

Annual Report

2012/13

GPAA **New**
BEGINNINGS
my FUTURE
OUR journey
towards EXCELLENCE

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the gpaa

Government Pensions Administration Agency
REPUBLIC OF SOUTH AFRICA



SUBMISSION OF THE ANNUAL REPORT TO THE EXECUTIVE AUTHORITY

Mr Pravin Gordhan

The Minister of Finance

I have the honour of submitting to you, in accordance with the Public Finance Management Act, 1999 (Act 1 of 1999), the Annual Report of the Government Pensions Administration Agency for the period 1 April 2012 to 31 March 2013.



Goolam Aboobaker
Acting Chief Executive Officer
Government Pensions Administration Agency

Annual Report 2012/2013 Government Pensions Administration Agency (GPAA)

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➤ PART A: GENERAL INFORMATION





1. STRATEGIC OVERVIEW

1.1. Vision

The GPAA's vision is to be the leading and preferred fund benefits administrator. The vision will be realised by the factors depicted in the diagram below:



1.2. Mission

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

1.3. Values

The GPAA's core values are:

VALUES	Descriptions
CLIENT FOCUS	Focus on our clients shall be through consultation, setting service standards, increasing access, providing information, ensuring courtesy, transparency, redress and value-added services.
COMMITMENT	We pledge to create an efficient and well-managed environment for the administration of benefits and funds.
EXCELLENCE	Our operational excellence is demonstrated by results that reflect sustained modernisation and improvement over time, improvement in all areas of importance, and performance at a level that is at, or superior to, "best in class" benefit and fund administrators.
INTEGRITY	Our focus is on how we put our principles, values and what we believe is right into action. "Integrity is putting your values into action"—Robin Siemens.
INTERDEPENDENCE	Our interdependence is the dynamic of being mutually and physically responsible to, and sharing a common set of principles with, all our clients and stakeholders.
PROFESSIONALISM	The expert skills, competence and character displayed by the GPAA's human capital.
TRANSPARENCY	Our observed degree of clarity, openness, measurability and verifiability in law, regulations, financial management, agreements and/or practice.

Table 1—The GPAA's values

1.4. Strategic outcome-oriented goals

In order to ensure that the funds and schemes under administration are effectively and efficiently managed, the organisation has created the following strategic outcome-oriented goals:

1. Satisfied customers and clients;
2. Modernised, efficient administration;
3. Mutually beneficial relationships with stakeholders;
4. Satisfied, efficient and effective employees; and
5. Mutually beneficial partnerships with employer communities.

2. LEGISLATIVE AND OTHER MANDATES

Government mandate

The GPAA's executive authority, the Minister of Finance, is accountable to the President and Parliament. The GPAA is thus responsible for contributing towards Outcome 12 of Government's 12 priority outcomes, as follows.

Outcome 12

Outcome 12 consists of four outputs; these are:

Output 1: Service delivery quality and access

This focuses on the continuous improvement of services provided to the citizens of South Africa. It is underscored by four initiatives that aim to address issues in service delivery provided by Government, namely:

1. **Service user satisfaction** – through the evaluation of services by the country's citizens and the addressing of areas of concern, the quality of services provided will be improved.
2. **Access to Government services** – after learning where citizens are located, Government can put in place an access strategy that will shorten the distances citizens have to travel to access service provision points.
3. **Responsiveness and turnaround times** – a national programme will drive and ensure systematic measurement and improvement of responses offered and of turnaround times.
4. **Value for money** – reviewing expenditure to determine if funds are correctly allocated and sharing of information between departments will enable Government to achieve the desired outcomes at the lowest cost.

Output 2: HR management and development

Poor human resource management in the Public Service is one of the main factors contributing to inadequate service delivery. High-quality human

capital within the Public Service will help to ensure the achievement of expected levels of service delivery.

Output 3: Business processes, systems, decision rights and accountability management

Frontline service delivery access does not only depend on human resources, but also on effective back office processes. These are often unclear, ill defined, inappropriate and/or undocumented. In order to address the challenges encountered in this regard, Government will:

1. Review human resource, financial and administrative assignments in terms of the Public Service Act (PSA), Public Finance Management Act (PFMA) and the Municipal Finance Management Act (MFMA), and
2. Develop an overarching delegation principles document and standardised registers to guide effective human resource, financial and administrative assignments.

Output 4: Corruption tackled effectively

While a great deal of effort has already gone into reducing levels of corruption within Government, corruption remains a significant challenge in the Public Service. In order to deal with these challenges, a Special Anti-Corruption Unit will be established by Government. This Unit will co-ordinate and manage the detection of corrupt activities,

while also enforcing penalties and monitoring and evaluating anti-corruption measures.

The GPAA, is contributing to achieving this outcome by taking steps towards the improvement of service delivery through improved systems, rural outreach, the employment of high-quality human capital and the reduction of fraud and corruption.

Legislative mandate

The GPAA's legislative mandate is to administer pensions on behalf of GEFP and National Treasury in respect of Post-Retirement Medical Subsidies, Military Pensions, Special Pensions, Injury on Duty payments and other of National Treasury's Programme 7 functions. The GPAA's mandate is therefore derived from the overall mandate of GEFP and National Treasury's Programme 7 – who are its primary clients. To this end, the GPAA currently administers the following funds and schemes:

- GEFP in terms of the Government Employees Pension (GEP) Law of 1996 on behalf of GEFP's Board of Trustees;
- The TEPF in terms of the Temporary Employees Pension Fund (TEPF) Act 75 of 1979 on behalf of National Treasury's Programme 7;
- The AIPF in terms of the Associated Institutions Pension Fund (AIPF) Act 41 of 1963 on behalf of National Treasury's Programme 7;
- Post-Retirement Medical Subsidies as provided for and regulated by Public Service Co-ordinating Bargaining Council (PSCBC) resolutions on behalf of National Treasury's Programme 7;

- Military Pensions in terms of the Military Pensions Act 84 of 1976 on behalf of National Treasury's Programme 7;
- Injury on Duty payments in terms of the Compensation for Occupational Injuries and Diseases Act 130 of 1993 on behalf of National Treasury's Programme 7; and
- Special Pensions in terms of the Special Pensions Act 69 of 1996 on behalf of National Treasury's Programme 7.

The GPAA's financial affairs are governed by the Public Finance Management Act (PFMA), while its human resources fall under the ambit of the Public Service Act (PSA).

3. ORGANISATIONAL STRUCTURE

The GPAA's organisational structure is as per the following diagram:

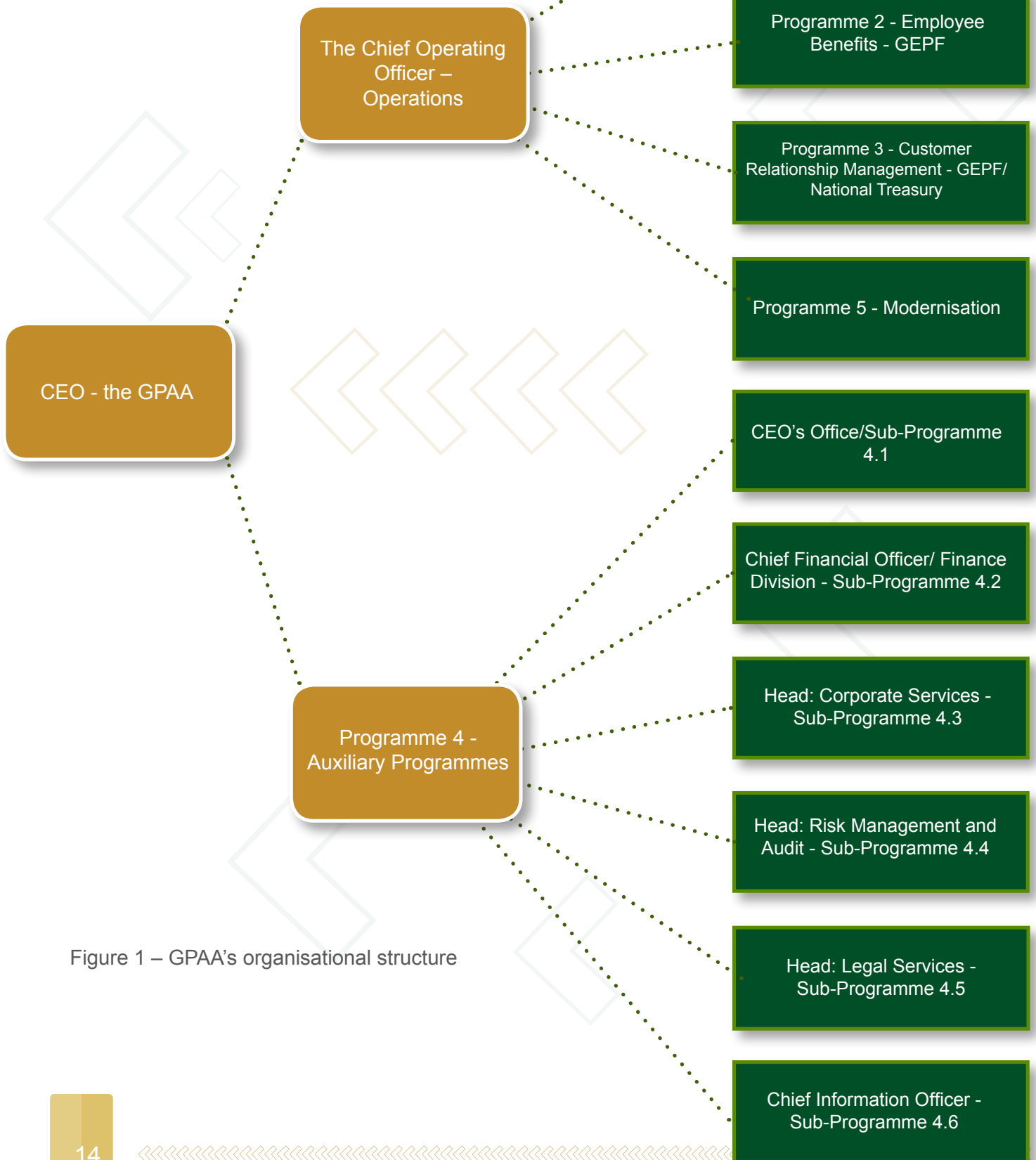


Figure 1 – GPAA's organisational structure

Summary of Programmes

Programme 1 – Civil and Military Pensions (National Treasury’s Programme 7): administered by the GPAA on behalf of National Treasury, this Programme provides for the payment of the non-contributory pensions funded by National Treasury to the beneficiaries of various public sector bodies in terms of different statutes, collective bargaining agreements and other commitments. Military Pensions, Post-retirement Medical Subsidies and Injury on Duty (IOD) payments are thus benefits administered hereunder.

Military Pensions provide for the payment of military pension benefits and the payment of medical claims arising from treatment for disability, medical assistance devices and other related expenses. IOD payments provide for medical treatment and compensation for disablement caused by occupational injuries and diseases sustained by employees in the course of their employment, or for death resulting from such injuries or diseases.

Programme 2 – Employee Benefits GEPF: administered by the GPAA on behalf of the Government Employees Pension Fund (GEPF) in terms of the Government Employees Pension (GEP) Law of 1996, as amended. This Programme focuses on member admissions, contribution collection, member/pensioner/beneficiary maintenance and benefit processing. Benefit processing includes benefit applications, processing of relevant forms and documentation and finalisation of the benefit. These key processes ensure the accurate and timely payment of benefits to members, pensioners and beneficiaries.

Programme 3 – Customer Relationship Management (CRM) for GEPF and National Treasury: CRM is aimed at managing relationships with all stakeholders by providing high-quality, responsive client services based on the Batho Pele principles. Through the Call Centre and Walk-in Centres, effective support of the interface between the GPAA and its client base is ensured. This is done by accepting, resolving and monitoring all service requests or queries made.

CRM provides employer education and training through regional and employer liaison initiatives, as well as overseeing the document management process. This includes the conversion of paper documents into electronic format and the indexing, tracking and storage of these documents, thus supporting the GPAA’s core business.

Programme 4 – Involves the GPAA’s Auxiliary Sub-Programmes. These Sub-Programmes play a supporting role to the provision of primary services.

Sub-Programme 4.1 – Office of the CEO

The purpose of the Office of the CEO, and the Business Units that fall within it, is to plan, direct and support the organisation in order to ensure that benefits and funds are administered according to the relevant legislation and Service Level Agreements. This group of Business Units is therefore responsible for ensuring that the organisation is effectively managed in order to deliver services that meet or exceed the requirements of clients.

Sub-Programme 4.2 – Financial Services

This Sub-Programme manages the financial resources available to administer pensions and other benefits using best practice principles. In this regard, Financial Services ensures that financial policies are adhered to, financial record keeping is done according to an appropriate framework, and sufficient cash flow levels are maintained for operational activities. This Sub-Programme also prepares the financial statements for the organisation and for use by stakeholders.

Sub-Programme 4.3 – Corporate Services

The primary aim of this Sub-Programme is to support the GPAA in achieving its strategic goals through the management, co-ordination and oversight of all management support and human resources services within the organisation. In working towards the realisation of these goals, Corporate Services ensures compliance with legislative requirements for human capital and facilitates policy formulation and frameworks. This Sub-Programme therefore works to provide a conducive environment for the employees of the organisation in order to promote optimal service.

Sub-Programme 4.4 – Risk and Audit Services

This Sub-Programme has three key responsibilities, namely to promote a fraud-free environment within the GPAA, to manage enterprise-wide risks and to provide an internal audit service within the organisation

Sub-Programme 4.5 – Legal Services

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

Sub-Programme 4.6 – Information and Communication Technology (ICT) Services

This Sub-Programme directs and manages the organisation's ICT resources, including the data centre (servers and storage area network), wide and local area networks (LAN and WAN), applications, desktop equipment and databases. It is therefore the enabler of the organisation's operations and management as it provides the building blocks and the interoperability required to deliver on the GPAA's mandate. ICT strives to provide leading-edge technology solutions and high-quality pension administration support services based on established best practice frameworks, models and standards. In this regard, the Sub-Programme ensures the security and integrity of the organisation's ICT systems while maintaining a clear organisational chart which lays out the approved levels of authorisation for staff. The Sub-Programme also maintains defined and role-based access controls with appropriate authorisation by both ICT and users.

Programme 5 – Modernisation

The GPAA has embarked on an organisation-wide Modernisation Programme. This initiative seeks to modernise and enhance efficiencies and the efficacy of human capital, systems, processes and technology, whilst fostering beneficial relationships with clients and stakeholders. The objective of this Programme is thus to be the vehicle used in the organisation’s journey toward a sustainable organisation so that the GPAA’s mandates can be fulfilled.

4.

FOREWORD BY THE MINISTER



Mr Pravin Gordhan
Minister of Finance

The core business of the Government Pensions Administration Agency (GPAA) is to administer the benefits of current and retired public servants. This is indeed an important responsibility which could not rely on ageing systems and manual processes. In 2011, I requested that the GPAA implement a Modernisation Programme, the primary objective of which would be to drive the organisation into the future.

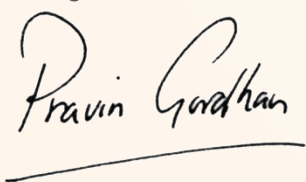
The GPAA's modernisation process is still in its infancy, having completed its second year at the end of 2012/2013. In this relatively short period, I am pleased to note that the GPAA is making steady progress and has not lost sight of its goal to be among the best pension fund administrators globally. Some of the GPAA's notable achievements for this year include:

- The deployment of Mobile Offices to remote areas of South Africa in order to reach those members, pensioners and beneficiaries who would not easily have face-to-face contact with GPAA staff. This access channel has allowed the GPAA to reach a substantial number of people in rural areas, focusing the organisation's efforts on the delivery of services to marginalised areas.
- A process of contacting prospective retirees has been implemented, enabling the GPAA to identify active members close to retirement age and to inform them of the necessary procedures and processes in place to access pension benefits timeously.

- The automation of benefit payments from start to finish within the organisation is beginning to materialise. The electronic submission process, currently referred to as eChannel, which was introduced to a number of employer departments, has resulted in fewer errors and radically reduced turnaround times for documents submitted electronically.

There is still much to be done as part of the GPAA's Modernisation Programme to improve on processes, technology and people competences. I have no doubt that the GPAA is up to the task and will rise to the challenge with skill and enthusiasm to ensure a successful and enduring transformation.

I would like to take this opportunity to thank the GPAA staff and Executive Management team for their creativity and hard work. I wish to reaffirm my commitment to working closely with the GPAA in ensuring that we achieve our collective mission to create an agile and efficient organisation that delivers a high-quality, proactive service to those men and women who have dedicated themselves to serving the public and who deserve the best levels of support upon retirement. In particular, I thank the Acting CEO, Mr Goolam Aboobaker, for his sterling work.



Pravin Gordhan | Minister of Finance | 31 August 2013

6. OVERVIEW OF THE ACCOUNTING OFFICER



Mr Goolam Aboobaker
Acting Chief Executive Officer: GPAA

The GPAA's focus for the year under review was to fast track the modernisation roadmap adopted in 2011/2012 to enable the organisation to realise its strategic goals. This approach towards improving service delivery, while not always able to offer immediate results, is busy transforming the organisation into a leading and preferred fund benefits administrator.

Through the Modernisation Programme, the GPAA has been working towards automating key processes, building a competent workforce, increasing interaction with employers and GEPF members through new and existing initiatives and paying exit benefits accurately and on time.

One of the initiatives that has moved from the pilot phase into operations is the deployment of Mobile Offices that enable us to reach those members, pensioners and beneficiaries who live in remote areas of South Africa and who thus cannot easily have face-to-face contact with representatives of the GPAA. Through this new channel, GPAA officials can reach many clients in the most rural areas of South Africa, thus ensuring that marginalised communities are brought into the service delivery network.

The organisation's aim is to pay retiring member benefits within a reasonable time from their exit from service. During 2012/2013, the organisation was able to pay 78% of exits within 60 days. While this is 2% below the set target, it shows a commitment towards meeting the requirements set out in the Government

Employees Pension (GEP) Law. The organisation acknowledges that the main reason for not achieving the targets set in this regard is delays in receiving the documentation from employers and seeks to work towards a practical solution for this issue going forward.

In striving to improve the quality of the documents received with the aim of reducing turnaround times, the GPAA has operationalised a project that informs members close to retirement of what they need to do in order to be paid their benefits timeously.

The organisation has also done extensive work on the finalisation of its new operating model. A proposed organisational structure has been prepared and delivered to the Minister, with staff being actively engaged in the development process.

The journey of transforming the GPAA's operations continues to require the dedication and commitment of all role players and, while achievements might not yet be obvious, the organisation is beginning to see progress.



*Goolam Aboobaker | Acting Chief Executive Officer
Government Pensions Administration Agency (GPAA)
31 August 2013*



➤ **PART B: PERFORMANCE INFORMATION**

1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

Statement of responsibility for performance information for the year ended 31 March 2013

The Accounting Officer is responsible for the preparation of the GPAA's performance information and for the judgments made in this information.

The Accounting Officer is responsible for establishing and implementing a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of performance information.

In my opinion, this annual report fairly reflects the performance information of the GPAA for the financial year ended 31 March 2013.



Goolam Aboobaker | Acting Accounting Officer
Date: 31 August 2013

2. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the predetermined objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 157 of the Report of the Auditor-General, published as Part E: Financial information.

3. OVERVIEW OF DEPARTMENTAL PERFORMANCE

3.1. SERVICE DELIVERY ENVIRONMENT

The core business of the GPAA is to administer benefits on behalf of its primary clients, namely GEPF and National Treasury's Programme 7. The focus of organisational performance management is thus on the speed and accuracy of benefits paid, along with the quality of the client experience.

For the period under review the administration systems and processes were still primarily manual. The primary processes, such as member and employer department interactions, as well as claim tracking, are still not automated as the modernisation roadmap of 2012-2013 did not deliver the planned 30% automation of the benefit

payment value chain. Pockets of optimisation across this value chain, under the banner of quick wins, were however implemented during 2012/2013. In the next two years (2013-2015), the GPAA will modernise its systems and improve its capability and accessibility.

The subsequent section will cover progress made by the GPAA in implementing the set key service delivery targets.

3.1.1. Benefit payments

Though the administration systems and processes are still primarily manual, the GPAA managed to fulfil its mandate of paying benefits to the beneficiaries of the schemes under administration. The number of beneficiaries paid for the period under review across all schemes, as shown in the table alongside, indicates the concerted effort made by the organisation to meet the Service Level Agreements (SLAs) in place with GEPF and National Treasury's Programme 7.

Indicator/service offering	2012/2013	2011/2012	2010/2011
Number of beneficiaries paid due to withdrawal from GEPF	54,607	61,174	54,830
Number of beneficiaries paid funeral benefits	18,417	17,260	16,785
Number of beneficiaries receiving Post-retirement Medical Benefits	78,170	79,000	74,728
Number of beneficiaries receiving Military Pensions	5,636	5,274	5,685
Number of beneficiaries receiving Injury on Duty (IOD) payments	13,852	11,094	10,252

Table 2 - Number of benefit payments

Benefit payment turnaround time

To meet the GEPF and National Treasury SLAs, the GPAA has set out minimum turnaround times to pay the scheme benefits to the beneficiaries upon receipt of duly completed documents. The GPAA's performance against these targets requires improvement.

	Target (in days)	Actual number of days
GEPF – withdrawal from the Fund	60	52
Funeral benefits	4.6	5.8
Medical benefit administration	60	60
Injury on Duty	60	60
Military Pensions	60	60

Table 3 - Benefit payment turnaround times

3.1.2. Active member and pensioner customer experience

Channel operations and query management

The GPAA's channel operations and query management capability is indispensable to realise customer satisfaction. In 2012/2013, the GPAA introduced a new service channel called Mobile Offices. The roll-out of Mobile Offices was born out of the desire to reach out to members, pensioners and beneficiaries who live in remote areas and thus cannot easily reach the established regional and satellite offices. The Mobile Offices provide a full range of services offered by the GPAA in areas that are far from the current regional offices footprint. The Mobile Offices routes were determined by a GIS study indicating the highest concentration of clients and potential beneficiaries of GEPF and National Treasury's Programme 7. During the period under review, 58 locations were visited, assisting an average of 60 to 90 walk-in visitors per day. Mobile Offices improved the GPAA's accessibility in the rural and marginalised areas. This is in line with the GPAA's objective of servicing members in their local areas.

During the year under review, the GPAA's Call Centre witnessed an increased volume of calls, with the total exceeding the one million mark. The increased volume of calls is attributed to the beneficiaries' improved awareness of GEPF and National Treasury's Programme 7 product offerings and the unavailability of an automated or self-service claim status tracking system. The increased call volumes exceeded the current Call Centre capacity, resulting in a service level of 23% below the target of 90%.

Channels	2012/2013	2011/2012	2010/2011
Channels	2012/2013	2011/2012	2010/2011
Call Centre: number of incoming calls	1,029,947	968,216	848,146
Call Centre: service level percentage	77%	79%	90%
Walk-in Centres: number of interactions	287,153	308,603	211,516
Mobile Offices: number of interactions	39,027	n/a	n/a

Table 4 - Channel operations

3.1.3. Member education and communication

Awareness and empowerment campaigns

Member, pensioner and beneficiary education and empowerment remains the GPAA's priority. The organisation's conventional and non-conventional outreach programmes are thus a crucial input to educate all stakeholders about the various product offerings. Numerous campaigns were undertaken in the 2012/2013 financial year, including:

- 86 member induction sessions for new employees, and
- 538 member information sessions.

Roadshows

The community roadshow has emerged as the flagship initiative under this banner due to the enthusiasm and interest these generate among members and pensioners. To this end, 15 roadshows were undertaken in five provinces during 2012/2013. Roadshows are significant as they promote communication with stakeholders and afford members, pensioners and beneficiaries the opportunity to provide feedback on policy and administrative matters.

Pre-retirement education

During the year under review, 453 pre-retirement and information sessions were conducted by the Client Liaison Officers (CLOs) throughout the country. These sessions are intended to empower retirees and to reduce the turnaround time of retirement payments.

In 2012/2013 the GPAA introduced a proactive process of contacting prospective retirees in order to promote the desired service level of paying retirement benefits within 30 days of their exit date. This Retiring Member Campaign (RMC) has identified active members close to retirement age and informs them of the processes and procedures needed to access their pension benefits timeously. Through education and communication, many errors and issues are resolved before the member retires, thus making the exit process quicker and simpler. The roll-out of this campaign has increased the proportion of timeous and accurate submission of retirement exits. Along with this, the "too early to pay" category was introduced to accommodate retirement forms that are sent to the GPAA prior to the member's exit date.

Issuing of benefit statements

For the first time in the history of the GPAA, active members of GEPF were issued with benefit statements outlining the benefits they are eligible for in the event that they exit the Fund. A total of 969,295 benefit statements were issued. The issuing of such statements helped to improve communication between active members and the GPAA and was well received by members.

Newsletters

Printed newsletters are another way in which the GPAA communicates with and educates GEPF members and pensioners. Using this channel, the GPAA helps to keep GEPF's stakeholders informed about changes in the Fund, as well as

providing information on investments, policies and performance. During 2012/2013, six newsletters were distributed, as well as informative Frequently Asked Questions pamphlets for both the benefit statement and the yearly pension increase letters sent to pensioners.

Improved interface with employer departments

Considerable effort in 2012/2013 was directed at creating strategic partnerships with employer departments. An average of 81% of employer departments was thus serviced locally. The deployment of Client Liaison Officers (CLOs) and Client Service Agents (CSAs) at employer departments has contributed immensely towards ensuring that the officials responsible for pension affairs are well versed in the bouquet of employee benefits provided by the GPAA on behalf of GEPF and National Treasury's Programme 7. Departments also receive timely feedback on cases and are coached on the administrative pitfalls, such as incorrectly completed forms, errors, candidate members and S-cases, that lead to delays in the payment of benefits.

eChannel

The current mode of interaction with employer departments is primarily manual. In 2012/2013 the GPAA deployed an online capability called eChannel - or GEPF Online - to enable electronic claim submissions. During the period under review 27 employer departments were signed on to this system, exceeding the annual target of 15 departments. The average turnaround

time (TaT, received to paid) for cases submitted via eChannel is 16,5 days, compared to the TaT of 65 days for manual cases. The automation of this primary interface has alleviated a host of administrative pitfalls for participating employers.

Employer Human Resources Forums

The GPAA holds provincial Human Resources Forums in a bid to promote mutually beneficial relationships between itself and the human resources practitioners working in the employer departments. To this end, 53 meetings were held during the year under review. In addition, pension presentations were made to nine Provincial Heads of Department (HOD) meetings.

3.2. ADMINISTRATION CHALLENGES

The timely payment of funeral benefits remains a challenge within the organisation. This specific function has been put under scrutiny to ensure that these benefits are paid within 48 hours as is required by GEPF's rules.

Unclaimed benefits have also been an area of concern during the year under review and concerted efforts, including initiatives aimed at eliminating such, have been put in place. To date, the amount of unclaimed benefits has been reduced by 4% from a baseline of over R500 million. This amount will be further reduced when the organisation's tracking and tracing capability is enhanced by engaging a suitably qualified service provider during the next financial year.

An employee satisfaction survey conducted amongst the GPAA's staff showed that both the separation of the administration and the Fund and modernisation have raised some anxieties and concerns among staff. The employees have been assured by the Minister that they will not be retrenched but will, rather, be retrained as part of the Modernisation Programme. The finalisation of the new organisational structure and the final and permanent placement of employees should cause the current situation to improve.

Problem/challenge	Remedial actions
<ul style="list-style-type: none"> Non-compliance to the GPAA's regulations by some employer departments leads to delays in the finalisation and payment of benefits 	<ul style="list-style-type: none"> Engaging with the Department of Public Service Administration (DPSA) to encourage higher levels of compliance. Step up education and training initiatives to empower human resources practitioners within the employer departments with the necessary knowledge and understanding of the GPAA's processes and procedures. Rolling out of the eChannel system to all employer departments, thus allowing for the electronic submission of exit documents.
<ul style="list-style-type: none"> Absence of legislation to enforce compliance 	<ul style="list-style-type: none"> Establishing Practice Notes to assist with employer department compliance.
<ul style="list-style-type: none"> Call Centre not fully effective due to a lack of properly functioning technology 	<ul style="list-style-type: none"> Call Centre optimisation needs to be prioritised by the Modernisation Programme.
<ul style="list-style-type: none"> Unclaimed benefits 	<ul style="list-style-type: none"> Education and outreach. Engaging a suitably qualified service provider to assist with tracking and tracing of beneficiaries.
<ul style="list-style-type: none"> ICT infrastructure 	<ul style="list-style-type: none"> Modernisation of systems and processes. Updating of ageing technology framework. Ensuring that the technology deployed is fit for use and fit for purpose.

Table 5 - Administration challenges

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

The GPAA's vision is to be the leading and preferred fund benefits administrator. To ground this vision into reality, the organisation embarked

on a transformational journey in 2011, namely the Modernisation Programme. The programme is intended to elevate the GPAA's operational effectiveness and efficiency, stakeholder management and governance. It is the vehicle that is being used to execute the organisation's transformation roadmap. The SDIP will transform

the GPAA into a service-oriented entity in line with the expectations of its internal and external stakeholders.

The first year (2011/2012) was dedicated to the definition of a long-term modernisation strategy and the development of a competent modernisation delivery capability to support the GPAA's turnaround strategy.

Modernisation achievements for 2012/2013

The four critical projects required to implement a technology foundation to enable an integrated automated pensions administration platform and an upgraded Call Centre as per the 2012/2013 modernisation roadmap were not realised as of 31 March 2013. These projects are:

1. Information and Technical Architecture Design and Implementation
2. Appointment of a vendor to provide a modernised administration platform based on the outcome of the Technical Architecture
3. Management Information System Foundation
4. Data clean-up (includes data sanitisation)

The lack of finalisation has primarily been due to the delay in approving key tenders, specifically the Technical Architecture Design (TAD), Business Process Management (BPM) and Human Capital Management (HCM) tenders.

The notable achievements for the year under review are the implementation of eChannel, Mobile Offices and the Retirement Member Campaign (RMC).

eChannel

The automation of the employer interface was realised with the deployment of the eChannel (GEPF Online) functionality. A total of 27 employer departments were signed on, exceeding the annual target of 15. The average turnaround time (TaT, received to paid) for cases submitted via eChannel is 16,5 days, compared to the manual cases TaT of 65 days.

Mobile Offices

The Mobile Offices outreach project has improved GEPF's manual cases TaT of 65 days. Some 58 locations were visited across eight provinces during the period under review.

Retirement Member Campaign (RMC)

The roll-out of Modernisation's Retirement Member Campaign has increased the proportion of timeous and accurate submissions of retirement exits. The "too early to pay" reporting category was introduced to accommodate retirement forms that are sent to the GPAA prior to the exit date.

The following projects will be rolled over to the 2013/2014 roadmap:

- **Organisational design**

As the GPAA is improving its systems and processes to enable it to be an effective and efficient benefits administrator, it is equally important for the organisation to improve its core skills and human capability to deliver professional administration services. During the

year under review, the organisation developed an organisational structure that is aligned to the new operating model and modernisation principles.

The proposed structure was subjected to a rigorous consultative process by the staff and Organised Labour. It is envisaged that the organisational structure will be tabled for approval in June 2013.

- **Client Liaison Officer (CLO) optimisation**

Client Liaison Officer (CLO) optimisation was started during 2012/2013 in order to consolidate and streamline the functions of the CLOs to support the objective of building mutually beneficial relationships with employer communities. A capacity modelling exercise was done, taking the employer departments into consideration, to ensure equitable distribution of CLOs.

- **Operational Management training**

The initiative is intended to help operational managers and teams to deliver meaningful results and improve overall performance.

In 2013-2015 the GPAA will focus on the provision of appropriate processes and systems that:

- Allow flexibility, customisation and continuous development,
- Allow full integration with workflow,
- Allow real-time processing and online functionality,
- Fully integrate with financial and third-party systems,
- Produce reports and audit trails,
- Allow for automated communication to stakeholders, and
- Eliminate administrative obstacles.

3.4. ORGANISATIONAL ENVIRONMENT

The GPAA performs its functions within the context of an ever-changing industry. As an organisation it therefore needs to re-evaluate itself constantly, necessitating a full-scale review of its business model.

During the year under review, it became imperative for the organisation to develop and implement a strategic model that takes into account the need for organisational resilience in a marketplace that has various alternatives for the kind of services that the GPAA offers.

3.4.1. Dependence on two customers

The business of the GPAA is virtually defined as administering two funds, the Government Employees Pension Fund (GEPF), from which 93% of its budget is derived, and National Treasury's Programme 7, from whence the remaining 7% is derived. The life of the business is thus governed by contractual arrangements, or Service Level Agreements (SLAs) which expire on 31 March 2015. The content of the two SLAs is thus subject to change.

3.5. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

GEPF's Board of Trustees amended the Government Employees Pension Law (GEP Law), and the attendant rules, to improve benefits for members and pensioners. The law and rule amendments took effect from 1 April 2012 and are outlined below.

3.5.1. Introducing the clean-break principle

The GEP Law was amended to introduce the clean-break principle in the case of divorce or dissolution of a customary marriage.

The clean-break principle implies that the non-member former spouse can receive their share of the pension interest shortly after the GPAA receives the divorce decree. Before this principle was introduced, a divorce payment due to the non-member former spouse of a GEPF member was only paid when the member exited the Fund.

With the clean-break amendment to the GEP Law and related changes to GEPF's rules, former spouses no longer have to wait to receive their portion of the pension interest if certain requirements are adequately met.

3.5.2. All GEPF pensioners are eligible for funeral benefits

Until recently, GEPF's rules only allowed pensioners who became entitled to a pension on or after 1 December 2002 to claim funeral benefits. The new rule extends funeral benefits to all GEPF pensioners, provided they were still pensioners on 1 April 2012.

3.5.3. Orphan's pension benefit extended

Previously, GEPF's rules only allowed an orphan's pension to be paid to an orphan of a deceased person who had become a pensioner on or after 1 December 2002. The new rule extends the payment to an orphan of any GEPF pensioner, provided the pensioner was still a pensioner on 1 April 2012.

3.5.4. Resignation benefit improved

Prior to implementation of the amendments, when GEPF members resigned from the Fund they could either elect to take a cash resignation benefit or to transfer to an approved retirement fund. In order to encourage the practice of saving for the future, the actuarial interest calculation (the amount that would be transferred) was greater than the cash benefit. With the new rule, all GEPF members are entitled to a resignation benefit that is the higher of either the cash resignation benefit or the member's actuarial interest, whether or not the member chooses to transfer or to take the benefit in cash. This amendment applies to members leaving the Fund as a result of resignation or discharge on or after 1 April 2012.

4. STRATEGIC OUTCOME-ORIENTED GOALS

After careful consideration of the Minister's Contract, our environment, different analysis methods and the outcomes of the SARS current state report of 2010, together with the modernisation strategy, the following five strategic goals were formulated:

1. Satisfied customers and clients;
2. Modernised, efficient administration;
3. Mutually beneficial relationships with stakeholders;
4. Satisfied, efficient and effective employees; and
5. Mutually beneficial partnerships with employer communities.

4.1. STRATEGIC OBJECTIVES

The GPAA thus has five strategic objectives as outlined below:

Objective 1

To increase the level of customer and client satisfaction through operational excellence via:

- a. Timeous and accurate payments of benefits;
- b. Reduction of backlogs;
- c. Improvement of customer service experience; and
- d. GPAA modernised capability (operating) and funding models.

Objective 2

To have efficient corporate governance and financial management frameworks through:

- a. An unmodified external audit opinion with no matters of emphasis;
- b. Addressed internal audit findings;
- c. Sound financial management and controls;
- d. Enterprise-wide risk management (including fraud and corruption and Business Continuity management);
- e. Compliance to stakeholder SLAs; and
- f. Institutionalised key account management.

Objective 3

To enhance service delivery through enabling technology and well-documented processes through:

- a. Efficient and managed processes;

- b. Deployment of applicable technology to automate processes; and
- c. Institutionalised business improvement capability.

Objective 4

To develop core skills and human capabilities to achieve professional and efficient administration services through:

- a. An efficient organisational structure;
- b. Human capabilities delivering professional and effective administration;
- c. Enhanced wellness programmes; and
- d. An appropriate reward and recognition system.

Objective 5

To enhance mutually beneficial partnerships with employer communities through:

- a. Compliance on the part of employer departments with pension and other benefit-related processes;
- b. Concluded and managed formalised agreements; and
- c. Joint member awareness and empowerment programmes.

4.1.1. Organisational response to strategic goals and objectives

All Programmes contribute to the fulfilment of the GPAA's strategic objectives by ensuring improved performance against set targets. In this regard, the efforts of the organisation's

programmes have, in the year under review, been geared towards:

- The reduction of backlogs;
- The improvement of services offered to customers and stakeholders (focusing on the improvement of response and resolution times); and
- The improvement of institutional governance within the organisation.

In addition, the Programmes undertake proactive fraud prevention and risk management.

5. PERFORMANCE INFORMATION BY PROGRAMME

Operations

The GPAA's Operations Unit manages three of the four GPAA Programmes, namely:

- Programme 1:
Civil and Military Pensions, contributions to funds and other benefits
- Programme 2:
Employee Benefits – Government Employees Pension Fund (GEPF)
- Programme 3:
Customer Relationship Management (CRM)

Operations thus manages member admission, contribution collection, member maintenance and exit payments. These key processes ensure the accurate and timely payment of benefits to members and beneficiaries and high-quality,

responsive client services. In order to meet client expectations, GPAA operates through a network of Regional Offices in all provinces, including Regional and Satellite Office networks.

Operations has the following measurable objectives:

- To ensure accurate and timely benefit payments to members and beneficiaries.
- To provide high-quality, responsive client services.

5.1 CORPORATE ACHIEVEMENTS ON KEY INDICATORS AND TARGET

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
Objective 1 To increase the level of client satisfaction through operational excellence	1. % of benefits paid accurately	Zero - new measure	Developing a measuring methodology for the accurate tracking of the benefits paid	Methodology documented and a pilot was conducted on the methodology	Achieved.
	2. % of benefits paid on time	78% of benefits paid within 60 days	80% of benefits paid within 60 days of receipt at the GPAA	An average of 78% of benefits were paid in 60 days	The annual target was missed by 2% due to constraints in appointing new staff and in the implementation of new Standard Operating Procedures (SOPs) to improve controls.
	3. % reduction of backlog (more than 60 days) baseline	Backlog reduced by 66% of previous baseline	Reducing backlogs to 50% of baseline (128)	Closed with 511 cases older than 60 days	The backlog grew due to increased controls introduced, which resulted in a longer turnaround time for processing claims.
	4. % of cases in the unclaimed account successfully traced and paid	Zero - new measure	Building the capability for tracing cases in the unclaimed account	Internal tracking mechanisms were implemented and unclaimed benefits were reduced by 18%	Achieved.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
Objective 2 To have an efficient corporate governance and financial management framework	5. % Call Centre service level	91% service level	90% Call Centre service levels maintained	77% service level	System availability and reliability remains a problem. The increase in turnaround time to process claims contributed to more frequent calls. Reliant on feedback from other units.
	6. % Queries, Complaints and Requests (QCRs) responded to within two days	67% in more than two days	Responding to 80% of QCRs within two days	An average of 63% responded to within two days	The manual QCR system has created challenges which led to non-achievement of targets. The GPAA has put systems in place to respond to queries within two days; these include dedicated back offices and officials to deal with these issues.
	7. % of QCRs resolved within seven days	67% in more than seven days	70% of QCRs resolved within seven days	An average of 94% resolved within seven days	The GPAA has put systems in place to resolve queries within seven days; these include dedicated back office and officials to deal with these issues.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	8. Customer Satisfaction Index (CSI) Survey	Zero - new measure	Developing measuring methodology for the Customer Satisfaction Index (CSI) Survey	Method developed and CSI of 64% achieved	The GPAA prioritised <i>Batho Pele</i> principles and has been very rigorous in its customer satisfaction initiatives.
	9. Defined operating and funding models	Zero - new measure	Developing criteria for the operating and funding models	New organisational structure defined, documented and socialised Benchmarking has been conducted on funding models	The GPAA is defining its operating and funding models in consultation with all stakeholders and this requires time.
Objective 3 To enhance service delivery through enabling technology and well-documented processes	10. Year-on-year reduction of significant matters of emphasis	Unmodified audit rating	An unmodified external audit rating (100% of significant audit findings resolved)	58% of significant audit findings resolved i.e. 11 have been resolved, five are in progress or partially resolved and three have not been resolved	The GPAA management did not implement the Auditor-General's recommendations as the current controls in place are in line with National Treasury Practice Notes. To be implemented in the 2015/2016 financial year. The performance management system is being reviewed to ensure compliance.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	11. Year-on-year reduction of internal audit findings	Internal audit matters addressed	Addressing of internal audit matters (85% resolution of internal audit findings)	86% resolution of internal audit findings	Internal Audit has indicated that internal audit findings are followed up at least a year after the audit. Therefore this measure is not applicable.
	12. % budget variance	17% variance	Percentage budget variance	26% variance	The major causes of the high budget variance were the moratorium on the filling of vacant positions, the decision to put maintenance of the Head Office building and parking on hold, and delays within the Modernisation Programme.
	13. % of risks mitigated	73% of top risks mitigated	Percentage risk mitigation: 60% of top risks mitigated	55% of the action plan implemented 34% partly implemented 11% not implemented	The moratorium on the filling of positions as a result of restructuring led to lack of capacity in this area. New action plans and emerging risks which were identified throughout the year contributed to the non-achievement of the target.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	14. Year-on-year reduction of fraud cases	40% reduction	Percentage reduction of open fraud cases: 50% reduction	30% of cases reduced	Decline in manpower impacted on the non-achievement of the target. Advertising and filling of the positions is in progress.
	15. Extent of Business Continuity Plan implementation	Interim Business Continuity Plan	Business Continuity Plan implemented and exercised	Business Continuity Plan Implemented: Two Disaster Recovery site exercises were conducted and two Business Continuity desktop exercises were conducted	Achieved.
Objective 4 To develop core skills and human capabilities to deliver professional and efficient administration services	16. Number of implemented training and development initiatives	Zero - new measure	Developing the Skills Plan	Workplace Skills Plan developed and submitted to the relevant Public Sector Education and Training Authority (PSETA) by 30 June 2012	Achieved.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	17. Targeted training programmes	An average of 2.5 days of targeted training per employee	Implementing two development programmes	More than two development programmes implemented: <ul style="list-style-type: none"> • 171 employees trained in OMS, • 90% compliance to the Bursary Policy, and • 80% compliance to the Workplace Skills Plan 	Achieved. Training needs are identified and provided as per performance agreements. An OMS training programme was introduced to improve performance.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	18. % Wellness Index rating	Employee Satisfaction Survey rating of 89%	Wellness Index rating	74% Wellness Index rating The Wellness Index rating was compiled through a survey and an employee satisfaction rating of 46% was obtained: a) 100% of managers received sick leave reports, b) 77% of employees attended wellness sessions, c) 100% of first aiders and 20% of fire fighters were trained, and d) 20% of wellness status reports were submitted to management	Achieved.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	19. % level of compliance to the Performance Management Plan	Zero - new measure	Level of compliance to the Performance Management Plan	<p><u>Evaluations:</u></p> <p>52% compliance for evaluations submitted by due date (31 May 2012)</p> <p>0% compliance for payment of incentives by 30 June 2012</p> <p>100% of all evaluation incentives paid and implemented after approval by CEO</p> <p><u>Agreements:</u></p> <p>An overall average compliance rate of 45% for agreements by the due date (31 May 2012)</p> <p>94% submitted to date</p>	The performance management system has challenges and measures have been put in place to improve it.
Objective 5 To enhance mutually beneficial partnerships with employer communities	20. % of employer department staff trained	CLO employer training	Employer department training by CLOs	31%: 332 employer sessions presented for 3,123 HR officials	Achieved.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	21. Number of formalised agreements to support Benefit Process Automation	Zero - new measure	Development of employer department Practice Notes	Practice Notes not in place. There has been interaction between the DPSA and the GPAA to enforce compliance on this matter	The consultative process is ongoing with relevant employer departments to support Benefit Process Automation.
	22. Number of member awareness and empowerment initiatives	More than three initiatives	More than three member awareness and empowerment initiatives	More than three member awareness and empowerment initiatives were held: <ul style="list-style-type: none"> • 15 roadshows in five provinces, • Four exhibitions, • 58 locations were visited by Mobile Offices, assisting an average of 60 to 90 walk-in visitors per day, • 53 HR Forums were conducted, and • Nine HOD meetings were held 	The GPAA has accelerated outreach programmes in line with the Modernisation principles.

Table 6 - Corporate achievements on key indicators and target

5.2. Programme 1: Civil and Military Pensions, contributions to funds and other benefits

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
Objective 1 To increase the level of client satisfaction through operational excellence	1. % of benefits paid accurately (audited)	Error cases reduced by 81%	Develop measuring methodology	98.8% of benefits were accurately paid	Although the annual target was to develop the measuring methodology, the Programme was already using Excel spread sheets and samples from Civpen to measure this.
	2. % of benefits paid on time	96% of target achieved	80% of benefits paid within 60 days of receipt at the GPAA	95.4% of benefits paid accurately	The target was exceeded due to additional resources in the Military Pensions Unit and payment efficiencies in the Medical section.
	3. % reduction of backlogs (more than 60 days) baseline	Backlogs reduced by 95% of previous baseline	Reduce backlogs to 50% of baseline	Reduced to 22%	Achieved.
	4. % of QCRs responded to within two days	67% in more than two days	80% responded to within two days	100% responded to in two days	Establishment of a dedicated office and resources to deal with queries.
	5. % of QCRs resolved within seven days	67% in more than seven days	70% resolved within seven days	83.2% resolved within seven days	The target was achieved due to dedicated staff allocated to this function.
	6. Customer Satisfaction Index (CSI) Survey	Zero - new measure	Develop measuring methodology	Method developed and a CSI of 64% was achieved	The GPAA prioritised the Batho Pele principles and has been very rigorous in its customer satisfaction initiatives.
	7. Defined operating and funding models	Zero - new measure	Criteria for operating and funding models defined	<ul style="list-style-type: none"> New organisational structure defined, documented and socialised, and Benchmarking has been conducted on funding models 	The GPAA is defining its operating and funding models in consultation with all stakeholders and this requires time.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
Objective 2 To have an efficient corporate governance and financial management framework	8. Year-on-year reduction of significant matters of emphasis	Unmodified audit rating	100% of significant audit findings resolved by specified date	No significant audit findings were reported by external auditors	Achieved.
	9. Year-on-year reduction of internal audit findings	Internal audit matters addressed	85% resolution of internal audit findings	90%	The target was exceeded due to the ongoing focus on resolving functions that were in the control of the Programme. The outstanding findings are due to third-party delays.
	10. % budget variance	17% variance	Approximately 2% budget variance	-4% variance	Savings were due to the migration of Pre-92 pensioners from Medihelp to GEMS and non-expenditure by SOMA, the service provider.
	11. % of risks mitigated	73% of top risks mitigated	60% of top risks mitigated	57% risks mitigated	The target was not achieved but changes in the new financial year will further address risks.
	12. Year-on-year reduction of fraud cases	40% reduction	50% reduction of open cases	No fraud cases reported	The Programme had no detected fraud cases during the financial year.
	13. % compliance to National Treasury SLA performance requirements	95% compliance	95% compliance	95% compliance	Achieved due to consistent feedback and engagement between the two partners.
	14. Number of hours taken to respond to stakeholder complaints	Less than two working days	Two hours taken to respond	An average of 86% of automated responses forwarded to clients within two hours	The majority of responses were provided within two hours.
	15. Number of working days taken to resolve stakeholder complaints	Less than seven working days	Five working days	86% of complaints resolved in five working days	The majority of complaints were resolved within five working days.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
Objective 3 To enhance service delivery through enabling technology and well-documented processes	16. % of mapped core business processes	Modernisation Programme initiated	60% of core business processes mapped	100% of Standard Operating Procedures (SOPs) done for the Programme	All the SOPs for the Programme were finalised; however core processes are not yet mapped.
	17. % of core processes automated	Modernisation Programme initiated	30% of core processes automated	9% automated	Accruals and liabilities were automated but the rest remains to be completed.
	18. Capability index	Modernisation Programme initiated	Determine capability index rating methodology	Embedded in the Modernisation Programme, the index will be fully determined in the next financial year	Plans are ready for full implementation of Modernisation, which will determine the capability index in the next financial year.
Objective 4 To develop core skills and human capabilities to deliver professional and efficient administration services	18. Number of implemented training and development initiatives	Zero - new measure	Develop Skills Plan	Workplace Skills Plan developed and submitted to the relevant Public Sector Education and Training Authority (PSETA) by 30 June 2012	Achieved.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	20. Targeted training programmes	An average of 2.5 days targeted training per employee	Two development programmes implemented	<p>More than two development programmes implemented:</p> <ul style="list-style-type: none"> • 171 employees trained in OMS, • 90% compliance to the Bursary Policy, and • 80% compliance to the Workplace Skills Plan 	<p>Training needs are identified and provided as per performance agreements.</p> <p>An OMS training programme was introduced to improve performance.</p>
	21. % Wellness Index rating	Employee Satisfaction Survey rating of 89%	Wellness Index rating	<p>74% Wellness Index rating</p> <p>The Wellness Index rating was compiled through a survey and an employee satisfaction rating of 46% was obtained:</p> <ul style="list-style-type: none"> a) 100% of managers received sick leave reports, b) 77% of employees attended wellness sessions, c) 100% of first aiders and 20% of fire fighters were trained, and d) 20% of wellness status reports were submitted to management 	Achieved.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	26. % level of compliance to the Performance Management Plan	Zero - new measure	60% level of compliance to the Performance Management Plan	<p>The level of compliance to the Performance Management Plan is satisfactory, i.e. above 50%</p> <p>Evaluations:</p> <ul style="list-style-type: none"> • Compliance level above 50% • 52% compliance for evaluations submitted by the due date (31 May 2012) • 0% compliance for payment of incentives by 30 June 2012 • 100% of all evaluation incentives paid and implemented after approval by CEO <p>Agreements:</p> <ul style="list-style-type: none"> • An overall average compliance rate of 45% for agreements by the due date (31 May 2012) 	The performance management system has challenges and measures have been put in place to improve it.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
Objective 5 To enhance mutually beneficial partnerships with employer communities	27. % of employer department staff trained	CLO employer training	25% of employer department staff trained	332 employer sessions presented for 3,123 HR officials (27%)	Achieved.
	28. Number of formalised agreements to support the Benefit Process Automation	Zero - new measure	DPSA/ employer department Practice Notes on pension and benefit regulations	Practice Notes not in place There have been interactions between the DPSA and the GPAA to enforce compliance	The consultative process is ongoing with relevant employer departments to support the Benefit Automation process.
	29. Number of member awareness and empowerment initiatives	More than three initiatives	Four initiatives	More than three member awareness and empowerment initiatives: <ul style="list-style-type: none"> • 15 roadshows in five provinces, • Four exhibitions, • 58 locations were visited by Mobile Offices, handling an average of 60 to 90 walk-in visitors per day, • 53 HR Forums were conducted, and • Nine HOD meetings were held. 	The GPAA has embarked on an induction and outreach campaign to members and pensioners. This initiative features prominently in the Modernisation Programme.

Table 7 - Programme 1 performance against pre-determined objectives

Achievements and highlights

- The Programme paid 98% of benefits accurately, from a baseline of 81% in 2011/2012.
- The benefits paid within 60 days (benefits paid on time) were exceeded by 15.4% during the financial year.
- The total backlog for the Programme was reduced by 78%, compared to the annual target of 50% of the baseline.
- In terms of external audit findings, from a target of 100% the Programme actioned and completed 78%, while 22% of the findings were either partially or not achieved. These were not finalised as some of the audit findings rely on third-party co-operation for resolution.
- The Programme resolved 90% of internal audit findings.
- A new Risk Register was completed during the financial year, and by the end of the fourth quarter only 72% of risk mitigating actions were completed.
- No fraud cases were recorded by the Programme in 2012/2013 due to changes in and the strengthening of the control environment, mainly in Special Pensions and Post-retirement Medical Benefits Administration.

Challenges and risks

- The current manual processing of pension benefits needs to be mapped and automated in order to pay benefits speedily, in line with industry best practice of less than 30 days.
- The reporting engine of the Programme is not reliable and is semi-manual and hence an appropriate and reliable Management Information System (MIS) is required.
- Currently there are no formal agreements with

employers in terms of query resolution and therefore a dedicated team of CLOs is required, specialising in the GPAA's niche services of Special Pensions, Military Pensions, Injury on Duty and Post-retirement Medical Benefits.

- The current administration model with SOMA, the health risk manager, needs to be reviewed in order to reduce lead times and missed appointments and ultimately improve benefit payments in Military Pensions.
- The Military Pensions Act needs to be reviewed so that it is in line with the Constitution, allowing for the reduction of administration inefficiencies and possible litigation risks.

Way forward 2013/2014

- Automation of all core processes for Military Pensions, Injury on Duty and Medical Accounts.
- Automation of the Z583 (Medical Scheme Membership) processes with employers.
- Improvement of the reporting system through MIS development and configuration.
- Amendment of the Military Pensions Act and the creation of the Department of Military Veterans will assist going forward, as will working with the DPISA on addressing challenges around Injury on Duty documents so as to improve efficiency in the payment process.
- Concluding of SLAs with key employers and stakeholders for Military Pensions, Injury on Duty and Medical Benefits Administration.
- Preparation of the Programme for the administration of a new Military Veterans pension.
- Improvement of the resources and capacity in the finance section to meet the requirements of National Treasury.

Programme expenditure

ECONOMIC CLASSIFICATION	2012/2013			2011/2012		
	Final Budget	Actual Expenditure	(Over)/Under Expenditure	Final Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	35,185	37,116	(1,931)	37,261	36,419	842
Goods and services	8,669	7,121	1,548	4,206	2,917	1,289
Total	43,854	44,237	(383)	41,467	39,336	2,131

Table 8 - Programme 1 expenditure

The yearly variance of -4% was due to savings made when the pre-1992 pensioners were migrated from Medihelp to GEMS, along with the non-expenditure by SOMA, the external service provider.

5.3 Programme 2: Employee Benefits - GEPF

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
Objective 1 To increase the level of client satisfaction through operational excellence	1. Percentage of benefits paid accurately (audited)	Zero - new measure	Develop measuring methodology	Methodology documented and a pilot was conducted on the methodology	Achieved.
	2. % of benefits paid on time	78% of benefits paid within 60 days	80% of benefits paid within 60 days of receipt at the GPAA	An average of 78% of benefits were paid in 60 days	Annual target missed by 2% due to constraints in appointing new staff and in the implementation of new Standard Operating Procedures (SOPs) to improve controls.
	3. % reduction of backlog (more than 60 days) baseline	Backlog reduced by 66% of previous baseline	Reduce backlog to 50% of baseline of 128 cases	Closed with 511 cases older than 60 days	The backlog grew due to increased controls introduced which resulted in a longer turnaround time to process claims.
	6. % of QCRs responded to within two days	67% in more than two days	80% responded to within two days	An average of 63% responded to within two days	The manual QCR system has created challenges which have led to non-achievement of targets. The GPAA has put systems in place to respond to queries within two days; these include dedicated back offices and officials to deal with these issues.
	7. % of QCRs resolved within seven days	67% in more than seven days	70% resolved within seven days	An average of 94% resolved within seven days	The GPAA has put systems in place to resolve queries within seven days; these include dedicated back offices and officials to deal with these issues.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	8. Customer Satisfaction Index (CSI) survey	Zero - new measure	Develop measuring methodology	Method developed and CSI of 64% achieved	The GPAA prioritised <i>Batho Pele</i> principles and has been very rigorous in its customer satisfaction initiatives.
	9. Defined operating and funding model	Zero - new measure	Criteria for operating and funding models defined	New organisational structure defined, documented and socialised Benchmarking has been conducted on funding models	The GPAA is defining its operating and funding models in consultation with all stakeholders and this requires time.
Objective 2 To have an efficient corporate governance and financial management framework	10. Year-on-year reduction of significant matters of emphasis	Unmodified audit rating	100% of significant audit findings resolved by specified date	No significant audit findings were reported by external auditors	Achieved.
	11. Year-on-year reduction of internal audit findings	Internal audit matters addressed	85% resolution of internal audit findings	On average 85% of internal audit findings were resolved for all audits in the previous and current cycles	Achieved.
	12. % budget variance	17% variance	Approximately 2% budget variance	The Programme under-spent by 17%	Not achieved due to under-spending on staff costs and goods and services.
	13. % of risks mitigated	73% of top risks mitigated	60% of top risks mitigated	On average 38% of the risks were mitigated	Risks were partially mitigated, however they were rolled over to the next financial year for finalisation.
	14. Year-on-year reduction of fraud cases	40% reduction	50% reduction of open cases	30% of cases reduced	A decrease in manpower impacted on the non-achievement of the target. The advertising and filling positions is in progress.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	16. % compliance to GEPF SLA performance requirements	90% compliance	95% compliance	An average of 83% compliance	The SLA was not met for a variety of reasons which will be addressed by the Modernisation Programme in the coming year.
	18. Number of hours taken to respond to stakeholder complaints	Less than two working days	Two hours taken to respond	An average of 86% of automated responses were forwarded to clients within two hours	The majority of responses were provided within two hours.
	19. Number of working days taken to resolve stakeholder complaints	Less than seven working days	Five working days	86% of complaints were resolved in five working days	The majority of complaints were resolved within five working days.
Objective 3 To enhance service delivery through enabling technology and well-documented processes	20. % of mapped core business processes	Modernisation Programme initiated	60% of core business processes mapped	Business Process Management (BPM) tender approved Process governance manual completed and awaiting sign-off	Partially achieved.
	21. % of core processes automated	Modernisation Programme initiated	30% of core processes automated	9% (the process of identifying the need to pay benefits and obtain benefit details was automated as part of eChannel)	This was dependent on the Technical Architecture tender being awarded, the corresponding acquisition of the required technology and the appointment of a solution implementation partner. The Technical Architecture tender was not awarded in the 2012/2013 financial year.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
Objective 4 To develop core skills and human capabilities to deliver professional and efficient administration services	22. Number of implemented training and development initiatives	Zero - new measure	Develop Skills Plan	Workplace Skills Plan developed and submitted to the relevant Public Sector Education and Training Authority (PSETA) by 30 June 2012	Achieved.
	23. Targeted training programmes	An average of 2.5 days targeted training per employee	Two development programmes implemented	More than two development programmes implemented: <ul style="list-style-type: none"> • 171 employees trained in OMS, • 90% compliance to the Bursary Policy, and • 80% compliance to the Workplace Skills Plan 	Achieved. Training needs are identified and provided as per performance agreements. An OMS training programme was introduced to improve performance.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	24. % Wellness Index rating	Employee Satisfaction Survey rating of 89%	Wellness Index rating	74% Wellness Index rating The Wellness Index rating was compiled through a survey and an employee satisfaction rating of 46% was obtained: a) 100% of managers received sick leave reports, b) 77% of employees attended wellness sessions, c) 100% of first aiders and 20% of fire fighters were trained, and d) 20% of wellness status reports were submitted to management	Achieved.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	25. % level of compliance to the Performance Management Plan	Zero - new measure	60% level of compliance to the Performance Management Plan	<p>The level of compliance to the Performance Management Plan is satisfactory, ie above 50%</p> <p>Evaluations:</p> <ul style="list-style-type: none"> • Compliance level above 50% • 52% compliance for evaluations submitted by the due date (31 May 2012) • 0% compliance for payment of incentives by 30 June 2012 • 100% of all evaluation incentives paid and implemented after approval by CEO <p>Agreements:</p> <ul style="list-style-type: none"> • An overall average compliance rate of 45% for agreements by the due date (31 May 2012) 	The performance management system has challenges and measures have been put in place to improve it.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
Objective 5 To enhance mutually beneficial partnerships with employer communities	26. % of employer department staff trained	CLO employer training	25% of employer department staff trained	31% of employer department staff trained	Achieved.
	27. Number of formalised agreements to support the Benefit Process Automation	Zero - new measure	DPSA/ employer department Practice Notes on pension and benefit regulations	Practice Notes not in place. There has been interaction between the DPSA and the GPAA to enforce compliance on this matter	Formalised relationship with the DPSA to conclude memoranda of understanding (MOUs). Draft MOUs and Practice Notes in place.
	28. Number of member awareness and empowerment initiatives	More than three Initiatives	Four initiatives	More than three member awareness and empowerment initiatives: <ul style="list-style-type: none"> • 15 roadshows in five provinces, • Four exhibitions, • 58 locations were visited by Mobile Offices, assisting an average of 60 to 90 walk-in visitors per day, • 53 HR Forums were conducted, and • Nine HOD meetings were held 	The GPAA has accelerated outreach programmes in line with the Modernisation principles.

Table 9 - Programme 2 performance against pre-determined objectives

Highlights and achievements

- The average number of days taken to pay exit benefits in instances where all documentation was submitted correctly was 52 days for the 2012/2013 financial year.
- The percentage of claims paid within 60 days of receipt of correctly completed documents for this financial year is 77.74 % (2011/2012: 87.18%). The monetary value of these claims paid amounted to approximately R18.4 billion (2011/12: R17 billion.)
- The GPAA introduced processing of claims via eChannel in June 2012. This process allows employer departments to submit their claims via the web. For the financial year the GPAA processed 1,228 eChannel claims.
- The GPAA also processed and paid 8,626 spouse's pensions, 1,258 orphan's benefits, 2,889 recalculated benefits (previously paid benefits that have been recalculated), 138 compensation pension benefits, 18,417 funeral benefits and 770 clean-break payments to non-member former spouses.
- The GPAA activated 4,823 enhanced spouse's benefit choice applications, 6,433 manual Life Certificates and issued 27,104 pensioner cards.
- The Programme was able to successfully conclude the recognition and payment of benefits for those affected by the change in legislation regarding Non-Statutory Forces (NSF). In all, 22,649 NSF service periods were recognised and the Programme performed more than 7,509 recalculations on exited members' benefits for the year.
- Another major milestone was the initiation of the Pension Redress Programme, also known as the Past Discriminatory Practices (PDP) project. This project started in November 2012 and as at 31 March 2013, 11,279 applications have been verified.
- The Membership Unit checked and processed 69,795 pension claims in 2012/2013. In addition, 58,053 members' details were updated.
- The GPAA issued 969,295 benefit statements to its GEPF clients. This has been a first for the GPAA and has helped to meet the requirements of the Pension Fund Act.
- The GPAA improved its communication to members by using SMS to keep members informed of the status of their claims and other service requests.
- The Programme successfully implemented the Organisational Management System (OMS), an initiative of the Modernisation Programme.
- For the financial year ended 31 March 2013, the Programme was responsible for the collection of approximately R47,003 billion (2012: R45 billion).
- Outstanding contributions for the current year amounted to R44,3 million (2011/2012: R28,347 million) which represents less than 1% of contributions payable and is well within the SLA requirement for contributions outstanding to be below 5%.
- Timeous and accurate collections of contributions improved, with specific reference to the management of contribution collections for employers who do not contribute via Transversal systems. There was an improvement from 94% in the previous year to 99% in the current year in salary schedules supporting contribution payments timeously received.
- The Functional Training component of Business Support Services (BSS) was able to offer 10,181 hours of training (2012: 5,257.50)

and 1,357 (2012: 701) person training days.

- The BSS Test Laboratory increased the number of change requests deployed to production from 393 in the 2012 financial year to 645 in 2013.

Challenges and risks

- The biggest challenge during this year was the effect of the suspension of 10 staff members for suspected fraudulent activities within Operations in May 2012. None of these staff members have returned to work to date. This reduction in staff impacted on the production of processing pension claims for the rest of the financial year. In addition, standard operating procedures and internal controls had to be improved and strengthened to prevent further fraudulent activities.
- Outstanding pension claims for the year equalled 5,817 (2012: 10,133), which was a direct result of the fraudulent activities.
- The backlog within the GPAA increased to 511 cases older than 60 days.
- Legislative changes to the GEP Law and Rules were not implemented on time due to ICT constraints. This impacted on service delivery as manual processes had to be put in place to manage the ICT constraints.
- The GPAA had poor service delivery on the ICT side with respect to downtime and slow and poor response times on PORTAL (used for the processing of Funeral Benefits) and downtime of the Funeral Benefits fax line. This contributed to turnaround times on Funeral Benefit claims not meeting the SLA requirements.
- Retrieval of pension files from document storage was also slow and did not meet the desired service standard. This resulted in beneficiaries being paid late.
- The poor quality of pension claims from employer departments resulted in a number of claims being sent back to the departments to be corrected and resubmitted. This back and forth movement of pension claims between the GPAA and the employer departments resulted in delays in the payment of claims.
- Member data quality remains a concern. This relates to data other than salary information, such as contact details, service information and so on, which is dependent on the quality of the information supplied by the employer.
- The contribution reconciliations with respect to manually contributing participating employers remain a challenge. This is due to the employers in question not submitting salary schedules with information to support contribution payments, which would in turn enable timeous reconciliations.
- The collection of additional liability claims payable to GEPF remains problematic, given the financial constraints of participating employers and challenges to the basis of the recovery of the contributions.
- Office space remains a problem, with staff working in different areas as opposed to one specific area.
- The GPAA also had a shortage of business analysts during the year under review. The impact of this shortage resulted in delayed responses to business requirements, which has influenced the delivery of services.

Future improvements

- The Programme is closely involved with the Modernisation Programme and will be significantly affected by Modernisation initiatives. The Benefit Payment Automation (BPA) project has a direct impact on the core operations of the Programme and this will be beneficial to the GPAA as it will improve service delivery. The Modernisation Programme initiatives for Programme 2 will focus on new business processes, improved working methodology, increased automation and innovative ways to service the GPAA's clients.
- Most of the business processes within the Programme will be documented and modernised during the coming year. The first phase was implemented in July 2012, with the implementation of eChannel for exit form (Z102) submissions from employer departments to the GPAA.
- The implementation of the Past Discriminatory Practices (PDP) project is likely to have a significant impact within the coming financial year as approximately 138,000 application forms are expected for this redress programme. The biggest challenges will be system readiness, high claims volumes and the number of enquiries anticipated.
- The focus for 2013/2014 will be on improving member level contribution reconciliation, reducing discrepancies identified and sanitisation of member data.

Programme expenditure

ECONOMIC CLASSIFICATION	2012/2013			2011/2012		
	Final Budget	Actual Expenditure	(Over)/Under Expenditure	Final Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	67,266	59,016	8,250	61,358	55,201	6,157
Goods and services	8,753	3,378	5,375	8,996	5,064	3,932
Capital expenditure	10	(6)	16	15	-	15
Total	76,029	62,388	13,641	70,369	60,265	10,104

Table 10 - Programme 2 expenditure

The under-spending variance of 18% (R13.3 million) for 2012/2013 is mainly due to the moratorium placed on the filling of positions and under-spending on consulting due to actuarial services that have not yet been utilised.

5.4 Programme 3: Customer Relationship Management (CRM)

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
Objective 1 To increase the level of client satisfaction through operational excellence	1. % of benefits paid accurately	Zero - new measure	Develop measuring methodology	Methodology documented and a pilot was conducted on the methodology	Achieved.
	2. % of benefits paid on time	78% of benefits paid within 60 days	80% of benefits paid within 60 days of receipt at the GPAA	An average of 78% of benefits were paid in 60 days	Annual target missed by 2%.
	3. % reduction of backlog (more than 60 days) baseline	Backlog reduced by 66% of previous baseline	Reduce baseline to 60% of a baseline of 128 cases	Closed with 511 cases older than 60 days	The backlog grew due to increased controls introduced, which resulted in a longer turnaround time to process claims.
	4. % of cases in the unclaimed account successfully traced and paid	Zero - new measure	Build tracing capability	Tracing capability built Evaluation done and is subject to approval by the Bid Committee	Achieved.
	5. % Call Centre service level	91% service level	90% service level	77% service level	System availability and reliability remains a problem. Increase in turnaround time to process claims contributed to more frequent calls. Dependent on other units for feedback.
	6. % of QCRs responded to within two days	67% in more than two days	80% responded to within two days	An average of 63% responded to within two days	The manual QCR system has created challenges which have led to the non-achievement of targets. The GPAA has put systems in place to respond to queries within two days; these include dedicated back offices and officials to deal with these issues.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	7. % of QCRs resolved within seven days	67% in more than seven days	70% resolved within seven days	An average of 94% resolved within seven days	The GPAA has put systems in place to resolve queries within seven days; these include dedicated back offices and officials to deal with these issues.
	8. Customer Satisfaction Index (CSI) survey	Zero - new measure	Develop measuring methodology	Method developed and CSI of 64% achieved	The GPAA prioritised Batho Pele principles and has been very rigorous in its customer satisfaction initiatives.
	9. Defined operating and funding models	Zero - new measure	Criteria for operating and funding models defined	New organisational structure defined, documented and socialised Benchmarking has been conducted on funding models	The GPAA is defining its operating and funding models in consultation with all stakeholders and this requires time.
Objective 2 To have an efficient corporate governance and financial management framework	10. Year-on-year reduction of significant matters of emphasis	Unmodified audit rating	100% of significant audit findings resolved by specified date	No audit finding received	No audit findings.
	11. Year-on-year reduction of internal audit findings	Internal audit matters addressed	85% resolution of internal audit findings	100% resolution of internal audit findings No new internal audit findings	Achieved.
	12. % budget variance	17% variance	Approximately 2% budget variance	8% variance	Moratorium on filling of vacant positions.
	13. % of risks mitigated	73% of top risks mitigated	60% of top risks mitigated	41% of top risks mitigated	Some risks were deferred to the next financial year.
	14. Year-on-year reduction of fraud cases	40% reduction	50% reduction of open cases	30% of cases reduced	Decrease in manpower impacted on the non-achievement of target. Advertising and filling of the positions is in progress.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	15. Extent of Business Continuity Plan implementation	Interim Business Continuity Plan	Plan implemented and exercised	Business Continuity Plan implemented: <ul style="list-style-type: none"> Two Disaster Recovery site exercises conducted, and Two Business Continuity desktop exercises conducted 	Achieved.
	16. % compliance to GEPF SLA performance requirements	90% compliance	95% compliance	83% compliance on average	The SLA was not met for a variety of reasons, which will be addressed by the Modernisation Programme in the coming year.
	17. % compliance to National Treasury SLA performance requirements	95% compliance	95% compliance	95% compliance	Achievement is due to consistent feedback and engagement between the two partners.
	18. Number of hours taken to respond to stakeholder complaints	Less than two working days	Two hours taken to respond	An average of 86% of automated responses were forwarded to clients within two hours	Achieved.
	19. Number of working days taken to resolve stakeholder complaints	Less than seven working days	Five working days	86% of complaints resolved in five working days	The majority of complaints were resolved within five working days.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
Objective 3 To enhance service delivery through enabling technology and well-documented processes	20. % of mapped core business processes	Modernisation Programme initiated	60% of core business processes mapped	BPM tender approved Process governance manual completed and awaiting sign-off	Delays associated with supply chain processes.
	21. % of core processes automated	Modernisation Programme initiated	30% of core processes automated	9% (the process of identifying the need to pay benefits and obtain benefit details was automated as part of eChannel)	This was dependent on the Technical Architecture tender being awarded, the corresponding acquisition of the required technology and the appointment of a solution implementation partner. The Technical Architecture tender was not awarded in the 2012/2013 financial year.
	22. Capability index	Modernisation Programme initiated	Determine capability index rating methodology	Embedded in the Modernisation Programme, the index will be fully determined in the next financial year	Plans are ready for full implementation of Modernisation, which will determine the capability Index in the next financial year.
Objective 4 To develop core skills and human capabilities to deliver professional and efficient administration services	23. Number of implemented training and development initiatives	Zero - new measure	Develop Skills Plan	Workplace Skills Plan developed and submitted to the relevant Public Sector Education and Training Authority (PSETA) by 30 June 2012	Achieved.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	24. Targeted training programmes	An average of 2.5 days targeted training per employee	Two development programmes implemented	<p>More than two development programmes implemented:</p> <ul style="list-style-type: none"> • 171 employees trained in OMS, • 90% compliance to the Bursary Policy, and • 80% compliance to the Workplace Skills Plan 	<p>Achieved.</p> <p>Training needs are identified and provided as per performance agreements.</p> <p>An OMS training programme was introduced to improve performance.</p>
	25. % Wellness Index rating	Employee Satisfaction Survey rating of 89%	60% Wellness Index rating	<p>74% Wellness Index rating</p> <p>Wellness Index rating was compiled through a survey and an Employee Satisfaction rating of 46% was obtained:</p> <ul style="list-style-type: none"> a) 100% of managers received sick leave reports, b) 77% of employees attended wellness sessions, c) 100% of first aiders and 20% of fire fighters were trained, and d) 20% of wellness status reports were submitted to management 	Achieved.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	26. % level of compliance to the Performance Management Plan	Zero - new measure	60% level of compliance to the Performance Management Plan	<p>Evaluations:</p> <ul style="list-style-type: none"> • 52% compliance for evaluations submitted by the due date (31 May 2012), • 0% compliance for payment of incentives by 30 June 2012, and • 100% of all evaluation incentives paid and implemented after approval by CEO <p>Agreements:</p> <p>An overall average compliance rate of 45% for agreements by the due date (31 May 2012) 94% submitted to date</p>	The performance management system has challenges and measures have been put in place to improve it.
Objective 5 To enhance mutually beneficial partnerships with employer communities	27. % of employer department staff trained	CLO employer training	25% of employer department staff trained	31%: 332 employer sessions presented for 3,123 HR officials	Achieved.
	28. Number of formalised agreements to support Benefit Process Automation	Zero - new measure	DPSA/ employer department Practice Notes on pension and benefit regulations	Practice Notes not in place. There has been interaction between the DPSA and the GPAA to enforce compliance on this matter	The consultative process is ongoing with relevant employer departments to support Benefit Process Automation.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	29. Number of member awareness and empowerment initiatives	More than three initiatives	Four initiatives	<p>More than three member awareness and empowerment initiatives:</p> <ul style="list-style-type: none"> • 15 roadshows in five provinces, • Four exhibitions, • 58 locations were visited by Mobile Offices, assisting an average of 60 to 90 walk-in visitors per day, • 53 HR Forums were conducted, and • Nine HOD meetings were held 	The GPAA has accelerated outreach programmes in line with the Modernisation principles.

Table 11 - Programme 3 performance against pre-determined objectives

Highlights and achievements

- Mobile Offices became operational in eight provinces during 2012/2013.
- eChannel was piloted in the Western Cape Department of Health, SAPS, SARS, Department of Justice, National Treasury, Mpumalanga Department of Education and in departments in the North West.

Challenges and risks

- System downtime and ICT support were challenging during 2012/2013.
- Low productivity was also a challenge due to changes in the exit benefit process.
- Communication with clients was not clear and incorrect information was used.
- The CLO Optimisation project was delayed due to the lack of approval for new positions.
- Updating of the GEPF website with roadshow information and marketing of roadshows were also notable challenges.

Way forward 2013/14

- Enhanced productivity
- Backlog reduction
- Enhance the eChannel process and roll it out to more employers
- Roll-out of Mobile Offices to the Western Cape
- Define the query resolution process

Programme expenditure

ECONOMIC CLASSIFICATION	2012/2013			2011/2012		
	Final Budget	Actual Expenditure	(Over)/Under Expenditure	Final Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	101,952	93,348	8,604	97,860	84,675	13,185
Goods and services	28,892	27,575	1,317	26,670	23,383	3,287
Capital expenditure	15	(6)	21	-	4	(4)
Total	130,859	120,917	9,942	124,530	108,062	16,468

Table 12 - Programme 3 expenditure

The variance of 8% (R9.9 million) is due to positions that were budgeted for not being filled as a result of the moratorium on the filling of positions and under-spending on telecommunications was due to expenditure originally budgeted for under CRM being moved to ICT at a later stage.

5.5 Programme 4: Auxiliary Divisions

Sub-Programme 4.1: CEO's Office

- The purpose of the CEO's Office, and the units within it, is to plan, direct and support the organisation in order to ensure that funds and schemes are administered according to the relevant legislation and Service Level Agreements.
- This group of Business Units is responsible for ensuring that the organisation is effectively managed so as to deliver services that meet or exceed the requirements of clients.
- Finally, the CEO's Office is responsible for the overall performance of the organisation.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
Objective 1 To increase the level of client satisfaction through operational excellence	1. Customer Satisfaction Index (CSI) Survey	Zero - new measure	Customer Satisfaction Index (CSI) Survey	Method developed and CSI of 64% achieved	The GPAA prioritised Batho Pele principles and has been very rigorous in its customer satisfaction initiatives.
	2. Conduct quality gap analysis	Zero - new measure	60% gap analysis completed	80% gap analysis completed	Quality gaps were prioritised.
	3. GPAA website	Outdated GPAA intranet	Revamped GPAA intranet	Intranet revamped	Achieved.
Objective 2 To have an efficient corporate governance and financial management framework	4. Year-on-year reduction of significant matters of emphasis	Unmodified audit rating	80% reduction of significant matters of emphasis	No significant audit findings were reported by external auditors	Achieved.
	5. Year-on-year reduction of internal audit findings	Internal audit matters addressed	70% reduction of internal audit findings	No internal audit findings	Achieved.
	6. % budget variance	17% variance	Approximately 2% budget variance	37% budget variance	High vacancy rate due to restructuring.
	7. % of risks mitigated	73% of top risks mitigated	70% of risks mitigated	38% of risks mitigated	Some risks were deferred to the next financial year.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	8. Medium Term Expenditure Framework (MTEF) Strategy	MTEF Strategy 2011 - 2014	MTEF Strategy 2012 - 2015	Final Strategy submitted on 18 February 2013 to the Minister and in April 2013 to National Treasury's Planning Lekgotla	Achieved.
	9. Annual Performance Plan	Annual Performance Plan 2011/2012	Annual Performance Plan 2012/2013	Final Annual Performance Plan submitted on 18 February 2013 to the Minister and in April 2013 to National Treasury's Planning Lekgotla	Achieved.
	10. Contribution to National Treasury's Estimates of National Expenditure (ENE)	ENE submitted by 30 September 2011	ENE submitted by 30 September 2012	ENE planning done and submitted to the Department of Finance for consolidation and submission to National Treasury during the second quarter	Achieved.
	11. Annual Report	Annual Report submitted by 18 September 2011	Annual Report submitted by 30 September 2012	Annual Report was submitted to Parliament on 30 September 2012	Achieved.
	12. Number of Institutional Performance Reports	Four Institutional Performance Reports	Four Institutional Performance Reports	Four Institutional Performance Reports	Achieved.
	13. Number of Evaluation Study Reports	Four Evaluation Study Reports	Five Evaluation Study Reports	Six Evaluation Study Reports	Achieved.
	14. Number of Research Reports	Three Research Reports	Four Research Reports	10 Research Reports produced	Overachieved as there were numerous requests for reports from various Programmes.
	15. Number of policies drafted	13 policies in draft	21 policies to be drafted	21 policies were drafted	Achieved.
	16. Number of implemented policies	48 implemented policies	69 policies to be implemented	42 policies implemented	Delays due to the consultation process.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	17. % of projects completed within scope	Zero – new measure	80% of projects completed within scope	75% of projects have been completed within scope	Delays due to supply chain processes.
	18. % of projects progressing on time	Zero – new measure	65% of projects progressing on time	40% of project progress is on time	Delays due to supply chain processes.
Objective 4 To develop core skills and human capabilities to deliver professional and efficient administration services	19. % of projects within budget	Zero – new measure	50% of projects within budget	30% of projects within budget	Delays due to supply chain processes.
	20. % of Standard Operating Procedures (SOPs) developed	40% of SOPs developed	80% of SOPs developed	90% of SOPs for core processes developed, including for Programmes 1, 2, 3 and 4	Achieved.
	21. % of SOPs implemented	40% of SOPs implemented	SOPs implemented	80% of SOPs for core processes implemented	Achieved.
	22. % of Quality Management Frameworks and Quality Guidelines developed	20% of Quality Management Frameworks and Quality Guidelines developed	70% of Quality Management Frameworks and Quality Guidelines developed	90% of Quality Management Frameworks developed	Achieved.
	23. % of Quality Management Frameworks and Quality Guidelines implemented	20% of Quality Management Frameworks and Quality Guidelines implemented	70% of Quality Management Frameworks and Quality Guidelines implemented	90% of Quality Management Frameworks implemented	Achieved.
	24. Internal Communication	52 internal publications	52 internal publications	52 internal publications	Achieved.
	25. External Communication	Eight external publications	Eight external publications	Six external publications	Lack of content approval on time due to delays in receiving inputs from key role players.
	26. Minister's Report	Submitted by the 10 th of the second month	Minister's Report submitted quarterly	30 April 2012	Achieved.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	27. National Treasury SLA Report	Submitted by the 10 th of the second month	National Treasury SLA Report submitted quarterly	30 April 2012	Achieved.
	28. GEPF SLA Report	Submitted by the 10 th of the second month	GEPF SLA Report submitted quarterly	30 April 2012	Achieved.
	29. Successful Business Continuity exercises	Three successful Business Continuity exercises	Four successful Business Continuity exercises	Business Continuity Plan implemented: <ul style="list-style-type: none"> • Two Disaster Recovery site exercises conducted, and • Two Business Continuity desktop exercises conducted 	Achieved.
Objective 5 To enhance mutually beneficial partnerships with employer communities	30. Number of member awareness and empowerment initiatives	Six roadshows in provinces	Number of member awareness and empowerment initiatives	More than three member awareness and empowerment initiatives: <ul style="list-style-type: none"> • 15 roadshows in five provinces, • Four exhibitions, • 58 locations were visited by Mobile Offices, assisting an average of 60 to 90 walk-in visitors per day, • 53 HR Forums were conducted, and • Nine HOD meetings were held 	The GPAA has accelerated outreach programmes in line with the Modernisation Programme principles.

Table 13 - Sub-Programme 4.1 performance against pre-determined objectives

Highlights and achievements

- The Monitoring, Evaluation and Research sections have continued to provide support to various initiatives and this has led to performance improvement.
- There was capacity building for Monitoring and Evaluation in the form of training for managers.
- Corporate Communications published 52 internal publications and six external newsletters to ensure that external and internal members are kept abreast of the latest developments.
- The Sub-Programme supported outreach programmes including roadshows and Mobile Offices in eight provinces.
- The GPAA has been compliant with PFMA and National Treasury Regulations in terms of requirements for strategy and Annual Performance Plans.
- 75% of projects were completed, including renovation and Modernisation projects.
- Standard Operating Procedures (SOPs) were finalised for various business processes.

Challenges

- The vacancy rate was a challenge during 2012/2013 as it resulted in a high budget variance.
- Ad hoc evaluation studies were also an issue as they diverted time and resources from the implementation of planned projects.

Way forward 2013/2014

- Appointment of an external service provider to conduct surveys, specifically to conduct a survey on the implementation of the recommendations provided in Monitoring and Evaluation reports.
- Quality management and performance measures to be enhanced.
- Development of a media campaign strategy.
- Development of a communication strategy for the GPAA.
- The Project Management Office intends to put extra effort and resources into the implementation of the projects that were delayed in order to meet the set objectives and targets as set out in the Annual Performance Plan.
- Cascading of the Annual Performance Plan to all Business Units to ensure accountability across the entire organisation.

Sub-Programme expenditure

ECONOMIC CLASSIFICATION	2012/2013			2011/2012		
	Final Budget	Actual Expenditure	(Over)/Under Expenditure	Final Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	26,382	17,945	8,437	21,456	15,763	5,693
Goods and services	38,984	23,330	15,654	34,492	27,395	7,097
Capital expenditure	25	14	11	172	106	66
Total	65,391	41,289	24,102	56,120	43,264	12,856

Table 14 - Sub-Programme 4.1 programme 4.1 expenditure

The variance of 37% (R24 million) under-spending is mainly due to the following:

- Under-spending on compensation of employees due to positions budgeted for but not filled as a result of the moratorium placed on the filling of positions;
- Under-spending on consulting due to consulting services that have been absorbed by the Modernisation Programme and the delay in appointing a Business Continuity Manager; and
- The delay in printing and issuing of the fourth quarter newsletter. The newsletter was issued towards the end of May 2013.

Sub-Programme 4.2: Finance

- Finance directs and manages the financial resources available to administer pensions and other benefits using best practice principles. In this regard, Finance ensures that financial policies are adhered to, financial record-keeping is done according to an appropriate framework and sufficient cash flow levels are maintained for operational activities.
- Finance has the following measurable objectives:
 - To ensure efficient management of the financial resources available to administer the GPAA;
 - To ensure adherence to financial policies; and
 - To ensure that record-keeping is done according to an appropriate framework.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
Objective 1 To increase the level of client satisfaction through operational excellence	4. % of cases in the unclaimed account successfully traced and paid	Zero - new measure	Build tracing capability for National Treasury's unclaimed benefits Build tracing capability for GEPF's unclaimed benefits	Internal tracking mechanisms were implemented and unclaimed benefits were reduced by 18%	Achieved.
Objective 2 To have an efficient corporate governance and financial management framework	10. Year-on-year reduction of significant matters of emphasis	Unmodified audit rating	100% of significant audit findings resolved by specified date	Audit findings resolved	Achieved.
	11. Year-on-year reduction of internal audit findings	Internal audit matters addressed	85% resolution of internal audit findings	100% resolved	The resolution of internal audit findings was prioritised and monitored.
	12. % budget variance	17% variance	Approximately 2% budget variance	2% variance for Programme 4.2	Achieved.
	13. % of risks mitigated	73% of top risks mitigated	60% of top risks mitigated	25% of risks mitigated	Some risks can never be totally mitigated, but can only be partially mitigated.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	14. Year-on-year reduction of fraud cases	40% reduction	50% reduction of open cases	30% of cases reduced	The decline in manpower impacted on the non-achievement of target. Advertising and filling of positions is in progress.
	15. Extent of business Continuity Plan implementation	Interim Business Continuity Plan	Plan implemented and exercised	Business Continuity Plan implemented: <ul style="list-style-type: none"> • Two Disaster Recovery site exercises conducted, and • Two Business Continuity desktop exercises conducted 	Achieved.
	16. % compliance to GEPF SLA performance requirements	90% compliance	95% compliance	83% compliance	The target was missed because not all benefit claims were paid within the specified time.
	17. % compliance to National Treasury SLA performance requirements	95% compliance	95% compliance	95% compliance	Achieved due to consistent feedback and engagement between the two partners.
	18. Number of hours taken to respond to stakeholder complaints	Less than two working days	Two hours taken to respond	On average, 86% of automated responses were forwarded to clients within two hours	The majority of responses were provided within two hours.
	19. Number of working days taken to resolve stakeholder complaints	Less than seven working days	Five working days	86% of complaints resolved in five working days	The majority of complaints were resolved within five working days.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
Objective 4 To develop core skills and human capabilities to deliver professional and efficient administration services	23. Number of implemented training and development initiatives	Zero - new measure	Develop Skills Plan	Workplace Skills Plan developed and submitted to the relevant Public Sector Education and Training Authority (PSETA) by 30 June 2012	Achieved.
	24. Targeted training programmes	An average of 2.5 days targeted training per employee	Two development programmes implemented	More than two development programmes implemented: <ul style="list-style-type: none"> • 171 employees trained in OMS, • 90% compliance to the Bursary Policy, and • 80% compliance to the Workplace Skills Plan 	Achieved. Training needs are identified and provided as per performance agreements. An OMS training programme was introduced to improve performance.
	25. % Wellness Index rating	Employee Satisfaction Survey rating of 89%	60% Wellness Index rating	74% Wellness Index rating Wellness Index rating was compiled through a survey and an Employee Satisfaction rating of 46% was obtained: <ul style="list-style-type: none"> a) 100% of managers received sick leave reports, b) 77% of employees attended wellness sessions, c) 100% of first aiders and 20% of fire fighters were trained, and d) 20% of wellness status reports were submitted to management 	Achieved.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	26. % level of compliance to the Performance Management Plan	Zero - new measure	60% level of compliance to the Performance Management Plan	<p>Evaluations:</p> <ul style="list-style-type: none"> 52% compliance for evaluations submitted by the due date (31 May 2012) 0% compliance for payment of incentives by 30 June 2012, and 100% of all evaluation incentives paid and implemented after approval by CEO <p>Agreements:</p> <ul style="list-style-type: none"> An overall average compliance rate of 45% for agreements by the due date (31 May 2012) 94% submitted to date 	The performance management system has challenges and measures have been put in place to improve it.

Table 15 - Sub-Programme 4.2 performance against pre-determined objectives

Sub-Programme expenditure

ECONOMIC CLASSIFICATION	2012/2013			2011/2012		
	Final Budget	Actual Expenditure	(Over)/Under Expenditure	Final Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	32,390	33,203	(813)	66,767	64,102	2,665
Goods and services	7,151	6,139	1,012	9,430	8,502	928
Capital expenditure	300	(275)	575	24	(3)	27
Total	39,841	39,067	774	76,221	72,601	3,620

Table 16 - Sub-Programme 4.2 expenditure

The yearly variance is mainly due to the moratorium placed on the filling of permanent positions.

Sub-Programme 4.3: Corporate Services

- The primary aim of Corporate Services is to support the GPAA in achieving its strategic goals through the management, co-ordination and oversight of all management support and human resources services within the organisation. In working towards the realisation of these goals, Corporate Services ensures compliance with all legislative requirements for policy formulation and frameworks. This Programme therefore works to provide a conducive environment for the employees of the organisation in order to promote optimal service.
- Corporate Services has the following measurable objectives:
 - To reduce absenteeism;
 - To provide training and development; and
 - To ensure safety and security.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
Objective 2 To have an efficient corporate governance and financial management framework	10. Year-on-year reduction of significant matters of emphasis	Unmodified audit rating	100% of significant audit findings resolved by specified date	Audit findings resolved	Achieved.
	11. Year-on-year reduction of internal audit findings	Internal audit matters addressed	85% resolution of internal audit findings	64% resolved	Some audit findings were not in the Programme's control and in other cases the actual finding was resolved.
	12. % budget variance	17% variance	Approximately 2% budget variance	30% variance	The moratorium on the filling of vacant positions, maintenance of the Head Office building and parking was put on hold and the Modernisation Programme were the major causes of high budget variance.
	13. % of risks mitigated	73% of top risks mitigated	60% of top risks mitigated	91% of risks mitigated	Achieved.
	14. Year-on-year reduction of fraud cases	40% reduction	50% reduction of open cases	30% of cases reduced	The decrease in manpower impacted on the non-achievement of the target. The advertising and filling of positions is in progress.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	15. Extent of Business Continuity Plan implementation	Interim Business Continuity Plan	Plan implemented and exercised	Business Continuity Plan implemented: <ul style="list-style-type: none"> • Two Disaster Recovery site exercises conducted, and • Two Business Continuity desktop exercises conducted 	Achieved.
	16. % compliance to GEPF SLA performance requirements	90% compliance	95% compliance	83% compliance	The target was missed because not all benefit claims were paid within the specified time.
	17. % compliance to National Treasury SLA performance requirements	95% compliance	95% compliance	95% compliance	Achieved due to consistent feedback and engagement between the two partners.
	18. Number of hours taken to respond to stakeholder complaints	Less than two working days	Two hours taken to respond	An average of 86% of automated responses were forwarded to clients within two hours	The majority of responses were provided within two hours.
	19. Number of working days taken to resolve stakeholder complaints	Less than seven working days	Five working days	86% of complaints resolved in five working days	The majority of complaints were resolved within five working days.
Objective 4 To develop core skills and human capabilities to deliver professional and efficient administration services	23. Number of implemented training and development initiatives	Zero - new measure	Develop Skills Plan	Workplace Skills Plan developed and submitted to the relevant Public Sector Education and Training Authority (PSETA) by 30 June 2012.	Achieved.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	24. Targeted training programmes	An average of 2.5 days targeted training per employee	Two development programmes implemented	<p>More than two development programmes implemented:</p> <ul style="list-style-type: none"> • 171 employees trained in OMS, • 90% compliance to the Bursary Policy, and • 80% compliance to the Workplace Skills Plan 	<p>Achieved.</p> <p>Training needs are identified and provided as per performance agreements.</p> <p>An OMS training programme was introduced to improve performance.</p>
	25. % Wellness Index rating	Employee Satisfaction survey rating of 89%	60% Wellness Index rating	<p>74% Wellness Index rating</p> <p>Wellness Index rating was done through a survey and an Employee Satisfaction rating of 46% was obtained:</p> <ul style="list-style-type: none"> a) 100% of managers received sick leave reports, b) 77% of employees attended wellness sessions, c) 100% of first aiders and 20% of fire fighters were trained, and d) 20% of wellness status reports were submitted to management 	Achieved.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	26. % level of compliance to the Performance Management Plan	Zero - new measure	60% level of compliance to the Performance Management Plan	<p>Evaluations:</p> <ul style="list-style-type: none"> • 52% compliance for evaluations submitted by the due date (31 May 2012), • 0% compliance for payment of incentives by 30 June 2012, and • 100% of all evaluation incentives paid and implemented after approval by CEO <p>Agreements:</p> <ul style="list-style-type: none"> • An overall average compliance rate of 45% for agreements by the due date (31 May 2012), • 94% submitted to date 	The performance management system has challenges and measures have been put in place to improve it.
Objective 5 To enhance mutually beneficial partnerships with employer communities	27. % of employer department staff trained	CLO employer training	25% of employer department staff trained	31%: 332 employer sessions presented for 3,123 HR officials	Achieved.
	28. Number of formalised agreements to support Benefit Process Automation	Zero - new measure	DPSA/ employer department Practice Notes on pension and benefit regulations	Practice Notes not in place. There has been interaction between the DPSA and the GPAA to enforce compliance on this matter	The consultative process is ongoing with relevant employer departments to support Benefit Process Automation.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	29. Number of member awareness and empowerment initiatives	More than three initiatives	Four initiatives	<p>More than three member awareness and empowerment initiatives:</p> <ul style="list-style-type: none"> • 15 roadshows in five provinces, • Four exhibitions, • 58 locations were visited by Mobile Offices, assisting an average of 60 to 90 walk-in visitors per day, • 53 HR Forums were conducted, and • Nine HOD meetings were held 	The GPAA has accelerated outreach programmes in line with the Modernisation principles.

Table 17 - Sub-Programme 4.3 performance against predetermined objectives

Highlights and achievements

- 60 positions were advertised during this period.
- The Recruitment Section made offers to 22 applicants during this period and three employees on Senior Management level assumed duty.
- A Recruitment Committee was established to review and make recommendations on all requests for positions to be advertised.
- All performance management information was captured on PERSAL for the first time.
- Implementation of PSCBC Resolution 1 of 2012 commenced, covering the amendments to the housing, leave and long service determinations from the DPSA.
- A Sexually Transmitted Infections (STI) week was hosted for all employees.
- The GPAA received a third place Public Administration Leadership and Management Academy (PALAMA) award in the Category: Best Performing National Department in providing Public Service Induction.
- Elementary-level Facilities staff were upskilled through GPAA Product Knowledge training.
- Operational Management Systems (OMS) training was conducted for 150 staff members.

- From the 106 bursary applications received, 91 were awarded and a total amount of R619,747.00 was paid out.
- The last intake of interns was successfully implemented.
- The Emerging Management Development Programme (EMDP) was successfully completed.
- The Employment Equity report for 2011/2012 was submitted to the Department of Labour.
- The Labour Relations Unit handled eight disciplinary and three dispute cases during this period.
- Initiate a tender process for the appointment of risk assessment and recruitment service providers.
- Track compliance to the timeframes set out in the Performance Management Policy.
- Continue investigating the automation of performance management documentation.
- Revise the Human Resources Administration Policies in alignment with the mandate of the GPAA.
- Finalise all the Standard Operating Procedures in the Unit.
- Continue implementing PSCBC Resolution 1 of 2012.
- The finalisation of appeals through the intervention of the Offices of the CEO and the Minister will be pursued.
- Appoint an Occupational Health and Safety specialist.
- The Emerging Management Development Programme (EMDP) and Management Development Programme (MDP) will be implemented.
- Investigate the placement of the Facilities staff trained on GPAA products.
- Implement the GPAA's approved Client Liaison Officers' training programme.

Challenges

- As a result of the Modernisation Programme, the filling of certain positions was put on hold.
- A high number of terminations took place during the year, resulting in an increase in the turnover rate.
- ICT constraints affected service delivery.
- The current Health Risk Manager's contract expired on 31 December 2012 and the DPSA is still in the process of appointing a new service provider. This will result in backlogs of incapacity leave and ill-health retirement applications.
- There were delays in finalising outstanding appeal cases.
- Poor attendance of employees at change management and training interventions.

Way forward 2013/2014

The way forward for the next financial year will be dictated by the Modernisation Programme:

- Continue the recruitment process for the positions advertised.

Sub-Programme expenditure

ECONOMIC CLASSIFICATION	2012/2013			2011/2012		
	Final Budget	Actual Expenditure	(Over)/Under Expenditure	Final Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	38,398	33,344	5,054	34,726	29,708	5,018
Goods and services	52,526	34,036	18,490	47,056	27,692	19,364
Capital expenditure	8,171	2,427	5,744	6,900	1,802	5,098
Total	99,095	69,807	29,288	88,682	59,202	29,480

Table 11 - Sub-Programme 4.3 expenditure

The yearly variance of 30% (R29, 288 million) is mainly due to the following:

- The moratorium placed on the filling of permanent positions,
- Upgrading of office buildings and acquisition of office furniture put on hold pending the outcome of the Modernisation Programme, and
- Consulting work which has been absorbed by the Modernisation Programme.

Programme 4.4: Risk and Audit

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

Risk and Audit has the following measurable objectives:

1. To mitigate and manage enterprise-wide risk at the GPAA; and
2. To reduce, eradicate and investigate fraudulent activities at the GPAA.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
Objective 2 To have an efficient corporate governance and financial management framework	10. Year-on-year reduction of significant matters of emphasis	Unmodified audit rating	100% of significant audit findings resolved by specified date	No audit findings	No audits conducted.
	11. Year-on-year reduction of internal audit findings	Internal audit matters addressed	85% resolution of internal audit findings	53% of audit findings were implemented (followed up from 2010/2011)	The target was not reached due to a backlog of case volumes as a result of lack of human capacity due to high staff turnover and scarce skills in this function.
	12. % budget variance	17% variance	Approximately 2% budget variance	24.4%	This is mainly due to a high vacancy rate due to resignations.
	13. % of risks mitigated	73% of top risks mitigated	60% of top risks mitigated	45% of risks mitigated	The moratorium on the filling of positions as a result of restructuring led to a lack of capacity in this area. New action plans and emerging risks identified throughout the year impacted on the non-achievement of the target.
	14. Year-on-year reduction of fraud cases	40% reduction	50% reduction of open cases	30% of cases reduced	The decrease in manpower impacted on the non-achievement of the target. The advertising and filling of the positions is in progress.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	15. Extent of Business Continuity Plan implementation	Interim Business Continuity Plan	Plan implemented and exercised	Business Continuity Plan implemented: <ul style="list-style-type: none"> • Two Disaster Recovery site exercises conducted, and • Two Business Continuity desktop exercises conducted 	Achieved.
	16. % compliance to GEPF SLA performance requirements	90% compliance	95% compliance	83% compliance	The target was missed because not all benefit claims were paid within the specified time.
	17. % compliance to National Treasury SLA performance requirements	95% compliance	95% compliance	95% compliance	Achieved due to consistent feedback and engagement between the two partners.
	18. Number of hours taken to respond to stakeholder complaints	Less than two working days	Two hours taken to respond	An average of 86% of automated responses were forwarded to clients within two hours	The majority of responses were provided within two hours.
	19. Number of working days taken to resolve stakeholder complaints	Less than seven working days	Five working days	86% of complaints resolved in five working days	The majority of complaints were resolved within five working days.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
Objective 4 To develop core skills and human capabilities to deliver professional and efficient administration services	23. Number of implemented training and development initiatives	Zero - new measure	Develop Skills Plan	Workplace Skills Plan developed and submitted to the relevant Public Sector Education and Training Authority (PSETA) by 30 June 2012	Achieved.
	24. Targeted training programmes	An average of 2.5 days targeted training per employee	Two development programmes implemented	More than two development programmes implemented: <ul style="list-style-type: none"> • 171 employees trained in OMS, • 90% compliance to the Bursary Policy, and • 80% compliance to the Workplace Skills Plan 	Achieved. Training needs are identified and provided as per performance agreements. An OMS training programme was introduced to improve performance.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	25. % Wellness Index rating	Employee Satisfaction Survey rating of 89%	60% Wellness Index rating	<p>74% Wellness Index Rating</p> <p>Wellness Index rating was compiled through a survey and a Employee Satisfaction rating of 46% was obtained:</p> <ul style="list-style-type: none"> a) 100% of managers received sick leave reports, b) 77% of employees attended wellness sessions, c) 100% of first aiders and 20% of fire fighters were trained, and d) 20% of wellness status reports were submitted to management 	Achieved.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	26. % level of compliance to the Performance Management Plan	Zero - new measure	60% level of compliance to the Performance Management Plan	<p>Evaluations:</p> <ul style="list-style-type: none"> 52% compliance for evaluations submitted by due date (31 May 2012), 0% compliance for payment of incentives by 30 June 2012, and 100% of all evaluation incentives paid and implemented after approval by CEO <p>Agreements:</p> <ul style="list-style-type: none"> An overall average compliance rate of 45% for agreements by the due date (31 May 2012), and 94% submitted to date 	The performance management system has challenges and measures have been put in place to improve it.

Table 18 - Sub-Programme 4.4 performance against predetermined objectives

Highlights and achievements

- The GPAA has adopted a zero tolerance policy with regard to fraudulent and corrupt activities. During the period under review, 11 employees were suspended and some were dismissed for fraud-related activities.
- The GPAA participated in the Anti-Corruption Day (on 9 December 2012) held at UNISA, together with other government departments, in support of International Anti-corruption Day and the global fight to eradicate fraud and corruption.
- 70 re-issues of benefits were paid to the rightful beneficiaries to the value of R16,948 million. Beneficiaries were traced on old cases that dated back to 2002; this is significant as some of these beneficiaries were previously untraceable.
- Awareness programmes were undertaken across the Business Units and fraud articles were placed in newsletters issued to members and pensioners, bringing about an increase in enquiries on possible “suspicious” documents prior to payment being made (verification of signatures, identity documents and photographs).
- Awareness programmes at HR Forums across the provinces/departments have had a positive impact as GPAA employees have begun to be more vigilant and aware of modus operandi and are also forwarding cases on possible suspicious activities for investigation.

Challenges

- Human capacity declined during the year under review, and the ratio of cases per investigator is now 1:209. This followed the resignation of six employees during the period under review. Data capturing, monitoring and office administration have been severely hampered as a result. This has a direct impact on statistical data required for reporting purposes.

- A total of 37 cases related to Special Pensions were investigated for fraud/corruption; lack of capacity remains a challenge in this regard.
- The turnaround time on cases referred to SAPS and other law enforcement agencies remains a challenge.
- Fraud detection software was not acquired as anticipated. This is awaiting the initiation of Modernisation projects to identify the most suitable detection capabilities, aligned with the Modernisation Programme.

Way forward 2013/2014

- The review of the organisational structure and sourcing of additional human capacity will enhance the capacity to deal with fraud, risk and corruption.
- The Risk Implementation Plan and the Risk Strategy, Whistle-blowing Policy and Fraud Prevention Plan will be prioritised.
- Monitoring capabilities will be increased to detect fraud at an early stage, for example re-evaluating the current control measures and their ability to prevent and detect fraud.
- Risk assessments are to be conducted at Regional Offices and at Head Office, including for pre-planned Modernisation projects
- A project-based approach and outsourcing of some functions to service provider(s) will be explored to reduce case volumes and backlogs
- An ethical culture will be promoted within the organisation through training and awareness programmes and ensuring that policies and procedures are in place to guide employees towards ethical behaviour.
- Software (with investigative analysis and data access solutions), linked with Modernisation, will be procured to deal with systems-based fraud and corruption activities.

Sub-Programme expenditure

ECONOMIC CLASSIFICATION	2012/2013			2011/2012		
	Final Budget	Actual Expenditure	(Over)/Under Expenditure	Final Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	16,519	12,381	4,138	14,705	11,802	2,903
Goods and services	3,221	2,586	635	4,048	1,672	2,376
Capital expenditure	31	-	31	23	-	23
Total	19,771	14,967	4,804	18,776	13,474	5,302

Table 19 - Sub-Programme 4.4 expenditure

The variance of 24,3% under-spending is mainly due to Forensic and Fraud audits that occur when the need arises; to date no audits have been done. Another major contributing factor was positions budgeted for but not yet filled as a result of the moratorium on the filling of positions (R3.9 million).

Sub-Programme 4.5: Legal Services

- The purpose of Legal Services is to provide an enterprise-wide legal service. As the GPAA is a service provider to both GEPF and National Treasury, Legal Services is responsible for providing legal support in areas of operations for which the GPAA is responsible.
- Legal Services has the following measurable objectives:
 - To establish a legal identity for the GPAA.
 - To improve the GPAA's governance and compliance framework.
 - To improve service delivery through ensuring compliance with legislative requirements.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
Objective 2 To have an efficient corporate governance and financial management framework	10. Year-on-year reduction of significant matters of emphasis	Unmodified audit rating	100% of significant audit findings resolved by specified date	No audit findings	Achieved as there are no significant findings.
	11. Year-on-year reduction of internal audit findings	Internal audit matters addressed	85% resolution of internal audit findings	No audit findings	Achieved as there are no significant findings.
	12. % budget variance	17% variance	Approximately 2% budget variance	40% variance	The nature of Legal Services is that it cannot anticipate when external services will be used as litigation may occur at any stage, or opinions could be required at any interval.
	13. % of risks mitigated	73% of top risks mitigated	60% of top risks mitigated	80% mitigated	Exceeded as the GPAA's Legal Services is working together as a unit to transfer skills: <ul style="list-style-type: none"> Mentoring is implemented, Meetings are held regularly, and All opinions are valued and discussed.
	14. Year-on-year reduction of fraud cases	40% reduction	50% reduction of open cases	30% of cases reduced	The decline in manpower impacted on the non-achievement of the target. The advertising and filling of positions is in progress.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	15. Extent of Business Continuity Plan implementation	Interim Business Continuity Plan	Plan implemented and exercised	Business Continuity Plan implemented: <ul style="list-style-type: none"> • Two Disaster Recovery site exercises conducted, and • Two Business Continuity desktop exercises conducted 	Achieved.
	16. % compliance to GEPF SLA performance requirements	90% compliance	95% compliance	83% compliance	The target was missed because not all benefits claims were paid within specified time.
	17. % compliance to National Treasury SLA performance requirements	95% compliance	95% compliance	95% compliance	Achieved due to consistent feedback and engagement between the two partners.
	18. % of QCRs responded to within two days Hours taken to respond to stakeholders complain.	67% in more than two days	80% responded to within two days Two hours taken to respond	An average of 63% responded to within two days	The GPAA has put systems in place to respond to queries within two days; these include dedicated back offices and officials to deal with these issues.
	19. % of QCRs resolved within seven days Working days to resolve stakeholder complaints	67% in more than seven days	70% resolved within seven days Five working days to resolve stakeholder complaints	An average of 94% resolved within seven days	The GPAA has put systems in place to resolve queries within seven days; these include dedicated back offices and officials to deal with these issues.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
Objective 4 To develop core skills and human capabilities to deliver professional and efficient administration services	23. Number of implemented training and development initiatives	Zero - new measure	Develop Skills Plan	Workplace Skills Plan developed and submitted to the relevant Sector Education and Training Authority (PSETA) by 30 June 2012	Achieved.
	24. Targeted training programmes	2.5 days average targeted training per employee	Two development programmes implemented	More than two development programmes implemented: <ul style="list-style-type: none"> • 171 employees trained in OMS, • 90% compliance to Bursary Policy, and • 80% compliance to Workplace Skills Plan 	Achieved. Training needs are identified and provided as per performance agreements and the OMS training programme was introduced to improve performance.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	25. % Wellness Index rating	Employee Satisfaction Survey rating of 89%	60% Wellness Index rating	74% Wellness Index rating Wellness Index rating was done through a survey and an Employee Satisfaction rating of 46% was obtained: a) 100% of managers received sick leave reports, b) 77% of employees attended wellness sessions, c) 100% of first aiders and 20% of fire fighters were trained, and d) 20% of wellness status reports were submitted to management	Achieved.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	26. % level of compliance to the Performance Management Plan	Zero - new measure	60% level of compliance to the Performance Management Plan	<p>Evaluations:</p> <ul style="list-style-type: none"> • 52% compliance for evaluations submitted by due date (31 May 2012), • 0% compliance for payment of incentives by 30 June 2012, and • 100% of all evaluation incentives paid and implemented after approval by CEO <p>Agreements:</p> <ul style="list-style-type: none"> • An overall average compliance rate of 45% for agreements by the due date (31 May 2012), and • 94% submitted to date 	The performance management system has challenges and measures have been put in place to improve it.

Table 20 - Sub-Programme 4.5 performance against predetermined objectives

Sub-Programme expenditure

ECONOMIC CLASSIFICATION	2012/2013			2011/2012		
	Final Budget	Actual Expenditure	(Over)/Under Expenditure	Final Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	7,761	4,834	2,927	5,474	4,069	1,405
Goods and services	4,741	2,609	2,132	3,070	2,246	824
Capital expenditure	-	1	(1)	-	-	-
Total	12,502	7,444	5,058	8,544	6,315	2,229

Table 21 - Sub-Programme 4.5 expenditure

The variance of 40% (R5 million) is mainly due to the moratorium placed on the filling of vacant positions (R656,000), and legal services that have not yet been utilised due to the reduction of cases against GEPF and the GPAA (R561,000).

Sub-Programme 4.6: Information and Communication Technology (ICT)

- ICT directs and manages the organisation’s ICT resources, including the data centre (servers and storage area network), wide and local area networks (LAN and WAN), applications, desktop equipment and databases. It is therefore the enabler of the organisation’s operations and management as it provides the building blocks and the interoperability required to deliver on the GPAA’s mandate. ICT strives to provide leading-edge technology solutions and high-quality pension administration support services based on established best practice frameworks, models and standards. In this regard, ICT ensures the security and integrity of the organisation’s ICT systems while maintaining a clear organisational chart which lays out the approved levels of authorisation for staff. ICT also maintains defined and role-based access controls with appropriate authorisation by both ICT and user programmes.
- ICT has the following measurable objective:
 1. To enhance service delivery through enabling technology and well-documented processes.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
Objective 1 To increase the level of client satisfaction through operational excellence	1. Percentage of benefits paid accurately (audited)	95% uptime	99.99% uptime of benefit administration system	99.3%	The environment was intermittently unavailable due to resource allocation and upgrade issues. A resource utilisation monitoring tool was procured and implemented.
	2. % of benefits paid on time	95% uptime	99.99% uptime of benefit administration system	99.3%	The environment was intermittently unavailable due to resource allocation and upgrade issues. A resource utilisation monitoring tool was procured and implemented.
	5. % Call Centre service level	91% service level	Service level of 90%	Service level of 77%	The Call Centre system has reached its end of life and requires an upgrade. An upgrade is planned for the next financial year.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	6. % of QCRs responded to within two days	67% in more than two days	80% responded to within two days	An average of 63% responded to within two days	The manual QCR system has created challenges which have led to the non-achievement of targets.
	7. % of QCRs resolved within seven days	67% in more than seven days	70% resolved within seven days	An average of 94% resolved within seven days	The GPAA has put systems in place to resolve queries within seven days; these include dedicated back office and officials to deal with these issues.
	9. Defined operating and funding model	Zero - new measure	Criteria for operating and funding models defined	New organisational structure defined, documented and socialised Benchmarking has been conducted on funding models	The GPAA is defining its operating and funding models in consultation with all stakeholders and this requires time.
Objective 2 To have an efficient corporate governance and financial management framework	10. Year-on-year reduction of significant matters of emphasis	Unmodified audit rating	100% of significant audit findings resolved by specific date	92.36% resolved	Some of the findings could not be resolved during the year under review due to emerging risks associated with the IT function. Mostly, the previous financial year's findings have been resolved.
	11. Year-on-year reduction of internal audit findings	Internal audit matters addressed	85% resolution of internal audit findings	52% resolution	Systems are in place to resolve all the internal audit findings. A number of internal audit findings were, however, issued during the last quarter of the financial year and have thus not been resolved. The team will also look at the time specified to resolve the findings as these are often unrealistic.
	12. % budget variance	17% variance	Approximately 2% budget variance	8% variance	Year-to-date variance is as a result of delayed spending during the first and second quarters.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	13. % of risks mitigated	73% of top risks mitigated	60% of top risks mitigated	12% of risks mitigated	A number of risks are partially mitigated. The partial mitigation is as a result of a shorter scheduled implementation periods for technology solutions.
	14. Year-on-year reduction of fraud cases	No engine available	Fraud identification system	30% solved	Decline in manpower impacted on the non-achievement of the target. Advertising and filling of the positions is in progress.
	15. Extent of Business Continuity Plan implementation	Two Disaster Recovery exercises	Four Disaster Recovery exercises	Business Continuity Plan implemented: <ul style="list-style-type: none"> Two Disaster Recovery site exercises conducted; and Two Business Continuity desktop exercises conducted 	Achieved.
	16. % compliance to GEPF SLA performance requirements	90% compliance	95% SLA compliance 95% operational level agreement (OLA) compliance	83% compliance	Target was missed because not all benefit claims were paid within the specified time.
	17. % compliance to National Treasury SLA performance requirements	95% compliance	95% SLA compliance 95% OLA compliance	95% compliance	Achievement of this target is due to consistent feedback and engagement between the two partners.
	18. Number of hours taken to respond to stakeholder complaints	Less than two working days	Two hours taken to respond	An average of 86% of automated responses were forwarded to clients within two hours	The majority of responses were provided within two hours.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	19. Number of working days taken to resolve stakeholder complaints	Less than seven working days	Five working days	86% of complaints resolved in five working days	Majority of complaints were resolved within five working days.
Objective 4 To develop core skills and human capabilities to deliver professional and efficient administration services	23. Number of implemented training and development initiatives	Zero - new measure	Develop Skills Plan	Workplace Skills Plan developed and submitted to the relevant Public Sector Education and Training Authority (PSETA) by 30 June 2012	Achieved.
	24. Targeted training programmes	An average of 2.5 days targeted training per employee	Two development programmes implemented	More than two development programmes implemented: <ul style="list-style-type: none"> • 171 employees trained in OMS, • 90% compliance to Bursary Policy, and • 80% compliance to Workplace Skills Plan 	Achieved. Training needs are identified and provided as per performance agreements. The OMS training programme was introduced to improve performance.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	25. % Wellness Index rating	Employee Satisfaction Survey rating of 89%	60% Wellness Index rating	74% Wellness Index rating Wellness Index rating was done through a survey and an Employee Satisfaction rating of 46% was obtained: a) 100% of managers received sick leave reports, b) 77% of employees attended wellness sessions, c) 100% of first aiders and 20% of fire fighters were trained, and d) 20% of wellness status reports were submitted to management.	Achieved.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	26. % level of compliance to the Performance Management Plan	Zero - new measure	60% level of compliance to the Performance Management Plan	<p>Evaluations:</p> <ul style="list-style-type: none"> • 52% compliance for evaluations submitted by due date (31 May 2012), • 0% compliance for payment of incentives by 30 June 2012, and • 100% of all evaluation incentives paid and implemented after approval by CEO <p>Agreements:</p> <ul style="list-style-type: none"> • An overall average compliance rate of 45% for agreements by the due date (31 May 2012), and • 94% submitted to date 	The performance management system has challenges and measures have been put in place to improve it.

Table 22 - Sub-Programme 4.6 performance against pre-determined objectives

Highlights and achievements

- ITIL training has been well received by managers and administrators. During the reporting period, 13 people attended ITIL intermediate training while 32 attended COBIT Foundation training. This brings the overall participants in ITIL and COBIT training to 65, consisting of a number of participants who have received ITIL Foundation training, 30 who received ITIL Intermediate training, and 32 who received COBIT Foundation training during the financial year.
- ICT applications were enhanced to support the GPAA. During the period, 119 requests for change (REMAses) were released into production, below the average of 55 per month. In total, 658 (47.37%) requests were released to production during the financial year. The applications management unit continues to improve reporting on the REMAses resolved and released. In the Application space, the year-end processes were executed without incident and the team were able to focus on the development of eChannel phase 2.
- From a governance perspective, while undertaking the revision of the ICT Governance Charter, a self-assessment was concluded and submitted to EXCO and the Audit Committee for noting. Only two of the 11 ICT Management Committee meetings had to be adjourned due to the lack of a quorum, with the committee's only difficulty being the erratic attendance of some members. The revision of the governance structures of the GPAA will address this issue going forward.
- The optimisation and consolidation of the hardware infrastructure, in particular the server clusters, continued during the period under review.
- The disaster recovery responsibility was executed for the first time when a disaster recovery (DR) test was successfully conducted during February 2013.
- Nine Information Security Standard Operating Procedures (SOPs) were developed and signed off during the year.

Challenges

- Delays in the finalisation and advertising of the ICT Infrastructure Support and Maintenance and Information Security Support Tenders. The tender specification team continues to work on delivering the specifications that will satisfy the business before going to market.
- The inadequacy of the current terms of reference for ICT Operations to address pertinent operational issues that affect ICT users.
- Poor asset management, in particular co-operation with the asset management team on ICT assets.
- Reviewing ICT governance frameworks to be aligned to industry best practices, such as ITIL and COBIT.
- The integration of GEPF's management of security technology as per the Operational Level Agreement (OLA).

- Poor performance of the test environment used by the application maintenance and support team and the testing team as a result of allocation of a majority of resources to the production environment.
- The cascading of the Annual Performance Plan to units within the Sub-Programme.
- The Call Centre technology remains a problem and the team will look into the possibility of upgrading the current technology as part of the tender process.
- The alignment of ICT job levels to ITIL best practice to address gaps and the finalisation of the related Job Evaluation process to allow ICT to perform optimally and attract and retain suitable candidates.

Way forward 2013/2014

- In our quest to report meaningfully to the stakeholders, ICT Services will review the reports and align them to ITIL best practice.
- In addition, a service catalogue will be developed and discussed with the ICT Management Committee to guide the outsourcing agreement reporting requirements.
- A flexible outsource support agreement will be issued enabling assimilation of ever-changing reporting requirements.

Sub-Programme expenditure

ECONOMIC CLASSIFICATION	2012/2013			2011/2012		
	Final Budget	Actual Expenditure	(Over)/Under Expenditure	Final Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	8,789	4,282	4,507	8,848	4,080	4,768
Goods and services	100,343	97,412	2,931	86,412	100,003	(13,591)
Capital expenditure	8,800	6,304	2,496	16,500	11,173	5,327
Total	117,932	107,998	9,934	111,760	115,256	(3,496)

Table 23 - Sub-Programme 4.6 expenditure

The variance of 8% (R9.9 million) under-spending is mainly due to software licences not yet being renewed (R4 million), invoices for March 2013 not yet received from Gijima AST (R7 million) and the lease of desktops still awaiting approval from the Minister of Finance (R8 million).

5.6 Programme 5: Modernisation

- This Programme forms the nucleus of the GPAA's strategy for the next five years and beyond, ensuring that efficiency gains realised through the programme are sustained.
- Modernisation has the following measurable objective:

1. To enhance service delivery through enabling technology and well-documented processes in such a way that the results can be measured, monitored and evaluated within a specific timeframe.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
Objective 1 To increase the level of client satisfaction through operational excellence	9. Defined operating and funding model	Zero - new measure	Criteria for operating and funding models defined	New organisational structure defined, documented and socialised Benchmarking has been conducted on funding models	The GPAA is defining its operating and funding models in consultation with all stakeholders and this requires time.
Objective 2 To have an efficient corporate governance and financial management framework	10. % of external audit findings resolved	Unmodified audit rating	100% of significant audit findings resolved by specified date	No audit findings reported	No audit findings reported.
	11. % of internal audit findings resolved	No baseline	85%	No significant findings raised that needed resolution during the financial year	No significant internal findings.
	12. % budget variance	17% variance	Approximately 2% budget variance	74% variance	Delays in awarding tenders have resulted in project delays and consequent under-spending, hence the variance is high.
	13. % of risks mitigated	73% of top risks mitigated	60% of top risks mitigated	Six out of seven (85%) of risks have been mitigated	Some risks have been deferred to next financial year.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
Objective 3 To enhance service delivery through enabling technology and well-documented processes	20. % of mapped core business processes	60% of mapped core business processes	60% of core processes mapped Business Process Management tender approved Process Governance manual completed and awaiting sign-off	9% (The process of identifying the need to pay benefits and obtain benefit details was automated as part of eChannel)	This was dependent on the Technical Architecture tender being awarded, the corresponding acquisition of the required technology and the appointment of a solution implementation partner. The Technical Architecture tender was not awarded in the 2012/2013 financial year.
	21. % of core business processes automated	Modernisation Programme initiated	30% of core processes automated	9% (Process of identifying the need to pay benefits and obtain benefit details was automated as part of eChannel)	This was dependent on the Technical Architecture tender being awarded, the corresponding acquisition of the required technology and the appointment of a solution implementation partner. The Technical Architecture tender was not awarded in the 2012/2013 financial year.
	22. % capability to take on new products	Modernisation Programme initiated	Determine capability index rating methodology	Embedded in the Modernisation Programme, the index will be fully determined in the next financial year	This was dependent on the Technical Architecture tender being awarded, the corresponding acquisition of the required technology and the appointment of a solution implementation partner. The Technical Architecture tender was not awarded in the 2012/2013 financial year.
Objective 4 To develop core skills and human capabilities to deliver professional and efficient administration services	23. Skills development implemented	Zero - new measure	Develop Skills Plan	Workplace Skills Plan developed and submitted to the relevant Public Sector Education and Training Authority (PSETA) by 30 June 2012	Achieved.

Strategic objective	Performance indicators	Baseline (annual) 2011/2012	Annual target 2012/2013	Actual performance against target 2012/2013	Reasons for variance
	24. Targeted training programmes	An average of 2.5 days targeted training per employee	Two development programmes implemented	<p>More than two development programmes implemented:</p> <ul style="list-style-type: none"> • 171 employees trained in OMS, • 90% compliance to Bursary Policy, and • 80% compliance to Workplace Skills Plan 	<p>Achieved.</p> <p>Training needs are identified and provided as per performance agreements.</p> <p>An OMS training programme was introduced to improve performance.</p>

Table 24 - Programme 5 performance against pre-determined objectives

Highlights and achievements

Benefit Payment Automation (BPA)

- The GEPF Online application process (eChannel) for the submission of exit benefit applications went live in June 2012.
- 27 employer departments are now using eChannel and these employers account for approximately 28% of GEPF's membership.
- The introduction of an electronic channel has reduced the average payment turnaround time from 60 days (for manually submitted cases) to 14 days for cases submitted via the GEPF Online application, from the date of receipt at the GPAA.

Outreach

- Mobile Offices are currently operational in eight of the nine provinces, with only the Western Cape awaiting roll-out. These offices are being monitored for effectiveness.
- Mobile units have been hired while the procurement of the official vehicles takes place.

Operational Management Systems (OMS)

- Meeting management training was completed for Programmes 1 and 2. Meeting management is one of the 10 components of the OMS framework. The objective is to standardise meetings within the GPAA and encourage a culture of efficient and effective meetings with the aim of improving operational processes, and thus service delivery.

Retiring Member Campaign (RMC)

- The workflow for this has been in operation since March 2012. To date, a few enhancements to both the workflow and the MIS have been deployed.
- Based on the analysis done in March 2013, cases where retiring members have been contacted through the RMC process are indicating an approximately 50% reduction in time to receive documents, compared to cases where members were not contacted.

Human Capital Management

- A new senior management service organisational structure has been proposed.
- Suppliers have been identified to provide the executive and management development courses and the process of nominating attendees has been initiated.

Labour Relations

- A Placement Protocol has been completed and is under review.
- Organisational structure consultations are underway.

Business Process Management (BPM)

- The BPM tender has been approved and awarded to Trivector.
- Implementation of the process repository has been completed.
- Process modelling standards have been approved by the Process Governance

Committee.

- Core business process scenarios were identified and agreed on with business owners.
- 60% of the core business process scenarios have been documented.
- Process governance processes have been defined and are awaiting approval.

Call Centre

- A detailed analysis of the current Call Centre operations was completed and presented to the CRM Senior Management team.
- Actions to improve the identified managerial issues have been implemented and have had a positive and immediate impact on the Call Centre service levels; these continue to be monitored on a daily basis.

Challenges

Retirement Member Campaign

- Members are suspicious when contacted without advance notice by the GPAA and are frequently reluctant to discuss their financial affairs.

CLO Optimisation

- The capacity of the CLOs to follow up on cases referred to them is currently limited.
- Additional CLOs are being deployed as part of the CLO Optimisation initiative to address this problem.

ICT

- ICT resource availability in specialised areas is a challenge.
- A number of the Modernisation projects are utilising the current Oracle Portal. Lack of suitable skills in this field is impacting such projects.

Outreach

- Connectivity issues are hampering the provision of services in certain rural areas.
- The delay in the awarding of the Technical Architecture Design tender has proved a serious setback to the Modernisation Programme. This tender is critical to the Programme as it underpins the automation of all the processes. It was anticipated that this tender would be awarded during the second quarter. However this has still not occurred.

Programme expenditure

ECONOMIC CLASSIFICATION	2012/2013			2011/2012		
	Final Budget	Actual Expenditure	(Over)/Under Expenditure	Final Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	-	76	(76)	-	-	-
Goods and services	20,902	13,594	7,308	49,003	3,860	45,143
Capital expenditure	31,353	23	31,330	-	2,904	(2,904)
Total	52,255	13,693	38,562	49,003	6,764	42,239

Table 25 - Programme 5 expenditure

Modernisation reflects an under-spending of 74% (R38.5 million). This is due to delays in the commencement of projects under Modernisation.

6 SUMMARY OF FINANCIAL INFORMATION

6.1 ADMINISTRATION FEES

Administration fees	2012/2013			2011/2012		
	Final budget	Actual amount collected	(Over)/under collection	Final budget	Actual amount collected	(Over)/under collection
	R'000	R'000	R'000	R'000	R'000	R'000
GEPF	613,676	478,410	134,500	562,535	442,735	119,800
National Treasury	43,854	44,237	(383)	41,467	39,336	2,131
TOTAL	657,530	522,647	134,883	604,002	482,071	121,931

Table 26 - Administration fees

REVENUE

The GPAA does not charge for services performed; instead it recovers costs incurred for the period. This arrangement was agreed by GEPP as the main source of revenue during the separation of the GPAA and GEPP for a period of five years, which ends in the next two years.

The GPAA receives 93% of its budget from GEPP and 7% from National Treasury as administration fees for administering 1,166 million members for GEPP and 104,205 members on behalf of National Treasury.

The variance of R134.9 million under collection is due to expenditure that was budgeted for but that was not incurred.

6.2 PROGRAMME EXPENDITURE

ECONOMIC CLASSIFICATION	2012/2013			2011/2012		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
COMPENSATION OF EMPLOYEES	334,643	295,547	39,096	279,259	272,334	6,925
GOODS AND SERVICES	274,182	217,865	56,317	244,441	196,485	47,956
Advertising and promotion	15,223	12,185	3,038	13,844	15,862	(2,019)
Audit fees	2,700	1,838	862	2,750	3,171	(421)
Computer services	82,180	78,608	3,572	75,681	79,143	(3,463)
Consulting and professional services	62,858	28,597	34,261	80,159	24,375	55,784
Leases	15,802	7,431	8,371	11,492	8,253	3,239
Personnel agency fees	4,572	2,536	2,036	7,365	2,607	4,758
Repairs, cleaning and maintenance	22,782	10,437	12,345	23,050	8,075	14,975
Stationery, consumables, printing and publications	14,737	11,834	2,903	22,714	11,775	10,939
Telecommunications	19,514	29,411	(9,897)	23,216	24,485	(1,269)
Travel and subsistence	9,257	13,342	(4,085)	10,584	9,741	843
Training and workshops	8,874	12,983	(4,109)	11,296	10,283	1,013
Other expenses	15,683	8,727	6,956	11,295	5,479	5,816
CAPITAL EXPENDITURE	48,705	9,170	39,535	31,300	6,488	24,812
TOTAL	657,530	522,647	134,883	604,002	482,071	121,931

Table 27 - Programme expenditure

6.2.1 Reasons for variations

The total variance of R134.9 million (21%) under-spending is mainly due to the following:

- Under-spending on compensation of employees of R39.2 million (12%) as a result of the moratorium placed on the filling of positions.
- Under-spending on goods and services of R56.3 million (21%) mainly due to:
 - consulting and professional services that were absorbed by Modernisation (R34.3 million),
 - leases of desktops that were delayed due to internal approval processes (R8.8 million), and
 - upgrading and renovations of the Head Office building that were put on hold pending the outcome of Modernisation (R12.3 million).

6.3 CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

6.3.1 MODERNISATION PROGRAMME

The Modernisation Programme has focused on improving the GPAA's processes, which will have a direct positive impact on the services provided to members and pensioners. This will require acquisition of computer software and hardware.

6.3.2 ASSET MANAGEMENT PLAN

The GPAA has an Asset Unit that falls under the Administration Finance section. This section of the organisation is responsible for:

- Receiving assets with the asset owner;
- Registering them into the asset register;
- Maintaining the asset register;
- Verifying assets at least twice per year;
- Disposing of assets via the Assets Committee; and
- Performing capital budgeting.

Through this process, the GPAA is able to effectively manage its assets.

6.3.3 MAINTENANCE

DESCRIPTION	VALUE R'000
Maintenance of office equipment	1,009
Maintenance and repairs to audio visual equipment	1
Maintenance and repairs to telecommunications equipment	2
Maintenance of office furniture	3
Maintenance of motor vehicles	1,358
Maintenance of computer software	68,588
Maintenance of computer equipment	853
Maintenance of buildings	5,055
TOTAL	76,870

Table 28 - Maintenance



➤ **PART C: GOVERNANCE**

1. INTRODUCTION

Sound corporate governance principles are the foundations upon which the trust of stakeholders is built. These principles are critical to growing the type of reputation that the GPAA is attempting to establish as it positions itself as a leading and preferred fund benefits administrator. Commitment by the GPAA to maintain the highest standards of governance is thus fundamental to the management of its finances and resources.

The GPAA functions within the frameworks of the Constitution of the Republic of South Africa, the Public Service Act (PSA), the Public Finance Management Act (PFMA) and the guidelines set out in the *King Report on Governance for South Africa 2009 (King III)*, where applicable. By functioning within these laws, rules and guiding principles, the organisation ensures that it manages its risks and operates ethically.

2. RISK MANAGEMENT

The GPAA practises risk management through the application of the Risk Management Framework as issued by National Treasury. It thus applies the relevant methodologies, continual assessments and monitoring to ensure that it considers risk within its decision-making.

The GPAA's key strategic risk profile was developed through formalised risk assessment workshops. This risk profile was used in developing an Internal Audit Plan to direct internal audit efforts towards those areas of higher risk to the organisation. This is based on the best practices put forward by *King III*.

To this end, the GPAA has a Risk Management Committee in place and a risk register is kept and updated continually to ensure that all the major risks facing the organisation are recorded, along with mitigating strategies.

3. FRAUD AND CORRUPTION

The GPAA, much like its private sector counterparts, is prone to fraud due to the large amounts of money handled in the administration of benefits. Fraud and corruption therefore pose significant potential risks to the organisation's reputation, assets and service delivery efficiency. It has thus put mitigation strategies in place for the prevention and mitigation of fraud, such as the establishment of a Fraud Hotline in November 2009.

The GPAA has also developed a Fraud Prevention Plan which focuses on the following four pillars of anti-corruption best practice: prevention, detection, investigation and resolution. In implementing this plan, regular fraud awareness sessions are conducted with the GPAA's employees both at Head and Regional Offices.

During the year under review, the GPAA was able to recover R16,948 million. This was then paid to the rightful beneficiaries. Some of the cases investigated were tracked back to 2002, where the beneficiaries were previously untraceable.

4. MINIMISING CONFLICT OF INTEREST

In order to minimise conflict of interest in the procurement of goods and services, the GPAA ensures that all government supply

chain procedures, as per the Public Finance Management Act and any instructions from the National Treasury, are followed. To this end, all potential suppliers complete National Treasury's Standard Bid Document (SBD) 4 form upon registration in the supplier database. This document requests that prospective bidders declare their interests. Along with this, all tender suppliers and evaluators sign declaration forms that highlight any areas of concern. As a further measure, all of the GPAA's senior management level employees are also required to complete declaration forms and all supply chain officials are cleared by the National Intelligence Agency (NIA) to top secret level.

5. CODE OF CONDUCT

In its drive towards being a professional organisation that effectively and efficiently administers fund benefits on behalf of its clients, the GPAA takes the behaviour and conduct of its staff seriously. The organisation is thus sincere about its responsibility to create an appropriate environment in which values are established and exemplary examples set.

As a government component, the GPAA seeks guidance from the Constitution in this regard. Section 195(1)(a) of the Constitution states that "a high standard of professional ethics must be promoted and maintained" in public administration. Section 20(t) of the Public Service Act of 1994 goes on to charge all employees appointed in terms of the this Act with the responsibility of complying with the prescribed Code of Conduct. As this forms the main basis on which corrective and disciplinary action rests,

the GPAA does everything possible to ensure that the contents of the Code of Conduct are known to all employees and that all employees follow the mandate of the Code at all times.

6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

For the first time in the history of this organisation, an emergency evacuation drill was held where more than 600 employees and customers were evacuated from the Head Office building in six minutes. Also in this vein, 80 members of the Occupational Health and Safety (OHS) committee in Head Office were trained in first aid and 20 more in fire fighting and evacuation.

60% of OHS audit findings have been resolved, for example a fire inspection report was received from Tshwane Disaster Management and labour inspection reports were received for the Regional Offices. A Safety, Health, Environment, Risk and Quality (SHERQ) committee was also established during the year under review and one of its focus areas will be to provide OHS support to Regional and Satellite Offices.

The finalisation of SLAs for security services is 80% complete. This is recommended to mitigate against security risks identified in the regions during the OHS compliance audits.

Office space in Head Office remains a challenge. The old and over-populated building offers a number of risks and opportunities for improvement. Office space limitations also impact on evacuation assembly points. Furthermore, not all Regional Offices comply with OHS Act

requirements, such as having evacuation plans, procedures and spacing. Regional Offices SHERQ representatives were not trained because of operational issues.

7. INTERNAL AUDIT UNIT

Internal audit plays a pivotal role in the GPAA's combined assurance framework by providing independent assurance over governance, risk management and systems of internal control, as well as over the combined assurance framework.

During the 2012/2013 financial year, the GPAA's Internal Audit component formalised an internal audit plan so as to respond to the organisation's strategy and critical risks (including inherent risks). This internal audit plan takes into consideration a number of factors, including:

- Risk assessments performed by the Risk Management Unit in September 2012;
- The previous three-year rolling plan;
- Previous audits performed and knowledge of the GPAA's operating environment; and
- Discussions held with the organisation's executives and management.

The objective of such risk management and internal control frameworks are to provide insight into the key components that drive the organisation's ability to manage risk and internal controls.

During the reporting period, Internal Audit also reviewed the risk management and internal control activities of the GPAA within the context of the following components:

- Governance – mandate and oversight of the risk management and internal control activities across the GPAA;
- People – skilled and aligned individuals accountable for risk management and internal control across the GPAA; and
- Methods and practices – effective and efficient risk management and internal control across the GPAA.

It was established that the organisation's internal audit procedures are aligned to standards for the professional practice of internal auditing as prescribed by the International Institute of Internal Auditors. Such standards require that the GPAA complies with ethical requirements, plans and performs internal audits to obtain reasonable assurance that the system of internal controls is operating effectively.

Most significantly, during the year under review Internal Audit finalised the establishment of an Audit Committee for the GPAA. This committee met three times during 2012/2013 and prepared a report on activities as below.

8. AUDIT COMMITTEE REPORT

8.1 Report of the Audit Committee for the GPAA for the year ended 31 March 2013

We are pleased to present our report for the year ended 31 March 2013.

8.2 Audit Committee members and attendance

The Audit Committee operates under the formally approved terms of reference of National Treasury. It has met three times and consists of the members listed below:

Name of member	Number of meetings attended	Comments
Vuyo Jack	3	Chairperson
Zach Le Roux	3	Member
Berenice Francis	2	Member
Mamoroke Lehobye	1	Member
Lesibana Fosu	0	Resigned
Joe Lesejane	3	Member

Table 29 - Committe attendance

8.3 Audit Committee responsibility

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

responsibilities as contained therein and regulated our affairs in compliance with the charter.

8.4 Effectiveness of internal controls

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

The Committee has approved the annual plans of the Internal Audit unit. Internal Audit presented reports at Audit Committee meetings. The Audit Committee also attended a workshop, discussed the separation of functions, and agreed on how Internal Audit should function and their role in governance, risk management and internal controls.

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

We are not satisfied that management have taken adequate steps to perform a comprehensive risk analysis across the organisation during the year under review to ensure that all risks are identified and responded to as part of an integrated enterprise-wide risk management programme.

Accordingly, we can report that the financial statements and performance information for the period under review were satisfactory.

8.5 The effectiveness of internal audit

We are generally satisfied that the Internal Audit function is operating effectively and that it has addressed the risks pertinent to the organisation in its audits. However, there are certain aspects that still need improvement.

8.6 Accounting and auditing concerns identified as a result of internal and external audits

From the various reports of the internal auditors, the *Audit Report on the Annual Financial Statements* and the management letter of the Auditor-General, it was noted that no significant or material accounting and auditing concerns were identified.

Some of the auditable areas as per the approved plans were not finalised due to the high staff turnover during the period under review.

8.7 The institution's compliance with legal and regulatory provisions

From the various reports of the internal auditors, the *Audit Report on the Annual Financial Statements* and the management letter of the Auditor-General, it was noted that no significant or material non-compliance with legal and regulatory provisions has been reported.

8.8 The risk areas of the institution's operations

There is a Risk Management Committee in place but it only met once for the 2012/2013

financial year. A risk register is kept and updated continually to ensure that all the major risks facing the programmes under the GPAA are recorded.

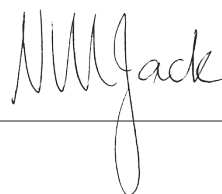
8.9 Evaluation of Annual Financial Statements

We have reviewed the financial statements for the year ending 31 March 2013; no material misstatements were identified. These financial statements only complied with the Generally Recognised Accounting Practice (GRAP) structure.

We have reviewed and evaluated the Annual Financial Statements for submission by the Accounting Officer to the Auditor-General of South Africa and we are satisfied that they are in an auditable state. Our final evaluation will be performed after the statutory audit.

8.10 The Auditor-General of South Africa

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



**Chairperson of the Audit Committee
Government Pensions Administration Agency
(GPAA)**

31 July 2013



PART D: HUMAN RESOURCES MANAGEMENT

1. LEGISLATION THAT GOVERNS HUMAN RESOURCE (HR) MANAGEMENT

The information provided in this part is prescribed by the Public Service Regulations (Chapter 1, Part III J.3 and J.4).

2. INTRODUCTION

The GPAA's Human Resources strategy is aimed at building a competent workforce and embedding a performance-based, results-orientated organisational culture.

During the year under review, the Human Resources Unit improved adherence to Performance Management principles in order to sustain and enhance performance going forward.

The critical role that good leadership plays in the continued success of the organisation was identified and to improve the quality of leadership within the organisation, the Emerging Management Development Programme was successfully implemented. During the reporting period the internship programme continued and was focused on targeted areas to assist with closing identified gaps in the organisation.

The GPAA went out on tender to secure the services of a service provider to deliver a comprehensive human resources transformation programme that will improve the organisation's working

environment and efficiencies in line with the Modernisation Programme. The service provider will assist the GPAA with the planning, design and implementation of its Human Capital Management programme.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

The GPAA must, according to reporting requirements, provide the following key information on human resources. All of the financial amounts agree to the amounts disclosed in the annual financial statements. Where considered appropriate, reasons have been provided for material variances.

3.1. Personnel-related expenditure

The following tables summarise the final audited personnel-related expenditure by Programme and by salary band. In particular, they provide an indication of the following:

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

Table 3.1.1 Personnel costs by salary band

Salary band	Personnel expenditure (R'000)	% of total personnel cost	Number of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	R 2,880	1%	24	120,000
Skilled (level 3-5)	R 16,624	5.6%	89	186,787
Highly skilled production (levels 6-8)	R 118,210	39.7%	500	236,420
Highly skilled supervision (levels 9-12)	R 81,797	27.5%	175	467,411
Senior and top management (levels 13-16)	R 15,933	5.4%	21	758,714
Contract (Levels 1-2)	R 2,983	1%	45	66,289
Contract (Levels 3-5)	R 1,698	0.6%	11	154,364
Contract (Levels 6-8)	R 30,329	10.2%	152	199,533
Contract (Levels 9-12)	R 11,389	3.8%	27	421,815
Contract (Levels 13-16)	R 8,637	2.9%	9	959,667
Periodical remuneration	R 3,165	1.1%	31	102,097
Abnormal appointment	R 0	0%	0	0
Total	R 2,93,645	98.7%	1,084	270,890

Table 3.1.2 Salaries, overtime, homeowner's allowance and medical aid by cost centre

Cost Centre	Salaries		Overtime		Home owner's allowance (HOA)		Medical aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Accounting Finance	R 5,299	83.5%	R 101	1.6%	R 108	1.7%	R 250	3.9%
Corporate Finance: GEPF	R 1,759	71%	R 2	0.1%	R 86	3.5%	R 170	6.9%
CRM Call Centre	R 19,911	79.3%	R 119	0.5%	R 581	2.3%	R 1099	4.4%
Eastern Cape Regional Office	R 764	75.2%	R 23	2.3%	R 31	3.1%	R 65	6.4%
Employee Benefits Funeral Benefits	R 2,914	69.4%	R 113	2.7%	R 172	4.1%	R 303	7.2%
Employee Benefits Operations and Finance Management	R 2,313	81.3%	R 0	0%	R 22	0.8%	R 75	2.6%

Cost Centre	Salaries		Overtime		Home owner's allowance (HOA)		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
Employee Benefits Withdrawals	R 9,683	68.8%	R 786	5.6%	R 479	3.4%	R 874	6.2%
Employee Relations	R 2,003	77.8%	R 0	0%	R 43	1.7%	R 99	3.8%
Enterprise Wide Risk	R 352	78%	R 2	0.4%	R 6	1.3%	R 8	1.8%
Facilities Management	R 6,580	70%	R 232	2.5%	R 437	4.6%	865	9.2%
Finance Management Accounts and Budgets	R 605	86.1%	R 0	0%	R 21	3%	R 0	0%
Finance: Supply Chain Management	R 2,651	77.3%	R 0	0%	R 88	2.6%	R 169	4.9%
Fraud and Forensic Management	R 3,877	71.6%	R 72	1.3%	R 138	2.5%	R 168	3.1%
Free State Regional Office	R 1,920	65.6%	R 28	1%	R 97	3.3%	R 179	6.1%
Gauteng (Walk-in-Centre)	R 5,602	67.5%	R 141	1.7%	R 276	3.3%	R 494	6%
GEPF Bisho	R 3,474	67%	R 73	1.4%	R 134	2.6%	R 166	3.2%
GEPF Board of Trustees	R 0	0%	R 0	0%	R 0	0%	R 0	0%
GEPF Business Support Services	R 4,499	74.6%	R 47	0.8%	R 140	2.3%	R 314	5.2%
GEPF Client Relationship Management	R 2,318	69%	R 9	0.3%	R 136	4.1%	R 77	2.3%
GEPF Communications	R 3,561	79.6%	R 97	2.2%	R 115	2.6%	R 109	2.4%
GEPF Employee Benefits	R 2,518	84.3%	R 0	0%	R 11	0.4%	R 42	1.4%
GEPF Employer and Government Liaison	R 5,593	65.1%	R 260	3%	R 219	2.5%	R 402	4.7%
GEPF ICT	R 4,050	94.6%	R 0	0%	R 11	0.3%	R 47	1.1%
GEPF Internal Audit	R 21,508	80%	R 19	0.1%	R 609	2.3%	R 989	3.7%
GEPF Legal	R 20,168	82.5%	R 294	1.2%	R 401	1.6%	R 722	3%
GEPF Management	R 4,045	94%	R 0	0%	R 165	3.8%	R 37	0.9%
GEPF Membership and Contributions	R 5,104	68.6%	R 320	4.3%	R 313	4.2%	R 496	6.7%
GEPF Military Pensions	R 4,662	84.7%	R 116	2.1%	R 93	1.7%	R 146	2.7%

Cost Centre	Salaries		Overtime		Home owner's allowance (HOA)		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
GEPF Special Employee Benefits Projects	R 5,830	75%	R 51	0.7%	R 259	3.3%	R 469	6%
Human Resources Administration	R 7,487	80%	R 0	0%	R 173	1.8%	R 338	3.6%
Information Security	R 2,355	77%	R 0	0%	R 70	2.3%	R 105	3.4%
Injury on Duty	R 2,087	76.7%	R 0	0%	R 86	3.2%	R 141	5.2%
Internal Audit	R 0	0%	R 0	0%	R 0	0%	R 0	0%
Johannesburg Satellite Office	R 149	78%	R 0	0%	R 11	5.8%	R 12	6.3%
Kimberley Regional Office	R 1,714	69.5%	R 8	0.3%	R 32	1.3%	R 111	4.5%
KwaZulu-Natal (Durban)	R 934	62.2%	R 112	7.5%	R 65	4.3%	R 160	10.7%
KwaZulu-Natal (Pietermaritzburg)	R 3,109	61.9%	R 264	5.3%	R 151	3%	R 276	5.5%
Limpopo	R 3,180	64.5%	R 81	1.6%	R 148	3%	R 268	5.4%
Management Information Systems	R 1,037	76.2%	R 0	0%	R 32	2.4%	R 73	5.4%
Medical Benefits	R 4,747	73%	R 4	0.1%	R 219	3.4%	R 500	7.7%
Modernisation	R 76	100%	R 0	0%	R 0	0%	R 0	0%
Monitoring and Evaluation	R 3,445	80.2%	R 16	0.4%	R 163	3.8%	R 82	1.9%
Mpumalanga	R 2,010	66%	R 31	1%	R 86	2.8%	R 211	6.9%
North West	R 3,280	67.5%	R 42	0.9%	R 138	2.8%	R 214	4.4%
Operational Support Services	R 8,134	67.2%	R 220	1.8%	R 559	4.6%	R 1,146	9.5%
Organisational Design and Development	R 1,072	82.8%	R 0	0%	R 11	0.9%	R 16	1.2%
Pensioner Maintenance	R 5,880	72.3%	R 251	3.1%	R 274	3.4%	R 503	6.2%
Physical Security	R 2,973	71.2%	R 77	1.8%	R 130	3.1%	R 318	7.6%
Programme 8 Finance	R 1,996	81.1%	R 0	0%	R 27	1.1%	R 62	2.5%
Project Management Office	R 2,156	81.2%	R 0	0%	R 55	2.1%	R 79	3%
Quality Control Management	R 2,165	92.6%	R 0	0%	R 44	1.9%	R 21	0.9%
Registry	R 1,562	65.5%	R 82	3.4%	R 119	5%	R 244	10.2%

Cost Centre	Salaries		Overtime		Home owner's allowance (HOA)		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
Secretariat	R 849	77.7%	R 37	3.4%	R 22	2%	R 61	5.6%
Training and Development	R 2,287	79.2%	R 8	0.3%	R 46	1.6%	R 64	2.2%
Umtata Regional Office	R 1,269	66.5%	R 29	1.5%	R 71	3.7%	R 115	6%
Western Cape	R 2,147	70.9%	R 35	1.2%	R 75	2.5%	R 143	4.7%
Total	R 2,21,663	74.5%	R 4,202	1.4%	R 7,998	2.7%	R 14,097	4.7%

Table 3.1.3 Salaries, overtime, homeowner's allowance and medical aid by salary band

Salary band	Salaries		Overtime		Homeowner's allowance (HOA)		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)	R 1,759	61%	R 38	1.3%	R 232	8%	R 411	14.2%
Skilled (level 3-5)	R 10,878	64.8%	R 360	2.1%	R 877	5.2%	R 1,796	10.7%
Highly skilled production (levels 6-8)	R 81,949	69%	R 2,698	2.3%	R 4,912	4.1%	R 8,842	7.4%
Highly skilled supervision (levels 9-12)	R 60,519	71.8%	R 683	0.8%	R 1,482	1.8%	R 2,771	3.3%
Senior management (level 13-16)	R 13,039	80.2%	R 0	0%	R 213	1.3%	R 132	0.8%
Total	R 2,21,670	74.5%	R 4,203	1.4%	R 7,995	2.7%	R 14,093	4.7%

3.2. Employment and vacancies

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

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

This information is presented in terms of the following key variable:

- Salary band

Table 3.2.1 Employment and vacancies by salary band

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)	35	24	31%	37
Skilled(3-5)	104	89	14%	17
Highly skilled production (6-8)	611	500	18%	154
Highly skilled supervision (9-12)	233	175	33%	26
Senior management (13-16)	43	21	51%	8
Total	1,026	809	21%	242

3.3. Job evaluation

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

Table 3.3.1 Job evaluation by salary band

Salary band	Number of posts on approved establishment	Number of jobs evaluated	% of posts evaluated by salary bands	Posts upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	35	0	0%	0	0%	0	0%
Skilled (Levels 3-5)	104	0	0%	0	0%	0	0%
Highly skilled production (Levels 6-8)	611	0	0%	0	0%	0	0%
Highly skilled supervision (Levels 9-12)	233	0	0%	0	0%	0	0%
Senior management Service band A	30	0	0%	0	0%	0	0%
Senior management Service band B	9	0	0%	0	0%	0	0%
Senior management Service band C	3	0	0%	0	0%	0	0%
Senior management Service band D	1	0	0%	0	0%	0	0%
Contract (Levels 1-2)	37	0	0%	0	0%	0	0%
Contract (Levels 3-5)	17	0	0%	0	0%	0	0%
Contract (Levels 6-8)	154	0	0%	0	0%	0	0%
Contract (Levels 9-12)	26	0	0%	0	0%	0	0%
Contract (band A)	5	0	0%	0	0%	0	0%
Contract (band B)	3	0	0%	0	0%	0	0%
Contract (band C)	0	0	0%	0	0%	0	0%
Contract (band D)	0	0	0%	0	0%	0	0%
Total	1,268						

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded are vacant.

Table 3.3.2 Profile of employees whose positions were upgraded due to their posts being upgraded

Beneficiary	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability					0

The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.3.3 Employees with salary levels higher than those determined by job evaluation by occupation

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
	0	0	0	0
Percentage of total employed				0%

3.4. Employment changes

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

Table 3.4.1 Annual turnover rates by salary band

Salary band	Number of employees at beginning of period- April 2012	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	25	0	1	4%
Skilled (Levels3-5)	93	0	4	4%
Highly skilled production (Levels 6-8)	525	10	25	5%
Highly skilled supervision (Levels 9-12)	172	4	10	6%
Senior management Service band A)	15	3	1	7%
Senior management Service band B	2	0	0	0%
Senior management Service Band C	1	0	0	0%
Senior management Service Band D	0	0	0	0%
Contracts	204	92	54	26%
Total	1,037	109	95	

The turnover rate for permanent employees is 4.92% and for contract workers it is 26%.

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

Table 3.4.2 Reasons why staff left the department: permanent

Termination type	Number	% of total resignations
Death	3	7%
Resignation	22	54%
Expiry of contract	0	0%
Dismissal – operational changes	0	0%
Dismissal – misconduct	2	5%
Dismissal – inefficiency	0	0%
Discharged due to ill-health	0	0%
Retirement	9	23%
Transfer to other Public Service departments	5	12%
Other	0	0%
Total	41	
Total number of employees who left as a % of total employment	4.92%	

Table 3.4.3 Reasons why staff left the department: contract

Termination type	Number	% of total resignations
Death	1	2%
Resignation	28	52%
Expiry of contract	14	26%
Dismissal – operational changes	0	0%
Dismissal – misconduct	0	0%
Dismissal – inefficiency	0	0%
Discharged due to ill-health	0	0%
Retirement	0	0%
Transfer to other Public Service departments	0	0%
Other	11	20%
Total	54	
Total number of employees who left as a % of total employment	26%	

Table 3.4.4 Promotions by salary band

Salary band	Permanent employees 1 April 2012	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)	25	0	0%	12	29%
Skilled (Levels3-5)	93	0	0%	92	88%
Highly skilled production (Levels 6-8)	525	7	1%	517	84%
Highly skilled supervision (Levels 9-12)	172	9	5%	176	88%
Senior management (Level 13-16)	18	1	6%	21	88%
Total	833	17	2%	818	83%

Only permanent employees are considered for promotion, while pay progressions are applicable to both contract and permanent employees and the calculations are done accordingly.

3.5. Employment equity

Table 3.5.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2013: permanent employees

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	10	1	1	4	3	0	0	2	21
Professionals	73	5	6	9	58	5	3	16	175
Technicians and associate professionals	104	10	7	12	259	30	10	68	500
Clerks	31	1	0	1	41	5	0	10	89
Elementary occupations	6	0	0	0	18	0	0	0	24
Total	224	17	14	26	379	40	13	96	809
Employees with disabilities	2	1	0	1	3	0	0	2	9

Table 3.5.2 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2013: contract employees

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	6	1	0	1	0	0	0	0	8
Professionals	13	0	1	1	3	0	1	7	26
Technicians and associate professionals	52	0	0	1	90	2	2	7	154
Clerks	8	0	0	0	9	0	0	0	17
Elementary occupations	18	0	0	0	19	0	0	0	37
Total	97	1	1	3	121	2	3	14	242
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.5.3 Total number of employees (including employees with disabilities) in each of the following occupational bands on 31 March 2013: permanent employees

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management (L15-L16)	1	0	1	0	1	0	0	1	4
Senior management (L13-L14)	9	1	0	4	2	0	0	1	17
Professionally qualified and experienced specialists and mid-management	73	5	6	9	58	5	3	16	175
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	104	10	7	12	259	30	10	68	500
Semi-skilled and discretionary decision making	31	1	0	1	41	5	0	10	89
Unskilled and defined decision making	6	0	0	0	18	0	0	0	24
Total	224	17	14	26	379	40	13	96	809

Table 3.5.4 Total number of employees (including employees with disabilities) in each of the following occupational bands on 31 March 2013: contract employees

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management (L15-L16)	3	0	0	0	0	0	0	0	3
Senior management (L13-L14)	3	1	0	1	0	0	0	0	5
Professionally qualified and experienced specialists and mid-management	13	0	1	1	3	0	1	7	26
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	52	0	0	1	90	2	2	7	154
Semi-skilled and discretionary decision making	8	0	0	0	9	0	0	0	17
Unskilled and defined decision making	18	0	0	0	19	0	0	0	37
Total	97	1	1	3	121	2	3	14	242

Table 3.5.5 Recruitment: 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	3	0	0	0	0	0	0	0	3
Professionally qualified and experienced specialists and mid-management	3	0	0	0	1	0	0	0	4
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	4	0	0	0	6	0	0	0	10
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	10	0	0	0	7	0	0	0	17
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.5.6 Recruitment: 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	2	1	0	0	0	0	0	0	3
Professionally qualified and experienced specialists and mid-management	3	0	0	0	2	0	1	1	7
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	13	0	0	0	31	2	1	3	50
Semi-skilled and discretionary decision making	2	0	0	0	6	0	0	0	8
Unskilled and defined decision making	12	0	0	0	11	1	0	0	24
Total	32	1	0	0	50	3	2	4	92
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.5.7 Promotions

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	6	0	0	0	3	0	0	0	9
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	0	0	1	3	1	0	2	7
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	7	0	0	1	6	1	0	2	17
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.5.8 Terminations: 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	5	0	0	0	10
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	10	0	0	0	9	0	0	6	25
Semi-skilled and discretionary decision making	3	0	0	0	1	0	0	0	4
Unskilled and defined decision making	0	0	0	0	1	0	0	0	1
Total	18	1	0	0	16	0	0	6	41
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.5.9 Terminations: contract workers

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	1	0	0	0	0	0	0	0	1
Senior management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	6	0	0	1	0	0	0	1	8
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	11	0	0	0	16	0	0	3	30
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	4	0	0	0	10	0	0	0	14
Total	23	0	0	1	26	0	0	4	54
Employees with Disabilities	1	0	0	0	0	0	0	0	1

Table 3.5.10 Disciplinary action

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
	15	0	0	2	6	2	0	0	25

Table 3.5.11 Skills development

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	14	1	1	4	3	0	0	2	25
Professionals	85	5	7	12	60	6	3	21	199
Technicians and associate professionals	160	10	6	13	340	30	10	81	650
Clerks	39	1	0	1	45	6	0	10	102
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	22	0	0	0	39	0	0	0	61
Total	320	17	14	30	487	42	13	114	1,037
Employees with disabilities	4	1	0	1	3	0	0	1	10

3.6. Performance rewards

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

Table 3.6.1 Performance rewards by race, gender and disability

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African male	236	294	80%	R 1,44	R 6,103.45
Asian male	13	15	87%	R 12.3	R 9,510.78
Coloured male	15	17	88%	R 9.7	R 6,521.53
White male	24	29	83%	R 22.7	R 9,484.65
African female	378	459	82%	R 1,82.8	R 4,836.67
Asian female	14	15	93%	R 8.3	R 5,943.81
Coloured female	33	39	85%	R 16.4	R 4,975.89
White female	103	117	88%	R 65.4	R 6,352.52
Total	816	985	83%	R4 61.9	R 5,661.15

Table 3.6.2 Performance rewards by salary band for personnel below Senior Management Service

Salary band	Beneficiary profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Lower skilled (level 1-2)	40	41	98%	R8.9	R2,237.60	0.03%
Skilled (level 3-5)	99	105	94%	R34.6	R 3,495.70	0.11%
Highly skilled production (level 6-8)	496	616	81%	R 2,12.8	R 4,291.31	0.69%
Highly skilled supervision (level 9-12)	163	199	82%	R 1,68.9	R10,362.43	0.55%
Total	798	961	83%	R4,25.3	R5,329.75	1.38%

Table 3.6.3 Performance-related rewards (cash bonus), by salary band for senior management Service

Salary band	Beneficiary profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Band A	15	18	83%	R 26.4	R 17,607.44	0.09%
Band B	2	5	40%	R 6.4	R 32,243.69	0.02%
Band C	1	1	100%	R 3.7	R 37,753.34	0.01%
Band D	0	0	0%	R 0.00	R 0.00	0%
Total	18	24	75%	R 36.6	R 20,352.90	0.12%

3.7. 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 3.8.1 Sick leave

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)	211	82%	76	5%	2.78	R 50
Skilled (level 3-5)	404	89%	141	10%	2.87	R 17.7
Highly skilled production (level 6-8)	2,918	84%	1,015	69%	2.87	R 1,73.7
Highly skilled supervision (level 9 -12)	509	77%	219	15%	2.32	R 62
Top and senior management (level 13-16)	56	77%	25	2%	2.24	R 10.4
Total	4,098		1,476	100%	2.78	R 2,68.9

Table 3.8.2 Disability leave (temporary and permanent)

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 (level 1-2)	10	100%	1	1%	10	R 2.6
Skilled (level 3-5)	75	100%	9	13%	8.33	R 33.7
Highly skilled production (level 6-8)	652	100%	50	75%	13.04	R 40.8
Highly skilled supervision (level 9-12)	158	100%	7	10%	22.57	R 16.4
Senior management (level 13-16)	0	0%	0	0%	0	R 0.00
Total	895	100%	67	100%	13.36	R 60.9

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

Table 3.8.3 Annual leave

Salary band	Total days taken	Number of employees using annual leave	Average per employee
Lower skilled (level 1-2)	860	177	4.86
Skilled (level 3-5)	1,925	338	5.70
Highly skilled production (level 6-8)	12,110.52	2,127	5.69
Highly skilled supervision (level 9-12)	3,805.76	636	5.98
Senior management (level 13-16)	495	87	5.69
Total	19,196.28	3,365	5.70

Table 3.8.4 Capped leave

Salary band	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee
Lower skilled (level 1-2)	0	0	0
Skilled (level 3-5)	15	1	15
Highly skilled production (level 6-8)	20	8	2.50
Highly skilled supervision (level 9-12)	22	3	7.33
Senior management (level 13-16)	0	0	0
Total	57	12	4.75

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

Table 3.8.5 Leave payouts

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2011/2012 due to non-utilisation of leave for the previous cycle	R0.00	0	R0.00
Capped leave payouts on termination of service for 2012/13	R 34.6	8	R 4.3
Current leave payout on termination of service for 2012/2013	R 47.2	50	R9
Total	R 81.9	58	R 1.4

3.8. HIV/AIDS and health promotion programmes

Table 3.8.1 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		Mr Matsobane
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 permanent staff and one intern with a budget allocated.
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		<ul style="list-style-type: none"> · Employee Assistance Programme · Wellness Management · Health and Productivity Management · SHERQ Management · HIV Counselling and Testing · Blood Donation
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.	Yes		
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	
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		There is a policy and practice where service providers that we use for testing and counselling only give statistical information and not names and units.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	Yes		<ul style="list-style-type: none"> • Total tested for HIV -217 • Negative - 213 • Positive – 3
8. Has the department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Yes		The Monitoring and Evaluation Unit is responsible for this task and they do it as part of the regular Employee Satisfaction Survey.

3.9. Labour relations

The following tables summarise the outcome of disciplinary hearings conducted within the GPAA for the year under review.

Table 3.9.1 Misconduct and disciplinary hearings finalised

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0%
Verbal warning	2	8%
Written warning	6	24%
Final written warning	4	16%
Suspended without pay	0	0%
Fine	0	0%
Demotion	0	0%
Dismissal	12	48%
Not guilty	1	4%
Case withdrawn	0	0%
Total	25	100%

Table 3.9.2 Types of misconduct addressed at disciplinary hearings

Type of misconduct (based on annexure A)	Number	% of total
Misrepresentation	1	4%
Non-adherence to schedules	1	4%
Abuse of state property	1	4%
Poor performance	3	12%
Late coming	1	4%
Failure to obey reasonable instruction	3	12%
Absenteeism	3	12%
Gross dishonesty (fraud)	11	44%
Gross negligence	1	4%
Total	25	100%

Table 3.9.3 Grievances logged

	Number	% of total
Number of grievances resolved	14	93.3%
Number of grievances not resolved	1	6.7%
Total number of grievances lodged	15	100%

Table 3.9.4 Disputes logged

	Number	% of total
Number of disputes upheld	2	50%
Number of disputes dismissed	2	50%
Total number of disputes lodged	4	100%

Table 3.9.5 Strike action

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

Table 3.9.6 Precautionary suspensions

Number of people suspended	17
Number of people whose suspension exceeded 30 days	17
Average number of days suspended	379
Cost (R'000) of suspension	R 2,69.5

3.10. Skills development

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

Table 3.10.1 Training needs identified

Occupational category	Gender	Number of employees as at 1 April 2012	Training needs identified at start of the reporting period			Total
			Learnerships	Skills programmes and other short courses	Other forms of training	
Legislators, senior officials and managers	Female	5	None	EDP	OMS, Bursary	5
	Male	20	None	EDP	OMS, Bursary	20
Professionals	Female	90	None	MDP	OMS, Bursary	90
	Male	109	None	MDP, Aris modelling, Quality Auditing, Basic Project Management, ACFE Examination	OMS, Bursary	109
Technicians and associate professionals	Female	461	None	SIX Sigma, GPAA Product Knowledge, Effective Financial Supervision	LR Workshop, OMS, Project Management, Junior Management, First Aid, MS Office, PFMA, Bursary	461
	Male	189	None	Six Sigma, GPAA Product Knowledge, Effective Financial Supervision, Report Writing, Time Management	LR Workshop, OMS, Project Management, Junior Management, First Aid, MS Office, PFMA, Bursary	189

Occupational category	Gender	Number of employees as at 1 April 2012	Training needs identified at start of the reporting period			Total
			Learnerships	Skills programmes and other short courses	Other forms of training	
Clerks	Female	61	None	Speed Typing, MS Office, Change Management Training, Filing Basics, Product Knowledge, Time Management, Report Writing, Junior Management, ITIL, Service Desk Agent, PFMA, Conflict Management, Debt Recovery	Client Liaison Officers Training, OMS, Bursary, AET	61
	Male	41	None	Speed Typing, MS Office, Change Management Training, Filing Basics, Product Knowledge, Time Management, Report Writing, Junior Management, ITIL, Service Desk Agent, PFMA, Conflict Management, Debt Recovery	OMS, Client Liaison Officers training, Bursary, AET	41
Service and sales workers	Female	0	None	None	None	0
	Male	0	None	None	None	0
Skilled agriculture and fishery workers	Female	0	None	None	None	0g
	Male	0	None	None	None	0
Craft and related trades workers	Female	0	None	None	None	0
	Male	0	None	None	None	0
Plant and machine operators and assemblers	Female	0	None	None	None	0
	Male	0	None	None	None	0
Elementary occupations	Female	39	None	Product knowledge, Business Writing, Communication Skills, Customer Care	OMS, AET, Bursary	39
	Male	22	None	Advanced Driving, First Aid, Customer Care, Supervisory Skills	OMS, AET, Bursary	22
Sub-total	Female	656				656
	Male	381				381
Total		1,037				1,037

Table 3.10.2 Training provided for the period

Occupational category	Gender	Number of employees as at 1 April 2012	Training provided within the reporting period			Total
			Learnerships	Skills programmes and other short courses	Other forms of training	
Legislators, senior officials and managers	Female	5	None	Monitoring and Evaluation for Government Pension Administration Agency Management, ITIL Foundation, Project Management Training	Government Law Conference, All Africa Pension / Provident Fund Fraud Congress 2012,	5
	Male	20	None	ITIL Foundation, Generally Recognized Accounting Practice Forum, Project Management Training, Monitoring and Evaluation for Government Pension Administration Agency Management	OMS, Government Law Conference IRF Conference, 7th Annual ITWEB Security Summit	24
Professionals	Female	90	None	Workplace Discipline, Monitoring and Evaluation for Government Pension Administration Agency Management, IRF Conference, ITIL Foundation, Time Management, CORBIT Foundation, Project Management Training, Hedge Accounting, Public Finance Management, Emerging Management Development Programme, Generally Recognised Account Practice, Test Case Design, Internal Quality Audit, CIA Learning System Instructor Led Course Part 1, Coaching and Mentoring, Strategic IT Management	Office 2007, Special pensions, Asset Procurement and Disposal Management, Customer Care, Introduction to PERSAL, Dealing With The Media, All Africa Pension/ Provident Fund Congress 2012, Fraud Specific Workshop, OMS, Web Portal, Making Teams More Effective, GPAA Product knowledge, EXCEL Training, Employment Equity Management, , Taxation and Payroll, Fraud Prevention	42
	Male	109	None	Asset Procurement and Disposal Management, Fraud Specific Workshop, Internal Quality Audit, CIA Learning System Instructor Led Course Part 1, Coaching and Mentoring	OMS, Introduction to PERSAL, Procurement and Disposal Management, Customer Care, Dealing With The Media, All Africa Pension/ Provident Congress 2012, Web Portal, Making Teams More Effective, GPAA Product Knowledge, EXCEL Training. Workplace Discipline, Employment Equity Management	60

Occupational category	Gender	Number of employees as at 1 April 2012	Training provided within the reporting period			Total
			Learnerships	Skills programmes and other short courses	Other forms of training	
Technicians and associate professionals	Female	461	None	ITIL Foundation, Fraud Prevention, Speed Writing, PFMA, Fraud Specific Workshop, Debt Collection, Customer Care, Time Management, Emerging Management Induction Programme, Basic Project Management, Basic Labour Relations, EXCEL Training, GPAA Systems, Outcomes Based Monitoring and Evaluation, Fraud Specific Workshop	OMS, Photoshop CSS, Public Service Induction	126
	Male	189	None	Fraud Prevention, Employment Equity Training, Basic Project Management, Web Portal, Introduction To Supplier Relationship Management, Business Writing For Office Professionals, Time Management, Emerging Management Induction Programme, Customer Care, PFMA, ITIL Foundation, Accounts Payable and Petty Cash Management, Effective Report Writing, Outcomes Based Monitoring and Evaluation, Workplace Discipline, ILAB, ACCPAC	OMS, GPAA Systems Training, Public Service Induction Course	45
Clerks	Female	61	None	MS EXCEL 2007 Advanced, Problem Solving, ITIL Foundation, Emerging Management Development Programme, Monitoring and Evaluation Training, Report Writing, Time Management, PFMA, bASIC PROJECT MANAGEMENT, PA Professionals Master Class, Essentials Of The Internal Auditing Process, Workplace Discipline, Debt Collection, ACCPAC 5.6	Public Service Induction, Web Portal, Test Design Module, OMS, CISCO Telephone Training, AEB Training, GPAA Product Knowledge Training, How To Detect And Prevent Occupational Fraud	377
	Male	41	None	Test Case Design, Fraud Specific Workshop, PFMA, Time Management, MS EXCEL 2007 Advanced, Speed Writing, Fraud Prevention, Employment Equity Management, Emerging Management Development Programme, Dealing With The Media, Advanced Problem Solving and Decision Making, Labour Relations	Public Service Induction, Customer Care, OMS, AEB Training, GPAA Product Knowledge Training,	117

Occupational category	Gender	Number of employees as at 1 April 2012	Training provided within the reporting period			Total
			Learnerships	Skills programmes and other short courses	Other forms of training	
Skilled agriculture and fishery workers	Female	0	None	None	None	0
	Male	0	None	None	None	0
Craft and related trades workers	Female	0	None	None	None	0
	Male	0	None	None	None	0
Plant and machine operators and assemblers	Female	0	None	None	None	0
	Male	0	None	None	None	0
Elementary occupations	Female	39	None	Adult Education and Training, Life Skills, Internships	GPAA Product Knowledge, Batho Pele Principles	50
	Male	22	None	Adult Education and Training, Life Skills, Internships	GPAA Product Knowledge, Batho Pele Principles,	26
Sub-total	Female	656				600
	Male	381				332
Total		1037				932

3.11. Injury on duty

The following tables provide basic information on injury on duty.

Table 3.11.1 Injury on duty

Nature of injury on duty	Number	% of total
Required basic medical attention only	17	100%
Temporary total disablement	0	0%
Permanent disablement	0	0%
Fatal	0	0%
Total	17	100%

3.12. Utilisation of consultants

No consultants were used by the GPAA for Human Resources during 2012/2013.



➤ **PART E: FINANCIAL INFORMATION**

1. REPORT OF THE ACCOUNTING OFFICER

General overview

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

Funding of the GPAA

The GPAA receives budget-based fees from GEPF (93%) and National Treasury (7%) for shared services rendered. For the financial year under review, the GPAA received R521,566 million from both of these clients. This arrangement will be reviewed after five years from inception, thus on 1 April 2015.

Service delivery challenges

Pension administration services to be provided to GEPF and National Treasury's Programme 7 are specified in service level agreements. The GPAA's performance against these two service level agreements is satisfactory at 95% for National Treasury and 83% for GEPF.

In spite of this satisfactory achievement, the GPAA still needs to improve in the following service areas:

- Consistent benefit payment service standards;

2. ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY

Statement of responsibility for the Annual Financial Statements for the year ended 31 March 2013

The Accounting Officer is responsible for the preparation of the GPAA's annual financial statements and for the judgments made in this information.

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

In my opinion, the financial statements fairly reflect the operations of the GPAA for the financial year ended 31 March 2013.

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 2013 have been examined by the external auditors and their report is presented on page 157.

The annual financial statements of the GPAA set out on page 162 to page 180 have been approved.



Goolam Aboobaker
ACTING ACCOUNTING OFFICER
Government Pensions Administration Agency (GPAA)
31 August 2013

performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and requirements of PFMA.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 23 to 118 of the Annual Report.

9. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.

The reliability of the information in respect of the selected programmes is assessed to determine

whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

10. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Additional matter

11. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the following matter below. This matter does not have an impact on the predetermined objectives audit findings reported above.

Achievement of planned targets

12. Of the total number of 199 targets planned for the year, 64 of the targets were not achieved during the year under review. This represents 32% of the total planned targets that were not achieved during the year under review. This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process.

Compliance with laws and regulations

13. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My finding on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

PROCUREMENT AND CONTRACT MANAGEMENT

14. Deviations from procurement processes to the amount of R10,504,602.54 above R1,000,000.00 per case were reported to the AG and National Treasury after the required timeframe as prescribed by National Treasury Practise Note 6 of 2007/2008 paragraph 3.

Internal control

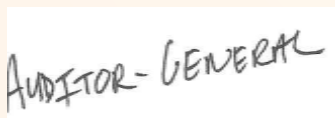
15. I considered internal control relevant to my audit of the financial statements, performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in basis for, the findings on the performance report and the findings on compliance with laws and regulations included in this report.

Leadership

16. Weak monitoring of targets and targets were not suitably developed during the strategic planning process.

Financial and performance management

17. Inadequate review and monitoring of compliance with rules and regulations.



Auditor-General

Pretoria
31 July 2013



4 ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2013

Contents

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4.1 Statement of financial position as at 31 March 2013

	Notes	2013 R'000	2012 R'000
Assets			
Current assets			
Cash and cash equivalents	7	48,199	28,824
Inventory (SPO)	6	388	494
Loans and receivables:	5	13,078	15,960
Non-current assets			
Property, plant and equipment	3	23,462	25,583
Intangible assets	4	4,135	7,505
TOTAL ASSETS		89,262	78,366
Current liabilities			
Trade and other payables	8	45,651	31,324
Provisions;	9	22,322	20,074
TOTAL LIABILITIES		67,973	51,398
Net assets		21,289	26,968
Accumulated surplus		21,289	26,968
TOTAL NET ASSETS AND LIABILITIES		89,262	78,366

4.2 Statement of financial performance for the year ended 31 March 2013

	Notes	2013 R'000	2012 R'000
Revenue		522,445	481,609
Administration fees	2.2	521,566	481,348
Other income	2.3	646	194
Profit on sale of property, plant and equipment		233	67
Expenses		528,124	485,990
Personnel costs	2.1	295,547	272,334
Travel and subsistence		13,689	10,378
Depreciation	3	11,117	11,158
Amortisation of computer software	4	3,466	2,151
Cleaning and maintenance		10,255	9,024
Leases		7,431	8,253
Professional services and consulting		32,763	21,948
Audit fees		1,856	3,171
Communication		30,485	24,485
Printing and stationary		12,911	11,805
Advertising		12,373	16,020
Computer services		78,608	79,143
Training and staff development		11,125	10,593
Other operating expenses		6,454	5,524
Loss on sale of property, plant and equipment		44	3
SURPLUS/(DEFICIT) FOR THE YEAR		(5,679)	(4,381)

4.3 Statement of changes in net assets for the year ended 31 March 2013

	2013 R'000
	Accumulated Surplus
Balance as at 1 April 2011	31,349
Surplus for the year	(4,381)
Balance as at 31 March 2012	26,968
Surplus/(deficit) for the year	(5,679)
Balance as at 31 March 2013	21,289

4.4 Cash flow statement for the year ended 31 March 2013

	Notes	2013 R'000	2012 R'000
Cash flow from operating activities			
Cash generated from operations	10	28,279	37,519
Cash receipts from customers		525,109	490,957
Cash paid to employees and suppliers		(496,830)	(453,438)
Net cash flow from operating activities		28,279	37,519
Net cash flow from investing activities			
Proceeds from sale of property, plant and equipment		266	72
Additions to property, plant and equipment		(9,170)	(9,392)
Net increase in cash and cash equivalents		19,375	28,199
Cash and cash equivalents at the beginning of the year		28,824	625
Cash and cash equivalents at the end of the year	7	48,199	28,824

4.5 Statement of comparison between budget and actual amounts for the year ended 31 March 2013

	2013				
	R'000				
	Approved Budget R'000	Adjustments R'000	Final budget R'000	Actual amounts on comparable basis R'000	Difference between final budget and actual R'000
Receipts					
Administration fees	657,530	-	657,530	522,647	134,883
Total receipts	657,530	-	657,530	522,647	134,883
Payments					
Employee costs	334,643	-	334,643	295,547	39,096
Operating expenses	274,182	-	274,182	217,865	56,252
Finance charges	-	-	-	-	-
Materials and bulk purchases	-	-	-	-	-
Other expenditure	48,705	-	48,705	9,170	39,535
Total payments	657,530	-	657,530	522,582	134,883
Net receipts/(payments)	-	-	-	-	-

Receipts analysis

The GPAA does not charge for services performed; instead it recovers costs incurred for the period. This arrangement was agreed by GEPP as the main source of revenue during the separation of the GPAA and GEPP for a period of five years, which ends in the next two years.

The GPAA receives 93% of its budget from GEPP and 7% from National Treasury as administration fees for administering 1,166 million members for GEPP and 104,205 members on behalf of National Treasury.

The variance of R134.9 million under collection is due to expenditure that was budgeted for but was not incurred.

Payment analysis

The total variance of R134.9 million (20%) under-spending is mainly due to the following:

- Under-spending on compensation of employees of R39.1 million (11%) as a result of the moratorium placed on the filling of positions.
- Under-spend on goods and services of R56.3 million (20%) was mainly due to:
 - Consulting and professional services that were absorbed by the Modernisation Programme (R34.3 million).
 - Leases of desktops that were delayed due to internal and approval processes (R8.4 million).
 - Upgrading and renovations of the Head Office building that were put on hold pending the outcome of the Modernisation Programme (R12.3 million).

Notes to the Annual Financial Statements for the year ended 31 March 2013

1. PRINCIPAL ACCOUNTING POLICIES

1.1 Basis of presentation of financial statements

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

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

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

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

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

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

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

1.2 Property, plant and equipment

Property, plant and equipment is stated at historic cost less accumulated depreciation.

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

Notes to the Annual Financial Statements for the year ended 31 March 2013

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

Depreciation rates are as follows:

Asset classes	Annual depreciation rate %
Computer equipment	25%
Furniture and fittings	16.67%
Office equipment	16.67%
Motor vehicles	20%
Tools	16.67%

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

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

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

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

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

Notes to the Annual Financial Statements for the year ended 31 March 2013

1.3 Intangible assets

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

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

Computer software	33%
-------------------	-----

1.4 Inventory

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

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

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

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

1.5 Loans and receivables

1.5.1 Accounts receivable:

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

Notes to the Annual Financial Statements for the year ended 31 March 2013

1.5.2 Other receivables:

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

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

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

1.6 Cash and cash equivalents

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

1.7 Accounts payable

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

1.8 Provisions

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

1.9 Leases

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

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

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

Notes to the Annual Financial Statements for the year ended 31 March 2013

1.10 Related parties

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

1.11 Commitments and contingencies

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

1.12 Judgments and estimates

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

1.12.1 Residual values and useful lives

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

1.12.2 Provision for impairment and receivables

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

1.12.3 Accumulated leave pay provision

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



Notes to the Annual Financial Statements for the year ended 31 March 2013

1.12.4 Performance bonus provision

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

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

1.12.5 Revenue

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

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

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

2 Administrative revenue and expenditure

2.1 Personnel remuneration and expenses

	2013	2012
	R'000	R'000
Remuneration to permanent and contract employees	217,335	195,231
Contributions to the GEPF	21,162	20,106
Other benefits (housing, medical, etc.)	57,050	56,997
	295,547	272,334

Notes to the Annual Financial Statements for the year ended 31 March 2013

2.2 Administration fees	2013	2012
	R'000	R'000
GEPF	467,587	432,262
National Treasury (Programme 7)	50,191	44,081
Associated Institutions Pension Fund (AIPF)	3,626	4,238
Temporary Employees Pension Fund (TEPF)	162	767
	521,566	481,348

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

2.3 Other income	2013	2012
	R'000	R'000
Other income	130	124
Interest received	488	40
Parking fees	28	30
	646	194

3. Property, plant and equipment

	Computer Equipment	Furniture and Fittings	Office equipment	Motor vehicles	Tools	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Current year 2013						
Gross carrying amount	28,108	13,762	11,992	2,669	27	56,558
At beginning of year	23,074	11,788	11,487	1,848	27	48,224
Additions	5,364	#2,037	746	990	-	9,137
Transfer to intangible assets			(64)			(64)
Disposals	(330)	(63)	(177)	(169)	-	(739)

Notes to the Annual Financial Statements for the year ended 31 March 2013

Accumulated depreciation and impairment	(19 449)	(6,949)	(5,553)	(1,134)	(11)	(33,096)
At beginning of year	(13 531)	(4,689)	(3,559)	(855)	(7)	(22,641)
Depreciation	(6,238)	(2,311)	(2,116)	(448)	(4)	(11,117)
Impairment	-	-	-	-	-	-
Accumulated depreciation on disposals	320	51	122	169	-	662

Net carrying amount at end of year	8 659	6,813	6,439	1,535	16	23,462
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Previous year, 2012

Gross carrying amount	23,074	11,788	11,487	1,848	27	48,224
At beginning of year	18,707	10,544	14,545	1,871	10	45,677
Additions	4,367	1,174	419	-	17	5,977
Transfer to intangible assets	-	91	(3,476)	-	-	(3,385)
Disposals	-	(22)	-	(23)	-	(45)

Accumulated depreciation and impairment	(13,531)	(4,689)	(3,559)	(855)	(7)	(22,641)
At beginning of year	(6,947)	(2,361)	(1,802)	(409)	(2)	(11,521)
Depreciation	(6,584)	(2,343)	(1,757)	(469)	(5)	(11,158)
Impairment	-	-	-	-	-	-
Accumulated depreciation on disposals	-	15	-	23	-	38

Net carrying amount at end of year	9,543	7,099	7,928	993	20	25,583
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Included in Furniture and Fittings is furniture and fittings to the value of R974, 025 that is not yet readily available for use as at 31 March 2013.

Notes to the Annual Financial Statements for the year ended 31 March 2013

4. Intangible assets

Current year, 2013	Computer
	Software
	R'000
Gross carrying amount	11,281
At beginning of year	11,185
Additions	32
Transfer from office equipment	64
Disposals	-
Accumulated amortisation and impairment	(7,146)
At beginning of year	(3,680)
Amortisation	(3,466)
Impairment	-
Accumulated depreciation on disposals	-
Net carrying amount at end of year	4,135
Previous year, 2012	
Gross carrying amount	11,185
At beginning of year	4,381
Transferred from office equipment	3,419
Additions	3,385
Disposals	-
Accumulated amortisation and impairment	(3,680)
At beginning of year	(1,529)
Amortisation	(2,151)
Impairment	-
Accumulated depreciation on disposals	-
Net carrying amount at end of year	7,505

Notes to the Annual Financial Statements for the year ended 31 March 2013

5. Loans and Receivables

	2013	2012
	R'000	R'000
Loans and receivables - gross	13,142	16,039
Provision for bad debts	(64)	(79)
Loans and receivables - net	<u>13,078</u>	<u>15,960</u>

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

	2013	2012
	R'000	R'000
Staff debtors	501	103
Other debtors	624	577
Prepayments	801	491
National Treasury (Programme 7)	7,555	9,424
Government Employees Pension Fund	-	5,444
Associated Institutions Pension Fund	3,513	-
Temporary Employees Pension Fund	<u>148</u>	<u>-</u>
	<u>13,142</u>	<u>16,039</u>

As at 31 March 2013 the provision for doubtful debts on trade and other receivables was R63,841 (2012: R78,531).

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

6. Inventory

	2013	2012
	R'000	R'000
Inventory consists of consumables	388	494

Notes to the Annual Financial Statements for the year ended 31 March 2013



7. Cash and cash equivalents

	2013	2012
	R'000	R'000
Cash and cash equivalents consist of:		
Petty cash	34	33
Cash at bank	48,165	28,791
	48,199	28,824

8. Trade and other payables

	2013	2012
	R'000	R'000
Accounts payable are made up as follows:		
Administrative creditors	21,304	20,787
Operating lease accrual	8.1 1,295	1,170
Sundry creditors	343	143
Government Employees Pension Fund	22,709	9,224
	45,651	31,324

8.1 Operating Leases

	2013	2012
	R'000	R'000
Minimum lease payments under non-cancellable leases are as follows:		
Recognised as an expense:	126	322

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

	2013	2012
	R'000	R'000
	8,547	16,147
Payable in <1 year	3,959	5,637
Payable in 2-5 years	4,222	8,931
Payable in >5 years	366	1,579

Notes to the Annual Financial Statements for the year ended 31 March 2013

9. Provisions

	2013 R'000	2012 R'000
Provision for accumulated leave pay	10,132	8,002
Balance at beginning of year	8,002	6,705
Provided	10,132	1,324
Utilised	(8,002)	(27)
Provision for bonuses	12,190	11,745
Balance at beginning of year	11,745	10,015
Provided	12,190	11,306
Utilised	(11,745)	(9,576)
Provision for Acting allowances	-	327
Balance at beginning of year	327	-
Provided	-	327
Utilised	(327)	-
Balance at end of period	22,322	20,074

Notes to the Annual Financial Statements for the year ended 31 March 2013

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

	2013	2012
	R'000	R'000
Surplus/deficit	(5,679)	(4,381)
Add: Non cash movements:	16,753	16,911
Depreciation and amortisation	14,583	13,308
Lease smoothing adjustment	126	322
Increase in provisions	2,248	3,353
Loss/(profit) on sale property, plant and equipment	(189)	(64)
Decrease in provision for doubtful debts	(15)	(8)
Add/(less) changes in working capital	17,205	24,989
Increase in trade payables	14,202	15,426
Decrease/(Increase) in trade receivables	2,897	9,422
Decrease/(Increase) in Inventories	106	141
Net cash flows from operating activities	28,279	37,519

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

To the best of our knowledge, no material losses through criminal conduct, or irregular, fruitless and wasteful expenditure were incurred during the year ended 31 March 2013.

12. Other non-compliance

In terms of National Treasury Practice Note 6 of 2007/08, paragraph 3 states that Accounting Officers and Accounting Authorities are required to report within 10 working days to the relevant treasury and the Auditor-General, all cases where goods and services above R1 million (VAT included) were procured in terms of Treasury Regulation 16A6.4.

During the current year the list of the said cases was not reported within 10 days as required by the Practice Note.

Notes to the Annual Financial Statements for the year ended 31 March 2013

13. Related Party transactions

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

	2013	2012
	R'000	R'000
Total revenue	44,081	44,081
Outstanding debt	7,555	9,424

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

13.3 Disclosure of executive remuneration

Name	Designation	Salary and allowances (R)	Bonus (R)	Total(R)
Aboobaker, G	Acting Chief Executive Officer (1 March 2013)	89,674	-	89,674
Tjie, MP	Chief Executive Officer (1 April 2012 - 28 February 2013)	1,447,195	-	1,447,195
Kola, MJ	Chief Operating Officer	1,222,770	37,753	1,260,523
Ramatlhape, J	Acting Chief Information Officer	1,042,839	-	1,042,839
De Witt, E	Head of Legal	875,699	23,775	899,474
		4,678,177	61,528	4,739,70

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

Name	Professional Fees (R)	Allowances (R)	VAT(R)	Total (R)
Vertex Consolidated Management Services	1,090,374	12,600	152,646	1,255,620

LIST OF ABBREVIATIONS/ACRONYMS

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

GENERAL INFORMATION

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OUR journey
towards EXCELLENCE

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