

# 2022-23 ANNUAL REPORT



the gpa

Department:  
Government Pensions Administration Agency  
REPUBLIC OF SOUTH AFRICA



“

We received a **clean audit** for the Audit of Predetermined Objectives or what is simply known as performance information



## ANNUAL REPORT

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# PART A: GENERAL INFORMATION

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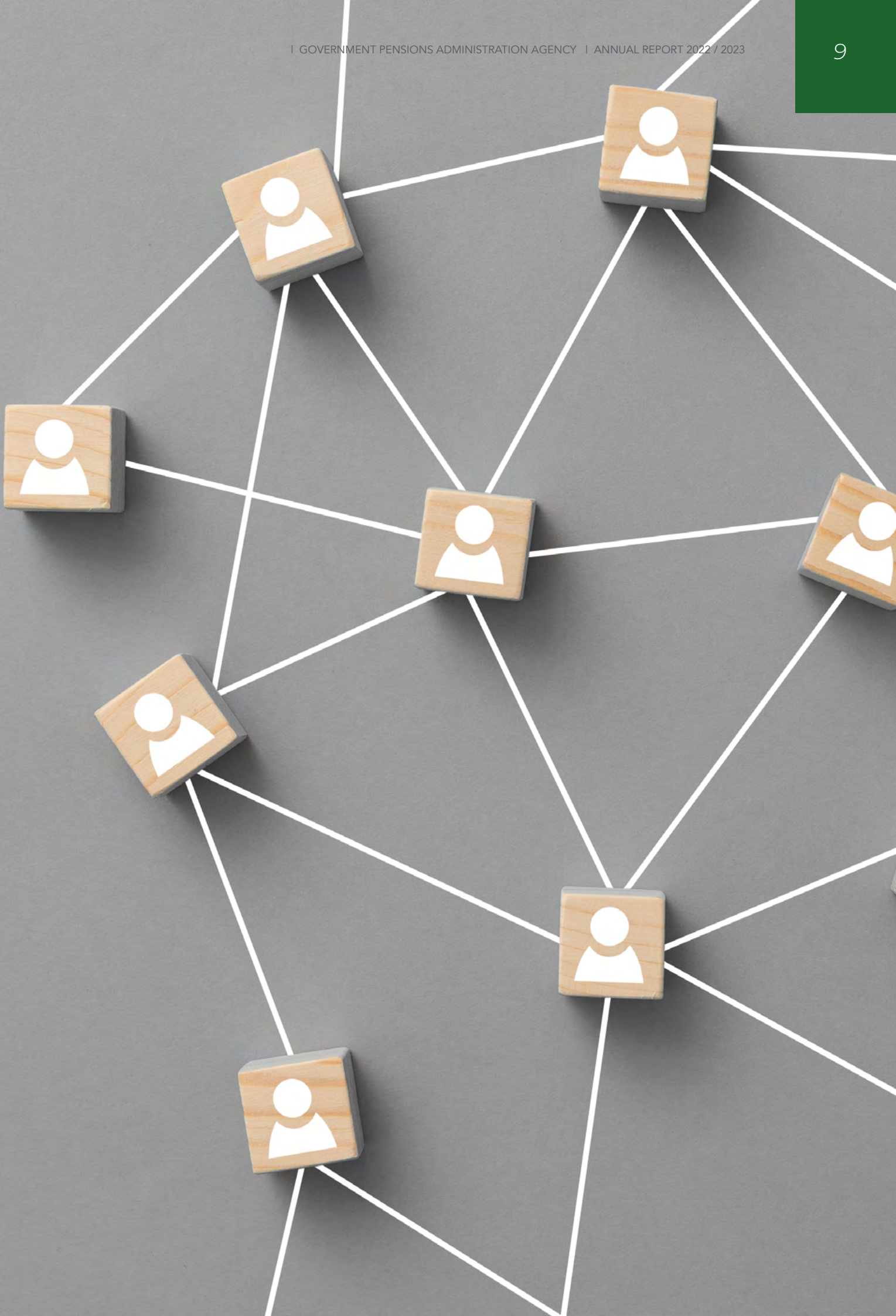
## LIST OF ABBREVIATIONS / ACRONYMS

AC:	Audit Committee
ACCPAC:	A Complete and Comprehensive Program for Accounting Control
ACEO:	Acting Chief Executive Officer
AFS:	Annual Financial Statements
AGSA:	Auditor-General South Africa
AIPF:	Associated Institutions Pension Fund
APP:	Annual Performance Plan
B-BBEE:	Broad-based Black Economic Empowerment
BPA:	Benefit Payment Automation
CAE:	Chief Audit Executive
CEO:	Chief Executive Officer
CFO:	Chief Financial Officer
CLOs:	Client Liaison Officers
COO:	Chief Operating Officer
COVID-19:	Corona Virus Disease 2019
COIDA:	Compensation for Occupational Injuries and the Diseases Act
CRM:	Client Relationship Management
CRO:	Chief Risk Officer
DPSA:	Department of Public Service and Administration
EE:	Employment Equity
EGLS:	Employer Government Liaison Services
EHW:	Employee Health and Wellness
EXCO:	Executive Committee
GEMS:	Government Employees Medical Scheme
GEP LAW:	Government Employees Pension Law
GEPF:	Government Employees Pension Fund
GPAA:	Government Pensions Administration Agency
GRAP:	Generally Recognised Accounting Practice
HR:	Human Resource
HRD:	Human Resource Development
IA:	Internal Audit

## LIST OF ABBREVIATIONS / ACRONYMS

ICT:	Information Communication Technology
IOD:	Injury on Duty
IS:	Information Security
KZN:	Kwa-Zulu Natal
LAN:	Local Area Network
M&E:	Monitoring and Evaluation
MTSF:	Medium-Term Strategic Framework
NDP:	National Development Plan
NICD:	National Institute for Communicable Diseases
NT:	National Treasury
PAA:	Public Audit Act
PCM:	Pension Case Management
PFMA:	Public Finance Management Act
PMO:	Project Management Office
PPE:	Personal Protective Equipment
PPR:	Preferential Procurement Regulations
PSC:	Public Service Commission
PSCBC:	Public Service Coordinating Bargaining Council
PSR:	Public Service Regulations
SAPS:	South African Police Service
SCM:	Supply Chain Management
SHERQ:	Safety Health Environment Risk and Quality
SLA:	Service Level Agreement
SMS:	Senior Management Service
SMS:	Short Message Service
SOP:	Standard Operating Procedure
SP:	Strategic Plan
SPA:	Special Pensions Act
TEPF:	Temporary Employees Pension Fund
VO:	Variance Order
WAN:	Wide Area Network





## FOREWORD BY THE MINISTER OF FINANCE



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Enoch Godongwana  
**MINISTER OF FINANCE**

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“ The issue of Unclaimed Benefits remains a concern for the organisation. Currently, there is approximately **R878 million** in this account, waiting to be claimed. ”

I am honoured to present the Annual Report of the Government Pensions Administration Agency (GPAA) for the 2022/2023 Financial year. The Reconstruction and Development Programme (RDP) states that eradicating poverty and deprivation must be the priority of a democratic government. The National Development Plan (NDP) elaborates this further in stating that, “to meet our varied needs, we must reach out across communities to strengthen our resolve to live with honesty”.

As an organisation tasked to oversee the administration of the pension funds of public service employees and their beneficiaries, the GPAA plays a crucial role in ensuring that South Africa consistently delivers on the NDP mandate stated above. We strive to uphold that all the people who have given themselves to the service of the nation in various portfolios are able to retire and live sustainably and with dignity beyond their years of service.

The Agency remain committed to the mandate of ensuring that the Government Employees Pension Fund (GEPF) and National Treasury’s Programme 7 funds are administered efficiently and effectively. In the year under review, we were also bestowed the privilege of administering the Military Veterans related pensions in honour and recognition of those who fought for the freedom of our country. This is in line with the GPAA’s objective of becoming the preferred benefits administrator for the entire public service.

The year under review presented a number of successes and challenges for the GPAA. The successes include the admission of 97% of new members and the payment of an average of 80% of exit benefits within the required timeframes and legislation. At all times, the organisation endeavors to pay all exit benefits on time; however, delays are encountered, mostly with death benefits, due to their inherent complexity. Claims for death benefits generally have a long processing time compared to a straight claim.

No death claim is the same. Each claim requires different degrees of attention. Death benefits claims are also generally old by the time they are received at the GPAA. To deal with this, a more effective and seamless process of paying death claims is being pursued, together with the appointment of additional human resources. On the other

hand, the organisation managed to collect and reconcile 99% of contributions monthly, with a total of R83.1 billion collected for the period under review.

The issue of Unclaimed Benefits remains a concern for the organisation. Currently, there is approximately R878 million in this account that belongs to pensioners, former members beneficiaries. In the year under review, the GPAA CEO approved the strategy plan to increase our interventions to tackle

Unclaimed Benefits. A positive outcome of the tracing efforts is that during the year under review, the organisation managed to pay a total of R160 million, to more than 8,000 beneficiaries.

In this regard, we accept that this fight will not be won by the GPAA employees alone. It can only be fully realised when members and beneficiaries play their part and come forth to claim their much-need benefits. We realize that some members and beneficiaries may not be aware that there are benefits due to them; it is for this reason that a new strategy was developed to bring all stakeholders together and encourage them to work with the GPAA to resolve the matter. A national awareness campaign will be rolled out to encourage stakeholders, including community-based organisations and government entities, to work with the GPAA to ensure that the Unclaimed Benefits account is reduced.

Finally, I wish to congratulate the newly appointed, and the first female CEO, of the GPAA, Ms Kedibone Olga Kedibone Madiehe, who took over the reigns in November 2022. I also wish to convey my gratitude to the former acting CEO, Mr. Shahid Khan, for steering the ship for the first half of the period under review. Furthermore, my sincere gratitude goes to the management and all the employees of the GPAA for their dedication and relentless commitment to serve our people with dignity.



ENOCH GODONGWANA  
MINISTER OF FINANCE

31 August 2023

# ACCOUNTING OFFICER'S NOTE



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Kedibone Olga Madiehe

**CHIEF EXECUTIVE OFFICER**

During the year under review, the GPAA paid a total of R134.0 billion of benefits to our 499 726 pensioners and beneficiaries.

We were also able to process an average of 88% of the 69 126 benefits claims within 60 days on receipt of duly completed documentation

It is an honour for me to present the Government Pensions Administration Agency (the GPAA)'s Annual Report for the year 2022/2023. The GPAA is a government entity mandated to provide pension administration services on behalf of its two customers, the Government Employees Pension Fund (GEPF) and the National Treasury (NT) Programme. In the year under review, the GPAA identified nine strategic thrusts to drive its mission of providing administration services to the GEPF and NT through core business functions. The thrusts include amongst others, the administration of new benefits, communication to members and the maintenance of member and beneficiary data.

I am pleased to report that in the year under review, the GPAA achieved 68% (17 out of 25) of the performance targets as set out in the Annual Performance Plan (APP). This is an improvement of 4% from the year prior. Some of the performance highlights include the successful payment of 99.99% of NT benefits within 20 working days and 93.81% of GEPF benefits paid within 45 working days.

During the year under review, the GPAA paid a total of R134.0 billion towards benefits payments to our 499 726 pensioners and beneficiaries. We were also able to process an average of 88% of the 69 126 benefits claims within 60 days on receipt of duly completed documentation. Furthermore, R80.1 billion was collected and reconciled for the 1 261 363 members of the GEPF, which is an achievement of a monthly average of 99% for timeous and accurate reconciliation of contributions. In addition, the GPAA admitted an average of 99% of new members to the Fund. These achievements are a clear indication of the hard work and commitment the agency is putting into meeting not only the Service Level Agreements we have with our clients, but our stakeholders and employer departments' expectations as well.

In line with the GPAA reducing paper usage by 60% in the year 2023/2024, we have made significant progress as far as digital communication is concerned, with 61.47% of our clients reached through digital communication channels. The GPAA strives to continuously improve to ensure that we have achieved a fully paperless processing

environment while our anticipated automated workflow plan will ensure full automation and improvement in the payment of benefits. The GPAA also recorded client satisfaction levels of 94.98% from clients who were reached through various platforms. Moreover, 98.80% of clients who visited our Clients Service Centres throughout the country, indicated that they received the service they needed. We also conducted education and outreach activities in various provinces and far-flung areas in the country with the sole aim of taking services to the clients and the communities at large.

In the year under review, the GPAA received an unqualified audit opinion with matters of emphasis. We also received a clean audit for the Audit of Predetermined Objectives or what is simply known as performance information. We take the audit processes and their outcomes with due consideration and therefore attend to issues when they are presented to us with the aim to remedy, and as far as possible, avoid a repetition of similar occurrences and issues in the future.

We have put systems in place to ensure compliance with Supply Chain Management (SCM) legislation. All SCM practitioners are required to complete an e-Disclosure regarding financial disclosure. During the year under review, there were no unsolicited bids concluded and the leadership recognises the need to continually strengthen internal controls.

Our service delivery environment is marked by a co-dependency dynamic with employer departments. We rely on them for information regarding timeous and accurate submission of their employees' benefits claims. When this is not achieved, we are faced with the risk of not being able to process and pay benefits to the right beneficiaries on time. We, however, remain in constant liaison with employer departments through our Clients Relationship Management (CRM) unit to encourage timeous submission of information and offer help where needed.

Our Modernisation Roadmap development is 90% complete and ready to undergo the review and approval of the GEPF Board of Trustees. It is our hope that we see the implementation of the roadmap in the financial year 2023/2024.

In conclusion, I would like to thank the Minister of Finance, Mr Enoch Godongwana and the Deputy Minister, Dr. David Masondo, for their political oversight and the support they provide to the GPAA. Special gratitude also goes to GPAA's Executive Committee, Management Committee and the entire staff for their support and continued effort in ensuring that we effectively deliver on our mandate. Finally, let me thank our oversight structures for their support, guidance and availability, namely: the Audit Committee, the Risk Management Committee, and the Advisory Board



Kedibone Olga Madiehe  
Chief Executive Officer  
Government Pensions Administration Agency (GPAA)  
31 August 2023

## ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY

Statement of responsibility and confirmation of the accuracy of the Annual Report for the year ended 31 March 2023.

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

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

The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in the information.

The Accounting Authority is responsible for establishing and implementing a system of internal control

designed to provide reasonable assurance with regard to the integrity and reliability of the performance information, the human resource information and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resource information and the financial affairs of the organisation for the financial year ended 31 March 2023.

Your faithfully



Kedibone Olga Madiehe  
CHIEF EXECUTIVE OFFICER

Government Pensions Administration Agency (GPAA)  
31 August 2023

# 1. STRATEGIC OVERVIEW

## 1.1 Introduction

The Government Pensions Administration Agency (GPAA) is a government component and an entity of the National Treasury. The mandate of the GPAA is to administer pension benefits on behalf of the Government Employees Pension Fund (GEPF), a defined benefit fund that manages pensions and related benefits on behalf of government employees in South Africa. The GPAA also administers benefits on behalf of National Treasury's Programme 7. In this regard, the GPAA plays a critical role in building a capable state, both as a government component and as the administrator of pension benefits for public servants.

## 1.2 Vision, Mission and Values

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

### VISION

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

### MISSION

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

## Values

### ■ Transparency

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

### ■ Respect

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

### ■ Integrity

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

### ■ Courtesy

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

### ■ Service excellence

We commit to giving our clients quality service.

### ■ Passion

We serve our clients with passion and understanding.



## 2 LEGISLATIVE AND OTHER MANDATES

### 2.1 Government mandate

The GPAA was established as a government component and an entity of the National Treasury in March 2010. The establishment was gazetted in terms of Section 7A (4) of the Public Service Act of 1994 (Proclamation No. 103 of 1994) and its finances are regulated by the Public Finance Management Act (PFMA). The mandate of the GPAA is to administer pension funds for the GEPP and National Treasury's Programme 7. As such, the funding for the GPAA to deliver on its mandate is derived from both the GEPP and National Treasury. The mandate positions the GPAA as a strategic agency for government's commitment to ensure that public servants are financially secure when they retire.

National Treasury's funds that are administered by the GPAA are non-contributory and relate to Post-Retirement Medical Benefits, Military Pensions, Injury on Duty (IOD) payments and Special Pensions. These benefits serve to acknowledge and compensate those who dedicated their lives to the struggle for South Africa's freedom and democracy.

The GPAA's mandate is also derived from the National Development Plan (NDP) which serves as a blueprint for tackling South Africa's challenges of poverty and inequality. The NDP sheds light on the capacity and developmental commitments of the state. It is implemented through the Medium-Term Strategic Framework (MTSF), which is cascaded to government institutions through Strategic Plans. As a government institution, the GPAA has developed a five-year Strategic Plan which is aligned to the MTSF of 2019-2024. Through its Strategic Plan and objectives, the organisation contributes to the delivery of the electoral mandate of the sixth administration of government.

The strategic goals and objectives resonate with government's priorities of developing an efficient, effective and development-oriented public

service. The performance indicators of the GPAA are used to measure and support the achievement of the organisation's strategic objectives which are linked to government priorities.

### 2.2 Legislative mandates

According to the legislation and administrative arrangement, the GPAA reports to the Minister of Finance as its Executive Authority. The financial affairs of the organisation are governed in terms of the Public Finance Management Act (PFMA), while its human resource falls under the ambit of the Public Service Act.

The GPAA provides administration services to the GEPP and National Treasury (Programme 7) - an arrangement regulated through Service Level Agreements (SLAs). The GPAA administers government employees' pensions and other benefits in terms of the Government Employees Pension (GEP) Law of 1996 on behalf of the GEPP and its Board of Trustees.

Various legislation dictate how the GPAA administers pensions on behalf of the National Treasury. It administers the Temporary Employees Pension Fund (TEPPF) in terms of the Temporary Employees Pension Fund Act (1979), and the Associated Institutions Pension Fund (AIPF) in terms of the Associated Institutions Pension Fund Act (1963). Post-Retirement Medical subsidies are administered as provided for and regulated by the Public Services Co-ordinating Bargaining Council (PSCBC). Military Pensions are administered in terms of the Military Pensions Act (1976); Injury on Duty payments in terms of the Compensation for Occupational Injuries and the Diseases Act (1993); and Special Pensions in terms of the Special Pensions Act (1996).



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

The organisational structure of the GPAA is led by the Chief Executive Officer (CEO). The structure consists of two programmes, namely: Support Services and Benefits Administration. The two programmes are divided into eight sub-programmes as shown in Figure 1.

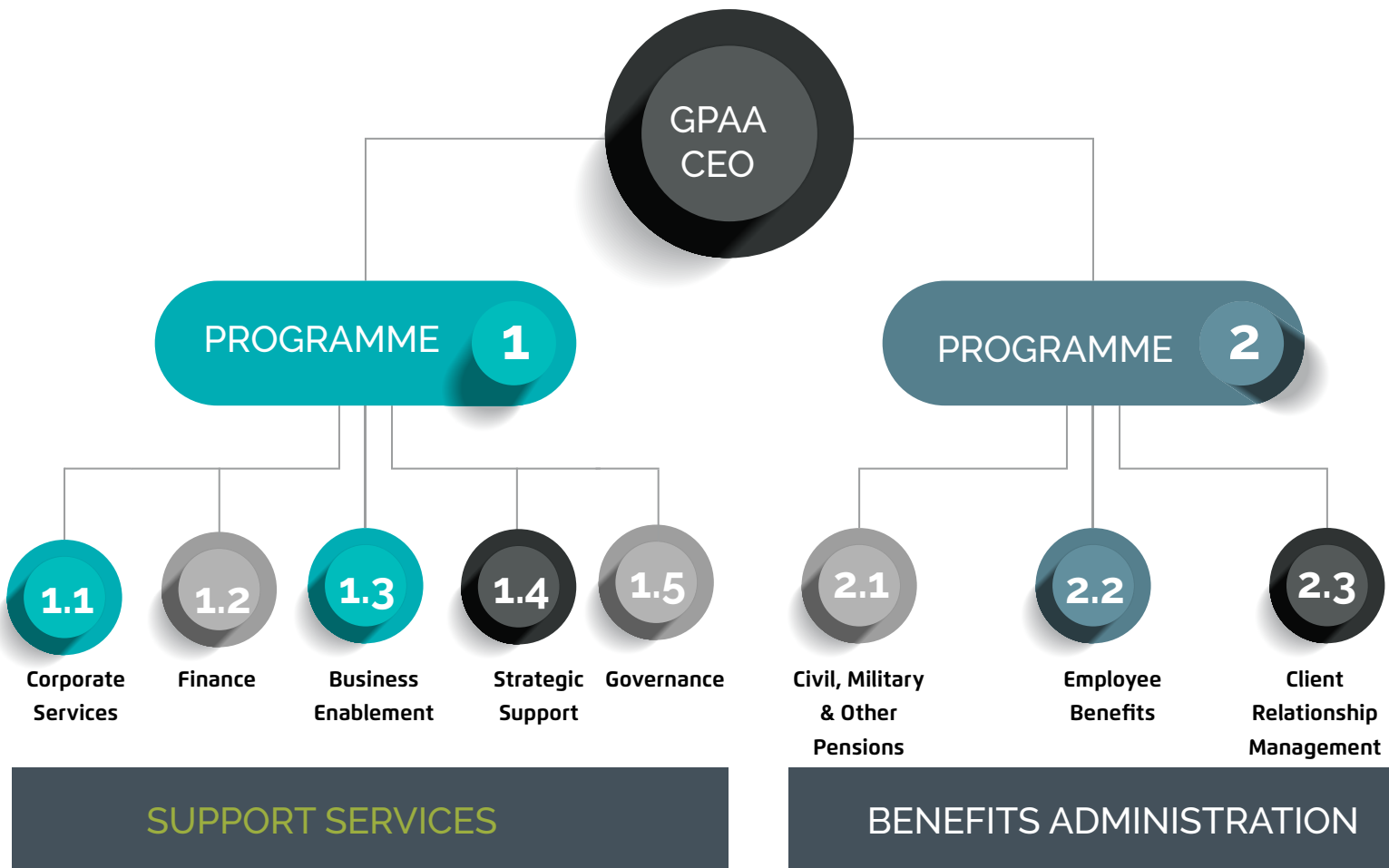


Figure 1.





## PROGRAMME 1 : **SUPPORT SERVICES**

Programme 1 administers the business and governance affairs of the GPAA and gives rise to the strategic outcomes in support of the core business of Programme 2.

### **Sub-programme 1.1 : Corporate Services**

The business units within Corporate Services play a supporting role in the provision of primary services, including human resources. The primary aim of the sub-programme is to support the GPAA in realising its strategic outcomes through the management, co-ordination and oversight of all management support, human and physical resources, and various services within the organisation.

### **Sub-programme 1.2 : Financial Services**

This sub-programme manages the financial resources available to administer pensions and other benefits using best practice principles. This includes the unclaimed benefits that are tracked, traced and paid from this sub-programme. In this regard, the sub-programme ensures that financial policies are adhered to; that financial record keeping is done according to appropriate frameworks and that sufficient cash flow levels are maintained for operational activities. The sub-programme also prepares the financial statements for the organisation and for use by stakeholders.

### **Sub-programme 1.3 : Business Enablement**

This sub-programme directs and manages the organisation's ICT infrastructure, including two data centres hosting the server, storage and application systems - Local Area Networks (LAN) and Wide Area Networks (WAN). The agency has a national footprint with a whole range of end-user devices including desktops, laptops, tablets, printers and scanners. Business Enablement provides the GPAA with the enabling capabilities and technologies it needs to deliver on its mandate.

### **Sub-programme 1.4 : Strategic Support**

The purpose of Strategic Support and the business units that fall within it is to plan, direct and support the organisation in order to ensure that employee benefits, pensions and retirement funds are administered according to the relevant legislation and Service Level Agreements (SLAs). This group of business units is responsible for ensuring that the GPAA is managed effectively in order to deliver services that meet or exceed business requirements of clients. Strategic Support is responsible for the planning and oversight of the GPAA and its overall performance. It is also responsible for building relations with various stakeholders, including intergovernmental engagements which promote the achievement of government priorities and service delivery. The Project Management Office (PMO) was established to manage projects throughout the GPAA which include Business Technology, Human Resource projects and the Modernisation Programme.

## Sub-programme 1.5 : Governance

The Governance sub-programme is responsible for ensuring that the required processes and advisory services are in place for decision making and implementation. The sub-programme ensures that the characteristics of accountability, transparency, compliance, following the rule of law, responsiveness, effectiveness and efficiency are built into the processes, procedures and policies governing the GPAA, its stakeholders and its decision-making processes. This cluster of business units give assurance that the GPAA has the capability to withstand threats that could bring the GPAA or its stakeholders into disrepute.



**PROGRAMME 1**  
**ADMINISTERS THE**  
**BUSINESS AND**  
**GOVERNANCE**  
**AFFAIRS OF THE GPAA**



## PROGRAMME 2 : **BENEFITS ADMINISTRATION**

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

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

This sub-programme provides for the payment of non-contributory pensions that are funded by National Treasury to the beneficiaries of various public sector bodies in terms of different statutes, collective bargaining and other commitments. The benefits administered are: Military Pensions, Post-Retirement Medical Subsidy, Special Pensions and Injury on Duty (IOD) payments. Military Pensions and IOD payments provide for the payment of military pension benefits and medical claims arising from treatment for disability, medical assistance devices and other related expenses, in terms of statutory commitments.

The Associated Institutions Pension Fund (AIPF) and Temporary Employees Pension Fund (TEPF) administered by the GPAA for National Treasury's Programme 7, are to be amalgamated into the GEPF. Work is underway regarding the amalgamation of the TEPF and the GEPF as provided for in the current legislation. A similar process for the amalgamation of the AIPF with the GEPF is also envisaged but requires amendment to current legislation in order to proceed. Once the required legislation has been amended, the amalgamation of the AIPF with the GEPF may advance.

### **Sub-programme 2.2 : Employee Benefits (GEPF)**

The Government Employees Pension Fund (GEPF) is a contributory defined benefit pension fund that is administered by the GPAA in line with the provision of the Government Employees Pension (GEP) Law. The GPAA provides the full spectrum of benefit administration services, inclusive of member admissions, contribution collection, member / pensioner / beneficiary maintenance and benefit processing services. Benefit processing starts with a benefit application and ends with the finalisation of the benefit payment from the Fund. These processes are aimed at accurate and timely payment of benefits to GEPF's members and beneficiaries.

### **Sub-programme 2.3 : Client Relationship Management (CRM)**

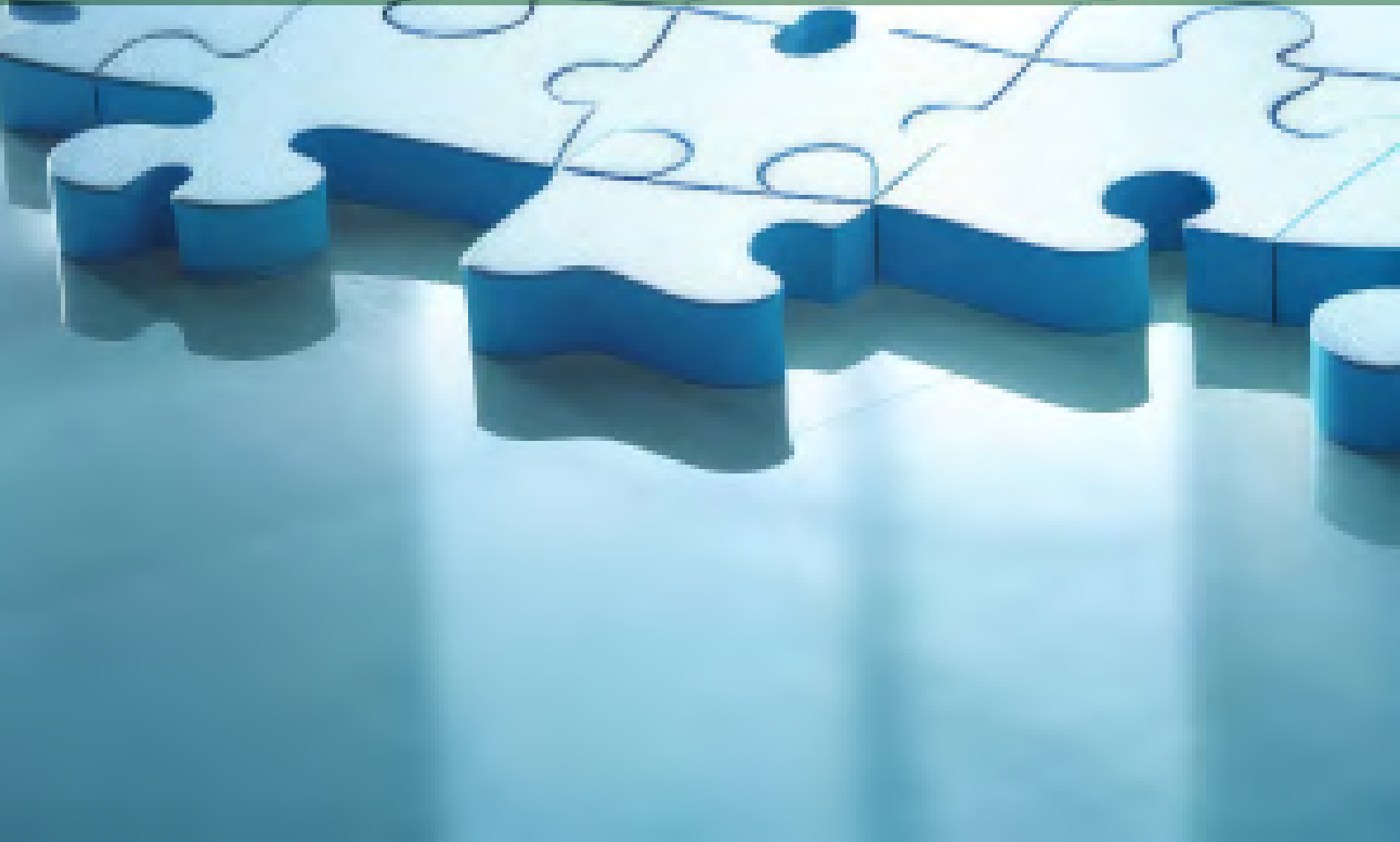
Client Relationship Management (CRM) manages the relationships with all stakeholders including clients, third parties and employers by providing high quality and responsive client services based on the principles of Batho Pele. The service channel operations, namely: Call Centre, Mobile Offices and Walk-in Centres, ensure effective support of the interface between the GPAA and its client base through accepting, resolving and monitoring all service requests or queries made by clients. CRM also provides employer education and training through its regional and employer liaison units and through outreach programmes such as Roadshows, National Departments Roadshows, Retiring Member Campaigns and Human Resource forums. CRM also oversees the document management process to support the GPAA's core functions and business processes.



# PART B:

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# PERFORMANCE INFORMATION



## 1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 79-85 of the Annual Report for the report of the Auditor-General, published as Part F: Financial Information.

## 2. OVERVIEW OF THE GPAA'S PERFORMANCE

### 2.1 Service Delivery Environment

During the year under review, the GPAA continued to operate in an economy that is marked by challenges of high levels of unemployment, poverty and inequality. These challenges were exacerbated by the consequences of the COVID-19 pandemic.

One of the key aspects of the GPAA's service delivery environment is the co-dependency dynamic with employer departments to submit information of new public servants in order to ensure timeous admission to the Fund and timeous and accurate collection of contributions. There is a dependency on employer departments with regard to the timeous submission of accurate benefits application information on behalf of the members. This is not only a dependency, but a challenge that leads to delayed payments. As primary custodians of client information, employer departments have the duty to submit accurate information on behalf of clients when benefits become due. In various instances, exit documents are submitted late or with errors, thereby causing a delay in payments and eventually impacting negatively on service delivery because the payment of benefits depends on accurate information and timeous submission of exit documents.

The GPAA, in an effort to enhance service delivery, has made significant collaborative efforts through the Client Liaison Officers (CLOs) to enhance stakeholder relations with employer departments. The



organisation has several initiatives that are aimed at educating Human Resource officials at employer departments about the GEPF and NT product offerings. Equally so, various educational campaigns aimed at members are also delivered on a continuous basis.

In order to improve efficiencies, the GPAA has continued to drive forward its Modernisation Programme initiative that is aimed at automating its core business processes and expanding the electronic outreach to provide clients and customers with secure access to services. One of the major successes of the Modernisation Programme is the deployment of the Self-Service solution on the web as well as the smartphone application. These applications enable the GPAA clients to access their information and documents via the self-help channel. This is done in addition to the Client Service Centres and Call Centre which provide clients with the platform to access services wherever they are.

The GEPF and the GPAA have continued to encourage members to retire with the GEPF, rather than to resign and transfer their savings out of the Fund. One of the challenges experienced by the Fund is the ever-increasing Unclaimed Benefits account. The organisation has created public awareness regarding Unclaimed Benefits in efforts to get eligible beneficiaries to come forward and claim the benefits due to them. Although this is not unique to the GPAA, the organisation continues to explore various mechanisms to deal with the scourge of Unclaimed Benefits.

The GPAA achieved more than 65% of the targets set in the Annual Performance Plan (APP) despite the service delivery challenges encountered.

## 2.2 Organisational Environment

During the year under review, the GPAA filled the position of the Chief Executive Officer (CEO) which had been vacant for some time. The organisation has also begun with the recruitment process for the executive positions which are critical in the operational environment. These executive positions are: Chief Operations Officer (COO), Chief Financial Officer (CFO) and Head of Corporate Services. The positions have been vacant for a number of years. It is envisaged that the recruitment process for these positions will be finalised before the end of the new financial year (2023/2024).

The organisation also filled the position of Director: Employer Government Liaison Services (EGLS), Director: Information Security and Director: Enterprise-wide Risk. The positions of Director: Fraud & Forensic and Director: Call Centre were advertised and are in the process of being filled.

In order to increase capacity for the purpose of enhancing service delivery, a total of 225 positions (interns, contract and permanent) were advertised and 126 offers were made. As part of the Retention Strategy, all positions from level 1-12 are advertised internally first, to give staff the opportunity to be appointed.

The GPAA was not spared the impact of load shedding and water disruptions at its various Client Service Centres. However, Business Continuity initiatives cushioned the impact of these disruptions to a certain extent. Despite the various challenges experienced, the organisation managed to improve on the previous year's APP performance.

**ONE OF THE MAJOR SUCCESSES OF THE  
MODERNISATION PROGRAMME IS THE DEPLOYMENT OF  
THE SELF-SERVICE SOLUTION ON THE WEB AS WELL AS  
THE SMARTPHONE APPLICATION**

## 2.3 Key Policy Developments and Legislative Changes

Over the past few years, the government, through National Treasury, began formulating proposals regarding possible retirement reforms. This is an ongoing process and the new reforms will take some time to complete.

During the year under review, the GPAA was appointed by the Department of Military Veterans (DMV) as the administrator for the Military Veterans Pension (MVP). The MVP will be paid in line with the Military Veterans Act, 2011 (Act No. 18 of 2011), which aims to:

- Establish a framework for the implementation of the national policy and standards governing Military Veterans affairs.
- Improve the quality of life of Military Veterans and their dependents in order for them to realise their socio-economic progress.
- Recognise and honor Military Veterans in life and remember them in death for their sacrifices on behalf of the nation.

## 3 PROGRESS TOWARDS THE ACHIEVEMENT OF INSTITUTIONAL IMPACT AND OUTCOMES

The GPAA has adopted a set of strategic oriented outcomes that are aligned to, and aimed at the realisation of the vision of having 'a customer and client-base that is satisfied, served, valued, dignified, cared for and empowered'. In developing the strategic outcomes, the Minister's contract, the National Development Plan (NDP), the GPAA's environment, different analysis methods and the intended outcomes of the Modernisation Programme were taken into consideration. The strategic oriented outcomes are reflected in Figure 2).

# Strategic Outcomes

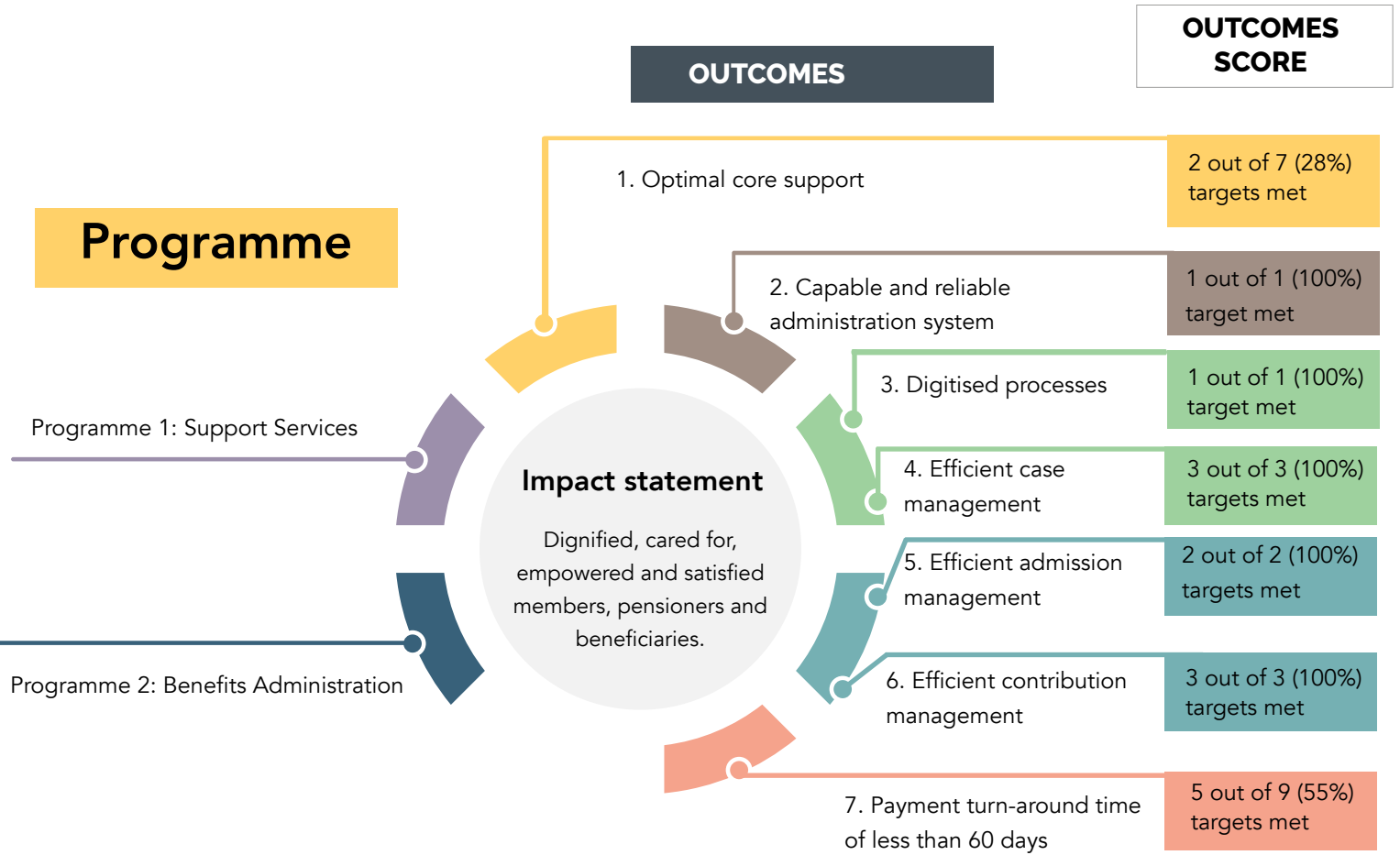


Figure 2

For the purpose of measuring the achievement of the strategic outcomes, a total of 25 output performance indicators were tracked during the financial year. As reflected in Figure 2, for five of the outcomes, a 100% target was met for the relevant output indicators. For the remaining two outcomes, 55% and less than 50% of the targets were achieved respectively. This is an improvement from the previous financial year where only two outcomes attained 100% of the set output targets, in comparison to the current year where five outcomes attained 100% of the set output targets. The organisation is on the right track towards the realisation of the strategic outcomes as set out in the Strategic Plan tabled in Parliament in February 2019.

The performance scorecards for Programme 1 and Programme 2 reflect the output indicators and targets for the financial year under review, together with the achievements and challenges experienced in the attainment of the set targets (see pages 29-40).

## **The Institutionalisation of Outcomes-Based Planning, Monitoring and Evaluation in the GPAA**

As a component and entity of government, the GPAA has embraced the outcomes-based approach. The strategic planning and organisational performance monitoring approaches of the organisation are based on this approach. The Strategic Plan (SP) and Annual Performance Plan (APP) were produced within the ambit of the GPAA's Strategic Planning framework, which outlines the planning, budgeting, implementation and reporting cycle of the organisation.

The performance of the organisation in implementing the APP was monitored through the guidance of the Monitoring and Evaluation (M&E) framework which outlines the results-based M&E approach of the organisation in alignment with the results-based approach of government. The GPAA M&E framework is aligned to the Framework for Managing Programme Performance Information and the National Evaluations Policy Framework. It further provides for the evaluations employed by the GPAA in evaluating the effectiveness and efficiency of various initiatives.

It is against this backdrop that the outcomes-based approach has been embedded in the GPAA's planning, monitoring and evaluation instruments.

## **Performance Against Strategic Outcomes**

The GPAA has delivered on most of its predetermined outcomes for the 2022/2023 financial year. A total of 17 out of 25 (68%) performance targets were achieved.

A number of highlights were recorded in the financial year under review. The first highlight was the achievement of an average of 96.90% (GEPF: 93.81% and National Treasury: 99.99%) of benefits that were paid on time after receipt of duly completed documentation and an average of 99.90% of new members that were admitted on time. Out of all clients who visited the GPAA offices throughout the country, 99.80% were assisted.

The GPAA administered benefits on behalf of the GEPF, with an active membership of 1.267 million members and over 333 000 pensioners at the end of March 2023. Contributions received for the financial year amounted to approximately R83.1 billion, while the benefits paid out to beneficiaries amounted to R135.4 billion. A summary of the claims administered in 2022/2023, together with the monthly benefits payments are reported in Table 1.

**TABLE 1: CLAIMS AND MONTHLY BENEFITS PAID**

CASES ADMINISTERED AND FINALISED AT THE GPAA	CASES PAID 2021 / 2022	CASES PAID 2022 / 2023
Resignation from GEPF	20 659	23 850
Retirement from GEPF	33 627	37 440
Transfer from GEPF	3 064	3 379
Beneficiaries paid due to death of members	11 776	8 770
<b>Total</b>	<b>69 126</b>	<b>73 439</b>
RECIPIENTS OF MONTHLY PAYMENTS FROM THE FUND	MONTHLY PAYMENTS 2021 / 2022 (Cases)	MONTHLY PAYMENTS 2022 / 2023 (Cases)
Injury on Duty (IOD) payments	9 744	9 992
Post-Retirement Medical Benefits	142 123	148 454
Military Pensions	4 606	4 636
Special Pensions	5 713	5 552
Other benefits	774	750
Pension benefits (GEPF)	322 223	336 629
Spouses benefits (GEPF)	167 679	171 592
Orphans benefits (GEPF)	9 824	15 809
Pension benefits (AIPF)	3 774	3 518
Spouses benefits (AIPF)	2 567	2 483
Pension benefits (TEPF)	166	155
Spouses benefits (TEPF)	108	107
<b>Total benefits per recipient paid per month (averaged)</b>	<b>669 301</b>	<b>700 118</b>

## 4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

### PERFORMANCE AT PROGRAMME LEVEL

The GPAA has put processes in place to monitor its performance on a quarterly basis, for the purpose of assessing progress on the implementation of the Annual Performance Plan (APP). This process is aimed at monitoring the delivery against the set quarterly performance targets. These performance monitoring processes culminate into the organisation’s report on the performance against annual performance targets.

This section presents the performance of the GPAA against the annual targets as set out in the 2022/2023 APP.

## PROGRAMME 1: SUPPORT SERVICES

### Purpose of the Programme

The purpose of Programme 1 is to support the business and governance affairs of the GPAA, and to attain strategic outcomes in support of the core business.

### List of Sub-Programmes

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

### Strategic Outcomes for 2022 / 2023

- Optimal Core Support
- Digitised Processes
- Capable and Reliable Administration

**TABLE 2: PERFORMANCE AGAINST PREDETERMINED OUTCOMES**

Outcome	Output	Output Indicator	Audited actual performance 2020/2021	Audited actual performance 2021/2022	
Optimal core support	Disabled employees	1. % of disabled employees	6.05% of disabled employees	5.74% of disabled employees	
	Female employees	2. % of female employees as a total of employees	63.67% of female employees as a total of employees	63.09% of female employees as a total of employees	
	Black employees	3. % of black employees as a total of employees	83.14% of black employees as a total of employees	90.20% of black employees as a total of employees	
	Clean audit	4. Clean audit	Unqualified audit opinion with material non-compliances	Unqualified audit with findings	
	Valid invoices paid	5. % of accurate payment of valid invoices paid within 30 working days	97.09% of accurate payment of valid invoices paid within 30 working days	99.32% of accurate payment of valid invoices paid within 30 working days	
	Reduced Unclaimed Benefits	6. % of all amounts in Unclaimed Benefits paid (excluding interest)	43.16% of all amounts in Unclaimed Benefits paid (excluding interest)	42.52% of all amounts in Unclaimed Benefits paid (excluding interest)	
Digitised processes	Clients reached through the digital communication channels	7. % of clients reached through the digital communication channels	37.89% of clients reached through the digital communication channels	56.30% of clients reached through the digital communication channels	
Capable and reliable administration	ICT systems up-time	8. % of time the system is available during required times per quarter	99.58% of the time the system is available during required times per quarter	99.89% of the time the system is available during required times per quarter	





**99.90%** of accurate payment of valid invoices paid within 30 working days



**99.97%** of the time system is available during required times per quarter

	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for achievements or deviations
	2% of disabled employees	5.69% of disabled employees	Target exceeded by 3.69%	Preference was given to disabled candidates during the recruitment process.
	51% of female employees as a total of employees	63.29% of female employees as a total of employees	Target exceeded by 12.29%	Preference was given to female candidates during the recruitment process.
	92% of black employees as a total of employees	90.70% of black employees as a total of employees	Target missed by 1.3%	The achievement of the target is dependent on the number of appointments and staff turnover.
	Clean audit	Unqualified audit with findings	Unqualified audit with findings	Non-compliance on some Treasury regulations
	100% of accurate payment of valid invoices paid within 30 working days	99.90% of accurate payment of valid invoices paid within 30 working days	Target missed by 0.1%	Delays in resolving invoice queries raised by cost centres.
	50% of all amounts in Unclaimed Benefits paid (excluding interest)	42.85% of all amounts in Unclaimed Benefits paid (excluding interest)	Target missed by 7.15%	More cases transferred into the account during the year under review. Shortage of staff.
	55% of clients reached through the digital communication channels	61.47% of clients reached through the digital communication channels	Target exceeded by 6.47%	Proper planning and effective implementation as well as continuous updating of personal details by clients.
	97% of the time the system is available during required times per quarter	99.97% of the time the system is available during required times per quarter	Target exceeded by 2.97%	Constant system and service provider monitoring is in place to ensure that system availability is well managed.

## Strategies to overcome areas of under-performance:

Table 3 presents the strategies to be implemented to overcome under-performance for unachieved targets for the Optimal Core Support outcome.

**TABLE 3: OUTCOME: OPTIMAL CORE SUPPORT**

Output	Output Indicator	Strategies to overcome areas of underperformance
Black employees	% of black employees as a total of employees	<ul style="list-style-type: none"> <li>Priority to be given to the appointment of under-represented groups (Blacks, Indians, Chinese and Coloureds).</li> </ul>
Valid invoices paid	% of accurate payment of valid invoices paid within 30 working days	<ul style="list-style-type: none"> <li>Cost Centre managers to inform Accounts Payable within three days should there be issues raised from invoices submitted for authorisation.</li> </ul>
Reduced Unclaimed Benefits	% of all amounts in Unclaimed Benefits paid (excluding interest)	<ul style="list-style-type: none"> <li>Measures to control the transfers into Unclaimed Benefits to be developed.</li> <li>The Tracing unit to be capacitated to deal with the volume of cases that are transferred into the Unclaimed Benefits account.</li> </ul>

## Linking Performance with Budgets

The budget expenditure that supported the performance of Programme 1 is shown in the table below:

**TABLE 4: LINKING PERFORMANCE WITH BUDGET**

Programme 1: SUPPORT SERVICES	2021/2022			2022/2023		
	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
<b>Total</b>	<b>694 456</b>	<b>640 990</b>	<b>53 466</b>	<b>791 481</b>	<b>708 148</b>	<b>83 333</b>

### Reasons for over/under expenditure:

The under-spending variance is mainly due to:

- Vacant positions that were budgeted for.
- Advertising and promotions not fully implemented because of the non-compliance of some targeted radio stations.
- Saving arising from the conclusion on the outstanding and disputed MTN billing as well as the Telkom telephone services billing being over-budgeted.
- Stationery, consumables and printing budget that gets utilised only when required.
- Other legal expenditures incurred on a needs basis.

# PROGRAMME 2: BENEFITS ADMINISTRATION

## Purpose of the Programme

The purpose of Programme 2 is to administer contributory and non-contributory benefits to the clients of the GEPF and National Treasury, and to manage client channels and customer relationships with both national and provincial government departments.

## List of Sub-Programmes

- Special Pensions, Post-Retirement Medical Subsidies, Military Pensions, and Other Benefits (National Treasury)
- Employee Benefits (GEPF)
- Client Relationship Management (CRM)

## Strategic Outcomes for 2022 / 2023

- Efficient case management
- Efficient admission management
- Efficient contribution management
- Payment turnaround time of less than 60 days



100% GEPF members admitted within 14 days'



100% of NT membership certificates issued within 30 working days of admission

**TABLE 5: PERFORMANCE AGAINST PREDETERMINED OUTCOMES**

Outcome	Output	Output Indicator	Audited actual performance 2020/2021	Audited actual performance 2021/2022	
Payment turnaround time of less than 60 days	Satisfied clients	9. % of client satisfaction levels	36.62% of client satisfaction levels	81.25% of client satisfaction levels	
	Resolved calls	10. % of calls resolved versus calls answered, excluding escalated calls.	New measure	New measure	
Efficient admission management	NT members admitted	11. % of NT members admitted within 14 days	99.96% of NT members admitted within 14 days	98.82% of NT members admitted within 14 days	
	GEPF members admitted	12. % of GEPF members admitted within 14 days	100% of GEPF members admitted within 14 days	100% of GEPF members admitted within 14 days	
Efficient contribution management	GEPF contributions received and reconciled	13. % of GEPF contributions received and reconciled by the 22nd of the month	99.27% of GEPF contributions received and reconciled by the 22nd of the month	99.98% of GEPF contributions received and reconciled by the 22nd of the month	
Efficient case management	NT clients records maintained	14. % of NT clients records maintained within 21 days	99.36% of NT clients records maintained within 21 days	99.82% of NT clients records maintained within 21 days	
	NT suspended pensioners (overseas) reinstated	15. % of NT suspended pensioners (overseas) reinstated within 21 working days after receipt of Life Certificates	99.33% of NT suspended pensioners (overseas) reinstated within 21 working days after receipt of Life Certificates	99.56% of NT suspended pensioners (overseas) reinstated within 21 working days after receipt of Life Certificates	
	NT membership certificates issued	16. % of NT membership certificates issued within 30 working days of admission	99.61% of NT membership certificates issued within 30 working days of admission	99.90% of NT membership certificates issued within 30 working days of admission	



The interventions budgeted for in the financial year were pivotal for remote working capability with an R8.1 million budget, and an actual cost of **R8.111 million** which included PPEs on store stock to the value of **R 856 000**

Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
90% of client satisfaction levels	94.98% of client satisfaction levels	Target exceeded by 4.98%	Maintain and increase performance through constant monitoring.
99% of calls resolved versus calls answered, excluding escalated calls	23.06% of calls resolved versus calls answered, excluding escalated calls	Target missed by 75.94%	The indicator was introduced in the middle of the financial year 2022/2023. There was no system in place to appropriately report on the indicator. The indicator was measured from October 2022 when a monitoring system was deployed.
98% of NT members admitted within 14 days	99.80% of NT members admitted within 14 days	Target exceeded by 1.8%	Continuous monitoring and support to staff.
98% of GEPF members admitted within 14 days	100% of GEPF members admitted within 14 days	Target exceeded by 2%	Active production management plans in place and constant monitoring.
98% of GEPF contributions received and reconciled by the 22nd of the month	99.96% of GEPF contributions received and reconciled by the 22nd of the month	Target exceeded by 1.96%	Well-defined SOP, timeous collection of contributions, regular follow-ups with defaulting employers and escalation where there is a need.
99% of NT clients records maintained within 21 days	100% of NT clients records maintained within 21 days	Target exceeded by 1%	Continuous monitoring and support to staff.
99% of NT suspended pensioners (overseas) reinstated within 21 working days after receipt of Life Certificates	100% of NT suspended pensioners (overseas) reinstated within 21 working days after receipt of Life Certificates	Target exceeded by 1%	Continuous monitoring and support to staff.
99% of NT membership certificates issued within 30 working days of admission	100% of NT membership certificates issued within 30 working days of admission	Target exceeded by 1%	Continuous monitoring and support to staff.

Outcome	Output	Output Indicator	Audited actual performance 2020/2021	Audited actual performance 2021/2022	
Payment turn-around time of less than 60 days	NT Death Benefits paid	17. % of NT Death Benefits paid within 60 working days after duly completed documents were received	86.69% of NT Death Benefits paid within 60 working days after duly completed documents were received	93.58% of NT Death Benefits paid within 60 working days after duly completed documents were received	
	GEPF benefits paid	18. % of GEPF benefits paid within 45 working days liability date, excluding death benefits after receiving duly completed documents	61.41% of GEPF benefits paid within 45 working days liability date, excluding death benefits after receiving duly completed documents	76.52% of GEPF benefits paid within 45 working days liability date, excluding Death benefits after receiving duly completed documents	
	NT benefits paid	19. % of NT benefits paid within 20 working days after receipt of duly completed documents, excluding Death Benefits	99.97% of NT benefits paid within 20 working days after receipt of duly completed documents ,excluding Death Benefits	99.98% of NT benefits paid within 20 working days after receipt of duly completed documents, excluding Death Benefits	
	Visitors serviced	20. % of visitors serviced versus number of visitors	99.85% of visitors serviced versus number of visitors	99.86% of visitors serviced versus number of visitors	
	GEPF death benefits paid	21. % of GEPF Death Benefits paid within 60 working days of liability date after duly completed documents were received	23.24% of GEPF Death Benefits paid within 60 working days of liability date after duly completed documents were received	28.69% of GEPF Death Benefits paid within 60 working days of liability date after duly completed documents were received	
Efficient contribution management	TEPF contributions received and reconciled	22. % of TEPF contributions received and reconciled by the 22nd of the month	% of TEPF contributions received and reconciled by the 22nd of the month	% of TEPF contributions received and reconciled by the 22nd of the month	
	AIPF contributions received and reconciled	23. % of AIPF contributions received and reconciled by the 22nd of the month	% of AIPF contributions received and reconciled by the 22nd of the month	% of AIPF contributions received and reconciled by the 22nd of the month	
Payment turnaround time of less than 60 days	AIPF benefits paid	24. % of AIPF benefits paid within a set period (45 working days) of the liability date after receipt of duly completed documentation	New measure	16.16% of AIPF benefits paid within a set period (20 days) of the liability date after receipt of duly completed documentation	
	TEPF benefits paid	25. % of TEPF benefits paid within a set period (45 working days) of the liability date after receipt of duly completed documentation (excluding death)	New measure	11.11% of TEPF benefits paid within a set period (20 days) of the liability date after receipt of duly completed documentation (excluding death)	

Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
90% of NT Death Benefits paid within 60 working days after duly completed documents were received	100% of NT Death Benefits paid within 60 working days after duly completed documents were received	Target exceeded by 10%	Continuous monitoring and support to staff.
86% of GEPF benefits paid within 45 working days liability date, excluding death benefits after receiving duly completed documents	93.81% of GEPF benefits paid within 45 working days liability date, excluding death benefits after receiving duly completed documents	Target exceeded by 7.81%	Active production and Management Information System (MIS) management of the daily movement of claims have improved.
89% of NT benefits paid within 20 working days after receipt of duly completed documents, excluding Death Benefits	99.99% of NT benefits paid within 20 working days after receipt of duly completed documents excluding Death Benefits	Target exceeded by 10.99%	Continuous monitoring and support to staff.
92% of visitors serviced versus number of visitors	99.80% of visitors serviced versus number of visitors	Target exceeded by 7.8%	Maintain and increase performance through constant monitoring.
60% of GEPF Death Benefits paid within 60 working days of liability date after duly completed documents were received	48.68% of GEPF Death Benefits paid within 60 working days of liability date after duly completed documents were received	Target missed by 11.32%	All benefits as per the GEP Law, are required to be paid within 60 days, whilst the pension industry applies Section 37c which allows for Death Benefits to be paid within a period of one year. Delayed receipt of Death claims from beneficiaries and employer departments. The requirement was to investigate each claim before payment is made, resulting in delayed payments when such investigations were done.
98% of TEPF contributions received and reconciled by the 22nd of the month	115.12% of TEPF contributions received and reconciled by the 22nd of the month	Target exceeded by 17.12%	Over-achieved due to overpayment made by the employer which will be refunded before finalisation of year-end.
98% of AIPF contributions received and reconciled by the 22nd of the month	99.12% of AIPF contributions received and reconciled by the 22nd of the month	Target exceeded by 1.12%	Processes are in place to ensure that most of the contributions payable are received before the 7 <sup>th</sup> of the following month.
86% of AIPF benefits paid within a set period (45 working days) of the liability date after receipt of duly completed documentation	63.41% of AIPF benefits paid within a set period (45 working days) of the liability date after receipt of duly completed documentation	Target missed by 22.59%	Redirected and rejected claims had a negative impact on the timeous payment of claims.
86% of TEPF benefits paid within a set period (45 working days) of the liability date after receipt of duly completed documentation (excluding death)	30.83% of TEPF benefits paid within a set period (45 working days) of the liability date after receipt of duly completed documentation (excluding death)	Target missed by 55.17%	Redirected and rejected claims had a negative impact on the timeous payment of claims.

## Strategies to overcome areas of under-performance:

Table 6 provides an indication of the strategies to be implemented to overcome under-performance for unachieved targets for the payment turnaround time of less than 60 days outcome.

**TABLE 6: OUTCOME: PAYMENT TURNAROUND TIME OF LESS THAN 60 DAYS**

Output	Output Indicator	Strategies to overcome areas of under-performance
Resolved calls	% of calls resolved versus calls answered, excluding escalated calls	<ul style="list-style-type: none"> <li>o This indicator is work in progress and is therefore constantly being measured.</li> <li>o Innovative ways to address the challenges towards measuring this indicator are being explored.</li> </ul>
GEPF death benefits paid	% of GEPF Death Benefits paid within 60 working days of liability date after duly completed documents were received	<ul style="list-style-type: none"> <li>o A more effective and seamless process of administering and paying death claims is being pursued.</li> <li>o The appointment of additional human resources to assist with the payment of death claims was recently done.</li> </ul>
AIPF benefits paid	% of AIPF benefits paid within a set period (45 working days) of the liability date after receipt of duly completed documentation	<ul style="list-style-type: none"> <li>o Recently recorded warnings against all AIPF member records to detect such claims as soon as they arrive at the GPAA. This will ensure that such claims are prioritised.</li> <li>o A system generated report that will alert managers on a weekly basis if such claims are received is being implemented.</li> </ul>
TEPF benefits paid	% of TEPF benefits paid within a set period (45 working days) of the liability date after receipt of duly completed documentation (excluding death)	<ul style="list-style-type: none"> <li>o Recently recorded warnings against all TEPF member records to detect such claims as soon as they arrive at the GPAA. This will ensure that such claims are prioritised.</li> <li>o A system generated report that will alert managers on a weekly basis if such claims are received is being implemented.</li> </ul>

## Linking performance with budgets

The budget expenditure that supported the performance of Programme 2 was as follows:

**TABLE 7: LINKING PERFORMANCE WITH BUDGET**

Programme 2: BENEFITS ADMINISTRATION	2021/2022			2022/2023		
	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
<b>Total</b>	<b>378 777</b>	<b>342 506</b>	<b>36 270</b>	<b>347 213</b>	<b>334 790</b>	<b>12 423</b>

Reasons for over/under expenditure:

The under-spending variance is mainly due to:

- Vacant positions that were budgeted for.
- The agency fees budget allocated to cost centres but not utilised.



## 5. REVENUE COLLECTION

The GPAA earns its revenue on a cost recovery basis with the GEPF and National Treasury. Table 8 provides an indication of the revenue collected for the financial year under review.

**TABLE 8: REVENUE COLLECTION**

2021/2022				2022/2023		
Sources of revenue	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Administration services	1 073 232	980 925	92 307	1 218 463	1 091 742	127 249
<b>Total</b>	<b>1 073 232</b>	<b>980 925</b>	<b>92 307</b>	<b>1 218 463</b>	<b>1 091 742</b>	<b>127 249</b>

The GPAA administration fees are charged on a cost recovery basis; this is in terms of the agreement with the Government Employees Pension Fund (GEPF) and the National Treasury. GPAA receives 93% of its revenue from GEPF and 7% from National Treasury for administration services rendered for both GEPF and National Treasury pension members. The variance is due to the GPAA not incurring all funds provided for in the budget.

## 6. CAPITAL INVESTMENT

Table 9 presents the expenditure on Capital Investments for the 2022/2023 financial year.

**TABLE 9: CAPITAL INVESTMENT**

2021/2022				2022/2023		
Infrastructure projects	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Total</b>	<b>86 433</b>	<b>76 360</b>	<b>10 073</b>	<b>110 700</b>	<b>91 516</b>	<b>19 184</b>

The variance on capital expenditure was 17% for the period under review. The budget was mainly spent on projects in the facilities and ICT space.



# **PART C:** **GOVERNANCE**



## 1. INTRODUCTION

The GPAA recognises that good governance is critical for the effective running of an organisation. As such, the organisation remains committed to maintaining the highest standards of governance in order to promote appropriate values and ethics throughout the organisation. Systems are in place to ensure effective risk management, anti-corruption and fraud prevention, minimal conflict of interest, adherence to the Public Service Code of Conduct, accountable management and proper internal auditing. This section discusses the frameworks and policies that form the fundamental pillars of GPAA's corporate governance arrangements and are developed and implemented in accordance with the relevant legislative frameworks.

## 2. PORTFOLIO COMMITTEES

As an entity of government, the GPAA is overseen by Parliament through Portfolio Committees (PCs). During the period under review, the GPAA was invited to a virtual meeting by the Portfolio Committee on Public Service and Administration held on the 22 September 2022. The purpose of the meeting was to provide the GPAA with an opportunity to brief the committee on the turnaround time for the payment of pension benefits for retired public servants and to discuss the challenges encountered.

## 3. EXECUTIVE AUTHORITY

The CEO of the GPAA submits reports to the Deputy Minister of Finance on a quarterly basis and reports to the National Treasury entity oversight unit for the Minister.

## 4. RISK MANAGEMENT

The GPAA has an approved Risk Management Policy which aims to provide guidance with regard to the management of risks in order to support the achievement of the GPAA's objectives. This ensures the efficient and effective integration of risk management in line with the Risk Management Framework which also incorporates the Risk Management Strategy. Regular risk assessments are conducted in line with the Risk Management Implementation Plan, which includes the review of internal controls and actions that are in place to respond to the assessed risks.

The GPAA has a Risk Management Committee (RMC) that comprises of the organisation's Executive Committee (EXCO) as well as an independent Chairperson and member to assist the Chief Executive Officer (CEO) in discharging accountability regarding risk management by reviewing the effectiveness of the GPAA's risk management systems, practices and procedures, and providing recommendations for improvement. The Committee also evaluates the effectiveness of the mitigating strategies to address the material risks of the GPAA. The GPAA also has an Audit Committee which provides oversight on the controls, governance and risk management of the organisation. The committee also provides an independent and objective view of the GPAA's risk management effectiveness.

Improvements were made on the identification and assessment of risks, which considered the internal and external environments and ensured that adequate action plans are in place to mitigate the risks and take advantage of the opportunities. As a result of these improvements, the GPAA is gradually realising the intended benefits on its performance.

## 5. INTERNAL AUDIT AND AUDIT COMMITTEE

### 5.1 The Internal Audit (IA) Unit

The objectives of Internal Audit are to review the adequacy and effectiveness of the management systems of internal controls, risk management and governance processes to ensure that:

- laws, regulations and contracts are complied with;
- operations are effective and efficient;
- financial and operational information is reliable; and
- assets are properly safeguarded.

#### Key activities:

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

### 5.2 Summary of work done

Type	Total Planned Audits	Total No (%) Completed	Total No (%) Not Completed
<b>Assurance reviews 2022/2023</b>			
Regularity Audit	13	100%	0
Performance Audit	4	75%	1
Information Technology Audit	5	80%	1*
<b>Total</b>	<b>22</b>	<b>91%</b>	<b>9%</b>

\*This audit was planned for a modernisation project. Modernisation was dependent on the Board approval, which was not obtained as at 31 March 2023. The DMV project was added but not concluded due to the outstanding approval of the regulation impacting qualification criteria to be used for the pay-outs.

Type	Total Planned Audits	Total No (%) Completed	Total No (%) Not Completed
Follow - up reviews 2022/2023			
Regularity Audit	4	100%	0
Performance Audit	4	100%	0
Information Technology Audit *	4	100%	0
<b>Total</b>	<b>12</b>	<b>100%</b>	<b>0%</b>

Consulting Projects 2022//2023	Requested	Completed
Ad-hoc Audits	1	1
SCM: Tender evaluations observation	10	10
<b>Total</b>	<b>11</b>	<b>11</b>

### 5.3 The Audit Committee

#### ***Audit Committee Objectives***

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

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

#### ***Activities in relation to Internal Audit***

- The Audit Committee examines the appointment, replacement, reassignment or dismissal of the Chief Audit Executive (CAE) and reviews the mandate, Annual Audit Plan and resources of the Internal Audit function.
- The committee meets with the CAE to review the results of the Internal Audit activities, including any significant issues reported to management by the Internal Audit function. It looks at management's responses and / or corrective actions.
- The committee reviews the performance, degree of independence and objectivity of the Internal Audit function and adequacy of the Internal Audit processes.
- The committee reviews any issue that may be brought forward by the CAE, including any difficulties encountered by the Internal Audit function such as the audit scope limitations, access to information and staffing restrictions.
- The committee ensures the effectiveness of the coordination between internal audit and the external audit functions.

## 6. COMPLIANCE WITH THE LAW AND OTHER REGULATIONS

The GPAA was established in terms of Proclamation No.10 of 26 March 2010 as a government component established to administer pensions on behalf of the Government Employees Pension Fund (GEPF) and National Treasury (NT). The GPAA has to adhere to the Government Employees Pension Law, 1996, which is the legislative framework for the payment of pensions, as well as National Treasury prescripts and the Public Finance Management Act. The organisation has to comply with various legislations governing National Treasury pension benefits and other associated Funds, as outlined in paragraph 8(2) (c) (i) – (v) of the Proclamation No.10 of 26 March 2010. In addition, it has to comply with all applicable laws within the Republic of South Africa.

The GPAA has adopted a compliance framework in respect of compliance management which is supported by various internal policies. It monitors the compliance requirements through legal and governance processes, as well as through quarterly reporting to various governance structures. The implementation of internal policies and defined Standard Operating Procedures (SOPs) further enhances compliance and good governance within the organisation.

The GPAA is audited by both its Internal Audit unit and the Auditor-General of South Africa (AGSA) to ensure compliance with laws and regulations.

## 7. FRAUD AND CORRUPTION

Treasury Regulation 27.2.1 of the PFMA requires the GPAA to develop and maintain a Risk Management Strategy which must include a Fraud Prevention Plan. The purpose of the strategy is to direct internal audit efforts and priorities, and to determine the skills required for managers and staff to improve controls and to manage the identified risks. The Fraud Prevention Plan must cover a period of three (3) years as per the directive of Treasury Regulation 29.1.1 (e).

The purpose of the Fraud Prevention Strategy is to positively change the attitudes of all employees, external service providers and suppliers of the agency towards corruption and fraud. Fraud prevention can be seen as the cumulative effect of both preventative and detection systems incorporated by management. Detection of fraud can only lead to the prevention thereof if the response thereto acts as a deterrent.

The GPAA has an approved Fraud Prevention Plan. This plan is aimed at ensuring that employees and management act legally, ethically and in the public interest. Furthermore, it promotes a culture that does not tolerate any act of fraud or corruption. It seeks to prevent the risk of fraud occurrence and it provides guidance in the detection and investigation of fraud when it occurs and takes appropriate corrective action.

During the year under review, and as directed by the Fraud Prevention Plan, together with the Fraud Prevention Strategy, the following governance documents were reviewed with the view to enhance the implementation of the approved plan:

- Forensic Investigation Methodology
- Fraud Implementation Plan

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

The GPAA has a whistle blowing hotline that is managed by an independent service provider. Incidents of fraud and/or irregularities may be reported by the public/members using any of the following mechanisms:

The GPAA's dedicated fraud reporting channels:

- Hotline: 0800 203 900
- SMS facility: 30916
- Email: [gepf@thehotline.co.za](mailto:gepf@thehotline.co.za)
- Web based reporting: [www.thehotline.co.za](http://www.thehotline.co.za)
- Walk-ins – GPAA Head Office/Regions & Internal business units

National Anti-Corruption Hotline (administered by the Public Service Commission)

- Hotline: 0800 701 701 toll free number
- Fax: 0800 204 965 toll free number
- Post: P.O. Box 582, Umhlanga Rocks, Kwazulu-Natal, 4320

The GPAA has the internal investigation capacity to investigate fraud-related matters. During the period under review, a panel of service providers was appointed to compliment the internal investigative capacity and to deal with any backlog cases.

Once an internal investigation is finalised, all suspected cases of fraud or corruption are referred to the South African Police Service (SAPS) for further criminal investigation, and the suspected cases on misconduct against employees are referred to the Labour Relations Unit for disciplinary action.

## How these cases are reported and what actions are taken

Incidents of fraud/corruption and/or irregularities are reported by employees, the public, members and/or service providers using the fraud hotline and Clients Service Centres.

Where the need for an investigation arises, possible actions to the matters raised may, amongst others be:

- Investigated internally;
- Referred to relevant external law enforcement agencies;
- Investigated by outsourced external service providers.

The internal investigators will, within 60 working days, carry out an investigation and make findings based on the available evidence and provide recommendations where applicable on the potential disciplinary, criminal or civil action to be taken, as well as on control and policy improvements. All investigations conducted within the GPAA are conducted in accordance with acceptable practices, within legal parameters and in compliance with the existing Investigation Methodology.

The GPAA will refer all matters where there is a suspicion of fraud and a financial loss was incurred to law enforcement for further investigation, regardless of the amount involved.



The GPAA may outsource investigation services in the following circumstances, inter alia:

- When there is insufficient capacity;
- Where there is a cost benefit to the GPAA;
- When a possible conflict of interest exists; and
- For high profile investigations into allegations involving Senior Management and Executive members.

All the cases received/reported for investigation are captured in a case management system. The case management system assists in the maintenance of data and the allocation of case numbers. In instances where a full-scale investigation is warranted, cases are allocated internally to the forensic investigation team. On completion of the investigation, reports are sent to the Accounting Officer for approval of disciplinary actions or referral to SAPS for further investigation. Some cases are also referred to the Legal Unit to pursue civil action.

## **8. MINIMISING CONFLICT OF INTEREST**

All Supply Chain Management (SCM) practitioners are required to complete an e-Disclosure regarding financial disclosure. In addition, as part of the SCM Standard Operating Procedure (SOP), all practitioners are required to, along with the appointed SCM Bid Committee members, declare any interest in items and/or companies being discussed in the meeting which may be under consideration or which may have submitted responses to published bids and quotations. These declarations are done prior to the meeting commencing. Employees are also required to declare other forms of income through a Human Resource process, which contributes to minimising potential conflict of interest. In general, the SOP promotes segregation of duties, which also minimises conflict of interest in the broader sense.

In the event where an SCM practitioner declares a conflict of interest, the practitioner is recused from further participation in the meeting. The interest would also be minuted and the meeting would continue without the presence of the practitioner who would no longer participate in the process.

## 9. CODE OF CONDUCT

The GPAA regards the Code of Conduct and Ethics as an important pillar in the promotion of good governance and ethical conduct. This forms part of the DPSA's Integrity Management Framework which plays a critical role in dealing with issues of ethics and corruption in the public service in general, and in the GPAA in particular. Various mechanisms and systems are in place to monitor adherence and compliance to the Public Service Code and Service Charter in the GPAA. During the period under review, the following was done:

- The declaration of interest through the DPSA eDisclosure System and the verification at various levels was implemented.
- A gift register was established and maintained.
- Compliance to the Code of Conduct was monitored, and cases of non-compliance were reported to the Labour Relations unit for handling and consequence management was applied where misconduct was committed.
- An ethics risk campaign was conducted at the Head Office and Regional Offices to promote an ethical culture within the GPAA.
- Requests were made, assessed and granted to officials by the Chief Executive Officer for Remunerative Work outside the Public Service in terms of the Public Service Regulations 2016 (PSR, 2016).

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

- The breaches of the GPAA Code of Conduct identified were remedied and consequence management was implemented in accordance with the DPSA's Public Service Disciplinary Code of Conduct.
- The breaches were investigated by the Human Resource Unit, and disciplinary steps and actions were taken to remedy the misconducts. HR maintains the registers of misconduct and disciplinary action taken and these are reported in Part D of this Annual report. The numbers and outcome of cases are shared with the entire staff quarterly.
- Staff empowerment was achieved through training and awareness, which is an ongoing process.
- The Public Service Commission was invited for presentations and engagements on ethics matters.

## 10. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The GPAA complies with the Occupational Health and Safety Act (OHSA) and other related Regulations in the interest of the health and safety of employees, customers and other visitors to its premises. Health and safety matters have an impact on employee productivity and safety of the organisation's assets; as such, the GPAA makes concerted effort to continuously comply with related statutes. Details of the health and safety initiatives that were embarked on in the year under review are reported in Part D: Human Resource Management.

## 11. AUDIT COMMITTEE REPORT

### 11.1 INTERNAL AUDIT AND AUDIT COMMITTEES

Internal auditing, as an independent and objective assurance and consulting activity, provides value adding support to improve the operations within the GPAA. It assists the GPAA to accomplish its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of the organisation's governance, risk management and internal controls.

Internal Audit (IA) implemented its annual risk-based audit plan for the 2022/23 period as part of a three-year rolling plan, after consultation with management and approval by the Audit Committee. There were twenty-two (22) assurance audits planned for the current year. Twenty (20) were completed, which translates to 91% completion of the approved 2022/23 Internal Audit annual plan. All audit engagements and other work of Internal Audit were executed in accordance with the International Professional Practice Framework of Internal Audit (IPPF), as issued by the Institute of Internal Auditors.

The Audit Committee is established as a statutory committee in terms of section 38(1)(a)(ii) of the PFMA and Treasury Regulations. The committee performs an oversight and advisory role to the GPAA and is accountable to the Accounting Officer, the Executive Authority and to the public, to properly consider and evaluate all matters as per its terms of reference. The purpose of the committee is to assist the Executive Authority and Accounting Officer to fulfil their oversight responsibilities in respect of financial reporting, risk management, the system of internal control, the audit process, and the department's process for monitoring compliance with laws, regulations and the code of conduct. The committee also has the primary responsibility of forming an opinion on the effectiveness of the management of the issues within its ambit and communicating these in the Annual Report.

**The table below discloses relevant information on the audit committee members:**

Name	Qualifications	Internal or external	If internal, position in department	Date appointed	Date resigned	No. of meetings attended
Ms Pumla Mzizi (Chairperson)	BCom Honours in Transport Economics; CA(SA); BCompt Honours, Certificate in Theory of Accounting; BBusSci Finance Honours	External	N/A	1 October 2018	N/A	10 of 10
Mr Brandon Furstenburg	MSc Financial Management; MCom Economics; BCom Honours; BCom; MInstD	External	N/A	1 June 2017	30 April 2022	0 of 10
Mr Freddy Sinthumule	MBA (Limpopo); BCom Accounting (Univen); Dip Finance and Auditing (Unizul)	External	N/A	16 July 2019	N/A	10 of 10
Ms. M Geswint	B. Admin (Majors: Public Admin & Economics) B. Admin (Hons) Economics	(Internal NT)	Chief Director for Country and Thematic Analysis	24 May 2022	N/A	9 of 10

## 11.2 AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2023.

### Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it adopted the appropriate formal terms of reference of its Audit Committee Charter; that it regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, with the exception of reviewing changes in accounting policies and practices.

### Internal Audit

The Accounting Officer is obliged, in terms of the Public Finance Management Act, 1999, to ensure that the entity has a system of internal audit under the control and direction of the Audit Committee. The Audit Committee is satisfied that the internal audit function has properly discharged its functions and responsibilities during the year under review. The Audit Committee approved a risk based three-year rolling Strategic Plan and an Annual Internal Audit Coverage Plan for the period 1 April 2022 to 31 March 2023. Twenty-two (22) audits were planned and twenty (20) audits were completed during the year under review.

#### The Audit Committee's Responsibilities

The committee is satisfied that it has discharged its responsibilities in assisting the Accounting Officer with the following activities:

- Reviewing the adequacy, reliability and accuracy of the financial information provided by management and other users of such information;
- Overseeing the activities of, and ensuring coordination between the activities of internal and external audit;
- Providing a forum for discussing exposures to financial and enterprise-wide risks and the monitoring of the controls designed to minimise these risks;
- Reviewing the GPAA's quarterly performance information and Annual Report, including the annual performance information and Annual Financial Statements, as well as any other public reports or announcements containing financial & non-financial information;
- Receiving and dealing with any complaints concerning the accounting practices, the internal and external audit, or the content and audit of its financial statements or related matters; and
- Annually reviewing the committee's work in line with the charter and making recommendations to the Accounting Officer to ensure the committee's effectiveness.

## **Risk Management**

Management is responsible for the establishment and maintenance of an effective system of governance, risk management, internal control, as well as the prevention and detection of fraud. Internal Audit was guided by the risk profile provided by management, as well as critical audit areas and management's inputs in the formulation of its three-year strategic and annual plans.

The risk register is updated quarterly to ensure that all the major risks, including emerging risks facing the organisation, are effectively managed. The committee monitors management's implementation of its risk management plans on a quarterly basis through the Risk Committee.

## **Compliance With Legal and Regulatory Provisions**

The committee has reviewed the in-year management and quarterly reports submitted in terms of the Public Finance Management Act and is satisfied that no material deviations were noted. The committee also noted management's policies and procedures to ensure compliance with the applicable laws and regulations. Furthermore, the committee noted the external auditor's report highlighting that there were instances of non-compliance that were identified.

## **The Effectiveness of Internal Control**

The committee considered all the reports issued by the various assurance providers e.g. Internal and External auditors, Risk Committee, etc. and noted management's actions in addressing the identified control weaknesses. The committee is concerned with the lack of implementation of the recommendations of both internal and external audit. From the various reports provided by Internal Auditors, as well as the audit report of the Auditor-General South Africa (AGSA) it was noted that matters were reported indicating deficiencies in the system of internal controls in areas pertaining to compliance with laws and regulations.

## **Evaluation of Financial Statements**

We have reviewed the Annual Financial Statements prepared by the organisation.

## Auditor General's Report

The committee has reviewed the independence and objectivity of the external auditors and noted that there were no non-audit services rendered by them during the year. To ensure that there are no unresolved issues, the Audit Committee met with the AGSA to discuss its audit report. We have also reviewed management's responses to the issues raised in the management report. Continuous oversight will be exercised to ensure that the unresolved findings are adequately addressed.

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

## Appreciation

We would like to express our appreciation to the Chief Executive Officer of the GPAA for her leadership and support; Internal Audit, AGSA and to management for their commitment and cooperation.

*Pumla Mzizi CA(SA)*

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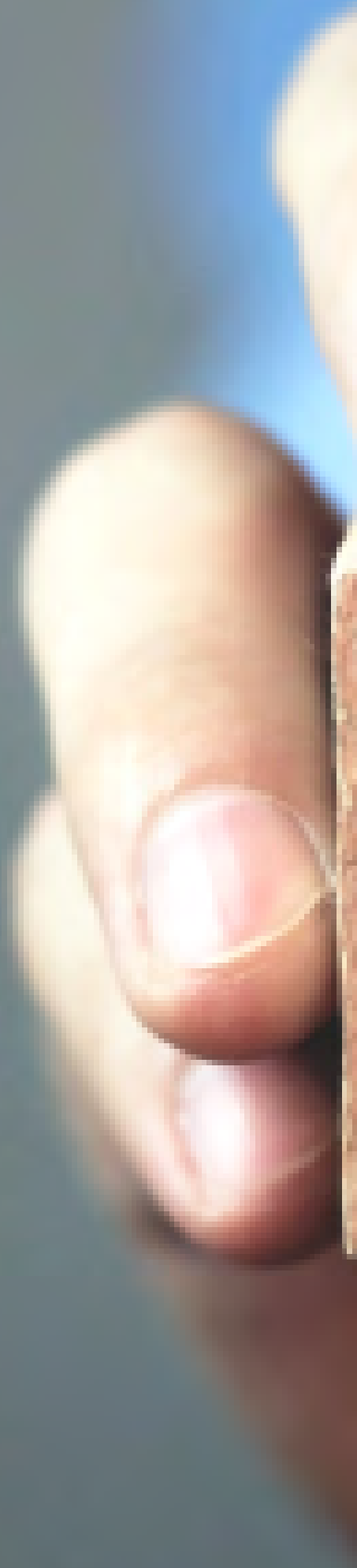
Ms Pumla Mzizi CA(SA)  
Chairperson of the Audit Committee  
Government Pensions Administration Agency

## 12. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The compliance of the GPAA to the BBBEE requirements as required by the BBBEE Act and determined by the Department of Trade and Industry is reflected in the Table below.

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regard to the following:		
Criteria	Response Yes / No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining the qualification criteria for issuing licenses, concessions or other authorisations in respect of economic activity in terms of any law?	N/A	
Developing and implementing a Preferential Procurement policy?	Yes	The GPAA established a Preferential Procurement Policy as an addition to the reviewed SCM Policy 2023 with an effective date of 1 February 2023. The SBD 6.1 has been amended to give effect to the GPAA Preferential Procurement Policy.
Determining qualification criteria for the sale of state-owned enterprises?	N/A	
Developing criteria for entering into partnerships with the private sector?	N/A	
Determining the criteria for awarding incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	N/A	

# PART D: HUMAN RESOURCE MANAGEMENT







## 1. INTRODUCTION

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

## 2. OVERVIEW OF HUMAN RESOURCES

The GPAA has a total of 913 permanent positions filled and 113 vacancies. A total of 138 contract workers appointed additional to the structure, were in service as at the end of 31 March 2023.

### 2.1 Human Resource Priorities for the Year Under Review and the Impact Thereof

The priorities for the year under review were to finalise the recruitment process for the advertised levels 13-15 positions. The three level 15 positions, namely Deputy Director-General: Corporate Services, Deputy Director-General: Employee Benefits (Chief Operations Officer) and Chief Financial Officer, are at the core of ensuring service delivery and operational efficiency within the GPAA as a government entity. The filling of these positions will receive priority.

### 2.2 Workforce Planning Framework and Key Strategies to Attract and Recruit a Skilled and Capable Workforce

The GPAA continued to recruit skilled and capable employees within the guidelines of the Human Resource Strategy.

### 2.3 Employee Performance Management Framework

Performance Management is the system through which employees' work performance is planned. This enables the measurement, review and evaluation of an employee's work against the set individual goals, as well as the strategic objectives of the GPAA. The system further provides for the recognition and rewarding of good work, and for improvement where the minimum acceptable work standards have not been achieved.

### 2.4 Employee Wellness Programme

#### ***SHERQ Management:***

- 27 evacuation drills were conducted. The drills included the Business Continuity test exercises in all the Regional Offices and Head Office.

- A total of 88 Fire Fighters and First Aiders were trained and certified.

#### ***HIV and AIDS, STI and TB Management:***

- Two (2) Wellness days were hosted for both Head Office and Trevenna Campus.
- Policy on HIV & AIDS, STI and TB Management was approved.

#### ***Health and Productivity Management:***

- Policy on Health and Productivity Management was approved.
- Assisted with reasonable accommodation cases.
- Assisted with three (3) ill-health and incapacity cases.

#### ***Wellness Management:***

- The South African National Blood Services (SANBS) was hosted six (6) times for officials to donate blood.
- Two (2) Wellness days were held for GPAA employees.
- An Amended Employee Funeral and Bereavement Policy was approved.
- The Wellness Management Policy was approved.

## 2.5 Policy development

- The SHERQ Management Policy is due for review.
- The Policy on Harassment has been submitted for consultation.

## 3. HIGHLIGHTS AND ACHIEVEMENTS

- The GPAA complied with the required submission of financial disclosures. All SMS financial disclosures were submitted by the due date and the verification of the disclosures was completed and submitted timeously to the PSC. The verification of SMS disclosures against the database profiles were done by the Ethics Officers and a report was provided to the office of the CEO before the due date.
- The financial e-disclosures for Assistant Directors levels (level 9-10) were phased in by the DPSA.
- The financial disclosures for 149 Assistant Directors on levels 9-10 were done by 31 July 2022 and the disclosures were verified by 30 November 2022.
- Long Service certificates were distributed to 87 qualifying employees.
- As a result of the job evaluation process, qualifying posts upgrade for MMS members were implemented on PERSAL.
- Due to the late implementation of the annual cost of living increase, the pay progression for MMS and SMS members was finalised within a short space of time. A total of 43 transactions were captured on PERSAL and where it could not be done programmatically, advices were sent to the

Payroll Unit for implementation.

- Through several interventions, the compliance rate for leave verifications improved from 80% in Quarter 1 to 98.25% in Quarter 4 of the period under review.
- The closure of business during December 2023 was approved and communicated, and the system change request was done by PERSAL for the programmatic leave transactions.
- The general staff turnover rate of 4.5% in the GPAA is still lower than the norm in the industry, which is  $\pm$  10%.
- The vacancy rate as at 31 March 2023 was 11%.
- The positions of Director: EGLS, Director: Information Security and Director: Enterprise-Wide Risk were filled during the year under review. The positions of Director: Fraud & Forensic and Director: Call Centre were advertised and are in the process of being filled. The CEO position was filled on a five-year contract. Approval was received from the Minister of the Department of Public Service and Administration (DPSA), through the Minister of Finance, for the GPAA to extend the contracts of contract workers for a period of three years and for the GPAA to appoint new contract workers for a period of three years (approval was received for 121 extensions in total).
- The appointment of a panel of recruitment agencies was finalised.
- The Submission of Performance Agreements were achieved at 100%.
- Payments of all pay and grade progressions were finalised by 31 December 2022.
- PMDS training sessions for all employees including SMS were finalised by December 2022.
- All performance reviews were submitted by end of November 2022.
- The Business Case for Individual and Organisational performance review was finalised by the end of the financial year.
- All four Employee, Health and Wellness policies (HIV&AIDS, STI and TB management; Health and Productivity Management; Safety Health Environment Risk Quality (SHERQ) Management; Wellness) were approved.

#### 4. CHALLENGES

- The Compensation Commission has implemented a new IOD system which is still not working effectively. This poses challenges for Departments.
- Delayed feedback from the Office of the Minister of Finance on high-level positions.
- Misalignment of the performance agreements in some areas.
- Resistance to change or to abide to certain legislated rules related to PMDS.
- Employees indicated that they are not comfortable with training being provided on a virtual platform (MS Teams) as there are network issues and load shedding.

- Delayed processing of Purchase Orders (POs) which contributed to training in the GPAA being implemented late which negatively affected the number of training interventions provided.
- Some managers are unable/reluctant to release employees to attend training when made available due to competing work priorities.
- The number of employees who presented with mental illness increased.

## 5. FUTURE HUMAN RESOURCE PLANS

- The SMS financial disclosures to be completed by 30 April 2023.
- The verification of SMS disclosures to be completed and submitted to the PSC by 31 May 2023.
- The finalisation of the recruitment process for the advertised levels 13 -15 positions.
- To review the PMDS Policy and the SOPs by the end of 2023/2024 financial year.
- Human Resource Development to revert to hosting of training physically as load shedding affects the online platform.

## 6. HUMAN RESOURCES OVERSIGHT STATISTICS

### 6.1 Personnel Cost per Programme

Table 6.1 presents the personnel expenditure by Programme.

**Table 6.1 Personnel expenditure by programme for the period 1 April 2022 to 31 March 2023**

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure	No. of employees	Average personnel cost per employee (R'000)
Business Enablement	373 667	55 819	15%	65	859
Client Relations Management (CRM)	249 516	185 134	74%	397	466
Corporate Services	205 740	51 533	25%	108	477
Employee Benefits	90 473	89 663	99%	201	446
Financial Services	61 727	52 677	85%	102	516
Governance	48 538	31 562	65%	56	564
National Treasury Prog 2.1	51 715	49 792	96%	98	508
Strategic Support	61 714	29 716	48%	43	691
<b>Total</b>	<b>1,143,090</b>	<b>545,896</b>	<b>48%</b>	<b>1,070</b>	<b>4 528</b>

## 6.2 Personnel Cost by Salary Band

The following table provides a summary of the personnel costs by salary band.

**Table 6.2 Personnel costs by salary band for the period 1 April 2022 to 31 March 2023**

Salary band	Personnel expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	2 030	0.4%	1	2,030
Senior Management	51 134	9.4%	38	1 346
Professionally qualified	175 135	32.1%	225	778
Skilled	288 305	52.8%	705	409
Semi-skilled	22 533	4.1%	58	389
Unskilled	5 702	1.0%	24	238
Learner Training/Internships	1 057	0.2%	*19	56
<b>Total</b>	<b>545 896</b>	<b>100%</b>	<b>1 070</b>	<b>5 245</b>

\*Two learner contracts were terminated and thus excluded from the number of employees.

## 6.3 Performance Rewards

In accordance with the DPSA Circular No. 01 of 2019 "Notice of a reduction in the percentage allocation of remuneration budgets for the payment of performance bonuses for all categories of employees with effect from 1 April 2019," no provision was made within the budget for performance rewards for the period 1 April 2022 to 31 March 2023.

**Table 6.3 Performance rewards by salary band for the period 1 April 2022 to 31 March 2023**

<b>No performance rewards were paid.</b>
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## 6.4 Training Costs

The following table presents the training costs by training programme.

**Table 6.4 Training costs for the period 1 April 2022 to 31 March 2023**

Programme	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost	Number of employees trained	Average training cost per employee
Training Programmes (employed)	R610 535 254.00	R3 548 487.63	0.581%	413	R8 591.98
Training Programmes (unemployed)		R35 653.00	0.006%	19	R1 876.47
Bursaries		R2 461 397.87	0.403%	133	R18 506.75
<b>Total</b>	<b>R610 535 254.00</b>	<b>R6 045 538.50</b>	<b>0.990%</b>	<b>565</b>	<b>R28 975.20</b>

## 6.5 Employment and Vacancies

The following tables provide summaries of employment and vacancies by Programme and by salary band, with particular reference to permanent positions.

**Table 6.5 (a) Employment and vacancies by Programme as at 31 March 2023 (Permanent positions)**

Programme	2021/2022 Number of Employees	2022/2023 Approved Posts	2022/2023 Number of Employees	2022/2023 Vacancies	% of vacancies
Programme 1.1	99	120	102	19	15.8%
Programme 1.2	90	97	93	4	4.1%
Programme 1.3	64	67	58	9	13.4%
Programme 1.4	35	42	34	8	19%
Programme 1.5	39	51	40	11	21.6%
Programme 2.1	92	105	91	14	13.3%
Programme 2.2	167	177	166	11	6.2%
Programme 2.3	329	367	331	36	9.8%
<b>Total</b>	<b>915</b>	<b>1026</b>	<b>915</b>	<b>112</b>	<b>11%</b>

**Table 6.5 (b) Employment and vacancies by salary band as at 31 March 2023 (Permanent positions)**

Salary Band	2021/2022 Number of Employees	2022/2023 Approved Posts	2022/2023 Number of Employees	2022/2023 Vacancies	% of vacancies
Top Management	0	4	1	3	75%
Senior Management	31	38	31	7	18.4%
Professionally qualified	221	249	220	29	11.6%
Skilled	568	608	587	21	3.5%
Semi-skilled	71	96	52	44	45.8%
Unskilled	24	31	24	8	25.8%
<b>Total</b>	<b>915</b>	<b>1026</b>	<b>915</b>	<b>112</b>	<b>11%</b>

The following SMS positions were filled during the financial year under review:

- Director: EGLS
- Director: Information Security
- Director: Enterprise-Wide Risk
- CEO

The following SMS positions were advertised and are in the process of being filled:

- Director: Fraud & Forensic
- Director: Call Centre

Approval was received from the Minister of Finance to re-advertise the positions of Deputy Director-General: Corporate Services, Deputy Director-General: Employee Benefits and the Chief Financial Officer. The advertisements were finalised. The recruitment processes for the two advertised SMS positions are underway and the goal is for the positions to be filled within the new financial year.

The GPAA advertised 225 positions (interns, contract and permanent), during the reporting period and 126 offers were made. All positions from level 1-12 are advertised internally first, to give staff the opportunity to be appointed in the vacant positions.

## 6.6 Employment changes

Table 6.6 and 6.7 provide information on the changes in employment over the financial year under review. Turnover rates provide an indication of the trends in the employment profile of the organisation.

The following table provides a summary of the turnover rates by salary band.

**Table 6.6 Annual turnover rates by salary band for the period 1 April 2022 to 31 March 2023 (Permanent employees)**

Salary band	Employment at beginning of period	Appointments transfers into the organisation	Terminations and transfers out of the organisation	Employment at end of the period
Top Management	0	0	0	0
Senior Management	31	3	3	31
Professionally qualified	217	4	13	208
Skilled	572	27	23	587
Semi-skilled	71	6	2	52
Unskilled	24	0	0	24
<b>Total</b>	<b>915</b>	<b>39</b>	<b>41</b>	<b>913</b>

NOTE: Due to the implementation of the job evaluation results, some positions have been upgraded. As a result, the number of positions in the various salary bands differ from the beginning to the end of the reporting period. The figures will therefore not align with the appointments and terminations.



## 6.7 Reasons for Staff Leaving

The following table identifies the major reasons staff left the organisation.

**Table 6.7 Reasons why staff left the organisation for the period 1 April 2022 to 31 March 2023**

Reason	Number	% of total number of staff leaving
Death	0	0%
Resignation	24	58.5%
Expiry of contract	0	0%
Dismissal	1	2.43%
Retirement	10	24.39%
ill-health	5	12.2%
Other (From permanent to contracts)	1	2.43%
<b>Total</b>	<b>41</b>	<b>4.48%</b>

The main reasons for staff leaving the organisation are resignations and retirements. A process was put in place to request approval to advertise the positions within 6 months of them being vacant, as a result, most of the positions have already been advertised.

## 6.8 Labour Relations

Table 6.8 provides a summary of the outcomes of disciplinary hearings conducted within the organisation.

**Table 6.8 Misconduct and disciplinary hearings finalised for the period 1 April 2022 to 31 March 2023**

Nature of disciplinary action	Number
Verbal warning	0
Written warning	9
Final written warning	3
Dismissal	1
<b>Total</b>	<b>13</b>

## 6.9 Equity Target and Employment Equity Status

The tables that follow present the equity targets and employment status of the organisation.

**Table 6.9 (a) Total number of male employees (including employees with disabilities) in each occupational category as at 31 March 2023**

Levels	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	2	0	0	0	0	0	0
Senior Management	13	14	1	1	1	1	8	8
Professionally qualified	93	115	3	10	5	5	5	7
Skilled	210	239	9	18	3	3	7	7
Semi-skilled	24	44	0	4	0	1	1	3
Unskilled	5	9	0	0	0	0	0	0
<b>Total</b>	<b>345</b>	<b>423</b>	<b>13</b>	<b>33</b>	<b>9</b>	<b>10</b>	<b>21</b>	<b>25</b>

**Table 6.9 (b) Total number of female employees (including employees with disabilities) in each occupational category as at 31 March 2023**

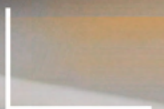
Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	2	0	0	0	0	0	0
Senior Management	10	16	0	2	0	0	5	0
Professionally qualified	81	86	7	10	3	4	28	28
Skilled	405	403	23	25	6	6	42	40
Semi-skilled	31	41	1	4	0	1	1	4
Unskilled	19	20	0	0	0	0	0	0
<b>Total</b>	<b>547</b>	<b>568</b>	<b>31</b>	<b>41</b>	<b>9</b>	<b>11</b>	<b>76</b>	<b>72</b>

**Table 6.9 (c) Total number of persons with disability in each occupational category as at 31 March 2023**

Levels	PERSONS WITH DISABILITY			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0.04	0	0.04
Senior Management	02	0.48	0	0.46
Professionally qualified	02	2.74	10	2.56
Skilled	12	1.04	28	9.48
Semi-skilled	3	1.04	3	1
Unskilled	0	0.18	0	0.04
<b>Total</b>	<b>19</b>	<b>5.52</b>	<b>41</b>	<b>13.58</b>

The figures were derived from the currently disclosed employee data and were accounted for on the current columns. The target was 2% to align with the APP target. To get the target of each professional category and gender, all the targeted males and females as reflecting of the vacant and occupied posts on the current structure, were added.

# **PART E: PFMA COMPLIANCE REPORT**





## 1. Introduction

This section provides information regarding adherence of the GPAA to the PFMA compliance requirements.

## 2. Information on Irregular, Fruitless and Wasteful Expenditure and Material Losses

### 2.1 Irregular expenditure

The tables that follow provide information on irregular expenditure incurred by the GPAA for the 2022/2023 financial year. The tables also present irregular expenditure that is under assessment, determination and investigation. Irregular expenditure that was removed, as well as disciplinary actions that were undertaken due to irregular expenditure are also presented.

**Table 2.1.1(a): Reconciliation of irregular expenditure**

Description	2023 (R'000)	2022 (R'000)
Opening balance	111,849	73,872
Add: Irregular expenditure confirmed	29,118	43,291
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	(5,314)
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
<b>Closing balance</b>	<b>140,967</b>	<b>111,849</b>

**Table 2.1.1(b): Reconciling notes 2021/2022 2022/2023**

Description	2023 (R'000)	2022 (R'000)
Irregular expenditure that was under assessment	-	-
Irregular expenditure that relates to prior year and identified in the current year	-	14,079
Irregular expenditure for the current year	29,118	29,212
<b>Total</b>	<b>29,118</b>	<b>43,291</b>

**Table 2.1.1(c): Details of current and previous year irregular expenditure (under assessment, determination, and investigation)**

Description	2023 (R'000)	2022 (R'000)
Irregular expenditure under assessment	1,388	15,373
Irregular expenditure under determination	139,579	96,476
Irregular expenditure under investigation	-	-
<b>Total</b>	<b>140,967</b>	<b>111,849</b>

**Table 2.1.1(d): Details of current and previous year Irregular expenditure removed - (not condoned)**

Description	2023 (R'000)	2022 (R'000)
Irregular expenditure NOT condoned and removed	-	5,314
<b>Total</b>	<b>-</b>	<b>5,314</b>

**Table 2.1.1(e): Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure**

Disciplinary steps taken
Three (3) Written Warnings were issued relating to Irregular Expenditure
Two (2) Final Written Warnings relating to Irregular Expenditure
None of the Irregular Expenditure was classified as criminal activities

## 2.1.2 Fruitless and wasteful expenditure

The tables in this section present information on fruitless and wasteful expenditure for the period under review. The tables also present fruitless and wasteful expenditure that is under assessment, determination, and investigation.

**Table 2.1.2(a): Reconciliation of fruitless and wasteful expenditure**

Description	2023 (R'000)	2022 (R'000)
Opening balance	819	819
Add: Fruitless and wasteful expenditure confirmed	1,774	-
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	-	-
<b>Closing balance</b>	<b>2,593</b>	<b>819</b>

**Table 2.1.2(b): Reconciling notes 2021/2022 - 2022/2023**

Description	2023 (R'000)	2022 (R'000)
Fruitless and wasteful expenditure that was under assessment	-	-
Fruitless and wasteful expenditure that relates to prior year and identified in the current year	-	-
Fruitless and wasteful expenditure for the current year	1,774	-
<b>Total</b>	<b>1,774</b>	<b>-</b>

**Table 2.1.2(c): Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)**

Description	2023 (R'000)	2022 (R'000)
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	1,774	-
<b>Total</b>	<b>1,774</b>	<b>-</b>

## 2.1.3 Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) &amp;(iii)

The tables that follow provide information on material losses that were handled in terms of the PFMA.

**Table 2.1.3(a): Details of current and previous year material losses through criminal conduct**

Material losses through criminal conduct	2023 (R'000)	2022 (R'000)
Theft	-	-
Other material losses	-	-
Less: Recovered	-	-
Less: Not recovered and written off	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

**Table 2.1.3(b): Details of other material losses**

Nature of other material losses	2023 (R'000)	2022 (R'000)
Double credit on Credit card	1,774	-
<b>Total</b>	<b>1,774</b>	<b>-</b>



**Table 2.1.3(c): Other material losses recovered<sup>0</sup>**

Nature of losses	2023 (R'000)	2022 (R'000)
None	-	-
<b>Total</b>	-	-

**Table 2.1.3(d): Other material losses written-off<sup>0</sup>**

Nature of losses	2023 (R'000)	2022 (R'000)
None	-	-
<b>Total</b>	-	-

### 3. Information on late and/or non-payment of suppliers

The GPAA maintains systems, processes and procedures that enable the tracking of each invoice received, from time of receipt up to the payment. The table that follows provides information on the number of invoices that were received and paid during the 2022/2023 financial year.

**Table 3: Invoices**

Description	Number of invoices	Consolidated Value (R'000)
Valid invoices received	7 285	
Invoices paid within 30 days or agreed period	7 222	R557,713,924.03
Invoices paid after 30 days or agreed period	7	R200,639.81
Invoices older than 30 days or agreed period (unpaid and without dispute)	2	R10,835.98
Invoices older than 30 days or agreed period (unpaid and in dispute)	54	R164,332.37

The late payment of invoices was experienced due to delays in resolving invoice queries.

## 4. Information on Supply Chain Management

### 4.1 Procurement by other means

The table below presents information on the procurement made by other means per the reporting requirements of the Instruction Note for the financial year 2022/2023. Procurement by other means threshold in terms of the instruction note is R1 million and above.

**Table 4.1: Procurement by other means**

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract (R'000)
Provision of Security Services at Port Elizabeth, Mthatha and Bhisho Offices for a period of four months	PEULOANE	Deviation	PO0036630	R 1,167
Provision of Security Services at Head Office and Trevenna Offices for a period of four months	PEULOANE	Deviation	PO0036629	R 5,243
Provision of Security Services at Bloemfontein, Kimberley and Phuthaditjhaba Offices for a period of four months	PEULOANE	Deviation	PO0036627	R 1,105
Profiling of the GEPF brand and providing member education on the GEPF benefits and processes through television programme insert (khumbul'ekhaya); radio talk show features and radio drama story integration for the financial year 2022/2023	South African Broadcasting Corporation	Deviation	PO0037169	R9,981
<b>Total</b>				<b>R17,497</b>

## 4.2 Contract variations and expansions

The table that follows presents information on contract variation orders per the reporting requirements of the Instruction Note for the financial year 2022/2023. The variations orders are reported on if they exceeded 15% or 20% (construction related) of the original contract value.

**Table 4.2: Contract variations and expansions**

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variations/s (if applicable)	Value of current contract expansion or variation
				(R'000)	(R'000)	(R'000)
Mainframe technical support, data replication and failover services	KYNDRYL SOUTH AFRICA	VO	SITA RFB 1713/2017	R49,450	R18,159	R19,993
Off-site Storage solution	Iron Mountain	Expansion	GPAA 12/2019	R3,701	R554	R1,899
Appointment of a service provider for the procurement, installation and commissioning of MPLS and Regional links and bandwidth upgrade	MTN	VO	GPAA 26/2015	R32,380	R50,689	R60,205
Security Services to GPAA HQ & Trevenna	PEULOANE Pty	Expansion	PO0037159	R5,243	0.00	R8,454
Security Services to GPAA DBN, PMB	PEULOANE Pty	Expansion	PO0037153	R511	0.00	R825,546.70
Security Services to GPAA Polokwane, Nelspruit, Thohoyandou	PEULOANE Pty	Expansion	GPAA 05/2019	R11,417	0.00	R4,027
Security Services to GPAA JHB, Rustenburg, Mafikeng	PEULOANE Pty	Expansion	GPAA 03/2019	R8,733	0.00	R3,036
Security Services to GPAA BFN, Phuthaditjhaba, Kimberley	PEULOANE Pty	Expansion	PO0037154	R1,105	0.00	R1,782
Security Services to GPAA PE, Bisho, Mthatha	PEULOANE Pty	Expansion	PO0037155	R1,167	0.00	R1,882
<b>Total</b>				<b>R113,710</b>	<b>R69,402</b>	<b>R102,107</b>

# PART F: ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023



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## Accounting Officer's Statement of Responsibility

### Statement of responsibility and confirmation of accuracy for the annual financial statements for the year ended 31 March 2023.

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

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

The Accounting Officer considered whether in preparing the financial statements they have used the most appropriate accounting policies, consistently applied, and supported by reasonable and prudent judgements and estimates. It is the Accounting Officer's opinion that the annual financial statements fairly reflect the operations of the GPAA for the financial year ended 31 March 2023.

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

The external auditors were 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 2023 have been audited by the external auditors and their report is presented herein.



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**Kedibone Olga Madiehe**

Chief Executive Officer (CEO)

Government Pensions Administration Agency (GPAA)

31 August 2023

# Report of the Auditor-General to Parliament on the Government Pensions Administration Agency

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

1. I have audited the financial statements of the Government Pensions Administration Agency set out on pages 89- 137, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Government Pensions Administration Agency as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

### Context for opinion

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

## Emphasis of matters

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

## Irregular expenditure

7. As disclosed in note 19 to the financial statements, the government component incurred irregular expenditure of R29 million, as it did not follow applicable procurement legislation.

## Fruitless and wasteful expenditure

8. As disclosed in note 19 to the financial statements, the government component incurred fruitless and wasteful expenditure of R1.8 million as a duplicate payment was made, in contravention of the PFMA.

## Other matters

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

## Unaudited supplementary schedules

10. The supplementary information set out on pages 6-19 and 49-61 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on it.



## National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

11. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements; only the current year and prior year figures are disclosed in note 19 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of the Government Pensions Administration Agency. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees.
12. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

## Responsibilities of the accounting officer for the financial statements

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

## Responsibilities of the auditor-general for the audit of the financial statements

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for a selected programme presented in the annual performance report. The Accounting Officer is responsible for the preparation of the annual performance report.
18. I selected the following programme presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected the programme that measures the government component's performance on its primary mandated functions and that is of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 2: Benefits administration	24	The purpose of Programme 2 is to administer contributory and non-contributory benefits to the clients of the Government Employees Pension Fund (GEPF) and the National Treasury, and to manage client channels and customer relationships with both national and provincial government departments.

19. I evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using this criteria, it provides useful and reliable information and insights to users on the government component's planning and delivery on its mandate and objectives.
20. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the government component's mandate and the achievement of its planned objectives;
  - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements;
  - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated;
  - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents;
  - the reported performance information is presented in the annual performance report in the prescribed manner; and
  - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

21. I performed the procedures for the purpose of reporting material findings only and not to express an assurance opinion.
22. I did not identify any material findings on the reported performance information of the selected programme.

## Other matter

23. I draw attention to the matter below.

## Achievement of planned targets

24. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under achievements.

## Report on compliance with legislation

25. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The Accounting Officer is responsible for the government component's compliance with legislation.
26. I performed procedures to test compliance with selected requirements in key legislation, in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
27. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the government component and clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
28. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

## Procurement and contract management

29. Some of the tenders which achieved the minimum qualifying score for functionality criteria were not evaluated further in accordance with regulation 5(7) of the 2017 Preferential Procurement Regulations. Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the internal audit panel of service providers and procurement of computer hardware.

30. Some of the quotations which achieved the minimum qualifying score for the functionality criteria were not evaluated further in accordance with regulation 5(7) of the 2017 Preferential Procurement Regulations. This non-compliance was identified in the quotation procurement processes for electrical maintenance and actuarial services.
31. Some quotations were accepted from bidders based on functionality criteria not stipulated in the original invitation for quotations, as required by regulations 5(1) and (3) of the 2017 Preferential Procurement Regulations. This non-compliance was identified in the quotation procurement process for the penetration and vulnerability testing.
32. Some quotations were accepted from bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of PPPFA and the 2017 Preferential Procurement Regulations. This non-compliance was identified in the quotation procurement processes for electrical maintenance and actuarial services.

## Consequence management

33. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular and fruitless and wasteful expenditure, as required by section 38(1)(h)(iii) of the PFMA. This was because investigations into such expenditure were not performed.

## Other information in the annual report

34. The Accounting Officer is responsible for the other information included in the annual report, which includes the Accounting Officer's report and statement of responsibility. The other information referred to does not include the financial statements, the auditor's report and the selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
35. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
36. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
37. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

38. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
39. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
40. The Accounting Officer did not exercise adequate oversight and monitoring to ensure that Supply Chain Management prescripts were followed in the procurement process of the government component. Material instances of non-compliance with the applicable procurement prescripts similar to those identified in the prior year were also identified in the current year.
41. In some instances, the Accounting Officer failed to conduct investigations related to irregular as well as fruitless and wasteful expenditure and I was unable to confirm whether disciplinary steps were taken during the year. The implemented controls were not adequate to ensure effective consequence management action to resolve the identified instances of non-compliance.

## Other reports

42. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

## Investigation

43. An independent consultant investigated an allegation of misuse of the government component's credit card facility, which covered the period from May 2019. The investigation was in progress at the date of this auditor's report.

*Auditor General*

Pretoria

31 July 2023



*Auditing to build public confidence*

## Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

### Auditor-General's responsibility for the audit

#### Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on the reported performance information for selected programmes and on the government component's compliance with selected requirements in key legislation.

### Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the government component's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the government component to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a government component to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## Communication with those charged with governance

I communicate with the Accounting Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Accounting Officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable and actions taken to eliminate threats or safeguards applied.

## Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	Section 38(1)(a)(iv); 38(1)(b); PFMA 38(1)(c);38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(h)(iii); Section 39(1)(a); 39(2)(a); Section 40(1)(a); 40(1)(b); 40(1)(c)(i) Section 43(4); 44; 44 (1) and (2) ; 45(b);
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 4.1.1; 4.1.3 Treasury Regulation 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1 Treasury Regulation 7.2.1 Treasury Regulation 8.1.1; 8.2.1; 8.2.2; 8.2.3 Treasury Regulation 9.1.1; 9.1.4 Treasury Regulation 10.1.1(a); 10.1.2 Treasury Regulation 11.4.1; 11.4.2; 11.5.1 Treasury Regulation 12.5.1 Treasury Regulation 15.10.1.2(c') Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b) & (e); 16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(c); 16A 6.3(d); 16A 6.3(b); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1)&(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9; 16A9.1; 16A9.1(b)(ii); 16A 9.1(c) &(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii) & (iii) Treasury Regulation 17.1.1 Treasury Regulation 18.2 Treasury Regulation 19.8.4
Public service regulation	Public service regulation 25(1)(e)(i); 25(1)(e)(iii) PSR 13 (c) PSR 18 PSR 18 (1) and 18(2)
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1); Section 29
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
CIDB Regulations	CIDB regulation 17; 25(1); 25 (5) & 25(7A)
Preferential Procurement Policy Framework Act No. 5 of 2000 (PPPFA)	Section 1(i); 2.1(a); 2.1(b); 2.1(f)

Legislation	Sections or regulations
Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
Preferential Procurement Regulations, 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
The State Information Technology Agency Act No. 88 of 1998 (SITA)	Section 7(3) Section 7(6)(b) Section 20(1)(a)(l)
SITA regulations	Regulation 8.1.1 (b); 8.1.4; 8.1.7 Regulation 9.6; 9.4 Regulation 12.3 Regulation 13.1 (a) Regulation 14.1; 14.2
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
PFMA SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.4 (c)-(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT Instruction Note 03 of 2019/20	Par 5.5.1(vi); Paragraph 5.5.1(x);
NT Instruction Note 11 of 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
PFMA SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Paragraph 4.3.2; 4.3.3
Competition Act No 89 of 1998	Section 4(1)(b)(ii)
NT instruction note 4 of 2015/16	Paragraph 3.4
NT instruction 3 of 2019/20 - Annexure A	Section 5.5.1 (iv) and (x)
Second amendment of NT Instruction 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
Practice note 11 of 2008/9	Paragraph 3.1 Paragraph 3.1 (b)
PFMA SCM Instruction Note 01 of 2021/22	Paragraph 4.1
Public Service Act	Section 30 (1)
Employment of Educators Act	Section 33 (1)



GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Notes	2023 R'000	2022 R'000
<b>Non-Current Assets</b>		<b>214,091</b>	<b>259,667</b>
Property, plant, and equipment	3	125,061	139,076
Intangible assets	4	89,030	120,591
<b>Current Assets</b>		<b>165,417</b>	<b>201,245</b>
Inventory	5	2,089	1,918
Trade and other receivables from exchange transactions	6	101,387	121,553
Prepayments	7	3,014	8,616
Cash and cash equivalents	8	58,927	69,158
<b>TOTAL ASSETS</b>		<b>379,508</b>	<b>460,912</b>
<b>Current Liabilities</b>		<b>123,680</b>	<b>157,918</b>
Trade and other payables from exchange transactions	9	98,358	131,895
Operating lease liability	10	1,963	754
Provisions	11	23,359	25,269
<b>TOTAL LIABILITIES</b>		<b>123,680</b>	<b>157,918</b>
<b>Net Assets</b>		<b>255,828</b>	<b>302,994</b>
Accumulated surplus		255,828	302,994
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>379,508</b>	<b>460,912</b>

GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 R'000	2022 R'000
<b>Revenue from Exchange Transactions</b>		<b>1,095,924</b>	<b>983,496</b>
Administration income	12.1	1,091,742	980,925
Other income	12.2	4,182	2,571
<b>Expenses</b>		<b>1,143,090</b>	<b>1,045,524</b>
Personnel remuneration	13	545,896	511,682
Travel and subsistence		23,287	12,912
Depreciation	3.1	38,296	39,281
Amortisation	4.1	98,404	97,969
Cleaning services		8,069	7,755
Maintenance and repairs		12,024	8,185
Operating leases		70,803	67,588
Professional services and consulting		128,880	120,110
Audit fees		6,611	7,027
Communication		70,018	58,507
Printing and stationery		21,161	22,954
Advertising		15,944	8,676
Computer services		78,489	62,841
Training and staff development		7,896	4,188
Municipal services		11,584	12,762
Other operating expenses		5,372	3,072
Assets write offs		356	15
<b>Deficit for the year</b>		<b>(47,166)</b>	<b>(62,028)</b>

GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2023

Notes	2023 R'000
	<b>Accumulated Surplus</b>
<b>Balance as at 01 April 2021</b>	<b>365,022</b>
Deficit for the year	(62,028)
<b>Balance as at 31 March 2022</b>	<b>302,994</b>
Deficit for the year	(47,166)
<b>Balance as at 31 March 2023</b>	<b>255,828</b>

GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 R'000	2022 R'000
<b>Cash flow from operating activities</b>			
Cash generated from operations		<b>77,285</b>	<b>78,148</b>
Cash receipts from customers		1,114,371	980,454
Cash paid to personnel and suppliers		(1,037,086)	(902,306)
Interest received	12.2	4,000	2,394
<b>Net cash flow from operating activities</b>	<b>14</b>	<b>81,285</b>	<b>80,542</b>
<b>Net cash flow from investing activities</b>			
Proceeds from disposal of property, plant and equipment		-	-
Additions to property plant and equipment	3.1	(24,673)	(12,485)
Additions to intangible assets	4.1	(66,843)	(63,875)
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(10,231)</b>	<b>4,182</b>
Cash and cash equivalents at the beginning of the year		69,158	64,976
<b>Cash and cash equivalent at the end of the year</b>	<b>8</b>	<b>58,927</b>	<b>69,158</b>

GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
STATEMENT OF COMPARISON BETWEEN BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2023

	Approved Budget		Adjustments		Final		Actual Amounts on comparable basis		Difference between final budget and Actual Amounts		2023 %	2022 %	
	R'000	2022	R'000	2023	R'000	2022	R'000	2022	R'000	2022			
<b>Revenue</b>													
Administration Fees	1,218,463	1,074,988	-	(1,756)	1,218,463	1,073,232	1,091,742	980,925	127,249	92,307	10	9	
Other income	-	-	-	-	-	-	4,182	2,571	(4,182)	(2,571)	(100)	(100)	
	<b>1,218,463</b>	<b>1,074,988</b>	<b>-</b>	<b>(1,756)</b>	<b>1,218,463</b>	<b>1,073,232</b>	<b>1,095,924</b>	<b>983,496</b>	<b>122,539</b>	<b>89,736</b>	<b>10</b>	<b>8</b>	
<b>Expenditure</b>													
Personnel remuneration	620,750	575,717	(26,310)	(10,904)	594,440	564,813	545,896	511,682	48,544	53,131	8	9	
Operating expenses	479,861	408,008	33,462	13,978	513,323	421,986	460,494	396,592	52,829	25,394	10	6	
	<b>1,100,611</b>	<b>983,725</b>	<b>7,152</b>	<b>3,074</b>	<b>1,107,763</b>	<b>986,799</b>	<b>1,006,390</b>	<b>908,274</b>	<b>101,373</b>	<b>78,525</b>	<b>9</b>	<b>8</b>	
<b>Surplus before depreciation and amortization</b>													
Depreciation and amortization	117,852	91,263	(7,152)	(4,830)	110,700	86,433	89,534	75,222	21,166	11,211	19	13	
	-	-	-	-	-	-	136,700	137,250	(136,700)	(137,250)	(100)	(100)	
<b>Surplus/(Deficit)</b>													
	117,852	91,263	(7,152)	(4,830)	110,700	86,433	(47,166)	(62,028)	157,866	148,461	143	172	
<b>Capital Expenditure</b>													
	117,852	91,263	(7,152)	(4,830)	110,700	86,433	91,516	76,360	19,184	10,073	17	12	

GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
STATEMENT OF COMPARISON BETWEEN BUDGET AND ACTUAL AMOUNTS FOR THE YEAR  
ENDED 31 MARCH 2023

## ACTUALS AGAINST BUDGET ANALYSIS

### Revenue

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

GPAA receives 93% of its revenue from GEPF and 7% from National Treasury for administration services rendered for both GEPF and National Treasury pension members. The variance of R123 million (10%) is due to GPAA not incurring all funds provided for in the budget.

Other income include interest received, commission and parking income which are not budgeted for.

### Operating Expenditure

The total actual operating expenditure (excluding depreciation and amortisation) of R1,006 million was R101,3 million (9%) below budget mainly due to the following:

- Compensation of employees underspent by R48,5 million (8%) due to budgeted vacant positions.
- The agency fees underspent by R10.4 million mainly due to cost centres that did not utilise their allocated budget.
- Communication underspent by R6.9 million because of a saving arising from conclusion of long outstanding and disputed MTN billing as well as the Telkom telephone services billing being over budgeted.
- Other expenditure underspent by R13.2 million due to less legal fees being incurred as they are incurred on a need base,
- Computer services underspent by R20.5 million mainly due to Oracle expenditure which was transferred (for Accounting purposes) to Consulting and Professional Services to be consistent with treatment in the prior periods.
- Consulting and professional services overspent by R9.1 million mainly due to Oracle expenditure which was transferred from Computer Services to be consistent with treatment in the prior periods.



GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

## 1. PRINCIPAL ACCOUNTING POLICIES

### 1.1 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

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

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

The GPAA's financial statements are prepared on an accrual basis of accounting with historical cost as the basis of measurement, unless specified otherwise.

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

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

### 1.2 PRESENTATION CURRENCY

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

### 1.3 GOING CONCERN ASSUMPTION

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

### 1.4 COMPARATIVE INFORMATION

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

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



GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

## 1.5 SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

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

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

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

### 1.5.1 JUDGEMENTS AND ESTIMATES

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

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

#### PROVISION FOR IMPAIRMENT OF RECEIVABLES

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

#### PROVISION FOR ACCUMMULATED LEAVE PAY

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

#### PROVISION FOR PERFORMANCE BONUS

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

## GOVERNMENT PENSIONS ADMINISTRATION AGENCY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### IMPAIRMENT OF ASSETS

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

### RESIDUAL VALUES AND USEFUL LIVES

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

### OTHER PROVISIONS

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

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

### PRINCIPAL-AGENT ARRANGEMENTS

The GPAA is a government component with the purpose to provide pension administration services to the GEPF and the National Treasury in respect of the AIPF, TEPF and Programme 7 services. The services provided to the GEPF and the National Treasury is regulated in terms of agreed service level agreements. The GPAA is an agent of GEPF and National Treasury as defined in GRAP 109. The terms and conditions in terms of which the GPAA renders services to the GEPF and the National Treasury has not changed significantly during the financial year.

Financial and non-financial risks associated with the entity are derived from the economic performance of the principals such as GEPF and National Treasury.

The agreement that the GPAA is appointed as the administrator in respect of the services it provides to the GEPF and National Treasury shall only terminate if the GPAA is disestablished by way of publication of a Proclamation by the President and a Notice by the Minister in the Government Gazette.

## GOVERNMENT PENSIONS ADMINISTRATION AGENCY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The agreement entered into with the GEPF provides for a process of dispute resolution to be followed should a dispute arise which the parties cannot resolve. If the dispute remains unresolved the GEPF may decide to terminate the agreement with the GPAA if the GPAA agent fails to honour the resolution of the dispute process.

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

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

The administration services provided includes all pension administration related services.

## 1.6 PROPERTY, PLANT AND EQUIPMENT

### 1.6.1 INITIAL RECOGNITION AND MEASUREMENT

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

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

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

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

Some intangible assets may be contained in or on a physical substance. In determining whether an asset that incorporates both tangible and intangible elements should be treated under the Standard of GRAP on Property, Plant and Equipment (GRAP 17) or Intangible Assets (GRAP 31), the entity uses

## GOVERNMENT PENSIONS ADMINISTRATION AGENCY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

judgement to assess which element is more significant. When the software is not an integral part of the related hardware, computer software is treated as an intangible asset. If however the hardware cannot operate without specific software because it is an integral part of the related hardware, both are treated as property, plant and equipment.

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

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

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

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

#### 1.6.2 SUBSEQUENT MEASUREMENT

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

#### 1.6.3 SUBSEQUENT EXPENDITURE

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

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

#### 1.6.4 DEPRECIATION

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

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

GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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

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

**1.6.5 IMPAIRMENTS**

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

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

**1.6.6 DERECOGNITION**

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

## 1.7 INTANGIBLE ASSETS

### 1.7.1 INITIAL RECOGNITION AND MEASUREMENT

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

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

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

Intangible assets are initially recognised at cost.

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

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

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

### 1.7.2 SUBSEQUENT MEASUREMENT

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

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

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

GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

**1.7.3 AMORTISATION**

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

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

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

**1.7.4 IMPAIRMENTS**

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

**1.7.5 DERECOGNITION**

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

**1.7.6 CAPITAL WORK-IN-PROGRESS**

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

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

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

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

## 1.8 INVENTORY

### 1.8.1 INITIAL RECOGNITION AND MEASUREMENT

Inventories are initially recognised at cost. Cost refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

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

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

### 1.8.2 SUBSEQUENT MEASUREMENT

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

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

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

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

### 1.8.3 DERECOGNITION

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



GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

## 1.9 FINANCIAL INSTRUMENTS

### 1.9.1 INITIAL RECOGNITION

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

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

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

### 1.9.2 INITIAL MEASUREMENT

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

### 1.9.3 SUBSEQUENT MEASUREMENT

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

### 1.9.4 GAINS AND LOSSES

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

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

### 1.9.6 IMPAIRMENTS

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

## 1.10 POLICIES RELATING TO SPECIFIC FINANCIAL INSTRUMENTS

### 1.10.1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are measured at fair value. Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

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

### 1.10.2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

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

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

### 1.10.3 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

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

## 1.11 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.

GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

## 1.12 LEASES

### THE ENTITY AS LESSEE

#### 1.12.1 RECOGNITION

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

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

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

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

#### 1.12.2 MEASUREMENT

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

Subsequent to initial recognition these capitalised assets are depreciated over the contract term.

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

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

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

## GOVERNMENT PENSIONS ADMINISTRATION AGENCY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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

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

### 1.12.3 DERECOGNITION

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

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

## 1.13 REVENUE FROM EXCHANGE TRANSACTIONS

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

### 1.13.1 ADMINISTRATION FEES

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

### 1.13.2 OTHER INCOME

#### 1.14.2.1 COMMISSION INCOME

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

#### 1.13.2.2 INTEREST INCOME

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

## GOVERNMENT PENSIONS ADMINISTRATION AGENCY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

**1.13.2.3 PARKING INCOME**

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

**1.14 PERSONNEL REMUNERATION**

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

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

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

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

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

**1.15 IRREGULAR EXPENDITURE**

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

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

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

## 1.16 FRUITLESS AND WASTEFUL EXPENDITURE

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

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

### 1.16.1 RECOVERY OF IRREGULAR, FRUITLESS & WASTEFUL EXPENDITURE

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

## 1.17 POST-REPORTING DATE EVENTS

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

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

The entity will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event has occurred.

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

### 1.18 RELATED PARTIES

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

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

- a) Normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances; and
- b) Terms and conditions within the normal operating parameters established by the reporting entity's legal mandate;

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

Information about such transactions is disclosed in the financial statements.

### 1.19 COMMITMENTS

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

### 1.20 CONTINGENT LIABILITIES

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

GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 1.21 CONTINGENT ASSETS

Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events and where existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.

### 1.22 BUDGET INFORMATION

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

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

The approved budget is prepared on an accrual basis.

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

## 2 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The agency will apply the following standards from its mandatory adoption date of 1 April 2023. The standards are applicable to the Agency for the year ended 31 March 2024.

Standard / Interpretation:

GRAP Standards	Title
GRAP 1	Presentation of Financial Statements
GRAP 25	Employee Benefits
GRAP 104	Financial Instruments
iGRAP 21	The Effect of Past Decisions on Materiality

The Agency is still assessing the impact of the new standards.



GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

**3. PROPERTY, PLANT, AND EQUIPMENT**

**Reconciliation of Carrying Value**

	2023		2022			
	Cost R'000	Accumulated Depreciation & Impairment R'000	Carrying Value R'000	Cost R'000	Accumulated Depreciation & Impairment R'000	Carrying Value R'000
Computer Equipment	249,005	(182,380)	66,625	234,130	(158,411)	75,719
Furniture & Fittings	47,601	(29,820)	17,781	45,378	(25,937)	19,441
Leasehold Improvements	26,758	(15,058)	11,700	25,317	(11,671)	13,646
Office Equipment <sup>1</sup>	71,387	(45,185)	26,202	66,122	(39,393)	26,729
Vehicles	17,068	(14,346)	2,722	17,068	(13,533)	3,535
Tools	88	(57)	31	61	(55)	6
Capital Work in Progress	-	-	-	-	-	-
<b>Total</b>	<b>411,907</b>	<b>(286,846)</b>	<b>125,061</b>	<b>388,076</b>	<b>(249,000)</b>	<b>139,076</b>

<sup>1</sup>Included in the carrying amount are assets in the course of installation, which are not depreciated, with a cost of R3,7 million (2022: Nil).

## GOVERNMENT PENSIONS ADMINISTRATION AGENCY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

**3.1 RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2023**

	Carrying Value Opening Balance	Additions	Disposals	Depreciation	Reallocations	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Equipment	75,719	15,162	(218)	(24,038)	-	66,625
Furniture & Fittings	19,441	2,224	-	(3,884)	-	17,781
Leasehold Improvements	13,646	1,984	(163)	(3,767)	-	11,700
Office Equipment	26,729	5,276	(11)	(5,792)	-	26,202
Vehicles	3,535	-	-	(813)	-	2,722
Tools	6	27	-	(2)	-	31
Capital Work in Progress	-	-	-	-	-	-
<b>Total</b>	<b>139,076</b>	<b>24,673</b>	<b>(392)</b>	<b>(38,296)</b>	<b>-</b>	<b>125,061</b>

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

**3.2 RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2022**

	Carrying Value Opening Balance	Additions	Disposals	Depreciation	Reallocations	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Equipment	92,741	6,794	-	(25,878)	2,062	75,719
Furniture & Fittings	22,181	1,046	-	(3,786)	-	19,441
Leasehold Improvements	13,017	3,626	-	(2,997)	-	13,646
Office Equipment	29,424	754	-	(5,747)	2,298	26,729
Vehicles	4,403	-	-	(868)	-	3,535
Tools	11	-	-	(5)	-	6
Capital Work in Progress	4,110	265	(15)	-	(4,360)	-
<b>Total</b>	<b>165,887</b>	<b>12,485</b>	<b>(15)</b>	<b>(39,281)</b>	<b>-</b>	<b>139,076</b>

**3.3 REPAIRS AND MAINTENANCE IN RESPECT OF PROPERTY, PLANT AND EQUIPMENT IS AS FOLLOWS:**

	2023	2022
	R'000	R'000
Computer Equipment	13,327	12,347
Office Equipment	3,590	1,349
Vehicles	4,014	3,187
<b>Total</b>	<b>20,931</b>	<b>16,883</b>

## GOVERNMENT PENSIONS ADMINISTRATION AGENCY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

**4. INTANGIBLE ASSETS****Reconciliation of Carrying Value**

	2023			2022		
	Cost	Accumulated Amortisation & Impairment	Carrying Value	Cost	Accumulated Amortisation & Impairment	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Software	122,581	(86,828)	35,753	124,687	(79,760)	44,927
Licenses	81,641	(52,314)	29,327	84,406	(46,331)	38,075
Capital Work in Progress	-	-	-	-	-	-
Internally Generated Software	114,479	(90,529)	23,950	116,601	(79,012)	37,589
Internally Generated Capital Work in Progress	-	-	-	-	-	-
<b>Total</b>	<b>318,701</b>	<b>(229,671)</b>	<b>89,030</b>	<b>325,694</b>	<b>(205,103)</b>	<b>120,591</b>

**4.1 RECONCILIATION OF INTANGIBLE ASSETS - 2023**

	Carrying Value Opening Balance	Additions	Amortisation	Reallocations	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000
Computer Software	44,927	545	(9,719)	-	35,753
Licenses	38,075	66,298	(75,046)	-	29,327
Capital Work in Progress	-	-	-	-	-
Internally Generated Software	37,589	-	(13,639)	-	23,950
Internally Capital Work in Progress	-	-	-	-	-
<b>Total</b>	<b>120,591</b>	<b>66,843</b>	<b>(98,404)</b>	<b>-</b>	<b>89,030</b>

GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

**4.2 RECONCILIATION OF INTANGIBLE ASSETS - 2022**

	Carrying Value Opening Balance	Additions	Amortisation	Reallocations	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000
Computer Software	55,480	263	(10,816)	-	44,927
Licenses	46,985	63,612	(72,522)	-	38,075
Capital Work in Progress	-	-	-	-	-
Internally Generated Software	52,220	-	(14,631)	-	37,589
Internally Generated Capital Work in Progress	-	-	-	-	-
<b>Total</b>	<b>154,685</b>	<b>63,875</b>	<b>(97,969)</b>	<b>-</b>	<b>120,591</b>

GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

## 5. INVENTORY

	2023	2022
	R'000	R'000
Inventory	2,089	1,918
	<b>2,089</b>	<b>1,918</b>

Inventory consist of consumables.

Inventory expense for the year is as follows:

	2023	2022
	R'000	R'000
Inventory	5,125	6,212
	<b>5,125</b>	<b>6,212</b>

## 6. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2023		
	Gross Balances	Provision for Doubtful Debts	Net Balance
	R'000	R'000	R'000
Trade receivables	100,469	-	100,469
Staff debtors	430	-	430
Other debtors	3,018	(2,530)	488
	<b>103,917</b>	<b>(2,530)</b>	<b>101,387</b>

	2022		
	Restated Gross Balances	Provision for Doubtful Debts	Restated Net Balance
	R'000	R'000	R'000
Trade receivables	112,733	-	112,733
Staff debtors	397	-	397
Other debtors	9,232	(809)	8,423
	<b>122,362</b>	<b>(809)</b>	<b>121,553</b>

GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

**6.1 AGEING: TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS – 2023**

	Trade receivables	Staff debtors	Other debtors	Total
	R'000	R'000	R'000	R'000
Current (0 – 30 days)	100,469	50	429	100,948
31 - 60 Days	-	124	3	127
61 - 90 Days	-	-	2	2
Over 90 Days	-	256	2,584	2,840
	<b>100,469</b>	<b>430</b>	<b>3,018</b>	<b>103,917</b>
Provision for doubtful debts	-	-	(2,530)	(2,530)
	<b>100,469</b>	<b>430</b>	<b>488</b>	<b>101,387</b>

**6.2 AGEING: TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS - 2022**

	Restated Trade receivables	Staff debtors	Other debtors	Restated Total
	R'000	R'000	R'000	R'000
Current (0 – 30 days)	109,025	170	6,677	115,872
31 - 60 Days	-	-	3	3
61 - 90 Days	-	29	-	29
over 90 Days	3,708	198	2,552	6,458
	<b>112,733</b>	<b>397</b>	<b>9,232</b>	<b>122,362</b>
Provision for doubtful debts	-	-	(809)	(809)
	<b>112,733</b>	<b>397</b>	<b>8,423</b>	<b>121,553</b>

## GOVERNMENT PENSIONS ADMINISTRATION AGENCY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

**6.3 TRADE AND OTHER DEBTORS NOT IMPAIRED**

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

	Current	31 – 60 days	61 – 90 days	91+ days	Total
	R'000	R'000	R'000	R'000	R'000
<b>Credit quality – 2023</b>					
Trade receivables	100,469	-	-	-	100,469
Staff debtors	50	124	-	256	430
Other debtors	421	1	-	66	488
	<b>100,940</b>	<b>125</b>	<b>-</b>	<b>322</b>	<b>101,387</b>
<b>Credit quality - 2022</b>					
Trade receivables	109,025	-	-	3,708	112,733
Staff debtors	170	-	29	198	397
Other debtors	6,649	-	-	1,774	8,423
	<b>115,844</b>	<b>-</b>	<b>29</b>	<b>5,680</b>	<b>121,553</b>

**6.4 RECONCILIATION OF THE DOUBTFUL DEBT PROVISION**

	2023	2022
	R'000	R'000
Balance at beginning of the year	(809)	(737)
Contributions to provision	(1,721)	(72)
Reversal of provision	-	-
	<b>(2,530)</b>	<b>(809)</b>

**7. PREPAYMENTS**

	2023	2022
	R'000	R'000
Prepaid expenses	3,014	8,616
	<b>3,014</b>	<b>8,616</b>

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



GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

## 8. CASH AND CASH EQUIVALENTS

	2023	2022
	R'000	R'000
Cash and cash equivalents consist of:		
Paymaster General (PMG)	53,788	59,091
ABSA Bank	4,847	9,786
Petty cash	292	281
	<b>58,927</b>	<b>69,158</b>

## 9. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2023	2022
	R'000	R'000
Trade creditors	57,830	60,917
Accruals	26,615	55,484
Service bonus accrual	12,243	11,877
Unknown deposits	1,360	1,360
Credit card facility	-	1,774
Sundry creditors	310	483
	<b>98,358</b>	<b>131,895</b>

### 9.1 AGEING: TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS - 2023

	Trade creditors	Accruals	Sundry creditors	Total
	R'000	R'000	R'000	R'000
Current (0 – 30 days)				
31 - 60 Days	57,655	26,615	310	84,580
61 - 90 Days	-	-	-	-
91-120 Days	-	-	-	-
Over 120 Days	175	-	-	175
	<b>57,830</b>	<b>26,615</b>	<b>310</b>	<b>84,755</b>

## GOVERNMENT PENSIONS ADMINISTRATION AGENCY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

**9.2 AGEING: TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS - 2022**

	Trade creditors	Accruals	Sundry creditors	Total
	R'000	R'000	R'000	R'000
Current (0 – 30 days)	60,913	51,776	483	113,172
31 - 60 Days	-	-	-	-
61 - 90 Days	-	-	-	-
91 - 120 Days	-	-	-	-
Over 120 Days	4	3,708	-	3,712
	<b>60,917</b>	<b>55,484</b>	<b>483</b>	<b>116,884</b>

**10. OPERATING LEASE LIABILITY**

	2023	2022
	R'000	R'000
Operating lease liability	1,963	754
	<b>1,963</b>	<b>754</b>

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

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

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

	2023	2022
	R'000	R'000
Payables not later than one (1) year	33,687	32,543
Payables later than one (1) year but not later than five (5) years	48,804	73,921
	<b>82,491</b>	<b>106,464</b>

GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

## 11. PROVISIONS

	2023	2022
	R'000	R'000
<b>Leave pay</b>	<b>23,359</b>	<b>25,269</b>
Balance at the beginning of the year	25,269	29,911
Provided	23,359	25,269
Utilised	(25,269)	(29,911)
	<b>23,359</b>	<b>25,269</b>
<b>Performance bonus</b>	-	-
Balance at the beginning of the year	-	6,348
Utilised	-	(6,348)
	-	-
	<b>23,359</b>	<b>25,269</b>

## 12. REVENUE FROM EXCHANGE TRANSACTIONS

### 12.1 ADMINISTRATION INCOME

	2023	2022
	R'000	R'000
Government Employees Pension Fund (GEPF)	1,024,323	914,835
Programme 7 - National Treasury	62,394	60,795
Associated Institutions Pension Fund (AIPF)	4,871	5,130
Temporary Employees Pension Fund (TEPF)	154	165
	<b>1,091,742</b>	<b>980,925</b>

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

## GOVERNMENT PENSIONS ADMINISTRATION AGENCY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

**12.2 OTHER INCOME**

	<b>2023</b>	<b>2022</b>
	<b>R'000</b>	<b>R'000</b>
Commission income	155	147
Interest income	4,000	2,394
Parking income	27	30
	<b>4,182</b>	<b>2,571</b>

**13. PERSONNEL REMUNERATION**

		<b>2023</b>	<b>2022</b>
		<b>R'000</b>	<b>R'000</b>
Compensation of employees		388,715	361,233
Contributions to GEPP		42,995	41,674
Other benefits	<b>13.1</b>	114,186	108,775
		<b>545,896</b>	<b>511,682</b>

**13.1 OTHER BENEFITS**

	<b>2023</b>	<b>2022</b>
	<b>R'000</b>	<b>R'000</b>
Employer contribution medical aid	30,825	29,504
Service bonus	25,289	24,238
Non pensionable allowance	35,365	34,679
House owners allowance	12,599	11,825
Other	10,108	8,529
	<b>114,186</b>	<b>108,775</b>

GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

## 14. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS FOR THE YEAR

	2023	2022
	R'000	R'000
<b>Deficit for the year</b>	<b>(47,166)</b>	<b>(62,028)</b>
<b>Adjustments for non-cash movements:</b>	<b>138,112</b>	<b>126,913</b>
Depreciation and amortisation	136,700	137,250
Decrease in lease smoothing	1,209	566
Increase in leave provision	(1,910)	(10,990)
Loss on disposal property, plant and equipment	392	15
Bad debts	-	-
Provision for doubtful debts	1,721	72
<b>(Deduct)/Add changes in working capital</b>	<b>(9,661)</b>	<b>15,657</b>
(Decrease)/Increase in trade payables	(34,070)	15,191
(Increase)/Decrease in prepayments	5,602	4,125
(Increase)/Decrease in trade receivables	18,978	(3,043)
Increase/ in inventories	(171)	(616)
<b>Net Cash Flows from Operating Activities</b>	<b>81,285</b>	<b>80,542</b>

## 15. CONTINGENT LIABILITIES

As at year end GPAA has the following contingent liabilities:

	2023	2022
	R'000	R'000
Claims per arbitration award	1,500	1,500
Matters awaiting judgement after review application	-	-
	<b>1,500</b>	<b>1,500</b>

This is a labour matter that relates to alleged unfair dismissal of two (2) erstwhile employees of the GPAA which the matter is pending in the Labour Court.

There are 2 litigations from previous service providers alleging breach of contracts and as at year end legal processes relating to the matters are still ongoing.

GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

## 16. CONTINGENT ASSETS

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

	2023	2022
	R'000	R'000
Matters awaiting judgement after review application	677	677
	<b>677</b>	<b>677</b>

Legal action against the service provider for non-delivery of all required equipment.

## 17. COMMITMENTS

	2023	2022
	R'000	R'000
Capital Expenditure	31,449	40,289
	<b>31,449</b>	<b>40,289</b>

## 18. POST-REPORTING DATE EVENTS

The Chief Executive Officer has approved for removal irregular expenditure amounting to R7,6 million post year end and this amount will be recognised in the financial year ending 31 March 2024. Requests for condonement of irregular expenditure have been submitted to the office of the Chief Procurement Officer post year end.

## 19. IRREGULAR EXPENDITURE

### 19.1 IRREGULAR EXPENDITURE AND FRUITLESS AND WASTEFUL EXPENDITURE

	2023	2022
	R'000	R'000
Irregular expenditure	29,118	29,212
Fruitless and wasteful expenditure	1,774	-
	<b>30,892</b>	<b>29,212</b>

GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

**19.2 DISCIPLINARY STEPS TAKEN AS A RESULT OF IRREGULAR EXPENDITURE**

Corrective steps taken	2023	2022
	R'000	R'000
Investigation completed and officials disciplined.	23,545	21,095

**20. LOSSES THROUGH CRIMINAL CONDUCT**

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

**21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

**21.1 CATEGORIES OF FINANCIAL INSTRUMENTS**

	2023	2022
	R'000	R'000
<b>Current Assets</b>		
Cash and cash equivalents	58,927	69,158
Trade and other receivables from exchange transactions	101,387	121,553
	<b>160,314</b>	<b>190,711</b>
Trade and other payables from exchange transactions	98,358	131,895
	<b>98,358</b>	<b>131,895</b>

**21.2 CREDIT RISK**

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

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

	2023	2022
	R'000	R'000
<b>Financial Assets</b>		
Cash and cash equivalents	58,927	69,158
Trade and other receivables from exchange transactions	101,387	121,553
	<b>160,314</b>	<b>190,711</b>

## GOVERNMENT PENSIONS ADMINISTRATION AGENCY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

*Cash and cash equivalents*

Financial assets which potentially subject GPAA to credit risk consist principally of cash and cash equivalents. Cash and cash equivalents are held with banks which are of high-quality credit standing and therefore having insignificant credit risk. Refer to note 5 for cash and cash equivalents.

*Receivables*

Receivables are presented net of the allowance for doubtful debts.

Receivables are exposed to a low credit risk as the bulk of receivables are mainly the Government Employees Pension Fund (GEPF), National Treasury, Associated Institutions Pension Fund (AIPF) as well as Temporary Employees Pension Fund (TEPF). The only amounts overdue is with other receivables which are insignificant. Refer to note 6 - Loans and receivables.

**21.3 LIQUIDITY RISK**

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

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

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

The following liquid resources are available:

	2023	2022
	R'000	R'000
<b>Financial Assets</b>		
Cash and cash equivalents	58,927	69,158
Trade and other receivables from exchange transactions	101,387	121,553
	<b>160,314</b>	<b>190,711</b>

*Payables*

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



GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The following are the contractual cash flows of financial liabilities:

	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Total
	R'000	R'000	R'000	R'000
<b>2023</b>				
Trade and other payables	84,755	-	13,603	98,358
	<b>84,755</b>	<b>-</b>	<b>13,603</b>	<b>98,358</b>
<b>2022</b>				
Trade and other payables	116,884	-	15,011	131,895
	<b>116,884</b>	<b>-</b>	<b>15,011</b>	<b>131,895</b>

**21.4 MARKET RISK**

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

*Interest rate risk*

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

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

**Current financial assets**

	2023		2022	
	Fixed rate instruments	Variable rate instruments	Fixed rate instruments	Variable rate instruments
	R'000	R'000	R'000	R'000
Cash and cash equivalents	-	58,927	-	69,158
	<b>-</b>	<b>58,927</b>	<b>-</b>	<b>69,158</b>

## GOVERNMENT PENSIONS ADMINISTRATION AGENCY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

*Sensitivity analysis*

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

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

	Change in interest rate %	2023		2022	
		Upward	Downward	Upward	Downward
		R'000	R'000	R'000	R'000
Prime	1%	589	(589)	692	(692)

*Currency risk*

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

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

**22. RELATED PARTY TRANSACTIONS****22.1 REVENUE AND TRADE RECEIVABLES**

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

	Revenue		Net Receivable/(Payable)	
	2023	2022	2023	2022
	R'000	R'000	R'000	R'000
Government Employees Pension Fund	1,024,353	914,835	90,363	101,662
National Treasury (Programme 7)	62,394	60,795	5,081	5,755
Associated Institutions Pension Fund	4,871	5,130	4,871	5,150
Temporary Employees Pension Fund	154	165	154	166
	<b>1,091,742</b>	<b>980,925</b>	<b>100,469</b>	<b>112,733</b>

GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

## 22.2 EXPENDITURE AND TRADE PAYABLES

Description	Expenditure		Balances	
	2023	2022	2023	2022
	R'000	R'000	R'000	R'000
Public Investment Corporation Limited	22,922	19,407	976	4,832
GEPI	-	-	10,103	26,960
	<b>22,922</b>	<b>19,407</b>	<b>11,079</b>	<b>31,792</b>

## GOVERNMENT PENSIONS ADMINISTRATION AGENCY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

## 22.3 DISCLOSURE OF EXECUTIVE REMUNERATION

Name	Designation	2023			2022		
		Salary and allowances R'000	Bonus R'000	Total R'000	Salary and allowances R'000	Bonus R'000	Total R'000
Khan, S. <sup>1</sup>	Acting Chief Executive Officer	1,498	-	1,498	2,137	-	2,137
Madiehe, K.O. <sup>2</sup>	Chief Executive Officer	1,090	-	1,090	-	-	-
Molebatsi, K.A. <sup>3</sup>	Acting Chief Financial Officer	526	-	526	-	-	-
Kgosiemang, E.	Acting Chief Risk Officer	-	-	-	485	-	485
Coetzee, M.	Chief Information Officer	1,348	-	1,348	1,304	-	1,304
Kgoele, L.	Chief Risk Officer	1,359	-	1,359	759	-	759
Kemp, M.J.	General Manager: Human Resources	1,510	-	1,510	1,446	-	1,446
Mda, P. <sup>4</sup>	Acting Chief Financial Officer	1,112	-	1,112	1,641	-	1,641
Mda, P.	General Manager: Finance	251	-	251	-	-	-
Nieuwoudt L.	General Manager: Management Support	1,421	-	1,421	822	-	822
De Witt, E.	General Manager: Legal	1,517	-	1,517	1,443	-	1,443
Morar J. <sup>5</sup>	General Manager: Employee Benefits	1,599	-	1,599	1,552	-	1,552
Mpye, Y. <sup>5</sup>	Acting General Manager: Employee Benefits	-	-	-	-	-	-
Madiehe, K.O. <sup>6</sup>	General Manager: CRM	785	-	785	1,381	-	1,381
Morudu, E. <sup>7</sup>	Acting General Manager: CRM	641	-	641	-	-	-
Mngqibisa M.	General Manager: Non-Contributory Funds	1,598	-	1,598	1,551	-	1,551
Sennelo, M.	Chief Audit Executive	1,133	-	1,133	961	-	961
		<b>17,388</b>	<b>-</b>	<b>17,388</b>	<b>15,482</b>	<b>-</b>	<b>15,482</b>

GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

<sup>1</sup>Contract ended: 30 November 2022

<sup>2</sup>Appointed: 01 November 2022

<sup>3</sup>Appointed: 01 December 2022

<sup>4</sup>Contract ended: 30 November 2022

<sup>5</sup>Mr. Morar was moved to the CEO's office from the 15<sup>th</sup> of March 2023 and was replaced by Ms. Mpye in an acting capacity.

<sup>6</sup>Resigned: 30 October 2022

<sup>7</sup>Appointed: 01 November 2022

## GOVERNMENT PENSIONS ADMINISTRATION AGENCY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

**22.4 AUDIT COMMITTEE MEMBERS REMUNERATION**

Name	Designation	2023			2022		
		Audit Committee R'000	Other Services <sup>1</sup> R'000	Total R'000	Audit Committee R'000	Other Services <sup>1</sup> R'000	Total R'000
Mzizi, P.S.	Chairperson	297	-	297	381	-	381
Sinthumule, A.F.	Member	336	-	336	381	-	381
Badimo, A.M.M.	Member	-	-	-	37	30	67
Fuirstenberg, B. <sup>2</sup>	Member	-	-	-	381	88	469
		<b>633</b>	<b>-</b>	<b>633</b>	<b>1,180</b>	<b>118</b>	<b>1,298</b>

<sup>1</sup>Other Services fees relate to attendance of Risk Committee meetings and other meetings with executive members.

<sup>2</sup>Contract ended: 31 May 2022

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

**23. SEGMENT INFORMATION**

The GPAA identified its segments by reference to the clients for which the GPAA administers pension funds. For this purposes, two segments were identified namely Government Employees Pension Fund (GEPF) administered on behalf of the GEPF and National Treasury which consist of Civil and Military Pensions, AIPF and TEPF which are administered on behalf of the National Treasury. The information is measured on an accrual basis similar in the way the budget is prepared. Non-current assets, inventory, prepayments, cash, other income, depreciation and amortisation and profit/loss on sale of assets are not allocated to specific segments. Currently costs per segments are not available for these items, hence no allocations were provided. The work still needs to be done to allocate costs relating to these items.

**23.1 STATEMENT OF FINANCIAL POSITION PER SEGMENT**

Notes	GEPF		NATIONAL TREASURY		ITEMS NOT ALLOCATED TO SEGMENTS		TOTAL	
	2023	2022	2023	2022	2023	2022	2023	2022
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Non-current Assets	-	-	-	-	214,091	259,667	214,091	259,667
Current Assets	90,345	101,627	10,124	11,106	64,948	88,512	165,417	201,245
<b>Total Assets</b>	<b>90,345</b>	<b>101,627</b>	<b>10,124</b>	<b>11,106</b>	<b>279,039</b>	<b>348,179</b>	<b>379,508</b>	<b>460,912</b>
Current Liabilities	116,601	148,775	3,756	5,255	3,323	3,888	123,680	157,918
Accumulated Surplus	-	-	-	-	255,828	302,994	255,828	302,994
<b>Total Net Assets and Liabilities</b>	<b>116,601</b>	<b>148,775</b>	<b>3,756</b>	<b>5,255</b>	<b>259,151</b>	<b>306,882</b>	<b>379,508</b>	<b>460,912</b>





GOVERNMENT PENSIONS ADMINISTRATION AGENCY  
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