



Annual Report | 2019\2020



the gpaa

Department:
Government Pensions Administration Agency
REPUBLIC OF SOUTH AFRICA

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Government Pensions Administration Agency
REPUBLIC OF SOUTH AFRICA

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GENERAL INFORMATION

PHYSICAL ADDRESS:	34 Hamilton Street
	Arcadia
	Pretoria
POSTAL ADDRESS:	Private Bag X63
	Pretoria
	0001
TELEPHONE NUMBER:	012 319 1911
FAX NUMBER:	012 326 2507
EMAIL ADDRESS:	enquires@gpaa.gov.za
WEBSITE ADDRESS:	www.gpaa.gov.za

LIST OF ABBREVIATIONS / ACRONYMS

AC:	Audit Committee	DBC:	Departmental Bargaining Council
AGSA:	Auditor-General South Africa	DG:	Director-General
AFS:	Annual Financial Statements	DPSA:	Department of Public Service and Administration
AIDS:	Acquired Immunodeficiency Syndrome	DoHA:	Department of Home Affairs
AIPF:	Associated Institutions Pension Fund	EB:	Employee Benefits
APP:	Annual Performance Plan	EO:	Ethics Officers
BE:	Business Enablement	ERW:	Energy Reduction War-frame
BPA:	Benefit Payment Automation	EXCO:	Executive Committee
BSS:	Business Support Services	EWRM:	Enterprise Wide Risk Management
CAE:	Chief Audit Executive	FFPM:	Forensics and Fraud Prevention Management
CDWs:	Community Development Workers	GEMS:	Government Employees Medical Scheme
CEO:	Chief Executive Officer	GEP:	Government Employees Pension
CIVPEN:	Civil Pension	GEPPF:	Government Employees Pension Fund
CFO:	Chief Financial Officer	GPAA:	Government Pensions Administration Agency
CLOs:	Client Liaison Officers	GRAP:	Generally Recognised Accounting Practice
COIDA:	Compensation for Occupational Injury and Diseases Act	HDIs:	Historically Disadvantaged Individuals
CRM:	Client Relationship Management	HIRA:	Hazard Identification and Risk Assessment
		HIV:	Human Immune Virus
		HOD:	Head of Department
		HR:	Human Resource
		IA:	Internal Audit
		ICT:	Information Communication Technology

IOD:	Injury on Duty	PSR:	Public Service Regulations
IS:	Information Security	PTT:	Policy Task Team
ITC:	Input Tax Credit	RAT:	Risk Appetite and Tolerance
JHB:	Johannesburg	RMC:	Retirement Member Campaign
KZN:	Kwa Zulu-Natal	SAA:	South African Airways
MTSF:	Medium-Term Strategic Framework	SABC:	South African Broadcasting Corporation
M&E:	Monitoring and Evaluation	SANDEF:	South African National Defence Force
MMS:	Multimedia Messaging Service	SAPS:	South African Police Service
NACH:	National Anti-Corruption Hotline	SARS:	South African Revenue Services
NDP:	National Development Plan	SCM:	Supply Chain Management
NT:	National Treasury	SDIP:	Service Delivery Improvement Programme
OHS:	Occupational Health and Safety	SHERQ:	Safety Health Environment Risk and Quality
OHSA:	Occupational Health and Safety Act	SLA:	Service Level Agreements
PE:	Port Elizabeth	SMS:	Senior Management Service
PERSAL:	Personnel Salary	SMS:	Short Message Service
PFMA:	Public Finance Management Act	SOP:	Standard Operating Procedure
PMDS:	Performance Management Development System	STI:	Sexually Transmitted Infections
PMO:	Project Management Office	TB:	Tuberculosis
PSA:	Public Services Act	TEPF:	Temporary Employees Pension Fund
PSC:	Policy Steering Committee	TV:	Television
PSCBC:	Public Services Bargaining Council	UAT:	User Acceptance Testing
PSIRA:	Private Security Industry Regulatory Authority		



MR T MBOWENI, MP
MINISTER OF FINANCE

For the year under review, the organisation managed to pay more than 90% of benefits on time.

FOREWORD BY

THE MINISTER OF FINANCE

I am honoured to present the Annual Report of the Government Pensions Administration Agency (GPAA) for the 2019/2020 financial year. During the year under review, the GPAA continued on the mission to provide administration services to the Government Employees Pension Fund and National Treasury's Programme 7 Funds and Schemes. During 2019/2020, the GPAA delivered services to current and former employees of government who have served with loyalty, and to their beneficiaries, some of whom solely depend on pension benefits for their financial needs.

The delivery of quality services to clients saw the organisation receive an average of 91% client satisfaction rating for services rendered through various client-facing channels. In an effort to further enhance the delivery of services to clients, the organisation has seen a number of successes in relation to policy directives and strategic outcome-oriented goals.

Various legislative changes regarding rules in relation to the GEP Law of 1996 were effected during the year under review. The first amendment was with regard to the application of the Clean Break principle, which was amended from the debt model to adjustment to the member's pensionable service period. The second rule change was with regard to the Enhanced Spouse Pension. The reduction factor for this pension benefit has now been replaced with the actuarial reduction factors.

Almost all (99%) of new members were admitted into the administered Funds within the stipulated timeframes and this has ensured that contributions were collected timeously. In the past three financial years, the GPAA has made concerted effort to cleanse member and beneficiary data for purposes of having accurate and reliable data. This has gone a long way in minimising challenges with the payment of benefits when they become due.

The GPAA has taken strides to pay benefits within the legislated timeframes, with the ultimate aim being to reduce the payment turnaround time to less than 30 days. For the year under review, the organisation managed to pay more than 90% of benefits on time. This excludes funeral benefits, which often take longer to pay due various dynamics, which include amongst others, customary marriages and unknown beneficiaries. Such dynamics normally necessitate forensic investigations and validations that used to delay.

Unclaimed benefits remain a challenge to the GPAA. However, strategies and systems have been put in place to sensitise the public about these benefits; and these include having a dedicated team that works on the tracing and payment of beneficiaries of unclaimed benefits. The main success of this effort during the year under review was the fact that more than 80% of traced beneficiaries were paid within 30 days of them submitting all the required documents.

The GPAA continues to recognize the importance of continued engagements with members, beneficiaries, pensioners and other key stakeholders. These engagements are aimed at educating members about the funds and benefits that the GPAA administers, as well as the changes in the pensions fund administration space.

During the year under review, these engagements were undertaken through various platforms, which include roadshows, retiring member campaigns, radio interviews, television, newsletters, print and radio advertising and media engagements.

Finally, I wish to extend my sincere gratitude to the former CEO of the GPAA, Mr. Krishen Sukdev and the executive management for the leadership and guidance they have shown in steering the GPAA in the mission to realise the mandate for which the organisation exists. I also extend my gratitude to all employees for the continued dedication to ensure the delivery of quality services to all clients and serving them in ways that ensure that their dignity is upheld despite the challenges which resulted from COVID 19 that were encountered at the end of the financial year.



MR T MBOWENI, MP
MINISTER OF FINANCE
30 September 2020

*we managed to
reduce the number
of unattended
clients by 47%.*

*This contributed to the
attainment of 91% satisfaction
rating that was reported through
the various service channels.*



Mr Shahid Khan
Acting Chief Executive Officer
Government Pensions Administration Agency (GPAA)

ACCOUNTING OFFICER'S NOTE

The Government Pensions Administration Agency (GPAA) is the administrative arm of the largest pension fund on the African continent, the Government Employee Pension Fund (GEPF). The GEPF and GPAA are an integral part of the South African financial services sector. The GPAA administers pension fund benefits on behalf of GEPF and National Treasury's Programme 7, and is accountable to the Minister of Finance and to Parliament.

As an organisation the GPAA employs governance measures aimed at ensuring that we comply with the legislative prescripts that regulate our work. We strive to strengthen internal controls, prevent unethical behaviour and practices while giving recognition and maintaining areas of excellence. In doing so, we are adequately geared towards the realisation of our vision of having a client-base that is satisfied, served, valued, dignified, cared for and empowered.

Achievements

During the 2019/2020 financial year, we ensured a renewed focus and effort to the implementation of our strategic objectives. This dedication led to us realising a number of achievements. The highlights of our set objectives include an average of 90% of

benefits paid on time after all required documents were received. In terms of Unclaimed Benefits, 81% of traced beneficiaries were paid within 30 days after submitting the required documents. We are pleased to also report that we admitted 99% of new members into the different funds that we administer on time.

In an effort to improve efficiencies in serving our clients at our Walk-in Centres, we managed to reduce the number of un-attended clients by 47%. This contributed to the attainment of 91% satisfaction rating that was reported through the various service channels.

While the growth of the Unclaimed Benefits account has been a challenge for a number of years, we have put credible processes in place to sensitize the public about these benefits. We have established internal capacity dedicated solely to tracing and paying beneficiaries within the Unclaimed Benefits category.

Over the years, the GPAA has embarked on a Modernisation Programme that aimed at re-engineering our processes for enhanced service delivery with the aim of providing a paperless environment and improving efficiencies. Through this programme, we have successfully developed and deployed the

Pension Case Management (PCM) system to employer departments for the electronic submission of exit cases. Over 98% of exit cases were successfully submitted electronically in the year under review. We have also made great strides in deploying the Benefits Payment Automation (BPA) process to allow for a paperless processing of exit claims within the administration.

Another success of the Modernisation Programme is the development of the Self-Service system, which allows for the authentication of clients and provides electronic access to their pension accounts. During the year under review, we managed to enroll an additional 86 000 members onto this system, bringing the total number of enrolled members to 104 596 at the end of the financial year. We aim to enroll the remainder of the 1,700,000 clients in the new financial year. The successful deployment of the Queue Management System (QMS) at our Walk-in Centres across the country has seen great reductions in waiting periods for our clients to receive services.

We have also successfully automated interfaces with the South African Revenue Services (SARS), the Department of Home Affairs (DoHA) and National Treasury's SafetyWeb. The interfaces allow for the verification of benefits due to members and pensioners

and for timeous processing of tax certificates. We use the automated life-verification system to confirm that we pay the right people in line with our strategic objectives.

Moreover, the appointment of the Fund Relationship Officer at strategic level, and the work of our Client Liaison Officers (CLOs) in all the provinces have gone a long way in strengthening our relationship with employer departments. The establishment of Regional and Satellite Offices, together with the deployment of Mobile Offices in far-flung areas has increased the reach of clients and ensured improved access to services.

The GPAA leadership recognizes the need to continually strengthen internal controls. We have rigorously attended to the concerns raised by the Auditor-General as well as the Audit Report. We provided progress reports to the Audit Committee on a quarterly basis. The aim was to remedy, and as far as possible, avoid a repeat of such matters in the future.

Irregular Expenditure during 2019/2020

An amount of R 19.35 million irregular expenditure was reported in our 2019/2020 Annual Financial Statements. Every effort will be made to condone all irregular expenditure - R 19.35 million in the 2019/2020 financial year and R 33.20 million in 2018/2019 financial year, during the 2020/21 financial year. We will ensure that there is consequence management where necessary.

Conclusion

The GPAA completed another successful year, wherein the collective effort of management and employees resulted in the achievement of the majority of its performance targets. I would like to take this opportunity to acknowledge the political leadership for the guidance and oversight provided throughout the financial year. I also acknowledge and appreciate all GPAA employees for their continued commitment and

dedication to providing quality services to our clients. A special word of appreciation to my predecessor, Mr. Krishen Sukdev for his contribution in making this report a success.



Mr Shahid Khan

ACTING CHIEF EXECUTIVE OFFICER

Government Pensions Administration Agency (GPAA)

30 September 2020

ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY

Statement of responsibility and confirmation of accuracy for the Annual Report for the year ended 31 March 2020.

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

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

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

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resource information and the financial affairs of the organisation for the financial year ended 31 March 2020.



Mr Shahid Khan
ACTING CHIEF EXECUTIVE OFFICER
Government Pensions Administration Agency (GPAA)
30 September 2020

STRATEGIC OVERVIEW

1. STRATEGIC OVERVIEW

1.1 Introduction

The Government Pensions Administration Agency (GPAA) is a government component and entity of the National Treasury. The establishment of this organisation was gazetted in March 2010 in terms of Section 7A (4) of the Public Service Act of 1994 (Proclamation No. 103 of 1994). The mandate of the GPAA is to provide benefits administration services on behalf of its two customers, the Government Employees Pension Fund (GEPF) and National Treasury's Programme 7. The provision of benefits administration services is regulated by Service Level Agreements (SLAs) with the GEPF and National Treasury respectively. The benefits administration services include the processing and paying of benefits and claims to clients which are pensioners, members, spouses and orphans. All this is done in accordance with the Government Employees Pension (GEP) Law

of 1996 and several other legislations which fall under the ambit of National Treasury's Programme 7 funds and schemes.

1.2 Vision, Mission and Values

The vision, mission and values of the GPAA are as follows:

Vision:

A client-base that is satisfied, served, valued, dignified, cared for and empowered.

Mission:

To provide administration services to the Government Employees Pension Fund (GEPF) and National Treasury's Programme 7 funds and schemes.

Values

Transparency

We undertake to be open and accountable for effective decision-making in our engagements with all of our stakeholders.

Respect

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

Integrity

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

Courtesy

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

Service excellence

We commit to giving our clients quality service.

Passion

We serve our clients with passion and understanding.



LEGISLATIVE AND OTHER MANDATES

2. LEGISLATIVE AND OTHER MANDATES

2.1 *Government mandate*

In 2012, the government of the Republic of South Africa adopted the National Development Plan (NDP) which sets out a long-term vision for the country. The NDP provides an indication of the capacity and developmental commitments of the state and it is a national blueprint for tackling South Africa's challenges of poverty and inequality. The NDP is implemented through a five-year implementation plan, namely, the Medium-Term Strategic Framework (MTSF).

During the 2019/2020 financial year, the sixth administration adopted and approved seven priorities which form an integral part of the MTSF 2019-2024.

The MTSF lays out the NDP implementation plan for the period 2019-2024, together with the electoral mandate of the sixth administration of government.

The strategic goals and objectives of the GPAA are aligned to the MTSF. These strategic goals and objectives resonate with government's priorities of developing an efficient, effective and development-oriented Public Service. In line with this, the performance indicators of the GPAA are meant to measure and support the achievement of the organisation's strategic objectives, as linked to government priorities.

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

The GPAA therefore aims to provide significant support to government in achieving the MTSF and the NDP, while being cognizant of international and national best practice in the pension benefits administration sphere. The organisation is committed to enhancing its operations to ensure that it contributes to a sustainable future as far as developments within the pension administration space are concerned. It also aims to continuously strive to be the preferred pension administrator for government with a client-base that is satisfied, valued and empowered.

2.2 *Legislative mandate*

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

The GPAA provides administration services to the GEPP and National Treasury (Programme 7), an arrangement regulated by Service Level Agreements

(SLAs). On behalf of the GEPF and its Board of Trustees, the GPAA administers government employees' pensions and other benefits in terms of the Government Employees Pension (GEP) Law of 1996.

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

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

The Chief Executive Officer (CEO) directs the organisational structure of the GPAA. The structure consists of two Programmes, namely: Support

Services and Benefits Administration. The two Programmes are divided into eight sub-programmes as shown in **Figure 1**.

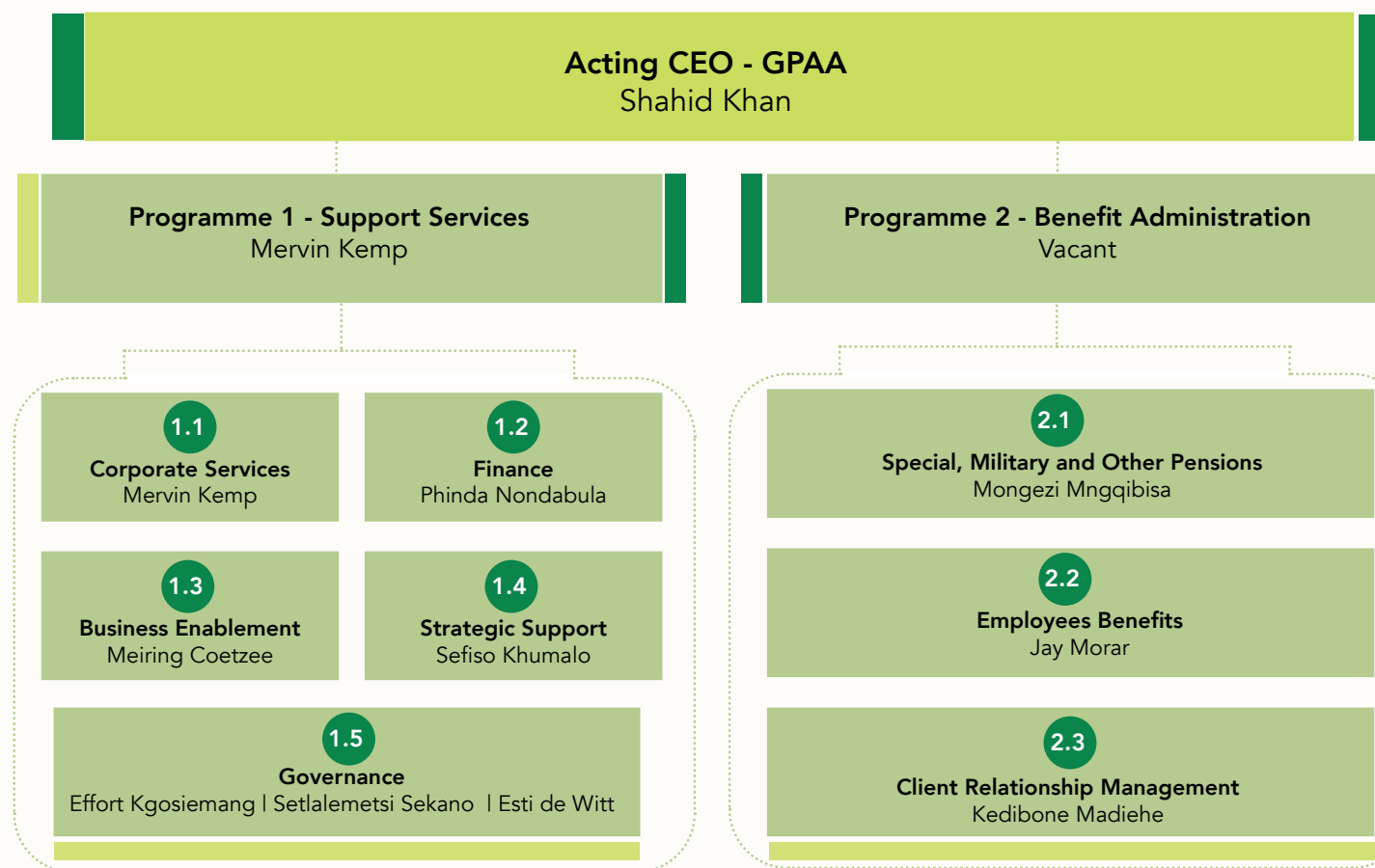


Figure 1- The GPAA Structure

THE GPAA EXECUTIVE MANAGEMENT



Mr Shahid Khan
Acting Chief Executive Officer



Mongezi Mngqibisa
General Manager: Special, Military
and other Pensions



Effort Kgosiemang
Acting Chief Risk Officer



Meiring Coetzee
Chief Information Officer



Kedibone Madihe
General Manager: Client Relations
Management



Esti de Witt
General Manager: Legal
Services



Sefiso Khumalo
Acting General Manager:
Management Support



Setlalemetsi Sekano
Chief Audit Executive



Mervin Kemp
Acting Head: Corporate Services



Jay Morar
General Manager: Employee
Benefits



Phinda Nondabula
Acting Chief Financial Officer

PROGRAMME 1 - SUPPORT SERVICES

Programme 1 comprises five sub-programmes and administers the business and governance affairs of the GPAA. Support Services (Corporate Services, Financial Services, Business Enablement, Strategic Support and Governance) works to support the core business of Programme 2.

Sub-programme 1.1 - Corporate Services

The business units within Corporate Services support the provision, coordination, management and oversight of primary services and functionality of the GPAA. The sub-programme consists of Employee Relations, Individual Performance Management, Recruitment, Training and Development, Physical Security and Facilities Management.

Sub-programme 1.2 – Financial Services

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

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

Sub-programme 1.3 – Business Enablement

This sub-programme provides the GPAA with enabling technologies and other capabilities to deliver on its mandate. Through the Modernisation Programme, Business Enablement works towards providing clients and customers with secure access to the organisation's services. The sub-programme is currently in the process of automating the GPAA's core business processes and expanding the outreach to provide clients and customers with secure access to services.

Sub-programme 1.4 – Strategic Support

The purpose of Strategic Support (the Office of the CEO and the business units that fall within it) is to plan, direct and support the organisation in order

to ensure that employee benefits, pensions and retirement funds are administered according to the relevant legislations and Service Level Agreements (SLAs). The sub-programme consists of Strategy, Policy, Management Information and Analytics, Corporate Monitoring and Evaluation as well as Communications.

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

Sub-programme 1.5 – Governance

The Governance sub-programme is responsible for ensuring that issues of accountability, transparency, compliance, adhering to the rule of law, responsiveness, effectiveness and efficiency are built into the policies and procedures governing the GPAA. The sub-programme consists of the Internal Audit, Legal and Advisory Services, Enterprise-wide Risk Management as well as the Forensic and Fraud Prevention Management business units.

PROGRAMME 2 - BENEFITS ADMINISTRATION

Programme 2 consists of three sub-programmes that administer a range of benefits and is responsible for client relationship management.

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

This sub-programme administers Special, Military and other benefits on behalf of National Treasury Programme 7. The sub-programme provides for the payment of non-contributory pensions to the beneficiaries of various public sector bodies. Non-contributory pensions are funded by National Treasury and are required to operate in terms of

different statutes, collective bargaining agreements and other commitments. Military Pensions, Post-Retirement Medical Subsidy, Special Pensions and Injury on Duty (IOD) payments are also administered by the sub-programme. Statutory commitments serve as the framework for the payment of military pension benefits and medical claims arising from treatment for disability, medical assistance devices and other related expenses.

Sub-programme 2.2 Employee Benefits (GEPF)

The Government Employees Pension Fund (GEPF) is a contributory defined benefit pension fund that is administered by the GPAA. The GPAA, through this sub-programme, provides the full spectrum of benefit administration services, including member admissions, contribution collection, member/pensioner/beneficiary maintenance and benefit processing services. Benefit processing includes the end-to-end administration and

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

Sub-programme 2.3 - Client Relationship Management (CRM)

Client Relationship Management (CRM) oversees relationships with the organisation's clients, third parties and employers by providing high quality client services. The service channel operations, e.g. Mobile Offices, Call and Walk-in centres, are the interface between the GPAA and its client base. The centres accept, resolve and monitor all service requests or queries. The CRM sub-programme also provides employer education and training through its regional and employer liaison units. In addition, CRM oversees document management, including the conversion of paper documents into electronic format, indexing, tracking and the storage of these documents.

PART B

PERFORMANCE INFORMATION



1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 119 of the Annual Report for the report of the Auditor-General, published as Part E: Financial Information.

2. OVERVIEW OF ORGANISATIONAL PERFORMANCE

2.1 Service Delivery Environment

The GPAA operates in an economy that is marked by high levels of unemployment, poverty and inequality. As such, GEPP members and pensioners, as served by the GPAA, find themselves with the responsibility

to make financial provisions for their immediate and extended families. This extended responsibility makes it even more critical for the GPAA to ensure the accurate maintenance of member and pensioner data to ensure timeous payment of benefits when they become due.

The GPAA environment is further marked by a dependency on employer departments for the submission of the information of new public servants in order to ensure timeous admission to the Fund and timeous and accurate collection of contributions. The employer departments further play a critical role of ensuring timeous submission of benefits application information on behalf of the members.

The lack of Service Level Agreements between the GPAA and employer departments leads to an inability to hold employers accountable in instances of late submission of exit documents. The late submissions in turn lead to late payments to members, leaving some members and beneficiaries without any source of income.

Significant collaborative efforts are continually made by the GPAA to enhance stakeholder relations with employer departments as one of the major stakeholders. The appointment of a dedicated Fund Relations Officer has assisted in improving strategic relations between the GPAA and employer departments. Client Liaison Officers (CLOs) also play a critical role in sustaining relations between the parties. A number of initiatives are in place to educate Human Resource officials at

employer departments about the products delivered on behalf of the GEPP and National Treasury. Similarly, education campaigns aimed at members are also delivered on a continuous basis.

In efforts to ensure improved efficiencies in the delivery of services to clients, the GPAA is continuing with the Modernisation Programme with the aim to automate its core business processes and expand its electronic outreach to provide clients and customers with secure access to its services. This programme is a vehicle for transformation of organisational processes for a better client and customer experience. Significant progress made with a number of projects in the Modernisation Programme being closed-off from the project development side and handed over to the service delivery environment. One of the successes of the Modernisation Programme is the automation of the submission of the benefit applications for exit (resignation) cases, allowing employer departments to submit exit documents electronically.

The GPAA strives to enhance service delivery through improved communication, enhanced member education, timely and accurate payment of benefits, and capacitated regional and satellite offices. Although traditional newsletters remain the main form of communication with clients, the GPAA is progressively introducing digital communication as another way of communicating with members.

The GPAA further embarked on a media campaign to educate members about their benefits and the importance of staying in service until retirement. The organisation also encourages members to retire with the GEPP, rather than to resign and transfer their savings out of the Fund. The organisation has further created public awareness regarding unclaimed benefits in efforts to get eligible beneficiaries to come forward and claim benefits that are due to them.

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

The SDIP of the GPAA is implemented in the form of a Modernisation Programme.

Refer to page 46 (sub-programme 1.3) for information on the Modernisation Programme..

2.3 Organisational Environment

The GPAA is governed through a number of legislative prescripts, most of which are applicable throughout the public service. The organisation ensures adherence to good governance principles and practices of transparency, integrity and accountability through the development and implementation of the GPAA specific policy frameworks. Service Level and Administrative Agreements with key customers of the

organisation are also critical in governing towards the efficient and effective administration of benefits to all clients.

The Fraud Prevention and Integrity Framework is also implemented within the GPAA. This framework is aimed at anti-corruption and ethics training, improving awareness amongst both internal and external stakeholders, as well as developing and improving policies and procedures. In addition, it encompasses the implementation of internal controls, conducting of fraud risk assessments, effective management of the whistleblowing mechanism and assists with co-operative agency liaison and effective investigations. The organisation has appointed Ethics Officers as part of implementing the DPSA's initiatives towards creating an ethical public service.

This organisation further adheres to the Batho Pele principles and aims to improve clients' access to information and services through improved processes. A number of outreach initiatives, such as roadshows, mobile offices, satellite offices and the Self-Service system are used to ensure that clients are informed and empowered.

As a component of government, the GPAA continuously strives to improve economic efficiencies by running its financial matters within the prescripts of the PFMA and its regulations. As such, the organisation continues to implement the

National Treasury's cost containment measures which are yielding cost savings for the GPAA.

2.4 Key Policy Developments and Legislative Changes

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

This is a process which government, through policies, seeks to:

- a) Encourage people to save and provide adequately for retirement to ensure that they retire comfortably and have an income that lasts for their lives in retirement.
- b) Encourage employers to provide retirement saving plans for their employees as part of the employment contract.

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

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

During the year under review, the GEP Law of 1996 was amended in respect of the application of the Clean Break principle. Clean Break allows for a portion of the member's pension benefit to be payable to the non-member spouse immediately after divorce. In the past, the Clean Break principle was effected in terms of a debt model, which required the GEPF to

register the amount paid to the former spouse as a debt against the member. The member had to either repay this notional debt (with interest) or the outstanding amount was deducted from the member's pension benefit upon exit. The amendment means that, rather than creating a debt against the member, there will be an adjustment to the member's pensionable service years following the payment of a divorce settlement by the GEPF.

Another rule change was in respect of the Enhanced Spouse Pension. In the past, the GEP Law of 1996 provided a retiring member the option to either receive a reduced gratuity, or reduced annuity in favor of his or her surviving spouse(s) receiving an enhanced spouse's annuity of 75% of his or her monthly annuity at time of death. The reduction in the gratuity or annuity of the member was fixed at a set reduction factor. The amendment is that the set reduction factor is now replaced by actuarial reduction factors which take into account the age and gender of the member and his/her spouse(s).

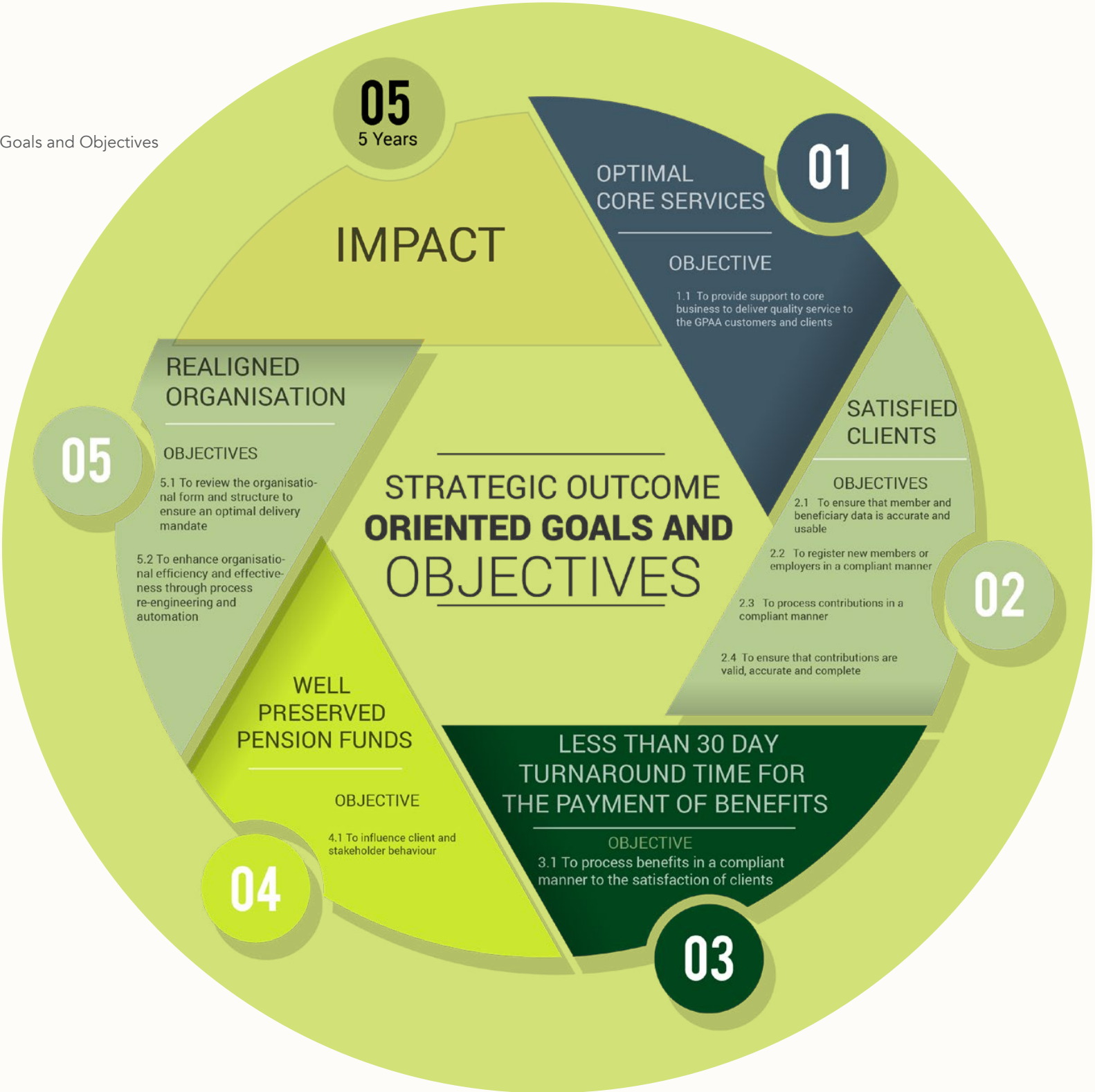
During the year under review, the GEPF presented the concept of introducing an Additional Voluntary Contribution Scheme to the PSCBC. The GPAA is in the process of attending to systems and scheme requirements as requested by the Fund.

3. STRATEGIC OUTCOME-ORIENTED GOALS

The Minister's contract, the National Development Plan (NDP), the GPAA's environment, different analysis methods, the intended outcomes of the Modernisation Programme as well as the previous year's performance were all taken into consideration when developing the strategic goals of the GPAA. The strategic goals and objectives are reflected in Figure 2.

For the purpose of measuring the achievement of the strategic goals and objectives, a total of 24 performance indicators were tracked during the financial year. Performance scorecards for Programme 1 and Programme 2 reflect the targets for the financial year, together with the achievements and challenges experienced in the attainment of the set targets (see page 25). The performance scorecards are further reflected per sub-programme from page 31 to 68.

Figure 2: Strategic Goals and Objectives



Institutionalisation of Outcomes-Based Planning in the GPAA

The GPAA, as a component of government has embraced the outcomes-based approach. Both the strategic planning and organisational performance monitoring approaches of the organisation are outcome-based. The Strategic Plan and APP were produced within the ambits of the GPAA Strategic Planning Framework, which outlines the planning, budgeting, implementation and reporting cycle of the organisation.

The performance of the organisation in implementing the APP was monitored through the guidance of the Monitoring and Evaluation (M&E) Framework, which outlines the results-based M&E approach of the organisation in alignment with the results-based approach of government. This framework is also

aligned to the Framework for Managing Programme Performance Information and the National Evaluations Policy Framework. It further provides for various types of evaluations employed by the GPAA in evaluating the effectiveness and efficiency of various initiatives.

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

Performance against Strategic Objectives

The GPAA delivered on most of its predetermined objectives for the 2019/2020 financial year. A total of 15 out of 24 (62.5%) performance targets were achieved.

A number of highlights were recorded in the financial year under review. The greatest of them is that an average of 90.57% (GEPP: 81.17% and National Treasury: 99.98%) of benefits were paid on time

after receipt of duly completed documentation and an average of 99.99% new members were admitted on time. The number of un-serviced clients at Walk-in Centres was reduced by 97%, while an average of 81.29% of Unclaimed Benefits were paid within 30 days of receipt of completed documents.

Another notable achievement is that an additional 86 359 clients were enrolled on the Self-Service solution during the financial year.

The GPAA administered benefits on behalf of GEPP, with a membership of 1.2 million at the end of March 2020. Contributions of approximately R79.5 billion were received in 2019/2020; and benefit claims of about R103.4 billion were paid out to beneficiaries.

A summary of the cases administered in 2019/2020 is tabulated below.

CASES ADMINISTERED AND FINALISED AT THE GPAA	CASES PAID 2017 / 2018	CASES PAID 2018 / 2019	CASES PAID 2019/2020
Resignation from GEPP	26 690	23 362	22 678
Retirement from GEPP	35 571	35 931	34 134
Transfer from GEPP	3 345	3 186	3 150
Beneficiaries paid due to death of members	7 760	5 922	6 683
Total	73 366	68 401	66 645
RECIPIENTS OF MONTHLY PAYMENTS FROM THE FUND	MONTHLY PAYMENTS 2017 / 2018	MONTHLY PAYMENTS 2018 / 2019	MONTHLY PAYMENTS 2019 / 2020
Injury on Duty (IOD) payments	9720	9 833	9 720
Post-retirement Medical Benefits	109 979	117 407	125 464
Military Pensions	5 025	4 980	4822
Special Pensions	6 939	6 672	6 439
Other benefits	926	891	887
Pension benefits (GEPP)	292 437	302 916	313 173
Spouses benefits (GEPP)	156 681	159 621	163 603
Orphans benefits (GEPP)	1 204	1 601	3 839
Pension benefits (AIPF)	4 997	4 702	4 435
Spouses benefits (AIPF)	2 826	2 797	2 753
Pension benefits (TEPP)	207	196	185
Spouses benefits (TEPP)	128	130	122
Total benefits paid per month (averaged)	591 069	611 633	635 442

The initiatives that were high on the agenda were:

- Stakeholder management to enhance employer department support and improvement on payment turn-around time;
- Implementation of consequence management to improve governance;
- Electronic communication through SMS and email;
- Education and outreach programmes - with more focus on rural and far flung areas;
- Continuous member data cleansing to improve communication to members;
- Roll-out of member profiling campaign to reduce Unclaimed Benefits;
- Employee engagement and support to enhance productivity;
- Resolution of audit findings; and
- Implementation of strategic risk actions.

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

PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 1: SUPPORT SERVICES

Purpose of the Programme

The purpose of Programme 1 is to administer the business and governance affairs of the GPAA, and to provide support to the core business.

List of sub-programmes

- Corporate services
- Financial services
- Business Enablement
- Strategic Support
- Governance

Strategic Objectives for 2019 / 2020

- To provide support to core business to deliver quality service to GPAA's customers and clients.

Performance against predetermined objectives

Strategic Goal	Strategic Objective	Performance Indicators	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to actual achievement for 2019 / 2020	Comment on deviations
Optimal Core Services	To provide support to core business to deliver quality service to GPAA customers and clients	1. % reduction in Unclaimed Benefits account	Not measured	25% reduction in Unclaimed Benefits account	14.94% reduction in Unclaimed Benefits account	Target missed by 10.06%	<p>New transfers into the Unclaimed Benefit account amounted to R643 Million, hence the increase in the closing balance.</p> <p>Some cases are inactive and not traceable on ITC e.g. Retired/deceased members</p> <p>Error documents received from traced members/beneficiaries which were rejected</p> <p><u>Corrective measures</u></p> <p>ICT to procure biometric scanners and DOHA to give us access to images</p> <p>Engage with active members at roadshows to complete their Nominations Forms and personal details</p>
		2 % of Unclaimed Benefits paid within 30 days after receipt of duly completed documents	Not measured	80% of Unclaimed Benefits paid within 30 days after receipt of duly completed documents	81.29% of Unclaimed Benefits paid within 30 days after receipt of duly completed documents	Target exceeded by 1.29%	<p>Follow-ups were done on unconfirmed cases. CIVPEN, Pekwa, and DOHA were working properly to ensure that cases are traced and paid</p>

Strategic Goal	Strategic Objective	Performance Indicators	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to actual achievement for 2019 / 2020	Comment on deviations
		3.% actual fraud cases finalised within each reporting quarter	Not measured	72% actual fraud cases finalised within each reporting quarter	73.39% actual fraud cases finalised within each reporting quarter	Target exceeded by 1.39%	Enlistment of external service provider and performance of overtime assisted finalise the cases.
		4. % of cases processed through the BPA system	9.70% of cases processed through the BPA system	80% of cases processed through the BPA system	9% of cases processed through the BPA System	Target missed by 71%	Only Resignation process is in production. Retirement process is in testing phase for release to production. Retirement with less than 10 years 'is' testing. Retirement with more than 10 years to be deployed to UAT for sign off.
		5. % increase in clients enrolled on Self-Service	2754.77% increase in clients enrolled on Self-Service	60% increase in clients enrolled on Self-Service	373.66% increase in clients enrolled on Self-Service	Target exceeded by 313.66%	The Self-Service project was fully capacitated and that led to the over achievement.
		6. Clean audit	Clean audit with matters of emphasis	Clean audit	Unqualified Audit with matters of emphasis	Clean Audit not achieved	The deviation is as a result of misstatements in the AFS and AoPO's which had to be corrected.
		7. % of disabled employees	5.19% of disabled employees	2% of disabled employees	5.57% of disabled employees	Target exceeded by 3.57%	The Disability Awareness campaign was conducted which resulted in an increase in the number of employees declaring their disability

Strategic Goal	Strategic Objective	Performance Indicators	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to actual achievement for 2019 / 2020	Comment on deviations
		8. % of female employees as a total employees	63.42% of female employees as a total employees	51% of female employees as a total employees	63.25% of female employees as a total employees	Target exceeded by 12.25%	The GPAA attracts more female workforce and this is embedded in the recruitment process as also influenced by the demographics of the country.
		9.% black employees of total employees	82.67% black employees of total employees	75% black employees of total employees	83.24% black employees of total employees	Target exceeded by 8.24%	The demographics of the country are embedded and reflected in the recruitment process.
		10. % of accurate invoices paid within 30 working days	Not measured	100% of accurate invoices paid within 30 working days	94.22% of accurate invoices paid within 30 working days	Target missed by 5.78%	Delays in processing some invoices by some managers. Monitoring mechanism were introduced to address the challenge.
		11. % completion of Legacy Mainframe Replacement project (Final Modernisation Project)	Not measured	40% completion of Legacy Mainframe Replacement project (Final Modernisation Project)	0% completion of the Legacy Mainframe Replacement project (Final Modernisation Project)	Target missed by 100%	The Mainframe Replacement project was halted by GEPP and GPAA was still awaiting their approval at the time of reporting.

PROGRAMME 2: BENEFITS ADMINISTRATION

Purpose of the Programme

The purpose of Programme 2 is to administer a range of benefits to clients of the GEPF and National Treasury funds, and to manage client and customer relationships.

List of sub-programmes

- Special, Military and Other Benefits (National Treasury)
- Employee Benefits (GEPF)
- Client Relationship Management (CRM)

Strategic Objectives for 2019 / 2020

- To influence client and stakeholder behavior.
- To register new members or employers in a compliant manner
- To process contributions in a compliant manner.
- To ensure contributions are valid, accurate and complete.
- To ensure that member and beneficiary data is accurate and usable.
- To process benefits in a compliant manner to the satisfaction of clients.

Performance against predetermined objective

Strategic Goal	Strategic Objective	Performance Indicators	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to actual achievement for 2019 / 2020	Comment on deviations
Well preserved pension funds	To influence client and stakeholder behavior	12.% client satisfaction levels	94% client satisfaction levels	96% client satisfaction levels	91.6% client satisfaction levels	Target missed by 4.40%	Inadequate capacity negatively impacted: payment of claims timeously; enquiries' responses turnaround time.
		13. % reduction of abandoned calls in the Call Centre	9% reduction of abandoned calls in the Call Centre	25% reduction of abandoned calls in the Call Centre	-51% reduction of abandoned calls in the Call Centre	Target missed by 26%	Excessive number of calls abandoned during Q1 & Q2 had a negative impact on the overall performance.
Less than 30 day turnaround time for the payment of benefits Satisfied clients Less than 30-day turnaround time for the payment of benefits	To register new members or employers in a compliant manner	14. % of NT members admitted within 21 days	99.96% of NT members admitted within 21 days	97% of NT members admitted within 21 days	99.96% of NT members admitted within 21 days	Target exceeded by 2.96%	This is attributed to concerted efforts by staff and management to ensure that members are registered on time.

Strategic Goal	Strategic Objective	Performance Indicators	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to actual achievement for 2019 / 2020	Comment on deviations
Less than 30 day turnaround time for the payment of benefits Satisfied clients Less than 30-day turnaround time for the payment of benefits		15. % of GEPF members admitted within 14 days	99.07% of GEPF members admitted within 21 days	97% of GEPF members admitted within 14 days	100% of GEPF members admitted within 14 days	Target exceeded by 3%	GPAA ensured that daily targets are reached or exceeded
	To process contributions in a compliant manner. To ensure contributions are valid, accurate and complete	16. % of GEPF contributions reconciled by the 22nd of the month	98.19% of GEPF contributions reconciled by the 22nd of the month	95% of GEPF contributions reconciled by the 22nd of the month	99.51% of GEPF contributions reconciled by the 22nd of the month	Target exceeded by 4.51%	Timeous receipt of contributions and processing.
	To ensure that member and beneficiary data is accurate and usable	17. % of GEPF Existing Member data confirmed annually with the member and/ or the Employer Departments (to cleanse member data)	35.60% of GEPF Existing Member data confirmed annually with the member and/ or the Employer Departments (to cleanse member data)	25% of GEPF Existing Member data confirmed annually with the member and/ or the Employer Departments (to cleanse member data)	42.02% of GEPF Existing Member data confirmed annually with the member and/ or the Employer Departments (to cleanse member data)	Target exceeded by 17.02%	GPAA ensured that daily targets are reached or exceeded and that had a cumulative effect to the achievement of the target.

Strategic Goal	Strategic Objective	Performance Indicators	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to actual achievement for 2019 / 2020	Comment on deviations
	To process contributions in a compliant manner	18. % of NT pensioner records maintained	99.98% of NT pensioner records maintained	100% of NT pensioner records maintained	99.55% of NT pensioner records maintained	Target missed by 0.45%	Deviation due to errors picked up on cases within IOD which are sent back and forth for correction and re-processing. Management to ensure errors are speedily resolved.
		19. % of NT suspended pensioners (overseas) reinstated after receipt of Life Certificates	100% of NT suspended pensioners (overseas) reinstated after receipt of Life Certificates	100% of NT suspended pensioners (overseas) reinstated after receipt of Life Certificates	100% of NT suspended pensioners (overseas) reinstated after receipt of Life Certificates	Target met as planned	This is attributed to quick verification process of the suspended pensioners.
		20. % of NT membership certificates issued within 30 days of admission	99.67% of NT membership certificates issued within 30 days of admission	93% of NT membership certificates issued within 30 days of admission	99.70% of NT membership certificates issued within 30 days of admission	Target exceeded by 6.70%	GPAA has put mechanisms and processes in place to ensure that membership certificates are issued within 30 days.

Strategic Goal	Strategic Objective	Performance Indicators	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to actual achievement for 2019 / 2020	Comment on deviations
Well preserved pension funds	To process benefits in a compliant manner to the satisfaction of clients	21. % of NT (Special Pensions) death benefits paid within 60 days after duly completed documents were received	90.85% of NT (Special Pensions) death benefits paid within 60 days after duly completed documents were received	70% of NT (Special Pensions) death benefits paid within 60 days after duly completed documents were received	90.30% of NT (Special Pensions) death benefits paid within 60 days after duly completed documents were received	Target exceeded by 20.3%	This is attributed to fact that GPAA takes death benefits seriously and are paid on time.
		22. % of GEPF benefits paid on time- 45 days (excluding death benefits)	85.69% of GEPF benefits paid on time	85% of GEPF benefits paid within 45 days (excluding death benefits)	81.17% of GEPF benefits paid within 45 days (excluding death benefits)	Target missed by 3.83%	Tedious paper-based processes and dependencies within the value chain.
		23. % of NT benefits paid on time (within 20 days)	99.99% of NT benefits paid on time	86% of NT benefits paid within 20 days	99.98% of NT benefits paid within 20 days	Target exceeded by 13.98%	This is attributed to concerted efforts put in place by management to ensure that benefits are paid within 20 days.
	To influence client and stakeholder behaviour	24. % reduction of un-served clients in the Walk-in Centre	50% reduction of un-served clients in the Walk in Centre	25% reduction of un-served clients in the Walk in Centre	47% reduction of un-served clients in the Walk in Centre	Target exceeded by 22%	Focused management, staff commitment and efforts towards customer centricity objectives.

PROGRAMME 1: SUPPORT SERVICES

Sub-programme 1.1: Corporate Services

Purpose of the Sub-programme

The business units within Corporate Services support the provision, coordination, management and oversight of primary services and operations of the GPAA. The sub-programme consists of Employee Relations, Individual Performance Management, Recruitment, Training and Development, Physical Security and Facilities Management.

List of business units

- Human Resource Management
- Facilities Management

Strategic Objectives for 2019 / 2020

- To provide support to core business to deliver quality service to GPAA customers and clients.



Performance against predetermined objectives

Strategic Goal	Strategic Objective	Performance Indicators	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to actual achievement for 2019 / 2020	Comment on deviations
Optimal Core Services	To provide support to core business to deliver quality service to GPAA customers and clients	% of disabled employees	5.19% of disabled employees	2% of disabled employees	5.57% of disabled employees	Target exceeded by 3.57%	Disability Awareness campaign was conducted which resulted in an increase in the number of employees declaring their disability status.
		% of female employees as a total employees	63.42% of female employees as a total employees	51% of female employees as a total employees	63.25% of female employees as a total employees	Target exceeded by 12.25%	The GPAA attracts more female workforce and this become embedded in the recruitment process as also influenced by the demographics of the country.
		% black employees of total employees	82.67% black employees of total employees	75% black employees of total employees	83.24% black employees of total employees	Target exceeded by 8.24%	The demographics of the country are embedded and reflected in the recruitment process.

Note: The achievements and challenges of the Human Resource unit are covered in Part D: Human Resource Management. The achievements and challenges of the Facilities Management unit are covered in Part C: Governance.

Linking performance with budgets

The budget expenditure that supported the performance of sub-programme 1.1 was as follows:

Programme 1.1 Corporate services	2018/2019			2019/2020		
	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
	188 244	168 076	20 168	201 849	175 411	26 438
Total	188 244	168 076	20 168	201 849	175 411	26 438

This budget expenditure assisted sub-programme 1.1 in supporting the organisation with recruitment and other human resources functions. The budget is an input that assisted the organisation to achieve its mandate.

Achievements and Challenges

The achievements and challenges of the Human Resource unit are covered in Part D: Human Resource Management of this report. The achievements and challenges of the Facilities Management unit are covered in Part C: Governance.

Sub-Programme 1.2: Financial Services

Purpose of the sub-programme

Financial Services manages the financial resources available to administer pensions and other benefits. In this regard, the sub-programme adheres to financial policies, applies relevant frameworks for record keeping and maintains sufficient cash flow levels for operational activities. Financial Services is also responsible for preparing financial statements for the organisation and for use by stakeholders.

List of business units

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

Strategic Objectives for 2019 / 2020

- To provide support to core business to deliver quality service to GPAA customers and clients.

Performance against predetermined objectives

Strategic Goal	Strategic Objective	Performance Indicators	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to actual achievement for 2019 / 2020	Comment on deviations
Optimal Core Services	To provide support to core business to deliver quality service to GPAA customers and clients	% reduction in Unclaimed Benefits account amount	Not measured	25% reduction in Unclaimed Benefits account amount	14.94% reduction in Unclaimed Benefits account amount	Target missed by 10.06%	<p>New transfers into the Unclaimed Benefits account amounted to R643 million, which resulted in the increase in the closing balance instead of decrease</p> <p>Some cases are inactive and not traceable on ITC e.g. Retired/deceased members</p> <p>Error documents received from traced members/beneficiaries</p> <p><u>Corrective measures</u></p> <p>ICT to procure biometric scanners and DOHA to give us access to images</p> <p>To engage with active members in roadshows to complete their nominations forms and personal details</p>
		% Unclaimed benefits paid within 30 days after receipt of duly completed documents	Not measured	80% Unclaimed Benefits paid within 30 days after receipt of duly completed documents	81.29% unclaimed benefits paid within 30 days after receipt of duly completed documents	Target exceeded by 1.29%	Follow-ups were done on unconfirmed cases. CIVPEN, Pekwa, and DOHA were working properly to ensure that cases are traced and paid.
		% of accurate invoices paid within 30 working days	Not measured	100% of accurate invoices paid within 30 working days	94.22% of accurate invoices paid within 30 working days	Target missed by 5.78%	Delays in processing some invoices by some managers. Monitoring mechanism were introduced to address the challenge.
		Clean audit	Clean audit with matters of emphasis	Clean audit	Unqualified Audit with matters of emphasis	Clean Audit not achieved	The deviation is as a result of misstatements in the AFS and AoPO's which had to be corrected.

Achievements:

- During the year under review, clients were reached through HR Forums, Retiring Member Campaigns (RMCs); roadshows and other interventions. Over 6 500 cases to the value of over R500 million were paid as a result of these outreach programmes.
- The financial outcomes of the GPAA's activities for the year under review are reported in its Annual Financial Statements (AFS) of this Annual Report. The AFS are prepared as required by the Public Finance Management Act, 1999 (Act No. 1 of 1999 as amended by Act 29 of 1999) (PFMA), Treasury Regulations and Generally Recognised Accounting Practice (GRAP).
- GPAA has implemented a number of initiatives aimed at improving its Supply Chain Management (SCM) processes. These initiatives include among others, the following:
 - The appointment of Senior Manager SCM: and Assistant Manager: Contact Management;

- Alignment of the Standard Operating Procedure (SOP) User Manual to the SCM policy was approved; and
- The development of an Annual Procurement Plan, and monitoring of this plan by the Executive Committee (EXCO).

Challenges:

Failure to reduce unclaimed benefits in line with APP targets of 2019/2020.

Strategies to overcome areas of under-performance:

- A draft of the Unclaimed Benefits Strategy was developed and the CEO has approved the submission to appoint additional employees in the Tracing unit. The appointed employees will be placed at the GPAA regional offices.

- The GPAA's has obtained information from the Credit Bureau companies to assist in tracing beneficiaries.
- The GPAA has partnered with the Department of Home Affairs (DoHA) and South African Revenue Services (SARS) to assist in reducing unclaimed benefits.
- The unit will continue to collaborate with the Communication division to help trace beneficiaries.

Linking performance with budgets

The budget expenditure that supported the performance of sub-programme 1.2 was as follows:

Programme 1.2 Finance Services	2018/2019			2019/2020		
	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
	59 583	54 341	5 242	66 983	57 773	9 210
Total	59 583	54 341	5 242	66 983	57 773	9 210

The budget expenditure assisted, amongst others, with increasing the reach of people who are eligible for Unclaimed Benefits.

Sub-programme 1.3:

Business Enablement

Purpose of the sub-programme

Business Enablement provides the GPAA with enabling technologies and other capabilities to deliver on its mandate. Through the Modernisation Programme, Business Enablement works towards providing clients and customers with secure access to the organisation's services. The sub-programme is currently in the process of automating the GPAA's core business processes and expanding its electronic outreach.

List of business units:

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

Strategic Objectives for 2019 / 2020

- To provide support to core business to deliver quality service to GPAA customers and clients.

Performance against predetermined objectives

Strategic Goal	Strategic Objective	Performance Indicators	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to actual achievement for 2019 / 2020	Comment on deviations
Optimal Core Services	To provide support to core business to deliver quality service to GPAA customers and clients	% of cases processed through the BPA System	9.70% of cases processed through the BPA System	80% of cases processed through the BPA System	9% of cases processed through the BPA System	Target missed by 71%	Only the Resignation process is in production. The Retirement process is in the test phase for release to production. Retirement with less than 10 years is in testing. Retirement more than 10 years to be deployed to UAT for sign-off.
		% increase in clients enrolled on Self-Service	2 754.77% increase in clients enrolled on Self-Service	60% increase in clients enrolled on Self-Service	373.66% increase in clients enrolled on Self-Service	Target exceeded by 313.66%	The Self-Service project was fully capacitated and that led to the over achievement.
		% completion of Legacy Mainframe Replacement project (Final Modernisation Project)	Not measured	40% completion of Legacy Mainframe Replacement project (Final Modernisation Project)	0% completion of Legacy Mainframe Replacement project (Final Modernisation Project)	Target missed by 100%	The Mainframe Replacement project was halted by GEPF and GPAA was still awaiting their approval at the time of reporting.

Achievements

- Benefit Payment Automation (BPA) was deployed to allow for the paperless processing of exit claims within the administration. The BPA Resignation process was tested and implemented and is used by the operational units responsible for the payment of benefits. Business Enablement will have to deliver on the additional BPA functionality required by the GPAA business.
- An additional 86 359 clients were enrolled on the Self-Service solution. The BE unit was assisted by the appointment of Self-Service agents to roll out the solution in the regions. The Project Manager assisted with the collection of contact information to allow for enrolment.
- The pensioner increases and payments were processed on time and accurately paid to the pensioners who qualified.
- ICT successfully utilised the automated interfaces with SARS, DoHA and National Treasury's SafetyWeb. The interfaces allow for the verification of benefits due to members and pensioners and for the timeous processing of tax certificates required to pay benefits.

The automated life verification with Home Affairs confirms existence and automate the renewal of monthly pension payments on an annual basis.

- Systems were available 99.4% of the time in the Production window, which is between 05:00am and 21:00pm.
- The Digital Communication project was used to distribute electronic communication during the financial year and the electronic contact detail database was updated via external sources. The Self-Service team assisted the unit to collect and update information for the Self-Service enrolments.

Challenges:

- The GPAA submitted a proposal to the GEPE for the approval of the final stage in the Modernisation Programme which is the replacement of the legacy system and the implementation of a Client Relationship Management (CRM) solution. The proposal is awaiting approval from the GEPE.
- The Business Enablement unit needs to expedite the Self-Service functionality and the roll out of secure auto registration enrolment. Thus, although the GPAA enrolled over 100,000 clients, we still have to enroll the remainder of the 1,700,000 clients in the next financial year.

- The BPA process is also not yet completed with releases planned for the 2020/2021 financial year. The deployment of BPA will definitely allow for higher production and throughput and a lot of focus will be required to complete the envisaged functionality.
- The GPAA benefit processing is still conducted manually with submission and processing of applications processed via a manual laborious process.
- The workflow solution is in the development phase and the challenge will be to expedite the development and deployment for all benefit processing. The Teams and Streams project was identified by EXCO, as a solution in the 2019/2020 financial year.

Strategies to overcome areas of under-performance:

- The Digital Communications project will be expanded to include a smart phone application (App). The required security around the application is key for the deployment of an App that will allow for access to the clients' personal and confidential information. The App and Self- Service will reduce the load at the Call Centre, as it will redirect clients to the digital solutions.
- The BE unit must confirm business priorities with business process owners to allow for a focused approach and delivery on the projects that will make a difference. The Project Management Office (PMO) will assist with the management of the business deliveries to satisfy business priorities and requirements.

Linking performance with budgets

The budget expenditure that supported the performance of sub-programme 1.3 was as follows:

Programme 1.3 Business Enablement	2018/2019			2019/2020		
	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
	376 248	254 958	121 290	349 515	332 787	16 728
Total	376 248	254 958	121 290	349 515	332 787	16 728

The budget expenditure supported the provision of ICT infrastructure and software for the organisation. It further assisted with the enrolment of an additional 86 000 GEPF members on the Self-Service functionality.

Sub-programme 1.4:

Strategic Support

Purpose of the sub-programme

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

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

List of business units:

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

Strategic Objectives for 2019/2020

- To provide support to core business to deliver quality service to GPAA customers and clients.

Performance against predetermined objectives

- Sub-programme 1.4 had no APP targets in this financial year.

Achievements:

Strategy

The GPAA has complied with all the strategic planning and reporting requirements in terms of the PFMA, with the 2019/2020 APP successfully implemented.

Policy

There were 90 policies due for review during the 2019/2020 financial year. These policies were reviewed by the individual policy owners (unit responsible) and the Policy Office.

Business Continuity

The GPAA has strengthened its Business Continuity efforts and it is working with other departments to support them. The Regional and Satellite offices are equipped to continue functioning when there is power and water outages.

Education, outreach and brand visibility

Roadshows:

Overall, ten (10) community roadshows were conducted in all the 9 provinces. The road shows attracted more than 10 000 members.

Retirement Member Campaign:

During the year under review, twelve (12) pre-retirement workshops were organised in all nine (9) provinces. Over 5 000 members attended these workshops to get information on the retirement process.

Human Resources Senior Management; CFO's and HOD's Workshops:

- Twelve (12) HR forums were held in all nine provinces.

Rand Show 19 – 28 April 2019:

The GPAA participated at the annual Rand Show on behalf of the GEPF. Client Liaison Officers interacted with over 1 000 members on various queries.

Armed Forces Week 14 – 21 February 2020:

The GPAA on behalf of the GEPF participated at the annual South African National Defence Force (SANDF) Armed Forces campaign that took place on 14–21 February 2020 in Polokwane. The campaign is an annual commemoration by SANDF to celebrate the lives of hundreds of South African soldiers who died during the sinking of the SS Mendi in the midst of the First World War in 1917. Approximately 100 members were served per day.

Marketing collateral:

Information packs comprising leaflets on the Fund's benefits were dispatched to all Regional Offices for distribution at various platforms in the provinces. GEPF documents and leaflet outlining rules and products were distributed at all Mobile Offices, outreach events and government departments.

Regional Office signage and branding visuals:

Signage and branding visuals in line with GEPF corporate identity were installed at the Bloemfontein, Pretoria, Johannesburg and Rustenburg offices.

Office launches:

Four offices were officially launched in Bloemfontein, Rustenburg, Johannesburg and Mthatha. This is part of brand visibility and awareness because during these events, there were engagements with employer departments.

Mobile Office visits publicity:

Text messages were sent to members in the communities informing them about the Mobile Office visits. Radio live reads were also utilized to publicise the visits. Posters and flyers with the visits' details were also distributed at government departments and institutions.

External Communications, Advertising and Media Relations Target Market:

All communication and advertising activities were segmented to target members, pensioners and beneficiaries separately.

Messages and media selection:

The media selection included national, regional and community newspapers; national, regional and community radio stations; government and labour publications; magazines; direct sms & email services; newspapers; 13 week talk-show partnership with all SABC radio stations; stadium advertising; outdoor digital screens, television (Khumbul'ekhaya); and corporate newsletter.

Themes:

The main themes of the messaging were Child's Pension, updating personal details, Fraud, Assurance, Funeral Benefits, Unclaimed Benefits, Clean Break principle, Pension Increase and Retirement vs Resignation.

Radio Interviews:

Ligwalagwala FM, Ikwewezi Radio Bushbuckridge, Mahikeng FM, Mmabatho FM, Capricorn FM, Mokopane FM, Umhlobo Wenene, Nkqubela FM, Voice of Community FM Radio Riverside, Kasie FM.

Advertising:

Print - this was done through the following: Sowetan; Daily Sun, Isolezwe; Lowvelder; Mpumalanga News; Corridor Gazette; Hazyview Herald; City Press; Beeld; Sunday World; Illanga; Daily Dispatch; Cape Times; Cape Argus; Diamond Fields Advertiser and Die Burger.

Radio - these were done in the following radio stations: Capricorn FM, Power FM, Kaya FM, Gagazi FM, North West and Rise FM, Thobela FM, Motswedding FM, Ikwewezi FM, Munghana Lonene FM, Lesedi FM, Ukhosi FM, SAFM, Lotus FM, Radio Sonder Grens, Umhlobo Wenene FM, Phalaphala FM, Ligwalagwala FM, 700 Community radio stations.

Stakeholder activities to support Outreach Programme

Presentations and collaborations with Community Development Workers (CDWs) at the following places: Bushbuckridge, Mahikeng, Ulundi, Thokoza, Bela Bela, Port Elizabeth, Ermelo, Mangaung, Cape Town, Groblersdal, Mogwase and Tshwane.

Media Dinners/Presentations:

Media Dinners were held in Nelspruit, Mahikeng, Durban and Polokwane.

Media visits were conducted in, Gembok, Radio Riverside, Radio Bushbuckridge, SABC Mpumalanga; Rise FM, PE FM, SABC Port Elizabeth, Nkqubela FM, The Herald, Free State SABC, Motheo FM, Volksblad, Voice of Community and Highvelder.

Communicators' Forum:

One Communicators' Forum was attended in Cape Town.

Quarterly Benefit Administration

Benefits Administration reports were produced; trends analysis and predictions for exits were highlighted to

inform the GEPA on the administration performance. According to this report, the resignation by public service members is steadily decreasing as members begin to see the value and the benefits of retiring as opposed to resignation.

The constant monitoring of organisational performance yielded positive results in terms of the quality of service delivery. For instance, client satisfaction is well above 90%, which indicates that clients are satisfied with the services provided by the GPAA on behalf of the GEPA.

Corporate Monitoring and Evaluation

The Corporate Monitoring and Evaluation unit continued to provide oversight and independently solicited client feedback for the GPAA and to report back to stakeholders. Overall, the client feedback is over 90% across the various education and outreach feedback mechanisms and platforms.

Compliments and Complaints

Although the GPAA has generally received positive feedback and compliments, there were a number of complaints that were received through its internal and external complaints mechanisms.

During the 2019/2020 financial year, the GPAA received 496 complaints and resolved 422, with 74 unresolved.

Challenges:

- In some roadshows, more clients than expected attended and the logistics could not cater for everyone.
- Inability to resolve all the complaint cases due to various reasons including dependencies.

Strategies to overcome areas of under-performance:

- The Communications unit should be given an opportunity to make inputs on the SLA when it is revised.
- The Communications unit requires additional capacity through contract employment. This will improve planning, particularly with regards to procurement processes so that projects can start on time.
- The complaints mechanisms are strengthened and overall the causes of complaints are addressed from a CRM perspective.

Linking performance with budgets

The budget expenditure that supported the performance of sub-programme 1.4 was as follows:

Programme 1.4 Strategic Support	2018/2019			2019/2020		
	Final appropriation R'000	Actual expenditure	(Over)/ Under expenditure	Final appropriation	Actual expenditure	(Over)/ Under expenditure
		R'000	R'000	R'000	R'000	R'000
	81 613	72 729	8 884	83 490	83 959	(470)
Total	81 613	72 729	8 884	83 490	83 959	(470)

This expenditure supported, amongst others, the implementation of the Communication Strategy which ensured communication to members, pensioners and beneficiaries through various platforms.

Sub-programme 1.5: Governance

Purpose of the sub-programme

The Governance sub-programme is responsible for ensuring that issues of accountability, transparency, compliance, adhering to the rule of law, responsiveness, effectiveness and efficiency are built into policies and procedures governing the GPAA. The sub-programme consists of the Internal Audit, Legal and Advisory Services, Enterprise-wide Risk Management as well as the Forensic and Fraud Prevention Management business units.

List of business units:

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

Strategic Objectives for 2019 / 2020

- To provide support to core business to deliver quality service to GPAA customers and clients

Performance against Predetermined Objectives

Strategic Goal	Strategic Objective	Performance Indicators	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to actual achievement for 2019 / 2020	Comment on deviations
Optimal Core Services	To provide support to core business to deliver quality service to GPAA customers and clients	% actual fraud cases finalised within each reporting quarter	Not measured	72% actual fraud cases finalised within each reporting quarter	73.39% actual fraud cases finalised within each reporting quarter	Target exceeded by 1.39%	Appointment of external service provider and performed overtime

Enterprise-wide Risk Management.

Achievements:

- Strategic, operational and cyber risk assessments and monitoring at Head Office and at all the Regional Offices for all sub-programmes were conducted.
- The following governance documents were reviewed and approved:
 - Risk Management Framework
 - Risk Management Strategy supported by the Risk Implementation Plan
 - Risk Management Committee Charter
 - Risk Appetite and Tolerance Framework

- Four (4) Risk Management Committee meetings were successfully held
- Risk awareness sessions were conducted on risk management and business continuity principles at the GPAA through internal media and presentations were additionally delivered at various forums to raise awareness on Integrated Risk Management practices and processes.

Challenges:

The position of the ICT Risk Specialist remained vacant during the 2019/2020 financial year. To ensure that work is performed, a service provider (Mondial) was appointed to capacitate the unit and perform any work required in the ICT risk space.

Forensic and Fraud Prevention Management unit

Achievements

- The 2019/2020 annual performance target of 72% was achieved with 73.4% of all reported cases finalised.
- A total of 838 cases were received and referred for

investigation during the year under review. Out of those, 753 were finalised.

- The investigation capacity was supplemented by contracting external service providers to assist in the investigation of some complex cases especially where internal employees were implicated.
- A Fraud Implementation Plan that includes fraud prevention activities such as fraud risk reviews of the fraud prone areas, conducting of fraud, integrity and awareness sessions at inductions and outreach programmes were carried out.
- Data extraction and analysis were conducted through the use of a detection tool for fraud detection and prevention of fraudulent benefits claims.
- The following governance documents were reviewed:
 - o Whistle-blowing policy
 - o Anti-Corruption policy

Challenges:

- In terms of the trend analysis, the most prominent modus operandi includes collusion by family members and issuing of fraudulent affidavits and lobola letters. The current legislative framework does not compel registration of customary marriages; as a result, confirmation of those marriages remained a challenge.
- Fraudulent applications which target the

Unclaimed Benefits account remained one of the extreme risks.

- Shortage of human resources and centralisation of the Forensic & Fraud Prevention unit impacted on the turn-around time of the cases.

Strategies to overcome areas of under-performance:

- Procurement and implementation of an online verification tool (Biometric System).
- Invest in acquiring pro-active tools to identify a possible fraud before payments are made and the ability to increase the detective capability in the mitigation of the identified risks.
- Complementing the current capacity and decentralization of the Forensic and Fraud Prevention Management unit.
- Inculcation of culture change by the Executive Management.

Legal Services

Achievements

- Legal Services was involved in the development of law amendments relating to the Clean Break principle and certain rule amendments relating to the GEPP rules.
- Legal Services provides legal advice through

numerous legal opinions across the enterprise and continues to direct the organisation in respect of all divorces and maintenance court matters. The afore-mentioned contributes to the effective and economical administration of benefits.

- Legal services managed the litigious matters and protracted litigations were kept to a minimum.
- The turn-around time applicable to Clean Break divorce cases has also improved with a positive impact on the payment of interest.
- Various contracts and/or agreements were assessed and settled by Legal Services.
- Legal Services also provided guidance in respect of legal risks and possibilities of mitigating such through sound legal judgment.

Challenges:

Since Legal Services provides services across all functions of the business, capacity to attend to the workload demand remained a challenge.

Strategies to overcome areas of under-performance:

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

Linking performance with budgets

The budget expenditure that supported the performance of sub-programme 1.5 was as follows:

Programme 1.5 Governance	2018/2019			2019/2020		
	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
	59 343	43 582	15 761	52 434	50 784	1 650
Total	59 343	43 582	15 761	52 434	50 784	1 650

The expenditure supported the Sub-programme in reaching clients in all parts of the country for forensic investigations of fraud cases. It further assisted with reaching regional offices with risk awareness sessions. Litigious and other legal matters were also handled through this budget expenditure.

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

Purpose of the sub-programme

This sub-programme administers Special, Military and Other Benefits funds on behalf of National Treasury's Programme 7. The sub-programme provides for the payment of non-contributory pensions to the beneficiaries of various public sector bodies. Non-contributory pensions are funded by the National Treasury and are required to operate in terms of different statutes, collective bargaining agreements and other commitments. Military Pensions, Post-Retirement Medical Subsidy, Special Pensions and Injury on Duty (IOD) payments are also administered by the sub-programme. Statutory commitments serve as the framework for the payment of military pension benefits and medical claims arising from treatment for disability, medical assistance devices and other related expenses.

List of business units:

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

Strategic Objectives for 2019/2020

- To process benefits in a compliant manner to the satisfaction of clients,
- To register new members or employers in a compliant manner,
- To ensure that member and beneficiary data is accurate and usable,
- To process contributions in a compliant manner.



Performance against Predetermined Objectives

Strategic Goal	Strategic Objective	Performance Indicators	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to actual achievement for 2019/2020	Comment on deviations
Satisfied clients	To register new members or employers in a compliant manner	% of NT members admitted within 21 days	99.96% of NT members admitted within 21 days	97% of NT members admitted within 21 days	99.96% of NT members admitted within 21 days	Target exceeded by 2.96%	This is attributed to effective administration of admission process. Management to maintain the momentum and continuous monitoring of admission process.
	To ensure that member and beneficiary data is accurate and usable	% of NT pensioner records maintained	99.98% of NT pensioner records maintained	100% of NT pensioner records maintained	99.55% of NT pensioner records maintained	Target missed by 0.45%	Deviation due to errors picked up on cases within IOD which are sent back and forth for correction and re-processing.
		% of NT suspended pensioners (overseas) reinstated after receipt of Life Certificates	100% of NT suspended pensioners (overseas) reinstated after receipt of Life Certificates	100% of NT suspended pensioners (overseas) reinstated after receipt of Life Certificates	100% of NT suspended pensioners (overseas) reinstated after receipt of Life Certificates	Target met as planned	This is attributed to quick verification process of suspended pensioners.
	To process contributions in a compliant manner	% of NT membership certificates issued within 30 days of admission	99.67% of NT membership certificates issued within 30 days of admission	93% of NT membership certificates issued within 30 days of admission	99.70% of NT membership certificates issued within 30 days of admission	Target exceeded by 6.70%	GPAA has put mechanisms and processes in place to ensure that membership certificates are issued within 30 days.

Strategic Goal	Strategic Objective	Performance Indicators	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to actual achievement for 2019/2020	Comment on deviations
Less than 30 day turnaround time for the payment of benefits	To process benefits in a compliant manner to the satisfaction of clients	% of NT (Special Pensions) death benefits paid within 60 days after duly completed documents were received	90.85% of NT (Special Pensions) death benefits paid within 60 days after duly completed documents were received	70% of NT (Special Pensions) death benefits paid within 60 days after duly completed documents were received	90.30% of NT (Special Pensions) death benefits paid within 60 days after duly completed documents were received	Target exceeded by 20.30%	This is attributed to the fact that GPAA takes death benefits seriously and are paid on time.
		% of NT benefits paid on time (within 20 days)	99.99% of NT benefits paid on time	86% of NT benefits paid within 20 days	99.98% of NT benefits paid within 20 days	Target exceeded by 13.98%	This is attributed to concerted efforts put in place by management to ensure that benefits are paid within 20 days.

Achievements:

- The sub-programme achieved 83% (5/6 performance indicators) against a target of 86% and paid 99.98% of benefits within 20 days. This can be attributed to effective benefit administration by the team and continuous monitoring of production, implementation of risk management plans, improvement of internal controls, and resolving of internal and external audit findings.
- The number of pensioners and beneficiaries of the sub-programme increased by 10% from 133 670 in 2018/2019 to 147 332 in 2019/2020. The increase in membership is attributed to Post-Retirement Medical Subsidy.
- The sub-programme contributed to the amendment of the Military Pensions Act.

Challenges:

- Delays in the finalisation of the Special Pension amendment Act.
- Manual processes increase risks in the payment environment.
- Inadequate budget for payment of Post-Retirement subsidies.

Strategies to overcome areas of under-performance:

- Automated processes. Continuous monitoring of budget requirements for Post-Retirement Medical Subsidies.

Linking Performance with Budgets

The budget expenditure that supported the performance of sub-programme 2.1 was as follows:

Programme 2.1: Civil Pensions and Military Pensions - National Treasury	2018/2019			2019/2020		
	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
	68 856	54 748	14 108	72 712	52 310	20 402
Total	68 856	54 748	14 108	72 712	52 310	20 402

The budget expenditure enabled the sub-programme to deliver on its mandate of providing services on behalf of National Treasury.

Sub-programme 2.2: Employee Benefits (GEPF)

Purpose of the sub-programme

The Government Employees Pension Fund (GEPF) is a contributory defined benefit pension fund that is administered by the GPAA on behalf of the GEPF. The GPAA, through this sub-programme, provides the full spectrum of benefit administration services, including member admissions, contribution collection, member/pensioner/ beneficiary maintenance and benefit processing services. Benefit processing includes the end-to-end administration and management of all relevant forms, documentation, and payment from the fund. These processes are aimed at the accurate and timely payment of benefits to GEPF's members and beneficiaries.

List of business units

- Membership Management
- Contributions Management
- Withdrawals- where all exit claim payments are processed
- Special Projects-where benefits of special nature are processed
- Pensioner Maintenance- where spouse's pensions, recalculations and Child Pensions are processed and paid
- Funeral Benefits where funeral benefits for active members, pensioners and beneficiaries are processed

Strategic Objectives for 2019 / 2020

- To process benefits in a compliant manner to the satisfaction of clients.
- To register new members or employers in a compliant manner.
- To process contributions in a compliant manner.
- To ensure that member and beneficiary data is accurate and usable.



Performance against Predetermined Objectives

Strategic Goal	Strategic Objective	Performance Indicators	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to actual achievement for 2019/2020	Comment on deviations
Satisfied clients	To register new members or employers in a compliant manner	% of GEPF members admitted within 14 days	99.07% of GEPF members admitted within 21 days	97% of GEPF members admitted within 14 days	100% of GEPF members admitted within 14 days	Target exceeded by 3%	Ensured that daily targets are reached or exceeded
	To process contributions in a compliant manner	% of GEPF contributions reconciled by the 22 nd of the month	98.19% of GEPF contributions reconciled by the 22 nd of the month	95% of GEPF contributions reconciled by the 22 nd of the month	99.51% of GEPF contributions reconciled by the 22 nd of the month	Target exceeded by 4.51%	Timeous receipt of contributions
	To ensure that member and beneficiary data is accurate and usable	% of GEPF Existing Member data confirmed annually with the member and/or the Employer Departments (to cleanse member data)	35.60% of GEPF Existing Member data confirmed annually with the member and/or the Employer Departments (to cleanse member data)	25% of GEPF Existing Member data confirmed annually with the member and/or the Employer Departments (to cleanse member data)	42.02% of GEPF Existing Member data confirmed annually with the member and/or the Employer Departments (to cleanse member data)	Target exceeded by 17.02%	Ensured that daily targets are reached or exceeded
Less than 30-day turnaround time for the payment of benefits	To process benefits in a compliant manner to the satisfaction of clients	% of GEPF benefits paid on time- 45 days (excluding death benefits)	85.69% of GEPF benefits paid on time	85% of GEPF benefits paid within 45 days (excluding death benefits)	81.17% of GEPF benefits paid within 45 days (excluding death benefits)	Target missed by 3.83%	Tedious paper-based processes within the value chain sometimes and dependencies.

Achievements:

- All member admissions into the Fund were completed within 14 days of receipt of correctly completed documents as required by the SLA with the GEPE.
- The sub-programme achieved 42.02% against a target of 25% for GEPE. Existing member data confirmed annually with the member and/or the employer department (data cleansing).
- An average of 99.51% member contribution were reconciled by the 22nd day of the following month, in line with the SLA target of 95%.
- All electronic admissions were processed within 21 days of receipt of information/pay roll data sets as per the APP and SLA target of 95%.
- Implemented the Pension Redress Dispensation from April 2019.
- Implemented rule change in respect of Enhanced Spouse Benefits where the age of the spouse/s is used to determine the downscaling factor when members select the 75% benefit option.
- The Clean Break legislation in respect of divorce cases, which previously used the Debt model approach was replaced with a Service Reduction model.
- The DPSA Early Retirement programme offered without downscaling was also implemented and benefits were paid accordingly.

The Membership business unit received and processed high volumes of membership documentation. The table below indicates the number of transaction processed by the said business unit.

Description	2019 / 20	2018 / 19
Exit Claims	72 156	79 523
Active Membership	306 216	234 466

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

Description	2019 / 20	2018 / 19
Contributions Received	R 79.579 billion	R74.958 billion
Membership	1.29 million	1.26 million

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

Financial Year	Received	Paid	%Age Claims Paid to Received
2020	66 758	66 645	99.98%
2019	70 995	68 401	96.34%

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

Other Benefit Paid	2019 / 20	2018/19
Funeral Benefits	22 727	25 568
Spouses Pension	4 445	7 065
Clean-Break Payments	7 701	8 062
Five Year Balances	2 902	3 758
Orphans/Child's Pensions	2 540	1 564
Third Pensions	6	14
Special Nature Benefits	711	950
Purchase of Service Quotations	1 295	951
Purchase of Service Periods Recognised	1 661	1 306
Pension Redress–Service Periods Recognised	11 125	N/A
Pension Redress–Payments Made	23 994	N/A

The above was achieved due to a collective team effort and continuous monitoring of the sub-programme's production, improvement in processes and internal controls.

Challenges:

- The automation of pensionable salary confirmation business processes (contribution queue process) as planned for implementation at 31 March 2020 was not implemented. The implementation did however take place in Q1 of 2020/2021.
- The reliance on employers for member data and the quality of payroll data remains a challenge as employer departments process information incorrectly onto the payroll system.
- GEPP's Estimate of Benefits statements were not issued on time at year-end. 49% of the statements were sent on email in April 2020, with the remaining sent by post.
- Member information, especially historical information relating to pensionable service date, is still a problem for employer departments to confirm, resulting in delayed payment of benefits to members.
- Pensionable salary confirmations upon exit remains a challenge given the manual processing of arrear calculations by employer departments.
- Employer departments submit exit documentation long after the member has terminated service in government. In most cases this leaves the beneficiary stranded without any cash flow.

- The benefit payment processing is still paper-based and given the high number of incomplete/erroneous exit documents completed, many claims are delayed/returned to employer departments for correction.
- The automation of business applications is slow, resulting in high volumes of claims processed manually. The delays in developing applications to modernize and automate processes are hampering core operations.

Strategies to overcome areas of under-performance:

- Data quality challenges which include Estimate of Benefits Statements, Nomination Forms, and confirmation of service periods amongst others will be addressed through the data quality improvement initiatives.
- Automated contribution arrear calculation functionality will address the challenges relating to contribution shortfalls during the exit process.
- The BPA retirements functionality was in the testing at year end and will be implemented in the 2020/2021 financial year. This will improve turnaround times in the payment of benefits.

Linking performance with budgets

The budget expenditure that supported the performance of sub-programme 2.2 was as follows:

Programme 2.2 Government Employees	2018/2019			2019/2020		
	Final	Actual	(Over)/	Final	Actual	(Over)/
	appropriation	expenditure	Under expenditure	appropriation	expenditure	Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
	81 710	76 159	5 551	84 296	81 047	3 249
Total	81 710	76 159	5 551	84 296	81 047	3 249

The budget expenditure enabled the sub-programme to deliver on its mandate of providing services on behalf of the GEPPF.

Sub-programme 2.3: Client Relationship Management (CRM)

Purpose of the sub-programme

Client Relations Management (CRM) oversees relationships with the organisation's clients, third parties and employers by providing high quality client services. The service channel operations e.g. Mobile Offices, Call and Walk-in Centres, are the interface between the GPAA and its client base. The centres accept, resolve and monitor all service requests or queries. The CRM sub-programme also provides employer education and training through its regional and client liaison units. In addition, CRM oversees document management, including the conversion of paper documents into electronic format, indexing, tracking and the storage of these documents.

List of business units

- Call Centre
- Mobile Offices
- Regional Offices
- Back Office
- Outreach Events

Strategic Objectives for 2019/2020:

- To influence client and stakeholder behaviour.



Performance against predetermined objectives

Strategic Goal	Strategic Objective	Performance Indicators	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to actual achievement for 2019/2020	Comment on deviations
Well preserved pension funds	To influence client and stakeholder behaviour	% client satisfaction levels	94% client satisfaction levels	96% client satisfaction levels	91.6% client satisfaction levels	Target missed by 4.40%	Inadequate capacity negatively impacted timeous payment of claims; enquiries' responses turnaround time.
		% reduction of abandoned calls in the Call Centre	9% reduction of abandoned calls in the Call Centre	25% reduction of abandoned calls in the Call Centre	-51% reduction of abandoned calls in the Call Centre	Target missed by 26%	Excessive number of calls abandoned during Q1 & Q2 had a negative impact on the overall performance.
		% reduction of un-serviced clients in the Walk-in Centre	50% reduction of un-serviced clients in the Walk-in Centre	25% reduction of un-serviced clients in the Walk-in Centre	97% reduction of un-serviced clients in the Walk-in Centre	Target exceeded by 72%	Focused management, staff commitment and efforts towards customer centricity objectives.

Achievements:

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

- A total of 513 574 walk-in clients (members, pensioners and beneficiaries) were serviced across 16 Regional Offices nationally.
- The Call Centre received 1 264 675 calls and answered 786 305 calls. 471 186 calls were abandoned.
- A total of 10 797 employer sites were visited.
- A total of 3 405 employer education sessions were conducted on the GEPP products, processes and procedures.
- In total, 787 employer on-site RMC group sessions were conducted to educate members on their readiness for retirement.
- A total of 8 802 one-on-one client RMC interviews were conducted to educate members on their readiness for retirement.
- In total, 1 385 member awareness sessions were conducted at employer work sites to educate active members on GEPP's benefit products, processes and procedures.

- A total of 1 145 mobile sites were visited nationally, servicing 124 814 clients, with 17 290 documents received and processed through the Mobile Office channel.

Challenges:

The following challenges have negatively affected CRM service delivery across various channels:

- Resource shortages to effectively manage and support superior client and stakeholder services.
- Service interruptions due to labour unrest and facilities and or services/utilities outages such as power and water.

Strategies to overcome areas of under-performance:

- ICT to resource and support the following,
- Implementation of a fully integrated line of business system, including the implementation of key functionality to improve effectiveness, efficiency and claims payment turnaround times.

- Elimination of all manual and paper-based processes.
- Elimination of all processing re-works and duplicate checks/validations.
- Implementation of a fully automated contributions allocations and reconciliations system.
- Implementation of a CRM system/s.
- Implementation of an effective workflow system.
- Vacant positions to be filled and structure to be finalized.
- Review and correct national client/stakeholder service footprint and provide adequate resources.

Linking performance with budgets

The budget expenditure that supported the performance of sub-programme 2.3 was as follows:

Programme 2.3 Client Relations	2018/2019			2019/2018		
	Final appropriation	Actual expenditure	(Over)/ Under expenditure	Final appropriation	Actual expenditure	(Over)/ Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
	219 620	232 579	(12 959)	231 561	263 516	(31 955)
Total	219 620	232 579	(12 959)	231 561	263 516	(31 955)

The sub-programme delivered direct client services through the Call Centre, Walk-in Centres and Mobile Offices nationwide. Stakeholder engagements were also carried out through the support of this budget expenditure.

A smiling woman with a pink headscarf and red-rimmed glasses is shown in an archive or library setting. She is wearing a black top with a colorful floral pattern and large pink tassel earrings. Her hands are resting on a shelf filled with blue folders. The background shows more shelves and a dark cabinet.

PART C

GOVERNANCE

1. INTRODUCTION

The GPAA recognises that the effective management of risks is essential for the achievement of its strategic goals and objectives, with the ultimate satisfaction of stakeholder needs. Accordingly, the GPAA has an Enterprise-wide Risk Management Programme that focuses on the management of risks at operational and strategic levels of the organisation. During the year under review, the GPAA managed its risks and fraud prevention activities in a pro-active manner, considering mainly factors affecting the achievement of strategic objectives and operational targets.

In line with the PFMA and Treasury Regulations, the Risk Management Committee and the Executive Management Committee (EXCO) have approved the Risk Management Framework and the Risk Management Strategy that are supported by the Risk Implementation Plan (2019/2020). These documents are key to guiding the management of risks in the organisation.

The Risk Management Committee consists of the GPAA Executive Management and two external

members, who are instrumental in supporting EWRM processes within the organisation. The GPAA developed its risk appetite and risk tolerance statement using a qualitative approach, and this is assessed as part of the organisation's strategic and operational risk assessment exercise. The GPAA has a zero tolerance appetite for fraud and corruption.

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

The IA function assists the Accounting Authority to achieve the strategic objectives of the GPAA by evaluating and developing recommendations for the enhancement or improvement of business processes. IA follows a risk-based Internal Audit Plan which is approved by the Audit Committee. In developing this plan, IA considered the approved 2019/2020 Strategic Risk Register as approved by the Risk Management Committee. The Internal Audit reports all identified findings and matters of significance to the Audit Committee on a regular basis.

The organisation is committed to continuously improving its risk management processes and enhancing its fraud prevention activities in pursuit of its objectives, with the ultimate aim of creating and ensuring the sustainability of its core business; as well as creating an improved

control environment in minimising its exposure to risks, fraud and operational inefficiencies.

The recognition of the need for a pro-active risk management process is an essential element of good corporate governance and a crucial enabler in making the most of opportunities. It is essential that risk management is understood as an integral component of all processes and that it is not identified as an add-on to core business activities.

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

2. RISK MANAGEMENT

Effective risk management aligns risk and opportunities to the GPAA's vision and mission. Proactive risk management practices ensure governance mechanisms are effective across the GPAA value chain, and focuses on both strategic and operational risks, while aligning

enterprise-wide risks and opportunities. The GPAA's risk profile stipulates a prudent approach to risks, as shown in decisions on risk tolerance and mitigation.

The approach to risk management is designed to provide reasonable, but not absolute, assurance that the risks facing the GPAA are being assessed and mitigated and all information that may be required to be disclosed is reported to the GPAA's senior management including, where appropriate, the Chief Executive Officer and all the relevant stakeholders (NT and GEPPF).

The Risk Management function resides within Sub-Programme 1.5: Governance, and operates in accordance with the approved Risk Management Framework, Methodology, Risk Management policy, Implementation Plan and Strategy which is tabled for approval to the Risk Management Committee on an annual basis. During 2019/2020, the following activities were undertaken and completed in line with the Risk Implementation Plan:

- a) Risk assessments were conducted with more focus on risks at a strategic, operational, process and project level. In addition, assessments on Occupational Health and Safety (OHS) and Cyber risk were also conducted.

At a strategic level, the top eight risks were identified and the risk profile included risks relating to:

- Information Management
 - Information Technology
 - Disaster Recovery/Business Continuity
 - Technological Environment (i.e. Cyber Attacks)
 - Service Delivery
 - Human Resources
 - Compliance/Regulatory
 - Fraud and Corruption
- b) Management continues to mature and integrate risk processes into business processes, and risk limits are reviewed annually. These risk limits are used to compile the risk impact categorisation table, which is used for measuring and prioritising risks according to the materiality of the risk's potential impact on the identified GPAA Risk Appetite and Tolerance (RAT) bands;
 - c) Management is tasked with the design, implementation and monitoring of the GPAA's risk management processes. Quarterly risk assessments are conducted to monitor the

efficiency of these processes. The GPAA records and manages its identified risks on the BarnOwl risk management system.

- d) The GPAA has a Risk Management Committee that meets each quarter. Four quarterly meetings took place in line with its approved charter to consider and review the risk management policies and provide oversight on the effectiveness of risk management within the GPAA.

The governance documents that were considered and approved included the Risk Management Framework and the Risk Management Strategy that are supported by the Risk Implementation Plan (2019/2020).

Key risks and mitigating actions are reported to the Risk Management and Audit Committee on a quarterly basis.

- e) The continuous identification of emerging risks was done as part of risk management monitoring to ensure improvements. The key area for improvement is ensuring that the documentation which describes how controls are being operated is at a sufficient level of detail.

3. FRAUD AND CORRUPTION

The approved Fraud Implementation Plan which includes the activities below was achieved for the period under review:

- a) Investigation of cases.
- b) Improved access to report wrongdoing.
- c) Protection of whistle blowers and witnesses.
- d) Prohibition/blacklisting of corrupt individuals and business from doing business with the GPAA.
- e) Partnership with stakeholders.
- f) Vetting of employees and service providers.
- g) Managing of professional ethics through administration of financial disclosures and application of remunerative work outside the public service.
- h) Conducting fraud risk assessments.
- i) Awareness, training and education.
- j) Conducting data extraction and analysis through use of a tool for fraud detection and prevention.
- k) Monitoring the implementation of recommendations on all finalised fraud and corruption cases.

- l) Referral of finalised fraud and corruption cases to the Labour Relations unit and/or law enforcement agencies.

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

The GPAA has a whistle-blowing hotline called the Vuvuzela and it is managed by an independent service provider. Employees and members of the public are encouraged to report unethical behaviour, fraud and corruption anonymously using the toll free number, an email facility, SMS, fax and web-based reporting.

The public service National Anti-Corruption Hotline (NACH) remains an alternative option for reporting of unethical conduct. The GPAA has an internal investigation capacity to investigate fraud related matters.

During the period under review, a Supply Chain Management (SCM) process to appoint a panel of service providers which will enhance the investigative capacity was undertaken.

3.2 How these cases are reported and what action is taken.

All suspected cases are reported through the following channels: walk-ins to the Forensic and Fraud unit, whistle-blowing hotline, email facilities or directly to supervisors, managers, regional managers and/or any member of senior management.

Action taken:

The GPAA has internal investigation capacity and further sources services from external service providers on complex cases, or as and when a need arises. Once an investigation is finalised, based on the merit of the case, the matter is either referred to SAPS for criminal investigation or to the Labour Relations unit for disciplinary action.

Currently, cases received or reported for investigation are captured for investigation in a case management system called Barn-owl. The office intends to have a customised Case Management System that assists in the maintenance of data and the allocation of case numbers, while also serving as a tool for trends analysis on reported cases.

In instances where a full investigation has to be conducted, cases are allocated internally to the investigation team. On completion of the investigation, reports and/or recommendations are sent to the Accounting Officer for approval of the disciplinary actions, or referred to the SAPS for further criminal investigation. Some of the cases are referred to the Legal unit for civil action.

4. MINIMISING CONFLICT OF INTEREST

The processes to minimise conflict of interest in Supply Chain Management (SCM) are prescribed, in that all participants to the evaluation processes are required to sign a declaration of interest at each respective evaluation meeting. The declaration process has been included in the SCM Standard Operating Procedures. In the event that a conflict of interest is either declared or identified at the meeting, the affected individual is recused from the respective committee.

SCM practitioners are also required to annually declare any interests in companies. This process is managed by HR as part of financial disclosures in the GPAA.

In addition, it should be noted that SCM practitioners do not have a voting right in the committees unless they are appointed as members to the specification and/or evaluation committees. As a rule, SCM practitioners attend in the capacity of strategic support to the committees.

5. CODE OF CONDUCT

The GPAA considers the Code of Conduct and Ethics as an important pillar in the establishment of good governance and ethical conduct; and as critical elements to building a culture of ethical behaviour. Mechanisms and systems are put in place to monitor adherence and compliance to the Public Service Code and Service Charter.

To date, the following has been done:

- A gift register was established and is maintained.
- Compliance to the Code of Conduct was monitored, and cases of non-compliance were reported to the Labour Relations unit for handling. Consequence management was applied where misconduct was committed.
- An ethics risk campaign was conducted at the Head Office and Regional Offices to promote an ethical culture within the GPAA.

- Requests were made by SMS members and granted by the Chief Executive Officer (CEO) to do remunerative work outside the public service in terms of the Public Service Regulations 2016 (PSR, 2016).

The processes followed in cases of breach of the Code of Conduct are as follows:

- The breach of the GPAA Code of Conduct was applied according to the DPSA's Public Service Disciplinary Code of Conduct to ensure remedy and consequent management.
- The breaches were investigated by the Human Resource unit and disciplinary steps and actions were taken to remedy the misconducts.
- The registers of misconduct and disciplinary action are kept by HR and reported in Part D of this report.

6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

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

The following is a summary of previously identified non-compliances found in the different GPAA offices nationally:

- Non-appointments of Occupational Health & Safety Act (OHSA) committees and SHE representatives.
- Hazard identification and assessment of all GPAA office accommodation buildings not yet conducted to identify and quantify Occupational Health and Safety hazards and risks.
- Fire and other emergencies – location of equipment and evacuation during emergencies has been problematic due to old building infrastructure.
- Safety security, access control and subsequent emergency handling required attention and improvement.
- Poor contracts and contractor control – i.e. noncompliance noted includes no safety files, Compensation for Occupational Injury & Diseases Act (COIDA) registration, mandatory agreement (37(2)), etc. This poses a direct line of liability to the GPAA in case of an incident/injury.
- Poor physical condition of office equipment and storage practices due to shortage of office and storage space.

- Energy Reduction War-frame (ERW), 3 Lighting – a lighting survey not done, thus unable to confirm if illumination was at a suitable level.
- ERW 5 Ventilation – a ventilation survey not yet done to confirm the air quality in the office.
- Poor ergonomics in the office is due to layout of the office, poor storage practices and redundant equipment.
- Evacuation drills, occupational hygiene and safety glass survey not done.

Corrective Measures to address the identified non-compliances to enforce compliance to Health Safety and Environmental issues include:

- Appointments of representatives as per section 16.2 and 8(2)(1) appointments of Occupational Health, & Safety Act (OHSA) was done.
- Monthly OHS reports were received from all offices indicating identified OHS non-compliances including hazards and risks.
- Safety glass survey to ensure safety of the glass fittings and structures.
- A sample contractor monitoring system was obtained from a service provider and has been implemented at the GPAA Head Office and the Trevenna office.
- A comprehensive fire risk assessment was conducted at the GPAA Head Office and recommendations obtained to allow fire compliance. Some of these recommendations were implemented, for example improved positioning of fire equipment, push-down

bars installed on fire exit doors, evacuation floor plans were designed and placed at appropriate places in the building and emergency signage was replaced with photo-luminescent signage.

- A simulated evacuation exercise was conducted at the GPAA Head Office, with normal evacuation exercises conducted at some Regional Offices.

Existing Occupational Health & Safety Act (OHSA) non-compliances include the following:

- The Head Office building does not provide sufficient space to accommodate its workers and storage requirements.
- The lack of a formal hazard identification and assessment system is not available with frequent audits conducted.
- Insufficient awareness training on OHS requirements.
- Inconsistent training and development of safety representatives and other emergency role players.

Future corrective actions earmarked to address non-compliances include:

- Hygiene surveys on illumination, ventilation / indoor air quality, and ergonomics for the health and wellness of the employees.
- The development of a risk assessment methodology and embarking on formal hazard identification and risk assessment process, once the methodology has been approved.

- Sourcing new office accommodation for Head Office and Regional Offices compliant to Occupational Health & Safety Act (OHSA)
- Address redundant equipment, re-look office layout.
- Effective inclusion and addressing of risks associated with aggressive and difficult customers into Hazard Identification and Risk Assessment (HIRA). The security personnel must be registered and in possession of Private Security Industry Regulatory Authority (PSIRA) cards.
- Services of an approved Inspection Authority to assess the adequacy of the lighting in place within offices.
- Implement a training module to ensure that staff is sufficiently trained to comply with the OHSA.

7. INTERNAL AUDIT AND AUDIT COMMITTEE

7.1 The Internal Audit (IA) unit

Internal Audit objectives

To review the adequacy and effectiveness of the management systems of internal controls, risk management and governance processes to ensure that:

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

Key activities

- Prepare a flexible three-year Rolling Strategic Internal Audit Plan and Annual Audit Plan for approval by the Audit Committee (AC) using an appropriate risk based methodology, including any risks or control concerns identified by relevant stakeholders.
- Evaluate and assess significant governance, risk management and control services, processes, operations, and control processes as per the approved Annual Internal Audit Plan.
- Perform consulting services, where applicable, to assist management in meeting its objectives. Examples may include facilitation, process design, training, and advisory services.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of the organisation and its Charter.
- Report quarterly to the AC and Management with a summary of results of audit activities and detailing its performance against the Annual Internal Audit Plan, to allow effective monitoring and possible intervention.
- Keep the AC informed of emerging trends and successful practices in Internal Auditing.
- Co-ordinate with other internal and external providers of assurance to ensure proper coverage and to minimise duplication of effort in terms of Section 3.2.10 of the Treasury Regulations.
- Establish a quality assurance programme by which the Chief Audit Executive (CAE) can assure the operation of internal auditing activities.

7.2 Summary of audit work done

Type	Total Planned Audits	Total No (%) Completed
Approved Internal Audit plan 2019/2020		
Regularity Audit	20	17 (85%)
Performance Audit	2	1 (50%)
Information Technology Audit *	7	5 (71%)
Total	29	24 (83%)

* 3 audit reports were signed in April 2020

Consulting projects 2019/2020		
Ad-hoc Audits	2	2 (100%)
SCM: Tender evaluations	16	16 (100%)

7.3 The Audit Committee

Audit Committee objectives

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

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

Activities in relation to Internal Audit

- The Audit Committee periodically informs the Board about its work and advise it about its recommendations.
- The committee examines the appointment, replacement, reassignment or dismissal of the CAE and reviews the mandate, annual audit plan, and resources of the internal audit function.
- The committee meets the CAE to review the results of the internal audit activities, including any significant issues reported to management by the internal audit function and management's responses and/or corrective actions.

- The committee reviews the performance, degree of independence and objectivity of the internal audit function and adequacy of the internal audit process.
- The committee together with the CAE reviews any issues that may be brought forward by him or her, including any difficulties encountered by the internal audit function, such as audit scope, access to information and staffing restrictions.

The committee ensures the effectiveness of the coordination between the internal audit and the external audit.

Attendance of Audit Committee meetings by the Committee members

Name	Qualifications	Internal or external	If internal, position in the GPAA	Position in the Committee	Date appointed	Date resigned	Number of meetings attended
Phumla Mzizi	CA(SA),CTA,(Hons), BAcc Sc. (Hons) B.Com (Hons) B.Bcs.Sc.	External	None	Chairperson	01 October 2018		10 of 10
Anna Badimo	MBA, MSc, BSc(Hons) Computer Science,CISM,CGEIT,M.InstD,Cobol Programming Diploma,Project Management	External	None	Member	01 July 2015		9 of 10
Brandon Furstenburg	MSc Financial Management, M Com Economics, B Com Hons, B Com and FAIS exams:RE1,RE3, RE5.	External	None	Member	01 June 2016		9 of 10
Freddy Sinthumule	Diploma in State Finance and Auditing Bcom MBA (MBA) with special project in PFMA.	External	None	Member	01 July 2019		9 of 10
Charl De Kock	Masters IT Auditing, Hons Accounting, CISA. CIA,SAIPA	External	None	Member	01 February 2017	31 January 2020	6 of 10

8. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2020.

Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities in accordance with Section 38 (1) (a) of the Public Finance Management Act and Treasury Regulation 3.1.

The Audit Committee also reports that it has adopted appropriate formal terms of reference based on the Audit Committee Charter and has regulated its affairs and discharged all its responsibilities in compliance with the charter.

The effectiveness of internal control

The system of internal control is designed to provide cost-effective assurance to ensure assets are safeguarded, and that liabilities are effectively

managed. As per the PFMA requirements, it is primarily Internal Audit and the Auditor-General of South Africa that evaluate the internal controls of an organisation for adequacy and effectiveness. This is achieved by assessing the effectiveness of risk management in the organisation and identifying corrective actions and enhancements to controls and internal processes.

Based on these evaluations, the Audit Committee considers the internal control environment as requiring improvement.

Internal audit

The Audit Committee reviewed and approved the annual internal audit plan for 2019/20 and has monitored the performance of the internal audit against that plan on a quarterly basis. The Audit Committee has noted that the Internal Audit plan was not completed. The Committee is not satisfied that the internal audit function is operating effectively and that it has addressed the risks specific to the Government Pensions Administration Agency (GPAA) in conducting the reviews.

The following Internal Audit assignments were completed during the year under review and the committee will continue to monitor the progress made against the corrective action plans implemented by management:

- Performance Information Quarter 1 - 4;

- Service Level Agreement Quarter 1 - 4;
- Performance Agreements;
- Fleet Management;
- Performance audit on Fleet;
- Data Centre;
- Overtime;
- Business Continuity;
- ICT management of 3rd party services;
- ICT Change Management;
- Annual Performance Plan;
- Performance Audit on Human Resource Management;
- Supply Chain Management;
- Security Management;
- Performance Management system
- Debt write off for NT and GEPPF;
- SCM Tender evaluations observations;
- Monitoring and Evaluation; and
- Asset Management.

The internal control environment requires overall improvement more so in Fleet Management, ICT, Performance Management systems, Performance Agreements, Supply Chain Management, Communication and Asset management.

Risk management

Management is responsible for the establishment and maintenance of an effective system of governance, risk

management as well as the prevention and detection of fraud and internal controls. Internal Audit was guided by the consolidated risk profile provided by the Enterprise Risk Management unit, the critical audit areas, and management's inputs in the formulation of its three-year strategic and annual plans. The GPAA has established a Risk Management Committee that is chaired by an independent chairperson. Four (4) quarterly meetings took place in line with its approved charter to consider and review the risk management policies and to provide oversight on the effectiveness of risk management within GPAA. A risk register is updated annually to ensure that all major risks, including emerging risks that are facing the organisation are effectively managed. The Committee also monitors management's implementation of the risk management plans on a quarterly basis.

Compliance with laws and regulations

The Committee has reviewed the in-year management and quarterly reports submitted in terms of the Public Finance Management Act and is satisfied that no material deviations were noted. The Committee also noted the policies and procedures put in place to ensure compliance with applicable laws and regulations that require some review. It

has further taken note of the concerns regarding the organisation's non-compliance with some of the legislative requirements relating to procurement, as well as the issue of contract management as reflected in the audit report.

The Committee remains concerned with the slow progress in the finalisation of irregular expenditure. The status of the implementation of the guideline(s) as issued by National Treasury to resolve irregular expenditure is inadequate.

Evaluation of Financial Statements

The Committee submits that it has:

- Reviewed the 2019/20 unaudited and audited Annual Financial Statements prepared by the organisation; and
- Reviewed the 2019/20 draft and final Annual Performance report.

Auditor-General's Report

The Audit Committee has met with the Auditor General South Africa to discuss their audit report, to ensure that there are no unresolved issues. We have also reviewed management's responses to the audit issues raised in the AGSA management report and continuous

oversight will be exercised to ensure that unresolved findings are adequately addressed.

We have reviewed the organisation's implementation plan for audit issues raised in the previous year and we are satisfied that the matters raised were substantially resolved.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the Audited Annual Financial Statements should be accepted and read together with the report of the Auditor-General.

Appreciation

The Audit Committee expresses its sincere appreciation to the Executive Authority, Accounting Officer, AGSA, Management, and Internal Audit unit for their support and co-operation.

Pumla Mzizi CA(SA)

Pumla Mzizi CA(SA)
Chairperson of the Audit Committee
30 September 2020

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 GPAA has a total of nine hundred and forty (940) permanent funded positions filled and eighty six (86) vacancies. There is also a total of one hundred and seventy nine (179) contract workers.

2.1 Human resource priorities for the year under review and the impact thereof

The Human Resource unit continued to review and evaluate jobs in line with the normalized structure and the DPSA requirements. The GPAA underwent the annual Department of Labour's Director-General (DG) Review. The outcome of the review resulted in the constitution of the Employment Equity Forum, which is representative. The GPAA also rolled out a Disability Awareness Campaign, which resulted in an increase of the Employment Equity statistics for persons living with disabilities, from 1.2 % to 5.19%.

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

The GPAA shall continue to recruit skilled and capable employees with the guidelines of the Human Resources Strategy.

2.3 Employee performance management

The Performance Management policy was reviewed once more in the 2019/2020 financial year in an attempt to cover and align other matters in line with the latest incentive Policy Framework of 2019. All GPAA employees complied with the PMDS policy requirements.

2.4 Employee wellness programme

The Employee Health and Wellness Programme has four (4) pillars as prescribed by the DPSA. The pillars are listed below and each pillar is required to have a policy and programme that defines activities that happen at each pillar.

Pillar 1: Safety Health Environment Risk and Quality (SHERQ) Management

- SHERQ policy was approved.
- SHERQ representatives were appointed.

- First aiders and fire fighters were trained and are awaiting certification.

Pillar 2: Wellness Management

- Two (2) Government Employees Medical Scheme (GEMS) employee wellness days were held with 800 employees in participation.
- Two (2) fun walks (702 Walk the Talk and the Big Walk) were attended by some employees.
- Four (4) blood donation sessions were hosted.

Pillar 3: Health and Productivity Management

- Ten (10) employees with psychosocial illness were reasonably accommodated.
- 4.6% employees with medical conditions declared their disability.
- Six (6) mediation sessions were held to encourage healthy working relationships.
- Five (5) trauma debriefing sessions were held.

Pillar 4: HIV, AIDS, STI and TB Management

- Two (2) employee wellness testing and education days were held and facilitated by GEMS with six hundred (600) employees taking the tests.

Labour Relations

- Training on disciplinary hearing and grievances was conducted during the period 2019/2020 and ninety one (91) supervisors and managers attended.

- A leave without pay was implemented on hundred and thirty five (135) employees for the 2017 strike. An amount of R106 849.00 was recovered as a result.
- Eighteen (18) grievances lodged and fifteen (15) of those resolved.
- Seventeen (17) disputes lodged and eleven (11) resolved in favour of the employer.
- There were no disputes lodged in relation to employer & employee engagements (Collective bargaining) during 2019/2020 financial year.

Achievements

- The turnover rate for this reporting period was 3.4%, compared to 4.7% in the previous year. The general turnover rate in the GPAA is still lower than the norm in the industry which is \pm 10%.
- The vacancy rate as at 31 March 2020 was 8.9%.
- The positions of Senior Manager: Human Resource, Senior Manager: Supply Chain Management, Chief Information Officer and

Chief Risk Officer were filled during the year under review.

- The positions of Senior Manager: BSS, Senior Manager Applications Management and Senior Manager: MIS were advertised and are in the recruitment stage.

The positions of Head: Corporate Services, Senior Manager: Program 2.1 Operations and General Manager: Management Support were advertised but due to various reasons, the positions could not be filled and will be re-advertised.

The DPSA project on Early Retirement without penalisation was finalised and out of the ten employees whose applications were approved, six are already on retirement.

The positions of Benefits Administration Executive and Chief Financial Officer were advertised and the shortlisting memos are with the Minister of Finance.

- Approval of salary disparities.
- The organisational structure was reviewed and submitted to the CEO for submission to the Minister of Finance.
- A total of 229 jobs were evaluated and panelled.
- Eight awareness engagements were held for current projects running.
- Development and socialization (with the PMO) of the Change Management Framework.

- Culture Survey was undertaken to assess the impact of the interventions.
- All financial disclosures for SMS members were submitted by 30 April 2019. All SMS disclosures were verified and submitted to the Public Service Commission by 31 May 2019. All Ethics Officers (EO) for the GPAA submitted their financial disclosures for the 2018/2019 period by the due date of 30 June 2019.
- Average compliance rate for the leave verifications improved from 83.36% in the previous financial year to 88.95% in this financial year.
- Notches and pay progression for the 2018/2019 assessment period for MMS and SMS were implemented.
- Successful implementation of Resolution 1 of 2018: the delinking of payment of housing allowance to levels 6 -10 employees.
- The annual Long Service Awards Ceremony was successfully hosted on 1 November 2019 where certificates were handed to 174 qualifying employees.
- Two long outstanding IOD fatal cases were processed and finalised.
- The closure of business during December 2020 has been approved, communicated and the

system change request was done by PERSAL for the programmatic leave transactions.

Challenges

- Vacant positions at SMS level 15 that have been vacant for more than twelve (12) months.
- Managers' compliance on job description sign-offs.
- Approval of the Job Evaluation policy.
- Evaluate system challenges / network.
- Lockdown's impact on final Job Evaluation panel sitting.
- Late involvement of Change Management in projects.
- The number of projects allocated running per year.
- Due to the fact that the organisational structure does not provide for an Ethics unit, challenges are experienced with the verification of financial disclosures and consequence management in the case of non-disclosures.
- Challenges were experienced with the Health Risk Manager, Alexander Forbes on erroneous PILIR reports, delays in reports for independent assessments, incorrect invoices, misplacing of applications and not adhering to turn-around times.
- PILIR and leave applications are not submitted in time and Human Resources unit receives forms long after the leave was taken as well as taking

leave in notice months. This makes it difficult to finalise the leave audits in time and also make the recovery of debt challenging.

- The non-operating of the Biometrics system compromise confidentiality in the open plan office.

Future plans (for the next financial year (2020/21))

- Continue with the recruitment process for the advertised levels 13 to 15 positions.
- Filling of the approved vacant positions below level 13.
- Implementation of Job Evaluation results.
- Implementation of salary level disparities outcomes.
- Facilitation of the Job Evaluation policy.
- Facilitation of structure consultation, concurrence and implementation.
- Change Management team alignment.
- Change Management Strategy review.
- Realignment of Post Covid-19 Change Implementation approach.
- Continue with the automation of the leave management and performance management system.
- The verification of SMS Disclosures need to be done by 31 May 2020.
- The communication of disclosures for EO and MMS level 12 by 30 June 2020 and MMS level 11 by 31 July 2020 must be done.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 Personnel related expenditure

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

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

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2019 - 31 March 2020

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Business Enablement	57,170,121.20	55,311,336.93	473,800.71	1,384,983.56	96.75	649,660.47
Client Relations Management	184,071,581.46	183,983,651.46	87,930.00	-	99.95	382,685.20
Corporate Services	50,962,469.28	46,560,928.95	4,351,017.93	50,522.40	91.36	485,356.85
Employee Benefits	71,935,701.46	71,935,701.46	-	-	100.00	408,725.58
Financial Services	29,654,272.76	29,654,272.76	-	-	100.00	442,601.09
Governance	86,615,839.22	86,357,022.21	51,072.67	207,744.34	99.70	489,355.02
National Treasury Prog 2.1	27,289,591.52	27,289,591.52	-	-	100.00	447,370.35
Strategic Support	29,635,554.28	29,634,682.43	871.85	-	100.00	559,161.40
Total	537,335,131.18	530,727,187.72	4,964,693.16	1,643,250.30	98.77	444,813.85

Table 3.1.2 Personnel costs by salary band for the period 1 April 2019 - 31 March 2020

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	5,430,655.32	1.02	25	217,226.21
Skilled (level 3-5)	25,681,520.33	4.84	79	325,082.54
Highly skilled production (levels 6-8)	225,866,490.86	42.56	575	392,811.29
Highly skilled supervision (levels 9-12)	166,276,996.04	31.33	226	735,738.92
Senior and Top management (levels 13-16)	36,764,488.22	6.93	31	1,185,951.23
Contract (Levels 1-2)	293,227.17	0.06	2	146,613.58
Internships	6,550,146.43	1.23	88	74,433.48
Contract (Levels 3-5)	2,758,240.14	0.52	10	275,824.01
Contract (Levels 6-8)	40,507,651.68	7.63	148	273,700.35
Contract (Levels 9-12)	6,340,276.30	1.19	11	576,388.75
Contract (Levels 13-16)	12,564,989.80	2.37	15	837,665.99
Periodical remuneration	1,692,505.43	0.32	4	423,126.36
Total	530,727,187.72	100.00	1214	437,172.31

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme, for the period 1 April 2019 - 31 March 2020

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
Business Enablement	44,500,633.61	11.41	451,628.58	3.13	621,390.65	4.49	1,403,105.00	5.49
Client Relations Management	132,880,588.04	34.06	6,302,174.80	43.73	5,312,055.86	38.38	10,475,797.00	41.00
Corporate Services	31,477,432.27	8.07	2,042,435.86	14.17	1,593,096.01	11.51	2,712,276.25	10.61
Employee Benefits	52,343,195.32	13.42	2,665,862.07	18.50	2,241,223.90	16.19	3,776,502.50	14.78
Financial Services	21,849,407.32	5.60	1,178,156.47	8.18	800,894.06	5.79	1,471,397.75	5.76
Governance	63,611,004.19	16.30	1,333,877.16	9.26	2,143,347.42	15.49	3,283,155.50	12.85
National Treasury Prog 2.1	20,571,313.88	5.27	118,185.25	0.82	731,124.12	5.28	1,609,614.25	6.30
Strategic Support	22,913,987.47	5.87	318,040.89	2.21	398,200.14	2.88	821,276.90	3.21
TOTAL	390,147,562.10	100.00	14,410,361.08	100.00	13,841,332.16	100.00	25,553,125.15	100.00

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2019 - 31 March 2020

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)	3,119,263.50	0.80	222,236.40	1.54	448,560.22	3.24	713,607.00	2.79
Skilled (Level 3-5)	15,929,802.75	4.07	1,943,615.03	13.49	1,282,459.07	9.27	2,388,797.25	9.35
Highly skilled production (Levels 6-8)	154,179,802.62	39.35	9,135,370.91	63.39	8,659,373.04	62.56	16,469,547.50	64.45
Highly skilled supervision (Levels 9-12)	124,611,144.58	31.80	2,311,787.85	16.04	2,854,646.82	20.62	5,467,565.65	21.40
Senior management (levels 13-16)	27,899,378.70	7.12	920.29	0.01	452,760.00	3.27	129,408.00	0.51
Contract Levels 1-2)	271,565.27	0.07	806.40	0.01	-	-	-	-
Contract (Levels 3-5)	2,407,229.30	0.61	174,595.02	1.21	13,921.37	0.10	54,993.50	0.22
Contract (Levels 6-8)	38,506,388.46	9.83	579,058.61	4.02	129,611.64	0.94	275,002.25	1.08
Contract (Levels 9-12)	5,865,116.19	1.50	41,970.57	0.29	-	-	18,564.00	0.07
Contract (Levels 13-16)	10,895,373.24	2.78	-	-	-	-	35,640.00	0.14
Periodical Remuneration	1,699,589.28	0.43	-	-	-	-	-	-
Internships	6,462,705.62	1.65	-	-	-	-	-	-
Total	391,847,359.51	98.35	14,410,361.08	100.00	13,841,332.16	100.00	25,553,125.15	100.00

3.2 Employment and vacancies

The tables in this section summarize the statistics of the GPAA with regard to employment and vacancies.

The following tables summarize the number of posts on 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
- 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 2020

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Programme 1.1	117	105	12	6
Programme 1.2	97	85	12	17
Programme 1.3	72	64	8	13
Programme 1.4	43	33	10	6
Programme 1.5	51	40	11	7
Programme 2.1	105	95	10	14
Programme 2.2	177	168	9	27
Programme 2.3	364	344	20	89
Total	1 026	934	92	179

Table 3.2.2 Employment and vacancies by salary band as at 31 March 2020

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Lower skilled (1-2)	32	25	21.9%	2
Skilled (3-5)	81	79	2.5%	10
Highly skilled production (6-8)	619	576	6.9%	149
Highly skilled supervision (9-12)	252	225	10.7%	9
Senior management (13-16)	42	29	31.0%	9
Total	1026	934	9%	179

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2020

The GPAA has not yet determined critical occupations and scarce skills and cannot report for the year ending 31 March 2020

3.3 Filling of SMS posts

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

Table 3.3.1 SMS post information as at 30 September 2019

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100%	0	0%
Salary Level 16	0	0	0%	0	0%
Salary Level 15	3	0	0%	3	100%
Salary Level 14	9	7	77.8%	2	22.2%
Salary Level 13	29	22	75.9%	7	24.1%
Total	42	30	71.4%	12	28.6%

Table 3.3.2 SMS post information as at 31 March 2020

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100%	0	0%
Salary Level 16	0	0	0%	0	0%
Salary Level 15	3	0	0%	3	100%
Salary Level 14	9	8	88.9%	1	11.1%
Salary Level 13	29	21	72.4%	8	27.6%
Total	42	30	71.4%	12	28.6%

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2019 - 31 March 2020

SMS Level	Total number of funded SMS posts	Total number of SMS posts advertised/filled in this year	% of SMS posts advertised/filled in this year	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	0	0%	0	0%
Salary Level 16	0	0	0%	0	0%
Salary Level 15	3	0	0%	3	100%
Salary Level 14	9	2	22.2%	1	11.1%
Salary Level 13	29	2	6.9%	8	27.6%
Total	42	4	9.5%	12	28.6%

(Note: CEO is included as a filled permanent position although he is on contract)

Table 3.3.4 Reasons for non-compliance with with the filling of funded vacant SMS - advertised within six months and filled within 12 months after becoming vacant for the period 1 April 2019 and 31 March 2020

Reasons for vacancies not advertised within six months
<p>One of the deliverables of the GPAA Modernisation Programme is the development and implementation of a new organisational structure that is linked to redesigned business processes and automations to ensure operational improvement.</p> <p>The design of the organisational structure is complete, but the implementation of the structure is on hold, pending the finalisation of the Modernisation Programme and the investigation on the form of the GPAA. However, a decision was taken to start with the recruitment of SMS positions in line with the current structure.</p> <p>The positions on level 15 were advertised in the previous financial year and the finalisation of the recruitment process is dependent on the Minister of Finance. The GPAA has not yet received feedback on the final interview processes.</p> <p>Three (03) level 14 positions were advertised during this financial year and two have been filled. A nomination was made for the second candidate but due to the fact that the position was advertised using the job description on the proposed structure and not the current, the position will be re-advertised.</p> <p>Six (06) level 13 positions were advertised and two employees assumed duty during the financial year under review. An offer was made for a third position but the candidate declined and the recruitment process will continue. One of the positions will be re-advertised and the other two are in the process of being filled.</p>
Reasons for vacancies not filled within six months
See above

3.4 Job evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in their organisation. In terms of the regulations, all vacancies on salary levels 9 and higher must be evaluated before they are filled. 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.

NB! Job evaluations were conducted in the financial year 2019/2020 as part of the project and will be submitted for approval in the beginning of the 2020/2021 financial year.

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2019 - 31 March 2020

Total number of employees whose salaries exceeded the grades determine by job evaluation	None
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Table 3.4.2 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 were automatically absorbed into the new posts and some of the posts upgraded may be vacant.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2019 and 31 March 2020

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 under review. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band and critical occupations.

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2019 - 31 March 2020 – Permanent employees

Salary band	Number of employees at beginning of period-1 April 2019	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	28	0	3	10.71%
Skilled (Levels 3-5)	86	0	5	5.81%
Highly skilled production (Levels 6-8)	578	14	4	4.48%
Highly skilled supervision (Levels 9-12)	223	10	10	4.48%
Senior Management Service Bands A	20	1	0	0%
Senior Management Service Bands B	6	0	0	0%
Senior Management Service Bands C	0	0	0	0%
Senior Management Service Bands D	0	0	0	0%
Contracts	98	106	25	25.51%
Total	1039	131	47	4.5%

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2019 - 31 March 2020

The GPAA has not yet determined critical occupations and scarce skills and cannot report for the year ending 31 March 2020

The table below identifies the major reasons staff have left the organisation.

Table 3.5.3a Reasons why staff left the department in the period 1 April 2019 -31 March 2020 – Permanent employees

Termination type	Number	% of total resignations
Death	3	9.38%
Resignation	11	34.38%
Expiry of contract	0	0%
Dismissal – operational changes	0	0%
Dismissal – misconduct	4	12.5%
Dismissal – inefficiency	0	0%
Discharged due to ill-health	1	3.13%
Retirement	11	34.38%
Transfer to other public service departments	2	6.25%
Other	0	0
Total	32	
Total number of employees who left as a % of total employment		3.4%

Table 3.5.3b Reasons why staff left the department in the period 1 April 2019 - 31 March 2020 – Contract workers

Termination type	Number	% of total resignations
Death	2	8%
Resignation	10	40%
Expiry of contract	2	8%
Dismissal – operational changes	0	0%
Dismissal – misconduct	1	4%
Dismissal – inefficiency	0	0%
Discharged due to ill-health	0	0%
Retirement	0	0%
Transfer to other public service departments	0	0%
Other	10	40%
Total	25	
Total number of employees who left as a % of total employment		25.5%

Table 3.5.4 Promotions by critical occupation for the period 1 April 2019 - 31 March 2020

The GPAA has not yet determined critical occupations and scarce skills and cannot report for the year ending 31 March 2020.

Table 3.5.5 Promotions by salary band for the period 1 April 2019 - 31 March 2020

Salary band	Employees 1 April 2019	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progression to another notch within a salary level	Notch progression as a % of employees by occupation
Lower skilled (Levels 1-2)	28	0	0%	5	18%
Skilled (Levels3-5)	86	0	0%	20	23%
Highly skilled production (Levels 6-8)	578	4	0.69%	228	39%
Highly skilled supervision (Levels 9-12)	223	6	2.69%	84	38%
Senior Management (Levels 13-16)	26	4	15.38%	23	62%
Total/average	941	14	1.49%	360	36%

3.6 Employment equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2020

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	16	1	3	7	5	0	0	6	38
Professionals	90	5	4	10	87	8	4	26	234
Technicians and associate professionals	210	9	2	7	412	25	8	52	725
Clerks	38	1	0	1	43	2	0	4	89
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

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	5	0	0	0	22	0	0	0	27
Total	359	16	9	25	569	35	12	88	1113
Employees with disabilities	15	1	1	4	31	2	1	7	62

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2020

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	1	0	0	0	0	0	1
Senior management	16	1	2	7	5	0	0	6	37
Professionally qualified and experienced specialists and mid-management	90	5	4	10	87	8	4	26	234
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	210	9	2	7	412	25	8	52	725
Semi-skilled and discretionary decision making	38	1	0	1	43	2	0	4	89
Unskilled and defined decision making	5	0	0	0	22	0	0	0	27
Total	359	16	9	25	569	35	12	88	1113

Table 3.6.3a Recruitment for the period 1 April 2019 - 31 March 2020 – Permanent employees

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	0	0	0	0	0	0	0
Senior management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	4	1	0	0	4	0	1	0	10
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	6	1	0	0	7	0	0	0	14
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	2	0	0	11	0	1	0	25
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.3b Recruitment for the period 1 April 2019 - 31 March 2020 – Contract employees

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	1	0	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	38	0	0	0	60	3	0	4	105
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	39	0	0	0	60	3	0	4	106
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2019 - 31 March 2020

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	0	0	0	0	0	0	0
Senior management	2	0	0	1	1	0	0	0	4
Professionally qualified and experienced specialists and mid-management	3	0	0	0	2	0	0	1	6
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	2	1	0	0	4
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	6	0	0	1	5	1	0	1	14
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5a Terminations for the period 1 April 2019 - 31 March 2020 – Permanent employees

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	6	1	1	0	1	0	0	1	10
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	3	0	0	0	9	1	0	1	14
Semi-skilled and discretionary decision making	2	0	0	0	3	0	0	0	5
Unskilled and defined decision making	0	0	0	0	3	0	0	0	3
Total	11	1	1	0	16	1	0	2	32
Employees with disabilities	0	0	1	0	0	0	0	0	1

Table 3.6.5b Terminations for the period 1 April 2019 - 31 March 2020 – Contract workers

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	1	0	0	0	1
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	11	0	0	0	13	0	0	0	24
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	0	0	0	14	0	0	0	25
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary actions for the period 1 April 2019 - 31 March 2020

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Written Warnings and corrective counselling	8	0	0	0	5	0	0	1	14
Pending disciplinary cases	0	0	0	1	0	0	0	0	1
Found not guilty disciplinary cases	0	0	0	0	0	1	0	0	1
									16

Table 3.6.7 Skills development for the period 1 April 2019 - 31 March 2020

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	2	0	0	3	3	0	0	3	11
Professionals	54	4	2	2	64	1	3	13	143
Technicians and associate professionals	151	4	1	3	278	18	5	35	495
Clerks	35	1	0	0	45	2	0	2	85
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	4	0	0	0	22	0	0	0	26
Total	246	9	3	8	412	21	8	53	760
Employees with disabilities	9	1	0	2	21	2	0	6	41

3.7 Signing of performance agreements by SMS members

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

Table 3.7.1 Signing of performance agreements by SMS members as at 31 May 2019

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
Director-General/Head of Department	1	1	1	100%
Salary Level 16	0	0	0	0%
Salary Level 15	3	0	0	0%
Salary Level 14	9	7	7	100%
Salary Level 13	29	22	22	100%
Total	42	30	30	100%

The due date for the submission of the SMS performance agreements was extended from 31 May 2019 to 31 August 2019 due to national elections. Additional eight (8) contract SMS members (SL13) signed performance agreements to make 30 (22 permanent and 8 contract) SMS members with signed performance agreements at salary level 13.

3.8 Performance Rewards

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

Table 3.8.1 Performance rewards by race, gender and disability for the period 1 April 2019 - 31 March 2020

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African	654	841	78%	R5 676 615	R8 679
Male	251	317	79%	R2 375 680	R9 465
Female	403	524	77%	R3 300 934	R8 191
Asian	15	17	88%	R163 058	R10 870
Male	6	6	100%	R93 882	R10 870
Female	9	11	82%	R69 175	R7 686
Coloured	40	45	89%	R353 222	R8 830
Male	14	14	100%	R109 490	R7 820
Female	26	31	84%	R243 732	R9 374
White	93	98	95%	R1 331 179	R14 314
Male	21	21	100%	R412 803	R19 657
Female	72	77	93%	R918 376	R12 755
Total	802	1001	87.5%	R7 524 074	R10 673

Table 3.8.2 Performance rewards by salary band for personnel below Senior Management Service for the period 1 April 2019 - 31 March 2020

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)	29	30	97%	R122 436	R4 222	2%
Skilled (Level 3-5)	83	96	86%	R389 057	R4 524	5%
Highly skilled production (Level 6-8)	458	645	71%	R3 433 144	R7 463	45%
Highly skilled supervision (Level 9-12)	200	231	86%	R2 874 597	R14 445	38%
Total	770	1002	77%	R 6 819 234	R 8 810	90%

Table 3.8.3 Performance rewards by critical occupation for the period 1 April 2019 - 31 March 2020

The GPAA has not yet determined critical occupations and scarce skills and cannot report for the year ending 31 March 2020
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Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2019 - 31 March 2020

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	0	1	0%	R00	R00	0%
Band B	0	1	0%	R00	R00	0%
Band C	5	7	71%	R126 398	R25 280	2%
Band D	23	29	79%	R578 443	R25 150	8%
Total	28	38	74%	R704 841	R25 215	10%

3.9 Foreign Workers

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

Table 3.9.1 Foreign workers by salary band for the period 1 April 2019 - 31 March 2020

Salary band	1 April 2019		31 March 2020		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Level 6-8)	0	0	0	0	0	0
Highly skilled supervision (Level. 9-12)	2	100%	2	100%	0	0
Contract (Level 9-12)	0	0	0	0	0	0
Contract (Level 13-16)	0	0	0	0	0	0
Total	2		2		0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2019 - 31 March 2020

Major Occupation	1 April 2019		31 March 2020		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Level 6-8)	0	0	0	0	0	0
Highly skilled supervision (Level. 9-12)	2	100%	2	100%	0	0
Contract (Level 9-12)	0	0	0	0	0	0
Contract (Level 13-16)	0	0	0	0	0	0
Total	2		2		0	0

3.10 Leave utilisation

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

Table 3.10.1 Sick leave for the period 1 January 2019 - 31 December 2019

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)	249	86.70%	25	2.42%	9.96	R155 000
Skilled (Levels 3-5)	1180	81.75%	92	8.89%	12.83	R1 172 000
Highly skilled production (Levels 6-8)	7 470.50	79.85%	681	65.80%	10.97	R10 057 000
Highly skilled supervision (Levels 9 -12)	1862	52.15%	210	20.29%	8.87	R5 070 000
Top and Senior management (Levels 13-16)	141	78.65%	27	2.61%	5.22	R636 000
Total	10 902.50	63.18%	1 035	100%	10.53	R17 090 000

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2019 - 31 December 2019

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)	36	100%	1	3.85%	36	R22 000
Skilled (Levels 3-5)	69	100%	3	11.54%	23	R64 000
Highly skilled production (Levels 6-8)	575	100%	18	69.23%	31.94	R767 000
Highly skilled supervision (Levels 9-12)	165	100%	4	15.38%	41.25	R396 000
Senior management (Levels 13-16)	0	100%	0	0%	0	R0
Total	845	100%	26	100%	32.50	R1 249 000

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

Table 3.10.3 Annual Leave for the period 1 January 2019 - 31 December 2019

Salary band	Total days taken	Number of employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	665	29	22.93
Skilled (Levels 3-5)	2467	96	25.70
Highly skilled production (Levels 6-8)	16 776.42	756	22.19
Highly skilled supervision (Levels 9-12)	5943	246	24.16
Senior management (Levels 13-16)	927	39	23.77
Total	26 778.42	1 166	22.97

Table 3.10.4 Capped leave for the period 1 January 2019 - 31 December 2019

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	41
Highly skilled production (Levels 6-8)	44	10	4	28
Highly skilled supervision (Levels 9-12)	23	7	3	31
Senior management (Levels 13-16)	0	0	0	38
Total	67	17	4	31

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

Table 3.10.5 Leave payouts for the period 1 April 2019 - 31 March 2020

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-out for 2018/2019 due to non-utilisation of leave for the previous cycle	R0	0	R0
Capped leave payouts on termination of service for 2017/2018	R483000	8	R60375.00
Current leave payout on termination of service for 2017/2018	R510000	27	R18888.89
Total	R993000	35	R28371.43

3.11 HIV/AIDS and health promotion programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Mobile client relation employees such as CLO and mobile CSA	Educational sessions and Testing
Drivers	Educational sessions and Testing

Table 3.11.2 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.	Yes		Nakedi Masombuka
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.	Yes		Two (2) employees and a shared budget with Change management and Labour relations (cost centre 95 for Employee Relations)
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.	Yes		Psychosocial wellbeing educational sessions were held, trauma debriefing,
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.		No	
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.		No	We are in the process of reviewing.
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.	Yes		HIV Positive employees are not singled out. Education and testing takes place periodically for all employees.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes		600 employees participated in Voluntary Counselling and Testing
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		No	

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2019 and 31 March 2020

Subject matter	Date
Agreement on memorandum of demands made by Organised Labour	26/08/2019

The following table summarizes the outcome of disciplinary hearings conducted within the organisation in the year under review.

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2019 - 31 March 2020

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	1	6.25
Verbal warning	1	6.25
Written warning	9	56.25
Final written warning	4	25
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	1	6.25
Case withdrawn	0	0
Total	16	100%

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2019 -31 March 2020

Type of misconduct	Number	% of total
Racial discrimination	1	20%
Intimidation and Harassment	1	20%
Use of derogatory language	1	20%
Carrying a dangerous weapon to work	1	20%
Gross Dishonesty Fraud	1	20%
Total	5	100%

Table 3.12.4 Grievances lodged for the period 1 April 2019 - 31 March 2020

Grievances	Number	% of total
Number of grievances resolved	15	83.33%
Number of grievances not resolved	3	16.67%
Total number of grievances lodged	18	100%

Table 3.12.5 Disputes lodged with Councils for the period 1 April 2019 - 31 March 2020

Disputes	Number	% of total
Number of disputes upheld	6	35.29%
Number of disputes dismissed	0	0.00%
Total number of disputes lodged	11	64.71%
Total number of disputes	17	100%

Table 3.12.6 Strike actions for the period 1 April 2019 - 31 March 2020

Total number of persons working days lost	135
Total costs working days lost	R106,849
Amount recovered as a result of no work no pay (R'000)	R106,849

Table 3.12.7 Precautionary suspensions for the period 1 April 2019 - 31 March 2020

Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost of suspension(R'000)	0

3.13 Skills development

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

Table 3.13.1 Training needs identified for the period 1 April 2019 - 31 March 2020

Occupational category	Gender	Number of employees as at 1 April 2019	Training needs identified at start of the reporting period			
			Learner-ships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	11	0	6	0	6
	Male	25	0	13	0	13
Professionals	Female	121	0	36	0	36
	Male	110	0	59	0	59
Technicians and associate professionals	Female	449	0	75	0	75
	Male	197	0	64	0	64

Occupational category	Gender	Number of employees as at 1 April 2019	Training needs identified at start of the reporting period			
			Learner-ships	Skills programmes and other short courses	Other forms of training	Total
Clerks	Female	53	0	24	0	24
	Male	43	0	31	0	31
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	25	0	14	0	14
	Male	5	0	4	0	4
Sub Total	Female	659	0	1 014	0	1 014
	Male	380	0	616	0	616
Total		1 039	0	1 630	0	1630

Table 3.13.2 Training provided for the period 1 April 2019 - 31 March 2020

Occupational category	Gender	Number of employees as at 31 March 2020	Training provided within the reporting period			
			Internship	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	11	0	4	0	4
	Male	27	0	7	0	7
Professionals	Female	125	0	30	0	30
	Male	109	0	30	0	30
Technicians and associate professionals	Female	497	0	47	0	47
	Male	228	0	39	0	39
Clerks	Female	49	0	10	0	10
	Male	40	0	13	0	13
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0

Occupational category	Gender	Number of employees as at 31 March 2020	Training provided within the reporting period			
			Internship	Skills programmes and other short courses	Other forms of training	Total
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	22	0	7	0	7
	Male	5	0	1	0	1
Interns	Female	0	0	21	0	21
	Male	0	0	23	0	23
Sub Total	Female	704	0	891	0	891
	Male	409	0	520	0	520
Total		1 113	0	1 411	0	1 411

3.14 Injury on Duty

The following tables provide basic information on Injury on Duty.

Table 3.14.1 Injury on duty for the period 1 April 2019 - 31 March 2020

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

3.15 Utilisation of consultants

The following tables relate information on the utilisation of consultants in the organisation.

In terms of the Public Service Regulations 'consultant' refers to 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:

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

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2019 - 31 March 2020

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rands
Legal Panel	19	720	Annually based budget
CRM Strategy	1	360	R5 104 000.00
Medical Claims Administrator	1	720	R5 100 745.64
PMO	4	720	R80 801 916.06

Total number of projects	Total individual consultants	Total duration (work days)	Total contract value in Rands
32	7	720	R5 027 575.96
1	1	360	R5 104 000.00
1	1	720	R5 100 745.64
31	4	720	R80 801 916.06

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period
1 April 2019 - 31 March 2020

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups
Legal Panel	70%	70%
CRM Strategy	100%	100%
Medical Claims Administrator	100%	100%
PMO	93%	93%

3.16 Severance packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2019 - 31 March 2020

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

| PART E |

FINANCIAL INFORMATION



FINANCIAL STATEMENTS For the year ended 31 March 2020

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ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY

Statement of responsibility and confirmation of accuracy for the annual financial statements for the year ended 31 March 2020.

The Accounting Officer is responsible for the preparation of the GPAA's annual financial statements and for the judgements made in this information. The financial statements presented have been prepared in accordance with GRAP standards and frameworks and guidelines issued by the National Treasury.

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

The Accounting Officer considered whether in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. It is Accounting Officer's opinion that the annual financial statements fairly

reflect the operations of the GPAA for the financial year ended 31 March 2020.

The going concern basis of accounting has been adopted in preparing the financial statements. The Accounting officer has no reason to believe that the GPAA will not be a going concern in the foreseeable future.

The external auditors are engaged to express an independent opinion on the annual financial statements of the GPAA. The GPAA's annual financial statements for the year ended 31 March 2020 have been audited by the external auditors and their report is presented herein.



Mr Shahid Khan

ACTING CHIEF EXECUTIVE OFFICER

Government Pensions Administration Agency (GPAA)

30 September 2020

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Government Pension Administration Agency (GPAA) set out on pages 124 to 186, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the GPAA as at 31 March 2020, and financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Context for the opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of GPAA in accordance with sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Reporting Framework

7. As discussed in note 1 of the financial statements, the GPAA has obtained departure from the Office of the Accountant General in accordance with section 79 of the PFMA to report its financial results in terms of Standards of GRAP issued by the Accounting Standards Board, in accordance with section 91(1) of the PFMA, for the period not exceeding the 2017-20 Medium Term Expenditure Framework period.

Restatement of corresponding figures

8. As disclosed in note 23 to the financial statements, the corresponding figures for 31 March 2019 were restated as a result of errors in the financial statements of the GPAA and for the year ended 31 March 2020.

Irregular expenditure

9. As disclosed in note 19 to the financial statements, the GPAA incurred irregular expenditure of R19 350 573,79 in the current year, as a result of non-compliance with applicable procurement legislation.

Responsibilities of accounting officer for the financial statements

10. The is responsible for the preparation and fair presentation of the financial statements in accordance with Standard of GRAP and the requirements of the PFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting officer is responsible for assessing the GPAA's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the GPAA or to cease operations, or has no realistic alternative but to do so.

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

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

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

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

Report on the audit of the annual performance report

Introduction and scope

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

15. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the GPAA. I have not evaluated the completeness and appropriateness of the performance indicators / measures included in the planning documents. My procedures do not examine whether the actions taken by the GPAA enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the GPAA for the year ended 31 March 2020:

Programme	Pages in the annual performance report
Programme 2 – benefits administration	Page 34-38 and 57-68

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

18. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

- Programme 2 – benefits administration

Other matters

19. I draw attention to the [matter/s] below.

Achievement of planned targets

20. Refer to the annual performance report on pages 30 to 68 for information on the achievement of planned targets for the year and explanations provided for the under-/overachievement of a number of targets.

Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Programme 2- Benefit Administration. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

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

23. The material findings on compliance with specific matters in key legislation are as follows:

Consequence management

24. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 38(1)(h)(iii) of the PFMA.

Expenditure management

25. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R19 350 573,79, as disclosed in note 18 to the financial statements, as required by section 38 (1) (c) (ii) of the PFMA and treasury regulations 9.1.1. The majority of the irregular expenditure resulted from non-compliance with the supply chain management prescripts

26. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3

Procurement and contract management

27. Some of the services of a transaction value above R500 000 were procured without inviting competitive as required by treasury regulations 16A6.1.

28. Some of the tenders which achieved the minimum qualifying score for functionality criteria were not evaluated further in accordance with preferential procurement regulation 5(7). This non-compliance was identified in the procurement processes for the security services.

Other information

29. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
30. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
31. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

32. The other information I obtained prior to the date of the audit report is the accounting officer's report; the minister's foreword and the audit committee's report are expected to be made available to me after 30 September 2020.
33. If based on the work I performed on the other information that I have obtained prior to the date of this auditor's report, I conclude that there is material misstatement of this other information, I am required to report that fact.
34. When I do receive the minister's foreword and the audit committee's report, and if I conclude that there are material misstatements therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not correct, I may have to retract the auditor's report and re-issue the amended report as appropriate.

Internal control deficiencies

35. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant

internal control deficiencies that resulted in the basis for the findings on compliance with legislation included in this report

36. The accounting officer did not effectively exercise oversight responsibility and review compliance with legislation relating to procurement and contract management, the requirements of the financial reporting framework as well as the National Treasury's Framework for Managing Programme Performance Information, resulting in material non-compliance being identified.
37. Effective compliance monitoring was not implemented to ensure compliance in expenditure management.
38. Proper record management controls were not in place, which resulted in significant delays in the retrieving and submission of documentation, negatively affecting audit timelines and budgets.

Auditor General

Pretoria

30 September 2020



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the GPAA's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
- conclude on the appropriateness of the accounting officer use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the GPAA's to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a GPAA to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

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

Explanatory information and examples

General

GOVERNMENT PENSIONS ADMINISTRATION AGENCY | STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

		2020	Restated 2019
	Notes	R'000	R'000
Non-Current Assets		349,388	371,623
Property, plant and equipment	3	186,795	199,592 ¹
Intangible assets	4	162,593	172,031 ¹
Current Assets		191,568	194,137
Inventory	5	847	772
Trade and other receivables from exchange transactions	6	106,352	133,795 ¹
Prepayments	7	10,569	16,461 ¹
Cash and cash equivalents	8	73,800	43,109
TOTAL ASSETS		540,956	565,760
Current Liabilities		150,341	145,710
Trade and other payables from exchange transactions	9	127,815	125,358 ¹
Operating lease liability	10	1,292	1,919
Provision for leave pay	11	21,234	18,433
TOTAL LIABILITIES		150,341	145,710
Net Assets		390,615	420,050
Accumulated surplus		390,615	420,050 ¹
TOTAL NET ASSETS AND LIABILITIES		540,956	565,760

1 Restated, refer to note 23

GOVERNMENT PENSIONS ADMINISTRATION AGENCY | STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 R'000	Restated 2019 R'000
Revenue from Exchange Transactions		1,110,654	1,039,853
Administration income	12.1	1,106,145	1,037,265 ¹
Other income	12.2	4,509	2,588
Expenses		1,140,089	1,017,010
Personnel remuneration	13	530,726	493,688
Travel and subsistence		31,405	23,755 ¹
Depreciation	3	36,200	30,925
Amortisation	4	80,438	78,060 ¹
Cleaning services		6,616	5,685
Maintenance and repairs		8,848	7,450 ¹
Operating leases		53,765	50,675
Professional services and consulting		110,223	90,574 ¹
Audit fees		6,653	4,276
Communication		84,833	68,148 ¹
Printing and stationery		41,966	35,709 ¹
Advertising		22,277	18,412 ¹
Computer services		94,915	84,785 ¹
Training and staff development		10,516	6,565
Municipal services		10,333	10,346
Other operating expenses		9,886	6,020 ¹
Loss on disposal of assets		489	1,937
Interest paid		- ²	-
(Deficit)/ Surplus for the year		(29,435)	22,843

1 Restated, refer to note 23

2 Denotes amount less than R1,000

GOVERNMENT PENSIONS ADMINISTRATION AGENCY | STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Restated
		R'000
		Accumulated
		Surplus
Balance as at 01 April 2018		394,108
Opening balance adjustment		3,099
Surplus for the year		22,843 ¹
Balance as at 31 March 2019		420,050¹
Deficit for the year		(29,435)
Balance as at 31 March 2020		390,615

¹ Restated, refer to note 23

GOVERNMENT PENSIONS ADMINISTRATION AGENCY | CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2020 R'000	Restated 2019 R'000
Cash flow from operating activities			
Cash generated from operations	14	121,266	102,331
Cash receipts from customers		1,133,481	1,037,749 ¹
Cash paid to personnel and suppliers		(1,012,215)	(935,418) ¹
Interest received	12.2	4,317	2,403
Interest paid		- ²	-
Net cash flow from operating activities		125,583	104,734
Net cash flow from investing activities			
		(94,892)	(103,882)
Proceeds from disposal of property, plant and equipment		470	682
Additions to property plant and equipment	3.1	(24,362)	(31,667) ¹
Additions to intangible assets	4.1	(71,000)	(72,897) ¹
Net (decrease)/ increase in cash and cash equivalents		30,691	852
Cash and cash equivalents at the beginning of the year		43,109	42,257
Cash and cash equivalent at the end of the year	8	73,800	43,109

1 Restated, refer to note 23

2 Denotes amount less than R1,000

STATEMENT OF COMPARISON BETWEEN BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2020

	Approved Budget		Adjustments		Final		Actual Amounts on comparable basis		Difference between final budget and Actual Amounts	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenue										
Administration Fees	1,108,862	1,135,217	-	-	1,108,862	1,135,217	1,106,145	1,037,265	(2,717)	(97,952)
Other income	-	-	-	-	-	-	4,509	2,588	4,509	2,588
	1,108,862	1,135,217	-	-	1,108,862	1,135,217	1,110,654	1,039,853	1,792	(95,364)
Expenditure										
Personnel remuneration	563,187	526,671	(48,976)	-	514,211	526,671	530,726	493,688	(16,515)	32,983
Operating expenses	492,451	550,762	(15,640)	-	476,810	550,762	492,725	414,337	(15,915)	136,425
	1,055,638	1,077,433	(64,616)	-	991,022	1,077,433	1,023,451	908,025	(32,430)	169,408
Surplus before depreciation and amortisation										
	53,224	57,784	64,616	-	117,840	57,784	87,203	131,828	(30,638)	74,044
Depreciation and amortization	-	-	-	-	-	-	116,638	108,985	(116,438)	(108,985)
Surplus/(Deficit)										
	53,224	57,784	64,616	-	117,840	57,784	(29,435)	22,843	(147,272)	(34,941)
Capital Expenditure										
	53,224	57,784	64,616	-	117,840	57,784	95,362	104,564	22,478	(46,780)

ACTUALS AGAINST BUDGET ANALYSIS

Revenue

GPAA administration fees are charged on a cost recovery basis, this is in terms of the agreement with the Government Employees Pension Fund (GEPF) and the National Treasury.

GPAA receives 93% of its revenue from GEPF and 7% from National Treasury for administration services rendered for both GEPF and National Treasury pension members. The nett favourable variance of R 1, 8 million is mainly due to interest income not budgeted for.

Operating Expenditure

The total operating expenditure (Excluding depreciation and amortisation) of R1, 032 billion was R32million above budget mainly due to the following:

- Under estimation of benefits for contract workers and leave gratuities for employees who resigned resulted in personnel expenditure overspending of R16.5 million for compensation of employees;

- Communication expenditure budget deficit of R17.8 million is mainly due to the implementation of the Digital Communication project in the 2020 financial year. The increased communications resulted in more queries received by the administration. The call volumes incoming to the Call Centre increased for the toll free number, resulting in higher outbound calls and higher costs.
- There is a saving of R14.4 million on consulting and professional expenditure due to CIVPEN Replacement project that was halted pending approval by the Government Employees Pension Fund;
- There is over spending of R33.3 million on computer services due to the mid-year budget reductions mainly under Software and maintenance support. Procurement of ORACLE IAM and implementation was already underway and the amount were settled in full as per contract.

Capital Expenditure

The capital expenditure of R95 million was R22.5 million below budget mainly due to:

- Computer Equipment to the value of R 5.5 million expected to be delivered in March 2020 was delivered in June 2020 due to national lockdown restrictions as a result of COVID-19.
- Motor vehicles that under spent by R 5.6 million as a result of the discontinued production of the Toyota model quoted. GPAA now waiting for National Treasury to load the new Toyota model on RT57.
- There has been a R5 million under spending on leasehold improvement , office furniture and fittings due to delays in the commencement of renovations/relocations in Polokwane, Thohoyandou, Kimberley, Mafikeng, Cape Town, Phuthaditjhaba satellite & regional offices.

1. PRINCIPAL ACCOUNTING POLICIES

1.1 Basis of presentation of financial statements

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

GPAA has obtained approval from the Minister of Finance for the application of Generally Recognised Accounting Practice (GRAP) on a permanent, thus the financial statements were prepared in accordance with GRAP issued by the Accounting Standards Board in accordance with Section 91(1) (b) of the Public Finance Management Act (Act No 1 of 1999), rather than the Modified Cash Basis normally applicable to Departments and Government Components.

GPAA's financial statements are prepared on an accrual basis of accounting with historical

cost as the basis of measurement, unless specified otherwise.

Assets, liabilities, revenue and expenses have not been offset, except where offsetting is required or permitted by GRAP.

The principal accounting policies which have been applied in the preparation of these financial statements are disclosed below.

1.2 Presentation currency

These annual financial statements are presented in South African Rand (R), which is the functional currency of the entity. Amounts are rounded off to the nearest thousand.

1.3 Going concern assumption

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

1.4 Comparative information

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

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

1.5 Significant judgements and estimates

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

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

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

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

1. 5.1 Judgements and estimates

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

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

Provision for Impairment of Receivables

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

Provision for accumulated leave pay

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

Provision for Performance Bonus

The provision recognised on performance bonuses is based on the approved annual budget for the current financial year.

Impairment of assets

When an impairment indicator exist, management must determine a recoverable service amount. The recoverable service amount is the higher of assets fair value less costs to sell or value in use. It may not be possible to determine fair value less costs to sell in which case the alternative methods may be used to

estimate fair value less costs to sell. Value in use is the present value of the assets remaining service potential.

Residual values and useful lives

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

Other provisions

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

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

1.6 Principal-agent arrangements.

The GPAA renders pension administration services to pension members and beneficiaries (pensioners, members, children and spouses) on behalf of National Treasury (AIPF, TEPF and Programme 7) and GEPF. The provision of pension administration services is regulated by the Service Level Agreements (SLAs) with GEPF and National Treasury. GPAA is an agent of GEPF and National Treasury as defined in GRAP 109. The purpose of the relationship is for GPAA to assist GEPF and National Treasury with the administration of their schemes benefits and claims. The significant terms and conditions didn't change materially during the financial year.

In terms of the signed SLA, GPAA is required to comply with all applicable legislation and regulations; and has fiduciary responsibilities to National Treasury. As a result, the agency is required to comply with regulations such as the PFMA amongst others. Adherence to these public sector legislation and regulations ensures that GPAA's activities are well managed, and give assurance on the agency's ability to meet its objectives and mitigation of associated risks.

The agency did not hold any resources, incurred any liabilities or earned corresponding rights of reimbursement recognized as assets on behalf of National Treasury or the GEPF. Assets and liabilities, revenue and expenses are rather recognized in GPAA's annual financial statements based on relevant GRAP standards. The agency currently recovers all its administration costs from National Treasury and GEPF based on costs incurred, no profit margins are added for the fees charged.

The following are the significant terms and conditions as defined in the signed SLAs:

Membership and Contributions Management

SERVICE	SERVICE DETAIL	SERVICE LEVEL STANDARD	MINIMUM STANDARD
Admission of new members	Create member records for new members	Percentage of members admitted within a set period of receipt of completed documentation data set	96% within 21 calendar days
Membership certificates	Providing membership certificates to new members upon admission, in a format approved by the Fund	Percentage of membership certificates issued within a set period of receipt of completed documentation subject to a valid address	95% within 21 calendar days
Maintain and update member records	Update member records with dependents and nominees' forms as and when received	Percentage of member records updated within a set period of receipt of completed documentation	95% within 21 calendar days
Maintain and update member records	Update new entrant and existing member records as and when received	Percentage of member records updated within a set period of receipt of completed documentation	95% within 21 calendar days
Annual benefit statements	Provide an annual benefit statement to all members in a format agreed with the Fund	Percentage of annual benefits statements sent out within a set period after the Fund's year end	75% sent out within 3 months after the Fund's year end
Pensioner cards	Issue pensioner cards to new pensioners	Percentage of pensioner cards issued within a set period of receipt of completed documentation	90% within 21 calendar days
Maintain and update pensioner records	Update pensioner records for any new information received	Percentage of pensioner records updated within a set period of receipt of the information	95% within 21 calendar days
Receive and reconcile contributions	Contributions received by the 7 th day of the following month to be reconciled	Percentage of these contributions to be reconciled by a set date	95% reconciled by the 22 nd of the month

Claims and Payments

SERVICE	SERVICE DETAIL	SERVICE LEVEL STANDARD	MINIMUM STANDARD
Payment of benefits in terms of the Fund's rules	Payment of resignation benefits	Percentage of benefits paid within a set period of receipt of completed documentation	95% within 45 calendar days
	Payment of retirement benefits	Percentage of monthly pension benefits paid for new retirees within a set period of receipt of completed documentation	70% within 45 calendar days
	Payment of death benefits	Percentage of benefits paid within a set period of receipt of completed documentation	70% within 60 calendar days
	Payment of funeral benefits and update of member records	Percentage of benefits paid and records updated within a set period of the later of receipt of notification of death and receipt of completed documentation	95% within 4 working days
	Manual tax directives, where required, to be requested from SARS	Percentage of manual tax directives to be requested within a set period of receipt of completed documentation	95% within 4 calendar days
	Pensions to be increased each year in accordance with the pension increase determined by the Fund	Percentage of pensions to be increased in the pension payroll run in the effective month of the increase	100%
	Record data and benefit values for members transferred into the Fund	Percentage of records updated within a set period of the receipt of completed documentation	95% within 21 calendar days
	Payment of transfer values for members transferred out of the Fund	Percentage of transfer values paid within a set period of the completion of all documentation	95% within 21 calendar days

Client Relations Management

SERVICE	SERVICE DETAIL	SERVICE LEVEL STANDARD	MINIMUM STANDARD
Member communication	Member and pensioner newsletters	Specified number of newsletters each financial year to be sent to members and pensioners by set dates	Four newsletters by deadlines dates of: 31 May 31 August 30 November 28 February
Member communication	Community and commercial media	Specified number of editorial articles to be placed during each period	2 articles per quarter
Member call centre	Calls by members to the call centre	Percentage of calls answered within set periods	80% within 5 minutes
Member call centre	Calls by members to the call centre	Efficiency rating as determined by the system generated service level index	80%
Member call centre	Satisfaction rating of calls to the call centre by members	Average satisfaction rating by members who complete a satisfaction rating immediately after completing their call	65%
Fund relationship management	Responses to media enquiries	Percentage of enquiries responded to within a set period	90% within 2 working days
Fund relationship management	Responses to Hello Peter enquiries	Percentage of enquiries responded to within a set period	90% within 3 working days

Bank account and investment

SERVICE	SERVICE DETAIL	SERVICE LEVEL STANDARD	MINIMUM STANDARD
Bank accounts and cash management	Reconciliation of bank and asset manager accounts and investment and disinvestment of monies	Percentage compliance with the performance and time standards set out in the Fund's Cash Flow Management Policy	100% each quarter

Fraud prevention

SERVICE	SERVICE DETAIL	SERVICE LEVEL STANDARD	MINIMUM STANDARD
Fraud cases	Fraud cases to be finalised	Percentage of open fraud cases to be closed within each reporting period	20% within each quarter

Legal and Compliance

SERVICE	SERVICE DETAIL	SERVICE LEVEL STANDARD	MINIMUM STANDARD
Member records	Update member records for any valid court orders received by the Fund	Percentage of valid court orders recorded on member records within a set period from the date of receipt	90% with 21 calendar days
	Payments required in respect of any valid court orders received by the Fund	Percentage of payments made in respect of valid court orders within a set period from the date of receipt of former spouse election	90% with 60 calendar days
	Respond to the member in respect of an invalid court order	Percentage of responses to invalid court orders within a set period from the date of receipt	90% within 5 calendar days

Information Communication Technology and Business Continuity

SERVICE	SERVICE DETAIL	SERVICE LEVEL STANDARD	MINIMUM STANDARD
System up-time	Systems must be available for (at least) 12 hours per day on working days from 07h00 to 19h00	Percentage of time system is available during required times per quarter	97%
System support	System maintenance should be undertaken as and when required	System maintenance should not exceed a specified duration	99% not exceed 2 hours

Internal Audit

SERVICE	SERVICE DETAIL	SERVICE LEVEL STANDARD	MINIMUM STANDARD
Internal audit	Internal audit plan to be submitted to the Fund by 30 April each year	Internal audit plan to be submitted within the agreed timelines	100%
	A. Quarterly review of Administration reports to be done and reported to GEPF at the EXCO to EXCO meetings.	Reports to be submitted quarterly	100%
	B. Data Analytics to be performed and reported on, at least once a year, on Active Member Data and Pensioner Maintenance.	Annual data analytics to be performed	100%

Reporting and Data extracts

SERVICE	SERVICE DETAIL	SERVICE LEVEL STANDARD	MINIMUM STANDARD
Data extracts	Provision of data requested by third parties	Percentage of data provided with a set period from the date the request is received	95% within 2 weeks

1.7 Property, Plant and Equipment.

1.7.1 Initial recognition and measurement

Property, plant and equipment are tangible non-current assets that are held for use in the supply of goods or services.

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

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

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

Some intangible assets may be contained in or on a physical substance. In determining whether an asset that incorporates both tangible and intangible elements should be treated under the Standard of GRAP on Property, Plant and Equipment (GRAP 17) or Intangible Assets (GRAP 31), the entity uses judgement to assess which element is more significant. When the software is not an integral part of the related hardware, computer software is treated as an intangible asset. If however the hardware cannot operate without specific software because it is an integral part of the related hardware, both are treated as property, plant and equipment.

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

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

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

Assets not yet available for use are disclosed as "Capital work-in-progress" in the Property, plant and equipment note.

1.7.2 Subsequent measurement

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

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

The annual depreciation is based on the following revised estimated assets useful lives:

CATEGORY OF ASSET	REVISED AVERAGE USEFUL LIFE (YEARS)
Computer Equipment	5-8
Furniture & Fittings	10
Leasehold Improvements	Lesser of 15 years and lease period.
Office Equipment	5-10
Motor Vehicles	7
Tools	6

1.7.3 Subsequent expenditure

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

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

1.7.4 Depreciation

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

1.7.5 Impairments

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

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

1.7.6 Derecognition

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

1.8 Intangible Assets

1.8.1 Initial recognition and measurement

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

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

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

Intangible assets are initially recognised at cost.

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

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the

acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Intangible assets not yet available for use are disclosed as "Capital work-in-progress" in the Intangible assets note.

1.8.2 Subsequent measurement

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

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

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

Financial Performance in the expense category consistent with the function of the intangible asset. During the period of development, the asset is tested for impairment annually.

1.8.3 Amortisation

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

The annual amortisation is based on the following estimated assets useful lives:

CATEGORY OF INTANGIBLE ASSET	AVERAGE USEFUL LIFE (YEARS)
Computer Software	5-10
Licenses	License period

1.8.4 Impairments

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

1.8.5 Derecognition

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

1.8.6 Capital work-in-progress

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

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

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

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

1.9 Inventory

1.9.1 Initial recognition and measurement

Inventories are initially recognised at cost. Cost refers to the purchase price, plus taxes,

transport costs and any other costs in bringing the inventories to their current location and condition.

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

Differences arising on the valuation of inventory are recognised in the statement of financial performance.

1.9.2 Subsequent measurement

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

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

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

The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction of inventories recognised as an expense in the period in which the reversal occurs.

1.9.3 Derecognition

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

1.10 Financial Instruments

1.10.1 Initial recognition

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

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

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

1.10.2 Initial measurement

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

1.10.3 Subsequent measurement

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

1.10.4 Gains and losses

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

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

1.10.6 Impairments

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

1.11 Policies relating to specific financial instruments

1.11.1 Cash and cash equivalents

Cash and cash equivalents are measured at fair value. Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions

with maturities of three months or less and are subject to an insignificant risk of change in value.

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

1.11.2 Trade and other receivables from exchange transactions

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

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

1.11.3 Trade and other payables from exchange transactions

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

1.12 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.

1.13 Leases

The entity as lessee

1.13.1 Recognition

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity through the lease agreement. Assets classified as finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

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

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

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

1.13.2 Measurement

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

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

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

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

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

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

1.13.3 Derecognition

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

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

1.14 Revenue from exchange transactions

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

1.14.1 administration fees

GPAA is the administrator of GEPP and National Treasury funds (i.e. AIPF, TEPF and Programme 7) and is receiving an administration fee for these services provided. These fees are on cost recovery basis and are recognised once the expenditure has been incurred.

1.14.2 other income

1.14.2.1 commission income

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

1.14.2.2 interest income

Income that accrues on a time-proportionated basis on cash balance on overdue debtors, PMG and Absa accounts.

1.14.2.3 parking income

Income that is earned monthly on shaded car parking allocated to staff members.

1.15 Personnel remuneration

The cost of employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the reporting date.

Termination benefits are recognised and expensed only when the payment is made.

Liabilities for annual service bonus and long service bonus are recognised as they accrue to employees. GPAA recognises bonus obligations during the vesting period based on the best available estimate of these bonuses expected to vest. Due to uncertainty regarding the fiscal constraints the bonus liability is recognised as a provision.

Liabilities for annual leave are recognised as they accrue to employees. GPAA recognises the leave obligation during the vesting period based on the best available estimate of the accumulated leave expected to vest. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee. The leave liability is recognised as an accrual as it is certain that employees will take all their leave within 6 months of the next calendar year to avoid forfeiting.

No provision has been made for retirement benefits as GPAA does not provide for retirement benefits for its employees

1.16 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (PFMA) or is in contravention of the entity's supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is disclosed as such in the notes to the annual financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure is recorded in the notes

to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefore are provided in the note. Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

1.17 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and which could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is disclosed as such in the notes to the annual financial statements.

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

1.17.1 Recovery of irregular, fruitless & wasteful expenditure

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

1.18 Post-reporting date events

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

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

The entity will adjust the amounts recognised

in the financial statements to reflect adjusting events after the reporting date once the event has occurred.

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

1.19 Related parties

The entity has processes and controls in place to aid in the identification of related parties. A related party is a person or an entity with the ability to control or jointly control the other party or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

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

- a) Normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity

to have adopted if dealing with that individual entity or person in the same circumstances; and

- b) Terms and conditions within the normal operating parameters established by the reporting entity's legal mandate;

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

Information about such transactions is disclosed in the financial statements.

1.20 Commitments

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

1.21 Contingent liabilities

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

1.22 Budget Information

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

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

The approved budget is prepared on an accrual basis.

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

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

The company will apply the following standards from its mandatory adoption date of 1 April 2020. The standard is applicable to the Agency for the year-ended 31 March 2021

Standard / Interpretation:

GRAP Standards	Title
GRAP 104	Financial Instruments

The following are the key changes to GRAP 104

Item	Summary of changes
Scope	Financial guarantee contracts and some loan commitments now in scope.
Presentation	Guidance on offsetting financial assets and financial liabilities
Classification of financial instruments	Based on (a) management model, and (b) characteristics of the contractual cash flows for financial assets. Financial liabilities depends on instrument.
Subsequent measurement	Amortised cost, fair value and cost for some financial assets (no change). Incurred to expected credit loss impairment model. Recognition of gains and losses for own credit risk on designated financial liabilities

The Agency is still assessing the impact of the new standard

3. Property, plant and equipment

Reconciliation of Carrying Value

		2020			2019	
	Cost	Accumulated Depreciation & Impairment	Carrying Value	Restated Cost	Accumulated Depreciation & Impairment	Restated Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Equipment	215,955	(107,001)	108,954	187,879	(87,820)	100,059
Furniture & Fittings	43,541	(18,429)	25,112	41,748	(15,409)	26,339
Leasehold Improvements	21,690	(5,676)	16,014	19,051	(3,063)	15,988
Office Equipment	57,301	(28,558)	28,743	55,212	(23,952)	31,260
Vehicles	15,196	(10,667)	4,529	15,673	(9,823)	5,850
Tools	61	(45)	16	51	(39)	12
Capital Work in Progress	3,427	-	3,427	20,084 ¹	-	20,084 ¹
Total	357,171	(170,376)	186,795	339,698	(140,106)	199,592

1 Restated, refer to note 23

3.1 Reconciliation of Property, Plant and Equipment- 2020

	Carrying Value Opening Balance	Additions	Disposals	Depreciation	Reallocations	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Equipment	100,059	17,243	(616)	(22,945)	15,213	108,954
Furniture & Fittings	26,339	2,246	(94)	(3,631)	252	25,112
Leasehold Improvements	15,988	2,641	-	(2,615)	-	16,014
Office Equipment	31,260	1,469	(34)	(4,973)	1,021	28,743
Vehicles	5,850	708	-	(2,029)	-	4,529
Tools	12	11	-	(7)	-	16
Capital Work in Progress	20,084	44	(215)	-	(16,486)	3,427
Total	199,592	24,362	(959)	(36,200)	-	186,795

3.2 Reconciliation of Property, Plant and Equipment- 2019

	Restated Carrying Value Opening Balance	Additions	Disposals	Depreciation	Provision for missing assets	Reallocations	Restated Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Computer Equipment	109,477	10,149	(1,445)	(20,271)	32	2,117	100,059
Furniture & Fittings	24,558	5,695	(811)	(3,146)	-	43	26,339
Leasehold Improvements	12,132	4,821	-	(1,271)	-	306	15,988
Office Equipment	30,008	3,408	(402)	(4,485)	85	2,646	31,260
Vehicles	4,707	2,889	-	(1,746)	-	-	5,850
Tools	18	-	-	(6)	-	-	12
Capital Work in Progress	20,628 ¹	4,705	(137)	-	-	(5,112)	20,084 ¹
Total	201,528	31,667	(2,795)	(30,925)	117	-	199,592

1 Restated, refer to note 23

4. Intangible Assets

Reconciliation of Carrying Value

		2020			2019	
	Cost	Accumulated Amortisation & Impairment	Carrying Value	Restated Cost	Restated Accumulated Amortisation & Impairment	Restated Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Software	123,733	(58,319)	65,414	101,499	(46,979) ²	54,520 ¹
Licenses	72,248	(42,056)	30,192	96,162 ¹	(62,604) ¹	33,558 ¹
Capital Work in Progress	-	-	-	3,272 ¹	-	3,272 ¹
Internally Generated Software	116,601	(49,614)	66,987	104,471	(35,888) ¹	68,583 ¹
Internally Generated Capital Work in Progress	-	-	-	12,098	-	12,098
Total	312,582	(149,989)	162,593	317,502	(145,471)	172,031

1 Restated, refer to note 23

4.1 Reconciliation of Intangible Assets- 2020

	Carrying Value Opening Balance	Additions	Amortisation	Reallocations	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000
Computer Software	54,520	21,309	(11,339)	924	65,414
Licenses	33,558	49,662	(55,376)	2,348	30,192
Capital Work in Progress	3,272	-	-	(3,272)	-
Internally Generated Software	68,583	29	(13,723)	12,098	66,987
Internally Capital Work in Progress	12,098	-	-	(12,098)	-
Total	172,156	71,000	(80,438)	-	162,593

4.2. Reconciliation of Intangible Assets- 2019

	Restated Carrying Value Opening Balance	Restated Additions	Restated Amortisation	Reallocations	Restated Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000
Computer Software	63,379 ¹	-	(8,859)	-	54,520 ¹
Licenses	19,157 ¹	68,875 ¹	(55,598) ¹	1,124	33,558 ¹
Capital Work in Progress	4,396 ¹	-	-	(1,124)	3,272 ¹
Internally Generated Software	49,483 ¹	-	(13,603)	32,703	68,583 ¹
Internally Generated Capital Work in Progress	40,779	4,022	-	(32,703)	12,098
Total	177,194	72,897	(78,060)	-	172,031

1 Restated, refer to note 23

5. Inventory

	2020	2019
	R'000	R'000

Inventory	847	772
	847	772

Inventory consist of consumables

6. Trade and Other Receivables from Exchange Transactions

	2020		
	Gross Balances	Provision for Doubtful Debts	Net Balance
	R'000	R'000	R'000
Trade receivables	105,720	(532)	105,188
Staff debtors	676	-	676
Out of service staff debtors	788	(300)	488
	107,184	(832)	106,352
	2019		
	Restated Gross Balances	Provision for Doubtful Debts	Restated Net Balance
	R'000	R'000	R'000
Trade receivables	133,004 ¹	(352)	132,652 ¹
Staff debtors	634	-	634
Out of service staff debtors	689	(180)	509
	134,327	(532)	133,795

1 Restated, refer to note 23

6.1 Ageing- Trade and Other Receivables from Exchange Transactions- 2020

	Restated Trade receivables	Staff debtors	Out of service staff debtors	Total
	R'000	R'000	R'000	R'000
Current (0 – 30 days)	104,276	19	42	104,337
31 - 60 Days	12	8	5	25
61 - 90 Days	-	30	-	30
Over 90 Days	1,432	619	741	2,792
	105,720	676	788	107,184
Provision for doubtful debts	(532)	-	(300)	(832)
	105,188	676	488	106,352

6.2 Ageing- Trade and Other Receivables from Exchange Transactions- 2019

	Restated Trade receivables	Staff debtors	Out of service staff debtors	Restated Total
	R'000	R'000	R'000	R'000
Current (0 – 30 days)	128,163 ¹	12	2	128,177 ¹
31 - 60 Days	238	7	-	245
61 - 90 Days	24	55	25	104
over 90 Days	4,579 ¹	560	662	5,801 ¹
	133,004	634	689	134,327
Provision for doubtful debts	(352)	-	(180)	(532)
	132,652	634	509	133,795

1 Restated, refer to note 23

6.3 Trade and other debtors not impaired

The carrying value of trade and other receivables approximates the fair value. The agency service charges are payable on demand. An allowance for credit losses is raised for all outstanding trade receivables where information obtained indicates impairment. The allowance is subsequently utilised where it is determined that all avenues of recoverability have been applied.

	Current	31 – 60 days	61 – 90 days	91+ days	Total
	R'000	R'000	R'000	R'000	R'000
Credit quality - 2020					
Trade receivables	104,276	12	-	900	105,188
Staff debtors	19	8	30	619	676
Out of service staff debtors	42	5	-	441	488
	104,337	25	30	1,960	106,352
Credit quality - 2019					
Trade receivables	128,163 ¹	238	24	4,227 ¹	132,652 ¹
Staff debtors	12	7	55	560	634
Out of service staff debtors	2	-	25	482	509
	128,177	245	104	5,269	133,795

¹ Restated, refer to note 23

6.4 Reconciliation of the doubtful debt provision

	2020	2019
	R'000	R'000
Balance at beginning of the year	(532)	(604)
Contributions to provision	(300)	-
Reversal of provision	-	72
	(832)	(532)

7. Prepayments

	2020	Restated 2019
	R'000	R'000
Prepaid expenses	10,569	16,461 ¹
	10,569	16,461

Prepaid expenses mainly relate to media campaigns, and software maintenance and support. The average prepaid period is 12 months.

8. Cash and cash equivalents

	2020	2019
	R'000	R'000

Cash and cash equivalents consist of:

PMG	68,539	32,408
ABSA	4,985	10,693
Petty cash	276	8
	<u>73,800</u>	<u>43,109</u>

9. Trade and Other Payables from Exchange Transactions

	2020	Restated 2019
	R'000	R'000

Trade creditors	28,069	42,034
Accruals	81,691	63,813 ¹
Bonus accrual	16,290	18,992
Unknown deposits	1,360	-
Sundry creditors	405	519
	<u>127,815</u>	<u>125,358</u>

1 Restated, refer to note 23

9.1 Ageing- Trade and Other Payables from Exchange Transactions- 2020

	Trade creditors	Accruals	Sundry creditors	Total
	R'000	R'000	R'000	R'000
Current (0 – 30 days)	27,745	81,691	405	109,841
31 - 60 Days	3	-	-	3
61 - 90 Days	-	-	-	-
91-120 Days	-	-	-	-
Over 120 Days	321	-	-	321
	28,069	81,691	405	110,165

9.2 Ageing- Trade and Other Payables from Exchange Transactions- 2019

	Trade creditors	Restated Accruals	Sundry creditors	Restated Total
	R'000	R'000	R'000	R'000
Current (0 – 30 days)	33,705	59,562 ¹	519	93,786
31 - 60 Days	8,098	-	-	8,098
61 - 90 Days	21	-	-	21
91 - 120 Days	4	-	-	4
Over 120 Days	206	4,251 ¹	-	4,457
	42,034	63,813 ¹	519	106,366

1 Restated, refer to note 23

10. Operating Lease Liability

	2020	2019
	R'000	R'000
Operating lease liability	1,292	1,919
	1,292	1,919

The agency's significant operating leases relate to property rentals of office premises and branches. The rentals have fixed monthly payments and escalation clauses are based on market related rates and vary between 6% and 8%.

The leases are usually for a period of three to five years. The leases are non-cancellable and certain of the leases have an option to renew for a further leasing period at the end of the original lease term. The cash flow from operating lease commitments is monthly and in line with the signed lease agreements.

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

	2020	2019
	R'000	R'000
Payables not later than one year	21,770	23,093
Payables later than one year but not later than five years	21,691	27,282
	43,461	50,375

11. Provision for leave pay

	2020	2019
	R'000	R'000
Provision for leave pay	21,234	18,433
Balance at the beginning of the year	18,433	18,906
Provided	21,234	18,433
Utilised	(18,433)	(18,906)
	21,234	18,433

12. Revenue from Exchange Transactions

12.1 Administration Fees

	2020	Restated 2019
	R'000	R'000
GEPF	1,038,985	967,433 ¹
National Treasury (Programme 7)	61,107	63,954
AIPF	5,861	5,733 ¹
TEPF	192	145 ¹
	1,106,145	1,037,265 ¹

The GPAA earns its entire administration fees from the principal-agent arrangements with GEPF and National Treasury on a cost recovery basis. Refer to note 1.6

¹ Restated, refer to note 23

12.2 Other Income

	2020	2019
	R'000	R'000
Commission income	162	155
Interest income	4,317	2,403
Parking income	30	30
	<u>4,509</u>	<u>2,588</u>

13. Personnel Remuneration

	2020	2019
	R'000	R'000
Compensation of employees	394,395	362,308
Contributions to GEPP	42,207	39,735
Other benefits	94,124	91,645
	<u>530,726</u>	<u>493,688</u>

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

	2020	Restated 2019
	R'000	R'000
(Deficit)/Surplus for the year	(29,435)	22,843
Adjustments for non-cash movements:	119,602	110,260
Depreciation and amortisation	116,638	108,985 ¹
Decrease in lease smoothing	(627)	-
Decrease in provision for assets write off	-	(117)
Increase/ (Decrease) in leave provision	2,802	(473)
Loss on disposal property, plant and equipment	489	1,937
Increase/(decrease) in provision for doubtful debts	300	(72)
Add/ (Deduct) separately disclosed line items		
Interest received	(4,317)	(2,403)
Add/(Deduct) changes in working capital	35,416	(28,369)
Increase/ (Decrease) in trade payables	2,455	(967) ¹
(Increase)/ Decrease in trade receivables	33,036	(27,242) ¹
Increase in Inventories	(75)	(160)
Net Cash Flows from Operating Activities	<u>121,266</u>	<u>102,331</u>

1 Restated, refer to note 23

15. Contingent Liabilities

As at year-end GPAA has the following contingent liabilities:

	2020	2019
	R'000	R'000
Claims per arbitration award	1,500	1,956
Matters awaiting judgement after review application	-	543
	1,500	2,499

16. Contingent Assets

As at year-end GPAA has the following contingent assets:

	2020	2019
	R'000	R'000
Matters awaiting judgement after review application	677	-
Operational Expenditure	677	-

17. Commitments

	2020	2019
	R'000	R'000
Capital Expenditure	7,511	44,219
Operational Expenditure	348,142	361,224
	355,653	405,443

18. Post-reporting date events

Covid-19 was a known reality before the reporting date with some of its impact already felt in March 2020. The President of the Republic of South Africa announced a nation-wide lock down for 21 days, effective 26 March 2020 which resulted in lost trading days. With the ongoing staged lockdown, this is expected to continue disrupting the agency's operations and service delivery. The agency considers the effects of Covid-19 to be a non-adjusting post balance sheet event and unlikely to impact its ability to continue trading as a going concern.

19. Irregular Expenditure

19.1 Reconciliation of irregular expenditure

	2020	2019
	R'000	R'000
Opening balance -	33,203	28,732
Prior period error	-	-
As restated	33,203	28,732
Add: Irregular expenditure - current year	15,382	2,107
Add: Irregular expenditure - prior year	3,969	2,364
Less: Condoned or written off by relevant authority	-	-
Less: Transfer to receivables for recovery – not condoned	-	-
Irregular expenditure awaiting condonement	52,554	33,203
Analysis of awaiting condonation per age classification		
Current year	19,351	4,471
Prior years	33,203	28,732
Total	52,554	33,203

19.2 Details of irregular expenditure – added current year (relating to current and prior years)

Incident	Corrective steps taken	R'000
Mainframe maintenance services rendered without approval	Still awaiting Investigations	1,946
Legal services procured without using the approved legal panel	Still awaiting Investigations	1,414
No approval for variation of forensic services	Still awaiting Investigations	75
Storage services continued after the contract had lapsed	Still awaiting Investigations	198
Storage services continued after the contract had lapsed	Still awaiting Investigations	126
Maintenance services not approved	Still awaiting Investigations	56
Software license and support fees incurred without approval	Investigation completed and awaiting for implementation of recommendations	3,179
Bid price included in evaluation not agreeing with the bidder's pricing schedule	Still awaiting Investigations	12,357
Total		19,351

20 Fruitless and wasteful expenditure

20.1 Reconciliation of fruitless and wasteful expenditure

	2020	2019
	R'000	R'000
Opening balance -	134	134
Prior period error	-	-
As restated	134	134
Add: Fruitless and wasteful expenditure – current year	-	-
Add: Fruitless and wasteful expenditure - prior year	-	-
Less: Condoned or written off by relevant authority	(134)	-
Less: Transfer to receivables for recovery	-	-
Fruitless and wasteful expenditure closing balance	-	134

20.2 Details of fruitless and wasteful expenditure written off

Incident	Written off by (Condoning Authority)	R'000
Cancelled adverts of two tenders	Accounting officer	134

21 Losses through criminal conduct

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

22. Financial Risk Management and Financial Instruments

22.1 Categories of financial instruments

	2020	Restated 2019
	R'000	R'000

Current Assets

Cash and cash equivalents	73,841	43,109
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Trade and other receivables from exchange transactions	106,352	133,795 ¹
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	180,193	176,904
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Trade and other payables from exchange transactions	127,815	125,358 ¹
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	127,815	125,358
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¹ Restated, refer to note 23

22.2 Credit Risk

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

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

	2020	Restated 2019
	R'000	R'000
Financial Assets		
Cash and cash equivalents	73,841	43,109
Trade and other receivables from exchange transactions	106,352	133,795 ¹
	180,193	176,904

Cash and cash equivalents

Financial assets which potentially subject GPAA to credit risk consist principally of cash and cash equivalents. Cash and cash equivalents are held with banks which are of high quality credit standing and therefore having insignificant credit risk. Refer to note 5 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 the Government Employees Pension Fund (GEPF), National Treasury, Associated Institutions Pension Fund (AIPF) as well as Temporary Employees Pension Fund (TEPF). The only amounts overdue are with other receivables which are insignificant. Refer to note 6 - Loans and receivables.

¹ Restated, refer to note 23

22.3 Liquidity Risk

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

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

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

The following liquid resources are available:

	2020	Restated 2019
	R'000	R'000
Financial Assets		
Cash and cash equivalents	73,841	43,109
Trade and other receivables from exchange transactions	106,352	133,795 ¹
	180,193	176,904

Payables

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

1 Restated, refer to note 23

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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	Total
	R'000	R'000	R'000	R'000
2020				
Trade and other payables	111,525	-	16,290	127,815
	111,525	-	16,290	127,815
2019				
Trade and other payables	106,366	-	18,992	125,358 ¹
	106,366	-	18,992	125,358 ¹

22.4 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.

1 Restated, refer to note 23

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

	2020		2019	
	Fixed rate instruments	Variable rate instruments	Fixed rate instruments	Variable rate instruments
	R'000	R'000	R'000	R'000
Cash and cash equivalents	-	73,841	-	43,109
	-	73,841	-	43,109

Sensitivity analysis

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

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

	2019		2018	
Change in interest rate %	Upward	Downward	Upward	Downward
	R'000	R'000	R'000	R'000
Prime 1%	738	(738)	431	(431)

Currency risk

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

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

23. Prior Period Errors

The prior year balances have been restated due to the following errors:

- (a) Operational expenditure incorrectly classified as part of the capital expenditure.
- (b) Expenditure that was incurred but was never accrued for at year-end for reporting purpose. GPAA generates its revenue on a cost recovery basis, thus this restatement has affected revenue as well.

The impact of the above corrections are as follows:

Description	Note	2019 As Previously Reported	Restatement	2019 Restated Balances
		R'000	R'000	R'000
Statement of Financial Position				
Current Assets		132,872	17,384	150,256
Trade and other receivables from exchange transactions	23.1	119,238	14,557	133,795
Prepayments	7	13,634	2,827	16,461
Current Assets		364,816	6,807	371,623
Property, plant and equipment	23.2	202,885	(3,293)	199,592
Intangible assets	23.3	161,931	10,100	172,031
		497,688	24,191	521,879

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Description	Note	2019 As Previously Reported	Restatement	2019 Restated Balances
		R'000	R'000	R'000
Current Liabilities		(110,801)	(14,557)	(125,358)
Trade and other payables from exchange transactions	23.4	(110,801)	(14,557)	(125,358)
		(410,416)	(9,634)	(420,050)
Accumulated Surplus	23.5	(410,416)	(9,634)	(420,050)
		(521,217)	(24,191)	(545,408)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Description	Note	2019 As Previously Reported	Restatement	2019 Restated Balances
		R'000	R'000	R'000

Statement of Financial Performance

Administration Fees	23.6	(1,026,960)	(10,305)	(1,037,265)
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Expenses		409,143	3,770	412,913
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Travel and subsistence		23,751	4	23,755
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Amortisation	4	75,915	2,145	78,060
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Maintenance and repairs		7,402	48	7,450
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Professional services and consulting		90,346	228	90,574
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Communication		67,295	853	68,148
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Printing and stationery		35,422	287	35,709
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Advertising		18,408	4	18,412
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Computer services		84,688	97	84,785
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Other operating expenses		5,916	104	6,020
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		(617,817)	(6,535)	(624,352)
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Description	Note	2019 As Previously Reported	Restatement	2019 Restated Balances
		R'000	R'000	R'000

Statement of Cash Flows

Cash flow from operating activities	22.7	91,942	10,389	102,331
Cash receipts from customers		1,013,548	24,201	1,037,749
Cash paid to personnel and suppliers		(921,606)	(13,812)	(935,418)
Cash flow from investing activities		(94,175)	(10,389)	(104,564)
Additions to property, plant and equipment	3	(30,058)	(1,609)	(31,667)
Additions to intangible assets	4	(64,117)	(8,780)	(72,897)
Net increase in cash and cash equivalents		(2,233)	-	(2,233)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Description	Note	2019 As Previously Reported	Restatement	2019 Restated Balances
		R'000	R'000	R'000

23.1 Trade and other receivables from exchange transactions

		118,447	14,557	133,004
Trade Receivables	6	118,447	14,557	133,004

Ageing- Trade and Other Receivables from Exchange Transactions

		118,185	14,557	132,742
Current (0 – 30 days)	6.2	117,857	10,306	128,163
Over 90 Days	6.2	328	4,251	4,579

23.2 Property, plant and Equipment

Reconciliation of Carrying Value		23,377	(3,293)	20,084
Capital Work in Progress- Cost	3.2	23,377	(3,293)	20,084

Reconciliation of Property, Plant and Equipment- 2019		23,921	(3,293)	20,628
Capital Work in Progress- Cost	3.2	23,921	(3,293)	20,628

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Description	Note	2019 As Previously Reported	Restatement	2019 Restated Balances
		R'000	R'000	R'000

23.3 Intangible Assets

Reconciliation of Carrying Value		(56,137)	10,100	(46,037)
Computer Software- Accumulated amortisation	4	(47,196)	217	(46,979)
Computer Software Carrying value		(47,196)	217	(46,979)
Licenses- Cost	4	84,191	11,971	96,162
Licenses- Accumulated Amortisation	4	(60,364)	(2,240)	(62,604)
Licenses Carrying value		23,827	9,731	33,558
Capital Work in Progress- Cost	4	2,903	369	3,272
Capital Work in Progress- Carrying value		2,903	369	3,272
Internally Generated Software- Accumulated amortisation	4	(35,671)	(217)	(35,888)
Internally Generated Software- Carrying value		(35,671)	(217)	(35,888)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Description	Note	2019 As Previously Reported	Restatement	2019 Restated Balances
		R'000	R'000	R'000

23.4 Trade and other payables from exchange transactions

		(49,256)	(14,557)	(63,813)
Accruals	9	(49,256)	(14,557)	(63,813)

23.5 Accumulated Surplus

		(410,416)	(9,634)	(420,050)
Balance as at 01 April 2018		(394,108)	(3,099)	(396,144)
Surplus for the year		(16,308)	(6,535)	(23,906)

23.6 Administration Fees

		(963,006)	(10,305)	(973,311)
GEPF	12.1	(957,190)	(10,243)	(967,433)
AIPF	12.1	(5,673)	(60)	(5,733)
TEPF	12.1	(143)	(2)	(145)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Description	Note	2019 As Previously Reported	Restatement	2019 Restated Balances
		R'000	R'000	R'000

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

Surplus for the year	14	16,308	6,535	22,843
Depreciation and amortisation	14	106,840	2,145	108,985
Add/(less) working capital		(29,918)	1,709	(28,209)
Trade payables	14	(8,731)	7,764	(967)
Trade receivables	14	(21,187)	(6,055)	(27,242)
		93,230	10,389	103,619

24. Change in accounting estimates

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

The effect on the current financial period of the change in useful life will be an increase in amortisation charge as stated below and an equal increase in future periods over the remaining useful lives:

Description	Depreciation based on old rates	Depreciation based on revised rates	Increase in depreciation expense
	R'000	R'000	R'000
Change in depreciation resulting from reassessment of useful lives. The following categories are affected:			
Computer Equipment	22,630	22,951	321
Office Equipment	4,899	4,973	74

25. Related Party Transactions

25.1 Revenue and Trade Receivables

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

	Revenue		Net Receivable/(Payable)	
	2020	Restated 2019	2020	Restated 2019
	R'000	R'000	R'000	R'000
Government Employees Pension Fund	1,038,982	967,433 ¹	93,274	121,618
National Treasury (Programme 7)	61,107	63,954	6,303	5,481
Associated Institutions Pension Fund	5,861	5,733 ¹	5,948	5,759
Temporary Employees Pension Fund	192	145 ¹	195	146
	<u>1,106,142</u>	<u>1,037,265¹</u>	<u>105,720</u>	<u>133,004¹</u>

1 Restated, refer to note 23

25.2 Expenditure and Trade Payables

Description	Expenditure		Balances	
	2020	2019	2020	2019
	R'000	R'000	R'000	R'000
Public Investment Corporation Limited	18,822	13,756	1,419	1,420
	18,822	13,756	1,419	1,420

25.3 Disclosure of Executive Remuneration

		2020			2019		
Name	Designation	Salary and allowances	Bonus	Total	Salary and allowances	Bonus	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Sukdev KG	Chief Executive Officer	2,474	-	2,474	2,316	-	2,316
Mogale RP	Chief Information Officer	-	-	-	456	83	539
Nondabula PE	Acting Chief Financial Officer	1,489	77	1,566	726	59	785
Nondabula PE ¹	Chief Risk Officer	-	-	-	472	19	491
Coetzee M ²	Acting Chief Information Officer	108	-	108	827	-	827
Kgosiemang ME ³	Acting Chief Risk Officer	1,103	76	1,179	581	56	637
Coetzee M ⁴	Chief Information Officer	1,098	59	1,157	-	-	-
Kemp MJ	Acting Executive: Corporate Services	1,461	98	1,559	1,401	94	1,495
Ikaneng BB	Chief Risk Officer	-	-	-	112	53	165
Mda P	Acting Chief Financial Officer	-	-	-	720	94	814
De Witt E	General Manager: Legal	1,301	98	1,399	1,222	104	1,326
		9,034	408	9,442	8,833	562	9,395

¹Appointed: 01 February 2020

²Acting ended: 30 April 2019

³Acting ended: 31 January 2020

⁴Appointed: 01 May 2019

25.4 Audit Committee Members Remuneration

Name	Designation	2020			2019		
		Audit Committee	Other Services ⁴	Total	Audit Committee	Other Services ⁴	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Matloa OM ¹	Chairperson	29	17	46	246	147	393
Sinthumule AF ²	Member	253	-	253	-	-	-
Mzizi PS	Chairperson	256	44	300	35	-	35
Amod MAE	Member	-	-	-	-	13	13
Mangquku LM	Member	-	-	-	32	13	45
Badimo AMM	Member	265	183	448	246	298	544
De Kock CG ³	Member	173	14	187	246	99	345
Furstenburg B	Member	265	116	381	239	137	376
		1,241	374	1,615	1,044	707	1,751

¹ Contract ended: 30 June 2019;

² Appointed: 01 July 2019;

³ Contract ended: 31 January 2020;

⁴ Other Services fees relate to attendance of Risk Committee meetings and other meetings with executive members

EDITORIAL TEAM

Aletta Tsaagane-Nkosi	Project Leader
Ditshupo Koosaletse	DTP
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Lebohang Makhubela	Graphic Design
Mack Lewele	Communications
Napo Motsoeneng	Finance
Phinda Nondabula	Finance
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