



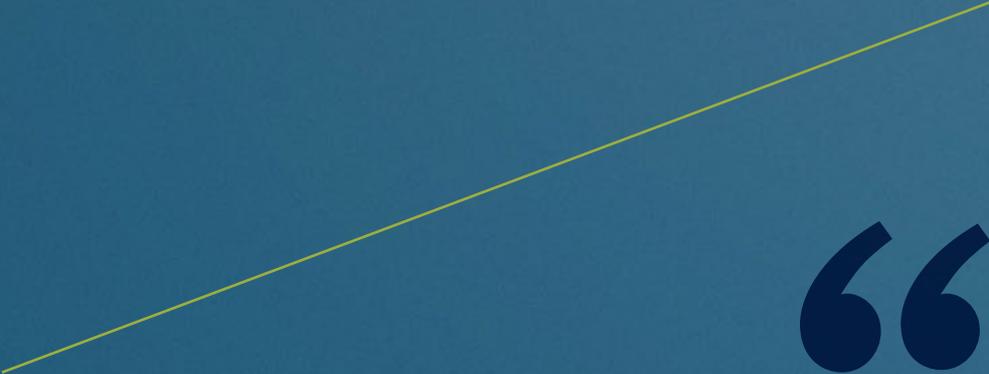
the gpaa

Department:
Government Pensions Administration Agency
REPUBLIC OF SOUTH AFRICA

THE GPAA ANNUAL REPORT 2020/2021

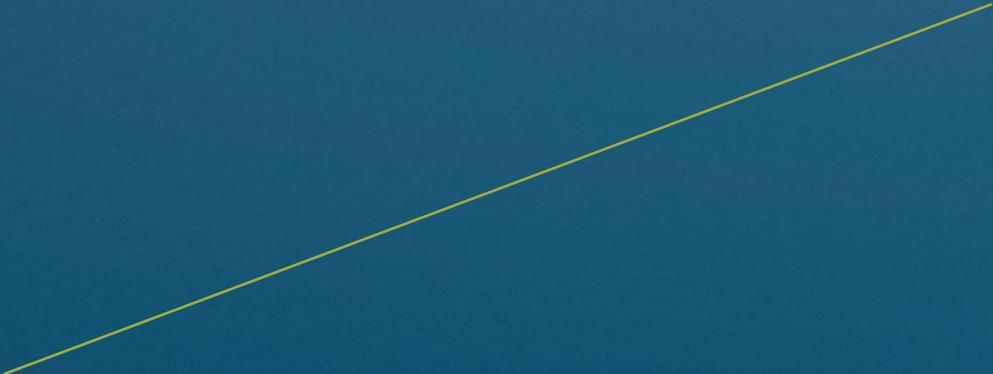
| YOUR BENEFITS our responsibility |





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**TOGETHER
WE CAN FIGHT
CORONA VIRUS**



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The agency is funded by the Government Employees Pension Fund (GEPF) on a cost recovery basis. **About 93%** of the budget is sourced from GEPF and 7% is sourced from National Treasury

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PART A: GENERAL INFORMATION

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LIST OF ABBREVIATIONS / ACRONYMS

AC:	Audit Committee
ACAE:	Acting Chief Audit Executive
ACEO:	Acting Chief Executive Officer
ACL:	Access Control List
AFS:	Annual Financial Statements
AGSA:	Auditor-General South Africa
AIPF:	Associated Institutions Pension Fund
APP:	Annual Performance Plan
BCM:	Business Change Management
BE:	Business Enablement
BPA:	Benefit Payment Automation
BSS:	Business Support Services
BU:	Business Unit
CAE:	Chief Audit Executive
CDWs:	Community Development Workers
CEO:	Chief Executive Officer
CFO:	Chief Financial Officer
CIP:	Compulsory Induction Programme
CIVPEN:	Civil Pension
CLOs:	Client Liaison Officers
CM&E:	Corporate Monitoring and Evaluation
COGTA:	Cooperative Governance and Traditional Affairs
COO:	Chief Operating Officer
COVID-19:	Corona Virus Disease 2019
CRM:	Client Relationship Management
CRO:	Chief Risk Officer
CSI:	Client Satisfaction Index
DG:	Director-General
DoHA:	Department of Home Affairs
DPSA:	Department of Public Service and Administration

LIST OF ABBREVIATIONS / ACRONYMS

EEA:	Employment Equity Act
EHW:	Employee Health and Wellness
EWRM:	Enterprise-Wide Risk Management
EXCO:	Executive Committee
FFPM:	Forensics and Fraud Prevention Management
GEP:	Government Employees Pension
GEPF:	Government Employees Pension Fund
GEPO:	Government Employees Pension Ombud
GPAA:	Government Pensions Administration Agency
GRAP:	Generally Recognised Accounting Practice
HOD:	Head of Department
HR:	Human Resource
IA:	Internal Audit
IAA:	Internal Audit Activity
ICT:	Information Communication Technology
IOD:	Injury on Duty
IS:	Information Security
ISA:	International Standards on Auditing
LAN:	Local Area Network
LRA:	Labour Relations Act
M&E:	Monitoring and Evaluation
MIA:	Management Information Analytics
MMS:	Multimedia Messaging Service
MTSF:	Medium-Term Strategic Framework
NDP:	National Development Plan
NT:	National Treasury
OHS:	Occupational Health and Safety
OHSA:	Occupational Health and Safety Act
PERSAL:	Personnel Salary

LIST OF ABBREVIATIONS / ACRONYMS

PFMA:	Public Finance Management Act
PMDS:	Performance Management Development System
PMO:	Project Management Office
PPE:	Personal Protective Equipment
PSA:	Public Service Act
PSC:	Policy Steering Committee
PSCBC:	Public Service Coordinating Bargaining Council
PSR:	Public Service Regulations
RMC:	Retirement Member Campaign
SABC:	South African Broadcasting Corporation
SAPS:	South African Police Service
SARS:	South African Revenue Services
SCM:	Supply Chain Management
SHERQ:	Safety Health Environment Risk and Quality
SLA:	Service Level Agreement
SMME:	Small Medium and Micro-Enterprises
SMS:	Senior Management Service
SMS:	Short Message Service
SOP:	Standard Operating Procedure
SP:	Strategic Plan
TBVC:	Transkei, Bophuthatswana, Venda and Ciskei
TEPF:	Temporary Employees Pension Fund
TOR:	Terms of Reference
WAN:	Wide Area Network



Enock Godongwana
MINISTER OF FINANCE

FOREWORD BY THE MINISTER OF FINANCE

The Government Pensions Administration Agency (GPAA) has the critical mandate of administering pension fund benefits on behalf of the Government Employees Pension Fund (GEPF) and National Treasury. This mandate places a huge responsibility of managing the pension affairs of both current and former public servants as well as special pensioners. The GPAA continues to strive towards achieving its strategic outcome of dignified, cared for, empowered and satisfied members, pensioners, and beneficiaries.

The year 2020 marked the GPAA's 10 years of existence as a specialised pension administrator since its separation from the GEPF. The separation of the GEPF and the GPAA was aimed at ensuring that both entities are enabled to perform more focused and specialised functions, namely oversight and administration, respectively. In view of this milestone, it is now opportune for the GPAA to undertake an organisational review to help better determine its organisational efficacy. This will assist in identifying areas of improvement in the organisation, to enable it to better deliver on its mandate and strategic outcomes.

During the year under review, our country and the world at large experienced one of the greatest challenges humanity has ever faced. The Covid-19 pandemic forced our nation to find a balance between saving lives and protecting livelihoods as well as business enterprises. In this environment, the GPAA managed to admit an average of 97% of new members and paid an average of 80% of exit benefits within the required timeframes and legislation. On a monthly basis, an average of 99% of contributions were received and reconciled on time; this is critical to our stakeholders and clients. The GPAA, in pursuance of the strategic outcome of digitising its processes, managed to deploy the new Self-Service smartphone application and

the Self-Service website. These self-help solutions allow GEPF clients, members, and pensioners to access their own information as well as update beneficiary information in their own comfort.

To further respond to the demands of the new environment, the organisation introduced electronic communication and reduced the number of clients who used paper-based communication. This approach will continue until the organisation operates in a 100% paper-less environment.

Engagement with members, beneficiaries, pensioners, and other key stakeholders remain a key contributor to the delivery of quality services to the GPAA clients. These engagements aim to educate our clients and raise their awareness of all the benefits, processes, and their role to make pension payment easier. Despite the challenges, the organisation has continued to reach out to the public through various platforms such as national, regional and community radio and newspapers; stadium advertising, outdoor digital screens; television; and corporate newsletters.

I wish the GPAA well in its ongoing journey to deliver quality services on behalf of the GEPF and National Treasury. My gratitude goes to the acting CEO of the GPAA, Mr. Shahid Khan, the management and all employees for their dedication and relentless commitment to public service.



ENOCK GODONGWANA
MINISTER OF FINANCE



Shahid Khan
ACTING CHIEF EXECUTIVE OFFICER

ACCOUNTING OFFICER'S NOTE

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 for me to present the Annual Report of the Government Pensions Administration Agency (GPAA) for the 2020/2021 financial year. As the administrator to the Government Employees Pension Fund (GEPF), the GPAA remains committed to service excellence in providing a full spectrum of benefit administration services, inclusive of member admissions, contribution collection and benefit processing services aimed at the accurate and timely payment of benefits to all members and beneficiaries. In this respect, we continue to make significant strides in modernising our processes with the aim to ultimately establish a paper-less environment and increase our footprint and accessibility for the benefit of our clients.

In the period under review, the GPAA continued to successfully utilise the automated interfaces with the South African Revenue Services (SARS), the Department of Home Affairs (DoHA) and with National Treasury (NT) Safety Web. The interfaces enable the efficient verification of member information in relation to various benefits, thus enabling the timeous processing of tax certificates required to process benefits. The Automated Life Verification system with DoHA confirms the life status of members and automate the renewal of monthly pension payments on an annual basis. The interface with NT allows for the verification of clients' bank details to ensure that benefits are paid to the right person.

The GPAA has a large footprint of eight regional offices throughout South Africa aimed at face-to-face relationship management with all stakeholders, including clients, third parties and employers, by providing high quality services and being responsive to clients' needs. Through our

outreach programmes, we aim to educate our clients on the product offerings of the Fund and to keep them informed of new developments in the pension fund industry. Despite the suspension of some of the outreach programmes due to the COVID-19 pandemic, the GPAA managed to reach the public through radio, newspapers and partnerships with SABC radio stations, television, corporate newsletters and outdoor digital screens.

The GPAA continues to work hard to strengthen internal controls to ensure that we account for every rand spent and contribute to the improvement of service delivery to our members, pensioners and beneficiaries. We have rigorously attended to the concerns raised by the Auditor-General as well as the Audit Report. We provided progress reports to the Audit Committee on a quarterly basis. The aim was to remedy, and as far as possible, avoid a repeat of matters raised in the past.

The GPAA faced various challenges in the year under review regarding service delivery and timeous payment of benefits, which were exacerbated by the COVID-19 pandemic. The COVID-19 pandemic disrupted customer service and intermittently the continuity of operations. The GPAA addressed these challenges as best as it could in order to continue to keep the ball rolling during these trying times. While there is always room for greater efficiency and innovation, the issue of the GPAA's structural form is an important consideration to be addressed through the 10-year review.

The agency is funded by the Government Employees Pension Fund (GEPF) on a cost recovery basis. About 93% of the budget is

sourced from GEPF and 7% is sourced from National Treasury. Over the past three years the budget has been decreasing in real terms. The spending capacity has also not been good because the funds returned as unused at the end of the financial years have been between 15% - 20% over the past five years. In the 2020/21 financial year there was no request for roll over of the funds as the GEPF approves the budget on a year-on-year basis rather than on a medium-term expenditure framework.

It is worth noting that Supply Chain Management processes have shown signs of improvement year on year as reflected by the reduction of irregular expenditure and non-compliances. However, the condonations of these irregular expenditures have been difficult to obtain, leaving the GPAA with old irregular expenditure cases. As the GPAA we will continue to enhance and strengthen our Supply Chain Management processes and systems to avoid non compliances and irregularities in our procurement. In the past financial year there were non-compliances reported by the Auditor-General which resulted in the irregular expenditure of R23 million. The process of condonation, for both current irregular expenditures and those incurred in prior years, is receiving my highest consideration for approval before the end of the current financial year.

Irregular expenditure as at 1 April 2020 was R52, 554 million. An amount of R1, 414 million raised in the previous year, was reversed as it was incorrectly raised.

An irregular expenditure of R22, 732 million was incurred and raised during the financial year under review. No irregular expenditure has been condoned yet. A balance of R73, 872 million, which includes the historical irregular expenditure, will be considered for condonement at the end of the 2021/22 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 extend my appreciation to the Minister and Deputy Minister for their leadership, guidance and support provided throughout the financial year. I also acknowledge and appreciate the management and the employees of the GPAA for their continued commitment and dedication to providing quality services to our clients.



Shahid Khan

ACTING CHIEF EXECUTIVE OFFICER
Government Pensions Administration Agency (GPAA)
31 July 2021

ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY

Statement of responsibility and confirmation of accuracy for the Annual Report for the year ended 31 March 2021.

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 standard and the relevant frameworks and guidelines applicable to the Entity which were provided by National Treasury.

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer 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 were 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 2021.



Shahid Khan

ACTING CHIEF EXECUTIVE OFFICER
Government Pensions Administration Agency (GPAA)
31 July 2021

1. STRATEGIC OVERVIEW

1.1 Introduction

The Government Pensions Administration Agency (GPAA) is a government component and entity of the National Treasury. The establishment of the GPAA was gazetted in March 2010, in terms of Section 7A (4) of the Public Service Act of 1994 (Proclamation No. 103 of 1994). The mandate of the 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. The provision of benefits administration services is regulated through Service Level Agreements (SLAs) with both GEPF and National Treasury. The benefits administration services include the processing and paying of benefits to clients who are pensioners, members, spouses and orphans. All this is done in accordance with the Government Employees Pension (GEP) Law of 1996 and several other legislations that fall under the ambit of National Treasury's Programme 7 funds and schemes.

1.2 Vision, Mission and Values

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

VISION

A 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) provides an indication of the capacity and developmental commitments of the state, and is a national blueprint for tackling South Africa's challenges of poverty and inequality. During the 2019/2020 financial year, the sixth administration adopted and approved seven priorities, which form an integral part of the MTSF 2019-2024. The MTSF lays out the NDP implementation plan for the period 2019-2024, together with the electoral mandate of the sixth administration of government.

The GPAA was established as a government component in terms of the Public Service Act, 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 of the GPAA 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 payments and Special Pensions, which serve to acknowledge and compensate those who dedicated their lives to the struggle for South Africa's freedom and democracy.

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

The GPAA contributed to the NDP and government priorities albeit not directly as it is a pension administration government entity. The GPAA has paid benefits to 60 000 pensioners and beneficiaries. The payments have a remarkable impact on the livelihoods of many South Africans who depend on constant and timely payment of pension benefits on a monthly basis.

2.2 Legislative mandates

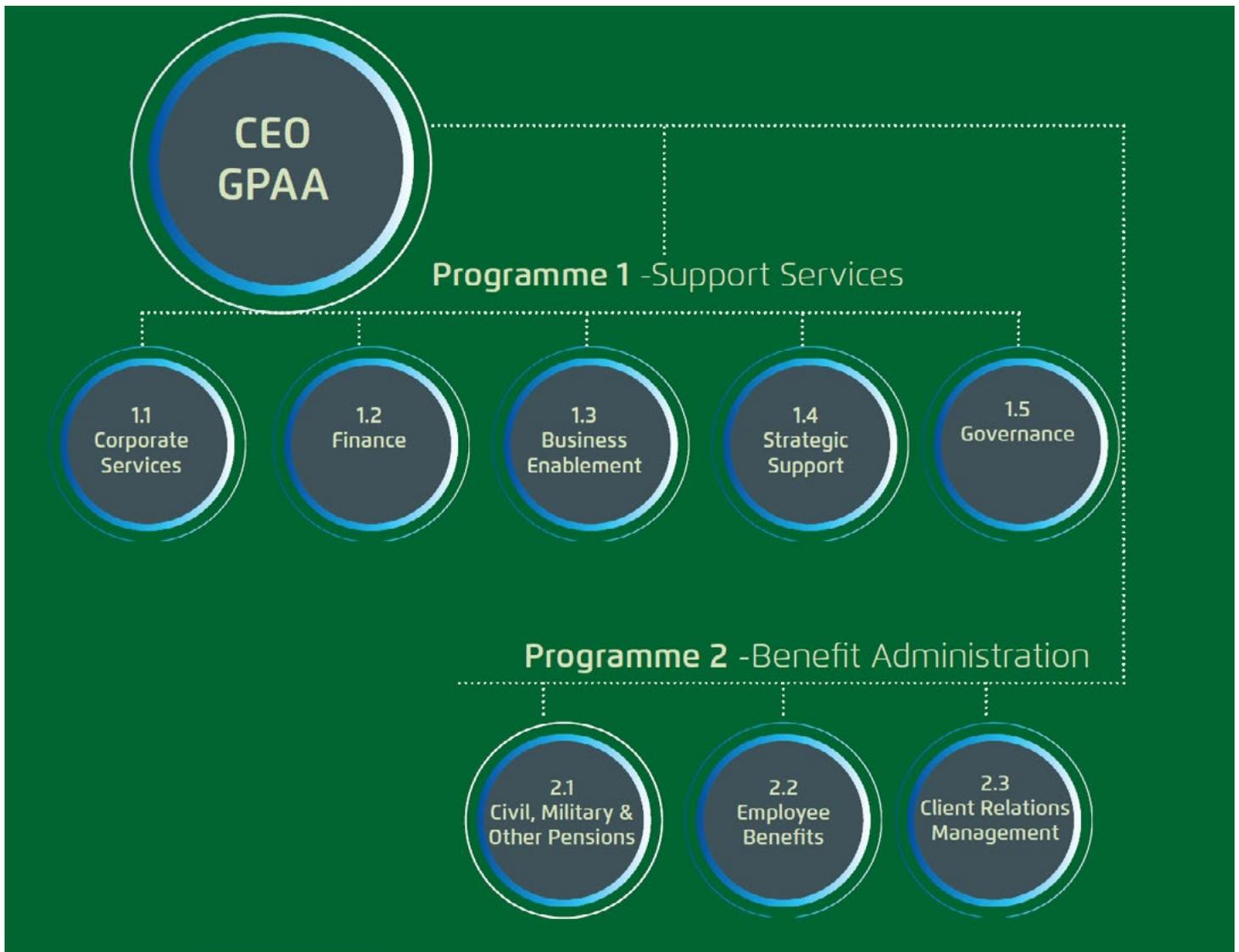
The GPAA reports to the Minister of Finance as its Executive Authority. The financial affairs of the organisation are governed in terms of the Public Finance Management Act (PFMA), while the human resource fall under the ambit of the Public Service Act.

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

National Treasury administers the Temporary Employees Pension Fund (TEPF) in terms of the Temporary Employees Pension Fund Act (1979), and the Associated Institutions Pension Fund (AIPF) in terms of the Associated Institutions Pension Fund Act (1963). Post-Retirement Medical Subsidies are administered as provided for and regulated by the Public Services Coordinating 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 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 in Figure 1.





Management Structure



Mr Shahid Khan
Acting Chief Executive Officer



Effort Kgosiemang
Acting 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 achieving its strategic outcomes through the management, co-ordination and oversight 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; financial record keeping is done according to the appropriate framework; and sufficient cash flow levels

are maintained for operational activities. This sub-programme also prepares the financial statements for the organisation and its stakeholders.

Sub-programme 1.3 :

Business Enablement

This sub-programme 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.

Sub-programme 1.4 :

Strategic Support

The purpose of Strategic Support and the business units that fall within it is to plan, direct and support the organisation in order to ensure that employee benefits, pensions and retirement funds are administered according to the relevant legislation and Service Level Agreements (SLAs). This group of business units is responsible for ensuring that the GPAA is managed effectively. The Communication unit provides support to the education and outreach programmes conducted by the Client Relations Management (CRM) unit. The

Corporate Monitoring and Evaluation unit assesses performance and contributes to corporate planning and also ensures alignment with the Strategy and Policy unit. Management Information and Analytics (MIA) unit provides business system performance information. Finally, the Office of the CEO is responsible for oversight of the GPAA and its overall performance. It is also responsible for building relations with various stakeholders, including intergovernmental engagements which promote the achievement of government priorities and service delivery.

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



“

The GPAA contributed to the NDP and government priorities albeit not directly as it is a pension administration government entity. The GPAA has paid benefits to 60 000 pensioners and beneficiaries.

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 GEPP. 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

This programme 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) and these 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)

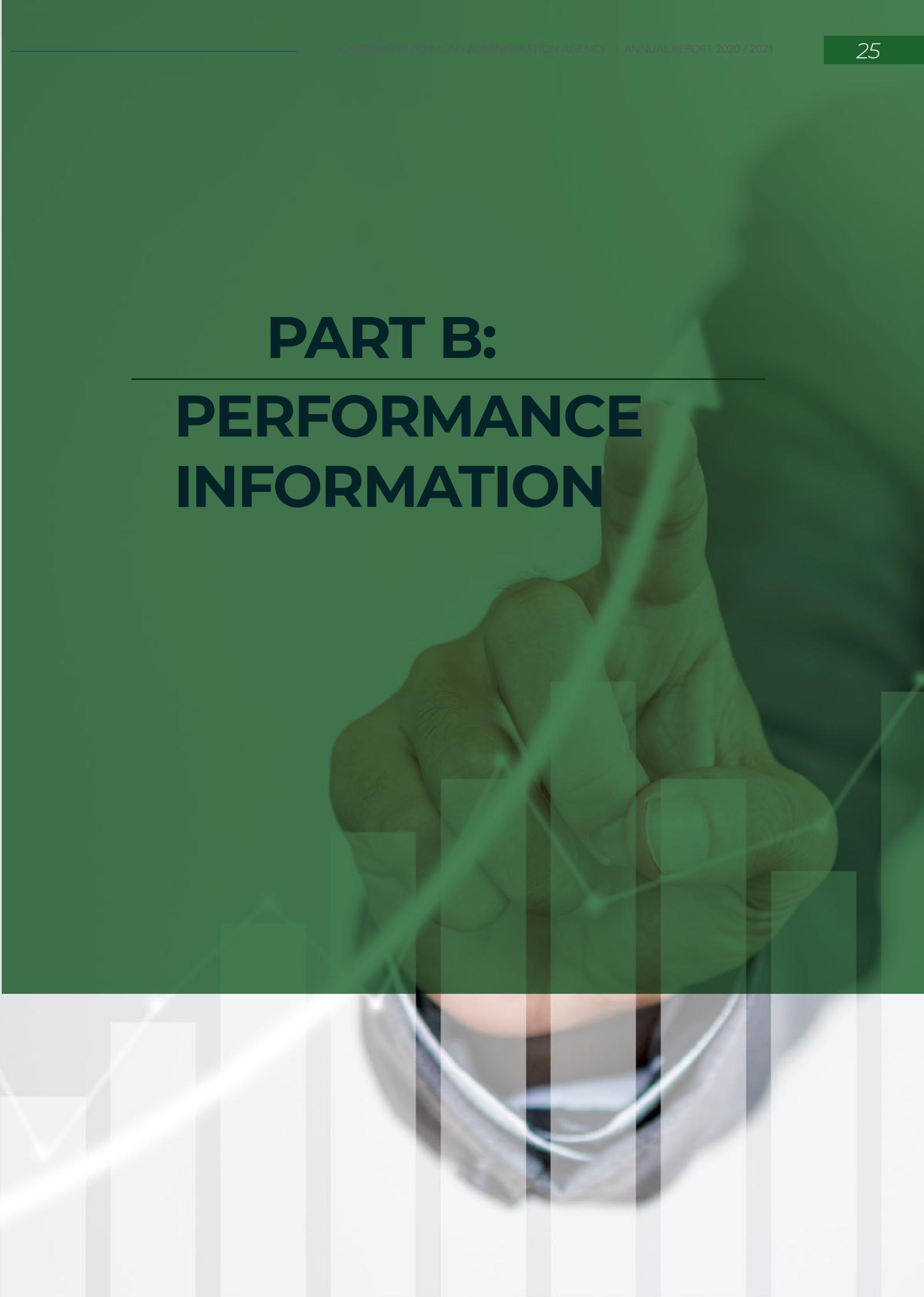
The Government Employees Pension Fund (GEPF) is a contributory defined benefit pension fund. The GPAA provides the full spectrum of benefit administration services, inclusive of member admissions, contribution collection, member / pensioner / beneficiary maintenance and benefit processing services. Benefit 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.

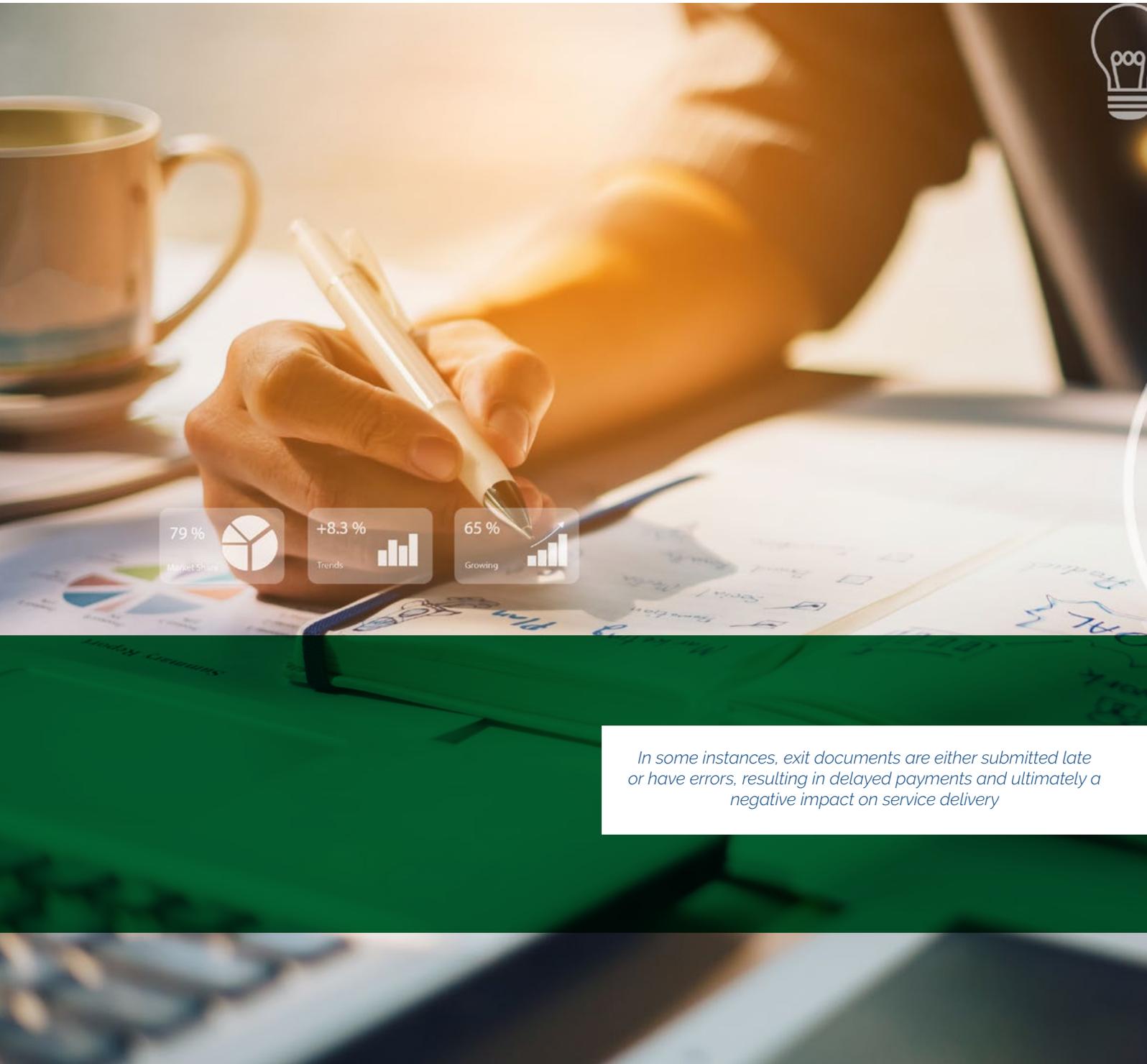
Sub-programme 2.3 : Client Relationship Management (CRM)

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, namely: Call Centre and Walk-in Centres, ensure effective support of the interface between the GPAA and its client base through accepting, resolving and monitoring all service requests or queries made by clients. CRM also provides employer education and training through its 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

A hand pointing upwards with a bar chart and line graph overlay. The background is a dark green color with a faint image of a hand pointing upwards. Overlaid on this are several vertical bars of varying heights and a line graph with a white arrow pointing upwards. The overall theme is performance and growth.



In some instances, exit documents are either submitted late or have errors, resulting in delayed payments and ultimately a negative impact on service delivery



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 71 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

During the year under review South Africans faced growing economic challenges due to the COVID-19 pandemic.

The GPAA's service delivery environment was further marked by a dependency on employer departments for the submission of accurate information for benefit payments to

be effected. Employer departments are the primary custodians of clients' information from the period when employees join the public service and the GEPF, until the time they reach their pensionable years or exit the system at any stage for various reasons. It is therefore critical that employer departments provide timeous and accurate information when clients exit the public service. However, this is not always this case. In some instances, exit documents are either submitted late or have errors, resulting in delayed payments and ultimately a negative impact on service delivery.

Significant collaborative efforts are continually made by the GPAA's Client Liaison Officers (CLOs) to enhance stakeholder relations with employer departments as they are major stakeholders. A number of initiatives are in place to educate Human Resource officials at employer departments about the products delivered on behalf of the GEPF and National Treasury. Similarly, education campaigns aimed at members are also delivered on a continuous basis.

In efforts to ensure improved efficiencies in the delivery of services to clients, the GPAA has been embarking on a Modernisation Programme, with the aim to automate its core business processes and expand its electronic



outreach to provide clients and customers with secure access to its services. Approval was granted by the GEPF Board of Trustees to replace the Legacy System and the GPAA will implement this as the final phase of the Modernisation Programme.

The GPAA continues to maintain and improve on the Modernisation projects and initiatives already deployed to the internal staff and the clients of the GPAA. The deployment of the Self-Service solution on the web as well as the smartphone application that has been introduced in the last financial year will assist the GPAA clients to access their information and documents via the self-help channel. The GPAA and the GEPF will continue to expand on the services available on the self-help solution.

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. Paper-based communication to clients was replaced by electronic communication and the electronic contact detail database was updated through external sources.

The GPAA together with the GEPF further embarked on a media campaign to educate members about their benefits and the importance of staying in service until retirement. The organisation also continued to encourage members to retire with the GEPF, rather than to resign and transfer their savings out of the Fund. The organisation has also intensified public awareness regarding Unclaimed Benefits in an effort to get eligible beneficiaries to come forward and claim the benefits that are due to them.

Despite the service delivery challenges encountered during the year under review, the GPAA managed to achieve more than 50% of the targets set in the Annual Performance Plan (APP).

2.2 Organisational Environment

The GPAA has had senior vacancies for the positions of Chief Operations Officer (COO), Chief Financial Officer (CFO), Chief Risk Officer (CRO) and Head of Corporate Services for a number of years. This void has had an impact on the ability of the organisation to perform optimally in terms of institution building, leadership and service delivery. These positions were advertised in February 2021 and the process of filling them is in progress. In the interim, the relevant General Managers are absorbing the responsibilities of the executive positions to ensure that the applicable functions are performed until the positions are filled permanently.

During the year under review, the GPAA found itself affected by the requirements of the new environment as brought about by the COVID-19 pandemic. As a provider of pension benefits to current and former public servants as well as the special pensioners, the organisation was faced with different 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 was initially challenging in the first six weeks of Level 5 of the national lockdown, although our Call Centre was semi-operational and emails and calls were taken by persons equipped to work from home.

In light of the nature of services rendered by the organisation, Cabinet declared the GPAA as an essential service entity on 2 April 2020. As an essential service entity, the GPAA was then able to provide services during Level 5 of the national lockdown. Equipment was set up in employees' homes for continued service delivery purposes. This activity required great agility and availability of the ICT infrastructure. By January 2021, the GPAA had equipped about 71% of its staff with remote working capability, which allowed for 100% production under Disaster Risk Level 3 of the second wave of the COVID-19 pandemic, between late December 2020 and February 2021.

2.3 Key Policy Developments and Legislative Changes

Over the past few years government has, particularly through National Treasury, begun formulating proposals regarding retirement reforms. The proposals regarding retirement reform is an ongoing process, and any new reforms will take some time to complete. This is a process through which government seeks to:

- a) Encourage people to adequately save and provide for 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 standards of retirement fund governance, including Trustee knowledge and conduct, and 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 work is concerned.

2.4 Progress towards Achievement of Institutional Impacts and 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 all taken into consideration when developing the impact statement and strategic outcomes of the GPAA. The impact statement and strategic outcomes are reflected in Table 2 as shown below.

TABLE 2: IMPACT STATEMENT AND STRATEGIC OUTCOMES

PROGRAMME	IMPACT STATEMENT	OUTCOMES	OUTCOME SCORE
Programme 1: Support Services	Dignified, cared for, empowered and satisfied members, pensioners and beneficiaries.	1. Optimal core support	6 out of 8 (75%) targets met
		2. Capable and reliable administration System	0 out of 1 (0%) target met
		3. Digitised internal processes	1 out of 1 (100%) target met
Programme 2: Benefits Administration		4. Efficient case management	0 out of 1 (0%) target met
		5. Efficient admission management	1 out of 4 (25%) targets met
		6. Efficient contribution management	1 out of 1 (100%) target met
		7. Payment turn-around time, less than 60 days	3 out of 7 (43%) target met

For the purpose of measuring the achievement of the strategic outcomes, a total of 23 output performance indicators were tracked during the financial year. As reflected in Table 2, for two of the outcomes, a 100% target was met for the relevant output indicators while for one outcome, 50% of the targets were met. For the four remaining outcomes, less than 50% targets were met. The organisation is on the right track towards the realisation of the strategic outcomes set out in the Strategic Plan tabled in Parliament in February 2019.

Performance scorecards for Programme 1 and Programme 2 reflect the output indicators and targets for the financial year, together with the achievements and challenges experienced in the attainment of the set targets (see page 34).

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

The GPAA, as a component of government has embraced the outcomes-based approach. Both the strategic planning and organisational performance monitoring approaches of the organisation are 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 also 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 a number of its predetermined outcomes for the 2020/2021 financial year. A total of 12 out of 23 (52.17%) performance targets were achieved. Due to the pandemic, certain performance targets were not achieved as a number of deliverables required client interaction which could not take place because of the regulations and restrictions put in place under the lockdown.

A number of highlights have been recorded for the financial year under review. The greatest being an average of 80.69% (GEPF: 61.41% and National Treasury: 99.97%) of benefits that were paid on time after receipt of duly completed documentation and an average of 97.49% of new members that were admitted on time. Out of all clients who visited the GPAA offices throughout the country, 99.85% received service. Regarding the payment of invoices, an average of 97.09% of invoices were paid within 30 days.

Another notable achievement is that the new Self-Service smartphone application and website were deployed during the financial year.

The GPAA administered benefits on behalf of GEPF, with a membership of 1.2 million at the end of March 2021. Contributions of approximately R80.1 billion were received in 2020/2021, with benefit claims of about R108.46 billion paid out to beneficiaries. This is an increase compared to the prior year where contributions received was R79.21 billion and the benefit claim paid out was R103.45 billion. A summary of the cases administered in 2020/2021 together with monthly benefits payments are reported in Table 3 as shown below.

TABLE 3: CASES ADMINISTERED AND MONTHLY BENEFITS PAID

100%

of new GEPF members were admitted within 14 days

CASES ADMINISTERED AND FINALISED AT THE GPAA	CASES PAID 2019 / 2020	CASES PAID 2020 / 2021
Resignation from GEPP	22 678	16 139
Retirement from GEPP	34 134	27 989
Transfer from GEPP	3 150	2 535
Beneficiaries paid due to death of members	6 683	5 898
Total	66 645	52 561
RECIPIENTS OF MONTHLY PAYMENTS FROM THE FUND	MONTHLY PAYMENTS 2019 / 2020	MONTHLY PAYMENTS 2020 / 2021
Injury on Duty (IOD) payments	9 720	10 006
Post-retirement Medical Benefits	125 464	133 649
Military Pensions	4 822	4 614
Special Pensions	6 439	6 043
Other benefits	887	844
Pension benefits (GEPP)	313 173	312 647
Spouses benefits (GEPP)	163 603	160 667
Orphans benefits (GEPP)	3 839	6 171
Pension benefits (AIPF)	4 435	4 083
Spouses benefits (AIPF)	2 753	2 607
Pension benefits (TEPF)	185	171
Spouses benefits (TEPF)	122	115
Total benefits per recipient paid per month	635 442	641 617

On the downside, the GPAA was unable to achieve some of the target initiatives that were planned for the financial year. One being the inability to implement the business workflow due to ICT resource constrains. Instead of the workflow, the limited capacity focused on the delivery of the BPA. Due to the COVID-19 pandemic, the client satisfaction levels were affected and the set target for the payment of GEPP benefits was not met. However, plans are in place to mitigate the challenges to ensure improvement on meeting the set targets in the new financial year.

The initiatives that were key strategic thrusts during the year under review were:

- Stakeholder management to enhance employer departments support and improve on payment turn-around time;
- Deployment of the Self-Service smartphone application and the Self-Service website;
- Electronic communication through SMS and email;
- Continuous member data cleansing to improve communication with members;
- Employee engagement and support to enhance productivity;
- Resolution of audit findings; and
- Implementation of strategic risk actions.

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



3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

PERFORMANCE AT PROGRAMME LEVEL

The performance of the GPAA is monitored on a quarterly basis to assess the implementation of GPAA's Annual Performance Plan (APP). The quarterly performance monitoring processes aim at monitoring the delivery against the set quarterly performance targets. These performance monitoring processes culminate into the organisation's report on the performance against annual performance targets.

This section presents the performance of the GPAA against the annual targets as set out in the 2020/2021 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 2020 / 2021

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

TABLE 4: PERFORMANCE AGAINST PREDETERMINED OUTCOMES

Outcome	Output	Output Indicator	Audited actual performance 2018/2019	Audited actual performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
Optimal core support	Disabled employees	1. % of disabled employees	5.19% of disabled employees	5.57% of disabled employee	2% of disabled employees	6.05% of disabled employees	Target exceeded by 4.05%	Reasonable accommodation intervention and engagement resulted in declaration of disability by employees, thus increasing the achievement of the target.
	Female employees	2. % of female employees as a total employees	63.42% of female employees as a total employees	63.25% of female employees as a total employee	51% of female employees as a total employees	63.67% of female employees as a total employees	Target exceeded by 12.67%	The GPAA Recruitment Strategy is aligned to transformation and its requirements are achieved.
	Black employees	3. % of black employees as a total employees	82.67% of black employees as a total employees	83.24% of black employees as a total employees	75% of black employees as a total employees	83.14% of black employees as a total employees	Target exceeded by 8.14%	The GPAA Recruitment Strategy is aligned to transformation and its requirements are achieved.
	Clean audit outcome (external audit outcome)	4. Clean audit Outcome (external audit outcome)	Unqualified audit with matters of emphasis	Unqualified audit with matters of emphasis	Clean audit Outcome (external audit outcome)	Unqualified audit opinion with material non-compliances	Clean audit not achieved	Supply chain management matters are being addressed
	Invoices paid	5. % of accurate invoices paid within 30 working days	New measure	94.22% of accurate invoices paid within 30 working days	100% of accurate invoices paid within 30 working days	97.09% of accurate invoices paid within 30 working days	Target missed by 2.91%	Disputes with service providers regarding invoices on services delivered are the main reason for missing the target timeline.
	Amount of Unclaimed Benefits paid (excluding interest)	6. % of all amount of Unclaimed Benefits paid (excluding interest)	New measure	New measure	28% of the total amount of Unclaimed Benefits paid (excluding interest)	43.16% of the total amount of Unclaimed Benefits paid (excluding interest)	Target exceeded by 15.16%	This financial year performance is based on paid cases against all Unclaimed Benefit cases.

Outcome	Output	Output Indicator	Audited actual performance 2018/2019	Audited actual performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
Digitised Processes	Clients reached through digital communication channels	7. % clients reached through digital communication channels	New measure	New measure	28% of clients reached through digital communication channels	37.89% of clients reached through digital communication channels	Target exceeded by 9.89%	The GPAA implemented digital channels to clients and the digitised options are used as preferred by the member or pensioner. The augmentation of data from third parties and clients assisted the GPAA to extend the digital contact details.
Capable and reliable administration system	Business workflow implementation	8. % progress of business workflow implementation	New measure	New measure	10% progress of business workflow implementation	0% progress of business workflow implementation	Target missed by 100%	Given the ICT resource constraints, The GPAA focused on the delivery of the BPA (Contributions and Retirement less than 10 years) rather than on the workflow.
Optimal core Support	Business Continuity Recovery Time Objectives achieved tests	9. % business continuity Recovery Time Objectives achieved tests	New measure	New measure	80% business continuity Recovery Time Objectives achieved tests	91.61% business continuity Recovery Time Objectives achieved tests	Target exceeded by 11.61%	The BCM tests were successful despite the overburdened amount of work in the BCM area as a result of COVID-19.
	System available during required times	10 % of time system is available during required times per quarter	New measure	New measure	97% of time system is available during required times per quarter	99.58% of time system is available during required times per quarter	Target exceeded by 2.58%	Active and effective system monitoring and ICT service provider management.

Strategies to overcome areas of under-performance:

- Percentage of accurate invoices paid within 30 working days:

The GPAA will improve communication with the service providers on disputed invoices. Invoices will only be processed once disputed invoices are resolved in order to meet the timeline.

- Percentage of progress of business workflow implementation:

GPAA will focus on the delivery of BPA and increase the throughput by adding the automation of processes for retirement cases with ten or more years of service. This will improve the delivery on this performance indicator.

Linking Performance with Budgets

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

TABLE 5: LINKING PERFORMANCE WITH BUDGETS

Programme 1: SUPPORT SERVICES	2019/2020			2020/2021		
	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	720,293	710,284	10,009	778,263	685,565	92,698

Administration fees under “Statement of Comparison between Budget and Actual Amounts” in the Annual Financial Statements is a sum total of Tables 5 and 7. NB: Refer to AFS pg 84 for under-expenditure figures.

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.

Please refer to the annual financial statements for more detail under: “Statement of Comparison between Budget and Actual Amounts”.

The main drivers for the under expenditure are:

- Vacant positions and salary increases not implemented.
- Printing of newsletters not done due to a delayed conclusion on the printing tender.
- Mobile Vans not procured due to pending finalisation of specifications.
- Travel and Accommodations scaled down due to COVID-19 lockdown restrictions.

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 2020 / 2021

- Payment turnaround time of less than 60 days
- Efficient Admission Management
- Efficient Contribution Management
- Efficient Case Management

TABLE 6: PERFORMANCE AGAINST PREDETERMINED OUTCOMES

Outcome	Output	Output Indicator	Audited actual performance 2018/2019	Audited actual performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Comment on deviations
Payment turnaround time of less than 60 days	Client satisfaction	11. % client satisfaction levels	94% client satisfaction levels	91.6% client satisfaction levels	94% client satisfaction levels	32.62% client satisfaction levels	Target missed by 61.38%	Rated channels excluded the Outreach and Mobile CSI scores as they were non-operational due to COVID-19 Lockdown restrictions.
	Calls answered	12. % of calls answered versus calls offered	New measure	New measure	65% of calls answered versus calls offered	58.27% of calls answered versus calls offered	Target missed by 6.73%	The underachievement was due to COVID-19 regulations, and inadequate capacity to answer calls offered particularly during Q1 & Q2.
Efficient admission management	NT members admitted	13. % of NT members admitted within 14 days	99.96% of NT members admitted within 21 days	99.96% of NT members admitted within 21 days	99.98% of NT members admitted within 14 days	94.99% of NT members admitted within 14 days	Target missed by 4.99%	This is attributed to delays by members in submitting the required documents.
	GEPF members admitted	14. % GEPF members admitted within 14 days	99.07% GEPF members admitted within 21 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%	Staff committed to achieve targets set.
Efficient contribution management	GEPF contributions received and reconciled	15. % of GEPF contributions received and reconciled by the 22nd of the month	95% 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	97% 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	Target exceeded by 2.27%	Timeous collection of contributions through regular follow-up with employer departments on outstanding contributions.
Efficient case management	NT pensioner records maintained	16. % of NT pensioner records maintained within 21 days	99.98% of NT pensioner records maintained	99.55% of NT pensioner records maintained	99.98% of NT pensioner records maintained within 21 days	99.36% of NT pensioner records maintained within 21 days	Target missed by 0.62%	This is attributed to the delays caused by capacity constraints associated with COVID-19 pandemic regulations.

Outcome	Output	Output Indicator	Audited actual performance 2018/2019	Audited actual performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Comment on deviations
Efficient admission management	NT suspended pensioners (foreign or manual) reinstated	17. % 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	100% of NT suspended pensioners (foreign or manual) reinstated after receipt of Life Certificates	99.98% of NT suspended pensioners (foreign or manual) reinstated within 21 days after receipt of Life Certificates	93.33% of NT suspended pensioners (foreign or manual) reinstated within 21 days after receipt of Life Certificates	Target missed by 6.65%	Delays in activating life certificates for clients who are abroad.
	NT membership certificates issued	18. % of NT membership certificates issued within 30 days of admission	99.67% of NT membership certificates issued within 30 days of admission	99.70% of NT membership certificates issued within 30 days of admission	99.98% of NT membership certificates issued within 30 days of admission	99.61% of NT membership certificates issued within 30 days of admission	Target missed by 0.37%	Target could not be achieved due to the slow response to outstanding documents and the lockdown period that affected the availability of processing team, particularly during Q1&Q2.
Payment turnaround time of less than 60 days	NT Death Benefits paid	19. % of NT Death Benefits paid within 60 days after duly completed documents were received	90.85% 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	80% 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	Target exceeded by 6.69%	This is attributed to the effective monitoring of the Death Benefit claims.
	GEPF benefits paid	20. % GEPF benefits paid within 45 days, excluding Death Benefits	85.69% of GEPF benefits paid on time	81.17% GEPF benefits paid within 45 days, excluding Death Benefits	85% GEPF benefits paid within 45 days, excluding Death Benefits	61.41% GEPF benefits paid within 45 days, excluding Death Benefits	Target missed by 23.59%	The impact of the COVID-19 pandemic affected the business unit significantly as many of the processes are manual and paper based. Staff were required to adapt to new ways of work resulting in lower production and time loss due to infection rate.

Outcome	Output	Output Indicator	Audited actual performance 2018/2019	Audited actual performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Comment on deviations
Payment turnaround time of less than 60 days	NT benefits paid	21. % of NT benefits paid within 20 days, excluding Death Benefits	99.99% of NT benefits paid on time	99.98% of NT benefits paid within 20 days	87% of NT benefits paid within 20 days, excluding Death Benefits	99.97% of NT benefits paid within 20 days, excluding Death Benefits	Target exceeded by 12.97%	This is attributed to the continuous monitoring and management of production statistics to ensure that the benefits are paid on time.
	Visitors serviced	22. % of visitors serviced versus number of visitors	New measure	New measure	97% of visitors serviced versus number of visitors	99.85% of visitors serviced versus number of visitors	Target exceeded by 2.85%	The overachievement was due to effective management oversight, monitoring of queues and service times.
	GEPF Death Benefits paid	23. % of GEPF Death Benefits paid within 60 days after duly completed documents were received	New measure	New measure	50% of GEPF Death Benefits paid within 60 days after duly completed documents were received	23.24% of GEPF Death Benefits paid within 60 days after duly completed documents were received	Target missed by 26.76%	Impact of the COVID-19 pandemic affected the business unit significantly as many of the processes are manual and paper based. Staff were required to adapt to new ways of work resulting in lower production and time lost due to the high infection rate.

Strategies to overcome areas of under-performance:

- Percentage of client satisfaction levels:
Services will be improved by focusing on areas where the clients are not satisfied with the instruments. Outreach Programmes which contributed to the Client Satisfaction Index were resumed within the COVID-19 pandemic compliance requirements.
- Percentage of calls answered versus calls offered:
Additional resources were put in place to work towards ensuring that all calls are answered.
- Percentage of NT members admitted within 21 days:
Measures will be put in place to encourage members to use Regional Offices.
- Percentage of NT suspended pensioners (foreign or manual) reinstated within 21 days after receipt of Life Certificates
Measures will be put in place to speed up processes for activation of life certificates.

- Percentage of NT membership certificates issued within 30 days of admission:
Capacity was increased and additional mechanisms were introduced to work towards meeting the target.
- Percentage of GEPF benefits paid within 45 days, excluding death benefits:
The process of getting additional resources was initiated and intense monitoring was put in place to address the gap.
- Percentage of GEPF Death Benefits paid within 60 days after duly completed documents were received:
Action taken to educate members to ensure that beneficiaries and employer departments provide the necessary information and documentation.

Linking performance with budgets

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

TABLE 7: LINKING PERFORMANCE WITH BUDGETS

Programme 2: BENEFITS ADMINISTRATION	2019/2020			2020/2021		
	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	388,569	396,873	-8,304	378,470	316,971	61,499

Administration fees under "Statement of Comparison between Budget and Actual Amounts" in the Annual Financial Statements is a sum total of Tables 5 and 7. NB: Refer to AFS pg 84 for under-expenditure figures.

The 2020/2021 budget assisted the Programme 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 (AFS) for more details.

The reasons for under expenditure are:

- Vacant positions and salary increases not implemented.
- Mailing not done due to printing tender that was not concluded in the 2020/21 financial year.
- Travel and Accommodations scaled down due to COVID-19 lockdown restrictions.

4. INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

This section reflects the GPAA's interventions which were implemented in response to the COVID-19 pandemic. Throughout the pandemic, the GPAA carefully spent to secure Personal Protective Equipment and material. However, the ICT costs to ensure the increase in productivity and remote methods of working are worth noting.

TABLE 8: 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
Programme 1: Human Resources	Mass Testing	Gauteng, Western Cape and Eastern Cape	1500 employees (This includes about 400 repeat testing)	Employees of GEPF, GPAA, Regional Offices, Contractors, Security and Cleaning staff	R2 652	R1 289	Optimal core support	Business realignment and quarantine of infected staff
	Careways, trauma counseling and family service	National footprint	About 1100 employees	GPAA Permanent and Contracted staff	R500	R111	Optimal core support	Trauma, debt, and family management
Programme 1: Facilities	Enhanced cleaning services for COVID- 19.	National footprint	1100 Employees and visiting clients	GPAA Head and Regional Offices, Contractors, Security and Cleaning staff and Clients	R1 250	R447	Optimal core support	Extreme levels of Hygiene to combat COVID-19 infections
	Personal Protective Equipment (PPE)	National footprint	About 1100 employees, Security and Cleaning staff	GPAA Head and Regional Offices, Contractors, Security and Cleaning staff	R1 000	R1 939	Optimal core support	OHS safety precautions, regulatory requirements and innovations
	Deep Cleaning services	National footprint	About 1100 employees, Security and Cleaning staff	GPAA Head and Regional Offices, Contractors, Security and Cleaning staff and Clients	R948	R134	Optimal core support	Deep cleaning after infections detected in specific business areas

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
Programme 1: Business Enablement	MTN Data for remote working	National footprint	About 790 remote connections	GPAA Permanent and Contracted staff	R420	R590	Capable and reliable administration system	3G connection over the GPAA Virtual Private Network
	Laptop hire and purchase	National footprint		GPAA Permanent and Contracted staff	R407	R1 171	Capable and reliable administration system	Remote working capability
	Wi-Fi routers for standalone PC's	National footprint	About 150	GPAA Permanent and Contracted staff	R142	R153	Capable and reliable administration system	Remote working capability
	Teams licenses	National footprint	About 150	GPAA Permanent and Contracted staff	R450	R272	Capable and reliable Administration System	Secure Remote meeting capability
Programme 1: Strategic Support	Compliance Inspections	National footprint	About 1100 employees, clients visits differ from region to region	GPAA Permanent and Contracted staff, visiting clients	R438	R71	Optimal core support	Compliance to all the relevant Regulations and OHS housekeeping, keeping client facing service in tact
TOTAL					R8 207	R6 177		

The organisation did not have a specific budget allocation for COVID-19. However, an emergency budget was created by the then Acting CFO with the approval of EXCO. This budget covered mass testing, trauma management, network connectivity, remote access and control, laptop leasing, deep cleaning, PPEs and compliance inspections.

A close-up, high-angle photograph of a complex mechanical assembly, likely a part of a machine. The components are made of polished metal, showing various surfaces, edges, and textures. A hand is visible on the right side, holding one of the components. The lighting is dramatic, with strong highlights and deep shadows, creating a sense of precision and industrial complexity. The background is blurred, focusing attention on the mechanical details.

PART C: **GOVERNANCE**

1. INTRODUCTION

The GPAA recognises that an effective governance system is not simply a compliance matter, but an essential indication of the organisation's commitment to be an accountable organisation to both its customers and to the public at large. Accordingly, the GPAA has an Enterprise-Wide Risk Management (EWRM) programme that focuses on the management of risks at operational and strategic levels of the organisation. During the year under review, the GPAA managed its risks and fraud prevention activities in a pro-active manner, focusing mainly on factors affecting the achievement of strategic outcomes and operational targets.

In line with the PFMA and Treasury Regulations, the Risk Management Committee and the Executive Management Committee (EXCO) have approved the Risk Management Framework and the Risk Management Strategy that are supported by the Risk Implementation Plan (2020/2021). These documents are key to guiding the management of risks in the organisation.

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

2. INTERNAL AUDIT

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

The IA function assists the Accounting Officer to achieve the strategic outcomes of the GPAA by evaluating and developing recommendations for the enhancement or 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. In developing this plan, IA considered the approved 2020/2021 Strategic Risk Register as approved by the Risk Management Committee. The Internal Audit unit reports all identified findings and matters of significance to the Audit Committee on a regular basis.

The GPAA is committed to continuously improving its risk management processes and enhancing its fraud prevention activities in pursuit of its strategic outcomes, with the ultimate aim of creating and ensuring the sustainability of its core business as well as creating an improved control environment by minimising its exposure to risks, fraud and operational inefficiencies.

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

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

3. RISK MANAGEMENT

The GPAA has put systems in place to ensure that key risks that face the organisation are identified and that strategies to manage those risks are put in place and implemented. As such, the GPAA has an approved Risk Management Policy and Strategy in place.

The GPAA Risk Management Strategy is supported by a Risk Implementation Plan, which outlines the nature and frequency of risk assessments that are conducted. For the year under review, risk assessments were conducted in terms of Occupational, Health and Safety (OHS),

COVID-19 workplace and operational risks.

The Risk Management Committee which comprises of EXCO and two independent members, including the chairperson, was appointed to oversee and advice management on the overall system of risk management, to ensure the mitigation of risks and evaluate the effectiveness of the implementation of the Fraud Prevention Policy.

The GPAA has an Audit Committee that provides an independent oversight role and further monitors the effectiveness of the system of risk management.

Notable progress was recorded for the year under review in inculcating a culture of risk management and further deriving value from the implementation of the mitigation plans as it contributed to significant improvements towards the organisation's performance.

4. FRAUD AND CORRUPTION

Treasury Regulation 27.2.1 of the PFMA requires the GPAA to develop and maintain a Risk Management Strategy, which must include a Fraud Prevention Plan. The purpose of the Fraud Prevention Strategy is to positively change the attitudes of employees, external service providers and suppliers of the Agency towards corruption and fraud. The GPAA has an approved Fraud Prevention Plan that serves to direct Internal Audit efforts and priorities and to determine the skills required of managers and staff to improve controls and to manage identified risks. The Fraud Prevention plan 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, and as directed by the Fraud Prevention Plan, together with the Fraud Prevention Strategy, the following governance documents were reviewed, with the view of enhancing the implementation of the approved plan:

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

The approved Fraud Prevention Plan includes the action plans which were implemented during the period under review.

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

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

The GPAA's dedicated fraud hotline number:

- 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 & Internal business units.

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

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

The GPAA further 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 on 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 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 may, amongst others be:

- Investigated internally;
- Referred to relevant external law enforcement agencies; or
- Investigated 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 a suspicion of fraud and a financial loss has incurred to law enforcement for further investigation, regardless of the amount involved.

5. MINIMISING CONFLICT OF INTEREST

Supply Chain Management (SCM) practitioners at the GPAA are required to sign a code of conduct regarding how they execute their activities within the SCM environment. The code of conduct for SCM practitioners prescribes the scenarios practitioners are confronted with and the expectation in terms of conduct for SCM practitioners. SCM practitioners have to also declare any financial interests on the government's e-Disclosure system on an annual basis.

In addition, the approving authority within GPAA SCM is addressed in terms of the thresholds and that includes the establishment of various SCM committees. These committees within GPAA include the Price Quotation Committee, the Bid Adjudication Committee, the Bid Specification Committee and the Bid Evaluations Committee. Each committee has its own respective Terms of Reference (TOR) prescribing the roles and responsibilities of members, practitioners and chairpersons.

The Standard Operating Procedures (SOPs) of the GPAA have been drafted to align with to the SCM prescripts as communicated by National Treasury and to relevant legislation and best practices for internal processes, taking into consideration governance and segregation of duties. In addition, there are declaration of interest forms that are signed by all attending members who participate in the SCM committees mentioned above. Where there is a conflict of interest identified, the individual is recused from further participation in the respective committee.

6. CODE OF CONDUCT

Integrity management plays a very important role in dealing with issues of ethics and corruption in the public service generally, and in the GPAA in particular. In this regard, the GPAA considers 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 elements to building a culture of ethical behaviour. Mechanisms and systems are put in place to monitor adherence and compliance to the Public Service Code and Service Charter.

To date, the following has been done:

- Declaration of interests through the DPSA's e-Disclosure system and verifications were done during the year under review.
- 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.

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

- In cases of breach of the GPAA Code of Conduct, remedial action was applied according to the DPSA's Public Service Disciplinary Code of Conduct to ensure remedy and consequence management.
- The breaches were investigated by the Human Resource unit, and disciplinary steps and actions were taken to remedy the misconducts. The registers of misconduct and disciplinary action are kept by the HR unit and reported in Part D of this Annual Report.
- Training and awareness will be conducted to empower staff in the next financial year as a gap was identified in this regard.

7. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

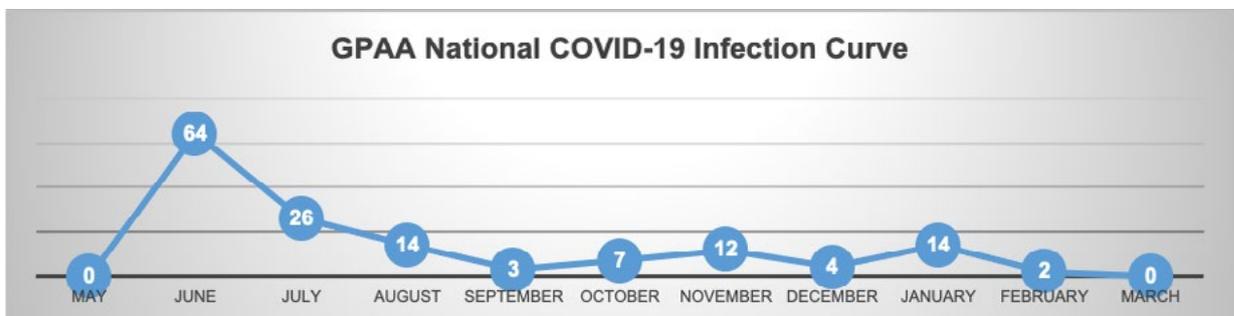
This aspect normally covers issues of health, safety and environment, but the year under review was particularly marked by the COVID-19 pandemic. This resulted in different risk levels, dynamics and some pressure to find safer and smarter ways of working. The Occupational Health and Safety (OHS) was the first focus area for the organisation as the GPAA was classified as an essential service in May 2020. This affected the safety of employees and meant that the GPAA had to give assurance that the work environment would be adapted to ensure the safety of each employee and their families at home, as well as that of the clients.

After the OHS regulations changed, the GPAA wrote an addendum to its current Occupational Health and Safety policy and aligned them to comply with the legislation and regulations.

The GPAA has designated one Compliance Officer at the Head Office and 15 Compliance Managers at the Regional Offices. Each office was inspected and certified to be compliant with COVID-19 regulations. A decline in COVID-19 cases became visible between November and December 2020. This was probably due to a large number of GPAA employees who were on annual leave. Most of the staff returned to work by 25 January 2021.

After the implementation of the work from home programme in accordance with the DPSA Circular 1 of 2021, only two cases were reported and recorded by 14 February 2021. This could also be as a result of the national decline of COVID-19 cases at the time. Figure 2 - GPAA National COVID-19 Curve indicates February 2021 being closest to September 2020's infection rate, at this stage South Africa was preparing for lockdown Level 1.

Figure 2 - GPAA National COVID-19 Curve



According to Figure 2 shown above, since May 2020, the GPAA recorded 132 cases, 9 hospitalisations, 5 fatalities and 140 recoveries with an 11% infection rate of the total number of employees, including contractors; and a 97% recovery rate. The GPAA remained vigilant in seeking ways to ensure that employees remained safe and in a conducive environment in compliance with the DPSA Circular 1 and 2 of 2021.

In conclusion, COVID-19 has affected staff and productivity levels, albeit the GPAA tried various innovative ways and means to minimise the impact on service delivery.

8. SOCIAL RESPONSIBILITY

The GPAA's main social responsibility is rendering services to the clients without charging them. As part of its social responsibility, the GPAA normally collects items and distribute them to communities through orphanages and other related institutions, but this unfortunately did not happen in the year under review because of the pandemic.

9. INTERNAL AUDIT AND AUDIT COMMITTEE

9.1 The Internal Audit (IA) unit

Roles and Responsibilities of Internal Audit

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps the organisation to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

9.2 Governance

While the Internal Audit function reports directly to the Audit Committee, it assists the CEO of the GPAA in achieving the objectives of the organisation by evaluating and developing recommendations for the enhancement or improvement of the processes through which:

- Objectives and values are established and communicated;
- The GPAA's performance goals are accomplished;
- Accountability is ensured; and
- Corporate values and ethics are preserved.

9.3 Risk Management

The function assists the GPAA management and Audit Committee by examining, evaluating, reporting and recommending improvements on the adequacy and

effectiveness of Management's risk processes. Internal Audit must evaluate risk exposures relating to the organisation's governance, operations and information systems regarding:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance to laws, regulations and contracts.

9.4 Control Processes

The Internal Audit function evaluates whether the internal controls which Management relies on to mitigate the risks to acceptable levels, are appropriate and functioning as intended, and based on that develops recommendations for enhancements or improvements in the control environment.

9.5 Summary of audit work done

The Acting Chief Audit Executive of the GPAA hereby confirms that:

- The purpose, authority and responsibility of the Internal Audit Activity (IAA) is formally defined in the approved internal audit charter.
- The Internal Audit function was independent for the year under review.
- The post audit satisfaction surveys are performed as part of the employee's assessments, however there is room for improvement in this regard.
- All officials in the Internal Audit unit have completed the Personal Development Plans, and these are monitored by Managers, the Acting Chief Audit Executive and the Acting Chief Executive Officer.
- TeamMate and ACL licences are renewed annually and the TeamMate was upgraded at the end of the 2019/2020 financial year. The summary of achievements against the plan and consulting services completed are detailed as follows:

Type	Total Planned Audits	Total No (%) Completed	Total No (%) Not Completed
Assurance reviews 2020/2021			
Regularity Audit	25	18 (72%)	7 (28%)
Performance Audit	2	1 (50%)	1 (50%)
Information Technology Audit *	8	7 (88%)	1 (12%)
Total	35	26 (74%)	9 (26%)

* 1 audit report was signed on the 1st of April 2021

Type	Total Planned Audits	Total No (%) Completed	Total No (%) Not Completed
Follow - up reviews 2020/2021			
Regularity Audit	8	6 (75%)	2 (25%)
Performance Audit	4	2 (50%)	2 (50%)
Information Technology Audit *	4	3 (75%)	1 (25%)
Total	16	11 (69%)	5 (31%)

Consulting Projects 2020/2021	Requested	Completed
Ad-hoc Audits	5	5 (100%)
SCM: Tender evaluations observation	8	8 (100%)
Total	13	13 (100%)

During the year under review, 35 audits were planned and 26 were executed. There were five ad-hoc audits and eight tender evaluation observations which were conducted. Overall, there were 13 consultations that were provided to the business.

9.6 The Audit Committee

9.6.1 Audit Committee objectives

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

- Integrity of the GPAA's financial statements;
- Internal and external auditor qualifications and independence;
- Performance of the GPAA's Internal Audit unit and external auditors;

- Effectiveness of internal controls;
- GPAA's compliance with legal and regulatory requirements; and
- Identification of the material risks that may affect the corporation and the implementation of appropriate measures to manage such risks.

9.6.2 Activities in relation to Internal Audit

- The Audit Committee examines the appointment, replacement, reassignment or dismissal of the Chief Audit Executive (CAE) and reviews the mandate, annual audit plan, and resources of the internal audit function.
- The committee meets 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, together with the CAE, any issues that may be brought forward by him/her, including any difficulties encountered by the internal audit function, such as audit scope, access to information and staffing restrictions.
- The committee ensures the effectiveness of the coordination between the internal audit and the external audit.

9.6.3 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	Number of meetings attended
Ms. P Mzizi	CA (SA), CTA (Hons), B. Acc Sc. (Hons) B.Com (Hons) B.Bus.Sc.	External	None	Chairperson	01 October 2019	N/A	14 of 14
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	N/A	13 of 14
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	N/A	14 of 14
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	13 of 14

10. COMPLIANCE WITH THE LAW

The GPAA is a legal entity that administers pension on behalf of the GEPF and National Treasury. Therefore, the GPAA is required to primarily comply with the Government Employees Pension (GEP) Law of 1996, which is the legislative framework for the payment of GEPF beneficiaries. In addition to the GEP Law, the GPAA should also comply with various legislation governing the National Treasury pension benefits and associated Funds.

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

11. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2021.

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 has 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 2020/21 and has monitored the performance of the internal audit against that plan on a quarterly basis. The Audit Committee has noted that the internal audit plan was not completed due to delays in appointing the external service provider. 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
- Performance Information Report Q1, Q2, Q3 and Q4
- Withdrawal Benefits
- Funeral Benefits
- Unclaimed Benefits
- Pensioner Maintenance
- Contributions
- Vetting
- Labour Relations (Control Self-assessment)
- Financial Statements
- Strategy Management (SMART and Compliance)
- Business Plans Alignment
- Risk Management
- Regional Offices CLO Activities
- Business Continuity
- Document Management System
- Security Management
- Virtual Private Network (VPN) Security
- Access Management
- Corporate Governance (ICT and Regularity)
- ICT Assets Management

The internal control environment requires overall improvement more so in the areas where the controls were found to be inadequate or unsatisfactory which are withdrawal benefits, pension maintenance, business continuity, regional offices CLO activities, document management system, access management and ICT assets management.

Risk management

Management is responsible for the establishment and maintenance of an effective system of governance, risk management as well as the prevention and detection of fraud and internal controls. Internal Audit was guided by the consolidated risk profile, provided by the Enterprise Risk Management unit, the critical audit areas, and 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 2020/21 unaudited and audited Annual Financial Statements prepared by the organisation.
- Reviewed the 2020/21 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 July 2021





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 911 permanent funded positions filled and 114 vacancies. A total of 113 contract workers have been appointed, additional to the structure. The organisation also hosted a total of 86 interns in the 2020/2021 financial year.

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

The Training unit, in partnership with ICT, introduced virtual training for programmes offered in the organisation. Some level of change management was done in order to introduce employees to the new online system used to offer training.

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, development and facilitation with regard to the implementation of the Organisational Structure, Job Descriptions and Evaluation processes is continuous.

2.3 Employee Performance Management

Performance Management is the system through which employees' work performance is planned. This enables 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, just 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 COVID-19 pandemic containment efforts and in SHERQ Management compliance meetings and activities. The EHW unit calendar was disturbed by the pandemic and the lockdown; however, when restrictions were lifted the programs were revitalized, with adjustments to conform to COVID-19 regulations.

The GPAA had five fatalities related to the COVID-19 complications, and 150 employees reported infections. The affected employees were duly supported by the EHW unit, which was given the

responsibility of working with the Compliance Officer to ensure the wellbeing of employees.

The EHW unit managed the entry of employees into all the GPAA offices and assessed the registers to monitor compliance. The EHW unit achieved the intended goal of educating, saving lives and keeping employees productive with consideration to the context of the pandemic.

3. HIGHLIGHTS AND ACHIEVEMENTS

- The general turnover rate of 4.5% in the GPAA is still lower than the norm in the industry, which is \pm 10%.
- The vacancy rate as at 31 March 2021 is 11.1%.
- The Executive positions of Deputy Director-General: Corporate Services, Chief Financial Officer and Deputy Director-General: Employee Benefits were advertised and the recruitment process is underway.
- The contracts of the contract workers from levels 1 to 12 that were affected by the Substantive Agreement were extended for three years while those falling under SMS dispensation were extended for two years.
- The GPAA SMS financial disclosures as well as MMS members on level 11 and 12 were submitted by the due date of 30 April 2020. The verification of the disclosures was submitted to the PSC by 31 May 2020.
- The COVID-19 pandemic had a huge influence on the management of leave. The first change that needed to be implemented was the leave credits of 2019, which were to be taken by 31 December 2020. No leave payouts were made and the report was submitted to the DPSA.
- Guidelines regarding the implementation of leave for COVID-19 pandemic purposes were formulated.
- Due to COVID-19, a new procedure was developed to submit leave forms electronically.

4. CHALLENGES

- Some delays were experienced in respect of incapacity leave approvals due to the delayed appointment of the Health Risk Manager for the public sector.
- The Compensation Commission implemented a new Injury on Duty (IOD) system which posed certain system processing challenges.

5. FUTURE PLANS (for the next financial year)

- To finalise the recruitment process for the advertised levels 13 to 15 positions.
- The Senior Management Services (SMS) financial disclosures to be done by 30 April 2021.
- The verification of SMS disclosures to be done and submitted to the PSC by 31 May 2021.
- The communication of disclosures for Ethics Officers and Middle Management Services (MMS) level 12 to be finalised by 30 June 2021 and MMS level 11 by 31 July 2021.

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 2020 to 31 March 2021

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure	Number of employees	Average personnel cost per employee (R'000)
			(R'000)		
Business Enablement	375,018	55,016	15%	85	647
Client Relations Management	187,112	174,519	93%	481	363
Corporate Services	169,392	45,206	27%	105	431
Employee Benefits	79,470	73,823	93%	180	410
Financial Services	50,719	29,863	59%	69	433
Governance	42,932	85,385	199%	184	464
National Treasury Prog 2.1	50,388	26,706	53%	62	431
Strategic Support	46,855	27,521	59%	51	540
Total	1,001,886	518,039	52%	1,217	3,718

6.2 Personnel cost by salary band

Table 6.2 summarises the final audited personnel related expenditure by salary band.

Table 6.2 personnel costs by salary band for the period 1 April 2020 to 31 March 2021

Salary band	Personnel expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	Number of employees	Average personnel cost per employee (R'000)
Top Management	2,613	1%	2	1,307
Senior Management	44,842	9%	37	1,212
Professional qualified	172,579	33%	238	725
Skilled	258,437	50%	732	353
Semi-skilled	25,784	5%	89	290
Unskilled	5,564	1%	27	206
Internships	8,221	2%	92	89
Total	518,039	100%	1,217	426

6.3 Performance rewards

To encourage good performance, the organisation granted the following performance rewards during the year under review. The information is presented by salary band.

Table 6.3 Performance rewards by salary band for the period 1 April 2020 to 31 March 2021

Salary band	Performance rewards	Personnel Expenditure (R'000)	% of Performance rewards to total personnel cost (R000)
Top Management	0	0	0%
Senior Management	0	0	0%
Professional qualified	183	R1 453 824.3	40.44%
Skilled	474	R1 922 927.0	53.49%
Semi-skilled	71	R 183 136.7	5%
Unskilled	21	R 35 090.5	1.07%
Total	749	R 3 594 978.5	100%

6.4 Training costs

The following table presents the training costs by training programme

Table 6.4 Training costs for the period 1 April 2020 to 31 March 2021

Programme	Personnel Expenditure (R'000)	Training Expenditure	Training Expenditure as a % of Personnel Cost.	Number of employees trained	Average training cost per employee
Training Programmes (Employees)	R572 017 313.00	R 835 200.73	0.146	355	R2 352.68
Training Programmes (Interns)		R18 472.00	0.003	5	R3 694.40
Bursaries (Employees)		R 1 724 863.46	0.290	193	R8 937.12
Total	R572 017 313.00	R 2 578 536.19	0.439	553	R14 984.20

Note: Compulsory Induction Programme (CIP) is included in the training programmes and 14 Employees completed the programme. The cost of this programme is spread over more than one financial year.

The total expenditure for training was R 2 578 536.19 of the overall R572 017 313 personnel expenditure.

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 2021

Programme	2019/2020 Number of Employees	2020/2021 Approved Posts	2020/2021 Number of Employees	2020/2021 Vacancies	% of vacancies
Programme 1.1	117	116	102	14	12.1%
Programme 1.2	97	97	87	10	10.3%
Programme 1.3	72	72	63	9	12.5%
Programme 1.4	43	43	31	12	28%
Programme 1.5	51	51	38	13	25.5%
Programme 2.1	105	105	89	16	15.2%
Programme 2.2	177	177	160	11	6.2%
Programme 2.3	364	364	341	23	6.3%
Total	1026	1025	911	114	11.1%

Table 6.5 (b) Employment and vacancies by Programme as at 31 March 2021

Salary Band	2019/2020 Number of Employees	2020/2021 Approved Posts	2020/2021 Number of Employees	2020/2021 Vacancies	% of vacancies
Top Management	0	4	0	4	100%
Senior Management	29	38	27	11	29%
Professional qualified	225	252	219	33	13.1%
Skilled	576	619	565	54	8.7%
Semi-skilled	79	81	75	6	7.4%
Unskilled	25	31	25	6	19.4%
Total	934	1025	911	114	11.1%

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

- Deputy Director General: Employee Benefits,
- Deputy Director General: Corporate Services,
- Chief Financial Officer.

The recruitment processes for these SMS positions are underway and the goal is for the positions to be filled within six months of being advertised. The GPAA advertised 133 positions (contract, permanent and learnerships), during the reporting period and 77 offers were made. All positions from level 1-12 are advertised internally first, to give appropriate internal staff 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 and critical occupations

Table 6.6 Annual turnover rates by salary band for the period 1 April 2020 to 31 March 2021

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	29	1	3	27
Professional qualified	225	5	13	217
Skilled	576	12	22	566
Semi-skilled	79	1	4	76
Unskilled	25	0	0	25
Total	934	19	42	911

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 2020 to 31 March 2021

Reason	Number	% of total number of staff leaving
Death	8	19%
Resignation	17	40.5%
Expiry of contract	0	0%
Dismissal	0	0%
Retirement	14	33.3%
Discharge due to ill-health	3	7.1%
Other	0	0%
Total	42	
Total number of employees who left as a % of total employment		4.5%

Explanations: The reason for the high number of retirements is because some of the employees who took early retirement without penalisation only exited in 2020/21. The number of deaths also increased substantially compared to previous years, partly because of the COVID-19 pandemic. Almost all 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 2020 to 31 March 2021

Nature of disciplinary hearings	Number
Verbal warning	3
Written warning	6
Final written warning	1
Dismissal	0
Total	10

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 2021

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	1	3	0
Professional qualified	84	1	5	1	5	1	9	0
Clerks	0	0	0	0	0	0	0	0
Skilled	154	0	10	1	3	0	7	0
Semi-skilled	32	0	1	1	0	2	0	1
Craft and related trades workers	0	0	0	0	0	0	0	0
Unskilled	5	0	0	0	0	0	0	0
Total	288	1	17	3	9	4	19	1

Table 6.9 (b) Total number of female employees (including employees with disabilities) in each occupational category as at 31 March 2021

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	6	1	0	0	0	0	3	0
Professional qualified	79	1	8	1	4	1	25	0
Clerks	0	0	0	0	0	0	0	0
Skilled	319	0	21	0	7	0	44	0
Semi-skilled	36	0	2	1	0	1	4	0
Craft and related trades workers	0	0	0	0	0	0	0	0
Unskilled	20	0	0	0	0	0	0	0
Total	460	3	31	2	11	2	76	0

Table 6.9 (c) Total number of disabled employees in each occupational category as at 31 March 2021

Levels	DISABLED STAFF							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	1	0	0	0	0	0	0
Senior Management	0	1	0	0	0	1	2	0
Professional qualified	4	2	2	2	0	2	3	0
Clerks	0	0	0	0	0	0	0	0
Skilled	34	0	1	1	1	0	7	0
Semi-skilled	6	0	1	2	0	3	0	1
Craft and related trades workers	0	0	0	0	0	0	0	0
Unskilled	1	0	0	0	0	0	0	0
Total	45	4	4	5	1	6	12	1

Explanations: Overall, targets have been exceeded in all categories. The targets not achieved in particular line items are minimal and relate to zero applicants within this particular category.



PART E: ANNUAL FINANCIAL STATEMENTS



ANNUAL FINANCIAL STATEMENTS

**For the year ended
31 March 2021**

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

Accounting Officer's Statement of Responsibility

Statement of responsibility and confirmation of accuracy for the annual financial statements for the year ended 31 March 2021.

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

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

The Accounting Officer considered whether in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. It is Accounting Officer's opinion that the annual financial statements fairly reflect the operations of the GPAA for the financial year ended 31 March 2021.

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

The external auditors were engaged to express an independent opinion on the annual financial statements of the GPAA. The GPAA's annual financial statements for the year ended 31 March 2021 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 July 2021

Report of the Auditor-General

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Financial statements Opinion

1. I have audited the financial statements of the Government Pensions Administration Agency set out on pages 70 to 129, which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, the statement of changes in net assets and cash flow statement and statement of comparison of budget information with actual amounts for the year then ended. It also provides notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Government Pensions Administration Agency as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (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 unqualified 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 22 of the financial statements, the corresponding figures for the previous financial year were restated as a result of prior period errors in the financial statements of the Government Pensions Administration Agency as at, and for the year ended, 31 March 2021.

Irregular expenditure

8. As disclosed in note 19 to the financial statements, the Government Pensions Administration Agency has incurred irregular expenditure of R22 732 000 as it did not follow the 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 Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA) and for such internal control as the Accounting Officer determines is necessary to ensure that the preparation of financial statements is 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 terms thereof, I have the responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the 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 2021:

Programme	Pages in the annual performance report
Programme 2 - Benefits Administrations	38 to 42

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 34 to 42 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 PAA and the general notice issued, I have the 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. One contract was awarded to the bidder based on preference points that were not allocated and calculated in accordance with the requirements of the PPPFA and Preferential Procurement Regulation.
23. Sufficient appropriate audit evidence could not be obtained that one contract was awarded to the bidder based on points given for criteria stipulated in the original invitation for bidding as required by the 2017 preferential procurement regulation 5 (1) and (3). This was as a result of the advertised evaluation criteria that was not clear and specific. I was unable to verify that there was consistency to the process that was followed to allocate points during the bid evaluation process. Consequently, I was unable to obtain sufficient appropriate audit evidence that the contract was awarded to the bidder that scored the highest points in the evaluation process as required by section 2 (1) (f) of PPPFA. In some instances I was unable to verify the outcomes that were reached at the due diligence phase of the bid evaluation.

Expenditure management

24. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to **R22 732 000**, as disclosed in **note 19** to the annual financial statements, as required by section 38 (1) (c) (ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was due to contraventions to procurement prescripts.

Consequence management

- ^t 25. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 38(1)(h)(iii) of the PFMA. This was as a result of the recommendations included in investigation reports not being implemented by management timeously and appropriately.

Other information

26. The Accounting Officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's 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 on in the auditor's report.
27. My opinion on the financial statements and findings on the reported performance information and compliance with legislation does not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
28. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether or not the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
29. I did not receive the other information prior to the date of this auditor's report. When we do receive and read this information, if we conclude that there is a material misstatement therein, we are 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, we 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

30. I considered internal control relevant to my audit of the financial statements, reported performance information and the compliance with applicable legislation. My objective was however not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that formed the basis for the opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
31. The Accounting Officer did not exercise effective oversight and monitoring to ensure that Supply Chain Management prescripts are followed before awards are made.
32. Although management initiated some investigations related to irregular expenditure we were unable to confirm whether disciplinary steps were taken against the officials who had incurred irregular expenditure as required by section 38(1) (h)(iii) of the PFMA. Therefore the implemented controls over consequence management were not adequate to ensure finalisation of the consequence management action that is required to resolve the reported and identified non-compliances.
33. Management did not develop and implement adequate action plans to address material non compliance, re-occurrence of irregular expenditure and material findings on performance information that were reported in the prior year. Consequently similar matters were reported in the current year and therefore management did not ensure that the internal controls are improved.

Auditor General

Pretoria

31 July 2021



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 the 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 the 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 for 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 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 2021

	Notes	2021	Restated 2020
		R'000	R'000
Non-Current Assets		320,572	350,161
Property, plant and equipment	3	165,887	186,514 ¹
Intangible assets	4	154,685	163,647 ¹
Current Assets		193,079	192,580
Inventory	5	1,302	847
Trade and other receivables from exchange transactions	6	114,060	107,364 ¹
Prepayments	7	12,741	10,569
Cash and cash equivalents	8	64,976	73,800
TOTAL ASSETS		513,651	542,741
Current Liabilities		148,629	151,353
Trade and other payables from exchange transactions	9	112,182	124,755 ¹
Operating lease liability	10	188	1,292
Provisions	11	36,259	25,306 ¹
TOTAL LIABILITIES		148,629	151,353
Net Assets		365,022	391,388
Accumulated surplus		365,022	391,388 ¹
TOTAL NET ASSETS AND LIABILITIES		513,651	542,741

¹ Restated, refer to note 22

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 R'000	Restated 2020 R'000
Revenue from Exchange Transactions		1,005,109	1,111,666
Administration income	12.1	1,002,536	1,107,157 ¹
Other income	12.2	2,573	4,509
Expenses		1,031,475	1,140,328
Personnel remuneration	13	518,039	530,754 ¹
Travel and subsistence		4,396	31,405
Depreciation	3.1	39,344	36,200
Amortisation	4.1	95,412	80,686 ¹
Cleaning services		8,759	6,616
Maintenance and repairs		5,994	8,848
Operating leases		57,766	54,321 ¹
Professional services and consulting		100,724	109,060 ¹
Audit fees		3,560	6,653
Communication		50,489	84,834 ¹
Printing and stationery		10,770	42,208 ¹
Advertising		10,245	22,277
Computer services		111,056	94,915
Training and staff development		2,579	10,516
Municipal services		10,655	10,615 ¹
Other operating expenses		1,687	9,931 ¹
Loss on disposal of assets		-	489
Interest paid		-	- ²
Deficit for the year		(26,366)	(28,662)

¹ Restated, refer to note 22

² Denotes amount less than R1,000

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2021

Notes	Restated R'000
	Accumulated Surplus
Balance as at 01 April 2019	420,050
Deficit for the year	(29,435)
Balance as at 31 March 2020	390,615
Prior period error	773
Restated Balance as at 31 March 2020	391,388¹
Deficit for the year	(26,366)
Balance as at 31 March 2021	365,022

¹ Restated, refer to note 22

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 R'000	Restated 2020 R'000
Cash flow from operating activities			
Cash generated from operations	14	93,960	122,287
Cash receipts from customers		996,125	1,133,481
Cash paid to personnel and suppliers		(902,165)	(1,011,194) ¹
Interest received	12.2	2,383	4,317
Interest paid		-	- ²
Net cash flow from operating activities		96,343	126,604
Net cash flow from investing activities			
Proceeds from disposal of property, plant and equipment		-	470
Additions to property plant and equipment	3.1	(18,717)	(24,362)
Additions to intangible assets	4.1	(86,450)	(72,021) ¹
Net (decrease)/ increase in cash and cash equivalents		(8,824)	30,691
Cash and cash equivalents at the beginning of the year		73,800	43,109
Cash and cash equivalent at the end of the year	8	64,976	73,800

¹ Restated, refer to note 22

² Denotes amount less than R1,000

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
STATEMENT OF COMPARISON BETWEEN BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2021

	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	%	%	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
Revenue													
Administration Fees	1,156,733	1,108,862	-	-	1,156,733	1,108,862	1,002,536	1,107,157	154,197	1,705	15	0.15	
Other income	-	-	-	-	-	-	2,573	4,509	(2,573)	(4,509)	(100)	(100)	
	1,156,733	1,108,862	-	-	1,156,733	1,108,862	1,005,109	1,111,666	151,624	(2,804)	15	(0.25)	
Expenditure													
Personnel remuneration	572,017	563,187	(3,574)	(48,976)	568,443	514,211	518,039	530,754	50,404	(16,543)	10	(3)	
Operating expenses	439,805	492,451	49,708	(15,640)	489,513	476,811	378,680	492,688	110,833	(15,877)	29	(3)	
	1,011,822	1,055,638	46,134	(64,616)	1,057,956	991,022	896,719	1,023,442	161,237	(32,420)	18	(3)	
Surplus before depreciation and amortization	144,911	53,224	(46,134)	64,616	98,777	117,840	108,390	88,224	(9,613)	29,616	(9)	34	
Depreciation and amortization	-	-	-	-	-	-	134,756	116,886	(134,756)	(116,886)	(100)	(100)	
Surplus/(Deficit)	144,911	53,224	(46,134)	64,616	98,777	117,840	(26,336)	(28,662)	125,143	146,502	475	511	
Capital Expenditure	144,911	53,224	(46,134)	64,616	98,777	117,840	105,167	96,383	(6,390)	21,458	(6)	22	

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

STATEMENT OF COMPARISON BETWEEN BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2021

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 to both GEPF and National Treasury pension members. The variance of R 151.6 million (15%) is due to the 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 896.7 million was R161.2 million, (18%) below budget mainly due to the following:

- Compensation of employees underspent by R 50.4 million (10%) due to vacant positions not filled as well as 6% salary increases budgeted for and not implemented;
- Communication expenditure underspent by R 25.4 million due to delays in posting of newsletters to members and beneficiaries, as well as telephone cost, which has reduced due to lockdown. Data usage increased though, but to a lesser extent compared to telephone usage reduction;
- Consulting, professional, and computer services under spent by R 26.2 million mainly due to the projects that were halted as a result of COVID-19 lock down restrictions;
- Stationery, printing and publications under spent by R 11 million due to printing of newsletters that was not done as result of delays in awarding printing tender contract;
- Travelling and subsistence under spent by R 7 million mainly due to COVID-19 lock down restrictions; and
- Other costs relating to legal cost, groceries and catering, general medical expenses underspent by R10.3 million due to business activities slowing down due to COVID-19 closure.

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. PRINCIPAL ACCOUNTING POLICIES

1.1 Basis of presentation of financial statements

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

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

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

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

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

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Comparative information

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

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

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.5 Significant judgements and estimates

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

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

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

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

1.5.1 Judgements and estimates

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

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

Provision for Impairment of Receivables

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

Provision for accumulated leave pay

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

Provision for Performance Bonus

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

Impairment of assets

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

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Residual values and useful lives

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

Other provisions

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

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

1.6 Principal-agent arrangements

The GPAA is a government component with the purpose to provide pension administration services to the GEPP and National Treasury in respect of the AIPF, TEPF and Programme 7 services. The services provided to the GEPP and National Treasury are regulated in terms of agreed Service Level Agreements. The GPAA is an agent of GEPP and National Treasury as defined in GRAP 109. The terms and conditions in terms of which the GPAA renders services to the GEPP and 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 GEPP and National Treasury.

The agreement that the GPAA is appointed as the administrator in respect of the services it provides to the GEPP 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 GEPP 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 GEPP may decide to terminate the agreement with the GPAA if the 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 GPAA's activities are well managed, and give assurance on the agency's ability to meet its objectives and mitigation of associated risks.

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

The administration services provided includes 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 future economic benefits or service potential associated with the item will flow to the entity and the cost or fair value of the item can be measured reliably.

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

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

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

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

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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 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

1.7.5 Impairments

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

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

1.7.6 Derecognition

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

1.8 Intangible Assets

1.8.1 Initial recognition and measurement

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

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

- 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.

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

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

1.8.2 Subsequent measurement

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

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

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

1.8.3 Amortisation

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

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

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

1.8.4 Impairments

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

1.8.5 Derecognition

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

1.8.6 Capital work-in-progress

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

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

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

The organisation should disclose the 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.

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

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1.9.2 Subsequent measurement

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

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

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

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

1.9.3 Derecognition

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

1.10 Financial Instruments

1.10.1 Initial recognition

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

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

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

1.10.2 Initial measurement

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

1.10.3 Subsequent measurement

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

1.10.4 Gains and losses

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

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

1.10.6 Impairments

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

1.11 Policies relating to specific financial instruments

1.11.1 Cash and cash equivalents

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

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

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.11.2 Trade and other receivables from exchange transactions

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

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

1.11.3 Trade and other payables from exchange transactions

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

1.12 Provisions

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

1.13 Leases

The entity as lessee

1.13.1 Recognition

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

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

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

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

1.13.2 Measurement

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

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

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

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

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

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

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

1.13.3 Derecognition

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

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

1.14 Revenue from exchange transactions

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

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1.14.1 Administration fees

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

1.14.2 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 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 reasons therefore are provided in the note. Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.

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

1.17 Fruitless and wasteful expenditure

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

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

1.17.1 Recovery of irregular, fruitless & wasteful expenditure

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

1.18 Post-reporting date events

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

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

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

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

1.19 Related parties

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

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

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

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

1.21 Contingent liabilities

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

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

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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 not within the control of the department.

1.23 Budget Information

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

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

The approved budget is prepared on an accrual basis.

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

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

The Agency will apply the following standards from its mandatory adoption date of 1 April 2021. The standards is applicable to the Agency for the year ended 31 March 2022.

Standard / Interpretation:

GRAP Standards	Title
GRAP 25	Employee Benefits
GRAP 104	Financial Instruments

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

3. Property, plant and equipment

Reconciliation of Carrying Value

	2021			2020		
	Cost R'000	Accumulated Depreciation & Impairment R'000	Carrying Value R'000	Restated Cost R'000	Accumulated Depreciation & Impairment R'000	Restated Carrying Value R'000
Computer Equipment	225,274	(132,533)	92,741	215,955	(107,001)	108,954
Furniture & Fittings	44,331	(22,150)	22,181	43,541	(18,429)	25,112
Leasehold Improvements	21,690	(8,673)	13,017	21,690	(5,676)	16,014
Office Equipment	63,071	(33,647)	29,424	57,301	(28,558)	28,743
Vehicles	17,068	(12,665)	4,403	15,196	(10,667)	4,529
Tools	61	(50)	11	61	(45)	16
Capital Work in Progress	4,110	-	4,110	3,146 ¹	-	3,146
Total	375,605	(209,718)	165,887	356,890	(170,376)	186,514

¹ Restated, refer to note 22

3.1 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

3.2 Reconciliation of Property, Plant and Equipment - 2020

	Restated Carrying Value Opening Balance	Additions	Disposals	Depreciation	Reallocations	Restated Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Equipment	100,059	17,243	(616)	(22,945)	15,213	108,954
Furniture & Fittings	26,339	2,246	(94)	(3,631)	252	25,112
Leasehold Improvements	15,988	2,641	-	(2,615)	-	16,014
Office Equipment	31,260	1,469	(34)	(4,973)	1,021	28,743
Vehicles	5,850	708	-	(2,029)	-	4,529
Tools	12	11	-	(7)	-	16
Capital Work in Progress	19,803 ¹	44	(215)	-	(16,486)	3,146
Total	199,311	24,362	(959)	(36,200)	-	186,514

1 Restated, refer to note 22

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

	2021	2020
	R'000	R'000
Computer Equipment	13,042	25,311
Office Equipment	1,767	469
Vehicles	1,346	-
	16,155	25,780

4. Intangible Assets

Reconciliation of Carrying Value

	2021			2020		
	Cost R'000	Accumulated Amortisation & Impairment R'000	Carrying Value R'000	Restated Cost R'000	Restated Accumulated Amortisation & Impairment R'000	Restated Carrying Value R'000
Computer Software	124,424	(68,944)	55,480	123,733	(58,184) ¹	65,549
Licenses	85,569	(38,584)	46,985	73,269 ³	(42,304) ¹	30,965
Capital Work in Progress	-	-	-	281 ¹	-	281
Internally Generated Software	116,601	(64,381)	52,220	116,601	(49,749) ¹	66,852
Internally Generated Capital Work in Progress	-	-	-	-	-	-
Total	326,594	(171,909)	154,685	313,884	(150,237)	163,647

¹ Restated, refer to note 22

4.1 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 Capital Work in Progress	-	-	-	-	-
Total	163,647	86,450	(95,412)	-	154,685

4.2 Reconciliation of Intangible Assets - 2020

	Carrying Value Opening Balance	Restated Additions	Restated Amortisation	Reallocations	Restated Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000
Computer Software	54,520	21,309	(11,204) ¹	924	65,549
Licenses	33,558	50,683 ⁴	(55,624) ¹	2,348	30,965
Capital Work in Progress	3,553 ¹	-	-	(3,272)	281
Internally Generated Software	68,583	29	(13,858) ¹	12,098	66,852
Internally Generated Capital Work in Progress	12,098	-	-	(12,098)	-
Total	172,312	72,021	(80,686)	-	163,647

¹ Restated, refer to note 22

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

5. Inventory

	2021	2020
	R'000	R'000
Inventory	1,302	847
	1,302	847

Inventory consist of consumables.

Inventory expense for the year is as follows:

	2021	2020
	R'000	R'000
Inventory	7,318	8,224
	7,318	8,224

6. Trade and Other Receivables from Exchange Transactions

	2021		
	Gross Balances	Provision for Doubtful Debts	Net Balance
	R'000	R'000	R'000
Trade receivables	112,967	-	112,967
Staff debtors	794	-	794
Out of service staff debtors	1,036	(737)	299
	114,797	(737)	114,060

	2020		
	Restated Gross Balances	Provision for Doubtful Debts	Restated Net Balance
	R'000	R'000	R'000
Trade receivables	106,732 ¹	(532)	106,200
Staff debtors	676	-	676
Out of service staff debtors	788	(300)	488
	108,196	(832)	107,364

¹ Restated, refer to note 22

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

	Trade receivables	Staff debtors	Out of service staff debtors	Total
	R'000	R'000	R'000	R'000
Current (0 – 30 days)	112,967	-	63	113,030
31 - 60 Days	-	30	46	76
61 - 90 Days	-	65	1	66
Over 90 Days	-	699	926	1,625
	112,967	794	1,036	114,797
Provision for doubtful debts	-	-	(737)	(737)
	112,967	794	299	114,060

6.2 Ageing: Trade and Other Receivables from Exchange Transactions - 2020

	Restated Trade receivables	Staff debtors	Out of service staff debtors	Restated Total
	R'000	R'000	R'000	R'000
Current (0 – 30 days)	105,288 ¹	19	42	105,349
31 - 60 Days	12	8	5	25
61 - 90 Days	-	30	-	30
over 90 Days	1,432	619	741	2,792
	106,732	676	788	108,196
Provision for doubtful debts	(532)	-	(300)	(832)
	106,200	676	488	107,364

¹ Restated, refer to note 22

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

6.3 Trade and other debtors not impaired

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

	Current	31 – 60 days	61 – 90 days	91+ days	Total
	R'000	R'000	R'000	R'000	R'000
Credit quality - 2021					
Trade receivables	112,967	-	-	-	112,967
Staff debtors	-	30	65	699	794
Out of service staff debtors	63	46	1	189	299
	113,030	76	66	888	114,060
Credit quality - 2020					
Trade receivables	105,288 ¹	12	-	900	106,200
Staff debtors	19	8	30	619	676
Out of service staff debtors	42	5	-	441	488
	105,349	25	30	1,960	107,364

6.4 Reconciliation of the doubtful debt provision

	2021	2020
	R'000	R'000
Balance at beginning of the year	(832)	(532)
Contributions to provision	-	(300)
Reversal of provision	95	-
	(737)	(832)

7. Prepayments

	2021	2020
	R'000	R'000
Prepaid expenses	12,741	10,569
	12,741	10,569

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 22

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

8. Cash and cash equivalents

	2021	2020
	R'000	R'000
Cash and cash equivalents consist of:		
Paymaster General (PMG)	54,794	68,539
ABSA Bank	9,883	4,985
Petty cash	299	276
	64,976	73,800

9. Trade and Other Payables from Exchange Transactions

	2021	Restated 2020
	R'000	R'000
Trade creditors	37,862	28,154 ¹
Accruals	61,418	82,618 ¹
Service bonus accrual	11,514	12,218
Unknown deposits	1,360	1,360
Sundry creditors	28	405
	112,182	124,755

9.1 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	61,418	28	98,855
31 - 60 Days	-	-	-	-
61 - 90 Days	-	-	-	-
91-120 Days	132	-	-	132
Over 120 Days	321	-	-	321
	37,862	61,418	28	99,308

¹ Restated, refer to note 22

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

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9.2 Ageing: Trade and Other Payables from Exchange Transactions - 2020

	Restated	Restated Accruals	Sundry creditors	Restated
	Trade creditors			Total
	R'000	R'000	R'000	R'000
Current (0 – 30 days)	27,830 ¹	82,618 ¹	405	110,853
31 - 60 Days	3	-	-	3
61 - 90 Days	-	-	-	-
91 - 120 Days	-	-	-	-
Over 120 Days	321	-	-	321
	28,154	82,618	405	111,177

10. Operating Lease Liability

	2021	2020
	R'000	R'000
Operating lease liability	188	1,292
	188	1,292

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

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

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

	2021	2020
	R'000	R'000
Payables not later than one (1) year	17,915	21,770
Payables later than one (1) year but not later than five (5) years	22,938	21,691
	40,853	43,461

¹ Restated, refer to note 22

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

11. Provisions

	2021	2020
	R'000	R'000
Leave pay	29,911	21,234
Balance at the beginning of the year	21,234	18,433
Provided	29,911	21,234
Utilised	(21,234)	(18,433)
	29,911	21,234
Performance bonus	6,348	4,072
Balance at the beginning of the year	4,072	7,555
Provided	6,348	4,072
Utilised	(4,072)	(7,555)
	6,348	4,072
	36,259	25,306

12. Revenue from Exchange Transactions

12.1 Administration Fees

	2021	Restated 2020
	R'000	R'000
Government Employees Pension Fund (GEPF)	938,279	1,039,997 ¹
Programme 7 - National Treasury	59,189	61,107
Associated Institutions Pension Fund (AIPF)	4,911	5,861
Temporary Employees Pension Fund (TEPF)	157	192
	1,002,536	1,107,157

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 22

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
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12.2 Other Income

	2021	2020
	R'000	R'000
Commission income	160	162
Interest income	2,383	4,317
Parking income	30	30
	2,573	4,509

13. Personnel Remuneration

	2021	Restated 2020
	R'000	R'000
Compensation of employees	382,354	394,423 ¹
Contributions to GEPP	43,130	42,207
Other benefits	13.1 92,555	94,124
	518,039	530,754

13.1 Other Benefits

	2021	2020
	R'000	R'000
Employer contribution medical aid	28,020	25,535
Service bonus	24,051	25,217
Non pensionable allowance	17,725	17,920
House owners allowance	11,739	11,302
Other	11,020	14,150
	92,555	94,124

¹ Restated, refer to note 22

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

	2021	Restated 2020
	R'000	R'000
Deficit for the year	(26,366)	(28,662)¹
Adjustments for non-cash movements:	145,063	116,367
Depreciation and amortisation	134,756	116,886 ¹
Decrease in lease smoothing	(1,105)	(627)
Increase in leave provision	10,953	(681)
Loss on disposal property, plant and equipment	-	489
Bad debts	554	-
Provision for doubtful debts	(95)	300
(Deduct)/Add changes in working capital	(22,354)	38,899
(Decrease)/Increase in trade payables	(12,573)	6,950 ¹
(Increase)/Decrease in prepayments	(2,172)	5,892
(Increase)/Decrease in trade receivables	(7,154)	26,132 ¹
Increase/ in inventories	(455)	(75)
Net Cash Flows from Operating Activities	96,343	126,604

15. Contingent Liabilities

As at year end GPAA has the following contingent liabilities:

	2021	2020
	R'000	R'000
Claims per arbitration award	1,500	1,500
Matters awaiting judgement after review application	22,729	-
	24,229	1,500

Salary increases in respect for 2020/21 being the final year of a 3-year wage agreement were not implemented. This led to a dispute between government and public sector trade unions which was decided on favour of the government by the Labour Appeal Court. The matter is however now before the Constitutional Court and has not been decided yet. Should the matter be decided in favour of the public sector trade unions, management's best estimate of the salary increase for 2020/21 is R22, 7 million.

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

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16. Contingent Assets

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

	2021	2020
	R'000	R'000
Matters awaiting judgement after review application	677	677
	677	677

17. Commitments

	2021	2020
	R'000	R'000
Capital Expenditure	50,493	7,511
Operational Expenditure	275,413	348,142
	325,906	355,653

18. Post-reporting date events

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

19. Irregular Expenditure

19.1 Reconciliation of irregular expenditure

	2021	2020
	R'000	R'000
Opening balance -	52,554	33,203
Prior period error	-	-
As restated	52,554	33,203
Add: Irregular expenditure - current year	22,732	15,382
Add: Irregular expenditure - prior year	-	3,969
Less: expenditure incorrectly recognised	(1,414)	-
Less: Condoned or written off by relevant authority	-	-
Less: Transfer to receivables for recovery – not condoned	-	-
Irregular expenditure awaiting condonement	73,872	52,554
Analysis of awaiting condonation per age classification		
Current year	22,732	19,351
Prior years	51,140	33,203
Total	73,872	52,554

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

Incident	Corrective steps taken	R'000
Personal protective equipment contracts for COVID-19 awarded at prices exceeding the prescribed National Treasury's prices	Investigation to be done	48
Bid price included not agreeing with the bidder's pricing schedule	Determination test done, further process to follow	2,412
Bid price included not agreeing with the bidder's pricing schedule	Investigation done, further process to follow	19,682
Exceeding contract limits	Determination test done further process to follow	590
Total		22,732

20 Fruitless and wasteful expenditure

20.1 Reconciliation of fruitless and wasteful expenditure

	2021	2020
	R'000	R'000
Opening balance -	-	134
Prior period error	819	-
As restated	819	134
Add: Fruitless and wasteful expenditure – current year	-	-
Add: Fruitless and wasteful expenditure - prior year	-	-
Less: Condoned or written off by relevant authority	-	(134)
Less: Transfer to receivables for recovery	-	-
Fruitless and wasteful expenditure closing balance	819	-

20.2 Prior period error

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

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

21. Losses through criminal conduct

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

22. Financial Risk Management and Financial Instruments

22.1 Categories of financial instruments

	2021	2020
	R'000	R'000
Current Assets		
Cash and cash equivalents	64,976	73,800
Trade and other receivables from exchange transactions	114,060	107,364
	179,036	181,164
Trade and other payables from exchange transactions	112,182	124,755
	112,182	124,755

22.2 Credit Risk

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

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

	2021	2020
	R'000	R'000
Financial Assets		
Cash and cash equivalents	64,976	73,800
Trade and other receivables from exchange transactions	114,060	107,364
	179,036	181,164

Cash and cash equivalents

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

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Receivables

Receivables are presented net of the allowance for doubtful debts.

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

22.3 Liquidity Risk

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

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

The following liquid resources are available:

	2021	2020
	R'000	R'000
Financial Assets		
Cash and cash equivalents	64,976	73,800
Trade and other receivables from exchange transactions	114,060	107,364
	179,036	181,164

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

The following are the contractual cash flows of financial liabilities:

	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Total
	R'000	R'000	R'000	R'000
2021				
Trade and other payables	99,308	-	12,874	112,182
	99,308	-	12,874	112,182
2020				
Trade and other payables	112,537	-	12,218	124,755
	112,537	-	12,218	124,755

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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:

Current financial assets

	2021		2020	
	Fixed rate instruments	Variable rate instruments	Fixed rate instruments	Variable rate instruments
	R'000	R'000	R'000	R'000
Cash and cash equivalents	-	64,976	-	73,800
	-	64,976	-	73,800

Sensitivity analysis

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

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

	Change in interest rate %	2021		2020	
		Upward	Downward	Upward	Downward
		R'000	R'000	R'000	R'000
Prime	1%	650	(650)	738	(738)

Currency risk

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

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

23. Prior Period Errors

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

- Expenditure that was incurred but was never accrued for at year-end for reporting purpose. GPAA generates its revenue on a cost recovery basis, thus this restatement has affected revenue as well. The accruals were adjusted by R1, 011,600 which are made up of prior year expenditure not accrued for and reversal of expenditure incorrectly recognised amounting to R2, 426,100 and R1, 414,500 respectively. The 2,426,100 accruals include licenses (intangible assets) of R1, 020,926.

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
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- (b) Depreciation misallocation between computer software and internally generated software amounting to R135, 730.
- (c) Capital work in progress misallocation between property, plant and equipment and intangible assets amounting to R280, 954.
- (d) Reclassification of performance bonuses from accruals to provisions.
- (e) The financial statements include segment information in note 25 that was not previously disclosed in accordance with GRAP 18. The entity omitted to adopt and disclose information as required by that Standard. The correction had no impact on any line items disclosed in the financial statements and only required additional disaggregation of information already disclosed in the financial statements.

The impact of the above corrections are as follows:

Description	Note	2020 As Previously Reported	Restatement	2020 Restated Balances
		R'000	R'000	R'000
Statement of Financial Position				
Current Assets		106,352	1,012	107,364
Trade and other receivables from exchange transactions	23.1	106,352	1,012	107,364
Non-Current Assets		349,388	773	350,161
Property, plant and equipment	23.2	186,795	(281)	186,514
Intangible assets	23.3	162,593	1,054	163,647
		455,740	1,785	457,525
Current Liabilities		(149,049)	(1,012)	(150,061)
Trade and other payables from exchange transactions	23.4	(127,815)	3,060	(124,755)
Provisions	23.5	(21,234)	(4,072)	(25,306)
		(390,615)	(773)	(391,388)
Accumulated Surplus	23.6	(390,615)	(773)	(391,388)
		(539,664)	(1,785)	(541,449)

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Statement of Financial Performance

Administration Fees	23.7	(1,106,145)	(1,012)	(1,107,157)
Expenses		922,170	239	922,409
Personnel remuneration		530,726	28	530,754
Amortization	4	80,438	248	80,686
Operating leases		53,765	556	54,321
Professional services and consulting		110,223	(1,163)	109,060
Communication		84,833	1	84,834
Printing and stationery		41,966	242	42,208
Municipal Services		10,333	282	10,615
Other operating expenses		9,886	45	9,931
		(183,975)	(773)	(184,748)

Statement of Cash Flows

Cash flow from operating activities		(1,012,215)	1,021	(1,011,194)
Cash paid to personnel and suppliers		(1,012,215)	1,021	(1,011,194)
Cash flow from investing activities		(71,000)	(1,021)	(72,021)
Additions to intangible assets	4	(71,000)	(1,021)	(72,021)
Net increase in cash and cash equivalents		(1,083,215)	-	(1,083,215)

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Description	Note	2020 Previously Reported	Restatement	2020 Restated Balances
		R'000	R'000	R'000
23.1 Trade and other receivables from exchange transactions		105,720	1,012	106,732
Trade Receivables	6	105,720	1,012	106,732
Ageing: Trade and Other Receivables from Exchange Transactions		104,276	1,012	105,288
Current (0 – 30 days)	6.2	104,276	1,012	105,288

23.2 Property, plant and equipment

Reconciliation of Carrying Value	3	186,795	(281)	186,514
		162,593	1,054	163,647
Capital Work in Progress- carrying value	3	3,427	(281)	3,146
Capital Work in Progress- Cost		3,427	(281)	3,146

23.3 Intangible Assets

Reconciliation of Carrying Value		162,593	1,054	163,647
Computer Software- Carrying Value	4	(58,319)	135	(58,184)
Computer Software- Accumulated Amortisation		(58,319)	135	(58,184)
Licenses- Cost	4	72,248	1,021	73,269
Licenses- Accumulated Amortisation	4	(42,056)	(248)	(42,304)
Licenses Carrying value		30,192	773	30,965
Internally Generated Software- Carrying value	4	(49,614)	(135)	(49,749)
Internally Generated Software- Accumulated Amortisation		(49,614)	(135)	(49,749)

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

23.4 Trade and other payables from exchange transactions

		(126,050)	3,060	(122,990)
Trade creditors	9	(28,069)	(85)	(28,154)
Accruals	9	(81,691)	(927)	(82,618)
Service bonus	9	(16,290)	4,072	(12,218)

23.5 Provisions

		-	(4,072)	(4,072)
Performance bonus	11	-	(4,072)	(4,072)

23.6 Accumulated Surplus

		(390,615)	(773)	(391,388)
Accumulated Surplus		(390,615)	(773)	(391,388)

23.7 Administration Fees

		(1,106,145)	(1,012)	(1,107,157)
GEPP	12.1	(1,106,145)	(1,012)	(1,107,157)

23.8 Reconciliation of net cash flows from operating activities to deficit for the year

Deficit for the year	14	(29,435)	773	(28,662)
Depreciation and amortisation	14	116,638	248	116,886
Add/(less) working capital		35,491	-	35,491
Trade payables	14	2,455	1,012	3,467
Trade receivables	14	33,036	(1,012)	32,024
		122,694	1,021	123,715

GOVERNMENT PENSIONS ADMINISTRATION AGENCY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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)	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Government Employees Pension Fund	938,279	1,039,997	102,845	94,286
National Treasury (Programme 7)	59,189	61,107	5,054	6,303
Associated Institutions Pension Fund	4,911	5,861	4,911	5,948
Temporary Employees Pension Fund	157	192	157	195
	1,002,536	1,107,157	112,967	106,732

24.2 Expenditure and Trade Payables

Description	Expenditure		Balances	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Public Investment Corporation Limited	16,522	18,822	1,349	1,419
	16,522	18,822	1,349	1,419

24.3 Disclosure of Executive Remuneration

Name	Designation	2021			2020		
		Salary and allowances R'000	Bonus R'000	Total R'000	Salary and allowances R'000	Bonus R'000	Total R'000
Khan, S. ¹	Acting Chief Executive Officer	1,342	-	1,342	-	-	-
Sukdev, K.G. ²	Chief Executive Officer	999	-	999	2,474	-	2,474
Nondabula, P.E. ³	Acting Chief Financial Officer	1,266	-	1,266	1,489	77	1,566
Kgosiemang, E.	Acting Chief Risk Officer	1,218	-	1,218	1,103	76	1,179
Coetzee, M.	Chief Information Officer	1,264	-	1,264	1,098	59	1,157
Coetzee, M.	Acting Chief Information Officer	-	-	-	108	-	108
Kemp, M.J.	Acting Executive: Corporate Services	1,547	-	1,547	1,461	98	1,559
Mda, P. ⁴	Acting Chief Financial Officer	77	-	77	-	-	-
De Witt, E.	General Manager: Legal	1,401	-	1,401	1,301	98	1,399
		9,114	-	9,114	9,034	408	9,442

¹Acting commenced: 31 August 2020

²Contract ended: 31 July 2020

³Deceased: 13 December 2020

⁴Acting commenced: 10 March 2021

24.4 Audit Committee Members Remuneration

Name	Designation	2021			2020		
		Audit Committee R'000	Other Services ¹ R'000	Total R'000	Audit Committee R'000	Other Services ¹ R'000	Total R'000
Mzizi, P.S.	Chairperson	328	86	414	29	17	46
Sinthumule, A.F.	Member	319	51	370	253	-	253
Matloa, O.M.	Member	-	-	-	256	44	300
Badimo, A.M.M.	Member	299	313	612	265	183	448
De Kock, C.G.	Member	-	-	-	173	14	187
Furstenburg, B.	Member	328	237	565	265	116	381
		1,274	687	1,961	1,241	374	1,615

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

25. Segment Information

The GPAA identified its segments by reference to the clients for which the GPAA administers pension funds. For this purposes, two segments were identified namely Government Employees Pension Fund (GEPF) administered on behalf of the GEPF and National Treasury which consist of Civil and Military Pensions, AIPF and TEPF which are administered on behalf of the National Treasury. The information is measured on an accrual basis similar in the way the budget is prepared. Non-current assets, inventory, prepayments, cash, other income, depreciation and amortisation and profit/loss on sale of assets are not allocated to specific segments. Currently costs per segments are not available for these items, hence no allocations were provided. The work still need 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	
	2021	2020	2021	2020	2021	2020	2021	2020
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Non-current Assets	-	-	-	-	320,572	350,161	320,572	350,161
Current Assets	102,845	94,286	10,122	12,446	80,112	85,848	193,079	192,580
Total Assets	102,845	94,286	10,122	12,446	400,684	436,009	513,651	542,741
Current Liabilities	140,365	143,088	6,688	5,211	1,576	3,054	148,629	151,353
Accumulated Surplus	-	-	-	-	365,022	391,388	365,022	391,388
Total Net Assets and Liabilities	140,365	143,088	6,688	5,211	366,598	394,442	513,651	542,741

25.2 Statement of Financial Performance per segment

	Notes	GEPF		NATIONAL TREASURY		ITEMS NOT ALLOCATED TO SEGMENTS		TOTAL	
		2021	2020	2021	2020	2021	2020	2021	2020
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Revenue from exchange transactions		938,279	1,039,997	64,257	67,160	2,573	4,509	1,005,109	1,111,666
Administration Fees		938,279	1,039,997	64,257	67,160	-	-	1,002,536	1,107,157
Other Income		-	-	-	-	2,573	4,509	2,573	4,509
Expenditure		832,465	955,793	64,257	67,160	134,756	117,375	1,031,475	1,140,328
Personnel Remuneration		458,158	471,816	59,881	58,938	-	-	518,039	530,754
Depreciation and Amortisation		-	-	-	-	134,756	116,886	134,756	116,886
Other operating expenses		374,304	483,977	4,376	8,222	-	489	378,680	492,688
Surplus/(Deficit) for the year		105,817	84,204	-	-	(132,183)	(112,866)	(26,366)	(28,662)

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