

Build Expand Lead



Annual Report 2012/2013



palama

Public Administration Leadership
and Management Academy
REPUBLIC OF SOUTH AFRICA

About us

A FOUNDATION TO RISE ON

The Public Administration Leadership and Management Academy (PALAMA) is constituted as a Schedule 1 Department, by the Public Service Act No. 103 of 1994, as amended by the Public Service Act No. 5 of 1999, and reports to the Minister for Public Service and Administration.

PALAMA's key purpose is to help build a capable public service, through providing and coordinating extensive opportunities and access to leadership, management and administration competency development-oriented programmes. These are specifically aligned to the learning and knowledge needs of public service managers and executives, and contributing to service delivery and development.

PALAMA is also a SeSotho word, which means 'Arise' or 'Get on Board', and is an apt call to action for all public servants to use the Academy to develop their skills and ultimately improve service delivery to all South Africans.

EXPANDING OUR SERVICE

Over the years, PALAMA has experienced significant growth and development in delivering on its mandate and in reviewing its strategies and plans as an organisation. This is mainly due to engraining its positioning as a key role player and leader in building capacity within government departments and professionalising the public service. In the process, it began its evolution and transformation from an Academy into a National School of Government for public servants.

LEADING THE WAY

Significant work has been undertaken to benchmark the organisation and profile it with other similar leading institutions both in Africa and developing countries. This has resulted in the development of a framework document that has been used as a foundation for engagements with key stakeholders, leading to the actualisation of the conceptualisation of the National School of Government, which will be the leading Institute for training of public servants.



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Ms LN Sisulu, MP

Minister for Public Service and Administration

I have the honour of submitting the Annual Report of the Public Administration Leadership and Management Academy (PALAMA) for the period 1 April 2012 to 31 March 2013, as prescribed in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended by Act No. 29 of 1999.



Prof. L S Mollo

Director-General of PALAMA





PART A | GENERAL INFORMATION

1.1 DEPARTMENT'S GENERAL INFORMATION

The Public Administration Leadership and Management Academy (PALAMA) is located in Pretoria in the ZK Matthews Building. The building also has facilities which accommodate formal trainings and workshops/seminars.

The general information (addresses and contact details) are reflected below:

Physical address: ZK Matthews Building
70 Meintjes Street, Trevenna
Sunnyside
0002

Postal address: Private Bag X759
Pretoria
0001
South Africa

Switchboard: +27 12 441 6000

Training Contact Centre: +27 12 441 6777

Fax: +27 12 441 6030

E-mail: info@palama.gov.za

Training: contactcentre@palama.gov.za

Website: www.palama.gov.za

1.2 LIST OF ABBREVIATIONS/ACRONYMS

The list of abbreviations and acronyms and its descriptions as utilised in the Annual Report are reflected below:

Table 1: List of Abbreviations/Acronyms

Acronym	Description
AMDIN	African Management Development Institutes' Network
BAS	Basic Accounting System
CAPAM	Common Wealth Association of Public Administration and Management
CIDA RCB	Canadian International Development Agency Regional Capacity Building
CPSI	Centre for Public Service Innovation
DPSA	Department of Public Service and Administration
DRC	Democratic Republic of Congo
EC	Eastern Cape
EDP	Executive Development Programme
EMDP	Emerging Management Development Programme
ENA	Ecole Nationale D'Administration
ENE	Estimates of National Expenditure

Acronym	Description
ETQA	Education and Training Quality Assurance
EWS	Early Warning System
FMDP	Foundation Management Development Programme
FPE	Facilitator and Participant Evaluation
GEMS	Government Employees Medical Scheme
GMP	Gender Mainstreaming Programme
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
HEI	Higher Education Institution
HRD	Human Resource Development
HRM	Human Resource Management
HRM&D	Human Resource Management and Development
IASIA	International Association of Schools and Institutes of Administration
IBSA	India Brazil South Africa
ICT	Information and Communication Technology

Acronym	Description
IFRS	International Financial Reporting Standards
IGW	Inter-Governmental Workshop
IIC	Independent individual contractor
InWEnt	Internationale Weiterbildung und Entwicklung gGmbH
JMMS	Junior and middle management service
KZN	KwaZulu-Natal
LCBP	Legislatures Capacity Building Programme
LGSETA	Local Government Sector Education and Training Authority
M&E	Monitoring and evaluation
MDI	Management Development Institute
MISS	Minimum Information Security Standards
MPSA	Ministry for the Public Service and Administration
NC	Northern Cape
NQF	National Qualifications Framework
NW	North West



Acronym	Description
OD	Organisational Design
ODA	Official donor assistance
OPSC	Office of the Public Service Commission
PAIA	Promotion of access to information
PAJA	Promotion of administrative justice
PALAMA	Public Administration Leadership and Management Academy
PMDS	Performance management and development system
PFMA	Public Finance Management Act
PSC	Public Service Commission
PSETA	Public Service Sector Education and Training Authority
PSI	Public Service Induction
PSTF	Public Sectors Trainers' Forum
REQ	Reaction evaluation questionnaire
SALGA	South African Local Government Association
SAQA	South African Qualifications Authority

Acronym	Description
SCM	Supply chain management
SCOA	Standard Chart of Accounts
SETA	Sector Education and Training Authority
SITA	State Information Technology Agency
SLA	Service level agreement
SMS	Senior management service
SOPs	Standard Operating Procedures
TMS	Training Management System
TNA	Training needs analysis
ToT	Training of trainers
TTA	Training Trading Account

1.3 STRATEGIC OVERVIEW

The purpose of PALAMA is to help build a capable public service, through providing and co-ordinating extensive opportunities, and access to leadership, management and administration competency development-oriented programmes. These are specifically aligned to the learning and knowledge needs of public service managers and executives, and contributes to service delivery improvement.

Vision

An ideal public sector cadre who is responsive to the needs of the South African citizen.

Mission

To contribute towards the improvement of public sector delivery through innovative, research-based, needs-driven, and policy-oriented capacity building interventions.

Values

PALAMA subscribes to the values and principles of public administration (as outlined in the Constitution of the Republic of South Africa, 1996), the eight principles of *Batho Pele* (Putting People First), as well as to the following organisational values:

- i Integrity
- P People-centred
- A Activism
- L Loyalty
- A Accountability
- M Motivated
- A Adaptability



1.4 LEGISLATIVE AND OTHER MANDATES

1.4.1 *The Constitution of the Republic of South Africa, 1996*

The South African Constitution provides the legal foundations for entrenched human rights, the structure and functioning of the State, as well as for accountability and responsibility within a democracy. The Constitution enshrines a Bill of Rights that guarantees the rights of people and affirms the democratic values of human dignity, equality and freedom, including, among others, the right to equality; the right to human dignity; freedom of expression; freedom of association; the right to fair labour practices; the right to have access to health care, food, water and social security; the right to education; and the right to access information. The uniqueness and progressive structure of the Constitution is also evident in its other critical sections, most notably being the recognition of all languages in South Africa; detail to the structure of Government and how each sphere should govern co-operatively; and the recognition given to constitutional institutions that serve to safeguard democracy.

The Constitution envisages a public service that will promote a high standard of professional ethics and that is development oriented, accountable, and maximises human potential. It envisages the building of the human capacity of the State by establishing uniform and high entrance requirements and standards, emphasising professionalism, discipline and commitment to serve, and ensuring adequate numbers of personnel to ensure delivery. The Constitution specifies principles that must underpin public administration and public service. It defines public administration as “all spheres of Government, organs of State and public enterprises governed by the democratic values and principles enshrined in the Constitution,” RSA Constitution: 1996. It defines public service as a public space “within public administration” which must promote and maintain “a high standard of professional ethics”. Such professional ethics entail “efficient, economic and effective use of resources” as well as “impartial, fair and equitable” provision of services.

In order to build a Developmental State, the Constitution enjoins the public administration to be “development-oriented, transparent and responsive”. The Constitution also calls for “public administration (to) be broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation”.

The Constitution (Chapter 10) also enshrines a set of basic values and principles that govern public administration and which are critical to any public or state institution.

These values and principles are:

- A high standard of professional ethics must be promoted and maintained.
- Efficient, economic and effective use of resources must be promoted.
- Public administration must be development-oriented.
- Services must be provided impartially, fairly, equitably and without bias.
- People's needs must be responded to, and the public must be encouraged to participate in policy-making.
- Public administration must be accountable.
- Transparency must be fostered by providing the public with timely, accessible and accurate information.
- Good human resource management and career development practices, to maximise human potential, must be cultivated.
- Public administration must be broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation.

The mandate for the Public Service is therefore drawn from the Constitution primarily on the aforementioned values and principles.

In terms of Section 197 of the Constitution:

- There is a public service for the Republic, which must function and be structured in terms of national legislation, and which must loyally execute the lawful policies of the government of the day.
- The terms and conditions of employment in the public service must be regulated by national legislation. Employees are entitled to a fair pension as regulated by national legislation.
- No employee of the public service may be favoured or prejudiced based solely on party political affiliation or cause.
- Provincial governments are responsible for the recruitment, appointment, promotion, transfer and dismissal of members of the public service in their administrations within a framework of uniform norms and standards applied to the public service.

1.4.2 Public Service Amendment Act, 2007 (Act No. 30 of 2007)

One of the first steps that the democratic Government had to undertake, was to transform the public service and manage processes of integrating the fragmented system of public service delivery under the different administrations. The proclamation of the Public Service Act in 1994, as amended, provides for coherence in the norms and standards related to the Public Service, including the organisation and administration of the Public Service; the regulation of the conditions of employment; terms of office; discipline; and retirement and discharge of members of the Public Service.

The legislative mandate for the provision of training is outlined as follows in the Public Service Amendment Act:

- (1) There shall be a training institution listed as a national department in Schedule 1.
- (2) The management and administration of such institution shall be under the control of the Minister.
- (3) Such institution:
 - (a) shall provide such training or cause such training to be provided or conduct such examinations or tests or cause such examinations or tests to be conducted as the Head of the institute may, with the approval of the Minister, decide on courses as may be prescribed as a qualification for the appointment or transfer of persons in or to the public service; and
 - (b) may issue diplomas or certificates or cause diplomas or certificates to be issued to persons who have passed such examinations.

1.4.3 Other legislative and policy prescripts impacting on public service training and development

The following legislative and policy prescripts currently influence and impact on public service training and development, but also signal areas of influence and the future impact of legislation towards the repositioning of PALAMA into a National School of Government.



- **Public Service Regulations (2001)**

The Public Service Regulations empowers the Minister for Public Service and Administration to oversee and ensure the participation of the public service in any institution aimed at promoting training in the public service. The Regulations also provide for the Minister to issue directives regarding the training of employees or categories of employees in the public service.

In respect of the Senior Management Service (SMS), the Minister shall identify generic managerial and leadership training needs of members of the SMS; arrange that standard courses and programmes be developed on the basis of those training needs; and continuously evaluate those courses and programmes with due regard to their relevance and value for money.

Furthermore, a member of the SMS shall avail himself or herself to train employees in the public service.

The above provisions are critical and establish a base, in light of what is intended through the National School of Government, which will provide training for all in the public service, extending to the public sector at large. It will further offer education and training programmes based on a policy framework for mandatory public service training and give effect to a training delivery approach that will utilise existing and retired, public servants as training facilitators, in addition to full time on-board training professional academics in various faculties of the School.

- **Skills Development Act, 1998 (Act No. 97 of 1998)**

In terms of the Act, each public service employer must budget at least 1% of the payroll for the training and education of employees.

- **National Skills Development Strategy (NSDS III)**

The strategy seeks to improve the effectiveness and efficiency of the skills development system, towards encouraging the linking of skills development to career paths, career development and promoting sustainable employment and in-work progression. One of the goals of the NSDS III is the strengthening of public sector capacity for improved service delivery and supporting the building of a developmental State.

- **Human Resource Development for the Public Service**

The strategy addresses the focused demand for human resource development in the Public Service, and rests on the four pillars of capacity development; organisational support systems; governance and institutional development; and economic and growth development.

National Development Plan, 2011

The National Planning Commission undertook a diagnostic overview and identified the following nine challenges facing South Africa:

1. Too few people work.
2. The standard of education for most black learners is of poor quality.
3. Infrastructure is poorly located, under-maintained and insufficient to foster higher growth.
4. Spatial patterns exclude the poor from the fruits of development.
5. The economy is overly and unsustainably resource intensive.

6. A widespread disease burden is compounded by a failing public health system.
7. Public services are uneven and often of poor quality.
8. Corruption is widespread.
9. South Africa remains a divided society,

The National Development Plan was unveiled in November 2011 and sets out a vision for South Africa for 2030. The Plan notes that there is uneven performance in the public service resulting from the interplay of complex factors, including tensions in the political-administrative interface, instability of the administrative leadership, skills deficits, the erosion of accountability and authority, poor organisational design, inappropriate staffing and low staff morale.

The Plan makes some recommendations towards building a capable state, including creating stability in the political-administrative interface; building a skilled and professional public service from top and bottom towards making public service and local government careers of choice; developing technical and specialist professional skills to fulfil core functions; improving relations among the three spheres of Government; strengthening the role of the Public Service Commission; and a long-term perspective on training and management.

The adoption of the Plan by Government as a blueprint for economic and social

development, poses a key and fundamental challenge to the public service. It further challenges the public service to access its capacity and ability to fast track the implementation of the Plan.

According to the Minister in the Presidency (Mr. Trevor Manuel), National Planning Commission:¹ "The Plan presents some clear principles for developing this professional civil service. These principles are rooted in the Constitution and draw(s) on our understanding of the struggle for a democratic society. They are also informed by our understanding of the role of the state as a key agent of transformation, acting with and on behalf of the poor and the most marginalised. They include the need for accountability, for professionalism, for service to the citizenry, for being neutral in relation to party-political contestation, for public servants to be dynamic change agents, seeking to change society while adhering to the law at all times, for public servants to be prudent with the use of public funds and to be responsible stewards of the public's trust".

The Minister for Public Service and Administration, Lindiwe Sisulu, indicated that the implementation of the NDP and achievement of the goals, can be done with the public service leading the fast-tracked implementation of the NDP at all levels, from National, Provincial and Local level, supported by all other institutions of Government working together. It therefore calls for a transformed, efficient and corrupt free public service led by public servants, whose only preoccupation is meeting and/or exceeding the expectations of the public.

¹ *Speech delivered on the implications of the NDP for public service, to the Government Leadership Summit, CSIR Conference Centre, 3 April 2013*



1.4.4 Outcomes approach to Government performance

The Minister for Public Service and Administration is accountable for Outcome 12 (an efficient, effective and development-oriented public service) and has entered into a delivery agreement with the President of the Republic, Mr Jacob Zuma as this is a service delivery commitment with relevant and key stakeholders.

In contributing towards this delivery agreement, PALAMA must ensure that skills development and cadre development take place within the public service, through *inter alia*, determining the methodology to measure the extent and depth of skills levels in the public service, determining the percentage of public service employees to be trained in mandatory training programmes, developing and implementing a policy for all public servants to attend mandatory training programmes and to have minimum annual training days. In support of the other 11 Outcomes, PALAMA's work contributes towards building the capacity of public servants to deliver services and constantly improve efficiencies and standards of performance.

1.5 ORGANISATIONAL STRUCTURE

The organisational structure of PALAMA was implemented on 1 April 2011, and remained unchanged until the last quarter of the 2012/13 financial year. The Minister for Public Service and Administration approved a *transitional management structure* on 20 February 2013 and processes were put in place to ensure that the necessary approvals were attained for the full implementation of this structure with effect from 01 April 2013.

The transitional management structure resonates with the organisational changes, leading towards the establishment of the National School of Government in October

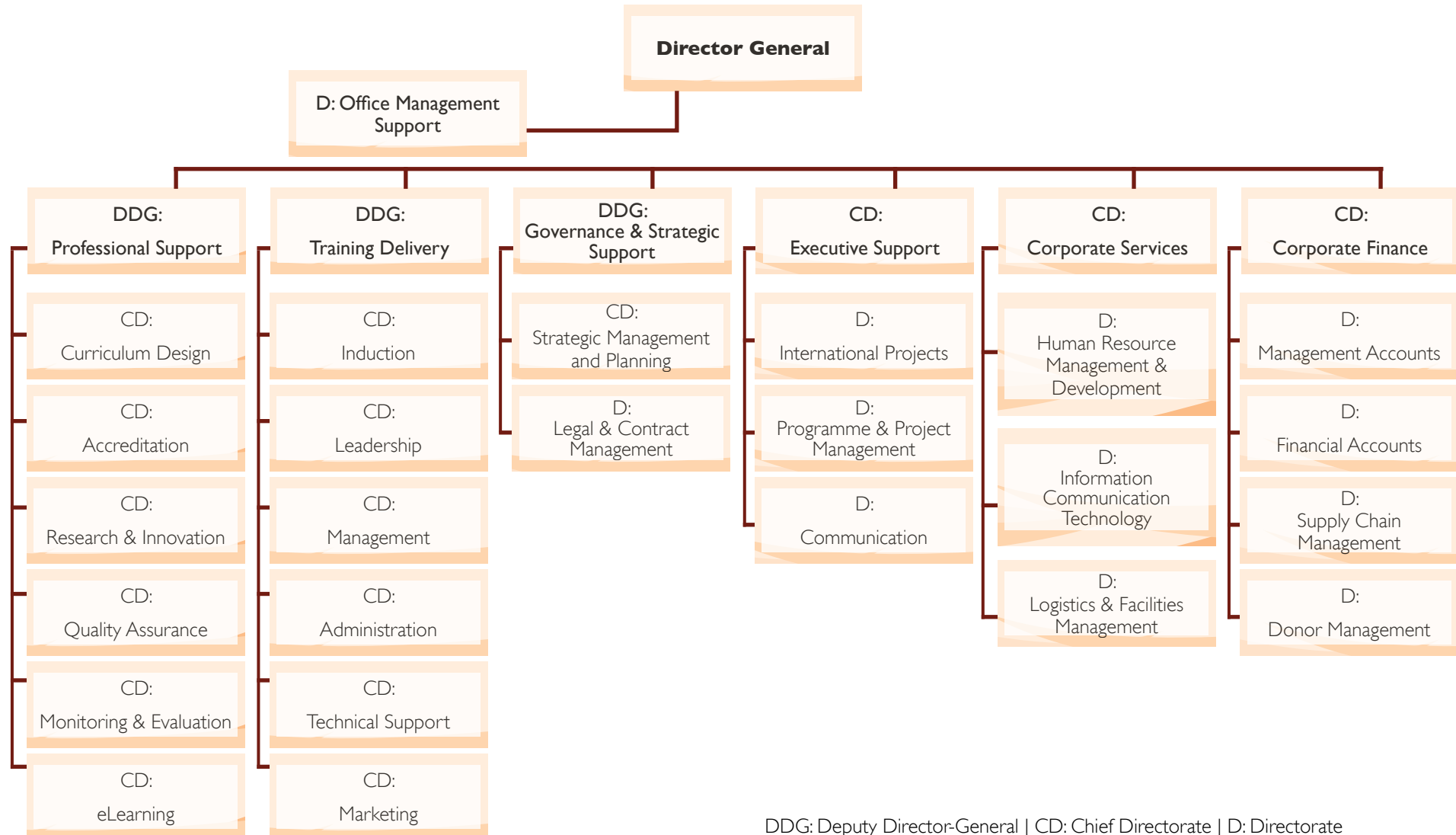
2013. Critical within the structure is the establishment of a Project Management Office, essentially to provide support to the Director-General and the Ministerial Advisory Task Team on the establishment of the National School of Government. The Project Management Office support will include secretariat and logistics services; record-keeping and document management; as well as research and writing functions.

The other critical change in the transitional management structure is the clustering of all the support services functions under the banner of the Corporate Management Branch. This will ensure streamlining of administrative efficiencies towards a smooth transition from the current organisation to the National School of Government.

The transitional management structure also introduces a sub-programme (Branch) responsible for public service training policy and planning. Key activities under this programme will include monitoring and evaluation of the quality management of training, curriculum policy and planning, setting norms and standards for public service training, and curriculum and quality of training rendered.

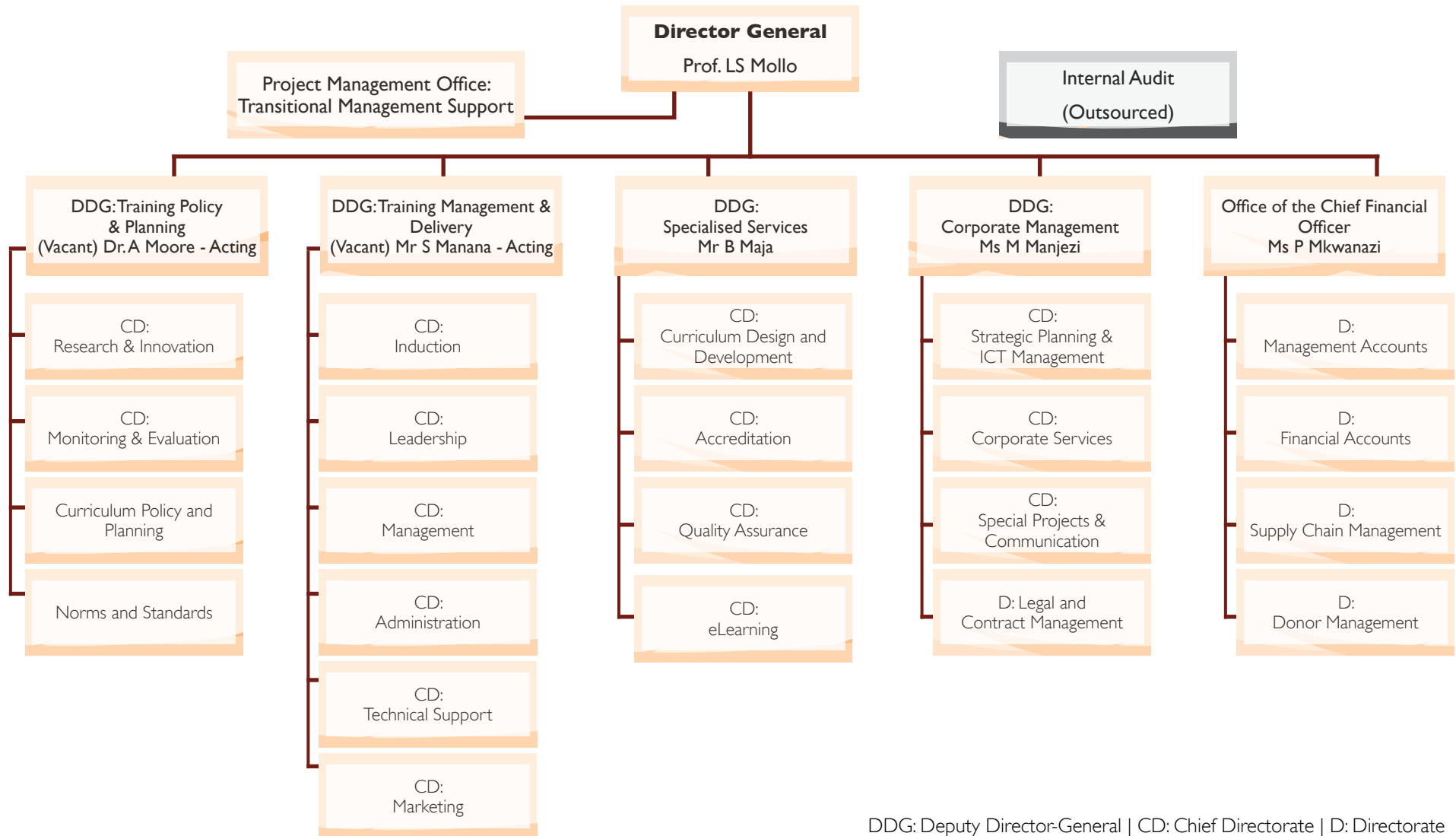
The organisational structure (as at 1 April 2012) and the transitional management structure (as per Ministerial approval of 20 February 2013) are reflected below.

ORGANISATIONAL STRUCTURE AS AT 1 APRIL 2012



DDG: Deputy Director-General | CD: Chief Directorate | D: Directorate

TRANSITIONAL MANAGEMENT STRUCTURE AS AT 20 FEBRUARY 2013



1.6 ENTITIES REPORTING TO THE MINISTER

As an appointed member of the National Executive, the Minister reports to the President of the Republic of South Africa. The following portfolios of institutions also report to the Minister for Public Service and Administration (MPSA):

Table 1: Entities reporting to the Minister

Name of entity	Legislative mandate	Financial relationship	Nature of operations
DPSA	Public Service Act, 1994 (as amended)	PALAMA receives its allocation through the DPSA.	Policy development and enforcement in the public service.
SITA	State Information Technology Act, 1998	None.	Information technology in the public service.
CPSI	Public Service Act, 1994 (as amended)	None.	The CPSI is an initiative of the MPSA, established to identify, support and nurture innovation in the public sector with a view to improving service delivery.
GEMS	Medical Schemes Act, 1998	None.	Restricted membership to a medical scheme for public service employees.

The Public Service Commission (PSC) is an independent oversight body established in terms of the Constitution. It derives its budget support from the MPSA.



1.7 FOREWORD by the Minister



Ms LN Sisulu, MP

On my appointment to the portfolio as Minister for Public Service and Administration, I reviewed through discussions, the various portfolios such as PALAMA, for which I am politically responsible and accountable. This review, including the views expressed by the representatives in the executive of Government and Parliament, and reports from constitutional bodies such as the Auditor-General and Public Service Commission, contributed to the announcement of more focused and measurable strategic priorities for the public service.

The priorities for all the portfolios under the political management of the Ministry of Public Service and Administration are:

- a) professionalisation of public service and public administration across all spheres and levels of government;

- b) designing interventions that lead to high productivity in the public service and public administration; and

- c) building a clean and accountable public service and public administration.

While PALAMA must ensure a direct contribution to all three priorities, it is the professionalisation of the public administration where the mandate of the organisation continues to be critical. In this regard, I have tasked the management of PALAMA to:

- a) Implement a compulsory induction programme for new recruits to the public administration. The primary intention of this programme is to induct these new recruits into the values and principles of the public service; instil the call of the public service as a profession that thrives on ethical behaviour in the delivery of public goods, services and works to the citizens, and the protection of the financial resources and assets of the State.

- b) Work towards the transformation of PALAMA and thereby transition the organisation into a National School of Government.

In support of these strategic activities that ought to contribute to the professionalisation of the public administration, in particular, I have appointed during January 2013 an Advisory Task Team to assist me and the Accounting Officer with the transformation of PALAMA and the establishment and operationalisation of a National School of Government.

Many of the activities undertaken in this Annual Report have been successfully completed in terms of current PALAMA's mandate and its contractual training commitments to national, provincial and local government institutions.

I am thankful to the PALAMA staff and management for steering the organisation towards the establishment of a National School of Government, while simultaneously completing the various tasks undertaken in terms of the Annual Performance Plan during the year under review.



Ms LN Sisulu, MP

Minister for Public Service and Administration

The primary intention of the Compulsory Induction Programme is to induct new recruits into the values and principles of the public service, and instil the call of the public service as a profession that thrives on ethical behaviour



I.8 OVERVIEW OF THE Accounting Officer



Prof. LS Mollo

The 2012/13 Annual Report must in some ways be seen as a valediction report of the Public Administration Leadership and Management Academy (PALAMA) in its current institutional configuration. On the 21 October 2013, the National School of Government will be launched to replace PALAMA. The National School of Government will be operating within a broader space with its training programmes directed to all employed within government. The resource structure of the School will be different from that of PALAMA and the thrust of training programmes will be oriented to that which is required for public servants to become the public service cadres that our Government espouses.

This Annual Report confirms that notwithstanding the achievements of PALAMA to date, more is still to be realised through the National School of Government. PALAMA has within its current legislative mandate, resource capacity and operational capabilities established a good base, achieving what it set out to

achieve. Following the adoption of the National Development Plan (Vision 2030), the bar has been raised, setting a new trajectory for public service training and development. This is also espoused in the draft Public Administration Management Bill, which Cabinet approved for further consultation, which proposes measures to bring a resolve for efficiency and productivity challenges in the public service.

During this financial year, PALAMA has been the active conduit through which the most significant policy decisions taken by the Minister for Public Service and Administration have been implemented. The first was the implementation of the directive on the Compulsory Induction Programme (CIP) for all newly appointed public servants. The directive issued by the Minister required of PALAMA to design and develop the curriculum and roll-out the training. This directive led to two dichotomies – the first of managing the termination of the current two-day Public Service Induction Programme and the second of mobilising all necessary resources within PALAMA to commence the development of the five-module curriculum. CIP has now been officially launched in all provinces, pilot training has been completed with the first trainee cohort graduating in October 2013, and the full training roll-out of the programme is about to commence.

Taking note of the significant progress made towards the establishment of the National School of Government, we acknowledge the work undertaken on the different activities, with limited resources, to accommodate the implementation of the programme, as this was not foreseen or planned for in the beginning of the financial year.

Without losing focus on what we committed to achieve in this financial year, we managed the re-channelling of limited resources available to us and achieved our annual performance plan targets. A total of 45 575 persons were trained in this financial year in the training areas of leadership, management, administration, and induction.

This number combines both training implemented on revenue generating and non-revenue generating courses. Non-revenue generating courses offered by PALAMA primarily combine the previous Public Service Induction (PSI) programmes and the Breaking Barriers to Entry Programme.

We have also realised some improvements in our programme implementation approaches. The unemployed youth graduate programme - Breaking Barriers to Entry - has gone beyond the pilot phase. Costs for implementing these programmes were fully funded by PALAMA. In the 2012/13 financial year, partnerships have been established with key departments to sponsor learners for this programme.

This intervention better equips participants to enter the public sector employment stream with a better understanding of requirements in relation to competencies required for various positions, as well as service ethos, culture and service standards expected from public servants. The model and approach used in delivering this programme also utilised existing public servants to facilitate training. Programmes such as these, become the nucleus for new training programmes within the National School of Government.

As we commence the processes of transforming PALAMA and transitioning into the National School of Government, we will continue to improve our internal efficiencies to ensure that the transition is as seamless as possible, and that we are changing for the better, to serve our people in a manner that meets their expectations.

In presenting this report, I would like to express my appreciation for the executive guidance from Ms Lindiwe Sisulu as the Minister for Public Service and Administration. The Minister's wealth of experience and knowledge continues to provide strategic leadership that re-directs our work for better results. I would also like to express my appreciation to the Deputy Minister, Ms Ayanda Dlodlo, for her constant support and in guiding us to deliver on our mandate and performance priorities, particularly with

regard to the international programmes. Finally, I acknowledge the role of all audit structures as well as the management and staff of PALAMA for their diligence and contributions in all their areas of work, leading to departmental achievements being realised during this financial year. The results evident in this report are also presented with unqualified opinion from the Auditor-General.



Prof. LS Mollo

Director-General

Without losing focus on what we committed to achieve in this financial year, we managed the re-channelling of limited resources available to us and achieved our annual performance plan targets.



PALAMA in pictures



PALAMA Staff Meeting 2012
Award for Development of CIP Curriculum



PALAMA Staff Meeting 2012
Award for PSTF 2012



Winner of the Pearson Award for Best Master of Public Administration Research Report by University of Pretoria



PALAMA Open-day



PALAMA Open-day



PALAMA Open-day



Long Service Award
Deon Bloemstein



Long Service Award
Riaan de Coning



Long Service Award
Noxolo Cele



Long Service Award
Kevan Perumal



PALAMA Heritage Day 2012



PALAMA Heritage Day 2012



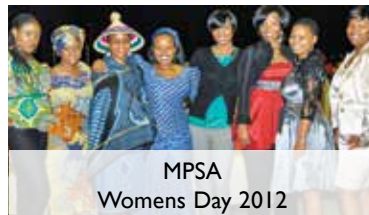
PALAMA Heritage Day 2012



MPSA
Womens Day 2012



MPSA
Womens Day 2012



MPSA
Womens Day 2012



MPSA
Womens Day 2012



MPSA
Womens Day 2012



PALAMA Sports Day 2013



PALAMA Sports Day 2013



PALAMA Sports Day 2013





PART B | PERFORMANCE INFORMATION

2.1 STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

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

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

In my opinion, the performance information fairly reflects the performance of the department for the financial year ended 31 March 2013.



Prof. LS Mollo

Accounting Officer

Public Administration Leadership and Management Academy

2.2 AUDITOR-GENERAL'S REPORT: PRE-DETERMINED OBJECTIVES

The performance of PALAMA is governed by the prescripts of the Public Audit Act, 2004 (Act No. 25 of 2004), which requires the Auditor-General to provide an oversight function by auditing and reporting on the accounts, financial statements, and financial management of State institutions. In this regard, PALAMA has ensured that the internal audit function focuses its attention on performance information - primarily focusing on aspects such as accuracy, relevance and correctness.

The audit conclusion on the performance against pre-determined objectives is contained in the Report of the Auditor-General under Part C (*Report on other legal and regulatory requirements*) of the Annual Report.

2.3 OVERVIEW OF DEPARTMENTAL PERFORMANCE

The performance of PALAMA for this 2012/13 financial year was based on the strategic and annual performance plans, which were developed in line with the Framework for Strategic Plans and Annual Performance Plans, issued by the National Treasury in September 2010. The Academy has also developed its own policy document on the management of performance information. In this regard, the Academy manages its organisational performance through processes such as quarterly reporting by branches against the predetermined objectives and targets. In addition, branches submit performance evidence to validate their performance reporting. A consolidation of performance information is measured against the organisational targets, and quarterly reports are submitted to the Minister, National Treasury as well as the PALAMA Audit Committee.

The past financial year has seen a significant change in pace of activities towards the establishment of the National School of Government, since the appointment of



Minister Lindiwe Sisulu to the portfolio of Public Service and Administration. She was briefed on the work undertaken with regard to establishing the National School of Government and a fresh tempo into this process was seen with her appointing an external Advisory Task Team to determine the form, scope and role of the new School. Work towards the establishment of the School has intensified, working towards the official launch on 21 October 2013.

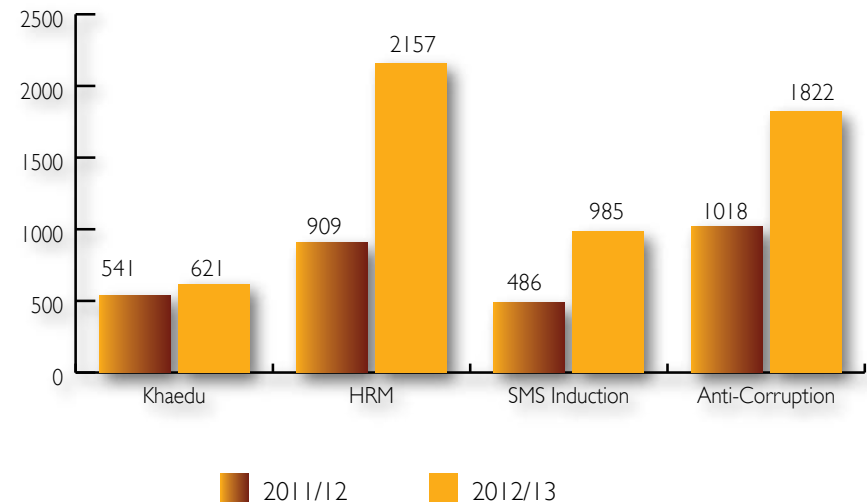
Mindful of these processes as well as organisational changes in the form of an approved transitional management structure, PALAMA remained unwavering in ensuring that the targets of the annual performance plan are achieved.

The change in the strategy of PALAMA in April 2011 was necessary as a result of a general trend of declining performance experienced in many areas of operation. Reflecting on results attained since then, PALAMA's performance is now improving and better focused.

In terms of the performance of PALAMA, the projected training target for the 2012/13 financial year was set at 43 385 covering all training streams. These figures were based on, *inter alia*, financial resources available for training rollout as well as the capacity to achieve these targets. Overall, the Academy exceeded its annual performance target, training a total of 45 575 officials in both revenue and non-revenue generating programmes, as well as through donor funded training. Key programmes that PALAMA continued with in roll-out focused on anti-corruption and ethics management; supply chain and financial management; human resource management; monitoring and evaluation; as well as the Executive Development Programme.

The graph below provides a selection of some of PALAMA's programmes, showing increased performance from the previous financial year.

Graph 1: PALAMA'S programmes for the 2011/12 and 2012/13 years



With regard to front-office service training, whilst progress was made in relation to the Khaedu programme, the uptake on other front-line service delivery programmes was poor, despite all marketing and other efforts to secure participation in these programmes.

PALAMA has continued on the trajectory of using eLearning as an additional methodology for training delivery and since inception this methodology has grown in both programmes available with this option and users opting for eLearning based training. ELearning programmes continue to be designed for roll-out and the membership registration for the online Communities of Practice is also growing steadily.

The main challenge that PALAMA faces with regard to its revenue base is the on-time collection of payments, post the training. There is currently an outstanding debt amount of R44.2 million. This situation still prevails despite more dominant interventionist actions, such as personal visits to departments and provinces, as well as issuing of letters to outstanding debtors, being implemented.

2.3.1 Performance planning

The performance objectives in respect of the 2012/13 annual performance plan were determined at a strategic planning workshop held on the 26 and 27 January 2012. The objectives of the workshop were to:

- (i) Obtain an appreciation of the current external environment and PALAMA's performance alignment to this environment.
- (ii) Provide an update on the state of the further transformation of PALAMA.
- (iii) Discuss and confirm the organisational performance priorities for the 2012/13 financial year in line with the MPSA strategic focus areas.

- (iv) Assess the support environment of PALAMA (focusing on the HR, finance, and ICT status).

External presentations were also received from the National Planning Commission (on Vision 2030 and the National Development Plan); the Auditor-General South Africa (on national and provincial audit outcomes for the 2010/11 financial year); and National Treasury (on the global declining economy and its impact on planning). The assessment of the external environment places into context the significant role that PALAMA ought to be playing in terms of building the capacity of the State. The National Development Plan implores South Africa to build a capable State in order to respond to the development challenges, and PALAMA must be seen as central to this process. Critical amongst these, is the support provided to political and administrative heads of government, as well as ensuring that PALAMA programmes prioritise and radiate the developmental agenda of the country.

Many government departments (national and provincial) are experiencing critical challenges in meeting the legislative compliance requirements in terms of the utilisation and management of resources, as well as performance information.

The findings by the Auditor-General reflects overall regressions in audit outcomes within the national sphere of government. Financially unqualified reports were received by 58% of departments within the provincial sphere of government, the main reasons being internal control weaknesses in financial reporting, service delivery reporting and compliance with laws and regulations. PALAMA has to also enter this space to support capacity building in departments, particularly on matters of expenditure management and asset management.

The further transformation of PALAMA into a National School of Government remains a strategic focus area of the MPSA. In August 2012, the Minister directed key actions giving impetus towards the finalisation of the concept document and set the



tone for the advancement of this work towards preparation of implementation plans by 2013/14 and to obtain Cabinet endorsement towards the launch of the School in October 2013.

2.3.2 Organisational Performance in 2012/13

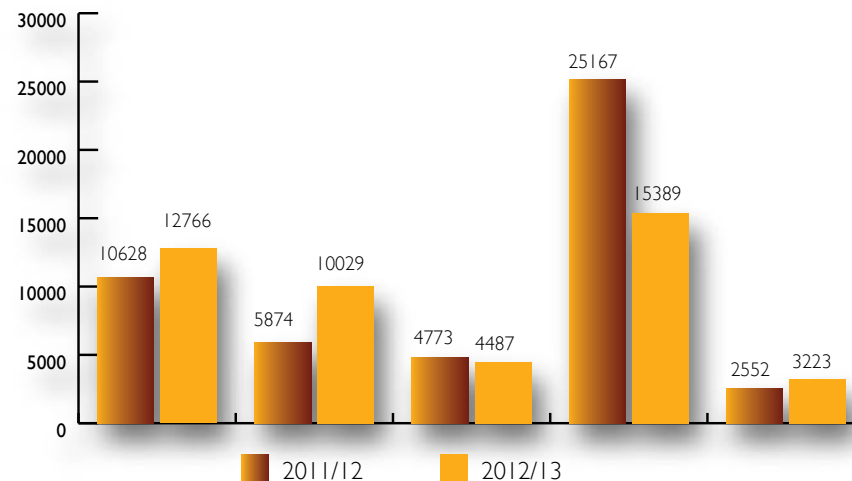
The organisational performance in this financial year is evaluated based on the annual performance plan as adopted in March 2012. In the 2011/12 financial year, PALAMA trained a total of 51 760 persons in both revenue and non-revenue generating programmes. The increase in the number of officials trained in 2011/12 compared to previous years was mainly attributed to, among others, an increase in the number of new public servants undergoing the Public Service Induction training; expanded roll-out of training to unemployed youth graduates; and customised training provision based on specific training requests from departments and oversight bodies.

In the 2012/13 financial year, PALAMA trained 45 302 officials in both revenue and non-revenue generating programmes. The training figures achieved in this financial year exceeded its projected target of 43 385 by 4.2%.

PALAMA also trained an additional 273 officials located within the post conflict countries of Rwanda, Burundi and South Sudan through donor sponsored funding. PALAMA customised its own programmes to suit the country specific needs, including training on Khaedu; training of trainers; engendering MDI curriculum; eLearning; Monitoring and Evaluation; website management; and Risk Management.

This, brings the training offered by PALAMA in this financial year to **a total of 45 575 officials**. However, when compared against the 2011/12 training performance achievement of 51 760 it was noted that there was a slight drop in performance.

Graph 2: Numbers of persons trained in 2011/12 and 2012/13 years



This course is very good for public servants and it must be presented at all levels

Participant attending the Emerging Management Development Programme: 17-21 September 2012



The graph above suggests that PALAMA improved its performance in most areas, from the last financial year, with the exception of the induction stream of training. This can be largely attributed to the cessation of the roll-out of the two-day Public Service Induction Programme which was replaced with the year-long Compulsory Induction Programme.

The course was excellent because it developed the desire in us of being a good public servant for delivering better service delivery

Participant attending the Public Service Induction levels 1-5: 4-5 October 2012

Project Khaedu continues to remain a flagship programme of PALAMA. This programme involves the deployment of Senior Management Service (SMS) members to service delivery sites. In this regard, PALAMA was able to train a total of 621 officials, representing an achievement rate of 207% against its projected target of 300 officials.

The eLearning training methodology has grown in its implementation since its inception and continues to make steady progress as an alternate methodology to traditional classroom teaching. In this regard, and aside from articles that have been published on eLearning, PALAMA has promoted this in various other forums, including North West ICT Lekgotla; Chief Learning and Development Officers Conference; Public Sector Expert Practice Committee; as well as with the Department of Social Development in Kwa-Zulu Natal.

On 31 July 2012, the Public Service Co-ordinating Bargaining Council (PSCBC) concluded Resolution 1 of 2012. In terms of Clause 4 of the resolution, the qualifying period for new entrants for pay progression was extended to 24 months. The aim of this extension in the pay progression period is to ensure the development and professionalisation of public servants. On the 31 October 2012, the Minister for the Public Service and Administration issued a directive on the development and

implementation of the Compulsory Induction Programme (CIP) for the Public Service. The CIP is mandatory for all new entrants to the public service during the first 24 months of employment.

The design and development of the CIP commenced in mid-August 2012, following the MPSA instruction to PALAMA to commence delivery of the programme by the end of September 2012. The structure of CIP includes an Orientation Session and five modules. The Orientation Session is directed at the learners as well as the supervisors and Human Resources Development (HRD) personnel within their respective departments. This session outlines the purpose, outcomes and intention of the CIP as well as makes learners and supervisors aware of the Directive and their roles and responsibilities with regard to the CIP.

The course is spread over 12 months and consists of 100 days distributed as follows:

- Face to face sessions - 25 days
- Work based activities and assignments - 25 days
- Accessing and reading sources, engaging with the online environment, connecting to people and implementation of learning - 50 days

All five modules were developed, guided by a comprehensive Quality Assurance process. The roll-out to the initial cohort of national officials commenced at the end of September 2012 with the Orientation Session. This roll-out of the programme also served as a pilot of the Programme so that the curriculum materials and delivery processes can be reviewed and improved for roll-out to the total population of new entrants. The CIP will be an accredited programme, which will be accredited by the Public Service Sector Education and Training Authority (PSETA).

The detailed performance report by performance indicators and targets for Programme 1 (Administration) and Programme 2 (Public Sector Organisational and



Staff Development), in line with the work carried out by the different branches, is set out in this chapter of the report.

2.3.3 Service delivery environment

PALAMA has a critical role to play in developing the capacity of public servants to effectively respond to the challenges of the South African Developmental State. This critical role should lead to improvements in requisite skills of all public servants, improving alignment of recruitment and appointment processes with competency requirements, performance improvement and growth of the public service skills base, improving national data integrity on public service competency levels and developing a public service cadre with values and ethical conduct to serve the public and combat corruption.

In terms of PALAMA's current business model, the provision of training is outsourced to contracted service providers. PALAMA's key service is the provision of training and development interventions in the core areas of leadership, management, administration and induction in the public service. Some of the key services that PALAMA provides in relation to the provision of training and development are:

- Training needs analysis in order to determine the training needs of the public service.
- Design and development of curriculum (including customisation of programmes, particularly for use in partner countries).
- Quality assurance of all programmes and courses.
- Facilitation of accreditation of credit-bearing programmes and courses.
- Facilitation of training provision (e.g. issuing quotations, appointing training facilitators, post-course support, issuing certificates).

- Facilitation of intergovernmental co-operation in training and development.

The primary beneficiaries in the provision of public service training are the national and provincial departments. The secondary beneficiaries (optional training provision) include:

- Local sphere of Government
- Members of National Parliament, Provincial Legislatures and Municipal Councils
- Other organs of state (e.g. Auditor-General)
- Unemployed youth graduates (special programme)
- Partner countries as part of international capacity development initiatives

The following are some of PALAMA's key stakeholders and strategic partners, with whom consultation on training and development is undertaken:

- Key government departments (in particular National Treasury, Department of Public Service and Administration, the Presidency, Department of Co-operative Governance and the Public Service Commission)
- All national and provincial departments
- National Parliament and Provincial Legislatures
- Office of the Auditor-General
- Public Service Sector Education and Training Authority (PSETA)
- South African Local Government Association
- Higher Education Institutions
- Private training providers
- International forum partners and donor organisations

The delivery capacity of PALAMA is framed on its Administration Programme, which is responsible for the support functions of the department, and the Public Sector Organisational and Staff Development Programme, which is responsible for all training and directly related logistical and technical support activities and professional support services.

The organisational structure of PALAMA changed during the course of this financial year, with the Minister for Public Service and Administration approving a transitional management structure on 20 February 2013. Of significance within the new structure, is the establishment of a Project Management Office, to provide support to the Director-General and the Advisory Task Team. The new structure also allows for the creation of a new Branch for training policy and planning. This Branch will be responsible for curriculum and quality assurance policy and planning for training, supported by the research and innovation as well as the monitoring and evaluation (M&E) functions.

PALAMA's training is categorised into four streams, namely; Administration, Leadership, Management and Induction. These streams provide training, targeting:

- (i) Senior management service members (SMS);
- (ii) Junior and middle management service members (JMMS); and
- (iii) Frontline staff.

PALAMA is also implementing the youth graduate public service orientation programme, preparing unemployed youth graduates for internship and other employment opportunities within the public service. This is in addition to the roll-out of a compulsory induction programme to all new public servants, across all levels of employment.

The provision of training is undertaken through strategic partnerships with a wide range of external service providers, including higher education institutions, further education and training colleges and private sector organisations. This arrangement seeks to increase the volume of training offered to public servants through a multiplicity of rigorously selected service providers. Lessons learnt are that more is needed to optimise relevance of training to specific job competency demands. PALAMA has therefore started a pilot training of facilitators identified from experts already employed as public servants, and deploying them to facilitate specific training courses.

The funding model for the Training Trading Entity of PALAMA is premised on a cost recovery approach, which incorporates three inter-related methods of fee calculation: zero-based budgeting; cost plus (where the course is being offered by a third party supplier) and tariff pricing (for normal bookings to standard courses). This funding model is currently being reviewed, as preliminary indications suggest that the model is not sustainable and is a hindrance in delivering on PALAMA's mandate. An activity-based costing has been introduced to refine the predetermination of course fee tariffs and to better manage training costs. This has resulted in analysing best ways to minimise training-related input costs in order to determine training fee tariffs, whilst ensuring PALAMA's training is more affordable.

Service Delivery Improvement Plan

In order to transform public service delivery, government adopted the following eight principles to guide service delivery improvement:

- I. **Consultation:** Citizens should be consulted about the level and quality of the public services they receive and, wherever possible, should be given a choice about the services that are offered.



2. **Service standards:** Citizens should be told what level and quality of public services they will receive so that they are aware of what to expect.
3. **Access:** All citizens should have equal access to the services that they are entitled to.
4. **Courtesy:** Citizens should be treated with courtesy and consideration.
5. **Information:** Citizens should be given full and accurate information about the public services they are entitled to receive.
6. **Openness and transparency:** Citizens should be told how departments are run, how much they cost, and who is in charge.
7. **Redress:** If the promised standard of service is not delivered, citizens should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made, citizens should receive a sympathetic, positive response.
8. **Value for money:** Public services should be provided economically and efficiently in order to give citizens the best possible value for money.

PALAMA has developed a *draft* Service Delivery Improvement Plan, in line with legislative requirements, for approval and implementation. The service delivery improvement initiatives which are in line with the *Batho Pele* principles, will be infused in the daily conduct of business. These include:

1. Ensuring that services are provided professionally, effectively, with courtesy and fully mindful of discriminatory practices outlined in the Constitution and other pieces of legislation.

2. Displaying a sense of commitment and discipline by ensuring, *inter alia*, that appointments with customers are kept.
3. Ensuring that the premises and all training venues are fully accessible to all participants, customers and visitors with appropriate provisions to accommodate those living with physical disabilities.
4. Ensuring that tolerance in the provision of services is always displayed, particularly with regards to race, language, gender, sexual orientation, and disability.
5. Maintaining relationships and co-operation, both internal and external to the institution, that is strictly professionally, and is carried out respectfully and ethically, and ensuring the protection of the integrity of the institution and of government at all times.

2.3.4 Organisational environment

PALAMA has a good governance record. Evidence in this regard is its unbroken history of unqualified audits since its establishment. The organisation complies with governance prescripts relevant to it as a national department and has operational policies that govern its training operations.

The organisational structure of PALAMA changed with the approval of a transitional management structure however this did not significantly impact on the core business of PALAMA and its performance. The uncertainties surrounding the key decisions to be made on the further transformation of PALAMA into the National School of Government resulted in some projects being placed on hold and the filling of posts being held in abeyance.

2.3.5 Key policy developments and legislative changes

The role and significance of PALAMA has been emphasised significantly by the leadership of the ruling political party, the African National Congress (ANC). The President of the ANC, Mr Jacob Zuma, called for the building of a new public sector cadre, as part of creating a developmental state - a cadre who provides service to the people, has a caring attitude in dealing with citizens, listens to people's concerns, truthfully reflecting their wishes, sincerely helping address their hardships, and doing more to speed up effective service to the people (*African National Congress January 8th Statement, 2010*). At the January 2011 ANC Lekgotla, the ruling party instructed Cabinet to transform PALAMA "to be a government school that will be used to give meaningful training and empowerment to senior civil servants".

The ANC also pronounced that "developing a dynamic cadre for the public service requires that PALAMA must be more focused and appropriately resourced. It must take a bigger responsibility in developing and enhancing the intellectual capacity in the state."

The political signals and messages are very clear - a National School of Government must be established as being the mandatory training institution in building the intellectual capacity of the State.

What makes the National School of Government a unique national public institution?

The National School of Government will be established as a centre from which public sector training is coordinated, curriculum and training standards directed, and be a hub for training and development opportunities to professionalise the organs of State and develop required competencies, in support of service delivery that is driving sustainable growth and other development goals. In order to achieve this goal, firstly, the School must be pro-active and become a corrective vehicle to provide solutions

to address the systemic and perennial challenges of public service delivery, through the training and development of public officials.

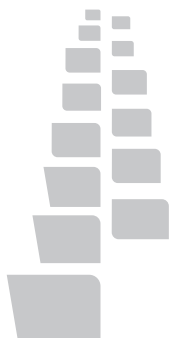
Linking the School to the NDP, it must ensure that State institutions are functioning with skilled public servants who are committed to the public good and capable of delivering consistently high quality services – fostering a sense of professional common purpose.

The School must contribute towards building a public service that serves the Government. Finally, the School should be guiding the shift from short-term training to long-term development linked to stimulating career paths.

This development should have a two-pronged approach, as outlined in the NDP, of building a professional service from the top and the bottom – in this way responding to the issue about where the next generation of public servants will come from.

The National School of Government as distinct in its own right would provide the following broad but specific functions, namely:

- Develop and provide education (including academic programmes), training and development on citizen-centric programmes to build capacity for the State.
- Provide research and consultancy services to inform public policy, promote national development norms and standards of competence, and integrity of the State.
- Professionalise organs of State through encouraging lifelong learning.
- Inculcate a South African public service value system.
- Establish strategic partnerships with critical and key stakeholders.
- Establish a knowledge hub for occupation oriented training and development



for the State.

- Monitor and evaluate the impact of training and development programmes within state departments and organisations.
- Conduct assessments (including examinations) and awarding of qualifications and other forms of suitable awards to successful candidates.

The Minister for Public Service and Administration established an Advisory Task Team (ATT), with the mandate to make recommendations on the form, scope, role, operations and structure of the National School of Government in meeting public sector training needs at all levels of government in South Africa. In addition, the ATT is mandated to guide and provide advice on the critical paths and milestones on the transformation of PALAMA into the National School of Government. It will also seek to develop a critical narrative and trajectory on the establishment, operationalisation, consolidation and diversification of curriculum development, research, training, teaching and learning, in the public service and administration. The ATT commenced its work on 19 February 2013 and is expected to conclude by 31 March 2014, in order to submit a comprehensive report for the Minister's consideration and approval, before the launch of the National School of Government.

The first phase of the path towards the National School of Government has already been undertaken, with the pronouncement by the Minister on the Compulsory Induction Programme and the commencement of the roll-out of the CIP. Work is also underway to design and develop a curriculum on the Executive level Induction Programme.

2.4 STRATEGIC OUTCOME ORIENTED GOALS

PALAMA's strategic plan and performance is aligned to key policy documents and is primarily premised on the delivery agreement for Outcome 12, themed as an efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenship.

The strategy of PALAMA is driven by the following goal priorities:

- To develop and sustain PALAMA as an organisation that is compliant to regulatory frameworks, operating within a conducive work environment and promoting a high performance culture.
- To improve Government's service delivery, quality and access through training and development interventions, including training for frontline staff and improving the quality and implementation of Service Delivery Improvement Plans (in line with the principles of *Batho Pele*).
- To improve human resource management and development capacity in leadership, management and administrative responsibilities in the public service, through training and development.
- To improve the capacity of public servants to develop and institutionalise processes and mechanisms for improved rights and accountability, through training and development.
- To promote a culture of integrity ethics and anti-corruption through training and development.

2.5 VOTED FUNDS

The table below reflects a summary of the expenditure of the voted funds:

Table 1: Expenditure of voted funds

Main Appropriation R'000	Adjusted Appropriation R'000	Actual Amount Spent R'000	(Over) Under Expenditure R'000
124,384	124,384	122,895	1,489
Responsible Minister	Minister for Public Service and Administration		
Administering Department	Public Administration Leadership and Management Academy		
Accounting Officer	Director-General of PALAMA		

2.5.1 Aim of Vote

PALAMA is a Schedule 1 Department reporting to the Minister for Public Service and Administration. Its aim is to provide and co-ordinate the provision of training and/or management development interventions that lead to improved performance and service delivery in the public service.

2.5.2 Departmental revenue, expenditure, and other specific topics

Table 2: Departmental revenue, expenditure, and other specific topics

	2009/10 Actual R'000	2010/11 Actual R'000	2011/12 Actual R'000	2012/13 Target R'000	2012/13 Actual R'000	% deviation from target
Non-tax revenue						
Sale of goods and services	67	66	38	30	27	-10%
Sales of capital assets	*	*	*	*	4	100%
Interests, dividends and rent on land	*	17	2	*	31	100%
Financial transactions (recovery of loans and advances)	246	497	387	*	312	100%
TOTAL DEPT. RECEIPTS	313	580	427	30	374	1246.7%



2.5.3 Departmental Expenditure

Table 3: Breakdown of revenue expenditure (Vote)

Programme	Total budget 2011/12 R'000	Actual Expenditure 2011/12 R'000	Total budget 2012/13 R'000	Actual Expenditure 2012/13 R'000
Administration	69,272	62,517	72,287	70,798
Public Sector Organisation and Staff Development	49,049	49,049	52,097	52,097
TOTAL	118,321	111,566	124,384	122,895

2.5.4 Transfer payments to the Training Trading Account

The Training Trading Account includes the following branches:

- (i) Professional Support
- (ii) Training Delivery.

The Training Trading Account is responsible for the management development and the training of the public sector employees. Transfer payments made for the year under review totalled R52 million.

As the Vote Account and Training Trading Account are interlinked, spending and monitoring is done via the administration function within the Vote Account.

2.5.5 Public and/or Trading Entity

Table 4: Breakdown of revenue and expenditure (Trade)

Programme	Actual Expenditure 2011/12 R'000	Actual Expenditure 2012/13 R'000
Revenue	153,546	186,938
Course fees and other revenue	104,497	134,841
Augmentation	49,049	52,097
Expenditure	136,482	160,083
Staff Costs	53,118	55,639
Other costs	83,364	104,443
Surplus/(Deficit)	17,065	26,856

2.5.6 Conditional Grants and Earmarked Funds

Not applicable to PALAMA.

2.5.7 Capital Investment, Maintenance and Asset Management Plan

Table 5: Capital investment, maintenance and asset management plan

Asset Class	Opening Balance R'000	Additions R'000	Disposal R'000	Closing Balance R'000
Machinery and equipment	-	-	-	-
Transport assets	417	-	161	256
Computer equipment	17,265	850	814	17,301
Furniture and office equipment	6,179	561	131	6,609
Other machinery and equipment	1,137	324	12	1,449
TOTAL	24,998	1,735	1,118	25,615

2.6 PERFORMANCE INFORMATION BY PROGRAMMES

The activities of PALAMA are organised in the following programmes:

Programme 1: Administration

Programme 2: Public Sector Organisational and Staff Development

2.6.1 Programme 1: Administration

Purpose:

Programme 1 facilitates the overall management of the Academy and provides for organisational support services enabling the Director-General, Branch Heads and all employees in PALAMA to carry out their responsibilities within an effective governance system. The responsibility of this Programme includes providing administrative, legal, human resources and financial management service across the department. Further there are oversight support services through monitoring and evaluation of organisational activities, advisory services for risk management, regulatory compliance as well as co-ordinated measures to support international and special projects.

Programme 1: Administration comprises the following sub-programmes:

- Office of the Director-General, which includes the Project Management Office, Office of the Chief Financial Officer, and the Internal Audit (outsourced function)



- *Corporate Management*, which combines what was previously the Governance and Strategic Support, and the Corporate Services Branches as well programmes previously in the Office of the Director-General, namely; International Projects, and Communications²

The core function of the Corporate Management sub-programme is to provide strategy and planning services; human resource management services; information and communication technology; legal advisory services; security services; as well as office support auxiliary services. This Branch will ensure that there is administrative efficiency in the transition towards the establishment of the National School of Government.

The Branch also contributes to the strategic and intellectual discourse on capacity building in the Public Service domestically and internationally, as well as public communication in support of the Academy's brand positioning and public relations programmes. This responsibility includes undertaking activities in preparation for strategic communication with key stakeholders, including Parliament and the media, forging strategic international partnerships, mobilising resources from the donor community, and facilitating the Academy's engagement in the global knowledge exchange network, through mutually beneficial partnerships with institutions on the African continent and around the world. This branch is also responsible for the management of outsourced functions namely; employee health and wellness, internal audit, facilities management and ICT services. The outsourcing of these functions enhances and provides a more efficient and modern provision of specialised services to the Academy.

² For the purpose of annual reporting, the performance information will be presented under the previous structures of the ODG, Governance & Strategic Support, Corporate Finance, and Corporate Services

Strategic objective

Develop PALAMA into a high performance organisation.

Performance indicators and targets

The key performance indicators within this programme, towards developing PALAMA into a high performance organisation, relate to:

- Training and development of PALAMA employees.
- Average number of days taken for collection of debt due to training sales.
- International capacity development programmes and initiatives.
- Internal policies and processes.
- Organisational compliance and reporting in terms of legislation and regulatory frameworks.

PALAMA implemented its approved Workplace Skills Plan and Human Resource Development (HRD) Plan during the course of the financial year and a total of 164 employees were trained. The internal environment was also strengthened through the introduction of new policies and operational processes, focusing on matters of human resource management and development, finance and corporate governance.

During this financial year, PALAMA managed to generate an amount of R128.5 million in training fees. The Academy continues to face the challenge of debt collection from departments that train without payments, with an outstanding debt amount of R44.2 million. This has increased from R39.2 million as at the end of the previous financial year.

In terms of corporate governance, PALAMA put in place mechanisms to track compliance reporting, and all compliance reports were submitted to primary reporting institutions such as the DPSA, the Presidency and the National Treasury. The necessary frameworks and plans in relation to internal audit activities, risk management and fraud management are also in place.

On the continental and international special projects, PALAMA continued to play a significant role in public service training and development. Five development programmes were implemented and monitored through the roll-out of training on Khaedu mainstreaming; and an evaluation session on Integrated Management Training Programme; learning material updated and approved by Heads of MDI's. PALAMA continues to provide support to AMDIN, as the interim AMDIN Secretariat.

The Korea International Co-operation Agency (KOICA), through the Embassy of the Republic of South Korea and the Department of International Relations and Co-operation (DIRCO), signed an agreement in 2011 to collaborate on a Multi-Year Training Programme, namely the Human Resource Development (HRD) programme. PALAMA facilitated the implementation of the programme and the second phase of training was held in South Korea in November 2012.

Further details on performance indicators specific to each sub-programme are given in the matrices that follow.

Office of the Director-General

The Office of the Director-General is the highest executive office in PALAMA. As the Accounting Officer of the Academy, the Director-General must lead and provide strategic vision and direction; orchestrate activities and create harmony within the department; and allocate resources. The Director-General also undertakes strategic communication with key stakeholders, including but not limited to, Parliament and the media. The

Director-General must also lead the organisational change and transformation agenda, whilst at the same time ensuring adherence to good corporate governance practices, financial viability and sustainability of the trading entity of the Academy. The Office of the Director-General contributes to the strategic and intellectual discourse on capacity building in the public service, domestically and internationally.

Reporting to the Director-General is the Project Management Office, with the core function of providing support to the Director-General and the Advisory Task Team on the establishment of the National School of Government. This support will include secretariat; logistics and record-keeping. In addition, the Office will provide support through research capacity to be extended to the Advisory Task Team specific to the establishment of the National School of Government, as well as monitoring and evaluation of the project plans. Further to these, Organisational Design, Business Process Mapping and Human Resource Planning capacity to be acquired in the preparation of plans for the National School of Government, will be attached to this Office. The Project Office Manager has a direct strategic reporting line to the Director-General and an administrative reporting line to the Deputy-Director General: Training Policy and Planning.

The Director-General reports to the Minister for Public Service and Administration and must ensure that the Academy supports the Ministry in leading the Public Service and Administration portfolio.



During the 2012/13 financial year, the Office of the Director-General was primarily focused on providing strategic guidance and support towards the establishment of the National School of Government. In addition, work in relation to international capacity building was another focus area and PALAMA worked with many countries, international institutions and donor partners in ensuring that capacity building interventions were undertaken. During the year under review, the Office planned a total of 18 activities, of which 10 were achieved; three partially achieved and five not achieved. The details of performance are contained in the graph below.

Graph 3: Annual performance activities of the Office of the Director-General

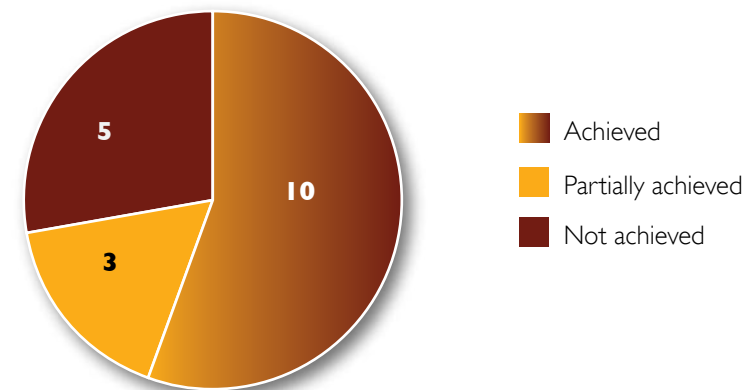


Table 6: Sub-programme Performance – Office of the Director-General

Strategic Objective: To develop PALAMA into a high performance organisation

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Further transformation of PALAMA by 31 March 2013.	A concept document was developed towards revising PALAMA's institutional funding and governance model. The draft framework was revised based on the work of the internal task team. A presentation was made to the Minister on the developed framework document, and a draft Cabinet Memorandum was presented to the Minister for review.	Approved framework on the further transformation and 5-year strategic plan submitted.	During this financial year, continued work was undertaken in developing a framework for the establishment of the National School of Government. International benchmark studies were undertaken to gain lessons on the establishment of this institution. On 19 February 2013, the Minister appointed an Advisory Task Team make recommendations on the establishment of the School. The Advisory Task Team held four meetings by the end of the financial year.	The annual performance status of this target is a partial achievement. A different approach was directed by the MPSA on the establishment of the National School of Government.	Targets for this indicator were changed during this financial year, as the MPSA directed a different approach towards the establishment and launch of the School. Work in this regard is continuing through the appointment of an Advisory Task Team, supported by a Project Management Office.
Number of regional capacity development programmes implemented by PALAMA, in accordance with ODA policy and approved partnership agreement by 31 March 2013.	Six capacity development programmes were implemented in three post-conflict countries and with partner MDI's in East Africa.	Implement five international capacity development programmes (RCB Project; Gender Mainstreaming; Project <i>Khaedu</i> in three post-conflict countries; curriculum design and development for the IMDP by financial year end in order to support international capacity building initiatives.	Five development programmes were implemented and monitored through the roll-out of training on <i>Khaedu</i> mainstreaming; and evaluation session on Integrated Management Training Programme; learning material updated and approved by Heads of MDIs.	The annual performance status of this target is achieved.	No deviations were made from the planned activities.



Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Facilitation and monitoring of learning and sharing through international partnership, in accordance with agreement by 31 March 2013.	Fifteen senior managers from the South African Government attended an HRD and Planning programme supported by the Korea International Co-operation Agency (KOICA); South African officials also attended training at ENA in France in November 2011. A memorandum of understanding (MOU) for a partnership agreement between PALAMA and the Chinese Academy of Governance (CAG) was finalised for sign-off and implementation. The IBSA conference was postponed to a later date, but relations with partner MDI's are still maintained.	Four international working relations maintained with identified international partners through effective engagement.	In ensuring that PALAMA plays a significant role on the continental and international fronts in relation to capacity building, the following are some achievements: <ul style="list-style-type: none"> Indian delegation in September 2012 as part of the bilateral agreement. 14 officials from DIRCO, PALAMA, DPSA, Northern Cape and Mpumalanga provinces attended the South Korea HRD Training. An MOU is ready for signing with the Botswana Public Service College. PALAMA received an Indian delegation on 25 January 2013 to discuss leadership development. The Advisory Task Team visited CELAP in China to benchmark models for a National School of Government. The AMDIN AGM was held in December 2012, and the new Executive Council elected. PALAMA was requested to provide interim secretariat support services. 	The annual performance status of this target is achieved.	No deviations were made from the planned activities.

Additional performance information of Branch performance not contained in the APP 2012/13

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of Parliamentary engagements with the Portfolio Committee on Public Service and Administration by 31 March 2013.	PALAMA, held four engagements with the Portfolio Committee on Public Service and Administration. These engagements included the presentation of the strategic plan and budget; joint presentation with the DPSA on gender mainstreaming; presentation of the previous financial year annual report; and presentation regarding scarce skills in the Public Service.	Projected number of four parliamentary engagements effectively managed.	<p>The engagements with the parliamentary structures, in particular; the Portfolio Committee on Public Service and Administration, remains significant in the governance and accountability of PALAMA's performance.</p> <p>PALAMA has fulfilled all invitations extended by the Portfolio Committee to attend and/or present at workshops and parliamentary committee sittings.</p> <p>Issues presented to the Portfolio Committee included the new annual performance plan; the previous financial year annual report; and the state of readiness on the establishment of the National School of Government.</p>	The annual performance status of this target is achieved.	No deviations were made from the planned activities.



Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of FOSAD meetings attended by 31 March 2013.	Although this is a new performance target being reported on, in this financial year, the baseline information is 12 monthly meetings of the FOSAD.	Support to the Director-General in participation and engagement in monthly FOSAD meetings.	As a member of the FOSAD Manco, the Director-General attends this meeting which takes place on a monthly basis. The Director-General has attended seven of the 11 scheduled meetings, as well as the two planning workshops.	The annual performance status of this target is achieved.	In instances where the Director-General did not attend this meeting, was the result of non-availability due to other commitments.
Number of Executive Management Committee (EMC) meetings convened and managed by 31 March 2013.	Although this is a new performance target being reported on, in this financial year, the baseline information is 24 bi-monthly meetings of the EMC.	Executive Management Committee (EMC) meetings (2 per month) efficiently convened and managed.	The EMC is the highest management structure within PALAMA, which is chaired by Director-General and membership includes all direct reports. During the financial year, a total of 16 out of the projected 24 EMC meetings were held.	The annual performance status of this target is partially achieved with 16 of the 24 projected EMC meetings taking place. Other commitments by the Director-General led to the postponements of the EMC.	In instances where the EMC did not convene, was the result of non-availability of the Director-General due to other commitments.

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of documents managed to and from the Office of the Director-General.	This is a new performance target being reported on in this financial year.	Document management to and from the ODG effectively and accurately managed through the implementation of systems and processes.	Document management remains an integral part of the organisation, and in particular with the Office of the Director-General. Documents that are received in the ODG are recorded and quality checked before the approval process. A significant number of submissions are also processed in the ODG, with the last performance quarter recording 68 submissions. Documents are also filed on a weekly basis. A system is also in place to track documents timeously.	The annual performance status of this target is achieved.	No deviations were made from the planned activities.
Number of PALAMA organisational performance monitored by 31 March 2013.	Although this is a new performance target being reported on in this financial year, the baseline information is four quarterly performance reports.	PALAMA's organisational performance is monitored on a quarterly basis.	In terms of the National Treasury Framework requirements, the organisational performance of each financial quarter must be reported on within a month thereafter, to the Minister and National Treasury. The quarterly performance reports are tabled in the Executive Management Committee meetings for ratification and submitted to the Minister and National Treasury.	The annual performance status of this target is achieved. All organisational performance reports were monitored on a quarterly basis.	No deviations were made from the planned activities.



Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Improved strategic communication support services to PALAMA by 31 March 2013.	This is a new performance target being reported on in this financial year.	Improve communication through the implementation of an external communication strategy, as well as corporate branding of PALAMA.	<p>The communications function has remained a challenge due to the lack of capacity to fulfil the strategic communications functions. The draft communication strategy was developed but not finalised for implementation.</p> <p>The PALAMA website and Intranet is updated regularly with new information, as well as the uploading of policy documents on the Intranet.</p> <p>A departmental website committee was established to contribute to the website content review.</p>	The annual performance status of this target is partially achieved.	Whilst work on the website and intranet was achieved, the finalisation of the communication strategy remains an outstanding matter. One of the critical reasons is the lack of capacity to fulfil the strategic communications function.
Improved PALAMA corporate identity by 31 March 2013.	This is a new performance target being reported on in this financial year.	Improved corporate identity through implementation of the manual.	<p>During this financial year, the corporate identity manual was not developed and implemented, primarily due to the capacity constraints of the communications function.</p> <p>Terms of reference for the corporate identity manual was drafted and submitted for inputs.</p>	The annual performance status of this target is not achieved. The CI manual and brand management was not finalised.	This area of work has also been influenced by the imminent establishment of the National School of Government, which would then require a separate process to develop a corporate identity manual, thus making any manual for PALAMA invalid.

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of bilateral and multilateral international capacity development programmes implemented and monitored by PALAMA by 31 March 2013.	Actions to set a strategy and improve co-ordination of donor funding within the MPSA were undertaken as follows: a Technical Task Team on donor funding consulted with departments within MPSA to identify donor-funded projects and further needs for funding support; a note on the co-ordination of donor funding to address priority needs and provide guidelines on International Relations is under development and will be shared once approved.	International project and funding strategy and systems for implementation of international projects developed and implemented.	<p>The Reporting and Monitoring and Evaluation Framework were approved based on the Results Based Management and a workshop that took place on 5 November 2013 at PALAMA.</p> <p>The reporting framework for the Regional Capacity Building (RCB) Project was revised and a workshop on Investment Performance Reporting was done. The new reporting format was implemented on the RCB Project as required by the development partner.</p>	The annual performance status of this target is achieved.	No deviations were made from the planned activities.



Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of programme development initiatives through utilisation of donor funds by 31 March 2013.	Three programme development initiatives undertaken.	Three programme development initiatives through 100% utilisation of donor funds.	<p>The donor institution, GIZ, provided technical support to achieve specific targeted projects.</p> <p>Support was provided for the appointment of a service provider for evaluation of the Induction programme; Lead Trainer Capacity Building (strategy) developed and internally discussed by PALAMA for an updated document to support the transformation of PALAMA; and support with guest speakers on PSTF Conference.</p> <p>The evaluation of the Induction Programme as well as the development of the strategy document with tools and instruments for Trainer Capacity Building was completed.</p>	<p>The annual performance status of this target is not achieved.</p> <p>Donor funds were not 100% utilised during this financial year.</p>	GIZ workshops were held on 12 March 2013 with the donor and PALAMA to enhance implementation of the PSRP (Trainer Capacity Building Programme; e-learning and Training Management Systems for PALAMA) programme and assist with planning of key result areas for 2013.

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Systems development support for MDIs in post conflict countries provided by 31 March 2013.	<p>The development of donor funding strategy to be informed by international relations policy.</p> <p>Actions to set a strategy and improve co-ordination of donor funding within the MPSA were undertaken as follows: a Technical Task Team on donor funding consulted with departments within MPSA to identify donor-funded projects and further needs for funding support; a note on the co-ordination of donor funding to address priority needs and provide guidelines on International Relations is under development and will be shared once approved.</p> <p>The RCB Project logic model and Performance Measurement framework utilised for reporting and archiving of information.</p>	Systems development of MDI's in post conflict countries.	<p>During this financial year, there was an initial approval from the Technical Assistance Unit (TAU) within National Treasury to collaborate on the MDI system development. However, TAU could not meet the stringent demands and tight deadlines for the development of a systems initiative and the RCB Project team took over the implementation of this activity.</p> <p>PALAMA Technical experts visited post – conflict countries to assess the development needs and challenges on training management systems for implementation.</p>	The annual performance status of this target was not achieved.	The terms of reference for the appointment of a service provider was finalised, and the outcome of the proposal for a no-cost extension is awaited before procurement can commence for the training management system.



Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
³ Monitoring of outsourced service providers managed through approved contracts in order to ensure delivery of quality service and in line with agreed service standards by 31 March 2013.	Performance reports have been submitted on a monthly basis and analysed against the contractual and service level agreements.	Monitoring of outsourced service providers relating to ICT on a monthly basis.	<p>The ICT function within PALAMA is currently outsourced to external service providers. The management of the service providers occur through scheduled meetings as well as the presentation of monthly performance reports.</p> <p>Based on these reports, the service providers are engaged on performance related matters.</p> <p>Performance reports were submitted on a monthly basis and analysed against the contractual and service level agreements.</p>	The annual performance status of this target was achieved.	No deviations were made from the planned activities.
Provision of outsourced ICT services by providers managed through approved contracts in order to ensure delivery of quality service and in line with agreed service standards by 31 March 2013.	This is a new performance indicator in this financial year.	Appoint procured service providers for outsourced ICT services.	<p>Terms of Reference were advertised for the appointment of new service providers, and the bid processes were successfully concluded.</p> <p>However, the tender was cancelled due to a decision by the Bid Evaluation Committee to extend the existing contract of the current service provider for business continuity.</p>	The annual performance status of this target was achieved.	Although the target of appointing new service providers was not fulfilled, the correct procedures were followed, leading up to the approval process. Business continuity in the ICT services still remains unbroken.

³ New performance indicator and target indicated in view of relocation of ICT to the ODG

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of ICT projects implemented by 31 March 2013.	No ICT projects were implemented.	Two ICT projects to support business operation implemented.	<p>One of the ICT challenges is that of ageing ICT infrastructure.</p> <p>In this regard, Terms of Reference was issued for the server equipment upgrade. However, only two bids were received and the Bid Evaluation Committee found these to be incomparable for fair evaluation, as one of these also far exceeded PALAMA's budget provisions.</p> <p>With regard to the second ICT project on the Disaster Recovery Plan (DRP) site equipment, PALAMA was able to achieve this target due to the costs related to the implementation of such plan within one financial year.</p>	The annual performance status of this target was not achieved.	Whilst processes for the appointment of service providers, etc. were undertaken in relevant quarters, circumstances did not allow for the completion of this project.
Number of ICT assets verifications undertaken by 31 March 2013.	ICT Asset verifications were undertaken.	Four ICT Asset verifications undertaken.	The ICT asset verification processes were conducted on a quarterly basis, and four verifications were undertaken.	The annual performance status of this target was achieved.	No deviations were made from the planned activities.
Number of business information systems implemented or upgraded by 31 March 2013.	Two business information systems were developed, piloted and awaiting roll-out in the new financial year.	Two business information systems implemented or upgraded.	The TMS upgrade solution not implemented.	The annual performance status of this target was not achieved.	Assessments to inform the required solution were not finalised during this financial year.



Governance and Strategic Support

Governance and Strategic Support Branch provides support to the Academy on matters of strategic and support functions to position the Academy to drive its transformation and development agenda. The sub-programme is responsible for a range of activities that includes the monitoring and evaluation for organisational compliance, strategic planning, risk management, and legal and contracts management.

During the financial year, the branch was responsible for ensuring that a new strategic and annual performance plan is tabled in Parliament. In addition, the branch also focused on ensuring that all other corporate governance matters are in place and complied with. Further, 17 activities were planned of which seven were achieved; one partially achieved and eight not achieved (with one activity not reported on as there was no investigation undertaken). The performance details are contained in the following graph:

Graph 4: Annual performance activities of Governance and Strategic Support Branch

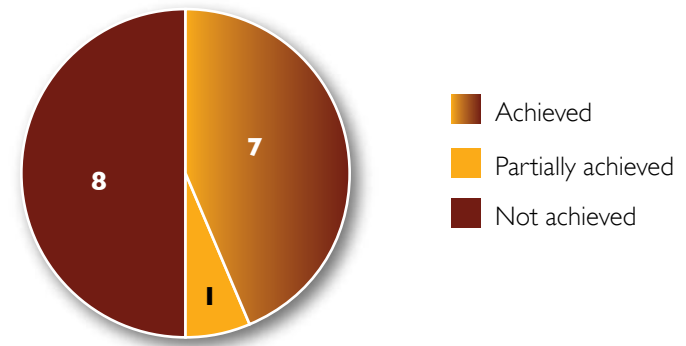


Table 7: Sub-programme Performance – Governance and Strategic Support

Strategic Objective: To develop PALAMA into a high performance organisation

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
A number of approved reports submitted within a pre-determined reporting structure and monitored through PALAMA compliance calendar by 31 March 2013 ⁴ .	21 approved reports were submitted per requirements and set timelines.	21 approved reports submitted per requirements and set timelines.	A total of 26 compliance reports were submitted by the GSS, Corporate Services and Finance Branches. The Governance and Strategic Support Branch submitted a total of six compliance reports (four quarterly performance reports; one annual performance report; and PAIA report). The details of the remaining compliance reports are covered under Corporate Services (13 reports); Finance (six reports).	The annual performance status of this target was achieved.	No deviations were made from the planned activities.

⁴ The performance indicator is a shared responsibility among GSS, Corporate Services and Finance Branches. Each branch reports on its own performance



Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of internal policies developed/reviewed and implemented by 31 March 2013 ⁵	The following was undertaken: review of the Fraud Policy and Prevention Plan; review of policy on managing performance, information and review of the Enterprise Risk Management Framework.	Develop 34 new/review existing internal policies to ensure relevance, compliance (to legislative prescripts) and improve organisational performance.	A total of 12 out of the planned 34 policies were developed/reviewed during the financial year by the GSS, Corporate Services and Finance Branches. The Governance and Strategic Support Branch reviewed one policy. The details of the remaining policies are covered under Corporate Services (eight reviewed and in draft); and Finance (one finalised and two reviewed and in draft).	The annual performance status of this target was not achieved.	In many instances, the policies were not finalised due to capacity constraints, or delays experienced in the consultation and approval processes.
Number of days taken to ensure that PALAMA contracts are efficiently vetted by 31 March 2013.	96% of contracts were vetted within the requisite 10 days.	100% of PALAMA contracts vetted within 10 working days from date of receipt of contract.	During this financial year, 75% of contracts were vetted within 10 days.	The annual performance status of this target was not achieved.	The unit responsible for contracts management is capacity constrained and delays were experienced in the finalisation of some of the contracts.

⁵ The performance indicator is a shared responsibility among GSS, Corporate Services and Finance Branches. Each branch reports on its own performance

Additional performance information of Branch performance not contained in the APP 2012/13

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Organisational strategic framework and performance plan developed and implemented by 31 March 2013.	The Strategic Plan and Annual Performance Plan for 2011/12 was approved and implemented.	Develop a 5-year organisational strategic plan and related annual performance plans for tabling in Parliament and implementation in the new financial year.	The Strategic Plan 2013-2018 and the Annual Performance Plan for 2013/14 was tabled in Parliament on 14 March 2013.	The annual performance status of this target was achieved.	No deviations were made from the planned activities.
	Three strategic planning sessions were convened. The first session sought to ensure alignment of the branch business plans to the PALAMA strategic plan; the second was an organisational performance review session; and the third a planning session for the new financial year.	Mid-term review of organisational performance against pre-determined objectives.	Mid-term review document was prepared for discussion in a workshop. However, the Performance Review workshop was postponed.	The annual performance status of this target was partially achieved.	No deviations were made from the planned activities.
Percentage increase of PALAMA performance rating on the MPAT by 31 March 2013.	PALAMA's first assessment rating on the MPAT was 77.4%.	Increase PALAMA organisational assessment rating from 77.4% to 80% by 31 March 2013.	PALAMA submitted its feedback report upon receiving preliminary reports from DPME. However, due to an omission of assessment of some reports in the initial MPAT moderation, this resulted in a need for re-moderation of PALAMA's report.	The annual performance status of this target was achieved.	No deviations were made from the planned activities.



Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Developed PALAMA SDIP approved and implemented by 31 March 2013.	A draft SDIP was developed for consultation with the DPSA.	Service Delivery Improvement Plan implemented.	The draft SDIP was presented at a Capacity Building Workshop convened by DPSA. The SDIP was referred back for further improvements and re-submission to the Executive Authority and the DPSA before its implementation.	The annual performance status of this target was not achieved.	Due to capacity constraints, the finalisation of the SDIP and implementation thereof did not materialise in this financial year.
Compliance towards submission of the Annual Report for the financial year 2011/12 to relevant authorities within specific reporting structure and timeline by 31 March 2013.	The 2010/11 Annual Report was finalised and tabled in September 2011. The report was distributed to PALAMA stakeholders in the following categories: academia; development partners; diplomatic missions; public libraries; government departments; and other relevant institutions.	PALAMA Annual Report 2011/12 tabled on time and distributed to stakeholders.	The 2011/12 Annual Report was designed, approved and tabled in Parliament on 28 September 2012. The Annual Report was subsequently distributed to the internal and external stakeholders of the Academy.	The annual performance status of this target was achieved.	No deviations were made from the planned activities.
Number of legislated documents audited by 31 March 2013.	An internal Compliance Calendar for 2011 was developed and distributed to all staff to ensure reporting compliance. Seven legislative documents were audited for organisational compliance.	Eight legislative documents audited for compliance to relevant prescripts, policies, delegations and reporting requirements.	No legislative documents were audited in this financial year.	The annual performance status of this target was not achieved.	The software for the auditing of legislation could not be procured due to limited resources and other priorities being identified.

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Percentage of organisational contracts monitored by 31 March 2013.	The procurement of the contract management tool was only finalised at the end of the financial year.	100% of PALAMA contracts monitored through the implementation of a contracts management system	Contract management training was completed and the site will go live at the end of April 2013.	The annual performance status of this target was not achieved. Due to the non-implementation of the contract management system, the PALAMA contracts are being monitored, on a manual basis.	The contract management project plan is behind schedule due to amendments that had to be effected to the system configuration.
Number of classified PALAMA documents by 31 March 2013.	The guideline on the classification of documents was finalised, but not approved.	PALAMA documents classified in terms of relevant prescriptive requirements.	The Document Classification Framework was developed but needs to be incorporated in the Document Security Policy.	The annual performance status of this target was not achieved.	The branch developed the framework for document classification; however, this must be incorporated into the broader policy document, which is still outstanding.
Percentage of organisational risks rates reduced by 31 March 2013.	<p>Training was provided on the use of a risk management implementation tool (risk dash board).</p> <p>A Strategic Risk Assessment workshop was held, resulting in the approval of the revised Strategic Risk Register.</p> <p>In order to address identified risks, the remedial action plans and management implementation plans are being monitored by the risk management committee and audit committee.</p>	Reduce the number of organisational risks rated as priority one by 20%.	A new risk register was developed and approved by Risk Management Committee, and submitted to the Audit Committee.	The annual performance status of this target was not achieved.	A new Strategic Risk Register was developed, with new Strategic Risks identified and assessed, and a new methodology is now being used to assess risks.



Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of convened PALAMA Audit Committee and Risk Management Committee meetings by 31 March 2013.	The IT Risk Register, Audit Committee Charter, and Strategic Risk Register were reviewed and approved. Two Risk Management Committee meetings and two strategic risk workshops were conducted with reports to the Audit Committee. Four Audit Committee meetings were held.	PALAMA Audit Committee and Risk Management Committee meetings convened on a quarterly basis.	The Audit Committee convened two meetings in the first quarter; one in the second quarter; one in the third quarter; and one in the fourth quarter. The Risk Management Committee convened one meeting per quarter, for the three consecutive quarters.	The annual performance status of this target was achieved.	No deviations were made from the planned activities.
Percentage increase in PALAMA's anti-corruption rating by 31 March 2013.	An internal ethical culture survey was conducted to determine the perception of ethical culture in PALAMA.	Increase PALAMA's annual anti-corruption rating through an external assessment report.	An external assessment of PALAMA's anti-corruption rating was postponed to the next financial year.	The annual performance status of this target was not achieved. A decision was taken to finalise this target during the 2013/14 financial year.	An external assessment was not conducted given other priorities. The external assessment will be conducted in the 2013/14 financial year.
Number of investigations on irregular employee matters finalised by 31 March 2013.	Two investigations on employee irregularity matters were conducted and presented.	Internal investigations finalised within 30 days from date of receipt.	No investigations were requested during this financial year.	Although no investigation was conducted, there was no deviation from the initial planned target	-

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of internal audit activities undertaken on PALAMA business processes by 31 March 2013.	<p>The Internal Audit Plan for 2011/12 was approved, and seven internal audit reports were approved.</p> <p>The Internal Audit Charter was also reviewed and approved.</p>	Undertake all audit activities in the approved 2012/13 internal audit plan in order to assess the effectiveness of control measures of business processes.	<p>The following Internal Audit Reports were approved: Performance Information; Records Management; IT General Controls.</p> <p>An internal audit on Follow-up Reviews was finalised and submitted for approval.</p> <p>The draft Internal Audit Plan for 2013/14 was distributed for management input and submitted to PALAMA Audit Committee.</p> <p>The Management Improvement Plan (MIP) was updated against the Follow up Report audit findings.</p>	The annual performance status of this target was achieved.	No deviations were made from the planned activities.
Number of parliamentary questions responded within three working days from date of receipt.	During the financial year, a total of 10 parliamentary questions were finalised, within the four working days timeline.	Provide relevant and quality responses to parliamentary questions to the Ministry within three working days from date of receipt.	During this financial year, 15 parliamentary responses were provided on time to the Ministry.	The annual performance status of this target was achieved.	No deviations were made from the planned activities.



Finance

The Finance Branch is responsible for the overall management of the financial affairs of the Academy. This sub-programme provides services to support planning, controlling and monitoring financial performance targets, through its units namely; Supply Chain Management, Financial Management and Reporting, Financial Accounting and Donor Financial Management. This also covers the establishment and continuous improvement of effective systems for the management and safeguarding of PALAMA assets.

During the year under review, this branch planned eight activities of which five were achieved; one partially achieved and two were not achieved.

Graph 5: Annual performance activities of Finance Branch

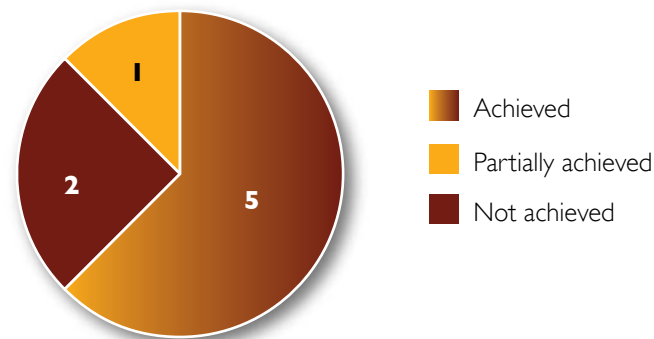


Table 8: Sub-programme performance – Finance

Strategic Objective: To develop PALAMA into a high performance organisation

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Average number of days taken by PALAMA to collect debt for training fees outstanding from its clients, monitored on monthly basis and in line with the projected cash flows by 31 March 2013.	The collection rate of debt is 151 days.	Reduce the average number of days to collect debt from 136 days to 90 days to increase PALAMA's cash flow.	The average number of days taken to collect debt is 120 and was not further reduced to 90 days. The increased number of invoices issued during the period has an impact on the collection period.	The annual performance status of this target was not achieved.	Debt collection continues to remain a challenge. The organisation still has an unpaid debtors book of R44.2 million as at the end of the financial year.

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of approved internal operational process implemented by 31 March 2013 ⁶ .	<p>Two internal processes for Finance were implemented and the Financial Delegations were approved. The internal processes related to travel management were revised.</p> <p>The on-line procurement system (LOGIS) was implemented.</p>	21 approved internal operational processes implemented in PALAMA to enhance and improve organisation performance on accountability and service delivery.	<p>A total of eight operational processes were implemented during the financial year.</p> <p>In keeping with the Constitutional imperative on the efficient, effective and economic use of resources, it is significant to ensure that SCM and financial policies are in place. In this regard, three standard operating procedures (Loss control; Petty Cash; and Treatment of Irregular and Fruitless and Wasteful Expenditure) were approved and implemented. A revision of the financial systems was undertaken in line with the new version of the BAS.</p> <p>The Finance unit developed four internal operational processes. The remaining operational processes are covered under Corporate Services.</p>	The annual performance status for the Finance unit in relation to this target was achieved.	Four of the planned five operational processes in Finance were approved.

⁶ The performance indicator is a shared responsibility among GSS, Corporate Services and Finance Branches. Each branch reports on its own performance



Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of approved internal PALAMA policies reviewed/developed and implemented by 31 March 2013 ⁷ .	Three policies for Finance were approved and implemented. Three standard operating procedures (petty cash, irregular expenditure and loss) were developed and submitted for approval.	Develop 34 new/review existing internal policies to ensure relevance, compliance (to legislative prescripts) and improve organisational performance.	A total of 12 policies were developed/reviewed during the financial year by the GSS, Corporate Services and Finance Branches. The Finance Branch finalised one policy, two were reviewed and one is in draft. The details of the remaining policies are covered under GSS and Corporate Services.	The annual performance status for the Finance branch in relation to this target was not achieved.	Only one of the projected five policies was approved and implemented (representing a 20 % achievement) in this area of policy work.
Number of inventory and asset verification audits conducted within PALAMA by 31 March 2013.	Eight verification audits were performed.	Cumulative target of eight inventory and asset verification audits in accordance with the Treasury Regulations and PALAMA internal policies to ensure compliance and accountability.	During the financial year, six inventory and asset verification audits were conducted.	The annual performance status of this target was partially achieved.	No deviations were made from the planned activities.

⁷ The performance indicator is a shared responsibility among GSS, Corporate Services and Finance Branches. Each branch reports on its own performance

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of approved reports submitted within a pre-determined reporting structure and monitored through the PALAMA compliance calendar by 31 March 2013 ⁸ .	All Finance compliance reports were submitted on time. These included: interim financial statements; SCM compliance reports; monthly EWS reports; draft ENE; donor quarterly reports; financial statements; and all contracts above R100 000 awarded.	21 approved compliance reports (of which six are Finance reports) submitted and monitored through the PALAMA compliance calendar in order to improve accountability and maintain compliance with relevant prescripts.	<p>A total of 26 compliance reports were submitted by the GSS, Corporate Services and Finance Branches.</p> <p>The following six reports were submitted by Finance as compliance to the National Treasury regulatory frameworks:</p> <ul style="list-style-type: none"> ▪ Interim Financial Statements ▪ Six (Vote and Trade) monthly EWS reports ▪ Monthly report on 30 days late payment ▪ Deviation report for transactions above R1m ▪ Donor report submitted to the donors ▪ Project closure finance report submitted to donor 	The annual performance status of this target was achieved.	No deviations were made from the planned activities.

⁸ The performance indicator is a shared responsibility among GSS, Corporate Services and Finance Branches. Each branch reports on its own performance



Additional performance information of Unit performance not contained in the APP 2012/13

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of PALAMA staff trained and developed on internal supply chain management (SCM) and finance policies and procedures to improve administration and compliance by 31 March 2013.	A total of 88 PALAMA staff members were trained in finance and SCM processes.	80 PALAMA staff trained on financial and SCM policies and procedures on a quarterly basis to ensure effective administration and compliance with the PFMA, PPPFA, Treasury regulations and internal policies.	In keeping with the Constitutional imperative on the efficient, effective and economic use of resources, it is significant to ensure that PALAMA staff know and understand the SCM and financial policies of government and of PALAMA. In this regard, training was provided to 110 staff on these policies, processes and procedures.	The annual performance status of this target was achieved.	No deviations were done from the planned activities. It must be noted that the projected target was 80 but the actual performance was 110 (137% achievement). This was due to intensified action by the branch to provide training to PALAMA staff.
Number of PALAMA payroll reports and internal management reports submitted to relevant authorities within a legislative-specific reporting structure and timeline by 31 March 2013.	Monthly payroll reports are submitted to all branches.	48 reports to PALAMA management to enhance decision making.	The following reports were submitted: <ul style="list-style-type: none"> ▪ Monthly EMP201 ▪ Monthly payroll reports ▪ VAT 201 report submitted to South African Revenue Services (SARS) 	The annual performance status of this target was achieved.	No deviations were made from the planned activities.

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Percentage of compliance with the National Treasury Requirements on procurement threshold and supplier database by 31 March 2013.	All procurement transactions complied to National Treasury Threshold and to internal processes.	100% compliance on procurement threshold and supplier database.	Approximately 99% of requests submitted, complied to National Treasury Threshold and in accordance with internal processes. In this regard, six cases of non-compliance were identified during the last performance quarter.	The annual performance status of this target was achieved.	No deviations were made from the planned activities.



Corporate Services

The Corporate Services Branch is responsible for the provision of corporate services to the Academy. The sub-programme is constituted with three units, namely: Information Communication Technology (ICT), Logistics and Facilities Management (LFM), and Human Resource Management and Development (HRM&D). The three units play a strategic role in enabling and supporting Branches within the Academy to meet or exceed their strategic objectives by offering ICT solutions, logistics and facilities management, and HR&D support. ICT and facilities management services are outsourced to enhance and provide a more efficient and modern services to the Academy.

During the year under review, this branch planned 15 activities: eight of which were achieved; two partially achieved and five were not achieved. The performance details are contained in the following graph:

Graph 6: Annual performance activities of Corporate Services Branch

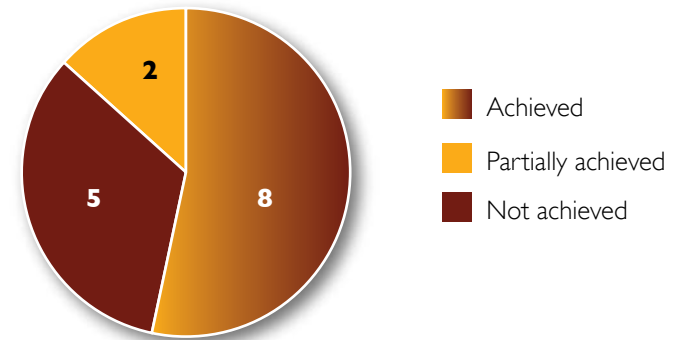


Table 9: Sub-programme Performance – Corporate Services

Strategic Objective: To develop PALAMA into a high performance organisation

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of PALAMA employees trained and developed in accordance with the approved workplace skills plan and other directives by 31 March 2013.	157 employees attended training interventions.	160 PALAMA employees trained and developed in core business functions, aligned to the approved WSP.	During the course of the year, 217 PALAMA employees underwent training.	The annual performance status of this target was achieved. The actual performance exceeded the projected target (136% achievement). This achievement can be attributed to the centralising of the training responsibilities to the Directorate: HRM&D, as well as customised training programmes.	No deviations were made from the planned activities.

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of approved internal PALAMA policies reviewed/developed and implemented by 31 March 2013 ⁹	Six policies were approved and implemented.	Develop 34 new or review existing internal policies to ensure relevance, compliance (to legislative prescripts) and improve organisational performance.	<p>A total of 12 policies were developed/reviewed during the financial year by the GSS Branch, Corporate Services and Finance Units.</p> <p>The Corporate Services Branch reviewed the following eight policies and submitted them for approval:</p> <ul style="list-style-type: none"> ▪ Job Evaluation ▪ Special leave ▪ Reviewed PMDS ▪ Recruitment & Selection ▪ Internship, Experiential learning and Volunteer policy ▪ Bursary policy ▪ HRD Strategy ▪ Occupational Health & Safety (OHS) policy <p>The details of the remaining policies are covered under GSS and Finance branches.</p>	The annual performance status for Corporate Services in relation to this target is partially achieved.	Whilst the policies were developed, delays were experienced in the approval processes.

⁹ The performance indicator is a shared responsibility among GSS, Corporate Services and Finance Branches. Each branch reports on its own performance



Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of approved reports submitted within a pre-determined reporting structure and monitored through PALAMA compliance calendar by 31 March 2013 ¹⁰ .	21 approved reports were submitted per requirements and set timelines.	21 approved reports submitted per requirements and set timelines.	<p>A total of 26 compliance reports were submitted by the GSS Branch, Corporate Services and Finance Units.</p> <p>The following 14 compliance plans and reports were submitted within the stipulated timeframes:</p> <ul style="list-style-type: none"> ▪ HR Plan Implementation Report for 2011/12 ▪ Employee Health and Wellness Systems Readiness Assessment Tool for the Public Service ▪ Workplace Skills Plan and Annual Training Plan ▪ Financial Disclosure Forms ▪ Remunerative Work outside the Public Service Report ▪ HIV/AIDS Operational Plan ▪ WSP Expenditure Reports ▪ Grievance Reports ▪ Employment Equity report ▪ HRD Monitoring Tool ▪ HRD Plan 	The annual performance status of this target was achieved.	No deviations were made from the planned activities.

¹⁰ The performance indicator is a shared responsibility among GSS, Corporate Services and Finance Branches. Each branch reports on its own performance

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
			<ul style="list-style-type: none"> ▪ Financial Misconduct ▪ HIV and AIDS, TB and STIs Operational Plan for 2013/14 ▪ HR Component Assessment <p>The details of the remaining compliance reports are covered under GSS and Finance branches.</p>		
Number of approved internal operational process implemented by 31 March 2013 ¹¹ .	Eight operational processes for Corporate Services were completed, and two were approved.	21 approved internal operational processes implemented in PALAMA to enhance and improve organisational performance on accountability and service delivery.	<p>A total of eight operational processes were implemented during the financial year.</p> <p>The Corporate Services Unit approved and implemented the following four operational process documents:</p> <ul style="list-style-type: none"> ▪ ICT Asset Verification process ▪ Exit Management ▪ Dress Code ▪ Records Management <p>The Finance Branch developed the remaining four internal operational processes.</p>	The annual performance status of this target was not achieved. Only eight of the projected 21 operational processes were implemented.	Delays were experienced in the receipt of inputs by relevant stakeholders.

¹¹ The performance indicator is a shared responsibility among GSS, Corporate Services and Finance Branches. Each branch reports on its own performance



Additional performance information of Unit performance not contained in the APP 2012/13

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Percentage of performance agreements and performance appraisals of PALAMA employees signed and submitted to the relevant authority by 31 March 2013.	173 out of 179 PALAMA staff submitted performance agreements – representing a compliance of 96%.	100% performance agreements and performance appraisals of PALAMA employees signed and submitted.	By 30 September 2012, 90% of the SMS and 83% of the non-SMS had finalised their performance agreements. Only two SMS members representing (2/41) 4.9% of all SMS members did not conclude Performance Agreements during the reporting period due to a labour dispute.	The annual performance status of this target was achieved.	No deviations were made from the planned activities.
Percentage of performance appraisals finalised, and performance rewards granted.	Although this is a new performance target being reported on in this financial year, the baseline information is 179 employees.	100% performance appraisals for all employees due for appraisals were finalised, and applicable performance rewards granted.	Bi-annual performance appraisals: 96% (170/176) SMS: 90% (36/40) Non-SMS: 98% (134/136) (Aggrieved employees declined to submit agreements and appraisals).	The annual performance status of this target was achieved.	No deviations were made from the planned activities.



Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of employee health and wellness interventions undertaken by 31 March 2013.	14 interventions were undertaken through health screenings, awareness sessions and sports activities.	Five employee health and wellness interventions undertaken for PALAMA employees.	<p>During this financial year, four health screenings were undertaken for PALAMA staff – focusing on issues of glucose levels, blood pressure, body mass index, and HIV screening.</p> <p>Additionally, some of the key events undertaken are:</p> <ul style="list-style-type: none"> ▪ Substance Dependence Awareness (4) ▪ Mental Health issues ▪ Commemoration of 16 Days of Activism, and World AIDS Day 	The annual performance status of this target was partially achieved.	Whilst the convening of health and wellness interventions was undertaken successfully and consistently during the quarters, proactive support in addressing annual/ sick leave utilisation and absenteeism was insufficient. This is attributed to a lack of capacity.
Number of performance on the outsourced service providers managed through approved contracts in order to ensure delivery of quality service and in line with agreed service standards by 31 March 2013.	24 monthly performance reports were submitted and analysed. Services rendered were found to be satisfactory.	24 monthly performance reports of outsourced service providers relating to employee wellness and facilities management received, analysed, monitored and evaluated.	The monthly performance reports in respect of employee wellness and facilities management were received, analysed, monitored and evaluated.	The annual performance status of this target was achieved.	No deviations were made from the planned activities.



Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Provision of outsourced services by a service provider to render employee health and wellness services by 31 March 2013.	This is a new performance indicator and no base-line information is available.	Appoint procured service providers for employee health and wellness services, and outsourced facilities management services.	The procurement of the employee health and wellness service provider was finalised in the second performance quarter. The proposed appointment of the Outsourced Facilities Management service provider was approved and existing contracts were extended.	The annual performance status of this target was achieved.	No deviations were made from the planned activities.
Percentage of PALAMA labour related matters and disputes resolved by 31 March 2013.	Nine labour related matters and disputes were resolved and outcomes implemented within stipulated timelines.	90% of labour related matters and disputes resolved within stipulated timelines.	During this financial year, all grievances were resolved within the stipulated timeframes. In total, PALAMA received two grievances.	The annual performance status of this target was achieved.	No deviations were made from the planned activities.
Number of PALAMA job profiles and descriptions aligned by 31 March 2013.	68 job profiles were drafted and aligned.	80 PALAMA job profiles and descriptions aligned through the process of job profile development.	A total of 65 job profiles were developed - representing an achievement rate of 81%.	The annual performance status of this target was not achieved.	The lack of HR capacity in this area of work has impeded work performance.
Number of job evaluations conducted by 31 March 2013.	24 jobs were evaluated and approved.	80 job evaluations conducted.	A total of 40 job evaluations were conducted, representing an achievement rate of 50%.	The annual performance status of this target was not achieved.	The lack of HR capacity in this area of work has impeded work performance.
Percentage of funded vacant posts advertised within six months of becoming vacant.	Although this is a new performance target being reported on in this financial year, the baseline information is 80 job profiles.	50% funded vacant posts advertised within six months of becoming vacant.	PALAMA advertised 80% of vacant posts within the six month period. Delays were caused by the need to evaluate and approve job profiles and grades before advertising.	The annual performance status of this target was achieved.	No deviations were made from the planned activities.

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Conducive working and training environment for PALAMA employees and clients, through effective facilities provisioning by 31 March 2013.	This is a new performance target being reported on in this financial year and there is no baseline information.	One adequately equipped and operational Records Management office and three new adequately resourced Store Rooms.	There was no memorandum of understanding signed with the Department of Public Works regarding facilities for the National School of Government.	The annual performance status of this target was not achieved.	The strategy informing this target was not concluded.
Number of new workstations/offices for vacancies and on-board Trainers by 31 March 2013.	This is a new performance target being reported on in this financial year and there is no baseline information.	40 new workstations/offices for vacancies and On-board Trainers.	In the third quarter, 20 workstations were set up.	This target was not achieved.	The strategy informing this target was not concluded.



2.6.2 Programme 2: Public Sector Organisational and Staff Development

Purpose

The purpose of the programme is to facilitate transfer payments to the Training Trading Account for management development and training of public sector employees.

Strategic Objectives

- Improve service delivery, quality and access.
- Improve human resource management and development.
- Improve business processes, decision rights and accountability.
- Tackle corruption effectively.

Performance Indicators and Targets

Programme 2: Public Sector Organisational and Staff Development comprises the following sub-programmes:

- Training Delivery.
- Professional Support.

The key performance indicators within this programme relate to:

- Provision of training in leadership, management, administration and induction.
- Inculcating public service values, ethos and culture to new and potential public servants.
- Provision of training to frontline public servants.
- eLearning training interventions.

- Targeted training in HRM&D, supply chain management and good governance.
- Provision of training towards ethics management and anti-corruption.

Performance per sub-programme

PALAMA's mainstream training is categorised into leadership, management and administration focus areas. In addition, emphasis is placed on the induction and orientation of new and existing employees, inculcating the values and ethos of being a public servant of the South African Government.

The table below provides a breakdown of the persons trained in this financial year, according to the different training streams.

Table 10: Persons trained according to training streams

Training Stream	No. of persons trained
Leadership	12,766
Management	9,437
Administration	4,487
Induction	(PSI & Wamkelekile) 15,389
Orientation	3,223
Total of revenue and non-revenue generated	45,302
Donor funded trained to foreign officials	273
Grand total	45,575

The Breaking Barriers to Entry Programme gained momentum since its introduction in 2010/11. The roll-out of this programme is managed in partnership with the National Youth Development Agency (NYDA).

Building organisational capacity to fight against corruption in the Public Service

PALAMA has developed a suite of training programmes to create an ethical organisational ethos in departments and help officials implement the Public Service National Anti-Corruption Strategy. These programmes are shaped by South Africa's policy instruments and frameworks that promote ethics, as well as the multilateral anti-corruption agreements and international instruments to which South Africa has acceded. The PALAMA programmes are also informed by a Cabinet decision of 2002, requiring all public service departments and entities to ensure that their staff have a certain minimum level of anti-corruption capacity. The suite of Ethics and Anti-Corruption training programmes are as follows:

- *Ethics Management for Local Government*, designed predominantly to assist those officials in municipalities who play a role in ethics management, corruption prevention and ensuring high standards of professionalism.
- *Promoting Anti-Corruption in the Public Service*, which is intended for capacity building of employees in the public sector to implement the Minimum Anti-Corruption Capacity Requirements as well as use *Batho Pele* principles to prevent corruption in service delivery.
- *Anti-Corruption for Practitioners*, seeking to build the capacity of anti-corruption practitioners within the Public Service to implement an anti-corruption strategy at operational level. In addition, the design and development of customised anti-corruption programmes and implementation plans will take into account the transformation agenda and strategic objectives of the Public Service.



Training of Anti-corruption Practitioners

PALAMA conducted 74 training sessions with a total of 1 822 managers and anti-corruption practitioners from across national and provincial departments. This included rolling out training to 888 investigators from the Directorate of Priority Crimes Investigations (The HAWKS).

Project Khaedu and Khaedu Award

Project Khaedu has been taken to the next level through the introduction of the Khaedu Award under the auspices of the Public Sector Trainers Forum (PSTF) Conference. The Khaedu Award recognises the best team during a field assignment

that clearly displayed their ability to apply the theoretical knowledge obtained in the first part of the programme and suggest practical solutions for solving a service delivery challenge. The team is evaluated on the basis of their report through a formal presentation and it must be evident that they were able to suggest “quick wins” for the site they evaluated and in this way contribute to service delivery.

The nominees for the 2012 PSTF Project Khaedu Award were the Department of Water Affairs: Midmar Dam, City of Tshwane Municipality: Emergency Services, City of Tshwane Municipality: Watloo Licensing Department and the Ramatlabama Border Post in the North-West Province.



The award was scooped by the City of Tshwane Municipality Emergency Services Field Assignment. The group focused on the following areas: Working Shifts in the Medical and Ambulance Services, Response Time of Call Centre and Awareness and Marketing of the Emergency Services.

The group identified the challenges faced by the host site, analysed both the internal and external factors contributing to the service delivery challenge, analysed the impact of such challenges on service delivery and made detailed recommendations to the host site on how to improve service delivery.

Training Delivery

This sub-programme is responsible for the roll-out of training and post-training delivery support in leadership, management and administration, as defined in the following units:

- **Leadership:**

The core function of the Leadership Unit is to develop public servants into leaders who care, serve and deliver. Leadership development includes, but is not limited to mentorship and executive coaching, induction into the Public Service and breaking barriers to entry, targeted at introducing unemployed youth graduates to public sector career streams and entry requirements.

- **Management:**

The Unit focuses on the technical skills for generic management competencies. These cover the following core areas: financial management; human resource management; project management; supply chain management; monitoring and evaluation; planning; and organisation design.

- **Administration:**

The Unit focuses on advancing good governance and improving the administrative capacity of the State, for which there have been repeated calls by key role players. It focusses on the following core training areas: *Khaedu*, a service delivery oriented intervention; ethics and anti-corruption; gender; communications; customer service; writing skills; etiquette and office administration.

- **Induction:**

The Induction Unit is responsible for the implementation of programmes that give effect to the induction and orientation of all public servants in line with the constitutional requirements, the principles of *Batho Pele* and the values and ethos of the public service. In addition, the unit also addresses the preparation of unemployed youth graduates for entry into the public service.

- **Technical Support:**

The Unit focuses on training delivery logistics management, including the following: strategic relations; marketing of PALAMA training programmes; and training records management.

- **Marketing:**

The Marketing Unit is responsible for the implementation of marketing initiatives to increase opportunities for training and development, through initiatives such as exhibitions, marketing material and brand development and enhancement.

During the year under review, this branch planned 23 activities; 19 of which were achieved; and four not achieved. The performance details are contained in the graph below:

Graph 7: Annual performance activities of Training Delivery Branch

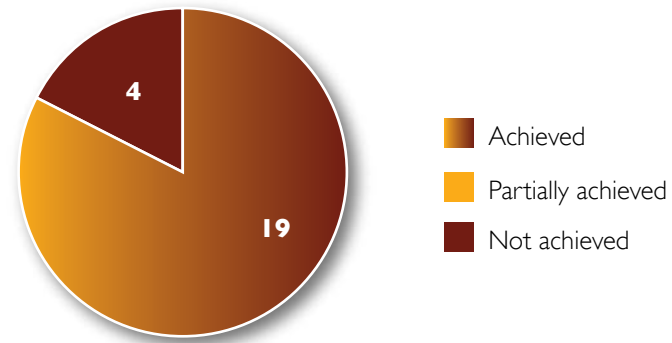


Table 11: Sub-programme performance – Training Delivery Branch
Strategic Objective: To improve service delivery quality and access

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of officials trained in leadership development programmes in accordance with approved training programmes ¹² by 31 March 2013.	A total of 8 768 officials were trained in leadership development programmes (excluding the EDP).	8 350 public sector officials trained in leadership development programmes.	<p>An overall total of 12 766 officials were trained. Leadership development programmes are categorised into:</p> <ul style="list-style-type: none"> ▪ Leadership workshops (47 trained); ▪ EDP (2 353 trained); ▪ Legislature (995 trained) ▪ Other programmes (9 371 trained) <p>The performance in this financial year reflects an improvement when compared with the previous financial year.</p>	The annual performance status of this target was achieved. There was an increased uptake in the Legislature Capacity Building training, as well customised training for departments.	No deviations were made from the planned activities.

¹² Annual totals for leadership, management and administration programmes are followed by individual course targets

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of public sector officials trained in management programmes in accordance with approved training programmes by 31 March 2013.	A total of 5 874 officials were trained in management programmes.	8 235 public sector officials trained in management programmes.	<p>An overall total of 9 437 officials were trained. Management programmes are categorised into:</p> <ul style="list-style-type: none"> ▪ HRM&D (2 074 trained) ▪ M&E (959 trained) ▪ OD (355 trained) ▪ SCM (3 310 trained) ▪ Finance (1 210 trained) ▪ Other programmes (1 529 trained) <p>This performance reflects an improvement when compared with the previous financial year. The consolidated training figures above are further separately reflected as performance indicators and targets in the tables below.</p>	The annual performance status of this target was achieved. There was an increased uptake in many of the management programmes, coupled with effective marketing as well as customised training for departments.	No deviations were made from the planned activities.



Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of public sector officials trained in administration programmes in accordance with approved training programmes by 31 March 2013.	A total of 4 773 officials were trained in administration programmes.	4 000 public sector officials trained in programmes on administration training.	<p>The overall achievement is 4 487 officials trained. Administration programmes are categorised into:</p> <ul style="list-style-type: none"> ▪ Anti-corruption (1 822 trained) ▪ Front line service delivery (539 trained) ▪ Good governance (1 267 trained) ▪ Khaedu (621 trained) ▪ Other programmes (238 trained) <p>The consolidated training figures above are further separately reflected as performance indicators and targets in the tables below.</p>	The annual performance status of this target was achieved. There was an increased uptake in many of the programmes, coupled with effective marketing as well customised training for departments.	No deviations were made from the planned activities.
Number of front-line public sector officials trained by 31 March 2013.	A total of 1 455 public sector officials were trained in front-line service delivery.	1 500 front line officials trained in accordance with approved training programmes.	<p>An improvement in front-line service delivery is one of the core factors towards overall improved service delivery by government. This has also been one of PALAMA's key focus areas.</p> <p>During the financial year, an overall total of 539 officials were trained. This represents an achievement rate of 36%.</p>	The annual performance status of this target was not achieved.	In spite of all marketing efforts undertaken, the uptake of the programme was low by government departments.

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of SMS members participating in the Khaedu programmes and deployed to service delivery points in South Africa by 31 March 2013.	A total of 541 officials were trained through the Khaedu programme.	300 SMS members trained and deployed to service delivery points through the Khaedu programme.	During this financial year, a total of 621 officials were trained through the Khaedu programme. This represents an achievement rate of 207%.	The annual performance status of this target was achieved. There was an increased uptake in the programme, coupled with effective marketing as well as customised training for departments.	No deviations were made from the planned activities.
Number of PALAMA marketing initiatives undertaken to relevant internal and external stakeholders by 31 March 2013.	A total of 49 marketing initiatives undertaken – an 82% achievement rate.	50 PALAMA marketing initiatives undertaken to relevant internal and external stakeholders.	An overall total of 103 marketing initiatives were undertaken, representing an achievement rate of 206%.	The annual performance status of this target was achieved.	No deviations were made from the planned activities.
Number of public servants trained in the targeted induction programmes by 31 March 2013.	A total of 486 officials were trained.	400 SMS members trained in the SMS Induction programme.	During this financial year, a total of 985 officials were trained. This represents an achievement rate of 246%.	The annual performance status of this target was achieved. There was an increased uptake in the programme, coupled with effective marketing as well as customised training for departments.	It must also be noted that this was a significant increase when compared against the previous financial year.



Strategic Objective: Improve human resource management and development

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of public servants trained in the targeted induction programmes by 31 March 2013.	A total of 25 167 were trained under the Public Service Induction (PSI) programme.	20 000 non-SMS members trained in the Public Service Induction programme.	During this financial year, a total of 14 404 officials were trained, representing an achievement rate of 72%.	The annual performance status of this target was not achieved.	Following the Ministerial Directive on the Compulsory Induction Programme, the budget for the current Public Service Induction Programme training was diverted to the CIP.
Number of public sector officials trained in targeted HRM&D programmes by financial year end by 31 March 2013..	A total of 909 officials were trained.	2 000 public sector officials trained in approved HRM&D programmes by financial year-end.	A total of 2 161 officials were trained, representing an achievement rate of 104%.	The annual performance status of this target was achieved. There was an increased uptake in the programme, coupled with effective marketing as well customised training for departments.	No deviations were made from the planned activities.
Number of public sector official and members of other organs of states trained in EDP by 31 March 2013.	A total of 1 860 persons were trained in the EDP.	2 000 public sector officials and members of other organs of state trained in the Executive Development Programme, by financial year-end.	A total of 2 353 officials were trained, representing an achievement rate of 118%.	The annual performance status of this target was achieved. There was an increased uptake in the programme, coupled with effective marketing as well as customised training for departments.	No deviations were made from the planned activities.
Number of unemployed youth graduates trained by 31 March 2013.	A total of 2 522 graduates were trained.	2 250 unemployed youth graduates trained.	An overall total of 3 223 officials were trained, representing an achievement rate of 143%.	The annual performance status of this target was achieved. There was an increased uptake in the programme, coupled with effective marketing as well as customised training for departments.	No deviations were made from the planned activities.

Strategic Objective: Improve business processes, decision rights and accountability

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of SCM officials in the public sector trained in accordance with approved SCM training programmes by 31 March 2013.	A total of 3 516 officials were trained on supply chain management.	1 800 SCM officials trained by financial year-end in order to improve the supply chain management practice in the South African public service.	A total of 3 835 officials were trained, representing an achievement rate of 184%.	The annual performance status of this target was achieved. There was an increased uptake in the programme, coupled with effective marketing as well customised training for departments.	No deviations were made from the planned activities.
Number of legislators performing oversight functions trained in accordance with approved agreement and in line with approved training programmes by 31 March 2013.	A total of 210 legislators were trained.	150 legislators trained by financial year-end in order to improve monitoring and accountability.	An overall total of 995 legislators (module counted) were trained during this financial year.	The annual performance status of this target was achieved. There was an increased uptake in the programme, coupled with effective marketing as well customised training for departments.	No deviations were made from the planned activities.
Number of public sector officials trained in approved targeted programmes for good governance (Gender Mainstreaming, M&E, and PAJA) by 31 March 2013.	A total of 1 759 officials were trained for good governance (such as Gender Mainstreaming, M&E and PAJA).	1 000 public sector officials trained in approved targeted programmes for good governance (such as Gender Mainstreaming, M&E and PAJA).	A total of 1 394 officials were trained, representing an achievement rate of 139%.	The annual performance status of this target was achieved. There was an increased uptake in the programme, coupled with effective marketing as well customised training for departments.	No deviations were made from the planned activities.



Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of public sector officials trained in monitoring and evaluation in accordance with legislative and policy prescripts by 31 March 2013.	A total of 1 759 officials were trained for good governance (such as Gender Mainstreaming, M&E and PAJA).	300 public sector officials trained in monitoring and evaluation in accordance with applicable legislative and policy prescripts.	An overall total of 959 officials were trained, representing an achievement rate of 422%.	The annual performance status of this target was achieved. There was an increased uptake in the programme, coupled with effective marketing as well customised training for departments.	No deviations were made from the planned activities.
Number of public service officials in national and provincial departments trained in the approved organisation design programme by 31 March 2013.	A total of 52 officials were trained through the pilot of the programme.	135 public service officials in national and provincial departments trained in the approved organisation design programme.	During this financial year, a total of 355 officials were trained, representing an achievement rate of 263%.	The annual performance status of this target was achieved. There was an increased uptake in the programme, coupled with effective marketing as well customised training for departments.	No deviations were made from the planned activities.

Strategic Objective: Tackle corruption effectively

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of public sector officials trained in the approved ethics and anti-corruption programmes by 31 March 2013.	A total of 943 officials (national and provincial) were trained. A total of 75 municipal employees were trained.	500 public sector officials trained in ethics and anti-corruption by financial year end in order to enhance the culture of ethics and integrity in the public service.	During this financial year, a total of 1 822 officials were trained, representing an achievement rate of 364%.	The annual performance status of this target was achieved. There was an increased uptake in the programme, coupled with effective marketing as well customised training for departments.	No deviations were made from the planned activities.

Additional performance information of Branch performance not contained in the APP 2012/13

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of days reduced to issue invoices due to clients by 31 March 2013.	A total of 40% of quotations were converted to bookings through the PALAMA contact centre.	Improved turn-around times for issuing all invoices due to clients improving from three months (current baseline) to a maximum of one calendar month after the delivery of the course.	During this financial year, a total of 855 invoices were processed, representing an achievement rate of 90%.	The annual performance status of this target was achieved.	No deviations were made from the planned activities.
Number of reviewed policies and systems for providing venues, caterers and trainers by 31 March 2013.	This is a new performance indicator in this financial year.	Reviewed policies and systems for providing venues, caterers and trainers.	The appointment of three venue finders was finalised during the third performance quarter.	The annual performance status of this target was achieved.	No deviations were made from the planned activities.
Implemented Training Management Systems by 31 March 2013.	The Training Management System (TMS) project was delayed, and the project will continue in the 2012/13 financial year.	An efficient training management system implemented.	Draft Solutions Architecture Documents still in progress.	The annual performance status of this target was not achieved.	The project was executed in collaboration with SITA, however it was not achievable within the timeline.
Number of attendance certificates issues within the prescribed period by 31 March 2013.	A total of 16 132 certificates issued for officials already trained.	Issuing of certificates of attendance within one calendar month and certificates of competence within three calendar months of attending training for all training conducted in 2012/13.	Only 50% of certificates of attendance were issued within one calendar month.	The annual performance status of this target was not achieved.	The delays in issuing certificates were due to lack of capacity (bottleneck) in capturing learner data. There has been a constant challenge of a shortage of verifiers experienced by the PSETA and poor capacity within PALAMA due to the non-availability of Assessors, who only work on an 'as and when available' basis.



Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of marketing activities undertaken to enhance the image and promote training offerings by 31 March 2013.	This is a new performance indicator in this financial year.	PALAMA website utilised in the marketing and delivery of induction and Seminar training.	Training programmes and projects were uploaded on the website and information is updated regularly.	The annual performance status of this target was achieved.	No deviations were made from the planned activities.
Number of stakeholder forums organised by 31 March 2013.	This is a new performance indicator in this financial year.	Organise PSTF as a stakeholder forum.	The 16 th Annual PSTF conference was successfully hosted between 07 th and 10 th October 2012.	The annual performance status of this target was achieved. A delay of two months for printing was experienced with the service provider.	No deviations were made from the planned activities.

Professional Support

This sub-programme focuses on the professional and transversal support competencies that are core to PALAMA delivering on its mandate and are reflected as follows:

- **Research and Innovation:**

The core function of the Research and Innovation Unit is to undertake research that informs the training needs of the client department, conduct training needs analyses and assist with best practice benchmarking. These entail conducting broad research studies into the nature of the South African State and its character and contributing towards informing capacity development for improved service delivery.

- **Curriculum Design:**

The core function of this Unit is the management of the entire curriculum development cycle of programmes and courses, covering the spectrum of leadership, management and administration competencies. Capacity gaps identified as part of the training needs analyses, will inform the curriculum design processes and course (and programme) development.

- **Quality Assurance:**

The core function of this Unit is to enhance the credibility of PALAMA courses and the resultant training and to improve the capacity of the State to lead, mobilise, and to implement. All PALAMA programmes and courses – whether credit-bearing or not - shall be subjected to rigorous quality assurance processes.

- **Accreditation:**

The core function of this Unit is to increase available accredited programmes and courses (though not at the expense of non-credit-bearing professional development programmes) that are linked to targeted qualifications on the National Qualification Framework.

- **Monitoring and Evaluation:**

The core function of this Unit is to increase monitoring and evaluation of PALAMA's capacity building interventions and their impact on service delivery.

- **e-Learning:**

The core function of this Unit is to explore modes of training delivery that take advantage of new and existing technologies to inform training roll-out beyond the traditional face-to-face training.

During the year under review this branch planned 17 activities; 11 of which were achieved; three partially achieved and three not achieved. Of note is that some of the functions within the branch (i.e. Research & Innovation; and Monitoring & Evaluation) are no longer within this branch as per the transitional management structure. However, for the purposes of this report, these functions have been included within this branch report. All future performance reporting will be undertaken within the new branch: Training Policy and Planning. The performance details are contained in the following graph:



Graph 8: Annual performance activities of the Professional Support Branch

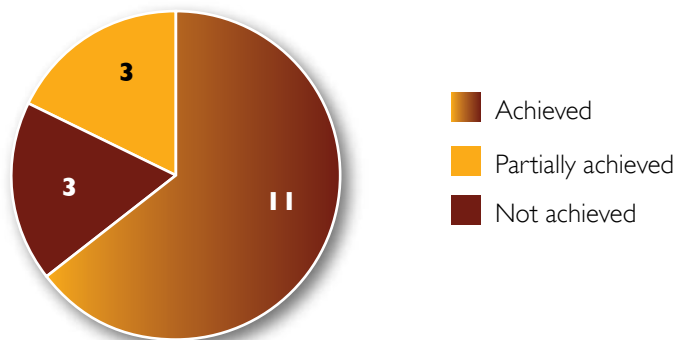


Table 12: Sub-programme performance – Professional Support

Strategic Objective: To develop PALAMA into a high performance organisation

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of PALAMA programmes quality assured by the relevant regulatory authorities by 31 March 2013.	20 programmes were quality assured and approved the relevant ETQA.	Six PALAMA programmes quality assured by the relevant regulatory authorities.	During this financial year, the following courses were quality assured: <ul style="list-style-type: none"> Modules of the Compulsory Induction Programme (CIP) Modules of the EDP (Policy Formulation and Implementation; Leadership and Good Governance) Investigating and presiding skills for the Public Service. 	The annual performance status of this target was partially achieved.	Priority was given to the Ministerial Directive for the CIP. The unit also experienced capacity challenges.

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Percentage of PALAMA training programmes monitored by 31 March 2013.	All training programmes were monitored through 19 728 Reaction Evaluation Questionnaires (REQs) and Facilitator Feedback forms.	100% monitoring of PALAMA programmes through Reaction Evaluation Questionnaires in order to ensure quality, relevance, standards and participant expectations.	During this financial year; 100% training interventions were monitored through 27 151 REQs and 1 170 Facilitator Feedback Forms.	The annual performance status of this target was achieved, based on the intended outputs for the year.	No deviations were made from the planned activities.
Number of on-site evaluations undertaken of identified programmes by the 31 March 2013.	38 on-site evaluations undertaken.	40 on-site evaluations undertaken in order to improve the quality of PALAMA trainings and programmes.	During this financial year; a total of 56 on-site evaluations were undertaken.	The annual performance status of this target was achieved, based on the intended outputs for the year.	No deviations were made from the planned activities.

Strategic Objective: Improve service delivery quality and access

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of PALAMA research projects undertaken in order to inform public sector capacity building needs and interventions by 31 March 2013.	Research on eLearning implementation in the public service was completed. The evaluation of the EDP programme was completed.	Two research projects completed to inform the needs of the public service in terms of training and development interventions.	During this financial year; the following four research projects were completed: <ul style="list-style-type: none"> ▪ The Induction Process in Government ▪ SMS induction ▪ The Skills Requirements of Provinces ▪ The knowing-doing gap 	The annual performance status of this target was achieved.	No deviations were made from the planned activities.



Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of approved PALAMA courses customised for implementation by partner countries, in accordance with approved agreements by 31 March 2013	Two courses were customised and delivered.	Two approved PALAMA courses customised for implementation by partner countries, in accordance with approved agreements.	The Khaedu and Gender Curriculum programmes were customised and delivered.	The annual performance status of this target was achieved.	No deviations were made from the planned activities.
Training needs analysis undertaken across two spheres of government, in order to inform the capacity building needs and interventions by 31 March 2013.	The TNA strategy was developed and consultation was undertaken with Public Service Training Academy (KZN), Public Service Network and Limpopo HRD Forum. TNA data was collected and analysed in four departments.	Training Needs Analysis (TNA) undertaken with two stakeholders.	Three TNA's were implemented in this financial year at: <ul style="list-style-type: none"> ▪ Department of Environment, Nature and Conservation (Northern Cape) ▪ Office of the Premier (North West) ▪ Department of Sport and Recreation (North West) 	The annual performance status of this target was achieved.	No deviations were made from the planned activities.

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of eLearning training interventions developed and implemented by 31 March 2013.	This is a new performance indicator in this financial year.	One research paper developed for publication/ presented at a relevant eLearning conference	During this financial year; PALAMA presented the following paper at the 7 th eLearning Africa Conference: "Creating relevant and sustainable eLearning experiences for public officials: A South African Case Study". PALAMA also developed a paper for publication: "Expanding knowledge and resource sharing in the public service through online Communities of Practice".	The annual performance status of this target was achieved.	No deviations were made from the planned activities.

Strategic Objective: Improve Human Resource Management and Development

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of new (or existing) courses developed (or reviewed) by 31 March 2013.	A total of 15 Human Resource courses and 14 SCM courses were approved for roll-out. The Public Service Graduate Internship Development Programme was developed.	Undertake a review/ development of four existing/new training courses.	PALAMA produced final drafts of the four EDP Modules namely; Policy Formulation and Implementation; Communication and Citizen Centred Focused Strategies and Leadership for Good Governance.	The annual performance status of this target was achieved.	No deviations were made from the planned activities. Following the directive issued by the Minister for Public Service and Administration on the design and roll-out of the Compulsory Induction Programme, significant emphasis and focus was placed in the development of the five modules of the programme for the pilot and roll-out.



Additional performance information of Branch performance not contained in the APP 2012/13

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of eLearning training interventions developed and implemented by 31 March 2013.	Seven fully technology-mediated courses were developed. 10 courses were enhanced through the development of complementary eLearning materials and online communities of practice.	Develop and implement 10 eLearning training interventions.	A total of 20 eLearning interventions were developed, in relation to the projected performance target of 10.	The annual performance status of this target was achieved.	No deviations were made from the planned activities.
Number of eLearning training interventions developed and implemented by 31 March 2013	This is a new performance indicator in this financial year.	Increased eLearning awareness to promote the uptake of eLearning in the public service.	PALAMA published a full page eLearning infographic in the Service Delivery Review, and published two articles in the Public Sector Manager. Awareness around eLearning was also promoted at the following forums: North West ICT Lekgotla; Chief Learning and Development Officers Conference; Communication for Change Workshop; and Public Sector Expert Practice Committee; Public Service Training Academy (KZN); and Department of Social Development (KZN)	The annual performance status of this target was achieved.	No deviations were made from the planned activities.

Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
Number of approved ETD QMS policies. by 31 March 2013.	Three ETD QMS policies were updated.	Three approved ETD QMS policies implemented.	The policies have been reviewed and submitted for input. However, the IQMT committee will only convene in the new financial year to finalise and approve the policies.	The annual performance status of this target was not achieved.	The IQMT (committee) could not convene during this financial year.
Matrix of Qualifications (MOQ) for consultation process. by 31 March 2013.	The draft Matrix was finalised and presented to the organisation for further external consultations.	Undertake consultations with relevant stakeholders on Matrix of Qualifications for career-pathing in the public service (MOQ). Qualification aligned to QCTO model.	During this financial year, the following consultations were undertaken: <ul style="list-style-type: none"> ▪ Northern Cape Provincial Skills Development Forum ▪ DPSA and PSETA ▪ PSTF Conference ▪ KZN Public Service Academy ▪ Limpopo HOD Forum No revision required as the consultation agreed with the MOQ.	The annual performance status of this target was achieved, based on the intended outputs for the year.	The Matrix is not fully developed as yet for approval and implementation.
Maintenance of PALAMA as an accredited provider of public service training by 31 March 2013.	The monitoring tool of PSETA was analysed and monitoring visits were undertaken by PSETA. The accreditation status of PALAMA was maintained for the financial year.	Maintain accreditation status of PALAMA as a public service training provider for the 2012/13 financial year.	In terms of the PSETA Monitoring Report, it has indicated that PALAMA is still fully accredited as a provider of training.	The annual performance status of this target is achieved, based on the intended outputs for the year.	No deviations were made from the planned activities.



Performance Indicator	Actual achievements (2011/12)	Planned Target (2012/13)	Actual Achievements (2012/13)	Deviation from the planned target to Actual Achievement for 2012/13	Comments on deviations
PALAMA Resource Centre operationalised by 31 March 2013.	A basic operational resource centre is in place. A basic manual lending system is in place and the purchase of new resources was completed and is on-going.	A library user needs analysis report developed and implemented.	A PALAMA library user survey was administered to 206 users and the data is being analysed in order to prepare a report on the findings.	The annual performance status of this target was not achieved, based on the intended outputs for the year.	The 2012/13 targets were developed on the premise that the library would be fully staffed with specialist library expertise.
PALAMA Resource Centre operationalised by 31 March 2013.	A basic operational resource centre is in place. A basic manual lending system is in place and the purchase of new resources was completed and is on-going.	Approved database of service providers for the procurement of library resources and services.	The procurement processes were undertaken. The details of reputable national and international publishing houses were acquired and are being used to populate the database.	The annual performance status of this target was partially achieved, based on the intended outputs for the year.	The lack of capacity contributed to the target not being fully achieved.
	A basic operational resource centre is in place. A basic manual lending system is in place and the purchase of new resources was completed and is on-going.	Safe and secure management of library assets.	The 3M Tattle Tape Security system was installed in March 2013, and is being applied to all library resources.	The annual performance status of this target was partially achieved, based on the intended outputs for the year.	The lack of capacity contributed to the target not being fully achieved.
Implementation of knowledge Management Strategy for improved organisational performance by 31 March 2013.	This is a new performance indicator in this financial year.	Develop and approve a PALAMA Knowledge Management Strategy for implementation.	A draft framework for the knowledge management strategy is in place. The bids for the appointment of consultant(s) to develop the knowledge management system are being evaluated.	The annual performance status of this target was not achieved, based on the intended outputs for the year.	Due to SCM processes and late submission, the awarding of the bid has not yet been concluded.

2.7 STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

As part of the organisational performance monitoring, the actual quarterly performance is measured against each performance target and assessed. A consolidation of all performance information per branch within each of the Programmes, is developed and tabled within the management structures for deliberation. Branches also have to provide reasons for poor or non-performance on each of the performance targets. In addition, branches convene their own management meetings and issues of performance are discussed herein. Amongst the identified measures to overcome under performance is the linkage of performance progress evidence provided by the sub-programmes. In addition, sub-programmes are timeously advised of targets that are at risk for under performance, and therefore internal arrangements are taken into consideration.

2.8 CHANGES TO PLANNED TARGETS

During the year under the review, there was no deviation of the performance targets from the approved annual performance plan. However, two significant decisions influenced the performance of the institution. The first was the Ministerial Directive on the Compulsory Induction Programme (CIP), which effectively halted the two-day Public Service Induction (PSI) programme. Resources had to then be re-channelled towards developing the curriculum for the CIP, quality assuring, piloting and commencing with the roll-out of the training. The second significant decision related to the establishment of the National School of Government for launch by October 2013. The Minister also approved a transitional management structure to support the process of the establishment of the School, which involved a change in some of the reporting lines.

Performance targets against the annual plan have remained with the responsible sub-programme managers and targets were not changed even though additional performance activities were introduced in line with the implementation of the CIP and new milestones towards the establishment of the National School of Government. Where applicable, PALAMA officials took on additional responsibilities in addition to managing the planned targets.



2.9 LINKING PERFORMANCE WITH THE BUDGETS

Table 13 : Linking performance with the budgets

Appropriation per programme									
2012/13								2011/12	
APPROPRIATION STATEMENT	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<i>1. Administration</i>									
Current payment	70,151	(6)	-	70,145	68,889	1,256	98.2%	67,221	61,172
Transfers and subsidies	-	6	-	6	6	-	100.0%	-	-
Payment for capital assets	2,136	-	-	2,136	1,903	233	89.1%	2,034	1,328
Payment for financial assets	-	-	-	-	-	-	-	17	17
<i>2. Public Sector Organisational and Staff Development</i>									
Transfers and subsidies	52,097	-	-	52,097	52,097	-	100.0%	49,049	49,049
TOTAL	124,384	-	-	124,384	122,895	1,489	98.8%	118,321	111,566



PART C | GOVERNANCE

3.1 INTRODUCTION

There is always a link between good governance and compliance with law. Good governance is not something that exists separately from the law and it is entirely inappropriate to unhinge governance from the law.

King III Report, 2009

Good corporate governance requires institutions to put in place sound approaches, systems and controls with the intention of effective management.

According to the King III Report on Corporate Governance (2009:9), “good governance is about effective leadership, which must be characterised by the ethical values of responsibility, accountability, fairness and transparency and based on moral duties that find expression in the concept of Ubuntu.”

All public institutions must have systems of internal control, which are governed by legislation and other practice notes. The Public Finance Management Act (1999), for example, governs the public institutions with regard to financial management and reporting. Other important elements of good corporate governance entails effective internal audit, external audit oversight and fraud and risk management.

3.2 RISK MANAGEMENT

Overall, the risk management approach entails a combined effort by PALAMA management, the Risk Management Committee, the Internal Audit, Audit Committee and PALAMA staff at large, in identifying strategic and operational risks that could impede organisational performance. These are risks that could impact negatively on PALAMA’s image and reputation and also increase its vulnerability to fraud and corruption activities.

During the period under review, PALAMA re-assessed and updated its Strategic Risk Register, aligning it to the 2012/13 annual performance plan of the Academy.

Annually, the Risk Management Committee reviews the Enterprise Risk Management framework, sets priorities for Risk Management Implementation (Risk Management Plan) and reviews the Risk Committee Charter. The current composition of the Risk Management Committee is by official appointments made by the Accounting Officer from PALAMA management team and an additional member from the Audit Committee. In addition to these formally appointed members, are ad-hoc standing invitees, selected from management, based on the Risk Management focus areas for the year.

The Risk Management Committee reports to the Audit Committee on risk findings and activities relating to the implementation of the Risk Management Plan. The Chairperson of the Risk Management Committee is also an ordinary member of the Audit Committee. The Risk Management Committee held three formal meetings and one workshop session during this financial year.

3.3 FRAUD AND CORRUPTION

PALAMA has a zero-tolerance policy and practice against fraud. A Fraud Policy and Prevention Plan document is available to all PALAMA staff. This covers an action response framework for combating fraud within the organisation, promoting employee vigilance in fraud identification and reporting, and provides guidelines on the handling of fraud-related reports and investigations.

The Fraud Policy and Prevention Plan is reviewed and updated as and when necessary and is informed by the National Treasury and Minimum Anti-Corruption Capacity Requirement Guidelines developed for all Government departments, as well as the changing content of PALAMA’s business environment.

3.4 MINIMISING CONFLICT OF INTEREST

During the year under review, the following measures were put in place:

- **Supply Chain Management practitioners signed the adoption of the Code of Conduct for SCM Practitioners. This Code requires that practitioners:**
 - (i) should declare any business, commercial and financial interest or activities undertaken for financial gain;
 - (ii) should not place themselves under any financial or other obligation to outside individuals that might seek to influence them in the performance of their official duties; and
 - (iii) Should not take improper advantage of their previous office after leaving their official duties.
- **Furthermore, any official who participates in either bid evaluation or bid adjudication activities, are required to declare any interest on matters serving before such committees.**

For the financial year under review, no conflict of interest relating to SCM activities were identified.

3.5 HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The Safety, Health, Environment and Risk Programme was implemented during the financial year. The Director-General is formally appointed as the Chief Safety, Health, Environment and Risk Programme Officer in terms of Section 16.1 of the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993). The relevant delegations required in terms of the Act, were also issued. The programme implemented includes a safety plan; a policy, administrative and operational requirements relating to the establishment of the Occupational Health and Safety Committee, and emergency procedures relating to evacuation, bomb threats, and any emergencies. Safety, health and risk audits were also conducted during the period under review.

3.6 INTERNAL CONTROL UNIT

PALAMA outsourced its internal audit function to Price Waterhouse Coopers (PwC); with the aim of gradually building internal audit capacity. In this regard, an internal audit position is in the process of being filled.

The Audit Committee approved the Internal Audit Operational Plan for the 2012/13 financial year. The Plan was fully implemented with eight Internal Audit assignments for the year. These included follow-up audits on the management improvement plan, based on the 2011/12 Auditor-General's management letter; training management, learner records management, internal financial controls, human resource performance management, risk management review, performance information management and information technology governance.

The Chief Internal Audit meets with the Auditor-General and the Chairperson of the Audit Committee as required, at various points of their audits during the year.



3.7 AUDIT COMMITTEE REPORT

The Audit Committee is pleased to present its report for the financial year ended 31 March 2013 in terms of the Public Finance Management Act, 1999 (Act No.1 of 1999), Section 38 (1)a, 76 (4d) and 77 as well as Treasury Regulations 3.1.11

Audit Committee Members and Attendance

The Audit Committee consists of the members listed below, of which three are independent members in line with good corporate governance practice. The Committee meets at least three times per annum as per its approved terms of reference. During the year under review, the Committee held four ordinary meetings and one special additional meeting, which was a closed meeting with the Auditor-General in preparation for PALAMA's year-end external audit. The following is a schedule of members and attendance record for ordinary meetings.

Table 14: Audit Committee Members

Name of Member	No. of meetings attended
Ms M Manyama-Matome (Chairperson)	3
Ms S Hari	4
Mr J Maboja	4
Prof. S Mollo	3

Audit Committee Responsibility

The Audit Committee reports that it complied with its responsibilities as guided by the Public Finance Management Act, 1999 (Act No.1 of 1999 Sections 38 (1) a, 76 (4d) and 77 as well as Treasury Regulations 3.1.11. The Committee furthermore adopted

appropriate formal terms of reference as outlined in its Charter and also conducted its affairs in compliance with this Charter.

Effectiveness of internal control

The system of internal control applied by PALAMA over financial and risk management is effective, efficient and transparent.

In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit and management who are responsible for the development and maintenance of internal control and good governance systems, provided reports to the Audit Committee to give assurance on appropriateness and effectiveness of measures in place or the development of new measures.

During the year, the Committee gave constant attention to the Risk Management, Performance Information Reporting, Financial Information Reporting, Compliance Environment, Internal Auditing, Fraud and Investigations Reporting and also engaged with the Audit General's reports for PALAMA.

In all of the abovementioned areas, the role played by the Committee was instrumental in identifying corrective actions and providing guidance on necessary enhancements to the controls and processes that have an effect on the departmental compliance, risk and performance environment as well as responsibilities that PALAMA has to its external environment.

The Committee is satisfied that PALAMA's assets are safeguarded and that liabilities and working capital are well managed. From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the management report of the Auditor-General South Africa, it is noted that, no matters were reported that indicate any material deficiencies in the system of internal control or any deviations

there from. Accordingly, it can be reported that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act was good. The Committee is satisfied with the content and quality of monthly and quarterly reports, prepared and issued by the Department, during the year under review.

Evaluation of Financial Statements

The Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General South Africa and the Accounting Officer.
- Reviewed the Auditor-General South Africa's management report and management's response thereto.
- Reviewed changes in accounting policies and practices.
- Reviewed the department's compliance with legal and regulatory provisions.
- Reviewed significant adjustments resulting from the audit.

The Committee generally concurs with and accepts the Auditor-General of South Africa's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted, and read together with the report of the Auditor-General South Africa. The Audit Committee however disagrees with the adjustment around the basis of the lease allocation between the Vote and Trading Account.

Internal audit

The Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the department in its audits. The internal audit plan approved for this financial year has been implemented with close monitoring by the Audit Committee.

Meeting with the Auditor-General South Africa

The Committee met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Closure

The Committee wishes to thank the Director-General of PALAMA, Professor Solly Mollo and all the Executive Managers for their support. Our gratitude is also extended to all staff members of PALAMA for their efforts in diligently implementing PALAMA's mandate in their different roles. All our efforts are combined to constantly strive towards excellence and have resulted in the department once again receiving an unqualified audit report for the 2012/13 financial year.



Ms Shaila Hari

Acting Chairperson: Audit Committee

Date: 31 July 2013





PART D | HUMAN RESOURCE MANAGEMENT

4.1 LEGISLATION THAT GOVERNS HUMAN RESOURCE MANAGEMENT

The human resource function is governed of the following pieces of key legislation:

- Public Service Act, 1994 (as amended)
- Public Service Regulations, 2001
- Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)
- Public Finance Management Act, 1999 (Act No. 1 of 1999)
- Skills Development Act, 1998 (Act No. 97 of 1998)
- Employment Equity Act, 1998 (Act No. 55 of 1998)
- Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997)
- Labour Relations Act, 1995 (Act No. 66 of 1995)
- Promotion of Equality and Prevention of Unfair Discrimination Act, 2000 (Act No. 4 of 2000)

In addition, the Human Resource function is also influenced by the following White Papers:

- White Paper on Affirmative Action in the Public Service
- White Paper on Human Resource Management in the Public Service
- White Paper on Transforming Public Service Delivery
- White Paper on Public Service Training and Education

4.2 OVERVIEW

By the end of the year under review, PALAMA operated with 85.9% staff capacity. The vacancy rate stood at an average of 14.1% covering both programmes. The turnover rate was at 8.9%, with the main reasons for staff leaving, being voluntary resignations or transfers to other government departments.

In terms of the employment equity status, the racial breakdown is as follows: African (72.4%), White (15.4%), Coloured (7.1%), and Indian (5.1%). The education profile reflects an institution of highly qualified personnel, with 67.5% of the employee's highest qualifications ranging from Doctorates to Basic Degrees/National Diplomas.

4.3 HUMAN RESOURCES OVERSIGHT STATISTICS

4.3.1 Expenditure

The PALAMA budget provides for clearly defined programmes. The tables below summarises the final audited expenditure on personnel by programme and by salary band.



Table 15: Personnel Costs by Programme- 2012/13

Programme	Total expenditure R'000	Personnel expenditure R'000	Training expenditure R'000	Professional and special services R'000	Personnel cost as a percent of total expenditure	Average personnel cost per employee R'000
Vote Programme 1	70,791	70,791	1,201	12,364	44%	425
Vote Programme 2	52,097	52,097	-	-	-	-
PALAMA TTA	160,083	160,083	-	56,333	35%	497
Total	282,971	282,971	1,201	68,697	31%	468

Table 16: Personnel Costs by Salary Band - 2012/13

Salary band	Personnel expenditure R'000	% of total personnel cost	Average personnel cost per employee R'000
Senior management (Levels 13 – 16)	38,127	46%	930
Highly skilled supervision (Levels 9 – 12)	26,886	32%	434
Highly skilled production (Levels 6 – 8)	15,745	19%	232
Skilled (Levels 3 – 5)	2,896	3%	121
Lower skilled (Levels 1 – 2))	-	-	-
Total	83,654	100%	429

The tables below summarises the expenditure incurred on personnel as a result of salaries, overtime, home owners' allowance and medical assistance. Table 17 provides expenditure on personnel by programme and Table 18 provides expenditure by salary band. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

Table 17: Salaries, Overtime, Home Owners' Allowance and Medical Assistance by Programme - 2012/13

Programme	Salaries		Overtime		Home owners' allowance (HOA)		Medical assistance	
	Amount R'000	As a % of personnel cost	Amount R'000	As a % of personnel cost	Amount R'000	As a % of personnel cost	Amount R'000	As a % of personnel cost
Vote Programme 1	20,633	25%	16	0%	551	1%	1,042	1%
PALAMATTA	35,352	42%	-	0%	792	1%	1,365	2%
Total	55,985	67%	16	0%	1,343	2%	2,407	3%

Table 18: Salaries, Overtime, Home Owners' Allowance and Medical Assistance by Salary Band - 2012/13

Salary band	Salaries		Overtime		Home owners' allowance (HOA)		Medical assistance	
	Amount R'000	As a % of personnel cost	Amount R'000	As a % of personnel cost	Amount R'000	As a % of personnel cost	Amount R'000	As a % of personnel cost
Senior management (Levels 13-16)	23,050	28%	-	0%	384	0%	383	0%
Highly skilled supervision (Levels 9-12)	19,586	23%	-	0%	230	0%	802	1%
Highly skilled production (Levels 6-8)	11,407	14%	8	0%	594	1%	1,012	1%
Skilled (Levels 3-5)	1,942	2%	8	0%	135	0%	210	0%
Lower skilled (Levels 1-2)	-	-	-	0%	-	0%	-	0%
Total	55,985	67%	16	0%	1,343	2%	2,407	3%



4.3.2 Employment and vacancies

The tables in this section summarises the number of posts in the approved staff establishment, the number of filled posts, the vacancy rate, and the number of filled posts that are additional to the approved staff establishment. This information is presented according to two key variables: by programme and by salary band. The vacancy rate reflects the percentage of posts that are not filled as at end of 31 March 2013.

Table 19: Employment and Vacancies by Programme as at 31 March 2013

Programme	No. of posts	No. of posts filled	% vacancy rate	No. of posts filled additional to the establishment
Programme 1	90	80	11.1%	1
Programme 2	137	115	16.1%	1
Total	226	195	14.0%	2

The vacancy rate is calculated at the number of approved posts minus the number filled, divided by the number of approved posts (i.e. number of vacancies/number of posts).

Table 20: Employment and Vacancies by Salary Band as at 31 March 2013

Salary band	No. of posts	No. of posts filled	% vacancy rate	No. of posts filled additional to the establishment
Senior management (Levels 13-16)	50	41	18.0%	1
Highly skilled supervision (Levels 9-12)	79	62	21.5%	1
Highly skilled production (Levels 6-8)	72	68	5.5%	0
Skilled (Levels 3-5)	25	24	4.0%	0
Lower skilled (Levels 1-2)	0	0	0%	0
Total	226	195	14.0%	2

The information in the tables reflects the situation as at 31 March 2013. For further indication of changes in staffing patterns during the year under review, refer to Section 4.3.4 of this report.

The highest vacancy rate of 22.5% is at salary levels 9 to 12. This is as a result of a delay of newly defined posts created after the reconfiguration of PALAMA on 1 April 2011. These figures do not include the eight Interns who were employed during the period April 2012 to March 2013.

4.3.3 Job evaluation

The Public Service Regulations Part (1999), Part IV introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, an executing authority may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations, all vacancies on salary levels 9 and higher must be evaluated before they are filled. The table below reflects the number of jobs that were evaluated during the year under review.

Table 21: Job Evaluation for the period 1 April 2012 to 31 March 2013

Salary band	Number of posts as on 31 March 2013	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Senior management (Levels 13-16)	50	0	0%	-	-	-	-
Highly skilled supervision (Levels 9-12)	79	12	15%			-	-
Highly skilled production (Levels 6-8)	72	0	0%	-	-	-	-
Skilled (Levels 3-5)	25	1	4%	-	-	-	-
Lower skilled (Levels 1-2)	0	0	0%	-	-	-	-
Total	226	13	5.7%	0	0%		0%

The percentage of posts evaluated is calculated as the number of jobs evaluated divided by the number of posts as at 31 March 2013.

4.3.4 Employment changes

The table below provides information on changes in employment during the financial year. Turnover rates provides an indication of trends in the employment profile of PALAMA. The table provides a summary of turnover rates by salary band.

Table 22: Annual Turnover Rates by Salary Band for the period 1 April 2012 to 31 March 2013

Salary band	No. of employees per band as on 31 March 2012	Appointments and transfers into the Department	Terminations and transfers out of the Department	% Turnover rate
Senior management (Levels 13-16)	41	-	-	-
Highly skilled supervision (Levels 9-12)	61	9	8	13.1%
Highly skilled production (Levels 6-8)	64	15	7	10.9%
Skilled (Levels 3-5)	13	8	1	7.7%
Lower skilled (Levels 1-2)	0	-	-	-
Total	179	32	16	8.9%

The turnover rate has decreased by 2.9% from the previous financial year. The turnover rate is calculated by the number of terminations, divided by the number of staff as at 31 March 2013.

Table 23: Reasons why staff left PALAMA - 1 April 2012 to 31 March 2013

Termination type	No.	% of total terminations
Resignation	6	37.5%
Expiry of contract	5	31.3%
Transfers to other public service departments	4	25.0%
Discharged due to ill-health	1	6.3%
Retirement	0	0%
Death	0	0%
Voluntary Severance Packages	0	0%
Dismissal – operational changes	0	0%
Dismissal – misconduct	0	0%
Dismissal – inefficiency	0	0%
Total	16	100%

Table 24: Promotions of Staff by Salary Band as at 31 March 2013

Salary band	No. of employees per band as on 31 March 2012	Promotions to another salary level	Salary band promotions as a % of employees by salary level	Pay Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Senior management (Levels 13-16)	41	-	0%	28	68.3%
Highly skilled supervision (Levels 9-12)	61	1	1.6%	40	65.6%
Highly skilled production (Levels 6-8)	69	-	-	59	85.5%
Skilled (Levels 3-5)	8	1	7.7%	8	100%
Lower skilled (Levels 1-2)	0	-	-	0	0%
Total	179	2	1.1%	135	75.4%

4.3.5 Employment equity

The tables in this section are based on the formats prescribed by the Employment Equity Act, 1998 (Act No.55 of 1998).

Table 25: Total Number of Employees (Including Employees with Disabilities) in each of the following Occupational Categories as at 31 March 2013

Occupational categories	Male				Female				Total
	A	C	I	W	A	C	I	W	
Legislators, senior officials and managers (Levels 13–16)	14	-	1	4	9	3	4	6	41
Professionals (Levels 9 – 12)	21	2	3	6	19	3	1	7	62
Clerks (Levels 3 – 8)	21	-	-	1	57	6	1	6	92
Elementary occupations (Levels 1 – 2)	-	-	-	-	-	-	-	-	-
Total	56	2	4	11	85	12	6	19	195
Employees with disabilities	2	-	-	-	2	-	1	-	5

Table 26: Total Number of Employees (Including Employees with Disabilities) in each of the following Occupational Band as at April 2012 to 31 March 2013

Occupational categories	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management (Levels 15–16)	2	-	-	-	1	-	-	-	3
Senior management (Levels 13 – 14)	12	-	1	4	8	3	4	6	38
Professionally qualified and experienced specialists and middle management (Levels 9 – 12)	21	2	3	6	19	3	1	7	62
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (Levels 6 – 8)	15	-	-	1	42	3	1	6	68
Semi-skilled and discretionary decision making (Levels 3 – 5)	6	-	-	-	15	3	-	-	24
Unskilled and defined decision-making (Levels 1 – 2)	-	-	-	-	-	-	-	-	-
Total	56	2	4	11	85	12	6	19	195
Employees with disabilities	2	-	-	-	2	-	1	-	5

Table 27: Recruitment of Staff for the period 1 April 2012 to 31 March 2013

Occupational categories	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management (Levels 15–16)	-	-	-	-	-	-	-	-	-
Senior management (Levels 13 – 14)	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and middle management (Levels 9 – 12)	5	-	-	-	3	-	-	1	9
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (Levels 6 – 8)	6	-	-	-	9	-	-	-	15
Semi-skilled and discretionary decision making (Levels 3 – 5)	3	-	-	-	5	-	-	-	8
Unskilled and defined decision-making (Levels 1 – 2)	-	-	-	-	-	-	-	-	-
Total	14	-	-	-	17	-	-	1	32
Employees with disabilities	2	-	-	-	1	-	-	-	3

Table 28: Terminations of Staff for the period 1 April 2012 to 31 March 2013

Occupational categories	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management (Levels 15–16)	-	-	-	-	-	-	-	-	-
Senior management (Levels 13 – 14)	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and middle management (Levels 9 – 12)	3	-	-	-	3	2	-	-	8
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (Levels 6 – 8)	-	-	-	-	5	1	-	1	7
Semi-skilled and discretionary decision making (Levels 3 – 5)	1	-	-	-	-	-	-	-	1
Unskilled and defined decision-making (Levels 1 – 2)	-	-	-	-	-	-	-	-	-
Total	4	-	-	-	8	3	-	1	16
Employees with disabilities	-	-	-	-	-	-	-	-	-

4.3.6 Human Resource Management

Signing of Performance Agreements by SMS members

Table 29: Performance Agreements Signed by SMS Members for the period 1 April 2012 to 31 March 2013

SMS Level	Total number of funded SMS posts per level	Total number of SMS members per level on 1 April 2011	Total number of signed performance agreements per level	Signed performance agreements as percentage of total number of SMS members per level
Director-General Level 16	1	1	1	100%
Deputy Director-General Level 15	3	2	2	100%
Chief Director Level 14	16	15	14	93.3%
Director Level 13	30	23	22	95.6%
Total	50	41	39	95.1%

Note: Two SMS members did not conclude their Performance Agreements.

Filling of SMS Posts

Table 30: Information on SMS Posts as at 31 March 2012

SMS Level	Total number of funded SMS posts per level	Total number of SMS posts filled per level	% of SMS posts filled per level	Total number of SMS posts vacant per level	% of SMS posts vacant per level
Director-General Level 16	1	1	100%	0	0%
Deputy Director-General Level 15	3	2	66.7%	1	33.3%
Chief Director Level 14	16	15	93.8%	1	6.2%
Director Level 13	31	23	74.2%	8	25.8%
Total	51	41	80.4%	10	19.6%



Table 31: Information on SMS Posts as at 30 September 2012

SMS Level	Total number of funded SMS posts per level	Total number of SMS posts filled per level	% of SMS posts filled per level	Total number of SMS posts vacant per level	% of SMS posts vacant per level
Director-General Level 16	1	1	100%	0	0%
Deputy Director-General Level 15	3	2	66.7%	1	33.3%
Chief Director Level 14	16	15	93.8%	1	6.2%
Director Level 13	30	23	76.6%	7	23.3%
Total	50	41	82%	9	18%

Table 32: Information on SMS Posts as at 31 March 2013

SMS Level	Total number of funded SMS posts per level	Total number of SMS posts filled per level	% of SMS posts filled per level	Total number of SMS posts vacant per level	% of SMS posts vacant per level
Director-General Level 16	1	1	100%	0	0%
Deputy Director-General Level 15	3	2	66.7%	1	33.3%
Chief Director Level 14	16	15	93.8%	1	6.2%
Director Level 13	30	23	76.6%	7	23.3%
Total	50	41	82%	9	18%

The table above illustrates that there was no movement in the filling of vacancies on the SMS level, since the previous financial year:

Table 33: Advertising and Filling of SMS Posts for the period 1 April 2012 to 31 March 2013

SMS Level	Total number of funded SMS posts per level	Filling of posts	
	Number of vacancies per level advertised in 6 months becoming vacant	Number of vacancies per level filled in 6 months after becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General Level 16	-	-	-
Deputy Director-General Level 15	-	-	-
Chief Director Level 14	1	-	-
Director Level 13	-	-	-
Total	1	0	0

The table above illustrates that only one SMS post was advertised during this period, however the post was filled.

4.3.7 Performance rewards

The tables in the section illustrate performance awards paid out to employees in terms of race, gender and disability and salary band. This is to encourage good performance and service delivery.

Table 34: Performance Rewards by Race, Gender, and Disability for the period 1 April 2012 to 31 March 2013

	Beneficiary profile			Cost	
	No. of beneficiaries	Total no. of employees in group as on 1 April 2012	% of total within group	Cost R'000	Average cost per employee R'000
African	49	123	39.8%	896	18
Male	16	47	34%	367	23
Female	33	76	43.4%	529	16
Coloured	4	17	23.5%	68	17
Male	0	2	0%	0	0
Female	4	15	26.7%	68	17
Indian	4	10	40%	98	24
Male	2	4	50%	56	28
Female	2	6	33.3%	42	21
White	12	31	38.7%	264	22
Male	3	11	27.2%	57	19
Female	9	20	45%	207	23
Total	69	181	38.1%	1,326	19
Employees with a disability	0	3	0	0	0

Table 35: Performance Rewards by Salary Band for Personnel below Senior Management Service for the period 1 April 2012 to 31 March 2013

Salary band	Beneficiary profile			Cost		
	No. of beneficiaries	No. of employees as on 1 April 2012	% of total within salary band	Total cost R'000	Average cost per employee R'000	Total cost as a % of the total personnel expenditure
Highly skilled supervision (Levels 9-12)	17	61	27.9%	428	25	1.6%
Highly skilled production (Levels 6-8)	31	65	47.7%	328	11	2%
Skilled (Levels 3-5)	6	14	42.9%	39	7	1.3%
Lower skilled (Levels 1-2)	0	0	0%	0	0	
Total	54	140	38.8%	795	15	1.7%

* Total costs as a percentage of the total personnel expenditure calculated as total costs divided by the personnel expenditure

Table 36: Performance Related Rewards (Cash Bonus) by Salary Band for Senior Management Service for the period 1 April 2012 to 31 March 2013

Salary band	Beneficiary profile			Cost		
	No. of beneficiaries	No. of employees as on 1 April 2012	% of total within salary band	Total cost R'000	Average cost per employee R'000	Total cost as a % of the total personnel expenditure
SMS Band A (Level 13)	9	23	39.1%	313	35	1.3%
SMS Band B (Level 14)	6	15	40%	217	36	1.1%
SMS Band C (Level 15)	0	2	0%	0	0	
SMS Band D (Level 16)	0	1	0%	0	0	
Total	15	41	36.6%	531	35	1.4%

4.3.8 Foreign workers

PALAMA employed no foreign workers during this financial year.

4.3.9 Leave utilisation for the period 1 January 2012 to 31 December 2012

Table 37: Sick Leave for the period 1 January 2012 to 31 December 2012

Salary band	Total days	% days with medical certificate	No. of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)
Senior management (Levels 13–16)	148	75.7%	32	78%	5	296
Highly skilled supervision (Levels 9 – 12)	313	70%	45	76.3%	7	435
Highly skilled production (Levels 6 – 8)	492	78%	62	95.4%	8	306
Skilled (Levels 3 – 5)	96	87.5%	14	60.9%	7	36
Lower skilled (Levels 1 – 2)	-	-	-	-	-	-
Total	1 049	76.2%	153	81.4%	7	1,073
Interns	15	80%	4	50%	4	3

The table above reflects that the highest utilisation of sick leave is at salary levels 6 to 8 (95.4%) and the highest estimated cost is at salary levels 9 to 12 (R435 000), due to the utilisation of sick leave for long periods. This excludes sick leave utilisation by four interns for 15 days with an estimated cost of R3, 452.01.

Table 38: Annual Leave for the period 1 January 2012 to 31 December 2012

Salary band	Total days taken	Total no. of employees utilizing annual leave	Average days per employee
Senior management (Levels 13–16)	868	41	21.17
Highly skilled supervision (Levels 9 – 12)	1404	64	21.93
Highly skilled production (Levels 6 – 8)	1598	80	19.97
Skilled (Levels 3 – 5)	307	20	15.35
Lower skilled (Levels 1 – 2)	-	-	-
Total	4177	205	20.37
Interns	82	8	10.25

*Annual leave of the eight interns is excluded, amounting to 82 days.



Table 39: Capped Leave for the period 1 January 2012 to 31 December 2012

Salary band	Total days of capped leave taken	Total no. of employees using capped leave	Average no. of days taken per employee	Capped leave credits as at 31/12/2012	Number of employees with capped leave	Average capped leave per employee as at 31/12/2012
Senior management (Levels 13–16)	-	-	-	529.56	12	44.13
Highly skilled supervision (Levels 9 – 12)	-	-	-	989.28	22	44.97
Highly skilled production (Levels 6 – 8)	-	-	-	160.47	9	17.83
Skilled (Levels 3 – 5)	-	-	-	86.95	5	17.39
Lower skilled (Levels 1 – 2)	-	-	-	-	-	-
Total	0	0	0	1766.26	48	36.80

*Average capped leave per employee is calculated using capped leave credits divided by the number of employees with capped leave. In comparison with the previous year, the capped leave credits increased to 55.26 days due to the transfer of two employees into the department.

Table 40: Leave Payouts for the period 1 April 2012 to 31 March 2013

Reason	Total amount R'000	No. of employees	Average payment per employee R'000
Leave payout for 2012/13 due to non-utilisation of leave for the previous cycle	115	7	16
Capped leave payout on termination of service for 2012/13	11	1	11
Current leave payout on termination of service for 2012/13	108	12	9
Total	234	20	12

*Average payment per employee is calculated using total amount, divided by the number of employees. Excluded are leave payouts for encashment of leave by six employees for 20 and 30 years long service awards, amounting to R10 265.69.

4.3.10 HIV/AIDS and health promotion programmes

No units or categories of employees were identified to be at high risk in contracting HIV and related diseases within PALAMA and it was therefore not necessary to take specific steps to reduce the risk of occupational exposure.

Table 41: Details of Health Promotion and HIV and AIDS Programmes

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter I of the Public Service Regulations, 2001? If so, provide her/his name and position.	✓		Ms NC Siwisa, Director: HRM & D
2. Does the Department have a dedicated unit or has it assigned specific staff members to promote the health and wellbeing of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	✓		Two staff members, additional funding for projects (R1 18 183.00) and annual salaries for the two staff members (R615 123.00). Total budget R733 306.00
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this programme.	✓		Employee Health and Wellness Management (Managing HIV/AIDS, STIs & TB; Wellness management (psychophysiological – EAP)
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter I of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		✗	OHS Committee pending nominations and approval

Question	Yes	No	Details, if yes
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	✓		Developed an HIV/AIDS & TB Operational Plan and the approved Standard Operating Procedure (SOP) for HIV/AIDS, STIs and TB Management.
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	✓		<ul style="list-style-type: none"> ▪ HIV/AIDS Operational Plan ▪ Advocacy and awareness programmes on key calendar days that focus on HIV issues.
7. Does the Department encourage its employees to undergo voluntary counseling and testing (VCT)? If so, list the results that you have achieved.	✓		<ul style="list-style-type: none"> ▪ HIV Counseling and Testing (HCT) campaign adopted and 19% of staff tested. ▪ Encourage more testing as part of the HIV/AIDS Operational Plan and the HCT strategy. ▪ Conduct quarterly HIV counseling and testing for all staff.
8. Has the Department developed measures/indicators to monitor and evaluate the impact of its health promotion programmes? If so, list these measures/indicators.	✓		<ul style="list-style-type: none"> ▪ Quarterly and annual reports from the service providers. ▪ Annual HIV/AIDS Operational Plan reports submitted to the DPSA.



4.3.11 Labour Relations

No collective agreements were entered into with trade unions within PALAMA in the 2012/13 period. The main focus for consultation within the Departmental Bargaining Chamber (DBC) was on the HRM&D policies. The following tables summarises the outcome of disciplinary hearings conducted; grievances and disputes lodged and strike actions within PALAMA for the year under review.

Table 42: Misconduct and Disciplinary Hearing finalised for the period 1 April 2012 to 31 March 2013

Misconducts and disciplinary hearings – 2011/12	No.	% of total
Correctional counseling	-	-
Verbal warning	-	-
Written warning	-	-
Final written warning	1	100%
Suspended without pay	-	-
Fine	-	-
Demotion	-	-
Dismissal	-	-
Not guilty	-	-
Case withdrawn	-	-
Total	1	100%

Table 43: Types of Misconduct Addressed at Disciplinary Hearings for the period 1 April 2012 to 31 March 2013

Type of Misconduct – 2012/13	No.	% of total
Wrongfully used the property of the State without permission and failed to comply with, or contravenes an Act, regulation or legal obligation.	1	100%

Table 44: Grievances Lodged for the period 1 April 2012 to 31 March 2013

Grievances lodged – 2012/13	No.	% of total
Number of grievances resolved	2	66%
Number of grievances not resolved	1	34%
Total number of grievances lodged	3	100%

Table 45: Disputes Lodged with Councils for the period 1 April 2012 to 31 March 2013

Disputes lodged with Councils– 2012/13	No.	% of total
No disputes were lodged during this financial period, however of the four disputes lodged in the previous financial year, three were finalised and one not yet resolved.	0	0%

Table 46: Strike Actions for the period 1 April 2012 to 31 March 2013

Strike actions – 2012/13	No. of person days
No strike actions during this period	0

Table 47: Precautionary Suspensions for the period 1 April 2012 to 31 March 2013

Suspensions – 2012/13	No. of person days
No precautionary suspensions during this period	0

4.3.12 Skills Development

This section highlights PALAMA's efforts with regard to skills development among its staff.

Table 48: Training needs identified for the period 1 April 2012 to 31 March 2013

Occupational categories	Gender	No. of employees as at 1 April 2012	Training needs identified at start of reporting period			
			Learnerships	Skills programmes and other short courses	Other forms of training (ABET)	Total
Legislators, senior officials and managers (Levels 13–16)	Females	22	0	19	0	19
	Males	19	0	16	0	16
Professionals (Levels 9 – 12)	Females	31	0	28	0	28
	Males	30	0	27	0	27
Clerks (Levels 5 – 8)	Females	64	0	50	6	56
	Males	15	0	10	3	13
Elementary occupations (Levels 1 – 4)	Females	0	0	5	0	5
	Males	0	0	5	0	5
Subtotal	Females	117	0	102	6	108
	Males	64	0	58	3	61
Total		181	0	160	9	169

*160/181 (88%) as per planned training (number to be trained) approved in the approved WSP 2012/2013.

**9 planned ABET training.



Table 49: Training provided for the period 1 April 2012 to 31 March 2013

Occupational categories	Gender	No. of employees as at 1 April 2012	Training provided within the reporting period			
			Learnerships	Skills programmes and other short courses	Other forms of training (Bursaries & ABET)	Total
Legislators, senior officials and managers (Levels 13–16)	Females	22	0	17	2	19
	Males	19	0	18	1	19
Professionals (Levels 9 – 12)	Females	31	0	17	3	20
	Males	30	0	22	5	27
Clerks (Levels 5 – 8)	Females	64	0	47	23	70
	Males	15	0	20	3	23
Elementary occupations (Levels 1 –4)	Females	0	0	0	0	0
	Males	0	0	0	0	0
Subtotal	Females	117	0	81	28	109
	Males	64	0	60	9	69
Total		181	0	141	37	178

*141 is the total number of employees trained for the 2012/13 financial year.

** (Other forms of training) 32 bursaries were awarded and 5 attended ABET = 37

The tables above illustrate that during this reporting period, employees were trained on 77 % (141/181) of the identified total training needs.

4.3.13 Injury on duty

No injuries on duty were reported during this financial period.

4.3.14 Utilisation of consultants

Table 50: Report on Consultant Appointments using Appropriated Funds for the period 1 April 2012 to 31 March 2013

Project Title	Total no. of consultants	Duration in workdays	Contract value R'000
Management consulting	-	-	-
Change consultants	-	-	-
Financial consulting	2	Ad-hoc	143
Legal consultants	-	-	-
Temporary administrative staff	-	-	-
Internal audit services	2	Ad-hoc	1 528
AMDIN management consultants	-	-	-
Induction programme	-	-	-
International relations	-	-	-
Training of national and provincial departments and local government	144	Ad-hoc	13 887
Facilities management services	1	Daily	1 282
IT outsource services	2	Daily	6 062
Total	151	-	22 902

Table 51: Report on Consultant Appointments using Donor Funds for the period 1 April 2012 to 31 March 2013

Consultant appointments	Total
Number of consultants appointed	-

4.3.15 Employee Initiated Severance Packages

None.



PART E | FINANCIAL INFORMATION

5.1 REPORT OF THE ACCOUNTING OFFICER

5.1.1 General Review of the State of Financial Affairs

Important Policy Decisions and Strategic Issues facing the Department

The most significant policy decision taken during this financial year, was a directive by the Minister for Public Service and Administration to establish and launch the National School of Government by 21 October 2013. With the appointment of an independent Ministerial Advisory Task Team (ATT) to provide advice on the form, scope and role of the School, PALAMA is also required to provide the necessary technical and administrative support to the ATT. At the same time, PALAMA is also required to begin a process of “winding-up” the current activities. In this regard, an internal administrative efficiency task team has been established to ensure the smooth transition from PALAMA into the National School of Government.

The second most significant policy decision impacting on PALAMA during this financial year has been the Ministerial Directive on the Compulsory Induction Programme for all newly appointed public servants. The directive issued by the Minister requires of PALAMA to design and develop the curriculum and roll-out the training. This directive led to two dichotomies – the first of ceasing the roll-out of the current two-day Public Service Induction and the second of mobilising all necessary resources within PALAMA to commence the development of the 5-module curriculum. Needless to say, the CIP has been officially launched in provinces and work is underway in terms of the roll-out thereof.

Resulting in these two significant policy decisions, there was a need to re-align the organisation towards ensuring maximum focus and attention towards realising the goal of establishing the School of Government. In this regard, the Minister approved a transitional management structure in February 2013. This structure provides for a new branch responsible for training policy and planning. This branch is especially

critical in paving the way for groundwork to be undertaken for the National School of Government, particularly as it would be responsible for determining overall training policy, norms and standards, as well as research and innovation. Also embedded within this transitional management structure is the provision for the establishment of a Project Management Office to provide support to the Director-General in the management of this transitional structure as well as technical and administrative support to the Ministerial Advisory Task Team.

Significant Events that took place during the year 2012/13

PALAMA hosted the 16th PSTF Conference at Gallagher Convention Centre from 07-10 October 2012 under the theme “Professionalising the Public Service through Human Resource Development.”

A total of 646 delegates and invited guests attended the conference.

The specific objectives achieved at this year’s conference were:

- To provide an opportunity and a forum in which local and international experts and researchers shared their experiences and emerging concepts towards making HRD an agent for professionalising the Public Service.
- To bring in international perspectives on various aspects of Human Resource Development that would facilitate improved organisational design and improvement in the Public Sector.
- To provide a platform for networking among trainers and experts, HRD practitioners in order to share practical tools for their everyday life.
- To allow HRD practitioners to influence the future activities of the Forum by adopting the Terms of Reference of the PSTF.

- To confer awards for contributions in HRD to individuals, teams, departments and provinces.

The underlying objective of the Conference was to facilitate a robust engagement and provide learning opportunities on key areas relevant for consideration in the professionalisation of the Public Service. This took the form of paper presentations, workshops and plenary discussions by government officials, training and development practitioners from academia (both local and international) and regulatory agencies.

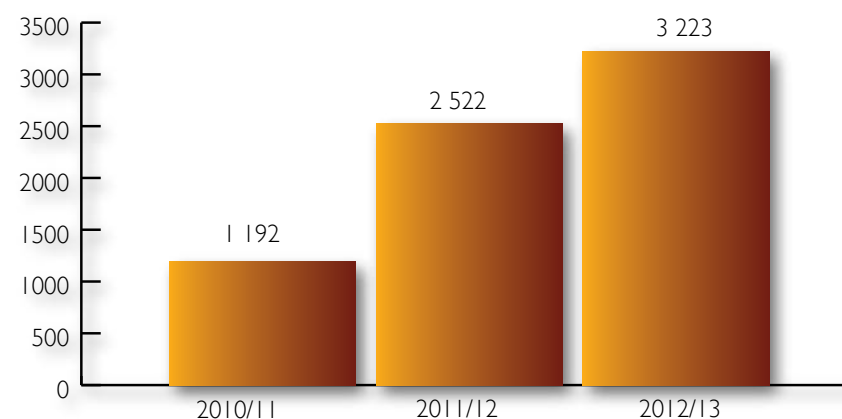
This conference also offered an opportunity for those involved in HRD to showcase good practices and express collective commitments for creating a professional public service in South Africa as espoused by the National Development Plan (NDP): Vision 2030. The Conference also offered the Minister for Public Service and Administration an opportunity to inaugurate new members of the Public Sector Trainer's Forum (PSTF) Advisory Committee who will serve on the governing structure from 2012 to 2015.

PALAMA also co-hosted the Commonwealth Association for Public Administration and Management (CAPAM) Conference from 4-6 March 2013. CAPAM is a non-profit association, representing an international network of 1 100 senior public servants, Heads of Government and leading academics and researchers located in over 50 different countries across the Commonwealth. The Association is guided by international leaders that believe in the value of networking and knowledge exchange and the promotion of good governance for the betterment of citizens across the Commonwealth. The three day conference, under the theme: Public Service Research and Innovation: A Quest for Sustained Service Delivery, examined the gains and challenges of Research and Innovation in the Public Service and the role of leaders and management practice in motivating public servants to engage possible means to the betterment of the knowledge base and service oriented practice in the public service.

Major projects undertaken or completed during the year

PALAMA continued to work closely with the National Youth Development Agency and other departments in rolling out the *Breaking Barriers to Entry Programme* which is aimed at preparing unemployed youth graduates for public service employment opportunities. In the 2012/13 financial year, 3 223 participants graduated from this programme, an achievement exceeding the 2011/12 graduation of 2 522 participants.

Graph 9: Number of persons trained in the Breaking Barriers to Entry Programme



Resulting from a decision taken by the Speakers Forum in 2009, PALAMA was tasked to facilitate the Capacity Building Programme for Members of Parliament and Provincial Legislatures. The programme is known as the Legislatures Capacity Building Programme (LCBP). The European Union is the development partner which of fund the programme. The project time frame linked to the term of office of the current

Parliament is 2010 to 2013, with a commitment for an extension to 2016. The original architecture of the LCBP was intended to provide a learning pathway and recognition of prior learning for progression to postgraduate qualifications. In the First Phase of the LCBP, the Introductory Programme was delivered in 2010 and subsequently accredited by the University of South Africa (UNISA) as a Course in Governance and Leadership. The first class of this programme received certificates at a ceremony held at UNISA and PALAMA in November 2011. The Second Phase of the LCBP commenced in 2012 in order to advance the professional development of Members of Parliament and Provincial Legislatures.

In contributing towards an improved Public Service and Administration in the international arena, PALAMA continues to forge strategic international partnerships. This includes engagements with donor communities and engagements in the global knowledge exchange network through mutually beneficial partnerships with institutions similar to PALAMA in the international arena, as guided by Government's international relations policy and the programmes of the Minister. The Academy continues to play a significant role in capacity-building internationally, as noted by some of the following achievements:

- In line with an agreement with the Korea International Co-operation Agency (KOICA), 14 officials from DIRCO, PALAMA, DPSA, Northern Cape and Mpumalanga provinces attended HRD Training in South Korea.
- Relations with the Indian government continue to be strengthened and PALAMA received Indian delegations in September 2012 and January 2013 to discuss issues of leadership development.
- The AMDIN Annual General Meeting was held in December 2012, and the new Executive Council elected. PALAMA was requested to provide interim secretariat support services.

Spending Trends – Vote Account

The full budget appropriation for the year 2012/13 was R124, 3 million. This is a marginal increase from the R118, 3 million allocations received in 2011/12. A saving of R6, 7 million was realised in 2011/12, whereas a saving of R1, 4 million was realised in 2012/13. The total expenditure breakdown of R122, 8 million spent in 2012/13 and spending patterns compared to the 2011/12 financial year, is summarised as follows:

Compensation of employees for the Vote-funded staff component of PALAMA increased by 8,6% from R28,9 million in 2011/12 to R31,4 million in 2012/13, due to vacancies filled. This makes up 36, 1% of the total sum of the R87, 0 million expenditure on compensation of employees in 2012/13. The balance (63, 9%) of this amount is expenses for compensation of employees under the Training Trade Account as reported later in this report. The number of employees increased from 70 (2011/12) to 74 (2012/13). Important in this regard, was PALAMA's decision to do away with labour broker contracts and to directly appoint its fixed-term contract employees.

Goods and services increased by 16, 1% from R32, 2 million (2011/12) to R 37,4 million in 2012/13. The increase is based on the planned projects, comparing 2011/12 and 2012/13 annual plans and is inflation-related.

Expenditure on capital assets increased by 38,4% from R1, 3 million (2011/12) to R1, 8 million in 2012/13. This saving resulted from deferred procuring of computer equipment for new employees, as filling of posts relating to the budget provision made, was also deferred to the 2013/14 financial year.

The balance of Donor Funds at the beginning of 2012/13 was a sum of R18,3 million carried forward from the previous year, comprising R8,3 million from the Reconstruction and Development Programme Fund (RDP) and R10 million from the African Renaissance Fund (ARF).

The RDP roll-over funds of R8,3 million were surrendered to National Treasury at the end of 2011/12 (compliance requirement). The total of R8,1 million was re-allocated back to PALAMA from National Treasury for the active projects in 2012/13. The variance between the two figures is R0,192 million, which relates to the Presidency/Swedish donor funding which has had a surplus rolled over since the 2005/06 financial year and was not requested back by PALAMA until resolved.

Funds requested and received from the donors amounted to R24,5 million. Thus, the total cash available for the year amounted to R32,6 million. The total expenditure incurred for all donor-funded approved projects, amounted to R31,5 million. The remaining donor funds of R1,1 million will be rolled over for utilisation in the 2013/14 financial year.

Funds surrendered to the donor during 2012/13 amounted to a total of million R10,070 million, the details are tabled below:

Table 52: Funds surrendered to Donors

Country/Donor	Programme and Objectives	Reason for surrender	Amount
African Renaissance Fund	Training and Refurbishment of a training facility	A decision to refurbish the ENA building in the DRC was withdrawn	R10 million
German International Cooperation (GIZ)	Government Wide Monitoring and Evaluation system	Unutilised funds	R70,000

The project closure report for the Flemish Government Project (development of Women Managers in the Public Service) was accepted by the donor and a total of 3,635 Euro (equivalent to R0,043 million) is to be surrendered back to the donor during the 2013/14 financial year.

Virement

No virement was requested during the financial year under review.

Other material matters (Irregular, Fruitless and Wasteful Expenditure)

Irregular expenditure

Irregular expenditure of R4,4 million (for both Vote and Trade combined) was incurred during the financial year. An amount of R4,4 million was condoned. These irregularities were due to non-compliance with the regulations and the supply chain procedures on training-related expenditure. This irregular expenditure currently being assessed, relates to the goods and services mainly for training related activities.

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure of R0,009 million was incurred during the financial year due to excess number of participants whom were not on the attendance list. Fruitless and wasteful expenditure has been condoned by the Accounting Officer.

Investigations

No investigations were carried out during this financial year.

5.1.2 Service Rendered by the Department

In line with its mandate, PALAMA's services include the development of learner material, facilitation and direct provision of training, examinations or tests and, where necessary, certification of those that have completed training.



A total of 45 575 persons were trained in this financial year. The number combines both training on revenue generating and non-revenue generating courses. Non-revenue generating courses offered by PALAMA primarily combine the induction programmes under which a total of 15 389 officials were trained and Breaking Barriers to Entry Programme under which 3 223 unemployed graduates were trained in this financial year. A comprehensive performance status report covering intake on Administration, Management, Leadership learning streams and the regional capacity interventions is provided on page 29 of this report.

Tariff Policy

Course fees are determined on a cost-recovery basis in accordance with Treasury Regulation 19.5.2. The tariffs are revised annually as part of the on-going financial status reviews and in accordance with Treasury Regulation 19.5.3. Course fees were last revised at the end of the 2010/11 financial year, which resulted in a reduction of course fees. This was implemented to improve affordability of PALAMA courses. In the meantime PALAMA has embarked on a process for a review of the overall course fee tariffs structure.

Free Services

Free services are identified as all training activities that are provided with no course development charges or training fees levied to the client department or the learner. All expenses for such training are directly borne by PALAMA or funded through donor funds.

The unemployed youth graduate programme - Breaking Barriers to Entry - is the only programme where costs are fully funded by PALAMA without learner contributions. This intervention better equips participants for entering the public sector employment stream with a better understanding of requirements in relation to competencies

required for various positions as well as service ethos, culture and service standards expected from public servants. The model and approach used in delivering this programme utilise existing public servants to facilitate training. The cost of delivering this programme combined with the development of learner material and venue costs is quantified to a sum of R947 100 for 1 353 learners that participated in the fully sponsored Breaking Barriers to Entry programme.

Inventories

The inventories on hand, based on the weighted average-costing method were R0.226 million as at 31 March 2012 and an amount of R0.654 million has been recorded as at 31 March 2013. Inventory consists mainly of stationery, printing supplies and maintenance material.

5.1.3 Capacity Constraints

Late payments from user departments are a source of cash-flow constraints for PALAMA's Training Trading Account. The annual average number of days taken to collect debt as at year end is 120 days.

By March 2013, the number of employees in the establishment was 195. PALAMA's structure had 226 funded posts in this reporting period. The overall departmental vacancy rate has been reduced by 6% from 19.7% in 2011/12 to 14.0% in 2012/13. The majority of vacancies exist in Programme 2, which is responsible for mandate execution.

5.1.4 Utilisation of donor funds

Table 53: Donor fund utilisation

Country/Donor	Programme and Objectives	Progress/Status of the Project 2012/13
Canadian International Development Agency (CIDA)	<p>Project title: Gender Mainstreaming Programme</p> <p>Period: November 2006 to June 2012</p> <p>Budget: CAD 3.8 million.</p> <p>Project objective:</p> <p>To improve gender equality in the public service in line with section 9.1 to 9.4 of the Bill of Rights in the South African Constitution and to have Government service more responsive to the needs of women and men.</p>	<ul style="list-style-type: none"> ▪ The project ended in June 2012. To date, a total of 3 730 Public Service Officials at National, Provincial and Local Government levels were trained. The 17 sessions provided through the PALAMA cost-recovery system, reached 224 officials, bringing the total coverage of GMP training to 4 096. ▪ To date, 1 020 portfolios have been received, 935 have gone through the assessment, moderation and a verification process and 701 (68%) have been declared 'Competent'. ▪ The content from Gender Mainstreaming was incorporated into Module three of the Compulsory Induction Programme.
Canadian International Development Agency (CIDA)	<p>Project title: Public Sector Training and Development in Post-Conflict Countries</p> <p>Project period: April 2008 to March 2013</p> <p>Budget: CAD 10.5 million</p> <p>Project objective:</p> <p>To improve the management and leadership capability of the public service.</p>	<ul style="list-style-type: none"> ▪ Project Khaedu was rolled out and 183 public servants from three countries attended this training which included a Khaedu Training of Trainers (for 68 persons) to ensure the transformation of skills and the sustainability of service delivery training programmes after the Project ended. ▪ Strategic planning session for three partner MDI's from post-conflict countries were hosted in Johannesburg to accelerate implementation. ▪ Completed the development of an Integrated Management Training Programme (IMTP) through support of Curriculum Experts and Lead Trainers. The evaluation of curriculum was done by an expert in Public Management and Administration Development from a South African University for final approval by the Heads of MDI's. ▪ The quality assurance and Certification Framework for recognition of learning (and portability of qualifications to Universities) was also dealt with and will be taken further through workshops planned.



Country/Donor	Programme and Objectives	Progress/Status of the Project 2012/13
		<ul style="list-style-type: none"> ▪ Training needs analysis has been done in three states of South Sudan through the HRD Directorate considering the independence of the country since 9 July 2011. The TNA will be replicated in other States. ▪ A virtual Forum as a community of practice was established for MDI's to share information and learning material on the platform. ▪ The development of Gender strategies, action plans and guidelines for gender mainstreaming, as well as customisation of the Gender Mainstreaming Training was material completed for all three MDI's. ▪ MDI's attended the Public Sector Training Forum as well as work sessions on website management; e-learning and report writing (based on outcomes based planning) during November 2012.
Department of Foreign Affairs	<p>Project title: African Renaissance Fund (ARF) for Capacity-building in the DRC</p> <p>Project period: February 2007 to December 2009</p> <p>Budget: R23 million</p> <p>Project objective:</p> <p>To support the DRC in the establishment of the DRC National School for Public Administration (ENA)</p>	<ul style="list-style-type: none"> ▪ The withdrawal of decision on the refurbishment of the ENA premises resulted in the surrender of earmarked funds worth R10 million back to the African Renaissance Fund (ARF).
Flemish Government	<p>Project Title: Development Programme for Women Managers</p> <p>Project Period: February 2006 to February 2012 to use remaining funding</p> <p>Budget: R1.2 million</p> <p>Project Objective:</p> <p>To build management and delivery capacity amongst women managers for improved effective and efficient delivery of government services to citizens.</p>	<ul style="list-style-type: none"> ▪ Project closure report was submitted to the donor and a final amount of 3 635 Euro not utilised is to be surrendered back to the donor during the 2013/14 financial year.

Country/Donor	Programme and Objectives	Progress/Status of the Project 2012/13
German International Cooperation (GIZ)	<p>Project title: Public Sector Reform Programme (PSRP) Monitoring and Evaluation (M&E)</p> <p>Project period: April 2005 to December 2011.</p> <p>Budget: Grant €291,667</p> <p>Project objective:</p> <p>To strengthen the capacities of the public service of South Africa to monitor and evaluate its performance against set targets.</p>	Project closure report was submitted to the donor and an amount of R71 000 not utilised was surrendered back to the donor;
German International Cooperation (GIZ)	<p>Project title: Development of Training of Trainers</p> <p>Project period: April 2011 to March 2013</p> <p>In-kind commitment: R 621 082,50</p> <p>Project objective:</p> <p>Development of a Training of Trainers course for the Public Service.</p>	<p>Trainer Capacity Development Programme (TCDP) often referred to as the Lead Trainer Development Programme. Draft trainer strategy submitted and shared with work streams (Trainer Categories; Generic competencies/profiles for trainers; Process to recruit, select and assess trainers with the aim to have a quality management system for the area Training Provider Management.)</p> <p>Training of Trainers Course was developed and accredited.</p>
German International Cooperation (GIZ)	<p>Project title: Investigation into the induction processes in the South African Public Service</p> <p>Project period: 01 August 2012 – 31 March 2013</p> <p>In-kind commitment: R501 400</p> <p>Project objective:</p> <ul style="list-style-type: none"> ▪ To study the policy imperatives regarding the induction process. ▪ To obtain the views and perceptions of Public Servants on the PALAMA Public Service Induction Programme (PSIP) and the broader induction process; and provide useful policy guidelines for the further development of induction and reorientation processes within the Public Service. 	<p>The research report was produced.</p> <p>The project ended on 31 March 2013.</p>



Country/Donor	Programme and Objectives	Progress/Status of the Project 2012/13
German International Cooperation (GIZ)	<p>Project title: E-Learning and Lead Trainer Programme</p> <p>Project period: April 2011 to March 2012</p> <p>In-kind commitment: R800 000</p> <p>Project objective: Development of an e-Learning Framework.</p>	<p>Methods of e-Learning and Blended Learning are utilised by PALAMA in order to provide training for a larger number of public servants. The PSI for Levels 6-12 was revised and finalised in collaboration with subject matter experts and facilitators.</p> <p>A monitoring and evaluation tool was developed specifically for e-Learning. This tool forms part of an e-Learning monitoring and evaluation plan.</p> <p>The customisation of Moodle for the development of a Learner Management platform is planned for the new budget cycle.</p> <p>PALAMA has further developed its Training Management System into the direction of an integrated solution. (The development of an ITMS by PALAMA was initiated).</p> <p>Tri-lateral Co-operation which further MDIs from selected sub-Saharan African countries to apply modern training methods as well as instruments of Quality Management.</p>

5.1.5 Trading Entities and Public Entities

The department operates a Trading Account for its training operations.

General review of state of affairs for the PALAMA Training Trading Account

The Department submits separate financial statements for the PALAMA Training Trading Account (TTA), a trading entity established in terms of the Public Finance Management Act (PFMA), Act No. 1 of 1999, as amended. The statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice (SA GAAP).

To achieve full compliance with accrual accounting requirements, the prescribed financial accounting system of the trading entity is supplemented by additional manual procedures.

Total revenue (including the transfer of funds from the Vote appropriation) increased by R33.2 million from R147,4 million (2011/12) to R180,6 million (2012/13), an increase of 22.5%. Income from course fees increased by 30,7%, from R98,3 million (2011/12) to R128,5 million (2012/13). Transfer funds from Vote to Trade increased by R3,0 million; it was R49,0 million in 2011/12 and R52,0 million in 2012/13.

In the financial year 2007/08, R28 million was ring-fenced as part of the transfer funds from the Vote to use for the Massive Induction Programme (the programme is currently referred to as PSI). The costs incurred for the current financial year is R1,3 million, whereas R2,3 million was spent in the 2011/12 financial year.

Total expenditure in the TTA increased by R23, 6 million from R136,4 million (2011/12) to R160,0 million in (2012/13), representing an increase of 17,3%. The increase is mainly attributable to the following:

- Operating expenses increased from R70, 8 million in 2011/12 to R91, 3 million in 2012/13. This is mainly due to costs relating to training.
- Compensation of employees increased by 4,7% from R53, 1 million in 2011/12 to R55, 6 million in 2012/13. This is due to performance awards relating to the 2011/12 being paid in the year under review.

The TTA closed the year with a surplus of R17, 0 million in 2011/12 and the closing status in 2012/13 is a surplus of R26, 8 million.

5.1.6 Organisations to whom Transfer Payments have been made

Vote 12(a) makes transfer payments to the Training Trading Account (TTA) as an augmentation of this account. The transfer of funds from Vote to the TTA in 2012/13 amounts to R52, 0 million and represents an increase compared to R49, 0 million transferred in 2011/12.

5.1.7 Public Private Partnerships (PPP)

PALAMA did not enter into any PPP contracts during the 2012/13 financial year.

5.1.8 Corporate Governance Arrangements

This reporting section covers the different elements of the governance framework for PALAMA.

Risk management

Overall, the risk management approach entails a combined effort by PALAMA management, Risk Management Committee, Internal Audit, Audit Committee and PALAMA staff at large, in identifying strategic and operational risks that could impede organisational performance. These are risks that could impact negatively on PALAMA's image and reputation and increase its vulnerability to fraud and corruption activities.

During the period under review, PALAMA re-assessed and updated its Strategic Risk Register, aligning it to the 2012/13 annual performance plan of the Academy. Annually, the Risk Management Committee reviews the Enterprise Risk Management framework, sets priorities for Risk Management Implementation (Risk Management Plan) and reviews the Risk Committee Charter. The current composition of the Risk Management Committee is by official appointments made by the Accounting Officer from the PALAMA management team and an additional member from the Audit Committee. In addition to these formally appointed members, are ad-hoc standing invitees, selected from management, based on the Risk Management focus areas for the year.

The Risk Management Committee reports to the Audit Committee on risk findings and activities relating to the implementation of the Risk Management Plan. The Chairperson of the Risk Management Committee is also an ordinary member of the Audit Committee. The Risk Management Committee held three formal meetings and one workshop session during this financial year.

Internal audit

PALAMA outsourced its internal audit function to Price Waterhouse Coopers (PWC); with the aim to gradually building internal audit capacity. In this regard, an internal audit position is in the process of being filled.



The Audit Committee approved the Internal Audit Operational Plan for the 2012/13 financial year. The Plan was fully implemented with eight Internal Audit assignments for the year. These included follow-up audits on the management improvement plan, based on the 2011/12 Auditor-General's management letter; training management, learner records management, internal financial controls, human resource performance management, risk management review, performance information management and information technology governance.

The Chief Internal Audit meets with Auditor-General and the Chairperson of the Audit Committee as required, at various points of their audits during the year.

Fraud prevention

PALAMA has a zero-tolerance policy and practice against fraud. A Fraud Policy and Prevention Plan document is available to all PALAMA staff. This covers an action response framework for combating fraud within the organisation, promoting employee vigilance in fraud identification and reporting, and provides guidelines on the handling of fraud-related reports and investigations.

The Fraud Policy and Prevention Plan is reviewed and updated as and when necessary, informed by the National Treasury and minimum anti-corruption capacity requirement guidelines, developed for all Government departments as well as the changing content of PALAMA's business environment.

Audit Committee function

PALAMA's Audit Committee is appointed in terms of Sections 76 and 77 of the Public Finance Management Act, 1999. Its activities are guided by a Charter that sets out its purpose, authority and responsibilities.

The Committee consists of three non-executive members (including the Chairperson). The Director-General of PALAMA is the only executive member of the Audit Committee. The Audit Committee carried out its duties and responsibilities in accordance with both the PFMA and the National Treasury Regulations. Non-executive members of the Audit Committee are compensated in line with annual tariffs determined by the South African Institute of Chartered Accountants (SAICA) in consultation with the Auditor-General.

Four ordinary Audit Committee meetings were held in the course of the financial year under review and one closed meeting with the Auditor-General. The separate report of the Audit Committee provides additional information on the status of PALAMA's Audit Committee programme and its considerations. The Report of the Audit Committee is contained from pages 100 to 101 of this report.

Safety, health and environment issues facing the organisation

The Safety, Health, Environment and Risk Programme was implemented during the financial year. The Director-General is formally appointed as the Chief Safety, Health, Environment and Risk Programme Officer in terms of Section 16.1 of the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993). The relevant delegations required in terms of the Act, were also issued. The programme implemented includes a safety plan, a policy, administrative and operational requirements, relating to the establishment of the Occupational Health and Safety Committee, and emergency procedures relating to evacuation, bomb threats, and any other emergencies. Safety, health and risk audits were conducted during the period under review.

Executive management function

The Executive Management Committee (EMC) consists of all Branch Heads of PALAMA and is chaired by the Director-General. The Director: Legal and Contracts Management and the Director: ICT are members of the Committee in addition to the Branch Heads. The Committee meets on a bi-weekly basis to monitor progress on projects and to discuss other strategic proposals on various issues affecting the Academy. When necessary, the meetings of the Executive Management are replaced by workshops to allow more time to engage on key specific issues.

To promote governance, transparency and integrated oversight within PALAMA, engagements take place between PALAMA's Executive Authority, the Auditor-General and the Audit Committee and all have access to the full complement of PALAMA's Executive Management.

Disclosure processes

The Financial Disclosures Framework, as determined for the Public Service through the DPSA and the National Treasury Guidelines, forms the basis for management of conflicts of interests in PALAMA. Activities in this regard include the completion of financial disclosure forms by all SMS members, applications by all employees who intend to carry out remunerated work inside or outside the public service (RWOPS and RWIPS), completion of gift registers and declaration of interest by all responsible for procurement bid evaluations and adjudications. Appointment processes for all staff members included security vetting and clearance, as well as verification of qualifications.

Further to the above, all employees are expected to abide by the Employee Code of Good Conduct.

Both the King III Report and requirements listed in Sections 38 and 40 of the Public Finance Management Act (PFMA) are key guidelines for PALAMA's management of its compliance and good practice environment.

5.1.9 Discontinued Activities

No major or strategic activities budgeted for, were discontinued during this financial year.

5.1.10 New Activities

No new activities were started or proposed during the year under review.

5.1.11 Asset Management

All official assets were captured in the asset register and the register complies with the minimum requirements as set by National Treasury. In order to strengthen asset management and minimise the risk of loss of assets, quarterly asset verifications are conducted and reports presented to the Executive Management Committee.

5.1.12 Inventories

All inventory opening and closing balances, together with movements for the year, are reflected in the Annexure on Inventory, providing a full disclosure of all stores and inventories. The inventory on hand, based on the weighted average-costing method, was R0.654 million in comparison with R0.226 million as at 31 March 2012. Inventory consists mainly of stationery, printing supplies and maintenance material.



5.1.13 Events After the Reporting Date

PALAMA is not aware of any events subsequent to the year-end which might require adjustment of the stated figures.

5.1.14 Information on Predetermined Objectives

PALAMA adopted a policy on planning, monitoring and reporting, which clearly articulates the processes for the strategic cycle. The Policy is aligned to the requirements as defined in Chapter 5 of the National Treasury instructions (PFMA), guiding preparations of strategic plans, submissions and contents of strategic plans and evaluation of performance as well as subsequent annual guidelines and circulars.

These are all aligned and include:

- Strategic planning
- Budgeting linked to strategic planning processes
- Annual business planning
- A budget in-year monitoring process linked to business plan activity implementation
- Quarterly reporting
- Operational planning
- Performance management, development and monitoring, linked to the strategic plan
- A mid-term performance review and updating of the strategic plan
- Annual reporting.

The reporting process is managed by the Office of the Director-General, supported by the Governance and Strategic Support (now Corporate Management) Branch, with all branch heads reporting in the prescribed formats. Analysis of performance is conducted quarterly and gathering of the evidence portfolio for reported performances takes place in semester intervals.

5.1.15 SCOPA Resolutions

There were no SCOPA resolutions for the 2012/13 financial year.

5.1.16 Prior Modifications to Audit Reports

There were no modifications that gave rise to a qualification, disclaimer, adverse opinion and matters of non-compliance.

5.1.17 Exemptions and Deviations Received from the National Treasury

No exemptions from the PFMA or Treasury Regulations, or deviations from the financial reporting requirements were requested for the current and/or prior financial year.

5.1.18 Interim Financial Statements

The Accounting Officer will provide a brief commentary on the interim financial statements issued by the Department.

5.1.19 Other

The report addresses no other material fact or circumstances that may have an effect on the understanding of the financial state of affairs.

5.1.20 Approval

The Annual Financial Statements of Vote 12(a) and the Annual Financial Statements of the Training Trading Account were approved by the Accounting Officer. These statements are set out on pages 142-151 and 196-199 respectively of this Report.



Prof. L S Mollo

Accounting Officer

Date: 31 July 2013



5.2 REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 12A: PUBLIC ADMINISTRATION LEADERSHIP AND MANAGEMENT ACADEMY (PALAMA VOTE)

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the PALAMA Vote set out on pages 140-188, which comprise the appropriation statement, the statement of financial position as at 31 March 2013, the statement of financial performance and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the *Departmental financial reporting framework* prescribed by the National Treasury 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 enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of

South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion the financial statements present fairly, in all material respects, the financial position of the PALAMA Vote as at 31 March 2013 and its financial performance and cash flows for the year then ended, in accordance with The *Departmental financial reporting framework* prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

ADDITIONAL MATTER

Financial reporting framework

7. The financial reporting framework prescribed by the National Treasury and applied by the department is a compliance framework. The wording of my opinion on a compliance framework should reflect that the financial statements have been prepared in accordance with this framework and not that they “present fairly”. Section 20(2) (a) of the PAA, however, requires me to express an opinion on the fair presentation of the financial statements. The wording of my opinion therefore reflects this requirement. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

8. The supplementary information set out on pages 183 to 188 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 41 to 94 of this Report.
11. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury’s annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.

The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

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

Additional matters

13. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the following matters below.



Achievement of planned targets

14. Of the total number of 34 targets planned for the year, 9 targets were not achieved during the year under review. This represents 26% of total planned targets that were not achieved during the year under review.

For further details on the extent and reasons for deviations between planned targets and actual performance refer to page 38 to 74 of the annual report.

Material adjustments to the annual performance report

15. Material misstatements amounting to 95% (39 of 41 indicators) of performance indicators in the annual performance report were identified during the audit, all of which were corrected by management.
16. Material misstatements amounting to 54% (22 of 41 targets) of performance targets in the annual performance report were identified during the audit, all of which were corrected by management.

Compliance with laws and regulations

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

Strategic planning and performance management

18. The accounting officer did not prepare a strategic plan that is consistent with the period that is covered by the medium-term expenditure framework for approval by the relevant executive authority as required by Treasury Regulation 5.1.1.

Annual financial statements

19. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1) (a) and (b) of the Public Finance Management Act.

Procurement and contract management

20. Services with a transaction value of between R10 000 and R500 000 were procured without obtaining written price quotations as required by Treasury Regulation 16A6.1.
21. Services with a transaction value in excess of R30 000 was procured without a valid tax clearance certificate as required by Treasury Regulation 16A9.1(d).
22. Quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with Treasury regulation 16A8.3.

Expenditure management

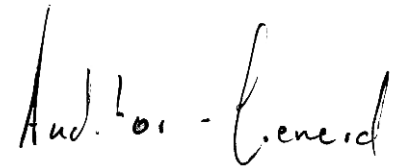
23. The accounting officer did not take effective steps to prevent irregular expenditure, as required by section 38(1) (c) (ii) of the Public Finance Management Act and Treasury Regulation 9.1.1.

Internal control

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

LEADERSHIP

25. Management did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls resulting in material findings as well as material non-compliance.



Pretoria

31 July 2013



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence



5.3 VOTE 12(A) FINANCIAL STATEMENTS

APPROPRIATION STATEMENT for the year ended 31 March 2013

Appropriation per programme									
APPROPRIATION STATEMENT	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration									
Current payment	70,151	(6)	-	70,145	68,889	1,256	98.2%	67,221	61,172
Transfers and subsidies	-	6	-	6	6	-	100.0%	-	-
Payment for capital assets	2,136	-	-	2,136	1,903	233	89.1%	2,034	1,328
Payment for financial assets	-	-	-	-	-	-	-	17	17
2. Public Sector Organisational and Staff Development									
Transfers and subsidies	52,097	-	-	52,097	52,097	-	100.0%	49,049	49,049
TOTAL	124,384	-	-	124,384	122,895	1,489	98.8%	118,321	111,566

Reconciliation with statement of financial performance									
ADD									
Departmental receipts	374							427	
Aid assistance	32,638							20,430	
Actual amounts per statement of financial performance (total revenue)	157,396							139,178	
ADD: Aid assistance					31,509				11,737
Actual amounts per statement of financial performance (total expenditure)					154,404				123,303

APPROPRIATION STATEMENT for the year ended 31 March 2013

Appropriation per economic classification									
2012/13							2011/12		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	39,117	(6,420)	-	32,697	31,440	1,257	96.2%	31,984	28,925
Goods and services	31,035	6,381	-	37,416	37,416	-	100.0%	35,214	32,225
Interest and rent on land	-	33	-	33	33	-	100.0%	23	23
Transfers and subsidies									
Departmental agencies and accounts	52,097	-	-	52,097	52,097	-	100.0%	49,049	49,049
Households	-	6	-	6	6	-	100.0%	-	-
Payments for capital assets									
Machinery and equipment	2,066	-	-	2,066	1,871	195	90.6%	1,968	1,327
Software and other intangible assets	69	-	-	69	32	37	46.4%	66	-
Payments for financial assets								17	17
TOTAL	124,384	-	-	124,384	122,895	1,489	98.8%	118,321	111,566

APPROPRIATION STATEMENT for the year ended 31 March 2013

Detail Per Programme I – Administration									
PROGRAMME PER SUB-PROGRAMME	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
I.1 Management									
Current payment	17,462	(6,563)	-	10,899	9,787	1,112	89.9%	13,302	9,253
Payment for capital assets	-	12	-	12	12	-	100.0%	-	-
I.2 Corporate Services									
Current payment	52,150	(2,103)	-	50,047	49,903	144	99.7%	49,243	47,243
Transfers and subsidies	-	6	-	6	6	-	100.0%	-	-
Payment for capital assets	2,136	(12)	-	2,124	1,891	233	89.0%	2,034	1,328
Payment for financial assets	-	-	-	-	-	-	-	17	17
I.3 Property Management									
Current payment	539	8,660	-	9,199	9,199	-	100.0%	4,676	4,676
TOTAL	72,287	-	-	72,287	70,798	1,489	97.9%	69,272	62,517

APPROPRIATION STATEMENT for the year ended 31 March 2013

Detail Per Programme I – Administration									
ECONOMIC CLASSIFICATION	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	39,117	(6420)		32,697	31,440	1,257	96.2%	31,984	28,925
Goods and services	31,035	6,381		37,416	37,416	-	100.0%	35,214	32,225
Interest and rent on land	-	33		33	33	-	100.0%	23	23
Transfers and subsidies to:									
Households	-	6		6	6	-	100.0%	-	-
Departmental agencies and other accounts									
Payment for capital assets									
Machinery and equipment	2,066			2,066	1,871	195	90.6%	1,968	1,327
Software and other intangible assets	69			69	32	37	46.4%	66	-
Payments for financial assets	-	-		-	-	-	-	17	17
TOTAL	72,287	-	-	72,287	70,798	1,489	97.9%	69,272	62,517

APPROPRIATION STATEMENT for the year ended 31 March 2013

Detail Per Programme 2 – Public Sector Organisational and Staff Development									
PROGRAMME PER SUB PROGRAMME	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Augmentation to the Training Trading Account									
Transfers and subsidies	52,097	-	-	52,097	52,097	-	100.0%	49,049	49,049
TOTAL	52,097	-	-	52,097	52,097	-	100.0%	49,049	49,049

Detail Per Programme 2 – Public Sector Organisational and Staff Development									
ECONOMIC CLASSIFICATION	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies to:									
Departmental agencies & accounts	52,097	-	-	52,097	52,097	-	100.0%	49,049	49,049
TOTAL	52,097	-	-	52,097	52,097	-	100.0%	49,049	49,049

NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2013

1. DETAIL OF TRANSFERS AND SUBSIDIES AS PER APPROPRIATION ACT (AFTER VIREMENT):

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes Annexure (IA-B) to the Annual Financial Statements.

2. DETAIL OF SPECIFICALLY AND EXCLUSIVELY APPROPRIATED AMOUNTS VOTED (AFTER VIREMENT):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. DETAIL ON PAYMENTS FOR FINANCIAL ASSETS

Detail of these transactions per programme can be viewed in note on Payments for financial assets to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after Virement):

4.1 Per Programme

	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Administration	72,287	70,798	1,489	2.06
Public Sector Organisational and Staff Development	52,097	52,097	-	-
Total	124,384	122,895	1,489	1.20

The under-expenditure is a result from compensation of employees on vacant positions.



NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2013

4.2 Per Economic classification

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments				
Compensation of employees	32,697	31,440	1,257	3.84
Goods and services	37,416	37,416	-	-
Interest and rent on land	33	33	-	-
Transfers and subsidies				
Departmental agencies and accounts	52,097	52,097	-	-
Households	6	6	-	-
Payments for capital assets				
Machinery and equipment	2,066	1,871	195	9.44
Software and other intangible assets	69	32	37	53.62
Payments for financial assets				
TOTAL	124,384	122,895	1,489	1.20

STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
REVENUE			
Annual appropriation	1	124,384	118,321
Departmental revenue	2	374	427
Aid assistance	3	32,638	20,430
TOTAL REVENUE		157,396	139,178
EXPENDITURE			
Current expenditure			
Compensation of employees	4	31,440	28,925
Goods and services	5	37,416	32,225
Interest and rent on land	6	33	23
Aid assistance	3	31,509	11,737
TOTAL CURRENT EXPENDITURE		100,398	72,910
Transfers and subsidies			
Transfers and subsidies	8	52,103	49,049
Expenditure for capital assets			
Tangible capital assets		1,871	1,327
Software and other intangible assets		32	-
Total expenditure for capital assets	9	1,903	1,327
Payments for financial assets	7	-	17
TOTAL EXPENDITURE		154,404	123,303
SURPLUS/(DEFICIT) FOR THE YEAR		2,992	15,875
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds - Annual appropriation		1,489	6,755
Departmental revenue and NRF Receipts	14	374	427
Aid assistance	3	1,129	8,693
SURPLUS/(DEFICIT) FOR THE YEAR		2,992	15,875

STATEMENT OF FINANCIAL POSITION as at 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
ASSETS			
Current assets			
Cash and cash equivalents	10	1,495	27,344
Prepayments and advances	11	126	83
Receivables	12	1,094	1,139
Aid assistance receivable	3	378	-
TOTAL ASSETS		3,093	28,566
LIABILITIES			
Current liabilities			
Voted funds to be surrendered to the Revenue Fund	13	1,489	6,755
Departmental revenue to be surrendered to the Revenue Fund	14	8	2
Payables	15	156	3,492
Aid assistance repayable	3	1,440	8,317
Aid assistance unutilised	3	-	10,000
TOTAL LIABILITIES		3,093	28,566

CASH FLOW STATEMENT for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		157,392	139,178
Annual appropriated funds received	1	124,384	118,321
Departmental revenue received	2	370	427
Aid assistance received	3	32,638	20,430
Net (increase)/decrease in working capital		(3,334)	19,620
Surrendered to Revenue Fund		(7,123)	(3,759)
Surrendered to RDF Fund/Donor		(18,384)	(12,710)
Current payments		(100,398)	(72,910)
Payments for financial assets		-	(17)
Transfers and subsidies paid		(52,103)	(49,049)
Net cash flow available from operating activities	16	(23,950)	20,353
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	9	(1,903)	(1,327)
Proceeds from sale of capital assets	2	4	-
Net cash flows from investing activities		(1,899)	(1,327)
Net increase/(decrease) in cash and cash equivalents		(25,849)	19,026
Cash and cash equivalents at beginning of period		27,344	8,318
Cash and cash equivalents at end of period	17	1,495	27,344

ACCOUNTING POLICIES for the year ended 31 March 2013

The Financial Statements were prepared in accordance with the following policies, which were applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended by Act 29 of 1999, and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, 2010 (Act No. 1 of 2010).

I. PRESENTATION OF THE FINANCIAL STATEMENTS

1.1 Basis of preparation

The financial statements were prepared on a modified cash basis of accounting.

Under this basis, the effects of transactions and other events are recognised in the financial records when the resulting cash is received or paid. The "modification" results from the recognition of certain near-cash balances in the financial statements, as well as the revaluation of foreign investments and loans and the recognition of resulting revaluation gains and losses.

In addition, supplementary information is provided in the disclosure notes to the financial statements where it is deemed to be useful to the users of the financial statements.

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

1.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

1.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary, figures included in the prior period financial statements have been reclassified, to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

1.5 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

2. REVENUE

2.1 Appropriated funds

Appropriated funds comprises of departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Any amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised as payable in the statement of financial position.

Any amount due from the National/Provincial Revenue Fund at the end of the financial year is recognised as a receivable in the statement of financial position.

2.2 Departmental revenue

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the National/Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the National/Provincial Revenue Fund at the end of the financial year is recognised as a payable in the statement of financial position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure notes to the annual financial statements.

2.3 Direct Exchequer receipts

All direct exchequer receipts are recognised in the statement of financial performance when the cash is received and is subsequently paid into the National/Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the National/Provincial Revenue Funds at the end of the financial year is recognised as a payable in the statement of financial position.

2.4 Direct Exchequer payments

All direct exchequer payments are recognised in the statement of financial performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

2.5 Aid assistance

Aid assistance is recognised as revenue when received.

All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements.

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the statement of financial performance, when final authorisation for payments is effected on the system (by no later than 31 March of each year).

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the statement of financial position.

Inappropriately expensed amounts using aid assistance and any unutilised amounts are recognised as payables in the statement of financial position.

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as expenditure in the statement of financial performance when final authorisation for payments effected on the system (by no later than 31 March of each year).



Inappropriately expensed amounts using CARA funds are recognised as payables in the statement of financial position. Any unutilised amounts are transferred to retained funds as they are not surrendered to the revenue fund.

3. EXPENDITURE

3.1 Compensation of employees

3.1.1 Salaries and wages

Salaries and wages are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements, at its face value and are not recognised in the statement of financial performance or position.

Employee costs are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time on the project. These payments form part of expenditure for capital assets in the statement of financial performance.

3.1.2 Social contributions

Employer contributions to post employment benefit plans in respect of current employees are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

No provision is made for retirement benefits in the financial statements of the

department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

Employer contributions made by the department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the statement of financial performance.

3.2 Goods and services

Payments made during the year for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5 000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as *goods and services* and not as *rent on land*.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures.

If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.



3.4 *Payments for financial assets*

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements.

All other losses are recognised when authorisation has been granted for the recognition thereof.

3.5 *Transfers and subsidies*

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.6 *Unauthorised expenditure*

When confirmed unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is derecognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding, it is recognised as expenditure in the statement of financial performance on the date stipulated in the Act.

3.7 *Fruitless and wasteful expenditure*

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

3.8 *Irregular expenditure*

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority, it is treated as an asset until it is recovered or written off as irrecoverable.

4. ASSETS

4.1 *Cash and cash equivalents*

Cash and cash equivalents are carried in the statement of financial position at cost.

Bank overdrafts are shown separately on the face of the statement of financial position.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.



4.2 *Other financial assets*

Other financial assets are carried in the statement of financial position at cost.

4.3 *Prepayments and advances*

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and are derecognised, as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

4.4 *Receivables*

Receivables included in the statement of financial position arise from cash payments made, that are recoverable from another party (including departmental employees) and are de-recognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.5 *Investments*

Capitalised investments are shown at cost in the statement of financial position.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

4.6 *Loans*

Loans are recognised in the statement of financial position when the cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the statement of financial position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the disclosure notes.

4.7 *Inventory*

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost or FIFO cost formula.

4.8 *Capital assets*

4.8.1 **Movable assets**

Initial recognition

A capital asset is recorded in the asset register on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register at R1.

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as “expenditure for capital assets” and is capitalised in the asset register of the department, on completion of the project.

Repairs and maintenance is expensed as current “goods and services” in the statement of financial performance.

4.8.2 Immovable assets

Initial recognition

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at RI unless the fair value for the asset has been reliably estimated.

Subsequent recognition

Work-in-progress of a capital nature is recorded in the statement of financial performance as “expenditure for capital assets”. On completion, the total cost of the project is included in the asset register of the department that is accountable for the asset.

Repairs and maintenance is expensed as current “goods and services” in the statement of financial performance.

4.8.3 Intangible assets

Initial recognition

An intangible asset is recorded in the asset register on receipt of the item at cost. Cost of an intangible asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the intangible asset is stated at fair value. Where fair value cannot be determined, the intangible asset is included in the asset register at RI.

All intangible assets acquired prior to 1 April 2002 can be included in the asset register at RI.*

Subsequent expenditure

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as “expenditure for capital asset” and is capitalised in the asset register of the department.

Maintenance is expensed as current “goods and services” in the statement of financial performance.



5. LIABILITIES

5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the statement of financial position.

5.2 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

5.3 Contingent assets

Contingent assets are included in the disclosure notes to the financial statements when it is probable that an inflow of economic benefits will flow to the entity.

5.4 Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.5 Accruals

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.6 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or the statement of financial position.

5.7 Lease commitments

Finance lease

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as a capital expense in the statement of financial performance and are not apportioned between the capital and the interest portions. The total finance lease payment is disclosed in the disclosure notes to the financial statements.

Operating lease

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the disclosure notes to the financial statement.

5.8 Impairment

The department tests for impairment where there is an indication that a receivable loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date.

An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated

as being the difference between the carrying amount and the present value of the expected future cash flows /service potential flowing from the instrument.

5.9 Provisions

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

6. RECEIVABLES FOR DEPARTMENTAL REVENUE

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements. These receivables are written off when identified as irrecoverable and are disclosed separately.

7. NET ASSETS

7.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund, when the underlying asset is disposed and the related funds are received.

7.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

8. RELATED PARTY TRANSACTIONS

Specific information with regards to related party transactions is included in the disclosure notes.

9. KEY MANAGEMENT PERSONNEL

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

10. PUBLIC PRIVATE PARTNERSHIPS (PPP)

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

1. ANNUAL APPROPRIATION

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

	Final Appropriation	Actual Funds Received	2012/13 Funds not requested/not received	2011/12 Appropriation received
	R'000	R'000	R'000	R'000
Administration	72,287	72,287	-	69,272
Public Sector Organisational and Staff Development	52,097	52,097	-	49,049
Total	124,384	124,384	-	118,321

2. DEPARTMENTAL REVENUE

	Note	2012/13 R'000	2011/12 R'000
Sales of goods and services other than capital assets	2.1	27	38
Interest, dividends and rent on land	2.2	31	2
Transactions in financial assets and liabilities	2.3	312	387
Sales of capital assets	2.4	4	-
Total revenue collected		374	427
Less: Own revenue included in appropriation		-	-
Departmental revenue collected		374	427

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
2.1 Sales of goods and services other than capital assets			
Sales of goods and services produced by the department			
Sales by market establishment - parking		5	18
Other sales - commission		22	20
Total		27	38
2.2 Interest, dividends and rent on land			
Interest on debt		31	2
Total		31	2
2.3 Transactions in financial assets and liabilities			
Receipts-Recoverable Revenue of previous year expenditure		312	387
Total		312	387



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
2.4 Sales of capital assets			
Tangible Assets			
Machinery and equipment		4	-
Total		4	-
3. AID ASSISTANCE			
3.1 Aid assistance received in cash from RDP			
Foreign			
Opening Balance		8,317	12,334
Revenue		32,638	20,430
Current expenditure		(31,509)	(11,737)
Surrendered to the RDP fund		(8,384)	(12,710)
Closing Balance		1,062	8,317
3.2 Aid assistance received in cash from other sources			
Opening Balance		10,000	10,000
Surrendered to the donor		(10,000)	-
Closing Balance		-	10,000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
3.3 Total assistance			
Opening Balance		18,317	22,334
Revenue		32,638	20,430
Current expenditure		(31,509)	(11,737)
Surrendered/Transferred to retained funds		(18,384)	(12,710)
Closing Balance		1,062	18,317
3.4 Analysis of balance			
Aid assistance receivable - RDP		(192)	-
Aid assistance receivable – Other sources		(186)	-
Aid assistance repayable - RDP		1,440	8,317
Aid assistance unutilised -Other sources		-	10,000
Closing balance		1,062	18,317



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
4. COMPENSATION OF EMPLOYEES			
<i>4.1 Salaries and Wages</i>			
Basic salary		20,633	18,575
Performance award		480	525
Service Based		176	224
Periodic Payments		-	55
Compensative/circumstantial		203	444
Other non-pensionable allowances		6,429	6,070
Total		27,921	25,893
<i>4.2 Social contributions</i>			
Employer contributions			
Pension		2,473	2,080
Medical		1,042	948
Bargaining council		4	4
Total		3,519	3,032
Total compensation of employees		31,440	28,925
Average number of employees		74	70

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
5. GOODS AND SERVICES			
Administrative fees		655	79
Advertising		110	619
Assets less than R5,000	5.1	337	23
Bursaries (employees)		201	320
Catering		394	414
Communication		893	855
Computer services	5.2	3,398	3,331
Consultants, contractors and outsourced services	5.3	12,366	13,439
Audit cost – external	5.4	4,058	2,623
Inventory	5.5	1,318	1,545
Operating leases		6,141	3,144
Property Payments	5.6	3,154	1,782
Rental and Hiring		10	-
Travel and subsistence	5.7	2,510	2,756
Venues and facilities		413	421
Training and staff development		1,201	611
Other operating expenditure	5.8	257	263
Total		37,416	32,225

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
5.1 Assets less than R5,000			
Tangible assets -Machinery and equipment		297	23
Intangible assets		40	-
Total		337	23
5.2 Computer services			
SITA computer services		2,557	1,945
External computer service providers		841	1,386
Total		3,398	3,331
5.3 Consultants, contractors and agency/outsourced services			
Business and advisory services		360	260
Legal costs		294	79
Contractors		499	127
Agency and support/outsourced services		11,213	12,973
Total		12,366	13,439

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
5.4 Audit cost – External			
Regularity audits **		4,058	2,623
Audit costs centralised in the Vote **			
5.5 Inventory			
Food and food supplies		-	18
Other consumable materials		38	29
Materials and Supply		22	1
Stationery and printing		1,256	1,495
Medical supplies		2	2
Total		1,318	1,545
5.6 Property payments			
Municipal services **		3,004	1,637
Property management fees **		150	145
Total		3,154	1,782
These costs are now centralised in the Vote **			



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
5.7 Travel and subsistence			
Local		2,122	1,776
Foreign		388	980
TOTAL		2,510	2,756
5.8 Other operating expenditure			
Professional bodies, membership and subscription fees		41	4
Resettlement costs		30	44
Gifts		25	-
Other		161	215
TOTAL		257	263
6. INTEREST AND RENT ON LAND			
Interest on finance leases of machinery and equipment		33	23
7. PAYMENTS FOR FINANCIAL ASSETS			
Material losses – Theft		-	17
		-	17

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
8. TRANSFERS AND SUBSIDIES			
Departmental agencies and accounts	Annex 1A	52,097	49,049
Households	Annex 1B	6	-
TOTAL		52,103	49,049
9. EXPENDITURE FOR CAPITAL ASSETS			
Tangible assets - Machinery and equipment	25.2	1,871	1,327
Software and other intangible assets - Computer software	26.3	32	-
Total		1,903	1,327
9.1 Analysis of funds utilised to acquire capital assets – 2011/12			
Voted funds			
Tangible assets - Machinery and equipment	25.2	1,871	1,327
Software and other intangible assets - Computer software	26.3	32	-
TOTAL		1,903	1,327



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
10. CASH AND CASH EQUIVALENTS			
Consolidated Paymaster General Account		1,463	27,312
Cash on hand		32	32
TOTAL		1,495	27,344

11. PREPAYMENTS AND ADVANCES

Travel and subsistence		43	-
Advances paid to other entities	<i>Annexó</i>	83	83
TOTAL		126	83

12. RECEIVABLES

	Note	Less than one year R'000	One to three years R'000	Older than three years R'000	Total 2012/13 R'000	Total 2011/12 R'000
Claims recoverable	12.1	466	329	168	963	915
Staff debt	12.2	104	26	1	131	224
TOTAL		570	355	169	1,094	1,139

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
<i>12.1 Claims recoverable</i>			
National departments	Annex 3	363	724
Provincial departments		318	185
Public entities		282	6
TOTAL		963	915
<i>12.2 Staff debt</i>			
Loans and expenses recovered		119	218
Salary Tax debt		12	6
TOTAL		131	224
13. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND			
Opening balance		6,755	2,926
Transfer from statement of financial performance		1,489	6,755
Paid during the year		(6,755)	(2,926)
CLOSING BALANCE		1,489	6,755

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
14. DEPARTMENTAL REVENUE TO BE SURRENDERED TO THE REVENUE FUND			
Opening balance		2	408
Transfer from Statement of Financial Performance		374	427
Paid during the year		(368)	(833)
CLOSING BALANCE		8	2
15. PAYABLES – CURRENT			
Amounts owing to other entities	Annex4	143	3,351
Clearing Accounts	15.1	13	141
Total		156	3,492
15.1 Clearing Accounts			
Debt receivable income		-	139
Debt receivable interest		-	2
Salary reversal control		13	-
TOTAL		13	141

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
16. NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES			
Net surplus/(deficit) as per Statement of Financial Performance		2,992	15,875
Add back non cash/cash movements not deemed operating activities		(26,942)	4,478
(Increase)/decrease in receivables – current		45	16,168
(Increase)/decrease in prepayments and advances		(43)	86
Increase/(decrease) in payables – current		(3,336)	3,366
Proceeds from sale of capital assets		(4)	-
Expenditure on capital assets		1,903	1,327
Surrenders to RDP Fund/Donor		(18,384)	(12,710)
Surrenders to Revenue Fund		(7,123)	(3,759)
Net cash flow generated by operating activities		(23,950)	20,353



DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
17. RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES			
Consolidated Paymaster General account		1,463	27,312
Cash on hand		32	32
TOTAL		1,495	27,344

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

18. COMMITMENTS

Current expenditure - approved and contracted		591	5,287
Capital expenditure - approved and contracted		-	-
TOTAL COMMITMENTS		591	5,287



DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

19. ACCRUALS

Listed by economic classification

	>30 days	30 Days	Total	Total
Goods and services	260	2,891	3,151	6,345
TOTAL	260	2,891	3,151	6,345

2012/13
R'000

2011/12
R'000

Programme 1 - Administration

3,151**6,345**

Confirmed balances with other government entities

143**3,351**

20. EMPLOYEE BENEFITS

Leave entitlement	1,395	1,104
Service bonus (Thirteenth cheque)	893	657
Capped leave commitments	939	819
Performance awards	491	-
TOTAL	3,718	2,580



DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

21. LEASE COMMITMENTS

21.1 Operating leases expenditure

Not later than 1 year

Later than 1 year and not later than 5 years

Total lease commitments

	2012/13	
	Buildings and other fixed structures R'000	Machinery and equipment R'000
		Total R'000
	-	-
	-	-

Not later than 1 year

Later than 1 year and not later than 5 years

Total lease commitments

	2011/12	
	Buildings and other fixed structures R'000	Machinery and equipment R'000
		Total R'000
	9,206	153
	-	-
	9,206	153
	9,206	9,359



DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

21.2 Finance leases expenditure

	2012/13		Total
	Vehicles R'000	Machinery and equipment R'000	R'000
Not later than 1 year	125	436	561
Later than 1 year and not later than 5 years	146	-	146
Total lease commitments	271	436	707

	2011/12		Total
	Vehicles R'000	Machinery and equipment R'000	R'000
Not later than 1 year		436	436
Later than 1 year and not later than 5 years	-	436	436
Total lease commitments		872	872
Less: Finance Costs		74	74
Total present value of leases liabilities		798	798

This note excludes leases relating to public private partnerships as they are separately disclosed to note 39**.

Total amount should include R94 000 for vehicles 2011/12.



DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
22. IRREGULAR EXPENDITURE			
22.1 Reconciliation of irregular expenditure			
Opening balance		-	-
Add: Irregular expenditure – relating to prior year		-	-
Add: Irregular expenditure – relating to current year		199	67
Less: Amounts condoned		(132)	(67)
Irregular expenditure awaiting condonation		67	-

Details of irregular expenditure condoned

Incident -

- A tax clearance certificate used for the acquisition of service had expired
- Acquisition of service without following the correct procurement process

**condoned by
(condoning
authority)**

DG

33

DG

99

132

Details of irregular expenditure under investigation in the current year

- Acquisition of service without following the correct procurement process

67

Irregular expenditure awaiting condonation**67**

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

23. RELATED PARTY TRANSACTIONS

PALAMA VOTE 12a has a related party relationship with all the public sector entities falling within the portfolio of the Minister for Public Service and Administration. During the period under review, related party transactions were entered into with the following entities.

Entity	Nature of transactions
State Information Technology Agency	Provision of IT communication services
Government Employees Medical Scheme	Provision of medical aid benefits
Department of Public Service & Administration	Transfer payment of voted funds
PALAMA Training Trading Account	Provision of training
PALAMA Training Trading Account	Administration and maintenance of records

23.1 Analysis of transactions with related parties

	2012/13	2011/12
	R'000	R'000
Amount due to related parties at the beginning of the year	301	176
Adjustment	-	7
Value of services rendered by PALAMA	4,037	4,274
Payments for services rendered to PALAMA	(4,117)	(4,156)
TOTAL	221	301



DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

24. KEY MANAGEMENT PERSONNEL

	No. of Individuals	2012/13 R'000	2011/12 R'000
Level 15 to 16	2	2,624	2,528
Level 14	4	3,892	2,943
Total		6,516	5,471

25. MOVABLE TANGIBLE CAPITAL ASSETS

25.1 Movement in movable tangible capital assets per asset register for the year ended 31 March 2013

	Opening balance R'000	Current Year Adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	24,998	-	1,735	1,118	25,615
Transport assets	417	-	-	161	256
Computer equipment	17,265	-	850	814	17,301
Furniture and office equipment	6,179	-	561	131	6,609
Other machinery and equipment	1,137	-	324	12	1,449
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	24,998	-	1,735	1,118	25,615

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

25.2 Additions to movable tangible capital assets per asset register for the year ended 31 March 2013

	Cash	Non-cash	Finance lease payments	Total
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	1,804	48	(117)	1,735
Transport Assets	31	-	(31)	-
Computer equipment	807	43	-	850
Furniture and office equipment	561	-	-	561
Other machinery and equipment	405	5	(86)	324
TOTAL	1,804	48	(117)	1,735

25.3 Disposals of movable tangible capital assets per asset register for the year ended 31 March 2013

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	-	1,118	1,118	-
Transport assets	-	161	161	-
Computer equipment	-	814	814	-
Furniture and office equipment	-	131	131	-
Other machinery and equipment	-	12	12	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	1,118	1,118	-

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

25.4 Movement in movable tangible capital assets per asset register for the year ended 31 March 2012

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	23,738	1,260	-	24,998
Transport assets	417	-	-	417
Computer equipment	16,045	1,220	-	17,265
Furniture and office equipment	6,145	34	-	6,179
Other machinery and equipment	1,131	6	-	1,137
TOTAL MOVABLE TANGIBLE ASSETS	23,738	1,260	-	24,998

25.5 Minor assets of the department at 31 March 2013

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Opening balance	1,268	7,934	9,202
Current year adjustments to prior year balances			
Additions	45	305	350
Disposals	343	309	652
TOTAL MINOR ASSETS	970	7,930	8,900

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

25.6 Minor assets of the department as at 31 March 2012

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	1,268	7,902	9,170
Current year adjustments to prior year balances	-	10	10
Additions	-	22	22
Disposals	-	-	-
TOTAL MINOR ASSETS	1,268	7,934	9,202

26. INTANGIBLE CAPITAL ASSETS

26.1 Movement in intangible capital assets per asset register for the year ended 31 March 2013

	Opening balance R'000	Current adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
Computer software	1,816	-	52	862	1,006
TOTAL MOVABLE TANGIBLE ASSETS	1,816	-	52	862	1,006



DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

26.2 Movement in intangible capital assets per asset register for the year ended 31 March 2012

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Computer software	1,816	-	-	1,816
TOTAL INTANGIBLE CAPITAL ASSETS	1,816	-	-	1,816

26.3 Additions to Intangible Capital Assets per Asset Register for the Year Ended 31 March 2013

	Cash	Non-Cash	Total
	R'000	R'000	R'000
Computer software	32	20	52
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	32	20	52

26.4 Disposals of intangible capital assets per asset register for the year ended 31 March 2013

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
Computer software	-	862	862	-
TOTAL DISPOSAL OF INTANGIBLE CAPITAL ASSETS	-	862	862	-



ANNEXURES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

ANNEXURE 1A

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/AGENCY/ ACCOUNT	Transfer allocation				Transfer		2011/12
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
PALAMA Training Trading Account	52,097	-	-	52,097	52,097	100%	49,049
Total	52,097	-	-	52,097	52,097	100%	49,049

ANNEXURE 1B

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	Transfer allocation				Expenditure		2011/12
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Social benefits – leave gratuity	6	-	-	6	6	100%	-
Total	6	-	-	6	6	100%	-



ANNEXURES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

ANNEXURE 1C

STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED

Name of donor	Purpose	Opening Balance	Surrendered	Revenue	Expenditure	Closing Balance
		R'000	R'000	R'000	R'000	R'000
Received in cash:						
Local Aid Assistance						
African Renaissance Fund	Training and Refurbishment of a Training Facility	10,000	(10,000)	-	-	-
Foreign Aid Assistance						
Canadian International Development Agency (CIDA)	Public Sector Training and Development in Countries Emerging from Conflict	5,667	(5,665)	27,388	(25,993)	1,397
Canadian International Development Agency (CIDA)	Gender Mainstreaming Training	1,439	(1,439)	4,232	(4,418)	(185)
Flemish	Development of Women Managers in Public Service	127	(127)	127	(84)	43
Netherlands	Local Government Capacity Building	130	(130)	130	(130)	0
German International Cooperation (GIZ)	Government Wide Monitoring and Evaluation System	161	(231)	161	(91)	0
German International Cooperation (GIZ)	Public Sector Trainer's Forum 2009	600	(600)	600	(600)	0
The Presidency (Swedish)		193	(193)		(193)	(193)
Total Aid Assistance		18,317	(18,384)	32,638	31,509	1,062
Received In Kind:						
German International Cooperation (GIZ)	Evaluation of the induction process in the SA Public Service	-	-	501	(501)	-
German International Cooperation (GIZ)	Trainer Capacity Development	-	-	621	(621)	-
German International Cooperation (GIZ)	Framework contract	-	-	200	(200)	-
German International Cooperation (GIZ)	PSTF Conference and PSTF Advisory Committee Meetings	-	-	200	(200)	-
German International Cooperation (GIZ)	E-Learning	-	-	600	(600)	-
Total Aid Received in kind		-	-	2,122	(2,122)	-

ANNEXURES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

ANNEXURE 2

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES (continued)

Name of Public Entity	Nature of business	Cost of investment		Net Asset value of Investment		Amounts owing to Entities		Amounts owing by Entities	
		R'000		R'000		R'000		R'000	
		2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
Controlled entities									
PALAMA Training Trading Account	Training	-	-	132,748	101,927	-	3,197	-	-
TOTAL		-	-	132,748	101,927	-	3,197	-	-



ANNEXURES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

ANNEXURE 3

CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
<i>National Departments</i>						
Public Service and Administration	363	-	-	679	363	679
Communications	-	-	-	7	-	7
Water Affairs	-	-	-	18	-	18
Higher Education and Training	-	-	-	4	-	4
Trade and Industry	-	-	-	16	-	16
<i>Provincial Departments</i>						
Education (Eastern Cape)	168	-	-	168	168	168
Transport (Western Cape)	2	-	-	9	2	9
Justice (Western Cape)	-	-	-	8	-	8
Gauteng	148	-	-	-	148	-
	681	-	-	909	681	909
Other Government Entities						
PALAMA Training Trading Account	88	-	-	-	88	-
SARS:VAT Input	-	-	194	6	194	6
	88	-	194	6	282	6
Total	769	-	194	915	963	915

ANNEXURES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

ANNEXURE 4

INTER-GOVERNMENT PAYABLES

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
SA Revenue Services	143	154	-	-	143	154
PALAMA TT	-	3,197	-	-	-	3,197
Subtotal	143	3,351	-	-	143	3,351

ANNEXURE 5

INVENTORY

Inventory	2012/13		2011/12	
	Quantity	R'000	Quantity	R'000
Opening balance	5,642	226	4,479	169
Add/(Less): Adjustments to prior year balance	59	-	-	-
Add: Additions/Purchases - Cash	20,473	3,269	40,287	10,734
Add: Additions - Non-cash	3,276	-	-	-
(Less): Disposals	-	-	-	-
(Less): Issues	(23,468)	(3,769)	(39,122)	(8,132)
Add/(Less): Adjustments	(2)	928	(2)	(2,545)
Closing balance	5,980	654	5,642	226

ANNEXURES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

ANNEXURE 6

INTER-ENTITY ADVANCES PAID

Other institutions	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
ERIS Properties	-	-	83	83	83	83
	-	-	-	-	-	-
Subtotal	-	-	83	83	83	83

5.4 STATEMENT OF RESPONSIBILITY ON THE TRAINING TRADING ACCOUNT (TTA)

PALAMA TRAINING TRADING ACCOUNT (A TRADING ENTITY ESTABLISHED IN TERMS OF THE PFMA, ACT 1 OF 1999 AS AMENDED)

STATEMENT OF RESPONSIBILITY for the year ended 31 March 2013

The Accounting Officer is responsible for the preparation and integrity of the financial statements and related information included in the annual report. In order for the Accounting Officer to discharge these responsibilities, as well as those bestowed on him in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and other applicable legislation, he has developed, and maintains, a system of internal controls.

The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable, but not absolute, assurance that assets are safeguarded and transactions executed and recorded in accordance with generally accepted business practices, as well as the entity's policies and procedures. Monitoring of these controls includes a regular review of their operations by the accounting officer and independent oversight by an Audit Committee.

The Auditor-General, as external auditor, is responsible for reporting on the financial statements.

The financial statements are prepared in accordance with IFRS (the South African Statements of Generally Accepted Accounting Practice) and incorporate disclosure in

line with the accounting philosophy of the entity and the requirements of the PFMA. The financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer believes that the entity will be a going concern in the year ahead due to the government grant and its own generation of revenue. For this reason the accounting officer has adopted the going concern basis in preparing the annual financial statements. Refer to the Accounting Officer's Report of PALAMA Vote 12a for the operations of the PALAMA Training Trading Account.

The Accounting Officer hereby approves the annual financial statements of the PALAMA TTA for the year ended 31 March 2013, as set out on pages 196 to 233 of this Report.



Prof. LS Mollo

Accounting Officer

Date: 31 July 2013



5.5 REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON PUBLIC ADMINISTRATION LEADERSHIP AND MANAGEMENT ACADEMY (PALAMA TTA)

STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2013

Introduction

- I have audited the financial statements of the PALAMA TTA set out on pages 196 to 233 which comprise the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets and the statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

- The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) 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 enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

- My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion the financial statements present fairly, in all material respects, the financial position of the PALAMA TTA as at 31 March 2013 and its financial performance and cash flows for the year then ended, in accordance with South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 41 to 94 of the annual report.
9. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.

The reliability of the information in respect of the selected programme is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

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

Additional matters

11. Although no material findings concerning the usefulness and reliability of the performance information was identified in the annual performance report, I draw attention to the following matters below:

Achievement of planned targets

12. Of the total number of 34 targets planned for the year, 9 targets were not achieved during the year under review. This represents 26% of total planned targets that were not achieved during the year under review.
13. For further details on the extent and reasons for deviations between planned targets and actual performance refer to page 41 to 94 of the annual performance report 2012/13.

Material adjustments to the annual performance report

14. Material misstatements amounting to 95% (39 of 41 indicators) of performance indicators in the annual performance report were identified during the audit, all of which were corrected by management.



15. Material misstatements amounting to 54% (22 of 41 targets) of performance targets in the annual performance report were identified during the audit, all of which were corrected by management.

Compliance with laws and regulations

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

Strategic planning and performance management

17. The accounting officer did not prepare a strategic plan that is consistent with the period that is covered by the medium-term expenditure framework for approval by the relevant executive authority as required by Treasury Regulation 5.1.1.

Annual financial statements, performance and annual reports

18. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1)(a) and (b) of the Public Finance Management Act.

Procurement and contract management

19. Services with a transaction value of R22 256 were procured without obtaining written price quotations from at least three different prospective providers as required by Treasury Regulation 16A6.1.
20. A service provider was appointed for the value of R363 801 to render event management services for the PSTF conference without a valid tax clearance certificate as required by Treasury Regulation 16A9 .1(d).

Expenditure management

21. The accounting officer did not take effective steps to prevent irregular and fruitless and wasteful expenditure, as required by section 38(1) (c) (ii) of the Public Finance Management Act and Treasury Regulation 9.1.1.

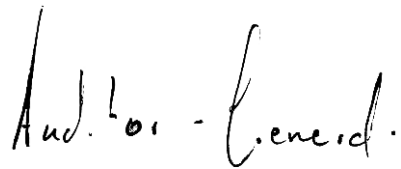
Internal control

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



Leadership

- 23. Management did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls resulting in material findings as well as material non-compliance.



Pretoria

31 July 2013



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence



5.6 TRAINING TRADING ACCOUNT (PALAMA TTA) ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE as at 31 March 2013

	Note	2012/13 R'000	Restated 2011/12 R'000
REVENUE		180,638	147,411
Rendering of services - course fees		128,541	98,362
Operating grant received from PALAMA Vote 12a		52,097	49,049
EXPENDITURE		160,083	136,482
Administrative expenses	6	12,262	12,044
Compensation of employees	7	55,639	53,118
Marketing costs	8	876	420
Amortisation and impairment	9	-	12
Operating expenses	10	91,306	70,888
(DEFICIT) /SURPLUS FROM OPERATIONS	23	20,556	10,930
Interest received	4	6,300	5,198
Other gains and (losses)	5	-	937
(DEFICIT) /SURPLUS FOR THE YEAR		26,856	17,065

The (deficit) /surplus is attributable to the net asset holders of the controlling department – PALAMA Vote 12a.

STATEMENT OF FINANCIAL POSITION as at 31 March 2013

	Note	2012/13 R'000	Restated 2011/12 R'000
ASSETS			
Non-current assets			
Intangible assets	11	13,654	10,589
Current assets			
Cash and bank balances	12	104,229	79,208
Trade and other receivables	13	31,256	34,535
TOTAL ASSETS		149,139	124,332
NET ASSETS AND LIABILITIES			
Net assets			
Accumulated surplus		129,197	102,342
Current liabilities			
Trade and other payables	14	8,235	12,174
Income received in advance	15	2,707	3,472
Employee benefit provisions	16	6,901	4,466
Deferred Revenue	17	2,098	1,878
TOTAL NET ASSETS AND LIABILITIES		149,139	124,332



STATEMENT OF CHANGES IN NET ASSETS as at 31 March 2013

ACCUMULATED SURPLUS

	R'000
Balance as at 31 March 2011	85,277
Restated surplus for the year	17,065
Surplus for the year as previously stated	16,650
Correction of prior period errors	415
Restated Balance as at 31 March 2012	102,342
Surplus for the year	26,856
Balance as at 31 March 2013	129,198

The accumulated surplus is attributable to the net asset holders of the controlling department – PALAMA Vote 12a.

STATEMENT OF CASH-FLOWS as at 31 March 2013

	Note	2012/13 R'000	Restated 2011/12 R'000
Cash flows from operating activities			
Cash receipts from customers		185,433	158,704
Cash paid to suppliers and employees		(160,718)	(163,704)
Cash generated from/(utilised in) operations		24,715	(5,000)
Interest received	4	3,356	2,993
Net cash generated from/(utilised in) operating activities	18	28,071	(2,007)
Cash flows from investing activities			
Payments for intangible assets	11	(3,050)	(2,667)
Net increase/(decrease) in cash and cash equivalents		25,021	(4,674)
Cash and cash equivalents at the beginning of the year		79,208	83,882
Cash and cash equivalents at the end of the year	12	104,229	79,208



NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

1. Accounting policies

1.1 STATEMENT OF COMPLIANCE

The entity prepared its annual financial statements as an individual entity in accordance with International Financial Reporting Standards (IFRS). Section 89 of the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended by Act 29 of 1999, read with Treasury Regulation 19.8.4 and 18.2 requires that we report according to the South-African Standards of Generally Accepted Accounting Practice (SA GAAP), which has since been withdrawn and replaced by the International Financial Reporting Standards.

However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the annual financial statements and to comply with the statutory requirements of the Public Finance Management Act and the Treasury Regulations issued in terms of the Act.

The following are the principle accounting policies of the entity which are, in all material respects, consistent with those applied in the previous year, except as otherwise indicated. The principle policies have been applied for the first time for the year ended 31 March 2003 due to establishment of the entity with effect from 1 April 2002.

1.2 BASIS OF PREPARATION, PRESENTATION CURRENCY AND ROUNDING

The annual financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

All amounts have been presented in the currency of the South African Rand (R), which is also the functional currency of the entity. Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 26.

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

1.3 COMPARATIVE INFORMATION

Prior year comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior year financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements. Where material accounting errors 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.

Amendments to accounting policies are reported as and when deemed necessary, based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

financial statements include fundamental errors, and the treatment of assets financed by external grants.

1.4 REVENUE RECOGNITION

1.4.1 Revenue accruing to the entity

Revenue is measured at the fair value of the consideration received or receivable. Charges for services are determined in accordance with Treasury Regulation 19.5.

1.4.2 Rendering of services

Revenue from the rendering of training services is recognised on the accrual basis over the period of instruction on a straight-line basis.

1.4.3 Transfers and subsidies received

Transfers and subsidies received represent the operating grant received from the controlling department - PALAMA Vote 12a.

1.4.4 Interest revenue

Interest revenue is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

1.4.5 Government grants

Government grants are assistance by government in the form of transfer of resources.

Government grants are not recognised until there is reasonable assurance that the entity will comply with the conditions attached to them and that the grants will be received.

Government grants whose primary condition is that the entity should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to the statement of comprehensive income, on a systematic and rational basis over the useful life of the respective assets.

Other government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity, with no future related costs, are recognised in surplus or deficit in the period in which they become receivable.

1.5 EXPENDITURE

1.5.1 Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the period in which the employee renders the related service.

Social contributions include the entity's contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the period in which the employee renders the related service.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

1.5.2 Short term employee benefits

Short-term employee benefits comprise of leave entitlements, thirteenth cheques and performance bonuses. The cost of short-term employee benefits is recognised in the period in which the employee renders the related service.

Short-term employee benefits that give rise to a present legal or constructive obligation are recognised and provided for at reporting date, based on current salary rates.

1.5.3 Long-term employee benefits

1.5.3.1 Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The entity recognises termination benefits, when it is demonstrably committed to either terminate the employment of the current employees according to a detailed formal plan, without the possibility of withdrawal or to provide termination benefits as a result of an offer made, to encourage voluntary redundancy. If the benefit falls due more than 12 months after reporting the date, they are discounted to present value.

1.5.3.2 Post-employment retirement benefits

The entity, through its controlling department - PALAMA Vote 12a, provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are charged to the statement of comprehensive income in the year to which they relate.

No provision is made for retirement benefits in the annual financial statements of the entity. Any potential liabilities are disclosed in the annual financial statements of the National Revenue Fund.

The entity does not contribute to the medical aid of retired employees.

1.6 Financial assets

All financial assets are recognised and derecognised on trade date when the purchase or sale of a financial asset is under a contract, whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL), which are initially measured at fair value.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

1.6.1 Classification of financial assets

For the purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer (under IAS 32 Financial Instruments: Presentation) except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

1.6.2 Financial assets at amortised cost and the effective interest method

The entity's principle financial assets are 'trade and other receivables' and 'cash and cash equivalents'. These financial assets are classified as 'loans and receivables' and designated at amortised cost.

Loans and receivables are measured initially at fair value plus transaction costs. Where the effect on the fair value at initial recognition of any extended payment terms is material, an adjustment to the fair value is made to recognise the time-value of money.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method less any impairment (see 1.8.3 below), with interest revenue recognised on an effective yield basis in investment revenue (note 4).

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

1.6.3 Financial assets at fair value through profit or loss

No financial assets are designated at fair value through profit or loss (surplus or deficit).

1.6.4 Financial assets at fair value through other comprehensive income

No financial assets are designated at fair value through other comprehensive income.

1.6.5 Impairment of financial assets at amortised cost

Financial assets that are measured at amortised cost, including finance lease receivables, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- It becomes probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

Objective evidence of impairment for a portfolio of receivables could include the entity's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 2 years, as well as observable budget constraints that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, reflecting the impact of collateral and guarantees, discounted at the financial asset's original effective interest rate.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in surplus or deficit.

1.6.6 De-recognition of financial assets

The entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expires, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On de-recognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that was reported in net assets is included in net surplus or deficit for the period.

1.7 Financial liabilities and equity instruments

1.7.1 Classification of financial liabilities and equity

The entity operates as a trading entity under the administration of PALAMA Vote 12a. Upon closure of the entity, all the assets and liabilities shall be transferred to the controlling department and taken on record. Consequently, debt instruments are classified as financial liabilities.

All of the entity's financial liabilities are classified as 'other financial liabilities'.

1.7.2 Financial guarantee contract liabilities

Financial guarantee contracts represent contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when they are contractually due. The entity provides guarantees to commercial banks on behalf of employees' housing loans.

Financial guarantee contract liabilities are initially measured at their fair values and are subsequently measured at the higher of the amount of the obligation under the contract (as determined in accordance with IAS37: 'Provisions, Contingent Liabilities and Contingent Assets') or the amount initially recognised.

1.7.3 Other financial liabilities

The entity's principal financial liability is 'trade and other payables'.

Other financial liabilities are initially measured at fair value, net of transaction costs. Where the effect on the fair value at initial recognition of any extended payment terms is material an adjustment to the fair value is made to recognise the time-value of money.

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

1.7.4 De-recognition of financial liabilities

The entity de-recognises a financial liability or a part thereof when, and only when, the entity's obligations are discharged, cancelled, or they expire.

On de-recognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it, is included in surplus or deficit for the period.

1.8 Assets

1.8.1 Property, plant and equipment

The entity does not recognise assets relating to items of property, plant and equipment as the controlling department, PALAMA Vote 12a, holds all items of property, plant and equipment. The entity utilises property, plant and equipment belonging to the controlling department free of charge as part of the controlling department's administration function.

1.8.2 Intangible assets

1.8.2.1 Intangible assets acquired separately

Intangible assets acquired externally are initially recognised at historical cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Training Courses and Training Management System with effect from 1 April 2011, were determined to have indefinite useful lives and are not amortised into results of operations, but instead are reviewed for impairment annually or more often if impairment indicators arise.

1.8.2.2 Internally generated intangible assets

Expenditure on research and development activities is recognised as an expense in the period in which it is incurred.

1.8.3 Impairment of assets

At the end of each reporting period, the entity reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets may have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time-value of money and the risks specific to the asset, for which the estimates of future cash flows have not been adjusted.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in surplus or deficit in those expense categories, consistent with the function of the impaired asset.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit.

1.8.4 Inventory

The controlling department - PALAMA Vote 12a, holds inventory.

1.9 Liabilities

1.9.1 Borrowings

In terms of section 19.2.3 of the Treasury Regulations the entity may not borrow for bridging purposes and may not run an overdraft on its banking account.

1.9.2 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The entity may generally not enter into finance leases as it is prohibited by Treasury Regulation 13.2.4. However, National Treasury permits entities to enter into finance leases under certain conditions as outlined in the Office of the Accountant-General practice note 5 of 2006/07 'Finance Lease Transactions' despite the provisions of Treasury Regulation 13.2.4.

1.9.2.1 The entity as lessee

Assets held under finance leases are initially recognised as assets of the entity at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Assets held under finance leases are depreciated over the estimated useful life of the asset on the same basis as owned assets or, where shorter, lease term of the relevant lease.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately against surplus or deficit. Contingent rentals arising under finance leases are recognised as an expense in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the periods in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In terms of Treasury Regulation 13.2.5 the Accounting Officer of the entity may not enter into finance lease transactions, except for agreements concluded under Public-

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

Private-Partnerships as contemplated in Treasury Regulation 1.6 and Practice Note 5 of 2007/08: "Finance Lease Transactions" issued by the Office of the Accountant-General.

The controlling department – PALAMA Vote 12a – enters into both finance and operating lease agreements on behalf of the entity as part of its administration function. The proportionate monthly lease payments relating to the entity are recovered by the controlling department in terms of the expenditure allocation policy. These lease payments are recognised as an expense in the periods in which they are incurred.

1.9.3 Accruals

Accruals represent goods or services that have been received, but where no invoice has been received from the supplier at the reporting date, or where an invoice has been received but payment has not been made.

Accruals are recognised in the statement of financial position as a liability under "Trade and other payables" and as expenditure in the statement of financial performance in the period to which they relate.

1.9.4 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities are not recognised, but only disclosed in the notes to the annual financial statements.

1.9.5 Commitments

Commitments represent goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date. Commitments are not

recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance, but are disclosed in the notes to the annual financial statements.

Lease commitments represent amounts owing from the reporting date to the end of the lease contract. These commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance, but are disclosed in the notes to the annual financial statements where the entity enters into lease agreements.

1.9.6 Provisions

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the entity will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle an obligation are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The movement related to any provision during the reporting period is recognised in surplus or deficit.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

1.10 Related party transactions

The entity has a related party relationship with its controlling national department, PALAMA Vote 12a, and all public sector entities reporting to the Minister for Public Service and Administration.

Staff costs and certain items of goods and services of the entity are recorded in the accounting records of PALAMA Vote 12a and then transferred to the accounting records of the entity *via* journal entries.

The entity renders training services to the officials of the related parties. These training intervention transactions are on the terms approved by National Treasury. Refer note 23.

1.11 Taxation

The entity is exempt from paying income tax in terms of section 10(1) (a) of The Income Tax Act, 1962 (Act No. 58 of 1962) as amended.

The entity is exempt from paying VAT (Value Added Tax) in terms of the Value-Added Tax Act, 1991 (Act No. 89 of 1991) as amended.

1.12 Government assistance

Government assistance is action by government designed to provide an economic benefit specific to the entity qualifying under certain criteria. Government assistance is not recognised in the annual financial statements, but the nature, extent and duration of the assistance provided is disclosed in note 3.1.

1.13 Adoption of new and revised International Financial Reporting Standards (IFRSs)

1.13.1 Standards and Interpretations affecting amounts reported in the current period

The following revised Standards and Interpretations have been adopted in the current financial period and have affected the presentation and disclosure reported in these financial statements.

Standard	Details of amendment	Issue Date	Effective date
IFRS 13 Fair Value Measurement	The IFRS defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements.	May 2011	January 2013

1.13.2 Standards and Interpretations in issue not yet adopted

The entity has not applied the following new or revised accounting Standards or Interpretations that have been issued but is not yet effective.

The entity plans to implement the Standards and/or Interpretations in the future financial reporting period in accordance with its effective date. The impact of implementing these standards and/or interpretations is expected to be immaterial in the context of the entity's operations.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

Standard	Details of amendment	Issue Date	Effective date
IFRS 9 Financial Instruments	Classification, measurement and de-recognition of financial assets and liabilities	October 2010	January 2015

2. ENTITY INFORMATION

The PALAMA Training Trading Account (the entity) operates as a trading entity within the Republic of South Africa under the administration of PALAMA Vote 12a, with the objective to recover the cost of providing organisational and staff development interventions (training services) to the public sector.

The entity operated from its main office at the ZK Matthews Building, 70 Meintjes Street, Sunnyside, Pretoria, for the year under review.

3. PUBLIC SECTOR PRACTICES AND POLICIES

3.1 Government assistance

PALAMA Vote 12a, as controlling department, administers the entity and facilitates the overall management of PALAMA (Vote 12a and the entity).

Programme 1: Administration provides the policy formulation and management responsibilities of the Director-General and certain members of PALAMA's management. Other functions provided by Programme 1 includes the rendering of centralised administrative, legal, financial, supply chain management, human resource management, information communication technology services and infrastructure and the exercise of internal control.

Programme 2: Public Sector Organisational and Staff Development provides for the augmentation of the operating activities of the entity.

In line with prevailing government practices the entity is not required to pay for the employee cost, goods and services, and cost associated with capital assets for the services rendered by PALAMA Vote 12a. The cost of these services rendered by PALAMA Vote 12a to the entity in 2012/13 amounted to R52 097 000 (2011/12: R49 049,000) on the cash basis of accounting and is expected to be provided annually until closure of the entity.

In terms of the PALAMA expenditure allocation policy, all expenditure incurred in connection with the rendering of organisational and staff development services on a cost recovery basis, is expensed in the entity. All shared expenditure is allocated on a 38%/62% basis between PALAMA Vote 12a and the entity respectively.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

3.2 Declaration of surplus funds

In terms of paragraph 19.7.1 of the Treasury Regulations, the Accounting Officer of the entity must, at the end of the financial year and after the books have been closed, declare any surplus to National Treasury. The latter may apply such surplus to reduce any proposed allocation to the trading entity or require that all or part of the surplus for the year, be deposited into the National Revenue Fund. In the event of the entity incurring a deficit, the Accounting Officer of PALAMA Vote 12a must disclose the financial impact of such a deficit on the department in its annual report.

	2012/13 R'000	Restated 2011/12 R'000
Cash and bank balances	104,229	79,208
Less: Trade and other payables	(8,235)	(12,174)
Less: Income received in advance	(2,707)	(3,472)
Less: PSI Ring-fenced surplus	(7,493)	(8,805)
Surplus funds on the cash basis of accounting	85,794	54,758

4. INTEREST RECEIVED

Interest received on financial assets measured at amortised cost:

Trade receivables	2,944	2,205
Bank deposits	3,356	2,993
Total	6,300	5,198

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

	2012/13 R'000	Restated 2011/12 R'000
5. OTHER GAINS AND LOSSES		
Gains on fair value of intangible assets acquired at nil cost from donor	-	937
6. ADMINISTRATIVE EXPENSES		
Property rental payments **	6,747	8,874
Equipment rental payment**	3,588	998
Communication cost	1,578	1,805
Consumables, materials and supplies	22	189
General administrative expenses	327	178
Total	12,262	12,044

Items previously consolidated under item name "leases" now correctly itemised **



NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

	2012/13 R'000	Restated 2011/12 R'000
7. COMPENSATION OF EMPLOYEES		
<i>7.1 Salaries and wages</i>		
Basic salary	28,677	27,110
Other non-pensionable allowances	7,342	7,798
Performance award	2,349	788
Leave payments	6	89
Overtime pay	-	41
Key management emoluments	22.3	11,874
Total	50,224	47,699
<i>7.2 Social contributions</i>		
Pension	3,735	3,157
Medical	1,290	1,302
Official unions and associations	6	6
Leave pay provision expense	385	953
Total	5,416	5,418
Total compensation	55,639	53,118

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

	2012/13 R'000	Restated 2011/12 R'000
7.3 Analysis of compensation paid		
Total for branch heads	11,850	11,874
Total for other employees	43,789	41,244
Total compensation	55,639	53,118
Average number of employees	112	113
8. MARKETING COST		
Advertising: Tenders	-	2
Gifts and promotional items	679	187
Marketing	197	231
Total	876	420
9. AMORTISATION AND IMPAIRMENT		
Impairment of course development cost	-	12
	-	12

Training courses and training management system with effect from 1 April 2011 were determined to have indefinite useful lives and therefore not amortised.

The training courses are based on legislations and are expected to be offered for an indefinite period, with minor modification to the curriculum. The training management system is a custom made design system used to manage records related to training. PALAMA has the intention of utilising the system for an indefinite period.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

	2012/13 R'000	Restated 2011/12 R'000
10. OPERATING EXPENSES		
Training and consultancy services	56,333	45,512
Venues and facilities	11,414	8,158
Travel and subsistence	17,428	11,027
Movement in the allowance for doubtful debt	1,427	996
Stationery and printing	4,372	3,442
Staff training and development	45	698
Catering – departmental activities	284	1,055
Thefts and losses – Debt Written off	3	-
Total	91,306	70,888

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

2012/13
R'000

Restated
2011/12
R'000

II. INTANGIBLE ASSETS

Cost	15,618	12,553
Accumulated amortisation and impairment	(1,964)	(1,964)
Carrying amount	13,654	10,589

Cost	Training Courses R'000	TMS R'000	Total R'000
Balance at 31 March 2011	5,933	2,155	8,088
Additions	4,493	-	4,493
Disposal	(28)	-	(28)
Balance at 31 March 2012	10,398	2,155	12,553
Additions*	2,967	98	3,065
Disposal	-	-	-
Balance at 31 March 2013	13,365	2,253	15,618
Training courses: capitalised course development.			

TMS: capitalised Training Management System development. *Included in the additions is R14,979 (2011/12:R1,8million) non-cash acquisition

Accumulated amortisation and impairment	Training Courses R'000	TMS R'000	Total R'000
Balance at 31 March 2011	1,090	890	1,980
Impairment loss recognised	12	-	12
Disposal	(28)	-	(28)
Balance at 31 March 2012	1,074	890	1,964
Impairment loss recognised	-	-	-
Disposal	-	-	-
Balance at 31 March 2013	1,074	890	1,964

The amortisation expense and impairment loss recognised, are included in the line item 'amortisation and impairment' in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

The following useful lives are used in the calculation of amortisation:

	2012/13	2011/12
Capitalised course development	Indefinite	Indefinite
Capitalised training management system	Indefinite	Indefinite

2012/13 R'000	Restated 2011/12 R'000
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12. CASH AND CASH EQUIVALENTS

Bank balances	104,229	79,208
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For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows agrees with the related items in the statement of financial position.

13. TRADE AND OTHER RECEIVABLES

	Less than one year R'000	One to two years R'000	More than two years R'000	Total 2012/13 R'000	Total 2011/12 R'000
Trade receivables	28,213	3,027	12,902	44,142	38,965
Allowance for doubtful debts	-	-	(12,902)	(12,902)	(11,475)
Net trade receivables	28,213	3,027	-	31,240	27,490
Other receivables	16	-	-	16	7,045
Total	28,229	3,027	-	31,256	34,535

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

13.1 Trade Receivables

Trade receivables disclosed above are classified as financial assets measured at amortised cost. All the amounts are classified as current assets. The fair value of trade and other receivables are disclosed in note 13.3.

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

All invoices issued to customers must be settled within 30 days from date of receipt of the invoice as per Treasury Regulation 8.2.3. However, due to delayed payment from customers the entity is assumed to provide extended credit terms of 92 days (2011/12: 103 days) to customers affecting the fair value of debt raised. Implicit interest is charged in accordance with Section 80 of the PFMA at the rates specified. As at reporting date the rates specified were 8.5% (2011/12: 8.5%) per annum on the outstanding balance.

The entity recognised an allowance for doubtful debts of 100% against all receivables over 2 years because historical experience has been that receivables that are past due beyond 2 years are not recoverable.

The entity's legislative mandate in terms of the Public Service Act (Act 103 of 1994, as amended) is to provide or oversee the provision of training on a meaningful scale in all three spheres of government.

Consequently, the entity does not assess the credit quality of customers and does not set any credit limits per customer.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period, but against which the entity has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

A review of the payment history of PALAMA's customers, based on transaction data captured in the debtor administration system, revealed an average collection period of 92 days (2011/12: 103 days) from course date. Customers are expected to settle invoices within 60 days from date of issue of the invoice.

The entity does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the entity to the counterparty.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

13.2 Trade receivables past due, not impaired – 2012/13

	61 to 365 days R'000	366 to 730 days R'000	TOTAL 2012/13 R'000
Nominal Value	17,954	3,069	21,023
Fair Value Adjustment	(89)	-	(89)
Total	17,865	3,069	20,934

Trade receivables past due, not impaired – 2011/12

	61 to 365 days R'000	366 to 730 days R'000	TOTAL 2011/12 R'000
Nominal Value	10,961	3,309	14,270
Fair Value Adjustment	(170)	-	(170)
Total	10,791	3,309	14,100

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

13.3 Fair value of trade receivables

	2012/13 R'000	2011/12 R'000
Balance at cost price	44,399	39,371
Less: fair value adjustment	(257)	(406)
Balance at fair value	44,142	38,965

The fair value of trade receivables is based on cash flows discounted using the rate prescribed by the Minister of Finance in terms of section 80 of the PFMA of 8.5% (2011/12: 8.5%).

13.4 Movement in the allowance for doubtful debt

Balance at 1 April	11,475	10,479
Impairment losses recognised on receivables	1,427	996
Amounts written off during the year as uncollectible	-	-
Balance at 31 March	12,902	11,475

In determining the recoverability of a trade receivable, the entity considers the movement in debt outstanding for more than 2 years from the date that the service is rendered to the end of the reporting period. The concentration of credit risk is limited due to the large and unrelated customer base and the funding provided by the National Revenue Fund to customers.

The additional allowance for doubtful debt is included in 'operating expenses' in the statement of financial position.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

14. TRADE AND OTHER PAYABLES

	30 Days R'000	30+ days R'000	Total 2012/13 R'000	Total 2011/12 R'000
Trade creditors	1,128	724	1,852	688
Accruals	5,703	592	6,295	11,485
Amount owed to PALAMA Vote 12a	88		88	
Total	6,919	1,316	8,235	12,174

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

The entity must settle all purchases within 30 days from date of receipt of the invoice as required by Treasury Regulation 8.2.3. No interest is charged on payables. The entity has financial risk management policies in place to ensure that all payables are paid within the agreed terms.

The carrying amount of trade payables approximates their amortised cost due to their short-term maturity.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

	2012/13 R'000	Restated 2011/12 R'000
Prepayments - Debtors	746	1,192
Prepayments - Others	1,961	2,280
Total	2,707	3,472

16. EMPLOYEE BENEFIT PROVISIONS

	Leave entitlement R'000	13 th cheque R'000	Performance bonus R'000	Total R'000	Total R'000
Opening balance	3,226	1,240	-	4,466	3,461
Additional provision	1,382	1,515	1,776	4,673	2,981
Provision utilized	(997)	(1,242)	-	(2,239)	(1,976)
Closing balance	3,611	1,513	1,776	6,900	4,466

The provision for employee benefits represents annual leave and capped leave entitlements accrued 13th cheque and performance incentives.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000
Government Grants	1,623	1,403
Government grants non-monetary at fair value	475	475
Total	2,098	1,878

The deferred revenue arises as a result of fair value of intangible assets (training courses) received at no cost and monetary grant received for the development of training courses, both from National Treasury. The revenue will be recognised in the profit or loss when the intangible asset is derecognised.

18. NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES

(Deficit) /Surplus for the year	26,856	17,065
Non-cash movements and working capital changes	1,214	(19,072)
Allowance for doubtful debt	1,427	996
Other gains	-	(937)
Increase in provisions	2,435	1,005
Amortisation and impairment charges	-	12
Decrease /(increase) in receivables	1,851	330
Increase /(Decrease) in payables	(4,499)	(20,478)
Net cash inflows /(outflows) from operating activities	28,071	(2,007)
Interest income	(3,356)	(2,993)
Cash generated from /(utilised in) operations	24,715	(5,000)
Cash received on behalf of PALAMA Vote 12a and transferred to PALAMA Vote 12a	-	8,760

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

		2012/13 R'000	2011/12 R'000
19. CONTINGENT LIABILITIES			
Liable to	Nature		
State Attorney	Legal Fees	70	-
Basetsana Consulting	Contractual dispute	-	1,765

The liability relates to legal fees for a labour dispute and will only be confirmed through litigation.

20. COMMITMENTS FOR EXPENDITURE

Current expenditure – approved and contracted

4,659

10,663

The commitments relate mostly to goods and services required for training activities.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

21. LEASE COMMITMENTS

All lease agreements are entered into by the controlling department – PALAMA Vote 12a. Therefore, all lease commitments are presented and disclosed in the financial statements of PALAMA Vote 12a. The lease payments are recovered from the PALAMA TTA in accordance with the expenditure allocation policy.

The controlling department, PALAMA Vote 12a, leases office equipment used by the entity for a period of three years to 31 March 2014. The average lease payment is R 77912 per month (2011/12: R 77912) with no contingent lease payments. The lease agreements do not transfer substantially the risks and rewards associated with ownership of the assets to PALAMA. The lease agreements are not renewable at the end of the lease term and the entity does not have the option to acquire the equipment. No lease agreement imposes any restrictions.

The controlling department also leases office accommodation used by the entity for a period of five years to 31 October 2012. The renewal period is four years and eleven months. The average lease payment is R1,219,169 per month (2011/12: R1,155,495) escalating at 8.5% per year on 31 October. The agreement contains no contingent lease payments. The agreement does not transfer substantially the risks and rewards associated with ownership of the assets to PALAMA. The lease agreement imposes no restrictions.

22. RELATED PARTY TRANSACTIONS

The entity has a related party relationship with all the public sector entities falling within the portfolio of the Minister for Public Service and Administration. In addition, PALAMA Vote 12a administered the entity, including the maintenance of accounting records.

During the period under review, related party transactions for the provision of training, computer services and social contributions were entered into with:

Entity	Nature of transactions
PALAMA Vote 12a	Training
Department of Public Service and Administration	Training
Public Service Commission	Training
State Information Technology Agency (SITA)	Computer Services
Government Employees Medical Scheme	Social Contributions

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

	2012/13 R'000	Restated 2011/12 R'000
22.1 Trading transactions		
Amount due (to)/by related parties on 1 April	1,081	937
Training services rendered	2,544	4,329
Payments made	(3,206)	(4,185)
Amount due (to)/by related parties at 31 March	419	1,081
22.2 Analysis of amounts owed by/to related parties		
Amount due to related parties	-	-
Amount due by related parties:		
PALAMA Vote	221	301
DPSA	122	673
PSC	58	89
PSETA	18	18
Net amount due (to)/by related parties	419	1,081

The entity rendered training services to related parties at the rates approved by the National Treasury in terms of Treasury Regulation 19.5.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense was recognised in the current or prior period for bad or doubtful debts in respect of the amounts owed by related parties.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000
<i>22.3 Compensation of key management personnel</i>		
Paid by the controlling department		
Short-term benefits	6,516	5,471
Paid by the entity		
Short-term benefits	11,850	11,874
Total	18,366	17,345

Key management personnel are appointed in terms of the Public Service Act, Act 103 of 1994 as amended. The remuneration of the key management personnel is determined in accordance with the Senior Management Service remuneration scales issued by the Department of Public Service and Administration on an annual basis. Performance awards are approved by the Accounting Officer with regard to the performance of the individuals.

The key management personnel of the entity includes the following personnel appointed in the controlling department – PALAMA Vote 12a: Accounting Officer; Chief Financial Officer; Chief Director: Corporate Services and the Deputy Director-General: Governance and Strategic Support.

The entity does not provide post-employment benefits or other long-term benefits to key management personnel. Any potential liabilities are disclosed in the annual financial statements of the National Revenue Fund.

23. (DEFICIT)/SURPLUS FROM OPERATIONS

(Deficit)/Surplus from operations	20,556	10,930
Add: Revenue recognised as finance income	2,944	2,205
Add: PSI project expenses incurred	1,312	2,266
(Deficit)/Surplus from operating activities	24,812	15,401

The balance of the PSI (Public Sector Induction) project funds of R7, 492, 875 (2011/12: R8, 805,091) is included in the accumulated surplus balance.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

24. FINANCIAL INSTRUMENTS

24.1 Capital risk management

The entity does not have share capital that is publicly tradable on the capital markets. Upon closure of the entity, all assets and liabilities will be transferred to the controlling department as required by Treasury Regulation 19.9.

The objectives when managing capital (retained earnings) are to safeguard the entity's ability to continue as a going concern on the cost-recovery basis and to execute government priorities through service delivery. The annual financial statements of the entity have been prepared on the going concern basis.

24.2 Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in note 1.

24.3 Categories of financial instruments

Financial assets

Amortised cost

Cash and bank balances (Note 12)	104,229	79,208
Trade and other receivables (Note 13)	31,256	34,535
	135,485	113,742

Financial liabilities

Amortised cost

Trade and other payables (Note 14)	8,235	12,174
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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

24.4 Financial risk management objectives

The entity has limited exposure to financial risks due to its limited ownership (ownership is limited to the net asset holders of the controlling department – PALAMA Vote 12a) and the funding of any cash deficit by the controlling department. The entity has no exposure to foreign currency risk, cash flow interest rate risk and equity price risk.

24.5 Market risk

Market risk comprises the risk that changes in market prices such as foreign exchange rates, interest rates and equity or other prices will affect the entity's revenue or value of its holdings of financial instruments.

Foreign exchange rate risk

The trade receivables balance comprise South African government debtors only, and thus no exposure to foreign exchange risk, affecting the entity's holding of financial instruments, exists at the reporting date.

Interest rate risk

The entity does not finance its operating activities through borrowings. Only interest revenue is included in the financial statements, comprising interest on bank balances and implicit interest adjustments made in accordance with the fair value adjustment of revenue (IAS 18) and receivables (IAS 39).

Due to the nature of the organisation, as well as the nature of the interest reflected in the statement of comprehensive income, the entity is not exposed to interest rate risk as at the reporting date.

Equity price risk

The entity does not invest in equity and is not exposed to market risk by way of market prices affecting its investment's equity prices.

As the entity is not exposed to any of the components comprising Market Risk, the current management objectives, policies and processes for managing and monitoring of this risk is adequate, and no sensitivity analysis is disclosed. No changes in the market risk profile, or management's considerations and monitoring with regard thereto occurred from the previous accounting period.

24.6 Credit risk management

Credit risk comprises the risk of financial loss to the entity, if a counterparty to a financial instrument fails to meet its contractual obligations.

The entity only transacts with entities in the national, provincial and local spheres of government and function within the pool of funds managed by National Treasury. The credit quality of government entities is therefore not assessed, as these entities are considered creditworthy.

The entity makes use of only National Treasury approved banks representing high credit quality financial institutions.

The entity does not hold any collateral or other credit enhancements to cover credit risk. However, any cash deficit caused by government entities defaulting on their contractual obligations, is funded by the controlling department through augmentation as mentioned in Treasury Regulation 19.7.3.

The carrying amount of trade and other receivables recorded in the financial statements, which is net of impairment losses, represents the entity's maximum exposure to credit risk without taking into account any funding by the controlling department in accordance with TR 19.7.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

There has been no significant change during the financial year, or since the end of the financial year, to the entity's exposure to credit risk, the approach of measurement or the objectives, policies and processes for managing this risk.

24.7 Liquidity risk management

Liquidity risk comprises the risk that the entity will not be able to meet its financial obligations as they fall due.

Ultimate responsibility for liquidity risk management rests with the Accounting Officer, who established an appropriate liquidity risk management framework for the management of the entity's short-, medium- and long-term funding and liquidity management requirements. The entity manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Maturity analysis

The entity's remaining contractual maturity for all its financial liabilities are between one and three months.

24.8 Fair value of financial instruments

The carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximates their fair values.

Financial assets at amortised cost

Trade and other receivables – refer note 13.

Financial liabilities at amortised cost

Trade and other payables – refer note 14.

The fair value of financial assets and liabilities measured at amortised cost is determined by discounting the future cash flows at the current interest rate prescribed by the Minister of Finance in terms of section 80 of the PFMA.

25. AREAS OF SIGNIFICANT JUDGMENT

25.1 Fair value adjustment of receivables and payables

The calculation of the fair value adjustment of receivables is based on an assessment of the average age of receivables. All receivables are assumed to settle their accounts on the average settlement period. The receivables balance is discounted to its current fair value over this term, at the government gazetted rate. As at reporting date, the rates specified were 8.5% (2011/12: 8.5%) per annum on the outstanding balance.

The gross payables have been assumed to approximate their fair value as the company policy is to settle all payables one month of invoice date.

25.2 Determination of allowance for doubtful debts

The calculation in respect of the impairment of debtors is based on a historical assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to subsequently make payments. The entity has recognised an allowance for doubtful debts of 100% against all receivables over 2 years because historical experience has been that receivables that are past due beyond 2 years are not recoverable. Refer to note 13.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

26. EVENTS AFTER REPORTING PERIOD

The entity is not aware of any events subsequent to year end which might require adjustment of the stated figures.

Non adjusting events

PALAMA will be changing to a National School of Government on 21 October 2013.

27. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

27.1 Irregular expenditure

The following are items of irregular expenditure incurred by the entity:

	Opening balance	Irregular expenditure	Condoned	Closing balance
No prior approval was obtained for training expenditure	-	249	(249)	-
Acquisition of services without the approval of a deviation by the delegated official	-	22	(22)	-
Service provider used without a valid tax clearance certificate or following correct procurement procedure	-	364	(364)	-
Utilisation of a service provider whose contract had expired	-	3,571	(3,571)	-
	-	4,206	(4,206)	-

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

Details of irregular expenditure - Current year

Incident	Disciplinary steps taken	2012/13 R'000
Training took place without written approval	Condoned by DG	249
Acquisition of services without the approval of a deviation by the delegated official	Condoned by DG	22
Service provider used without a valid tax clearance certificate or following correct procurement procedure	Condoned by DG	364
Utilisation of a service provider whose contract had expired	Condoned by DG	3,571
Total		4,206

27.2 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for; as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. The following are items of fruitless and wasteful expenditure incurred by the entity:

	Opening balance	Fruitless and wasteful expenditure	Written off	Closing balance
Venue and Catering for additional delegates	-	9	-	9
	-	9	-	9

2012/13
R'000

Details of fruitless and wasteful expenditure - Current year

Incident	Disciplinary steps taken	2012/13 R'000
Client observers added as part of the delegates	Condoned by DG	9
		9



NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

28. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Accounting Officer and authorised for issue.

29. PRIOR PERIOD ERROR

29.1 Some credit notes and invoices pertaining to year end 31 March 2012 were erroneously omitted. The result of the correction of prior period is detailed below:

	2012/13 R'000	2011/12 R'000
Decrease in revenue - course fees	-	242
Decrease in trade and other receivables	-	(242)

29.2 Provision for service bonus was incorrectly overstated. The result of the correction of prior period is detailed below:

Decrease in compensation of employees	-	(657)
Decrease in employee benefits provisions	-	657



NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

2012/13
R'000

2011/12
R'000

29.3 The financial statements as at 31 March 2013 have been restated to correct these errors. The impact of the restatement on the financial statements is summarised below:

The comparative amounts have been restated as follows:

Effect on statement of financial performance

Decrease in revenue - course fees

-

242

Decrease in compensation of employees

-

(657)

Increase in surplus for the year

-

(415)

Effect on statement of financial position

Decrease in trade and other receivables

-

(242)

Decrease in employee benefits provisions

-

657

Increase in accumulated surplus

-

(415)

Net effect on statement of financial position

-

-





PART F | OTHER INFORMATION

6.1 PALAMA SOCIAL RESPONSIBILITY

In celebration of Mandela Day 2012, PALAMA staff undertook to give the Boikhutso Children's Home in Atteridgeville, Pretoria a facelift. Boikhutso is an orphanage and an arm of Aga Sechaba Community Projects that houses abandoned or orphan children and teenagers. Staff assisted with gardening, planting of vegetable seeds and painting the walls of the Home.



6.2 ACCESS TO INFORMATION

The Director-General of PALAMA is also the Information Officer in terms of the Promotion of Access to Information Act, and can be contacted as follows:

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