



GOVERNMENT PENSIONS ADMINISTRATION AGENCY 2014 / 2015 ANNUAL REPORT



the gpaa

Department:
Government Pensions Administration Agency
REPUBLIC OF SOUTH AFRICA





GOVERNMENT PENSIONS ADMINISTRATION AGENCY
ANNUAL REPORT
2014 / 2015 FINANCIAL YEAR

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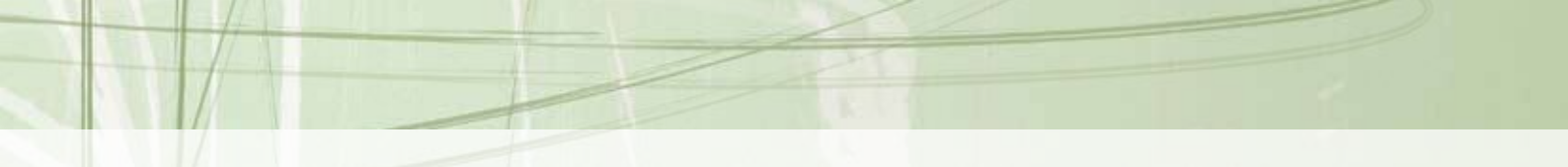
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PART A: GENERAL INFORMATION



1. GENERAL INFORMATION

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2. 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
AO	Accounting Officer
BBBEE	Broad Based Black Economic Empowerment
BC	Business Continuity as specified in the BS 25999 and ISO 22301 standards
BIA	Business Impact Analysis done by practitioners in the science of Business Continuity
BOT	The Government Employees Pension Fund's Board of Trustees
CEM International	Pension administration benchmark company
CFO	Chief Financial Officer
COIDA	Compensation to injured civil servants in terms of the Compensation for Occupational Injury and Diseases Act 130 of 1993
Client	A customer of a professional service provider, or the principal of an agent or contractor
Customer	An entity that receives or consumes products (goods or services) and has the ability to choose between different products and suppliers or an entity directly served by an organisation
Employer	Any government entity employing persons into government services
External audit	Periodic or specific purpose (ad hoc) audit conducted by external (independent) qualified accountant(s). Its objective is to determine, among other things, whether: (1) the accounting records are accurate and complete, (2) prepared in accordance with the provisions of Generally Recognised Accounting Practice (GRAP), and (3) the statements prepared from the accounts present fairly the organisation's financial position and the results of its financial operations
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
Government	The government of the Republic of South Africa
Government component	A government component can be established through Proclamation by the President on a recommendation from the Minister of Public Service and Administration
HOD	Head of Department
Human capital	Human capital refers to the collective value of the organisation's intellectual capital (competencies, knowledge and skills)
ICT	Information and Communication Technology
Internal audit	A frequent or on-going audit conducted by an organisation's own (as opposed to independent) auditors to: (1) monitor operating results, (2) verify financial records, (3) evaluate internal controls, (4) assist with increasing efficiency and effectiveness of operations and, (5) to detect fraud. Internal audit can identify control problems and aims at correcting lapses before they are discovered during an external audit. Although the internal auditors are the organisation's own employees, they normally do not audit themselves or their own departments, but usually entrust this function to independent / external auditors
KZN	Kwa-Zulu Natal
MTEF	Medium Term Expenditure Framework
NDP	National Development Plan
Outcome(s)	Short- and medium-term effects of an intervention's output
Output(s)	Products, capital goods and services, which result from an intervention
Performance area(s) (PAs)	Areas that, if the business focuses on and does well, will determine its competitive edge/differentiation or competitive advantage
Performance indicator(s) (PIs) (indices)	Key Performance Indicators (KPIs) are quantifiable measurements agreed on beforehand that reflect the critical success factors of an organisation
PFMA	Public Finance Management Act (No. 1 of 1999 as amended by Act 29 of 1999)

PRMS	Post-Retirement Medical Subsidy benefits for retired state employees belonging to registered medical schemes in terms of PSCBC resolutions
PSCBC	Public Service Co-ordinating Bargaining Council
PSA	Public Service Act of 1994
QCR	Client Queries, Complaints or Requests
TR	Treasury Regulations
SMME	Small Medium and Micro Enterprises
SCM	Supply Chain Management
SDIP	Service Delivery Improvement Plan
Shareholder	An individual, group or organisation that holds one or more shares in a company, and in whose name the share certificate is issued
SLA	Service Level Agreement
Stakeholder	A person, group or organisation that has a direct or indirect stake in an organisation because it can affect or be affected by the organisation's actions, objectives and / or policies. Key stakeholders in a business organisation include creditors, clients, directors, employees, government (and its agencies), owners (shareholders), suppliers, unions and the community from which the business draws its resources
Strategic interventions	Strategic actions / interventions / projects to be undertaken to achieve expected results
Target milestone	Targets are milestones that lead to the achievement of expected results. They are expressed in terms of quantity or timeframes
TEPF	The Temporary Employees Pension Fund, as per the TEPF Act 75 of 1979, administered by the GPAA on behalf of National Treasury
The Executive Authority of the GPAA	The Minister of Finance



FOREWORDS



Minister of Finance: the Honourable Nhlanhla Nene, MP

“The GPAA’s key role is to ensure that all of those leaving public service receive appropriate and timely service with respect to their pension administration needs.”

3. FOREWORD BY THE MINISTER OF FINANCE

The Government Pensions Administration Agency (GPAA) contributes immeasurably to building a capable state, both as a government component and as the administrator of pension benefits for public servants. Indeed, for the state to drive change and implement programmes that benefit the citizens of our country, the role of public servants is critical.

The GPAA's key role is to ensure that all of those leaving public service receive appropriate and timely service with respect to their pension administration needs.

In order to meet this objective, the GPAA has improved service delivery, mainly through its Modernisation Programme that is envisaged to continue until the end of 2017. Already, significant improvements have been realised with payment turnaround times being reduced from 60 to 45 days on average. Customer access to the GPAA's services has also been extended to three more rural areas with the addition of new satellite offices in rural Limpopo, Rustenburg and Phuthaditjhaba. These developments are significant as an efficient GPAA engenders stakeholder confidence, while at the same time improving the well-being of members after retirement. In addition, there has been steady progress noted with respect to initiatives undertaken by the GPAA to achieve its goal to be among the best pension funds globally. Such initiatives include mobile office vans where there was previously only telephonic access as well as the implementation of the eChannel, an electronic document submission mechanism, which has significantly reduced the turnaround times for all electronically submitted documents.

I would like to thank the management and staff of the GPAA, who have contributed to the organisation's achievements during the past financial year. I would also like to thank the recently retired CEO of the GPAA, Mr Goolam Aboobaker, for his contribution and dedicated service to the organisation and to welcome the new CEO, Mr Krishen Sukdev, who was appointed to lead the GPAA from the start of August 2015. I have no doubt that under Mr Sukdev's leadership, the GPAA will continue to grow and ensure that it takes service delivery to the next level.



Nhlanhla Nene
Minister of Finance
September 2015



Eileen Meyer, Acting Chief Executive Officer
Government Pensions Administration Agency

“As the administrator of the largest pension fund on the African continent, the GPAA has an integral part to play in Government’s objective of improving the delivery of services so as to create a better life for all.”

4. ACCOUNTING OFFICER'S OVERVIEW

It is a great honour and privilege to present the Annual Report for 2014 / 2015 for the Government Pensions Administration Agency (GPAA), the first such report since I have taken the role of Acting as the Chief Executive Officer of the Agency.

The GPAA is a government component that provides administration services to the Government Employees Pension Fund (GEPF) and National Treasury. As the administrator of the largest pension fund on the African continent, the GPAA has an integral part to play in Government's objective of improving the delivery of services so as to create a better life for all. We are making every attempt as an organisation to live and deliver on the Batho Pele Principles and to ensure that we contribute to Government's agenda of being a developmental, capable state that is caring for its citizens.

The GPAA turned five years old on 1 April 2015. Over the years since its inception, our focus as an organisation has been on constantly improving the quality of services that we offer to our customers and clients, particularly by paying benefits and pensions timeously. In order to continuously improve, we undertook a Modernisation Programme to bring more efficiency into the organisation through the introduction of automated systems, streamlined business processes and a fit for purpose organisational structure.

We have had significant achievements in the Modernisation Programme over the 2014 / 2015 financial year, some of these include:

ECHANNEL

Our Modernisation team accelerated the use of our electronic exit document submission system, which we call eChannel. This has resulted in a decrease in the turnaround time for payment from when the case is received to when it is paid. Currently employers who make up 87% of GEPF's membership have adopted the eChannel system.

MOBILE AND SATELLITE OFFICES

Since the first quarter of 2014 / 2015 11 specialised vehicles equipped with technology that allows our Customer Service Agents to serve customers at point of contact were commissioned. Since the introduction of these vehicles, we have seen a significant increase in the number of claims and queries addressed per month. Over and above the mobile offices, two new satellite offices are being established, in Thohoyandou and Phuthaditjhaba, with a third, in Rustenburg, to follow.

Indeed, we have made significant strides in ensuring that our members, pensioners and beneficiaries have access to the GPAA's services, even in the most rural of areas across the country.

CALL CENTRE IMPROVEMENTS

In an effort to ensure that we are accessible to our customers, a solution for the Call Centre was established to replace out of date technology. The Pretoria Customer Service Centre and Call Centre were relocated from our Head Office to the Kingsley Centre in Arcadia, Pretoria. The relocation and introduction of new technology, has seen an increase in the number of customers and improved customer satisfaction levels.

TECHNOLOGY ENHANCEMENTS

Key ICT infrastructure investments were made this financial year on hardware, software and core processing systems to support the core pension administration platform. The technology team has finalised the design of the technical solution and has completed three key functional designs for the customer relationship management (CRM), enterprise content management (ECM) and identity access management (IAM) systems, all of which place us on the path to make significant improvements in output and delivery of services.

TANGIBLE RESULTS

With all the efforts that the organisation is putting into bringing its systems and processes up to date, there is still work being done on improving everyday service delivery and improving the skills and motivation levels of employees.

We are very grateful that during the year under review we have started seeing a number of concrete positive results in our modernisation investments. In the fourth quarter of 2014 / 2015 we were able to pay 100% of benefits accurately (the right amount to the right person), with 92% of benefits being paid on time after the receipt of duly completed documentation. We are pleased to be able to report that our work to date is starting to move us in the right direction as we have begun to demonstrate that the GPAA can deliver more effectively on its mandate.

IRREGULAR EXPENDITURE DURING 2014 / 2015

Irregular expenditure of R27 million was incurred in the financial year, of that, R7.7 million was condoned by the former Accounting Officer and R10.5 million was submitted to the National Treasury for condonement and approval is still pending. To date, it appears that no one has benefited from this irregular expenditure.

The challenges that led to the irregular expenditure have been addressed through reviewing the Supply Chain Management (SCM) policy and initiating interventions to improve our capacity and capability.

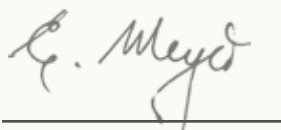
CONCLUSION

I would like to thank the former CEO, Mr Goolam Aboobaker (now a GEPF pensioner whose pension is paid by the GPAA), for his leadership and for steering the organisation and its transformation initiatives over the past two years.

I would also like to welcome our new CEO, Mr Krishen Sukdev, who began work in August 2015 (a post-year end event). Under his leadership, and with his extensive expertise, the GPAA will continue to strive to be the leading people-centric benefits administrator in government and to continue to serve its clients by paying benefits accurately and timeously.

On behalf of all my colleagues, I would like to thank the Minister and Deputy Minister of Finance for their leadership and guidance. In addition, I would like to extend a word of gratitude to the GEPF's Chairperson and Board of Trustees, as well as the Director-General of the National Treasury, for their continued support.

Last but not least, my deepest gratitude goes to the Executive Management team and all the hardworking employees of the GPAA, whose expertise and commitment have ensured that we are able to continuously deliver on our mandate, even in the face of the numerous changes and challenges brought about by our Modernisation initiatives.



Eileen Meyer
Acting Chief Executive Officer
31 July 2015

5. ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2015

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

- All information and amounts disclosed throughout the annual report are consistent.
- The annual report is complete, accurate and is free from any omissions.
- 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 GRAP and the relevant frameworks and guidelines issued by National Treasury.

In response to the expectation of clause 3 (8) of the Proclamation of the GPAA on 26 March 2010 a formal evaluation and review of the GPAA as a government component is planned for the 2015 / 2016 year. In preparation for this event the following assessments were initiated:

1. A Management Performance Assessment (MPAT), which commenced on 15 March 2015. It assesses key management performance areas in line with public service acts and regulations, and also reviews compliance to these.
2. A GEPF initiated CEM International benchmarking exercise which commenced in March 2015 to assess the GPAA's capability as a pensions administrator.

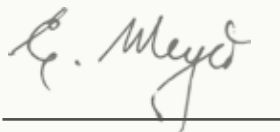
In addition to the abovementioned I would like to announce an estimated savings of R18.3 million for this financial year for:

1. Using open source rather than proprietary enterprise-wide monitoring solution - R10 million;
2. Software discounts - R5.7 million; and
3. Savings on Oracle renewals due to an initial discount on the Oracle stack - R2.6 million.

The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resource information and the annual financial statements. This was found to be satisfactory.

The external auditors were requested to express an independent opinion on the annual financial statements of the GPAA.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resource information and the financial affairs of the GPAA for the financial year ended 31 March 2015.

A handwritten signature in cursive script, appearing to read 'E. Meyer', is written above a solid horizontal line.

Eileen Meyer
Acting Chief Executive Officer
31 July 2015

6. 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 frustrations in the workplace and, consequently, less room for fraudulent activity.

6.1 VISION

To be the leading and preferred fund benefits administrator.

6.2 MISSION

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

The GPAA's service delivery ethos is rooted in a value system characterised by:

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. "Integrity is putting your values into action" - Robin Siemens
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 the GPAA's human capital.
Transparency	Our observed degree of clarity, openness, measurability and verifiability in law, regulations, financial management, agreements and / or practice.

6.4 THE GPAA'S STANDARDISED VOCABULARY

The GPAA's customers

The GPAA's benefit administration services are specified in an Administration Agreement (AA) and a Service Level Agreement (SLA) entered into between the organisation and its customers. GEPF's Board of Trustees and National Treasury are the GPAA's two valued customers.

The GPAA's clients

The GPAA's clients are the members, pensioners and their beneficiaries (spouses and orphans) of the benefit funds administered on behalf of GEPF and National Treasury's Programme 7. These are the roughly 1.8 million accounts that the GPAA administers on behalf of GEPF and National Treasury.

The GPAA's stakeholders

The GPAA's stakeholders are the persons, groups or organisations that have a direct or indirect stake in the organisation or in its services that can affect or be affected by the organisation's actions, objectives and / or policies. The GPAA's stakeholders include employers, parliament, the Department of Public Service Administration (DPSA), internal committees, trade unions or any committee sitting for, and on behalf of, the funds under administration.

7 LEGISLATIVE AND OTHER MANDATES

7.1 GOVERNMENT MANDATE

The GPAA is responsible for contributing towards Outcome 12 of the government's 12 priority outcomes. The key strategic areas of this outcome include:

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

These outcomes emphasize the collective approach that government has taken towards the improvement of service delivery.

7.2 LEGISLATIVE MANDATE

The GPAA's legislative mandate extends from Proclamation No. 10 of 26 March 2010, in terms of Section 7A (4) of the Public Service Act, 1994 (Proclamation No. 103 of 1994). This Proclamation established the GPAA as a government component. As such, the Public Finance Management Act (PFMA) governs the GPAA's financial affairs, while its human resources fall under the ambit of the Public Service Act (PSA).

The GPAA is charged with providing administration services to the Government Employees Pension Fund (GEPF) and National Treasury's Programme 7. The provision of these services is regulated by Service Level Agreements (SLAs). At present, the funds and schemes that are currently under the GPAA's administration are as follows:

- GEPF, in terms of the Government Employees Pension (GEP) Law of 1996, and applicable acts on behalf of GEPF's Board of Trustees;
- The TEPF in terms of the Temporary Employees Pension Fund (TEPF) Act 75 of 1979 on behalf of National Treasury's Programme 7;
- The 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 Co-ordinating 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 administration of the above funds and schemes is done through the following enabling legislation:

- The Maintenance of Surviving Spouses Act 27 of 1990;
- The Members of Statutory Bodies Pension Act 94 of 1969;
- The Special Pensions Act 69 of 1996;
- The Closed Pension Funds Act 197 of 1993;
- The Divorce Act 70 of 1979;
- The Members of Parliament and Political Office Bearers Pension Scheme Act 112 of 1984;

- The Members of Statutory Bodies Pension Act 94 of 1969;
- The Military Pensions Act 84 of 1976;
- The Maintenance Act 99 of 1998;
- The Compensation for Occupational Injuries and Diseases Act 130 of 1993; and
- The Government Employees Pension Law, 1996 (Proclamation No. 21 of 1996).

In order to carry out its important mandate appropriately in line with applicable legislation, the GPAA's main strategic goals are to satisfy customers and clients; build mutually beneficial relationships with stakeholders; establish a modernised and efficient administration; create satisfied, efficient and effective employees; and establish mutually beneficial partnerships with employer communities. The GPAA has further aligned its mission and operations with the Medium-Term Strategic Framework (MTSF) and the National Development Plan (NDP) by:

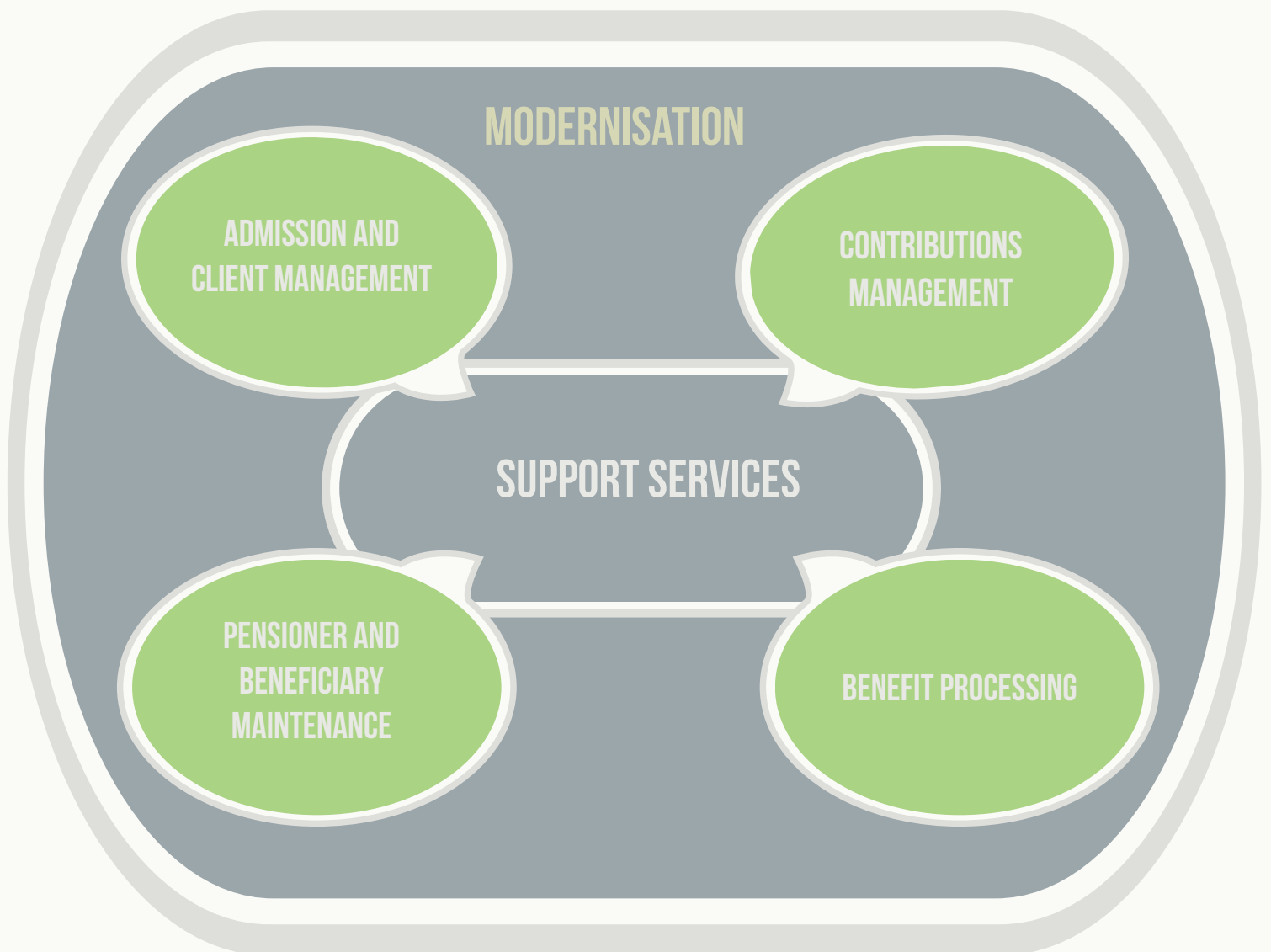
- Establishing institutional mechanisms and building the necessary internal capacity to undertake long-term planning. Through this, the organisation aims to address the points raised in the NDP around building a capable state.
- Revitalising the Batho Pele programme for more responsive benefits administration. The measures taken include a particular focus on strengthening routine day-to-day accountability, overseeing and monitoring the quality of service delivery, as well as improving mechanisms for client feedback to drive improvements.
- Developing human resource capacity with a particular emphasis on ensuring that public service workplaces provide a conducive environment for staff to develop their skills throughout their careers.

7.3 ACCOUNTING PRACTICES

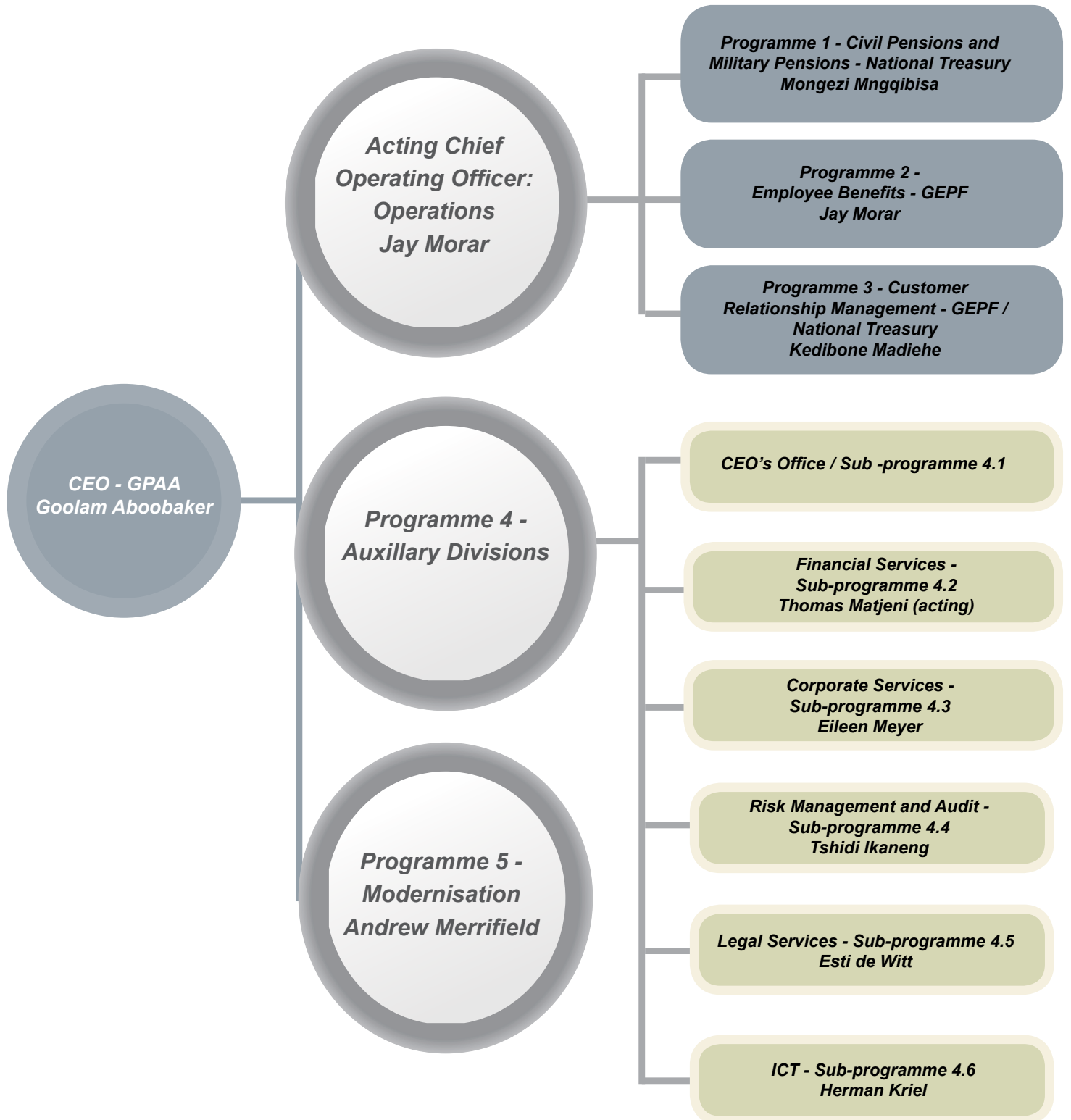
As discussed above, the GPAA was established as a government component in terms of the Public Service Act. As a government department, the GPAA should account on a modified cash basis, however, permission has been granted by National Treasury for the GPAA to account as per Generally Recognised Accounting Practice (GRAP). The organisation's financial statements are therefore prepared in accordance with the effective Standards of Generally Recognised Accounting Practice as determined by Directive 5 (in *Determining the GRAP Reporting Framework*), including any interpretations, guidelines and directives issued by the Accounting Standards Board, in accordance with sections 55 and 89 of the Public Finance Management Act No. 1 of 1999 (as amended by Act 29 of 1999).

8. THE GPAA'S HIGH-END BUSINESS MODEL

The GPAA has developed an interim high-end business model that complements its structure. Programmes 1, 2 and 3 are responsible for the core business and are supported by Programme 4, Support Services. Business enablement and innovation is the platform for modernisation and project management. The interactions between the programmes are shown in the diagram below:



9. ORGANISATIONAL STRUCTURE



As per the organogram, the GPAA is comprised of five programmes that are described in more detail below.

PROGRAMME 1 – CIVIL AND MILITARY PENSIONS (NATIONAL TREASURY'S PROGRAMME 7)

This programme, administered by the GPAA on behalf of National Treasury's Programme 7, provides for the payment of non-contributory pensions funded by National Treasury to the beneficiaries of different public sector organisations in terms of different laws, collective bargaining agreements and other commitments.

This programme administers Military Pensions, Post-Retirement Medical Subsidy and Injury on Duty (IOD) payments. Military Pensions and IOD payments provide for the payment of military pension benefits and medical claims arising from treatment for disabilities, medical assistance devices and other related expenses, in terms of legal commitments.

PROGRAMME 2 – EMPLOYEE BENEFITS FOR GEFP

This programme incorporates the administration carried out by the GPAA on behalf of the Government Employees Pension Fund (GEFP) in terms of the Government Employees Pension (GEP) Law of 1996, as amended. The activities involved herein include: member admissions, contribution collection, member / pensioner / beneficiary maintenance and benefit processing. Benefit processing starts from the receipt of the benefit application documents, continues with the processing of all relevant forms, and ends with the finalisation of the benefit. These key processes ensure the accurate and timely payment of benefits to GEFP's members, pensioners and beneficiaries.

PROGRAMME 3 - CUSTOMER RELATIONSHIP MANAGEMENT (CRM) FOR GEFP AND NATIONAL TREASURY'S PROGRAMME 7 FUNDS AND SCHEMES

This programme manages the GPAA's relationships with all of its stakeholders, including clients, third parties and employer departments. This is done by providing high quality, approachable client services based on the Batho Pele Principles. Service channel operations, the Call Centre and Walk-in Centres, ensure support of the interface between the GPAA and its clients through accepting, resolving and monitoring all service requests or queries.

CRM also provides employer education and training through its regional and employer liaison sub-programmes. In addition, this programme oversees the document management process to support the GPAA's core business processes. This includes the conversion of paper documents into electronic format and the indexing, tracking and storage of these documents.

PROGRAMME 4 - SUPPORT SERVICES

Programme 4 houses the GPAA's Support Services - sub-programmes that play a supporting role in the organisation's ability to deliver its primary services.

SUB-PROGRAMME 4.1 - OFFICE OF THE CEO

The purpose of the business units within the Office of the CEO is to plan, direct and support the GPAA so as to ensure that employee benefits, pensions and retirement funds are administered according to applicable legislation and Service Level Agreements (SLAs) with the organisation's customers.

This group of business units is responsible for ensuring that the organisation is effectively managed to deliver services that meet or exceed clients' requirements. Finally, these business units are responsible for overall organisational performance.

SUB-PROGRAMME 4.2 – FINANCIAL SERVICES

The objective of this sub-programme is to facilitate accountability, governance and oversight by promoting the effective, efficient and transparent management of the GPAA, GEPF and National Treasury's Programme 7's revenue, expenditure, assets and liabilities. The sub-programme consists of the following key units:

1. Supply Chain Management provides support and procurement discipline for all programmes, sub-programmes and business units.
2. Financial Management is responsible for:
 - Financial planning, monitoring and reporting;
 - Developing and implementing accounting and financial policies;
 - Cash flow management;
 - Financial accounting;
 - Improving financial management and preparation of financial statements for the GPAA, GEPF, AIPF and TEPF;
 - Tax reconciliation and compliance; and
 - Developing and implementing an appropriate reporting framework.

SUB-PROGRAMME 4.3 – CORPORATE SERVICES

The aim of this sub-programme is to support the GPAA through the management, co-ordination and oversight of all management support and human resources activities. Corporate Services therefore ensures compliance with legislative requirements for human capital and facilitates related policy formulation and frameworks as well as providing a conducive working environment for the organisation's employees in order to promote optimum services.

SUB-PROGRAMME 4.4 – RISK AND AUDIT SERVICES

This sub-programme has three key responsibilities:

1. To promote a fraud-free environment within the GPAA;
2. To manage enterprise-wide risk; and,
3. To provide an internal audit service within the organisation.

SUB-PROGRAMME 4.5 – LEGAL SERVICES

This sub-programme's purpose is to provide an enterprise-wide legal service. As the GPAA renders services to both GEPF and the National Treasury, this sub-programme is also responsible for providing a full and comprehensive legal support and advisory service in all areas of operations.

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

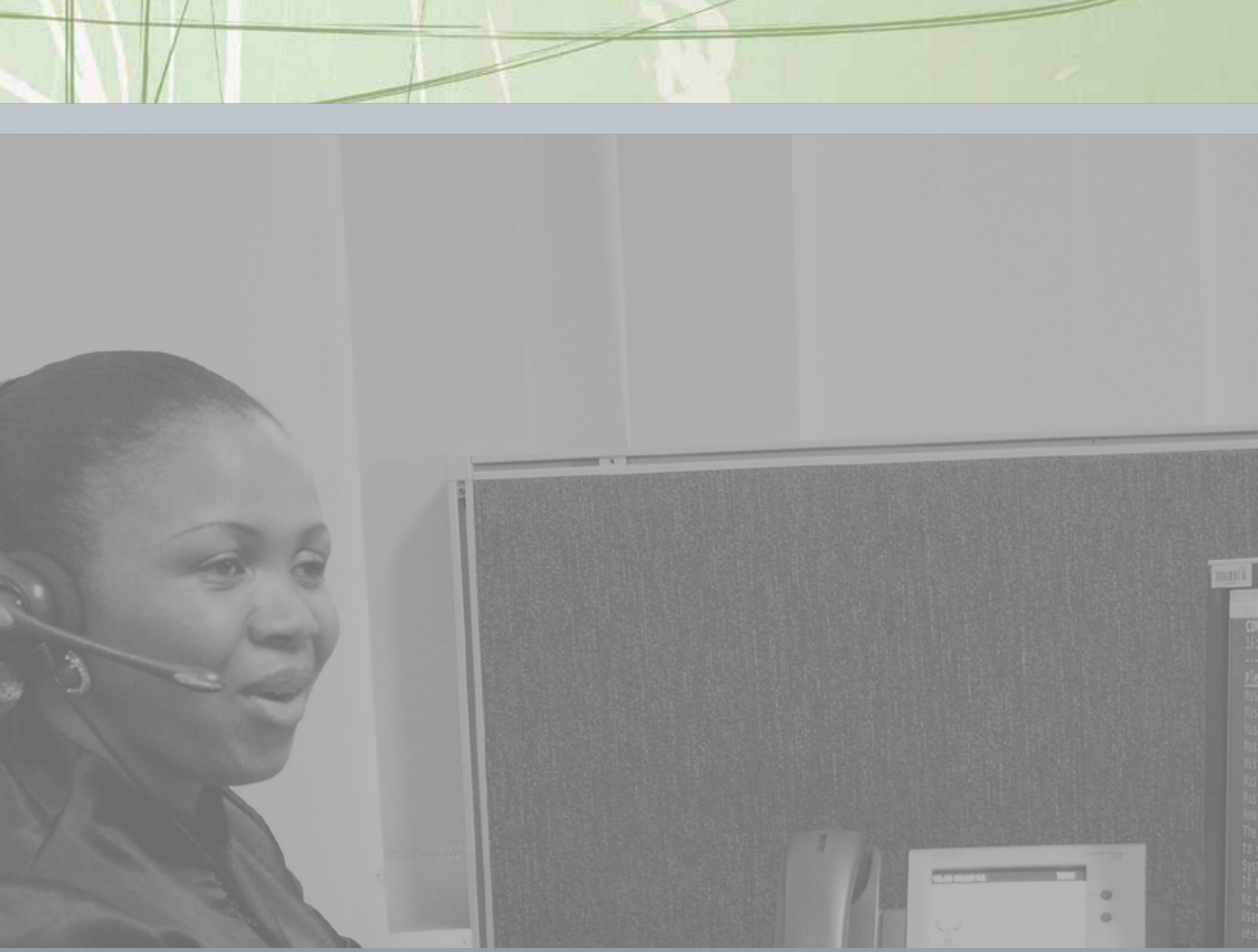
This sub-programme manages the organisation's ICT resources, including the data centre (servers and storage area network), wide and local area networks (LAN and WAN), applications, desktop equipment and databases. It therefore enables the organisation's operations and management as it provides the building blocks and the inter-operability required to deliver on the organisational mandate.

ICT strives to provide pioneering technology solutions and high-quality pension administration support services based on established best practice frameworks, models and standards. In this regard, the sub-programme ensures the security and integrity of the organisation's ICT systems while maintaining approval levels of authorisation for staff. ICT also maintains defined and role-based access controls with appropriate authorisation by both ICT and user programme, sub-programme and business unit managers.

ICT has finalised the replacing of old hardware technology with state-of-the-art equipment that is the basis on which future requirements can be met and Modernisation initiatives can be built to provide a faster, better service to the GPAA's clients and customers.

PROGRAMME 5 – MODERNISATION

The Modernisation Programme (and its predecessor the Service Delivery Improvement Programme or SDIP) has been active for some time but the implementation was rather unprogressive. However, considerable acceleration of the programme became visible in the 2013 / 2014 financial year. The processes, planning and achievements within this programme are discussed at length below.



PART B: PERFORMANCE INFORMATION



1. INFORMATION ON PREDETERMINED OBJECTIVES

The AGSA performs certain audit procedures on the performance information in order to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management.

Refer to page 140 for the Report of the Auditor-General, published as Part E: Financial Information.

2. OVERVIEW OF ORGANISATIONAL PERFORMANCE

2.1 SERVICE DELIVERY ENVIRONMENT

GEPF affords the GPAA 93% of its operating budget, complemented by a 7% contribution made by National Treasury. The GPAA, therefore, needs to remain competitive within the benefits administration market.

During the year under review the following had a significant impact on the GPAA's ability to achieve its strategic objectives:

- **The need for flexibility in service delivery**

Our main concerns regarding service delivery are with regards to improved communication, enhancing member education (through roadshows, etc.), ensuring timely and accurate payments, and the strengthening of regional and satellite offices through the introduction of new offices and mobile offices across the country. Newsletters remain the main form of communication with clients.

- **Governance**

Good governance in pension systems promotes the timely and cost-effective delivery of benefits, as well as the administration of pensions in the best interest of pensioners, active members and their beneficiaries. Good governance is being increasingly recognised as an important aspect for the management of an efficient pension administration system, enhancing administrative performance and securing service delivery.

- **Batho Pele Principles**

There is a growing acknowledgment in South Africa that the physical infrastructure and accessibility of the services being offered contribute to the effective and efficient running of organisations. Therefore, in line with the Batho Pele Principles, the GPAA's improved

processes have started to ensure that clients are properly informed and empowered. This is important as any planned improvements will lead to further retirement preparedness by arming clients with the knowledge they need to make informed and important decisions about their retirement.

- **Pension reform**

Pension reform has been high on the agenda of many governments globally, with several in the process of reforming their pension systems in order to reduce their financial commitments and also to fulfill their social responsibility towards pensioners and their dependents. Leading international organisations, such as the Organisation for Economic Co-operation and Development (OECD), the International Monetary Fund (IMF), the European Monetary Institute (EMI, now the European Central Bank or ECB) and the European Commission have long identified and reported concerns regarding structural changes resulting in the rapid and unsustainable rise in the financial costs of pension systems. This represents the global context in which the GPAA operates. National Treasury has responded to this global trend with the introduction of its own pension reforms, which have been put on hold pending engagements with NEDLAC.

- **Public service reform**

Public service reform is currently being realised through numerous strategies throughout various government departments and entities. There has been a need therefore, for the GPAA to understand the challenges that pension fund administration has to confront over the next two decades in line with the reforms underway in the public sector that may influence both the organisation's internal and external environments.

- **National Framework for Sustainable Development**

The National Framework for Sustainable Development adopted by Cabinet in 2008 states that if a country's long-term economic performance is to avoid breaching key ecological thresholds, new technologies and processes need to be developed to increase productivity using less energy, fewer resources and reducing waste. This is an aspect that the GPAA has taken into cognizance as it moves towards a less energy and waste-intensive environment.

- **The GPAA'S organisational environment**

The need for modernisation as an instrument for increasing efficiency and effectiveness in public institutions is and has been extremely important to the GPAA over the past four years. The aim has been, and will continue to be, to understand pension developments, reforms and technological developments and to use this information to become more

economically effective and efficient, while continuing to be a caring organisation (by putting people first).

2.2 CORPORATE GOVERNANCE

Corporate governance refers to formal and informal relationships between the GPAA and its stakeholders, as well as formal systems of accountability. The organisation embraces corporate governance and seeks to align its own goals with those of its stakeholders / society to strengthen cohesion in the sector. The GPAA has its own internal governance structures.

The GPAA has implemented a Fraud Prevention and Integrity Framework. This framework is aimed at anti-corruption and ethics training, creating awareness amongst both internal and external stakeholders and development and improvement of policies and procedures. In addition, it encompasses the implementation of internal controls, conducting of fraud risk assessments, the operation of an effectively managed whistleblowing mechanism, co-operative agency liaison and effective investigations.

2.3 MODERNISATION – THE GPAA'S SERVICE DELIVERY IMPROVEMENT PROGRAMME (SDIP)

The GPAA converted its Service Delivery Improvement Programme (SDIP) into a Modernisation Programme, 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 process innovation.

To date, this programme has had the following key successes:

- **eChannel (online submission of exit documentation) and BPA (Benefits Payment Automation)**

This has resulted in the reduction of turnaround times for the payment of cases (from when the case is received to when it is paid). This improvement is primarily due to the elimination of the time taken to courier the documents from the employer to the GPAA and the reduction of errors with the exit documentation due to online validation (online accuracy checking). Currently employers representing 87% of GEPF's membership have adopted the eChannel system. The first phase of Benefits Payment Automation (BPA) will be re-launched in the first half of the 2015 / 2016 financial year on the re-architected Portal application.

- **Outreach and Client Liaison Officers (CLOs)**

Since the first quarter of the 2014 / 2015 financial year, 11 specialised vehicles that support the mobile units have been operational. There has been a 100% increase in the number of claims addressed per month by the outreach project since the deployment of the new vehicles. Over and above this, two new satellite offices are being established, in Thohoyandou and Phuthaditjhaba, with a third, in Rustenburg, to follow.

25 new Client Liaison Officers (CLOs) have been appointed and deployed to the regions.

- **New organisational structure / Human Capital Management (HCM)**

The new organisational structure has been completed and is undergoing consultation with employees. A capacity model has been developed and is being used to determine the number of positions within the proposed structure. This process should be completed and approved after this reporting period.

The process of finalising job descriptions is almost complete, with 90% having been signed off by the respective business units. Non-technical skills assessments have been completed for levels 9 to 14 and the results thereof are being incorporated into the workplace skills plan for 2015 / 2016. The second part of the skills assessments, which focuses on technical skills, will commence in mid-May 2015 after approval of the organisational structure. The technical assessments are dependent on the finalisation and approval of job descriptions as they are specific to job categories.

- **Core Business Process Mapping (BPM)**

90% of the core business processes have been mapped (as-is) and 80% are currently being re-engineered (to-be). The to-be processes have also been validated in line with the technology being introduced through the Technical Architecture Design (TAD) implementation.

- **Call Centre Optimisation**

A hosted solution (an application being managed by the service provider) for the Call Centre was established to replace out-of-date technology and the Call and Walk-in Centres were relocated to the Kingsley Centre building from 34 Hamilton Street. The new Walk-in Centre (now referred to as the Pretoria Regional Office) has had an increase in the number of customers since the relocation. The Call Centre has had a number of challenges in its attempt to improve productivity, a number of which are partially due to an increase in number of enquiries.

- **Implementation of the Technical Architecture Design (TAD) and the Information Communication Technology (ICT) refresh**

The solution implementation partner for the Technical Architecture Design (TAD) was appointed and key work packages have been realised. These include the benchmarking of the GPAA's pension administration functions, the design of the technical solution and the completion of three key functional designs for the customer relationship management (CRM), enterprise content management (ECM) and identity and access management (IAM) systems for the new architecture.

Key infrastructure, including the Oracle Super Cluster, a mainframe to support the core pension administration platform (CIVPEN) and new hardware (blades and servers) have been acquired and are being hosted both on-site and at a disaster recovery (DR) location. This new technology now provides the GPAA with both production and disaster recovery infrastructure for the first time, since the start of the 2015 calendar year. The new technology also provides for significant redundancy of systems (equivalent to a 200% improvement) and improved productivity - when the current applications are fully operating on the new systems.

Once the new applications proposed by the solution design team are developed, the GPAA will experience a projected improvement in output.

A decision was taken in November 2014 to conclude the implementation with the appointed implementation partner and to go out to market for additional implementation partners to help the GPAA to achieve its technology objectives. Oracle is currently providing support for the Super Cluster and implementing the identity and access management (IAM) system, whilst tenders for the enterprise content management (ECM) implementation closed after the end of this reporting period.

MODERNISATION GOING FORWARD – 2015 TO 2018

2015 / 2016

The main thrust of Modernisation for the 2015 / 2016 year is to automate pension administration processes, including both benefits payment and membership administration. To support these processes, the Modernisation Programme will seek to implement the enterprise content management (ECM) and identity and access management (IAM) systems which are part of the Oracle Super Cluster that was obtained and installed during the period under review.

Case management functionality is being built as part of the Portal re-architecture project. This project also includes all phases of Benefits Payment Automation (BPA) due to be completed

on the new Portal by the close of the financial year. Coupled with these developments is a new business intelligence (BI) functionality which is being rolled out simultaneously. In addition, work is continuing on three complementary projects including integrated document management system (IDMS), data quality improvement and management (DQIM) and human capital management (HCM).

2016 / 2017

In 2016 / 2017, Modernisation intends to complete the automation of core pension administration functions, including benefit payments and membership maintenance. The operationalization of the key enterprise content management (ECM) and case management systems will mean a dramatic improvement in first contact resolution of enquiries (through any of the access channels available) because, with the new systems, case management and document retrieval will be largely digital (all records, whether voice or paper, will be retrievable in real time facilitating the resolution of queries).

The above will be possible because the integrated document management system (IDMS) project will have, by this time, captured the most critical records (those relating to current members and pensioners) and the appropriate governance and system modifications would have been done to ensure data integrity through the data quality improvement and management (DQIM) project. With the completion of work on the core pension administration processes, it will then be possible to accelerate the automation and digitization of key non-core corporate functions such as finance, human resource management and procurement.

Over and above the technological and system improvements, it is envisaged that a major proportion of the human capital management (HCM) work should be complete by 2016 / 2017 and the effort will begin to focus on transitioning people from the current structure into the restructured organisational structure. As more and more business processes at the GPAA become automated, people will be reskilled and redeployed to enhance the organisation's customer facing functions.

2017 / 2018

By the end of 2017 / 2018, the majority of Modernisation initiatives will be reaching conclusion and the emphasis will shift to a continuous improvement programme as part of Business Enablement. Business Enablement will incorporate three key components of business support: ICT, Process Innovation and Project Management.

These units will support the on-going business of pension administration by maintaining the newly acquired ICT systems and applications, introducing continuous improvement and managing any complementary projects.

The HCM project should be largely completed and reskilled employees will be working within the new structure.

2.4 ORGANISATIONAL ENVIRONMENT

ALIGNMENT TO GEPF'S VISION AND MISSION

GEPF's vision is "to be the role model for pension funds worldwide". The GPAA aligns well to this as it aims to be the leading and preferred fund benefits administrator. Further to this, the GPAA's mission, to effectively and efficiently administer fund benefits on behalf of our customers and stakeholders, and GEPF's two mission statements, namely to "ensure the timely and efficient delivery of the benefits provided in the rules, and protect pensions against inflation to the maximum extent affordable, while maintaining the financial soundness of the Fund"; and to "empower our members, pensioners and other stakeholders through adequate communication" are also well aligned. This is so because these are the GPAA's direct deliverables through the existing Administration and Service Level Agreements (AA and SLA).

ALIGNMENT TO THE NATIONAL TREASURY'S VISION AND MISSION

In its Administration Agreement with the GPAA, National Treasury contributes about 7% of the GPAA's administration budget for the administration of Programme 7. Programme 7 (previously referred to as Programme 8), ensures the payment of benefits and awards to the rightful beneficiaries in terms of various statutes, collective bargaining and other agreements. The GPAA has also aligned itself directly with National Treasury's mission statement in relation to benefits administered on their behalf, as they "aim to promote economic development, good governance, social progress and rising living standards through accountable, economic, efficient, equitable and sustainable management of South Africa's public finances".

2.5 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

During the year under review, proposed new pension regulations from National Treasury had a large impact on both exits from GEPF and the reputation of the Fund.

Over the past few years government, particularly through National Treasury, has begun formulating proposals regarding retirement reform. This is a process whereby government, through policies, seeks to:

- Encourage people to save and provide adequately for retirement to ensure that they retire comfortably and have income that lasts for their lives in retirement, no matter how long they live;
- Encourage employers to provide retirement savings plans to their employees as part of their employment contract;
- Ensure that people receive good value for money for their retirement savings and are treated fairly, and that their savings are prudently and diligently managed, and are kept informed of their retirement savings; and

- Improve standards of retirement fund governance, including Trustee knowledge and conduct, and the protection of members' interest.

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

Some critical aspects of the current reform took effect in 2013 (e.g. enhancing governance through the Financial Services Laws General Amendment Act, No. 45 of 2013), March 2014 (the increase in the tax free lump sum on retirement, as announced in the Minister's Budget Speech) and in March 2015 when the equalisation of the tax treatment of contributions into retirement funds (i.e. pension, retirement annuities and provident funds) became effective.

3. STRATEGIC OUTCOME ORIENTED GOALS

After careful consideration of the Minister's contract, the National Development Plan (NPD), the organisation's environment, different analytical methods, the outcomes of Modernisation and the previous year's performance, the organisation's strategic goals from the previous financial year were retained for the year under review, however, the objectives were modified to suit the current situation. The five strategic goals and their objectives are listed below.

THE GPAA'S FIVE STRATEGIC GOALS AND OBJECTIVES

GOAL 1: SATISFIED CUSTOMERS AND CLIENTS

OBJECTIVES:

- 1.1) To pay benefits accurately and on time;
- 1.2) To develop an employer compliance framework;
- 1.3) To comply with Call Centre service level targets; and
- 1.4) To improve the customer experience.

GOAL 2: MUTUALLY BENEFICIAL RELATIONSHIPS WITH STAKEHOLDERS

OBJECTIVES:

- 2.1) To conduct internal audits according to an approved coverage plan;
- 2.2) To implement sound financial management and controls;
- 2.3) To develop an enterprise-wide compliance framework;

- 2.4) To implement enterprise-wide risk management;
- 2.5) Reduction of fraudulent activity;
- 2.6) To comply with customers' SLAs; and
- 2.7) To create an integrated communication and marketing strategy.

GOAL 3: MODERNISED, EFFICIENT ADMINISTRATION

OBJECTIVES:

- 3.1) To re-engineer and implement core business processes; and
- 3.2) To maintain and upgrade technology.

GOAL 4: SATISFIED, EFFICIENT AND EFFECTIVE EMPLOYEES

OBJECTIVES:

- 4.1) To enhance human capability in terms of delivering professional and effective administration;
- 4.2) To create a conducive employment environment to facilitate employee excellence; and
- 4.3) To reduce the vacancy rate.

GOAL 5: MUTUALLY BENEFICIAL PARTNERSHIPS WITH EMPLOYER DEPARTMENTS

OBJECTIVES:

- 5.1) To encourage compliance in benefits administration requirements by participating employers; and
- 5.2) To conduct joint member awareness and empowerment programmes with stakeholders.

INSTITUTIONALISATION OF OUTCOMES-BASED PLANNING

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

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

PERFORMANCE AGAINST STRATEGIC OBJECTIVES

The GPAA has a number of highlights for the financial year, particularly that 100% of benefits were paid accurately and 92% were paid on time after the receipt of duly completed documentation. Modernisation has accelerated the use of eChannel, which has resulted in the reduction of the turnaround time taken for payments. Currently, employers, representing 87% of GEPF's, membership have adopted the eChannel system. Mobile units have been deployed to all provinces, resulting in better client access to services in rural areas. 85% of core and 74% of non-core business processes have been mapped, which is a combination of as-is and to-be processes. The Minister of Finance approved the SMS structure and a staff redeployment process is underway. A service provider was appointed to provide a hosting solution for the Call Centre, and the new Call Centre relocation was completed.

The GPAA administered benefits on behalf of GEPF for its membership of 1 266 101 in the past year. Contributions of approximately R56.16 billion were received in 2014 / 2015 and benefits of approximately R78.18 billion were paid. A summary of the 2014 / 2015 administration of cases is outlined in the tables that follow. The total number of benefits paid for the financial year was about 2.09 million, together with approximately 75 739 once-off payments.

CASES ADMINISTERED AND FINALISED AT THE GPAA	CASES PAID 2013/14	CASES PAID 2014/15
Resignation from GEPF	22 934	36 353
Retirement from GEPF	29 546	28 802
Transfer from GEPF	2 630	3 518
Beneficiaries paid due to death of members	7 661	6 656
Total	62 771	75 329
NUMBER OF RECIPIENTS RECEIVING MONTHLY PAYMENTS FROM FUNDS	MONTHLY PAYMENTS 2013/14	MONTHLY PAYMENTS 2014/15
Injury on Duty (IOD) payments	11 306	9 309
Post-retirement Medical Benefits - per month	87 199	91 586
Military Pensions – per month	16 219	5 308
Special Pensions – per month	7 828	7 704
Other benefits – per month	3 371	1 053
Pension benefits (GEPF) – per month	248 388	259 464

Spouse's benefits (GEPF) – per month	141 440	145 521
Orphan's benefits (GEPF) – per month	1 243	1 410
Pension benefits (AIPF) – per month	6 178	5 920
Spouse's benefits (AIPF) – per month	2 871	2 897
Pension benefits (TEPF) – per month	243	248
Spouse's benefits (TEPF) – per month	124	128
Total benefits paid per month averaged	526 410	530 548

Total payments for 12 months	6 316 920	6 366 576
Total payment for 12 months including once-off payments	6 379 691	6 441 905

The GPAA has delivered on the majority of its predetermined objectives in the 2014 / 2015 financial year. In the previous year it was noted in the strategic plenary sessions that although the organisation was delivering well on its strategic objectives, it would have to raise the bar in terms of its service delivery. To this end, the targets for 2014 / 2015 were higher than in the past and innovations were put in place to do more with less. The GPAA's overall performance was thus 71%, with 27 of the 38 predefined performance indicators being achieved.

The initiatives that were high on the agenda were:

- The Think Risk project (which encouraged employees to think about the risks involved in everything that they do);
- Integrity management and the introduction of an integrity helpdesk; and
- Enhanced risk management through the appointment of an independent chair for the Risk Management Committee.

Over and above the aforementioned, the new Pretoria Regional Office Walk-in Centre and the new Call Centre were opened in Kingsley Centre at the corner of Steve Biko and Stanza Bopape streets in Arcadia in Pretoria central.

Strategic goals	Strategic objectives	Annual target	Annual actual
GOAL 1 Satisfied customers and clients	1.1) To pay benefits accurately and on time	85% of benefits paid accurately	Programme 1: 100% of benefits paid accurately (as an average over the four quarters) Programme 2: 100% of benefits paid accurately
		80% of benefits paid on time after the receipt of duly completed documentation	Programme 1: 91% of benefits paid on time after the receipt of duly completed documentation Programme 2: 91% of benefits paid on time after the receipt of duly completed documentation (68 453 cases paid within 60 days out of the total of 75 329)
		95% of beneficiaries admitted within 21 days of the receipt of documentation	79% of beneficiaries admitted within 21 days of the receipt of documentation
		90% of clients admitted within 21 days of the receipt of documentation	100% of clients admitted within 21 days of the receipt of documentation (as an average over the four quarters)
		90% of beneficiaries' records updated within 21 days of the receipt of documentation	95% of beneficiaries' records updated within 21 days of the receipt of documentation
		90% of clients' records updated within 21 days of the receipt of documentation	90% of clients' records updated within 21 days of the receipt of documentation (as an average over the four quarters)
		97% of contributions collected by the 7th of the following month	99.10% of contributions collected by the 7th of the following month (as an average over the four quarters)
	1.2) To develop an employer compliance framework	One business case compiled for legislative changes	One business case compiled for legislative changes
	1.3) To comply with Call Centre service levels	80% of all incoming calls answered	60% of all incoming calls answered (190 914 answered out of 319 345 incoming calls)
	1.4) To improve the customer service experience	90% of complaints received and resolved within seven days	98% of complaints received and resolved within seven days (3 239 complaints received and 3 166 resolved)
	Three surveys conducted	Six surveys conducted	

Reason for variance	Corrective measures
Benefits were paid accurately as tested by Monitoring and Evaluation Monitoring of staff performance assisted in achieving the set target	None
Monitoring of staff performance assisted in achieving the set target Not all benefits are paid on time as some have divorce orders or other court orders that need to be dealt with by the Legal section prior to payment. Some also have purchase of service which needs to be reconciled prior to payment	None
The target of 95% for the fourth quarter was not met due to capacity constraints	Memo written to address capacity constraints Management to address the gaps identified as well as to appoint level 7 and 8 employees on a permanent basis in vacant positions
Admissions were prioritised	None
Streamlined reporting and implemented recommendations from audit findings	None
Utilised overtime	None
We strive to collect all contributions payable and thus send letters to employers requesting them to pay by the end of financial year (March). R88 million was received by the 7th of the following month (99.38%) which is in line with the rule 8 of the GEP Law. The SLA target is 95% resulting in an over collection of 4.38%	None
Document produced as planned	None
The following had an impact on the achievement of the target: <ul style="list-style-type: none"> System down time; The resignation of staff members; A 16% increase in call volumes; Permanent versus contract appointments; Labour relations hampering appointments; 15 days lost due to authorised shop steward, union and staff meetings; and A high number of repeat calls 	Awaiting the implementation of a CRM system 45 additional staff members to be appointed
Though the set target has been achieved, not all complaints were resolved due to slow system response; the team being unable to handle the call volumes and absence of a CRM system	Implementation of a CRM system, movement of the Portal system to the new Super Cluster and the appointment of additional staff members
Additional surveys were conducted as per client requests	None

Strategic goals	Strategic objectives	Annual target	Annual actual
GOAL 2 Mutually beneficial relationships with stakeholders	2.1) Do internal audits according to an approved coverage plan	90% of significant external audit findings resolved by a specified date	78% of significant external audit findings resolved by a specified date (29 out of 37 findings)
	2.2) To implement sound financial management and controls	90% of significant internal audit findings resolved by a specified date	38% of significant internal audit findings resolved by a specified date (64 out of 169 findings)
		7% budget variance	26% budget variance (budget: R1 140 878; actual: R846 704; variance R294 174)
		Unclaimed benefits aging balance: 90% in the current year	Unclaimed benefits aging balance: 59% in the current year (R259 380 824.18 as a percentage of R441 633 493.73)
		90% of tenders concluded within 120 days	94% of tenders concluded within 120 days (16 RFPs concluded and 15 tenders within 120 days)
		90% of invoices paid within 30 days of receipt of invoices	82% of invoices paid within 30 days of receipt of invoices (as an average over the four quarters)
	2.3) To develop an enterprise-wide compliance framework	One final draft of an approved compliance framework	One final draft of compliance framework
	2.4) To implement enterprise-wide risk management	80% top risks mitigation strategies implemented as per a plan	82% top risk mitigation strategies implemented as per plan (208 / 253)
	2.5) Reduction of fraudulent activity	12 PSC fraud prevention strategies implemented	19 PSC fraud prevention strategies implemented
	2.6) To comply with customers' SLAs	90% compliance with GEPF's SLA	92% compliance with GEPF's SLA (as an average over the four quarters)
	90% compliance with National Treasury's SLA	90% compliance with National Treasury's SLA (as an average over the four quarters)	
2.7) To implement an integrated communication and marketing strategy	80% of strategic objectives achieved	81% of strategic objectives achieved (76 / 94)	

Reason for variance	Corrective measures
Insufficient human resources and challenges with some of the Modernisation projects	Accelerate the delivery of Modernisation
Insufficient human resources and challenges with some of the Modernisation projects	Accelerate the delivery of Modernisation
The variance is due to ICT, Facilities and Modernisation projects not being done	The budget variance has been introduced into the performance contracts of SMS and Cost Centre managers
Reissue forms are delayed and lost during post office strikes and in the last financial year the post office was on strike twice, which contributed to delays in the receipt of reissue documents	Information from traced claims will also be submitted to regional offices
Annual target achieved as planned	None
Invoices relating to Modernisation projects had disputes about the rates charged by service providers and, as a result, payments were delayed	Service providers have been informed that all invoices must be submitted to a central point in Finance
Document produced as planned	None
The programme performed more than the set target due to the following reasons: the launch of the Think Risk campaign, the full review of operational risks at both Head Office and at Regional Offices and the resuscitation of risk champion fora	None
The programme overachieved in this area due to the following reasons: the launch of the Integrity Matters campaign, the establishment of the Integrity Helpdesk and fraud risk assessments that were conducted at Head Office (not initially planned for)	None
Target achieved as planned	None
Target achieved as planned	None
<p>The set target was achieved mainly because planning was done in advance and the set objectives were achievable</p> <p>Some objectives could not be achieved due to delays in approval of submissions for their implementation</p>	None

Strategic goals	Strategic objectives	Annual target	Annual actual
GOAL 3 Modernised, efficient administration	3.1) To re-engineer and implement core business processes	80% of core business processes re-engineered	85% of core business processes re-engineered (23 / 27 generic processes)
		50% of re-engineered core business processes Implemented	13% of re-engineered core business processes implemented (3 / 23 re-engineered generic processes)
	3.2) To maintain and upgrade technology	80% of the GPAA's ICT strategic objectives implemented	74% of the GPAA's ICT strategic objectives implemented (as an average over the four quarters)
		80% of the GPAA's ICT strategic objectives implemented	92% of GPAA's ICT strategic objectives implemented (as an average over the four quarters)
GOAL 4 Satisfied, efficient, and effective employees	4.1) To enhance human capability in terms of delivering professional and effective administrations	70% of workplace skills plan (WSP) completed	100% of workplace skills plan (WSP) completed (111 / 111)
	4.2) To create a conducive employment environment to facilitate employee excellence	One annual employee satisfaction survey	One annual employee satisfaction survey held
	4.3) To reduce the vacancy rate	Less than 20% vacancy rate	9% vacancy rate (as an average over the four quarters)
GOAL 5 Mutually beneficial partnerships with employer departments	5.1) To encourage compliance in benefits administration requirements by participating employers	350 programmes at employer departments	4 952 programmes at employer departments
	5.2) To conduct joint member awareness and empowerment programmes with stakeholders	24 member empowerment and awareness programmes	25 member empowerment and awareness programmes

Reason for variance	Corrective measures
<p>The positive variation is due to a concerted effort to, firstly, rationalise the process repository, then ensure that all the key core processes identified for the re-architecture and implementation in 2015 / 2016 are completely re-engineered</p>	<p>None</p>
<p>The partial achievement is due to the halting of the TAD implementation due to the implementation partner failing to honour the tender prices</p>	<p>The GPAA is in the process of procuring a new implementation partner. In addition, the GPAA has embarked on an in-house process of re-architecting some of the existing core processes whose rollout into production is planned for various stages throughout the 2015 / 2016 financial year</p>
<p>The variance is due to the low percentage compliance achieved during the first quarter following the late approval of Performance Agreements that left ICT with little time to achieve the required performance levels</p> <p>Furthermore, the processes for the acquisition of upgraded technology only started in the first quarter, only to conclude in the third and fourth quarters</p>	<p>The compliance figures will be changed to indicate a growth in quarterly figures instead of an 80% compliance requirement per quarter</p>
<p>Target achieved as planned</p>	<p>None</p>
<p>The Human Resources Development sub-unit, with the assistance of Supply Chain Management, was able to address all identified training needs</p> <p>An additional 11 ad hoc training sessions were held during the second quarter, yielding 102 training sessions</p> <p>An additional nine training sessions were done during the fourth quarter, yielding a total of 111 training sessions for the financial year</p>	<p>None</p>
<p>The survey was carried out as planned. The support of the Communications unit and the Change Agent Network (CAN) assisted achieving the organisational objective</p>	<p>None</p>
<p>Filled a number of contract positions pending the implementation of the new organisational structure, which resulted in a lower vacancy rate</p> <p>Only two programmes (Programmes 1 and 2) had a few positions not filled</p>	<p>None</p>
<p>More sessions were conducted due to increased demand from employers</p>	<p>None</p>
<p>Target achieved as planned</p>	<p>None</p>

4. PERFORMANCE INFORMATION BY PROGRAMME

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

THE PURPOSE OF THE PROGRAMME

Programme 1 administers non-contributory funds on behalf of National Treasury through a Service Level Agreement (SLA). The Programme derives its mandate from various acts and statutes as well as PSCBC resolutions. It consists of six main sub-units, which form the core delivery vehicles.

LIST OF THE SUB-PROGRAMMES

- Post-Retirement Medical Benefit Administration;
- Military Pensions;
- Injury on Duty;
- Special Pensions;
- VIP Benefits; and
- Military Medical Accounts.

STRATEGIC OBJECTIVES FOR THE FINANCIAL YEAR UNDER REVIEW

- To pay benefits accurately and on time;
- To conduct internal audits according to a coverage plan;
- To implement sound financial management and controls; and
- To implement enterprise-wide risk management.

STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS:

CIVIL PENSIONS AND MILITARY PENSIONS - NATIONAL TREASURY						
Strategic objectives	Performance indicator	Actual achievement 2013/2014	Planned target 2014/2015	Actual achievement 2014/2015	Deviation from planned target to actual achievement for 2014/2015	Comment on deviations
To pay benefits accurately and on time	a) % of benefits paid accurately	100% of benefits paid accurately	85% of benefits paid accurately	100% of benefits paid accurately	15% above the planned target	Benefits were paid accurately as tested by Monitoring and Evaluation Monitoring of staff performance assisted in achieving the set target
	b) % of benefits paid on time after the receipt of duly completed documentation	94% of benefits paid on time after the receipt of duly completed documentation	80% of benefits paid on time after the receipt of duly completed documentation	93% of benefits paid on time after the receipt of duly completed	13% above the planned target	Monitoring of staff performance assisted in achieving the set target Several outreach campaigns were conducted and training was provided to different employer departments
	c) % of beneficiaries admitted within 21 days of the receipt of documentation	-	95% of beneficiaries admitted within 21 days of the receipt of documentation	79% of beneficiaries admitted within 21 days of the receipt of documentation	16% below the planned target	Capacity constraints, however a memo was submitted to management to address the gaps identified as well as to appoint Level 7 and 8 employees on a permanent basis in vacant positions Audit findings were addressed and several change requests were tested during this year by current employees within the different sections, which took up production time

CIVIL PENSIONS AND MILITARY PENSIONS - NATIONAL TREASURY

Strategic objectives	Performance indicator	Actual achievement 2013/2014	Planned target 2014/2015	Actual achievement 2014/2015	Deviation from planned target to actual achievement for 2014/2015	Comment on deviations
	d) % of beneficiaries' records updated within 21 days of the receipt of documentation	-	90% of beneficiaries' records updated within 21 days of the receipt of documentation	95% of beneficiaries' records updated within 21 days of the receipt of documentation	5% above the planned target	Changed processes as per the recommendations of the application review control audit
	e) % resolution of internal audit findings	75% resolution of internal audit findings	90% resolution of internal audit findings	76% resolution of internal audit findings	14% below the planned target	Capacity constraints Change of programmes in CIVPEN (through change requests) New audit findings raised in the third quarter by the PWC audit team appointed by National Treasury's internal audit The CIVPEN system needs to be programmed to split dependants from main members
To conduct internal audits according to a coverage plan	f) % of significant external audit findings resolved by a specified date	100% of significant external audit findings resolved by a specified date	90% of significant external audit findings resolved by a specified date	100% of significant external audit findings resolved by a specified date	10% above the planned target	There were no significant external audit findings to be resolved
To implement sound financial management and control	g) % budget variance	0.22% budget variance	7% budget variance	0% budget variance	7% above the planned target	Amount paid by National Treasury to GEPF for the Non- Statutory Forces section Reallocated funds, hence the 0% variance at the end of the financial year
To implement enterprise-wide risk management	h) % of top risk mitigation strategies implemented as per plan	67% of top risk mitigation strategies implemented as per plan	80% of top risk mitigation strategies implemented as per plan	76% of top risk mitigation strategies implemented as per plan	4% below the planned target	Updated risk register received from National Treasury on 26 November 2014

ACHIEVEMENTS:

- Several system changes were tested and implemented as per the application control review audit's recommendations;
- Various outreach campaigns were conducted to ensure member awareness of the different Programme 1 benefits, especially Military Pensions; and
- Various employer departments were trained to ensure accurate completion and receipt of documentation with regard to Injury on Duty awards and Post-Retirement Medical Subsidies and benefits.

CHALLENGES:

- Capacity constraints within Programme 1 resulted in some targets not being met.
- Incorrect and incomplete submission of documentation by employer departments and / or members remains a challenge.

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE:

- Introduction of a manual project to address audit findings.

LINKING PERFORMANCE WITH BUDGETS:

Programme and sub-programme expenditure:

Programme 1: Civil Pensions and Military Pensions - National Treasury	2013/2014			2014/2015		
	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
	51 857	44 524	7 333	57 878	44 369	13 509
Total	51 857	44 524	7 333	57 878	44 369	13 509

4.2 PROGRAMME 2: EMPLOYEE BENEFITS - GEPF

THE PURPOSE OF THE PROGRAMME

Programme 2 is primarily responsible for ensuring the accurate and timely payment of benefits to GEPF members, pensioners and beneficiaries. The activities involved in the programme consist of member admissions, maintenance of member records, collection and recording of contributions, and the processing of benefits.

LIST OF THE SUB-PROGRAMMES

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

STRATEGIC OBJECTIVE FOR THE FINANCIAL YEAR UNDER REVIEW

- To pay benefits accurately and on time.

STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

PROGRAMME 2: EMPLOYEE BENEFITS- GEPF						
Strategic objectives	Performance indicator	Actual achievement 2013/2014	Planned target 2014/2015	Actual achievement 2014/2015	Deviation from planned target to actual achievement for 2014/2015	Comment on deviations
To pay benefits accurately and on time	a) % of benefits paid accurately	93% of benefits paid accurately	85% of benefits paid accurately	100% of benefits paid accurately	15% more than planned	All sampled cases were accurate
	b) % of benefits paid on time after the receipt of duly completed documentation	-	80% of benefits paid on time after the receipt of duly completed documentation	91% of benefits paid on time after the receipt of duly completed documentation	1% more than planned	Not all benefits are paid on time as some have divorce orders or other court orders that need to be dealt with by the Legal section prior to payment Some also have purchase of service which needs to be reconciled prior to payment

PROGRAMME 2: EMPLOYEE BENEFITS- GEPF						
Strategic objectives	Performance indicator	Actual achievement 2013/2014	Planned target 2014/2015	Actual achievement 2014/2015	Deviation from planned target to actual achievement for 2014/2015	Comment on deviations
	c) % of clients admitted within 21 days of the receipt of documentation	-	90% of clients admitted within 21 days of the receipt of documentation	100% of clients admitted within 21 days of the receipt of documentation	10% more than planned	Admissions were prioritised
	d) % of clients' records updated within 21 days of the receipt of documentation	-	90% of clients' records updated within 21 days of the receipt of documentation	90% of clients' records updated within 21 days of the receipt of documentation	No deviation	Utilised overtime
	e) % of contributions collected by 7th of the following month	-	97% of contributions collected by 7th of the following month	99.10% of contributions collected by 7th of the following month	2.1% more than planned	All contributions payable were collected by sending letters to employers requesting them to pay by the end of financial year R88 million was received by the 7th of the following month (99.38%) which is in line with Rule 8 of the GEP Law The SLA target is 95%, resulting in the over collection of 4.38%

ACHIEVEMENTS

- Duly completed exit documents from employers are processed within three business days of the receipt thereof as per the SLA with GEPF.
- The updating of beneficiary nomination forms has been a major focus, especially with the aim of being up-to-date by the end of March 2015. This goal was met within the set deadlines.
- The Programme was able to bring the balances in both “admissions” and “update personal details” to nil.
- 100% of benefits were paid accurately. The monitoring of this achievement was done independently and this over-achievement was due to stringent adherence to Standard Operating Procedures (SOPs), supported by well-managed internal and system controls.
- The GPAA managed to pay 91% of benefits within the prescribed period. This achievement is despite the organisation receiving a notable increase in the amount of exit claims from employer departments.

CHALLENGES

- The Programme experienced continuous increases in the number of nomination forms being received due to the noting of this record on benefit statements. While this was a positive response, it put pressure on employees.
- Vacant permanent positions remained a challenge.
- There was a sudden steep increase in the number of exit claims received from employer departments. These were mainly resignations of government employees due to a number of reasons.
- Employers submit exit documentation a long time after the member's actual termination of service, which leaves the member out of pocket for substantial periods of time.
- Some employers submit incorrect and incomplete documentation to the GPAA, which further delays the payment of exit benefits.

STRATEGIES TO OVERCOME AREAS OF UNDER-PERFORMANCE

- Continuously keeping all processes up to date;
- The filling of permanent positions;
- Modernisation of the GPAA's processes and systems to allow for the electronic submission of exit documents with improved validations, coupled with the electronic payment of these exit benefits; and
- The continuation of workshops, roadshows and training for employer departments in order to enhance the quality of exit documentation received.

LINKING PERFORMANCE WITH BUDGETS

Programme and sub-programme expenditure:

Programme 2: Employee Benefits – GEPF	2013 / 2014			2014 / 2015		
	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
	87 345	67 165	20 179	64 753	60 930	3 823
Total	87 345	67 165	20 179	64 753	60 930	3 823

4.3 PROGRAMME 3: CUSTOMER RELATIONSHIP MANAGEMENT (CRM) GEPF AND NATIONAL TREASURY

THE PURPOSE OF THE PROGRAMME

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

CRM also provides employer education and training through its Regional and Employer Liaison Sub-programmes.

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

LIST OF THE SUB-PROGRAMMES

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

STRATEGIC OBJECTIVES FOR THE FINANCIAL YEAR UNDER REVIEW

- To comply with Call Centre service level targets;
- To improve the customer experience;
- To encourage compliance in benefits administration requirements by participating employers; and
- To conduct joint member awareness and empowerment programmes with stakeholders.

STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

PROGRAMME 3: CUSTOMER RELATIONSHIP MANAGEMENT (CRM) GEPF AND NATIONAL TREASURY						
Strategic objectives	Performance indicator	Actual achievement 2013/2014	Planned target 2014/2015	Actual achievement 2014/2015	Deviation from planned target to actual achievement for 2014/2015	Comment on deviations
To comply with Call Centre service level targets	a) % of all incoming calls answered	-	80% of all incoming calls answered	57% of all incoming calls answered	23% below the planned target	<ul style="list-style-type: none"> System downtime of 105 hours and 52 minutes; Three staff members resigned; 16% increase in call volumes; Permanent versus contract appointments; Labour relations hampering appointments; 15 days lost due to authorised shop steward, union and staff meetings; and High number of repeat calls
To improve the customer experience	b) % of complaints received and resolved within seven days	-	90% of complaints received and resolved within seven days	96% of complaints received and resolved within seven days	6% above the planned target	<p>3 239, complaints were received , with 3 166 resolved</p> <p>Though the set target has been achieved, not all complaints were resolved due to slow system response times</p> <p>Unable to handle the call volumes and absence of CRM system</p>
To encourage compliance in benefits administration requirements by participating employers	c) Number of programmes at employer departments	-	350 programmes at employer departments	4 952 programmes at employer departments	4 602 above the planned target	More sessions were conducted due to increased demand for training from employers
To conduct joint member awareness and empowerment programmes with stakeholders	d) Number of member empowerment and awareness programmes	13 member empowerment and awareness programmes	24 member empowerment and awareness programmes	25 member empowerment and awareness programmes	One above the planned target	More sessions were conducted in the beginning of the year as per extra requests received

ACHIEVEMENTS

- More sessions were conducted at employer departments due to increased demand for training from employers.

CHALLENGES

- System down time of 105 hours and 52 minutes.
- Not all complaints could be resolved due to slow system response times.
- Absence of a client relations management system.
- Shortage of employees due to the resignation of staff members.
- Increase in call volumes.
- Permanent versus contract appointments.
- Labour relations hampering appointments.
- The high number of repeat calls.

STRATEGIES TO OVERCOME AREAS OF UNDER-PERFORMANCE

- The implementation of a CRM system;
- The movement of the current Portal system to the new Oracle Super Cluster; and
- Additional staff members to be appointed.

LINKING PERFORMANCE WITH BUDGETS

Programme and sub-programme expenditure:

	2013/2014			2014/2015		
	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: Customer Relationship Manager (CRM) – GEPF and National Treasury	153 530	137 937	15 592	166 950	152 262	14 688
Total	153 530	137 937	15 592	166 950	152 262	14 688

4.4 PROGRAMME 4: SUPPORT SERVICES

4.4.1 PROGRAMME 4.1: CEO'S OFFICE

THE PURPOSE OF THE PROGRAMME

The purpose of the Office of the CEO and the business units that fall within it is to plan, direct and support the organisation in order to ensure that employee benefits, pensions and funds are administered according to the relevant legislation and Service Level Agreements (SLAs). This group of business units is therefore responsible for ensuring that the organisation is effectively managed in order to deliver services that meet or exceed the requirements of clients. Finally, the Office of the CEO is responsible for the overall performance of the organisation.

LIST OF THE SUB-PROGRAMMES

- Corporate Monitoring and Evaluation;
- Strategy and Policy; and
- Corporate Communication.

STRATEGIC OBJECTIVES FOR THE FINANCIAL YEAR UNDER REVIEW

- To improve the customer experience;
- To comply with customers' SLAs;
- To implement an integrated communication and marketing strategy; and
- To create a conducive employment environment to facilitate employee excellence.

STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS:

PROGRAMME 4.1: CEO'S OFFICE						
Strategic objectives	Performance indicator	Actual achievement 2013 / 2014	Planned target 2014 / 2015	Actual achievement 2014 / 2015	Deviation from planned target to actual achievement for 2014/2015	Comment on deviations
To improve the customer experience	a) Number of surveys conducted	-	Three surveys conducted	Six surveys conducted	Three above the planned target	Additional surveys were conducted as per clients' requests
To comply with customers' SLAs	b) % compliance with National Treasury's SLA	-	90% compliance with National Treasury's SLA	90% compliance with National Treasury SLA	No deviation	-
	c) % of compliance with GEPPF's SLA	-	90% compliance with GEPPF's SLA	92% compliance with GEPPF SLA	2% above the planned target	-
To implement an integrated communication and marketing strategy	d) % of strategic objectives achieved (branding guideline and standards)	-	80% of strategic objectives achieved	81% of strategic objectives achieved	1% above the planned target	The set target was achieved because planning was done in advance Some objectives could not be achieved due to delays in the approval of submissions for implementation
To create a conducive employment environment to facilitate employee excellence	e) % annual employee satisfaction	-	One annual employee satisfaction survey	One annual employee satisfaction survey	No deviation	The survey was carried out as planned The support of Communications unit and Change Agent Network (CAN) assisted in achieving the organisational objective

ACHIEVEMENTS

- As an operational objective the strategy framework enforces SLA cascading from Annual Performance Plans down to individual performance plans. There was therefore a focus on expected service levels for both the National Treasury and GEPF SLAs. In the cascading procedure the SLAs were broken down into the relevant business unit responsibilities and they were scored according to the required target. Due to this methodology, even individuals became responsible for outputs and processes that deliver the service levels in relation to the aforesaid administration agreements with customers. The achievement for the year on SLA compliance for GEPF's SLA was 92% and 90% for the National Treasury Programme 7 SLA.
- The event planning, implementation and management of four community roadshows during the year. Communications also enabled participation in four public shows as an exhibitor, showcasing customers' products and services. Finally, Communications was responsible for the planning, implementation and management of four Retirement Member Campaign (RMC) workshops across the country. Thus a total of 12 major events were hosted.
- Partnerships were established with the Financial Services Board (FSB), SARS and the Government Employees' Medical Scheme (GEMS) in order for them to participate in the community roadshows and RMC workshops. These stakeholders assist in educating and informing members about financial service providers, tax matters and the medical subsidy at these events.
- A new Members' Guide booklet was published for GEPF members that details membership information in plain, understandable language. This is accompanied by the creation of a number of pamphlets and brochures on benefits and processes to help GEPF members gain a more comprehensive understanding of the pension fund and their benefits.
- A relationship was formed with the Department of Public Service Administration's (DPSA's) Community Development Workers (CDWs) to assist with sharing information about GEPF and help with the marketing of both mobile office visits and the hosting of larger events in their areas.
- Co-ordinated a media briefing in collaboration with the National Press Club of South Africa during which the GPAA was formally introduced to the media. This resulted in a number of positive media interviews with the acting Chief Operating Officer and a number of newspaper articles, while also facilitating the creation of working relationships with relevant journalists.
- The GPAA's website went live, with initiatives implemented to increase traffic to the site.
- Contributed to the empowerment of young girls through participation in the Cell C Take a Girl Child to work initiative, where girls from previously disadvantaged schools shadow employees from various business units for the day to learn about the world of work.
- Assisted employees becoming involved in social responsibility initiatives including donating and distributing groceries to Kaalfontein High School, participating in the annual Casual Day celebrations where employees contribute funds from their own pockets to organisations for people with disabilities and participating in Mandela Day initiatives.
- The Management Practice Tool (MPAT) self-assessment was initiated and will be

finalised in the next financial year. This project was aimed at determining the baseline of management practices in the GPAA against government requirements. The project will be fully implemented in 2015 / 2016.

- Eight Regional offices were visited to follow-up on the baseline assessment conducted in 2013.
- Monitoring and Evaluation was involved in the accurate payment verification process which was necessary to improve on client experience.
- A number of evaluation studies and initiatives were conducted and they revealed a number of areas of improvement for the organisation e.g. employee, customer and clients satisfaction surveys.
- An indebtedness study was able to influence the provision of a financial wellness workshop, which addresses financial literacy issues, a variable identified as critical in making informed decisions about debt and savings, which was identified by the Public Service Commission study as a challenge amongst civil servants.
- A communication study was able to illustrate that there is an information gap amongst clients, especially young adults regarding GEPF benefits and service offering. It has indirectly been able to illustrate that the Retirement Member Campaign workshops have been effective in increasing older members' knowledge of services and benefits, resulting in members being more prepared for retirement.

CHALLENGES

- The main challenge with GEPF's SLA is that the reviewed or proposed measures have not been accepted by GEPF's Board of Trustees as the entire SLA is going through a legal testing process. The same proposed measures have been used and adopted by National Treasury and the annual report records these achievements with accurate measures for compliance with National Treasury's SLA. This problem causes a number of repeat internal and external findings on GEPF's SLA, which will remain until the SMART measures are implemented for GEPF.
- The pending status of the new corporate identity for the GPAA and the discussions around an agreement on a branding strategy with GEPF delayed a number of branding initiatives planned for the year.
- Office renovations and relocation delayed the installation of signage and branding visuals at Regional Offices.
- A number of changes were made to the ICT environment and thus, pending these changes and the implications that new systems would have on the environment, a number of planned internal initiatives were put on hold.
- There is currently no effective system to monitor the resolution of complaints and to ensure that GEPF members receive quality service from the GPAA.
- The mistrust of clients - often their suspecting that it might be a scam when evaluations are being conducted - leads to poor response rates.

STRATEGIES TO OVERCOME AREAS OF UNDER-PERFORMANCE

- Although compliance to GEPF's SLA is above 90%, the GPAA and GEPF should, by the end of the second quarter of the 2015 / 2016 financial year, have introduced the reviewed and adopted SLA.
- The status of the new corporate image for the GPAA, and an agreement on a branding strategy with GEPF for the future, is still in progress in consultation with GCIS.
- A number of changes to the ICT environment have been made and discussions are underway to implement the planned initiatives that were put on hold.
- Efforts to synergise a knowledge management strategy are underway, terms of reference and a memorandum have been developed and have been sent for approval.
- Since complaints management in the GPAA is not streamlined, a Complaints Officer needs to be appointed. The SOP and complaints mechanism need to be finalised for implementation in 2015 / 2016 and should be in line with DPSA guidelines.
- The Facilities unit has a challenge in identifying possible areas that could help address the challenge of privacy with regard to Employee Health and Wellness.
- This issue of client confidence in responding to evaluations was communicated by the Wellness Unit to the service provider and was addressed in financial workshops by ensuring that the topic of wills was integrated. The service provider stopped making direct calls to employees.
- The organisation is challenged to develop strategies directed to younger adults to increase interest and knowledge about their funds. This may help address the resignation problem, especially if members are informed that their pension funds are secure.

LINKING PERFORMANCE WITH BUDGETS

Programme and sub-programme expenditure:

Programme 4.1: Office of the CEO	2013 / 2014			2014 / 2015		
	Final appropriation	Actual expenditure	(Over)/ Under expenditure	Final appropriation	Actual expenditure	(Over)/ Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
	61 278	47 119	14 159	66 693	53 079	13 614
Total	61 278	47 119	14 159	66 693	53 079	13 614

4.4.2 PROGRAMME 4.2: FINANCE

THE PURPOSE OF THE PROGRAMME

The Finance function oversees financial resources, governance and the reporting thereof in line with applicable financial requirements and legislation. Finance manages the financial resources available to administer pensions and other benefits using best practice principles. In this regard, the sub-programme ensures that financial policies are adhered to, financial record keeping is done according to an appropriate framework, and sufficient cash flow levels are maintained for operational activities. This sub-programme also prepares the financial statements for the organisation and for use by stakeholders.

LIST OF THE SUB-PROGRAMMES

- Supply Chain Management; and
- Financial Management.

STRATEGIC OBJECTIVE FOR THE FINANCIAL YEAR UNDER REVIEW

- To implement sound financial management and controls.

STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

SUB-PROGRAMME 4.2: FINANCE						
Strategic objectives	Performance indicator	Actual achievement 2014 / 2015	Planned target 2014 / 2015	Actual achievement 2014 / 2015	Deviation from planned target to actual achievement for 2014 / 2015	Comment on deviations
To implement sound financial management and controls	a) % of significant external audit findings resolved by a specified date	100% of invoices paid within 30 days of receipt of invoices	90% of significant external audit findings resolved by a specified date	78% of significant external audit findings resolved by specified date	12% below the planned target	-
	b) % of significant internal audit findings resolved by a specified date	100% of significant internal audit findings resolved by a specified date	90% of significant internal audit findings resolved by a specified date	38% of significant internal audit findings resolved by a specified date	52% below the planned target	-

SUB-PROGRAMME 4.2: FINANCE

Strategic objectives	Performance indicator	Actual achievement 2014 / 2015	Planned target 2014 / 2015	Actual achievement 2014 / 2015	Deviation from planned target to actual achievement for 2014 / 2015	Comment on deviations
	c) % budget variance	22% budget variance	7% budget variance	26% budget variance	19% below the planned target	The variance is due to ICT, Facilities and Modernisation projects not being done However, the budget variance has been introduced into performance contracts of SMS and Cost Centre managers
	d) Unclaimed benefits' aging balance: % to be in the current year	-	Unclaimed benefits' aging balance: 90% to be in the current year	Unclaimed benefits' aging balance: 59% in the current year	31% below the planned target	Reissue forms get delayed and lost during post office strikes In the last financial year, the post office was on strike twice, which contributed to delayed receipt of reissue documents
	e) % of tenders concluded within 120 days	96% of tenders concluded within 120 days	90% of tenders concluded within 120 days	94% of tenders concluded within 120 days	4% above the planned target	-
	f) % of invoices paid within 30 days of the receipt of invoices	90% of invoices paid within 30 days of the receipt of invoices	90% of invoices paid within 30 days of the receipt of invoices	82% of invoices paid within 30 days of the receipt of invoices	8% below the planned target	Invoices relating to Modernisation projects had disputes and as such, payments were delayed

ACHIEVEMENTS

- A total of 21 out of 22 bids were concluded within 120 days.

CHALLENGES

- The projects that have been postponed to the new financial year may result in a great deal of pressure being placed on the Supply Chain Management unit's capacity levels in the next financial year.

- Budget variations during this year were very high.
- The GPAA's internal audit findings were included into finance manager's performance agreements.
- The creditors age analysis is more than 30 days.
- Unclaimed benefits are aging at 59% compared to a target of 90%.

STRATEGIES TO OVERCOME AREAS OF UNDER-PERFORMANCE

- The Supply Chain Management unit will launch workflow software that will allow the unit to concentrate more on strategic sourcing by introducing more contract-based sourcing.
- Budget variance has been included into all SMS and Cost Centre managers' performance agreements.
- The responsibility for audit findings has been shifted to the business units they arise from, rather than being centralised in Finance.
- A central point has been established to receive all invoices.
- Unclaimed Benefits document deposit boxes have been established at Regional Offices, rather than only through the postal service.

LINKING PERFORMANCE WITH BUDGETS

Programme and sub-programme expenditure:

Programme 4.2: Finance	2013 / 2014			2014 / 2015		
	Final appropriation	Actual expenditure	(Over) / Under expenditure	Final appropriation	Actual expenditure	(Over) / Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
	53 576	42 350	11 226	60 721	46 597	14 124
Total	53 576	42 350	11 226	60 721	46 597	14 124

4.4.3 PROGRAMME 4.3: CORPORATE SERVICES

THE PURPOSE OF THE PROGRAMME

The purpose of Corporate Services is to support the GPAA in achieving its strategic goals through the management, co-ordination and oversight of all human resource services within the organisation. In working towards the realisation of these goals, Corporate Services ensures compliance with legislative requirements for human capital policy formulation and frameworks.

Corporate Services therefore works to provide a conducive environment for the employees of the organisation in order to promote optimal service.

LIST OF THE SUB-PROGRAMMES

- Human Resource Administration;
- Human Resource Development;
- Organisational Design and Development;
- Employee Relations;
- Physical Security; and
- Facilities.

STRATEGIC OBJECTIVES FOR THE FINANCIAL YEAR UNDER REVIEW

- To enhance human capability in terms of delivering professional and effective administration; and
- To reduce the vacancy rate.

STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

SUB-PROGRAMME 4.3: CORPORATE SERVICES						
Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014 / 2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 20YY / 20ZZ	Comment on deviations
To enhance human capability in terms of delivering professional and effective administration	a) % of workplace skills plan (WSP) completed (based on training curriculum and PDPs)	-	70% of workplace skills plan (WSP) completed	100% of workplace skills plan (WSP) completed	30% above the set target	Human Resources Development, with the assistance of Supply Chain Management, was able to address all the identified training needs Additional 11 ad hoc trainings were imposed during the second quarter and an additional nine training sessions were held during fourth quarter, yielding an overall total of 111 training sessions
To reduce the vacancy rate	b) % of vacancies	-	Less than 20% vacancy rate	9% vacancy rate	11% above the planned target	A number of contract positions were filled pending the implementation of new organisational structure, which resulted in a lower vacancy rate

ACHIEVEMENTS

Performance Management

- Evaluations for all GPAA employees were finalized and submitted to the Performance Management unit by 30 April 2015, indicating that training and awareness efforts were effective.
- Due to the efforts of the Performance Management unit, the Departmental Review Committee concluded and recommended the evaluation of all staff. The CEO then approved evaluation results before 31 May 2014.
- All evaluation results for 2013 / 2014 were successfully implemented after approval by the Minister of Finance at 75% of the bonus amount for level 1-12 employees and 50% of the bonus amount for SMS employees.
- 100% of the 2014 / 2015 Performance Agreements for SMS employees were submitted, captured on the Persal system and filed. This is a notable improvement as compared

- to the previous year.
- 100% of the 2014 / 2015 Performance Agreements for MMS and non-MMS employees were submitted, captured on the Persal system and filed. This is also a notable improvement compared to the previous year.
- All 2014 / 2015 Performance Reviews for GPAA employees were submitted, captured on the Persal system and filed – except for those cases where there was a disagreement between parties (four reviews, thus 0.4% were outstanding). These cases are in the process of being resolved. This is a notable improvement compared to the previous year.
- The Performance Management unit trained all Divisional Review Committees to enable them to successfully conduct the divisional review of employees within that programme. This achievement was planned for the second quarter but was achieved in the first quarter.
- Training had a positive result as all Divisional Review Committees moderated and finalised the evaluation of employees in their respective Programme by 30 April 2014.
- As an additional achievement, a new Motivation of Evaluation Score form (for 4 -5 ratings) was successfully implemented and incorporated in the PMD system.
- Another achievement is the development and approval by the CEO for the use of a Performance Dialogue form to enhance the performance evaluation process and to ensure fairness and objectivity. The form will be introduced in the 2015 / 2016 cycle and will be used in both the review and evaluation phases.

Employee Life Cycle Management

- The Recruitment section made offers to 174 employees during this period.
- 173 positions were advertised / sourced.
- 142 appointments were made and 99 employees terminated their service (this number includes both contract and permanent employees).

Basic Conditions of Employment

- 14 427 leave forms were processed during the period under review.
- 77 PILIR cases were received.
- 59 leave audits were done for termination of service.
- Tax changes were communicated to 128 middle and senior managers.
- A total of 42 resets were done for Persal user identities.
- 72 Persal reports were requested, of which 41 were released.
- The PILIR stockpiled cases were submitted to the Health Risk Manager on time.
- The process for close of business during December 2015 was communicated early and the leave was programmatically deducted from employees.
- 433 Financial Disclosure forms for non-SMS members were handled.
- SMS members were trained on the e-Disclosure system.
- The Financial Disclosure forms for SMS members were submitted to the Public Service Commission on time.

Training and Development

- One executive manager completed the International Executive Management Programme.
- 14 managers enrolled for the Management Advancement Programme (MAP) course; 10 managers completed the programme and graduated.
- Two Human Resources and Development staff members attended the “train the trainer course” for the Compulsory Induction Program (CIP) and passed the subsequent assessment.
- The Compulsory Induction Programme kicked off with 14 delegates. The delegates passed the first module of the programme and will thus be confirmed as permanent GPAA employees.
- Six Facilities staff members attended the artisan training course.
- The updating of bursaries project on Persal is progressing well.

Employee Relations

- 16 Health and Wellness articles were published including, amongst others, Skin Cancer Awareness Month, Celebrating your 2014 Achievements, National Healthy Lifestyle, Balanced Lifestyle, Occupational Wellness and Intellectual Wellness.
- Four blood drives were conducted and 109 employees donated blood.
- 66 employees attended GEMS workshops.
- Three wellness screenings (HCT sessions) were held and 660 employees attended.
- Financial awareness workshops were attended by 114 employees.
- Tuberculosis screening sessions were held and 253 employees were screened.
- The Labour Relations sub-unit handled 162 disciplinary cases, 22 grievance cases and eight dispute matters.
- Out of 61 appeal cases handled, only three remained outstanding. One employee resigned before the confirmation of the dismissal sanction.
- There are three dispute matters on review at the Labour Court.
- The Labour Relations sub-unit trained 224 employees at Head Office and regional offices.

Organisation Development and Design

- 100% of the DPSA Skills Audit was conducted for SMS employees.
- 100% of the Skills Audit was conducted for employees at levels 9 to 12.
- The proposed to-be organisational structure was consulted with 99% of the organisation's employees.
- Capacity modelling was conducted on the to-be structure.
- Heads of programmes have been engaged in the capacity modelling process.
- 98% job descriptions have been developed for jobs on levels 1 to 12.
- 100% of DPSA Skills Assessments were conducted for levels 9 to 15.

- Change Agent training workshops were conducted for the entire Change Agent community.
- Leadership engagement was conducted on culture action plans.
- A change management article was featured weekly in the electronic newsletter for staff empowerment.

CHALLENGES

- As a result of the development of a new organisational structure, certain positions cannot be filled as there is a risk associated with appointing staff in positions that will not be in the new structure.
- Experiential training has created conflict amongst staff members in Facilities due to the fact that when they are involved in the programme, the work in the various sections that they are responsible for suffers.
- There are delays in the approval of submissions of sanctions resulting from disciplinary cases as well as delays in the finalisation of outstanding appeal cases.
- There is a lack of permanent staff and a lack of adequate facilities, such as boardrooms for interviews, disciplinary hearings, meetings and training.
- The organisation experiences poor attendance at change management and training interventions.
- Employees' adherence to policies and procedures is a major concern.
- Securing panel members for the sitting of Job Evaluation Panel committee to validate the job evaluation results for the SMS structure.
- Finalisation of the placement protocol remains a challenge.
- Finalisation of job description development and approval process.
- Consultation of the proposed structure for input to the entire GPAA community.
- Poor turnaround times by the DPSA for queries / requests impacts greatly on work performance.
- Non-adherence to turn around times by management regarding leave, etc.
- Dependence on other units and lack of communication impacts on work.

STRATEGIES TO OVERCOME AREAS OF UNDERPERFORMANCE

- Present the EXCO-supported organisational structure to the entire GPAA.
- Facilitate the signing off of the placement protocol by labour and CEO.
- Intervention by senior management / CEO with regard to participation on job description finalisation.
- Intervention by the CEO and DPSA on securing external panel members to sit in the transversal Job Evaluation Panel for finalisation of SMS jobs.
- Updating and adoption of policies.
- Intervention by senior management / the CEO with regard to DPSA's poor turnaround times.
- Intervention by the CEO to improve leave management by managers in the GPAA. Along with this, the names of units not complying with the verification of leave records

will be escalated via the Head of Corporate Services to EXCO. Leave granted by managers in the termination period will be addressed via email to the relevant manager and Senior Manager.

- Pilot e-Learning withing CRM.
- Experiential training: line-managers to look into addressing the problem.
- Supply Chain Management to assist in ensuring that training providers are engaged for training.
- Employment of additional employees.
- The assistance of the external training provider for offering Grade 12 classes is of importance.
- Creation of office space.

LINKING PERFORMANCE WITH BUDGETS

Programme and sub-programme expenditure:

Programme 4.3: Corporate Services	2013 / 2014			2014 / 2015		
	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
	102 353	87 288	15 065	143 892	114 811	29 081
Total	102 353	87 288	15 065	143 892	114 811	29 081

4.4.1 PROGRAMME 4.4: RISK AND AUDIT

THE PURPOSE OF THE PROGRAMME

Risk and Audit promotes a fraud-free environment within the GPAA and manages the mitigation of different types of risk and exposure that the organisation is faced with. It also provides assurance on the effectiveness and adequacy of controls and systems within the GPAA.

LIST OF THE SUB-PROGRAMMES

- Enterprise Risk Management; and
- Fraud and Forensic.

STRATEGIC OBJECTIVES FOR THE FINANCIAL YEAR UNDER REVIEW

- To implement enterprise-wide risk management; and
- Reduction of fraudulent activity.

STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

PROGRAMME 4.4: RISK AND AUDIT						
Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
To implement enterprise-wide risk management	a) % of top risk mitigation strategies implemented as per plan	-	80% of top risk mitigation strategies implemented as per plan	82% of top risk mitigation strategies implemented as per plan	No deviation	The launch of the Think Risk campaign, full review of operational risks at both Head Office and Regional Offices, the resuscitation of Risk Champion fora
Reduction of fraudulent activity	b) Number of PSC fraud prevention strategies	-	12 PSC fraud prevention strategies implemented	19 PSC fraud prevention strategies implemented	Seven above the planned targets	The launching of the Integrity Matters campaign, including the establishment of the helpdesk, and fraud risk assessments conducted at Head Office (not initially planned for)

ACHIEVEMENTS

- The requirement as per the annual performance plan was 12 fraud prevention strategies implemented for the reporting period. The sub-programme achieved a total of 19 activities for the year. This overachievement was a result of unplanned additional activities with specific targets which were initiated as critical strategic interventions, namely, fraud risk assessments that were conducted, the revitalisation of the Ethics Hotline, and the launch of an Integrity Management office.
- The allocation of reported cases to investigators according to provinces, a project to conduct investigation on older cases per provinces and the engagement and / or enlisting of a service provider to assist with investigations for the reduction of case backlog dating back to 1996.

CHALLENGES:

- Resource constraints in terms of human capital and a case management solution.

STRATEGIES TO OVERCOME AREAS OF UNDER-PERFORMANCE

- Finalization of recommended organisational structure.
- Filling of approved vacant positions.
- Effective implementation of a case management solution.

LINKING PERFORMANCE WITH BUDGETS

Programme and sub-programme expenditure:

Programme 4.4: Risk and Audit	2013 / 2014			2014 / 2015		
	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
	22 625	17 159	5 466	26 249	22 994	3 255
Total	22 625	17 159	5 466	26 249	22 994	3 255

4.4.5 PROGRAMME 4.5: LEGAL SERVICES

THE PURPOSE OF THE PROGRAMME

The purpose of Legal Services is to provide an enterprise-wide legal service. As the GPAA renders services to both GEPF and to National Treasury, Legal Services is responsible for providing a full and comprehensive legal support and advisory service in all areas of operations for which the GPAA is responsible.

STRATEGIC OBJECTIVES FOR THE FINANCIAL YEAR UNDER REVIEW

- To develop an employer compliance framework; and
- To develop an enterprise-wide compliance framework.

STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

PROGRAMME 4.5: LEGAL SERVICES						
Strategic objectives	Performance indicator	Actual achievement 2013 / 2014	Planned target 2014 / 2015	Actual achievement 2014/2015	Deviation from planned target to actual achievement for 2014 / 2015	Comment on deviations
To develop an employer compliance framework	a) Number of business cases compiled for legislative changes	-	One business case compiled for legislative changes	One business case compiled for legislative changes	No deviation	Document produced as planned
To develop an enterprise-wide compliance framework	b) Number of final drafts of approved compliance framework	-	One final draft of approved compliance framework	One final draft of compliance framework	No deviation	Document produced as planned

ACHIEVEMENTS

- One business case for legislative changes has been finalised. Legal Services has identified a gap in the Government Employees Pension Law, 1996 (GEP Law) in that there is no provision binding the employer to submit exit documents (through the GPAA) immediately after the member has exited the Fund. The business case proposes that exit documents submitted on behalf of retiring members should be submitted within three months prior to the retirement date whereas for those who resign, the documents must be submitted within 10 days after the date of resignation.
- The legal compliance framework has been developed and it is in the process of being

disseminated to all business units within the GPAA. The GPAA is expected to have a well-structured, documented and demonstrable compliance structure that helps management to monitor and report compliance risks effectively. Legal Services is assisting the organisation to comply with best practice in as far as managing compliance risk is concerned.

- Legal Services has managed to keep legal costs within budget by opposing notices of motion and summonses only in cases where failure to defend the matters that would have had a prejudicial effect on the GPAA. A total of 549 notices of motion and summonses were received in 2014 / 2015 and the GPAA defended only 46 cases, representing 8% of the total.

CHALLENGES

- Obtaining the buy-in needed from the Department of Public Service Administration (DPSA) with regard to passing the proposed regulations to the GEP Law.
- Ensuring that the compliance framework is disseminated to all business units and that compliance is monitored effectively by management in the absence of an automated tracking system.

STRATEGIES TO OVERCOME AREAS OF UNDER-PERFORMANCE

- Legal Services will work closely with the Department of Public Service Administration as our stakeholder in order to ensure that the proposed legislative changes are promulgated.
- Legal Services will also work closely with internal stakeholders, such as the Risk and ICT business units, in order to ensure that compliance with the compliance framework is monitored and the automation of processes is introduced in order to make audit trails available for the purpose of tracking compliance with the framework.

LINKING PERFORMANCE WITH BUDGETS

Programme and sub-programme expenditure:

Programme 4.5: Legal Services	2013/2014			2014/2015		
	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
	13 376	10 356	3 020	15 670	14 872	798
Total	13 376	10 356	3 020	15 670	14 872	798

4.4.6 PROGRAMME 4.6: INFORMATION COMMUNICATION TECHNOLOGY (ICT)

THE PURPOSE OF EACH PROGRAMME

This sub-programme directs and manages the organisation's ICT resources, including the data centre (servers and storage area network), wide and local area networks (LAN and WAN), applications, desktop equipment and databases.

LIST OF THE SUB-PROGRAMMES

- Information Security;
- Service Assets and Configuration Management;
- End-user Support;
- Infrastructure;
- Service Management; and
- Demand and Acquisition.

STRATEGIC OBJECTIVE FOR THE FINANCIAL YEAR UNDER REVIEW

- To maintain and upgrade technology.

STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

PROGRAMME 4.6: INFORMATION COMMUNICATION TECHNOLOGY						
Strategic objectives	Performance indicator	Actual achievement 2013 / 2014	Planned target 2014 / 2015	Actual achievement 2014 / 2015	Deviation from planned target to actual achievement for 2014 / 2015	Comment on deviations
To maintain and upgrade technology	% of the GPAA's ICT strategic objectives implemented	-	80% of the GPAA's ICT strategic objectives implemented	75% of the GPAA's ICT strategic objectives implemented (as an average over the four quarters)	5% below the planned target	The variance is due to the low percentage of compliance achieved during the first quarter following the timely submission but late approval of Performance Agreements that left ICT with little time to achieve performance levels The processes for acquiring upgraded technology started in the first quarter, to conclude in the third / fourth quarters
	% of GEPF's ICT strategic objectives implemented	-	80% of GEPF's ICT strategic objectives implemented	92% of GEPF's ICT strategic objectives implemented (as an average over the four quarters)	12% above the planned target	Target achieved as planned

ACHIEVEMENTS

ICT experienced an extremely busy 2014 / 2015 as its main focus was threefold, being:

- The appointment of a new ICT infrastructure service provider and the migration between service providers within a three-month period;
- Identifying and upgrading the ICT infrastructure environment; and,
- Preparing the as-is infrastructure for Modernisation initiatives.

The migration between service providers, which normally requires a six-month migration period to avoid interruption of service, was achieved within a three-month period with minimal complications. Furthermore, parts of the service which were previously outsourced were insourced and ICT managed to establish three different units internally to take on some of the services, being:

- End-user Support;
- Application Development; and,
- Middleware Support.

Furthermore, to enhance service delivery to the business, ICT also developed an asset demand management and acquisition component to deal specifically with the acquisition of ICT assets for administration purposes, as well as a Service Asset Component Management (SACM) unit to manage and support ICT assets in the organisation during its normal life cycle.

ICT also embarked on a process of starting to implement its Information Technology Infrastructure Library (ITIL) service delivery framework which requires that various Service Level Agreements (SLAs) and Operational Level Agreements (OLAs) are adopted to enhance the delivery of service against expectations. Such SLAs were adopted between the GPAA and the infrastructure service provider, which was propagated into a service catalogue for the development and management of services. Several OLAs were also adopted between ICT and various business units in order to define the type of service delivery expected by business and agreed on by ICT. This is only a fraction of the entire ITIL process, which ICT is implementing over a multi-year period.

As part of end-user device support, ICT has implemented an ITSM (IT Service Management) tool that is ITIL compliant and that is used to log end user support and incidents. When fully implemented, this solution will be integrated with the GPAA's monitoring solution to monitor the environment and automatically create service requests, which in turn will allow ICT to manage the environment pro-actively.

The ICT infrastructure environment was identified during the 2013 / 2014 reporting period as being totally inadequate and outdated to be able to continue with the necessary level of support for the business environment. ICT thus launched multiple projects during the year under review to acquire new infrastructure, upgrade expired licenses and outdated equipment and source new solutions that will enhance or replace ineffective solutions in its drive to enhance service delivery. These included, but were not limited to, the:

- Revamp of the GPAA's data centre;
- Refresh of the blade environment and up-scaling from 96 to 146 servers;
- Upgrading of the SAN environment;
- Implementation of a backup solution;
- Implementing of an ITSM solution;
- Building of a replicated environment;
- Refresh of unified communications; and
- Upgrading of WAN (wide area network) connections.

In addition to the above, the GPAA's EXCO also supported a motion to start building a replicated environment for critical systems after it became evident that the current cold standby solution would not be able to comply with recovery times (RTO) and recovery point objectives (RPOs) from business. Since this infrastructure did not pre-exist, ICT had to acquire, connect and

configure the entire infrastructure, and start replicating the two environments to be in a position to seamlessly switch between the environments in case of a disaster. Since this is a fairly large project, the GPAA will continue with the configuration and testing of the environment which will culminate in a technical recovery test towards the middle of the 2015 / 2016 financial year.

The last focus for ICT during this reporting period entailed preparing the ICT environment to be able to support technical initiatives that would be brought about by Modernisation in the two to three years going forward. The previous service provider was responsible for the provision, maintenance and support of the mainframe solution that is the core system hosting the benefits payment solution (CIVPEN). Following the change of service providers, the GPAA's ICT managed to build and host an in-house mainframe capability that would allow the functionality of interrogating the solution with the view of updating it to the modern Oracle Super Cluster solution. Since the mainframe also followed the same cold site disaster recovery (DR) solution, ICT also started sourcing a mainframe hot standby capability. Such a service was temporarily sourced with a previous service provider to ensure immediate availability of a hot standby solution and therefore service continuity, which will be enhanced with a longer term solution in the 2015 / 2016 financial year.

As indicated previously, one of the areas that was developed in-house was the Application Development unit which has the responsibility of supporting the current mainframe system (brought in-house) as well as the limited Java and business intelligence environments. This unit was established to specifically address business-as-usual requirements, as well as driving the development of the new flagship Oracle solution under the auspices of Modernisation.

Even though the actions required above were a foreseen requirement to ensure business continuity and to prepare for the near and distant future, having to deal with all of the above at the same time required that ICT was forced to focus extensively on all of the projects while ensuring that business continued to operate as usual without being negatively impacted on.

To minimize negative impact and ensure compliance to legislative and best practice requirements, ICT was also tasked with the resolution of internal and external audit findings and has managed to address 74% of its total findings. Outstanding findings are currently pursued actively to ensure that they are addressed as soon as possible, but ICT is dependent on initiatives that will only be addressed in the distant future. Governance related audit findings were addressed through the adoption of the ICT strategy by the GPAA's EXCO in March 2015.

CHALLENGES

ICT experienced several challenges over the financial year, mostly relating to its inability to address some of the audit findings due to the unavailable solutions or the availability of outdated ICT systems. Due to the age of some of the ICT solutions, as well as the increased demand placed on it by business and employer departments, ICT was required to divert a considerable amount of its time to the "patching" of the environment without being able to address new demands, or even some of the audit findings.

Even though great strides were made to acquire software licenses prior to their expiry, the timely management of license agreements is still hampering the ICT environment to such an extent that systems will often run beyond their expected periods without any contracts in place. This is currently being addressed within the ICT space as a project to ensure that a proper Standard Operating Procedure (SOP) is developed and that process management solutions are in place.

The ITSM tool implementation is currently going much slower than anticipated, which affects service delivery, monitoring and reporting of service level compliance, and alignment to ITIL processes such as incident and service management.

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

The next financial year will see the ongoing management of all current as well as several new projects, which will eventually conclude the refresh of the ICT environment.

ICT is actively driving a process that will address the audit findings, which could not be addressed with old systems and infrastructure. As and when new infrastructure or solutions are released, ICT will endeavour to apply these changes immediately to ensure the continuity of services.

The ICT environment is continuously changing. It is therefore the responsibility of the Chief Information Officer (CIO) and ICT staff to ensure that they remain abreast of any new developments in the ICT environment, especially in areas where brand new technology is released, and implement these changes as soon as possible.

LINKING PERFORMANCE WITH BUDGETS

Programme and sub-programme expenditure:

	2013/2014			2014/2015		
Programme 4.6: ICT	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
	191 476	165 782	25 694	321 064	197 930	123 134
Total	191 476	165 782	25 694	321 064	197 930	123 134

5. PROGRAMME 5: MODERNISATION

THE PURPOSE OF THE PROGRAMME

The purpose of Modernisation is to transform the GPAA's operations and service delivery by re-engineering and automating key business processes, as well as improving staff efficiency and effectiveness through process innovation and Human Capital Management (HCM) interventions. The objective of Modernisation is to effectively be the vehicle that will be used in the journey toward a sustainable organisation so that the government and legislative mandates can be fulfilled.

LIST OF SUB-PROGRAMMES

There are no sub-programmes within Modernisation as the Programme is mainly made up of projects aimed at addressing various areas of business.

STRATEGIC OBJECTIVE FOR THE FINANCIAL YEAR UNDER REVIEW

- To re-engineer and implement core business processes.

STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

PROGRAMME 5: MODERNISATION						
Strategic objectives	Performance indicator	Actual achievement 2013 / 2014	Planned target 2014 / 2015	Actual achievement 2014/2015	Deviation from planned target to actual achievement for 2014 / 2015	Comment on deviations
To re-engineer and implement core business processes	a) % of core business processes re-engineered	-	80% of core business processes re-engineered	85% of core business processes re-engineered	5% above planned target	Concerted efforts to rationalise the process repository, then ensure that all key core processes identified for the re-architecture and implementation in 2015 / 2016 are completely re-engineered
	b) % of re-engineered core business processes implemented	-	50% of re-engineered core business processes implemented	13% of re-engineered core business processes implemented	37% below planned target	Halting the TAD implementation due to the implementation partner failing to honour tender prices. However, the GPAA is in the process of procuring a new implementation partner

ACHIEVEMENTS

- **eChannel (online submission of exit documentation) and BPA (Benefits Payment Automation):** resulted in a reduction of turnaround time of payment (case received to case paid). This is primarily due to the elimination of the time taken to courier documents from the employer to the GPAA and the reduction of errors with the exit documentation due to online validation. Currently employers representing 87% of GEPF's membership have adopted eChannel. The first phase of BPA is about to be re-launched into production on the re-architected Portal (a post-year end event).
- **Outreach and Client Liaison Officers (CLOs):** 11 specialised vehicles have been operational to support the mobile units since the first quarter of the 2014 / 2015 financial year. Two Satellite Offices were established in Thohoyandou and Phuthaditjhaba, and a third is being established in Rustenburg. 25 new CLOs have been appointed and deployed to the regions and all CLOs have been assessed and provided with further training and capacitation. There has already been a 100% increase in the number of claims addressed per month by Outreach since the deployment of the vehicles while the satellite offices are too new to reflect any service improvements to date.
- **Organisational structure (Human Capital Management - HCM):** The entire organisational structure has been completed and is undergoing a series of consultations with employees. A capacity model has been developed and is being used to determine the number of positions within the proposed structure. This process should be completed and presented to EXCO in May 2015 (after the end of this reporting period). The process of finalising job descriptions is almost complete, with 90% signed off by the respective business units. Non-technical skills assessments have been completed for levels 9 to 14 of the organisation, and the results thereof are being incorporated into the workplace skills plan for 2015 / 2016. The second part of the skills assessments, which focuses on technical skills, will commence in mid-May 2015 after the approval of the organisational structure and job descriptions by EXCO. The technical assessments are dependent on the finalisation and approval of the job descriptions as they are specific to job categories.
- **Core Business Process Mapping (BPM):** 90% of the core business processes have been mapped (as-is) and 80% are currently being re-engineered (to-be). The to-be processes have also been validated in line with the technology being introduced through the Technical Architecture Design (TAD) implementation.
- **Call Centre Optimisation:** A hosted solution for the Call Centre was established to replace obsolete technology and the Call and Walk-in Centres that were housed at 34 Hamilton Street were relocated to Kingsley Centre. The Walk-in Centre has received a two-fold increase in the number of customers since the relocation. The Call Centre is, however, struggling to improve productivity partially due to the increase in the number of enquiries, which has almost doubled.
- **Implementation of the Technical Architecture Design (TAD) and ICT Refresh:** The solution implementation partner for the TAD was appointed and key work-packages have been implemented. These include the benchmarking of pension administration functions, the design of the technical solution and the completion of three key functional

designs for the customer relationship management (CRM), enterprise content management (ECM) and identity and access management (IAM) systems for the new architecture. Key infrastructure, including the Oracle Super Cluster, a mainframe to support the core pension administration platform (CIVPEN) and new hardware (blades and servers) have been acquired and are being hosted both on-site and at a disaster recovery (DR) location. The new technology provides the GPAA with both production and DR infrastructure, which should be on a 'hot' standby basis for the first time since the beginning of the year. The new technology provides for the significant redundancy of systems (equivalent to a 200% improvement) and improved productivity (when the current applications are operating on the new systems). Once the new applications envisaged by the solution design are developed, the GPAA can anticipate an improvement in output (a reduction in the time taken to process claims). A decision was taken to conclude the implementation with the current implementation partner and to go out to market for additional implementation partners. Currently, Oracle is providing support for the Super Cluster and implementing the IAM system, whilst tenders have just closed for the ECM implementation.

CHALLENGES

- The ICT environment has been under pressure for the last 12 months due to the enormity of the changes that were required. Unfortunately, due to several years of delays in upgrading and renewing most key ICT infrastructure and software, many changes needed to be implemented immediately which created some instability. In addition, it was discovered that some key applications, such as the Portal, had been badly designed and developed and thus required significant modification to function in the new environment. As a result, the GPAA has had a number of major incidents that have caused downtime in production and inhibited the development processes. Key Modernisation outputs, such as eChannel, BPA and the Call Centre optimisation were directly affected by these challenges. The Modernisation and ICT teams have worked together to ensure an overall improvement of service, which can be seen by improved productivity statistics since September 2014 (7 000 to 10 000 claims were paid per month as opposed to just under 3 000 in April 2014). Since September 2014 the ICT environment has stabilized and the number and severity of incidents has declined significantly. Over December 2014, a freeze was enacted which led to further stabilization in the new year. Despite these ICT challenges, and due to interventions mentioned above, the GPAA was able to pay 25% more claims in the 2014 / 2015 year than previously (75 000 rather than the 60 000 on average for the previous three years).
- The Super Cluster was intended to be fully operational and running the main GPAA applications by the end of November 2014 but this was delayed due to reasons such as old network technology and the unsuitability of the current Portal applications. The neglect of the ICT environment over the last few years (prior to 2014 / 2015) necessitated an upgrade of hardware and network lines to allow the GPAA to avoid additional system downtime once the Super Cluster became operational. Work on upgrading the network for the Super Cluster was largely complete by the end of the reporting period. Since February, Oracle has been providing direct support for the Super Cluster and work is underway to

ensure that it becomes the main back-bone for the GPAA's pension administration. To this end, all GPAA databases are being moved to the Super Cluster in anticipation of the re-launch of the re-architected Portal.

- The GPAA embarked on an exercise to upgrade the existing Portal and other applications so that they could run on the new Super Cluster. A decision was taken to abandon the effort to use 'Smart-Upgrade' to transfer the existing Portal and applications onto the Super Cluster and the go-ahead was given to re-architect the Portal. Work on this is underway, with a focus on eChannel and BPA (for resignations), which should be available by the middle of 2015. Thereafter other applications, including business intelligence (BI), should be completed progressively over the financial year.
- The GPAA is to go to market for implementation partners for certain components of the TAD implementation. The initial implementation of the TAD was awarded to Accenture for the implementation of five work-packages at a value of R251 million. Since the initial budget for the implementation of the TAD was R600 million, it was always envisaged that the GPAA would go back to the market to complete the work. A decision was taken to conclude the contract with the implementation partner and to go to market for the balance of the implementation. Since the work on the Portal re-architecture provides significant functionality originally envisaged as part of the solution design, only some components thereof will be done through an implementation partner, with the rest being done by the GPAA's internal development team. It is expected that the pricing of the bids for the new implementation partners will be more competitive as the bidders will now be bidding on a detailed design as opposed to a high-level concept, as was the case at the time when the first request for proposals (RFP) went to the market. A tender for the enterprise content management (ECM) component of the solution design is currently being adjudicated and a tender for an enterprise data management (EDM) has been initiated. The EDM will help support the data quality improvement and management (DQIM) project, but it remains an integral component of the Solution Implementation Partnership (SIP).
- The Modernisation Programme is shifting focus from a large number of smaller projects to a few large projects. Auto Life Verification (ALV), the Retirement Member Campaign (RMC) projects, the Call Centre Optimization, Business Process Management (BPM), Outreach and Client Liaison Officers projects have been closed out. Going forward, the focus will be on completing the Human Capital Management (HCM) project and the Solution Implementation Partnership (SIP). Both of these projects aim to deliver on the original mandate of automating business processes and developing an organisational structure and competency to support these new processes. Many of the complementary projects within the Modernisation Programme relating to improving membership maintenance, benefit payment and customer relationship management will also be executed. In addition, several new projects are in the process of being initiated. One will ensure the improvement of data quality (the data quality improvement and management (DQIM) project) and the integrated document management solution (IDMS) project, which will seek to digitise the 70 million pages of records that the GPAA still has in hard-copy. A third project focusing on knowledge management is in the initiation stage. These projects are intended to be built on the ICT infrastructure and systems that were part of the first phase of the TAD implementation.

STRATEGIES TO OVERCOME AREAS OF UNDER-PERFORMANCE

- The in-house process of re-architecting some of the existing core processes whose rollout into production is planned for various stages throughout the 2015 / 2016 financial year.
- The main thrust of Modernisation in 2015 / 2016 is to automate the pension administration processes including both benefits payment and membership administration. To support these processes, Modernisation is seeking to implement the enterprise content management (ECM) and identity and access management (IAM) systems, which are part of the Oracle Super Cluster. A new case management functionality is being built as part of the Portal re-architecture project. This project also includes all phases of Benefit Payment Automation (BPA) due to be completed on the new Portal by the close of the 2015 / 2016 financial year. Coupled with these developments is a new business intelligence (BI) functionality, which is being rolled out parallel with the above functionalities. In addition, work shall continue on three complementary projects including integrated document management system (IDMS), data quality improvement and management (DQIM) and human capital management (HCM).
- In the 2016 / 2017 financial year, the Modernisation Programme intends to complete the automation of core pension administration functions including both benefit payment and membership maintenance. The operationalisation of the key ECM and case management systems will mean that there should be a dramatic improvement in first call resolution (through any channel) because case management and document retrieval will largely be digital (all records, whether voice or paper, will be retrievable in real time, facilitating the resolution of queries). The IDMS project will have captured the most critical records (those relating to current members and pensioners) and the appropriate governance and system modifications will have been done to ensure data integrity through DQIM. With work on the core pension administration processes being completed, it will be possible to accelerate the automation and digitisation of key non-core corporate functions such as finance, human resource management and procurement. A major proportion of HCM should be complete and the work will focus on transitioning people from the current structure to the restructured organisation. As more and more business processes at the GPAA become automated, employees will be reskilled and redeployed to enhance the organisation's customer-facing functions.
- The GPAA is planning to go to market for new implementation partners to complete the implementation of the TAD. It is envisaged that the procurement process and appointment of a new partner for ECM will be done and the organisation will go out to tender for the EDM project, as a support to the DQIM, in mid-2015.
- While the procurement process is underway, Oracle will provide support to the internal development team to ensure that the Super Cluster is operational. It is envisaged that all of the GPAA's current applications, including an updated portal, eChannel and BPA functionality, will go into production over the current financial year.

- Three new projects will be started in the 2014 / 2015 financial year. The first will focus on improving data quality so that it can be used in the new architecture (DQIM). The second (IDMS) will seek to put a solution in place to scan existing documents (31 000 boxes and / or about 70 million pages) so that they can be easily accessed through the proposed ECM solution (part of the TAD). A third, focusing on Knowledge Management, is in the initiation processes.

LINKING PERFORMANCE WITH BUDGETS

Programme and sub-programme expenditure:

Programme 5: Modernisa-tion	2013/2014			2014/2015		
	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
	263 561	152 757	110 804	217 325	186 410	30 915
	-	-	-	-	-	-
Total	263 561	152 757	110 804	217 325	186 410	30 915

6. TRANSFER PAYMENTS

6.1 TRANSFER PAYMENTS TO PUBLIC ENTITIES

No transfer payments were made to public entities in 2014 / 2015.

6.2 TRANSFER PAYMENTS TO ALL ORGANISATIONS OTHER THAN PUBLIC ENTITIES

No transfer payments were made to organisations other than public entities in 2014 / 2015.

7. CAPITAL INVESTMENT

7.1 CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

Infrastructure projects	2013 / 2014			2014 / 2015		
	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	24 691	17 593	7 098	21 054	8 141	12 913
Infrastructure transfer	-	-	-	-	-	-
• Current	-	-	-	-	-	-
• Capital	-	-	-	-	-	-
Total	24 691	17 593	7 098	21 054	8 141	12 913



PART C: GOVERNANCE



1. INTRODUCTION

The Government Pensions Administration Agency (GPAA) 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 profile of the GPAA's key strategic risks, incorporating those of its stakeholders, was developed through formalised risk assessment workshops with the GPAA's executive committee (EXCO), management committee (MANCO) and in conjunction with each business unit's management team and employees at an operational level. This strategic risk profile contributed to the development of the 2015 / 2016 Internal Audit Plan to direct internal audit efforts to those areas of higher risk to the organisation. Internal audit will thus play a pivotal role in the combined assurance framework by providing independent assurance over governance, risk management and systems of internal control, as well as over the combined assurance framework. Contributors in this role predominantly include the Internal Audit, Risk Management and Quality Assurance units, along with the external auditor and management.

The GPAA's enterprise-wide risk management philosophy is that risk is managed holistically and continuously and that risk management is everybody's responsibility. The following key areas, amongst others, are closely monitored from a risk perspective:

- Operational systems and processes;
- Business Continuity planning;
- Change management (Including labour related issues);
- Compliance management; and
- Fraud risk assessments.

The GPAA's risk management further promotes good management principles and practises. It also consciously creates awareness of the organisation's key deliverables by utilising an integrated approach through which business units considered the strategy and outlined possible exposure, issues and potential problem areas preventing the organisation from achieving its goals. In addition, risk management created a system, not dissimilar to regular organisational performance reviews (and, it is hoped, that is soon to become a part of that process) where one looks not just at performance and events, but identifies, in a systematic way, important gaps, variations and exposure and allows for these events to be mitigated against.

HIGHLIGHTS AND ACHIEVEMENTS

As a financial service 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. The ISO 31 000 framework is used to guide all risk management activities within the organisation.

A number of improvements and refinements were made to the GPAA's risk management environment during 2014 / 2015. In November 2014, the Risk Management Policy, Charter and Framework were reviewed and, where necessary, revised. In an important change, the BarnOwl Programme, software utilised to manage risk within the GPAA, was upgraded to accommodate the shift in the methodology.

Formalised risk assessment workshops were held at operational and management levels which ultimately contributed to the development of the GPAA's strategic risk profile. Through this exercise, the top 12 risks were identified. The implementation of the GPAA's Strategic Plan 2015 / 2016 will also be closely guided by the risk profile to ensure that the organisation meets its predetermined objectives.

The top 12 risks informed the development of the Internal Audit Plan and ensured that Internal Audit's efforts were concentrated on areas of higher risk.

Through an intensive "Think Risk" campaign, the GPAA worked towards embedding a risk awareness culture in the organisation while promoting the principle that risk management is everyone's responsibility.

3. FRAUD AND CORRUPTION

The GPAA's fraud prevention plan is dynamic and will continuously evolve as the organisation makes changes and improvements in its drive to prevent and combat fraud and corruption. The development of such a fraud prevention plan is regulated in terms of Treasury Regulations 3.2.1 and the Minimum Anti-Corruption Capacity Requirement (MACC), developed by the Department of Public Service and Administration (DPSA), Section 81 of the Public Finance Management Act and the National Public Sector Anti-Corruption Strategy.

The fraud prevention plan is an enterprise-wide plan which identifies key role players to effectively and holistically manage corruption-related risk, which, through effective strategic planning and implementation, is envisaged to result in the following outcomes:

- a) Create an environment within the GPAA wherein all employees and stakeholders continuously behave ethically and display integrity in their dealings with or on behalf of the GPAA;
- b) Encourage and / or ensure that all employees, employer departments and stakeholders strive towards the prevention and detection of fraud and corruption impacting or having the potential to impact on the respective business units through, amongst others, fraud awareness at community roadshows, Retirement Member Campaign (RMC) workshops and induction training for new appointees;
- c) Encourage and / or ensure that all employees and stakeholders report their suspicions of fraudulent and / or corrupt activities without fear of reprisal or recrimination; and
- d) Provide clarity on specific individual process roles across the value chain for purposes in accordance with accountability and authority.

Considering the envisaged outcomes of the fraud prevention plan, the main principles of the plan are therefore to:

- a) Create and enhance a culture which is intolerant to corruption;
- b) Prevent / combat fraud and corrupt activities which cannot be deterred;
- c) Detect and deter corruption;
- d) Investigate the detected corruption;
- e) Recommendation of appropriate or remedial action(s) to be taken e.g. recoveries, prosecution, disciplinary action, etc.; and
- f) Apply appropriate sanctions, which include redress in respect of financial losses.

Moreover, the fraud prevention plan does not guarantee that the GPAA will not be impacted by incidents of fraud and corruption, but is intended to serve in the limitation of corruption related risk with a particular focus on effective structural, organisational and maintenance of the anti-corruption mechanisms.

3.1 MECHANISMS IN PLACE TO REPORT FRAUD AND CORRUPTION

The GPAA manages GEPF's Ethics Hotline as a whistle-blowing and fraud prevention tool / mechanism which enable employees, members, pensioners, stakeholders and the general public to report fraud and corruption with the assurance of anonymity. The hotline is administered by an external service provider which ensures independence and accountability.

Employees, members, pensioners and stakeholders are also encouraged to report acts of fraud and corruption directly to the Forensic Investigation and Fraud Prevention Management unit, alternatively to the National Anti-Corruption Hotline (NACH) managed by the Office of the Public Service Commission.

Additionally, an Integrity Helpdesk was launched as a mechanism to encourage employees to report unethical behaviour through a confidential electronic platform.

All officials are expected, and encouraged, to make confidential disclosure about suspected fraud and corruption. It is, however, an obligation, and as contemplated and provided for in the Prevention and Combating of Corrupt Activities Act, that all members of the public, including office bearers and holders of public office, to disclose any information about any fraud or corruption that has been or has the potential to be committed. Failure to make such disclosure is regarded as a criminal offence with a pre-determined sentence.

3.2 HOW THESE CASES ARE REPORTED AND WHAT ACTION IS TAKEN

Cases are reported through any of the four reporting mechanisms, i.e. the Ethics Hotline, Integrity Helpdesk, or directly to the Forensic Investigation and Fraud Prevention unit or the National Anti-Corruption Hotline (NACH). Reported cases are analysed and, when warranted, allocated for investigation. Upon finalisation, recommendations are made for either criminal and / or disciplinary action to be instituted against the perpetrator.

4. MINIMISING CONFLICT OF INTEREST

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

In order to minimise the conflict of interest, the 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 previous financial year.

5. CODE OF CONDUCT

The code acts as a guide to employees around what is expected of them from an ethical point of view, both in their individual capacity and in their relationship with others. All GPAA employees have signed acknowledgement of the code and newly appointed employees are taken through the code during their induction into the organisation.

In the event of a detected breach of the code of conduct:

- Line management reports breaches to the Fraud and Forensic unit.
- Depending on the seriousness of the breach, the Labour Relations unit advises line management on whether to institute informal or formal disciplinary measures against alleged offenders.
- If the breach is less serious, the perpetrator will be issued with verbal counselling to a final written warning.
- If breach is viewed to be serious, it will be sanctioned with a final written warning up to and including a dismissal.
- An employee who is found guilty in these processes reserves the right to appeal any of the sanctions meted against him or her.

The GPAA complies with the provisions of the Code of Conduct for the Public Service on all reported and detected misconduct cases.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

For the period of review, a number of Safety, Health and Environmental issues were identified. In general, the Head Office building, regional offices, and some of the premises occupied and used by the GPAA for its operations are not suitable for access by disabled persons.

Futhermore, a recent health and safety audit revealed that the GPAA's premises do not comply with the Occupational Health and Safety (OHS) Act 85 of 1993. Especially as relates to issues such as: inappropriate office accommodation, inadequate security measures, and other physical environmental risks.

IMPACT ON BUSINESS

The risks associated with inadequate health, safety and environmental control are: non-compliance to legislation; employees' exposure to health, safety and environmental risks; risks to the GPAA's assets; and, risks to the GPAA's reputation.

ACHIEVEMENTS

To mitigate against the identified risks, a number of initiatives were implemented. This has resulted in improvements in a number of areas. Some of these achievements are:

- The statutory annual OHS audit was conducted and reports were issued to the GPAA;
- Four evacuation drills were conducted in the year under review;
- 16.2 appointments were made for OHS and training of OHS appointees and representatives has been implemented and is 60% complete; and
- 50% of identified physical environmental risks and audit findings relating to buildings and facilities have been resolved.

7. PRIOR MODIFICATIONS TO AUDIT REPORTS

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
Non-compliance with legislation	2013 / 2014	Condonation has been requested from the relevant Treasury

8. INTERNAL AUDIT AND AUDIT COMMITTEES

8.1 THE INTERNAL AUDIT UNIT

The Internal Audit unit 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.

8.2 THE AUDIT COMMITTEE

The Audit Committee provides an overview and assurance service to the GPAA. This consists of the provision of independent reviews on the adequacy and effectiveness of the risk management, internal control and governance processes of the organisation. Independent reviews include a continuous review of compliance by the GPAA's management and employees to relevant legislation, regulations, approved policies and procedures and best industry practices, where applicable.

The Audit Committee is comprised of the following members:

Vuyo Jack
Zach le Roux
Berenice Francis
Joe Lesejane
Hermant Bhoola
Octavia Matlou

Attendance of Audit Committee meetings by Audit Committee members

The table below discloses relevant information on Audit Committee members:

Name of member	Number of meetings attended	Comments	Date of appointment	Date of resignation
Vuyo Jack	1	Chairperson	31 January 2013	1 March 2015
Zack Le Roux	2	Member	31 January 2013	9 March 2015
Joe Lesejane	2	Member	31 January 2013	
Berenice Francis	2	Member	31 January 2013	
Hermant Bhoola	1	Member	1 July 2013	1 May 2015
Octavia Matlou	3	Member	1 July 2013	

9. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2015.

Audit Committee members and attendance

The Audit Committee operates under the formally approved terms of reference of National Treasury. The committee met three times during the year under review and consists of the following members:

Name of member	Number of meetings attended	Comments	Date of appointment	Date of resignation
Vuyo Jack	1	Chairperson	31 January 2013	1 March 2015
Zack Le Roux	2	Member	31 January 2013	9 March 2015
Joe Lesejane	2	Member	31 January 2013	
Berenice Francis	2	Member	31 January 2013	
Hermant Bhoola	1	Member	1 July 2013	1 May 2015
Octavia Matlou	3	Member	1 July 2013	

AUDIT COMMITTEE RESPONSIBILITY

We report that we have operated and performed our oversight responsibilities to the Government Pensions Administration Agency (GPAA) 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 (an Audit Committee Charter) and discharged all of our responsibilities as contained therein and regulated our affairs in compliance with the charter.

EFFECTIVENESS OF INTERNAL CONTROLS

In line with Public Finance Management Act (PFMA) and *King Report on Corporate Governance* (King III) 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 recommendations for improvement and management corrective action.

The committee has approved the annual plans of the Internal Audit unit. Internal Audit presented reports at Audit Committee meetings and followed up on issues raised with management.

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

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 control for both financial statements and performance information for the period still needs improvement.

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 provided by the Auditor-General, it was noted that no significant 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.

THE RISK AREAS OF THE INSTITUTION'S OPERATIONS

There is a Risk Management Committee in place that has met four times during the 2014 / 2015 financial year. A risk register is kept and updated continuously to ensure that all of the major risks facing the programmes under the GPAA are recorded.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

We have reviewed the financial statements for the year ending 31 March 2015. Further, we have noted the Auditor-General's report on the irregular expenditure, plus the non-compliance to the regulations, as well as the Audit Committee's caution on the process followed to condone such expenditure. The Committee will follow up all these matters to ensure effective resolution. The Audit Committee has recommended the financial statements to the Accounting Officer for approval.

AUDITOR-GENERAL OF SOUTH AFRICA

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



Joe Lesejane
Chairperson of the Audit Committee
Government Pensions Administration Agency
31 August 2015



PART D: HUMAN RESOURCE MANAGEMENT



1. INTRODUCTION

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

2. OVERVIEW OF HUMAN RESOURCES

• **The status of human resources in the GPAA**

The development of the new organisational structure has a big influence on the status of the human resources in the GPAA. Due to the development thereof, the organisation is currently in an interim phase and not all vacancies can be filled. Contract workers are appointed for continuity and to ensure that service delivery is not compromised.

• **Human resource priorities for the year under review and the impact thereof**

The main priorities for 2014 / 2015 were to fill the critical senior management positions and to develop the new organisational structure. Emphasis was also placed on the development of management through executive management and management advancement programmes. Priority was given to change management initiatives to sensitise and prepare employees for the changes that the Modernisation Programme is bringing and will continue to bring going forward.

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

The interim phase between the current organisational structure and the implementation of the new organisational structure has made it very difficult to do proper workforce planning and to attract and recruit employees. The GPAA, however, does have a human resources strategy which guides the process of restructuring and transition.

• **Employee performance management**

There has been a significant improvement in the application of the performance management system and process for the 2013 / 2014 and 2014 / 2015 performance cycles. Compliance figures for the submission of performance agreements, reviews and evaluations by the due dates have increased considerably and this is an indication that managers are starting to take performance management seriously, using it as a tool to effectively manage employees. Proof of this is also reflected in the positive improvement in the GPAA's organisational scorecard and, as a result, the Executing Authority approved exceeding the 1.5% limit on the payment of performance bonuses resulting in non-SMS employees receiving 75% of their bonus amounts and SMS employees receiving 50%. This is in comparison with the previous year where only 33% of the bonus amount was paid to employees.

- **Employee wellness programme**

Employee wellness programmes initiated by the Employee Relations unit included the following: National Obesity Week, World Arthritis Day, World Diabetes Day, 16 Days of Activism Against Women and Children campaign, financial awareness workshops, tuberculosis screening, blood donation initiatives and health screening days were held at all offices. Health and wellness articles were published through global email to raise awareness and to motivate staff to live more healthily.

The following Occupational Health and Safety initiatives also took place:

- 50% of identified physical environmental risk and audit findings relating to buildings and facilities were resolved;
- Three evacuation drills were held; and,
- The annual Occupational Health and Safety (OHS) compliance audit was concluded for all offices.

Achievements

Performance Management

- Evaluations for all GPAA employees were finalized and submitted to the Performance Management (PMDS) unit by 30 April 2014. This shows that training and awareness efforts have proved effective.
- Due to the efforts of the PMDS unit, the Departmental Review Committee concluded and recommended the evaluation of all staff. The CEO then approved the evaluation results before 31 May 2014.
- All evaluation results for 2013 / 2014 were successfully implemented after the approval by the Minister of Finance that 75% of the bonus amount for level 1-12 employees and 50% of the bonus amount for SMS employees could be paid.
- 100% of the 2014 / 2015 performance agreements for SMS employees were submitted then captured on the Persal system and filed. This is a notable improvement compared to the previous year.
- 100% of the 2014 / 2015 performance agreements for MMS and non-MMS employees were submitted, captured on the Persal system and filed. This is also a notable improvement compared to the previous year.
- All 2014 / 2015 performance reviews for GPAA employees were submitted, captured on the Persal system and filed – except for those cases where there was a disagreement between parties (four reviews, thus 0.4% were outstanding). These cases are in the process of being resolved. This is an outstanding improvement compared to last year.
- The unit trained all Divisional Review Committees to enable them to successfully conduct the divisional review of employees within that programme. This achievement

- was planned for the second quarter but was achieved in the first quarter.
- The training had a positive result because all of the Divisional Review Committees moderated and finalized the evaluations of the employees in their respective programmes by 30 April 2014.
- As an additional achievement, a new motivation of evaluation score form (for 4 to 5 ratings) was successfully implemented and incorporated into the PMD system.
- Another achievement is the development and approval by the CEO of the use of a performance dialogue form to enhance the performance evaluation process and to ensure fairness and objectivity. The form will be introduced in the 2015 / 2016 cycle and will be used in both the review and the evaluation phases.

Employee Life Cycle Management

- The Recruitment Section made offers to 174 employees during this period.
- 173 positions were advertised / sourced.
- 142 appointments were made and 99 employees terminated their services (this number includes both contract and permanent employees).

Basic Conditions of Employment

- 14 427 leave forms were processed during the period under review.
- 77 PILIR cases were received.
- 59 leave audits for termination of service were done.
- Tax changes were communicated to 128 middle and senior managers.
- A total of 42 resets were done for Persal user identities.
- 72 Persal reports were requested, of which 41 were released.
- The PILIR stockpiled cases were submitted to the Health Risk Manager on time.
- The process for close of business during December 2015 was communicated early and the leave was programmatically deducted from employees.
- 433 Financial Disclosure forms for non-SMS members were handled.
- SMS members were trained on the e-Disclosure system.
- The Financial Disclosure forms for SMS members were submitted to the Public Service Commission on time.

Training and Development

- One executive manager completed the International Executive Management Programme.
- 14 managers enrolled for the Management Advancement Programme (MAP) course; 10 managers completed the programme and graduated.
- Two Human Resources and Development staff members attended the “train the trainer course” for the Compulsory Induction Program (CIP) and passed the subsequent assessment.

- The Compulsory Induction Programme kicked off with 14 delegates. The delegates passed the first module of the programme and will thus be confirmed as permanent GPAA employees.
- Six Facilities staff members attended the artisan training course.
- The updating of the bursaries project on Persal is progressing well.

Employee Relations

- 16 Health and Wellness articles were published including, amongst others: Skin Cancer Awareness Month, Celebrating your 2014 Achievements, National Healthy Lifestyle, Balanced Lifestyle, Occupational Wellness and Intellectual Wellness.
- Four blood drives were conducted and 109 employees donated blood.
- 66 employees attended GEMS workshops.
- Three wellness screenings (HCT sessions) were held and 660 employees attended the sessions.
- Financial awareness workshops were attended by 114 employees.
- Tuberculosis screening sessions were held and 253 employees were screened.
- The Labour Relations sub-unit handled 162 disciplinary cases, 22 grievance cases and eight dispute matters.
- The number of pending suspension cases was a total of three. One employee resigned before the confirmation of the dismissal sanction. Out of 61 appeal cases handled, only three remain outstanding.
- There are three dispute matters on review at the Labour Court.
- The Labour Relations sub-unit trained 224 employees at Head Office and at regional offices.

Organisational Development and Design

- 100% of the DPSA skills audit was conducted for SMS employees.
- 100% of the skills audit was conducted for employees at levels 9 -12.
- The proposed to-be organisational structure was consulted with 99% of the organisation's employees.
- Capacity modelling was conducted on the to-be structure.
- Heads of programmes have been engaged in the capacity modelling process.
- 98% job descriptions have been developed for jobs on levels 1 to 12.
- 100% of DPSA skills assessments were conducted for levels 9 to 15.
- Change Agent training workshops were conducted for the entire Change Agent community.
- Leadership engagement on culture action plans was conducted.
- A change management article was featured weekly in the electronic newsletter for staff empowerment.

Challenges

- As a result of the development of a new organisational structure, certain positions cannot be filled as there is a risk associated with appointing staff in positions that will not be in the new structure.
- Experiential training has created conflict amongst staff members in Facilities due to the fact that, when they are involved in the programme, the work in the various sections that they are responsible for suffers.
- There are delays in the approval of submissions of sanctions resulting from disciplinary cases as well as delays in the finalisation of outstanding appeal cases.
- There is a lack of permanent staff and a lack of adequate facilities, such as boardrooms for interviews, disciplinary hearings, meetings and training.
- The organisation experiences poor attendance at change management and training interventions.
- Employees' adherence to policies and procedures is a major concern.
- Securing panel members for the sitting of Job Evaluation Panel committee to validate the job evaluation results for the SMS structure.
- Finalisation of the placement protocol; of job description development and consultation of the proposed structure for input to the entire GPAA community took a great deal longer than expected.
- Poor turnaround times by the DPSA on queries / requests impacts greatly on work performance.
- Non-adherence to turn around times by management regarding leave, etc.
- Dependence on other units and lack of communication impacts on work.

Future plans (for the next financial year)

- Present the EXCO-supported organisational structure to the entire GPAA.
- Facilitate the signing off of the Placement Protocol by labour and the CEO.
- Intervention by senior management / the CEO with regard to participation in job description finalisation.
- The updating and adoption of policies.
- Intervention by senior management / the CEO with regard to DPSA's poor turnaround times.
- Intervention by CEO to improve leave management by managers in the GPAA.
- Pilot e-Learning within the CRM unit.
- Line managers to look into addressing the problem of experiential training.
- Supply Chain Management to assist in ensuring that training providers are engaged for training.
- The employment of additional employees.
- The assistance of the external training provider for offering Grade 12 classes is of importance.
- The creation of office space.

- To improve leave management in the GPAA, the names of the units not complying with the verification of leave records will be escalated via the Head of Corporate Services to EXCO. Leave granted by managers in the termination period will be addressed via an email to the relevant manager and the senior manager.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 PERSONNEL RELATED EXPENDITURE

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

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

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2014 to 31 March 2015

Programme	Total HR expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
	396 895	382 948	6 506	7 441	44%	350
Total	396 895	382 948	6 506	7 441	44%	350

Table 3.1.2 Personnel costs by salary band for the period 1 April 2014 to 31 March 2015

Salary Bands	Compensation of employees including transfers (R'000)	Percentage of total personnel cost for department	Number of employees	Average compensation cost per employee (R'000)
Lower skilled (Levels 1-2)	3 089	0,8%	19	163
Skilled (Levels 3-5)	16 925	4,4%	76	223
Highly skilled production (Levels 6-8)	127 813	33,4%	450	284
Highly skilled supervision (Levels 9-12)	102 358	26,7%	194	528
Senior management (Levels 13-16)	21 338	5,6%	24	889
Contract (Levels 1-2)	2 131	0,6%	20	107
Contract (Levels 3-5)	3 102	0,8%	23	135
Contract (Levels 6-8)	56 483	14,7%	254	222
Contract (Levels 9-12)	28 773	7,5%	53	543
Contract (Levels 13-16)	20 936	5,5%	21	997
TOTAL	382 948	100%	1 134	338

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2014 to 31 March 2015

Programme	Salaries		Overtime		Home Owners Allowance		Medical aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Accounting Finance	5806	83.7	110	1.6	89	1.3	185	2.7
Corporate Finance - GEPF	2727	77.3	7	0.2	74	2.1	113	3.2
CRM - Call Centre	23079	79.8	422	1.5	492	1.7	995	3.4
Eastern Cape Regional Office	1839	70.1	9	0.3	75	2.9	132	5
EB Funeral Benefits	4398	76	44	0.8	165	2.9	282	4.9
EB Operations and Finance Management	3249	82.3	0	0	12	0.3	58	1.5
EB Withdrawals	9784	68.8	1389	9.8	360	2.5	669	4.7
Employee Relations	2498	78.9	0	0	33	1	106	3.3
Enterprise Wide Risk	1376	90.6	0	0	0	0	12	0.8
Facilities Management	8243	74.5	60	0.5	361	3.3	817	7.4
Finance Management Accounts and Budgets	1258	80.6	0	0	94	6	0	0
Finance Supply Chain Management	4453	83	0	0	71	1.3	146	2.7
Fraud and Forensic Management	5144	71.1	74	1	117	1.6	220	3
Free State Regional Office	3154	73.1	42	1	87	2	150	3.5
Gauteng (Walk-in Centre)	6716	67.5	246	2.5	285	2.9	466	4.7
GEPF Bhisho	3979	72.8	10	0.2	113	2.1	134	2.5
GEPF Board of Trustees	0	0	0	0	0	0	0	0
GEPF Business Support Services	5036	74.5	49	0.7	121	1.8	303	4.5
GEPF Client Relationship Management	2900	74	3	0.1	143	3.6	75	1.9
GEPF Communications	4726	68.7	87	1.3	905	13.2	178	2.6
GEPF Employee Benefits	1733	80.6	0	0	7	0.3	19	0.9

GEPF Employer and Government Liaison	7975	65.7	1231	10.1	225	1.9	420	3.5
GEPF ICT	21257	94.2	122	0.5	7	0	72	0.3
GEPF Internal Audit	28614	81.7	63	0.2	575	1.6	909	2.6
GEPF Legal	21050	82.9	140	0.6	374	1.5	634	2.5
GEPF Management	1554	91.3	0	0	11	0.6	33	1.9
GEPF Membership And Contributions	5550	64	1008	11.6	276	3.2	451	5.2
GEPF Military Pensions	5232	87.8	0	0	63	1.1	119	2
GEPF Special EB Projects	7361	77	35	0.4	223	2.3	464	4.9
Human Resources Administration	8956	76.9	324	2.8	163	1.4	322	2.8
Information Security	2221	73	11	0.4	72	2.4	151	5
Injury on Duty	2267	74.9	0	0	88	2.9	135	4.5
Johannesburg Satellite Office	1096	68.8	63	4	65	4.1	67	4.2
Kimberley Regional Office	2327	72.6	7	0.2	22	0.7	118	3.7
Durban Satellite Office	1034	74.4	1	0.1	47	3.4	96	6.9
Pietermaritzburg Regional Office	6012	71.5	16	0.2	196	2.3	403	4.8
Limpopo	3950	67.1	20	0.3	153	2.6	315	5.4
Management	0	0	0	0	0	0	0	0
Management Information Systems	1276	81.8	0	0	21	1.3	47	3
Management Support	2001	93.5	0	0	0	0	16	0.7
Medical Benefits	5178	72.5	0	0	185	2.6	391	5.5
Modernisation	6455	92.9	0	0	287	4.1	20	0.3
Monitoring and Evaluation	5788	79.8	7	0.1	187	2.6	71	1
Mpumalanga Regional Office	3282	71.3	13	0.3	103	2.2	229	5
North West Regional Office	3992	74.1	2	0	133	2.5	218	4
Operational Support Services	8449	68.3	301	2.4	490	4	864	7
Organisational Design and Development	1268	79.3	2	0.1	11	0.7	14	0.9
Pensioner Maintenance	6378	73.5	221	2.5	255	2.9	472	5.4
Physical Security	5564	78.4	19	0.3	130	1.8	290	4.1

Programme 8 Finance	3 736	85.7	0	0	22	0.5	40	0.9
Project Management Office	3 356	81.1	0	0	32	0.8	78	1.9
Quality Control Management	1 441	85.4	0	0	29	1.7	14	0.8
Registry	1 799	64	168	6	119	4.2	234	8.3
Risk and Audit Management	747	80.5	0	0	0	0	0	0
Secretariat	801	85.6	10	1.1	11	1.2	28	3
Training and Development	2 040	75.7	23	0.9	47	1.7	64	2.4
Umtata Regional Office	1 805	71.6	5	0.2	82	3.3	142	5.6
Western Cape Regional Office	3 641	77.6	0	0	86	1.8	157	3.3
TOTAL	297 551	76.4	6 364	1.6	8 394	2.2	13 158	3.4

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2014 to 31 March 2015

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)	1 905	61.7	1	0	221	7.2	471	15.2
Skilled (level 3-5)	11 093	65.5	476	2.8	763	4.5	1 430	8.4
Highly skilled production (levels 6-8)	87 787	68.6	4 192	3.3	4 477	3.5	8 051	6.3
Highly skilled supervision (levels 9-12)	76 011	72.7	834	0.8	1 530	1.5	2 963	2.8
Senior management (level 13-16)	17 496	81.5	0	0	157	0.7	122	0.6
Contract Levels 1-2)	2 061	96.7	0	0	0	0	0	0
Contract (Levels 3-5)	2 869	92.2	146	4.7	0	0	0	0
Contract (Levels 6-8)	54 384	95.8	663	1.2	7	0	17	0
Contract (Levels 9-12)	26 130	90.7	52	0.2	968	3.4	69	0.2
Contract (Levels 13-16)	17 816	94.2	0	0	269	1.4	36	0.2
Periodical Remuneration	0	0	0	0	0	0	0	0
Total	297 552	76.4	6 364	1.6	8 392	2.2	13 159	3.4

3.2 EMPLOYMENT AND VACANCIES

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

The following tables summarise the number of posts in the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

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

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

Table 3.2.1 Employment and vacancies by programme as at 31 March 2015

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Programme 1	134	71	47%	39
Programme 2	204	146	28%	49
Programme 3	352	312	11%	91
Programme 4	336	235	30%	179
Programme 5	0	0	0%	12
Total	1 026	764		370

Table 3.2.2 Employment and vacancies by salary band as at 31 March 2015

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Lower skilled (1-2)	39	22	44%	21
Skilled (3-5)	92	74	20%	31
Highly skilled production (6-8)	615	452	27%	247
Highly skilled supervision (9-12)	238	191	20%	53
Senior management (13-16)	42	25	40%	18
Total	1 026	764	25.5%	370

The GPAA is in the process of determining critical occupations and scarce skills and cannot report for the year ending 31 March 2015.

3.3 FILLING OF SMS POSTS

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

Table 3.3.1 SMS post information as at 31 March 2015

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Chief Executive Officer	1	0	0%	1	100%
Salary Level 16	0	0	0%	0	0%
Salary Level 15	3	0	0%	3	100%
Salary Level 14	9	7	78%	2	22%
Salary Level 13	29	18	62%	11	38%
Total	42	25	60%	17	40%

Although 17 permanent positions are vacant, the GPAA has 18 contract workers on levels 13 to 16 due to the fact that the GPAA is in the process of developing a new organisational structure and as a result is cautious to fill permanent SMS positions before determining if the role will be part of the new structure.

Table 3.3.2 SMS post information as at 30 September 2014

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Chief Executive Officer	1	0	0%	1	100%
Salary Level 16	0	0	0%	0	0%
Salary Level 15	3	0	0%	3	100%
Salary Level 14	9	5	56%	4	44%
Salary Level 13	29	17	59%	12	41%
Total	42	22	52%	20	48%

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2014 to 31 March 2015

SMS Level	Total number of funded SMS posts	Total number of SMS posts advertised/filled in this year	% of SMS posts advertised/filled in this year	Total number of SMS posts vacant	% of SMS posts vacant
Chief Executive Officer	1	One advertised, still in progress	0%	1	100%
Salary Level 16	0			0	0%
Salary Level 15	3	Two advertised, no suitable candidates could be identified	66.6% advertised, 0% filled	3	100%
Salary Level 14	9	Two filled	22.2% filled	2	22.2%
Salary Level 13	29	Seven advertised - three filled and four still in progress	24% advertised, 10% filled, 14% in progress	11	38%
Total	42	12 advertised, five filled, five still in process, two to be re-advertised	29% advertised, 12% filled, 12% in progress	17	40%

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - advertised within six months and filled within 12 months after becoming vacant for the period 1 April 2014 and 31 March 2015

Reasons for vacancies not advertised within six months
<p>The GPAA's Modernisation Programme was approved by the Minister of Finance and is comprised of a series of projects undertaken to improve the quality of the services offered to its clients. One of the deliverables is the development and implementation of a new organisational structure linked to redesigned business processes and automation to ensure operational improvement.</p> <p>The design of the organisational structure has been completed and is undergoing a series of approvals. A capacity model has been developed and job descriptions are being prepared. A Placement Protocol has been developed as a framework for the transition of employees into the new structure.</p> <p>To minimise the difficulty in matching and placing staff into the new structure, as well as to ensure stability through the change that is inevitably happening, a decision has been taken not to fill permanent positions in the current structure, unless they are critical and in line with the new proposed organisational structure. This is an interim measure until the implementation of the new organisational structure.</p> <p>Due to urgent business needs and to ensure that service delivery is not compromised, contract workers have been appointed.</p>

3.4 JOB EVALUATION

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job within his or her organisation. In terms of the regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job evaluation by salary band for the period 1 April 2014 to 31 March 2015

Total number of jobs evaluated by salary band for 1 April 2014 to 31 March 2015	None
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The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2014 to 31 March 2015

Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2014 and 31 March 2015	None
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The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2014 to 31 March 2015

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

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2014 to 31 March 2015

Total number of employees whose salaries exceeded the grades determine by job evaluation	None
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3.5 EMPLOYMENT CHANGES

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of the trends in the employment profile of the GPAA. The following tables provide a summary of turnover rates by salary band and critical occupations (see the definition in notes which follow).

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2014 to 31 March 2015

Salary band	Number of employees at beginning of period - 1 April 2014	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	24	0	2	8.33%
Skilled (Levels3-5)	84	0	10	11.9%
Highly skilled production (Levels 6-8)	489	11	28	5.73%
Highly skilled supervision (Levels 9-12)	174	7	9	5.17%
Senior Management Service Bands A	19	2	3	15.79%
Senior Management Service Bands B	4	2	0	0%
Senior Management Service Bands C	1	0	1	100%
Senior Management Service Bands D	0	0	0	0%
Contracts	296	120	46	15.54%
Total	795	22	53	6.67%

The GPAA is in the process of determining critical occupations and scarce skills and cannot report for the year ending 31 March 2015.

The table below identifies the major reasons why staff left the GPAA.

Table 3.5.2a Reasons why staff left the GPAA for the period 1 April 2014 to 31 March 2015 - permanent staff

Termination type	Number	% of total resignations
Death	4	7.5%
Resignation	30	56.7%
Expiry of contract	0	0%
Dismissal – operational changes	0	0%
Dismissal – misconduct	4	7.5%
Dismissal – inefficiency	0	0%
Discharged due to ill-health	1	1.9%
Retirement	9	17%
Transfer to other public service departments	4	7.5%
Other	1	1.9%
Total	53	
Total number of employees who left as a % of total employment	6.67%	

Table 3.5.2b Reasons why staff left the GPAA for the period 1 April 2014 to 31 March 2015 - contract staff

Termination type	Number	% of total resignations
Death	1	2.2%
Resignation	21	45.7%
Expiry of contract	10	21.6%
Dismissal – operational changes	0	0%
Dismissal – misconduct	1	2.2%
Dismissal – inefficiency	0	0%
Discharged due to ill-health	0	0%
Retirement	0	0%
Transfer to other public service departments	1	2.2%
Other	12	26.1%
Total	46	
Total number of employees who left as a % of total employment	15.5%	

Table 3.5.3 Promotions by critical occupation for the period 1 April 2014 to 31 March 2015

The GPAA is in the process of determining critical occupations and scarce skills and cannot report for the year ending 31 March 2015.

Table 3.5.4 Promotions by salary band for the period 1 April 2014 to 31 March 2015

Salary band	Employees 1 April 2014	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary band
Lower skilled (Levels 1-2)	24	0	0%	See table below	See table below
Skilled (Levels 3-5)	84	0	0%	See table below	See table below
Highly skilled production (Levels 6-8)	489	8	1.6%	See table below	See table below
Highly skilled supervision (Levels 9-12)	174	23	13.2%	See table below	See table below
Senior management (Level 13-16)	24	0	0%	See table below	See table below
Total	795	33	4.2%		

Table 3.5.5 Progressions to another notch within salary bands for the period 1 April 2014 to 31 March 2015 as a result of the 2013 - 2014 PMDS incentives (this figure includes permanent and contract employees)

Salary band	Qualifying employees as per the PMDS System as on 31 March 2014	Progressions to another notch within a salary level	Notch progression as a % of employees by salary band
Lower skilled (Levels 1-2)	43	25	58%
Skilled (Levels 3-5)	104	27	26%
Highly skilled production (Levels 6-8)	664	319	48%
Highly skilled supervision (Levels 9-12)	199	118	59%
Senior management (Level 13-16)	32	21	66%
Total	1 042	510	49%

The GPAA's PMDS policy allows for not only pay progression but also additional salary notches.

3.6 EMPLOYMENT EQUITY

Table 3.6.1a Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2015 - permanent employees

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	10	1	2	3	6	0	1	2	25
Professionals	79	6	6	7	67	6	3	17	191
Technicians and associate professionals	98	6	3	9	247	25	7	57	452
Clerks	25	1	0	1	36	3	0	8	74
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	6	0	0	0	16	0	0	0	22
Total	218	14	11	20	372	34	11	84	764
Employees with disabilities	1	1	0	0	3	0	0	0	0

Table 3.6.1b Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2015 - contract workers

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	7	0	2	5	1	0	0	3	18
Professionals	21	1	1	6	10	1	0	13	53
Technicians and associate professionals	90	4	0	2	138	3	4	6	247
Clerks	18	0	0	0	13	0	0	0	31
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	9	0	0	0	12	0	0	0	21
Total	145	5	3	13	174	4	4	22	370
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.2a Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2015 - permanent employees

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	2	1	1		2	0	0	1	7
Senior management	8	0	1	3	4	0	1	1	18
Professionally qualified and experienced specialists and mid-management	79	6	6	7	67	6	3	17	191
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	98	6	3	9	247	25	7	57	452
Semi-skilled and discretionary decision making	25	1	0	1	36	3	0	8	74
Unskilled and defined decision making	6	0	0	0	16	0	0	0	22
Total	218	14	11	20	372	34	11	84	764

Table 3.6.2b Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2015 - contract workers

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	3	0	2	2	0	0	0	0	7
Senior management	4	0	0	3	1	0	0	3	11
Professionally qualified and experienced specialists and mid-management	21	1	1	6	10	1	0	13	53
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	90	4	0	2	138	3	4	6	247
Semi-skilled and discretionary decision making	18	0	0	0	13	0	0	0	31
Unskilled and defined decision making	9	0	0	0	12	0	0	0	21
Total	145	5	3	13	174	4	4	22	370
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.3a Recruitment for the period 1 April 2014 to 31 March 2015 - permanent employees

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	1	0	0	0	1	0	0	0	2
Senior management	0	0	1	0	1	0	0	0	2
Professionally qualified and experienced specialists and mid-management	3	0	0	0	4	0	0	0	7
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	4	0	0	0	7	0	0	0	11
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	8	0	1	0	13	0	0	0	22
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.3b Recruitment for the period 1 April 2014 to 31 March 2015 - contract workers

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	2	1	0	0	0	0	3
Senior management	0	0	0	2	1	0	0	2	5
Professionally qualified and experienced specialists and mid-management	6	1	0	6	2	1	0	7	23
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	34	3	0	1	32	1	1	2	74
Semi-skilled and discretionary decision making	5	0	0	1	8	0	0	0	14
Unskilled and defined decision making	0	0	0	0	1	0	0	0	1
Total	45	4	2	11	44	2	1	11	120
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2014 to 31 March 2015

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	1	0	0	0	0	0	0	1
Senior management	0	0	0	0	0	0	1	0	1
Professionally qualified and experienced specialists and mid-management	8	0	2	1	9	0	1	2	23
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	3	0	0	0	5	0	0	0	8
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	11	1	2	1	14	0	2	2	33
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5a Terminations for the period 1 April 2014 to 31 March 2015 - permanent employees

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	0	0	1	0	0	0	1
Senior management	2	0	0	1	0	0	0	0	3
Professionally qualified and experienced specialists and mid-management	5	0	0	1	3	0	0	0	9
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	4	1	1	1	14	1	1	5	28
Semi-skilled and discretionary decision making	5	0	0	0	3	2	0	0	10
Unskilled and defined decision making	0	0	0	0	2	0	0	0	2
Total	16	1	1	3	23	3	1	5	53
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5b Terminations for the period 1 April 2014 to 31 March 2015 - contract workers

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	0	0	2	0	0	0	2
Senior management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	4	0	0	2	1	0	1	0	8
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	13	1	0	0	15	0	0	4	33
Semi-skilled and discretionary decision making	1	0	0	0	1	0	0	0	2
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	19	1	0	2	19	0	1	4	46
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2014 to 31 March 2015

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Misconduct	65	6	3	1	76	7	2	2	162

Table 3.6.7 Skills development for the period 1 April 2014 to 31 March 2015

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	17	1	4	8	7	0	1	5	43
Professionals	100	7	7	13	77	7	3	30	244
Technicians and associate professionals	188	10	3	11	385	28	11	63	699
Clerks	43	1	0	1	49	3	0	8	105
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	15	0	0	0	28	0	0	0	43
Total	363	19	14	33	546	38	15	106	1 134
Employees with disabilities	1	1	0	0	3	0	0	0	0

3.7 SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS

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

Table 3.7.1 Signing of performance agreements by SMS members as on 31 May 2015

SMS level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Chief Executive Officer	0	0	0	0
Salary Level 16	0	0	0	0
Salary Level 15	2	2	2	100%
Salary Level 14	8	8	8	100%
Salary Level 13	23	23	23	100%
Total	33	33	33	100%

Notes

In the event of a national or provincial election occurring within the first three months of a financial year, all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place. For example, if elections took place in April, the reporting date in the heading of the table above should change to 31 July 2014.

Table 3.7.2 Reasons for not having concluded performance agreements for all SMS members as at 31 March 2015

Reasons
Not applicable - all SMS agreements have been submitted

3.8 PERFORMANCE REWARDS

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

Table 3.8.1 Performance rewards by race, gender and disability for the period 1 April 2013 to 31 March 2014

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African	653	819	80%	8 337 406	12767
Male	247	318	78%	3 585 753	14517
Female	406	501	81%	4 751 653	11703
Asian	25	29	86%	403 642	16146
Male	10	12	83%	219 101	21910
Female	15	17	88%	184 540	12303
Coloured	50	55	91%	642 360	12847
Male	14	16	88%	199 777	14270
Female	36	39	92%	442 583	12294
White	113	131	86%	2 026 739	17936
Male	25	27	93%	550 116	22005
Female	88	104	85%	1 476 623	16780
Total	841	1034	86%	11 410 147	13567

Table 3.8.2 Performance rewards by salary band for personnel below Senior Management Service for the period 1 April 2014 to 31 March 2015

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	22	43	51%	76 112	3 460	0.67%
Skilled (Level 3-5)	82	104	79%	685 860	8 364	6%
Highly skilled production (Level 6-8)	530	656	81%	553 5191	10 444	48%
Highly skilled supervision (Level 9-12)	178	199	89%	428 4045	24 068	37.55%
Total	812	1 002	81%	1 058 1208	13 031	93%

Table 3.8.3 Performance rewards by critical occupation for the period 1 April 2014 to 31 March 2015

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R'000)	Average cost per employee
Not applicable	0	0	0	0	0
Total	0	0	0	0	0

The GPAA is in the process of determining critical occupations and scarce skills and cannot report for the year ending 31 March 2015.

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2014 to 31 March 2015

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee	
Band A	20	23	87%	503 468	25 173	4.4%
Band B	6	6	100%	211 077	35 180	1.85%
Band C	3	3	100%	114 385	38 132	1%
Band D	0	0	0%	0	0	0%
Total	13	17	76%	219 541	16 888	0.07%

Table 3.8.5 Foreign workers by salary band for the period 1 April 2014 to 31 March 2015

Salary band	1 April 2014		31 March 2015		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled	0	0%	0	0%	0	0
Highly skilled production (Level 6-8)	0	0%	1	16.6%	1	100%
Highly skilled supervision (Level. 9-12)	2	66.6%	2	33.3%	0	0
Contract (Level 9-12)	0	0%	2	33.3%	2	100%
Contract (Level 13-16)	1	33.3%	1	16.6%	0	0
Total	3	99.9%	6	99.8%	3	100%

3.9 LEAVE UTILISATION

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

Table 3.9.1 Sick leave for the period 1 January 2014 to 31 December 2014

Salary band	Total days	% Days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)
Lower Skills (Level 1-2)	194	96.15	29	2.92	6.69	81 000
Skilled (Levels 3-5)	936	82.70	89	8.95	10.52	666 000
Highly skilled production (Levels 6-8)	5 703	84.05	643	64.69	8.87	5 299 000
Highly skilled supervision (Levels 9 -12)	1 284	77.85	199	20.02	6.45	2 473 000
Top and Senior management (Levels 13-16)	122	72.50	34	3.42	3.59	453 000
Total	8 239	85.10	994	100	8.29	8 972 000

Table 3.9.2 Disability leave (temporary and permanent) for the period 1 January 2014 to 31 December 2014

Salary band	Total days	% Days with medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated cost (R'000)
Lower skilled (Levels 1-2)	31	100	1	3.23	31	14 000
Skilled (Levels 3-5)	49	100	3	9.68	16.33	37 000
Highly skilled production (Levels 6-8)	374	100	23	74.19	16.26	355 000
Highly skilled supervision (Levels 9-12)	377	100	4	12.90	94.25	620 000
Senior management (Levels 13-16)	0	0	0	0.00	0	0
Total	831	100	31	100	26.81	1 026 000

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.9.3 Annual Leave for the period 1 January 2014 to 31 December 2014

Salary band	Total days taken	Number of employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	911	41	22.22
Skilled (Levels 3-5)	2 313	107	21.62
Highly skilled production (Levels 6-8)	15 353.17	742	20.69
Highly skilled supervision (Levels 9-12)	5 489.92	265	20.72
Senior management (Levels 13-16)	848.60	44	19.29
Total	24 915.69	1199	20.78

Table 3.9.4 Capped leave for the period 1 January 2014 to 31 December 2014

Salary band	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 December 2014
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	42	7	6	31
Highly skilled supervision (Levels 9-12)	16	3	5.33	41
Senior management (Levels 13-16)	0	0	0	0
Total	58	10	5.80	35

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

Table 3.9.5 Leave pay-outs for the period 1 April 2014 to 31 March 2015

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2014/15 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2014/15	676 000	40	16 900
Current leave payout on termination of service for 2014/15	334 000	50	6 680
Total	1 010 000	90	11 222.22

3.10 HIV/AIDS AND HEALTH PROMOTION PROGRAMMES

Table 3.10.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Lower level employees	Male and female condoms are distributed regularly Employees are encouraged to join the free option offered by the medical scheme (GEMS) and four HCT testing session are held annually
Women with children	Male and female condoms are distributed regularly Employees are encouraged to join the free option offered by the medical scheme (GEMS) and four HCT testing session are held annually

Table 3.10.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Y		The General Manager Human resources is charged with the responsibility of ensuring that the Employee Health and Wellness unit is operational
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Y		The unit has three employees
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	Y		Some of the services are outsourced to a 24-hour service provider

4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		N	
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Y		The reviewed policies are under consultation in the bargaining chamber as part of the Human Resources handbook
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Y		Policy and educational programmes are presented regularly
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Y		Four HIV and AIDS test are held and one TB rapid test was held this year
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Y		The Monitoring and Evaluation unit conducts an employee satisfaction survey annually

3.11 LABOUR RELATIONS

Table 3.11.1 Collective agreements for the period 1 April 2014 to 31 March 2015

Subject matter	Date
Labour representation in interviews: This is not a collective agreement per se but an agreement between the parties at the DBC	October 2014
Total number of collective agreements	None

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

Table 3.11.2 Misconduct and disciplinary hearings finalised for the period 1 April 2014 to 31 March 2015

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0%
Verbal warning	14	8.6%
Written warning	5	3%
Final written warning	141	87%
Suspended without pay	0	0%
Fine	0	0%
Demotion	0	0%
Dismissal	2	1,2%
Not guilty	0	0%
Case withdrawn	0	0%
Total	162	100%
Total number of disciplinary hearings finalised	161	99%

Table 3.11.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2014 to 31 March 2015

Type of misconduct	Number	% of total
Fraud and dishonesty	6	60%
Gross negligence	2	20%
Misuse of state vehicle	2	20%
Total	10	100%

Table 3.11.4 Grievances logged for the period 1 April 2014 to 31 March 2015

Grievances	Number	% of total
Number of grievances resolved	13	65%
Number of grievances not resolved	7	35%
Total number of grievances lodged	20	100%

Table 3.11.5 Disputes logged with Councils for the period 1 April 2014 to 31 March 2015

Disputes	Number	% of total
Number of disputes upheld	0	0%
Number of disputes dismissed	8	100%
Total number of disputes lodged	8	100%

Table 3.11.6 Strike action for the period 1 April 2014 to 31 March 2015

Total number of persons working days lost	132
Total costs working days lost	We are unable to provide the information requested due to unavailability of time to collate the required information
Amount recovered as a result of no work no pay (R'000)	N/A as explained above

Table 3.11.7 Precautionary suspensions for the period 1 April 2014 to 31 March 2015

Number of people suspended	5
Number of people whose suspension exceeded 30 days	5
Average number of days suspended	9 months
Cost of suspension (R'000)	720 631.26

3.12 SKILLS DEVELOPMENT

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

Table 3.12.1 Training needs identified for the period 1 April 2014 to 31 March 2015

Occupational category	Gender	Number of employees as at 1 April 2014	Learnerships
Legislators, senior officials and managers	Female	13	N/A
	Male	30	N/A
Professionals	Female	117	N/A
	Male	127	N/A
Technicians and associate professionals	Female	487	N/A

Training needs identified at start of the reporting period		
Skills programmes and other short courses	Other forms of training	Total
Coaching and Mentoring, the Annual Law Conference for Government and SOEs, In-house Induction, CIP, ITIL, Personal Mastery (APG) training, ARIS ABA9, IRSMA Risk Appetite and Tolerance, Wasteful, Irregular and Fruitless Expenditure, Information Security, Labour Relations, Risk Management, International Finance Reporting Standards, Integrity Awareness	N/A	15
Coaching and Mentoring, In-house Induction, OMS, PFMA, Communication Skills, Conflict Management, Conducting, Research and Writing Skills, ARIS ABA9, Business Writing Skills, Project Management, Personal Mastery Course, CIP, Next Generation Complaints Management and Resolutions, Irregular and Wasteful Expenditure, ITIL, Operational Support and Analysis, Risk Management, Integrity Awareness, International Finance Reporting Standards, Basic Project Management	N/A	19
Communication Strategy, Strategic Integration and unique programmes for each unit, Accreditation as a Co-ordinator and Manager of a unit, ACCPAC training, In-house Induction, OMS, Alignment of the unit's strategy to that of the directorate and eventually of the organisation, Outcomes-based M&E Implementation, Business Writing Skills, Personal Mastery (APG) training, Basic Project Management, the Current Labour Law Conference, Annual Labour Conference, Outcomes-based Monitoring, Job Analysis and Descriptions, Job Evaluation, Office 2007, Skills Programme, Bid Committee, Master Class in Job Analysis, Conducting Job Description and Writing for Publication Skills, Communication Skills / Conflict Management, Bid Committee in the Public Sector, ITIL, Customer Care, Excel Intermediate, Software (AG Education Services), Time Management, Performance Management, Essential finance management project., MS Project intermediate, Forensic investigation training, EMDP, Assertiveness and Conflict at Work, Construction Contract Management, Introduction to SAMTRAC, Labour Relations, Risk Management, Information Security, First Aid, Wasteful and Irregular Expenditure, Basic Project Management, Proofreading, Integrity Awareness, CIP, In-house Induction, International Financial Reporting Standards, Time Management, ITIL Service Offering and Agreement	N/A	48
Strategic Record Management, OMS, Advanced Course in Business Analysis, Teammate Training, Project Management, OBIEE, Charing Disciplinary Hearings, Customer Engagement, In-house Induction, People Management Skills, Microsoft PowerPoint, Applied Analytics Using Enterprise Miner, Turning Strategy into Practice, Basic Project Management, Business Writing Skills, PFMA, the Current Labour Law Conference, Hands-on Supply Chain Management, ITIL, Office 2007, Second Level Bank Validation, ARIS ABA9, Communication Skills, Problem Solving Skills Programme, Bid Committee, Labour Relations and Effective Discipline, Annual Labour Conference, Customer Care, MS Excel, General Accounting Principles, Software (AG Education), Construction Contract Management, Essential Finance Management, Business Writing Skills, Executive Management Development Programme, Performance Management, Excel Intermediate, CIP, Next Generation Complaints Management and Resolution Programme, Information Security, ITIL Intermediate Operational Support and Analysis, Skills Programme Moderator, Prevention and Detection of Procurement Contracts, Risk Management, Labour Relations Training, ISO 27000 Information Foundation, Irregular, Wasteful and Fruitless Expenditure, Information Security Awareness Workshop, First Aid, ITIL Service Offering and Agreement, ITIL Foundation, Basic Project Management, Integrity Awareness, International Awareness, Microsoft PowerPoint, Time Management	N/A	58
Microsoft PowerPoint, Development, InDesign, Advanced Business Continuity Management Programme, Teammate Training, ACCPAC Training, In-house Induction, OMS, Outcomes-based M&E Implementation, Project Management, PFMA, CSA, CISCO Telephone, Business Writing Skills, Human Resource Administration, English Communication, ITIL, Communication Skills / Conflict Management, Communication Problem Solving, Microsoft Office 2007 Master Class, Job Analysis, ARIS ABA9, Assessor Course, Labour Relations and Effective Discipline, Advanced Driving, Safety: Fire Fighting, Minute Taking, Information Security, Time Management, In-house Induction, Organisational Management System (OMS), ITIL Foundation, Public Finance Management Act, CIP, Executive Management Development Programme, Excel Intermediate, Life Skills, Microsoft Project Intermediate, Performance Management, Skills Audit Presentation, Essential Finance, Business Writing Skills, Advanced Performance Auditing, Emotional Intelligence, Performance Monitoring and Evaluation, Assertiveness and Confidence at Work, Risk Management, ITIL Intermediate Operational Support and Analysis, Minute Taking Made Simple, Risk Management, Labour Relations, Introduction to SAMTRAC, Information Security Awareness, Integrity Awareness, Effective Risk Management, Time Management, Microsoft Excel 2010 Intermediate, ITIL service Offering and Agreement, First Aid	N/A	60

Occupational category	Gender	Number of employees as at 1 April 2014	Learnerships
	Male	212	N/A
Clerks	Female	60	N/A
	Male	45	N/A
Service and sales workers	Female	0	N/A
	Male	0	N/A
Skilled agriculture and fishery workers	Female	0	N/A
	Male	0	N/A
Craft and related trades workers	Female	0	N/A
	Male	0	N/A
Plant and machine operators and assemblers	Female	0	N/A
	Male	0	N/A
Elementary occupations	Female	28	N/A
	Male	15	N/A
Sub Total	Female	723	N/A
	Male	422	N/A
Total		1134	N/A

Training needs identified at start of the reporting period

Skills programmes and other short courses	Other forms of training	Total
Bid Committee in Public Sector Alignment, Facilitator Skills, In-house induction, OMS, Turning Strategy into Practice, Project Management, Presentation Skills, PFMA, Business Writing Skills, Hands-On Administration, SAMTRAC, Customer Care Master Class, Job Analysis, Skills Programme: Bid Committee, Microsoft Office 2007, Assessor Course, Job Analysis and Description, Job Evaluation and Grades, Labour Relations and Effective Discipline, Hands-on Supply Chain Management, CIP, Information Security, Risk Management, First Aid, ITIL Foundation, Prevention and Detection of Procurement and Contracts, Administering Windows, Integrity Awareness, Time Management, ITIL Intermediate Operational and Support, International Financial Reporting Standards, Labour Relations	N/A	36
Customer Service for Call Centre Agents, Teammate Training, SARS Interface, ACCPAC, User Acceptance Testing, Practical Software Testing, In-house Induction, Microsoft PowerPoint Advanced, Dealing with Difficult People, Outcomes-based M&E Implementation, Project Management, PFMA, Business Writing Skills, Customer Care, Microsoft Word Intermediate, Advanced Meetings and Minutes, Office 2007, Communication Skills / Problem Solving, Reception Skills, Minute Taking Made Simple, Conducting Research and Writing, Introduction to SAMTRAC, Labour Relations and Effective Discipline, Product Knowledge, Retirement Reforms, Customer Care, Safety: Fire Fighting, Advanced Driving, Communication Skills / Conflict Management, Second Level Bank Validation, Information Security, Time Management, OMS, Public Policy Development, CIP, Performance Management, Executive Management Development Programme, Microsoft Excel Intermediate, Business Writing Skills, Events Co-ordination, Assertiveness and Conflict at Work, Train the Trainer Modules 1 and 2, Skills Programme Moderator, First Aid, Project Management, Labour Relations, Emotional Intelligence and Personal Mastery, Risk Management, Integrity Awareness, Time Management, SHERQ, CIP, Microsoft Excel 2010	N/A	54
SARS Interface, Applied Analytics Using Enterprise Miner, Change Management, Strategic Record Management, Customer Engagement, Leave Policy Presentation, Microsoft PowerPoint advanced, Life Skills, Performance Evaluation, Turning Strategy into Practice, In-house Induction, Project Management, Business Writing Skills, Customer Service, Microsoft Word Intermediate, Communication Skills / Conflict Management, Safety: Fire Fighting, Defensive and Advanced Driving, Microsoft Office 2007 (2), Second Level Bank Validation, Reception Skills, Labour Relations and Effective Discipline, Communication Problem Solving, Advanced Driving, Introduction to SAMTRAC, Skills Programme: Bid Committee, ARIS ABA9, Essential Business Writing Skills, Job Analysis and Evaluation, Time Management, In-house Induction, OMS, CIP, Public Finance Management, Microsoft Excel Intermediate, Executive Management Development Programme, Life Skills, Performance Management, Safetyweb, Events Management, Information Security Awareness, Risk Management, First Aid, Labour Relations, Integrity Awareness, SHERQ, Legal Consequences, Microsoft PowerPoint, Microsoft Excel 2010 Intermediate, Emotional Intelligence	N/A	56
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
Life Skills, Introduction to SAMTRAC, Customer Service, Microsoft Word, Conflict Management, Job Analysis and Job Evaluation, Labour Relations, Microsoft Office 2007, Lack of Communication, Time Management Artisan Training	N/A	11
Life Skills, Customer Services, Customer Care, Microsoft Office 2007, Communication and Conflict Management, Business Writing Skills, Fire Fighting, Advanced Driving, Legal Consequences, SHERQ, Time Management	N/A	11
N/A	N/A	188
N/A	N/A	180
N/A	N/A	368

Table 3.12.2 Training provided for the period 1 April 2014 and 31 March 2015

Occupational category	Gender	Number of employees as at 1 April 2014		
			Learnerships	
Legislators, senior officials and managers	Female	13	N/A	
	Male	30	N/A	
Professionals	Female	117	N/A	
	Male	127	N/A	
Technicians and associate professionals	Female	487	N/A	

Training provided within the reporting period

Skills programmes and other short courses	Other forms of training	Total
Coaching and Mentoring (5), the Annual Law Conference for Government and SOEs (1), In-house Induction (3), CIP (5), ITIL (1), Personal Mastery (APG) Training (3), ARIS ABA9 (1), IRSMA Risk Appetite and Tolerance (3), Wasteful, Irregular and Fruitless Expenditure (1), Information Security (1), Labour Relations (1), Risk Management (1), HR Induction (3), International Finance Reporting Standards (4), Integrity Awareness (1)	N/A	15
Coaching and Mentoring (3), In-house Induction (5), OMS (2), PFMA (3), Communication Skills (2), Conflict Management (2), Conducting Research and Writing Skills (2), ARIS ABA9 (2), Business Writing Skills (2), Project Management (3), Personal Mastery Course (3), CIP (5), Next Generation Complaints Management and Resolution (2), Irregular and Wasteful Expenditure (1), ITIL Operational Support and Analysis (4), Risk Management (1), Integrity Awareness (1), HR In-house Induction (3), International Finance Reporting Standards (4), Basic Project Management (3)	N/A	20
ACCPAC Training (1), In-house Induction (3), OMS (2), Outcomes-based M&E Implementation (5), Business Writing Skills (2), Personal Mastery (APG) Training (3), Basic Project Management (3), The Current Labour Law Conference (3), Annual Labour Conference (2), Outcomes-based Monitoring (5), Job Analysis and Description (3), Job Evaluation (3), Microsoft Office 2007 (2), Skills Programme: Bid Committee (5), Master Class on Job Analysis (3), Conduct Job Description and Writing for Publications Skills (3), Communication Skills / Conflict Management (2), Bid Committee in the Public Sector (5), ITIL Customer Care (2), Microsoft Excel Intermediate (2), Software (AG Education Services) (3), Time Management (2), Performance Management (3), Essential Finance Management (3) Microsoft Project Intermediate (2), Forensic Investigation Training (5), Executive Management Development Programme (5), Assertiveness and Conflict at Work (2), Construction Contract Management (3), Introduction to SAMTRAC (1), Labour Relations (1), Risk Management (1), Information Security (1), First Aid (3), Irregular and Wasteful Expenditure (1), Basic Project Management (3), Proofreading (2), Integrity Awareness (1), CIP, International Financial Reporting Standards (4), Time Management (2), ITIL Service Offering and Agreement (4)	N/A	42
OMS (3), Advanced Course in Business Analysis (3), Project Management (1), Charing Disciplinary Hearings (1), Customer Engagement (1), In-house Induction (3), People Management Skills (1), Microsoft PowerPoint (2), Applied Analytics Using Enterprise Miner (1), Turning Strategy into Practice (2), Basic Project Management (3), Business Writing Skills (2), PFMA (3), The Current Labour Law Conference (3), Hands-on supply Chain Management (5), ITIL (2), Microsoft Office 2007 (1), Second Level Bank Validation (2), ARIS ABA9 (2), Communication Skills (2), Problem Solving Skills (1), Skills Programme: Bid Committee (3), Labour Relations and Effective Discipline (3), Annual Labour Conference (3), Customer Care (2), Microsoft Excel (2), General Accounting Principles (2), Software (AG Education Services) (2), Construction Contract Management (3), Essential Finance Management (2), Business Writing Skills (2), Executive Management Development Programme (5), Performance Management (1), Microsoft Excel Intermediate (3), CIP (5), Next Generation Complaints Management and Resolution Programme (2), Information Security (1), ITIL Intermediate Operational Support and Analysis (4), Skills Programme Moderator (3), Prevention and Detection of Procurement Contract (5), Risk Management (1), Labour Relations Training (1), ISO 27000 (1) Information Foundation (2), Irregular, Wasteful and Fruitless Expenditure (1), Information Security Awareness Workshop (1), First Aid (3), ITIL Service Offering and Agreements (4), ITIL Foundation (3), Basic Project Management (3) Integrity Awareness (1), International Awareness (1), Microsoft PowerPoint (2), Microsoft Excel (2), Time Management (2)	N/A	55
Microsoft PowerPoint (2), Advanced Business Continuity Management Programme (1), ACCPAC Training (1), In-house Induction (3), OMS (1), Outcomes-based M&E Implementation (1), Project Management (3), PFMA (3), CSA (5), CISCO Telephone (1), Business Writing Skills (2), HR Administration (5), English Communication (2), ITIL (3), Communication Skills / Conflict Management (3), Communication Problem Solving (2), Microsoft Office 2007 (2), Master Class in Job Analysis (2), ARIS ABA9 (4), Assessor Course (3), Labour Relations and Effective Discipline (3), Advances Driving (2), Safety: Fire Fighting (3), Minute Taking (2), Information Security (1), Time Management (2), In-house Induction (3), Organisational Management System (OMS) (3), ITIL Foundation (3), Public Finance Management Act (3), CIP (5), Executive Management Development Programme (5), Microsoft Excel Intermediate (2), Life Skills (1), Microsoft Project Intermediate (2), Performance Management (2), Skills Audit Presentation (1), Essential Finance (1), Business Writing Skills (2), Advanced Performance Auditing (3), Emotional Intelligence (3), Performance Monitoring and Evaluation (2), Assertiveness and Confidence at Work (2), Risk Management (1), ITIL Intermediate Operational Support and Analysis (4), Minute Taking Made Simple (2), Risk Management (1), Labour Relations (1), Introduction to SAMTRAC (5), Information Security Awareness (1), Integrity Awareness (1), Effective Risk Management (5), Time Management (2), Microsoft Excel 2010 Intermediate (2), ITIL Intermediate Service Offering and Agreement (4), First Aid (3)	N/A	59

Occupational category	Gender	Number of employees as at 1 April 2014	Learnerships	
	Male	212	N/A	
Clerks	Female	60	N/A	
	Male	45	N/A	
Service and sales workers	Female	N/A	N/A	
	Male	N/A	N/A	
Skilled agriculture and fishery workers	Female	N/A	N/A	
	Male	N/A	N/A	
Craft and related trades workers	Female	N/A	N/A	
	Male	N/A	N/A	
Plant and machine operators and assemblers	Female	N/A	N/A	
	Male	N/A	N/A	
Elementary occupations	Female	28	N/A	
	Male	15	N/A	
Sub Total	Female	705	N/A	
	Male	429	N/A	
Total		1134	N/A	

Training provided within the reporting period

	Skills programmes and other short courses	Other forms of training	Total
	Bid Committee in Public Sector Aligned (1), In-house Induction (3), OMS (1), Turning Strategy into Practice (1), Project Management (3), PFMA (3), Business Writing Skills (2), Hands-on Administration (2), SAMTRAC (5), Customer Care (3), Master Class in Job Analysis (3), Skills Programme: Bid Committee (5), Microsoft Office 2007 (4), Assessor Course (3), Job Analysis and Description (3), Job Evaluation and Grades (3), Labour Relations and Effective Discipline (3), Hands-on Supply Chain Management (5), CIP (5), Information Security (1), Risk Management (1), First Aid (3), ITIL Foundation (2), Prevention and Detection of Procurement and Contracts (5), Administering Windows (1), Integrity Awareness (1), Time Management (2), ITIL Intermediate Operational and Support (4), International Financial Reporting Standards (4), Labour Relations (1)	N/A	33
	ACCPAC (3), In-house Induction (3), Microsoft PowerPoint advanced (4), Dealing with Difficult People (1), Outcomes-based M&E Implementation (1), Project Management (3), PFMA (3), Business Writing Skills (2), Customer Care (1), Microsoft Word Intermediate (2), Advanced Meetings and Minutes (2), Microsoft Office 2007 (2), Communication Skills / Problem Solving (3), Reception Skills (1), Minute Taking Made Simple (2), Conducting Research and Writing (3), Introduction to SAMTRAC (5), Labour Relations and Effective Discipline (1), Product Knowledge (1), Retirement Reforms (3), Customer Care (1), Safety: Fire Fighting (3), Advanced Driving (2), Communication Skills / Conflict Management (2), Second Level Bank Validation (3), Information Security (1), Time Management (1), OMS (2), Public Policy Development (3), CIP (5), Performance Management (2) Executive Management Development Programme (5), Microsoft Excel Intermediate (2), Business Writing Skills (2), Events Co-ordination (3), Assertiveness and Conflict at Work (2), Train the Trainer Modules 1 and 2 (5), Skills Programme: Moderator (3), First Aid (3), Project Management (3), Labour Relations (1), In-house Induction (3), Emotional Intelligence and Personal Mastery (3), Risk Management (1), Integrity Awareness (1), SHERQ (3), CIP (5), Microsoft Excel 2010 (2)	N/A	49
	Applied Analytics Using Enterprise Miner (2), Customer Engagement (1), Leave Policy Presentation (7), Microsoft PowerPoint Advanced (4), Life Skills (1), Performance Evaluation (2), Turning Strategy into Practice (1), In-house Induction (3), Project Management (3), Business Writing Skills (3), Customer Service (3), Microsoft Word Intermediate (2), Communication Skills / Conflict Management (3), Safety: Fire Fighting (3), Defensive and Advanced Driving (2), Microsoft Office 2007 (2), Second Level Bank Validation (1), Reception Skills (3), Labour Relations and Effective Discipline (2), Communication Problem Solving (2), Advanced Driving (2), Introduction to SAMTRAC (5), Skills Programme: Bid Committee (5), ARIS ABA9 (2), Essential Business Writing Skills (2), Job Analysis and Evaluation (3), Information Security (1), Time Management (2), OMS (2), Public Finance Management Act (3), Microsoft Excel Intermediate (2), Executive Management Development Programme (5), Life Skills (1), Performance Management (2), Safetyweb (1), Events Management (1), Business Writing Skills (2), Information Security Awareness Workshop (1), Risk Management (1), First Aid (3), Labour Relations (1), Integrity Awareness (1), Time Management (2), SHERQ (3), Legal Consequences (2), CIP (5), Microsoft PowerPoint (2), Microsoft Excel 2010 Intermediate 2010 (2), Emotional Intelligence (3)	N/A	53
	N/A	N/A	N/A
	N/A	N/A	N/A
	N/A	N/A	N/A
	N/A	N/A	N/A
	N/A	N/A	N/A
	N/A	N/A	N/A
	N/A	N/A	N/A
	N/A	N/A	N/A
	N/A	N/A	N/A
	Life Skills (1), Introduction to SAMTRAC (5), Customer Service (2), Microsoft Word (2), Conflict Management (3), Job Analysis and Job Evaluation (3), Labour Relations (1), Microsoft Office 2007 (2), Lack of Communication, Time Management (2), Artisan Training (5)	N/A	10
	Life Skills (1), Customer Service (2), Customer Care, Microsoft Office 2007 (2), Communication and Conflict Management (3), Business Writing Skills (2), Fire Fighting (3), Advanced Driving (3), Legal Consequences (1), SHERQ (3), Time Management (3)	N/A	10
	N/A	N/A	175
	N/A	N/A	171
	N/A	N/A	346

3.13 INJURY ON DUTY

The following tables provide basic information on injury on duty.

Table 3.13.1 Injury on duty for the period 1 April 2014 to 31 March 2015

Nature of injury on duty	Number	% of total
Required basic medical attention only	7	100
Temporary total disablement	0	0%
Permanent disablement	0	0%
Fatal	0	0%
Total	7	100

3.14 UTILISATION OF CONSULTANTS

The following tables relate information on the utilisation of consultants in the GPAA. In terms of the Public Service Regulations, “consultant” means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a department against remuneration received from any source:

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

Table 3.14.1 Report on consultant appointments using appropriated funds for the period 1 April 2014 to 31 March 2015

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rands
PMO resources	1 company	792	65 117 310.25
Service provider for forensic investigation	1 company	Appointed in terms of the number of cases	6 190 345.92
Personnel suitability assessment and verification services	1 company	792	2 284 646
HR recruitment services	7 companies		Standard rates under consideration
Total number of projects	Total individual consultants	Total duration (work days)	Total contract value in Rands
3	3		73 592 302.17

Table 3.14.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2014 to 31 March 2015

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that worked on the project
PMO resources	32.49	9.06	
Service provider for forensic investigation	79.60	27.00	
Personnel suitability assessment and verification services	No certificate	0	

3.15 SEVERANCE PACKAGES

Table 3.15.1 Granting of employee initiated severance packages for the period 1 April 2014 to 31 March 2015

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
Lower skilled (Levels 1-2)	None	None	None	None
Skilled Levels 3-5)	None	None	None	None
Highly skilled production (Levels 6-8)	None	None	None	None
Highly skilled supervision (Levels 9-12)	None	None	None	None
Senior management (Levels 13-16)	None	None	None	None
Total	None	None	None	None





PART E: FINANCIAL INFORMATION



ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2015

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ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY

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

- All information and amounts disclosed throughout the annual report are consistent.
- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The annual financial statements (Part E) have been prepared in accordance with the GRAP and the relevant frameworks and guidelines issued by the National Treasury.

In response to the expectation of clause 3 (8) of the Proclamation of the GPAA on 26 March 2010, a formal evaluation and review of the GPAA as a government component is planned for the 2015 / 2016 year. In preparation for this event, the following assessments have been initiated:

- A Management Performance Assessment (MPAT), which commenced on 15 March 2015. This assesses key management performance areas in line with public service acts and regulations, and also reviews compliance to these.
- A GEPP initiated CEM International benchmarking exercise which commenced in March 2015 to assess the GPAA's capability as a pensions' administrator.

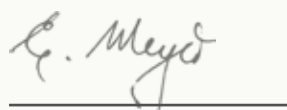
In addition to the abovementioned I would like to announce an estimated saving of R18.3 million for this financial year for:

- Using an open source rather than a proprietary enterprise wide monitoring solution - R10 million;
- Software discounts - R5.7 million; and
- Savings on Oracle renewals due to an initial discount on the Oracle stack - R2.6 million.

The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resource information and the annual financial statements. This was found to be satisfactory.

Further to this, external auditors were requested to express an independent opinion on the annual financial statements of the GPAA.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resource information and the financial affairs of the GPAA for the financial year ended 31 March 2015.



Ms Eileen Meyer
Acting Accounting Officer
31 July 2015

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS AND OTHER LEGAL AND REGULATORY REQUIREMENTS OF THE GOVERNMENT PENSIONS ADMINISTRATION AGENCY FOR THE YEAR ENDED 31 MARCH 2015

REPORT ON THE FINANCIAL STATEMENTS

INTRODUCTION

1. I have audited the financial statements of the Government Pensions Administration Agency (the GPAA) set out on pages 144 to 175, which comprise the statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison between budget and actual amounts for the year then ended, as well as the notes, 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 the South African standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 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 misstatement, 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 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 misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
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 GPAA as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with GRAP and the requirements of the PFMA.

EMPHASIS OF MATTER

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

FIVE-YEAR REVIEW OF FUNCTIONS AND PERFORMANCE OF GPAA

8. As disclosed in note 18 to the financial statements, a review of the functions and performance of the GPAA per Government Notice number 231, paragraph 3(8), published in Government Gazette number 33051, dated 26 March 2010, was not performed as at reporting date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation and 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

10. 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 component for the year ended 31 March 2015:
 - Programme 1: Civil Pensions and Military Pensions - National Treasury on pages 48 to 51
 - Programme 2: Employee Benefits – GEPP on pages 52 to 54
 - Programme 3: Customer Relations Management (CRM) GEPP and National Treasury on pages 55 to 57
 - Programme 5: Modernisation on pages 81 to 86
11. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with 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 National Treasury's Framework for managing programme performance information (FMPPI).

13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

ADDITIONAL MATTER

15. Although I identified 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

16. Refer to the annual performance report on pages 42 to 86 for information on the achievement of the planned targets for the year.

COMPLIANCE WITH LEGISLATION

17. I performed procedures to obtain evidence that the government component had complied with applicable legislation regarding financial matters, 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:

MATERIAL MISSTATEMENTS IN THE FINANCIAL STATEMENTS SUBSEQUENTLY CORRECTED

18. The financial statements submitted for auditing were not supported by full and proper records as required by section 40(1)(a) of the Public Finance Management Act. Material misstatements of disclosure items in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

PROCUREMENT AND CONTRACT MANAGEMENT

19. Contracts were awarded to suppliers without obtaining a tax clearance certificate to confirm that their tax matters are in order as required by Treasury Regulation 16A9.1 (d) and the Preferential Procurement Regulations.

EXPENDITURE MANAGEMENT

20. Effective steps were not taken to prevent irregular expenditure, as required by section 38(1)(c)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1.

INTERNAL CONTROL

21. I considered internal control relevant to my audit of the financial statements, annual 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

22. Inadequate review of financial reporting information and slow response by management to ensure that accurate and complete financial and performance reports are prepared.
23. Officials lack key competencies to review and monitor compliance with applicable laws and regulations.
24. Management was slow in implementing controls over daily and monthly processing of transactions.

OTHER REPORTS

INVESTIGATIONS

25. An independent consulting firm performed an independent review / investigation at the request of the GPAA, which covered the period October 2013 to September 2014. The independent review / investigation was initiated to ascertain whether potential non-compliance to policy provisions resulted in irregular expenditure. The independent review / investigation has determined that there was non-compliance with the procurement processes, which resulted in irregular expenditure. The organisation has implemented, and is currently in the process of implementing, measures to address the findings.

Auditor-General

**Pretoria
31 August 2015**



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Notes	2015 R'000	2014 R'000
Assets			
Current assets		119,032	166,890
Cash and cash equivalents	8	50,161	29,012
Inventory (SPO)	7	566	817
Loans and receivables:	6	68,305	137,061
Non-current assets		250,790	164,560
Property, plant and equipment	4	163,217	114,273
Intangible assets	5	87,573	50,287
TOTAL ASSETS		369,822	331,450
Current liabilities		89,879	164,516
Trade and other payables	9	67,706	141,422
Provisions;	10	22,173	23,094
TOTAL LIABILITIES		89,879	164,516
Net assets		279,943	166,934
Accumulated surplus		279,943	166,934
TOTAL NET ASSETS AND LIABILITIES		369,822	331,450

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2015

		2015	2014
		R'000	R'000
Revenue		918,355	793,493
Administration fees	2.1	918,000	793,210
Other income	2.2	208	220
Profit on sale of property, plant and Equipment		147	63
Expenses		805,346	647,848
Personnel remuneration and expenses	3	382,948	330,304
Travel and subsistence		18,108	16,347
Depreciation	4	22,083	9,597
Amortisation	5	2,368	2,787
Cleaning and maintenance		27,646	17,161
Leases		18,185	8,072
Professional services and consulting ¹		173,428	80,854
Audit fees		3,779	3,215
Communication		42,318	35,318
Printing and stationary		26,336	16,582
Advertising		10,605	14,790
Computer services		61,204	95,853
Training and staff development		7,651	6,623
Other operating expenses		8,681	10,314
Loss on sale of property, plant and Equipment		6	31
SURPLUS FOR THE YEAR		113,009	145,645

¹Professional 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 2015

	2015
	R'000
	Accumulated
	Surplus
Balance as at 1 April 2013	21,289
Surplus for the year	145,645
Balance as at 31 March 2014	166,934
Surplus for the year	113,009
Balance as at 31 March 2015	279,943

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

		2015	2014
	Notes	R'000	R'000
Cash flow from operating activities			
Cash generated from operations	11	131,647	130,927
Cash receipts from customers		988,662	667,700
Cash paid to employees and suppliers		(857,015)	(536,773)
Net cash flow from operating activities		131,647	130,927
Net cash flow from investing activities			
Proceeds from sale of property, plant and equipment		156	69
Additions to property plant and equipment		(110,654)	(150,183)
Net increase in cash and cash equivalents		21,149	(19,187)
Cash and cash equivalents at the beginning of the year		29,012	48,199
Cash and cash equivalent at the end of the year	8	50,161	29,012

STATEMENT OF COMPARISON BETWEEN BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2015

2015

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	1,289,602	(148,408)	1,141,194	918,254	222,940
Total Receipts	1,289,602	(148,408)	1,141,194	918,254	222,940
Payments					
Employee costs	466,342	(68,396)	397,946	382,948	14,998
Operating expenses	730,112	(170,699)	559,413	399,682	159,731
Other expenditure	93,148	90,687	183,835	135,624	48,211
Total Payments	1,289,602	(148,408)	1,141,194	918,254	222,940
Net Receipts/ (payments)	-	-	-	-	-

Receipts analysis

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

The 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 R 222.9 million under collection is due to expenditure that was budgeted for but not incurred.

Payment analysis

The total variance of R222.9 million (19%) under spending is mainly due to the following:

- Under spending on compensation of employees of R14.9 million (3%) as a result of positions being budgeted for but not yet filled pending the impact of the Modernisation Programme on the human capital structure.
- Modernisation Programme - R34.1 million, mainly due to the following projects:
 - Business Process Mapping under spent by R5.3 million due to Design COE and PA to Design COE not employed as planned.

STATEMENT OF COMPARISON BETWEEN BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2015 CONTINUED

- Delays in implementing the Solutions Implementation Partner (SIP) project - R 21.6 million.
- Integrated Document Management Solution (IDMS) under spent by R4.6 million because the project is still in the initial stages.
- Modernisation under spent by R2 million as administration resources were not employed as planned.

- **CAPEX**
 - Computer equipment hardware was under spent by R64.5 million due to delays in implementing some of the projects, while others are only due to start in the 2015 / 2016 financial year.
 - Audio visual equipment under spent by R11.5 million as the implementation of the entire audio visual equipment project is only currently in progress (post financial year end).
 - Security equipment under spent by R7.5 million as the implementation process is currently in progress (in the 2015 / 2016 financial year).
 - Telecommunication equipment was under spent by R5 million because the request for proposal (RFP) assessment process had to be re-initiated.
 - Computer software was under spent by R45.9 million because of delays in implementing the monitoring and case management tools.
 - Leases were under spent by R11.8 million mainly due to satellite offices that have not yet been opened, as well as the relocation of some of the offices.
 - Training and workshops were under spent by R10.7 million mainly due to delays in receiving training requirements from business units.
 - Repairs and maintenance were under spent by R12.9 million mainly due to: the delayed procuring of building power generators and UPS devices for the regions, as well as the finalisation of projects such as the creation of space at entrance 4 at Head Office and the installation of x-ray machines and metal detectors.

1. Principal Accounting Policies

1.1 The basis of the presentation of the 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 the Generally Recognised Accounting Practice (GRAP) framework, in terms of which all national departments will be required to report in the future.

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

The financial statements are prepared in concurrence with going concern principles and on an accrual basis, with the measurement base 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 are initially measured at cost. Subsequent to initial recognition, property, plant and equipment are carried at carrying amount, which is the historic cost less any accumulated depreciation and any accumulated impairment losses.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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

Depreciation rates are as follows:

ASSET CLASSES	ANNUAL DEPRECIATION RATE %
Computer equipment	25%
Furniture and fittings	16.67%
Leasehold improvements	Lesser of the lease period or 10%
Office equipment	16.67%
Motor vehicle	20%
Tools	16.67%

Depreciation is calculated on a straight-line basis to write off the historic cost of the assets to their residual values over their estimated useful lives. 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.

At each reporting date property, plant and equipment is assessed for any indication of impairment. Irrespective of whether there is any indication of impairment, property, plant and equipment with an indefinite useful life are tested for impairment annually.

Property, plant and equipment is impaired if the recoverable amount of an asset is less than its carrying amount, in which case the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss.

The recoverable amount is defined as the higher of fair value less costs to sell and value in use.

An impairment loss is subsequently reversed only to the extent that the carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised. A reversal of an impairment loss is recognised immediately in surplus or deficit.

The gain or loss arising on the disposal or retirement of an asset is included in surplus or deficit.

1.3 Intangible assets

An intangible asset is initially measured at cost. Subsequent to initial recognition, an intangible asset is carried at amortised cost, being cost less any accumulated amortisation and any accumulated impairment losses.

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

Computer software	33.33%
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At each reporting date intangible assets are assessed for any indication of impairment. Irrespective of whether there is any indication of impairment, intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment annually.

An intangible asset is impaired if the recoverable amount is less than its amortised cost. The amortised cost of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss.

The recoverable amount is defined as the higher of fair value less costs to sell and value in use. An impairment loss is subsequently reversed only to the extent that the carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised. A reversal of an impairment loss is recognised immediately in surplus or deficit.

The gain or loss arising from the disposal or retirement of an intangible asset is included in surplus or deficit.

1.4 Inventory

Inventories that qualify for recognition as assets are measured initially at cost. Subsequent to initial recognition, 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 operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. The cost of inventories is comprised 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 GPAA.

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 Financial instruments

Financial assets or financial liabilities are recognised in the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument.

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

Subsequent to initial recognition, the GPAA classifies its financial assets as financial instruments at amortised cost, which consist of:

1.5.1 Accounts receivable

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

1.5.2 Other receivables

Other receivables are stated at amortised cost and 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, which are recognised in the statement of changes in net assets and funds where there is objective evidence that the asset is impaired.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

1.5.3 Cash and cash equivalents

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

1.5.4 Accounts payable

Financial liabilities are classified as financial instruments at amortised cost, which consist of accounts and other payables. Accounts and other payables are initially measured at fair value. If normal payment terms are exceeded, they are subsequently measured at amortised cost using the effective interest rate method.

1.6 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.

1.7 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 statement of financial performance based on actual straight line and accrued payments.

1.8 Related parties

The GPAA operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. All national departments of government and state-controlled entities are regarded as related parties in accordance with *Circular 4 of 2005: Guidance on the term "state controlled entities" in context of IAS 24 (AC 126) - Related Parties*, issued by the South African Institute of Chartered Accountants. Other related party transactions are also disclosed in terms of the requirements of the accounting standard.

1.9 Commitments and contingencies

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

1.10 Judgements and estimates

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

1.10.1 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.

1.10.2 Provision for impairment and 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.

1.10.3 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 the GPAA.

1.10.4 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.

1.11 Revenue

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

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

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

1.12 Fruitless, wasteful and irregular expenditure

1.12.1 Fruitless and wasteful expenditure

Fruitless expenditure as defined in section 1 of the PFMA is expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with nature of the expense, and, where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.12.2 Irregular expenditure

Irregular expenditure is defined in section 1 of the PFMA as expenditure other than unauthorised expenditure, incurred in contravention of, or that is not in accordance with, a requirement of any applicable legislation, including:

- (a) This Act; or
- (b) The State Tender Board Act, 1968 (Act No.86 of 1968), or any regulations made in terms of the Act; or
- (c) Any legislation providing for procurement procedures in the government.

National Treasury note No. 4 of 2008 / 2009, which was issued in terms of sections 76(1) to 76(4) of the PFMA, requires the following (effective from 1 April 2008):

Irregular expenditure incurred and identified during the current financial year and which was condoned before year end is recorded appropriately in the Irregular Expenditure Register. In such instances, no further action is required with the exception of updating the Notes to the Annual Financial Statements.

Irregular expenditure that was incurred and identified during the financial year and for which condonement is being awaited at year end is recorded in the Irregular Expenditure Register. No further action is required with the exception of updating the Notes to the Annual Financial Statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the current financial year, the register and the disclosure Notes to the Financial Statements is updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by National Treasury or the relevant authority is recorded appropriately in the Irregular Expenditure Register. If liability for the irregular expenditure can be attributed to a person, a debt account is created if such a person is liable according to the law. Immediate steps are thereafter taken to recover the amount from the person concerned. If recovery is not possible, the Accounting Officer or Accounting Authority may write off the amount as debt impairment and disclose such in the relevant Notes to the Annual Financial Statements. The Irregular Expenditure Register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto remains against the relevant programme / expenditure item, and must be disclosed as such in the Notes to the Annual Financial Statements and must be updated accordingly in the Irregular Expenditure Register.

1.13 Budget information

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

General purpose financial reporting by the GPAA shall provide information on whether resources were obtained and used in accordance with legally adopted budget. The approved budget is prepared on an accrual basis and is presented by economic classifications linked to performance outcome objectives. This approved budget covers the fiscal period 1 April 2014 to 31 March 2015.

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

2. Administrative revenue

2.1 Administration fees	2015	2014
	R'000	R'000
GEPF	858,727	732,331
National Treasury (Programme 7)	52,455	55,078
Associated Institutions Pension Fund (AIPF)	6,595	5,379
Temporary Employees Pension Fund (TEPF)	223	422
	<u>918,000</u>	<u>793,210</u>

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

2.2 Other income	2015	2014
	R'000	R'000
Other income	150	151
Interest received	31	42
Parking fees	27	27
	<u>208</u>	<u>220</u>

3 Personnel remuneration and expenses

	2015	2014
	R'000	R'000
Remuneration to permanent and contract employees	279,398	241,944
Contributions to GEPF	25,726	23,054
Other benefits (housing, medical, etc.)	77,824	65,306
	<u>382,948</u>	<u>330,304</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

4. Property, plant and equipment

	Computer equipment	Furniture and fittings	Leasehold improvements
	R'000	R'000	R'000
Current year 2015			
Gross carrying amount	86,637	20,607	9,798
At beginning of year	38,122	15,589	333
Additions	21,172	2,469	2,529
Transfer to expenses	-	-	-
Transfers to intangible assets	-	-	-
Reallocations	28,803	2,722	6,936
Provision for write off	(1,460)	(8)	-
Disposals	-	(165)	-
Accumulated depreciation and impairment	(32,143)	(11,769)	(847)
At beginning of year	(20,999)	(9,114)	(2)
Depreciation	(12,581)	(2,817)	(845)
Provision for write off	1,437	10	-
Accumulated depreciation on disposals	-	152	-
Net carrying amount at end of year	54,494	8,838	8,951

¹Capital WIP consist of leasehold improvement: R496, 195.00; furniture and fittings: R371, 630.00; office equipment: R24, 603,576.00; and, computer equipment: R27, 589,836.50.

Office equipment	Motor vehicles	Tools	Capital WIP ¹	Total
R'000	R'000	R'000	R'000	R'000
38,092	13,672	40	53,060	221,907
11,792	2,595	35	84,597	153,063
20,437	3,774	5	60,320	110,706
-	-	-	(854)	(854)
-	-	-	(38,851)	(38,851)
6,255	7,436	-	(52,152)	-
(351)	3	-	-	(1,816)
(41)	(136)	-	-	(342)
(9,944)	(3,964)	(22)	-	(58,689)
(7,116)	(1,543)	(16)	-	(38,790)
(3,280)	(2,554)	(6)	-	(22,083)
413	(3)	-	-	1,857
39	136	-	-	327
28,148	9,708	18	53,060	163,217

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

4. Property, plant and equipment

	Computer equipment R'000	Furniture and fittings R'000	Leasehold improvements R'000
Previous year 2014			
Gross carrying amount	38,122	15,589	333
At beginning of year	28,108	13,762	-
Additions	13,853	1,921	333
Reallocations	46	(46)	-
Provision for write off	(2,517)	(8)	-
Disposals	(1,368)	(40)	-
Accumulated depreciation and impairment	(20,999)	(9,114)	(2)
At beginning of year	(19,449)	(6,949)	-
Depreciation	(4,829)	(2,209)	(2)
Transfer from intangible assets	-	-	-
Provision for write off	1,948	5	-
Accumulated depreciation on disposals	1,331	39	-
Net carrying amount at end of year	17,123	6,475	331

Office equipment R'000	Motor vehicles R'000	Tools R'000	Capital WIP R'000	Total R'000
11,792	2,595	35	84,597	153,063
11,992	2,669	27	-	56,558
505	-	8	84,597	101,217
38	-	-	-	38
(728)	(3)	-	-	(3,256)
(15)	(71)	-	-	(1,494)
(7,116)	(1,543)	(16)	-	(38,790)
(5,553)	(1,134)	(11)	-	(33,096)
(2,069)	(483)	(5)	-	(9,597)
(12)	-	-	-	(12)
503	3	-	-	2,459
15	71	-	-	1,456
4,676	1,052	19	84,597	114,273

5. Intangible assets

	Other Computer software R'000	Capital WIP ² R'000
Current year 2015		
Gross carrying amount	12,431	77,678
At beginning of year	11,593	46,792
Additions	784	135
Transfer	-	-
Transfer to expense	-	(116)
Transfer from PPE WIP	54	30,867
Accumulated amortisation and impairment	(11,445)	-
At beginning of year	(9,567)	-
Amortisation	(1,878)	-
Transfer to expense	-	-
Accumulated depreciation on disposals	-	-
Net carrying amount at end of year	986	77,678

	Other Computer software R'000	Capital WIP ² R'000
Previous year 2014		
Gross carrying amount	11,593	46,792
At beginning of year	11,281	-
Additions	350	46,792
Transfer to office equipment	(38)	-
Transfer from office equipment	-	-
Accumulated amortisation and impairment	(9,567)	-
At beginning of year	(7,146)	-
Amortisation	(2,433)	-
Transfer to office equipment	12	-
Net carrying amount at end of year	2,026	46,792

Internally generated		Total
Computer software	Capital WIP ¹	
R'000	R'000	R'000
1,823	7,930	99,862
1,823	-	60,208
-	-	919
-	-	-
-	-	(116)
-	7,930	38,851
(844)	-	(12,289)
(354)	-	(9,921)
(490)	-	(2,368)
-	-	-
-	-	-
979	7,930	87,573

Internally generated		Total
Computer software	Capital WIP	
R'000	R'000	R'000
1,823	-	60,208
-	-	11,281
1,823	-	48,965
-	-	(38)
-	-	-
(354)	-	(9,921)
-	-	(7,146)
(354)	-	(2,787)
-	-	12
1,469	-	50,287

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

6. Loans and receivables

	2015	2014
	R'000	R'000
Loans and receivables – gross	68,417	138,872
Provision for bad debt	(112)	(1,811)
Loans and receivables – net	<u>68,305</u>	<u>137,061</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:

	2015	2014
	R'000	R'000
Staff debtors	588	251
Other debtors	399	277
Prepayments	33,128	9,059
National Treasury	4,356	14,404
Associated Institutions Pension Fund	6,659	5,301
Temporary Employees Pension Fund	282	420
GEPF	23,005	109,160
	<u>68,417</u>	<u>138,872</u>

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

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

7. Inventory

	2015	2014
	R'000	R'000
Inventory consists of consumables	<u>566</u>	<u>817</u>

Inventory is stated at the lower of costs and net realisable value. There was no inventory write off in the current year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

8. Cash and cash equivalents

	2015	2014
	R'000	R'000
Cash and cash equivalents consist of:		
Petty cash	34	34
ABSA bank balance	4,228	6
PMG bank balance	45,899	28,972
	<u>50,161</u>	<u>29,012</u>

9. Trade and other payables

	2015	2014
	R'000	R'000
Accounts payable are made up as follows:		
Administrative creditors	65,720	140,093
Operating lease accrual	9.1 1,983	900
Sundry creditors	3	429
	<u>67,706</u>	<u>141,422</u>

9.1 Operating lease commitments

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

	2015	2014
	R'000	R'000
	28,873	22,223
Payable in <1 year	10,272	5,943
Payable in 2-5 years	18,601	15,914
Payable in >5 years	-	366

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

10. Provisions

	2015	2014
	R'000	R'000
Provision for accumulated leave pay	8,125	8,460
Balance at beginning of year	10,132	10,132
Provided	8,125	8,460
Utilised	(10,132)	(10,132)
Provision for bonuses	12,048	14,634
Balance at beginning of year	12,190	12,190
Provided	12,048	14,634
Utilised	(12,190)	(12,190)
Provision for office rentals	2,000	-
Balance at beginning of year	-	-
Provided	2,000	-
Utilised	-	-
Balance at end of period	22,173	23,094

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

	2015	2014
	R'000	R'000
Surplus / Deficit	113,009	145,645
Add: non-cash movements:	22,731	15,275
Depreciation and amortisation	24,451	12,384
Lease smoothing adjustment	1,083	(395)
Add provision for asset write off	(42)	799
Increase in provisions	(922)	772
Loss / (profit) on sale property, plant and equipment	(140)	(32)
Decrease in provision for doubtful debts	(1,699)	1747
Add / (less) changes in working capital	(4,093)	(29,993)
Increase / (Decrease) in trade payables	(74,799)	96,166
Decrease / (Increase) in trade receivables	70,455	(125,730)
Decrease / (Increase) in Inventories	251	(429)
Net cash flows from operating activities	131,647	130,927

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

12. Contingent liabilities

The GPAA did not have any contingent liabilities at the reporting date.

13. Capital commitments

Commitments in respect of capital expenditure

	2015	2014
	R'000	R'000
Approved and contracted for		
Other ¹	374,745	420,580
	374,745	420,580
Approved but not yet contracted for		
Other ¹	408,900	625,825
	408,900	625,825

¹Other commitments consist of mainly Modernisation, ICT and Information Security projects.

14. Events after the reporting period

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

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

15.1 Irregular expenditure

	2015	2014
	R'000	R'000
Opening balance	1,901	-
Irregular expenditure identified in current year in respect of the current year expenditure	27,003	1,901
Irregular expenditure identified in current year in respect of prior year expenditure	19,872	-
Condoned or written off by relevant authority	(11,292)	-
Transfer to receivables for recovery – not condoned	-	-
Irregular expenditure awaiting condonement	37,483	1,901

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Irregular expenditure arose as a result of:

1. Non-compliance with the supply chain management delegation of authority, which resulted in irregular expenditure being incurred;
2. Committing acts that contravened or failed to comply with provision of the PFMA and Treasury regulations; and
3. No benefits were obtained by the GPAA's officials in respect of the condoned irregularity and, as a result, no debt has been raised.

15.2 Fruitless and wasteful expenditure

	2015	2014
	R'000	R'000
Opening balance	-	-
Fruitless and wasteful expenditure current year	68	-
Condoned or written off by relevant authority	(68)	-
Transfer to receivables for recovery		
Fruitless and wasteful expenditure closing balance	-	-

Incorrect letterheads were ordered and the write off was approved by the CEO.

16. Financial Risk Management and Financial Instruments

16.1 Categories of financial instruments

	2015	2014
	R'000	R'000
Current assets		
Cash and cash equivalents	50,161	29,012
Loans and receivables ¹	68,305	137,061
	118,466	166,073
Current liabilities		
Trade and other payables ¹	67,706	141,422
	67,706	141,422

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

16.2 Credit risk

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

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

	2015	2014
	R'000	R'000
Financial assets¹		
Cash and cash equivalents	50,161	29,012
Loans and receivables	68,305	137,061
	118,466	166,073

¹The GPAA does not hold any collateral and financial guarantees.

Cash and cash equivalents

Financial assets which potentially subject the GPAA to concentration 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.

Receivables 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 as referred to in Note 6, Loans and receivables.

Ageing and impairment analysis

	2015	2015	2015	2014	2014	2014
	Gross	Impaired	Net	Gross	Impaired	Net
	R'000	R'000	R'000	R'000	R'000	R'000
<i>Loans and receivables</i>						
1 to 30 days	34,320	-	34,320	119,450	-	119,450
31 to 60 days	5	-	5	8,128	(1)	8,127
61 to 90 days	175	(2)	173	2	-	2
Over 90 days	789	(110)	679	2,233	(1,810)	423
Total	35,289	(112)	35,177	129,813	(1,811)	128,002

Provision for impairment of loans and receivables

	2015	2014
	R'000	R'000
At beginning of the year	(1,811)	(64)
Additions	(49)	(1,747)
Reversals	1,748	-
	(112)	(1,811)

16.3 Liquidity risk

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

The GPAA's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the organisation's reputation. The GPAA ensures it has sufficient cash on demand (currently the GPAA is maintaining a positive cash position) to meet expected operational expenses. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The following liquid resources are available:

	2015	2014
	R'000	R'000
Cash and cash equivalents	50,161	29,012
Loans and receivables	68,305	137,061
	118,466	166,073

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Payables

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

The following are the contractual cash flows of financial liabilities:

	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years
2015				
Trade and other payables	65,720	-	-	-
	65,720	-	-	-
2014				
Trade and other payables	140,093	-	-	-
	140,093	-	-	-

Trade creditors ageing

	2015 R'000	2014 R'000
<i>Trade creditors</i>		
1 to 30 days	65,300	138,787
31 to 60 days	33	1,237
61 to 90 days	-	39
Over 90 days	387	30
	65,720	140,093

16.4 Market risk

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

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Interest rate risk

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

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

Current financial assets	2015		2014	
	Fixed rate instruments	Variable rate instruments	Fixed rate instruments	Variable rate instruments
	R'000	R'000	R'000	R'000
Cash and cash equivalents	-	50,161	-	29,012
	-	50,161	-	29,012

Sensitivity analysis

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

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

	Change in interest rate %	2015		2014	
		Upward	Downward	Upward	Downward
		R'000	R'000	R'000	R'000
Prime	1	502	(502)	290	(290)

Currency risk

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

The GPAA does not have any currency risk exposure as none of its financial assets and

financial liabilities is denominated in foreign currency.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

17. Related party transactions

17.1 National Treasury

The related party transactions relate to administrative services provided to National Treasury in respect of Programme 7.

	2015	2014
	R'000	R'000
Total revenue	52,455	55,078
Outstanding debt	4,356	14,404

17.2 National Department of Public Works

The GPAA has received the use of the office building at 34 Hamilton Street, Arcadia, Pretoria from the Department of Public Works.

In the current year there is a memorandum of understanding between the GPAA and the Department of Public Works in which the Department of Public Works shall recoup on a cost recovery basis all expenditure incurred on acquisition and accommodation charges.

The GPAA has provided office rental expense of R2 million and rates charges of R3 043 730 was incurred in the 2014 / 2015 financial year. Of the total rates charges incurred R1 029 757.

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is still outstanding as at year end.

17.3 Disclosure of executive remuneration

Name	Designation	Salary and allowances (R)	Bonus (R)	Total (R)
Aboobaker, G	Chief Executive Officer	1,769,655	-	1,769,655
Meyer, ED	Executive: Corporate Services	1,365,725	-	1,365,725
Kriel, HJ	Chief Information Officer	927,333	23,839	951,172
Morar, JC	Acting Chief Operating Officer	1,097,068	50,299	1,147,367
Ntshingila, M	Chief Financial Officer ¹	669,300	19,158	688,458
Ikaneng, T	Acting Chief Financial Officer ²	395,565	-	395,565
Matjen, i T	Acting Chief Financial Officer ³	192,375	-	192,375
Merrifield AGM	Programme Manager - Modernisation	1,295,073	56,816	1,351,889
		7,712,094	150,112	7,862,206

¹Contract expired on the 30 September 2014.

²Appointed from 1 October 2014 to 31 January 2015.

³Appointed from 1 February 2015.

17.4 Audit Committee member remuneration

Name	Designation	Meeting allowances (R)	Total (R)
Jack, V ¹	Chairperson	29,596	29,596
Bhoola, HR	Member	29,596	29,596
Le Roux, Z ²	Member	44,866	44,866
Francis, B	Member	9,236	9,236
Lesejane, J	Member	29,596	29,596
Motloa, O	Member	35,630	35,630
		178,520	178,520

¹Resignation date: 9 March 2015.

²resignation date: 1 March 2015.

18. Five- year review of functions and performance of the GPAA

The proclamation per Government Notice number 231, paragraph 3(8), published in Government Gazette number 33051, dated 26 March 2010, which established the Government Pensions Administration Agency states that: “The functions and performance of the GPAA must be thoroughly reviewed within the five years from the date of establishment of the GPAA, and at least once every five years thereafter, but reviews may be conducted more frequently, upon the request of the National Treasury, the GEPP, or the GPAA”.

The tender bid for performing the review of the functions and performance of the GPAA was issued in April 2015 but was subsequently cancelled as the request for proposal (RFP) required augmentation. This matter is receiving urgent attention from the GPAA’s management and the process to initiate the review of the functions and performance of the GPAA is in progress.



the gpa

Department:
Government Pensions Administration Agency
REPUBLIC OF SOUTH AFRICA