



the gpaa

Department:
Government Pensions Administration Agency
REPUBLIC OF SOUTH AFRICA

| YOUR BENEFITS our responsibility |

THE GPAA ANNUAL REPORT 2021/2022





THANK YOU FOR YOUR SUPPORT!

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

R134.0 BILLION
PAID

R80.1 BILLION
COLLECTED

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:	Government Employees Pension
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
WAN:	Wide Area Network



FOREWORD BY THE MINISTER OF FINANCE



“The GPAA has continued to **guarantee** that its clients have access to services, through its Call Centre and Walk-in Centres, which are the most popular channels for client interaction.”

Enoch Godongwana
MINISTER OF FINANCE

I wish the GPAA well in its ongoing journey to deliver quality services on behalf of the GEPF and National Treasury.

The year under review was marked by several challenges as a result of the aftermath of the Covid-19 pandemic. As described in earlier Annual Reports, the Covid-19 pandemic drastically affected business operations, compelling the government to strike a difficult balance between saving lives and protecting livelihoods and business enterprises. The GPAA was no different.

Notwithstanding the hurdles posed by the fact that most employees worked from home, the organisation was able to meet most of its service delivery commitments, including timely payment of benefits, due largely to its resilience and determination.

The GPAA has continued to guarantee that its clients have access to services, through its Call Centre and Walk-in Centres, which are the most popular channels for client interaction. The organisation further recognises that education and outreach engagements with members, beneficiaries, pensioners, and other key stakeholders, remain a key contributor to the delivery of quality services to clients of the GPAA. These activities are an essential part of informing members on all pension-related issues.

Consequently, the organisation has continued to reach out to the public via multiple channels, including national, regional and community radio stations and newspapers; stadium advertising, outdoor digital screens; television; and corporate newsletters.

Lastly, I wish the GPAA continued success in its endeavor to provide quality services on behalf of the GEPF and National Treasury to its clients, the ordinary South African citizen. My appreciation goes to the interim Chief Executive Officer of the GPAA, Mr. Shahid Khan, the management and all the employees for their dedication and unwavering commitment to serving our people with dignity despite the difficulties.



ENOCH GODONGWANA
MINISTER OF FINANCE

31 August 2022

ACCOUNTING OFFICER'S NOTE



The Self-Service application and digital communication channels are starting to have an impact in enhancing our client experience

Shahid Khan

ACTING CHIEF EXECUTIVE OFFICER

The mandate of the organisation is to provide benefits administration services on behalf of its two customers, the Government Employees Pension Fund (GEPF) and National Treasury's Programme 7 funds

It is an honour to present the Annual Report of the Government Pensions Administration Agency (GPAA) for the 2021/2022 financial year. The GPAA administers pension funds on behalf of the Government Employees Pension Fund (GEPF) and National Treasury (NT).

In this regard, the GPAA remains dedicated to providing exceptional pension administration and client service through all its access channels. Our primary service is to pay benefits to our members, pensioners and beneficiaries, but we also provide other administration services such as member admission, contribution collection and benefit processing. The GPAA is making significant progress in modernising its processes to ensure that benefits are paid on time and that clients have a positive experience across all access platforms. The Self-Service application and digital communication channels are starting to have an impact in enhancing our clients experience.

Over the past two years, the GPAA was unable to hold physical contact sessions due to COVID-19 restrictions. I am pleased to report that since the relaxation of the regulations, our outreach programmes such as the Roadshows, Retirement Member Campaigns and the HR and Finance Forums have resumed and are quite successful. These sessions provide us with the necessary platforms to educate our clients including employer departments on the product offerings and processes of the Fund.

The organisation continues to use automated interfaces with the South African Revenue Services, the Department of Home Affairs and National Treasury (NT) SafetyWeb to avoid fraudulent claims and to ensure that benefits are paid to the correct beneficiaries. The main advantage of the interfaces is that they allow for the efficient verification of member information as well as timely processing of the tax directives required to process benefits before payments can be effected.

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.

Furthermore, R80.1 billion was collected and reconciled for the 1 261 363 members of the GEPF, 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 that we are working extremely hard to meet not only the Service Level Agreements we have with our clients, but our stakeholders and employer departments' expectations as well.

In terms of good governance, the GPAA has worked hard to strengthen internal controls and ensure that every rand spent improves service

delivery to our members, pensioners and beneficiaries. Efforts were also made to ensure that the Auditor-General's concerns were addressed under the guidance of the Audit Committee and the Risk Committee. This was done to strengthen the control environment and, as much as possible, avoid repeat findings.

An irregular expenditure of R29 212 million was incurred and raised during the financial year under review. An additional amount of R14 079 million in respect of prior years was raised in the year under review. An amount of R5 314 million was written-off in terms of internal GPAA processes and the balance of R111 849 million, which includes the historical irregular expenditure, will be considered for condonement at the end of the 2022/2023 financial year. The planned recruitment for the vacant senior executive level positions of the GPAA will assist in providing the requisite leadership and institution building to ensure greater accountability and service delivery.

I would like to thank the Minister and Deputy Minister for their leadership, guidance and the support provided throughout the financial year. I also acknowledge and appreciate the management and the employees of the GPAA for their ongoing commitment and dedication in providing quality services to our clients.



Shahid Khan

ACTING CHIEF EXECUTIVE OFFICER
Government Pensions Administration Agency (GPAA)
31 August 2022

ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY

The statement of responsibility and confirmation of accuracy for the Annual Report for the year ended 31 March 2022.

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 in all material aspects.
- 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 have been 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 2022.



Shahid Khan
 ACTING CHIEF EXECUTIVE OFFICER
 Government Pensions Administration Agency (GPAA)
 31 August 2022

1. STRATEGIC OVERVIEW

1.1 Introduction

The Government Pensions Administration Agency (GPAA) is the administrator of pension benefits on behalf of the Government Employees Pension Fund (GEPF) which is 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. As such, 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. This strategic position of the GPAA is captured in its vision, mission and values as outlined below.

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 National Development Plan (NDP) is a blueprint for tackling South Africa's challenges of poverty and inequality. It also provides an indication of the capacity and developmental commitments of the state. The NDP is implemented through the Medium-Term Strategic Framework (MTSF), which is cascaded to government institutions through Strategic Plans. The GPAA has in place 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.

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

The GPAA was established as a government component and 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). Its finances are regulated by the 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.

2.2 Legislative mandates

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.

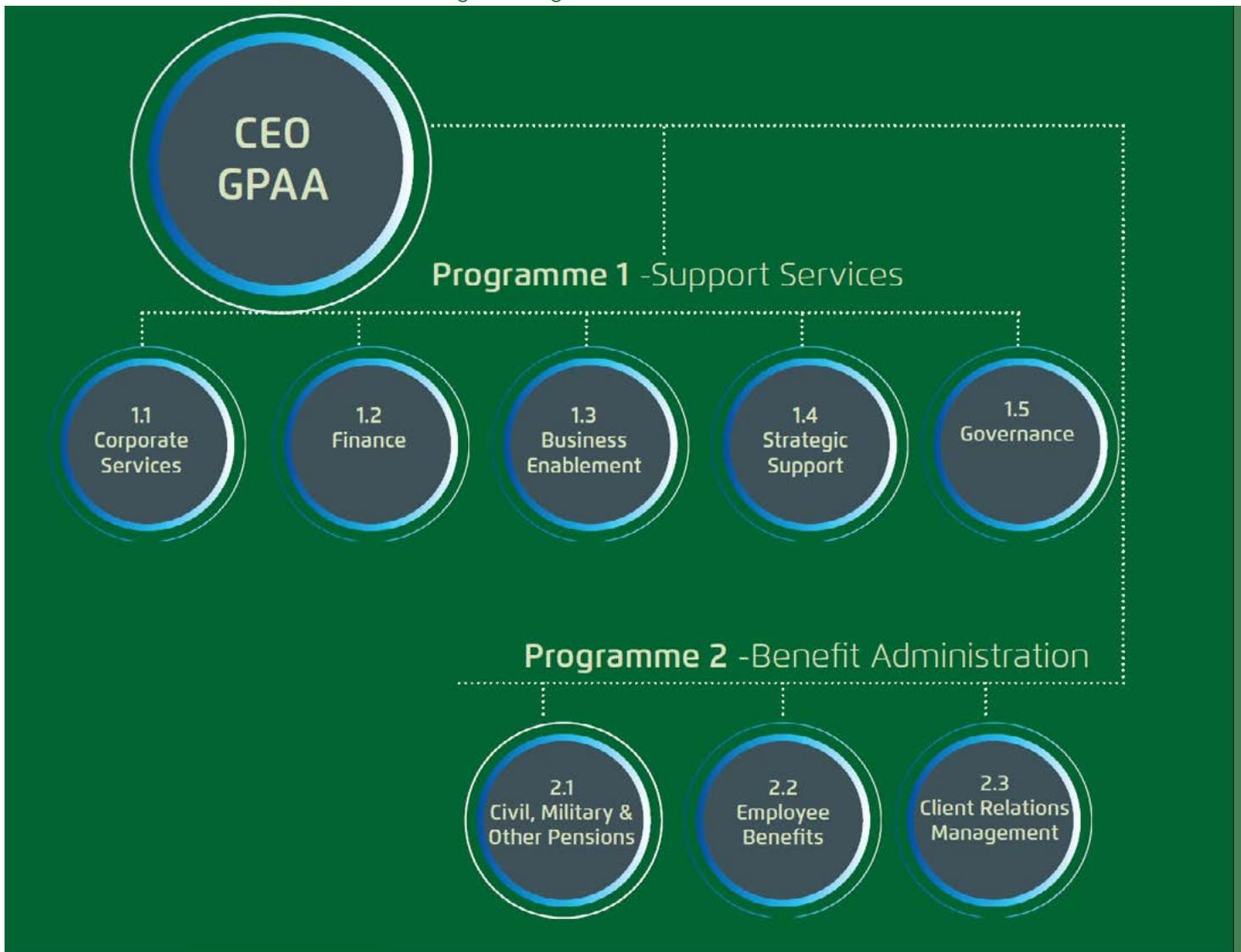
The GPAA provides administration services to the GEPP and National Treasury (Programme 7) - an arrangement regulated through Service Level Agreements (SLAs). The GPAA administers government employees' pensions and other benefits in terms of the Government Employees Pension (GEP) Law of 1996 on behalf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

The GPAA on behalf of the National Treasury administers the Temporary Employees Pension Fund (TEPP) 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 Chief Executive Officer (CEO) directs the organisational structure of the GPAA. The structure consists of two Programmes, namely: Support Services and Benefits Administration. The two Programmes are divided into eight sub-programmes as shown in Figure 1.

Figure 1. Organisational Structure





Management Structure



Mr Shahid Khan
Acting Chief Executive Officer



Lerato Kgoele
Chief Risk Officer



Esti de Witt
General Manager: Legal Services



Mmapula Sennelo
Chief Audit Executive



Vacant
Employee Benefits Executive



Jay Morar
General Manager: Employee Benefits



Kedibone Madiehe
General Manager: Client Relations Management



Mongezi Mngqibisa
General Manager: Special, Military and other Pensions



Phumzile Mda
Acting Chief Financial Officer



Meiring Coetsee
Chief Information Officer



Vacant
Corporate Services Executive



Phumzile Mda
General Manager: Finance



Leon Nieuwoudt
General Manager: Management Support



Mervin Kemp
General Manager: Human Resources

PROGRAMME 1: **SUPPORT SERVICES**

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

Sub-programme 1.1: **Corporate Services**

The business units within Corporate Services play a supporting role in the provision of primary services, including Human Resource and Facilities Management. The primary aim of the sub-programme is to support the GPAA in realising its strategic outcomes through the management and co-ordination of all management support, human and physical resources, as well as various other 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. 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. This sub-programme also prepares the financial statements for the organisation 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) which has a national footprint, and a whole range of end-user devices, including desktops, laptops, tablets, printers and scanners. The sub-programme provides the GPAA with the enabling capabilities and technologies it needs to deliver on its mandate.

ABOUT US



DIGNIFIED, CARED FOR, EMPOWERED AND SATISFIED MEMBERS, PENSIONERS AND BENEFICIARIES.

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 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 the business requirements of clients. Strategic Support is responsible for overseeing the GPAA and its overall performance. It is also responsible for building relations with various stakeholders, which include inter-governmental engagements that promote the achievement of government priorities and service delivery.

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 sub-programme includes the Legal unit which provides a support function on legal and litigation matters related to the GPAA and GEPF. Another part of this programme is the Risk and Fraud unit which deals with risk management and fraud and forensic matters. The Internal Audit unit deals with audits from a risk-based approach encapsulated in the Internal Audit Plan.



PROGRAMME 2 : **BENEFITS ADMINISTRATION**

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

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

This sub-programme administers non-contributory pensions that are funded by National Treasury, to the beneficiaries of various public sector bodies in terms of different statutes, collective bargaining agreements and other commitments. The benefits administered are: Military Pensions, Post-Retirement Medical Subsidy, Special Pensions and Injury on Duty (IOD), which are funded by the National Treasury. 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.

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

The Government Employees Pension Fund (GEPF) is a contributory defined benefit pension fund. 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 the accurate and timely payment of benefits to GEPF's members and beneficiaries.

Sub-programme 2.3 : **Client Relations Management (CRM)**

Client Relations Management (CRM) manages the relationships with all stakeholders including clients, third parties and employers, by providing high quality, responsive client services based on the principles of Batho Pele. The service channel operations, Call Centre and Walk-in Centres, ensure effective support of the interface between the GPAA and its client base by accepting, resolving and monitoring all service requests or queries made by clients. CRM also provides employer education and training through its Client Liaison unit. In addition, CRM oversees the document management process to support the GPAA's core functions and business processes. This includes the conversion of paper documents into electronic format, indexing, tracking and storage of these documents.

PART B:

PERFORMANCE INFORMATION



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 are included in the report to management.

Refer to page 75 of the Annual Report for the report of the Auditor-General, published as Part E: Annual Financial Statements.

2. SITUATIONAL ANALYSIS

2.1 Service Delivery Environment

The past financial year saw the continuation of economic challenges in the country due to the COVID-19 pandemic. Unemployment figures also continued to rise. This, together with the number of deaths due to the pandemic left many households with less income compared to the pre-pandemic period. The situation necessitated efficiencies on the GPAA to deliver on its mandate of delivering services on time in order to cushion the economic impact on a number of households around the country.

The GPAA operates in a service delivery environment that is marked by dependency on employer departments for the submission of the information of new public servants in order to ensure timeous admission to the Fund and timeous and accurate collection of contributions. There is also a dependency on employer departments with regard to the timeous submission of accurate benefits application information on behalf of the members. As primary custodians of



client information, employer departments have the duty to submit accurate information on behalf of clients when benefits become due. Unfortunately, this does not always happen. In various instances, exit documents are submitted late or with errors, thereby causing a delay in the payment of benefits and eventually impacting negatively on service delivery.

In order to enhance service delivery, significant collaborative efforts are made by Client Liaison Officers (CLOs) to enhance stakeholder relations with employer departments. The organisation has several initiatives aimed at educating Human Resource officials at employer departments about the GEPF and National Treasury product offerings. Equally so, various educational campaigns aimed at members are also delivered on a continuous basis.

For the purpose of improving 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.

The GPAA strives to enhance service delivery through improved communication, enhanced member education, timely and accurate payment of benefits, and capacitated Regional and Satellite Offices. As a response to the demands of the environment that was brought by the COVID-19 pandemic, the digitisation of communication to clients was accelerated, with paper-based communication to clients replaced by electronic communication.

Together with the GEPF, the GPAA continued to encourage members to retire with the GEPF, rather than to resign and transfer their savings out of the Fund. The organisation has further created public awareness regarding Unclaimed Benefits in efforts to get eligible beneficiaries to come forward and claim the benefits due to them.

In spite of the service delivery challenges encountered during the year under review, the GPAA achieved more than 60% of the targets set in the Annual Performance Plan (APP).

2.2 Organisational Environment

The GPAA has a vacant position for the CEO. The organisation also had vacancies for the positions of Chief Operations Officer (COO), Chief Financial Officer (CFO) and Head of Corporate Services for a number of years. This void had an impact on the ability of the organisation to perform optimally in terms of institution building, leadership and service delivery. All these executive positions were advertised and the process of filling them is still in progress. In the meantime, the GPAA has an Acting CEO (ACEO) and Acting CFO to ensure that the applicable functions are performed until the positions are filled. The executive positions of the Chief Risk Officer (CRO) and the General Manager: Management Support Services were filled during the period under review.

At operational level, the organisation enhanced its client facing capacity in efforts to improve service delivery. Key to note is the filling of 38 Call Centre Agent positions which has brought slight improvement in the organisation's service levels. Subsequently, the organisation is in the final stages of filling the positions of Senior Manager: Employer Government Liaison Services (EGLS) and various Senior Client Liaison Officer (CLO) positions.

In the year under review, the COVID-19 pandemic continued to have an impact on the GPAA environment. The organisation continued to face various risk levels which included bearing the responsibility of ensuring the safety of employees without compromising the delivery of services to clients. The ability to service clients at the Regional Offices improved significantly with the easing of the COVID-19 regulations. However, the organisation was still unable to operate at full capacity, particularly when there were COVID-19 positive cases.

Furthermore, the GPAA was not spared the impact of load shedding and water disruptions at its various Walk-in 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.

2.3 Key Policy Developments and Legislative Changes

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

- a) Encourage people to adequately save and provide for their retirement to ensure that they retire comfortably;

- b) Encourage employers to have retirement saving plans in place for their employees as part of the employment contract;
- c) Ensure that people are treated fairly, that their savings are prudently and diligently managed, and that they are kept informed of their retirement savings; and
- d) Improve the standards of retirement fund governance, including trustee knowledge and conduct, as well as the protection of members' interests.

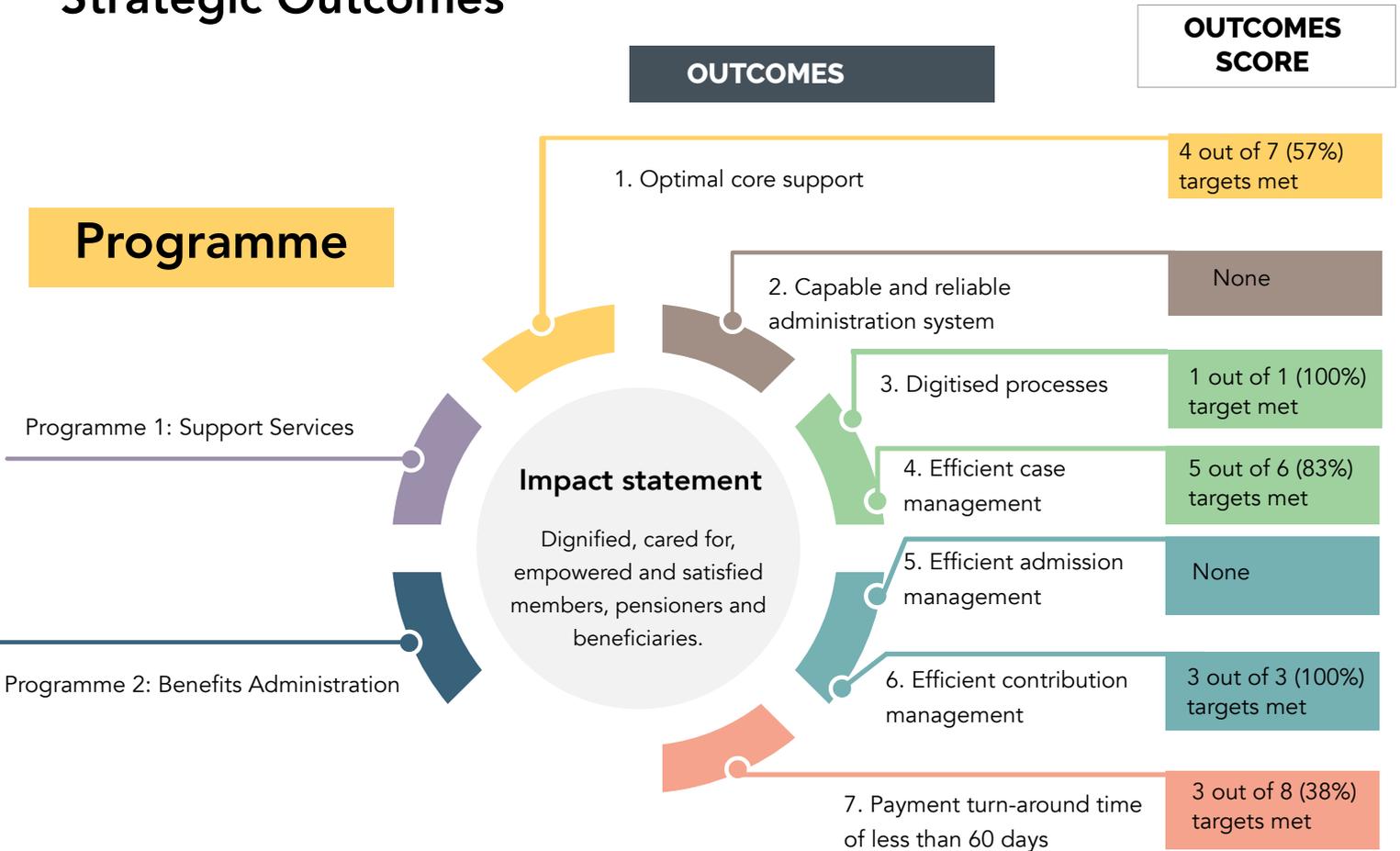
During the year under review, there were no key policy developments or legislative changes that were effected in as far as the GPAA's work is concerned.

3 PROGRESS TOWARDS THE ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The GPAA has a strategic impact statement that is aligned to the vision of having 'a customer and client-base that is satisfied, served, valued, dignified, cared for and empowered'. There are seven strategic outcomes in place that are aimed at the realisation of the impact statement and the vision of the organisation. In developing the impact statement and strategic outcomes, the Minister's contract, the National Development Plan (NDP), the GPAA's environment, different analysis methods, the intended outcomes of the Modernisation Programme as well as the previous year's performance were taken into consideration. The impact statement and strategic outcomes are reflected in Table 2.

Figure 2: IMPACT STATEMENT AND STRATEGIC OUTCOMES

Strategic Outcomes



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 two of the outcomes, a 100% target was met for the relevant output indicators, while for two outcomes, 83% and 57% of the targets were met respectively. For the three remaining outcomes, less than 50% targets were met. 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 page 38).

The Institutionalisation of outcomes-based planning, monitoring and evaluation in the GPAA

As a component of government, the GPAA has embraced the outcomes-based approach. Both the strategic planning and organisational performance monitoring approaches of the organisation are outcomes-based. The Strategic Plan (SP) and Annual Performance Plan (APP) were produced within the ambits 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. This 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 on this basis 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 majority of its predetermined outcomes for the 2021/2022 financial year. A total of 16 out of 25 (64%) performance targets were achieved.

A number of highlights have been recorded for the financial year under review. The greatest highlight was the payment of 99.98% of National Treasury benefits paid within 20 days (excluding death benefits). Out of all clients who visited the GPAA offices throughout the country, 99.86% received services.

The GPAA administered benefits on behalf of the GEPF, which had an active membership of 1.261 million members and over 300 000 pensioners at the end of March 2022. In 2021/2022 contributions of approximately R80.1 billion were received which is consistent with the income received in the year prior. There was a marked increase in benefit claims with approximately R134.0 billion paid out to beneficiaries compared to the R108.46 billion paid in the previous financial year. A summary of the claims administered in 2021/2022, together with the monthly benefits payments are reported in Table 1.

TABLE 1: CLAIMS AND MONTHLY BENEFITS PAID

CLAIMS PAID FOR THE FINANCIAL YEAR	CASES PAID 2020 / 2021	CASES PAID 2021 / 2022
Resignation from GEPP	16 139	20 659
Retirement from GEPP	27 989	33 627
Transfer from GEPP	2 535	3 064
Beneficiaries paid due to death of members	5 898	11 776
Total	52 561	69 126
RECIPIENTS OF MONTHLY PAYMENTS FOR VARIOUS CLAIM TYPES	MONTHLY PAYMENTS 2020 / 2021	MONTHLY PAYMENTS 2021 / 2022
Injury on Duty (IOD) payments	10 006	9 744
Post-retirement Medical Benefits	133 649	142 123
Military Pensions	4 614	4 606
Special Pensions	6 043	5 713
Other benefits	844	774
Pension benefits (GEPP)	312 647	322 223
Spouses Pension (GEPP)	160 667	167 679
Child's Pension (GEPP)	6 171	9 824
Pension benefits (AIPF)	4 083	3 774
Spouse Pension (AIPF)	2 607	2 567
Pension benefits (TEPF)	171	166
Spouse Pension (TEPF)	115	108
Total benefits per recipient paid per month (averaged)	641 617	669 301

4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

PERFORMANCE AT PROGRAMME LEVEL

The organisational performance of the GPAA is monitored on a quarterly basis to assess the implementation of the Annual Performance Plan (APP). The quarterly performance monitoring process is aimed at monitoring the delivery against the set quarterly performance targets. The 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 2021/2022 APP.

PROGRAMME 1: SUPPORT SERVICES

Purpose of the Programme

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

List of Sub-Programmes

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

Strategic Outcomes for 2021 / 2022

- Optimal Core Support.
- Digitised Processes.

TABLE 2: PERFORMANCE AGAINST PREDETERMINED OUTCOMES

Outcome	Output	Output Indicator	Audited actual performance 2019/2020	Audited actual performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Optimal core support	Disabled employees	1. % of disabled employees	5.57% of disabled employees	6.05% of disabled employees	2% of disabled employees	5.74% of disabled employees	Target exceeded by 3.83%	The GPAA's Recruitment Policy is aligned to the Transformation Plan (EE Plan)
	Female employees	2. % of female employees as a total of employees	63.25% of female employees as a total of employees	63.67% of female employees as a total of employees	51% of female employees as a total of employees	63.09% of female employees as a total of employees	Target exceeded by 12.09%	The GPAA 's Recruitment Policy is aligned to Transformation Plan (EE Plan).
	Black employees	3. % of black employees as a total of employees	83.24% of black employees as a total of employees	83.14% of black employees as a total of employees	92% of black employees as a total of employees	90.20% of black employees as a total of employees	Target missed by 1.80%	The compulsory target from NT was increased for the financial year
	Clean audit outcome (external audit outcome)	4. Clean audit Outcome (external audit outcome)	Unqualified audit with matters of emphasis	Unqualified audit opinion with material non-compliances	Clean audit	Unqualified audit with findings	Unqualified audit with findings	Non-compliance on Treasury regulations
	Invoices paid	5. % of accurate invoices paid within 30 working days	94.22% of accurate invoices paid within 30 working days	97.09% of accurate invoices paid within 30 working days	100% of accurate invoices paid within 30 working days	99.32% of accurate payment of valid invoices paid within 30 working days	Target missed by 0.68%	The payments were effected within 30 days but rejected due to various reasons, such as changed banking details.
	Amount of Unclaimed Benefits paid (excluding interest)	6. % of all amounts in Unclaimed Benefits paid (excluding interest)	New measure	43.16% of all amounts in Unclaimed Benefits paid (excluding interest)	35% of all amounts in Unclaimed Benefits paid (excluding interest)	42.52% of all amounts in the unclaimed benefits paid (excluding interest)	Target exceeded by 7.52%	Additional contract employees in the KZN and Eastern Cape provinces were recruited to assist with tracing.
Digitised Processes	Clients reached through digital communication channels	7. % of clients reached through digital communication channels	New measure	37.89% of clients reached through digital communication channels	45% of clients reached through digital communication channels	56.30% of clients reached through digital communication channels	Target exceeded by 11.3%	Effective planning and implementation as well as continuous updating of personal details by clients

Outcome	Output	Output Indicator	Audited actual performance 2019/2020	Audited actual performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Optimal core Support	System available during required times	8. % of time system is available during required times per quarter	New measure	99.58% of time system is available during required times per quarter	97% of time system is available during required times per quarter	99.89% of time system is available during required times per quarter	Target exceeded by 2.89%	Constant system and service provider monitoring 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"> The compulsory target as prescribed by the National Treasury increased from 75% to 92%. The GPAA aims to align the transformation, recruitment and Employment Equity activities to meet the target that was missed marginally.
Invoice paid	% of accurate invoices paid within 30 working days	<ul style="list-style-type: none"> The GPAA will review and introduce an improved banking details verification process that fosters invoice payment within 30 working days.
Clean audit Outcome (external audit outcome)	Clean audit Outcome (external audit outcome)	<ul style="list-style-type: none"> Concerted effort will be made to enhance compliance with Treasury regulations.

The 2020/2021 budget assisted the Programme to deliver on its mandate and the output indicators. As can be seen from the indicators achieved, the bulk of the expenditure incurred relates to personnel expenses, ITC equipment and maintenance and other operational costs.

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	2020/2021			2021/2022		
	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
Total	778,263	685,565	92,698	694,456	640,990	53,466

The budget enabled Programme 1 to deliver on its mandate of administering the business and governance affairs of the GPAA. The substantial amount incurred resulted from the human resource costs that were provided to support core business.

The expenditure of R620.9 million contributed to the GPAA achieving five (5) out of the eight (8) outputs for Programme 1. Some of the major achievements include:

- A human talent landscape which shows that 5.74% disabled employees and 63.09% female employees are employed.
- An average of 99.89% of ICT systems availability with 56.30% of clients reached through digital communication channels.
- 42.52% of all amounts in Unclaimed Benefits paid (excluding interest).



A human talent landscape which shows that 5.74% disabled employees and 63.09% female employees are employed.



42.52% of all amounts in Unclaimed Benefits paid (excluding interest)

The Annual Financial Statements in Part E substantiate the under-expenditure amounts.

The main drivers for the under expenditure were:

- 52 vacant positions.
- Leases due to delays in the establishment and relocations.
- The delay in the appointment of a service provider for the provision of x-ray machines and walk-through metal detectors.
- Consulting, professional and computer services projects that were halted.

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 2021 / 2022

- Reduced payment turnaround time.
- Accurate and timely case management.
- Accurate contribution management.

TABLE 5: PERFORMANCE AGAINST PREDETERMINED OUTCOMES

Outcome	Output	Output Indicator	Audited actual performance 2019/2020	Audited actual performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Reduced payment turnaround time	Client satisfaction	9. % client satisfaction levels	91.6% client satisfaction levels	32.62% client satisfaction levels	90% client satisfaction levels	81.25% client satisfaction levels	Target missed by 8.75%	The client satisfaction levels dropped in Q2. This is because it was initial stages of the GPAA doing Virtual Outreach Programmes. There were no tools yet to rate the members' client satisfaction levels online. Secondly, due to COVID-19 restrictions, the Mobile Offices were not operational in the winter months
	Calls answered	10. % of calls answered versus calls offered	New measure	58.27% of calls answered versus calls offered	65% of calls answered versus calls offered	45.90% of calls answered versus calls offered	Target missed by 19.10%	Human Resource constraints to meet the high call demands
Accurate and timely case management	NT members admitted	11. % of NT members admitted within 14 days	99.98% of NT members admitted within 14 days	99.96% of NT members admitted within 21 days	97% of NT members admitted within 14 days	98.82% of NT members admitted within 14 days	Target exceeded by 1.82%	Set daily targets and constant monitoring
	GEPF members admitted	12. % GEPF members admitted within 14 days	100% GEPF members admitted within 14 days	100% GEPF members admitted within 14 days	97% GEPF members admitted within 14 days	100% GEPF members admitted within 14 days	Target exceeded by 3%	Set daily targets and constant monitoring
Accurate contribution management	GEPF contributions received and reconciled	13. % of GEPF contributions received and reconciled by the 22nd of the month	99.51% 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	97% 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	Target exceeded by 2.98%	Constant follow-up and timeous reconciliation of contributions

Outcome	Output	Output Indicator	Audited actual performance 2019/2020	Audited actual performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Accurate and timely case management	NT pensioner records maintained	14. % of NT pensioner records maintained within 21 days	99.55% of NT pensioner records maintained	99.36% of NT clients records maintained within 21 days	99% of NT clients records maintained within 21 days	99.82% of NT clients records maintained within 21 days	Target exceeded by 0.82%	Set daily targets and constant monitoring
	NT suspended pensioners (foreign or manual) reinstated	15. % of NT suspended pensioners (foreign or manual) reinstated within 21 days after receipt of Life Certificates	100% of NT suspended pensioners (foreign or manual) reinstated after receipt of Life Certificates	93.33% of NT suspended pensioners (foreign or manual) reinstated within 21 days after receipt of Life Certificates	99% of NT suspended pensioners (foreign or manual) reinstated within 21 days after receipt of Life Certificates	99.56% of NT suspended pensioners (foreign or manual) reinstated within 21 days after receipt of Life Certificates	Target exceeded by 0.65%	Set daily targets and constant monitoring
	NT membership certificates issued	16. % of NT membership certificates issued within 30 days of admission	99.70% of NT membership certificates issued within 30 days of admission	99.61% of NT membership certificates issued within 30 days of admission	99% of NT membership certificates issued within 30 days of admission	99.90% of NT membership certificates issued within 30 days of admission	Target exceeded by 0.90%	Set daily targets and constant monitoring

Outcome	Output	Output Indicator	Audited actual performance 2019/2020	Audited actual performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Reduced payment turnaround time	NT Death Benefits paid	17. % of NT Death Benefits paid within 60 days after duly completed documents were received	90.30% of NT Death Benefits paid within 60 days after duly completed documents were received	86.69% of NT Death Benefits paid within 60 days after duly completed documents were received	85% of NT Death Benefits paid within 60 days after duly completed documents were received	93.58% of NT Death Benefits paid within 60 days after duly completed documents were received	Target exceeded by 8.58%	Set daily targets and constant monitoring
	GEPF benefits paid	18. % GEPF benefits paid within 45 days, excluding Death Benefits	81.17% GEPF benefits paid within 45 days, excluding Death Benefits	61.41% GEPF benefits paid within 45 days, excluding Death Benefits	86% GEPF benefits paid within 45 days, excluding Death Benefits	76.52% GEPF benefits paid within 45 days, excluding Death Benefits	Target missed by 9.48%	Target was missed due to the large number of claims received late from employer departments, and the management of resources under strict COVID – 19 regulations which impacted on productivity.
		19. % of NT benefits paid within 20 days, excluding Death Benefits	99.98% of NT benefits paid within 20 days	99.97% of NT benefits paid within 20 days, excluding Death Benefits	88% of NT benefits paid within 20 days, excluding Death Benefits	99.98% of NT benefits paid within 20 days, excluding Death Benefits	Target exceeded by 11.98%	Set daily targets and constant monitoring
		20. % of visitors serviced versus number of visitors	New measure	99.85% of visitors serviced versus number of visitors	92% of visitors serviced versus number of visitors	99.86% of visitors serviced versus number of visitors	Target exceeded by 7.86%	The effectiveness of the QMS which ensured that all visitors are served timeously
Accurate and timely case management	GEPF Death Benefits paid	21. % of GEPF Death Benefits paid within 60 days after duly completed documents were received	New measure	23.24% of GEPF Death Benefits paid within 60 days after duly completed documents were received	55% of GEPF Death Benefits paid within 60 days after duly completed documents were received	28.69% of GEPF Death Benefits paid within 60 days after duly completed documents were received	Target missed by 26.31%	Target missed due to delayed receipt of death claims and supporting information from various quarters.

Outcome	Output	Output Indicator	Audited actual performance 2019/2020	Audited actual performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Accurate contribution management	TEPF contributions received and reconciled	22. % of TEPF contributions received and reconciled by the 22nd of the month	New measure	New measure	97% of TEPF contributions received and reconciled by the 22nd of the month	131.09% of TEPF contributions received and reconciled by the 22nd of the month (excess relates to the surplus on contributions received; to be refunded to employers)	Target exceeded by 34.09%	Constant follow-up and timeous reconciliation of contributions, as well as over contribution by employer to be refunded.
	AIPF contributions received and reconciled	23. % of AIPF contributions received and reconciled by the 22nd of the month	New measure	New measure	97% of AIPF contributions received and reconciled by the 22nd of the month	99.23% of AIPF contributions received and reconciled by the 22nd of the month	Target exceeded by 2.23%	Constant follow-up and timeous reconciliation of contributions
Reduced payment turnaround time	AIPF benefits paid	24. % of AIPF benefits paid within a set period (20 days) of receipt of duly completed documentation	New measure	New measure	87% of AIPF benefits paid within a set period (20 days) of receipt of duly completed documentation	16.16% of AIPF benefits paid within a set period (20 days) of receipt of duly completed documentation	Target missed by 70.84%	The legislative requirement in respect of the payment of benefits is to effect payment within 60 days. The target will be reviewed and aligned to the legislative requirement.
	TEPF benefits paid	25. % of TEPF benefits paid within a set period (20 days) of receipt of duly completed documentation (excluding death)	New measure	New measure	87% of TEPF benefits paid within a set period (20 days) of receipt of duly completed documentation (excluding death)	11.11% of TEPF benefits paid within a set period (20 days) of receipt of duly completed documentation (excluding death)	Target missed by 75.89%	The legislative requirement in respect of the payment of benefits is payment within 60 days. The target will be reviewed and aligned to the legislative requirement..

Strategies to overcome areas of under-performance:

Table 6 and 7 provide an indication of the strategies employed by the organisation to overcome the challenges that led to non-achievement of specific targets for the Reduced Payment Turnaround Time and the Accurate and Timely Case Management outcomes respectively.

TABLE 6: OUTCOME-REDUCE PAYMENT TURNAROUND TIME

Output	Output Indicator	Strategies to Overcome
Customer Satisfaction	% client satisfaction levels	<ul style="list-style-type: none"> o Outreach programmes such as Human Resource and Finance forums, Retirement Member Campaign and Roadshows that were excluded as a result of COVID-19 pandemic, will be measured again to reflect the holistic client satisfaction levels. o The services offered through the Mobile Offices that were affected by COVID-19, will be rated and included in the Client Satisfaction Index. o Continuous training on product knowledge and soft skills will be offered to enhance member experience. o Improve processes to address backlog cases and bottlenecks that hinder timeous payment of claims. o The Host Multichannel Contact Centre project will be implemented with the aim of providing the GPAA with real-time data on customer satisfaction levels. This creates a platform to timeously address and attend to areas of customer dissatisfaction.
Calls answered	% of calls answered versus calls offered	<ul style="list-style-type: none"> o Sourcing of additional human resources to capacitate the Call Centre to ensure that all calls are answered promptly.
GEPF benefits paid	% GEPF benefits paid within 45 days, excluding Death Benefits	<ul style="list-style-type: none"> o The GPAA has embarked on process optimisation which will result in system automation of the benefits payment processes. The system automation process will be linked to third party systems such as the Department of Home Affairs for the verification and authentication of each case prior to payment. This process will eliminate the manual process currently utilised internally, which leads to delays. o In respect to the payment of Death Benefits the GEPF has established a Death Benefit payment task team to benchmark processes and turnaround times to inform process and other changes.

TABLE 7: OUTCOME- ACCURATE AND TIMELY CASE MANAGEMENT

Output	Output Indicator	Strategies to Overcome
GEPP Death Benefits paid	% of GEPP Death Benefits paid within 60 days after duly completed documents were received	<ul style="list-style-type: none"> o The GPAA has embarked on process optimisation which will result into system automation of the benefits payment processes. The system automation process will be linked to third party system such as the Department of Home Affairs for verification and authentication of each case prior to payment. This process will eliminate the manual process currently utilised internally, which leads to delays. o In respect to payment of Death Benefits the GEPP has established a Death Benefit payment task team to benchmark processes and turnaround times to inform process and other changes.
AIPF benefits paid	% of AIPF benefits paid within a set period (20 days) of receipt of duly completed documentation.	<ul style="list-style-type: none"> o The legislative requirement in respect of the payment of benefits is to effect payment within 60 days. The target will be reviewed and aligned to the legislative requirement.
TEPF benefits paid	% of TEPF benefits paid within a set period (20 days) of receipt of duly completed documentation (excluding death)	<ul style="list-style-type: none"> o The legislative requirement in respect of the payment of benefits is to effect payment within 60 days. The target will be reviewed and aligned to the legislative requirement.

Linking performance with budgets

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

TABLE 8: LINKING PERFORMANCE WITH BUDGET

Programme 2: BENEFITS ADMINISTRATION	2020/2021			2021/2022		
	Final	Actual	(Over)/	Final	Actual	(Over)/
	appropriation	Expenditure	Under expenditure	Appropriation	expenditure	Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	378,470	316,971	61,499	378,777	342,506	36,270

The above is the 2021/2022 budget which assisted Programme 2 to deliver on its mandate and the output indicators. As can be seen from the indicators, the bulk of the expenditure incurred relates to personnel and other operational costs. Please refer to the Annual Financial Statements for more details.

The expenditure of R342.5 million contributed to the GPAA achieving 11 out of the 17 outputs for Programme 2. The major achievements are as follows:

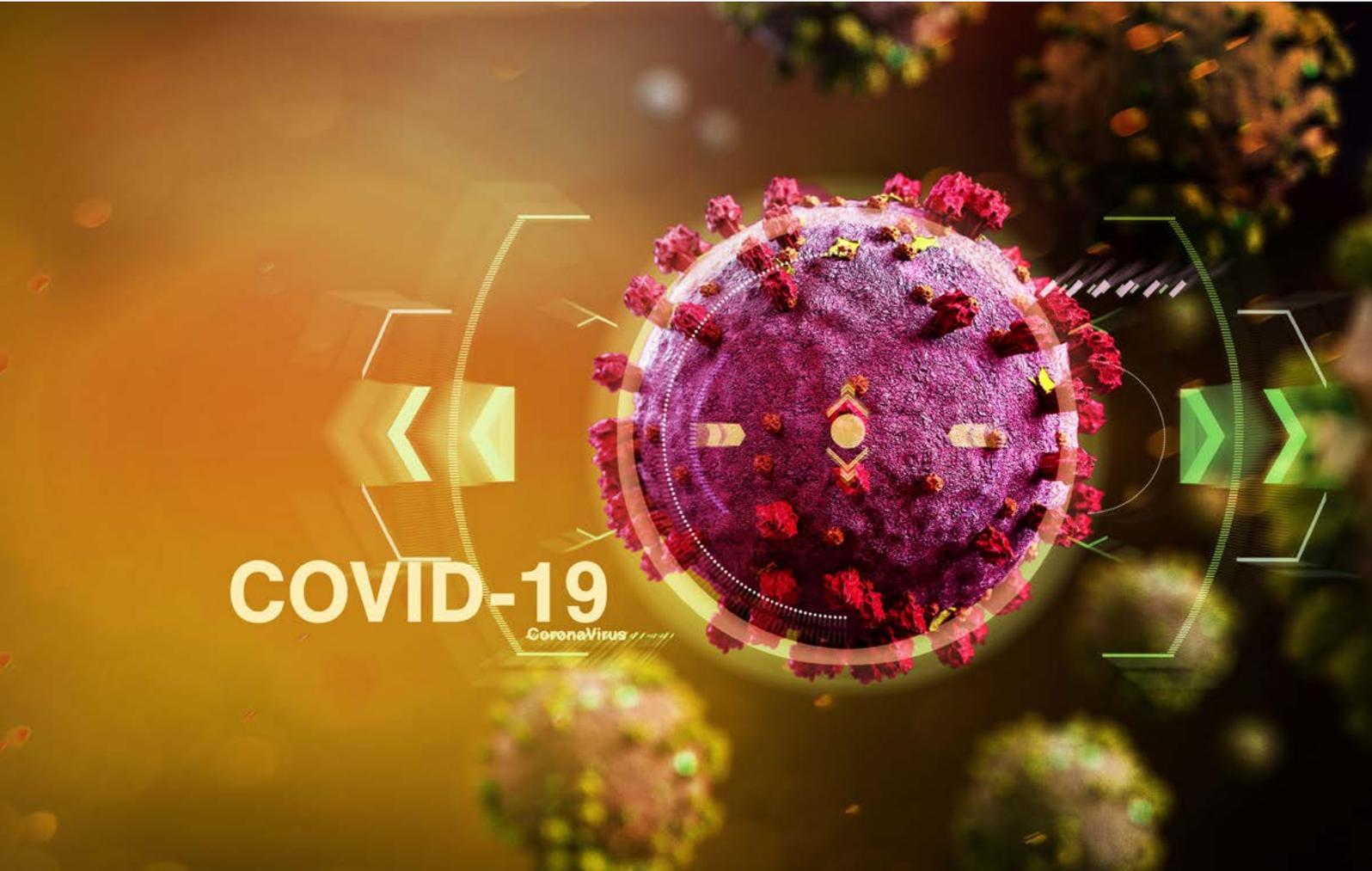
- 99.98% of all National Treasury benefits were paid on time.
- 93.58% of National Treasury's Death Benefits were paid on time.
- An average of 99.98% of GEPP contributions, 131.09% of TEPF contributions and 99.23% of AIPF contributions were reconciled on time.

- An average of 99.86% of all visitors received a service in the Walk in Centres.
- On average, 98.82% of National Treasury members and 100% of GEPF members were admitted into the pension funds within 14 days.
- 99.90% of National Treasury funds' membership certificates were issued within 30 days of admission.

The Annual Financial Statements in Part E substantiate the under-expenditure amounts.

The main drivers for the under expenditure were:

- 58 vacant positions.
- Consulting, professional and computer services projects that were halted.



COVID-19
CoronaVirus

5. INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

This section presents the GPAA's interventions in response to the COVID-19 pandemic.

TABLE 9: PROGRESS ON INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

Programme / Sub-Programme	Intervention	Geographic location	No. of beneficiaries	Disaggregation of Beneficiaries	Total budget allocation per intervention (R'000)	Budget spent per intervention (R'000)	Contribution to the Outputs/ outcomes in the APP	Immediate outcomes
Sub-Programme 2.4	PPE	Head Office and Regional Offices	1 081 PPEs in stores on a requisition system	Programme 1 Programme 2	R6 928 The allocation was part of the store's consumables budget	R856	Outcome 1 - Optimal Support	Safe working environment. Reduced COVID-19 infections.
Sub-Programme 2.4	Awareness and inspection	Head Office and Regional Offices	1 081	Programme 1 Programme 2	R40 COVID-19 Budget	R39	Outcome 1 - Optimal Support	Safe working environment. Client safety.
Sub-Programme 2.4	Deep cleaning after infections as part of the cleaning budget	Head Office and Regional Offices	78 events	Head Office and 17 Regional Offices	R8 651 The allocation was part of the total cleaning budget for the GPAA	R1 899	Outcome 1 - Optimal Support	Safe working environment. Reduced COVID-19 infections.
Sub-Programme 1.1 Human Resources	Mass testing of employee in high risk areas	Head Office and Regional Offices	1 081	Two mass group tests involving Block C Head Office and cleaning personnel	R105 COVID-19 Budget	R32	Outcome 2 – Capable and reliable administration system	Reduced COVID-19 infections. Ability of staff to function
Sub-Programme 2.3 ICT	Data cost for remote working	Head Office and Regional Offices	1 300	Programme 1 Programme 2 Contractors & Consultants	R8 106 The allocation was part of the COVID-19 and ICT budgets	R8 111	Outcome 2 – Capable and reliable administration system	Ability of staff to function remotely with good Recovery Time Objectives

Business Continuity for the COVID-19 period March 2020 - March 2022 was managed through Risk Level Infection Restriction and Recovery plans. At the start of the 2021/2022 financial year, no GPAA employee, permanent or contract, was incapable of working, either from home or at the office. This was due to directives passed that employees without the capability of working remotely, or whose position does not allow, should work from the office. Each supervisor had a work-from-home performance contract with their direct reports.

The interventions budgeted for in the financial year under review 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. The deep cleaning cost for the year was R1.899 million for about 78 infection occurrences at the Head Office and Regional Offices. The total cleaning budget was R8.65 million. The COVID-19 test interventions were undertaken for business areas that were established as outliers with infections. Mass testing to the value of about R32 000 was conducted, with a budget of R105 000. The total COVID-19 intervention budget amounted to about R11.75 million with an actual expenditure of about R10.9 million.

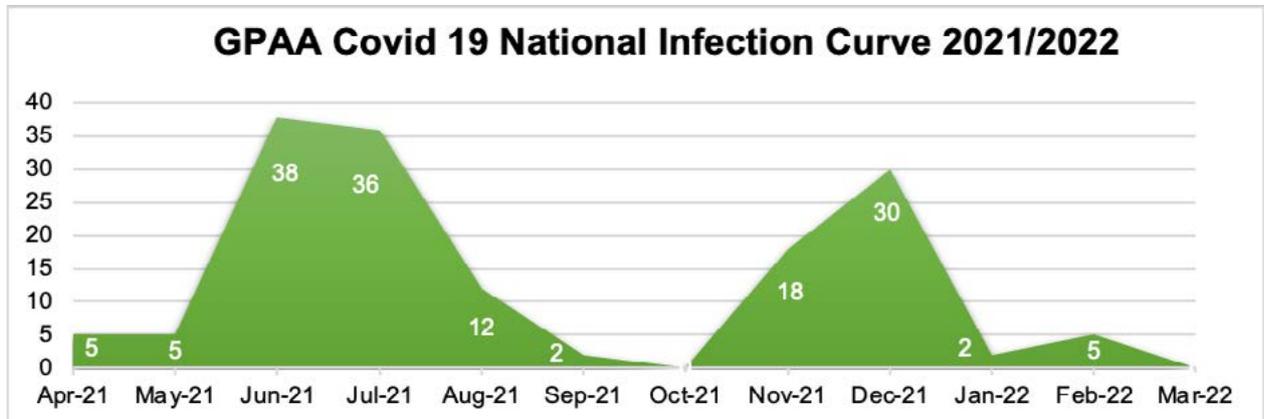
To ensure that infections could be curbed, the GPAA isolated areas where infections were detected. Such areas were isolated and deep cleaned on the same day when possible, so that business could continue not later than eight hours after the cleaning process was completed. This was done in compliance to the National Institute for Communicable Diseases (NICD), the Department of Health (DoH) regulations, and the GPAA Infection Containment Plans which were amended whenever the DPSA issued new directives.

The upgrade to ICT 3G networks, the replacement of desktops with laptops, and the increased bandwidth for access on the Virtual Private Network allowed for seamless connectivity for employees working from remote locations. The remote locations included the GEPF offices, other departments, private homes, parking lots and malls under gazebos to service clients. Throughout the 2021/2022 financial year, the GPAA's Regional Offices in all provinces remained open, except for the hours when deep cleaning took place in the event of an office infection.

The GPAA EXCO and the Safety Health Environment Risk and Quality (SHERQ) Committee worked together to ensure a safe working environment at a 100% production with a minimum of 30% of employees in the office and 70% of employees working remotely. This varied through the 3rd wave from 30% of employees in the office and 70% working remotely to 50% of employees working at the office and 50% worked remotely during the 4th wave. During non-critical times, the ratio varied between 75% and 100% capacity at the office.

During the year under review, the GPAA went through several iterations in terms of the percentage of employees working remotely. This depended on the National Infection rate and the Risk Levels as announced by the President. The GPAA complied with each of the DPSA directives that were issued with regard to the COVID-19 pandemic. Fortunately, the GPAA had no reported employee fatalities due to COVID-19 during the year under review. There were only two hospital cases and a total of 153 positive cases with a 100% recovery rate. These figures depict the 3rd and 4th wave National Infection rate for the 1 081 employees, including contractors.

Figure 3 - GPAA National COVID-19 infection curve



The GPAA took advantage of the Department of Public Service and Administration (DPSA) and Government Employees Medical Scheme (GEMS) vaccination schemes. As a result, the GPAA hosted three vaccination open days where about 171 people were vaccinated by 15 December 2021. The rest of the vaccinations of employees took place at designated vaccination centres through the Government Vaccine Registration Programme. By implication, the vaccination success rate at the GPAA can be compared with the National vaccination statistics. The actual vaccination ratio at the GPAA is not known due to the confidentiality factor on health and vaccination status.

Furthermore, through the Change Management, Internal Communication and the Employees Health and Wellness units the GPAA conducted about 40 COVID-19 vaccination awareness campaigns for employees. The Compliance Officer, Business Continuity and SHERQ Committees were actively involved in the COVID-19 Prevention Plans that were approved for implementation by EXCO and the ACEO.



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 **R8.711 million** which included PPEs on store stock to the value of **R 856 000**

6. REVENUE COLLECTION

The GPAA earns its revenue on a cost recovery basis with the GEPP and National Treasury contributing 93% and 7% respectively. Table 10 provides an indication of the revenue collected for the financial year under review.

TABLE 10: REVENUE COLLECTION

Sources of revenue	2020/2021			2021/2022		
	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 of public sector pension funds administration	1 156 733	1 003 592	153 141	1 073 232	980 925	92 307
Total	1 156 733	1 003 592	153 141	1 073 232	980 925	92 307

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

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

7. CAPITAL INVESTMENT

Table 11 presents the expenditure on Capital Investments in relation to ICT services within the GPAA.

TABLE 11: CAPITAL EXPENDITURE

Infrastructure projects	2020/2021			2021/2022		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Business as Usual (BAU)	73 540	110 090	(36 550)	73 500	131 151	(57 651)
Total	73 540	110 090	(36 550)	73 500	131 151	(57 651)

The spending increased over the two financial years, whilst the budget remained unchanged; hence the over-spending. The GPAA has Computer Software and Licenses that are renewed annually, and the costs increase with every renewal. The contracts and their increases were not included in the budget for the financial year under review.

PART C: GOVERNANCE



1. INTRODUCTION

The GPAA is committed to adhering to the highest standards of governance in the management of public resources. As a result, the organisation has put systems in place to ensure effective risk management, anti-corruption and fraud prevention, minimal conflict of interest, adherence to the Public Service Code of Conduct and proper internal auditing. This section discusses the frameworks and policies that are the fundamental pillars of the GPAA's corporate governance arrangements and are developed and implemented in accordance with the relevant legislative frameworks.

2. INTERNAL AUDIT

The Internal Audit (IA) function assists the Accounting Officer to achieve the strategic outcomes of the GPAA by evaluating and developing recommendations for the improvement of business processes. The unit also performs internal control functions to ensure that there are controls in the organisation. In doing so, IA follows a risk-based Internal Audit Plan which is approved by the Audit Committee.

3. RISK MANAGEMENT

The GPAA has an approved Risk Management Policy in place which directs the organisation in relation to the structures, processes and standards that must be implemented to manage risks in the organisation. The organisation also has a Risk Management Strategy that is supported by a Risk Implementation Plan which outlines the nature and frequency of the risk assessments that are conducted. For the year under review risk assessments were conducted for operations, business continuity, Modernisation Programme and strategic risks.

The GPAA has a Risk Management Committee that comprises of EXCO as well as an independent chairperson and member to oversee and advise management on the overall system of risk management, mitigation of risks, and the evaluation of the effectiveness of the implementation of the Fraud Prevention Policy.

Furthermore, the GPAA has an Audit Committee that provides an independent oversight role and monitors the effectiveness of the system of risk management. The risk management process takes into account the Strategic Plan and Annual Performance Plans (APP) to ensure that it provides a vehicle for improvement in organisational performance. The GPAA presented the Combined Assurance Model, and it was adopted by the Audit Committee.

Risk Management Committee members and number of meetings held

Committee	No. of meetings held	No. of members	Name of members
Risk Management Committee	4	19	Anna Badimo Brandon Furstenburg Shahid Khan Mongezi Mngqibisa Jay Morar Effort Kgosiemang Esti de Witt Mervin Kemp Sefiso Khumalo Meiring Coetsee Kedibone Madiehe Nancy Lekhuleni Clifford Ferguson Phumzile P. Mda Leon Nieuwoudt Mmapula Sennelo Sanele Masiza Lerato Kgoele Kobus Reyneke

4. FRAUD AND CORRUPTION

The GPAA has an approved Fraud Prevention Plan that covers a period of three (3) years as per the directive of Treasury Regulation 29.1.1(e). This plan aims at ensuring that employees and management act legally, ethically and in the public interest.

During the year under review, as directed by the Fraud Prevention Plan and the Fraud Prevention Strategy, the following governance documents were reviewed and recommended for approval with the view of enhancing the approved plan:

- Forensic Investigation Methodology,
- Fraud Response Plan,
- Whistle Blowing Policy,
- Anti-corruption Policy.

The approved Fraud Prevention Plan includes various action plans which were implemented during the period under review. This includes, amongst others, anti-fraud and corruption awareness, fraud risk reviews on prone areas and the conducting of data extraction and analysis through the use of a detection tool for fraud detection and prevention.

4.1 Mechanism in place to report fraud and corruption and how these operate

The GPAA has an approved Whistle Blowing Policy which affords employees, members and the general public protected disclosure under the Protected Disclosure Act, as amended. Furthermore, the organisation has a whistle blowing hotline (Vuvuzela Hotline) which is managed by an independent service provider. Incidents of fraud, corruption and/or irregularities can be reported by the public or by members using any of the following mechanisms:

The GPAA's dedicated fraud hotline contact details:

- Hotline: 0800 203 900
- SMS facility: 30916
- Email: gepf@thehotline.co.za
- Web based reporting: www.thehotline.co.za
- Walk-Ins – GPAA Head Office/Regions

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 also has internal investigation capacity to investigate fraud-related matters. 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. Suspected cases of misconduct against employees are referred to the Labour Relations unit for disciplinary action.

4.2 How these cases are reported and what action is taken

Incidents of fraud or corruption and/or irregularities are reported by the public or by members and/or service providers using the fraud hotline and/or at Walk-in Centres.

Where the need for an investigation arises, possible actions to the matters raised include:

- Internal investigation;
- Referral to relevant external law enforcement agencies; or
- Investigation by approved outsourced external service providers.

All investigations conducted within the GPAA are done in accordance with acceptable practices and within legal parameters. All investigations are done in compliance with the existing Investigation Methodology.

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

5. MINIMISING CONFLICT OF INTEREST

All Supply Chain Management (SCM) Practitioners are required to complete an e-Disclosure regarding financial disclosures. In addition, as part of the SCM Standard

Operating Procedure (SOP), all practitioners are required to, along with 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.

All 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 concerned.

6. CODE OF CONDUCT

Integrity Management plays a very important role in dealing with issues of ethics and corruption in the public sector in general, and in the GPAA in particular. The GPAA regards the Code of Conduct and Ethics as an important pillar in the establishment of good governance and ethical conduct. Ethics and the Code of Conduct are critical components in developing an ethical culture. Mechanisms and systems are in place to monitor adherence and compliance to the Public Service Code and Service Charter.

To date, the following have been done:

- Declaration of interests through the DPSA's Disclosure system and verification were done during the year under review.
- 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 and granted to officials by the Acting Chief Executive Officer (ACEO) to do Remunerative Work outside the Public Service (RWOPS) in terms of the Public Service Regulations 2016 (PSR, 2016).

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

- Identified breaches of the GPAA's Code of Conduct 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. The Human Resource unit keeps the registers of misconduct and disciplinary actions taken. They are reported in Part D of this Annual Report. The numbers and outcome of cases are shared with all employees.
- Employee empowerment was achieved through training and awareness, which is an ongoing process.

7. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The GPAA complied with the Occupational Health and Safety Act 85 of 1993 and the respective amendments during the COVID-19 disaster. The Accounting Officer (16.1 representative) appointed a Compliance Officer as the 16.2 delegate as the Act prescribes. The Compliance Officer fulfilled the role of 16.2 delegate for the disaster period, March 2020 to March 2022.

A Safety, Health, Environment, Risk and Quality (SHERQ) Committee was appointed as the custodian of health and safety in the GPAA. This committee is constituted by the following representatives:

- COVID-19 Compliance Officer
- Secretariat
- Strategy unit
- Programme 1
- Programme 2
- Human Resource unit
- Health and Wellness unit
- Change Management unit
- Communications unit
- NEHAWU labour union
- PSA labour union

The SHERQ committee scheduled weekly meetings throughout the disaster period. To date, the GPAA has 75 certified Fire Control Practitioners, 75 First Aid Practitioners and 75 Evacuation Marshalls.

Evacuation drills were carried out at each of the 17 Regional Offices located in the nine provinces across the country and each of these offices has a SHERQ representative.

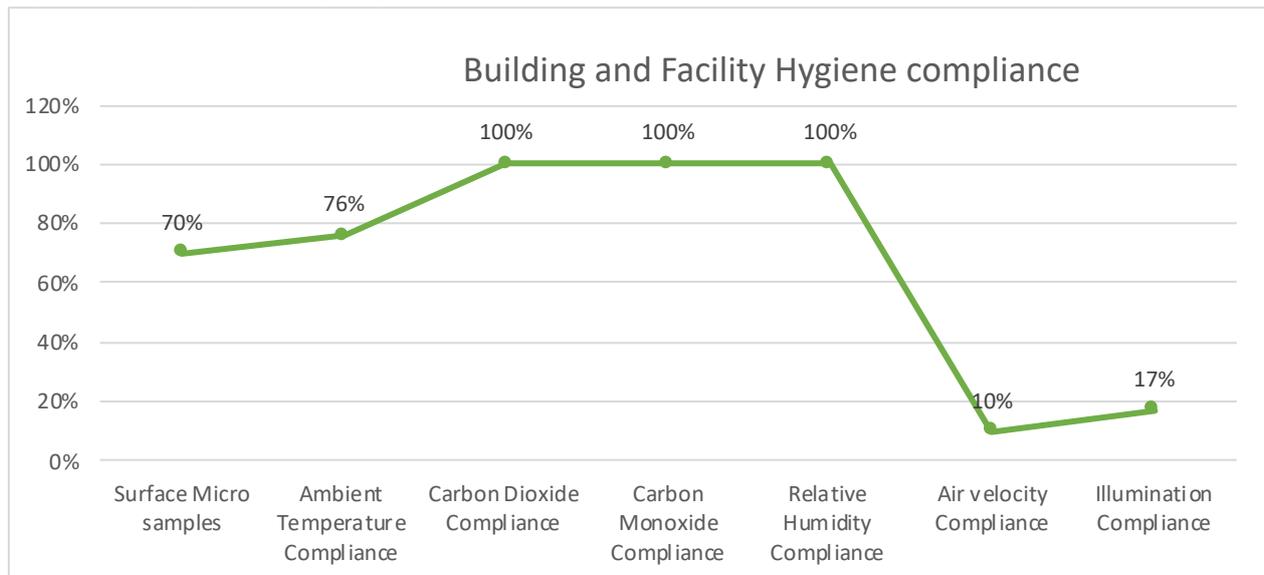
The GPAA further contracted CSE Centurion, the authority for Occupational Hygiene, to do an independent inspection of the Trevenna and the GPAA Head Office buildings. The Hygienist's OHS reports were received in May 2021. The inspection included lighting, ventilation, extraction, ambient temperatures as well as office and building hygiene. As in any report, the GPAA had areas of excellent compliance and areas that required improvement as shown in Figure 3.

The fluorescent lights had lost much of their quality and the GPAA and the Department of Public Works worked together to ensure that the illumination non-compliance was resolved by the end of 2021.

Ventilation during COVID-19 was questioned and tested. Although the GPAA has no mechanical ventilation, the levels of Carbon Dioxide and Monoxide remain very low, meaning overall the GPAA has no problem with the amount of fresh air in the buildings.

Furthermore, twenty (20) microbiological strategically identified samples were taken in various kitchen and ablution areas. 70% of the surface samples qualified as compliant with National Health Standards. The areas of hygiene non-compliance have since been addressed to ensure a healthy environment.

Figure 4 - Building and Facility Hygiene Compliance



8. INTERNAL AUDIT AND THE AUDIT COMMITTEE

8.1 The Internal Audit (IA) unit

Internal Audit Objectives 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 to ensure sufficient knowledge, skills, experience and professional certification to meet the requirements of the organisation and its charter.
- Report quarterly to the AC and Management with a summary of the results of the audit activities, detailing its performance against the Annual Internal Audit Plan, to allow effective monitoring and possible intervention.
- Keep the AC informed of emerging trends and successful practices in Internal Auditing.
- Co-ordinate with other internal and external providers of assurance to ensure proper coverage and to minimise a duplication of efforts in terms of Section 3.2.10 of the Treasury Regulations.
- Establish a quality assurance programme by which the Chief Audit Executive (CAE) can ensure compliance to the auditing standards.

8.2 Summary of audit work done

Type	Total Planned Audits	Total No (%) Completed	Total No (%) Not Completed
Assurance reviews 2021/2022			
Regularity Audit	14	100%	0
Performance Audit	3	100%	0
Information Technology Audit	7	100%	0
Total	24	100%	0%

Type	Total Planned Audits	Total No (%) Completed	Total No (%) Not Completed
Follow-up reviews 2021/2022			
Regularity Audit	4	4	0
Performance Audit	4	4	0
Information Technology Audit	4	4	0
Total	12	100%	0%

Consulting Projects 2021/2022	Requested	Completed
Ad-hoc Audits	1	1
SCM: Tender evaluations observation	6	6
Total	7	7 (100%)

8.3 The Audit Committee

Audit Committee Objectives

To review the adequacy and effectiveness of the actions taken by the various parties in discharging their 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 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 the 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 also 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 the adequacy of Internal Audit processes.
- The committee reviews any issues that may be brought forward by the CAE, including any difficulties encountered by the Internal Audit function such as the audit scope, access to information and staffing restrictions.
- The committee ensures the effectiveness of the coordination between the internal audit and the external audit function.

Attendance of Audit Committee meetings by Audit Committee members

Name	Qualifications	Internal or external	If internal, position in the GPAA	Position in the Committee	Date appointed	Date resigned/ End of contract	Number of meetings attended
Ms. P Mzizi	CA (SA), B. Compt (Hons), CTA (Hons), B. Com (Hons) in Transport Economics B.Bus.Sci in Finance	External	None	Chairperson	01 October 2019	N/A	13 of 13
Mr. B Furstenburg	MSc Financial Management, M Com Economics, B Com Hons, B Com and FAIS exams: RE1, RE3, RE5	External	None	Member	01 June 2016	30 April 2022	13 of 13
Mr. F Sinthumule	Diploma in State Finance and Auditing, B Com, MBA with special project in PFMA	External	None	Member	01 July 2019	N/A	12 of 13
*Ms. A Badimo	B.Sc Computer Science, B.Sc Hons Computer Science, MBA, M.Sc, CISM, CGEIT, CISA, CRISC, Cobol Programming Diploma, PMP, Cert. IT Auditing, COBIT 5 - ITIL Foundation, Certified ISO 22301 Lead Implementer, CBE, F. Inst D (IoDSA)	External	None	Member	01 July 2015	30 June 2021	3 of 13

* The member's contract ended and there were subsequent meetings beyond the end of her contract.

9. COMPLIANCE WITH THE LAW

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. The GPAA has to adhere to the Government Employees Pension (GEP) Law, 1996, the National Treasury prescripts and the Public Finance Management Act (PFMA) which form the legislative framework for the payment of pensions. It has to comply with various legislation governing National Treasury pension benefits and other associated Funds, as outlined in paragraph 8(2) (c) (i) – (v) of Proclamation No.10 of 26 March 2010. In addition, the GPAA has to comply with all applicable laws within the Republic of South Africa.

The GPAA has developed and reviewed a compliance framework and various internal policies. It monitors compliance with various applicable laws through legal compliance processes. Policies have been developed to further enhance 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.

10. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2022.

Audit Committee responsibility

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

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

The effectiveness of internal control

The system of internal control is designed to provide cost-effective assurance that assets are safeguarded, and that liabilities are effectively managed. As per the PFMA requirements, internal audit primarily and the Auditor-General of South Africa evaluate the internal controls of an organisation for adequacy and effectiveness. This is achieved by assessing the effectiveness of risk management and identifying corrective actions and enhancements to controls and internal processes. Based on these evaluations, the Audit Committee considers the internal control environment as requiring improvement.

Internal audit

The Audit Committee reviewed and approved the Annual Internal Audit Plan for 2021/22 and has monitored the performance of the internal audit against that plan on a quarterly basis. The Audit Committee has noted that the Internal Audit Plan was completed. The Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks specific to the GPAA in conducting the reviews.

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

- GEPF Service Level Agreement Report Q1, Q2, Q3 and Q4.
- GEPF Administration Report Q1, Q2, Q3 and Q4.
- Performance Information Report Q1, Q2, Q3 and Q4.
- Human Resources Recruitment and Terminations.
- Employee Benefits – Recalculations and Redistributions.
- Supply Chain Management.
- Employee Benefits - Special Projects (Clean Break).
- Debt Write Offs.
- Financial Statements.
- CRM Back Office.
- Legal and Compliance.
- Risk Management and Fraud.
- Strategy Management.
- ACCPAC.
- Business Continuity and DRP.
- Modernization (PCM/BCA).
- Modernization (Self Service).
- Security Management.
- Access Management.
- Cyber Security.
- Consulting.
- Walk in Centre.
- Year-end inventory count.

Based on the overall opinion expressed on the audits conducted and finalized for the 2021/2022 financial year, the internal control environment requires overall improvement. Management's intervention is required specifically on areas concluded as Inadequate and Unsatisfactory. The areas where the controls were found to be inadequate or unsatisfactory were Human Resources - Terminations, CRM: Back Office, Security Management, Modernisation (PCM/BPA), Modernisation (Self Service), and Walk-in-Centre.

Risk management

Management is responsible for the establishment and maintenance of an effective system of governance, risk management as well as the prevention and detection of fraud and internal controls. Internal Audit was guided by the consolidated risk profile, provided by the Enterprise Risk Management unit, the critical audit areas, and managements inputs in the formulation of its three-year strategic and the annual plans. GPAA has established a Risk Management Committee that is chaired by an independent chairperson. Four (4) quarterly meetings took place in line with its approved charter to consider and review the risk management policies and to provide oversight on the effectiveness of risk management within GPAA. A risk register

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

Compliance with laws and regulations

The Committee has reviewed the in-year management and quarterly reports submitted in terms of the Public Finance Management Act and is satisfied that no material deviations were noted. The Committee also noted the policies and procedures to ensure compliance with applicable laws and regulations that require some review. It has further taken note of the concerns regarding the organisation's non-compliance with some of the legislative requirements relating to procurement and contract management as reflected in the audit report.

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

Evaluation of Financial Statements

The Committee submits that it has:

- Reviewed the 2021/22 unaudited and audited Annual Financial Statements prepared by the organisation
- Reviewed the 2021/22 draft and final Annual Performance report.

Auditor-General's Report

The Audit Committee has met with the Auditor - General South Africa to discuss their audit report, to ensure that there are no unresolved issues. We have also reviewed the management responses to the audit issues raised in the AGSA management report and continuous oversight will be exercised to ensure that unresolved findings are adequately addressed.

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

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

Appreciation

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

Pumla Mzizi CA(SA)

Pumla Mzizi CA(SA)

Chairperson of the Audit Committee

31 August 2022

11. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards 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 licences, concessions or other authorisations in respect of economic activity in terms of any law?	n/a	
Developing and implementing a preferential procurement policy?	no	The GPAA has been implementing the PPR 2017, without having a separate policy to the SCM Policy, which is aligned to the PPR 2017
Determining the 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	

The GPAA underwent its first independent verification process to determine its B-BBEE status. The results were that the organisation is at Broad Based Contribution Level 7.

A photograph of a man with a friendly expression, wearing a light blue button-down shirt and tan trousers with a brown belt. He is gesturing with his right hand as if speaking in a meeting. The background is a bright, out-of-focus office space with large windows. A dark green horizontal band is overlaid on the bottom half of the image, containing the section title.

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 915 permanent positions filled and 110 vacancies. A total of 166 contract workers, additional to the structure, were appointed as at 31 March 2022.

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

The implementation of the Senior Management Services (SMS) job evaluation results was finalised, and compliance was achieved in line with the regulations.

2.2 Workforce planning 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. The organisation continued to manage the provision of Organisational Effectiveness and Change Management services. Furthermore, facilitations with regard to the implementation of the Organisational Structure, Job Descriptions and Evaluation processes are continuing.

2.3 Employee Performance Management

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

The GPAA, like all other organisations, suffered from the unfortunate effects of the COVID-19 pandemic. The Employee Health and Wellness (EHW) unit of the GPAA was an active participant in the COVID-19 pandemic containment efforts and in the Safety, Health, Environment, Risk, and Quality (SHERQ) Management compliance meetings and activities. The EHW unit duly supported the affected employees as well as employees with challenges other than COVID-19.

2.5 Training and Development

Reluctance to release employees to attend identified training resulted in the Human Resource Development (HRD) unit not reaching the set targets. There was a budget underspending and the skills gaps were not closed for the period under review.

3. HIGHLIGHTS AND ACHIEVEMENTS

- The general turnover rate of 4.1% in the GPAA is still lower than the norm in the industry, which is \pm 10%.
- Six (6) SMS positions were filled during the financial year under review and four (4) positions were advertised and recruitment processes are underway.
- Despite the challenges experienced due to technical issues and COVID-19, all SMS financial disclosures were submitted by the due date. The verification of the disclosures was also done and submitted timeously to the Public Service Commission (PSC). The verification of SMS disclosures against the database profiles was done by the Ethics Officers and a report was provided to the office of the ACEO before the due date.
- The GPAA, in conjunction with the DPSA, went through a tender process to appoint a new Health Risk Manager. The contracted service provider (Alexander Forbes) was appointed as Health Risk Manager for the period 1 January 2022 to 31 December 2024.
- Through several interventions, the average compliance rate for Leave verifications improved from 81.8% in Quarter 1 to 96.36% in Quarter 4.
- The GPAA managed to finalise the job evaluation and implementation process for SMS positions.
- The Job Evaluations for jobs on salary level 9 -12 were consulted with the DPSA as per the requirements of the regulations.
- An Experiential Learning Programme for twenty (20) learners was implemented. One (1) learner has since secured a permanent position and exited the programme.
- Twenty-nine (29) employees completed their qualifications through the Bursary Scheme.
- Thirteen (13) employees who participated in the Internship Programme were retained in various positions in the organisation.
- Talent Development (coaching) Programme in the Business Continuity environment was implemented, and four (4) employees benefited from the programme.

4. CHALLENGES

- Manual submission of documents to the Human Resource unit.
- The Compensation Commission has implemented a new Injury on Duty (IOD) system which is still not working effectively. This poses challenges to departments.
- Reluctance by different units to release employees to attend identified training.

5. FUTURE PLANS

- The automation of documents such as Leave forms.
- Finalisation of the recruitment process for the advertised level 13 to 15 positions.
- The registration and disclosures of employees on levels 9 and 10.
- The implementation of all job evaluation results for the GPAA.
- The implementation of salary level disparity results for the jobs that were dependent on job evaluation.
- Resubmission of the graded interim organisational structure to the Minister of Finance.
- The matter on reluctance to release staff members to attend training to be raised at relevant management structures, to find a solution.

6. HUMAN RESOURCES OVERSIGHT STATISTICS

6.1 Personnel cost by Programme

The following table summarises the final audited personnel related expenditure by Programme.

Table 6.1 Personnel expenditure by programme for the period 1 April 2021 to 31 March 2022

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure	Number of employees (including Learnerships/ Internships)	Average personnel cost per employee (R'000)
Business Enablement	364,253	53,826	15%	76	708
Client Relations Management	205,518	167,498	82%	194	413
Corporate Services	181,770	42,668	23%	106	410
Employee Benefits	86,215	85,478	99%	194	440
Financial Services	64,170	54,947	86%	121	473
Governance	42,332	30,417	72%	45	675
National Treasury Prog 2.1	49,461	47,567	96%	105	470
Strategic Support	51,805	29,281	57%	45	732
Total	1,045,524	511,682	49%	1100	473

6.2 Personnel cost by salary band

Table 6.2 Personnel costs by salary band for the period 1 April 2021 to 31 March 2022

Salary band	Personnel expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	Number of employees (including Learnerships/ Internships)	Average personnel cost per employee (R'000)
Top Management	3,778	1%	0	0
Senior Management	45,005	9%	38	1184
Professional qualified	168,129	33%	227	740
Skilled	263,320	51%	710	370
Semi-skilled	25,152	4.9%	81	310
Unskilled	6,027	1%	25	241
Internships	272	0.1%	19	14
Total	511,682	100%	1100	465

6.3 Performance rewards

As per 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 within the budget was made for performance rewards for the period 1 April 2021 to 31 March 2022.

Table 6.3 Performance rewards by salary band for the period 1 April 2021 to 31 March 2022

Salary band	Performance rewards	Personnel Expenditure (R'000)	% of Performance rewards to total personnel cost (R000)
Top Management	-	-	-
Senior Management	-	-	-
Professional qualified	-	-	-
Skilled	-	-	-
Semi-skilled	-	-	-
Unskilled	-	-	-
Total	-	-	-

6.4 Training costs

The following table presents the training costs by training programme

Table 6.4 Training costs for the period 1 April 2021 to 31 March 2022

Programme/ Category	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	Number of employees trained	Average training cost per employee (R'000)
Training Programmes (Employed)	R511 682	R2 275	0.44	501	R5
Training programmes (unemployed – experiential learners)		R18	0.00	20	R1
Bursaries (Employed)		R1 895	0.37	114	R17
Total		R4 188	0.82	635	R7

6.5 Employment and vacancies

The following tables provide a summary of employment and vacancies by Programme and by salary band.

Table 6.5 (a) Employment and vacancies by Programme as at 31 March 2022

Programme	2020/2021 Number of Employees	2021/2022 Approved Posts	2021/2022 Number of Employees	2021/2022 Vacancies	% of vacancies
Programme 1.1	102	116	99	17	14.6%
Programme 1.2	87	97	90	7	7.2%
Programme 1.3	63	72	64	8	11.1%
Programme 1.4	31	43	35	8	18.6%
Programme 1.5	38	51	39	12	23.5%
Programme 2.1	89	105	92	13	12.3%
Programme 2.2	160	177	167	10	5.6%
Programme 2.3	341	364	329	35	9.6%
Total	911	1025	915	110	10.7%

Table 6.5 (b) Employment and vacancies by salary band as at 31 March 2022

Salary Band	2020/2021 Number of Employees	2021/2022 Approved Posts	2021/2022 Number of Employees	2021/2022 Vacancies	% of vacancies
Top Management	0	4	0	4	100%
Senior Management	27	38	31	7	18.4%
Professional qualified	219	252	221	31	12.3%
Skilled	565	619	568	51	8.2%
Semi-skilled	75	81	71	10	12.3%
Unskilled	25	31	24	7	22.5%
Total	911	1025	915	110	10.7%

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

- Chief Risk Officer (CRO)
- General Manager: Management Support Services
- Senior Manager: Applications Management
- Senior Manager: Internal Audit
- Senior Manager: Programme 2.1 Operations
- Senior Manager: Project Management Office (PMO)

The following Executive Management positions were advertised and the shortlisted candidates were submitted to the Office of the Minister for consideration and interviews:

- Chief Executive Officer (CEO)
- Chief Operating Officer (COO)
- Chief Financial Officer (CFO)
- Deputy Director-General: (Head: Corporate Services).

The following SMS positions have been advertised and the recruitment process is underway:

- Senior Manager: Risk
- Senior Manager: Fraud & Forensic
- Senior Manager: Employer Government Liaison Services (EGLS)
- Senior Manager: Information Security (IS)

The recruitment process for the vacant SMS positions is underway. The goal is for the positions to be filled within twelve (12) months after they become vacant. The GPAA advertised 238 positions (contract and permanent), during the reporting period. All positions from level 1-12 are advertised internally first, to give suitable internal employees the opportunity to be appointed in the vacant positions.

6.6 Employment changes

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

Table 6.6 Annual turnover rates by salary band for the period 1 April 2021 to 31 March 2022

Salary band	Employment at beginning of period	Appointments and 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	27	6	2	31
Professional qualified	219	8	10	217
Skilled	565	25	18	572
Semi-skilled	75	2	6	71
Unskilled	25	1	2	24
Total	911	42	40	915

6.7 Reasons for staff turnover

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

Table 6.7 Reasons why staff left the department for the period 1 April 2021 to 31 March 2022

Reason	Number	% of total number of staff leaving
Death	2	5.2%
Resignation	15	39.4%
Expiry of contract	0	0%
Dismissal	3	2.6%
Retirement	14	36.8%
ill-health	1	2.6%
Other	5	13.1%
Total	40	

The main reasons for employees leaving the organisation are resignations and retirements. A process is in place to request approval to advertise the positions within six (6) months of them being vacant. Most of these positions have already been advertised.

6.8 Labour Relations

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

Table 6.8 Misconduct and disciplinary hearings finalised for the period 1 April 2021 to 31 March 2022

Nature of disciplinary hearings	Number
Verbal warning	0
Written warning	7
Final written warning	4
Dismissal	3
Total	14

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 2022

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	13	0	1	0	1	0	8	0
Professional qualified	91	0	4	1	5	0	8	0
Skilled	210	2	10	2	3	2	7	2
Semi-skilled	32	0	0	2	0	0	1	2
Unskilled	5	0	0	0	0	0	0	0
Total	351	2	15	5	9	2	24	4

Table 6.9 (b) Total number of female employees (including employees with disabilities) in each occupational category as at 31 March 2022

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	1	0	0	0	0	0	0
Senior Management	10	0	0	0	0	1	5	0
Professional qualified	81	0	7	1	4	1	27	0
Skilled	411	0	22	1	7	0	40	0
Semi-skilled	42	0	2	1	0	0	4	0
Unskilled	20	0	0	0	0	0	0	0
Total	564	1	31	3	11	2	76	0

Table 6.9 (c) Total number of disabled employees in each occupational category as on 31 March 2022

Levels	DISABLED EMPLOYEES			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	1
Senior Management	1	1	0	0
Professional qualified	3	0	10	0
Skilled	13	0	27	0
Semi-skilled	3	0	3	0
Unskilled	0	0	0	0
Total	20	1	40	0

Overall, targets have been exceeded in all categories. The targets not achieved in particular line items are minimal and relate to zero applicants within those particular categories. The top management positions are political appointments and such positions have not been filled yet.

In order to meet Employment Equity (EE) targets, efforts were made by the GPAA to fill senior management positions with a focus on female appointments. Unfortunately, no suitable candidates for people living with disabilities in the specified categories applied for the positions.

PART E: **ANNUAL** **FINANCIAL** **STATEMENTS**

for the year ended 31 March 2022



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DIGNIFIED, CARED
FOR, EMPOWERED
AND SATISFIED
MEMBERS,
PENSIONERS AND
BENEFICIARIES.



Accounting Officer's Statement of Responsibility

Statement of responsibility and confirmation of accuracy for the annual financial statements for the year ended 31 March 2022.

The Accounting Officer is responsible for the preparation of the GPAA's Annual Financial Statements and for the judgements made in the 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 to the integrity and reliability of the annual financial statements.

The Accounting Officer considered whether in preparing the financial statements they have used the most appropriate accounting policies, consistently applied, and supported by reasonable and prudent judgements and estimates. It is Accounting Officer's opinion that the annual financial statements fairly reflect the operations of the GPAA for the financial year ended 31 March 2022.

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

The external auditors are engaged to express an independent opinion on the annual financial statements of the GPAA. The GPAA's annual financial statements for the year ended 31 March 2022 have been audited by the external auditors and their report is presented herein.



Mr. Shahid Khan

Acting Chief Executive Officer (ACEO)

Government Pensions Administration Agency (GPAA)

31 August 2022

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 (GPAA) set out on pages 82 to 130 which comprise of the statement of financial position as at 31 March 2022, the statement of financial performance, the statement of changes in net assets, cash flow statement and the 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 GPAA as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practise (GRAP) and the requirements of the Public Finance Management Act (Act No.1 of 1999) (PFMA).

Basis 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 auditor-general's responsibilities 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.

Restatement of corresponding figures

7. As disclosed in note 23 to the financial statements, the corresponding figures for 31 March 2021 were restated as a result of an error in the financial statements of the government component at, and for the year ended 31 March 2022.

Irregular expenditure

8. As disclosed in note 19 to the financial statements, the government component incurred irregular expenditure of R43 291 000, as it did not follow applicable procurement legislation.

Responsibilities of the Accounting Officer for the financial statements

9. The Accounting Officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Generally Recognised Accounting Practise (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and for 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.
10. 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.

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

11. 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.
12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in the terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
14. My procedures address the usefulness and reliability of the reported performance information, which must be based on the government component's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the government component enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the government component's annual performance report for the year ended 31 March 2022:

Programme	Pages in the annual performance report
Programme 2 - Benefits Administrations	37 to 44

16. I performed procedures to determine whether the reported performance information was properly presented and whether the performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
17. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
 - Programme 2 - Benefits Administrations

Other matters

18. I draw attention to the matters below.

Achievement of planned targets

19. Refer to the annual performance report on pages 32 to 44 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

Report on the audit of compliance with legislation

Introduction and scope

20. In accordance with the Public Audit Act (PAA) and the general notice issued in the terms thereof, I have a responsibility to report material findings on the government component's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
21. The material findings on compliance with specific matters in key legislation are as follows:

Procurement and contract management

22. Tenders, which achieved the minimum qualifying score for functionality criteria were not evaluated further in accordance with the 2017 Preferential Procurement Regulation 5(7). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes followed for the cleaning tender awarded during the current year.
23. Invitation to tender for procurement of commodities designated for local content and production did not stipulate the minimum threshold for local production and content as required by the 2017 Procurement Regulation 8(2). This non-compliance was identified in the procurement processes for all designated sector commodities awarded during the current year.
24. Commodities designated for local content and production were procured from suppliers who did not submit a declaration on local production and content in accordance with paragraph 3.4 of the National Treasury Instruction Note 4 of 2015/2016. This non-compliance was identified in the procurement processes for all designated sector commodities awarded during the current year.
25. I was unable to obtain sufficient appropriate audit evidence that commodities designated for local content and production were procured from suppliers who met the prescribed minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(5). This limitation was identified in the procurement processes for all designated sector commodities awarded during the current year.
26. Some of the goods and services of a transaction value above R500 000 were procured without inviting competitive bids and deviations were approved by the Accounting Officer when it was practical to invite competitive bids, as required by Treasury Regulation 16A6.1 and paragraph 3.4.1 of Practice Note 8 of 2007/2008 and TR 16A6.4. This non-compliance was identified in the procurement processes for the Queue Management Solution tender in which the contracted terms that were entered into substantially differed from the advertised terms of reference.

Expenditure management

27. Payments were not made within 30 days or on the agreed period after receipt of an invoice, as required by treasury regulation 8.2.3. This relates to the outstanding balance on the government component's credit card.

Annual Financial Statement

28. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1) of the PFMA. Material misstatements of the commitments disclosure note identified by the auditors in the submitted financial statements were corrected resulting in the financial statements receiving an unqualified opinion.

Consequence management

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

Other information

30. The Accounting Officer is responsible for other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
31. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
32. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with 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.
33. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, 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

34. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with the applicable legislation. However, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
35. The Accounting Officer did not exercise adequate oversight and monitoring to ensure that the Supply Chain Management prescripts are followed in the procurement process of the government component. Material non-compliance with the applicable procurement prescripts similar to those identified in the prior year were also identified in the current year.
36. In some instances the Accounting Officer failed to conduct investigations related to irregular as well as fruitless and wasteful expenditure and we were unable to confirm whether disciplinary steps were undertaken during the year. The implemented controls were not adequate to ensure effective consequence management action that is required to resolve the identified non-compliances.
37. Management did not implement adequate review and monitoring controls to ensure that the financial statements submitted for auditing were prepared in accordance with the prescribed financial reporting framework, as required in terms of section 40(1) of the PFMA.
38. Management did not implement adequate review and monitoring controls to ensure that payments are made within 30 days of invoice in relation to an outstanding payment on a credit card used for travel management services. Proper records were not maintained as the related credit card transactions were not included in prior year financial statements.

Auditor General

Pretoria

31 July 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure: Auditor-General's responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the government component's internal control
 - Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accounting Officer
 - Conclude on the appropriateness of the Accounting Officer's 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 the events or conditions that may cast significant doubt on the ability of the Government Pensions Administration Agency 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 the 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

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

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Notes	2022	Restated 2021
		R'000	R'000
Non-Current Assets		259,667	320,572
Property, plant and equipment	3	139,076	165,887
Intangible assets	4	120,591	154,685
Current Assets		201,245	197,601
Inventory	5	1,918	1,302
Trade and other receivables from exchange transactions	6	121,553	118,582 ¹
Prepayments	7	8,616	12,741
Cash and cash equivalents	8	69,158	64,976
TOTAL ASSETS		460,912	518,173
Current Liabilities		157,918	153,151
Trade and other payables from exchange transactions	9	131,895	116,704 ¹
Operating lease liability	10	754	188
Provisions	11	25,269	36,259
TOTAL LIABILITIES		157,918	153,151
Net Assets		302,994	365,022
Accumulated surplus		302,994	365,022
TOTAL NET ASSETS AND LIABILITIES		460,912	518,173

1 Restated, refer to note 23

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 R'000	Restated 2021 R'000
Revenue from Exchange Transactions		983,496	1,006,165
Administration income	12.1	980,925	1,003,592 ¹
Other income	12.2	2,571	2,573
Expenses		1,045,524	1,032,531
Personnel remuneration	13	511,682	518,039
Travel and subsistence		12,912	4,396
Depreciation	3.1	39,281	39,344
Amortisation	4.1	97,969	95,412
Cleaning services		7,755	8,759
Maintenance and repairs		8,185	5,994
Operating leases		67,588	57,766
Professional services and consulting		120,110	100,724
Audit fees		7,027	3,560
Communication		58,507	50,489
Printing and stationery		22,954	10,770
Advertising		8,676	10,245
Computer services		62,841	111,056
Training and staff development		4,188	2,579
Municipal services		12,762	11,711 ¹
Other operating expenses		3,072	1,687
Assets write offs		15	-
Deficit for the year		(62,028)	(26,366)

¹ Restated, refer to note 23

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2022

Notes	Restated R'000
	Accumulated Surplus
Balance as at 01 April 2020	391,388
Deficit for the year	(26,366)
Balance as at 31 March 2021	365,022
Prior period error	-
Restated Balance as at 31 March 2021	365,022¹
Deficit for the year	(62,028)
Balance as at 31 March 2022	302,994

1 Restated, refer to note 23

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 R'000	Restated 2021 R'000
Cash flow from operating activities			
Cash generated from operations		78,148	93,960
Cash receipts from customers		980,454	996,125
Cash paid to personnel and suppliers		(902,306)	(902,165)
Interest received	12.2	2,394	2,383
Net cash flow from operating activities	14	80,542	96,343¹
Net cash flow from investing activities			
Proceeds from disposal of property, plant and equipment		-	-
Additions to property plant and equipment	3.1	(12,485)	(18,717)
Additions to intangible assets	4.1	(63,875)	(86,450)
Net (decrease) / increase in cash and cash equivalents		4,182	(8,824)
Cash and cash equivalents at the beginning of the year		64,976	73,800
Cash and cash equivalent at the end of the year	8	69,158	64,976

1 Restated, refer to note 23

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
STATEMENT OF COMPARISON BETWEEN BUDGET AND ACTUAL
AMOUNTS FOR THE YEAR ENDED 31 MARCH 2022

	Approved Budget		Adjustments		Final		Actual Amounts on comparable basis		Difference between final budget and Actual Amounts					
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	%	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2021	
Revenue														
Administration Fees	1,074,988	1,156,733	(1,756)	-	1,073,232	1,156,733	980,925	1,003,592	92,307	153,141	9	13		
Other income	-	-	-	-	-	-	2,571	2,573	(2,571)	(2,573)	(100)	(100)		
	1,074,988	1,156,733	(1,756)	-	1,073,232	1,156,733	983,496	1,006,165	89,736	150,568	8	13		
Expenditure														
Personnel remuneration	575,717	572,017	(10,904)	(3,574)	564,813	568,443	511,682	518,039	53,131	50,404	9	9		
Operating expenses	408,008	439,805	13,978	49,708	421,986	489,513	396,592	379,736	25,394	109,777	6	22		
	983,725	1,011,822	3,074	46,134	986,799	1,057,956	908,274	897,775	78,525	160,181	8	15		
Surplus before depreciation and amortization	91,263	144,911	(4,830)	(46,134)	86,433	98,777	75,222	108,390	11,211	(9,613)	13	(10)		
Depreciation and amortization	-	-	-	-	-	-	137,250	134,756	(137,250)	(134,756)	(100)	(100)		
Surplus/(Deficit)	91,263	144,911	(4,830)	(46,134)	86,433	98,777	(62,028)	(26,336)	148,461	125,143	172	127		
Capital Expenditure	91,263	144,911	(4,830)	(46,134)	86,433	98,777	76,360	105,167	10,073	(6,390)	12	(6)		

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

STATEMENT OF COMPARISON BETWEEN BUDGET AND ACTUAL AMOUNTS FOR
THE YEAR ENDED 31 MARCH 2022

ACTUALS AGAINST BUDGET ANALYSIS

Revenue

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.

The 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 R 89,7 million (8%) 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 R 908,3 million was R78,5 million (8%) below budget, mainly due to the following:

- Compensation of employees underspent by R 53,1 million (9%) due to vacant positions not filled.
- Leases underspent by R7.2 million mainly due to following:
 - Delays in the establishment and relocation of the following offices
 - **Bushbuckridge**
 - **Bethlehem**
 - **Thohoyandou**
 - **Mafikeng**
 - **Rustenburg**
 - **Cape Town**
 - **Kimberley**
 - A lower negotiated rate with Mowana Properties for the new lease agreement for Trevenna Campus and other regional offices and
 - Delays in the appointment of the service provider for the provision of x-ray machines and walk-through metal detectors.
- Consulting, professional, and computer services under spent by R 14,7 million mainly due to the projects that were halted and will be undertaken in the 2023 financial year, as well as projects that are still in progress which will be concluded in the 2023 financial year.
- Bursaries underspent by R1,9 million due to an amount budgeted towards the payment of qualifying applications with regard to Recognition of Improved Qualifications – Resolution 5 of 2014, that could not be spent in the year under review.

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
 YEAR ENDED 31 MARCH 2022

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 as 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 the 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 reasons 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 the accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

1.5 SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

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

The use of judgments, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual

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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.

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

1. 5.1 JUDGEMENTS AND ESTIMATES

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

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

PROVISION FOR IMPAIRMENT OF RECEIVABLES

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

PROVISION FOR ACCUMULATED LEAVE PAY

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

PROVISION FOR PERFORMANCE BONUS

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

IMPAIRMENT OF ASSETS

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

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1.6 PRINCIPAL-AGENT ARRANGEMENTS.

The GPAA is a government component with the purpose to provide pension administration services to the GEPF and National Treasury in respect of the AIPF, TEPF and Programme 7 services. The services provided to the GEPF and 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 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.

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, the 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 the GPAA's activities are well managed, and gives assurance on the agency's ability to meet its objectives and the mitigation of associated risks.

The agency did not hold any resources, incurred any liabilities or earned corresponding rights of reimbursement recognised as assets on behalf of

National Treasury or the GEPF. Assets and liabilities, revenue and expenses are rather recognised in the GPAA's annual financial statements based on the relevant GRAP standards. The agency currently recovers all its administration costs from National Treasury and GEPF based on costs incurred, and no profit margins are added for the fees charged.

The administration services provided include all pension administration related services.

1.7 PROPERTY, PLANT AND EQUIPMENT.

1.7.1 INITIAL RECOGNITION AND MEASUREMENT

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

Items of property, plant and equipment are recognised as assets when it is probable that the 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 the 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 operated.

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

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

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

1.7.2 SUBSEQUENT MEASUREMENT

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

1.7.3 SUBSEQUENT EXPENDITURE

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

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

1.7.4 DEPRECIATION

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

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

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

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

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1.7.5 IMPAIRMENTS

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

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

1.7.6 DERECOGNITION

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

1.8 INTANGIBLE ASSETS

1.8.1 INITIAL RECOGNITION AND MEASUREMENT

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

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

- 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.

1.8.2 SUBSEQUENT MEASUREMENT

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

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

Following the 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

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amortised over the period of expected future benefit. Amortisation is recorded in the Statement of Financial Performance in the expense category consistent with the function of the intangible asset. During the period of development, the asset is tested for impairment annually.

1.8.3 AMORTISATION

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

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

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

1.8.4 IMPAIRMENTS

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

1.8.5 DERECOGNITION

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

1.8.6 CAPITAL WORK-IN-PROGRESS

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

For capital work in progress, users indicated that they needed more information about the types of 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.

1.9 INVENTORY

1.9.1 INITIAL RECOGNITION AND MEASUREMENT

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

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

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

1.9.2 SUBSEQUENT MEASUREMENT

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no

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or nominal charge, in which case they are measured at the lower of cost and current replacement cost. The basis of determining cost is the weighted-average method.

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

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

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

1.9.3 DERECOGNITION

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

1.10 FINANCIAL INSTRUMENTS

1.10.1 INITIAL RECOGNITION

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

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

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

1.10.2 INITIAL MEASUREMENT

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

1.10.3 SUBSEQUENT MEASUREMENT

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

1.10.4 GAINS AND LOSSES

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

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

1.10.6 IMPAIRMENTS

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

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YEAR ENDED 31 MARCH 2022**1.11 POLICIES RELATING TO SPECIFIC FINANCIAL INSTRUMENTS****1.11.1 CASH AND CASH EQUIVALENTS**

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

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

1.11.2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

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

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

1.11.3 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

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

1.12 PROVISIONS

Provisions are recognised when the GPAA has a present legal or constructive obligation as a result of

past events, for which it is probable that an outflow of economic benefits and a reliable estimate can be made of the obligation.

1.13 LEASES

THE ENTITY AS LESSEE

1.13.1 RECOGNITION

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

Assets classified as operating leases, i.e. the 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 the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

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

1.13.2 MEASUREMENT

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

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

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

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

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

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

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

1.13.3 DERECOGNITION

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

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

1.14 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions is recognised when it is probable that the future economic benefits of service potential will flow to GPAA and that the benefits

can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

1.14.1 ADMINISTRATION FEES

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

1.14.2 OTHER INCOME

1.14.2.1 COMMISSION INCOME

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

1.14.2.2 INTEREST INCOME

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

1.14.2.3 PARKING INCOME

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

1.15 PERSONNEL REMUNERATION

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

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

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

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regarding the fiscal constraints the bonus liability is recognised as a provision.

Liabilities for annual leave are recognised as they accrue to employees. The 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 the GPAA does not provide for retirement benefits for its employees

1.16 IRREGULAR EXPENDITURE

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

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

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

1.17 FRUITLESS AND WASTEFUL EXPENDITURE

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

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

1.17.1 RECOVERY OF IRREGULAR, FRUITLESS & WASTEFUL EXPENDITURE

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

1.18 POST-REPORTING DATE EVENTS

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

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

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

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

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1.19 RELATED PARTIES

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

This relates to circumstances 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 relationship 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;

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

Information about such transactions is disclosed in the financial statements.

1.20 COMMITMENTS

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

1.21 CONTINGENT LIABILITIES

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events out of 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 when the amount of the obligation cannot be measured reliably.

1.22 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 out of the control of the department.

1.23 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 the 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.

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

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

Standard / Interpretation:

GRAP Standards	Title
GRAP 25	Employee Benefits
GRAP 104	Financial Instruments

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

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3. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

	2022			2021		
	Cost	Accumulated Depreciation & Impairment	Carrying Value	Cost	Accumulated Depreciation & Impairment	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Equipment	234,130	(158,411)	75,719	225,274	(132,533)	92,741
Furniture & Fittings	45,378	(25,937)	19,441	44,331	(22,150)	22,181
Leasehold Improvements	25,317	(11,671)	13,646	21,690	(8,673)	13,017
Office Equipment	66,122	(39,393)	26,729	63,071	(33,647)	29,424
Vehicles	17,068	(13,533)	3,535	17,068	(12,665)	4,403
Tools	61	(55)	6	61	(50)	11
Capital Work in Progress	-	-	-	4,110	-	4,110
Total	388,076	(249,000)	139,076	375,605	(209,718)	165,887

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
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3.1 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)	-
Total	165,887	12,485	(15)	(39,281)	-	139,076

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
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 YEAR ENDED 31 MARCH 2022

3.2 Reconciliation of Property, Plant and Equipment - 2021

	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	108,954	8,341	-	(25,533)	979	92,741
Furniture & Fittings	25,112	790	-	(3,721)	-	22,181
Leasehold Improvements	16,014	-	-	(2,997)	-	13,017
Office Equipment	28,743	2,717	-	(5,089)	3,053	29,424
Vehicles	4,529	1,873	-	(1,999)	-	4,403
Tools	16	-	-	(5)	-	11
Capital Work in Progress	3,146	4,996	-	-	(4,032)	4,110
Total	186,514	18,717	-	(39,344)	-	165,887

3.3 Repairs and maintenance in respect of property, plant and equipment is as follows:

	2022	2021
	R'000	R'000
Computer Equipment	12,347	13,042
Office Equipment	1,349	1,767
Vehicles	3,187	1,346
	16,883	16,155

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
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4. INTANGIBLE ASSETS

Reconciliation of Carrying Value

	2022			2021		
	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	124,687	(79,760)	44,927	124,424	(68,944)	55,480
Licenses	84,406	(46,331)	38,075	85,569	(38,584)	46,985
Capital Work in Progress	-	-	-	-	-	-
Internally Generated Software	116,601	(79,012)	37,589	116,601	(64,381)	52,220
Internally Generated Capital Work in Progress	-	-	-	-	-	-
Total	325,694	(205,103)	120,591	326,594	(171,909)	154,685

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
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4.1 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
Internal Capital Work in Progress	-	-	-	-	-
Total	154,685	63,875	(97,969)	-	120,591

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
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4.2 Reconciliation of Intangible Assets - 2021

	Carrying Value Opening Balance	Additions	Amortisation	Reallocations	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000
Computer Software	65,549	410	(10,760)	281	55,480
Licenses	30,965	86,040	(70,020)	-	46,985
Capital Work in Progress	281	-	-	(281)	-
Internally Generated Software	66,852	-	(14,632)	-	52,220
Internally Generated Capital Work in Progress	-	-	-	-	-
Total	163,647	86,450	(95,412)	-	154,685

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
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5. INVENTORY

	2022	2021
	R'000	R'000
Inventory	1,918	1,302
	1,918	1,302

Inventory consist of consumables.

Inventory expense for the year is as follows:

	2022	2021
	R'000	R'000
Inventory	6,212	7,318
	6,212	7,318

6. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2022		
	Gross Balances	Provision for Doubtful Debts	Net Balance
	R'000	R'000	R'000
Trade receivables	112,733	-	112,733
Staff debtors	397	-	397
Out of service staff debtors	9,232	(809)	8,423
	122,362	(809)	121,553

	2021		
	Restated Gross Balances	Provision for Doubtful Debts	Restated Net Balance
	R'000	R'000	R'000
Trade receivables	116,675 ¹	-	116,675
Staff debtors	794	-	794
Out of service staff debtors	1,850 ¹	(737)	1,113
	119,319	(737)	118,582

¹ Restated, refer to note 23

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
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6.1 Ageing: Trade and Other Receivables from Exchange Transactions – 2022

	Trade receivables	Staff debtors	Out of service staff debtors	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
	112,733	397	9,232	122,362
Provision for doubtful debts	-	-	(809)	(809)
	112,733	397	8,423	121,553

6.2 Ageing: Trade and Other Receivables from Exchange Transactions - 2021

	Restated Trade receivables	Staff debtors	Out of service staff debtors	Restated Total
	R'000	R'000	R'000	R'000
Current (0 – 30 days)	114,029 ¹	-	63	114,092
31 - 60 Days	-	30	46	76
61 - 90 Days	-	65	1	66
over 90 Days	2,646 ¹	699	1,740 ¹	5,085
	116,675	794	1,850	119,319
Provision for doubtful debts	-	-	(737)	(737)
	116,675	794	1,113	118,582

¹ Restated, refer to note 23

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
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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 the information obtained indicates impairment. The allowance is subsequently utilised where it is determined that all avenues of recoverability have been applied.

	Current	31 – 60 days	61 – 90 days	91+ days	Total
	R'000	R'000	R'000	R'000	R'000
Credit quality – 2022					
Trade receivables	109,025	-	-	3,708	112,733
Staff debtors	170	-	29	198	397
Out of service staff debtors	6,649	-	-	1,774	8,423
	115,844	-	29	5,680	121,553
Credit quality - 2021					
Trade receivables	114,029 ¹	-	-	2,646 ¹	116,675
Staff debtors	-	30	65	699	794
Out of service staff debtors	63	46	1	1,003 ¹	1,113
	114,092	76	66	4,348	118,582

6.4 Reconciliation of the doubtful debt provision

	2022	2021
	R'000	R'000
Balance at beginning of the year	(737)	(832)
Contributions to provision	(72)	-
Reversal of provision	-	95
	(809)	(737)

7. PREPAYMENTS

	2022	2021
	R'000	R'000
Prepaid expenses	8,616	12,741
	8,616	12,741

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

1 Restated, refer to note 23

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
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8. CASH AND CASH EQUIVALENTS

	2022	2021
	R'000	R'000
Cash and cash equivalents consist of:		
Paymaster General (PMG)	59,091	54,794
ABSA Bank	9,786	9,883
Petty cash	281	299
	69,158	64,976

9. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2022	Restated 2021
	R'000	R'000
Trade creditors	60,917	37,862
Accruals	55,484	65,126 ¹
Service bonus accrual	11,877	11,514
Unknown deposits	1,360	1,360
Credit card facility	1,774	814 ¹
Sundry creditors	483	28
	131,895	116,704

¹ Restated, refer to note 23

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
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9.1 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
	60,917	55,484	483	116,884

9.2 Ageing: Trade and Other Payables from Exchange Transactions - 2021

	Trade creditors	Accruals	Sundry creditors	Total
	R'000	R'000	R'000	R'000
Current (0 – 30 days)	37,409	62,480 ¹	28	99,917
31 - 60 Days	-	-	-	-
61 - 90 Days	-	-	-	-
91 - 120 Days	132	-	-	132
Over 120 Days	321	2,646 ¹	-	2,967
	37,862	65,126	28	103,016

¹ Restated, refer to note 23

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
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10. OPERATING LEASE LIABILITY

	2022	2021
	R'000	R'000
Operating lease liability	754	188
	754	188

The Agency's significant operating leases relate to property rentals of office premises and branches. The rentals have fixed monthly payments and the 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:

	2022	2021
	R'000	R'000
Payables not later than one (1) year	32,543	17,915
Payables later than one (1) year but not later than five (5) years	73,921	22,938
	106,464	40,853

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11. PROVISIONS

	2022	2021
	R'000	R'000
Leave pay	25,269	29,911
Balance at the beginning of the year	29,911	21,234
Provided	25,269	29,911
Utilised	(29,911)	(21,234)
	25,269	29,911
Performance bonus	-	6,348
Balance at the beginning of the year	6,348	4,072
Provided	-	6,348
Utilised	(6,348)	(4,072)
	-	6,348
	25,269	36,259

12. REVENUE FROM EXCHANGE TRANSACTIONS

12.1 Administration Income

	2022	2021
	R'000	R'000
Government Employees Pension Fund (GEPF)	914,835	939,326 ¹
Programme 7 - National Treasury	60,795	59,189
Associated Institutions Pension Fund (AIPF)	5,130	4,920 ¹
Temporary Employees Pension Fund (TEPF)	165	157 ¹
	980,925	1,003,592

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

1 Restated, refer to note 23

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
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12.2 Other Income

	2022	2021
	R'000	R'000
Commission income	147	160
Interest income	2,394	2,383
Parking income	30	30
	2,571	2,573

13. PERSONNEL REMUNERATION

	2022	2021
	R'000	R'000
Compensation of employees	361,233	382,354
Contributions to GEPF	41,674	43,130
Other benefits	108,775	92,555
	511,682	518,039

13.1 Other Benefits

	2022	2021
	R'000	R'000
Employer contribution medical aid	29,504	28,020
Service bonus	24,238	24,051
Non pensionable allowance	34,679	17,725
House owners allowance	11,825	11,739
Other	8,529	11,020
	108,775	92,555

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

	2022	Restated 2021
	R'000	R'000
Deficit for the year	(62,028)	(26,366)
Adjustments for non-cash movements:	126,913	145,063
Depreciation and amortisation	137,250	134,756
Decrease in lease smoothing	566	(1,105)
Increase in leave provision	(10,990)	10,953
Loss on disposal property, plant and equipment	15	-
Bad debts	-	554
Provision for doubtful debts	72	(95)
(Deduct)/Add changes in working capital	15,657	(22,354)
(Decrease)/Increase in trade payables	15,191	(10,697) ¹
(Increase)/Decrease in prepayments	4,125	(2,172)
(Increase)/Decrease in trade receivables	(3,043)	(9,030) ¹
Increase/ in inventories	(616)	(455)
Net Cash Flows from Operating Activities	80,542	96,343

15. CONTINGENT LIABILITIES

As at year end, the GPAA had the following contingent liabilities:

	2022	2021
	R'000	R'000
Claims per arbitration award	1,500	1,500
Matters awaiting judgement after review application	-	22,729
	1,500	24,229

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

1 Restated, refer to note 23

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16. CONTINGENT ASSETS

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

	2022	2021
	R'000	R'000
Matters awaiting judgement after review application	677	677
	677	677

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

17. COMMITMENTS

	2022	2021
	R'000	R'000
Capital Expenditure	40,289	50,493
	40,289	50,493

18. POST-REPORTING DATE EVENTS

There are no post reporting date events which have impact on the Agency.

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
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19. IRREGULAR EXPENDITURE

19.1 Reconciliation of irregular expenditure

	2022	2021
	R'000	R'000
Opening balance -	73,872	52,554
Prior period error	-	-
As restated	73,872	52,554
Add: Irregular expenditure - current year	29,212	22,732
Add: Irregular expenditure - prior year	14,079	-
Less: expenditure incorrectly recognised	-	(1,414)
Less: Condoned or written off by relevant authority	(5,314)	-
Less: Transfer to receivables for recovery – not condoned	-	-
Irregular expenditure awaiting condonement	111,849	73,872
Analysis of awaiting condonation per age classification		
Current year	43,291	22,732
Prior years	68,558	51,140
Total	111,849	73,872

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

Incident	Corrective steps taken	R'000
Bid price included not agreeing with the bidder's pricing schedule	Investigation done, further process to follow	21,095
Costs incurred without approval	Investigation to be done	1,537
Costs incurred without approval	Investigation to be done	590
Costs incurred without approval	Investigation to be done	2,971
Non-compliance with the requirements for local content and production regulations	Investigation to be done	1,396
Non-compliance related to QMATIC system procurement process	Investigation to be done	15,373
Non-compliance of selection of service providers from panel of service providers	Investigation to be done	207
Purchase of an item at a higher price than the transversal contract price	Investigation to be done	122
Total		43,291

20 FRUITLESS AND WASTEFUL EXPENDITURE

20.1 Reconciliation of fruitless and wasteful expenditure

	2022 R'000	2021 R'000
Opening balance -	-	-
Prior period error	819	819
As restated	819	819
Add: Fruitless and wasteful expenditure – current year	-	-
Add: Fruitless and wasteful expenditure - prior year	-	-
Less: Condoned or written off by relevant authority	-	-
Less: Transfer to receivables for recovery	-	-
Fruitless and wasteful expenditure closing balance	819	819

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20.2 Details of fruitless and wasteful expenditure

Incident	Corrective steps taken	R'000
Payment for assets not delivered	Money to be recovered	142
Payment for CCTV equipment not delivered and non-installation	Pending legal matter	677
Total		819

21. LOSSES THROUGH CRIMINAL CONDUCT

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

22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

22.1 Categories of financial instruments

	2022	2021
	R'000	R'000
Current Assets		
Cash and cash equivalents	69,158	64,976
Trade and other receivables from exchange transactions	121,553	118,582 ¹
	190,711	183,558
Trade and other payables from exchange transactions	131,895	116,704 ¹
	131,895	116,704

¹ Restated, refer to note 23

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
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22.2 Credit Risk

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

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

	2022	2021
	R'000	R'000
Financial Assets		
Cash and cash equivalents	69,158	64,976
Trade and other receivables from exchange transactions	121,553	118,582 ¹
	190,711	183,558

Cash and cash equivalents

The financial assets which potentially subject the 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.

22.3 Liquidity Risk

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

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

The GPAA ensures that 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 be reasonably predicted, such as natural disasters.

The following liquid resources are available:

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	2022	2021
	R'000	R'000
Financial Assets		
Cash and cash equivalents	69,158	64,976
Trade and other receivables from exchange transactions	121,553	118,582 ¹
	190,711	183,558

Payables

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

The following are the contractual cash flows of financial liabilities:

	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Total
	R'000	R'000	R'000	R'000
2022				
Trade and other payables	116,884	-	15,011	131,895
	116,884	-	15,011	131,895
2021				
Trade and other payables	103,016	-	13,688	116,704
	103,016	-	13,688	116,704

22.4 Market Risk

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

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:

1 Restated, refer to note 23

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
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Current financial assets

	2022		2021	
	Fixed rate instruments	Variable rate instruments	Fixed rate instruments	Variable rate instruments
	R'000	R'000	R'000	R'000
Cash and cash equivalents	-	69,158	-	64,976
	-	69,158	-	64,976

Sensitivity analysis

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

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

	Change in interest rate %	2022		2021	
		Upward	Downward	Upward	Downward
		R'000	R'000	R'000	R'000
Prime	1%	692	(692)	650	(650)

Currency risk

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

The 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.

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23. PRIOR PERIOD ERRORS

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

- (a) The GPAA had a credit card facility with Diners' club and balances owed on this credit card were never accounted for in our financial records. The credit card was administered by a GPAA appointed travel agency to settle some of the travel related expenses on behalf of the GPAA and the travel agency will use monies received from the GPAA to settle any outstanding credit card amount used. The travel agency failed to settle the outstanding credit card amount in full. As at 31 March 2021 the credit card owed an amount of R814 297. A receivable has been raised against the travel agency for the same amount as monies have already been paid to the travel agency to settle the outstanding credit card amount.
- (b) Municipal services expenditure that was incurred but was never accrued for at year-end for reporting purpose. GPAA generates its revenue on a cost recovery basis, thus this restatement has affected revenue and trade debtors as well. The municipal service expense, accruals, administration income and trade debtors were adjusted by R3, 708,780.
- (c) An amount owed to GEPP for administration fees paid on behalf of AIPF, TEPF and Programme 7 was not disclosed as a related party transaction in the prior year. The related party disclosure has been updated to include the payable amount of R19 832 702.

The impact of the above corrections are as follows:

Description	Note	2021 As Previously Reported	Restatement	2021 Restated Balances
		R'000	R'000	R'000
Statement of Financial Position				
Current Assets		114,060	4,522	118,582
Trade and other receivables from exchange transactions	23.1	114,060	4,522	118,582
		114,060	4,522	118,582
Current Liabilities		(112,182)	(4,522)	(116,704)
Trade and other payables from exchange transactions	23.2	(112,182)	(4,522)	(116,704)
		(365,022)	-	(365,022)
Accumulated Surplus	23.3	(365,022)	-	(365,022)
		(477,204)	(4,522)	(481,726)

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
 YEAR ENDED 31 MARCH 2022

Description	Note	2021 Previously Reported	Restatement	2021 Restated Balances
Statement of Financial Performance				
Administration income	23.4	(1,002,536)	(1,056)	(1,003,592)
Expenses		10,655	1,056	11,711
Municipal Services		10,655	1,056	11,711
		(991,881)	-	(991,881)
Statement of Cash Flows				
Net increase in cash and cash equivalents		96,343	-	96,343

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
 YEAR ENDED 31 MARCH 2022

Description	Note	2021 Previously Reported	Restatement	2021 Restated Balances
		R'000	R'000	R'000
23.1 Trade and other receivables from exchange transactions		114,003	4,522	118,525
Trade Receivables	6	112,967	3,708	116,675
Out of service staff debtors	6	1,036	814	1,850
Ageing:		113,893	4,522	118,415
Trade receivables- Current (0 – 30 days)	6.2	112,967	1,062	114,029
Trade receivables- Current (over 90 days)	6.2	-	2,646	2,646
Out of service staff debtors- (over 90 days)	6.2	926	814	1,740
23.2 Trade and other payables from exchange transactions		(61,418)	(4,522)	(65,940)
Accruals	9	(61,418)	(3,708)	(65,126)
Credit card facility	9	-	(814)	(814)
23.3 Accumulated Surplus		(365,022)	-	(365,022)
Accumulated Surplus		(365,022)	-	(365,022)
23.4 Administration Fees		(943,347)	(1,056)	(944,403)
GEPP	12.1	(938,279)	(1,047)	(939,326)
AIPF		(4,911)	(9)	(4,920)
TEPF		(157)	- ¹	(157)
23.5 Reconciliation of net cash flows from operating activities to deficit for the year				
Deficit for the year	14	(26,366)	-	(26,366)
Add/(less) working capital		(19,727)	-	(19,727)
Trade payables	14	(12,573)	1,876	(10,697)
Trade receivables	14	(7,154)	(1,876)	(9,030)
		(46,093)	-	(46,093)

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
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24. RELATED PARTY TRANSACTIONS

24.1 Revenue and Trade Receivables

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

	Revenue		Net Receivable/(Payable)	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Government Employees Pension Fund	914,835	939,326 ¹	101,662	106,533 ¹
National Treasury (Programme 7)	60,795	59,189	5,755	5,054
Associated Institutions Pension Fund	5,130	4,920 ¹	5,150	4,930 ¹
Temporary Employees Pension Fund	165	157 ¹	166	158 ¹
	980,925	1,003,592	112,733	116,675

24.2 Expenditure and Trade Payables

Description	Expenditure		Balances	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Public Investment Corporation Limited	19,407	16,522	4,832	1,349
GEPF	-	-	26,960	19,833 ¹
	19,407	16,522	31,792	21,182

¹ Restated, refer to note 23

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
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Name	Designation	2022			2021		
		Salary and allowances	Bonus	Total	Salary and allowances	Bonus	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Khan, S.	Acting Chief Executive Officer	2,137	-	2,137	1,342	-	1,342
Sukdev, K.G.	Chief Executive Officer	-	-	-	999	-	999
Nondabula, P.E.	Acting Chief Financial Officer	-	-	-	1,266	-	1,266
Kgosiemang, E. ¹	Acting Chief Risk Officer	485	-	485	1,218	-	1,218
Coetzee, M.	Chief Information Officer	1,304	-	1,304	1,264	-	1,264
Kgoele, L. ²	Chief Risk Officer	759	-	759	-	-	-
Kemp, M.J. ⁴	Acting Executive: Corporate Services	1,446	-	1,446	1,547	-	1,547
Mda, P.	Acting Chief Financial Officer	1,641	-	1,641	77	-	77
Nieuwoudt L. ³	General Manager: Management Support	822	-	822	-	-	-
De Witt, E.	General Manager: Legal	1,443	-	1,443	1,401	-	1,401
Morar J.	General Manager: Employee Benefits	1,552	-	1,552	1,509	-	1,509
Madiehe K.	General Manager: Client Relations Management	1,381	-	1,381	1,326	-	1,326
Mngqibisa M.	General Manager: Non-Contributory Funds	1,551	-	1,551	1,509	-	1,509
Sennelo, M. ⁵	Chief Audit Executive	961	-	961	-	-	-
		15,482	-	15,482	13,458	-	13,458

¹Resigned: 31 August 2021

²Appointed: 01 September 2021

³Appointed: 01 August 2021

⁴Corporate Services head in 2020/21 financial year and General Manager: Human Resources in 2021/22 financial year

⁵Appointed: 01 May 2021

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24.4 Audit Committee Members Remuneration

Name	Designation	2022			2021		
		Audit Committee	Other Services ¹	Total	Audit Committee	Other Services ¹	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Mzizi, P.S.	Chairperson	381	-	381	328	86	414
Sinthumule, A.F.	Member	381	-	381	319	51	370
Badimo, A.M.M. ²	Member	37	30	67	299	313	612
Furstenberg, B.	Member	381	88	469	328	237	565
		1,180	118	1,298	1,274	687	1,961

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

² Contract ended: 30 June 2021

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25. SEGMENT INFORMATION

The GPAA identifies its segments by reference to the clients for which it 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 consists 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.

25.1 Statement of Financial Position per segment

	Notes	GEPF		NATIONAL TREASURY		ITEMS NOT ALLOCATED TO SEGMENTS		TOTAL	
		2022	2021	2022	2021	2022	2021	2022	2021
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Non-current Assets		-	-	-	-	259,667	320,572	259,667	320,572
Current Assets		101,627	106,533	11,106	10,142	88,512	80,926	201,245	197,601
Total Assets		101,627	106,533	11,106	10,142	348,179	401,498	460,912	518,173
Current Liabilities		148,775	144,053	5,255	6,708	3,888	2,390	157,918	153,151
Accumulated Surplus		-	-	-	-	302,994	365,022	302,994	365,022
Total Net Assets and Liabilities		148,775	144,053	5,255	6,708	306,882	367,412	460,912	518,173

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25.2 Statement of Financial Performance per segment

	Notes	GEPF		NATIONAL TREASURY		ITEMS NOT ALLOCATED TO SEGMENTS		TOTAL	
		2022	2021	2022	2021	2022	2021	2022	2021
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Revenue from exchange transactions		914,835	939,329	66,090	64,263	2,571	2,573	983,496	1,006,165
Administration Income		914,835	939,329	66,090	64,263	-	-	980,925	1,003,592
Other Income		-	-	-	-	2,571	2,573	2,571	2,573
Expenditure		842,603	833,512	65,671	64,263	137,250	134,756	1,045,524	1,032,531
Personnel Remuneration		450,099	458,158	61,583	59,881	-	-	511,682	518,039
Depreciation and Amortisation		-	-	-	-	137,250	134,756	137,250	134,756
Other operating expenses		392,504	375,354	4,088	4,382	-	-	396,592	379,736
Surplus/(Deficit) for the year		72,232	105,817	419	-	(134,679)	(132,183)	(62,028)	(26,366)

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Government Pensions Administration Agency | Annual Report 2021/2022 | RP318/2022 | ISBN: 978-0-621-50698-3



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