support from the GPAA's Management and Risk Committee

Forensics and Fraud Prevention Management (FFPMU)

Achievements:

- 100% of reported fraud cases were investigated. The investigated cases include new cases and backlog cases from the previous financial year.
- During the course of the 2016 / 2017 financial year, the FFPMU achieved 100% of its targets.
- The FFPMU presented fraud, integrity and ethics awareness sessions at seven Induction Training sessions that were held for new employees of the GPAA.
- Fraud risk reviews were held at Head Office as well as at the regional offices. The aim of fraud risk assessments and reviews is 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 was also highlighted at roadshows held around the country during the course of the year. Presentations were also done at Human Resources unit to raise awareness and to sensitise employees about the types of fraud that can take place and on how these can be prevented or reduced.
- A Forensic Prevention and Ethics Committee (FPEC) was established during the year under review. The purpose of the FPEC is to develop, support, and oversee the implementation of the Fraud Prevention, Integrity Management Plans and Strategy within the GPAA. The FPEC had three sittings for the year.

Challenges:

- Refusal of witnesses to give statements.
- Inability to trace witnesses.
- Delays by the police in finalizing GPAA fraud cases.

Strategies to overcome areas of under-performance:

- The Forensic unit has appointed a panel of service providers who will assist when required with forensic investigations.
- The Fraud Prevention unit has appointed a service provider to manage the whistle-blowing hotline.

Enterprise-wide Risk Management

Achievements:

- The unit conducted a strategic and operational risk assessment at Head Office and in all regional offices.
- Monitoring was also conducted during the period under review.
- The unit also developed and approved the Risk Appetite and Tolerance Framework.
- The unit further reviewed and approved the following governance documents:
 - Risk Management Policy;
 - Risk Management Strategy;
 - Risk Management Framework; and
 - Risk Committee Charter.

- During the year under review, the Enterprise-wide Risk Management unit conducted and approved ICT / Modernisation risk assessment and risk monitoring.
- The unit further provided training to SMS members on governance and risk management.
- The achievement of the unit targets assisted the Employee Benefits (EB) section to pay the right person and to pay the benefits on time.

Challenges:

- Failure of business units to sign off risk reports on time.
- Low participation of key officials to conduct risk assessments.

Strategies to Overcome Areas of Under-performance:

- The Enterprise-wide Risk Management unit has appointed a service provider to assist with ICT and operational risk assessments.
- The unit will also fill the vacant position of ICT Risk Specialist.

Legal Services

Achievements:

Legal Services aims to render effective enterprise-wide legal support and advisory services and facilitate all legal aspects of transactions 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, contributed in the achievement of the strategic goals.

- Legal Services assisted in improving and in the adoption of governance structures and frameworks during the 2016 / 2017 financial year.
- A number of policies were reviewed and concluded and advice provided on process efficiency improvements.
- Several contracts and / or agreements were assessed and settled by Legal Services.
- Legal Services provided legal advice through numerous legal opinions across the enterprise and continued to direct the organisation in respect of all litigious, divorce and maintenance court matters. The aforementioned contributed to the effective and economical administration of benefits. Protracted litigation was kept to a minimum.
- The turnaround time applicable to clean-break divorce cases has also improved with a positive impact on the payment of interest.
- 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. Legal Services' intention is to focus on the strengthening of compliance monitoring but capacity constraints were a challenge.
- The delay in the finalisation of the GPAA's organisational structure had an impact as Legal Services could not recruit. Employees performed remunerated overtime in order to increase service delivery and the achievement of the GPAA's objectives.

Strategies to Overcome Areas of Under-performance:

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

Linking Performance with Budgets

Programme and sub-programme expenditure:

Programme 1.5 Governance	2015 / 2016			2016 / 2017		
	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
	47 268	43 723	3 545	53 455	50 696	2 759
Total	47 268	43 723	3 545	53 455	50 696	2 759

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

Purpose of the sub-programme

The purpose of this sub-programme is to provide pensions and post-retirement medical benefits to former employees of state departments and bodies. It also provides similar benefits to members of the military, special pensioners, state employees injured on duty and related categories.

List of business units

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

Strategic Objectives for 2016/2017

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 sub-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 2015/ 2016	Planned target 2016 / 2017	Actual achievement 2016 / 2017	Deviation from planned target to actual achievement for 2016 / 2017	Comment on deviations
To pay the right person who is the lawful member or beneficiary	% compliance to customer SLA (National Treasury)	97% compliance to customer SLA (National Treasury)	90% compliance to customer SLA (National Treasury)	87% compliance to customer SLA (National Treasury)	Target missed by 3%	The reason for deviation is due to the outstanding external audit findings that have not been resolved; and 99.2% achieved vs 100% target on the pensioner records maintained.
To pay benefits on time as per legislation	% of benefits paid accurately (National Treasury)	100% of benefits paid accurately (National Treasury)	80% of benefits paid accurately (National Treasury)	100% of benefits paid accurately (National Treasury)	Target exceed by 20%	Managing performance proactively and addressing short-comings immediately when they are identified. And providing feedback to the team.
	% of benefits paid on time (National Treasury)	91% of benefits paid within 45 days	80% of benefits paid within 60 days	98% of benefits paid within 60 days	Target exceed by 18%	Managing performance proactively and addressing short-comings immediately when they are identified.

Achievements:

- The sub-programme paid 100% of benefits accurately against a target of 80%. The unit managed to pay 99% of benefits on time against a target of 80%.

- In terms of compliance to the customer Service Level Agreement (SLA), the sub-programme achieved 87% against a target of 90%. This is due to the two external audit findings still outstanding by end of the period under review, and 99.2% under achievement against 100% target on pensioner records maintained.
- The sub-programme paid 98% of benefits within 45 days, against a target of 80%.
- The sub-programme paid out pensions and benefits of R4.4 billion in 2016 / 2017 versus R3.9 billion in 2015 / 2016, an increase of 13%. This can be attributed to the increase in Post- Retirement Medical Subsidies and Injury on Duty claims.
- The overall number of pensioners and beneficiaries increased by 7% in 2016 / 2017, i.e 118 900 in 2015 / 2016 to 127 412 in 2016 / 2017. The increase in applications received can be attributed to Post-Retirement Medical Subsidy and Injury on Duty claims.
- The sub-programme focused on building and maintaining stakeholder relations during the year under review. This process entailed planning, targeting, monitoring and reporting on all stakeholder activities that took place during the year.
- During 2016 / 2017 the sub-programme met with stakeholders in Calvinia, De Aar, Springbok, Polokwane and Bloemfontein to strengthen relations and improve service delivery.
- The sub-programme further met with key stakeholders for all categories of benefits for Post-Retirement Medical subsidies. These stakeholders include medical aid schemes for the implementation of increases, the Government Employees Medical Scheme (GEMS), the South African Military Veterans Association (SAMVA), the Department of Defence's Military Intelligence Unit, the Department of Water Affairs, the South African Revenue Services (SARS) on PSCBC Resolution 2 of 2015, the Cape Corps on applications received from their members, and also attended the Board of Health Funders Conference.
- The sub-programme has been allocated added responsibility by National Treasury to process and pay post-retirement benefits for Parliament's employees.
- A Service Level Agreement (SLA) was signed by the Compensation Fund, the GPAA and the Department of Police for the processing and payment of Police Reservist Compensation Fund claims.

Challenges:

- Military Medical Accounts payment and access to medical treatment by pensioners is currently a manual process which results in late payment of claims from pensioners and service providers. The sub-programme started the process of outsourcing the services to a service provider in the 2016 / 2017 financial year. This could not be finalized as planned and will be finalized in the first quarter of 2017 / 2018.
- A manual splitting of main members from beneficiaries is currently being implemented as part of the application control review audit findings.
- The sub-programme has established that some employer departments impact negatively on the payment of injury on duty awards by not finalizing the awards and sending them to the GPAA for payments.

Strategies to Overcome Areas of Under-performance:

- Outsourcing medical accounts and acquiring a service provider in medical accounts administration to manage the service through a Service Level Agreement (SLA) with the GPAA.
- The split project will improve the control environment of the sub-programme and more resources will be employed for the project.

- To be part of the HR Fora and Retirement Member Campaign workshops to ensure that HR Practitioners are adequately informed on the GPAA's expectations in relation to medical subsidies and injury on duty claims.
- Continue to automate all sub-programme processes through the GPAA's Modernisation Programme.

Linking Performance with Budgets

Programme and sub-programme expenditure:

Programme 2.1: Civil Pensions and Military Pensions - National Treasury	2015 / 2016			2016/2017		
	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
	61 181	48 536	12 645	61 426	49 931	11 495
Total	61 181	48 536	12 645	61 426	49 931	11 495

Sub-programme 2.2: Employee Benefits - Operations and Finance

Purpose of the sub-programme

The sub-programme fulfills the GPAA's mandate of providing core benefit administration services for the contributory pension funds under administration, namely GEPP, the AIPF and the TEPF.

GEPP, the AIPF and the TEPF are contributory defined benefit pension funds that are administered by the GPAA in terms of the Government Employees Pension (GEP) Law, Associated Institutions Pension Fund (AIPF) Act and Temporary Employees Pension Fund (TEPF) Act respectively.

The sub-programme provides the full spectrum of benefit administration services, which include, amongst others:

- Member admissions,
- Contribution collections and reconciliation,
- Collection of additional financial obligations,
- Collection of purchase of service obligations,
- Member / pensioner / beneficiary maintenance, and
- Benefit processing which includes pension claims, special nature benefits, spouse's benefits, orphans benefits and funeral benefits.

Benefit processing starts from benefit application, the processing of all relevant forms and documentation received (either in hard copy or electronically) 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 Funds' members and beneficiaries.

The GPAA's aim remains to deliver quality service to clients in a seamless manner, which places a huge responsibility on the sub-programme as core business in order to meet the service obligations it has promised to its clients.

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 2016 / 2017

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 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

Compliance to customer SLA – service category:

- Admission of new members to the Fund
- Updating and maintenance of member records
- Issuing of letters to new members
- Issuing of benefit statements to active members
- Compliance to customer SLA – 95% collection of contributions payable by the 7th day of the following month
- 80% of benefits should be paid accurately
- 80% of benefits should be paid within 60 days after receipt of the correctly completed documents

Performance Against Predetermined Objectives

Strategic objectives	Performance indicator	Actual achievement 2015 / 2016	Planned target 2016 / 2017	Actual achievement 2016 / 2017	Deviation from planned target to actual achievement for 2016 / 2017	Comment on deviations
To pay the right amount as per the legal entitlement as prescribed by legislation and rules	% of contributions outstanding as at the 7th of the following month	Not measured	< 5% contributions outstanding as at the 7th of the following month	2.6% contributions outstanding as at the 7th of the following month	Target achieved as planned	Improved collections processes, which resulted in over achieving on target
To pay the right person - the person who is the lawful member or beneficiary	% compliance to customer SLA (GEPF)	89% compliance to customer SLA	90% compliance to customer SLA (GEPF)	69% compliance to customer SLA (GEPF)	Target missed by 21%	The client introduced a new SLA which has much more stringent targets than the previous SLA. The GPAA agreed with the client that targets set would not necessarily be achieved in one year but the GPAA will continuously strive to achieve them.
To pay benefits on time as per legislation	% of benefits paid accurately (GEPF)	100% of benefits paid accurately	80% of benefits paid accurately (GEPF)	100% of benefits paid accurately (GEPF)	Target exceeded by 20%	Strick adherence to legislation, SOP's and appropriate and effective system validations.
To pay benefits on time as per legislation	% of benefits paid on time (GEPF)	77% of benefits paid within 45 days	80% of benefits paid within 60 days	80% of benefits paid within 60 days	Target achieved as planned	Strong emphasis on paying on time throughout the business.

Achievements

During the period under review, the sub-programme has been able to achieve the following, in comparison to the overall goal of "effective administration of benefits":

- Exceeded the SLA target for manual admission of clients into the Fund. This resulted in 100% of clients being admitted into the Fund within 21 days of receipt of correctly completed documents as per the SLA with GEPF.
- Contributions received by the 7th day of the following month amounted to 99,8% of contributions payable against an SLA target of 95%.

- Based on the outcome of the data analytic audit performed by the appointed external auditors of the Fund, the discrepancy in contributions received based on pensionable salary information supplied by participating employers only amounted to 0,0035%.
- As a compensating control, the contributions received were reconciled to the Pay-As-You-Earn (PAYE) and IRP5 information submitted by National Treasury's Transversal Systems, where a 97.8% reconciliation was achieved.
- In relation to the collection of purchase of service instalments, 97.8% of instalments were received by the 7th day of the following month against an SLA target of 95%.
- With regards to the strategic objective to pay 80% of benefits accurately, 100% of benefits were paid accurately. The monitoring of this achievement was done independently and this over-achievement was due to stringent adherence to Standard Operating Procedures (SOPs), supported by well-managed internal and system controls.
- The GPAA also had the target of paying 80% of benefits within 60 days after the receipt of correctly completed documents. In this regard, the GPAA managed to pay 81% of benefits within the prescribed period.
- The GPAA also managed to implement the automated claims processing application called Benefit Payment Automation (BPA) on 12 December 2016.

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.

Description	2016 / 2017	2015 / 2016	2014 / 2015
Exit claims	100 066	110 890	104 748
Active membership	181 383	110 640	115 014

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

Year	Received	Paid	% claims paid in comparison to those received
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%
2013	60 896	54 607	89.67%
2012	63 970	61 174	95.63%
2011	53 009	54 830	103.43%

Apart from the high volume of exit claims paid, the GPAA also paid the following benefits during the period under review:

Other benefits paid	2016 / 2017	2015 / 2016	2014 / 2015
Funeral benefits	24 783	25 217	22 700
Spouse's pensions	6 778	9 758	12 448
Clean-break Ppayments	6 803	4 914	5 044
Five-year balances	2 760	2 397	2 038
Orphan's pensions	1 492	1 548	1 777
Third pensions	38	52	144
Special nature benefits	494	1 791	1 979
Purchase of service quotations	621	586	879
Purchase of service periods recognised	668	207	255

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. In addition, the sub-programme focused on data cleansing activities.

Challenges:

The sub-programme experienced the following challenges:

- The quality of the information fed by PERSAL into CIVPEN is very poor and this corrupts the GPAA's data, regardless of any internal efforts to maintain reliable member information.
- Ineffective technology support and integration of applications has resulted in larger than normal rejection of claims back to employer departments.
- The non-filling of vacancies due to the organisational alignment of resources further negatively impacted on core operations and their ability to achieve the targets set in the SLA.
- There was a sudden increase in the number of exit claims received from employer departments in the past two years. These were mainly the resignations of government employees due to a number of reasons. The sub-programme is, however, still functioning with the same number of employees as during the previous years when far fewer claims were received, with the result that employees within the exit value chain have had to work overtime to manage the volumes of claims.
- Employer departments submit exit documentation long after the member terminated service in government, which results in late payment to members, as well as leaving members with no income.
- The automation of business applications is slow, resulting in high volumes of claims being processed manually.

Strategies to Overcome Areas of Under-performance

- Implementation of BPA to be accelerated.
- Improve employee operational skills and customer insight.
- Filling of vacancies.
- Implement stronger controls and processes to ensure that employer departments submit complete, valid and accurate exit claims timeously.

Linking Performance with Budgets

Programme and sub-programme expenditure:

Programme 2.2 Government Employees	2015 / 2016			2016 / 2017		
	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
	76 771	66 983	9 788	80 728	73 980	6 748
Total	76 771	66 983	9 788	80 728	73 980	6 748

Sub-programme 2.3: Client Relations Management (CRM)

Purpose of the sub-programme

The Client Relations Management (CRM) sub-programme is aimed at managing the relationships with all stakeholders, including clients, third parties and employers, by providing high quality, responsive client services based on Batho Pele Principles. The call centre and walk-in centre 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.

List of business units

- Walk-in Centres
- Call Centre
- Regional Offices
- Satellite Offices
- Operational Support Services
- Mobile Offices

Strategic Objectives for 2016 / 2017

- To pay the right amount as per legal entitlement as prescribed by legislation and rules

Performance Against Predetermined Objectives

Strategic objectives	Performance indicator	Actual achievement 2015 / 2016	Planned target 2016 / 2017	Actual achievement 2016 / 2017	Deviation from planned target to actual achievement for 2016 / 2017	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	85% client satisfaction levels	97% client satisfaction levels	12% above the target	CRM has consistently provided members with accurate information and handled the enquiries professionally and in a friendly manner
	% of post voice call resolution (voice: post call client survey eEvaluate agent)	New measure	65% of post voice call resolution	92% of post voice call resolution	27% above the target	The Client Service Agents (CSAs) in the Call Centre have consistently provided members with accurate information and handled calls professionally and in a friendly manner

Achievements:

- The GPAA serviced a total of 482 908 clients at all walk-in centres across the country during the year under review.
- A total of 1 061 620 calls were received through the Call Centre, and 814 348 calls were answered.
- A total of 12 546 site visits were undertaken to employer departments to follow up on outstanding benefit claims and to support employers on the GPAA's administered products, processes and procedures.
- A total of 2 266 employer education sessions were conducted at employer departments in all nine provinces.
- During Retirement Member Campaign (RMC) workshops, 4 011 clients were engaged with the aim of assisting and educating them on the processes, procedures and forms necessary for a hassle-free retirement process.
- A total of 2 902 member awareness sessions were conducted, highlighting the GPAA's administered products, processes and procedures.
- The GPAA's mobile offices visited 761 sites during the year, attended to 115 825 clients and received 31 191 documents through this service channel.

Challenges:

- Receiving duly completed benefit claim forms from the employer departments timeously remains a challenge.
- Outstanding member and employer contributions was also a matter of concern.
- The lack of effective employer infrastructure and the lack of Modernisation projects to efficiently facilitate benefit claims electronically via the GPAA's online platforms.
- Delays in processing of benefit claims internally due to the manual processing of benefit claim forms.
- The lack of complete beneficiary information and the tedious processes needed to validate beneficiary information adds to delays.
- The lack of updated member information is problematic.
- The lack of adequate proof of service periods from employer departments delays the processing of documentation.

Strategies to Overcome Areas of Under-Performance:

- Finalization and implementation of projects targeted at efficiencies; to be timeously implemented by the Modernisation team.
- The completion, stabilization and improvement of the efficiencies of PCM and BPA by the Modernisation team, as well as the finalization of the remaining Modernisation projects targeted at the eradication of manual processes (automation) need to be achieved, leading to further efficiencies and the reduction of benefit claim case turnaround times.
- Full implementation of the self service channels.
- Finalisation and sign off of the GPAA's organisational structure.
- Vacant positions to be filled.
- Investments in people through effective training and development.
- Continuous performance monitoring in line with the OLAs and the reporting thereon.

Linking Performance with Budgets

Programme and sub-programme expenditure:

Programme 2.3 Client Relations	2015 / 2016			2016 / 2017		
	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
	311 645	169 414	142 231	234 993	192 515	42 478
Total	311 645	169 414	142 231	234 993	192 515	42 478



PART C: GOVERNANCE

1. INTRODUCTION

The GPAA understands the dynamic environment in which it operates and has started the process of implementing an enterprise-wide risk management programme that supports the achievement of its strategic and operational objectives. The organisation is committed to managing 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 Management 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 when it comes to fraud and corruption.

The organisation has a strategic risk register that is reviewed on an annual basis by management and the Risk Committee. 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

The GPAA has established an effective, efficient and transparent system of risk management as required by the Public Finance Management Act (PFMA) and National Treasury Regulations. The Risk Management Policy and Strategy were approved and implemented during the year under review. This Risk Management Policy and Framework are based on the principles embodied in the Committee of Sponsoring Organisations (COSO) of the Treadway Commission, the Public Sector Risk Management Framework (PSRMF) and ISO 31000.

The GPAA conducted a number of comprehensive risk assessment workshops in 2016 / 2017 which included strategic risks, operational risks, IT risks and fraud risks. The strategic risk register and operational risk registers were approved and mitigation action plans were developed to address identified weaknesses. These risk management governance documents are utilised in identifying critical risk events and opportunities, assessing risks, monitoring risks, reporting risks, implementing controls and mitigation actions, in decision-making and in project management, as well as in all other business processes. Risk management is a fundamental part of the GPAA's business strategy and is one of its efforts towards implementing effective governance.

The GPAA adopted a risk philosophy aimed at maximising business opportunities and minimising adverse outcomes, thereby enhancing value by effectively balancing risk and reward. The identification and management of risk reduces uncertainty associated with the execution of

business strategies and allows the organisation to maximise any opportunities that may arise.

The GPAA has an established Risk Committee which meets on a quarterly basis to fulfil its governance oversight role by monitoring the strategic and operational risk profile, mitigation plans and other key significant risks against the GPAA's risk tolerance and risk appetite levels, including monitoring the implementation of the annual risk implementation plan. The Risk Committee provides advice to the Accounting Officer and management on the overall system of risk management, especially around the mitigation of unacceptable levels of risk.

Further to this, risk management is a standing item on the Audit Committee's agenda. The Audit Committee advises the GPAA's management on risk management and independently monitors the effectiveness of the risk management system. There has been a huge improvement in the way that the GPAA manages its risks, shown by a drastic reduction in irregular expenditure and the turnaround time for the payment of benefits.

3. FRAUD AND CORRUPTION

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. It detects and investigate fraud when it occurs and takes appropriate corrective action. The approved plan includes the following twelve fraud prevention strategies which were implemented during the period under review:

- Investigation capacity;
- Improved access to report wrongdoing
- Protection of whistleblowers and witnesses;
- Prohibition of corrupt individuals and businesses from doing business with the GPAA;

- Improved management policies and practices;
- Managing professional ethics;
- Partnerships with stakeholders;
- Social analysis, research and policy advocacy;
- Awareness, training and education;
- Conducting fraud risk assessments;
- Development of a Fraud Prevention Plan; and,
- 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 whistleblowing hotline which is managed by an independent service provider. Employees and members of the public are encouraged to report fraud and corruption anonymously using this number, an email facility and a fax line. The GPAA further has an internal investigation capacity to investigate such matters. During the period under review a service provider was appointed to assist the internal team in dealing with backlog cases. Once the internal investigation is finalised, all criminal cases are referred to the South African Police Services (SAPS) and disciplinary cases are referred to labour relations for disciplinary action.

3.2 How these cases are reported and what action is taken

Cases are reported internally through the following channels: whistleblowing hotline, email facilities, fax line, SMS, directly to supervisors, managers, 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 Supply Chain Management (SCM) procurement processes.

Investigation reports and recommendations on remedial actions are compiled and tabled at Risk Management and Audit Committee meetings. Disciplinary actions are taken against those found to have acted unlawfully or in a manner that is prejudicial to the GPAA or its stakeholders.

Investigations are handled through a multidisciplinary and prosecution-led method which helps the unit deal with fraud cases as well as maintaining a Fraud Register. The Directorate of Priority Crimes (within the Anti-Corruption Unit of the SAPS) plays a pivotal role in the investigation of corruption cases and in the profiling of suspected individuals.

4. MINIMISING CONFLICT OF INTEREST

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

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

5. CODE OF CONDUCT

The GPAA takes its Code of Conduct / Ethics seriously and has put in place mechanisms to adhere to the Public Service Code and Service Charter. Systems were put in place to promote ethics and to implement the Code of Conduct.

Achievements:

- Compliance to the Code of Conduct in cases that were reported to labour relations where misconduct was committed.
- An ethics risk campaign was conducted to promote an ethical culture within the GPAA.
- In line with the Code of Conduct, Senior Management Services (SMS) members who wanted to do remunerative work outside the public service as required by Public Service Regulations applied for the CEO's approval.
- Senior managers disclosed their financial interests and the disclosures were submitted to the Public Service Commission in terms of the Disclosure Framework.
- Non-SMS members submitted applications for doing remunerative work outside the public service.
- The GPAA is in the process of establishing a gift register as part of its ethics management and compliance initiatives.

5.1 The process followed for the breach of the code of conduct

The GPAA views ethics in a serious light and where there is a breach, the following process takes place:

- Firstly, an investigation is conducted to establish the facts and the substance of the allegation.
- Based on the outcome of the investigation, recommendations are made to Human Resources (HR) to institute disciplinary measures, if necessary.
- The outcome of the disciplinary process is the recommendation for the appropriate sanction for the breach of the Code of Conduct.
- The matter is then closed and documented in the register.

6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

Should the GPAA find itself non-compliant to the Occupational Health and Safety (OHS) Act, as well as other related regulation, it will result in serious health and safety risks to employees, customers and other visitors to the organisation's premises. For employees, these directly impact their productivity, safety as well as the safety of assets.

The following is a summary of current non-compliances found in the different GPAA offices nationally.

6.1 Hazard Identification and Risk Assessment (HIRA)

- A HIRA procedure has not yet been established, implemented and maintained.

6.2 Intoxication (alcohol and / or drugs)

- Requirements in relation to intoxication are not communicated.
- Employees' use of medicines which could have an impact on productivity is not reported.

6.3 Incident reporting and investigation

- Health and safety functions are currently managed by the Employee Health and Wellness unit, working with the Facilities Management unit.
- A "system based" incident reporting and investigation consolidated mechanism has not yet been established and implemented.

6.4 Basic health and safety awareness training should be considered for all employees

- Such training should be seen as a must for managers and supervisors (Section 8 (2)(e) & (i) of the OHS Act). The training should include:
 - HIRA (which has been completed),
 - Incident investigation, and
 - Legal liability training (which has been completed).

- Training for Health and Safety representatives and first aiders is complete.

Note: first aiders have to be in possession of valid first aid certificates.

6.5 Safety, Health, Environment, Risk and Quality (SHERQ) Committee

- A SHERQ Committee has been established and meetings are conducted on a three-monthly basis. Minutes of such meetings are kept.
- The requirements of Sections 19 and 20 of the OHS Act are not yet fully complied with. However, a legal compliance audit process has been embarked on to update the compliance report.

6.6 Workplace environment and facilities

A plan was developed and implemented by the Facilities Management unit to resolve identified OHS related issues at Head Office, regional and satellite offices. The plan was informed by risk and audit findings conducted by Internal Audit and Risk units. Out of the 13 findings, 10 were successfully resolved, resulting in a 77% completion rate.

7. PRIOR MODIFICATIONS TO AUDIT REPORTS

Nature of matter of non-compliance	Financial year in which it first arose	Progress made in resolving the matter
As disclosed in Note 16 to the financial statements, irregular expenditure of R33 569 000 (2015) and R48 350 000 was incurred as a result of non-compliance to supply chain and human resource management processes. Fruitless and wasteful expenditure of R365 000 (2015) was also incurred in the current year.	31 March 2015	A lot of work has been done to resolve this non-compliance and as such the irregular expenditure has reduced to R32 million, and wasteful expenditure has been reduced to zero.
A review of the functions and performance of the GPAA per Government Notice number 231 paragraph 3(8), published in <i>Government Gazette</i> number 33051, dated 26 March 2010, was performed in the year under review and a draft report was issued on 31 March 2016. The final report has been submitted to National Treasury and the Government Employees Pension Fund (GEPF) as the major stakeholders of the GPAA. National Treasury has requested the CEO to represent this review to them.	31 March 2016	The review of functions and performance was finalised and presented to all stakeholders as necessary.

8. INTERNAL AUDIT AND AUDIT COMMITTEES

8.1 The Internal Audit (IA) unit

Internal Audit objectives

The Internal Audit unit's objectives 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 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 their objectives. Examples may include facilitation, process design, training, and advisory services;

- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certification to meet the requirements of the organisation;
- 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 and management, summarizing results of audit activities and detailing performance against the Annual Internal Audit Plan to allow effective monitoring and possible intervention;
- Keep the Audit Committee informed of emerging trends and successful practices in Internal Auditing;
- Co-ordinate with other internal and external providers of assurance to ensure proper coverage and minimise duplication of effort in terms of Section 3.2.10 of National Treasury Regulations; and
- Establish a quality assurance programme by which the Chief Audit Executive can assure the operation of internal auditing activities.

8.2 Summary of audit work done

Type	Total Planned Audits	Total No (%) Completed
Approved Internal Audit plan 2016 / 2017		
Regularity Audit	23	14 (61%)
Performance Audit	8	0 (0%)
Information Technology Audit	22	4 (18%)
Total	53	18 (34%)

Consulting projects 2016/2017		
Ad-hoc Audits	3	3 (100%)
Irregular expenditure	17	17 (100%)
SCM: Tender evaluations	10	10 (100%)

Project carried over 2015/2016		
Regularity Audit	6	6 (100%)

8.3 The Audit Committee

Audit Committee objectives

To review the adequacy and effectiveness of actions taken by various parties involved to discharge their responsibilities described, and to assist the oversight of:

- The integrity of the GPAA's financial statements;
- Internal and external auditor's qualifications and independence;
- The performance of the GPAA's Internal Audit function and external auditors;
- The effectiveness of internal controls;
- The GPAA's compliance with legal and regulatory requirements; and
- Identification of material risks that may affect the organisation and the implementation of appropriate measures to manage such risks.

Activities in relation to Internal Audit

The Audit Committee periodically informs management about its work and advise it about its recommendations.

- The Committee examines the appointment, replacement, reassignment or dismissal of the Chief Audit Executive and reviews the mandate, Annual Audit Plan, and resources of the Internal Audit function.
- The Committee meets the Chief Audit Executive to review the results of 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 the adequacy of the internal audit process.
- The Committee reviews, with the Chief Audit Executive, any issues that may be brought forward by him or her, including any difficulties encountered by the Internal Audit function, such as audit scope, access to information and staffing restrictions.
- The Committee ensures the effectiveness of the co-ordination between Internal Audit and the 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
Octavia Matloa	External	External	Chairperson	1 March 2016	–	7 of 7
Joe Lesejane	External	External	Member	1 February 2013	November 2016	4 of 7
Ameen Amod	External	External	Member	1 July 2015	–	6 of 7
Brandon Furstenberg	External	External	Member	1 June 2016	–	5 of 7
Anna Badimo	External	External	Member	1 July 2015	–	7 of 7
CG De Kock	External	External	Member	1 February 2017	–	none
Luyanda Mangquku	External	External	Member	1 July 2015	–	7 of 7

9. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2017.

Background

- The Audit Committee (the Committee) 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 a 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 also have 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
Mr Joe Lesejane (Chairperson)	Chartered Accountant (SA), Fellow Chartered Management Accountant (UK), B.Com, B.Compt (Hons) and Certificate in Control Self-Assessment (CCSA), Chartered Director (SA)	1 February 2013 – 30 November 2016	4 of 8
Ms Octavia Matloa*	Chartered Accountant (SA), B.Com (Hons) and CTA	1 July 2013	8 of 8
Mr Ameen Amod	MBA (UCT), B.Com (UNISA), Certificate in Internal Audit (CIA - IIA), Certified Government Auditing Professional Auditor (CGAP – IIA) and Certification in Risk Management Assurance (CRMA – IIA), Chartered Director (IoDSA)	1 July 2015	7 of 8
Ms Anna Badimo	B.Sc Computer Science B.Sc Hons Computer Science MBA, MSC, CISM, CGEIT, M. InstD, Cobol Programming Diploma, Project Management Diploma	1 July 2015	8 of 8
Ms Berenice Francis	Certification in Control Self-Assessment (CCSA), Certified Internal Auditor (CIA), B.Compt (Hons) and B.Com Accounting	1 August 2013 – 31 July 2016	2 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	1 June 2017	5 of 8
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	2 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

* Ms. Octavia Matloa became a Chairperson from 18 April 2016.

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 6 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 2016 to 31 March 2019 and the following were the key audit activities for the 2016/2017 financial year:

Type	Total Planned Audits	Total No (%) Completed
Regularity Audit	23	14 (61%)
Performance Audit	8	0 (0%)
Information Technology Audit	22	4 (18%)
Ad-hoc Audits	3	3 (100%)
Total	56	21 (38%)

The Committee reviewed all the internal audit reports; and is satisfied:

- With the activities of the internal audit function, including its annual work programme, co-ordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations.

Accounting and Auditing Concerns Identified by Internal Audit

There are no accounting and auditing concerns that have been noted and brought to our attention.

Other Identified Concerns

The Committee noted the following areas of concern:

- Control weaknesses were identified with the management of the Modernization Project and a number of special investigations were undertaken during the period;
- We also noted that despite progress made to achieve the set project milestones the project is still running behind schedule and as at the reporting date management was still busy with the implementation of measures to address these delays;
- Significant non-compliances with the Supply Chain Management policies and procedures;
- 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; and
- Delays in implementing forensic investigators' recommendations due to poor consequence management.

Other than these matters, nothing significant has come to our attention to indicate any material breakdown in the functioning of controls, procedures and systems.

The Committee is therefore of the opinion that Internal Audit is independent, provided objective assurance and consulting activities that were designed to add value and improve an entity's operations.

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

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 internal auditors, and the Auditor-General, that the financial and performance information provided by management to users of such information is adequate, reliable and accurate.

External Audit

- The Committee has reviewed the independence and objectivity of the external auditors.
- The external auditors attended 8 meetings of the Committee and we are satisfied that there are no unresolved issues of concern.
- The Committee reviewed and approved the external audit report and no accounting and auditing concerns were noted.

- The Committee has reported major concerns relating to the Modernization project 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. Internal and External auditors, Risk Committee, etc.
- The Committee noted managements' actions in addressing identified control weaknesses and is satisfied with the following achievements reported during the year:

Assurance Provider	Total Findings	Resolved Findings	Unresolved Findings
Internal Audit	61	32	29
External Audit	24	20	4

- We also noted findings raised by both Internal and External Auditors in the areas of SCM, fruitless & wasteful expenditure; and irregular expenditure which management is addressing and we are satisfied with the progress reported to date.

In light of the above we report that the system of internal control for the period under review is considered to have been less than satisfactory.

Compliance with Legal and Regulatory Provisions

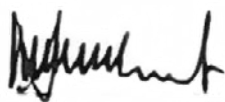
- The Committee has reviewed the in-year management and quarterly reports submitted in terms of the Public Finance and Management Act and the Division of Revenue Act and no material deviations were noted.
- The Committee also noted managements' policies and procedures to ensure compliance with applicable laws and regulations

Evaluation of Financial Statements and Annual Report

The Committee has evaluated the annual financial statements and performance information for the year ended 31 March 2017 and duly recommended them for the Accounting Officer's approval prior to being submitted to the Auditor-General for audit.

The Committee reviewed the Auditors' Management and Audit reports; and concurs with their conclusions. The Committee therefore accepts the audit opinion and conclusion expressed by the external auditors on the annual financial statements and performance information.

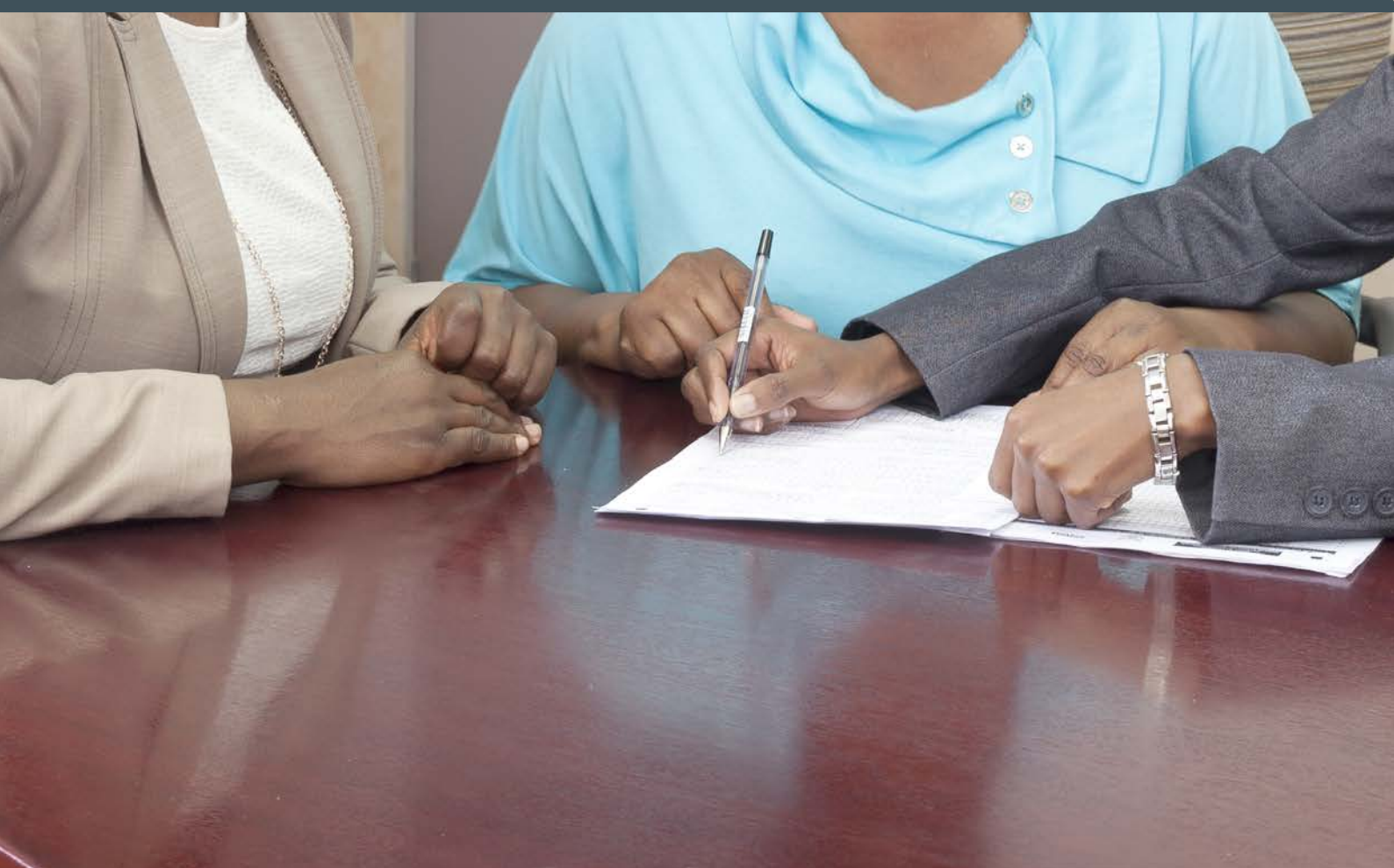
We would like to express our appreciation to the Board for their leadership and support; Chief Executive Officer, Internal Audit and management for their commitment and achievement of an unqualified audit opinion.



Octavia M. Matloa
Chairperson
Date: 31 July 2017



PART D: HUMAN RESOURCE MANAGEMENT



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

- **The status of Human Resources in the GPAA**

The GPAA is in the final stages of consultations regarding the proposed organisational structure which has a significant influence on the status of human resources and organisational performance. Due to the process, the organisation continues to operate on an interim structure. Human Resources (HR) has, in the interim, embarked on a project to address the establishment alignment and normalisation of the current structure through contract workers appointed to perform work of a permanent nature.

- **Human Resource priorities for the year under review and the impact thereof**

Human Resources (HR) has embarked on a job evaluation process in line with the proposed organisational structure. The proposed organisational structure was presented to EXCO and programme heads. The process is now in the consultative stage with organised labour before submission to the Minister of Finance and the Minister of Public Service and Administration.

- **Workforce planning and key strategies to attract and recruit a skilled and capable workforce**

- Human Resources embarked on an establishment alignment project to normalise the current establishment. A total of 134 employees were appointed in the year under review.
- The GPAA has a Human Resources Strategy which guides the process of recruitment and transitioning of employees into the structure.

- **Employee Performance Management**

All performance agreements, reviews and evaluations for the 2016 / 2017 period were submitted and the performance evaluation process was signed off by the Chief Executive Officer (CEO). A new Performance Management Policy for the GPAA was also developed, approved and distributed within the organisation.

- **Employee Wellness Programme**

The Department of Public Service and Administration (DPSA) Act stipulates that all government departments with employees hired under public service regulations should have an Employee Health and Wellness Programme (EH&W). This programme should be managed through four strategic management pillars, namely:

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

The GPAA, as a government entity with employees hired under the public services regulations complies with this requirement.

Challenges encountered were as follows:

The Employee Health and Wellness Programme had planned to host four wellness screenings to be provided for by the Government Employees Medical Scheme (GEMS). However, due to cost-cutting measures on the GEMS side, these were reduced to two screenings. The setback was compensated for by organising an urgent additional Fitness Day and a Balloon Releasing session on World AIDS Day.

Counselling services utilised:

Reporting period	GPAA usage
April 2016	9
May 2016	14
June 2016	8
July 2016	13
August 2016	7
September 2016	9
October 2016	8
November 2016	13
December 2016	9
January 2017	10
February 2017	13
March 2017	18
TOTAL USAGE	131

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. It provides an indication of the following:

- Amount spent on personnel; and
- Amount spent on salaries, overtime, homeowner's allowances and medical aid.

Table 3.1.1: Personnel expenditure by programme for the period 1 April 2016 to 31 March 2017

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)
Business Enablement	123,689	49,487		74,202	40%	619
CEO	29,896	28,426		1,470	95%	605
CRM	161,321	158,216		3,105	98%	376
Corporate services	67,724	44,401	8,563	14,761	66%	396
Employee benefits	77,560	77,560		-	100%	352
Finance	49,970	47,263		2,707	95%	394
Governance	37,318	32,548		4,770	87%	561
Programme 1	51,099	49,328		1,771	97%	395
Total	598,578	487,230	8,563	102,786	81%	412

Table 3.1.2: Personnel costs by salary band for the period 1 April 2016 to 31 March 2017

Salary Bands	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)	2 506	0.55	192 797	467 180	13
Skilled (Levels 3-5)	20 592	4.49	270 942	467 180	76
Highly skilled production (Levels 6-8)	141 591	30.87	337 122	467 180	420
Highly skilled supervision (Levels 9-12)	118 794	25.90	606 093	467 180	196
Senior management (Levels 13-16)	46 357	10.11	1 655 619	467 180	28
Contract (Levels 1-2)	2 592	0.57	152 443	467 180	17
Contract (Levels 3-5)	6 082	1.33	92 155	467 180	66
Contract (Levels 6-8)	75 841	16.54	268 938	467 180	282
Contract (Levels 9-12)	34 704	7.57	680 468	467 180	51
Periodical Remunerations	9 559	2.08	258 352	467 180	37
TOTAL	458 618	100.00	386 693	467 180	1 186

Table 3.1.3: Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme for the period 1 April 2016 to 31 March 2017

Programme	Salaries (R000)	Salaries as % of Personnel Cost	Overtime (R000)	Overtime as % of Personnel Cost	HOA (R000)	HOA as % of Personnel Cost	Medical Ass. (R000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Salary Band (R000)
Accounting Finance	8 376	72.01	1 016	8.73	135	1.16	296	2.54	11 631
Acquisition & Demand	423	73.96	-	0.00	6	1.04	10	1.75	572
Application Middleware	1 060	85.82	-	0.00	-	0.00	-	0.00	1 235
Corporate Finance GEPF	5 795	73.93	67	0.86	103	1.31	168	2.14	7 839
CRM Call Centre	24 045	74.85	425	1.32	556	1.73	1 173	3.65	32 126
Eastern Cape Regional Office	1 493	66.55	-	0.00	57	2.56	112	4.99	2 244
EB Funeral Benefits	4 302	70.31	96	1.56	171	2.80	240	3.92	6 118
EB OPS & Finance Management	2 918	73.47	-	0.00	17	0.42	68	1.71	3 972
EB Withdrawals	11 044	62.30	2 266	12.78	423	2.39	757	4.27	17 728
Employee Relations	2 484	69.13	2	0.06	58	1.62	125	3.48	3 593
End User Support	2 146	80.09	24	0.89	-	0.00	-	0.00	2 680
Enterprise Wide Risk	2 013	70.98	-	0.00	23	0.80	57	2.01	2 835
Facilities Management	8 098	62.54	204	1.58	474	3.66	927	7.16	12 950
Finance Management Accounts And Budgets	1 000	73.19	-	0.00	28	2.03	-	0.00	1 366
Finance Supply Chain Management	5 127	69.89	-	0.00	588	8.01	154	2.10	7 336
Fraud & Forensic Management	6 363	68.73	-	0.00	150	1.62	290	3.13	9 259
Free State	5 231	70.67	52	0.71	107	1.44	296	4.00	7 403
Gauteng (Walk-In-Centre)	6 440	62.99	362	3.54	308	3.01	533	5.21	10 224
GEPF Bisho	4 519	67.18	47	0.70	142	2.12	196	2.91	6 727
GEPF Board Of Trustees	-	0.00	-	0.00	-	0.00	-	0.00	9 210
GEPF Business Support Services	6 579	69.01	57	0.59	149	1.57	431	4.52	9 533
GEPF Client Relationship Management	3 762	72.20	-	0.00	143	2.75	90	1.73	5 211
GEPF Communications	5 767	69.63	60	0.72	348	4.20	261	3.15	8 282
GEPF Employee Benefits	2 307	70.04	29	0.89	23	0.69	40	1.21	3 294
GEPF Employer & Government Liaison	12 220	62.61	1 239	6.35	361	1.85	780	4.00	19 518
GEPF Ict	15 890	84.79	41	0.22	8	0.04	62	0.33	18 742
GEPF Internal Audit	28 011	72.48	196	0.51	654	1.69	1 048	2.71	38 645
GEPF Legal	22 308	73.86	357	1.18	512	1.70	813	2.69	30 204
GEPF Mangement	3 331	82.00	-	0.00	14	0.34	47	1.16	4 063
GEPF Membership & Contributions	7 598	64.43	1 023	8.68	328	2.79	579	4.91	11 794

Programme	Salaries (R000)	Salaries as % of Personnel Cost	Overtime (R000)	Overtime as % of Personnel Cost	HOA (R000)	HOA as % of Personnel Cost	Medical Ass. (R000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Salary Band (R000)
Gepf Military Pensions	5 713	84.58	-	0.00	57	0.85	87	1.29	6 754
GEPF Special Eb Projects	9 096	70.62	426	3.31	258	2.00	573	4.45	12 882
Human Resources Administration	11 119	70.92	343	2.19	203	1.29	397	2.53	15 679
Information Security	2 522	69.47	10	0.27	82	2.26	160	4.41	3 631
Infrastructure Management	263	53.34	-	0.00	-	0.00	-	0.00	493
Injury On Duty	2 333	68.03	-	0.00	109	3.17	141	4.11	3 430
Johannesburg Satellite Office	1 283	60.11	40	1.88	95	4.45	126	5.90	2 135
Kimberley Regional Office	2 974	64.87	13	0.28	56	1.23	140	3.05	4 585
KZN (Durban)	1 327	69.30	5	0.28	63	3.31	106	5.54	1 914
KZN (Pietermaritzburg)	6 939	64.41	15	0.14	286	2.65	606	5.62	10 773
Limpopo	5 867	64.34	26	0.29	218	2.39	512	5.61	9 119
Management	-	0.00	-	0.00	-	0.00	-	0.00	99
Management Information Systems	1 711	74.67	-	0.00	24	1.04	48	2.09	2 291
Management Support	2 655	81.86	-	0.00	-	0.00	14	0.43	3 243
Medical Benefits	6 416	69.49	54	0.59	222	2.40	574	6.22	9 233
Modernisation	5 658	78.11	-	0.00	58	0.81	55	0.76	7 244
Monitoring And Evaluation	7 107	73.48	15	0.16	190	1.96	83	0.86	9 672
Mpumalanga	3 451	68.00	-	0.00	107	2.11	275	5.42	5 075
North West	6 547	73.02	21	0.23	155	1.73	235	2.62	8 967
Operational Support Services	8 464	56.54	1 728	11.54	566	3.78	987	6.59	14 972
Organisational Design & Development	1 129	69.56	-	0.00	14	0.85	39	2.40	1 623
Pensioner Maintenance	5 471	67.36	287	3.54	250	3.08	501	6.17	8 123
Physical Security	4 748	69.21	66	0.97	145	2.12	286	4.17	6 860
Program 8 Finance	5 774	78.89	5	0.07	38	0.51	74	1.01	7 319
Programme 8	56	94.84	-	0.00	-	0.00	-	0.00	59
Project Management Office	4 181	75.20	8	0.14	41	0.73	112	2.01	5 560
Registry	1 772	55.30	448	13.99	136	4.23	152	4.74	3 204
Secretariat	925	75.15	-	0.00	14	1.13	39	3.17	1 231
Service Assets & Config Mng	140	81.24	5	3.16	-	0.00	-	0.00	172
Training & Development	3 074	66.99	29	0.64	55	1.20	64	1.39	4 589
Umtata Regional Office	2 598	68.46	13	0.34	110	2.89	174	4.58	3 796
Western Cape	4 304	69.75	30	0.49	112	1.81	234	3.79	6 170
Total	336 270	69.02	11 154	2.29	9 551	1.96	16 347	3.36	487 230

Table 3.1.4: Salaries, overtime, home owners allowance and medical aid by salary band for the period 1 April 2016 and 31 March 2017

Salary Bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	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)
Contract (Levels 1-2)	2 250	82.85	25	0.92	-	-	-	-	2 715
Contract (Levels 13-16)	14 484	84.96	-	-	-	-	36	0.21	17 047
Contract (Levels 3-5)	5 446	85.18	252	3.95	-	-	-	-	6 394
Contract (Levels 6-8)	68 912	86.40	2 133	2.67	10	0.01	32	0.04	79 759
Contract (Levels 9-12)	29 461	81.12	131	0.36	803	2.21	53	0.15	36 318
Contract Other	4 196	91.94	-	-	-	-	-	-	4 563
Highly skilled production (Levels 6-8)	91 100	61.39	5 370	3.62	5 442	3.67	10 041	6.77	148 399
Highly skilled supervision (Levels 9-12)	83 648	66.39	1 315	1.04	1 914	1.52	3 913	3.11	126 000
Lower skilled (Levels 1-2)	1 415	53.98	12	0.46	186	7.09	351	13.39	2 622
Periodical Remunerations	0	0.00	-	-	-	-	-	-	10 200
Senior management (Levels 13-16)	23 502	74.22	-	-	176	0.56	95	0.30	31 664
Skilled (Levels 3-5)	11 857	55.02	1 916	8.89	1 019	4.73	1 826	8.47	21 549
TOTAL	336 270	69.02	11 154	2.29	9 551	1.96	16 347	3.36	487 230

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 in 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 on 31 March 2017

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Programme 1.1	120	81	32.5%	31
Programme 1.2	87	64	26.4%	56
Programme 1.3	50	36	28.0%	44
Programme 1.4	32	22	31.3%	25
Programme 1.5	51	38	25.5%	20
Programme 2.1	133	71	46.6%	54
Programme 2.2	203	131	35.5%	89
Programme 2.3	350	290	17.1%	131
Total	1026	733	28.56%	450

Table 3.2.2: Employment and vacancies by salary band as on 31 March 2017

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)	39	14	64.1%	18
Skilled (3-5)	92	75	18.5%	90
Highly skilled production (6-8)	615	421	31.5%	278
Highly skilled supervision (9-12)	238	195	18.1%	50
Senior management (13-16)	42	28	33.3%	14
Total	1026	733	28.6%	450

Table 3.2.3: Employment and vacancies by critical occupations as on 31 March 2017

The GPAA has not yet determined critical occupations and scarce skills and cannot report for the year ending 31 March 2017.

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 on 31 March 2017 (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	0	0%
Salary Level 15	3	0	0%	3	100%
Salary Level 14	9	8	88.9%	1	11.1%
Salary Level 13	29	20	69.0%	9	31%
Total	42	29	69.1%	13	30.9%

Table 3.3.2: SMS post information as on 30 September 2016

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	0	0%
Salary Level 15	3	0	0%	3	100%
Salary Level 14	9	7	77.8%	1	11.1%
Salary Level 13	29	21	72.4%	9	31%
Total	42	29	69.1%	13	30.9%

Table 3.3.3: Advertising and filling of SMS posts for the period 1 April 2016 to 31 March 2017

SMS Level	Total number of funded SMS posts	Total number of SMS posts advertised / filled in this year	Total number of SMS posts 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	Three (one advertised in 2014, one advertised in 2015 – both with Minister of Finance, one advertised in 2016)	None filled, three still in progress. Two are with the Minister for approval of the shortlist and one was sent to the Ministers of the DPSSA and Finance to approve a deviation.	3	100%
Salary Level 14	9	1 advertised	1 filled	1	11.1%
Salary Level 13	29	4 advertised	2 filled, 2 in progress	9	31.0%
Total	42	8	3	13	31.0%

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 2016 to 31 March 2017*

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 services offered to clients. One of the deliverables is the development and implementation of a new organisational structure linked to redesigned business processes and automation to ensure operational improvement.</p> <p>The design of the organisational structure has been completed and is undergoing a series of approvals. 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 members in the new structure, as well as to ensure stability through the change phase, a decision was taken not to fill all permanent positions in the current structure unless they are critical and in line with the new proposed structure. This is an interim measure until the implementation of the new organisational structure. The same principle applies to SMS posts. Only those SMS posts that the Executive Authority and management deem critical are in the process of being filled or have been filled.</p>

3.4 Job evaluation

Within a nationally determined framework, Executing Authorities may evaluate or re-evaluate any job in their organisations. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1: *Job evaluation by salary band for the period 1 April 2016 and 31 March 2017*

Total number of jobs evaluate by salary band for prior 1 April 2016 and 31 March 2017	None
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The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Table 3.4.2: *Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2016 to 31 March 2017*

Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2016 and 31 March 2017	None
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The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.4.3: *Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2016 to 31 March 2017*

Total number of employees whose salaries exceeded the grades determine by job evaluation	None
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The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 3.4.4: Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2016 to 31 March 2017

Total number of employees whose salaries exceeded the grades determined by job evaluation	None
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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 2016 to 31 March 2017

Salary band	Number of employees at beginning of period-1 April 2016	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	17	0	0	0%
Skilled (Levels3-5)	77	0	3	3.9%
Highly skilled production (Levels 6-8)	429	23	26	6.1%
Highly skilled supervision (Levels 9-12)	188	6	6	3.2%
Senior Management Service Bands A	21	2	3	14.3%
Senior Management Service Bands B	7	1	0	0%
Senior Management Service Bands C	0	0	0	0%
Senior Management Service Bands D	0	0	0	0%
Contracts	363	118	31	8.5%
Total	1 102	150	69	6.3%

Table 3.5.2: Annual turnover rates by critical occupation for the period 1 April 2016 to 31 March 2017

The GPAA has not yet determined critical occupations and scarce skills and cannot report for the year ending 31 March 2017.

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 2016 to 31 March 2017 – permanent employees

Termination type	Number	% of total resignations
Death	1	2.6%
Resignation	19	50%
Expiry of contract	0	0%
Dismissal – operational changes	0	0%
Dismissal – misconduct	3	7.9%
Dismissal – inefficiency	0	0%
Discharged due to ill-health	1	2.6%
Retirement	6	15.8%
Transfer to other public service departments	3	7.9%
Other	5	13.2%
Total	38	
Total number of employees who left as a % of total employment	5.1%	

Table 3.5.3b: Reasons why staff left the department for the period 1 April 2016 to 31 March 2017- Contract Employees

Termination type	Number	% of total resignations
Death	0	0%
Resignation	14	45.2%
Expiry of contract	1	3.2%
Dismissal – operational changes	0	0%
Dismissal – misconduct	2	6.4%
Dismissal – inefficiency	0	0%
Discharged due to ill-health	0	0%
Retirement	0	0%
Transfer to other public service departments	0	0%
Other	14	45.2%
Total	31	
Total number of employees who left as a % of total employment	8.5%	

Table 3.5.4: Promotions by critical occupation for the period 1 April 2016 to 31 March 2017

The GPAA has not yet determined critical occupations and scarce skills and cannot report for the year ending 31 March 2017.

Table 3.5.5: Promotions by salary band for the period 1 April 2016 to 31 March 2017

Salary band	Employees 1 April 2015	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)	17	0	0%	2	0.27%
Skilled (Levels3-5)	77	2	2.7%	5	0.67%
Highly skilled production (Levels 6-8)	429	6	1.3%	120	16.23%
Highly skilled supervision (Levels 9-12)	188	4	2.0%	62	8.38%
Senior Management (Levels 13-16)	28	0	0%	19	2.57%
Total	739	12	6.0%	208	28%

3.6 Employment equity

Table 3.6.1a: Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2017 (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	76	6	5	6	75	6	4	17	195
Technicians and associate professionals	93	7	3	6	231	22	7	52	421
Clerks	32	1	0	1	34	3	0	4	75
Service and sales workers	-	-	-	-	-	-	-	-	-
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades workers	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	-	-	-	-	-	-	-	-	-
Elementary occupations	2	0	0	0	12	0	0	0	14
Total	216	15	10	16	359	31	11	75	733
Employees with disabilities	1	1			3				5

Table 3.6.1b: Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2017 (contract employees)

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	4	0	3	3	1	0	0	3	14
Professionals	21	1	0	6	9	1	0	12	50
Technicians and associate professionals	100	2	1	2	156	5	2	10	278
Clerks	43	0	0	0	47	0	0	0	90
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	13	0	0	0	18
Total	173	3	4	11	226	6	2	25	450
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 on 31 March 2017 (permanent employees)

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	3	1	1		2	0	0	1	8
Senior management	10	-	1	3	5	-	-	1	20
Professionally qualified and experienced specialists and mid-management	76	6	5	6	75	6	4	17	195
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	93	7	3	6	231	22	7	52	421
Semi-skilled and discretionary decision making	32	1	0	1	34	3	0	4	75
Unskilled and defined decision making	2	0	0	0	12	0	0	0	14
Total	216	15	10	16	359	31	11	75	733
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.2b: Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2017(contract workers).

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	1	0	3	0	0	0	0	0	4
Senior management	3	0	0	3	1	0	0	3	10
Professionally qualified and experienced specialists and mid-management	21	1	0	6	9	1	0	12	50
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	100	2	1	2	156	5	2	10	278
Semi-skilled and discretionary decision making	43	0	0	0	47	0	0	0	90
Unskilled and defined decision making	5	0	0	0	13	0	0	0	18
Total	0	3	4	11	226	6	2	25	450
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.3a: Recruitment for the period 1 April 2016 to 31 March 2017 (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	1	0	0	0	1	0	1	0	3
Professionally qualified and experienced specialists and mid-management	2	0	1	1	1	1	0	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	7	0	0	2	13	0	1	3	26
Semi-skilled and discretionary decision making	0	0	0	0	3	0	0	0	3
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	10	0	1	3	18	1	2	3	38
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.3b: Recruitment for the period 1 April 2016 to 31 March 2017 (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	1	0	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	15	0	1	0	29	1	0	5	51
Semi-skilled and discretionary decision making	30	0	0	0	36	0	0	0	66
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	46	0	1	0	65	1	0	5	118
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.4: Promotions for the period 1 April 2016 to 31 March 2017

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	2	0	0	0	5	1	0	0	8
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	4	0	0	0	10	1	0	0	15
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	6	0	0	0	15	2	0	0	23
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5a: Terminations for the period 1 April 2016 to 31 March 2017 (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	1	0	0	0	1	0	1	0	3
Professionally qualified and experienced specialists and mid-management	2	0	1	1	1	1	0	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	7	0	0	2	13	0	1	3	26
Semi-skilled and discretionary decision making	0	0	0	0	3	0	0	0	3
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	10	0	1	3	18	1	2	3	38
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5b: Terminations for the period 1 April 2016 to 31 March 2017 (contract employees)

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	0	1	0	0	0	0	1
Senior management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	4	0	0	0	0	0	0	0	4
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	1	0	0	4	0	0	1	8
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	7	1	0	1	4	0	0	1	14
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6: Disciplinary action for the period 1 April 2016 to 31 March 2017

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action is detailed below in table 3.12.2	15	1	0	0	8	2	0	1	27

Table 3.6.7: Skills development for the period 1 April 2016 to 31 March 2017

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	16	1	2	6	8	0	1	4	38
Professionals	32	2	1	10	14	2	1	11	73
Technicians and associate professionals	85	5	4	5	138	6	6	38	287
Clerks	137	8	1	13	248	15	8	20	450
Service and sales workers	-	-	-	-	-	-	-	-	-
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades workers	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	-	-	-	-	-	-	-	-	-
Elementary occupations	51	0	0	0	78	0	0	0	129
Total	323	16	8	36	487	23	16	73	980
Employees with disabilities	0	0	0	0	0	0	0	0	0

3.7 Signing of performance agreements by SMS members

All members of the SMS must conclude and sign performance agreements within specific timeframes. 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 on 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	0	0	0	0%
Salary Level 15	3	1	0	0%
Salary Level 14	10	8	7	87.5%
Salary Level 13	39	31	28	90.3%
Total	53	41	35	85.3%

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

Reasons
In the 2016 / 2017 performance cycle the resignation of the Chief Information Officer and changes in roles caused the process to be disrupted and SMS members had to re-draft their performance agreements to accommodate changes. This delayed the process and led to non-compliance. It also resulted in some SMS members failing to conclude their performance agreements by the due date. Documents were therefore signed by the CEO and sent for approval to the Minister of Public Service Administration (MPSA) to request approval to deviate from the Senior Management Services' Performance Management Development System prescripts regarding the signing of performance agreements for the 2016 / 2017 performance cycle for affected employees.

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

Reasons
No disciplinary steps were taken because the request for approval for late submission of performance agreements was received and approval was granted by the CEO.

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 (see the definitions in the notes below).

Table 3.8.1: Performance rewards by race, gender and disability for the period 1 April 2016 to 31 March 2017

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African	740	856	86%	R16 368 195.28	R22 119.18
Male	287	335	86%	R6 765 735.60	R23 573.99
Female	453	521	87%	R9 602 459.68	R21 197.48
Asian	25	26	96%	R675 407.73	R27 016.31
Male	11	12	92%	R369 374.49	R33 579.50
Female	14	14	100%	R306 033.24	R21 859.52
Coloured	50	56	89%	R963 025.51	R19 260.51
Male	17	19	89%	R336 672.48	R19 804.26
Female	33	37	89%	R626 353.03	R18 980.39
White	112	131	85%	R3 124 673.95	R27 898.87
Male	28	33	85%	R959 181.84	R34 256.49
Female	84	98	86%	R2 165 492.11	R25 779.67
Employees with disabilities	5	5	100%	R84 167.40	R 6 833.48
Total	927	1 069	87%	R21 131 302.47	R22 795.36

Table 3.8.2: Performance rewards by salary band for personnel below the Senior Management Service for the period 1 April 2016 to 31 March 2017

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)	35	35	100%	R310 656.07	R8 875.89	0.06%
Skilled (Level 3-5)	90	98	92%	R1 157 996.78	R12 866.63	0.24%
Highly skilled production (Level 6-8)	554	660	84%	R9 492.394.19	R17 134.29	1.97%
Highly skilled supervision (Level 9-12)	218	237	92%	R8 160 213.74	R37 432.17	1.69%
Total	897	1 030	87%	R19 121 260.78	R21 316.90	4.0%

Table 3.8.3: Performance rewards by critical occupation for the period 1 April 2016 to 31 March 2017

The GPAA is in the process of determining critical occupations and scarce skills and cannot report for the year ending 31 March 2017.

Table 3.8.4: Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2016 to 31 March 2017

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	21	29	72%	R1 346 215.95	R64 105.52	0.28%
Band B	9	9	100%	R663 825.74	R73 758.42	0.14%
Band C	0	1	0%	-	-	0.00%
Band D	0	0	0	R -	-	0.00%
Total	30	39	77%	R2 010 041.69	R67 001.39	0.4%

3.9 Foreign workers

The tables below summarise 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 2016 to 31 March 2017

Salary band	1 April 2016		31 March 2017		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

Table 3.9.2: Foreign workers by major occupation for the period 1 April 2016 to 31 March 2017

Major Occupation	1 April 2015		31 March 2016		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 2016 to 31 December 2016

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)	119	89.61%	44	1.92%	2.70	R59 330.39
Skilled (Levels 3-5)	681	84.14%	197	8.60%	3.46	R558 476.75
Highly skilled production (Levels 6-8)	5 133	85.47%	1 563	68.22%	3.28	R5 660 874.57
Highly skilled supervision (Levels 9 -12)	1 307	81.00%	419	18.29%	3.12	R2 999 163.43
Top and Senior management (Levels 13-16)	186	74.62%	68	2.97%	2.74	R686 752.42
Total	7 426	83%	2 291	100%	3.24	R9 964 597.56

Table 3.10.2: Disability leave (temporary and permanent) for the period 1 January 2016 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	R0
Skilled (Levels 3-5)	43	100%	1	14.29%	43.00	R37 918.65
Highly skilled production (Levels 6-8)	92	100%	4	57.14%	23.00	R147 097.70
Highly skilled supervision (Levels 9-12)	12	100%	2	28.57%	6.00	R28 904.65
Senior management (Levels 13-16)	0	0%	0	0%	0	R0
Total	147	100%	7	100%	21.00	R213 921.00

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 being paid at the time of termination of service.

Table 3.10.3: Annual Leave for the period 1 January 2016 to 31 December 2016

Salary band	Total days taken	Number of employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	686	110	6.24
Skilled (Levels 3-5)	2 082	338	6.16
Highly skilled production (Levels 6-8)	13 807	2 398	5.76
Highly skilled supervision (Levels 9-12)	5 116	828	6.18
Senior management (Levels 13-16)	839	140	5.99
Total	22 530	3 814	5.91

Table 3.10.4: Capped leave for the period 1 January 2016 to 31 December 2016

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 2016
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	41.02
Highly skilled production (Levels 6-8)	25	8	3.13	31.54
Highly skilled supervision (Levels 9-12)	21	6	3.5	40.66
Senior management (Levels 13-16)	0	0	0	42.09
Total	46	14	3.29	35.94

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

Table 3.10.5: Leave payouts for the period 1 April 2016 to 31 March 2017

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2016 / 2017 due to non-utilisation of leave for the previous cycle	R0	0	R0
Capped leave payouts on termination of service for 2016 / 2017	R136 074.53	5	R27 214.91
Current leave payout on termination of service for 2016 / 2017	R685 395.48	38	R18 036.72
Total	R821 470.01	43	R19 103.95

3.11 HIV/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.	X		Mr 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.	X		There is no dedicated annual budget for this purpose. However funds are made available as per annual plan from the Employee Relations Budget.
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.	X		<ul style="list-style-type: none"> · Counselling services · Wellness screening · Fitness programme · Blood donation · HCT · TB screening
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.		X	The GPAA does not have an 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.		X	The GPAA's 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.	X		An HIV and AIDS policy is available. There are education sessions to all employees on their rights, including 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 an 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.	X		Total tested: 318 Negative - 314 Positive - 4
8. Has the GPAA developed measures / indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		The Monitoring and Evaluation unit conducts regular surveys to measure the impact.

3.12 Labour relations

Table 3.12.1: *Collective agreements for the period 1 April 2016 and 31 March 2017*

Subject matter	Date
Overtime Agreement	1 August 2016
Overtime Agreement	7 March 2017
Total number of collective agreements	
	2

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 2016 to 31 March 2017*

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0%
Verbal warning	0	0%
Written warning	15	56%
Final written warning	5	19%
Suspended without pay	1	4%
Fine	0	0%
Demotion	0	0%
Dismissal	6	22%
Not guilty	0	0%
Case withdrawn	0	0%
Total	27	100%
Total number of disciplinary hearings finalised		27

Table 3.12.3: *Types of misconduct addressed at disciplinary hearings for the period 1 April 2016 and 31 March 2017*

Type of misconduct	Number	% of total
Gross dishonesty	4	80%
Assault	1	20%
Total	5	100%

Table 3.12.4: Grievances lodged for the period 1 April 2016 to 31 March 2017

Grievances	Number	% of total
Number of grievances resolved	13	81%
Number of grievances not resolved	3	19%
Total number of grievances lodged	16	100%

Table 3.12.5: Disputes lodged with councils for the period 1 April 2016 and 31 March 2017

Disputes	Number	% of total
Number of disputes upheld	1	25%
Number of disputes dismissed	3	75%
Total number of disputes lodged	4	100%

Table 3.12.6: Strike action for the period 1 April 2016 to 31 March 2017

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 2016 to 31 March 2017

Number of people suspended	1
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	10
Cost of suspension(R'000)	R8 081,48

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 2016 and 31 March 2017

Occupational category	Gender	Number of employees as at 1 April 2015	Training needs identified at start of the reporting period		Other forms of training	Total
			Learner-ships	Skills programmes and other short courses		
Legislators, senior officials and managers	Female	12	0	<ol style="list-style-type: none"> 1. ACL Software 2. Agile Project Management Certification 3. Business Continuity Management 4. Compliance and Regulatory Framework 5. Cyber Forensics and Big Data Intergration 6. Executive Coaching 7. Governance and Organisational Structure 8. ITIL Planning, Protection Optimisation (PPO) 9. Lean- Agile Bootcamp 10. Teammate 11. Total Quality Management (TQM) 12. Computer Assisted Auditing Techniques (CAAT) Usage 	0	12
	Male	28	0	<ol style="list-style-type: none"> 1. Basic SHE Inspections 2. Business Process Modelling with ARIS 3. Customer Services Training 4. Global Sourcing 5. Knowledge Management 6. Prince 2 7. Portfolio Management 8. Supplier Service Level Agreement (SLA) Management 9. Strategic Supply Chain Management 	0	9
Professionals	Female	127	0	<ol style="list-style-type: none"> 1. MS Excel and Powerpoint 2. A+ 3. Facilitation Skills 4. Advanced Management Development Programme (AMDP) 5. Advanced Methods of Conducting Evaluations 6. Microsoft Project 7. Agile Project Management 8. Assertiveness 9. Building and Facilities Management , CAD Training 10. Business Communication 11. Business Writing Skills 12. Charing, Initiating and Investigating Cases 13. Coaching 14. CORBIT 5 15. Conflict Management 16. Contract Management 17. Creative Writing Skills 18. Curriculum Development 19. Customer Services 20. Delegation 	0	61

Occupational category	Gender	Number of employees as at 1 April 2015	Training needs identified at start of the reporting period		Other forms of training	Total
			Learner-ships	Skills programmes and other short courses		
				21. Disciplinary Procedures 22. Documenting Quality Reports as per ISAPPIA 23. Effectively Discussing the Results of Audits with Clients 24. Emerging Management Development Programme (EMDP) 25. Emotional Intelligence 26. Finance for Non-financial Managers 27. Fraud Prevention 28. GEP Law 29. Labour Relations 30. ITIL 31. Leading High Performance Teams 32. Making Meetings Work 33. Legislation Drafting 34. Media Training 35. Mastering Strategy Design 36. Mentoring and Coaching 37. N+ 38. Operations Management 39. Organisational Design 40. Performance Management 41. Public Finance Management Act (PFMA) 42. Presentation Skills 43. Prince 2 44. Problem Solving 45. Productivity Management and Product Knowledge 46. Project Management 47. Publication Management 48. Public Speaking 49. Quality Management 50. PERSAL 51. Report Writing 52. Retirement Funds Training 53. Risk-based Assurance Training 54. Social Media Trends 55. Strategic Planning 56. Stress Management 57. Talent Management 58. Telephone Etiquette 59. Time Management 60. Train-the-Trainer 61. Zulu Language		
	Male	120	0	1. Microsoft Excel and Powerpoint 2. Active Directory Windows Server R2012 / Exchange Server r2012 3. Advanced Business Analysis 4. Advanced Management Development Programme (AMDP) 5. Agile Business Analysis 6. Agile Project Management 7. Analytical Report Writing on Statistical Data 8. Assertiveness 9. Assessing Ethics in the Organisation 10. Assessor Course 11. Business Analysis Support Practice 12. Business Communication 13. Business Continuity Management 14. Business Processes and Change Management 15. Business Writing Skills 16. Change Management 17. Coaching 18. CORBIT	0	73

Occupational category	Gender	Number of employees as at 1 April 2015	Training needs identified at start of the reporting period		Other forms of training	Total
			Learner-ships	Skills programmes and other short courses		
				19. ACL 20. Conflict Management 21. Contract Management 22. Corporate Governance 23. Interviewing skills for Fraud Examiners 24. Investigation of Financial Crimes 25. Curriculum Development 26. Customer Service 27. Data Mining and Forecasting Services 28. Delegation 29. Detecting and Deterring Conflicts of Interest 30. Digital Editing and Marketing 31. Disciplinary Procedures 32. Electrical Engineering and Trade Test 33. Emerging Management Development Programme (EMDP) 34. Emotional Intelligence 35. Education Training and Development Practice (ETDP) 36. Finance for Non-financial Managers 37. Fraud Prevention 38. Grade A and B (Security) 39. GRAP Update 40. Handling Arbitrations 41. Integrated Planning and Financial Modelling 42. ITIL 43. Leading High Performance Teams 44. Legal Writing Skills 45. Moderator Course 46. Negotiation Skills 47. Legal Issues for Fraud Examination 48. Operations Management 49. Oracle Open University 50. Performance management 51. Public Finance Management Act (PFMA) 52. Presentation Skills 53. Prince 2 54. Problem Solving 55. Product Knowledge 56. Project Management 57. Public Speaking 58. Research Methods 59. Report Writing 60. Retirement Funds Training 61. Risk Based Assurance Training 62. Six Sigma Black Belt 63. Social Media Trends 64. Strategic Planning 65. Stress Management 66. Telephone Etiquette 67. Time Management 68. TOGAF Version 9 69. Total Quality Management (TQM) 70. Train-the-Trainer 71. Videography 72. Wealth Management 73. Zulu Language		

Occupational category	Gender	Number of employees as at 1 April 2015	Training needs identified at start of the reporting period		Other forms of training	Total
			Learner-ships	Skills programmes and other short courses		
Technicians and associate professionals	Female	488	0	<ol style="list-style-type: none"> 1. Advanced Management Development Programme (AMDP) 2. Analytical skills 3. Anger Management 4. Applied Risk Management and Identification 5. ARIS Process Modelling 6. Article Writing 7. Assessing Ethics in the Organisation 8. Assessor Training 9. Basic Accounting Skills 10. Budget Management 11. Business Communication 12. Report Writing Skills 13. Business Writing Skills 14. Change Management 15. Data Analysis 16. Coaching 17. CORBIT 18. Competency Based Interviewing Skills 19. Compliance and Governance 20. Conflict Management 21. Contract Management 22. PFMA and Treasury Regulations 23. Creative Writing 24. Customer Care 25. Debt Collection Course 26. Demand Management 27. Disability Workshop 28. Disciplinary 29. Diversity Management 30. Document Management 31. Emerging Management Development Programme (EMDP) 32. Emotional Intelligence 33. PERSAL Establishment 34. Ethics in the Workplace 35. Events Management 36. Finance for Non-financial Managers 37. Fraud Prevention and Investigation 38. GEP Law 39. Media Management 40. Interpersonal Skills 41. Contract Management 42. Train-the-Trainer: IT IS 43. Knowledge of Business Process Management 44. Labour Relations 45. Managing Computer Equipment to Support Core Business 46. MCITP 47. Coaching 48. Minute Taking 49. Moderator Course 50. Monitoring and Evaluation 51. Microsoft Word, Excel and Powerpoint 52. Negotiation Skills 53. Certificate in Environmental Management 54. Office Administration 55. Pension Fund Law 56. Performance Management 57. Performance Testing Fundamentals 58. PERSAL 59. PFMA and Treasury Regulations 60. Practical Usability Testing 	0	82

Occupational category	Gender	Number of employees as at 1 April 2015	Training needs identified at start of the reporting period		Other forms of training	Total
			Learner-ships	Skills programmes and other short courses		
				61. Presentation Skills 62. Problem Solving 63. Production Management 64.F Inancial Modelling Course 65. Project Management 66. Protection of Personal information Act (POPI) 67. Quality Management Techniques 68. Record Management 69. Report Writing 70. Enterprise Resources Planning (ERP) 71. Grade A and B (Security) 72. Sign Language 73. SPSS (Research Analysis System) 74. Security Advisory Course 75. Startegic Planning 76. Stress Management 77. Telephone and Email Etiquette 78. Time Management 79. Total Quality Management (TQM) 80. User Acceptance Testing 81. Workplace Discipline 82. Zulu Language		
	Male	219	0	1. Agile Business Analysis 2. Advanced Management Development Programme (AMDP) 3. Analytical Skills 4. Apple Mac OSX 5. ARIS Process Modelling 6. Assessing Ethics in the Organisation 7. Basic Accounting System (BAS) 8. Basic Sign Language 9. Budget Management 10. Business Communication 11. Report Writing Skills 12. Business Writing Skills 13. Change Management 14. Data Analysis 15. Coaching 16. CORBIT 17. Competency Based Interviewing Skills 18. Compliance and Risk Management 19. Comptia Security + 20. Computer Forensic Investigation 21. Conflict Management 22. Core and Job Description 23. Investigation and Management of Cyber and Electronic Crime 24. Customer Care 25. Data Mining and Forecasting Analysis 26. Diversity Management 27. Document Management 28. Emerging Management Development Programme (EMDP) 29. PERSAL Establishment 30. Ethics in the Workplace 31. Events Management 32. Finance for Non-financial Managers 33. Fleet Management Training 34. Fraud Prevention and Investigations 35. GEP Law 36. Government Accounting 37. Hazard Identification and Risk Management (HIRA) 38. Interperso nal Skills	0	73

Occupational category	Gender	Number of employees as at 1 April 2015	Training needs identified at start of the reporting period		Other forms of training	Total
			Learner-ships	Skills programmes and other short courses		
				39. ITIL 40. Job Evaluation Initial Course 41. Labour Relations 42. Leave Administration Course 43. Managing Computer Equipment to Support Core Business 44. MCITP 45. Minimum Information Security Standards (MISS) 46. Microsoft Word, Excel and Powerpoint 47. National Archives and Records Management 48. Negotiation Skills 49. Certificate In Environmental Management 50. Office Administration 51. Oracle Data Miner 52. Operations Management 53. Organisational Design Course 54. Performance Management 55. Performance Testing Fundamentals 56. PERSAL 57. PFMA and Treasury regulations 58. Practical Usability Testing 59. Presentation Skills 60. Problem Solving 61. Project Management 62. Protection of Personal information Act (POPI) 63. Quality Management Techniques 64. Records Management 65. Report Writing 66. Research Techniques 67. Sign Language 68. Stress Management 69. Technical Drawing Skills 70. Telephone and Email Etiquette 71. Time Management 72. Total Quality Management (TQM) 73. Train-the-Trainer		
Clerks	Female	58	0	1. Microsoft Access 2. Office Administration 3. Business Writing Skills 4. Code of Conduct in the Workplace 5. Communication Skills 6. Computerised Facilities Management Systems 7. Customer Care 8. Emerging Management Development Programme (EMDP) 9. Event Management 10. Helpdesk Supervisory Course 11. GEP Act and Interpretation 12. Labour Relations 13. Microsoft Excel 14. Microsoft Word 15. Incident Investigation 16. Oracle Database 17. People Management 18. Product Knowledge 19. Project Management 20. Quality Assurance 21. Reception Skills 22. Records Management 23. Report Writing 24. Retirement Funds 25. SAMTRAC 26. Security A and B (Security) 27. Supervisory Training 24. Retirement Funds	0	30

Occupational category	Gender	Number of employees as at 1 April 2015	Training needs identified at start of the reporting period		Other forms of training	Total
			Learner-ships	Skills programmes and other short courses		
				25. SAMTRAC 26. Security A and B (Security) 27. Supervisory Training 28. Telephone Etiquette 29. Time Management 30. Web Development		
	Male	42	0	1. Office Administration 2. Airconditioner Maintenance 3. Aluminium Fitting 4. Assertiveness 5. Basic Safety Health And Environment (SHE) Inspections 6. Occupational Health and Safety (OHS) Training 7. Business Writing Skills 8. Carpentry Skills 9. Coaching for Success 10. Communication Skills 11. Computerised Facilities Management Systems 12. Conflict Management 13. Customer Care 14. Diversity Management 15. Electrical Training 16. Emerging Management Development Programme (EMDP) 17. Emotional Intelligence and Personal Mastery 18. Fire Fighting 19. First Aid 20. Know Your Car Training Course 21. Labour Relations 22. Fundamentals of Property and Lease Management 23. Microsoft Excel 24. PERSAL 25. Practical Software Testing 26. Product Knowledge 27. Production Management 28. Project Management 29. Quality Assurance 30. Records Management 31. Report Writing 32. Retrieving Reports from Oracle 33. Supervisory Training	0	33
Elementary occupations	Female	27	0	1. Office Management 2. Advanced Cleaning and Customer Care 3. Microsoft Excel 4. Microsoft Word 5. Customer Services Training 6. Waste and Recycling Management 7. Grade A and B(Security) 8. Administration Skills 9. Communication Skills 10. Hygiene 11. Hazard Identification and Risk Assessment (HIRA) 12. Office Administration 13. Occupational Health and Safety (OHS)	0	13

Occupational category	Gender	Number of employees as at 1 April 2015	Training needs identified at start of the reporting period		Other forms of training	Total
			Learner-ships	Skills programmes and other short courses		
	Male	12	0	1. Airconditioner Training 2. Aluminium Fitting 3. Carpentry Training 4. Diversity Management 5. Electrical Engineering Training 6. Fire Fighting Training 7. First Aid Training 8. Know Your Car Training Course 9. Information Security Training – Handling of Documents	0	9
Sub Total	Female	712				198
	Male	421				197
Total		1 133				395

3.14 Injury on Duty

The following tables provide basic information on Injury on Duty.

Table 3.14.1: Injury on duty for the period 1 April 2016 and 31 March 2017

Nature of injury on duty	Number	% of total
Required basic medical attention only	8	100%
Temporary total disablement	0	0%
Permanent disablement	0	0%
Fatal	0	0%
Total	8	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 ad hoc basis, any of the following professional services to a department against remuneration received from any source:

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

Table 3.15.1: Report on consultant appointments using appropriated funds for the period 1 April 2016 and 31 March 2017

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rands
Forensic Investigation Services	1	1 year	R3 284,450.00
Appointment of a panel for the tracing of beneficiaries of unclaimed benefits		3 years	Rate of R2 500 per case
Appointment of a service provider for Queue Management Services	1	3 years	R 3 731 067.22
Appointment of a service provider for the Multi-channel Client Communication Solution	1	3 years	R23 328 740.78
Appointment of a service provider for the rendering of business advisory services	1	2 years	R4 375 800.00
Appointment of a panel of software development service providers	3	3 years	At an approved rate up to an approved budget
Appointment of a panel for ICT architecture and governance	3	3 years	At an approved rate up to an approved budget
Appointment of a panel of service providers to render ICT security services at the GPAA	5	3 years	Up to a budget of R40 million
Appointment of a panel for ICT testing services	11	3 years	At an approved rate up to an approved budget
Appointment of a panel to render forensic investigation services	17	3 years	At an approved rate up to an approved annual budget.
Architectural and space planning services at the GPAA's Head Office and Regional Offices	1	3 years	R2 480 585.05

Total number of projects	Total individual consultants	Total duration (work days)	Total contract value in Rands
11+			Up to an approved annual budget for the respective projects
The panels were appointed to assist with various projects of which at the time of the appointment the number was not known, only the scope			

Table 3.15.2: Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2016 and 31 March 2017

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that worked on the project
As above	Aggregate of all PSP appointments as per SCM - financial year end statistics: 16.17%	Aggregate of all PSP appointments as per SCM - financial year end statistics: 16.17%	Not available

3.16 Severance packages

Table 3.16.1: Granting of employee initiated severance packages for the period 1 April 2016 to 31 March 2017

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)	-	-	-	-
Skilled Levels 3-5)	-	-	-	-
Highly Skilled Production (Levels 6-8)	-	-	-	-
Highly Skilled Supervision (Levels 9-12)	-	-	-	-
Senior Management (Levels 13-16)	-	-	-	-
Total	-	-	-	-

PART E: FINANCIAL INFORMATION



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GOVERNMENT PENSIONS ADMINISTRATION AGENCY
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

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Contents

1	Accounting Officer's Statement of Responsibility	122
2	Report of the Auditor-General	123
3	Statement of Financial Position	128
4	Statement of Financial Performance	129
5	Statement of Changes in Net Assets	130
6	Cash Flow Statement	131
7	Statement of Comparison between Budget and Actual Amounts	132-133
8	Notes to the Annual Financial Statements	134-163

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ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY

Statement of responsibility and confirmation of accuracy of the Annual Report for the year ended 31 March 2017.


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 for the Annual Report as issued by National Treasury.
- The Annual Financial Statements have been prepared in accordance with Generally Recognized Accounting Practice (GRAP) standard and the relevant frameworks and guidelines issued by the National Treasury.

In response to the expectation of Clause 3 (8) of the Proclamation of the GPAA on 26 March 2010: 'A formal evaluation and review of the GPAA as a Government Component', commenced in the 2015 / 2016 year, as reported previously. The report was made available during the 2016 / 2017 Financial Year.

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 department for the financial year ended 31 March 2017.



Mr Krishen Sukdev
ACCOUNTING OFFICER
Government Pensions Administration Agency (GPAA)
31 July 2017

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Government Pensions Administration Agency (GPAA) set on pages 128 to 163, which comprise the statement of financial position as at 31 MARCH 2017, the statement of financial performance, statement of changes in net assets, 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 2017, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognized 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 Internal 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 my report.
4. I am independent of the government component in accordance with the International 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.

Irregular expenditure

7. As disclosed in note 17 to the financial statements, irregular expenditure of R26 316 000 was incurred as a result of non-compliance with supply chain and human resources management processes.

Departure from reporting framework

8. The GPAA has received approval for a departure in terms of section 79 of the PFMA, to prepare their financial statements on GRAP up to the end of the 2017-2019 Medium Term Expenditure Framework period.

Responsibilities of accounting officer

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 ongoing concern and using the going concern basis of accounting unless the intention is to liquidate the government component or cease operations, or there is no realistic alternative but to do so.

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

11. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual 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 the auditor's 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 from 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 approval performance planning documents of the government component. I have not evaluated the completeness and appropriateness of the performance indicators 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 30 March 2017:

Programmes	Pages in the annual performance report
Programme 1 – support services	34- 60
Programme 2 – benefit administration	60 - 70

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
 - Benefit administration

Other matter

18. I draw attention to matters below:

Achievement of planned targets

19. Refer to the annual performance report pages 30 to 70 for information on the achievement of planned targets for the year and explanations provided for the under or over achievement of targets.

Adjustment of material misstatements

20. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in 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 in respect of the compliance criteria for the applicable subject matters are as follows:

Human resource management

23. A performance bonus was paid to a member of the Senior Manager Service who had not concluded and signed his performance agreement before 31 May, in contravention of the Public Service Act, 1994 (Act no. 103 of 1994).

Procurement and contract management

24. The GPAA participated in a procurement process of another organ of state, where treasury regulations 16A were not complied with.

Expenditure management

25. Effective steps were not taken to prevent irregular expenditure, as required by section 38(1)(c)(ii) of the PFMA:

OTHER INFORMATION

26. The GPAA'S accounting officer is responsible for the other information. The other information comprises of the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
27. My opinion on the financial statements and findings on the reported performance information and compliance with legislation does 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. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

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

Financial and performance management

- Implement controls over daily and monthly processing and reconciling transactions
- Review and monitor compliance with legislation

OTHER REPORTS

30. I draw attention to the following matter:

31. At the date of this report, the Public Protector was following up on allegations reported on the national hotline, relating to GPAA. The impact, if any, on the financial statements of the GPAA can only be determined once they have conducted an investigation into these allegations.

32. The investigations that were reported on in the previous year have been finalized in the year under review. The GPAA has implemented recommendations and instituted disciplinary action, where applicable.

Auditor-General

Pretoria

31 July 2017



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

statement of financial position as at 31 March 2017

	Notes	2017 R'000	2016 R'000
Assets			
Current Assets		134,059	159,191
Cash and cash equivalents	8	36,948	17,752
Inventory	7	544	1,127
Trade and other receivables	6	96,567	140,312
Non-Current Assets		367,246	346,969
Property, plant and equipment	4	199,924	206,609
Intangible assets	5	167,322	140,360
TOTAL ASSETS		501,305	506,160
Current Liabilities		108,738	140,607
Trade and other payables	9	74,965	105,122
Provisions	10	33,773	35,485
TOTAL LIABILITIES		108,738	140,607
Net Assets		392,567	365,553
Accumulated surplus		392,567	365,553
TOTAL NET ASSETS AND LIABILITIES		501,305	506,160

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

statement of financial performance for the year ended 31 March 2017

	Notes	2017 R'000	2016 R'000
Revenue		941,671	949,109
Administration fees	2.1	939,605	947,575
Other income	2.2	2,066	1,071
Gain on disposal of property, plant and equipment		-	463
Expenses		914,657	863,499
Personnel remuneration	3	458,618	433,933
Travel and subsistence		20,051	17,905
Depreciation	4	22,038	32,324
Amortisation	5	26,770	1,525
Cleaning services		4,920	4,251
Maintenance and repairs		15,730	7,702
Operating leases		51,035	25,700
Professional services and consulting		116,056	146,890
Audit fees		4,866	3,184
Communication		50,050	46,602
Printing and stationery		20,292	16,465
Advertising		7,621	6,554
Computer services		92,466	99,578
Training and staff development		8,562	8,737
Municipal services		6,626	5,908
Other operating expenses		4,677	5,524
Assets written off	4	4,207	-
Loss on disposal of property, plant and equipment		72	717
SURPLUS FOR THE YEAR		27,014	85,610

statement of changes in net assets for the year ended 31 March 2017

Notes	R'000
	Accumulated Surplus
Balance as at 01 April 2015	279,943
Surplus for the year	85,610
Balance as at 31 March 2016	365,553
Surplus for the year	27,014
Balance as at 31 March 2017	392,567

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
cash flow statement for the year ended 31 March 2017

	Notes	2017 R'000	2016 R'000
Cash flow from operating activities			
Cash generated from operations	11	88,304	98,755
Cash receipts from customers		982,572	876,289
Cash paid to personnel and suppliers		(894,268)	(777,534)
Interest received		2,699	60
Net cash flow from operating activities		91,003	98,815
Net cash flow from investing activities			
		(71,807)	(131,224)
Proceeds from disposal of property, plant and equipment		131	92
Additions to property, plant and equipment		(17,744)	(76,287)
Additions to intangible assets		(54,194)	(55,029)
Net increase/(decrease) in cash and cash equivalents		19,196	(32,409)
Cash and cash equivalents at the beginning of the year		17,752	50,161
Cash and cash equivalent at the end of the year	8	36,948	17,752

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
statement of comparison between budget and actual amounts for the
year ended 31 March 2017

	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
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Receipts										
Administration Fees	1,219,412	1,388,493	(74,634)	(1,963)	1,144,778	1,386,530	939,605	947,575	205,173	438,955
Total Receipts	1,219,412	1,388,493	(74,634)	(1,963)	1,144,778	1,386,530	939,605	947,575	205,173	438,955
Payments										
Personnel and remuneration expenses	485,357	481,705	(7,868)	(23,363)	477,489	458,342	458,618	433,933	18,871	24,409
Operating costs	607,646	785,183	(87,665)	(66,986)	519,981	718,197	409,049	393,714	110,932	324,483
Other expenditure	126,409	121,605	20,899	88,386	147,308	209,991	71,938	119,928	75,370	90,063
Total Payments	1,219,412	1,388,493	(74,634)	(1,963)	1,144,778	1,386,530	939,605	947,575	205,173	438,955
Net receipts / (payments)	-	-	-	-	-	-	-	-	-	-

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
statement of comparison between budget and actual amounts for
the year ended 31 March 2017

VARIANCE AGAINST BUDGET ANALYSYS

Receipts

The GPAA administration fees are determined on cost recovery basis. This arrangement was agreed with GEPF and the National Treasury as the main source of revenue.

The GPAA receives 93% of its budget from GEPF and 7% from National Treasury as administration fees for both GEPF and National Treasury members. There is a variance of R205 million due to savings and under spending.

Payments

The total variance of R205 million (18%) is made up of saving of R99 million and under spending of R106 million:

- Saving of R99 million is mainly due to the following:
 - o Delay in recruitment of personnel due to efficiencies of modernisation not yet known resulted in saving of R18.9 million on compensation of employees;
 - o Back scanning contract resulted in saving of R65 million on consulting and professional fees;
 - o There is a saving of R9.7 million on telephone costs due to the optimisation of the way the telephone calls in GPAA have been serviced by the TELKOM and other cell phone service providers. This included discontinuing certain redundant line rentals;
 - o Cost containment measures introduced by the GPAA on catering and related events has resulted in a saving of R2.3 million on entertainment and catering expenses; and
 - o There is a saving of R2.7 million on travelling, subsistence and accommodation costs due to the reduction in need for travelling between head office and regional offices by using video conferencing for communication between head office and regional offices.

- Under spending of R106 million mainly due to:
 - o Repairs and maintenance underspent by R22.7 million due to late finalisation of tender for maintenance of office buildings. The tender was not finalised by the 31 March 2017;
 - o Training and workshops underspent by R8.4 million due to late finalisation of request for quotation;
 - o Furniture and fittings underspent by R9.6 million due to late finalisation of tender for office furniture;
 - o Security equipment underspent by R13.9 million due to delays in the finalisation of tender for the upgrade of security systems; and
 - o Computer equipment and software under spent by R51 million due to delays in the expansion of GPAA infrastructure.

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).

The GPAA has 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 Practice 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 it 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 it 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, but has referred to them for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 5.

GRAP 109 - Accounting by Principals and Agents

This standard requires the identification of principal-agent arrangements as well as disclosure arising from such arrangements. When an entity is party to a principal-agent arrangement, it applies the principles documented in this Standard to assess whether it is a principal or an agent before applying other Standards of GRAP dealing with the recognition and measurement of revenue, expenses, assets and/or liabilities.

The proposed effective date for entities is 1 April 2017 and it would apply to those arrangements that are in place when the Standard becomes effective.

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 of 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.

Amendments to Standards of GRAP on 'Investment Property' and 'Property, Plant and Equipment' become effective in the current financial year, from 01 April 2016.

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 financial assets that are individually significant, and collectively for financial assets that are not individually significant.

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.

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 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 and funds 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, rental to others, 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 and removing the asset and restoring the site on which it is operated.

Some intangible assets may be contained in or on a physical substance. In determining whether an asset that incorporates both tangible and intangible elements should be treated under the Standard of GRAP on Property, Plant and Equipment (GRAP 17) or Intangible Assets (GRAP 31), the entity uses judgement to assess which element is more significant. 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 are treated as property, plant and equipment.

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 asset's residual value, where applicable to entity.

notes to the annual financial statements for the year ended 31 March 2017

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

The annual depreciation rates were revised at the beginning of the current financial period to reflect the actual pattern of service potential derived from the assets. The annual depreciation is based on the following revised estimated assets useful lives:

CATEGORY OF ASSET	USEFUL LIFE (YEARS)	
	Original Rates	Revised Rates
Computer Equipment	4	8
Furniture & Fittings	6	10
Leasehold Improvements	Lesser of 10 years and lease period.	Lesser of 15 years and lease period.
Office Equipment	6	10
Motor Vehicles	5	7
Tools	6	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 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 impairment not 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 off 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 it is 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.

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.

notes to the annual financial statements for the year ended 31 March 2017

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.

The annual amortisation rates were revised at the beginning of the current financial period to reflect the actual pattern of service potential derived from the assets. The annual amortisation is based on the following revised estimated assets useful lives:

CATEGORY OF INTANGIBLE ASSET	USEFUL LIFE (YEARS)	
	Original Rates	Revised Rates
Computer Software	3	5

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.

1.4 Inventory**1.4.1 Initial recognition and measurement**

Inventories 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.

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.

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.

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.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

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.

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.

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received.

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.

1.10 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (PFMA) or is in contravention of the entity's supply chain management policies. 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.

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

notes to the annual financial statements for the year ended 31 March 2017

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, 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;

The 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 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.

1.16 Budget information

The 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 legally adopted 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.

notes to the annual financial statements for the year ended 31 March 2017

2. Revenue

2.1 Administration fees	2017	2016
	R'000	R'000
GEPF	873,740	885,061
National Treasury (Programme 7)	60,000	56,308
Associated Institutions Pension Fund (AIPF)	5,680	6,007
Temporary Employees Pension Fund (TEPF)	185	199
	<u>939,605</u>	<u>947,575</u>

GPAA manages and administers pensions and related benefits on behalf of the GEPF 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	2017	2016
	R'000	R'000
Commission earned	160	157
Interest received	1,877	882 ¹
Parking fees	29	32
	<u>2,066</u>	<u>1,071</u>

¹Refer to Note 15 for restatement of prior period error.

3. Personnel remuneration

	2017	2016
	R'000	R'000
Remuneration of permanent and contract employees	336,270	307,904
Contributions to the GEPF	28,979	27,333
Other benefits	93,369	98,696
	<u>458,618</u>	<u>433,933</u>

notes to the annual financial statements for the year ended 31 March 2017

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	180,117	26,494	6,330	44,603	13,897	60	33,833	305,334
Gross carrying amount	121,303	26,033	11,271	43,868	13,672	54	84,061	300,262
At beginning of year	4,585	1,337	68	1,591	225	6	9,932	17,744
Additions	-	-	-	462	-	-	-	462
Transfer from Intangibles	59,853	-	-	307	-	-	(60,160)	-
Reallocation from WIP	(2,680)	(14)	(5009)	(405)	-	-	-	(8,108)
Assets written off	(2,944)	(862)	-	(1,220)	-	-	-	(5,026)
Disposals								
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 ¹	(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	118,062	11,566	4,971	25,588	5,881	23	33,833	199,924

¹Refer to **Note 16** for changes in estimated useful lives of assets, effective from 01 April 2016.

4. Property, plant and equipment - 2016

	Computer Equipment	Furniture & Fittings	Leasehold Improvements	Office Equipment	Motor Vehicles	Tools	Capital	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Current year	121,303	26,033	11,271	43,868	13,672	54	84,061	300,262
Gross carrying amount	90,614	20,623	9,798	39,170	13,672	40	52,918	226,835
At beginning of year	10,935	5,219	978	3,210	-	14	56,464	76,820
Additions	(10)	6	-	4	-	-	-	-
Reclassification	23,157	185	495	1,484	-	-	(25,321)	-
Reallocation from WIP	-	-	-	-	-	-	-	-
Assets written off	(3,393)	-	-	-	-	-	-	(3,393)
Disposals								
Accumulated depreciation and impairment	(52,049)	(14,360)	(1,859)	(17,078)	(6,579)	(29)	-	(91,954)
At beginning of year	(35,518)	(11,790)	(847)	(10,862)	(3,964)	(22)	-	(63,003)
Depreciation	(19,904)	(2,570)	(1,012)	(6,216)	(2,615)	(7)	-	(32,324)
Assets written off	-	-	-	-	-	-	-	-
Disposals	3,373	-	-	-	-	-	-	3,373
Provision for assets write off	(1,348)	(33)	-	(310)	-	(8)	-	(1,699)
Net carrying amount	67,906	11,640	9,412	26,480	7,093	17	84,061	206,609

notes to the annual financial statements for the year ended 31 March 2017

5. Intangible assets - 2017

	Computer Software R'000	Other Capital WIP R'000	Internally Generated Computer Software R'000	Capital WIP R'000	Total R'000
Current year					
Gross carrying amount	107,388	924	56,608	39,253	204,173
At beginning of year	11,315	97,396	1,823	39,907	150,441
Additions	63	-	-	54,131	54,194
Reallocation from WIP	96,010	(96,010)	54,785	(54,785)	-
Transfer to PPE	-	(462)	-	-	(462)
Accumulated amortisation and impairment	(27,625)	-	(9,226)	-	(36,851)
At beginning of year	(8,746)	-	(1,335)	-	(10,081)
Amortisation ¹	(18,879)	-	(7,891)	-	(26,770)
Net carrying amount at end of year	79,763	924	47,382	39,253	167,322

¹Refer to **Note 16** for changes in estimated useful lives of assets, effective from 01 April 2016.

5. Intangible assets - 2016

	Computer Software R'000	Other Capital WIP R'000	Internally Generated Computer Software R'000	Capital WIP R'000	Total R'000
Current year					
Gross carrying amount	11,315	97,396	1,823	39,907	150,441
At beginning of year	12,431	77,678	1,823	7,930	99,862
Additions	2,943	21,552	-	31,977	56,472
Reclassification	391	(391)	-	-	-
Transfer to expense	-	(1,443)	-	-	(1,443)
Assets written off	(4,450)	-	-	-	(4,450)
Accumulated amortisation and impairment	(8,746)	-	(1,335)	-	(10,081)
At beginning of year	(11,445)	-	(844)	-	(12,289)
Amortisation	(1,034)	-	(491)	-	(1,525)
Transfer to expense	-	-	-	-	-
Assets written off	3,733	-	-	-	3,733
Net carrying amount at end of year	2,569	97,396	488	39,907	140,360

notes to the annual financial statements for the year ended 31 March 2017

6. Trade and other receivables

	2017 R'000	2016 R'000
Trade and other receivables - gross	97,117	140,714 ¹
Provision for bad debts	<u>(550)</u>	<u>(402)</u>
Trade and other receivables - net	<u>96,567</u>	<u>140,312</u>

¹Refer to **Note 15** for restatement of prior period error.

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

	2017 R'000	2016 R'000
Trade receivables	78,292	118,307
Prepayments	17,274	20,889
Staff debtors	946	558
Other debtors	<u>605</u>	<u>960</u>
	<u>97,117</u>	<u>140,714</u>

Ageing and impairment analysis

	2017 Gross R'000	2017 Impaired R'000	2017 Net R'000	2016 Gross R'000	2016 Impaired R'000	2016 Net R'000
<i>Trade and other receivables</i>						
1 to 30 Days	78,134	-	78,134	117,662	-	117,662
31 to 60 Days	-	-	-	208	-	208
61 to 90 Days	-	-	-	181	-	181
91 to 120 Days	-	-	-	180	(18)	162
Over 120 Days	158	(158)	-	76	(76)	-
Total	<u>78,292</u>	<u>(158)¹</u>	<u>78,134</u>	<u>118,307</u>	<u>(94)¹</u>	<u>118,213</u>

	2017 R'000	2016 R'000
At beginning of the year	(402)	(112)
Additions	(148)	(324)
Reversals	-	34
	<u>(550)¹</u>	<u>(402)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.

notes to the annual financial statements for the year ended 31 March 2017

7. Inventory

	2017	2016
	R'000	R'000
Inventory	544	1,127
Inventory consists of consumables		

8. Cash and cash equivalents

	2017	2016
	R'000	R'000
Cash and cash equivalents consist of:		
Petty cash	18	34
ABSA	9,110	4,875
PMG	27,820	12,843
	<u>36,948</u>	<u>17,752</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.

9. Trade and other payables

	2017	2016
	R'000	R'000
Accounts payable are made up as follows:		
Trade creditors	48,752	52,455
Accruals	24,765	50,726
Operating lease liability	1,105	1,678
Sundry creditors	343	263
	<u>74,965</u>	<u>105,122</u>

Trade Creditors Ageing

	2017	2016
	R'000	R'000
<i>Trade Creditors</i>		
1 to 30 Days	39,902	45,854
31 to 60 Days	8,395	3,602
61 to 90 Days	214	2,564
91 to 120 Days	33	-
Over 120 Days	208	435
	<u>48,752</u>	<u>52,455</u>

9.1 Operating Lease Commitments

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

	2017 R'000	2016 R'000
	75,535	30,820
Payable not later than one year	20,829	9,411
Payable later than one year and not later than five years	54,706	21,409
Payable later than five years	-	-

10. Provisions

	2017 R'000	2016 R'000
Provision for accumulated leave pay	18,249	13,740
Balance at beginning of year	13,740	8,125
Provided	18,249	13,740
Utilised	(13,740)	(8,125)
Provision for bonuses	15,524	21,745
Balance at beginning of year	21,745	12,048
Provided	15,524	21,745
Utilised	(21,745)	(12,048)
Balance at end of period	33,773	35,485

11. Reconciliation of net cash flows from operating activities to surplus for the year

	2017 R'000	2016 R'000
Surplus for the year	27,014	85,610
Add: Non Cash Movements	49,393	50,342
Depreciation and amortisation	48,808	33,849
Decrease in lease smoothing	(573)	(305)
(Decrease)/ Increase provision for assets write off	(1,557)	942
(Decrease)/ Increase in provisions	(1,712)	15,312
Loss on disposal property, plant and equipment	72	254
Assets write off	4,207	-
Increase in provision for doubtful debts	148	290
Add/Deduct: Separately disclosed line items		
Interest received	(1,877)	(882)
Add/(less) changes in working capital	13,774	(36,315)
(Decrease) / Increase in trade payables	(29,584)	35,721
Decrease / (Increase) in trade receivables	42,775	(71,475)
Decrease / (Increase) in inventories	583	(561)
Net Cash Flows from Operating Activities	88,304	98,755

12. Contingent Liabilities

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

13. Commitments

	2017 R'000	2016 R'000
Capital Expenditure	161,065	213,103
Approved and contracted	152,323	212,443
Approved but not yet contracted	8,742	660
Operational Expenditure	344,594	267,264
Approved and contracted	300,096	224,848
Approved but not yet contracted	44,498	42,416
Total Commitments	505,659	480,367

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

Interest income due to GPAA from its PMG account for the period 01 December 2015 to 31 March 2016 was incorrectly paid into the GEPPF PMG account and this income was not accounted for in the financial year ending 31 March 2016. The effect of this prior year error adjustment is as follows:

	2017 R'000	2016 R'000
<i>The comparative amount(s) relating to the Statement of Financial Position have been restated as follows:</i>		
Increase in trade and other receivables	-	822
Net effect on Statement of Financial Position	-	822
<i>The comparative amount(s) relating to the Statement of Financial Performance have been restated as follows:</i>		
Increase in other income	-	822
Net effect on Statement of Financial Performance	-	822
Accumulated Surplus/(Deficit)	-	822
Net Effect on Statement of changes in Net Assets	-	822

16. Change in accounting estimates

During the annual assessment of useful lives of assets, management realised that the pattern of service potential derived from depreciable assets has changed from that in previous periods. These depreciable assets will continue to be depreciated on straight line method; however management decided to change their remaining useful lives to better reflect the pattern of service potential derived from use of these depreciable assets.

notes to the annual financial statements for the year ended 31 March 2017

The effect on the current financial period will be a decrease in depreciation charge as stated below and an equal increase in future periods over the remaining useful lives:

Description	Value derived using the original estimate	Value derived using revised estimate	Value of impact from change in estimate
	R'000	R'000	R'000
Change in depreciation / amortisation resulting from reassessment of useful lives. The following categories are affected:	37,236	17,411	19,825
Computer equipment	22,804	10,207	12,597
Furniture and Fittings	2,843	1,350	1,493
Leasehold Improvements	1,360	549	811
Office Equipment	6,137	3,109	3,028
Motor Vehicles	2,440	1,434	1,006
Computer Software	1,652	762	890

17. Material losses through criminal conduct, irregular, fruitless and wasteful expenditure

17.1 Irregular expenditure	2017 R'000	2016 R'000
Opening balance	33,569	48,350
Irregular expenditure identified in the current year in respect of the current year expenditure	4,911	7,637
Irregular expenditure identified in the current year in respect of prior year expenditure	2,396	1,843
Condoned or written off by relevant authority	(14,561)	(24,261)
Irregular expenditure for condonement	26,315	33,569

Irregular expenditure arose as a result of:

1. Appointment of resources without the relevant delegated authority. This resulted to R1.2m of non-compliance and irregular expenditure being incurred;
2. Procurement of software licenses without any approval. This resulted to R1.2m of irregular expenditure being incurred.
3. Procurement of professional services without any approval. This resulted to R1.3m irregular expenditure being incurred.
4. Procurement of legal services without pricing. This resulted in R2.0m 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.

17.2 Fruitless and wasteful expenditure

	2017	2016
	R'000	R'000
Opening balance	223	-
Fruitless and wasteful expenditure current year	-	365
Assets deployed into use	(89)	-
Transfer to receivables for recovery	-	(142)
Closing balance	134	223

17.3 Losses through criminal conduct

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

18. Financial Risk Management and Financial Instruments

18.1 Categories of Financial Instruments	2017	2016
	R'000	R'000
Current Assets		
Cash and cash equivalents	36,948	17,752
Trade and other receivables ¹	96,567	140,312
	133,515	158,064
Current Liabilities		
Trade and Other payables ¹	74,965	105,122
	74,965	105,122

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

18.2 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:

	2017	2016
	R'000	R'000
Financial Assets¹		
Cash and cash equivalents	36,948	17,752
Trade and other receivables	96,567	140,312
	133,515	158,064

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 8 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.

18.3 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:

	2017	2016
	R'000	R'000
Cash and cash equivalents	36,948	17,752
Loans and Receivables	96,567	140,312
	<u>133,515</u>	<u>158,064</u>

Payables

GPAA is only exposed to liquidity risk with regard to the payment of its payables. These payable 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.

notes to the annual financial statements for the year ended 31 March 2017

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
2017				
Trade and other payables	74,965	-	-	-
	74,965	-	-	-
2016				
Trade and other payables	105,122	-	-	-
	105,122	-	-	-

18.4 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.

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

	2017		2016	
	Fixed rate instruments	Variable rate instruments	Fixed rate instruments	Variable rate instruments
	R'000	R'000	R'000	R'000
Cash and cash equivalents	-	36,948	-	17,752
	-	36,948	-	17,752

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.

notes to the annual financial statements for the year ended 31 March 2017

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 %	2017		2016	
		Upward	Downward	Upward	Downward
		R'000	R'000	R'000	R'000
Prime	1	369	(369)	177	(177)

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.

19. Related Party transactions**19.1 Revenue and Trade Receivables**

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

	Revenue		Net Receivable/ (Payable)	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Government Employees Pension Fund	873,740	885,061	67,729	107,132
National Treasury (Programme 7)	60,000	56,308	4,698	4,920
Associated Institutions Pension Fund	5,680	6,007	5,680	6,007
Temporary Employees Pension Fund	185	199	185	248
	939,605	947,575	78,292	118,307

19.2 Disclosure of Executive Remuneration

Name	Designation	Salary and allowances (R)	Bonus (R)	Total (R)
Sukdev KG	Chief Executive Officer	2,054,457	-	2,054,457
Ferguson CS	Acting Chief Information Officer ¹	907,261	95,282	1,002,543
Kriel HJ	Chief Information Officer ²	225,978	20,951	246,929
Mogale RP	Chief Information Officer ³	100,263	-	100,263
Kemp MJ	Acting Executive: Corporate Services	1,170,674	143,203	1,313,877
Ikaneng BB	Chief Risk Officer	1,130,134	66,052	1,196,186
De Witt E	General Manager: Legal	1,130,078	66,052	1,196,130
Mda P	Acting Chief Financial Officer	1,315,298	61,525	1,376,823
		8,034,143	453,065	8,487,208

¹Appointed: 01 June 2016 to 28 February 2017.

²Resigned: 31 May 2016.

³Appointed: 01 March 2017.

19.3 Audit Committee Members Remuneration

Name	Designation	Audit Committee (R)	Other Services (R)	Total (R)
Matloa OM ¹	Member	131,882	87,084	218,966
Lesejane MJ ²	Member	75,762	11,110	86,872
Amod MAE	Member	109,434	-	109,434
Mangquku LM ³	Member	131,882	67,344	199,226
Badimo AMM ⁴	Member	131,882	347,644	479,526
Francis B ⁵	Member	-	-	-
Furstenburg B ⁶	Member	95,404	-	95,404
		676,246	513,182	1,189,428

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.

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

⁵ The members' contract ended in November 2016 and rendered her services at no fee.

⁶ Appointed: 01 June 2016.



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