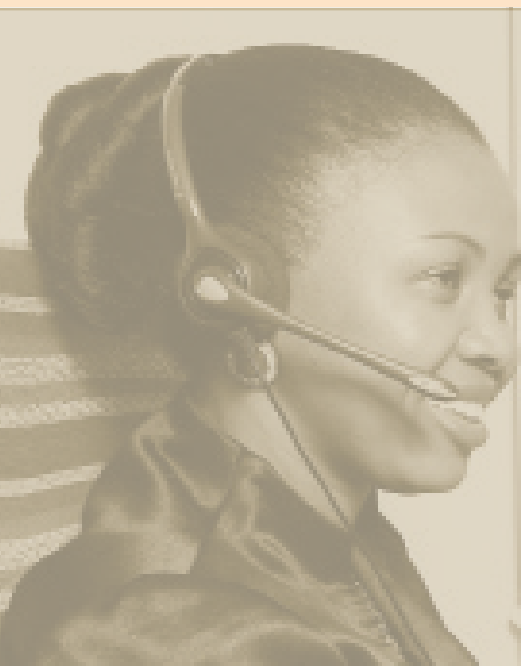


GOVERNMENT PENSIONS ADMINISTRATION AGENCY

ANNUAL REPORT

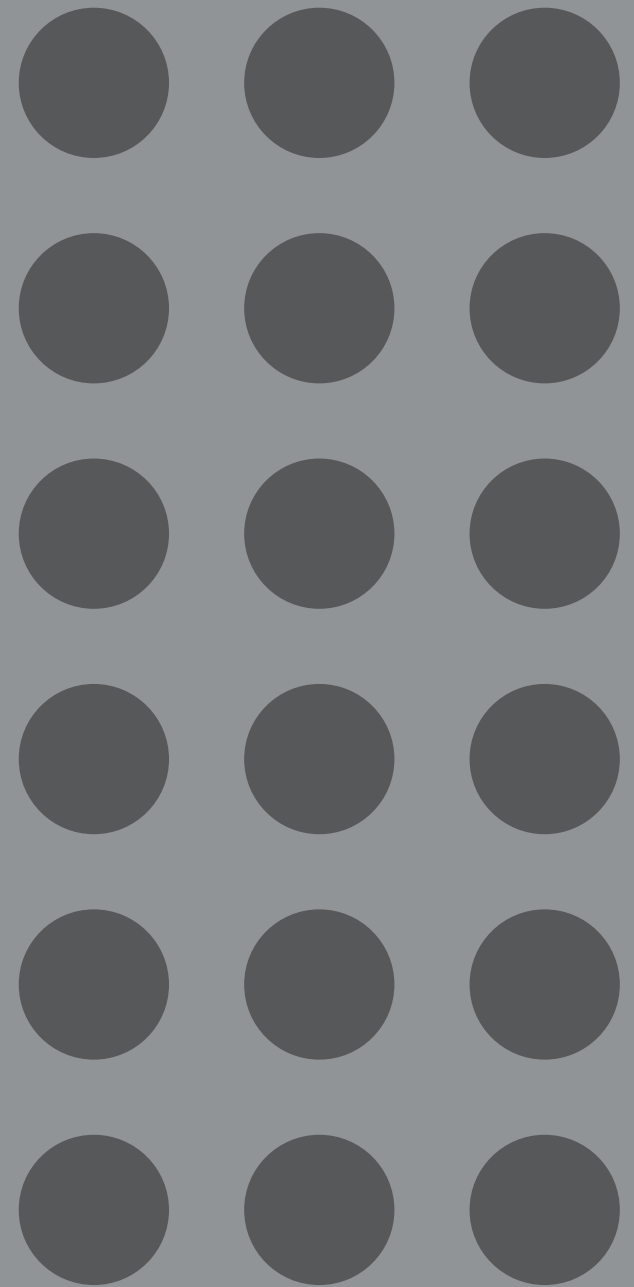
2013/2014



the gpa

Government Pensions Administration Agency
REPUBLIC OF SOUTH AFRICA





GOVERNMENT PENSIONS ADMINISTRATION AGENCY

ANNUAL REPORT 2013/2014

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PART A: GENERAL INFORMATION

“R52 billion in pension contributions was collected from members and participating employers, and exit benefits were paid to 62 771 outgoing public servants.”

1. HIGHLIGHTS OF 2013/14

- The GPAA served 708 employer departments, about 1,8 million members and more than 391 000 pensioners during the year.
- R52 billion in pension contributions was collected from members and participating employers, and exit benefits were paid to 62 771 outgoing public servants.
- By 31 March 2014, as many as 160 government departments were using the eChannel system to submit exit documentation to the GPAA. As a result, the average payment turnaround time has decreased by as much as 75%.
- The Retirement Member Campaign contributed further to faster turnaround times by educating public servants nearing retirement about the correct steps to follow when claiming their benefits.
- Automatic life verification for pensioners was introduced, sparing pensioners the inconvenience of having to complete a manual life verification process each year. Only pensioners living outside South Africa still need to use the manual process.
- Mobile offices were deployed to all nine provinces and satellite sites were established in remote areas, expanding the GPAA's footprint and bringing pension services within the reach of many more members, pensioners and beneficiaries.



2. **STRATEGIC OVERVIEW**

The core business of the GPAA is linked directly to the service level agreements (SLAs) it has with its two main customers, GEPF and National Treasury. Although multiple benefits are administered for the two clients, it has become evident that the processes are similar and in some cases common to one another. Best practice is to unify services in such a way that duplicate processes, procedures and subject information are eradicated. Thus, streamlining core functions and processes will enable the GPAA to become a service-based administrator, in turn leading to cost reduction, better turnaround times, a more pleasant customer experience, less employee frustration in the workplace and, evidently, less room for fraudulent activity.

3.1. **VISION**

To be the leading and preferred fund benefits administrator.

3.2. **MISSION**

To effectively and efficiently administer fund benefits on behalf of our customers and stakeholders.

“The GPAA’s brand promise is to be an administrator of choice that is transparent, innovative and client-centric in meeting its mandate.”

3.3. VALUES

Value	Description
Client focus	Focus on our clients shall be through consultation, setting service standards, increasing access, providing information timeously, ensuring courtesy, transparency and redress.
Commitment	We pledge to create an efficient and well-managed environment for the administration of benefits and funds.
Excellence	Our operational excellence is demonstrated by results that reflect sustained modernisation and improvement over time, improvement in all areas of importance, and performance at a level that is at, or superior to, ‘best in class’ benefit and fund administrators.
Integrity	Our focus on how we put our principles, values and what we believe is right into action.
Interdependence	Our interdependence is the dynamic of being mutually and physically responsible to, and sharing a common set of principles with, all our internal and external clients and stakeholders.
Professionalism	The expert skills, competence and character displayed by GPAA human capital.
Transparency	Our observed degree of clarity, openness, measurability and verifiability in law, regulations, financial management, agreements and/or practice.



3. LEGISLATIVE AND OTHER MANDATES

GPAA has two specific mandates, namely government and legislative.

Legislative mandate

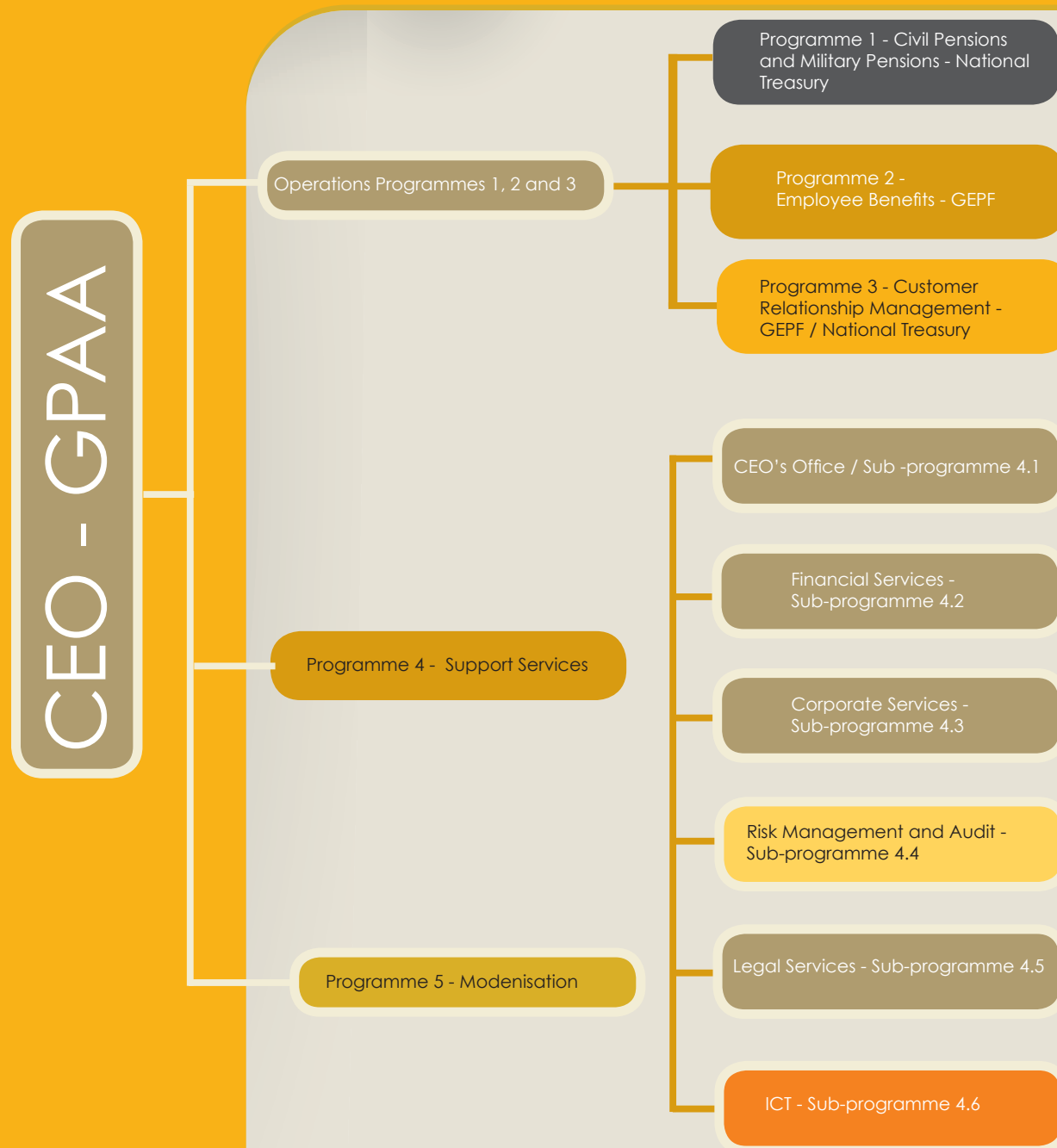
The GPAA is a government component, established in terms of Proclamation 10 of 26 March 2010, promulgated by the President of the Republic of South Africa. The GPAA became effective on 1 April 2010.

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 GPAA's mandate is derived from the overall mandate of GEPF and National Treasury's Programme 7, who are its primary clients. 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).

“Our focus is to constantly improve the quality of service we offer by paying benefits and pensions timeously.”

4. ORGANISATIONAL STRUCTURE

The human resource organogram consists of five programmes, three of which are core business, namely Operations, comprising Programmes one, two and three. The auxiliary divisions of Programme four offer support services and lastly Programme five is structured to manage all modernisation initiatives. The organogram below shows the detailed as-is programme structure of GPAA.





“The advent of democracy has done much to redress the injustices of the past, and the creation of the Government Pension and Administration Agency (GPAA) has helped drive the changes.”

5. FOREWORD BY THE MINISTER

As we celebrate the 20th anniversary of the advent of our democracy, attention will inevitably turn to the many ways in which the lives and prospects of millions of South Africans have changed for the better since 1994. One need only to look at how the administration of government pensions has changed.

Before 1994, service delivery was deeply biased in favour of urban populations, leaving rural communities isolated and marginalised. Discrimination on the grounds of race, gender and other arbitrary criteria was shamelessly applied. Examples of such include the withholding of the pension contributions of striking workers of the former homeland governments and that of pregnant women who were denied maternity leave and forced to resign thereby adversely affecting their pensions. Cumbersome and bureaucratic processes were the order of the day, and the convenience of officialdom triumphed over the needs of citizen, many of whom had chosen personal sacrifice to serve the nation.

The advent of democracy has done much to redress the injustices of the past, and the creation of the Government Pension and Administration Agency (GPAA) has helped drive the changes. The implementation of a Pension Redress Programme, designed to remedy past pension-related injustices is an example of such. Acknowledging the limitations of its existing customer service channels, GPAA has devised creative ways including the use of mobile offices to reach out to under-serviced pensioners, members and beneficiaries in rural areas in all nine provinces. In order to establish eligibility for special or military pension benefits, GPAA is leaving no stone unturned to trace the whereabouts of those who were injured or made other personal sacrifices during the liberation struggle.

Over the past three years, GPAA's efforts to put pensioners, members and beneficiaries first have been expressed through its modernisation drive. The modernisation programme gained significant momentum during 2013/14, resulting in measureable improvements in turnaround times, fewer errors and greater visibility and transparency of business processes. As a result of increased automation, loopholes that could be exploited by those seeking opportunities to commit fraud or corruption are being closed, and such attempts are becoming easier to detect and address. The mammoth task of modernising an organisation that serves approximately 708 employer departments and approximately 1.8 million members and pensioners, cannot be achieved overnight. However, the gains made during the year under review give me good reason to be confident in the increasing capabilities and skills of GPAA.

Much has been achieved and yet much more remains to be done to ensure that the men and women who serve our nation are well looked after when they retire. In this regard, let me thank Mr Goolam Aboobaker who took over the CEO role shortly before the start of the 2013/14 financial year, the management and staff of the GPAA for the improvements made during the past year. The journey continues.



Hon. Nhlanhla Nene
Minister of Finance





“The modernisation programme not only intensified and accelerated, but began delivering concrete results.”

6. REPORT OF THE ACCOUNTING OFFICER

As the administrative arm of the largest pension fund on the African continent, ranking eighth in the category of sovereign pension funds globally, the Government Pensions Administration Agency (GPAA) is an integral part of the South African financial services sector. At the same time, we are a government component that contributes to government's 12 priority outcomes and account to Parliament and the executive. The GPAA is reliant on a budget comprising 93% from GEPF and 7% from the National Treasury and reports to the Minister of Finance.

Although these dual roles are not without their challenges, they are by no means incompatible. With the right mind-set and competencies, the GPAA is well placed to meet its obligations both as a financial services provider and as a government agency responsible for service delivery.

Modernisation that encompasses processes, technology and people is key to our success in delivering the best possible pension administration service. Indeed, since 2011, modernisation has been the central driver of our efforts to become more efficient, effective and customer-centric. The difference in 2013/14 was that the modernisation programme not only intensified and accelerated, but began delivering concrete results. We overcame many of the blockages that had been delaying the roll-out of modernisation projects: key decisions were made about modernisation priorities, tenders were finalised, action plans were implemented and, above all, our stakeholders were regularly consulted and engaged, including our customers and employees.

While much of the modernisation programme is about re-engineering and automating processes and deploying state-of-the-art technology, we have not overlooked the people element. On the contrary, we have placed people at the centre of our efforts.

The reason why we seek to automate benefit payments and related processes is so that our customers can be served quickly, conveniently and efficiently – and with the dignity they deserve after the dedicated service they or their loved ones have given to our country.

Similarly, GPAA believes firmly that it is people – our employees – who will enable the organisation to achieve our vision of becoming the leading and preferred fund benefits administrator. This is why the human capital management strategy of the modernisation drive places such emphasis on developing our employees, offering them meaningful careers and opportunities, and rewarding and recognising them appropriately.

While the modernisation milestones and performance achievements of the GPAA in 2013/14 are extensively covered elsewhere in this report, I would like to briefly mention a few highlights of our quest to improve service delivery to our stakeholders, pensioners and civil servants.

eChannel

This channel is a self-service system that enables employer departments to submit exit documentation online instead of manually. This significantly reduces the turnaround time of payments by saving time and reducing errors. By the end of the financial year, employer departments representing 81% of membership had adopted eChannel.

Retirement Member Campaign

This project entails educating people close to retirement about the processes they need to follow to claim their pension benefits timeously. This campaign also contributed to fewer errors and delays in receiving exit documentation.



To date, it has resulted in a reduction in the turnaround time to process retirements, by almost half.

Mobile offices

Previously, the GPAA's customer service footprint was skewed in favour of metropolitan areas, leaving the rural areas largely underserved. The deployment of mobile offices – offices on wheels – in all nine provinces during 2013/14 has started to narrow the access gap, bringing the same range and quality of services in urban areas to remote rural areas.

Senior Management Service (SMS) organisational structure

The redesign of the entire organisational structure has been completed and the SMS layer of this structure signed off by the Minister of Finance. We are currently awaiting feedback on the SMS layer from the Department of Public Service and Administration.

The new organisational structure has been formed around key modernisation principles, an important one being that the GPAA intends moving from being a product-based organisation to a process-based organisation. It was developed through robust consultation with employees and organised labour.

Strengthening leadership capacity

Vacancies in key leadership positions within the GPAA have hamstrung the organisation's ability to execute strategy. During 2013/14, preparations were made to fill this gap and a number of senior appointments were made. Heads were appointed for Corporate Communication, Risk, Corporate Services and CRM. Also, the appointment of the general manager for Finance and senior manager for Legal Services progressed well.

Overhauling technology from the foundations up

To fully modernise and transform the GPAA's business, a fundamental overhaul of the organisation's technology infrastructure is required. This is the purpose of the Technical Architecture Design (TAD) project, which in 2013/14, after lengthy delays, gained momentum. Unlike the existing legacy mainframe, the new TAD environment will be flexible, adaptable, integrated and services-oriented, enabling the GPAA to respond quickly and nimbly to customer needs and changing business requirements. During the year, we appointed a solutions implementation partner to assist with TAD and expect the benefits of the new technology to be evident in our day-to-day business within 12 to 18 months.

“The new organisational structure was developed through robust consultation with employees and organised labour.”



Conclusion

The year has been a productive one for the GPAA, which took many bold steps in our ongoing modernisation journey. I wish to thank the Minister of Finance, GEPF and the National Treasury for their support and keen interest in our progress. To the executive management team of the GPAA, I express appreciation for your expertise, leadership and commitment to the transformation of the organisation. In addition, I would like to thank the labour leadership. In particular I proffer my gratitude to the Chairperson of and the entire Board of Trustees of GEPF and the Director-General of National Treasury for their support. Finally, I extend my appreciation to each and every employee for your willingness to embrace change and to serve our customers to the very best of your ability.

7. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

- All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General.
- The annual report is complete and accurate and is free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.

- The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgments made in this information.
- Further, the Accounting Officer is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the GPAA for the financial year ended 31 March 2014.

Yours faithfully



Goolam Aboobaker
Chief Executive Officer
Government Pensions Administration Agency

“Our human capital management strategy is about developing our employees, offering them meaningful careers and opportunities, and rewarding and recognising them appropriately.”



PART B: PERFORMANCE INFORMATION

“The GPAA focus is to constantly improve the quality of service offered by paying benefits and pensions timeously, taking into account that the membership of our customer base is broad and spread throughout South Africa, including deep rural areas.”

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) currently performs the necessary 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, with material findings being reported under the Predetermined Objectives heading.

Refer to page 113 of the Report of the Auditor-General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service delivery environment

The GPAA is an agency that provides administration services to GEPF and National Treasury. The provision of services is regulated by Service Level Agreements (SLAs). The funds and schemes that are currently administered by the GPAA are as follows:

- GEPF in terms of the Government Employees Pension (GEP) Law of 1996 on behalf of GEPF's Board of Trustees;
- The Temporary Employees Pension Fund (TEPF) in terms of the Temporary Employees Pension Fund (TEPF) Act 75 of 1979 on behalf of National Treasury's Programme 7;

- The Associated Institutions Pension Fund (AIPF) in terms of the Associated Institutions Pension Fund (AIPF) Act 41 of 1963 on behalf of National Treasury's Programme 7;
- Post-Retirement Medical Subsidies as provided for and regulated by Public Service Coordinating Bargaining Council (PSCBC) resolutions on behalf of National Treasury's Programme 7;
- Military Pensions in terms of the Military Pensions Act 84 of 1976 on behalf of National Treasury's Programme 7;
- Injury on Duty payments in terms of the Compensation for Occupational Injuries and Diseases Act 130 of 1993 on behalf of National Treasury's Programme 7; and
- Special Pensions in terms of the Special Pensions Act 69 of 1996 on behalf of National Treasury's Programme 7.

The GPAA's focus is to constantly improve the quality of service offered by paying benefits and pensions timeously, taking into account that the membership of our customer base is broad and spread throughout South Africa, including deep rural areas. The accessibility strategy of the modernisation programme is allowing for better customer access and experience.



2.2 Service Delivery Improvement Plan

The agency has completed a service delivery improvement plan. The tables below highlight the service delivery plan and the achievements to date.

Main services provided and standards

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Regional Office walk-in centres	Members, pensioners, beneficiaries, employers and stakeholders	Beneficiaries, orphans and spouses	<ul style="list-style-type: none"> Respond to queries on first contact. Escalate unresolved queries Receive, verify, link, scan and index various documents and forward to relevant sections for processing. The client queries and requests will be acknowledged within 48 hours and resolved within seven days 	681 768 pensioners, beneficiaries and active members serviced.
Mobile Offices	Members, pensioners, beneficiaries, employers and stakeholders	Members, pensioners, beneficiaries, employers, stakeholders, orphans and spouses	<ul style="list-style-type: none"> Respond to queries on first contact. Escalate unresolved queries Receive, verify, link, scan and index various documents and forward to relevant sections for processing 	<ul style="list-style-type: none"> Target 80%; actual achievement 100% 355 mobile site visits, 89 741 enquiries dealt with on first contact and 30 772 documents collected
Call Centre	Members, pensioners, beneficiaries, employers, stakeholders	Members, pensioners, beneficiaries, employers, stakeholders and spouses	<ul style="list-style-type: none"> Maintain a service level of 80% of calls queued to be answered 	Target 80%; actual achievement 63%

Consultation arrangements with customers

Type of arrangement	Actual customers	Potential customers	Actual achievements
Client Liason Officer (CLO) visits	Employers and members	New employees	<ul style="list-style-type: none"> 90% of employer departments serviced at local point 97% achieved 11 932 site visits Submitted 67 137 exits for payment
Pre-retirement sessions	Members		252 baseline and 533 sessions conducted
Member inductions	New departmental employees		168 baseline and 195 sessions conducted
Employer training	Employer HR staff		1 444 sessions conducted
Roadshows	Members and pensioners		Two roadshows
Member information sessions	Members		889 sessions conducted

Service delivery access strategy

Access strategy	Actual achievements
Retirement Member Campaign (RMC) campaigns and roadshows	Target six; achieved 10
Mobile visits	355 mobile site visits, 89 741 enquiries dealt with on first contact 30 772 documents collected
Practice notes	One
eChannel access	Target 25% of Z102's submitted via eChannel; achieved 42%
Faxed enquiries received	13 748
Postal enquiries received	93 192
Short message service (SMS) outbound	434 730
Other correspondence to clients (pensioner card, Life Certificates, welcome packs, newsletters, etc)	3 036 803

Service information tool

Types of information tool	Actual achievements
CSI customer satisfaction	Target 60%; achieved 61%

Complaints mechanism

Complaints mechanism	Actual achievements
Presidential Hotline	Target 90%; achieved 96%
Email address for complaints and enquiries	83 446 emails responded to
Head of Department (HOD) enquiries	1 147 enquires resolved



ORGANISATIONAL ENVIRONMENT

Our focus is to constantly improve the quality of service we offer by paying benefits and pensions timeously. Taking into account that the membership of our client base is broad and spread throughout South Africa, including deep rural areas, we have, in the past five years:

- Established provincial offices to increase our national footprint;
- Built relationships with employer departments, thereby encouraging them to submit more accurate documentation expeditiously;
- Embarked on a modernisation journey;
- Built relationships with stakeholders to improve member awareness about the GPAA and its products;
- Introduced the Auto Life Verification system;
- Developed an eChannel for electronic submission of exit documentation, resulting in efficient and timeous benefit payments;
- Established and rolled out the Retirement Member Campaign (RMC), which prepares “retirees to be” for their retirement;
- Embarked on Benefit Payment Automation to reduce payment turnaround times;

- Deployed Mobile Offices, taking administration services to remote areas in our country; and
- After consultation, established an operating model for the Senior Management Structure through Human Capital Management (HCM).

The GPAA’s short-term operational effectiveness and efficiency, stakeholder management and governance were consistent. Therefore the strategic plan was based on the need to realise the following:

- Enhancement of the GPAA’s administrative capacity;
- Modernising of processes and systems;
- Human capital, referring to the enhancement of people competencies and wellness;
- Meeting service levels as per Service Level Agreements (SLAs); and
- Managing the roles and responsibilities of employer departments vis-à-vis the GPAA.

2.3 Key policy developments and legislative changes

The GPAA has developed a number of relevant policies, including an Employee Policy Manual which, in conjunction with the employee’s employment agreement, applicable

legislation, regulations and collective agreements, constitutes the terms and conditions of employment at the GPAA.

The aim and objectives of the combined Employee Policy Manual are to:

- communicate, record and administer approved employment policies;
- assist with the effective management of human resources;
- ensure that all employees are aware of their rights and obligations;
- redress disparities in the workplace;
- create an environment of non-discrimination; and
- ensure the consistent application of discipline and grievances.

3. STRATEGIC OUTCOME-ORIENTED GOALS

Goal 1 - Satisfied customers and clients

Objectives:

- 1.1 To pay benefits accurately and on time;
- 1.2 To reduce unclaimed benefits; and
- 1.3 To improve the customer service experience.

Goal 2 - Mutually beneficial relationships with stakeholders

Objectives:

- 2.1 To have an unmodified external audit opinion with no matters of emphasis;
- 2.2 To address Internal Audit findings;
- 2.3 To have sound financial management and controls;
- 2.4 To have enterprise-wide risk management

(including fraud and corruption and Business Continuity management);

- 2.5 To comply with client SLAs; and
- 2.6 To institutionalise key account management.

Goal 3 - Modernised and efficient administration

Objectives:

- 3.1 To have efficient and well-managed processes; and
- 3.2 To deploy applicable technology to automate processes.

Goal 4 - Satisfied, efficient and effective employees

Objectives:

- 4.1 To have an efficient organisational structure;
- 4.2 To have human capabilities delivering professional and effective administration;
- 4.3 To be an employer of choice; and
- 4.4 To have an appropriate reward and recognition system.

Goal 5 - Mutually beneficial partnerships with employer communities

Objectives:

- 5.1 To have employer departments that are compliant with regard to pensions and other benefit-related matters;
- 5.2 To conclude and manage formalised agreements; and
- 5.3 To have joint member awareness and empowerment programmes.



“Programme 1 paid out pensions and benefits worth over R3.2 billion to approximately 113 800 beneficiaries during 2013/14.”

4. PERFORMANCE INFORMATION BY PROGRAMME 1

Performance Monitoring is a key accountability mechanism for the GPAA to fulfil its constitutional mandate, the PFMA and other public service legislation at large. This mandate includes implementing Administration and Service Level Agreements entered into with the Government Employees Pension Fund and the National Treasury.

4.1 PROGRAMME 1: CIVIL PENSIONS AND MILITARY PENSIONS – NATIONAL TREASURY

Scope of work

In short, Programme 1 administers all benefits that are not employer related. These consist of:

- Post-retirement medical benefits governed by resolutions of the Public Service Coordinating Bargaining Council (PSCBC);
- Military Pensions and benefits for South Africans injured in various wars, including the liberation struggle;
- Special Pensions for people who could not contribute to any pension fund while involved in the liberation struggle;
- Injury on Duty payments to state employees injured while on duty, in terms of the Compensation for Occupational Injuries and Diseases Act; and

- A portfolio of pensions payable to retired presidents, judges, magistrates, former MPs of now-defunct homeland legislatures, political office-bearers' funds and other funds as mandated by parliament.

These funds are administered on behalf of the National Treasury, with whom the GPAA has a Service Level Agreement governing turnaround times, the registration of new members, payments made, errors incurred, over payments and under payments, risks, audit findings, business continuity and financial issues.

Highlights, achievements and challenges

Programme 1 paid out pensions and benefits worth over R3.2 billion to approximately 113 800 beneficiaries during 2013/14. These benefits were paid accurately in 100% of cases and on time in 94% of cases, which was significantly above the targets set for these two activities in 2013/14.

In all, the programme had 15 deliverables for the year and succeeded in meeting or exceeding 14 of these. Of these 14 targets, Programme 1 exceeded 10.

The one unmet target was the application control review target (focusing on testing the robustness of the ICT applications control environment). It should be noted that the audit process started in March 2013 and the audit report was signed off in September 2013, six months into the financial year. In the remaining six months, Programme 1 resolved 75% of the internal audit findings, against the target of 90%, and is on track to resolve the rest within the next three months.

The remainder of this section reports on some of the key projects and initiatives undertaken during 2013/14.

Stakeholder relations

Programme 1 places a premium on building and maintaining sound relations with stakeholders. This enables the unit to improve the quality of the customer experience and helps to spread the word to prospective beneficiaries about benefits for which they could be eligible to apply. Special Pensions are a case in point. During 2013/14, with the help of stakeholder networks, Programme 1 was able to trace a number of beneficiaries who were unaware of their eligibility to apply for a Special Pension.

To strengthen relations with stakeholders, Programme 1 met with key stakeholders for all categories of benefits. For post-retirement medical benefits, these stakeholders are medical aid schemes, retiring public servants and the Department of Public Service and Administration. For Military Pensions and Special Pensions, key stakeholders include the Department of Defence, Department of Military Veterans, Association of Military Veterans` and political parties that were involved in the liberation struggle. The Compensation Commissioner is one of the main stakeholders for Injury on Duty payments. Across all benefit categories, parliament is a key stakeholder for Programme 1.

A trend that continued during 2013/14 was the increase in the number of beneficiaries for Post-retirement Medical Benefits, rising from 77 988 in the previous year to 82 364 in the year under review. By contrast, the client bases for other benefits in the portfolio are on the decrease, owing to mortality rates among beneficiaries and a decline in new applications.

The SOMA injury assessment project

In the case of Military Pensions, this represented a challenge for the programme, specifically in terms of the SOMA project. According to the agreement with the SOMA Risk Management Assessment company, Programme 1 is required to refer a certain number of prospective applicants per year for injury assessment and verification. This can be problematic when

insufficient applicants apply or application information is incomplete. To overcome these challenges, the programme plans to embark on an awareness drive in 2014/15 to inform prospective applicants about the provisions and criteria to access Military Pensions.

Legislative inputs to National Treasury

During 2013/14 the programme drafted two legislative amendments for consideration by the Minister of Finance. These amendments are the Military Pensions Amendment Bill and the Special Pensions Amendment Bill. These bills shall be considered by National Treasury for submission for the 2014 parliamentary sittings.

PROGRAMME 2: EMPLOYEE BENEFITS

Scope of work

Employee Benefits is the engine of the business, taking end-to-end responsibility for admitting GEPF members, maintaining their records, collecting contributions, paying pensions and other benefits, and looking after pensioner maintenance. This includes doing life verification, updating personal and banking details and processing claims for spouses' and orphans' claims.

Highlights, achievements and challenges

Employee Benefits surpassed several previous pension administration milestones in 2013/14. The team reached a five-year high for the number of exit benefits paid, 62 771, and collected a massive R52 billion in contributions. Despite a 20% increase in the member maintenance workload, 100% of all member requests to update personal details were successfully handled.

Good progress was made with the Automatic Life Verification (ALV) process for pensioners, and in implementing the Pension Redress Programme for members unfairly discriminated against in the past. In addition, the programme was instrumental in raising the overall level of knowledge in GPAA about the finer details of the Government Employees



“By the end of 2013/14, eChannel had been adopted by over 160 employer departments that together covered 81% of active members.”

Pension Law – a crucial piece of legislation for all employees. Business Support Services was the inspiration behind the decision to introduce enterprise-wide training in the GEP Law for GPAA employees.

In terms of overall performance, Employee Benefits exceeded five of the eight performance targets set for the year including those for paying benefits accurately and on time. Three targets were not achieved. These were for reducing the budget variance, complying with the enterprise-wide risk management requirements and complying with the Performance Management Plan.

Here is a brief overview of some of the main achievements of the four sub-programmes in Employee Benefits:

- **Membership:** benefit statements were sent out to 16 948 members in 2013/14, contributing to a 20% increase in member requests to update personal details, nominate beneficiaries and the like. As at 31 March 2014, Membership had zero outstanding update requests and was fully up to date.
- **Operations:** 100% of all exit payments were paid accurately, against the target of 80%, and 77% were paid within 60 days, slightly above the target of 75%. The sub-programme paid a record number of exit claims, 62 771, compared to 54 607 in the previous year. In addition, Operations made 4 262 clean-break payments to the spouses of divorcing members and pre-verified more than 138 200 applications under the Pension Redress Programme.

- **Contributions Management:** the sub-programme met all its targets for the year. As at 31 March 2014, only 0.73% of outstanding contributions were still owing. Most significantly, 85% of additional liabilities owing were collected, with R225 million collected in the last quarter of the year alone.
- **Business Support Services:** identity and access management was enhanced, enabling more employer departments to switch to the self-service capabilities of eChannel, the electronic document delivery system. BSS increased its capacity to allow for more efficient release management and improved change management, and provided functional systems training to enhance employee capabilities and knowledge sharing. As mentioned earlier, BSS was the driver behind GPAA-wide training on the GEP Law.

The rest of this section of the report looks at some of the key projects undertaken during 2013/14.

Automatic life verification

GEPF pensioners are experiencing the benefits of the modernisation drive under way at GPAA. Automatic life verification was introduced during the year under review, sparing pensioners the inconvenience of having to complete a manual life verification process each year or risk having their pension benefits suspended.

Using an automated process, Employee Benefits now conducts life verification by referring to the National Population Register. Only in exceptional circumstances is it

still necessary to request a pensioner to follow the manual life verification process.

Automatic verification has reduced life verification errors and contributed to significant cost and time savings as it is no longer necessary to process between 20 000 and 30 000 paper forms every month.

Pension Redress Programme

This programme seeks to remedy past discriminatory practices in the administration of pensions and benefits. It is targeted at three primary groups of people who were previously unfairly denied certain benefits, typically as a result of gender or race discrimination, or because of their employment status.

These three groups are strikers, in the employ of the former homelands, whose pension contributions were suspended for the duration of the strikes; people who were arbitrarily compelled to wait for two to five years before being allowed to make pension contributions, and others, such as pregnant women, who were forced to resign for maternity leave.

During the year under review, Employee Benefits pre-verified 132 228 applications made through the Pension Redress Programme, meaning that these claims were validated as complete and eligible for redress. The next steps are to quantify the liability and submit a proposal to the Public Service Coordinating Bargaining Council.

PROGRAMME 3: CUSTOMER RELATIONSHIP MANAGEMENT

Scope of work

Customer Relationship Management is the first point of contact between the GPAA and its clients, as well as the vehicle for all subsequent interaction. The programme's many touch-points with members, pensioners and beneficiaries include walk-in centres, mobile offices, the Call Centre, roadshows and special campaigns. An innovative online platform, eChannel, is rapidly becoming the main documentation delivery channel from employer departments to GPAA.

Highlights, achievements and challenges

The greatest priority of most members, pensioners and beneficiaries is how quickly and accurately they receive their benefits. For the GPAA, one of the biggest obstacles standing in the way of prompt, correct payment has been the time-consuming, error-prone methods for receiving documentation from employer departments. The advent of eChannel has had a major positive impact on the GPAA's turnaround times as it obviates the need for client liaison officers to collect or courier documents from employer departments and reduces error rates by providing for online validation of documentation.

eChannel was piloted in the previous financial year among seven employer departments before full-scale deployment commenced. By the end of 2013/14, it had been adopted by over 160 employer departments that together covered 81% of active members.

Apart from improving payment turnaround times, the deployment of eChannel is enabling client liaison officers to use their time on more productive, value-adding functions such as building relationships with employer departments and stakeholders, and focusing on employer education, awareness and compliance.

Retirement Member Campaign

Another project that is contributing to fewer errors and delays in receiving exit documentation from employer departments is the Retirement Member Campaign. This is aimed at educating people close to retirement about the processes they need to follow to claim their pension benefits.

When members understand exactly what documents to provide and complete, and when, they are more likely to follow the right processes, provide the correct personal information and even monitor their employer department's progress as well.



“Employer departments are pivotal to the success of the Retirement Member Campaign.”

The Retirement Member Campaign was launched at the South African Police Services in KwaZulu-Natal early in 2013/14, and was then also rolled out in the Eastern Cape, Kimberley and Polokwane to other employer departments. The campaign takes the form of face-to-face information sessions with members approaching retirement, who also receive a DVD and brochure in the official language of their preference.

Employer departments are pivotal to the success of the campaign, as they provide details of employees approaching retirement. Customer Relationship Management engages the Auditor-General, political office bearers and platforms such as the Forum of South African Directors-General to obtain their assistance in encouraging the involvement of employer departments.

Mobile offices

Although the GPAA has 13 regional offices and walk-in centres across South Africa, these are in the major cities. Members, pensioners and beneficiaries in rural areas have not had sufficient access and have therefore been underserved. This started to change in 2013/14 when, following a successful pilot project in Polokwane, the organisation began deploying mobile offices in all nine provinces.

The mobile offices – also known as ‘offices on wheels’ – provide the same range and quality of services as any of the GPAA’s regional offices or walk-in centres. Following routes specifically worked out to reach as many members and pensioners as possible, they visit the most rural parts of each province, typically targeting high-density facilities such as

clinics, hospitals and community centres. With the support of Corporate Communication, mobile office visits are publicised in advance through flyers, radio broadcasts and letters to government offices.

While the GPAA was using rented vehicles as mobile offices in 2013/14, dedicated vehicles will be purchased, equipped and branded in the coming year. This will enable the mobile offices to penetrate rural areas not yet being reached and in so doing, improve GPAA’s ability to trace people eligible for unclaimed benefits.

Call Centre

Owing to the use of outdated technology and downtime in the hosting system used, the call centre did not perform satisfactorily during the year under review. The call centre achieved a service level of only 62% against the target of 80%.

However, the GPAA moved decisively during the year to resolve the problems being experienced. First, the decision was made to acquire new hosting technology and to relocate the Call Centre in April 2014. Once operational, the new technology will have greater call-handling capacity and the functionality to monitor call answering times and call durations.

The hosting system will not have the functionality to perform case management, which would enable Customer Relationship Management to do end-to-end monitoring of each customer’s query or complaint. Fortunately, case

management will be possible when the GPAA's new Technical Design Architecture (TAD) is implemented over the next 18 months.

SUB-PROGRAMME 4.1 - OFFICE OF THE CEO

This office plans, directs and supports the organisation's activities, ensuring that benefits and funds are administered according to the relevant legislation and service level agreements. The business units that report to the CEO's office are Strategy and Policy, Monitoring and Evaluation together with Corporate Communication.

Strategy and Policy

Scope of work

The Strategy and Policy unit facilitates strategic planning within the GPAA and ensures that strategy is aligned with government's outcome 12, the National Development Plan and the GEPF's vision. The unit also facilitates policy formulation and review within the GPAA. A third function is ensuring that GPAA's service level reports are submitted to the National Treasury and the GEPF, and that a quarterly report is prepared for the Minister of Finance.

Highlights, achievements and challenges

The crux of an effective strategy is to have clear and measurable objectives for everyone in the organisation to work towards, along with efficient and credible mechanisms for holding people and units accountable for performance. These were important elements of Strategy and Policy's work during the 2013/14 financial year.

An analysis revealed some shortcomings in the strategic planning process, specifically in the way the predetermined objectives were approached and in the large number of performance indicators used.

Concerning the predetermined objectives, the previous approach was to apply all the objectives to all units, across-the-board. This approach, based on the RACI responsibility

assignment matrix, did not always lend itself to accountability, notably when there was no explicit link between an objective and the work of a unit. For this reason, this methodology was changed in the 2013/14 planning process to make units responsible only for performance in their own areas. A direct result of this change was a 20% improvement in corporate-level performance against the Strategic Plan. Overall, the organisation met 80% of its strategic objectives for 2013/14.

In another strategic planning improvement, the GPAA reduced the number of corporate performance indicators in the 2014/15 Strategic Plan by approximately 60%, down to 22 indicators. This was achieved by strengthening and concentrating the focus on strategic objectives that support modernisation and automation, which are the GPAA's service delivery priorities. The greater focus on strategic deliverables is expected to positively affect overall performance in the coming financial year.

A third important planning change made was to ensure greater alignment between the Annual Performance Plan and employees' individual performance plans. This will promote greater individual accountability and will be achieved through strategic cascading, meaning that managers will be expected to make sure that each team member's performance plan directly supports the Annual Performance Plan. Strategy and Policy will facilitate this process, which will apply to the 2014/15 Annual Performance Plan and individual performance plans.

Finally, the unit enabled a policy review project that saw the GPAA reviewing all policies 'adopted' from the National Treasury, Department of Public Service and Administration and GEPF. The aim was to ensure that all these policies were in line with the GPAA's strategy, legislation and legislative mandate. Areas of policy duplication were removed, as were inconsistencies, and emphasis was placed on incorporating government's cost reduction scheme into the GPAA policies.



“As from April 2014, customers will have a powerful new tool to express their views on GPAA service delivery.”

Monitoring and Evaluation

Scope of work

Monitoring and Evaluation fulfils an oversight role within the GPAA. The sub-programme gathers and analyses feedback from clients and customers, monitors organisational performance, evaluates specific aspects of service delivery, conducts research into best industry practices and monitors the standards to which the GPAA subscribes – such as the Batho Pele principles – to ensure consistency and quality across the business.

Highlights, achievements and challenges

GPAA is serious about delivering services that meet the expectations of its clients and customers. During 2013/14, Monitoring and Evaluation conducted a number of surveys to gather feedback about the quality of the customer experience. These included surveys on customer attitudes towards various innovations brought about through the modernisation programme, such as the deployment of mobile offices in rural parts of all nine provinces. On the whole, customers responded favourably to the advent of these offices on wheels, seeing them as evidence of the GPAA's commitment to making its services more accessible.

As from April 2014, customers will have a powerful new tool to express their views on the GPAA's service delivery. During the year under review, Monitoring and Evaluation made preparations for the installation of feedback devices at walk-in centres and regional offices. Directly after being served, while

the experience is still fresh in their minds, customers will be able to use these devices to comment on the service they have just received.

The unit conducted a survey among Call Centre and Pretoria regional office employees to gain their views as to the best location for the Call Centre and the walk-in centre. The results played a part in the decision to relocate both facilities from Hamilton Street to the Kingsley Centre in Steve Biko Street early in 2014/15.

Another employee study investigated employees' attitudes to the GPAA's employee wellbeing programmes. One of the findings was that employees had concerns about the lack of private spaces at the GPAA offices for counselling sessions. This feedback has been passed on to the relevant section, which has taken action to address employees' concerns about privacy.

Monitoring and Evaluation continually monitored the performance of the GPAA's programmes and the organisation as a whole against the deliverables set in the Annual Performance Plan.

Corporate Communication

The Corporate Communication unit coordinates stakeholder engagement, reputation management and member communication for the GPAA, GEPF and National Treasury's Programme 7. The unit strives to improve the level and quality of stakeholder engagement with provincial leaders

by engaging with them before and after each event, thus encouraging the buy-in of employer departments, unions and other stakeholders.

The following sub-units drive the various communications activities:

Internal Communication

This sub-unit manages the positioning of the organisation among employees, as well as the communication and engagement aspects of the relationship between the employer and employees. This is mainly achieved through electronic newsletters, intranet content, events, internal publications, change management communication, targeted meetings and the management of internal events.

A highlight of the sub-unit's work is its contribution to the empowerment of young girls through the Cell C Take a Girl Child to work initiative, where girls from previously disadvantaged schools shadow senior members of various business units for the day. In addition, the unit assists employees to become involved in social responsibility initiatives. In 2013/14, these included donating and distributing groceries to charitable institutions such as Tshwane Home of Hope and the Hatfield Children's Home. A further noteworthy element is raising awareness of the annual Casual Day celebrations where employees contribute funds from their own pockets to organisations for people with disabilities.

External Communication

This sub-unit promotes and manages the brand positioning of GEPPF, the GPAA and National Treasury through media relations. This is mainly achieved through newsletters, electronic communications, print and broadcast media, roadshows and other external events, and articles placed in the publications of employer departments and trade unions.

Branding and Events Management

A brand is the epitome of the promise an organisation makes to its stakeholders. This promise includes the range of services and products that are offered, and the manner in which the organisation engages with its stakeholders. The GPAA's brand promise to its customers and stakeholders is to be an administrator of choice that is transparent, innovative and client-centric in meeting its mandate. The branding and events management sub-unit is responsible for developing, implementing and managing the brand plans of GEPPF and National Treasury's Programme 7, with the aim of strengthening their respective images and corporate identities.

The sub-unit facilitates various information-sharing sessions for the Customer Relationship Management Programme, thus helping to educate its members, pensioners and beneficiaries about the services and products offered.

It is also responsible for promoting the GPAA's brand positioning and image; thus it is the custodian of the organisation's corporate identity and strives to ensure consistency in all communication and marketing collateral to both internal and external stakeholders.

Marketing Outreach Project

The GPAA embarked on an outreach project as part of modernisation so as to improve client access and engagement in rural areas in all nine provinces. The project established mobile offices and co-location sites in areas where GEPPF members are located.

Outreach is critical in providing services to customers who might not otherwise have access to those services. A key component of outreach is that the agency takes its services to the people instead of expecting the people to come to it. To date, mobile outreach has encompassed all nine provinces, with marketing activations being staged in various



“Since the inception of the GPAA as a government component in 2010, the organisation has received unmodified audit opinions with no matters of emphasis.”

areas with a view to interacting with GEPF members. At these marketing activations, which are implemented mainly in rural areas, members are able to update their personal information and have their queries and complaints attended to on site.

SUB-PROGRAMME 4.2 FINANCE

Scope of work

Reporting to the Chief Financial Officer, Finance is responsible for the unclaimed benefits account, financial reporting, budgeting, supply chain management and investment accounting. The latter focuses on the investments that the Public Investment Corporation manages for GEPF, TEPF and AIPF.

Highlights, achievements and challenges

Since the inception of the GPAA as a government component in 2010, the organisation has received unmodified audit opinions with no matters of emphasis, and 2013/14 was no exception. This track record reflects the attention that Finance continues to pay to good record-keeping, attracting and retaining skilled staff, maintaining effective financial systems and ensuring sound internal controls.

Unclaimed benefits

Finance made a concerted effort to reduce GEPF unclaimed benefits account in the year ended 31 March 2014. Unclaimed benefits refer to benefits not paid within 24 months of a member exiting the public service. There are various reasons for this, the main one being difficulties in tracing former employees because their personal information was incomplete or incorrect.

At the start of the 2013/14 financial year, the opening balance of the account stood at R600 million. This was reduced by 65% during the course of the year. However, these gains were offset by an even greater inflow of new cases. In fact, the value of unclaimed benefits transferred to the account in 2013/14 was 16% higher than in the previous year.

To deal with the influx of new cases, the GPAA has engaged an external service provider that applies non-conventional methods, such as engaging traditional leaders and village chiefs in deep rural areas, to trace beneficiaries.

Managing budget variances

For the past five years, the GPAA has recorded sizeable budget variances owing to under spending by the business units. This was again the case in 2013/14 and, as in previous years, can be attributed to delays in spending funds budgeted for the modernisation programme. The good news is that the year under review saw the GPAA signing a number of modernisation-related contracts. Although not yet spent, the funds were committed at year end, signalling an imminent end to the under spending trend.

SUB-PROGRAMME 4.3: CORPORATE SERVICES

Scope of work

Corporate Services is an enabler of service delivery in the GPAA, ensuring that the operational business units have the human capital and business administration support to process and pay pensions and benefits efficiently and effectively.

In 2013/14, Corporate Services' main function was to provide a conducive work environment for the employees of GPAA, ensure compliance with legislative requirements for human capital, take care of facilities management and manage security services.

From 2014/15, the unit will play a significantly expanded role, also taking responsibility for Human Capital Management, Risk Management and Forensics, Internal Audit, Monitoring and Evaluation, Strategy and Policy, Corporate Communication and Legal Services.

Highlights and achievements

For several years, the high vacancy rate and archaic organisational structure of the GPAA has constrained its ability to move forward decisively on the journey towards becoming the leading and preferred fund benefits administrator. A breakthrough was reached in 2013/14, when the Minister of Finance approved the new organisational structure.

The new structure was developed through robust consultation within the GPAA, not only with senior managers but with employees across the organisation, at all levels. Corporate Services led this consultative effort, in which employees and managers participated fully. The structure is now going through the final stage of approval at the Department of Public Service and Administration.

A key characteristic of the new structure is that it is process-driven as opposed to product-based. For more details, please refer to the Human Capital Management report under Modernisation, which is taking the new organisational structure forward.

Key vacancies filled

The GPAA's leadership capabilities have been substantially enhanced through the filling of key vacancies. Although many of these appointments took place after the end of the financial year, the selection and recruitment processes were completed during 2013/14. The roles concerned included Chief Risk

Officer, General Manager for Corporate Services, Head of Communication, Head of the Call Centre, Head of Internal Audit and Head of Legal Services.

Corporate Services also started the process of recruiting a General Manager for Finance and this will be finalised in 2014/15.

Over and above these senior appointments, the GPAA initiated the process of appointing 25 new Client Liaison Officers, all from the ranks of existing employees. These appointments, to be finalised in the coming year, are part of the organisation's commitment to empowering employees to grow within the GPAA.

Change agents appointed

For the GPAA to succeed as a modern, efficient, values-based organisation, it is vital that employees understand and support the direction we are taking. One of the most effective ways to achieve employee buy-in is through the establishment of the change agent structure. Therefore about 80 change agents were selected to facilitate and advocate for organisational change. To strengthen this structure the Change Management Forum was established.

Automating human resources

As a business enabler, Corporate Services itself must be a role model of efficiency and effectiveness. This includes using modern methodologies and automated processes wherever possible. Good progress was made during the year in preparing for the automation of human resources functions, including the performance management system.

The starting point for automating human capital processes was business process mapping, aimed at analysing work flows, eliminating duplication and documenting and streamlining processes. Business process mapping was completed in 2013/14, paving the way for the automation of processes in the coming year.



Employee wellness

A healthy, productive workforce is a priority for the GPAA, which gives employees opportunities to know more about their health status and to take action when potential problems are identified.

During the year under review, four rounds of health screening were conducted in all regions of the country. The Government Employees Medical Scheme (GEMS) conducted the voluntary sessions, which included screening for blood pressure, cholesterol, blood sugar, body mass index, weight and HIV/AIDS. A total of 498 employees underwent voluntary counselling and testing for HIV/AIDS and those who required further assistance were referred to the external service provider, Careways.

In the future, the Employee Wellness team plans to add tuberculosis (TB) testing to the range of screening services available to employees.

The Employee Assistance Programme (EAP) continued to assist employees experiencing personal problems. This entailed providing counselling services, including trauma counselling. The EAP is considering expanding and improving services to employees by possibly adopting an integrated, all-inclusive approach as opposed to the current month-to-month arrangement with the service provider.

Labour relations

The GPAA is committed to protecting the interests of clients and customers by combating fraud, corruption and misconduct, and taking stringent action against any employee implicated in wrongdoing. During 2013/14, some 16 employees were

dismissed for misconduct involving fraud, an increase of 33% from the previous year. Although this is cause for concern, it also indicates that the GPAA's anti-fraud measures are working and that the policy of zero-tolerance for fraud and other crimes is being applied in practice.

Facilities

Well-designed office space and efficiently functioning facilities are important enablers of productivity and contribute to positive attitudes among employees and visitors. During 2013/14, Facilities oversaw a much-needed programme of office refurbishment and renovations at the head office building in Pretoria and at various regional and satellite office buildings.

This included removing asbestos from certain areas in the head office building, thus mitigating the health and safety risks associated with asbestos. Similarly, the entire drainage system of the head office campus was rehabilitated and a start was made with the renovation of the campus.

To alleviate the lack of parking at head office – a problem that was even affecting road traffic flow outside the building – Facilities identified unused pockets of space on the premises and created an additional 116 parking bays.

Several major renovation and relocation projects are in the pipeline for the 2014/15 year. Among them are the relocation of the Pretoria regional office and the Call Centre. Three regional offices will be relocated to premises better suited to customer service, namely the Johannesburg, Mthatha and Nelspruit offices.

Security

An audit conducted in all regional offices in 2013/14 revealed a need to improve security systems in line with legislative provisions. This led to a security systems upgrade project, which entails installing security booms, gates and X-ray machines. Head office security was upgraded accordingly during the year, and the regional office upgrades are planned for the coming financial year.

SUB-PROGRAMME 4.4: RISK AND AUDIT

Scope of work

Risk and Audit has three key responsibilities. These are to promote a fraud-free environment within the GPAA, to manage enterprise-wide risks and to provide an internal audit service.

Highlights, achievements and challenges

As a financial services provider, the GPAA is potentially exposed to a wide range of risks, and therefore pays close attention to the identification of risk, risk management and mitigation, and risk oversight.

A number of improvements and refinements were made to the risk management environment during 2013/14. In September, the Risk Management Policy, Charter and Framework were reviewed and, where necessary, revised. In an important change, the COSO framework methodology that was previously followed was changed to that of ISO 31000.

Also in September 2014, a formalised risk assessment workshop was held to develop the GPAA's strategic risk profile. Through this exercise, the top 10 risks were identified. The number one risk identified was fraud, corruption, maladministration and theft, followed by the adequacy and availability of ICT systems and then the effectiveness of the ICT governance environment.

The top 10 risks informed the development of the Internal Audit Plan and ensured that Internal Audit's efforts were concentrated on areas of higher risk.

The GPAA risk management committee was reconstituted, and risk registers were continually updated. All risks were continually monitored and aligned with integrated reporting against set performance targets.

Fraud prevention

As mentioned in the risk management section, the top risk confronting the GPAA is fraud, corruption, maladministration and theft, potentially posing a significant risk to the organisation's reputation, assets and service delivery efficiencies.

The GPAA has a comprehensive Fraud Prevention Plan that comprises prevention, detection, investigation and resolution. In line with this plan, the sub-programme conducted workshops, training and induction during 2013/14, addressing topics such as quality management, fraud in general and fraud pertaining to post-retirement medical benefits.

Through various mechanisms, including the fraud hotline run by the GEPPF, 349 new cases of suspected fraud were reported during the year and 214 cases were finalised. There were eight confirmed cases of fraud to the value of R3,1 million and seven criminal cases were registered with the South African Police Service (SAPS).



“For the year ended 31 March 2014, a total of 4 262 clean-break payments were made.”

SUB-PROGRAMME 4.5: LEGAL SERVICES

Scope of work

Legal Services supports service delivery at the GPAA by providing enterprise-wide legal support. This encompasses legal advice on contractual matters, policy development, advising on governance and legal compliance matters and providing secretariat services and support to certain GPAA executive committees. From 2014/15, Legal Services will become part of the Corporate Services family of administrative and business support services.

Highlights, achievements and challenges

Without a doubt, Legal Services' greatest challenge and achievement – for the year was to effectively facilitate the clean-break divorce principle. The clean-break principle means that a former spouse can receive their share of a GEPF member's pension interest shortly after divorce.

Although the principle came into effect in April 2012, it was only in 2013/14 that high volumes of applications started coming in. Apart from managing these volumes, Legal Services had to settle the proper application of this new area of law. Achievements included streamlining administration and reducing backlogs, and developing a complete understanding of the proper application of the legal principles of clean - break.

These efforts paved the way for the payment of thousands of successful applications. For the year ended 31 March 2014, a total of 4 262 clean-break payments were made.

Other important tasks for the year were the development of an organisational compliance framework and the vetting of all major contracts. This safeguards the GPAA against breach of contract by suppliers and ensures that disputes are minimised and services delivered.

SUB-PROGRAMME 4.6: INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

Scope of work

ICT is the backbone of modern pensions administration, providing the technologies that drive efficient benefits payment and enhance the quality of the customer experience. At the GPAA, ICT Services is responsible for day-to-day systems and applications, including ICT support to the business, information security, data centre operations, disaster recovery and business continuity.

Highlights, achievements and challenges

Three key developments stand out as highlights of the GPAA's ICT operations in 2013/14.

First, after a two-year delay, a new service provider was appointed in January 2014 to deliver infrastructure maintenance, support and information security services to the organisation. The transition from the old to the new provider proceeded smoothly and a sound working relationship was quickly established. Service levels of the new provider, whose focus is on a services-based rather than a systems-based approach, are being stringently monitored and managed.

The ICT sub-programme successfully introduced an in-house service desk, consisting of 13 field support specialists, to support the needs of the business. This was a first for the GPAA, which had previously outsourced this function. The benefits of having an in-house service desk include shorter turnaround times and rapid deployment of resources to where they are needed. At a later stage, it is envisaged that the support desk will be extended to other functions such as facilities and asset management.

The third major success for the sub-programme was the upgrading of the data centre from a tier three facility to tier two. The new environment has sufficient resilience to continue running in a power failure, along with the capability to continuously monitor the temperature and humidity of the data centre.

The year was not without challenges for ICT. The most serious was the lack of compliance with disaster recovery requirements set in the Business Continuity Plan, specifically in terms of recovery timeframes and data volumes. Compliance problems are due to the rapid growth of the GPAA's data environment, which has outstripped available data backup capacity. To overcome this, ICT started establishing a hot backup site that replicates the existing site and provides effective protection against data loss.

The lack of operational level agreements (OLAs) between ICT and its internal clients has been another challenge. In an environment where all activities should be monitored and measurable, ICT considers OLAs vital for ensuring that turnaround times and services offered meet the GPAA's business needs. Some headway was made in drafting OLAs during 2013/14.

PROGRAMME 5: MODERNISATION

Scope of work

The task of Modernisation is to transform the GPAA's operations and service delivery by reengineering and automating key business processes, as well as improving staff efficiency and effectiveness through process innovation and Human Capital Management interventions.

Highlights, achievements and challenges

After a slow start marked by delays of two years or more in commencing certain key projects, Modernisation gained unprecedented momentum in 2013/14, particularly in the last four months of the year. This progress started in March and April 2013 when three critical tenders were awarded, including the crucial and long-awaited Technical Architecture Development (TAD) tender, and was consolidated in August and September 2013 when some important modernisation decisions were taken regarding the Call Centre and the implementation of the TAD. These developments have effectively unblocked the modernisation roadmap and enabled the programme to start introducing meaningful changes in the way the GPAA does business and serves customers.

Where face-to-face contact with customers was the norm in traditional pension administration models worldwide, there has been a shift in favour of self-service and outreach to previously underserved areas. Similarly, paper-based and manual processes have given way to automated processes and services.

Changing the face and pace of service delivery

Modernisation made substantial progress with its Business Payment Automation (BPA) project during the year, particularly with eChannel, the electronic 'postbox' system for delivering exit documentation directly from employer departments to the GPAA. The programme also made good headway with Client Liaison Officer (CLO) Optimisation, the deployment of mobile and satellite offices, and the Retirement Member Campaign.

These projects delivered real service delivery results by reducing turnaround times for processing and paying benefits, and vastly increasing GPAA's footprint in all nine provinces. Examples of these successes include:

- Through the eChannel, reducing the average turnaround time from 64 days by up to 75% from the moment a case



“The GPAA’s footprint in all nine provinces was expanded through the Mobile Outreach project and the establishment of satellite sites in remote areas.”

is received to the moment of payment if all documentation is properly submitted by employer departments. This is reflected in the rapid take-up of eChannel at employer departments during the year. In April 2013, approximately 40 government departments, covering about 30% of all GEPF members, were using eChannel. By year-end, this had increased to at least 160 departments with 4 000 users and covering over 81% of GEPF membership.

- The Retirement Member Campaign also contributed to faster turnaround times by educating public servants nearing retirement about the correct steps to follow, resulting in exit documentation being received earlier than before.
- The GPAA’s footprint in all nine provinces was expanded through the Mobile Outreach project and the establishment of satellite sites in remote or underserved areas. Mobile offices were deployed to all provinces in 2013/14 and the procurement of 11 specially customised mobile office units for use from 2014/15 should help consolidate the initiative.
- Through the CLO Optimisation project, the role of CLOs is being upgraded, enabling them to play a greater role in educating and supporting employer departments and key stakeholders. In 2013/14, the role and job description of CLOs were reviewed and steps taken to recruit 25 additional staff members. By the end of March 2013, 23 out of 25 new CLOs were in the process of being appointed.

New era in technology infrastructure

To maintain the impetus of modernisation and to fully transform the GPAA’s business, a fundamental overhaul of the organisation’s technology infrastructure is required. This is the purpose of the Technical Architecture Design (TAD) project, which in 2013/14, after lengthy delays, started to gain some forward momentum.

The context of the TAD project is as follows:

The existing computing backbone of the GPAA is based on a legacy mainframe environment, CIVPEN, which is outdated and cumbersome to operate and/or update. For example, should there be a change in retirement benefits of GEPF members, it literally takes months of painstaking programming to make the changes on the GPAA’s mainframe. The same applies when any other aspect of the business requires system or application changes. This is because the mainframe environment is massively complex, with little or no integration in its different systems and connections.

By contrast, the TAD proposes a service-oriented architecture which is flexible, adaptable, integrated and, above all, is an updatable architecture as opposed to the current mainframe. Changes to any one business component could be made quickly – in hours or days instead of weeks and months – without having to alter the whole system. In other words, the architecture proposed by the TAD would allow for local changes on the system, unlike the current universal changes necessary with CIVPEN.

After a delay of more than two years, in 2013/14 the TAD design was completed, an internal roadmap for implementation was developed and a Solution Implementation Partner was appointed. Furthermore, in the last quarter of the 2013/14 year, the business capability assessment was completed, phase one of the data centre revamp was concluded, and the new mainframe and the Oracle Super-cluster were acquired. This latter system will allow the GPAA to implement the new service-oriented architecture, paving the way for the full implementation of the service-oriented architecture within 24 to 36 months. In the next 12 to 18 months however, the real business benefits of this architecture will become available.

Human Capital Management project (HCM)

Modernisation at the GPAA encompasses processes, technologies and people. The Human Capital Management project focuses on recreating the GPAA as an employer of choice, transforming the organisation's culture, introducing an efficient organisational culture, and building competencies that will enable the business to sustain modernisation.

The main achievements of 2013/14 were developing the Human Capital Management strategy and taking the newly designed organisational structure into the next phases of development.

The HCM strategy spans the entire human resources offering, from recruitment through to exit, and seeks to position the GPAA as a developmental organisation that offers employees meaningful careers and opportunities. The strategy underlines the importance of enhanced employee wellness programmes, talent management and succession planning, and an appropriate reward and recognition structure.

Striving for the optimal structure

The new organisational structure has been formed around key modernisation principles, one being that the GPAA intends moving from being a product-based organisation to a process-based organisation.

By way of example: the existing structure has one programme serving GEPF and another serving the National Treasury. Many of the functions that both perform are identical, benefit payment being just one common denominator. In a process-based organisation, such silos – with their accompanying duplication – do not make sense. The new structure will see the organisational alignment of these separate programmes so that they can focus on creating expertise around processes, such as payments and membership maintenance, and on enhancing the efficiency and effectiveness of those processes.

A crucial step towards a new, process-based structure was taken when the Minister of Finance approved the Senior Management Structure (SMS) encompassing levels 13-16 in the public service hierarchy. Job descriptions were formulated for the SMS layer and the evaluation process was completed, after which the structure was submitted to the Department of Public Service and Administration.

Next, levels one to 12 of the organisational structure will be addressed. This entails defining job descriptions and conducting evaluations to determine grades and roles.

Extensive consultation with employees and organised labour on the new structure has been taking place, and an agreement on the movement of employees from the old to the new structure was signed in March 2013. Labour is a critical stakeholder in the forums created to encourage employee participation in modernisation initiatives, such as the Change Management Forum.

“The Human Capital Management project focuses on recreating the GPAA as an employer of choice.”



PERFORMANCE AGAINST STRATEGIC OBJECTIVES

This section of the annual report gives an overview of the strategic objectives, performance indicators, targets and achievements against the target of each organisational programme in 2013/14.

PROGRAMME 1: CIVIL PENSIONS AND MILITARY PENSIONS, NATIONAL TREASURY

The mandate of Programme 1 is to pay non-contributory pensions funded by National Treasury to the beneficiaries of various public sector bodies in terms of different statutes, collective bargaining agreements and other commitments. The benefits that Programme 1 pays include Injury on Duty payments, Military Pensions, Special Pensions and Post-Retirement Medical Benefits.

Strategic objectives for the financial year under review

- To pay 80% of benefits accurately and on time and within 60 days of receipt at the GPAA;
- To improve the customer service experience: by responding to queries, complaints or requests within two working days; by resolving queries, complaints or requests within seven working days; and by developing a customer satisfaction indicator comprising different criteria;
- To have an unmodified external audit opinion with no matters of emphasis;
- To address internal audit findings by a specified date;
- To have and maintain sound financial management;
- To entrench enterprise-wide risk management by implementing mitigating actions;
- To comply to stakeholder SLAs (National Treasury) by delivering on specified service levels in the National Treasury service level agreement;
- To institutionalise key account management by responding to queries, complaints or requests within two working days and by resolving stakeholder queries, complaints or requests within seven working days;
- To have an appropriate reward and recognition system in place by complying to the corporate employee performance management plan;
- To have compliant employer departments to pensions and other benefit-related matters by training employer department staff; and
- To have joint member awareness and empowerment programmes by conducting joint awareness and empowerment programme initiatives with government departments.

Programme / Sub-programme:						
Strategic objectives	Performance indicator	Baseline (annual) 2012/13	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual achievement for 2013/14	Comment on deviations
1.1) Timeous and accurate payment of benefits	1) Develop measuring methodology (% of benefits paid accurately)	98.8% of benefits were accurately paid	1) 80% benefits paid accurately	1) 100% benefits paid accurately	20% more than planned	Operational controls in place
	2) % of benefits paid within 60 days of receipt at GPAA	95.4% of benefits paid within 60 days of receipt at GPAA	2) 75% of benefits paid within 60 days of receipt at GPAA	2) 94% of benefits paid within 60 days of receipt at GPAA	19% more than planned	Operational controls in place
1.3) To improve customer service experience	5a) % QCR responded to within two days	100% QCR responded to within two days	5a) 80%QCR responded to within two days	5a) 99%QCR responded to within two days	19% more than planned	Programme 1 drive for a client-centric environment
	5b) % QCR resolved within seven days	83.2% QCR resolved within seven days	5b) 70% QCR resolved within seven days	5b) 89%QCR resolved within 2 days	19% more than planned	Programme 1 drive for a client-centric environment
	6) Customer Service Indicator (CSI)	64% Customer Satisfaction Index	6) 60% CSI rating	6) 60% CSI rating	None	CSI indicator was in its infancy during 2013/14
2.1) To have an unmodified external audit opinion with no matters of emphasis	7) % significant audit findings resolved by specified date	No significant audit findings were reported by external auditors	7) 90% significant audit findings resolved by specified date	7) 100% significant audit findings resolved by specified date	10% more than planned	No matter of emphasis was found on the audit findings
2.2) To address internal audit findings	8) % resolution of IA findings	90% resolution of IA findings	8) 90% resolution of IA findings	8) 75% resolution of IA findings	15% less than planned	The final report for System Controls was submitted at the end of September 2013 with 98 findings. 73 of the findings have been resolved and are awaiting assurance from NT Internal Audit. The other findings will be resolved by end of June 2014

2.3) To have sound financial management and controls	9) % budget variance	-4% budget variance	9) ±2% budget variance	9) 0.22% budget variance	1.78% variation	Budget realignment through National Treasury assisted in bringing the surplus down
	10) % of mitigating actions implemented	57% mitigating actions implemented	10) 70% of mitigating actions implemented	10) 67% of mitigating actions implemented	3% less than planned	Control put in place to manage risk
2.(5b) To comply to stakeholder SLAs (NT)	14)% compliance (% compliance to stakeholder SLAs NT)	95% compliance	14) 90% compliance	14) 94% compliance to NT stakeholder SLA	04% more than planned	Close management of the SLA with National Treasury.
	15) days taken to respond	An average of 86% of automated responses forwarded to clients within two hours	15) 1 day taken to respond	15) 1 day taken to respond to stakeholder queries	None	A continued focus on driving a client-centric environment
2.6) To institutionalise key account management	16) Working days to resolve	86% of complaints resolved in five working days	16) 7 working days	16) 3 days taken to resolve complaints	4 days' variance.	Programme 1 drive for a client-centric environment
4.4) To have an appropriate reward and recognition system	22) % level of compliance to the Performance Management Plan	The level of compliance to the Performance Management Plan is satisfactory, i.e. above 50% evaluations: <ul style="list-style-type: none"> • Compliance level above 50% • 52% compliance for evaluations submitted by the due date (31 May 2012). • 0% compliance for payment of incentives by 30 June 2012. • 100% of all evaluation incentives paid and implemented after approval by CEO Agreements: • An overall average compliance rate of 45% for agreements by the due date (31 May 2012) 	22) 70% level of compliance to the Performance Management Plan	22) 95,6% level of compliance to the Performance Management Plan	25,6% more than planned target	A focus on driving performance excellence in the organisation.



5.1) To have compliant employer departments to pensions and other benefit-related matters	23) % of employer departments' staff trained	332 employer sessions presented for 3 123 HR officials (27%)	23) 50% of employer departments' staff trained	23) 50% of employer departments' staff trained	None	A focus on driving performance excellence
5.3) To have joint member awareness and empowerment programmes	25) Number of initiatives	More than three member awareness and empowerment initiatives: <ul style="list-style-type: none"> • 15 roadshows in five provinces, • Four exhibitions, • 58 locations were visited by Mobile Offices, handling an average of 60 to 90 walk-in visitors per day, • 53 HR Forums were conducted, and • Nine HOD meetings were held. 	25) 6 initiatives	25) 8 initiatives	2 initiatives more than planned	A focus on service delivery

Reasons for deviations

- Budget realignment through National Treasury assisted in bringing the surplus down;
- No matter of emphasis was found on the audit findings;
- The final report for ICT Applications System Control Review was submitted at the end of September 2013 with 98 findings. 73 of the findings have been resolved and are awaiting assurance from National Treasury Internal Audit together with GPAA internal Audit. The other findings will be resolved by the end of June 2014;
- During the period under review 100% benefits were paid accurately and 94% of benefits were paid within 60 days of receipt at the GPAA;
- 99% of the queries (QCR) were responded to within two days and 89% of these were resolved within seven days,
- Controls were put in place to manage risk;
- There has been close management of the SLA with National Treasury;
- During the period under review customer satisfaction index (CSI) of 60% was obtained through various access channels,
- The GPAA staff trained 50% of employer departments' staff on pension administration matters to improve payment turnaround time; and
- There were eight outreach and education initiatives aimed at empowering clients on non-contributory government pension matters.

Strategy to overcome areas of under performance

The Programme will develop a plan to address all the areas where under performance was identified. In terms of resolving internal audit findings, the modernisation programme will assist in resolving the remaining findings and the other findings will be resolved within the first quarter of the new financial year.

Changes to planned targets

None.

Sub-programme expenditure

Sub-programme name	2013/14			2012/13		
	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
Programme 1	51 857	44 524	7 333	43 854	44 237	(383)
Total	51 857	44 524	7 333	43 854	44 237	(383)

4.2 PROGRAMME 2: EMPLOYEE BENEFITS – GEPF

This programme's main function is the administration of the employee benefits and to deliver on the administration and service agreements with the GEPF. The sub-programmes are:

- Member Management;
- Contributions Management;
- Operations Management; and
- Business Support Services.

Strategic objectives for the financial year under review

- To pay 80% of benefits accurately and on time *and* within 60 days of receipt at the GPAA.
- To have an unmodified external audit opinion with no matters of emphasis by having 90% of significant audit findings resolved by a specified date.
- To address internal audit findings by having 85% resolution of internal audit findings resolved by a specified date.
- To have sound financial management and controls by controlling the budget within a 2% budget variance.

- To have enterprise-wide risk management, including fraud and corruption and Business Continuity management plans and agendas, in place and by implementing mitigating actions.
- Compliance to stakeholder SLAs with key account management by direct interaction with GEPF's Board of Trustees and its subcommittees.
- To have an appropriate reward and recognition system by complying with the Human Capital Performance Management Plan.

Strategic objectives, performance indicators planned targets and actual achievements

Programme / Sub-programme:						
Strategic objectives	Performance indicator	Baseline (annual) 2012/13	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual achievement for 2013/14	Comment on deviations
2) To pay benefits accurately and on time	1) % benefits paid accurately	Methodology documented and a pilot was conducted on the methodology	1) 80% benefits paid accurately	93% benefits paid accurately	13% more than planned	Operational controls in place
	2) % of benefits paid within 60 days of receipt at GPAA	An average of 78% of benefits were paid in 60 days	2) 75% of benefits paid within 60 days of receipt at GPAA	77% of benefits paid within 60 days of receipt at GPAA	Target exceeded due to overtime worked	Interventions including overtime etc.
2.1) To have an unmodified external audit opinion with no matters of emphasis	7) % significant audit findings resolved by specified date	No significant audit findings were reported by external auditors	7) 90% significant audit findings resolved	100% significant audit findings resolved	10% above the set target.	Constant monitoring
2.2) To address internal audit findings	8) % resolution of IA findings	On average 85% of internal audit findings were resolved for all audits in the previous and current cycles	8) 90% resolution of IA findings	93% resolution of IA findings	3% variance	Constant monitoring
2.3) To have sound financial management and controls	9) % budget variance	The Programme under spent by 17%	9) ±2% budget variance	25% budget variance	23% variance	35% of the under-spending relates to compensation of employees as a result of vacancies not being filled due to restructuring
2.4a) To have enterprise-wide risk management	10) % of mitigating actions implemented	On average 38% of the risks were mitigated	10) 70% mitigating actions implemented	67% mitigating actions implemented	3% variance	None
	13) % compliance	An average of 83% compliance	13) 96% compliance	95% compliance	1% variance	none



<p>4.4) To have an appropriate reward and recognition system</p>	<p>22) % level of compliance to the Performance Management Plan</p>	<p>The level of compliance to the Performance Management Plan is satisfactory, i.e. above 50% evaluations:</p> <ul style="list-style-type: none"> • Compliance level above 50% • 52% compliance for evaluations submitted by the due date (31 May 2012) • 0% compliance for payment of incentives by 30 June 2012 • 100% of all evaluation incentives paid and implemented after approval by CEO <p>Agreements:</p> <ul style="list-style-type: none"> • An overall average compliance rate of 45% for agreements by the due date (3 May 2012) 	<p>22) 70% level of compliance to the Performance Management Plan</p>	<p>100% level of compliance to the Performance Management Plan</p>	<p>30% more than planned</p>	<p>Management has prioritised this area and monitoring has improved.</p>
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Reasons for deviations

- 35% of the under spending relates to compensation of employees as a result of vacancies not being filled due to restructuring.
- During the period under review 93% of the benefits were paid accurately and 77% of benefits paid within 60 days of receipt at the GPAA.
- 100% significant audit findings were resolved and 76% of risk mitigating actions were implemented.
- During the period under review there was 95% compliance to the stakeholder SLA i.e. GEPF.

Strategy to overcome areas of under performance

The following are some of the strategies we will be implementing in the coming year to overcome the under performance in some of our key areas:

- The GPAA will continue to employ contract staff in the short term due to the modernisation activities within the GPAA. This is to avoid retrenching staff in the future as the organisation will need to become leaner given the vast investment in ICT.
- The GPAA is in the process of improving its service to employer departments by introducing electronic submission of claims (using our eChannel functionality). The service was only introduced in 2013 and the vast majority of the employer departments are still adapting to this enhanced service. The GPAA is going the extra mile to support departments in dealing with ICT challenges and infrastructure. The process is in its infancy and we expect in the coming year to reap the fruits of this service, which will eventually result in much-improved payment turnaround times.
- The GPAA has implemented many formal structures to understand, manage and mitigate the new risks that may emanate due to various initiatives.
- The GPAA is working closely with GEPF in managing its SLA. Regular operational meetings will be held to manage services.

Changes to planned targets

None

Sub-programme expenditure

Sub-programme name	2013/14			2012/13		
	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
Programme 2	87 345	67 165	20 179	76 029	62 388	13 641
Total	87 345	67 165	20 179	76 029	62 388	13 641



4.3 PROGRAMME 3: CUSTOMER RELATIONSHIP MANAGEMENT

The purpose of the Programme

The mandate of Programme 3 is to manage the relationships with clients, third parties and employers, by providing high-quality, responsive services. The Programme is also mandated to provide employer education and training, as well as to oversee the document management process to support GPAA's core processes.

Sub-programmes

- Walk-in Centres;
- Call Centre;
- Regional Offices;
- Operational Support Services (OSS); and
- Employee Government Liaison and Service (EGLS).

Strategic objectives for the financial year under review

- To improve the customer service experience in Walk-in Centres, Mobile Offices and the Call Centre:
 - Through an efficient, modernised Call Centre with a service level of 90%;
 - By capacitating Mobile Offices;
 - By empowering Regional Offices to take on more production activities;
 - By affecting shared services at employer offices;
 - By responding to queries, complaints or requests within two working days;
 - By resolving queries, complaints or requests within seven working days;
 - By developing a customer satisfaction indicator;
 - An unmodified external audit opinion with no matters of emphasis; and
 - By resolving 100% of significant audit findings by a specified date.

- To address 85% of internal audit findings by a specified date;
- To have sound financial management and controls and by managing the budget within a 2% variance;
- To have enterprise-wide risk management by implementing mitigating actions;
- To comply to stakeholder SLAs (GEPF) by direct interaction with GEPF, employer departments and pensioners, beneficiaries and members with a 95% compliance to agreed service levels;
- To comply to stakeholder SLAs (National Treasury) by direct interaction with the National Treasury, employer departments and pensioners, beneficiaries and members with a 95% compliance to agreed service levels;
- To institutionalise key account management by responding to 80% of queries or complaints within two working days and resolving 80% of the matters within five working days;
- To have an appropriate reward and recognition system by complying with the Human Capital Performance Management Plan;
- To have compliant employer departments to pension and other benefit-related matters by proactively training employer staff that administer benefit and exit documentation;
- To have concluded and managed formalised agreements with employer departments and by applying practice notes through the Department of Public Service Administration (DPSA);
- To embark on joint member awareness and empowerment programmes with employer departments to ensure benefit management awareness.

Strategic objectives, performance indicators planned targets and actual achievements

	Programme / Sub-programme:					
Strategic objectives	Performance indicator	Baseline (annual) 2012/13	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual achievement for 2013/14	Comment on deviations
1.1) To pay benefits accurately and on time	4) % Service level	77% service level	4.) Call Centre service levels 80%	4) 62% Call Centre service levels	-18% between planned and achieved target	Portal and Cisco downtime as well as ageing technology system
	5a) % responded to within 2 days	An average of 63% responded to within two days	5a) 85% QCR responded to within two days	5a) 100% QCR responded to within two days	15% more than planned	Respond to client queries on first contact on various channels
	5 b) % resolved within 7 days	An average of 94% resolved within seven days	5b) 80% QCR resolved within seven days	5b) 86% QCR resolved within seven days	6% more than planned	None
	6) % CSI	Method developed and CSI of 64% achieved	6) 60% CSI rating	6) 61% CSI rating	1% more than planned	None
2.1) To have an unmodified external audit opinion with no matters of emphasis	7) % significant audit findings resolved by specified date	No audit finding received	7) 90% significant audit findings resolved by specified date	7) 100% significant audit findings resolved by specified date	10% more than planned	No external audit findings



2.2) To address internal audit findings	8) % resolution of IA findings	100% resolution of internal audit findings No new internal audit findings	8) 90% resolution of IA findings	8) 100% resolution of IA findings	10% more than planned	There was a focus on IA findings by the programme
2.3) To have sound financial management and controls	9) % budget variance	8% budget variance	9) 2% budget variance	9) 13% budget variance	11% variation	Due to the vacancies in the Programme. The Programme will embark on a recruitment strategy during the next financial year
	10) % of mitigating actions implemented	41% of top risks mitigated	10) 70% mitigating n actions implemented	10) 62% mitigating n actions implemented	8% less than planned	Await the automation of processes and systems
2.5a) To comply to stakeholder SLAs (GEPF)	13) % compliance with GEPF SLA	83% compliance on average	13) 90% compliance	13) 95% compliance	5% more than planned	None
2.5b) To comply to stakeholder SLAs (NT)	14) % compliance with NT SLA	95% compliance on average	14) 90% compliance with NT SLA	14) 95% compliance with NT SLA	5% more than planned	None
2.6) To institutionalise key account management	15) Days taken to respond	An average of 86% of automated responses were forwarded to clients within two hours	15) 1 day taken to respond	15) 1 day taken to respond	No deviation	Respond to client queries on first contact on various channels
	16) Days resolution to stakeholder QCR	86% of complaints resolved in five working days	16) Seven working days	16) complaints resolved within seven working days	No deviation	None

<p>4.4) To have an appropriate reward and recognition system</p>	<p>22) % level of compliance to the Performance Management Plan</p>	<p>Evaluations: <ul style="list-style-type: none"> • 52% compliance for evaluations submitted by the due date (31 May 2012), • 0% compliance for payment of incentives by 30 June 2012, and • 100% of all evaluation incentives paid and implemented after approval by CEO <p>Agreements: An overall average compliance rate of 45% for agreements by the due date (31 May 2012) 94% submitted to date</p> </p>	<p>22) 70% level of compliance to the Performance Management Plan</p>	<p>22) 100% level of compliance to the Performance Management Plan</p>	<p>30% more than planned</p>	<p>The Programme has prioritised Performance Management Plans</p>
<p>5.1) To have compliant employer departments to pension and other benefit-related matters</p>	<p>23) % of employer department staff trained</p>	<p>31%: 332 employer sessions presented for 3 123 HR officials</p>	<p>23) 50% of employer department staff trained</p>	<p>23) 60% of employer department staff trained</p>	<p>10% more than planned</p>	<p>The eChannel roll-out</p>
<p>5.2) To have concluded and managed formalised agreements with employer departments</p>	<p>24) DPSA – employer departments Practice notes: pension and benefits regulations</p>	<p>1 Practice Note issued. There has been interaction between the DPSA and the GPAA to enforce compliance on this matter</p>	<p>24) 10 formalised agreements to support Benefit Process Automation</p>	<p>24) 227 formalised arrangements to implement eChannel</p>	<p>217 more than planned</p>	<p>More employers than planned expressed interest to use eChannel</p>
<p>5.3) Joint member awareness and empowerment programmes</p>	<p>25) Number of initiatives</p>	<p>More than three member awareness and empowerment initiatives: <ul style="list-style-type: none"> • 15 roadshows in five provinces, • Four exhibitions, • 58 locations were visited by Mobile Offices, assisting an average of 60 to 90 walk-in visitors per day, • 53 HR Forums were conducted, and • Nine HOD meetings were held </p>	<p>25) Six initiatives</p>	<p>25) 10 initiatives</p>	<p>Four more than planned</p>	<p>None</p>



Reasons for deviations

- Provision of telephony services was a challenge including system downtime.
- Await the automation of processes and systems to attain positive risks mitigation.
- 62% Call Centre service level was achieved during the period under review.
- 100% of the queries (QCR) were responded to within two days and 86% were resolved within seven days. The absence of the CRM system was a challenge and this is being addressed though the Modernisation Programme through the Call Centre Upgrade project and the relocation of the Walk-in Call-Centre to Kingsley Centre in Steve Biko Street in Arcadia.
- A customer CSI of 61 was achieved during the period under review. CRM and CM&E worked on plans to install customer feedback devices.
- Stakeholder queries were responded to within one day and 96% were resolved within seven working days.
- During the period under review, 60% of employer department staff was trained on pension matters to improve the payment turnaround time. There was a recruitment drive of 20 more CLOs to improve stakeholder engagement.
- 227 arrangements were formalised to implement eChannel. There were challenges associated with lack of resources and capabilities of ICT systems and this has led to delays in payment in some instances.
- 10 outreach and education initiatives were embarked on. These include the Retirement Member Campaign, pre-retirement briefing sessions, roadshows, mobile offices and employer outreach. The aim of this was to reduce turnaround time and improve customer experience.

Strategy to overcome areas of under performance

The Modernisation Programme will be fully implemented to address under performance. Furthermore, the Call Centre and Walk-in Centre will be moved to Kingsley Centre during the first quarter of the 2014/15 financial year.

Changes to planned targets

None

Sub-programme expenditure

	2013/14			2012/13		
Sub-programme name	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
Programme 3	153 530	137 937	15 592	130 859	120 918	9 941
Total	153 530	137 937	15 592	130 859	120 918	9 941

4.4 PROGRAMME 4.1: CEO'S OFFICE

Strategic objectives for the financial year under review

- To improve customer service experience by issuing objective operations reports on the Customer Satisfaction Survey, Process Performance Report and Payment Process Report, and by establishing and maintaining a GPAA website.
- To have an unmodified external audit opinion with no matters of emphasis and by resolving 90% of significant audit findings by a specified date.
- To address 85% of internal audit findings by a specified date.
- To plan and have sound financial management and controls and by managing the budget within a 2% variance,
- To have enterprise-wide risk management by implementing mitigating actions.
- To comply to stakeholder SLAs (GEPF) by reporting compliance to agreed service levels.
- To comply to stakeholder SLAs (National Treasury) by reporting compliance to agreed service levels.
- To have an appropriate reward and recognition system in place by complying with the Human Capital Performance Management Plan.



Strategic objectives, performance indicators planned targets and actual achievements

Strategic objectives	Programme / Sub-programme:					
	Performance Indicator	Baseline (annual) 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
1.3) To improve customer service experience	1) Customer Satisfaction Survey Report	Method developed and CSI of 64% achieved	1) 1CSS Report (consolidated)	1CSS Report (consolidated)	No deviation	None
	2) Process Performance Report on the payment process	No Baseline	2) Process Performance Reports on the payment process	6 Process Performance Reports on the payment process.	4 reports more than planned.	There were more requests than initially planned.
	3) GPAA Website	Intranet revamped	1) Live GPAA Internet website	Live GPAA Internet website	Live GPAA Internet website	None
2.1) To have an unmodified External Audit opinion with no matters of emphasis	External Reduction 4) Year on year reduction of audit findings	No significant audit findings were reported by external auditors	90% significant external audit findings resolved by specific date	100% significant external audit findings resolved by specific date	10% more than planned.	All findings were reduced/ resolved. 2014/15 APP, Q4 report addressed all findings
2.2) To address internal audit findings	5) Year on year reduction of internal audit findings	No internal audit findings	80% resolution of IA findings by specified date	Achieved as there are no audit findings.	No audit findings	No Internal audit findings
2.3) To have sound financial management and controls	6) % budget variance	37% budget variance	2% budget variance	26% budget variance	24% more than planned.	The under spending is as result of vacancy rate.
	7) % of mitigating actions implemented	38% of risks mitigated	80% of mitigating actions implemented	80% of mitigating actions implemented	None	None

8) % of compliance to National Treasury Dates (MTEF Strategy)	Final Strategy submitted on 18 February 2013 to the Minister and in April 2013 to National Treasury's Planning Lekgotla	95% of compliance to National Treasury Dates	100% of compliance to National Treasury Dates	None	MTEF Approved by CFO and EXCO together with APP and submitted to Parliament
9) Annual Performance Plan	Final Annual Performance Plan submitted on 18 February 2013 to the Minister and in April 2013 to National Treasury's Planning Lekgotla	95% of compliance to National Treasury Dates	100% of compliance to National Treasury Dates	None	APP 2014 -15 final draft has been Approved by EXCO and NT and submitted to Parliament
10) ENE	ENE planning done and submitted to the Department of Finance for consolidation and submission to National Treasury during the second quarter	95% of compliance to National Treasury Dates	100% of compliance to National Treasury Dates	None	ENE develop and approved by CFO, EXCO and NT submitted to Parliament
11) Annual Report	Annual Report was submitted to Parliament on 30 September 2012	95% of compliance to National Treasury Dates	100% of compliance to National Treasury Dates	None	Annual Report 2012/13 has been approved and presented to Parliament
12) Number of Institutional Performance Reports	4 Institutional Performance Reports	4 Institutional Performance Reports	4 Institutional Performance Reports	None	None
13) Number of Evaluation Study Reports	6 Evaluation Study Reports	4 Evaluation Study Reports	8 Evaluation Study Reports	None	None
14) Number of Research Reports	10 Research Reports produced	6 Research Reports	8 Research Reports	None	None
15) Number of approved policies	21 policies were drafted	8 approved policies	6 approved policies	2 less than planned.	Due to the Policy Review and Development Project's interdependency on other units for quality verification
16) Number of Policies reviewed and implemented	42 policies implemented	20 Policies reviewed and implemented	28 Policies reviewed and implemented	Positive deviation	13 Policies have been reviewed in this quarter

17) % Projects managed within scope	75% of projects have been completed within scope	80% Projects managed	85% Projects managed	5% more than planned	None
18) % Projects progress on time	40% of project progress is on time	60% managed on time	65% managed on time	5% more than planned	None
19) % Projects within budget	30% of projects within budget	A variance of 20% per project	A variance of 0% per project	20% above target	Project budget spent as planned
20) Number of SOP developed as per modernization project	80% of SOPs for core processes implemented	20) Project SOPs implemented	100% Project SOPs implemented	No deviation	GPAA service desk processes developed (3 developed as targeted)
21) Number of existing SOPs reviewed	No baseline	21 a) 40 core processes documented (Programme 1,2,3)	168 core processes documented (Programme 1,2,3)	128 more than planned	Processes for more functional areas were documented due to operational requirements.
	No baseline	21 b) 40 supporting processes documented (Programme 4)	361 supporting processes documented (Programme 4)	321 more than planned	Processes for more functional areas were documented due to operational requirements.
	No baseline	21 c) 40 of core processes measured and analysed	148 core processes measured and analysed	108 more than planned	Functional areas were attended beyond target as need aroused.
	No baseline	21 d) 40 supporting processes measured and analysed	84 supporting processes measured and analysed	44 more than planned	Functional areas were attended beyond target as need aroused.
	No baseline	21 e) 40 core processes reviewed	158 core processes reviewed	118 more than planned	Functional areas were attended beyond target as need aroused.
	No baseline	21 f) 40 supporting processes reviewed	391 supporting processes reviewed	351 more than planned	6 functional areas were attended beyond target as need aroused.
22) Number of Internal Communication Publications	52 internal publications	50 Internal Publications	50 Internal Publications	No deviation	10 done during Q4 as need aroused.



23) Number of External Communication Publications	6 External publications	8 External Publications	9 External Publications	1 more than planned	3 done during Q4
24) Corporate Communication and Brand Strategy Plan	No baseline	80% approved Corporate Communication and Brand Strategy plan	80% Approved Corporate Communication and Brand Strategy plan	No deviation	The strategy document has been submitted for signature
25) Minister's Report	30 April 2012	4 Quarter Reports	4 Quarter Reports	No deviation	GPAA submitted a minister report and analysis report to the minister for Q3 on 31 January 2014
26) NT SLA Report	30 April 2012	4 SLA Reports	4 SLA Reports	No deviation	SLA Report (programme 7) Submitted to National Treasury On the 31 January 2014
27) GEPF SLA Report	30 April 2012	4 SLA Reports	4 SLA Reports	No deviation	Submitted to GEPF with EXCO to EXCO meeting on 31 January 2014
28) Number of BC Exercises	Business Continuity Plan implemented: • Two Disaster Recovery site exercises conducted, and • Two Business Continuity Desktop exercises conducted	4 Exercises	6 Exercises	2 more than planned	None
29) Number of member awareness and empowerment initiatives	More than three member awareness and empowerment initiatives: • 15 roadshows in five provinces, • Four exhibitions, • 58 locations were visited by Mobile Offices, assisting an average of 60 to 90 walk-in visitors per day, • 53 HR Forums were conducted, and • Nine HOD meetings were held	6 Road shows in six provinces 3 exhibitions	13 Road shows 3 exhibitions	7 more than planned	none



Reasons for deviations

- Only six policies were approved due to the Policy Review and Development Project's interdependency on other units for quality verification.
- A number of monitoring and evaluation feedback initiatives were embarked on, including installation of Customer Feedback Devices at the Regional Offices.
- Various strategies were introduced to improve performance. These included the introduction of Performance Reviews, regular feedback to EXCO and implementation of an automated Monitoring and Evaluation system which is user friendly.
- The Draft Communication Strategy was produced. The GPAA website was designed and finalised; what remains is switching on the website to go live.
- These initiatives have strengthened stakeholder engagement and client relationships, which are necessary for effective pension administration.
- A number of projects were well managed under the Programme Management Office, which led to improved client and employee experience. These included renovations of the E-block which accommodates Modernisation, relocation of Walk-in and Call Centres, improved ablution facilities and packing space for both clients and employees. Some Regional Offices were revamped.

Strategy to overcome areas of under performance

Policies will be completed and presented to a policy steering committee prior to being adopted by EXCO for implementation. The Draft Communication Strategy was produced. The GPAA website was designed and finalised; what remains is switching on the website to go live. Budgets will be revisited in the next financial year to include only items within the business unit's span of control.

Changes to planned targets

None

Sub-programme expenditure

Sub-programme name	2013/14			2012/13		
	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
Programme 4.1	61 278	47 119	14 159	65 391	41 199	24 192
Total	61 278	47 119	14 159	65 391	41 199	24 192

4.5 PROGRAMME 4.2: FINANCE

The mandate of Programme 4.2 is to manage the financial resources of GPAA, to ensure that financial policies are adhered to, do financial record keeping according to an appropriate framework, and prepare financial statements of the organisation.

Sub-programmes:

- Supply Chain Management
- Budgeting
- Corporate Finance

Strategic objectives for the financial year under review

- Timeous and accurate payments of benefits by tracing beneficiaries of unclaimed benefits, concluding 90% of tenders within 120 days and paying 90% of supplier invoices within 30 days of receipt in the finance office.
- To have an unmodified external audit opinion with no matters of emphasis and by resolving 90% of significant audit findings by a specified date.
- To address 85% of internal audit findings by a specified date.
- To plan and have sound financial management and controls and by managing the budget within a 2% variance.
- To have enterprise-wide risk management by implementing mitigating actions.
- To comply to stakeholder SLAs (GEPF) by reporting compliance to agreed service levels.
- To have an appropriate reward and recognition system by complying with the Human Capital Performance Management Plan.



Strategic objectives, performance indicators planned targets and actual achievements

Programme / Sub-programme:						
Strategic objectives	Performance Indicator	Baseline (annual) 2012/13	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual achievement for 2013/14	Comment on deviations
1.1 Timeous and accurate payments of benefits	4a) % of cases in the unclaimed account successfully traced and paid	Internal tracking mechanisms were implemented and unclaimed benefits were reduced by 18%	4a) 30% cases in the unclaimed account successfully traced and paid	4a) 3% cases in the unclaimed account successfully traced and paid	27% less than achieved	67% of the current year opening balance has been re-issued as compared to 50% in the previous year. R784 million in benefits were transferred to unclaimed benefits in the current year as compared to the R662 million in the previous year, 16% more than the previous year.
	4b) % tenders concluded within 120 days	No baseline	4b) 90% tenders concluded within 120 days	4b) 96% tenders concluded within 120 days	6% more than planned	None
	4c) % of invoices paid within 30 days after receiving signed-off invoices	No baseline	4c) 90% invoices paid within 30 days after receiving signed-off invoices	4c) 90% invoices paid within 30 days after receiving signed-off invoices	None	None
2.1 An unmodified external audit opinion with no matters of emphasis	7) % significant audit findings resolved by specified date	100% audit findings resolved	7) 100% significant audit findings resolved by specified date	7) 100% significant audit findings resolved by specified date	None	None
2.2 Addressed internal audit findings	8) % resolution of IA findings	100% resolution of IA findings	8) 90% resolution of IA finding by specified date	8) 100% resolution of IA findings by specified date	10% variance	None

2.3 Sound financial management and controls	9) % budget variance	2% variance for Programme 4.2	9) 2% budget variance	9) 22% budget variance	20% more than planned (negative deviation)	Under spending relates to compensation of employees as a result of vacancies not being filled due to restructuring. Delays associated with supply chain process. Unfilled positions. Appointment of the new service provider by ICT
2.4 Enterprise-wide risk management (including fraud and corruption and Business Continuity management)	10) % top risks mitigated	25% of risks mitigated	10) 70% financial risks mitigating actions Implemented	10) 67% financial risks mitigating actions Implemented	3% more than planned	None
	13) % compliance to GEPF SLA performance requirements	83% compliance	13) 97% compliance to GEPF SLA	13) 98% compliance to GEPF SLA	1% more than planned	None
4.4 To have an appropriate reward and recognition system	22) % level of compliance to the Performance Management Plan	Evaluations: • 52% compliance for evaluations submitted by the due date (31 May 2012) • 0% compliance for payment of incentives by 30 June 2012, and • 100% of all evaluation incentives paid and implemented after approval by CEO Agreements: • An overall average compliance rate of 45% for agreements by the due date (31 May 2012) • 94% submitted to date	22) 70% level of compliance to the Performance Management Plan	99.5% level of compliance to the Performance Management Plan	29,5% more than planned	This area was prioritised by the Programme

Reasons for deviations

- Although only 3% cases were successfully traced and paid in the unclaimed benefit account, intervention initiatives were introduced to increase these in the 2014/15 financial year.
- 96% of the tenders were concluded within 120 days as required by National treasury Regulations.

- The GPAA has managed to pay 90% of invoices within 30 days after receiving signed-off invoices as was directed by the President and the Cabinet.
- There was a 22% budget variance due to under spending by most of the Programmes and Sub-programmes.

Strategy to overcome areas of under performance

A number of controls and measures were put in place to address under performance. These include quarterly variance reports sent to Programmes and Sub-programmes.

Changes to planned targets

None.

Sub-programme expenditure

Sub-programme Name	2013/14			2012/13		
	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
Programme 4.2	53 576	42 350	11 226	39 841	39 067	774
Total	53 576	42 350	11 226	39 841	39 067	774

4.6 PROGRAMME 4.3: CORPORATE SERVICES

Sub-Programme 4.3 is mandated with management, coordination and oversight of all management support and human resource services within the organisation. It has the ultimate responsibility of providing a conducive work environment for GPAA employees in order to promote optimum service.

Sub-programmes:

- Human Resources; and
- Facilities Management.

Strategic objectives for the financial year under review

- To have an unmodified external audit opinion with no matters of emphasis and by resolving 90% of significant audit findings by a specified date.
- To address 85% of internal audit findings by a specified date.
- To plan and have sound financial management and controls and by managing the budget within a 2% variance.
- To have enterprise-wide risk management by implementing mitigating actions.
- To have a structure which is aligned to automated processes and modernised structures with human resource placements done according to an approved placement protocol; this may take place within a re-skilling process.
- To have human capabilities delivering professional and effective administration by developing human capability through enhancement programmes, executive development programmes, management development programmes and personal development programmes.
- To be an employer of choice by having human capabilities and satisfied employees delivering professional and effective administration.
- To have an appropriate reward and recognition system by developing an appropriate reward and recognition system and implementing a formal Performance Management Plan.



Strategic objectives, performance indicators planned targets and actual achievements

	Programme / Sub-programme:					
Strategic objectives	Performance indicator	Baseline (annual) 2012/13	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual achievement for 2013/14	Comment on deviations
2.1) An unmodified external audit opinion with no matters of emphasis	7) % significant audit findings resolved by specified date	Audit findings resolved	90% significant audit findings resolved by specified date	80% significant audit findings resolved by specified date	10% less than planned	Findings from previous year systems in place to resolve matters
2.2) Addressed Internal Audit findings	8) % resolution of IA findings	64% resolved	90% resolution of IA findings	100% resolution of IA findings	10% more than planned	None
2.3) Sound financial management and controls	9) % budget variance	30% variance	2% budget variance	20% budget variance	18% more than planned (negative deviation)	Delays associated with outstanding invoices, procurement processes still to be finalised
2.4) Enterprise-wide risk management (including fraud and corruption and Business Continuity management)	10) % of mitigating actions implemented	91% of risks mitigated	70% of mitigating actions implemented	70% of mitigating actions implemented	No deviation	More effort put on addressing actions on the risk registers
Structure aligned to automated processes	19) Approved placement protocol	No baseline	20% of structure aligned to automated Processes	99% of structure aligned to automated Processes	79% more than planned	Delays due to necessary consultation processes

To have human capabilities delivering professional and effective administration	20) Develop capability enhancement programmes	More than two development programmes implemented: • 171 employees trained in OMS, • 90% compliance to the Bursary Policy, and • 80% compliance to the Workplace Skills Plan	3 EDP enrolments	3EDP enrolments	No deviation	None
			15 MDP enrolments	27 MDP enrolments	12 more than planned	Only six were enrolled during Q4, other managers registered for other bursary courses. 21 were enrolled during Q1 and six during Q4. Managers registered for other bursary courses.
			65% PDP training complete	85% PDP training complete. 926 out of 1092 workforce was trained	20% more than planned	More focus on PDPs
To be an employer of choice	21) % Programme. Employee Satisfaction	74% Wellness Index rating	47% Programme Employee Satisfaction	49% Programme Employee Satisfaction	2% more than planned	None
To have an appropriate reward and recognition system	22) % level of compliance to the performance Management Plan	Evaluations: • 52% compliance for evaluations submitted by the due date (31 May 2012), • 0% compliance for payment of incentives by 30 June 2012, and • 100% of all evaluation incentives paid and implemented after approval by CEO Agreements: • An overall average compliance rate of 45% for agreements by the due date (31 May 2012), • 94% submitted to date	70% level of compliance to the Performance Management Plan	91% level of compliance to the Performance Management Plan	21% more than planned	The unit has gone the extra mile to ensure that documentation is submitted by the due dates.

Reasons for deviations

- Substantial progress has been made in the development of an organisational structure aligned to automated processes. The SMS structure has been approved by the Minister and the draft non-SMS structure has been consulted and is awaiting EXCO approval.
- Employees have been enrolled in a number of Executive and Middle Management Programme Development Programme (three EDP enrolments and 27 MDP enrolments) to improve human capital input for service improvement. In addition, 54% PDP training plan was complete during the period under review; this area will receive more attention in the next financial year and integrated performance management will be implemented.
- A culture survey was conducted to establish to what extent GPAA is an employer of choice, and a performance of 49% was achieved and improvement plans were developed and are being implemented to improve on this area.
- Performance management has also improved and compliance is at 77%.

Strategy to overcome areas of under performance

The Programme is planning to implement integrated performance management i.e. to link organisational performance and individual performance. Training needs identified in the Performance Agreements and new operational requirements will be used as the basis for staff development.

Changes to planned targets

None.

Sub-programme expenditure

Sub-programme name	2013/14			2012/13		
	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
Programme 4.3	102 353	87 288	15 065	99 096	69 400	29 695
Total	102 353	87 288	15 065	99 096	69 400	29 695

SUB-PROGRAMME 4.4: RISK AND AUDIT

Risk and Fraud Prevention has three key responsibilities. These are to promote a fraud-free environment within the GPAA, to manage enterprise-wide risks and to provide an internal audit service.

Strategic objectives for the financial year under review

- To have an unmodified external audit opinion with no matters of emphasis and by resolving 90% of significant audit findings by a specified date.
- To address 85% of internal audit findings by a specified date.
- To plan and have sound financial management and controls and by managing the budget within a 2% variance.
- To combat fraudulent activities by means of the implementation of the Fraud Prevention Plan and the capacitating of the Fraud Prevention and Forensics Unit in conjunction with other entities in the public service.
- To have enterprise-wide risk management by implementing mitigating actions and divisional risk management through the implementation of the Barn-Owl risk management system and the risk management plan.
- To comply to stakeholder SLAs by meeting the specified service levels in GEPF and National Treasury service level agreements.
- To have an appropriate reward and recognition system by complying with the Human Capital Performance Management Plan.
- To have joint member awareness and empowerment programmes by implementing joint member fraud awareness and whistle-blowing programmes.
- The number of open fraud cases was low due to the lack of capacity. Efforts were made to increase capacity and a service provider will be procured to assist with the reduction of backlogs.
- Systems were put in place to strengthen risk management. The risk management commitment was appointed and an external chairperson leads the committee.



Strategic objectives, performance indicators planned targets and actual achievements

Strategic objectives	Programme / Sub-programme:					
	Performance indicator	Baseline (annual) 2012/13	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual achievement for 2013/14	Comment on deviations
2.1) Implement the Internal Audit Coverage Plan	7 a) % significant audit findings resolved by specified date	No audit findings	7a) 100% significant audit findings resolved by specified date.	7a) 100% significant audit findings resolved by specified date.	No deviation	None
	7 b) % follow-up audit	No baseline	7b) 90% follow-up audits	7b) 80% follow-up audits	10% less than planned	None
	7 c) % of risk based audit	No baseline	7c) 95% of risk based audit	7c) 95% of risk based audit	No deviation	None
2.2) Follow up of external audit findings	8) % resolution of IA findings	53% of audit findings were implemented (followed up from 2010/11)	8) 90% resolution of IA findings	8) No audit findings	No deviation	None
2.3) Sound financial management and controls	9) % budget variance	24.4% budget variance	9) 2% budget variance	9) 26% budget variance	24% more than planned (Negative deviation)	Vacancy rate: Managers and Senior Managers positions to be filled in 2014/15
2.4) Divisional Risk Management	10) % of top risks mitigated	45% of risks mitigated	10) 70% of top risk mitigated	10) 50% of top risk mitigated	4% less than planned.	Mitigating actions to address high risks have been implemented
	11) % reduction of open cases	30% of cases reduced	11) 60% reduction of open cases	11) 18% reduction of open cases	42% less than planned	Human capacity does not match increasing work (1:198). Plans are afoot to capacitate the section to reduce the backlog of cases

2.5)To comply to stakeholder SLA's	13) % compliance	83% compliance	13) 96% compliance	13) 95% compliance	1% less than planned	Number of cases received for investigation: 925, carried over from 31 December 2013. 136 cases were received during this quarter, of which 127 are under investigation and 9 were received from the fraud hotline. The closing balance for this quarter: 993. A total of R283 289.56 has been re-issued to one rightful beneficiary. No cases of confirmed fraud have been received. No cases were reported to SAPS. Activities are ongoing.
2.5) To comply to stakeholder SLAs	14) % compliance	95% compliance	14) 96% compliance	14) 94% compliance	2% less than planned	Activities are ongoing

<p>4.4) To have an appropriate reward and recognition system</p>	<p>22) % level of compliance to the Performance Management Plan</p>	<p>Evaluations: <ul style="list-style-type: none"> • 52% compliance for evaluations submitted by due date (31 May 2012), • 0% compliance for payment of incentives by 30 June 2012, and • 100% of all evaluation incentives paid and implemented after approval by CEO Agreements: <ul style="list-style-type: none"> • An overall average compliance rate of 45% for agreements by the due date (31 May 2012), and • 94% submitted to date </p>	<p>22) 70% level of compliance to the Performance Management Plan</p>	<p>98.1% level of compliance to the Performance Management Plan</p>	<p>28.1% more than planned</p>	<p>There was monitoring and management involvement</p>
<p>5.3) Joint member awareness and empowerment programmes</p>	<p>25) Number of initiatives</p>	<p>No baseline</p>	<p>25) 6 initiatives</p>	<p>25) 22 initiatives</p>	<p>16 more than planned</p>	<p>More focus on this area</p>

Strategy to overcome areas of under performance

Fraud prevention strategies will be implemented. There will be separation of duties for various functions and capacity to reduce the cases will be built. The Sub-programme will facilitate the case management system, which will ensure that only fraudulent cases are investigated not complaints or disputes.

Changes to planned targets

None.

Sub-programme expenditure

	2013/14			2013/13		
Sub-programme name	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
Programme 4.4	22 625	17 159	5 466	19 771	14 967	4 804
Total	22 625	17 159	5 466	19 771	14 967	4 804

4.7 PROGRAMME 4.5: LEGAL SERVICES

Sub-programme 4.5 has the mandate to provide an enterprise-wide legal service. It has the responsibility to provide a full and comprehensive legal support and advisory service in all areas of business.

Sub-programmes:

- Corporate Legal; and
- Special Projects.

Strategic objectives for the financial year under review

- To contribute towards paying 80% of benefits accurately and on time and within 60 days of receipt at the GPAA by giving legal opinions within five working days.
- To improve the customer service experience by responding to queries, complaints or requests within two working days, by resolving queries, complaints or requests within seven working days, and by developing a legal administration database.

- To have an unmodified external audit opinion with no matters of emphasis and by resolving 90% significant audit findings by a specified date.
- To address 85% of internal audit findings by a specified date.
- To plan and have sound financial management and controls and by managing the budget within a 2% variance.
- To have enterprise-wide risk management by implementing mitigating actions.
- To comply to stakeholder SLAs by meeting the specified service levels in GEPF service level and administration agreements.

Strategic objectives, performance indicators planned targets and actual achievements

	Programme / Sub-programme:					
Strategic objectives	Performance indicator	Baseline (annual) 2012/13	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual achievement for 2013/14	Comment on deviations
1.1) To pay benefits accurately and on time	2 a) Days taken for legal responses	No baseline	Legal responses within two working days	Legal responses within eight working days	6 days more than planned (negative deviation)	Positive variation. Additional staff. Strict management control.
	2 b) Days taken for legal opinions	No baseline	Legal opinions within five working days	Legal opinions within 18 working days	13 days more than planned (negative deviation)	Positive variation. Additional staff. Strict management control.
1.3) To improve the customer experience	5a) % responded within 2 days	No baseline	85% responded to within two days	89% responded to within two days	4% more than planned	Positive variation. Additional staff. Strict management control.
	5 b) % resolved within 7 days	No baseline	95% resolved within two days	97% resolved within seven days	2% more than planned	Positive variation. Additional staff. Strict management control.
2.3) Sound financial management and controls	9) % budget variance	40% variance	2% budget variance	25% budget variance	23% more than planned (negative deviation)	Vacancies high and a budget for legal may vary due to the uncertain nature of legal cases

2.4) Enterprise-wide risk management (including fraud and corruption and Business Continuity management)	10) % top risks mitigated	80% top risks mitigated	70% top risks mitigated	96% top risks mitigated	26% more than planned	Regular update of the register
	13) % compliance	83% compliance	96% compliance	100% compliance	4% more than planned	None
2.5) Compliance to stakeholder SLA's % key account management	15) Days taken to respond	An average of 63% responded to within two days	One days taken to respond	1.79 days taken to respond	Half a day more than planned (negative deviation)	Negative variation from previous quarter. Eradication of backlogs limit staff availability
	16) Working days taken to resolve	An average of 94% resolved within seven days	90% resolved within five working days	91% resolved within five working days	1% more than planned	Greater attention and focus on compliance
4.4) To have an appropriate reward and recognition system	22) % level of compliance to the Performance Management Plan	Evaluations: • 52% compliance for evaluations submitted by due date (31 May 2012), • 0% compliance for payment of incentives by 30 June 2012, and • 100% of all evaluation incentives paid and implemented after approval by CEO Agreements: • An overall average compliance rate of 45% for agreements by the due date (31 May 2012), and • 94% submitted to date	70% level of compliance to the Performance Management Plan	91.4% level of compliance to the Performance Management Plan	21.4% more than planned	More attention given to this area

Reasons for deviations

- The programme's QCR turnaround time is 89% within two days and 97% QCR resolved within seven days.
- The Programme has been inundated with a number of queries related to clean-break and with capacity challenges, turnaround times were a challenge. It took eight days to obtain responses and 18 days for legal opinions,



Strategy to overcome areas of under performance

Additional staff will be employed where there are gaps. There will be strict management control to ensure that the areas of under-performance are addressed.

Changes to planned targets

None

Sub-programme expenditure

	2013/14			2012/13		
Sub-programme name	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
Programme 4.5	13 376	10 356	3 020	12 502	7 444	5 058
Total	13 376	10 356	3 020	12 502	7 444	5 058

4.8 PROGRAMME 4.6: ICT SERVICES

The mandate of Sub-programme 4.6 is to direct and manage the GPAA's ICT resources.

Sub-programmes:

- Information Security;
- Infrastructure and Support;
- Applications Management; and
- Knowledge Management.

Strategic objectives for the financial year under review

- To pay benefits accurately and on time by entering into operational level agreements with Programmes and Sub-programmes.
- To reduce unclaimed benefits through the establishment of multimedia platforms for tracing unclaimed benefit beneficiaries.
- To improve the customer service experience by conducting an ICT Customer Satisfaction Index (CSI) survey.
- To have an unmodified external audit opinion with no matters of emphasis and by resolving 90% of significant audit findings by a specified date.
- To address 85% of internal audit findings by a specified date.
- To plan and have sound financial management and controls and by managing the budget within a 2% variance.
- To have enterprise-wide risk management by implementing mitigating actions and to recover systems for business continuity within the required turnaround times.
- To comply to stakeholder SLAs by meeting the specified service levels in GEPF and National Treasury service level and administration agreements.
- To have efficient and managed process mapping and documenting two ICT processes on the ARIS system.
- To assist in deploying applicable technology to automate processes within the Modernisation Programme.
- To have an appropriate reward and recognition system by complying with the Human Capital Performance Management Plan and by implementing ICT development Programmes.

Strategic objectives, performance indicators planned targets and actual achievements

Programme / Sub-programme:						
Strategic objectives	Performance indicator	Baseline (annual) 2012/13	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual achievement for 2013/14	Comment on deviations
1.1) To pay benefits accurately and on time	1) % of Programmes and Sub-programmes with OLAs	No baseline	80% of Programmes with approved OLAs	80% of Programmes with approved OLAs	No deviation	The common services component of the OLA was approved by the ICT Steering Committee during February / March 2014 and was submitted to the ICT Service desk for implementation.
	2) % reporting aligned to approved OLAs	No baseline	85% reporting on approved OLAs	100 % reporting on approved OLAs	15% more than planned	The APP agreement was approved during February / March 2013 at which stage the renewal of the ICT service support contracts was not confirmed. Based on the assumption that the GPAA would continue with the current contract, ICT agreed to implement



1.2) To reduce unclaimed benefits	3) Number of formal agreements with third party data suppliers	No baseline	Six formal agreements with eight out of eight third-party data suppliers	Six Formal agreements with eight out of eight third-party data suppliers	No deviation	ICT has formal agreements with the following parties: XDS – Credit info New Contract ITC – Credit checking On-going contract Bankserv – Payment Validation Ongoing contract IBM BCRS Contract – DR Contract renewed PERSAL – Ongoing contract DoHA – ALV MOU in place SITA – Business Services New Contract EOH – ICT Services New Contract EY – IS Services New Contract SAG – Software New Contract IBM – Mainframe New Contract Oracle – Supercluster New Contract VOX Orion – Website New Contract.
1,3) To improve customer service experience	4) Number of multimedia platforms	No baseline	Two multimedia communications platforms established	Three multimedia communications platforms established	one more than planned	SMS, Portal and Unified Communication implemented
	6) ICT Customer Satisfaction Index (CSI) – Survey	No baseline	60% CSI rating	60% CSI rating	No deviation	-
2.1) To have an unmodified external audit opinion with no matter of emphasis	8 a) % resolution of external audit findings	92.36% resolution of external audit findings	90% resolution of external audit findings by specified date	60% resolution of external audit findings by specified date	30% less than planned	Following the conclusion of the appointment of the new service providers, which required immediate attention, ICT would be able to focus its attention on the resolution of audit findings

2.2) To address internal audit findings	8 b) % resolution of internal audit findings	52% resolution of internal audit findings	95% resolution on internal audit findings	53% resolution on internal audit findings	42% less than planned	Following the conclusion of the appointment of the new service providers, ICT would be able to focus its attention on the resolution of audit findings. Various tests relating to some of the proposed solutions have concluded and will be implemented.
2.3) To have sound financial management and controls	9) % budget variance	8% budget variance	2% budget variance	29% budget variance	27% more than planned	ICT has experienced an increase of audits conducted by Internal Audit over the past year. This led to an increase in audit findings, some of which were only highlighted during the last part of 2013 when ICT was concentrating on the appointment of the new service provider. This led to a marked increase in audit findings, some of which were only highlighted during the second part of 2013
2.4) To have enterprise-wide risk management	10) % risks mitigated	12% risks mitigated	70% mitigation actions implemented	73% mitigation actions implemented	3% more than planned	The majority of the deviation relates to vacant positions in ICT. Since these positions cannot be filled currently due to the modernisation process, it is perceived that the deviation will continue. The demand plan that deals with the CAPEX spending will be completed.
2.5) To comply to stakeholder SLAs	12) % compliance of RPO and RTO	No baseline	90% system recovery after a Business Continuity test	55% system recovery after a BC test	35% less than planned	Most of the risks that were identified were related to the audit findings; resolving the finding assisted in resolving the risk.
	13) % compliance to GEPF SLA performance requirements	83% compliance	13) 96% compliance to GEPF ICT Service levels	13) 98.62% to GEPF ICT Service levels	2.6% more than planned	None
	14) % compliance to NT SLA performance requirement	95% compliance	96% compliance to NT ICT Service levels	98.62% compliance to NT ICT Service levels	2.6% more than planned	None
3.1) To have efficient and managed processes	17) Number of mapped ICT business processes	No baseline	2 ICT processes documented in ARIS	2 ICT processes documented in ARIS	No deviation	None



3.2) To deploy applicable technology to automate processes	18) Number of mapped ICT processes automated	No baseline	Number of existing automation roadmap (Number of mapped ICT processes automated)	Number of existing automation roadmap (Number of mapped ICT processes automated i.e. 90%-100% completed.)	90%-100% more than planned	TAD was developed and is undergoing implementation through the modernisation programme. It is on this basis that the current processes are mapped so as to ensure new processes can be developed in the next two years.
4.1) To have compliant employer departments to pensions and other benefit-related matters	20) Number of ICT development programmes	No baseline	One development programme implemented	One development programme implemented	No deviation	During the year, the following development programmes have been undertaken by ICT: One COBIT 5 Foundation training programme was conducted.

4.4) To have an appropriate reward and recognition system	22) % level of compliance to the Performance Management Plan	Evaluations: • 52% compliance for evaluations submitted by due date (31 May 2012), • 0% compliance for payment of incentives by 30 June 2012, and • 100% of all evaluation incentives paid and implemented after approval by CEO Agreements: • An overall average compliance rate of 45% for agreements by the due date (31 May 2012), and • 94% submitted to date.	70% compliance to the Performance Management Plan	100% compliance to the Performance Management Plan	30% more than planned	Increased monitoring.
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- Six formal agreements were entered into with third-party data suppliers.
- Three multimedia communication platforms were established to increase access and customer experience.
- A 60% customer satisfaction rating was achieved.
- The GEPF and NT ICT SLA compliance was 98.62%.
- During the 2013/14 financial year, ICT was involved in the sourcing and appointment of a new service provider for ICT Infrastructure maintenance and support as well as Information Security.

Strategy to overcome areas of under performance

Service Level Agreements (SLAs) with service providers and Operational Level Agreements with business will be closely monitored.

Changes to planned targets

None.



Sub-programme expenditure

Sub-programme name	2013/14			2012/13		
	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
Programme 4.6	191 476	165 782	25 694	117 932	107 193	10 739
Total	191 476	165 782	25 694	117 932	107 193	10 739

4.9 PROGRAMME 5: MODERNISATION

Programme 5 seeks to modernise GPAA by enhancing efficiencies and efficacy of human capital, systems, processes and technology whilst fostering beneficial relationships with clients and stakeholders.

Sub-programmes

No sub-programmes. The Programme is mainly made up of projects aimed at addressing various areas of business.

Strategic objectives for the financial year under review

- To pay benefits accurately and on time by upgrading the Call Centre technology and retraining the staff, by introducing satellite offices services in the regions, by improving the payment of benefits turnaround time through process modernisation and automation, and by implementing the member outreach programme.
- To have an unmodified external audit opinion with no matters of emphasis and by resolving 90% of significant audit findings by a specified date.
- To address 85% of internal audit findings by a specified date.
- To plan and have sound financial management and controls and by managing the budget within a 2% variance.

- To have enterprise-wide risk management by implementing mitigating actions within the modernisation programme.
- To have efficient and managed processes by mapping core business processes (BPM project), by rolling out the eChannel for core business forms and by implementing the Software Development Lifecycle Process and rolling it out.
- To assist in deploying applicable technology to automate processes within the modernisation programme by deploying applicable technological CRM enhancements such as a queue management system, automating at least three core processes, automating the client maintenance process and benefit payment workflow for Programme 7 (National Treasury).
- To have human capabilities delivering professional and effective administration by developing human capability through enhancement programmes, executive development programmes, management development programmes and personal development programmes
- To have compliant employer departments to pension and other benefit-related matters to support the benefit process automation by optimising the Client Liaison Officer's role through enhanced eChannel processes and engaging with employer departments on administration matters to formalise mutual service agreements.

Strategic objectives, performance indicators planned targets and actual achievements

	Programme / Sub-programme:					
Strategic objectives	Performance indicator	Baseline (annual) 2012/13	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual achievement for 2013/14	Comment on deviations
To pay benefits accurately and on time	4 a) Call centre service levels	No baseline	Call centre solutions implemented as per plan	Call centre relocation achieved	No deviation	All hands on deck hence the successful implementation of the call centre hosting and renovation project
To improve customer service experience	4 b) Satellite office services	No baseline	Three satellite offices established	Two satellite offices established	Negative deviation	Delays in the North West Department of Public Works' processes have resulted in the GPAA not securing the Rustenburg satellite office as planned
	9)% budget variance	17% variance	Budget as per programme plan	45% budget as per programme plan	Negative deviation	Delays in the Rustenburg satellite office acquisition. The main variation occurred because of differences between budgeted and tender amounts for the IT equipment required for the implementation of the TAD
	10) % risks mitigated	73% risks mitigated	80% mitigating actions implemented	100% mitigating actions implemented	Positive deviation	A consolidated risk log with summary has been created



To have efficient and managed processes	17) % mapped core business processes 60% of mapped	Core business processes	200 core business processes scenarios mapped	203 core business processes scenarios mapped	Positive deviation	None
	System Development Lifecycle (SDLC) process defined and rolled out	No baseline	System Development Lifecycle (SDLC) process defined and rolled out	System Development Lifecycle (SDLC) process defined and rolled out	None	None
	Queue management system	No baseline	Queue management system deployed	Design finalised	Negative deviation	Deferred until the TAD Implementation phase 2
	18) Automation of core processes	30% of core processes automated	3 core processes automated	30% core processes automated	None	None
			30% client processes automated	30% client processes automated	None	None
		30% of core processes automated	30% core processes automated	30% core processes automated	None	None
		No baseline	Enhanced CLO roll-out based on eChannel uptake by employer departments	CLO positions filled	None	None

To have human capabilities delivering professional and effective administration	20) Number of implemented training and development initiatives	More than two development programmes implemented: • 171 employees trained in OMS, • 90% compliance to Bursary Policy, and • 80% compliance to Workplace Skills Plan	Three Executive Development Programme enrolments	Three Executive Development Programme enrolments	No deviation	MDP prioritised over executive development
			15 Management Development	25 Management Development	Positive deviation	Candidates have been trained
			70% of PDP training complete	70% skills plan implemented	No deviation	None
To have compliant employer departments to pensions and other benefit-related matters to support the Benefit Process Automation	24) Number of formalised agreements		Baseline of an administration agreement comprising fund, administrator and employers	227 formalised arrangements to implement eChannel	Positive deviation	None

- Call Centre and Walk-in Centre relocation to a client-centred space in Kingsley Centre in Steve Biko Street in Arcadia.
- Two more regional satellite offices established in Limpopo and Free State.
- The recruitment process of 25 CLO positions to enhance client experience was almost finalised.
- 227 formalised agreements to implement eChannel at employer departments. eChannel has improved payment turnaround time and client experience. The benefits of this initiative far exceed the challenges experienced in implanting the eChannel.

GPAA will enter into a memorandum of understanding with the Department of Public Works to ensure that the necessary processes to procure government properties to utilise as satellite offices are expedited.

Changes to planned targets

None.

Sub-programme expenditure

	2013/14			2012/13		
Sub-programme name	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
Programme 5	263 561	152 757	110 804	52 255	13 694	38 561
Total	263 561	152 757	110 804	52 255	13 694	38 561



5 SUMMARY OF FINANCIAL INFORMATION

5.1. Departmental receipts

The GPAA does not charge for services performed; instead it recovers costs incurred for the period. This arrangement was agreed by GEFP as the main source of revenue during the separation of the GPAA and GEFP for a period of five years, which ends in the next year. The variance of R222,3 million under collection is due to expenditure that was budgeted for but that was not incurred.

5.2. Programme expenditure

2013/14				2012/13		
ECONOMIC CLASSIFICATION	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
COMPENSATION OF EMPLOYEES	390 061	330 303	59 758	334 643	295 547	39 096
GOODS AND SERVICES	408 788	302 584	106 204	274 182	217 865	56 317
Advertising and promotion	20 530	15 829	4 702	15 223	12 185	3 038
Audit fees	3 066	3 215	(149)	2 700	1 838	862
Computer services	111 025	95 859	15 166	82 120	78 608	3 512
Consulting and professional services	137 300	69 943	67 357	62 858	28 597	34 261
Leases	18 053	8 072	9 980	15 802	7 431	8 371
Personnel agency	6 125	7 339	(1 214)	4 572	2 536	2 036
Repairs, cleaning and maintenance	24 691	17 593	7 098	22 782	10 437	12 345
Stationery, consumables, printing and publications	16 558	15 138	1 420	14 737	11 834	2 903
Telecommunications	24 418	33 059	(8 641)	19 514	29 411	(9 897)
Travel and subsistence	15 142	15 906	(764)	9 257	13 342	(4 085)
Training and workshops	15 324	8 164	7 160	8 874	12 983	(4 109)
Other expenses	16 556	12 467	(4 089)	15 683	8 727	(6 956)
CAPITAL EXPENDITURE	204 247	148 190	56 057	48 705	9 170	39 535
TOTAL	1003 096	781 077	222 019	657 530	522 647	134 883



5.3. **Transfer payments to public entities**

None.

5.4. **Transfer payments to all organisations other than public entities**

None.

5.5. **Conditional grants and earmarked funds paid**

None.

5.6. **Conditional grants and earmarked funds received**

None.

5.7. **Donor funds received**

None.

5.8. **Capital investment, maintenance and asset management plan**

Infrastructure projects	2014/15			2013/14		
	Final appropriation R'000	Actual expenditure R'000	(Over)/Under expenditure R'000	Final appropriation R'000	Actual expenditure R'000	(Over)/Under expenditure R'000
New and replacement assets						
Existing infrastructure assets						
– Upgrades and additions						
– Rehabilitation, renovations and refurbishments						
– Maintenance and repairs	17 593	24 691	7 098	22 782	10 437	12 345
Infrastructure transfer						

PART C: GOVERNANCE

“The GPAA’s strategic risk profile was developed through a formalised risk assessment workshop in September 2013.”

1. INTRODUCTION

The Government Pensions Administration Agency has adopted risk management as a governance requirement in order to address all factors that may hinder or prevent the agency from achieving all its goals and objectives. The CEO has delegated responsibility for risk management policy matters to the Risk Management Committee.

2. RISK MANAGEMENT

The Risk Management Policy, Charter and Framework were reviewed in September 2013. The COSO framework methodology, previously followed, was changed to the ISO 31000 during the review period.

The Policy framework deals with the management of risks within all divisions of the GPAA and considers the following:

- Responsibility for promoting awareness of risk management;
- Mechanisms for assessing the state of risk management;
- Responsibility for improving risk exposures; and
- Mechanisms for monitoring and reporting the state of risk management.

The GPAA has an approved Risk Management Strategy. The Chief Executive Officer's statement on risk management endorses the commitment of management and staff in applying internal control measures to mitigate operational risk exposures.

The GPAA's strategic risk profile was developed through a formalised risk assessment workshop in September 2013. The exercise resulted in the identification of the following top 10 risks:

- Fraud, corruption, maladministration and theft
- Adequacy and availability of ICT systems
- Effectiveness of the ICT governance environment
- Critical skills attraction and retention
- Project implementation risk
- Access to IT systems
- Accuracy, completeness, and timely payment of benefits
- Protection of private information
- Confidentiality of information
- Leadership and capacity
- Legal and regulatory compliance

The top 10 risks contributed to the development of the Internal Audit Plan and directed Internal Auditing efforts towards those areas of higher risks to the organisation. This is based on the best practices advised by King III principles. The GPAA risk management committee was reconstituted and risk registers were kept and updated continually.



Progress made in addressing risks identified

The monitoring of all risks is continuous, and is aligned with integrated reporting against set performance targets. The following areas were highlighted as successfully mitigated during the 2013/14 financial year:

- Legal
- Modernisation,
- Strategy and Policy
- Quality Management
- Monitoring and Evaluation
- Management Support/ Facilities
- ICT: Business Knowledge Management
- Infrastructure
- Membership and Contributions Management
- Application Management

For the other business areas, a more robust approach to mitigating the current risk areas will be followed.

3. FRAUD AND CORRUPTION PREVENTION

The prevention and awareness function is responsible for the education of employees about matters relevant to fraud and corruption. If left unattended or ignored, fraud, corruption and maladministration will frustrate the organisation's ability to meet its objectives and provide service to the public. Fraud and corruption therefore pose a significant potential risk to the organisation's reputation, assets and service delivery efficiencies.

An approved Fraud Prevention Plan guided the activities to reduce fraud risks. The plan focused on addressing the following four pillars of anti-corruption best practice: prevention, detection, investigation and resolution. A total of 22 fraud prevention activities were undertaken in the form of workshops, training and induction, and addressed quality management and information sharing, fraud in general and fraud relating to the medical section.

During the year under review, the GPAA was able to reissue R3 894 338.03 to 31 rightful beneficiaries after successful investigation. A total of 349 newly reported cases were received during this timeframe; 214 cases were finalised and eight cases to the value of R 3 105 861.76 were confirmed as fraud. Seven criminal cases were registered with the South African Police Service (SAPS).

The Government Employees Pension Fund established a Fraud Hotline in 2009 and for the year under review 64 cases were received and 37 cases were finalised. The Fraud Hotline serves as a deterrent in the mitigation of fraud and corruption.

The organisation has since revised the Anti-Corruption Plan, which includes an Investigation Policy to respond to all reported allegations. In addition, fraud risk assessments will be conducted and the outcomes will be monitored throughout the financial year by monitoring management response plans. Fraud allegations are reported to the Public Service Commission and are followed up internally by the forensic investigation unit.

4. MINIMISING CONFLICT OF INTEREST

In the interests of fairness, equity and transparency, GPAA seeks to avoid actual and perceived inequities caused by conflicts of interest or personal interests in all areas of its operations.

In order to minimise the conflict of interest, GPAA requires that any interest that might cause a conflict of interest be disclosed. All employees must therefore complete a financial disclosure form annually, before the end of April, for the previous financial year.

5. CODE OF CONDUCT

The Code of Conduct contained in the Public Service Regulations is followed at the GPAA.

In order to uphold the highest ethical standards and norms, a certain professional level of behaviour is expected from all GPAA staff. To this end, the GPAA requires:

- Compliance with all applicable laws and regulations that relate to activities conducted for or on behalf of the GPAA, especially but not limited to the PFMA, PSA, Companies Act and National Treasury Regulations and Public Service Regulations
- All employees to comply with applicable policies and procedures of the GPAA;
- All employees to act honestly and in good faith;
- All employees to perform their duties conscientiously and in the best interests of the GPAA;
- All employees to exercise reasonable care and diligence in the performance of their duties;
- All employees to treat the the GPAA and their colleagues in adherence to the principles of fairness, equity, privacy, transparency, integrity, reliability and honesty in all operations as to avoid harm through any activity;

- All employees to assist in safeguarding GPAA property and information;
- All employees to maintain accurate records and report results with integrity;
- All employees to do business openly and honestly; and
- All employees to meet the GPAA values and performance standards.

In cases where employees are in breach of the code of conduct, they will be disciplined in line with the Disciplinary Code for Public Servants.

“All employees must complete a financial disclosure form annually.”

“An action plan has been developed and implemented to deal with the identified health, safety and environmental issues.”

6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

For the review period, the following health, safety and physical environmental issues were identified:

Certain GPAA buildings and facilities were found to be inadequate to support customer and service delivery. This was largely due to ageing infrastructure and lack of strategy to deal with issues relating to waste management and health and safety issues that negatively impact on the performance of the organisation. This has resulted in non-compliance by GPAA in terms of the Occupational Health and Safety Act 85 of 1983 and National Environmental Management Act (NEMA), and National Buildings Regulations (NBR).

Previous and recent audits conducted have revealed that there were no records for or proof of the maintenance of critical business support services such as Uninterruptible Power Supplies, generator, lift and electrical infrastructure housed in server rooms and the security control room, which is also used as a disaster centre in the event of emergencies.

In response to the identified challenges, the following mitigation actions were implemented:

The Safety, Health, Environment, Risk and Quality (SHERQ) Committee was established and approved by the CEO, including 16 appointments. The SHERQ committee facilitated and coordinated two evacuation exercises during the review period. The committee also conducted site visits at regional

offices to assist with the appointment of health and safety representatives and training needs for the nominated members. The committee's role is to look at health, safety and environmental issues organisation wide and advise business and Business Continuity of these.

An action plan has been developed and implemented to deal with the identified health, safety and environmental issues residing within GPAA. Partnerships with the Department of Public Works and landlords were established to deal with these issues using an integrated approach.

7. PORTFOLIO COMMITTEES

None

8. SCOPA RESOLUTIONS

None

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

Audit outcome

- The Auditor-General issued an unqualified opinion with two findings on the GPAA.
- No emphasis of matter was raised.

In line with our objective of ensuring clean administration, management developed corrective action plans on the findings raised.

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Achievement of planned targets		
Of the total number of 199 targets planned for the year, 64 of the targets were not achieved during the year under review. This represents 32% of the total planned targets that were not achieved during the year under review.	2012/13	The indicators have been reviewed and the organisation has achieved 80% of the targets set for the 2013/14 financial year.
Procurement and contract management		
Deviations on procurement processes were not reported to the AG and relevant National Treasury within 10 days as requested by National Treasury Practice Note 6 of 2007/2008 paragraph 3. This amounts to spending of R10 504 602.54	2012/13	<p>All deviations were approved by the Accounting Officer and submitted to National Treasury and Auditor General as prescribed by the National Treasury Practice Note 6 of 2007/2008 paragraph.</p> <p>In addition the CFO is participating in the CFO forum organised by the Office of the Accountant General where an update on NT regulations, circulars, practice notes, frameworks and guidelines will be provided. This will enhance the review and monitoring of compliance with rules and regulations.</p>

10. INTERNAL AUDIT UNIT

Scope of work

Internal Audit provides independent assurance as to the effectiveness and efficiency of the GPAA's governance, risk management and internal control systems. The unit reports administratively to the CEO and functionally to the Audit Committee. It carries out its mandate by implementing the annual internal audit plan, making recommendations for improvement and doing follow-up audits of previously raised findings.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

Key activities and objectives of Internal Audit

There is growing recognition on the part of the GPAA management about the role that Internal Audit can play in enhancing governance, control and risk management. Several developments during 2013/14 demonstrate the increased awareness of the unit's value to the organisation.



Leadership stability was secured for Internal Audit when a senior manager was appointed to head the unit. The position had either been vacant or filled in an acting capacity for several years, which had adversely affected decision-making on internal audit matters. With a senior manager at the helm, decision-making is being expedited and the unit is taking on a more prominent role as an enabler of good governance.

Audit work done

In 2013/14, for the first time, the GPAA's Internal Audit, in collaboration with National Treasury internal auditors, performed a review of Programme 1, which administers civil and military pensions and other non-contributory benefits. The fact that Programme 1 audits are now a joint effort between National Treasury and the GPAA Internal Audit is a positive step toward good governance. It means that the GPAA Internal Audit can apply its considerable knowledge of the workings of Programme 1 to the audits and help close any gaps that might exist.

Another highlight for Internal Audit was management's acceptance of certain recommendations, for instance that terms of reference be agreed on for all the GPAA committees, including the Modernisation Steering Committee. This followed an Internal Audit report identifying the establishment of terms of reference as a critical factor in ensuring accountability of committees, as well as consistency in the way they operate.

Going forward, Internal Audit plans to embark on an internal awareness and education campaign within the GPAA. This will address certain persistent misconceptions about the unit's role. The biggest of these is the perception that Internal Audit should not only raise audit findings but also resolve them. This misunderstanding of the unit's role is still widespread and it is important to clarify through an awareness campaign that Internal Audit's role is to provide independent assurance as to the effectiveness of internal controls, and not to resolve the issues raised.

“There is growing recognition on the part of GPAA management about the role that Internal Audit can play in enhancing governance, control and risk management.”

REPORT OF THE AUDIT COMMITTEE FOR GPAA FOR THE YEAR ENDED 31 MARCH 2014

We are pleased to present our report for the year ended 31 March 2014.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee operates under the formally approved terms of reference of National Treasury. The Committee met four (4) times and consists of the members listed below:

Name of member	Number of meeting attended	Comments	Date of appointment	Date of resignation
Mr Vuyo Jack	4 of 4	Chairperson	31 January 2013	
Mr Zach Le Roux	3 of 4	Member	31 January 2013	
Ms Berenice Francis	4 of 4	Member	31 January 2013	
Ms Mamoroke Lehobye	0 of 1	Resigned	31 January 2013	26 July 2013
Mr Joe Lesejane	4 of 4	Member	31 January 2013	
Mr H Bhoola	2 of 2	Member	01 July 2013	
Ms O Matloa	2 of 2	Member	01 July 2013	

AUDIT COMMITTEE RESPONSIBILITY

We report that we have operated and performed our oversight responsibilities to the Government Pensions Administration Agency independently and objectively in compliance with Sections 76 and 77 of the Public Finance Management Act (PFMA). Furthermore, we have adopted appropriate formal terms of reference (Audit Committee Charter) and discharged all our responsibilities as contained therein and regulated our affairs in compliance with the charter.

EFFECTIVENESS OF INTERNAL CONTROLS

In line with the Public Finance Management Act (PFMA) and King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that internal controls are adequate and effective. This is achieved by means of the risk analysis process, as well as the identification of process control gaps and/or weaknesses for recommendation for improvement and management corrective action

The Committee has approved the annual plans of the Internal Audit Unit. The Internal Audit presented reports at audit committee meetings.



We are satisfied that the Accounting Officer delegated authority implemented controls to deal with the financial environment to address the internal control gaps in financial management process or processes.

We are also satisfied that management has taken adequate steps to perform a comprehensive risk analysis across the organisation during the year under review to ensure that all risks are identified and responded to as part of an integrated enterprise wide risk management programme.

Accordingly, we can report that the system of internal both financial statements and performance information for the financial year ended 31 March 2014 still needs improvements.

THE EFFECTIVENESS OF INTERNAL AUDIT

We are generally satisfied that the Internal Audit Function is operating effectively and that it has addressed the risks pertinent to the organisation in its audits.

ACCOUNTING AND AUDITING CONCERNS IDENTIFIED AS A RESULT OF INTERNAL AND EXTERNAL AUDITS

From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the management letter of the Auditor-General, it was noted that no significant or material accounting and auditing concerns were identified, except those raised and discussed with management and Audit Committee members.

THE INSTITUTION'S COMPLIANCE WITH LEGAL AND REGULATORY PROVISIONS

From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the management letter of the Auditor-General, it was noted that no significant or material non-compliance with legal and regulatory provisions have been reported. However we are concerned about the irregular expenditure incurred and non-compliance with the supply chain management regulations.

THE RISK AREAS OF THE INSTITUTION'S OPERATIONS

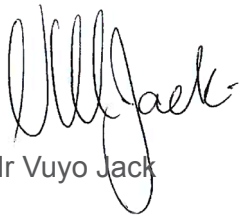
There is a Risk Management Committee in place and has met twice (2) during the 2013/14 financial year. A risk register is kept and updated continuously to ensure that all the major risks facing the programmes under GPAA are recorded.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

We have reviewed the financial statements for the year ending 31 March 2014 and no material misstatements were identified. The financial statements complied only with the GRAP reporting framework.

Auditor - General South Africa

We met with the Auditor-General South Africa to ensure that there were no unresolved issues and no limitation of scope



Mr Vuyo Jack

Chairperson of the Audit Committee

Date: 28 August 2014

PART D: HUMAN RESOURCE MANAGEMENT



1. LEGISLATION THAT GOVERNS HR MANAGEMENT

The information provided in this part is prescribed by the Public Service Regulations (Chapter 1, Part III J.3 and J.4) and is reported in respect of the 2013/14 financial year.

2. INTRODUCTION

Substantial progress has been made in the development of organisational structures and in aligning these to the automated processes. The SMS structure has been approved by the Minister and the draft non-SMS structure has been consulted and is awaiting EXCO approval.

Performance management has also improved and compliance is at 95.5%. There are however, sections which did not do well in this area and this exposes the GPAA to negative findings by the Auditor-General. The culture survey also highlighted this area as a challenge and management is working on improvement strategies.

Employees have been enrolled in a number of Executive and Middle Management Development Programme (three Executive Development Programmes (EDP) and 27 Management Development Programmes (MDP)) to improve human capital input for service improvement. In addition, 85% Personal Development Programmes (PDP) training plans were completed during the period under review. This area will receive more attention in the next financial year and an integrated performance management system will be implemented.

Challenges faced by HR

A culture survey conducted to establish the extent to which the GPAA is an employer of choice illustrated a performance of 49%. Improvement plans were developed and are being implemented to improve on this area, which has been identified as a challenge.

Future HR plans /goals

The GPAA is in the process of developing an integrated HR strategy that will result in a formidable human capital base that will fit into the modernised and capability service delivery model. The aim is to provide efficient and effective human capital that supports business to deliver quality service to clients and customers.

“Performance management has also improved and compliance is at 95.5%.”



3. HUMAN RESOURCE OVERSIGHT STATISTICS

The human resource statistics for the year 2013/14 follow .

3.1. Personnel related appointments and expenditure

TABLE 1.1 (a) – Annual turnover rates by salary band for period 1 April 2013 to 31 March 2014 – Permanent employees

Salary bands	Number of Employees per band closing balance 31 March 2013	Appointments and transfers into GPAA	Terminations and transfers out of GPAA	Turnover rate
Lower Skilled (Levels 1-2)	24	0	0	0%
Skilled (Levels 3-5)	89	0	3	3%
Highly Skilled Production (Levels 6-8)	500	22	30	6%
Highly Skilled Supervision (Levels 9-12)	175	9	15	9%
Senior Management Service Band A	17	1	0	0%
Senior Management Service Band B	3	2	0	0%
Senior Management Service Band C	1	0	0	0%
Senior Management Service Band D	0	0	0	0%
Total	809	34	48	5.93%

During this financial year, the turnover rate was 5.93% as opposed to 4.92% in the previous financial year.

The general turnover rate in the GPAA is still lower than the norm in the pension fund industry of $\pm 10\%$.

TABLE 1.1 (b) – Annual turnover rates by salary band for period 1 April 2013 to 31 March 2014 – Contract workers.

Salary bands	Number of Employees per band closing balance 31 March 2013	Appointments and transfers into GPAA	Terminations and transfers out of GPAA	Turnover rate
Lower Skilled (Levels 1-2)	37	0	14	38%
Skilled (Levels 3-5)	17	11	3	18%
Highly Skilled Production (Levels 6-8)	154	72	27	18%
Highly Skilled Supervision (Levels 9-12)	26	15	5	19%
Senior Management Service Band A	5	4	1	20%
Senior Management Service Band B	2	0	1	50%
Senior Management Service Band C	0	3	0	0%
Senior Management Service Band D	1	0	0	0%
Total	242	105	51	21%

The turnover rate for contract workers has decreased from 26% in the previous financial year to 21% at the end of March 2014. The reason is that 11 out of 54 terminations affected interns whose internship period had ended. Most of them have been appointed in contract positions with effect from 1 April 2013 or later.

TABLE 1.2 (a) – Reasons why staff are leaving GPAA – Permanent employees.

Termination type	Number	% of total
Death	3	6%
Resignation	17	35%
Expiry of contract	0	0%
Dismissal – operational changes	0	0%
Dismissal – misconduct	16	33%
Dismissal – inefficient	0	0%
Discharged due to ill-health	0	0%
Retirement	8	17%
Transfers to other Public Service Departments	4	8%
Other	0	0%
Total	48	5.93%

An unusually high number of staff were dismissed for misconduct (33%) which means that GPAA is successfully targeting fraud in the organisation. More than half of the terminations were resignations. This may indicate that employees are still feeling insecure due to the modernisation programme.



TABLE 1.2 (b) – Reasons why staff are leaving GPAA – Contract workers

Termination type	Number	% of total
Death	1	2%
Resignation	22	43%
Expiry of contract	7	14%
Dismissal – operational changes	0	0%
Dismissal – misconduct	0	0%
Dismissal – inefficient	0	0%
Discharged due to ill-health	0	0%
Retirement	0	0%
Transfers to other Public Service Departments	0	0%
Other	21	41%
Total	51	
Total number of employees who left as a % of total employment		21%

Thirteen internships ended, which increases the total number of terminations to 51. Eight contract workers obtained permanent positions at GPAA and 22 contract workers resigned, which is a clear indication that contract workers are looking at permanency and are uncertain about their job security due to possible changes as a result of modernisation.

TABLE 1.3 – Promotions per salary band for period 1 April 2013 to 31 March 2014

Occupational bands	Employees as on 31 March 2013	Promotions to another salary level	Salary bands promotions as a % of employees by salary level
Lower Skilled (Levels 1-2)	24	0	0%
Skilled (Levels 3-5)	89	0	0%
Highly Skilled Production (Levels 6-8)	500	9	2%
Highly Skilled Supervision (Levels 9-12)	175	10	6%
Senior Management (Levels 13-16)	21	0	0%
Total	809	19	2.35%

100



Nineteen staff members were promoted during this period.

EMPLOYMENT EQUITY

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

TABLE 2.1 (a) – Total number of permanent employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2014

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	11	1	1	4	5	0	0	2	24
Professionals	72	6	4	8	59	6	3	16	174
Technicians and associate professionals	107	7	6	10	261	26	9	63	489
Clerks	30	1	0	1	39	5	0	8	84
Elementary occupations	6	0	0	0	18	0	0	0	24
Total	226	15	11	23	382	37	12	89	795
Employees with disabilities	2	1	0	1	3	0	0	0	7

Comparing the demographic profile of the GPAA with the previous financial year, the employees increased as follows: African male (two), African female (three).

The number of African employees increased by five, thereby improving the equity profile of the GPAA. With these appointments, good progress was made towards reaching the employment equity targets.

TABLE 2.1 (b) – Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2014 – Contract employees

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	8	0	0	2	2	0	0	1	13
Professionals	16	0	1	2	8	0	1	6	34
Technicians and associate professionals	73	2	0	1	118	2	3	8	207
Clerks	15	0	0	0	8	0	0	0	23
Service and sales workers									
Elementary occupations	8	0	0	0	11	0	0	0	19
Total	120	2	1	5	147	2	4	15	296
Employees with disabilities	0	0	0	0	0	0	0	0	0

TABLE 2.2 (a) – Total number of permanent employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2014

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	1	0	2	0	0	1	5
Senior Management	10	1	0	4	3	0	0	1	19
Professionally qualified and experienced specialists and mid-management	72	6	4	8	59	6	3	16	174
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	107	7	6	10	261	26	9	63	489
Semi-skilled and discretionary decision making	30	1	0	1	39	5	0	8	84
Unskilled and defined decision making	6	0	0	0	18	0	0	0	24
Total	226	15	11	23	382	37	12	89	795

See comments in Table 2.1 (a).

Table 2.2 (b) – Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2014 – Contract workers

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	3	0	0	1	1	0	0	0	5
Senior Management	5	0	0	1	1	0	0	1	8
Professionally qualified and experienced specialists and mid-management	16	0	1	2	8	0	1	6	34
Skilled technical and academically qualified workers, junior management, supervisors,	73	2	0	1	118	2	3	8	207
Semi-skilled and discretionary decision making	15	0	0	0	8	0	0	0	23
Unskilled and defined decision making	8	0	0	0	11	0	0	0	19
Total	120	2	1	5	147	2	4	15	296

TABLE 2.3 (a) – Recruitment per salary band for period 1 April 2013 to 31 March 2014 – permanent employees

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	1	0	0	0	1
Senior Management	1	0	0	0	1	0	0	0	2
Professionally qualified and experienced specialists and mid-management	4	0	0	0	3	0	0	2	9
Skilled technical and academically qualified workers, junior management, supervisors,	8	0	0	0	13	0	0	1	22
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	13	0	0	0	18	0	0	3	34

A total of 34 new permanent appointments were made during this period.

TABLE 2.3 (b) – Recruitment per salary band for period 1 April 2013 to 31 March 2014 – contract workers

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	1	1	0	0	0	3
Senior Management	2	0	0	0	1	0	0	1	4
Professionally qualified and experienced specialists and mid-management	6	0	0	1	7	0	0	1	15
Skilled technical and academically qualified workers, junior management, supervisors,	28	2	0	1	36	0	2	3	72
Semi-skilled and discretionary decision making	8	0	0	0	3	0	0	0	11
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	45	2	0	3	48	0	2	5	105
Employees with disabilities									

See comments table 1.1 (b)

TABLE 2.5 (a) – Terminations for period 1 April 2013 to 31 March 2014 – permanent employees

Occupational Bands	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	6	0	2	1	3	1	0	2	15
Skilled technical and academically qualified workers, junior management, supervisors,	7	1	1	2	10	2	2	5	30
Semi-skilled and discretionary decision making	0	0	0	0	1	0	0	2	3
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	13	2	3	3	14	3	2	9	48
Employees with disabilities	0	0	0	0	0	0	0	0	0

See comments in Table 1.1.(a)

TABLE 2.5 (b) – Terminations for period 1 April 2013 to 31 March 2014 – contract workers

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	1	0	0	0	2	0	0	2	5
Skilled technical and academically qualified workers, junior management, supervisors	11	0	0	1	11	0	2	2	27
Semi-skilled and discretionary decision making	0	0	0	0	3	0	0	0	3
Unskilled and defined decision making	7	0	0	0	7	0	0	0	14
Total	21	0	0	1	23	0	2	4	51
Employees with disabilities									

See comments Table 1.1 (b)

TABLE 2.6 (a) – Promotions for period 1 April 2013 to 31 March 2014 – permanent employees

Occupational bands	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	3	1	0	0	4	2	0	0	10
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	0	0	0	4	2	0	1	9
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	5	1	0	0	8	4	0	1	19
Employees with disabilities									

3. PERFORMANCE REWARDS

To encourage good performance, GPAA has granted the following performance rewards during the year under review.

The information is presented in terms of race, gender, and disability, salary bands and critical occupations. Please note that the figures as per table 2.1 and 2.2 will not correlate as the number of employees who qualified for performance bonuses is based on the total number of qualifying employees as on 31 March 2013.

TABLE 3.1 – Performance rewards by race, gender, and disability, for the evaluation period 1 April 2013 to 31 March 2014

Occupational bands	Beneficiary profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
African	614	753	81.45%	R3 268 674.82	R5 323.57
Male	236	294	80.27%	R1 440 413.67	R6 103.45
Female	378	459	82.35%	R1 828 261.14	R4 836.67
Indian	27	30	90%	R206 853.40	R7 661.24
Male	13	15	86.67%	R123 640.08	R9 510.78
Female	14	15	93.33%	R83 213.31	R5 943.81
Coloured	48	56	85.71%	R262 027.34	R5 458.90
Male	15	17	88.24%	R97 823.00	R6 521.53
Female	33	39	84.62%	R164 204.34	R4 975.89
White	127	146	86.99%	R881 941.06	R6 944.42
Male	24	29	82.76%	R227 631.62	R9 484.65
Female	103	117	88.03%	R654 309.43	R6 352.52
Employees with disabilities	10	7	70.00%	R30 202.14	R4314.95
Total	816	985	82.84%	R4 619 496.59	R5 661.15

TABLE 3.2 – Performance Rewards by salary bands for personnel below Senior Management Service, for the evaluation period 1 April 2013 to 31 March 2014

Salary bands	Beneficiary profile			Cost		
	Number of beneficiaries	Total number of employees	% of total within salary band	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	40	41	97.56%	R89 503.90	R2 237.60	0.03%
Skilled (Levels 3-5)	99	105	94.29%	R346 073.99	R3 495.70	0.11%
Highly skilled production (Levels 6-8)	496	616	80.52%	R2 128 490.07	R4 291.31	0.69%
Highly skilled supervision (Levels 9-12)	163	199	81.91%	R1 689 076.38	R10 362.43	0.55%
Total	798	961	83.04%	R4 253 144.34	R5 329.75	1.38%

TABLE 3.3 – Performance-related rewards (cash bonus), by salary band, for Senior Management Service

Salary bands	Beneficiary profile			Cost		
	Number of beneficiaries	Total number of employees	% of total within band	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Band A	15	18	83.33%	R264 111.55	R17 607.44	0.09%
Band B	2	5	40.00%	R64 487.38	R32 243.69	0.02%
Band C	1	1	100%	R37 753.34	R37 753.34	0.01%
Band D	0	0	0%	R0.00	R0.00	0%
Total	18	24	75%	R366 352.27	R20 352.90	0.12%

The above figures include all GEPF and National Treasury Programme 7 staff members (permanent and contract). Due to downscaling to stay within the limit of the 1.5% staff received only 35% of their original bonus amount. The pay-out amounts above are reflected accordingly after the downscaling.

Table 4.1 – Sick leave for the period 1 April 2013 to 31 March 2014

Occupational bands	Total 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 Skilled (Levels 1-2)	165	90.56%	54	2.71%	3.06	R48 248.82
Skilled (Levels 3-5)	729	87.31%	217	10.89%	3.36	R356 198.19
Highly Skilled Production (Levels 6-8)	4443	84.41%	1361	68.32%	3.26	R2 933 480.24
Highly Skilled Supervision (Levels 9-12)	973	81.35%	313	15.71%	3.11	R1 307416.57
Senior Management Service (Levels 13-16)	118	81.40%	47	2.36%	2.51	R247 735.95
Total	6428		1992	100%	3.23%	R4 893 079.77

The average number of days' sick leave taken per employee increased from 2.78 days in the previous reporting period to 3.23 days in the current reporting period.

In spite of the fact that the implementation of PILIR (Policy and Procedure on Incapacity Leave and Ill Health Retirement) encourages employees to manage their sick leave more responsibly, it is still a trend that all employees do not use their sick leave responsibly and with circumspection.

TABLE 4.2 – Disability leave (temporary and permanent) for the period 1 April 2013 to 31 March 2014

Occupational bands	Total days taken	% 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)	0	0%	0	0%	0	R0
Highly Skilled Production (Levels 6-8)	55	100%	7	77.78%	7.86	R34 689.68
Highly Skilled Supervision (Levels 9-12)	17	100%	2	22.22%	8.50	R17 412.76
Senior Management Service (Levels 13-16)	0	0%	0	0%	0	R0
Total	72	100%	9	100%	8.00	R52 102.44

The number of disability leave days decreased during this reporting period from 895 to 72. The disability leave taken during this 12-month period is much less than the previous period, since this reporting period falls within the new sick leave cycle that commenced on 1 January 2013. The Health Risk Manager plays an important role in managing incapacity leave.

TABLE 4.3 – Annual leave utilisation for the period 1 April 2013 to 31 March 2014

Occupational bands	Total days taken	Average days per employee	Number of employees who took annual leave
Lower Skilled (Levels 1-2)	988	7.21	137
Skilled (Levels 3-5)	2216	5.96	372
Highly Skilled Production (Levels 6-8)	13 445.92	5.80	2 320
Highly Skilled Supervision (Levels 9-12)	4228	6.18	684
Senior Management Service (Levels 13-16)	620	6.02	103
Total	21 497.92	5.95	3 616

Managers were advised to compile a Leave Plan to manage annual leave to ensure effective service delivery throughout the year. Employees are encouraged to utilise their annual leave in the prescribed 18-month period to avoid leave pay-outs.

TABLE 4.4 – Capped leave, 1 April 2013 to 31 March 2014

Occupational bands	Total days of capped leave taken	Average number of days taken per employee	Number of employees who took capped leave
Lower Skilled (Levels 1-2)	0	0	0
Skilled (Levels 3-5)	0	0	0
Highly Skilled Production (Levels 6-8)	38	4.22	9
Highly Skilled Supervision (Levels 9-12)	10	2.50	4
Senior Management Service (Levels 13-16)	0	0	0
Total	48	3.69	13

The average number of days capped leave taken per employee was 3.69 days, which did not have a significant impact on service delivery.

TABLE 4.5 – Annual leave utilisation for the period 1 April 2013 to 31 March 2014

Reason	Total amount (R'000)	Number of employees	Average payment per employee
Leave pay-out for April 2013 – March 2014 due to non-utilisation of leave for the previous cycle	R0	0	R0
Capped leave pay-outs on termination of services for April 2013 – March 2014	R124 397.19	6	R20 732.87
Current leave pay-out on termination of services for April 2013– March 2014	R847 070.18	71	R11 930.57
Total	R971 467.37	77	R12 616.46

Leave pay-outs were made for the reporting period for 77 employees of whom six employees received pay-outs for capped leave. Capped leave can only be paid out on retirement, death and medical boarding.

TABLE 9.1 – Injury on duty for the period 1 April 2013 to 31 March 2014

Nature of Injury on duty	Number	% of total
Required basic medical attention only	10	100%
Temporary Total Disablement	0	0%
Permanent Disablement	0	0%
Fatal	0	0%
Total	10	100%



PART E: FINANCIAL INFORMATION



Annual Financial Statements

Year ended 31 March 2014

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“During the year, the GPAA sent benefit statements to clients for the first time.”

REPORT OF THE ACCOUNTING OFFICER

General overview

The Government Pensions Administration Agency (GPAA) is in its fourth year of existence, having been established as a government component on 1 April 2010. Its business was transferred from GEPF as a going concern into the Government Component. The GPAA renders pension administration and related services to GEPF and National Treasury.

Funding of the GPAA

The GPAA receives budget-based fees from GEPF (93%) and National Treasury (7%) for shared services rendered. For the financial year under review, the GPAA received R792 896 million from both these customers. This arrangement will be reviewed after five years starting from 1 April 2010, giving the GPAA and its customers two years to finalise a fee-based model.

Service delivery improvements

The improvements that the GPAA has implemented are intended to enable the organisation to engage more efficiently with employer departments and to respond appropriately to the ever-increasing service requirements of members, pensioners and beneficiaries.

In addressing its historical service delivery challenges, the

GPAA has performed especially well in the following areas:

- Building mutually beneficial working relationships with employer departments, who are critical stakeholders in the management of member information. By training and educating members on the importance of their pensions and the role they can play in ensuring that when they leave the service of their employers, there are no undue delays in paying their benefits. As part of member education during the year, the GPAA sent benefit statements to clients for the first time and initiated the Retirement Member Campaign, targeting members who are nearing retirement. In addition, the agency published articles on member education topics in newsletters distributed to members;
- Reaching out to members in remote rural areas of the country through the deployment of mobile offices in all nine provinces. These mobile offices provide a full range of pension administration services and also assist in informing members and pensions about their benefits and the services that the GPAA offers;
- Upskilling of staff to provide professional service through various training and development interventions;
- Automating previously manual processes, thus

speeding up key customer processes such as benefit payments. The full-scale deployment of eChannel, which employers use to submit exit documents electronically, has contributed to a considerable reduction in payment turnaround times; and

- Refreshing the ICT infrastructure and equipment that the agency uses to run the business. New ICT equipment acquired during 2013/14 included a new mainframe, Oracle super cluster and other tools that will be commissioned in the next financial year. In addition, a new telephony system has been introduced in the Call Centre to improve the quality of interaction between the GPAA and its customers.

Although many of the service delivery challenges facing the GPAA have been or are being addressed, certain delivery challenges still exist, these being:

- The increase in the unclaimed benefits account, which at the end of the 2013/14 financial year stood at R488.8 million;
- The replacement of the legacy pension administration system, CIVPEN, with the new Technical Architecture Design. This should take 12 to 18 months to complete;
- The need to further strengthen relationships with employers and continue educating and training members about their pension-related rights and responsibilities;
- Ensuring that the skills of GPAA employees are upgraded in line with the new business processes and technologies being introduced; and
- The manual processes which are still used in parts of the organisation and which are in urgent need of automation.

The GPAA is committed to addressing these challenges expeditiously, effectively and sustainably.

The Modernisation Programme

Modernisation is premised on the idea that the key service outputs of the organisation will improve:

- If key business processes are re-engineered;
- If these re-engineered processes are then automated through the introduction of new ICT technology; and
- If staff efficiency and effectiveness are enhanced by human resource management interventions supported by this process innovation.

Since the key tenders were awarded in March and April 2013, the Modernisation Programme has been making progress; and since the beginning of 2014, with the appointment of the Solution Implementation Partner, this progress has accelerated.

The Modernisation Programme has been able to make a number of valuable interventions which advanced aspects of our processes, but it has not yet put in place the type of business transformation that was initially proposed. It is envisaged that these business improvements will become a reality once the key Modernisation interventions are fully implemented over the next 12 to 24 months. A saving on technology purchases of about R 75 million was recorded on the Modernisation budget for 2013/14.

Management and leadership

There has been an increased focus on the appointment of Senior Managers during this financial year. From 1 April 2013 until 31 March 2014, seven Senior Management positions were filled on contract and four permanent positions have been filled. Of these 11 Senior Manager appointments, one was made on level 15, five on level 14 and five on level 13. Four other Senior Manager positions have also been identified for advertising and filling in the next financial year. The filling of these positions will bring about better performance and accelerate the implementation of the Modernisation Programme.



It should be noted that, with the implementation of the Modernisation Programme, a decision has been taken not to fill some positions both at Senior Management and lower levels as the modernised environment will have different requirements. The non-filling of these positions will give the GPAA the flexibility to fill positions in the new organisational structure.

Governance

The GPAA has appointed the members of National Treasury Audit Committee to form its own Audit Committee, now running for the past two years.

Basis of presentation of financial statements

The GPAA, as a government component, is expected to use a modified cash basis for preparing financial statements. This has not been practical due to the fact that the GPAA was transferred from GEPF, which was already using accrual accounting. As a result, the GPAA has obtained approval from the Accountant-General to use Generally Recognised Accounting Practice (GRAP) framework to prepare its financial statements.

Just prior to the finalisation of the financial statements, anomalies were picked up in the procurement of goods and services, and in particular, with the processes associated with

three contracts. These anomalies were reported to the Audit Committee and are currently being investigated to identify possible irregular expenditure. The investigations, thus far, cannot conclusively determine whether the expenditure is irregular or whether GPAA has suffered any material loss.

They do, however indicate shortcomings in the internal governance of supply chain management processes. These will certainly be addressed by a more comprehensive review of procurement policies, processes and practices at GPAA.

Performance Information

GPAA provides performance information in the Annual Report. This performance information has been provided for audit. The detailed performance against the predetermined objectives is reported in the Annual Report.

Approval

The Annual Financial Statements set out on pages 120 to 141 have been approved by the Accounting Officer.



Goolam Aboobaker

31 July 2014

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

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Government Pension Administration Agency set out on pages 120 to 141 Part E which the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these Financial statements in accordance with South African Standards of Generally Recognised Accounting Practise (SA Standards of GRAP) and the requirements of the Public Finance Management Act, 1999 (Act 1 of 1999) (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 misstatements, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in

accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

4. An audit involves performing procedure to obtain audit evidence about the amounts and disclosures in the financial statements. The Procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Government Pensions Administration Agency as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA.



REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the Government Pensions Administration Agency for the year ended 31 March 2014:

- Programme 1: Civil pension on pages 40 to 44.
- Programme 2: Employee benefit on pages 44 to 47.
- Programme 4.1: CEO Office on pages on pages 53 to 59.

- Programme 4.2: Finance on pages 59 to 62.
- Programme 4.3: Corporate services on pages 62 to 67.
- Programme 4.6: ICT services on pages 74 to 80.

9. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

10. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

11. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

12. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

Additional matter

13. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matter.

Achievement of planned targets

14. Refer to the annual performance report on page(s) 40 to 83 for information on the achievement of the planned targets for the year.

Compliance with legislation

15. I performed procedures to obtain evidence that the Government Pension Administration Agency had complied with applicable legislation regarding financial matter, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Procurement and contract management

16. Contracts were extended or modified without the approval of a properly delegated official as required by Treasury Regulation 8.1 and 8.2 and non-compliance with instruction note paragraph 3.9.3 issued by National Treasury on “enhancing compliance monitoring and improving transparency and accountability in supply chain management dated 31 May 2011.”

Internal control

17. I considered internal control relevant to my audit of the financial statements, performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on non-compliance with legislation included in this report.

Financial and performance management

18. Inadequate monitoring and reviewing to ensure compliance with procurement regulations.

Auditor General

Pretoria

31 July 2014



**A U D I T O R - G E N E R A L
S O U T H A F R I C A**

Auditing to build public confidence



STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

	Notes	2014 R'000	2013 R'000
Assets			
Current Assets		166,890	61,665
Cash and cash equivalents	7	29,012	48,199
Inventory (SPO)	6	817	388
Loans and Receivables:	5	137,061	13,078
Non- Current Assets		164,560	27,597
Property, plant and equipment	3	114,273	23,462
Intangible assets	4	50,287	4,135
TOTAL ASSETS		331,450	89,262
Current Liabilities		164,516	67,973
Trade and other payables	8	141,422	45,651
Provisions;	9	23,094	22,322
TOTAL LIABILITIES		164,516	67,973
Net Assets		166,934	21,289
Accumulated surplus		166,934	21,289
TOTAL NET ASSETS AND LIABILITIES		331,450	89,262

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 R'000	2013 R'000
Revenue		793,493	522,445
Administration fees	2.2	793,210	521,566
Other income	2.3	220	646
Profit on sale of property, plant and equipment		63	233
Expenses		647,848	528,124
Personnel remuneration and expenses	2.1	330,304	295,547
Travel and subsistence		16,347	13,689
Depreciation	3	9,597	11,117
Amortisation	4	2,787	3,466
Cleaning and maintenance		17,161	10,255
Leases		8,072	7,431
Professional services and consulting ¹		80,854	32,763
Audit fees		3,215	1,856
Communication		35,318	30,485
Printing and stationary		16,582	12,911
Advertising		14,790	12,373
Computer services		95,853	78,608
Training and staff development		6,623	11,125
Other operating expenses		10,314	6,454
Loss on sale of property, plant and equipment		31	44
SURPLUS/(DEFICIT) FOR THE YEAR		145,645	(5,679)

1 Professional services and consulting were higher due to the modernisation programme and its initiatives

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2014

	2014 R'000
	Accumulated Surplus
Balance as at 1 April 2012	26,968
Deficit for the year	(5,679)
Balance as at 31 March 2013	<u>21,289</u>
Surplus for the year	145,645
Balance as at 31 March 2014	<u><u>166,934</u></u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

		2014	2013
	Notes	R'000	R'000
Cash flow from operating activities			
Cash generated from operations	10	130,927	28,279
Cash receipts from customers		667,700	525,109
Cash paid to employees and suppliers		(536,773)	(496,830)
Net cash flow from operating activities		130,927	28,279
Net cash flow from investing activities			
Proceeds from sale of property, plant and equipment		69	266
Additions to property plant and equipment		(150,183)	(9,170)
Net increase in cash and cash equivalents		(19,187)	19,375
Cash and cash equivalents at the beginning of the year		48,199	28,824
Cash and cash equivalent at the end of the year	7	29,012	48,199

STATEMENT OF COMPARISON BETWEEN BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2014

2014					
R'000					
GOVERNMENT PENSION ADMINISTRATION AGENCY	Approved Budget R'000	Adjustments R'000	Final budget R'000	Actual amounts on comparable basis R'000	Difference between final budget and actual R'000
Receipts					
Administration Fees	737,970	265,126	1,003,096	781,077	222,019
Total Receipts	737,970	265,126	1,003,096	781,077	222,019
Payments					
Employee costs	395,913	(5,852)	390,061	330,303	59,758
Operating expenses	310,587	98,201	408,788	302,584	106,204
Other expenditure	31,470	172,777	204,247	148,190	56,057
Total Payments	737,970	265,126	1,003,096	781,077	222,019
Net Receipts/ (payments)	-	-	-	-	-

Receipts Analysis

GPAA does not charge for services performed, instead they recover costs incurred for the period. This arrangement was agreed by GEPF as the main source of revenue during separation of GPAA and GEPF for a period of five years which ends in the next financial year.

GPAA receives 93% of its budget from GEPF and 7% from National Treasury as administration fees for administering for both GEPF and National Treasury members. The variance of R222,0 million under collection is due to expenditure that were budgeted for but were not incurred.

Payment Analysis

STATEMENT OF COMPARISON BETWEEN BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2014

The total variance of R222,0 million (22%) under spending is mainly due to the following:

- **Under spending on Compensation of employees R59,8 million (15%) as a result of positions budgeted for but not yet filled pending the impact of our modernisation program on our human capital structure.**
- **Modernisation program - R 109.1 million - mainly due to the following projects:**
 - Human Capital Management (HCM) project which under-spent by R10 million, Organizational Design and Development (ODD) deliverables to be completed in the next financial year.
 - Call Centre project (CCO) under-spent by R21 million due to delays arising from a change of scope (Kingsley relocation) and in the technology deployment.
 - Solution Implementation Partner (SIP) under-spent by R73m due to saving on the procured Oracle super cluster.
 - Mobile Outreach under - spent by R2m to due delays in customization of the acquired mobile vans.
- **Under spent on leases by R10.1 million (56%) due to delays in approving the tender for lease of computer hardware and software.**
- Repairs and maintenance under spent by R7.1 million (33%) mainly due to renovations of the office building not yet finalised
- **Computer services under spend by R15.1 million due to ICT projects which were scheduled to be completed by financial year end but were not completed.**
- **Training as a result of late submission of training requirements by business units R7.2 million (43%).**



1. **PRINCIPAL ACCOUNTING POLICIES**

1.1 Basis of presentation of financial statements

The entity is currently established as a Government component in terms of the Public Services Act. National Treasury is in the initial stages of formulating the migration process from Modified Cash Basis to Generally Recognised Practices (GRAP) framework, in terms of which all National Departments will be required to report in the future.

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 Practices as determined by Directive 5 (Determining the GRAP Reporting Framework), including any interpretations, guidelines and directives issued by the Accounting Standards Board, in accordance with section 55 and 89 of the Public Finance Management Act No. 1 of 1999 (as amended by Act 29 of 1999).

The financial statements are prepared in concurrence with the going concern principles and on accrual basis with the measurement based applied being the historic cost unless stated otherwise.

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.

Actual results in the future could differ from estimates which may be material to the financial statements.

Details of any significant judgements and estimates are explained in the relevant policy where the impact on the financial statements may be material.

1.2 Property, Plant and Equipment.

Property, Plant and Equipment is stated at historic cost less accumulated depreciation.

Depreciation is calculated on a historic cost using the straight line method over the estimated useful life. Residual values and useful lives are assessed annually.

The recorded values of these depreciated assets are periodically compared to the anticipated recoverable amounts if the assets were to be sold.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Depreciation rates are as follows:

Asset classes	Annual depreciation rate %
Computer Equipment	25%
Furniture & Fittings	16.67%
Leasehold Improvements	10%
Office Equipment	16.67%
Motor Vehicle	20%
Tools	16.67%

The depreciation charge is to depreciate the book value over the useful life of the asset to its assessed residual value. Depreciation is calculated and provided for on an annual basis. If the residual value of an asset is at least equal to its carrying amount, depreciation will cease.

The following factors were considered to determine the useful life of the asset:

- Expected usage of the asset;
- Expected physical wear and tear of the asset;
- Technical obsolescence; and
- Legal or other limits on the use of the asset.

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

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

1.3 Intangible Assets

Intangible assets held for use are stated in the statement of financial position at amortised cost, being the initial cost price less any amortisation and impairment.

Amortisation is charged so as to write off the cost of intangible assets over their estimated useful lives, using the straight-line method as following:

Computer Software

33%



1.4 Inventory

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost of inventory method. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

1.5 Loans and Receivables

1.5.1 Accounts Receivable:

Accounts and other receivables are stated at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

1.5.2 Other Receivables:

Other receivables consist of amounts receivable relating to mainly administration claims incurred by the GPAA on behalf of National Treasury.

These receivables are measured at fair value at initial recognition and appropriate allowances for estimated irrecoverable amounts are recognised in the statement of changes in net assets and funds where there is objective evidence that the asset is impaired.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1.6 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and deposits held at banks and are measured at fair value.

1.7 Accounts Payable

Accounts payable are measured at fair value at initial recognition, if normal payment terms are exceeded, and are subsequently measured at amortised cost using the effective interest rate method.

1.8 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.

1.9 Leases

Operating leases include rental properties and office equipment. Rental expenses are recognised on a straight line basis over the lease term.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases.

Payments made under operating leases are charged to the income statement based on actual straight lined and accrued payments.

1.10 Related Parties

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.

1.11 Commitments and Contingencies

Commitments comprise those future expenses that GPAA has committed itself to contractually, 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.



1.12 Judgements and Estimates

Critical judgements in applying the entities accounting policies are as follows:

1.12.1 Residual values and useful lives

Residual values and useful lives of equipment are assessed annually. Equipment is assessed for impairment 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.

1.12.2 Provision for Impairment & Receivables

The provision of impairment of receivables is raised on all receivable amounts aged 120 days and older, amounts due from individuals who have attained the age of 70 years and older as well as all fraud case receivables.

1.12.3 Accumulated leave pay provision

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

1.12.4 Performance Bonus Provision

This provision accounts for performance bonuses payable based on the outcome of the performance evaluation of employees and relevant approval.

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.

1.12.5 Revenue

Revenue comprises the fair value of the considerations received or receivable from the administration services provided to the customers of GPAA.

Where the extended payment terms are granted, where explicit or implicitly, the effect of time value of money is taken into account in the measurement of revenue.

Revenue is recognized when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow to the organization.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

2 Administrative Revenue and Expenditure

2.1 Personnel remuneration and expenses	2014	2013
	R'000	R'000
Remuneration to permanent and contract employees	241,944	217,335
Contributions to the GEPF	23 054	21,162
Other benefits (housing, medical, etc)	65,306	57,050
	<u>330,304</u>	<u>295 547</u>
2.2 Administration Fees	2014	2013
	R'000	R'000
GEPF	732,331	467,587
National Treasury(Programme 7)	55,078	50,191
Associated Institutions Pension Fund (AIPF)	5,379	3,626
Temporary Employees Pension Fund (TEPF)	422	162
	<u>793 210</u>	<u>521,566</u>

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

2.3 Other income	2014	2013
	R'000	R'000
Other income	151	130
Interest received	42	488
Parking fees	27	28
	<u>220</u>	<u>646</u>

3. Property, Plant and Equipment

	Computer Equipment R'000	Furniture and Fittings R'000	Leasehold Improvements R'000	Office Equipment R'000	Motor vehicles R'000	Tools R'000	Total R'000
Current year 2014							
Gross carrying amount	65,712	19,129	4,592	53,565	10,030	35	153,063
At beginning of year	28,108	13,762	-	11,992	2,669	27	56,558
Additions #	41,443	5,461	4,592	42,278	7,435	8	101,217
Transfers	46	(46)	-	-	-	-	-
Transfer from intangible assets			-	38	-	-	38
Provision for write off	(2,517)	(8)		(728)	(3)		(3,256)
Disposals	(1,368)	(40)	-	(15)	(71)	-	(1,494)
Accumulated depreciation and impairment	(20,999)	(9,114)	(2)	(7,116)	(1,543)	(16)	(38,790)
At beginning of year	(19,449)	(6,949)	-	(5,553)	(1,134)	(11)	(33,096)
Depreciation	(4,829)	(2,209)	(2)	(2,069)	(483)	(5)	(9,597)
Transfer from intangible assets	-	-	-	(12)	-	-	(12)
Provision for write off	1,948	5	-	503	3	-	2,459

- Included in additions is work in progress as follows computer equipment R27,589,837 furniture and fittings R3,540,276 , leasehold improvement R4,258, 913, office equipment R41,773, 458 and Motor Vehicles R7,435, 585.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Accumulated depreciation on disposals	1,331	39	-	15	71	-	1,456
Net carrying amount at end of year	44,713	10,015	4,590	46,449	8,487	19	114,273
Previous year, 2013							
Gross carrying amount	28,108	13,762	-	11,992	2,669	27	56,558
At beginning of year	23,074	11,788	-	11,487	1,848	27	48,224
Additions	5,364	2,037	-	746	990	-	9,137
Transfer to intangible assets	-	-	-	(64)	-	-	(64)
Disposals	(330)	(63)	-	(177)	(169)	-	(739)
Accumulated depreciation and impairment	(19,449)	(6,949)	-	(5,553)	(1,134)	(11)	(33,096)
At beginning of year	(13,531)	(4,689)	-	(3,559)	(855)	(7)	(22,641)
Depreciation	(6,238)	(2,311)	-	(2,116)	(448)	(4)	(11,117)
Accumulated depreciation on disposals	320	51	-	122	169	-	662
Net carrying amount at end of year	8,659	6,813	-	6,439	1,535	16	23,462

4. Intangible Assets

Current year, 2014

Gross carrying amount

At beginning of year

Computer

Software

R'000

60,208

11,281



Additions #	48,965
Transfer to office equipment	(38)
Transfer from office equipment	-
Accumulated amortisation and impairment	(9,921)
At beginning of year	(7,146)
Amortisation	(2,787)
Transfer to office equipment	12
Net carrying amount at end of year	50,287
Previous year, 2013	
Gross carrying amount	11,281
At beginning of year	11,185
Additions	32
Transfer to office equipment	-
Transfer from office equipment	64
Accumulated amortisation and impairment	(7,146)
At beginning of year	(3,680)
Amortisation	(3,466)
Transfer to office equipment	-
Net carrying amount at end of year	4,135

134

Included in additions is work in progress to the cost of R46,792,374 .



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

5. Loans and Receivables

	2014	2013
	R'000	R'000
Loans and receivable - gross	138,872	13,142
Provision for bad debts	(1,811)	(64)
Loans and receivable - net	<u>137,061</u>	<u>13,078</u>

Loans and Receivables consist of outstanding claims from National Treasury, prepayments, staff debtors and amounts owing from staff members who have left the employment of the GPAA and can be broken down as follows:

	2014	2013
	R'000	R'000
Staff debtors	251	501
Other debtors	277	624
Prepayments	9,059	801
National Treasury	14,404	7,555
Associated Institutions Pensions fund	5,301	3,513
Temporary Employees Pension fund	420	148
GEPP	109,160	
	<u>138,872</u>	<u>13,142</u>

At 31 March 2014 the provision for doubtful debts on trade and other receivables was R1,810 877 (2013: R63 841).

The carrying amount of trade and other receivables is denominated in Rands.

The executives of GPAA consider the carrying amount of trade and other receivables to approximate fair value.

6. Inventory	2014	2013
	R'000	R'000
Inventory consists of consumables	817	388

7. Cash and Cash Equivalents

	Notes	2014	2013
		R'000	R'000
Cash and Cash equivalents consist of:			
Petty cash		34	34
ABSA bank balance		6	20,182
PMG bank balance		28,972	27,983
		29,012	48,199

8. Trade and other payables

		2014	2013
		R'000	R'000
Accounts payable are made up as follows:			
Administrative creditors		140,093	21,304
Operating lease accrual	8.1	900	1,295
Sundry Creditors		429	343
Government Employees Pension Fund		0	22,709
		141,422	45,651

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

8. 1 Operating Leases

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

	2014	2013
	R'000	R'000
	22,223	8,547
Payable in <1 year	5,943	3,959
Payable in 2-5 years	15,914	4,222
Payable in >5 years	366	366

9. Provision

	2014	2013
	R'000	R'000
Provision for accumulated leave pay	8,460	10,132
Balance at beginning of year	10,132	8,002
Provided	8,460	10,132
Utilised	(10,132)	(8,002)
Provision for bonuses	14,634	12,190
Balance at beginning of year	12,190	11,745
Provided	14,634	12,190
Utilised	(12,190)	(11,745)
Provision for Acting allowances	-	-
Balance at beginning of year	-	327
Provided	-	-
Utilised	-	(327)
Balance at end of period	23,094	22,322

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

	2014	2013
	R'000	R'000
Surplus/Deficit	145,645	(5,679)
Add: Non Cash Movements:	15,275	16,753
Depreciation and amortisation	12,384	14,583
Lease smoothing adjustment	(395)	126
Add provision for asset write off	799	
Increase in provisions	772	2,248
Loss/(profit) on sale property, plant and equipment	(32)	(189)
Decrease in provision for doubtful debts	1,747	(15)
Add/(less) changes in working capital	(29,993)	17,205
Increase in trade payables	96,166	14,202
Decrease/(Increase) in trade receivables	(125,730)	2,897
Decrease/(Increase) in Inventories	(429)	106
 Net Cash Flows from Operating Activities	 130,927	 28,279

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

	2014	2013
	R'000	R'000
Opening balance	-	
Irregular expenditure incurred during the current year	1,901	-
Condoned or written off by relevant authority	-	
Transfer to receivables for recovery- not condoned	-	
Irregular expenditure awaiting condonement	1,901	-

An independent audit is being undertaken to ascertain possible irregular expenditure.

12. Risk management**Credit Risk***Cash and cash equivalents*

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

Receivables

Receivables are presented net of the allowance for doubtful debts.

Receivable are exposed to a low credit risk as the bulk of receivables are mainly Government Employees Pension Fund (GEPF), National Treasury, Associated Institutions Pension Fund (AIPF) as well as Temporary Employees Pension Fund (TEPF). These receivables are exposed to a low credit risk and no amounts are overdue on these receivables. The only amounts overdue are with other receivables which are insignificant; refer to note 5 loans and receivables.

Liquidity Risk**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.

13. Related Party transactions

13.1 The Related Party transactions relate to administrative services provided to National Treasury in respect of Programme 7

	2014	2013
	R'000	R'000
Total revenue	55,078	44,081
Outstanding debt	14,404	7,555

13.2 GPAA has received the use of the office building at 34 Hamilton Street, Arcadia, Pretoria without paying any consideration for it.

13.3 Disclosure of Executive Remuneration

Name	Designation	Salary and allowances (R)	Bonus (R)	Total (R)
Aboobaker G	Chief Executive Officer	1,515,093	-	1,515,093
Meyer ED	Head: Corporate Services (January 2014 – 31 March 2014)	248,340	-	248,340
Ramathlape J	Chief Information Officer (April 2013 – July 2013)	307,001	-	307,001
Kriel HJ	Acting Chief Information Officer (July 2013 – 31 March 2014)	663,281	-	663,281
Kola MJ	Chief Operating Officer	1,289,272	25,199	1,314,471
Ntshingila M	Chief Financial Officer (October 2013 – 31 March 2014)	640,365	-	640,365
Merrifield AGM	Programme Manager (June 2013 – 31 March 2014)	959,395	-	959,395
		5,622,747	25,199	5,647,946

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

The CFO services have been outsourced to Vertex Consolidated Management Services as follows:

Name	Professional Fees (R)	Allowances (R)	VAT (R)	Total (R)
Vertex Consolidated Management Services (April 2013 to September 2013)	579,918	6,300	81,186	667,404

13.4 Audit Committee Members Remuneration

Name	Designation	Meeting allowances (R)	Total (R)
Jack V	Chairperson	43,871	43,871
Bhoola HR	Member	20,781	20,781
Le Roux Z	Member	30,017	30,017
Francis B	Member	39,253	39,253
Lesejane J	Member	39,253	39,253
Motloa O	Member	20,781	20,781
		193,956	193,956



LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor-General of South Africa
AIPF	The Associated Institutions Pension Fund, as per the AIPF Act 41 of 1963, administered by the GPAA on behalf of National Treasury
BBBEE	Broad Based Black Economic Empowerment
BOT	Board of Trustees of the Government Employees Pension Fund (GEPF is governed by a Board of Trustees in terms of the GEP Law)
CEO	Chief Executive Officer
CFO	Chief Financial Officer
GEP Law	Government Employees Pension Law of 1996, as amended
GEPF	The Government Employees Pension Fund, a pension fund governed by the Government Employees Pension (GEP) Law of 1996, as amended, administered by the GPAA on behalf of GEPF's Board of Trustees
GPAA	Government Pensions Administration Agency
HOD	Head of Department
ICT	Information and communication technology
MEC	Member of Executive Council
MTEF	Medium Term Expenditure Framework
PFMA	Public Finance Management Act (No1 of 1999 as amended by Act 29 of 1999)
PSA	Public Service Act of 1994
SCM	Supply Chain Management
SDIP	Service Delivery Improvement Plan
SITA	State Information Technology Agency
SLA	Service level agreement
SMME	Small, Medium and Micro Enterprise
TEPF	The Temporary Employees Pension Fund, as per the TEPF Act 75 of 1979, administered by the GPAA on behalf of National Treasury
TR	Treasury Regulations

THE GPAA GENERAL INFORMATION

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