



**Learn
Grow
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Annual Report

2013/2014



school of government

Department:
National School of Government
REPUBLIC OF SOUTH AFRICA



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PREAMBLE

A FOUNDATION TO RISE ON...

The National School of Government (NSG) came into existence following the proclamation signed by the President of the Republic of South Africa and gazetted on 21 October 2013. The proclamation makes provision for the Public Administration Leadership and Management Academy (PALAMA) to be substituted by the NSG and the latter remaining a national department, under the political leadership of the Ministry for Public Service and Administration (MPSA). The Director-General has been re-designated as Principal, in terms of the said proclamation.

Whilst the plans for the financial period covered in this report were approved under PALAMA, the implementation of these plans continued under the NSG from 21 October 2013 to 31 March 2014. The Annual Report is therefore issued under the NSG by virtue of the change-over from PALAMA, enabled by the Presidential Proclamation.

EXPANDING OUR SERVICE...

The National School of Government will contribute towards improved performance of individuals, teams and institutions, by, *inter alia*,

- Creating uniform values, principles and ethos in serving the needs of government
- Applying norms and standards for better vertical and horizontal coordination
- Creating a learning culture, with diverse and appropriate learning options, and supporting the application of skills in the workplace
- Standard and compulsory induction in the public sector to ensure the required understanding and orientation to the sector
- High level organisation development support with diagnostic processes as well as with planning and implementation of performance development processes
- Pre-service and in-service learning and development programmes, mentoring

and coaching

- Recruitment and career streaming to attract and prepare the best talent available for public service
- Undertaking research and generating a reliable base of evidence for improving public sector performance

LEADING THE WAY...

The NSG will maintain strategic partnerships with other departments, primarily targeting the 'centre of government' departments that are responsible for ensuring and enabling the effective functioning of the public sector. This partnership will enable the senior leadership in general to drive public sector performance improvement through the provision of coherent frameworks and support as well as access to relevant learning and development programmes and services. Accounting Officers in general, as well as the line managers and officials in all departments will be consulted to ensure that capacity for individuals, teams and organisations is in place and that the respective limitations are addressed.

Mr Collins Chabane, 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) covering the period from 1 April 2013 to 20 October 2013 and the National School of Government (NSG) covering the period from 21 October 2013 to 31 March 2014. The Annual Report is being submitted as prescribed in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended by Act No. 29 of 1999 and the related reporting guide.



Prof. LS Mollo

Accounting Officer

31 August 2014



A General Information



1.1 DEPARTMENT GENERAL INFORMATION

The National School of Government is currently located in the City of Tshwane Municipality, in the suburb of Sunnyside. It is located within a precinct that houses other national government departments such as the Department of Trade and Industry. Employees of the NSG are located within these premises and a significant portion of training is also undertaken using on-site training facilities.

PHYSICAL ADDRESS: ZK Matthews Building,
70 Meintjes Street
Sunnyside
Pretoria

POSTAL ADDRESS: Private Bag X759
PRETORIA
0001

TELEPHONE NUMBER: + (27) 12 441 6000

FAX NUMBER: + (27) 12 441 6030

EMAIL ADDRESS: contactcentre@thensg.gov.za

WEBSITE ADDRESS: www.thensg.gov.za

The Accounting Officer of the National School of Government is also the Information Officer in terms of the Promotion of Access to Information Act (PAIA), and can be contacted as follows:

Prof. L S Mollo

Tel: + (27) 12 441-6738

E-mail: Lekoa.Mollo@thensg.gov.za

In terms of the current institutional configuration, the Executive Committee members of the NSG and their contact details are reflected below:

Ms Mandisa Tshikwatamba

Deputy Director-General: Corporate Management

Tel: + (27) 12 441-6109

E-mail: Mandisa.Tshikwatamba@thensg.gov.za

Mr Botshabelo Maja

Deputy Director-General: Specialised Services

Tel: + (27) 12 441-6733

E-mail: Botshabelo.Maja@thensg.gov.za

Mr Sipho Manana

Acting Deputy Director-General: Training Management and Delivery

Tel: + (27) 12 441-6175

E-mail: Sipho.Manana@thensg.gov.za

Prof. Thean Potgieter

Acting Branch Head: Training Policy and Planning

Tel: + (27) 12 441-6602

E-mail: Thean.Potgieter@thensg.gov.za

Ms Phindile Mkwanzazi

Chief Financial Officer

Tel: + (27) 12 441-6173

E-mail: Phindile.Mkwanzazi@thensg.gov.za



I.2 LIST OF ABBREVIATIONS/ACRONYMS

ABBREVIATION/ ACRONYM	DEFINITION
AGSA	Auditor-General of South Africa
AMDP	Advanced Management Development Programme
AO	Accounting Officer
BB2E	Breaking Barriers to Entry Programme
CIP	Compulsory Induction Programme
CFO	Chief Financial Officer
CPSI	Centre for Public Service Innovation
DG	Director-General
DPSA	Department of Public Service and Administration
EDP	Executive Development Programme
EMDP	Emerging Management Development Programme
EU	European Union
FPE	Facilitator and Participant Evaluation Report
GEMS	Government Employees Medical Scheme
GITOC	Government Information Technology Officers Council
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
GRAP	Generally Recognised Accounting Practice
HEIs	Higher Education Institutions
HOD	Head of Department
MFMA	Municipal Finance Management Act
MPAT	Management Performance Assessment Tool
MPSA	Minister for Public Service and Administration
MTEF	Medium Term Expenditure Framework
NDP	National Development Plan
NSG	National School of Government

ABBREVIATION/ ACRONYM	DEFINITION
NYDA	National Youth Development Agency
PALAMA	Public Administration Leadership and Management Academy
PFMA	Public Finance Management Act
PILIR	Policy and Procedure on Incapacity Leave and Ill-Health Retirement
PSC	Public Service Commission
PSETA	Public Service Sector Education and Training Authority
PwC	Price Waterhouse Coopers
QCTO	Quality Council for Trades and Occupations
RCB	Regional Capacity Building
REQ	Reaction Evaluation Questionnaire
SAQA	South African Qualifications Authority
SCM	Supply Chain Management
SDIF	Service Delivery Improvement Framework
SDIP	Service Delivery Improvement Plan
SDOT	Service Delivery and Organisational Transformation
SITA	State Information Technology Agency
SMME	Small Medium and Micro Enterprises
TR	Treasury Regulations
TTA	Trading Training Account

1.3 FOREWORD BY THE MINISTER



Mr Collins Chabane, MP
Minister for Public Service and Administration

The presentation of the 2013/14 Annual Report of the National School of Government takes place during an interesting period within our country. Firstly, this is an inaugural report of the newly established National School of Government. Secondly, the report is also being presented to a new administration, following our successful fifth democratically held elections. Finally, it is being presented in a year that we are celebrating our twenty years of freedom and democracy.

The changing demands placed on the public service by the citizenry require that public servants find innovative ways to respond efficiently and effectively, and providing value for money. Public servants therefore need to be continually trained and developed in order to meet the needs. Diagnoses undertaken, however, confirm to us that

the public service can do better than it currently is performing in order to meet the needs of our developmental agenda.

Our public service has seen significant reforms over the past twenty year period, particularly in relation to the post-apartheid unification of a divided public service, to the introduction of an array of legislative and policy frameworks. The landscape of training and development, too, has changed over the past twenty years. We also have to acknowledge the different training institutions that occupied a particular time and space during different eras. The rationale and intent of the National School of Government is founded, largely, in lessons learnt from and foundations laid by institutions such as the Public Service Training Institute (PSTI), the South African Management Development Institute (SAMDI), and the Public Administration Leadership and Management Academy (PALAMA).

On 14 October 2013, the President of the Republic of South Africa, the Honourable Mr Jacob Zuma, issued a Presidential Proclamation amending Schedule 1 of the Public Service Act, 1994, by substitution of the Public Administration Leadership and Management Academy (PALAMA) with the “National School of Government”. On the 21 October 2013, the same day on which the proclamation was gazetted, the National School of Government was launched. With the establishment of the National School of Government, it is our firm view that this School will be the central pillar in professionalising the public service for higher productivity, be an engine of innovation in public service, and mobilise thought, best practice and optimal use of resources to ensure demonstrable return on investment.

The 2013/14 Annual Report is a story of two institutions – that of the former PALAMA and of the new National School of Government. Common in both, is a story of an institution in transition committed towards improving the skills and capacity of government, through training and development. Mindful of the significant transformational changes that have occurred during this time, the institution did not lose its focus on training and development within the public service, and ensured that the Annual Performance Plan for the 2013/14 financial year was fulfilled.

As the recently appointed Minister for Public Service and Administration in our fifth administration, I have the privileged task of strategically guiding the National School of Government to new heights of professionalised public service. A good foundation has been laid by my predecessors. In this regard, I wish to place on record my appreciation to former Public Service and Administration Minister Lindiwe Sisulu for her leadership and strategic guidance provided to the institution, and the MPSA portfolio. The leadership and staff of the NSG are also acknowledged for their different roles in carrying out the mandate of professionalising the public service, equally well embracing the times of change.



Mr Collins Chabane, MP

Minister for Public Service and Administration

Executive Authority of NSG

I.4 STATEMENT BY THE DEPUTY MINISTER



Ms Ayanda Dlodlo, MP
Deputy Minister for Public Service and Administration

The fifth national and provincial elections, which were held freely and fairly, upholding our constitutional ideals, confirm once again that ours is a maturing democracy. This, coupled with the twenty years of freedom and democracy, re-affirms that indeed South Africa has a good story to tell. The stalwarts of our struggles who gave their lives to the emancipation of a nation must certainly be proud that their hard-fought victories are bearing the fruits of freedom, entrenched democracy and human rights.

We must acknowledge that indeed we have a long path to tread. The ruling party in government, the African National Congress (ANC), resolved in 2009 that one of the key instruments for

achieving economic growth that creates decent work and sustainable livelihoods and addresses basic needs, is the building of an effective developmental state. This set in motion processes necessary to centrally improve planning and coordination capacity throughout government. It also laid the foundation for long-term planning and ultimately a national development plan aimed at eradicating poverty, increasing employment and reducing inequality by 2030.

At the heart of an inclusive plan, such as the National Development Plan (NDP), lies the commitment and will to succeed, the effectiveness of co-operation and efficiency of co-ordination. Our Constitution beseeches us, as organs of State, to work in mutual trust and good faith, and this must be one of our critical success factors towards achieving the goals of the NDP. We have also introduced legislation in the form of the Public Administration Management Bill, which would seek to improve co-ordination, bridge the divide across the silos in government and work within a common set of norms, values and standards towards common public good.

In our twenty years of freedom and democracy, the public service has undergone significant phases of transformation – and it must be acknowledged that the public service of today is the public service we have cherished, as an institution of government fulfilling the ideals of democracy and equality to each and every citizen. Having noted this, I dare to argue that it is a public service with significant breadth and depth to innovate, minimise redundancies, improve quality of services and nurture present and future talent.

Our late former President Nelson Mandela taught us that “ *whether you change the linen or stitch up wounds, cook the food or dispense the medicines, it is in your hands to help build a public service worthy of all those who gave their lives for the dream of democracy*”.

The establishment of the National School of Government is a conscious and strategic decision taken by the ANC towards ensuring that we develop dynamic public service cadres, who understand the developmental agenda of the State. The National School



of Government must also be at the forefront of developing and enhancing the intellectual capacity in the State. It also has within its capability to partner and support the use of information and communication technology (ICT) as a strategic lever to address inefficiencies and drive transformation in our service delivery systems.

We can and we have to improve public services.



Ms Ayanda Dlodlo, MP

Deputy Minister for Public Service and Administration



1.5 REPORT OF THE ACCOUNTING OFFICER



Prof. LS Mollo
Accounting Officer

1.5.1 INTRODUCTION

The 2013/14 Annual Report is being presented at a time when fellow South Africans and those across the diaspora celebrate our twenty years of freedom and democracy. The Twenty-Year Review Report, as published by the Presidency, confirms that indeed a better life for all citizens was not a mere pipedream but a reality through a committed political leadership and a committed public service. We need to build on the successes gained over the last twenty years and grow our public service to greater heights. The public service has seen significant reforms over the past twenty-year period, particularly in relation to the post-apartheid unification of a divided public service,

to the introduction of an array of legislative and policy frameworks and continuous improvement of government institutions.

The official launch of the National School of Government (NSG) on 21 October 2013 is a realisation of another historical milestone, with our partners and stakeholders celebrating this achievement with us to confirm shared interest in changing the trajectory of the public service training and development landscape. The signing of the Presidential Proclamation and gazetting thereof, gave life to the NSG and gave way to a future filled with opportunities for us to improve on what has so far been achieved.

We committedly embrace the National Development Plan including being at the forefront of learning and development in the public service. Key to what has to be realised, is the improvement of performance results across government, hence the need or variety of needs for training to address performance issues at the individual level and at an institutional level.

As a natural part of any transition process, the institution has also had to embrace a set of dynamics inherent in the transformation from PALAMA to the National School of Government. The working relations between the Ministry of Public Service and Administration and the leadership of the National School of Government has ensured that efforts were made towards realising a smooth transition, simultaneously focusing on the greater good of what the School will deliver on.

1.5.2 OVERVIEW OF THE OPERATIONS OF THE NATIONAL SCHOOL OF GOVERNMENT

The 2013/14 Annual Report is an account of events that took us from PALAMA to the NSG. Parliament had approved an annual performance plan for the financial year and we remained duty-bound to fulfil our performance obligations outlined in the plan in relation to the budgetary allocation, whilst we were simultaneously finalising the strategic roadmap for the NSG. Efforts made to realise both have exerted pressure

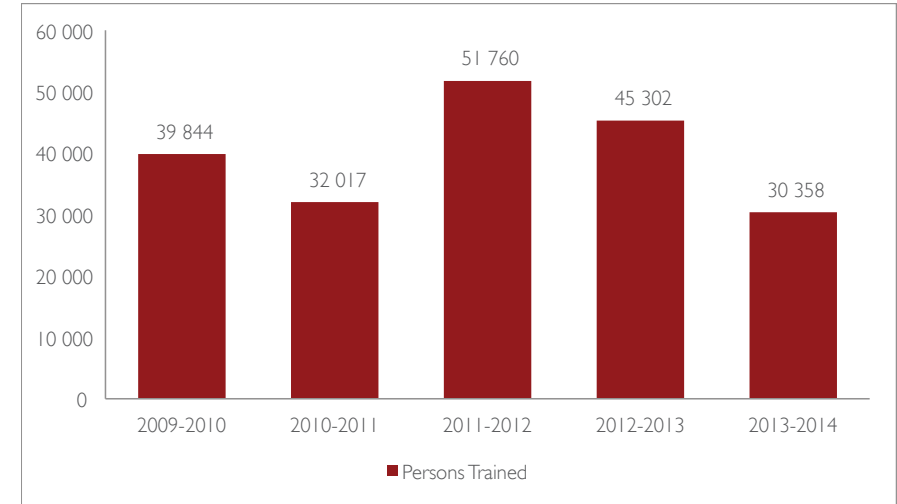
on our resources and demanded a lot from our personnel, but our commitment to the betterment of our results in fulfilling our mandate kept us motivated.

The training delivery model is based on the following:

- Training programmes are developed and rolled out in the four main streams of Leadership, Management, Administration and Induction
- Use of an outsourced model to roll-out training, this being through partnerships and contractual agreements with higher education institutions, independent individual contractors, private institutions as well as by usage of existing public servants selected as trainers
- Training on a cost-recovery approach, whereby departments pay for training services rendered in accordance with tariffs determined in concurrence with the National Treasury

During this financial year, a total of 30 358 officials were trained in various offerings of the institution. It is noted that this number is based on training records that could be audited by year-end. Due to delayed submission of reports from our training providers, an additional count of 2937 officials that can be accounted for could not be included in the audited results. The drop in number of officials trained comparing this financial year with prior years is reflective of an institution undergoing change and perhaps change in its environment. Change brings uncertainty within the institution as well as within its clientele. Change plans also bring about new activities which compete for resources with the old plans. The graph below draws comparative analysis of training figures over a five-year period.

Graph 1: Five-year comparative analysis of training figures



The table below summarises the organisational performance during the year under review. It is acknowledged that as a result of the School's transitional processes changing from PALAMA to NSG; this period came with the high uncertainties brought by the various dependencies and external factors impacting on our change plan.

The NSG achieved 69 of its planned annual targets whilst 31 were not achieved. Note that all partially achieved annual targets are for the purpose of this report, counted as not achieved, despite their level of incompleteness.

Table 1: Planned targets achieved and not achieved during 2013/14

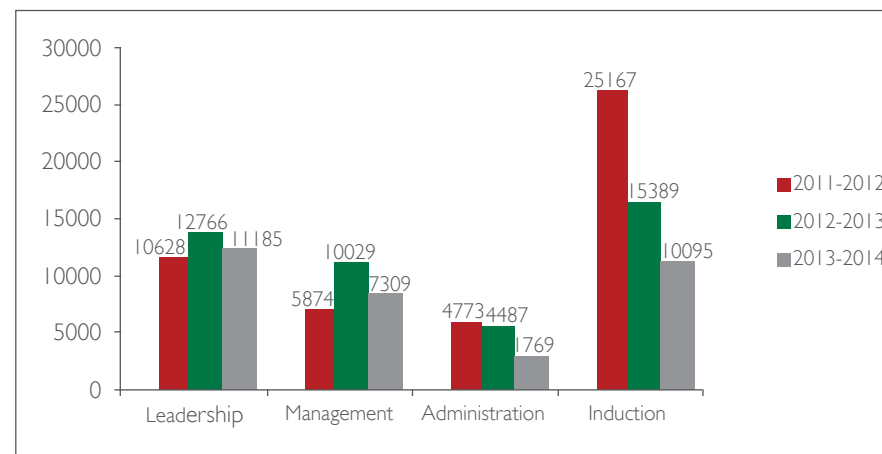
BRANCH	TOTAL PLANNED TARGETS	TARGETS ACHIEVED	TARGETS NOT ACHIEVED
Corporate Management	40	22	18
Finance	15	13	2
Training Management & Delivery	24	15	9
Training Policy & Planning	15	13	2
Specialised Services	6	6	0
Total	100	69	31

In this time of change, we introduced the Compulsory Induction Programme (CIP), as per the ministerial directive issued in October 2012. This required that the development of the curriculum and roll-out of the programme be implemented within this financial year. This 25-day programme replaced the previous two-day Public Service Induction programme. Lessons learnt in the initial phase of the implementation of CIP confirm that the further roll-out of this programme will depend on additional capacity and thus, additional resources. Other programmes, particularly those within the Leadership and Management streams, continued to be rolled-out against the tide of change.

We remain confident that the work we have undertaken in this financial year with regard to the CIP and the review of our curriculum to align with the strategic intent of the School will bear fruits in the next and subsequent financial years. It is indeed our intention that the NSG becomes the flagship institution, in pursuit of the professionalisation of the public service.

The graph below draws comparison of the different training streams over a three-year financial period, illustrating the performance of the institution.

Graph 2: Comparison of the training stream performance over a three-year period



Significant Events that took Place during the Year 2013/14

Given that the financial year was also a year of transition in the establishment of the National School of Government; the institution has not hosted many significant events. The launch of the National School of Government was the most significant event. The launch of the NSG took place at the Freedom Park in Pretoria on 21 October 2013 and was graced by political office-bearers, senior government leaders, representatives from organised labour and academia.

On 14 October 2013, the President approved the President’s Minute 291, proclaiming that Schedule 1 of the Public Service Act, 1994 has been amended and that the Public Administration Leadership and Management Academy has now been changed to the “National School of Government” and “Director-General” re-designated to “Principal”. In terms of Government procedures, the Proclamation comes into effect on the date of its publication in the Government Gazette, which coincided with the date of the launch of the School.

The launch of the NSG was also coupled with the graduation of the first cohort of graduates of the inaugural Compulsory Induction Programme. A total of 43 new public servants graduated from this programme and received certificates from the Minister.

During this financial year, there has been a significant decline in training outreach in comparison to previous financial years, reason being the time that management invested in the strategic shift from the Public Service Induction (PSI) to the Compulsory Induction Programme and other activities in preparation for the launch of the School.

I.5.3 OVERVIEW OF FINANCIAL RESULTS OF THE NATIONAL SCHOOL OF GOVERNMENT

Vote Account

The full budget appropriation for the year 2013/14 was R131,9 million. This is a marginal increase from the R124,3 million allocation received in 2012/13. A saving of R1,4 million was realised in 2012/13, whereas budget was exceeded by an amount of R2,7 million in 2013/14.

Table 2: Departmental Receipts

DEPT. RECEIPTS	2013/14			2012/13		
	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER)/ UNDER COLLECTION	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER)/ UNDER COLLECTION
	R'000	R'000	R'000	R'000	R'000	R'000
Sales of goods and services other than capital assets	65	27	(38)	65	27	(27)
Interest, dividends and rent on land	0	36	36	0	31	31
Sales of capital assets	0		0	0	4	4
Transactions in financial assets and liabilities	18	35	17	17	312	295
Total	83	98	15	82	374	303

Total revenue decreased by R0,2 million from R0,3 million (2012/13) to R0,98 million (2013/14). The decrease is as a result of differences in amounts recovered from prior year expenditure of which such recoveries were low in the 2013/14 financial year.

The total expenditure breakdown of R134,8 million spent in 2013/14 and spending patterns compared to the 2012/13 financial year, is summarised as follows:

Programme 1: Administration - Compensation of employees for the Vote-funded staff component of the NSG increased by 13.2% from R31,4 million (in 2012/13) to R36,2 million (in 2013/14), due to vacancies filled. Goods and services increased by 22.0% from R37,4 million (2012/13) to R47,9 million in 2013/14. The increase is based on the planned projects, comparing 2012/13 and 2013/14 annual plans and is inflation-related. Expenditure on capital assets decreased by 36.5% from R1,8 million (2012/13) to R1,3 million (2013/14). This saving is as a result of deferred procurement of computer equipment for new employees, as filling of most posts relating to the budget provision made was also deferred to the 2014/15 financial year.

Programme 2: Public Sector Organisational and Staff Development - The transfer of funds from Vote to the Training Trading Account (TTA) in 2013/14 amounts to R49,0 million and represents a decrease compared to R52,0 million transferred in 2012/13.

Training Trading Account

The department operates a Training Trading Account (TTA) for its training operations. The Department submits separate financial statements for the NSG 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 Standards of Generally Recognised Accounting Practice (GRAP). 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) decreased by R28,9 million from R187,1 million (2012/13) to R158,1 million (2013/14), a decrease of 18,3%. Income from course fees decreased by 24,8%, from

R134,8 million (2012/13) to R107,9 million (2013/14). Transfer funds from Vote to Trade decreased by R2,1 million; it was R52,3 million in 2012/13 and R50,2 million in 2013/14.

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 the NSG courses. In the meantime the NSG has embarked on a process for a review of the overall course fee structure.

Total expenditure in the TTA decreased by R2,1 million from R160,0 million (2012/13) to R157,9 million (2013/14). The decrease is mainly attributable to the following:

- Operating expenses decreased from R104,4 million in 2012/13 to R99,7 million in 2013/14. This is mainly due to costs relating to training as it was low.
- Compensation of employees increased by 4,4% from R55,6 million in 2012/13 to R58,2 million in 2013/14. The increase is inflationary related and due to some vacancies filled during the year.

The TTA closed the year with a surplus of R27,0 million in 2012/13 and the closing status in 2013/14 was a surplus of R0,2 million.

Virement/ Roll overs

Virement was requested at the end of the financial year to move funds from Public Sector Organisational and Staff Development to Administration in order to facilitate the appointment of the Ministerial Advisory Task Team.

Unauthorised expenditure

During the financial year 2013/14 the department has over spent on its budget by R4,8 million. The over expenditure on voted funds related to the Advisory Task Team,



which was appointed by the Minister to assist with establishing the National School of Government, after conclusion of the budget process.

Irregular Expenditure

A total of R1,045 million was incurred as irregular expenditure during the financial year. An amount of R0.569 million was condoned in the previous financial year. The reasons for the irregularities relate to changes made in the process for the acquiring of service for training roll-out, design and layout of training material, catering and telecommunication services. The NSG will ensure that the supply chain management policies and mechanisms are improved in order to prevent such irregular expenditure.

Future plans of the National School of Government

The future plans of the NSG are dependant on the approval of its new strategy and structure. Areas of focus for new strategy and plans will include a review of the current funding model, the determination of learning and development programmes based on diagnostic assessments, engagement strategy for training facilitators, moderators and assessors, as well as approaches to secure physical presence of the NSG nationally.

Public Private Partnerships (PPP)

The NSG did not enter into any PPP contracts during the 2013/14 financial year.

Discontinued activities/ activities to be discontinued

There were no major or strategic activities that were budgeted for and were discontinued during this financial year.

New or proposed activities

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

Supply Chain 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.

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, is R0.135 million in comparison with R0.654 million as at 31 March 2014. Inventory consists mainly of stationery, printing supplies and maintenance material.

Gifts and Donations received in kind from non-related parties

The National School of Government has a gift register and employees are reminded on a monthly basis to declare all gifts and donations. During the financial year, employees of the NSG received gifts (stationery, woodwork, food platter, chocolates and tickets). The maximum value of the gifts was R400-00.

Exemptions and deviations 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.

Events after the reporting date

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

Other

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

Acknowledgements and Appreciation

On presenting this inaugural report under the name of the National School of Government, I would like to welcome our new Minister, Mr Collins Chabane to this portfolio, following the appointment of a new executive by the State President, and thank him for his strategic leadership and guidance.

I would also like to express my appreciation to the Deputy Minister, Ms Ayanda Dlodlo, for her continued support and guidance, especially with regard to our International Projects. Further acknowledgement goes to all our oversight structures, especially the Audit Committee of the department.

The NSG leadership and staff have given their best, looking forward to another year of consolidating the transition from the old to the new institution. As the Accounting Officer of the NSG, I am also encouraged to continue on this journey. Daily engagements with our stakeholders confirm their share of interest in what we do with positive expectations from the NSG.

Conclusion

The landscape of training and development is not addressing static competency requirements for those that serve in the public service. This is so because of the changing demands placed on the public service by the citizenry, which compel public servants to find innovative ways to respond efficiently and effectively to such demands, and provide value for money services. Public servants therefore need to

be continually trained and developed in order to meet these needs. The National School of Government must therefore take its rightful and strategic position in the professionalisation of the public service by ensuring that all of our public servants are empowered to fulfil their obligations to the citizenry.

Approval and Sign off

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 126 - 175 and 181 - 212 of this report.



Prof. L S Mollo
Accounting Officer
31 July 2014



I.6 STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

- All information and amounts disclosed throughout the Annual Report are consistent
- The Annual Report is complete, accurate and is free from any omissions
- The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury
- The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury
- The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information
- The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements
- The external auditors are engaged to express an independent opinion on the annual financial statements

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2014.

Yours faithfully



Prof. LS Mollo
Accounting Officer

I.7 STRATEGIC OVERVIEW

VISION

The institution's vision is an ideal public sector cadre who is responsive to the needs of the South African citizen.

With the launch of the NSG, we envision to contribute to establishing a capable, professional and responsive public sector that is committed to, and has institutionalised the values and policies of a developmental state. This would be a public sector that delivers services that are able to address the challenges of poverty and inequality.

MISSION

The mission is to contribute towards the improvement of public sector delivery through innovative, research-based, needs-driven, and policy-oriented capacity building interventions. The NSG will be responsible for learning and development programmes in a uniform public sector with the objective of developing a professional, responsive and capable public sector; driven by the imperative of a developmental state. A culture and ethos of service will be imbued throughout the public sector; meeting the expectations of stakeholders and communities, and based on policy commitments of government.

VALUES

The institution 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 set of organisational values:

- I - Integrity
- P - People-centred
- A - Activism
- L - Loyalty

- A - Accountability
- M - Motivated
- A - Adaptability

The launch of the NSG also introduced the following three core values that will define the NSG. These are: Learn, Grow, and Serve.

Capacity to *Learn* is an essential foundation for South Africa's future development, and this value will find expression in the NSG. It will assist public organisations to continuously improve outcomes and impact by institutionalising effective and reliable learning. As the ultimate purpose of all the NSG's learning and development programmes and services is improved performance of public sector institutions, there will be an organisational development focus in every aspect of design, development and delivery ensuring that capacity issues are approached holistically, developmentally and systematically.

With learning there is the ability to *Grow*. The content of learning and development will be socially and politically progressive, national in character but supported by and reflective of the needs and challenges of local contexts. Learning programmes will be designed to be dynamic and developmental; they will ensure that public servants are able to access relevant knowledge and develop critical, reflective, analytical and problem solving skills that will enable them to be responsive to the needs and demands that confront the public sector. Thus one of the key features of the programmes and services of the NSG will be their relevance. The NSG's research and knowledge management support services will ensure that public servants will be able to contribute to the ongoing development of policy-relevant knowledge through their own learning and development process.

Serve a professional and responsive public service that is central to a developmental state. The NSG will emphasise partnerships, consultation and engagement with the objective of developing collective leadership for a uniform professional and capable public service that is imbued with a culture and ethos of service.



I.8 LEGISLATIVE AND OTHER MANDATES

I.8.1 CONSTITUTIONAL MANDATE

Chapter 10, Section 195(1) of the Constitution sets out basic values and principles governing public administration as follows:

- (a) A high standard of professional ethics must be promoted and maintained
- (b) Efficient, economic and effective use of resources must be promoted
- (c) Public administration must be development-oriented
- (d) Services must be provided impartially, fairly, equitably and without bias
- (e) The needs of the people must be responded to, and the public must be encouraged to participate in policy-making
- (f) Public administration must be accountable
- (g) Transparency must be fostered by providing the public with timely, accessible and accurate information
- (h) Good human-resource management and career-development practices, to maximise human potential, must be cultivated
- (i) 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

I.8.2 LEGISLATIVE AND OTHER MANDATES

The Public Administration Leadership and Management Academy, a Schedule I Department in terms of the Public Service Act, 1997, was re-designated as the National School of Government (NSG) by the Presidential Proclamation No. 46 of 2013.

The current legislative mandate for the NSG is derived from section 4 of the PSA:

- (1) There shall be a training institution listed as a national department (in Schedule 1)

- (2) The management and administration of such an 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 or as may be prescribed as a qualification for the appointment or transfer of persons in or to the public service
 - (b) May issue diplomas or certificates or cause diplomas or certificates to be issued to persons who have passed such examinations

The responsibilities of the NSG are, furthermore, carried out in partnership with other departments and statutory bodies and in compliance with all applicable legislation, including the following relevant national legislations:

- a) Basic Conditions of Employment Act, 75 of 1997
- b) Broad-Based Black Economic Empowerment Act, 53 of 2003
- c) Employment Equity, Act 55 of 1998
- d) Labour Relations Act, 66 of 1995
- e) Preferential Procurement Policy Framework Act, 97 of 2000
- f) Promotion of Access to Information Act, 95 of 2000
- g) Public Finance Management Act, 1 of 1999
- h) Skills Development Act, 97 of 1988
- i) Relevant Treasury and Department of Public Service and Administration (DPSA) Guidelines

1.8.3 POLICY MANDATES

The National Development Plan, as adopted by Cabinet, will inform the strategy and focus of the NSG. In June 2011, a Diagnostic Overview report was released by the National Planning Commission, which sought to identify the main challenges confronting South Africa, and provide a basis for a national development plan. The diagnostic overview identified a number of key continuing challenges, including the uneven performance of the public service, and corruption, which undermines state legitimacy and service delivery.

The NDP notes that there is uneven performance at national, provincial and local government, which results from the interplay between a complex set of 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. In this regard, the NDP proposes areas of targeted action:

- Stabilise the political-administrative interface
- Make the public service and local government administration careers of choice
- Develop technical and specialist professional skills
- Strengthen delegation, accountability and oversight
- Improve inter-departmental coordination
- Take a proactive approach to improving relations between national, provincial and local government
- Strengthen local government
- Clarify the governance of State Owned Enterprises

The NSG also contributes to outcome 12 in particular, and also outcomes 5 and 9 of the 14 key outcomes identified and agreed upon by Cabinet, through enhancing the capacity of public servants at all levels to perform effectively and to be more responsive to citizens:

Outcome 5: A skilled and capable workforce to support an inclusive growth path

Outcome 9: A responsible, accountable, effective and efficient local government system

Outcome 12: An efficient, effective and development oriented public service



I.9 ORGANISATIONAL STRUCTURE

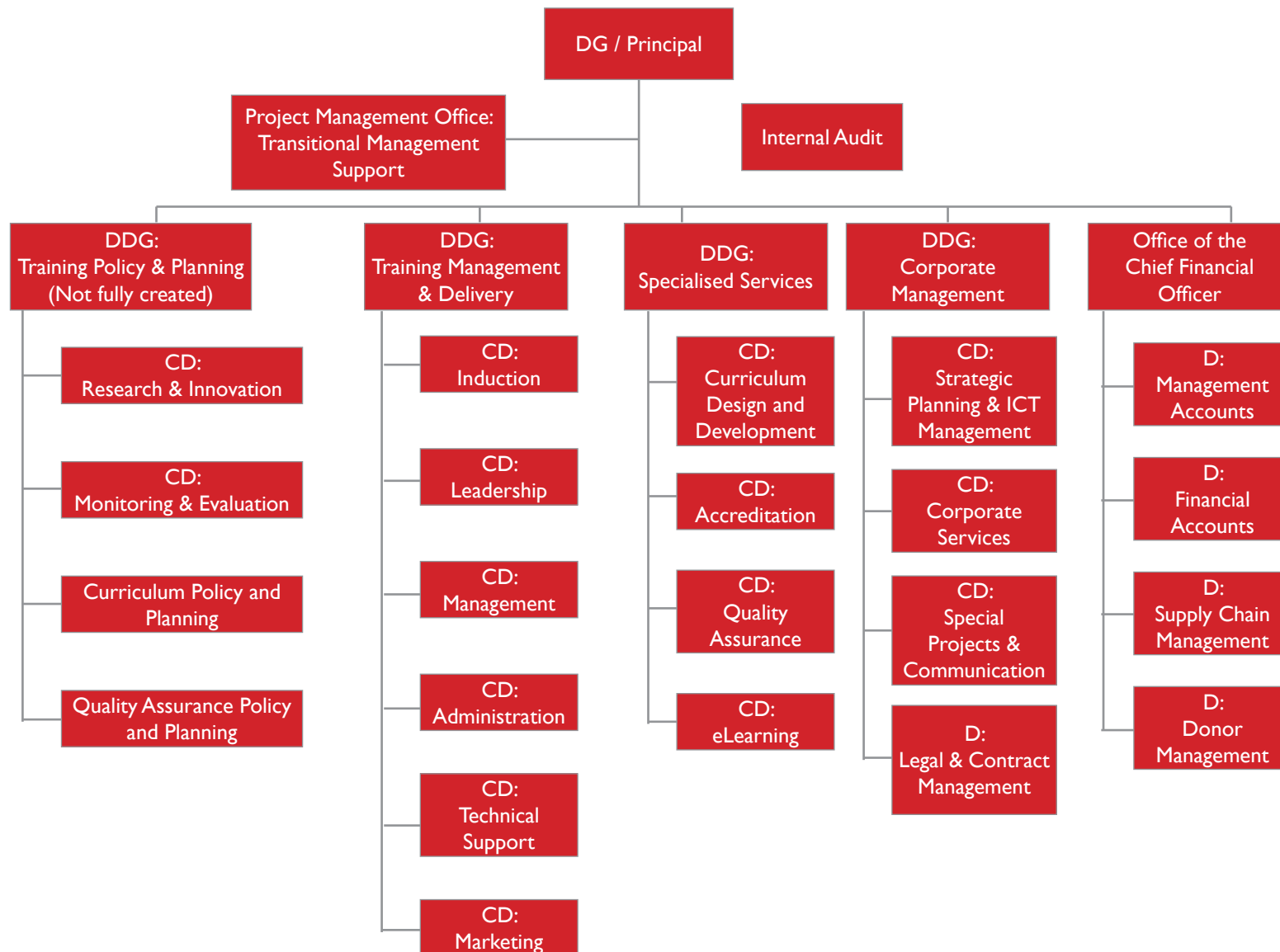
On 19 February 2013 the Minister for Public Service and Administration approved an organisational structure which came into effect from 01 April 2013. This structure underpinned the strategic shift from PALAMA and heralded organisational changes leading to the launch of the NSG in October 2013. Critical within this structure was the creation of the Project Management Office, essentially to provide support to the Director-General and the Ministerial Advisory Task Team on the establishment of the NSG. The Project Management Office support includes secretariat and logistics services; record-keeping and document management; as well as research and report writing functions.

The other critical change in the organisational structure was the clustering of all the support services, excluding the Office of Chief Financial Officer, to function under Corporate Management as a single Branch. The aim was to ensure streamlining of administrative efficiencies towards a smooth transition from PALAMA to the NSG.

The structure also introduced a sub-programme responsible for setting norms and standards, curriculum policy and planning, and quality management, supported by research and innovation as well as monitoring and evaluation (M&E) functions. This branch has not been fully established as functions relating to policy and planning hereto have not been created.

The organisational structure (as at 1 April 2013) is reflected below. With the signing of the Presidential Proclamation, the designation of "Director-General" has been re-designated as "Principal".

APPROVED ORGANISATIONAL STRUCTURE



I.10 ENTITIES REPORTING TO THE MINISTER

The table below indicates the entities that reported to the Minister during this financial year.

Table 3: Entities reporting to the Minister

NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONS	NATURE OF OPERATIONS
DPSA	Public Service Act, 1994 (as amended)	NSG Budget allocation transferred through the DPSA	Policy development and enforcement in the public service
SITA	State Information Technology Act, 1998	Contractual based on transversal services provided	Information technology in the public service
CPSI	Public Service Act, 1994 (as amended)	Contractual based on programmes jointly implemented	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	Contractual based on administration of employee members' medical aid contributions	Restricted membership to a medical scheme for public service employees

Following the 2014 national and provincial elections and appointment of a new Cabinet, the State President reconfigured the ministries. As per Proclamation 47 of 2014 dated 12 July 2014, the administration, and powers and functions entrusted by the SITA Act are now transferred from the MPSA to Minister of Telecommunications and Postal Services.

B Performance Information



PERFORMANCE INFORMATION

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

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

Refer to pages 122 - 125 (Vote 12a) and 176 - 178 (TTA) of the Report of the Auditor-General, published as Part E: Financial Information.

2.2 OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.2.1 Service Delivery Environment

The performance of the National School of Government is based on the 2013/14 Annual Performance Plan (APP), as was approved by the MPSA and tabled in Parliament. As mentioned in this Annual Report, the establishment of the NSG was undertaken in mid-year through the implementation of the PALAMA APP and therefore implementation of this plan could not be changed. Added to this is the fact that the new business strategy for the NSG was not finalised to allow any significant changes to be made.

The business model of PALAMA/ NSG is as follows:

- In-house capacity to undertake training needs analyses; the design and development of curriculum; quality assurance and accreditation of programmes; liaison with accrediting bodies; training logistics and records management; monitoring and evaluation of training interventions
- Outsourced training delivery model through the utilisation of IIC's, HEI's and private training providers

- Cost-recovery approach to training delivery based on a prescribed cost-tariff and revenue managed through a Training Trading Account (TTA)
- Training is provided in the four streams of: Leadership, Management, Administration & Induction

It must be acknowledged that the NSG operates within a training and development space that is also occupied by several training providers, including private training providers, higher education institutions and sector-specific government training institutions. Resources in relation to public service training are limited, with departments setting aside 1% of payroll budget for training and development. Departments are at liberty to utilise training providers of their choice, and the NSG finds itself within this competitive space for the limited resources. The NSG Contact Centre is the front end of all delivery processes, issuing quotations for requests for training. The NSG has also entered in agreements directly with departments and other public institutions to train cohorts of employees. These agreements have thus far yielded positive results.

Whilst training covers the broad spectrum of the public service, training has also been provided to members of Parliament and Provincial Legislatures through the Legislatures Capacity Building Programme (LCBP). The NSG has also placed strong emphasis on good governance and ethics in the public service – as a direct response to calls to fight against corruption. In this regard, the NSG has trained 728 officials in good governance programmes, and 869 officials in ethics and anti-corruption.

The NSG is also responding to the NDP regarding the identification and recruitment of a future cohort of public servants, and has been assiduously rolling out orientation training to unemployed youth graduates, preparing them for future public service employment. In this financial year, a total of 3183 graduates underwent orientation through the Breaking Barrier to Entry Programme. Since inception of the programme in the 2010/11 financial year to date, a total of 10 120 graduates have been orientated in the BB2E programme.

The National School of Government, as a national department within the public service, is also compelled to undertake the assessment of the Management Performance

Assessment Tool (MPAT) as managed by the Department of Performance Monitoring and Evaluation (DPME). In this regard, the DPME's moderation of the NSG assessment confirmed the following scores with 18 performance areas being scored 3 & 4, whilst 14 performance areas scored 1 & 2. The institution has developed management improvement plans in those areas that require immediate attention.

Highlights during the financial year under review are outlined as follows:

- The launch of the NSG in 2013 by the MPSA with the presence of political office-bearers, senior government leaders and other stakeholders
- The first graduation ceremony held by the MPSA to award certificates of completion for CIP
- The Regional Capacity Building (RCB) Project successfully implemented over a period of more than five years in three post –conflict countries (Burundi; Rwanda and South Sudan) ended 30 November 2013. The close out meeting for the RCB Project took place on 20 November 2013 with a final Project Steering Meeting reflecting on the performance of the Project and also a discussion on the possibilities of establishing a facilitated community of practice to sustain the partnership that developed over this five-year period. The meeting also included a presentation on the RCB case study from which lessons can be drawn to benefit future projects in post–conflict countries.
- A leadership seminar on the theme 'Our Heritage, Our Story: How are you Leading?' was successfully convened. The event showcased one form of intervention that promotes critical reflection on theoretical foundations, practices and implications thereof in the public sector and nationally.
- The commencement of the PALAMA-Public Service Sector Education and Training Authority (PSETA) agreement for the training of Assessors, Moderators and Mentor-Coaches
- The rollout of the Breaking Barriers to Entry Course (BB2E) for unemployed youth graduates is continuing successfully, with the annual performance target being achieved. Notable is that programme participants are now sponsored by

other departments, a different approach from when the programme started and was fully sponsored by this institution

- In collaboration with the DPME on the Management Performance Assessment Tool (MPAT), PALAMA/NSG is requested to assist departments in addressing the identified gaps (from MPAT results) in key thematic areas namely; Strategic Management, Governance, Human Resource Management and Financial Management.

In terms of the performance of NSG, the projected training target for the 2013/14 financial year was set at 42 885 covering all training streams. These figures were based on, financial resources available for the training rollout as well as the capacity to achieve these targets. Overall, the institution attained a 78% achievement on its annual performance training target, training a total of 30 358 officials in both revenue and non-revenue generating programmes. Key programmes that the NSG continued with in its training rollout 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.

Training related challenges during the reporting period

Some of the key performance challenges are reflected hereunder:

- The NSG Contact Centre is not dealing efficiently with the spike in the workload brought about by the implementation of the CIP. It is envisaged that the CIP will grow exponentially, and it is therefore imperative that the Contact Centre should be strengthened by appointing more staff and the requisite systems should be acquired
- Additionally, the rollout of the CIP is proceeding very slowly. Meetings with departmental officials and provincial officials have assisted to unblock issues relating to lack of budgets.



- Capacity to process the CIP assessments and reducing delays in issuing certificates, remain a challenge. The absence of effective ICT infrastructure to support the new programmes and the number of learners has increased the effort required by the team
- Poor uptake of programmes in some of the training streams has hampered the overall performance of the institution, this despite marketing and communication efforts
- Inefficient capacity for internal training records management which has impacted on the delayed validated and audited final training figures

2.2.2 Service Delivery Improvement Plan

The Constitution of the Republic of South Africa (1996) envisages a public service that will promote a high standard of professional ethics, be development oriented, be accountable, and maximise 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, 111-112). 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, equitable” provision of services.

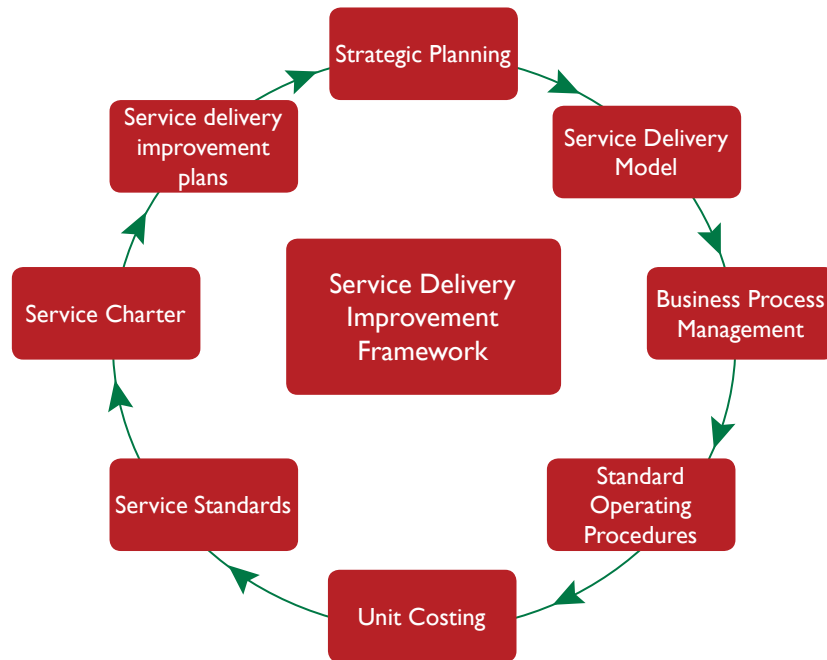
In order to transform public service delivery the 1997 White Paper on Transforming Public Service Delivery provided the following eight principles to guide the public service:

- 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
- ii. 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
- iii. Access: All citizens should have equal access to the services they are entitled to
- iv. Courtesy: Citizens should be treated with courtesy and consideration
- v. Information: Citizens should be given full, accurate information about the public services they are entitled to receive
- vi. Openness and transparency: Citizens should be told how departments are run, how much they cost, and who is in charge
- vii. 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 and positive response
- viii. Value for money: Public services should be provided economically and efficiently in order to give citizens the best possible value for money

The NSG has developed a Service Delivery Improvement Framework (SDIF) which seeks to provide a broad context towards improving service delivery by the NSG to its recipients. The NSG is committed towards making a difference in overall public service performance, and it is therefore incumbent to put in place mechanisms that improve institutional performance and service delivery.

According to the Department of Public Service and Administration Service Delivery and Organisational Transformation (SDOT) Framework, the following activities seek to support improved service delivery in public service departments:

Figure 1: Service Delivery Improvement Framework



In order to ensure that service delivery improvement initiatives are successful within the NSG, the following success factors must be in place:

- An effective human resource management and development strategy to ensure that there is efficient turn-around time in the filling of positions, and that all NSG employees are skilled and developed in their functional areas to ensure expediency in service delivery
- Supportive internal policies and guidelines to encourage innovation and creativity in the undertaking of activities, also supporting efficiency and economy in the utilisation of resources
- An Information and Communication Technology (ICT) strategy and infrastructure plan that provides a conducive working environment

- Committed organisational leadership that drives service delivery improvement

The service delivery approach of the NSG is directly aligned with the business model and strategy to establish effective learning and development in the public service. The business model arises from a recognition of the need for a strategic shift, enabling government to:

- Use learning and development to improve the functioning of the public service and achievement of policy goals, through a relevant learning and development strategy rather than competing as one provider among many.
- Influence the whole system of education, training and development to ensure that the scope, focus and quality of programmes and services are relevant to the needs of the public service rather than playing a limited role delivering fragmented training based on ad hoc requests.
- Shape each cohort entering the public service to ensure an optimal level of cohesiveness and common understanding, values and abilities necessary for a consistently professional, responsive, capable and developmental public service orientation.
- Focus resources on what will impact on improved performance; learning and development needs, including values and ethos, required to achieve policy objectives, not on individual learning needs out of the context of the organisation and unit; and on relevant programmes and services.
- Target causes not symptoms – facilitating agreed diagnostic analysis as both an intervention building management capacity as well as providing an essential foundation for ensuring the NSG can provide relevant programmes and services.
- Ensure public organisations use available learning and development resources strategically and based on a coherent, needs-based strategy not driven by ad hoc demands.

A service delivery charter is a significant instrument towards improving service delivery. Through a service charter, service recipients should have as much information

as possible about the services they receive, response times as well as the standards set for services they can expect. The charter also sets out the performance standards of the organisation, and what service recipients can expect to experience. Included as part of the service delivery charter are the service standards, which enable service recipients to set an appropriate level for service delivery expectations. Service delivery can be improved through receiving feedback from service recipients, and this can only happen when recipients are made aware of the standards as well as whether their expectations are being met. The NSG is developing a Service Delivery Charter in line with the service delivery improvement initiatives to ensure that the service standards are clearly and unambiguously stated, to the public.

The White Paper also requires of public service departments to set and publish standards for the level and quality of services they will provide. The service standards must be precise and measurable, so that users are able to judge whether or not they are receiving what was promised. Service standards provide service users with an understanding of what they should expect, how services will be delivered, and what service users can do when services they receive are not acceptable. It describes the service intended to be provided; the principles setting out the quality of services; standards in terms of openness, timeliness and accuracy; and complaints and redress mechanisms. The development of service standards should form part of a continuous improvement process, and should therefore be evolutionary, that is, continually being reviewed in order to remain relevant.

The principle on redress requires that complaints made should be handled and a positive response submitted to the complainant. Broadly defined, a complaint is an expression of grievance, dissatisfaction or resentment in relation to an action or service. The nature and extent of complaints vary and the process of resolution of complaints can extend from an informal resolution to a formal investigation (including disciplinary and criminal action). The nature of complaints can include poor/non-response to services and/or queries, improper conduct (including that of a sexual nature, verbal/physical abuse), prejudices (including race, gender, language, ethnicity, and sexual orientation), fraud, corruption, and other criminal acts. Due cognisance

must be taken of the fact that there is existing legislation and departmental policies to manage these issues, and therefore the policy on Complaints Handling Management must be managed in conjunction with these legislative and policy frameworks.

In order to ensure that all the principles are adhered to in a manner that promotes public service excellence, it is critical to develop a complaints handling management system for NSG. In this regard, the staff and its related contracted service providers must demonstrate a commitment towards effectively and efficiently handling complaints in a manner that meets the expectations of the complainant.

Such complaints management process must also demonstrate fairness, towards the complainant as well as towards the entity or individual against whom the complaint is being made. In order to ensure fairness, the complaints management process should be guided by some basic principles, including:

- Judge all complaints based on facts and merit, and treat each complaint with seriously
- Show respect, courtesy, confidentiality and sensitivity to the complainant
- Deal with complaints decisively and within established timelines
- Allow a fair process of investigation, including disclosures of interest, and ensure that all parties are treated fairly
- Consider basic constitutional rights, as well as applicable legislative frameworks such as access to information
- Maintain proper and documented records of all complaints, to ensure accountability and transparency
- Provide for avenues of review and redress, where necessary

All recipients of NSG services will be encouraged to make use of the complaints handling management system. It is also important for NSG employees and contracted providers to be capacitated in dealing with service recipients to avoid complaints being lodged.

Table 4: Main services and standards

MAIN SERVICES	BENEFICIARIES	CURRENT/ACTUAL STANDARD OF SERVICE	DESIRED STANDARD OF SERVICE	ACTUAL ACHIEVEMENT
Conduct Training Needs Analysis in order to determine the training needs of the public service	National and provincial departments Municipalities Other organs of state	Determination of training needs analysis process undertaken with client institutions	Undertake 3 training needs analysis processes	Training Needs Analysis (TNA) data was analysed for 4 interventions, and 8 TNA reports were compiled relating to interventions carried out.
Design and development of curriculum (including customisation of programmes, particularly for use in partner countries)	National and provincial departments Municipalities Other organs of state	Process in the design and development of curriculum towards ensuring quality and relevant training delivery	Design, develop and/or review curriculum of 4 programmes/ courses	Designed, developed, and/or reviewed 6 programmes/courses
Quality assurance of all programmes and courses	National and provincial departments Municipalities Other organs of state	Process in the quality assurance of curriculum towards ensuring quality and relevant training delivery	Quality assure 6 programmes and courses	6 programmes quality assured
Facilitation of training provision (e.g. issuing quotations, appointing training facilitators, assessors and moderators, issuing certificates)	National and provincial departments Municipalities Other organs of state	Number of learners registered to undertake training programmes	42 885 persons to be trained in all training offerings	30 358 persons were trained in all training offerings (audited figures)
Monitor and evaluate all programmes and courses	National and provincial departments Municipalities Other organs of state	Assessment of application of learning by learners in the workplace	2 "Application of learning" study conducted	2 reports developed



Table 5: Batho Pele arrangements with beneficiaries (Consultation, access, etc.)

CURRENT/ACTUAL ARRANGEMENTS	DESIRED ARRANGEMENTS	ACTUAL ACHIEVEMENTS
Undertake monitoring and evaluation of all programmes and courses to determine levels of satisfactions	100% coverage of all programmes and courses, with inputs being reported to the training stream managers	100% coverage of all programmes and courses, with inputs being reported to the training stream managers
Ensure that all learners have access to training venues and facilities	Ensure that all learners have access to training venues and facilities	All training venues and facilities are determined to ensure that the training venues and facilities are conducive

Table 6: Service delivery information tool

CURRENT/ACTUAL INFORMATION TOOLS	DESIRED INFORMATION TOOLS	ACTUAL ACHIEVEMENTS
Updated training calendar to inform learners about all programmes and courses	Efficient and up-to-date training calendar that is accessible to learners	The training calendar is updated and made available on the NSG website for easy access
Efficient contact centre responding to enquiries about training programmes and courses	Ensure that all learners have access to the contact centre	The Contact Centre is fully functional and accessible. Processes are underway to review the current system configuration to improve the service.

Table 7: Complaints mechanism

CURRENT/ACTUAL INFORMATION TOOLS	DESIRED INFORMATION TOOLS	ACTUAL ACHIEVEMENTS
Undertake monitoring and evaluation of all programmes and courses to address levels of complaints	100% coverage of all programmes and courses, with inputs being reported to the training stream managers	100% coverage of all programmes and courses, with inputs being reported to the training stream managers
No formal complaints management system	Put in place a formal complaints management mechanism	The SDIF makes provision for a complaints handling management system, and this will be developed in the new financial year

2.2.3 Organisational environment

The NSG has good corporate governance records. Evidence in this regard is attested to by the unbroken history of unqualified audits since the establishment of PALAMA, the level of compliance to governance prescripts relevant to it as a national department, and operational policies that are in place to govern its training operations in general.

The governance structure for the organisation still remains the same as it was under PALAMA structure, however this does not significantly impact on the core business of the NSG. The successful launch of the NSG in October 2013, introduced the strategic shift from the old into the new business focus.

The establishment of the NSG follows a process of comprehensive research and international benchmarking carried out by management of PALAMA, a task team of scholars, education practitioners and academics with experience in managing higher education entities.

The curricula and programmes for the School will be designed on the basis of a sound understanding of the challenges and realities of the public service environment. It is about unleashing the best in learners to enable reform and performance oriented public service.

The National School of Government will be strengthened by partnerships and agreements with a multidisciplinary team of lecturers, facilitators, trainers and organisational development experts, with key governance accountability to the Minister for Public Service and Administration.

2.2.4 Key Policy Developments and Legislative Changes

The current legislative mandate for the NSG is derived from section 4 of the Public Service Act, as outlined above. The proclamation signed by the President and gazetted on 21 October 2013 amends schedule 1 of the Public Service Act by substitution the words, "Public Administration Leadership and Management Academy" and "Director-

General" where it appears in this Act with the "National School of Government" and "Principal: National School of Government", respectively.

The Public Administration Management Bill (PAM Bill) was introduced in order to promote the basic values and principles governing the public administration referred to in section 195(1) of the Constitution. Specific clauses in this piece of legislation seek to, *inter alia*, establish the National School of Government; provide for capacity development and training; provide for the use of information and communication technologies in the public administration; and for the Minister to set minimum norms and standards for public administration.

The Bill includes sections that provide for the National School of Government to be established as a higher education institution contemplated in the Higher Education Act, 1997 (Act No. 101 of 1997); promote the progressive realisation of the values and principles governing public administration; and enhance the quality, extent and impact of the development of human resource capacity in institutions. The Bill also provides that the Minister may direct that the successful completion of specified education, training, examinations or tests is a prerequisite for specified appointments or transfers; and compulsory training in order to meet development needs of any category of employees.

2.3 STRATEGIC OUTCOME ORIENTED GOALS

NSG'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.

Based on the plans for PALAMA that have since October 2013 been implemented under the NSG, the following have been the priority goals:

- To rapidly and effectively respond to changes in the public sector capacity development arena, which can be influenced by legislative, policy and ministerial directives, as well as other strategic developments in the public service;



- To progressively increase and expand the client base within the three spheres of Government and other organs of the State
- To determine and implement appropriate funding mechanisms to support NSG training and operations as well as ensure the correct level of funding and utilisation of funds;
- To enhance marketing and visibility of NSG training products and services within the three spheres of Government and other organs of State;
- To deliver training through structured and collaborative partnerships;
- To develop common norms and standards for training, design and development within the coherent policy framework serving as guidelines applicable across the public sector;
- To improve organisational and administrative efficiency towards being a high performance organisation; and
- To establish a fully functional National School of Government.

2.4 PERFORMANCE INFORMATION BY PROGRAMMES

2.4.1 Programme I: Administration

Purpose:

Programme I facilitates the overall management of the School and provides for organisational support services enabling the DG/ Principal, Branch Heads and all employees in NSG to carry out their responsibilities within an effective governance system. The responsibilities of this Programme include providing administrative, legal, human resources and financial management services across the department. Further to these 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 I: Administration comprises of the following sub-programmes:

- Office of the Principal, which includes the Project Management Office, Office of the Chief Financial Officer, and the Internal Audit (outsourced function)
- Corporate Management includes the Corporate Services, Strategic Planning and ICT Management, Special Projects and Communications, as well as Legal, Contract Management and Compliance.

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 and auxiliary services.

The branch ensures that there is administrative efficiency in the transition towards the establishment of the NSG. 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 public relations and the School's brand positioning. This responsibility includes undertaking strategic communication with key stakeholders, including Parliament and the media, forging strategic international partnerships, mobilising resources from the donor community, and facilitating the School'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 School.

Strategic objectives

- Forge international strategic partnerships aligned to South Africa's foreign policy framework to develop, implement and monitor international capacity development initiatives

- Improve workplace and operational facilities to support the achievement of the organisational objective
- Promote effective corporate governance practice and professional ethics
- Improve human resources planning and organisation design
- Ensure effective organisational performance planning and reporting measures

Performance indicators and targets

The key performance indicators within this Programme, aligned to the above strategic objectives, relate to:

- Review policy related to international capacity development
- Facilitate bi- and multilateral programmes specific to capacity development
- Monitor service level agreement with outsourced facilities management and logistics service providers
- Review the plan for additional facilities
- NSG employees trained and developed
- Up-skill competencies of employees to match organisation competency framework
- Manage compliance to HR prescripts, including submission of HR&D plans and reports
- Review functional structure to align with the five-year strategic plan
- Implement organisational planning and reporting framework
- Assessment of NSG's performance through the Management Performance Assessment Tool and compile reports and improvement plans

SUB-PROGRAMME: CORPORATE MANAGEMENT

During the 2013/14 financial year, the branch was responsible for ensuring that a new strategic and annual performance plan is tabled in Parliament. Additionally, the branch has also focused on ensuring that all other corporate governance matters are in place and complied with. During the year under review, this branch planned 40 targets of which 22 were achieved and 18 were not achieved.

Graph 3: Annual performance activities of the Corporate Management Branch

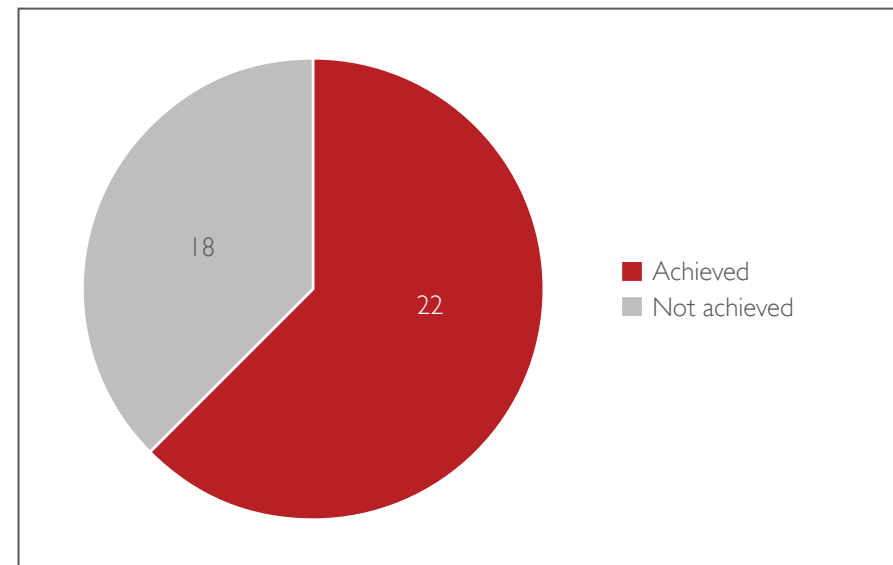


Table 8: Annual Performance Information for Branch: Corporate Management

SUB-PROGRAMME: CORPORATE MANAGEMENT						
STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
Promote effective corporate governance practices and professional ethics	Number of new departmental policies developed or current departmental policies reviewed and approved for implementation by 31 March 2014	A total of 12 policies were developed and/or reviewed during the financial year.	Develop and/or review 21 new and current policies and procedures during the financial year	21 policies were developed and/or awaiting approval. These policies cover the Corporate Management Branch (HR, ICT, Organisational Performance, Facilities and Logistics)	Annual performance target not achieved	Extensive work was undertaken by the institution in the identified policy areas. However, none of these policies have been approved/ finalised in view of the institutional transition process and the dependence on the change in strategy for the NSG
	Terms of reference for management structures within NSG, as well as HR and financial delegations	The Financial Delegations were approved and in place	Develop/review terms of reference for management structures within NSG, as well as HR and financial delegations by target date	The HR delegations were not finalised, and terms of references for the management structures were being developed/ reviewed	Annual performance target not achieved	The HR delegations and management structures are dependent on the new strategy and structure of the NSG, which has not been formally approved
	Percentage of organisational risks rates reduced by 31 March 2014	A new risk register was developed and approved by the Risk Management Committee, and submitted to the Audit Committee	Undertake quarterly assessment of organisational risks in line with the risk management plan and risk register	Final risk assessment and risk reprioritisation were not conducted	Annual performance target not achieved	A process of identifying new strategic risks and developing a new register must be undertaken. This can be undertaken after the finalisation of NSG strategy
	Number of internal audit projects implemented by 31 March 2014, in line with the approved Internal Audit Plan	3 internal audit reports were developed and approved	8 internal audit projects developed and implemented	All planned internal projects as per the internal audit plan for 2013/14 were carried out	Annual performance target achieved	No deviations were made from the planned activities

SUB-PROGRAMME: CORPORATE MANAGEMENT

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
	Time taken for NSG contracts to be legally vetted	75% of contracts were vetted within 10 days	All NSG contracts vetted within 8 working days from date of receipt	During this financial year, 6 contracts were vetted within the 8 working days	Annual performance target achieved	No deviations were made from the planned activities
Ensure effective organisational performance planning and reporting measures	Organisational performance planning and reporting framework implemented by 31 March 2014	The Strategic Plan (2013-2018) and Annual Performance Plan (2013/14) were tabled in Parliament	Implement the organisational performance planning and reporting framework	The processes related to quarterly reporting were effectively implemented. Additional processes such as performance evidence verification and quality assurance were also implemented. The NSG maintains a compliance calendar to manage the planning and reporting processes. The policy on organisational performance management was revised and is currently awaiting approval	Annual performance target achieved	No deviations were made from the planned activities.
	NSG Annual Report tabled on time in Parliament by 30 September 2013	The PALAMA Annual Report (2011/12) was developed and tabled on time in Parliament	Develop the NSG Annual Report and table on time in Parliament	The PALAMA Annual Report (2012/13) was developed and tabled on time in Parliament. The Report was also posted onto the website and circulated to stakeholders	Annual performance target achieved	No deviations were made from the planned activities



SUB-PROGRAMME: CORPORATE MANAGEMENT

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
	Percentage increase In NSG Organisational Assessment Rating (MPAT)	The first assessment rating was 77.4%	Increase performance through the MPAT to 80% and compile management improvement plan	During this financial year, the NSG scored an overall assessment of 77%. Management Improvement Plans were developed and implemented	Annual performance target not achieved	The results have indicated areas of management improvement, in particular within the service delivery improvement. Management improvement plans also include closer monitoring of performance within the critical areas
	Time taken for the submission of performance reports to National Treasury and MPSA	Quarterly reports were submitted to the Minister and National Treasury on time, with the exception of one quarterly report that was submitted after the stipulated timeline	Within one calendar month after reporting quarter	All quarterly reports were consolidated and performance information verified before being submitted to the Minister and National Treasury	Annual performance target achieved	No deviations were made from the planned activities
	Percentage of performance evidence verified on a quarterly basis to ensure accuracy in reporting	75% of performance evidence verified by financial year-end	80% of performance evidence verified by financial year-end	During this financial year, 80% of all performance evidence was verified (according to an internal checklist) and centrally filed electronically	Annual performance target achieved	No deviations were made from the planned activities

SUB-PROGRAMME: CORPORATE MANAGEMENT

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
Institutionalise the service delivery improvement mechanisms	Service Delivery Improvement Programme fully implemented by 31 March 2014, and monitored on a quarterly basis	Finalise the service delivery improvement framework	Institutionalise service delivery improvement mechanisms	The Service Delivery Improvement Framework was developed. Mechanisms on service delivery improvement awareness were implemented including service standards, such as name tags, and Batho Pele principles awareness	Annual performance target achieved	No deviations were made from the planned activities
		A draft Service Delivery Improvement Plan (SDIP) was developed	Implement and monitor the SDIP during the financial year	The draft SDIP was revised but will be finalised in line with the new strategy of the NSG	Annual performance target not achieved	The implementation of the SDIP has been deferred until the finalisation of the NSG strategy
Improve human resource planning and organisational design	Number of HR prescripts complied with by 31 March 2014	This is a new performance target being reported on in this financial year	Manage compliance to HR prescripts, including submission of HRM&D plans and reports	During the financial year, 8 HRM&D plans/reports were developed and submitted	Annual performance target achieved	No deviations were made from the planned activities



SUB-PROGRAMME: CORPORATE MANAGEMENT

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
	Realignment of NSG functional structure by 31 March 2014	This is a new performance target being reported on in this financial year.	Realign functional structure to match the five-year strategic plan	The departmental functional structure was realigned to the Organisational Structure as approved by Minister on 19 February 2013 and to take effect from 1 April 2013. As soon as a new strategy and structure for the NSG is finalised, the functional structure will be re-aligned	Annual performance target achieved	No deviations were made from the planned activities
	Reduce the percentage of vacancy rate in NSG from 19% to 14 % by 31 March 2014	As at 31 March 2013, the vacancy rate was 14%	Vacancy rate reduced to 14% and posts filled within 4 months from becoming vacant	The vacancy rate as at 31 March 2014 was 13.2%. A conditional moratorium on the filling of vacancies resulted in posts not being filled	Annual performance target achieved	No deviations were made from the planned activities

SUB-PROGRAMME: CORPORATE MANAGEMENT

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
Promote effective human resource development	Number of NSG employees trained and developed in line with the approved Workplace Skills Plan by 31 March 2014	217 employees underwent training during the financial year	180 employees trained	During the financial year, a total of 171 employees were trained and developed (representing an achievement rate of 95%)	Annual performance target achieved	No deviations were made from the planned activities
	Percentage of NSG employees' competencies upskilled to match organisational competency framework by 31 March 2014	This is a new performance target being reported on in this financial year	Up-skill competencies of 80% of employees to match organisational competency framework	During the financial year, a total of 80 (51%) employees' competencies were matched to the competency framework	Annual performance target not achieved	Target was not reached due to transitional process which affected the activities under this set target, as it was based on the new skill requirement and the structure
	Diversity strategies and plans developed and implemented by 31 March 2014	This is a new performance target being reported on in this financial year	Implemented and monitored diversity strategies and plans by 31 March 2014	Target not met	Annual performance target not achieved	No dedicated personnel for gender and diversity management programmes
	Number of NSG employee health and wellness interventions undertaken by 31 March 2014	4 health screenings and 4 key events were held during the financial year	4 employee wellness programmes implemented	4 employee health and wellness interventions undertaken 4 Awareness sessions were undertaken Monthly indicators on sick leave utilisation and absenteeism compiled and submitted	Annual performance target achieved	No deviations were made from the planned activities



SUB-PROGRAMME: CORPORATE MANAGEMENT

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
Improve workplace and operational facilities to support the achievement of the organisational objectives	Frequency of monitoring of service level agreements with outsourced facilities management and logistics service providers	The outsourced facilities management and logistics services were monitored on a monthly basis in line with the service level agreements	Monitor service level agreements with outsourced facilities management and logistics service providers on a monthly basis	The outsourced facilities management and logistics services were monitored on a monthly basis in line with the service level agreements	Annual performance target achieved	No deviations were made from the planned activities
	Developed and implemented approved plan for additional facilities by 31 March 2014	This is a new performance target being reported on in this financial year	Develop and implement an approved plan for additional facilities	New facility plan was not approved in view of transition from PALAMA to NSG	Annual performance target not achieved	Target was not reached due to transitional process which affected the activities under this set target
	Systems and processes for courier and mail services reviewed and implemented	This is a new performance target being reported on in this financial year	Review and implement systems and processes for courier and mail services by target date	The target was achieved in the 3rd quarter	Annual performance target achieved	No deviations were made from the planned activities
	Implement Electronic Document Management System across the organisation by 31 March 2014	No baseline to measure the EDMS	Implement Electronic Document Management System across the organisation by target date	No work was undertaken during this financial year; and the manual records system was implemented	Annual performance target not achieved	The manual records system is currently being implemented

SUB-PROGRAMME: CORPORATE MANAGEMENT

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
Improve ICT infrastructure, systems and processes in line with ICT governance framework to effectively and efficiently address the business needs of NSG	Develop and implement the business ICT architecture by 31 March 2014	The approved EA is still in effect but must be revised.	Develop and implement the business ICT architecture by financial year-end	A draft Enterprise Architecture document has been developed.	Annual performance target not achieved	There are plans to develop the NSG's future Enterprise Architecture. The process has been put on hold until the NSG strategy has been approved
	Develop and implement ICT disaster recovery plan by 31 March 2014	The approved disaster recovery plan is still in effect but must be revised.	Develop and implement ICT disaster recovery plan by target date	The disaster recovery plan has been revised for approval The NSG received disaster recovery solution proposals from service providers and evaluation is currently taking place	Annual performance target not achieved	Project implementation is reliant on approval of additional budget allocation as well as the finalisation of the EA strategy
	Number of ICT inventory and asset verification audits conducted in accordance with the treasury regulations and NSG internal policies by 31 March 2014	During the financial year, 4 ICT inventory and asset verifications were undertaken	4 inventory and asset verifications conducted by financial year-end	4 ICT inventory and asset verifications conducted for this financial year	Annual performance target achieved	No deviations were made from the planned activities



SUB-PROGRAMME: CORPORATE MANAGEMENT

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
	Number of identified, automated and implemented business processes or systems by 31 March 2014	During the financial year; no solutions were finalised	Identify, automate and implement one business process or system to improve efficiencies	With the support of the GIZ, the NSG acquired the services of a service provider to develop a business process model for the core NSG business applications. Additionally, the Microsoft enterprise agreement was finalised in this financial year, which will implement updated software within the NSG	Annual performance target achieved	No deviations were made from the planned activities
	Percentage of ICT user support incidents resolved from the time of logging of incident, measured on a monthly basis and in line with SLA standards	This is a new performance target being reported on in this financial year	90% of user support incidents resolved per month in line with SLA standards	The service level agreements were met by all ICT service providers for the financial year. In addition, meetings were also held with the service providers on specific projects for implementation	Annual performance target achieved	No deviations were made from the planned activities
Improve internal and external communication aligned to organisational priorities and ministerial programmes	NSG communication strategy developed and implemented by 31 March 2014	This is a new performance target being reported on in this financial year	Develop and implement a NSG communication strategy and implementation plans by financial year-end	A five-year Communication Strategy was developed for consultation and approval	Annual performance target not achieved	The Strategy will be finalised upon approval of the NSG strategy

SUB-PROGRAMME: CORPORATE MANAGEMENT

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
	Developed and implemented corporate identity manual (CIM) by 31 March 2014	This is a new performance target being reported on in this financial year	Develop and implement a corporate identity manual by target date	Terms of Reference has been developed for the appointment of a service provider to develop the CI Manual	Annual performance target not achieved	The NSG currently does not have the capacity to undertake this area of work and therefore an external service provider must be sourced.
	Updated NSG website and Intranet by 31 March 2014	The PALAMA website and Intranet has been efficiently managed and regularly updated	Ensure that NSG website and Intranet is updated	Website and intranet updated weekly	Annual performance target achieved	No deviations were made from the planned activities.
Forge international strategic partnerships aligned to South Africa's foreign policy framework to develop, implement and monitor international capacity development initiatives	NSG policy framework on international capacity development	This is a new performance target being reported on in this financial year	Develop and implement a NSG policy framework on international capacity development by 31 March 2014	Official Development Assistance (ODA) policy together with a Standard Operating Procedure for implementation of international funded capacity building programmes submitted for approval A travel guideline for international travel was also developed	Annual performance target not achieved	The policy on international partnerships was not completed. Stakeholder engagements process took longer than planned.
	Number of international bi-and multi-lateral programmes facilitated by financial year-end	5 regional capacity development programmes implemented	Facilitate 5 international bi-and multi-lateral programmes by financial year-end	Bi-lateral and multi-lateral facilitations were between: SA- South Korea; SA-France; and SA-Germany. RCB projects were conducted with Rwanda; Burundi, South Sudan and Canada in different environments	Annual performance target achieved	No deviations were made from the planned activities



ADDITIONAL PERFORMANCE INFORMATION OF PROGRAMME PERFORMANCE NOT CONTAINED IN THE APP 2013/14

Table 9: Additional Annual Performance Information for Branch: Corporate Management

PROGRAMME / SUB-PROGRAMME: CORPORATE MANAGEMENT						
STRATEGIC OBJECTIVE:	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
Promote effective corporate governance practices and professional ethics	Number of Audit Committee and Risk Management Committee meetings convened	5 Audit Committee and 4 Risk Management Committee meetings were convened in this financial year	5 Audit Committee meetings and 4 Risk Management Committee meetings	During this financial year; 6 Audit Committee Meetings were convened, 3 Risk Management Committee Meetings held and 2 Risk Management workshops held	Annual performance target achieved	No deviations were made from the planned activities
	Percentage of NSG contracts monitored	The Contract Management System was completed for implementation in April 2013.	100% of NSG contracts monitored on a quarterly basis through the implementation of a Contracts Management System by financial year-end	Contract Management System is active with all NSG contracts loaded and tests done for reports to be generated	Annual performance target achieved	No deviations were made from the planned activities
	Relevant and quality responses to parliamentary questions by 31 March 2014	During the 2012/13 financial year; the institution responded to 15 parliamentary questions	Provide relevant and quality responses to parliamentary questions to the ministry within 3 working days from date of receipt	During this financial year; 16 parliamentary questions were responded to within the stipulated period and submitted to the Ministry	Annual performance target achieved	No deviations were made from the planned activities

PROGRAMME / SUB-PROGRAMME: CORPORATE MANAGEMENT

STRATEGIC OBJECTIVE:	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
Improve human resource planning and organisational design	Number of vacant funded/non-funded post created by 31 March 2014	This is a new performance target being reported on in this financial year.	Create 168 posts for on-board training facilitators, moderators and assessors Create 7 additional HR posts	Due to the impending establishment of the NSG and the conditional moratorium on filling of vacancies, this target was not pursued until the new structure of the NSG is approved	Annual performance target not achieved	NSG transitional plans not finalised in changing from PALAMA to the NSG
	Number of job profiles developed and approved by 31 March 2014	65 job profiles were developed	80 job profiles were developed and approved by 31 March 2014	Due to the impending establishment of the NSG and the moratorium on the filling of vacancies, this target was not pursued until after the new structure of the NSG is approved	Annual performance target not achieved	Transitional plans not finalised, changing from PALAMA to the NSG
Promote effective human resource development	Percentage of grievances, suspensions and disciplinary enquiries, and labour disputes resolved within stipulated timelines as contained in the applicable legislative frameworks by 31 March 2014	2 grievances were received and finalised	80% of grievances, suspensions and disciplinary enquiries, and labour disputes resolved within stipulated timelines as contained in the applicable legislative frameworks	During this financial year, 11 grievances were logged of which 4 (36%) were resolved	Annual performance target not achieved	All cases are still being processed and are within the stipulated timeframes as at end March 2014
	Increase in NSG's anti-corruption rating by 31 March 2014	An external assessment of the anti-corruption rating was postponed for the next financial year	Increase NSG's annual anti-corruption rating through an external assessment report	The anti-corruption rating through an external assessment report was not undertaken	Annual performance target not achieved	Target could not be realised due to capacity constraints



SUB-PROGRAMME: OFFICE OF THE CHIEF FINANCIAL OFFICER

The Office of the Chief Financial Officer is responsible for the overall management of financial affairs of the NSG. The 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 NSG assets.

During the year under review, this branch planned 15 targets of which 13 were achieved and two were not achieved.

Graph 4: Annual performance activities of Office of the Chief Financial Officer

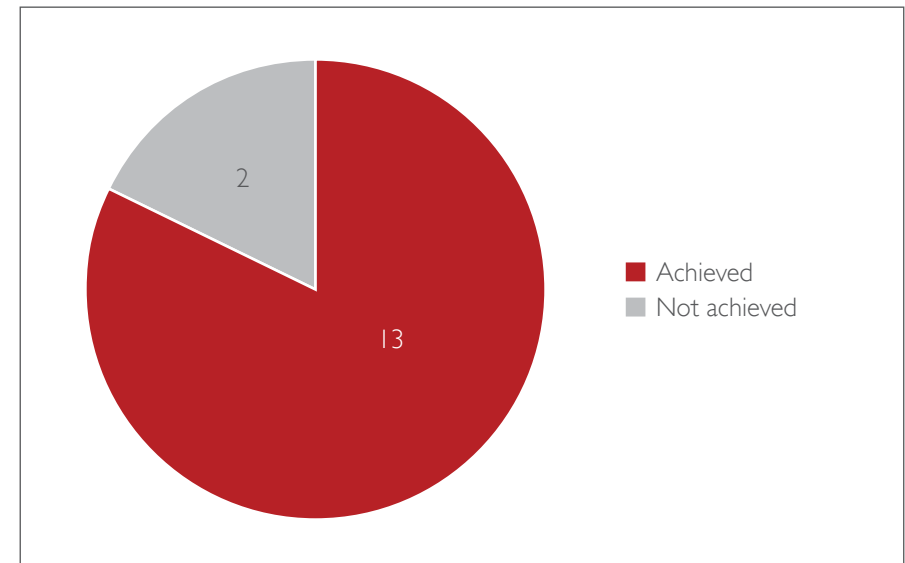


Table 10: Annual Performance Information for Office of the Chief Financial Officer

SUB-PROGRAMME: OFFICE OF THE CHIEF FINANCIAL OFFICER						
STRATEGIC OBJECTIVE:	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
Promote effective corporate governance practices and professional ethics	Terms of reference for management structures within NSG, as well as HR and financial delegations	The Financial Delegations were approved and implemented	Develop/review terms of reference for management structures within NSG, as well as HR and financial delegations	The Financial Delegations were approved and implemented	Annual performance target achieved	No deviations were made from the planned activities
Improve fiscal and financial accountability for budgeting, procurement, reporting and compliance	Sourcing strategy and plan related to acquisition management	This is a new performance target being reported on in this financial year	Develop and implement a sourcing strategy and plan, related to acquisition management by 31 March 2014	A draft sourcing strategy was developed during the financial year	Annual performance target not achieved	Draft strategy was finalised
	Frequency of meetings and reporting on organisational budget and cash flow management	This is a new performance target being reported on in this financial year	Four managed organisational budget and cash flow through quarterly meetings and reporting	During the financial year; 1 Budget Committee and 4 Directorate meetings held	Annual performance target achieved	No deviations were made from the planned activities
	Develop and implement a disposal management strategy and policy	This is a new performance target being reported on in this financial year	Develop and implement a disposal management strategy and policy	The target was achieved and incorporated into Assets Management Strategy	Annual performance target achieved	No deviations were made from the planned activities
	Develop and implement a demand management plan	This is a new performance target being reported on in this financial year	Develop and implement a demand management plan by 31 March 2014	Demand management plan developed and forwarded to the National Treasury	Annual performance target achieved	No deviations were made from the planned activities



SUB-PROGRAMME: OFFICE OF THE CHIEF FINANCIAL OFFICER

STRATEGIC OBJECTIVE:	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
	Approved funding model to support the training and operations of NSG by 31 March 2014	The cost-recovery model is in effect	Design, develop and implement a funding model to support the training and operations of the institution by 31 March 2014	Significant benchmark exercises were undertaken during the financial year. However, the determination of a funding model is dependent on the approval of the NSG strategy	Annual performance target not achieved	The determination of a funding model is dependent on the approval of the NSG strategy. No approval from the National Treasury
	Increase in projected revenue generated through training delivery course fees	In the 2012/13 financial year, the institution generated R134,8m in course fees	Increase the revenue generated through training delivery course fees to R107,3m by 31 March 2014	The income from course fees generated in this financial year is R107,9m	Annual performance target achieved	No deviations were made from the planned activities
	Reduction in average number of days taken for debt collection due to training fees outstanding by 31 March 2014	The average number of days to collect debt was 120 days	90 days (average) for collection of debt	An average of 92 days was taken to collect debt	Annual performance target achieved	No deviations were made from the planned activities

ADDITIONAL PERFORMANCE INFORMATION OF PROGRAMME PERFORMANCE NOT CONTAINED IN THE APP 2013/14

Table 11: Additional Annual Performance Information for Office of the Chief Financial Officer

SUB-PROGRAMME: OFFICE OF THE CHIEF FINANCIAL OFFICER						
STRATEGIC OBJECTIVE:	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
Improve fiscal and financial accountability for budgeting, procurement, reporting and compliance	Number of NSG inventory and asset verification audits conducted in accordance with treasury regulations and NSG internal policies by 31 March 2014	This is a new performance target being reported on in this financial year	Cumulative target of 8 inventory and asset verification audits	8 verification audits were conducted during this financial year	Annual performance target achieved	No deviations were made from the planned activities
	Number of reports submitted to management to enhance decision-making and the utilisation of the allocated budget by 31 March 2014	This is a new performance target being reported on in this financial year	48 reports developed and submitted	During this financial year, 48 statutory reports were submitted Interim Financial Statements as at 31 December 2013 were also prepared and signed off by the Principal, then submitted to National Treasury - 31 January 2014	Annual performance target achieved	No deviations were made for planned activities
	Number of general ledger reconciliations approved by the Chief Financial Officer in accordance with the treasury regulations and NSG internal policies, to ensure compliance and accountability by 31 March 2014	This is a new performance target being reported on in this financial year	Cumulative target of 12 reconciliations (one per month)	Monthly payroll reports for the year, inclusive of all months signed off	Annual performance target achieved	No deviations were made from the planned activities



SUB-PROGRAMME: OFFICE OF THE CHIEF FINANCIAL OFFICER

STRATEGIC OBJECTIVE:	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
	Number of approved NSG statutory reports submitted to relevant authorities, within a legislative-specific reporting structure and timeline in order to improve accountability and maintain compliance with relevant prescripts by 31 March 2014	This is a new performance target being reported on in this financial year	Cumulative target of 14 statutory reports submitted	During this financial year; 14 statutory reports were submitted	Annual performance target achieved	No deviations were made from the planned activities
	Percentage of compliance to the National Treasury requirements on procurement thresholds by 31 March 2014	This is a new performance target being reported on in this financial year	Non-cumulative target of 100% compliance	100% compliance was achieved Two cases of irregular expenditure were identified during this financial year which is under review	Annual performance target achieved	No deviations were made from the planned activities

SUB-PROGRAMME: OFFICE OF THE CHIEF FINANCIAL OFFICER

STRATEGIC OBJECTIVE:	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
	Number of approved NSG compliance reports submitted to relevant authorities, within a legislative-specific reporting structure and timeline, and monitored through the NSG compliance calendar; in order to improve accountability and maintain compliance with relevant prescripts by 31 March 2014	This is a new performance target being reported on in this financial year	Cumulative target of 8 approved compliance reports	3 late payment reports submitted to National Treasury 5 deviation reports submitted to the National Treasury and the Auditor General 6 EWS reports submitted to National Treasury 2 project closure donor financial reports (CIDA): RCB and resubmission of GIZ: Government Wide Monitoring and Evaluation Project as requested by donor	Annual performance target achieved	No deviations were made from the planned activities
	Number of NSG officials trained and developed on internal SCM and finance policies and procedures on a quarterly basis to ensure effective administration and compliance with the PFMA, PPPFA, treasury regulations and internal policies by 31 March 2014	110 officials trained	Cumulative target of 100 NSG officials trained	132 officials were trained during this financial year	Annual performance target achieved	No deviations were made from the planned activities



2.4.2 PROGRAMME 2: PUBLIC SECTOR ORGANISATIONAL AND STAFF DEVELOPMENT

Purpose:

Programme 2 facilitates the transfer of payments to the Training Trading Account for management development and training of public sector employees.

Public Sector Organisational and Staff Development comprises of the following sub-programmes;

- *Training Policy and Planning*, comprising Research and Innovation; Monitoring and Evaluation; Policy and Planning Coordination; Norms and Standards
- *Training Delivery and Management*, comprising Induction; Leadership; Management; Administration; Technical Support and Marketing
- *Specialised Services*, comprising Curriculum Design; Quality Assurance; Accreditation; and E-learning

Strategic Objectives

- Conduct research and development annually through the undertaking of research projects in order to inform training interventions
- Establish and maintain an integrated training delivery information and records management system, processes and infrastructure linking all training activities undertaken
- Improve business processes, decision rights and accountability in the public sector through training interventions
- Professionalise the Public Service by equipping public servants with appropriate values, service culture and ethos
- Design the curriculum with programmes and courses that support Government policy as well as critical challenges within the public sector
- Expand the use of E-Learning to increase learner access to training

- Quality assure the NSG programmes to ensure credibility and quality of the programmes

Summary of Performance focusing on Training Delivery

NSG's mainstream training is categorised into leadership, management and administration focus areas. Additionally, emphasis is placed on 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 12: Persons trained according to training streams during the 2013/14 financial year

TRAINING STREAM	NO OF PERSONS TRAINED
Leadership	11185
Management	7309
Administration	1769
Induction	10095
Total	30358

These figures are the audited figures based on evidence provided and excludes the figures of 2 937 that could not be included in the audited results.

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).

NSG values the role of its partners and engages with them on a quarterly basis. Particularly in this regard are engagements with the higher education institutions (HEIs) that deliver the AMDP (Advanced Management Development Programme),

and the EMDP (Emerging Management Development Programme) updating them on transitional arrangements, as PALAMA was gearing towards the establishment of the NSG and specific course content and delivery matters. Due to the relevance and approval ratings of the EMDP,AMDP and EDP,these programmes are more than likely to continue as part of NSG portfolio, until new programmes of the NSG replace the current training programmes.

SUB-PROGRAMME: TRAINING POLICY AND PLANNING

The sub-programme is responsible for setting norms and standards, curriculum policy and planning, and quality management, supported by research and innovation as well as monitoring and evaluation (M&E) functions. This branch has been newly created, and not fully established, and policy and planning functions hereto have not been fully created and capacitated.

During the 2013/14 financial year, this branch planned 15 targets of which 13 were achieved and two were not achieved.

Graph 5: Annual performance activities of Training Policy and Planning Branch

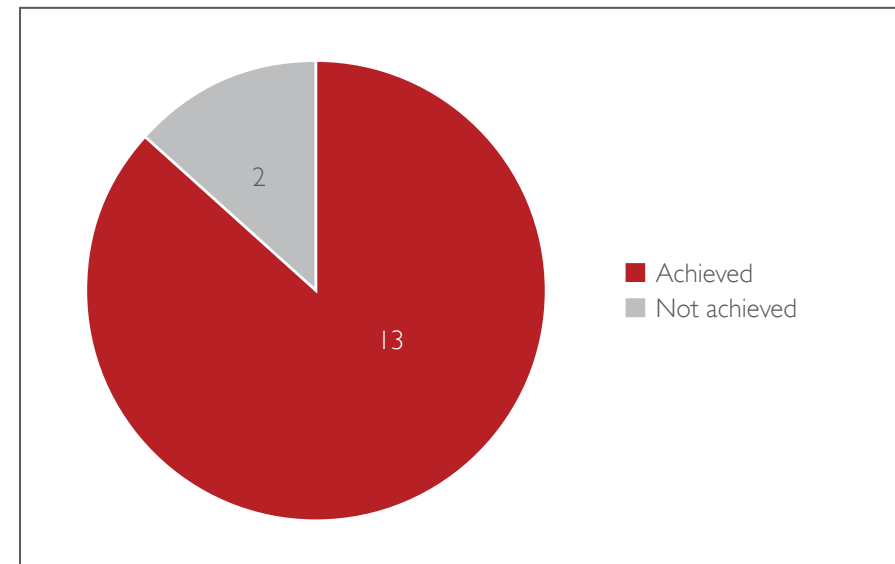


Table 13: Annual Performance Information for Branch: Training Policy and Planning

SUB-PROGRAMME: TRAINING POLICY AND PLANNING						
STRATEGIC OBJECTIVE:	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
Conduct research and development annually through undertaking research projects in order to inform training interventions	Number of research projects undertaken by 31 March 2014	2 research projects were undertaken during the financial year	1 research project undertaken on the legislative programme by financial year-end	The research was undertaken and a report with preliminary findings was compiled. The process included focus group discussions with both the programme management at the NSG, WITS University, National Parliament and 7 Provincial Legislatures	Annual performance target achieved	No deviations were made from the planned activities
	Number of stakeholders, where training needs analysis (TNA) are undertaken to determine training intervention by 31 March 2014	3 TNA were undertaken and implemented in the financial year	3 TNA processes undertaken to determine training intervention by 31 March 2014	During the financial year, TNA data for 4 interventions was analysed. A total of 8 TNA reports were compiled relating to interventions carried out	Annual performance target exceeded	Additional capacity and resources were utilised in training needs analysis processes, thus resulting in target being exceeded
Monitor and evaluate institutional training interventions through appropriate tools, in order to inform training interventions	Number of institutional training interventions monitored and evaluated through on-site evaluations by 31 March 2014	56 on-site evaluations were undertaken during the financial year	Conduct 60 on-site evaluations by 31 March 2014	During the financial year, 62 on-site evaluations were undertaken. The on-site evaluations relate to programmes including: Khaedu; CIP; EDP; EMDP; Job Evaluation; Mentoring and Coaching in the Public Service A total of 62 reports were produced and distributed	Annual performance target exceeded	Additional capacity and resources were utilised in on-site evaluation, thus resulting in target being exceeded

SUB-PROGRAMME: TRAINING POLICY AND PLANNING

STRATEGIC OBJECTIVE:	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
Assess the impact (Application of learning) of training interventions through appropriate tools in order to inform training interventions	Number of training interventions assessed for application of learning by 31 March 2014	This is a new performance target being reported on in this financial year	Assess the impact (Application of learning) of 2 programmes by financial year-end	During this financial year, 2 programmes were assessed (Khaedu and Supply Chain Management) and reports were produced	Annual performance target achieved	No deviations were made from the planned activities



ADDITIONAL PERFORMANCE INFORMATION OF PROGRAMME PERFORMANCE NOT CONTAINED IN THE APP 2013/14

Table 14: Additional Annual Performance Information for Branch: Training Policy and Planning

SUB-PROGRAMME: TRAINING POLICY AND PLANNING						
STRATEGIC OBJECTIVE:	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
Conduct research and development annually through the undertaking of research projects in order to inform training interventions	Number of research papers presented and articles published by 31 March 2014	2 research papers were produced	3 research papers were presented at a conference and 2 articles prepared for publication by financial year-end	<p>During this financial year, 4 research papers were presented</p> <p>A roundtable discussion on leadership was convened with academic guests and senior management. A research colloquium was hosted with external and internal stakeholders</p> <p>Two articles were published in academic journals on: The state of the State, and Regional Leadership</p> <p>One article and one chapter are awaiting publication. Four papers were delivered at National and International conferences</p>	Annual performance target achieved	No deviations were made from the planned activities
	Quality of the research practice and activities enhanced within the NSG	This is a new performance target being reported on in this financial year	Develop ethical guidelines to support research activities within NSG by 31 March 2014	The ethical guidelines for research was finalised and circulated for comments	Annual target performance achieved	No deviations were made from the planned activities

SUB-PROGRAMME: TRAINING POLICY AND PLANNING

STRATEGIC OBJECTIVE:	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
	Establishment and promotion of the knowledge management function	A draft framework for knowledge management strategy in place	Develop the knowledge management strategy and policy, together with institutional guidelines for effective knowledge management by financial year-end	The Knowledge Management Strategy was developed	Annual performance target activities achieved	No deviations were made from the planned activities
	Establish efficient and accessible library services	Procurement of library resources and services commenced. The 3M Tattle Tape Security system was installed in March 2013, and is being applied to all library material	Develop 3 library policies for implementation by 31 March 2014 Develop a database of library service providers by 31 March 2014	The library policies were developed but not formally approved. Two Knowledge Cafés and 1 National Library week event was held Additionally, the Library arranged an exhibition from publishers for the benefit of NSG staff. An electronic library management system was purchased and implemented	Annual performance target not achieved	The library policies were not finalised, in part, due to the institutional changes



SUB-PROGRAMME: TRAINING POLICY AND PLANNING

STRATEGIC OBJECTIVE:	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
Monitor and evaluate NSG training interventions through appropriate tools, in order to inform training interventions	Percentage of Facilitator and Participant Evaluation (FPE) reports developed for all NSG training interventions by 31 March 2014	100% of FPE reports of all PALAMA training interventions were undertaken	Undertake 100% of FPE reports of all NSG training interventions by financial year-end	During this financial year, FPEs for all REQs that were received were generated and distributed within NSG	Annual performance target achieved	No deviations were made from the planned activities
	Percentage of reports on LICs distributed by 31 March 2014	In 2012/13, 100% training interventions were monitored through 27 151 REQs and 1 170 Facilitator Feedback Forms	Develop and distribute 100% of FPE reports on all NSG training interventions by financial year-end	During this financial year, 100% of FPE reports on all NSG training interventions were developed and distributed	Annual performance target achieved	No deviations were made from the planned activities
Migration of NSG into a School of Government	1 Training policy, norms and standards for public sector training framework developed by March 2014	This is a new performance target being reported on in this financial year	Develop a framework for the training policy, norms and standards by financial year-end	A moratorium was placed on the filling of all vacancies – no further activities occurred regarding the establishment of these two functional units	Annual performance target not achieved	Target kept on-hold due to the transitional process within the NSG
	Number of project management and related activities on the ATT project plan implemented by 31 March 2014	This is a new performance target being reported on in this financial year	All NSG related activities on ATT project plan was executed	Project Management Office projects carried out as requested, based on weekly meetings with the Minister's Advisory Task Team and all required reports prepared including the PMO closure report	Annual performance target achieved	No deviations were made from the planned activities

SUB-PROGRAMME: TRAINING POLICY AND PLANNING

STRATEGIC OBJECTIVE:	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
Migration of NSG into a School of Government	Processes to support the establishment and operation of the School of Government	This is a new performance target being reported on in this financial year	Host a consultative indaba by financial year-end	<p>The Minister for Public Service and Administration held a consultative meeting with academics on 20 May 2013</p> <p>In addition, the Advisory Task Team held several consultative engagements within the three spheres of government and other role-players. Plans to hold a government leadership summit were put on hold</p>	Annual performance target achieved	No deviations were made from the planned activities



SUB-PROGRAMME: TRAINING POLICY AND PLANNING

STRATEGIC OBJECTIVE:	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
	Processes to support the establishment and operation of the School of Government	This is a new performance target being reported on in this financial year	Identify processes and establish an implementation plan to give effect to the establishment and operation of the School of Government	During this financial year, the Director-General established a Project Management Office to support the establishment of the NSG. A project implementation plan was developed. The Minister for Public Service and Administration also appointed an advisory task team to support the establishment and operation of the NSG	Annual performance target achieved	No deviations were made from the planned activities
			Launch of the School of Government	The NSG was officially launched by the MPSA on 21 October 2013	Annual performance target achieved	No deviations were made from the planned activities

SUB-PROGRAMME: TRAINING MANAGEMENT AND DELIVERY

The sub-programme is responsible for the management and delivery of training. It is divided into: Induction; Leadership; Management; Administration; Technical Support and Marketing.

This sub-programme planned for 24 performance targets of which 15 were achieved and 9 were not achieved.

Graph 6: Annual performance activities of Training Management and Delivery Branch

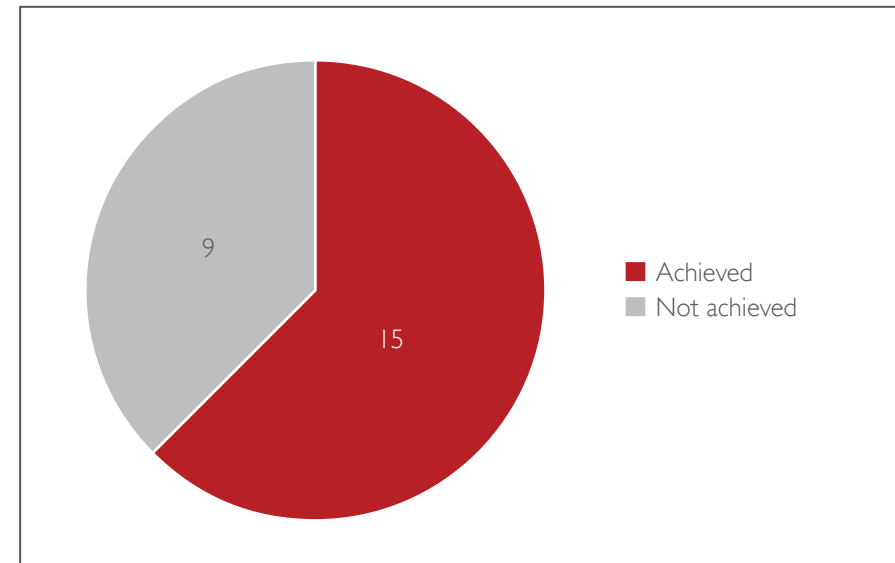


Table 15: Annual Performance Information for Branch: Training Management and Delivery

SUB-PROGRAMME: TRAINING MANAGEMENT AND DELIVERY						
STRATEGIC OBJECTIVE:	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
Improve service delivery quality and access in the public service through training interventions	Number of front-line officials trained in front-line service delivery by 31 March 2014	539 officials trained	Train 1 500 officials by financial year-end	259 front-line officials trained in front-line service delivery	Annual performance target not achieved	Demand for this training programme dropped significantly
Provide training to support the development of core competencies in the business of government	Number of public sector officials trained in leadership programmes (including the EDP) in order to improve leadership capacity by 31 March 2014	12 766 officials trained	Train 8 400 officials by financial year-end	11 185 public sector officials trained in leadership programmes	Annual performance target exceeded	Greater uptake of programmes by learners and effective marketing approach led to the target being exceeded
	Number of public sector officials trained in management development programmes by 31 March 2014	9 437 officials trained	Train 8 235 officials by financial year-end	7 309 public sector officials trained in management programmes	Annual performance target not achieved	Target could not be reached due poor uptake of some programme offerings
	Number of public sector officials trained in administration programmes by 31 March 2014	4 487 officials trained	Train 4 000 officials by financial year-end	1 769 public sector officials trained in administration programmes	Annual performance target not achieved	Target could not be reached due poor uptake of some programme offerings

SUB-PROGRAMME: TRAINING MANAGEMENT AND DELIVERY

STRATEGIC OBJECTIVE:	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
Professionalise the Public Service by equipping public servants with appropriate values, service culture and ethos	Number of new public servants enrolled for undergoing training aligned to the Compulsory Induction Programme by 31 March 2014	985 officials trained on induction courses paid for (orientation programmes and Wamkelekile for SMS) and 14 404 officials trained for 2 days on PSI (offered at no cost to departments)	Train 20 000 officials by financial year-end	6 912 new public servants undergoing training aligned to the Compulsory Induction Programme	Annual performance target not achieved	The target was based on PSI which has since been discontinued from September 2012 and replaced with CIP
Improve business processes, decision-making, rights and accountability in the public sector through training interventions	Number of political office-bearers (Members of Parliament and Provincial Legislatures) trained to enhance oversight responsibilities by 31 March 2014	995 Legislators and Parliamentarians trained	Train 200 officials by financial year-end	212 Legislators and Parliamentarians trained	Annual performance target exceeded	Uptake of programmes by learners and effective marketing approach led to the target being exceeded
	Number of officials trained in good governance programmes by 31 March 2014	1 394 officials trained	Train 1 000 officials by financial year-end	728 officials trained in good governance programmes	Annual performance target not achieved	Good Governance training was previously funded through donor funds and offered at no cost to the enrolled learners. Donor funding agreement has lapsed and the courses are now paid for
	Number of officials trained in ethics an anti-corruption by 31 March 2014	1 822 officials trained	Train 500 officials by financial year-end	869 officials trained in ethics an anti-corruption	Annual performance target exceeded	Greater uptake of programmes by learners and effective marketing approach led to the target being exceeded



SUB-PROGRAMME: TRAINING MANAGEMENT AND DELIVERY

STRATEGIC OBJECTIVE:	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
Develop and implement a research-based marketing strategy and plan	Marketing strategy and implementation plan implemented by 31 March 2014	Marketing strategy in draft stage	Develop and implement a marketing strategy and annual implementation plan by 31 March 2014	During this financial year, the marketing strategy was drafted but not finalised	Annual performance target not achieved	The strategy still in the draft stage
Impact of marketing initiatives in the uptake of PALAMA training	Percentage of quotations issued through the Contact Centre translated into sales by 31 March 2014	33.6 % of quotations issued resulted in actual training uptake	35% of quotations issued through the Contact Centre were translated into sales	During this financial year, 36% of quotations issued resulted in confirmed training uptake	Annual performance target achieved	No deviations were made from the planned activities
Deliver training through on-board capacity as well as collaborative and structured partnerships	Number of on-board training facilitators, moderators and assessors recruited, contracted and professionalised by 31 March 2014	This is a new performance target being reported on in this financial year	Recruit, contract and professionalise 500 on-board training facilitators, moderators and assessors by 31 March 2014	720 trained but less than 500 contracted as planned	Annual performance target not achieved	On-board trainer strategy not finalised subject to approval of the NSG new strategy and additional funds
	Reduced waiting time in the issuing of certificates on completion of all training programmes by 31 March 2014	3 calendar months from completion of examination and 12 calendar months from submission of portfolios of evidence	3 calendar months from completion of examination and 6 calendar months from submission of portfolios of evidence	Turnaround time met in accordance with the target standards. A total of 18 794 certificates were issued	Annual performance target achieved	No deviations were made from the planned activities

ADDITIONAL PERFORMANCE INFORMATION OF PROGRAMME PERFORMANCE NOT CONTAINED IN THE APP 2013/14

Table 16: Additional Annual Performance Information for Branch: Training Management and Delivery

SUB-PROGRAMME: TRAINING MANAGEMENT AND DELIVERY						
STRATEGIC OBJECTIVE:	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
Improve service delivery quality and access in the public service through training interventions	Number of officials trained and deployed to service delivery sites (Khaedu)	621 officials trained	Train 300 officials by financial year-end	499 officials trained and deployed to service delivery sites (Khaedu)	Annual performance target exceeded	Greater uptake of programmes by learners and effective marketing approach led to the target being exceeded
Provide training to support the development of core competencies in the business of government	Number of persons trained in all NSG programmes by 31 March 2014	45 575 officials trained	Train 42 885* officials by financial year-end	30358 persons trained in all NSG programmes	Annual performance target not achieved	Discontinuation of the Public Service Induction Programme in September 2013 contributed to lower figures
Professionalise the Public Service by equipping public servants with appropriate values, service culture and ethos	Number of reports developed to report on the Compulsory Induction Programme by 31 March 2014	This is a new performance target being reported on in this financial year	Develop 4 reports on the Compulsory Induction Programme by 31 March 2014	During this financial year, 4 reports were developed on the Compulsory Induction Programme	Annual performance target achieved	No deviations were made from the planned activities
	Number of unemployed youth graduates orientated through the BB2E programme by 31 March 2014	3 223 youth graduates trained	Train 2 250 officials by financial year-end	3 183 unemployed youth graduates orientated through the BB2E programme	Annual performance target achieved	No deviations were made from the planned activities
	Percentage of unemployed youth graduates trained who have been absorbed into public sector employment by 31 March 2014	This is a new performance target being reported on in this financial year	50% of 985 unemployed youth graduates trained, absorbed into public sector employment by 31 March 2014	1 178 learners trained in the NARYSEC project, and will be absorbed in this project	Annual performance target achieved	No deviations were made from the planned activities

* This is the total target for all training offerings and reported separately under the training streams.

SUB-PROGRAMME: TRAINING MANAGEMENT AND DELIVERY

STRATEGIC OBJECTIVE:	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
	Curriculum and training methodology reviewed	This is a new performance target being reported on in this financial year	Review the curriculum and training methodology by 31 March 2014	Curriculum and training methodology of the programme reviewed and implemented	Annual performance target achieved	No deviations were made from the planned activities
Develop and implement a research-based marketing strategy and plan	Market PALAMA training through an updated training calendar	Training calendar used as a tool for marketing PALAMA training	Undertake marketing of PALAMA training through an updated training calendar	The training calendar is updated and uploaded on the institutional website, and monitored regularly	Annual performance target achieved	No deviations were made from the planned activities
Deliver training through on-board capacity as well as collaborative and structured partnerships	Policy related to on-board training capacity	PALAMA made use of IICs for most of the training and exiting public servants in some programmes	Develop and implement a policy related to on-board training capacity	During this financial year, a draft policy was developed	Annual performance target not achieved	Finalisation of on-board strategy depends on finalisation of NSG strategy and confirmation of additional funding
Establish and maintain an integrated training delivery information and records management system, processes and infrastructure linking all training activities undertaken	Improvement to existing training management system by 31 March 2014	The institution makes use of a training management system	Introduce new modules to improve the existing training management system by 31 March 2014	During this financial year, the system improvement modules were procured and implemented	Annual performance target achieved	No deviations were made from the planned activities
			Ensure TMS data management and reporting capabilities	The TMS is currently in use for all training data and reporting. The system generates quarterly training statistics to ensure effective quarterly performance reporting	Annual performance target achieved	No deviations were made from the planned activities

SUB-PROGRAMME: TRAINING MANAGEMENT AND DELIVERY

STRATEGIC OBJECTIVE:	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
			Functional specifications and full systems design for new integrated TMS by 31 March 2014	During this financial year, the Integrated TMS design process was undertaken but not completed. However, a system was procured and installed to support the full integration of training management	Annual performance target achieved	No deviations were made from the planned activities
	Time taken to respond to requests received for quotations on existing programmes	This is a new performance target being reported on in this financial year	Within 3 days from receiving the request	Quotations were responded to in an average of 2.35 days from receiving the requests	Annual performance target achieved	No deviations were made from the planned activities



SUB-PROGRAMME: SPECIALISED SERVICES

This sub-programme focuses on the specialised and transversal support competencies that are core to the NSG's ability to develop both accredited and non-accredited training programmes, and implement quality assurance standards essential for the credibility of NSG as a reputable and authorised training provider. This sub-programme is divided into Curriculum Design and Development; Quality Assurance; Accreditation; and E-learning.

During 2013/14 financial year, six targets were planned for this sub-programme, of which all were achieved.

Graph 7: Annual performance activities of Specialised Services Branch

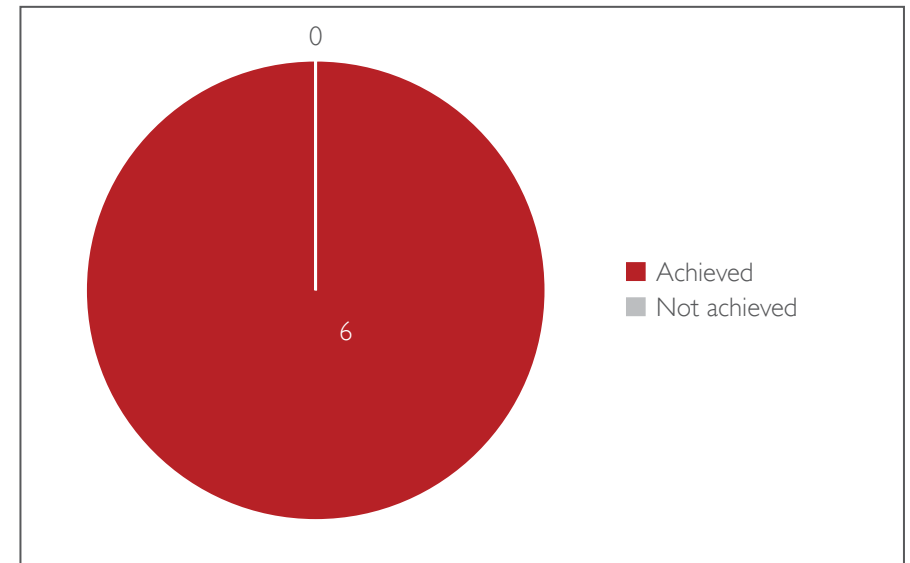


Table 17: Annual Performance Information for Branch: Specialised Services

SUB-PROGRAMME: SPECIALISED SERVICES						
STRATEGIC OBJECTIVE:	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
Design curriculum programmes and courses that support Government policy as well as critical challenges within the public sector	Number of programmes/ courses designed, developed and/or reviewed by 31 March 2014	Produced final drafts of the 4 EDP Modules namely: Policy Formulation and Implementation; Communication and Citizen Centred Focused Strategies and Leadership for Good Governance	Design, develop and/or review curriculum of 4 programmes/ courses by 31 March 2014	During this financial year, 6 programmes/ courses were designed, developed, and/or reviewed. These are: Finance Management and Budgeting; Review to CIP Mod 4; Mentoring Support for Supervisors; Support for the Transfer of Learning; Re-orientation Programme, and Citizen Centred Service Delivery	Annual performance target achieved	No deviations were made from the planned activities
Expand the use of E-Learning to increase learner access to training	Number of E-Learning interventions undertaken by 31 March 2014	20 E-Learning interventions undertaken	Undertake 10 E-Learning interventions by 31 March 2014	During this financial year, 18 E-Learning interventions were developed to support and enhance learning. These include the use of fully technology-mediated; Community of Practice; and Resource materials	Annual performance target was achieved	Greater uptake of programmes by learners and effective marketing approach lead to the target being exceeded



SUB-PROGRAMME: SPECIALISED SERVICES

STRATEGIC OBJECTIVE:	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
Quality assurance of PALAMA programmes to ensure credibility and quality of programmes	Number of NSG programmes quality assured by 31 March 2014	During this financial year, Modules of the Compulsory Induction Programme (CIP), modules of the EDP (Policy Formulation and Implementation; Leadership and Good Governance), and Investigating and presiding skills for the Public Service were quality assured	Quality assure 6 NSG programmes by 31 March 2014	During this financial year, 15 NSG programmes were quality assured, including Job Evaluation Panel; Communication and Citizen focused Strategies; Strategic Planning and Annual Performance Planning; Citizen Centred Service Delivery; Mentoring Skills for Supervisors; and Orientation on HR Strategic Frameworks	Annual performance target achieved	Greater focus was placed on the QA process in the first year, resulting in the increased performance
NSG status as an accredited training provider maintained	Maintain status of NSG as an accredited training provider	Maintained status of PALAMA as an accredited training provider	Maintain status of NSG as an accredited training provider by 31 March 2014	Engaged with QCTO and SETA to ensure the monitoring of accreditation status The National School of Government has been given full accreditation by PSETA from June 2013 to June 2016	Annual performance target achieved	No deviations were made from the planned activities

SUB-PROGRAMME: SPECIALISED SERVICES

STRATEGIC OBJECTIVE:	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/13	PLANNED TARGET 2013/14	ACTUAL ACHIEVEMENT 2013/14	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/14	COMMENT ON DEVIATIONS
Develop a career progression system linked to education and training successfully undertaken	Matrix of Qualifications (MOQ) finalised and implemented	Draft matrix finalised and consultations taken place. No revision was required as the consultation agreed with the MOQ	Finalise and implement MOQ for career pathing and progression in the public service by 31 March 2014	The MOQ has been finalised and implemented. The implementation of the matrix takes place through the registration of qualifications developed jointly with PSETA and the QCTO. The Middle Manager qualification, also aligned to the Matrix of Qualifications, was developed and this is currently awaiting recommendation by the QCTO before registration on the NQF by SAQA	Annual performance target achieved	No deviations were made from the planned activities



Strategy to overcome areas of under performance

In acknowledging the transitional nature of the institution from PALAMA to the National School of Government, there have been areas of underperformance. This has been noted from activity areas that depend on external parties that the NSG has no control over: The training model of PALAMA, and now the NSG, places the department at the responsive end, in offering its training programmes. Though targets are set based on analysis of historical statistics for uptake of training programmes and courses, actual uptake of training is dependent on the decisions taken by the departments. The introduction of compulsory programmes will assist future planning.

In general, organisational performance management is managed in terms of a departmental policy, and mechanisms are in place to detect areas of potential underperformance during the course of the financial year. As the core business of the institution is training, there has been underperformance in a significant portion of the training streams, despite efforts by the institution to market these programmes and courses.

To overcome delayed decisions, the NSG will intensify engagements with these parties and where possible look at improving service level agreements where these are applicable. The strategies to address underperformance also include intensified marketing initiatives, greater interactions with departments, and better internal controls to effectively manage performance.

Changes to planned targets

The NSG has not changed any performance indicator or target during the reporting period after the annual performance plan was tabled. Where performance targets were placed on hold in view of the transition to the National School of Government, it has been accordingly reported in the performance tables.

There are three critical factors common to where performance targets were not achieved due to the respective activities being placed on hold or planned targets being revised. Activities were planned anticipating early approval of the NSG strategy, organisational plan and respective funding. The strategy was finalised only in the fourth quarter of 2013/14, a new organisational structure is yet to be approved and no additional funding was appropriated to the NSG in line with its new plans. This resulted in some activities being placed on hold.

Linking performance with budgets

The summary of the actual expenditure in comparison to the adjusted appropriation for both the current year and previous year is reflected in the table below. The information is provided at a sub-programme level and agrees to the appropriation statement of the audited financial statements.

Table 18: Summary of actual expenditure

PROGRAMME NAME	2013/14			2012/13		
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/ UNDER EXPENDITURE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/ UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	82,922	85,622	2,700	72,287	70,798	1,489
Public Sector Organisational and Staff Development	49,000	49,000	0	52,097	52,097	0
Total	131,922	134,622	2,700	124,384	122,895	1,489

2.5 TRANSFER PAYMENTS

Transfer payments were made from the Vote to the Training Trading Account for an amount of R49million (2013/14) as compared to the R52million (2012/13).

2.6 CONDITIONAL GRANTS

The National School of Government has not received any conditional grants during the period of reporting.



2.7 DONOR FUNDS

Table 19: Donor funds for the year under review

Name of donor	Canadian International Development Agency (CIDA)
Name of project	Public Sector Training and Development in Countries Emerging from Conflict
Full amount of the funding	CAD 10,500,000 (equivalent to ZAR 69,968,680 during the signing of the agreement)
Period of the commitment	April 2008 – November 2013
Purpose of the funding	In terms of the Logical Framework Analysis as agreed to between CIDA and NSG (then PALAMA), the purpose of the project is to enhance the capacity of Management Development Institutes (MDI's) for Governments in post-conflict countries (Rwanda, Burundi and South Sudan) to deliver training for management and leadership capability that will result in improved service delivery.
Expected outputs (Outcomes)	The outcomes of the RCB Project are: Outcome 1: Improved Management Development Institute (MDI) organisational performance Outcome 2: Improved MDI regional and in-country collaboration Outcome 3: Increased provision of MDI Quality Assured Training Outcome 4: Increased utilisation of integrated management practices in the workplace (public service)
Actual outputs achieved	Outcome 1: Improved MDI organisational performance Baseline Studies: Baseline studies completed for all three MDIs and utilised with the development of a Performance Measurement Framework for reporting. Training Needs Analysis (TNA): TNA was completed which informed the need for the development of modules in the Integrated Management Training Programme (IMTP). Gender Representivity: Gender mainstreaming strategies, guidelines and implementation plans were developed for each MDI. The GMP training programme that was rolled out across the MDI. Organisational performance improvement: MDI systems were developed and improved throughout the project cycle (Rwanda: strategic plan, HRM manual, Marketing and communication strategy, Financial and accounting procedures manual, Procurement procedures manual, website development, procurement of furniture and equipment. Burundi: Furniture and equipment, website development. South Sudan: Furniture and equipment and strategic plan; and the Training Management System were also developed across all MDIs). M&E training and systems to monitor the implementation of trainings were established in all three countries. Outcome 2: Improved MDI regional and in-country collaboration Increased networking by MDIs to expand learning: The increased networking between MDIs was enhanced during the many workshops and Project meetings between the partner countries. The good spirit in which meetings were held and the sharing of cultural events, promoted the understanding and collaboration between the countries on the Project.

<p>Actual outputs achieved</p>	<p>Virtual forum and internet connectivity: The RCB Project was established as a community of practice supported by the electronic media for improved communication and collaboration</p> <p>Regional office established: The Regional office occupied by local staff enhanced communication (in French and Swahili) and the co-ordination and reporting, due to closer lines of communication.</p> <p>Outcome 3: Increased provision of MDI Quality Assured training</p> <p>Lead Trainer Development: Lead Trainer Development programme provided selection criteria and recruitment of Lead Trainers that were trained on three modules (Training of Trainers, Gender and Mentoring). This contributed to the capacity of MDI's in particular in South Sudan with no training staff. The Lead Trainers were further utilised to support curriculum development and will be utilised, where competent, to support with the facilitation of training programmes.</p> <p>Curriculum developed and training sessions rolled out: The curriculum development process was finalised across the MDIs and all the curricula was approved and validated by each country's key stakeholders to rollout the Integrated Management Training Programme. (IMTP). After the curriculum validation process, the MDIs completed the in-country processes to select public servants for the RCB IMTP and the appointment of Lead Trainers for the rollout of the RCB IMTP. Together with the IMTP, the Khaedu programme for improved service delivery was successfully implemented and continues to rollout as a sustainable training programme.</p> <p>A total of 8 599 Person Training Days (PTDs) was achieved for all training conducted across all three MDIs since the project inception, thereby meeting the target of 6 780 PTDs and exceeding it by 1 819 PTDs.</p> <p>Development of the quality assurance policy framework and certification framework: Over and above the set deliverables for the Project, the MDIs developed their respective Quality Assurance Policy Frameworks with all the required toolkits and standard operating procedure and certification framework for accreditation of training programmes.</p> <p>Outcome 4: Increased utilisation of integrated management practice in the workplace (public service)</p> <p>Post training guidelines: Post training guidelines was developed and presented to MDIs to enhance the implementation of learning.</p>
<p>Amount received in current period (R'000)</p>	<p>ZAR 16,442</p>
<p>Amount spent by the department in the current period (R'000)</p>	<p>Estimated ZAR 13,624 (Final amount to be confirmed after the Donor's final audit report is tabled)</p>
<p>Amount unspent for the project period (R'000)</p>	<p>Estimated ZAR 4,216 (Final amount to be confirmed in final audit) report for the Donor</p>



Reasons for the funds unspent

The RCB programme was negatively affected by efficiency challenges. In part, this can be attributed to the practice of rapidly increasing budgets, despite ongoing evidence of the lack of capacity to absorb the budgeted total. Other factors that were negative influences (particularly in the 2010–11 financial year) included the delays in decision-making linked to the withdrawal of delegated authority as well as the deployment of new programme managers; further complications arose from changes in senior management within the partner MDIs. Communication failures on the part of all partners further exacerbated the situation, as did the increasing burden on core personnel within the implementing agency.

The programme's slow start, in particular the negotiation of MOUs and the recruitment of consultants for the baseline studies and TNAs also added to the absorption challenges experienced, not least because a capacity building response was not possible until such time as the necessary areas and priorities could be established.

The change to a logical model framework midway through the project, resulted in a delay with implementation of the outputs differently allocated under the Project approved outcomes.

The delays with the submission of reconciliations and evidence of spending often resulted in a delay with the transfer of funding requested by partners in Rwanda, Burundi and South Sudan.

Monitoring mechanism by the donor

The Performance Measurement Framework that required reporting against outcomes and output indicators developed through a logical framework was utilised as monitoring mechanism to inform bi-annual progress reports presented at the Project Steering Committee for the RCB Project.

This was followed up with the implementation of the RCB Investment Risk Register as well as the Investment Performance Report that was implemented mid-way through the Project.

C Governance



3.1 INTRODUCTION

The National School of Government is committed to good corporate governance. It has put in place sound approaches, systems and controls contributing to effective management. The department has as such good compliance record to all legislative and regulatory prescripts governing its operations.

NSG has adopted from PALAMA effective systems of internal control, primarily governed by the Public Finance Management Act (1999) as well as the Public Service Regulations and has taken various projects to ensure acceptable standards for ICT governance. This includes a number of operational policies and standard operating procedure documents, covering various internal operational areas, including monitoring and evaluation of the departmental activities as well as its performance reporting.

Good governance oversight is also effective, based on the role played by Internal Audit, Audit Committee, External Audit, Risk Management Committee, engagements with the Parliamentary Portfolio Committee on Public Service and Administration and well as reports to the Executive Authority and the National Treasury.

Overall, the NSG gives high regard to effective management of its resources and remains committed to carrying out its mandate in a responsive manner to all its stakeholders.

3.2 RISK MANAGEMENT

The NSG has adopted the risk management policy and strategy document approved for PALAMA in the beginning of the 2013/14 financial year. This is the Enterprise Risk Management Framework that outlines the risk management approach followed by the department combining efforts by NSG management, the Risk Management Committee, the Internal Audit, Audit Committee and NSG staff at large, in identifying strategic and operational risks that could impede organisational performance. Through these efforts, mitigation strategies are developed and implemented to combat risks

that could impact negatively on the image and reputation of the department and also mitigate its vulnerability to fraud and corruption activities.

During the period under review, the NSG conducted two workshops for the purpose of risk re-assessments, updating its Strategic Risk Register, aligning it to the 2013/14 annual performance plan and analysing risks associated with the organisational changes introduced during the financial year. The Risk Management Committee was strengthened by the appointment of an external member (non-executive) to chair the Committee. The Risk Management Committee utilised its meetings within the year to engage and advise on key risk areas and on the overall risk mitigation measures. The Risk Management Committee held three meetings in this financial year.

The current composition of the Risk Management Committee is by official appointments from NSG management made by the Accounting Officer and an additional member from the Audit Committee. The latter chairs the Committee. In addition to the formally appointed members, there are standing invitees to the Risk Management Committee meetings, selected from management and based on the risk management focus areas for each meeting for the year.

The Audit Committee has independently monitored the effectiveness of the system of risk management within NSG by reviewing the reports and minutes of the Risk Management Committee. Key guiding documents and plans for the Risk Management Committee were approved upon review by the Audit Committee, these combining the Enterprise Risk Management Framework, the Risk Management Implementation Plan and the Risk Committee Charter.

While the department has seen progress in the management of risks over the period since establishment of PALAMA, these gains may not be fully transmitted to NSG as a new risk profile may emerge for NSG based on the new strategic shifts, scale of operations and resource plans. To address gaps between the risk profile for PALAMA and NSG, a risk analysis will be carried out and a new risk management plan developed.

3.3 FRAUD AND CORRUPTION

The department has a zero-tolerance policy and practice against fraud. A Fraud Policy and Prevention Plan are available to all members of staff. This covers an action response framework for combating fraud within the department, 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 that was developed for all government departments, as well as the changing content of the NSG's business environment.

The department also periodically conducts an assessment of its minimum anti-corruption capacity status, bench marking it against the framework used by the DPSCA in the national survey on Minimum Anti-Corruption Capacity assessment that was carried out in 2009/10.

In the 2013/14 financial year, the department had no fraud and corruption cases reported against its employees.

3.4 MINIMISING CONFLICT OF INTEREST

During the year under review, the following measures were implemented:

- Supply Chain Management (SCM) 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.

(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 is required to declare any interest on matters serving before such committees.
- Senior management members of the department filed their financial disclosures, and notices were sent out to remind those who ought to make submissions to the executive authority to approve their remunerated activities outside their work place (RWOPS), to make their submissions.

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

3.5 CODE OF CONDUCT

In terms of the Public Service Regulations (PSR), a special responsibility is placed on the employer; namely the executives and management at all levels, to create an appropriate environment in which values are established and exemplary models are set for all employees. This is to ensure that high standards of professional ethics, integrity and impartiality are promoted and maintained in the department as expected for the public service in general. Equally, all employees in the department have the responsibility to comply with the prescribed Code of Conduct both in their own conduct, in their relationship with others and in managing employer information they have access to. The Code of Conduct for the department forms the main basis on which pro-active, corrective and even disciplinary action rests.

On appointment, all new employees are familiarised with the contents of the department's Code of Conduct and to ensure that this is known and accessible to all employees. The Code of Conduct document is available on the departmental intranet which is supported by orientation sessions held periodically for staff members.



Breach of the code of conduct is taken seriously and the departmental policy will apply in addressing such cases.

In case of any grievance/dispute, employees are guided in terms of the grievance procedure contained in section 35 of the Public Service Act, read with rules and regulations for dealing with complaints and grievances of officials in the Public Service.

3.6 HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The Safety, Health, Environment and Risk Programme were implemented during the financial year. The Director-General is 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 includes a safety plan, 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 implemented. Safety, health and risk audits were also conducted during the period under review.

3.7 PORTFOLIO COMMITTEES

Engagement workshops with the Portfolio Committee on Public Service and Administration were held in February and October 2013. These sessions focused on the presentation of the strategic plan, the business plan as well as evaluation of the year-end performance results presented in the department's Annual Report. Issues that were not adequately addressed during the workshop were followed up with written responses. Primarily, the Committee has been interested in the strategic framework, implementation plans and implications arising from the change strategy from PALAMA to the NSG and the entailed stakeholder engagement plan. The launch document for the NSG that was released in October 2013 summarises a response to these.

3.8 SCOPA RESOLUTIONS

The department has had no appearances to SCOPA or related notices in this financial year.

3.9 PRIOR MODIFICATIONS TO AUDIT REPORTS

Table 20: Prior modifications to audit reports

NATURE OF QUALIFICATION, DISCLAIMER, ADVERSE OPINIONS AND MATTERS OF NON-COMPLIANCE	FINANCIAL YEAR IN WHICH IT FIRST AROSE	PROGRESS MADE IN CLEARING/ RESOLVING THE MATTER
Strategic plan not prepared consistent with the period covered by MTEF	2012/13	Given the transitional nature of the institution from PALAMA to the NSG, it was deemed imprudent to develop a new strategic framework. A request was submitted to the National Treasury for the deviation from the strategic planning process.
Annual Financial Statements not prepared in accordance with the prescribed financial reporting framework	2012/13	Finding addressed during the 2012/13 audit period
Procurement and contract management (services obtained without obtaining written price quotation; services procured without valid tax clearance; quotations awarded to bidders who did not submit a declaration)	2012/13	Check list of all documents needed on contracting was developed and SCM workshops were held to train personnel

3.10 INTERNAL CONTROL UNIT

The institution has 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 has been filled.

The Audit Committee approved the Internal Audit Operational Plan for the 2013/14 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 2012/13 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 Chair of the Audit Committee as required, at various points of their audits, during the year.

3.11 INTERNAL AUDIT AND AUDIT COMMITTEE

3.11.1 Internal Audit

The purpose of the Internal Audit function is to provide independent, objective assurance and consulting services that are designed to add value and improve the operations of the department. This function helps the department to accomplish its objectives and translation thereof to operational activities by bringing a systematic and disciplined approach in evaluating and improving the effectiveness of risk management, control, and governance processes.

Internal Audit has unrestricted access to all functions, records, property, and personnel of the department and the Audit Committee. Adequate resources to the three plan review are annually allocated to the Internal Audit function.

NSG Internal Audit function is outsourced to PwC, with minimum capacity support staff within the department. Internal Audit reports administratively to the Accounting Officer; supported by the Deputy Director-General responsible for Corporate Governance within the department and functionally to the Audit Committee.

In carrying out audits, Internal Audit follows a risk-based audit approach which places emphasis on the identification of risks, the prioritising thereof and testing of controls over key risk areas. The audit approach combines two types of audit engagements, that is, assurance and consulting (advisory) services.

Internal Audit is at all times when conducting their work or any other tasks assigned to them, guided by the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing and the Code of Ethics, as published by the Institute of Internal Auditors and complies with the relevant sections in the Public Finance Management Act (Act No. 1 of 1999), as amended, and related Treasury Regulations.



Table 21: Summary of Internal Audit projects carried out in this financial year

SCOPE OF WORK IN THE EXECUTION OF INTERNAL AUDITS FOR 2013/14
<p>Evaluation of measures instituted by management to ensure the economical, efficient and effective use of resources.</p> <p>The reviews covered the following areas:</p> <ul style="list-style-type: none"> • Quality of trainers and partnerships • Marketing initiatives to attract stakeholders to attend training and to compete with other training institutions including the documentation and communication of the strategic vision • Quality of training materials and response time to changes in public sector • Training pricing system • Selection process of trainers • Management of training contracts • Training infrastructure and capacity • Curriculum and materials design
<p>IT Governance Assessment against the 7 principles of IT Governance as set out in Chapter 5 of the King III report and the readiness assessment of the implementation of deliverables for the 2014 financial year as set in the Public Service Corporate Governance of Information and Communication Technology Policy Framework.</p>
<p>Performance Information policies for adequacy, effectiveness and compliance with the relevant legislation, for example the National Treasury Framework for Managing Programme Performance Information.</p> <p>The review covered the following:</p> <ul style="list-style-type: none"> • Review of the SMART criteria assessment (as per the Framework for Managing Programme Performance Information issued by National Treasury) of the performance objectives, performance indicators and targets • Review of the alignment of the objectives, performance indicators and targets between the Strategic Plan and the Annual Performance Plan • Pre-Annual Auditing of Performance information evidence files using second and third quarter reports • Human resources capacity which impacts on the achievement of set objectives
FOLLOW – UP REVIEWS
<p>Determine whether management implemented the agreed management actions, if any, as per the 2012/13 internal audit, external audit and scopa resolutions.</p>

3.11.2 Audit Committee

The Audit Committee is an independent body that reports to the Accounting Officer through its Chairperson. The overall objective of the Audit Committee is to assist in ensuring that there are effective organisational management and control measures that are applied by the Executive Management to discharge their duties relating to:

- Safeguarding of assets
- Adequate operation of procedures and controls
- Financial reporting process
- Performance information management

- System of internal control over financial reporting
- Audit process
- Departmental processes for monitoring compliance with laws and regulations and the code of conduct

The Audit Committee is also responsible for reviewing the financial information and preparation of the Annual Financial Statements and Performance Information reports, as required by the Public Finance Management Act and the related Treasury Regulations.

The Audit Committee does not perform any management functions or assume any management responsibilities, but functions as an objective and independent oversight committee, making recommendations to the Accounting Officer for his/her approval or final decision. Overall, the Audit Committee executes its responsibilities through close liaison and communication with the management, the Internal and External Auditors and where it deems it necessary, engages with the Executive Authority.

Table 22: Relevant information on the Audit Committee members

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
Ms Maureen Manyama- Matome	CA(SA); B.Comm Honours(TAX); MBA	External	N/A	14 July 2010	30 November 2013	2
Ms Shaila Hari	Bachelor of Accounting Science; BCompt Honours	External	N/A	23 May 2008	N/A	6
Mr Mashukudu James Maboja	CA (SA); Registered Auditor	External	N/A	14 July 2010	N/A	6
Prof Lekoa Mollo	-	Internal	Accounting Officer	1 April 2010	N/A	2
Mr Botshabelo Maja	-	Internal	Acting Accounting Officer	26 September 2013	N/A	2



3.12 AUDIT COMMITTEE REPORT

The Audit Committee is pleased to present its report for the financial year ended 31 March 2014 in terms of the Public Finance Management Act 1 of 1999 section 38 (1) a, 76 (4d) and 77 as well as National Treasury Regulations 3.1.1.1.

Audit Committee Members and Attendance

The Audit Committee consists of the members listed above, of which three are independent members in line with good corporate governance practice. The Committee meets at least four times per annum as per its approved terms of reference. During the year under review, the Committee held two ordinary meetings and four special additional meetings. The schedule of members and attendance record for ordinary meetings is also reflected in the schedule above.

Audit Committee Responsibilities

The Audit Committee reports that it complied with its responsibilities, guided by the Public Finance Management Act 1 of 1999 section 38 (1) a, 76 (4d) and 77 as well as National Treasury Regulations 3.1.1.1. The Committee furthermore adopted appropriate formal terms of reference 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 the NSG 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, provide reports to the Audit Committee to give assurance on the appropriateness and effectiveness of measures in place or the development of new measures.

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

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

The Committee is satisfied that the NSG's assets are safeguarded and that liabilities and working capital are well managed. From the various reports issued by 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 severe 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 of an acceptable standard.

Compliance with the requirements for management of annual and monthly/quarterly reports has been fully met and reports submitted to the respective authorities in terms of the PFMA and the applicable prescripts. The Committee is satisfied with the content and quality of the monthly and quarterly reports prepared and issued by the Accounting Officer of the Department during the year under review.

Evaluation of Financial Statements

The Committee has:

- Reviewed and discussed this Annual Report covering performance information and the audited Annual Financial Statements in sessions 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; and
- Reviewed significant adjustments resulting from the audit.

The Committee generally concurs with and accepts the Auditor-General South Africa's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted, read together with the report of the Auditor-General South Africa.

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 closely monitored by the Audit Committee as a standing agenda item for the Audit Committee meetings as a result of the transition into the National School of Government.

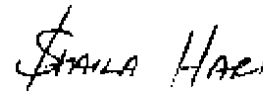
Meeting with the Auditor-General South Africa

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

Closure

The Committee wishes to thank the Principal of the NSG, Professor LS Mollo and all Executive Managers for their support. Our gratitude is also extended to all staff members of the NSG for their efforts in diligently implementing the NSG's mandate in their different roles.

All our efforts are combined to strive towards excellence to learn, grow and serve, and have resulted in the department again receiving an unqualified audit report for the 2013/14 financial year.



Ms S Hari

Acting Chairperson of the Audit Committee

31 July 2014



D Human Resource Management



4.1 INTRODUCTION

The department initiated the transformation of PALAMA during the 2012/13 financial year. In June 2013, a conditional moratorium was placed on the filling of all posts except for those that were declared critical. At the time the departmental vacancy rate stood at 13.7%. The staff turnover as at the end of the previous financial year was 8.9%. The department lost and recruited six employees during the reporting period. As a result, the year-on-year vacancy and turnover rates remained unchanged.

One of the key human resource priorities for the year was to reduce the vacancy rate to below 10% in order to strengthen the service delivery capacity of the department. This priority could not be implemented due to the moratorium placed on the filling of vacancies. The other key priority was to review the human resources capacity of the branch within the ATT. This priority could also not be pursued for the same reason. During the period under review the Human Resources Management and Development unit facilitated capacity building of 171 employees (representing 87% of all employees) on critical departmental competency areas.

Workforce planning and key strategies to attract and recruit a skilled and capable workforce could not be implemented optimally due to the moratorium on the filling of vacancies. During the reporting period, 94% of SMS members and 100% of non-SMS members concluded performance agreements. During the previous financial year, 29.4% of all employees were duly paid performance incentives for their performance.

The NSG implemented the employee health and wellness programme through a service provider. This area of the work of the NSG has exceeded its targets.

The key achievements for the department for the reporting period includes compliance with statutory requirements, the compilation and implementation of departmental policies, the management of employee performance management and employee health and wellness. At present, the key challenges facing the department are the lack of human resources capacity in the department in general, and in the Training Management and Delivery Branch and support branches in particular.

4.2 HUMAN RESOURCES OVERSIGHT STATISTICS

4.2.1 Personnel related expenditure

The NSG budget provides for clearly defined programmes. The tables below summarise the final audited expenditure on personnel by programme and by salary band. In particular, it provides an indication of the amount spent on personnel, and the amount spent on salaries, overtime, homeowner's allowances and medical aid.



Table 23: Personnel expenditure by programme for the period 1 April 2013 and 31 March 2014

PROGRAMME	TOTAL EXPENDITURE (R'000)	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	PROFESSIONAL AND SPECIAL SERVICES EXPENDITURE (R'000)	PERSONNEL EXPENDITURE AS A % OF TOTAL EXPENDITURE	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Vote Prog. 1	85,538	36,235	1,288	20,092	42%	453
Vote Prog. 2	195,442	58,540	903	44,085	40%	500
Total	280,980	94,775	2,191	64,177	40%	592

Table 24: Personnel costs by salary band for the period 1 April 2013 and 31 March 2014

SALARY BAND	PERSONNEL EXPENDITURE R'000	% OF TOTAL PERSONNEL COST	AVERAGE PERSONNEL COST PER EMPLOYEE R'000
Senior management (Levels 13 – 16)	40,390	43%	1,010
Highly skilled supervision (Levels 9 – 12)	31,729	33%	488
Highly skilled production (Levels 6 – 8)	18,827	20%	269
Skilled (Levels 3 – 5)	3,829	4%	174
Lower skilled (Levels 1 – 2)	0	0%	0
Total	94,775	100%	481

Table 25: Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2013 and 31 March 2014

PROGRAMME	SALARIES		OVERTIME		HOME OWNERS ALLOWANCE		MEDICAL AID	
	AMOUNT (R'000)	SALARIES AS A % OF PERSONNEL COSTS	AMOUNT (R'000)	OVERTIME AS A % OF PERSONNEL COSTS	AMOUNT (R'000)	HOA AS A % OF PERSONNEL COSTS	AMOUNT (R'000)	MEDICAL AID AS A % OF PERSONNEL COSTS
Vote Programme I	23,980	25%	26	0%	603	1%	1,181	1%
NSGTTA	39,748	42%	2	0%	1,007	1%	1,480	2%
Total	63,728	67%	28	0%	1,610	2%	2,661	3%

Table 26: Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2013 and 31 March 2014

SALARY BAND	SALARIES		OVERTIME		HOME OWNERS ALLOWANCE		MEDICAL AID	
	AMOUNT (R'000)	SALARIES AS A % OF PERSONNEL COSTS	AMOUNT (R'000)	OVERTIME AS A % OF PERSONNEL COSTS	AMOUNT (R'000)	HOA AS A % OF PERSONNEL COSTS	AMOUNT (R'000)	MEDICAL AID AS A % OF PERSONNEL COSTS
Senior management (Levels 13-16)	24,544	26%		0%	448	0%	377	0%
Highly skilled supervision (Levels 9-12)	23,136	24%		0%	252	0%	788	1%
Highly skilled production (Levels 6-8)	13,625	14%	12	0%	738	1%	1 214	1%
Skilled (Levels 3-5)	2,423	3%	16	0%	172	0%	282	0%
Total	63,728	67%	28	0%	1 610	2%	2,661	3%



4.2.2 Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies. The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff members additional to the establishment. This information is presented in terms of three key variables – programme; salary band and critical occupations.

In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

Table 27: Employment and vacancies by programme as on 31 March 2014

PROGRAMME	NUMBER OF POSTS ON APPROVED ESTABLISHMENT	NUMBER OF POSTS FILLED	VACANCY RATE	NUMBER OF EMPLOYEES ADDITIONAL TO THE ESTABLISHMENT
Programme 1	89	80	10.1%	0
Programme 2	138	117	15.2%	0
Total	227	197	13.2%	0

Table 28: Employment and vacancies by salary band as on 31 March 2014

SALARY BAND	NUMBER OF POSTS ON APPROVED ESTABLISHMENT	NUMBER OF POSTS FILLED	VACANCY RATE	NUMBER OF EMPLOYEES ADDITIONAL TO THE ESTABLISHMENT
Senior management (13-16)	50	40	20.0%	0
Highly skilled supervision (9-12)	80	65	18.7%	0
Highly skilled production (6-8)	72	70	2.7%	0
Skilled(3-5)	25	22	12.0%	0
Total	227	197	13.2%	0

Table 29: Employment and vacancies by critical occupations as on 31 March 2014

CRITICAL OCCUPATION	NUMBER OF POSTS ON APPROVED ESTABLISHMENT	NUMBER OF POSTS FILLED	VACANCY RATE	NUMBER OF EMPLOYEES ADDITIONAL TO THE ESTABLISHMENT
Management and General Support staff- (Chief Financial Officer) SR Level 14	1	1	0%	0
Management and General Support staff- (Director: Knowledge Management) SR Level 13	1	1	0%	0
Management and General Support staff- (Deputy Director: Knowledge Management) SR Level 11	1	0	100%	0
Information Technology and related personnel – SR Level 13	1	0	100%	0
Information Technology and related personnel – SR Level 12	2	2	0%	0
Total	6	4	66.6%	0

Note: Posts were not filled due to moratorium set as a result of migration of PALAMA to NSG.

4.2.3 Filling of SMS Posts

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service (SMS) by salary level, also provide information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 30: SMS post information as on 31 March 2014

SMS LEVEL	TOTAL NUMBER OF FUNDED SMS POSTS	TOTAL NUMBER OF SMS POSTS FILLED	% OF SMS POSTS FILLED	TOTAL NUMBER OF SMS POSTS VACANT	% OF SMS POSTS VACANT
Director-General/ Head of Department	1	1	100%	0	0%
Salary Level 16	0	0	0%	0	0%
Salary Level 15	3	2	67%	1	33%
Salary Level 14	16	15	94%	1	6%
Salary Level 13	30	23	77%	7	23%
Total	50	41	82%	9	18%

Table 31: SMS post information as on 30 September 2013

SMS LEVEL	TOTAL NUMBER OF FUNDED SMS POSTS	TOTAL NUMBER OF SMS POSTS FILLED	% OF SMS POSTS FILLED	TOTAL NUMBER OF SMS POSTS VACANT	% OF SMS POSTS VACANT
Director-General/ Head of Department	1	1	100%	0	0%
Salary Level 16	0	0	0%	0	0%
Salary Level 15	3	2	67%	1	33%
Salary Level 14	16	15	94%	1	6%
Salary Level 13	30	22	73%	8	27%
Total	50	40	80%	10	20%

Table 32: Advertising and filling of SMS posts for the period 1 April 2013 and 31 March 2014

SMS LEVEL	ADVERTISING	FILLING OF POSTS	
	NUMBER OF VACANCIES PER LEVEL ADVERTISED IN 6 MONTHS OF BECOMING VACANT	NUMBER OF VACANCIES PER LEVEL FILLED IN 6 MONTHS OF BECOMING VACANT	NUMBER OF VACANCIES PER LEVEL NOT FILLED IN 6 MONTHS BUT FILLED IN 12 MONTHS
Director-General/ Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	0	0	0
Salary Level 13	0	0	0
Total	0	0	0

Table 33: Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2013 and 31 March 2014

Reasons for vacancies not advertised within twelve months

A moratorium dated 10 June 2013 was placed on filling of all vacancies pending finalisation of the transformation process.

Table 34: Reasons for vacancies not filled within six months

Reasons for vacancies not filled within six months

This was as result of a moratorium emanating from the migration of PALAMA to the NSG. A moratorium dated 10 June 2013 was placed on filling of all vacancies pending finalisation of the transformation process.

Table 35: Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2013 and 31 March 2014

Reasons for vacancies not advertised within six months

Not applicable.

Reasons for vacancies not filled within six months

Not applicable.



4.2.4 Job Evaluation

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 following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 36: Job Evaluation by salary band for the period 1 April 2013 and 31 March 2014

SALARY BAND	NUMBER OF POSTS ON APPROVED ESTABLISHMENT	NUMBER OF JOBS EVALUATED	% OF POSTS EVALUATED BY SALARY BANDS	POSTS UPGRADED		POSTS DOWNGRADED	
				NUMBER	% OF POSTS EVALUATED	NUMBER	% OF POSTS EVALUATED
Lower Skilled (Levels 1-2)	0	-	-	-	-	-	-
Skilled (Levels 3-5)	25	2	8%	2	100%	0	0%
Highly Skilled Production (Levels 6-8)	72	-	-	-	-	-	-
Highly Skilled Supervision (Levels 9-12)	80	-	-	-	-	-	-
Senior Management Service Band A	30	-	-	-	-	-	-
Senior Management Service Band B	16	-	-	-	-	-	-
Senior Management Service Band C	3	-	-	-	-	-	-
Senior Management Service Band D	1	-	-	-	-	-	-
Total	227	2	0.8%	2	100%	0	0%

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

Table 37: Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2013 and 31 March 2014

GENDER	AFRICAN	ASIAN	COLOURED	WHITE	TOTAL
Female	1	-	-	-	1
Male	1	-	-	-	1
Total	2	-	-	-	2
Employees with a disability					0

Table 38: Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2013 to 31 March 2014

Total number of employees whose salaries exceeded the grades as determined by the job evaluation	None
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4.2.5 Employment Changes

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

Table 39: Annual turnover rates by salary band for the period 1 April 2013 and 31 March 2014

SALARY BAND	NUMBER OF EMPLOYEES AT BEGINNING OF PERIOD-1 APRIL 2013	APPOINTMENTS AND TRANSFERS INTO THE DEPARTMENT	TERMINATIONS AND TRANSFERS OUT OF THE DEPARTMENT	TURNOVER RATE
Lower Skilled (Levels 1-2)	-	-	-	-
Skilled (Levels 3-5)	24	0	2	8%
Highly Skilled Production (Levels 6-8)	69	0	0	0%
Highly skilled Supervision (Levels 9-12)	62	5	1	1.6%
Senior Management Service Bands A	22	1	1	5%
Senior Management Service Bands B	15	0	0	0%
Senior Management Service Bands C	2	0	0	0%
Senior Management Service Bands D	1	0	0	0%
Contracts	2	0	2	100%
Total	197	6	6	3%

Table 40: Annual turnover rates by critical occupation for the period 1 April 2013 and 31 March 2014

CRITICAL OCCUPATION	NUMBER OF EMPLOYEES AT BEGINNING OF PERIOD-APRIL 2013	APPOINTMENTS AND TRANSFERS INTO THE DEPARTMENT	TERMINATIONS AND TRANSFERS OUT OF THE DEPARTMENT	TURNOVER RATE
Management and General Support staff- (Chief Financial Officer) SR Level 14	1	0	0	0%
Management and General Support staff- (Director: Knowledge Management) SR Level 13	1	0	0	0%
Management and General Support staff- (Deputy Director: Knowledge Management) SR Level 11	0	0	0	0%
Information Technology and related personnel – SR Level 13	1	0	1	100%
Information Technology and related personnel – SR Level 12	2	0	0	0%
TOTAL	6	0	1	16.6%

The CORE classification, as prescribed by the DPSA, has been used for completion of this table.

Critical occupations are defined as occupations or sub-categories within an occupation:

- (a) In which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria
- (b) For which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction
- (c) Where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature
- (d) In respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees



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

Table 41: Reasons why staff left the department for the period 1 April 2013 and 31 March 2014

TERMINATION TYPE	NUMBER	% OF TOTAL RESIGNATIONS
Death	0	0%
Resignation	2	33.3%
Expiry of contract	2	33.3%
Dismissal – operational changes	0	0%
Dismissal – misconduct	0	0%
Dismissal – inefficiency	0	0%
Discharged due to ill-health	0	0%
Retirement	0	0%
Transfer to other Public Service Departments	2	33.3%
Other	0	0%
Total number of employees who left as a % of total employment	6	100%

Table 42: Promotions by critical occupation for the period 1 April 2013 and 31 March 2014

Total number of promotions by critical occupation	None
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Table 43: Promotions by salary band for the period 1 April 2013 and 31 March 2014

Total number of promotions by salary band	None
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4.2.6 Employment Equity

Table 44: Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2014

OCCUPATIONAL CATEGORY	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Legislators, senior officials and managers	14	-	1	4	8	3	4	6	40
Professionals	22	2	3	5	22	3	1	7	65
Technicians and associate professionals									
Clerks	23	-	-	1	56	5	1	6	92
Total	59	2	4	10	86	11	6	19	197
Employees with disabilities	2	-	-	-	2	-	1	-	5

Table 45: Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2014

OCCUPATIONAL BAND	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top Management	1								1
Senior Management	13		1	4	8	3	4	6	39
Professionally qualified and experienced specialists and middle management	22	2	3	5	22	3	1	7	65
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	17	-	-	1	42	3	1	6	70
Semi-skilled and discretionary decision-making	6	-	-	-	14	2	-	-	22
Total	59	2	4	10	86	11	6	19	197



Table 46: Recruitment for the period 1 April 2013 and 31 March 2014

OCCUPATIONAL BAND	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	1	-	-	-	-	-	-	-	1
Professionally qualified and experienced specialists and middle management	1	-	-	-	4	-	-	-	5
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	-	-	-	-	-	-	-	-	-
Semi-skilled and discretionary decision-making	-	-	-	-	-	-	-	-	-
Unskilled and defined decision-making	-	-	-	-	-	-	-	-	-
Total	2	-	-	-	4	-	-	-	6
Employees with disabilities	-	-	-	-	-	-	-	-	-

Table 47: Promotions for the period 1 April 2013 and 31 March 2014

Total number of promotions	None
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Table 48: Terminations for the period 1 April 2013 and 31 March 2014

OCCUPATIONAL BAND	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	1	-	-	-	1	-	-	-	2
Professionally qualified and experienced specialists and middle management	-	-	-	1	1	-	-	-	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	-	-	-	-	-	-	-	-	-
Semi-skilled and discretionary decision-making	-	-	-	-	1	1	-	-	2
Total	1			1	3	1			6
Employees with disabilities	-	-	-	-	-	-	-	-	-

Table 49: Disciplinary action for the period 1 April 2013 and 31 March 2014

DISCIPLINARY ACTION	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Written warning	1	-	-	-	-	-	-	-	1
Final written warning	-	-	-	-	-	1	-	-	1
Total	1					1			2



Table 50: Skills development for the period 1 April 2013 and 31 March 2014

OCCUPATIONAL CATEGORY	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Legislators, senior officials and managers	14	0	2	3	11	2	4	5	41
Professionals	20	3	3	5	27	2	1	7	68
Technicians and associate professionals	-	-	-	-	-	-	-	-	-
Clerks / Administrators	12	0	1	0	24	2	1	2	42
Service and sales workers	-	-	-	-	-	-	-	-	-
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades workers	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	-	-	-	-	-	-	-	-	-
Elementary occupations	9	0	0	0	11	0	0	0	20
Total	55	3	6	8	73	6	6	14	171
Employees with disabilities	2				1		1		4

4.2.7 Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented in the table below.

Table 51: Signing of Performance Agreements by SMS members as at 31 May 2013

SMS LEVEL	TOTAL NUMBER OF FUNDED SMS POSTS	TOTAL NUMBER OF SMS MEMBERS	TOTAL NUMBER OF SIGNED PERFORMANCE AGREEMENTS	SIGNED PERFORMANCE AGREEMENTS AS % OF TOTAL NUMBER OF SMS MEMBERS
Director-General/ Head of Department	1	1	0	0%
Salary Level 16	-	-	-	-
Salary Level 15	3	2	2	100%
Salary Level 14	16	15	14	93.3%
Salary Level 13	30	22	21	95.5%
Total	50	40	37	93%

Note: In the event of a National or Provincial election occurring within the first three months of a financial year, all members of the SMS must conclude and sign their performance agreements for that financial year within three months, following the month in which the elections took place.

Table 52: Reasons for not having concluded Performance Agreements for all SMS members as at 31 March 2014

REASONS
HoD agreement was submitted to the MPSA but was not finalised with the Minister for Public Service and Administration.
Two SMS members are engaged in labour disputes on their placement. They therefore have not concluded Performance Agreements.

Table 53: Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2014

REASONS
Final written warning was issued to one SMS member and the other SMS member could not be disciplined due to a pending labour dispute.



4.2.8 Performance Rewards

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

Table 54: Performance Rewards by race, gender and disability for the period 1 April 2013 and 31 March 2014

RACE AND GENDER	BENEFICIARY PROFILE			COST	
	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN GROUP	COST (R'000)	AVERAGE COST PER EMPLOYEE
African	48	141	34%	836	17
Male	17	56	30.3%	346	20
Female	31	85	36.4%	490	15
Asian	5	14	35.7%	142	28
Male	0	2	0.0%	0	0
Female	5	12	41.6%	142	28
Coloured	5	10	50%	169	33
Male	1	4	25%	22	22
Female	4	6	66.6%	147	36
White	13	30	43.3%	261	20
Male	5	11	45.4%	113	22
Female	8	19	42.1%	148	18
Total	71	195	36.4%	1,408	20

Table 55: Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2013 and 31 March 2014

SALARY BAND	BENEFICIARY PROFILE			COST		TOTAL COST AS A % OF THE TOTAL PERSONNEL EXPENDITURE
	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN SALARY BANDS	TOTAL COST (R'000)	AVERAGE COST PER EMPLOYEE	
Lower Skilled (Levels 1-2)	21	62	33.8%	496	23	1.6%
Skilled (level 3-5)	31	70	44.2%	358	11	1.9%
Highly Skilled Production (level 6-8)	6	24	25%	49	8	1.3%
Highly Skilled Supervision (level 9-12)	0	0	0	0	0	0%
Total	58	156	37.6%	903	16	1.7%

Table 56: Performance Rewards by critical occupation for the period 1 April 2013 to 31 March 2014

Total number of Performance Awards by critical occupation	None
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Table 57: Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2013 and 31 March 2014

SALARY BAND	BENEFICIARY PROFILE			COST		TOTAL COST AS A % OF THE TOTAL PERSONNEL EXPENDITURE
	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN SALARY BANDS	TOTAL COST (R'000)	AVERAGE COST PER EMPLOYEE	
Band A	7	23	30.4%	278	39	1.3%
Band B	6	15	40%	227	37	1.5%
Band C	0	2	0%	0	0	0%
Band D	0	1	0%	0	0	0%
Total	13	41	31.7%	505	38	%



4.2.9 Foreign Workers

The NSG employed no foreign workers during this financial year.

Table 58: Foreign workers by salary band for the period 1 April 2013 and 31 March 2014

Total number of foreign workers	None
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4.2.10 Leave utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 59: Sick leave for the period 1 January 2013 and 31 December 2013

SALARY BAND	TOTAL DAYS	% DAYS WITH MEDICAL CERTIFICATION	NUMBER OF EMPLOYEES USING SICK LEAVE	% OF TOTAL EMPLOYEES USING SICK LEAVE	AVERAGE DAYS PER EMPLOYEE	ESTIMATED COST (R'000)
Lower Skills (Level 1-2)						
Skilled (levels 3-5)	94	26.6%	13	56.5%	7	39
Highly Skilled Production (levels 6-8)	530	29.1%	70	100%	8	365
Highly Skilled Supervision (levels 9 -12)	452	25.7%	57	87.7%	8	670
Top and Senior Management (levels 13-16)	288	20.8%	35	87.5%	8	624
Total	1364	26.0%	175	88.4%	8	1,700

Table 60: Disability leave (temporary and permanent) for the period 1 January 2013 and 31 December 2013

SALARY BAND	TOTAL DAYS	% DAYS WITH MEDICAL CERTIFICATION	NUMBER OF EMPLOYEES USING DISABILITY LEAVE	% OF TOTAL EMPLOYEES USING DISABILITY LEAVE	AVERAGE DAYS PER EMPLOYEE	ESTIMATED COST (R'000)
Lower skilled (Levels 1-2)	-	-	-	-	-	-
Skilled (Levels 3-5)	-	-	-	-	-	-
Highly Skilled Production (Levels 6-8)	-	-	-	-	-	-
Highly Skilled Supervision (Levels 9-12)	-	-	-	-	-	-
Senior Management (Levels 13-16)	67	100%	1	100%	67	145
Total	67	100%	1	100%	67	145

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the Public Service Co-ordinating Bargaining Council (PSCBC) in 2000 requires the management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 61: Annual Leave for the period 1 January 2013 and 31 December 2013

SALARY BAND	TOTAL DAYS TAKEN	NUMBER OF EMPLOYEES USING ANNUAL LEAVE	AVERAGE PER EMPLOYEE
Skilled Levels 3-5)	347	15	23
Highly Skilled Production (Levels 6-8)	1 691	79	21
Highly Skilled Supervision (Levels 9-12)	1 494	65	23
Senior Management (Levels 13-16)	1 146	45	25
Total	347	15	23



Table 62: Capped leave for the period 1 January 2013 and 31 December 2013

SALARY BAND	TOTAL DAYS OF CAPPED LEAVE TAKEN	NUMBER OF EMPLOYEES USING CAPPED LEAVE	AVERAGE NUMBER OF DAYS TAKEN PER EMPLOYEE	AVERAGE CAPPED LEAVE PER EMPLOYEE AS AT 31 MARCH 2014
Skilled (Levels 3-5)	-	-	-	17.39
Highly Skilled Production (Levels 6-8)	3	1	3	17.50
Highly Skilled Supervision (Levels 9-12)	-	-	-	44.97
Senior Management (Levels 13-16)	2	1	2	43.96
Total	5	2	2.5	36.69

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

Table 63: Leave pay-outs for the period 1 April 2013 and 31 March 2014

REASON	TOTAL AMOUNT (R'000)	NUMBER OF EMPLOYEES	AVERAGE PER EMPLOYEE (R'000)
Leave pay-outs due to non-utilisation of leave for the 2013 cycle	63	6	10.3
Current leave pay-outs on termination of service for 2013	58	2	29
Total	121	8	15

4.2.11 Human Immunodeficiency Virus and Acquired Immunodeficiency Syndrome (HIV/AIDS) and Health Promotion Programmes

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

Table 64: Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

QUESTION	YES	NO	DETAILS, IF YES
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	✓		Ms NC Siwisa, Director: HRM & D

QUESTION	YES	NO	DETAILS, IF YES
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	✓		Two staff members, funding for projects (R1 18, R183) and annual salaries for 2 staff members (R685,679). Total budget R803,862
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.	✓		<ul style="list-style-type: none"> • Professional Support Line Service via a 24/7/365 Call Centre • Personal Counselling (face-to-face) • Life Management™ Services - This service includes access to a telephonic Life Management™ service offering information and assistance on legal problems, financial concerns and family matters. • A Critical Incident service • HIV/AIDS education, counselling and support • Managerial Consultancy • Online Wellness Programme (Optimise). • Monthly awareness sessions • Quarterly Health Screening
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	✓		Mr. R Mdlalo : Corporate Management (Chair) Members: Ms. A Montana: Corporate Management Mr. I Masilo: Corporate Management Mr. C Matsei: Training Management and Delivery Ms. G Manzini: Training Management and Delivery Mr. J Devasahayam: Training Management and Delivery Mr. J Pietersen: Training Management and Delivery Ms. S Mokgani: Training Management and Delivery
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 and Tuberculosis (TB) Operational Plan 2013/14 and implemented 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 2013/14 • Advocacy and awareness programmes on key calendar days that focus on HIV issues.



QUESTION	YES	NO	DETAILS, IF YES
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	✓		<ul style="list-style-type: none"> Quarterly HIV Counselling and Testing (HCT) implemented and 18.2% of staff tested during the reporting period.
8. Has the department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? 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 Report submitted to the DPSA.

4.2.12 Labour Relations

No collective agreements were entered into with trade unions within NSG in the 2013/14 financial year period. The main focus for consultation within the Departmental Bargaining Chamber (DBC) was on the HRM&D policies and job-grading of lower level employees/clerks.

Table 65: Misconduct and disciplinary hearings finalised for the period 1 April 2013 and 31 March 2014

Total number of disciplinary hearings finalised	None
---	------

Table 66: Types of misconduct addressed at disciplinary hearings for the period 1 April 2013 and 31 March 2014

Types of misconduct addressed	None
-------------------------------	------

Table 67: Grievances logged for the period 1 April 2013 and 31 March 2014

GRIEVANCES	NUMBER	% OF TOTAL
Number of grievances resolved	4	36.3%
Number of grievances not resolved	7	63.7%
Total number of grievances lodged	11	100%

Table 68: Disputes logged with Councils for the period 1 April 2013 and 31 March 2014

DISPUTES	NUMBER	% OF TOTAL
Number of disputes upheld	0	0%
Number of disputes dismissed	0	0%
Total number of disputes lodged still in process	1	100%

No strike actions during this reporting period.

No precautionary suspensions during this reporting period.

4.2.13 Skills Development

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

Table 69: Training needs identified for the period 1 April 2013 and 31 March 2014

OCCUPATIONAL CATEGORY	GENDER	NUMBER OF EMPLOYEES AS AT 1 APRIL 2013	TRAINING NEEDS IDENTIFIED AT START OF THE REPORTING PERIOD			
			LEARNERSHIPS	SKILLS PROGRAMMES AND OTHER SHORT COURSES	OTHER FORMS OF TRAINING	TOTAL
Legislators, senior officials and managers	Female	21		21		21
	Male	19		19		19
Professionals	Female	33		20		20
	Male	32		30		30
Clerks	Female	63		64		64
	Males	20		19		19
Elementary occupations	Female	5		5		5
	Male	4		2		2
Sub Total	Female	122		110		110
	Male	75		70		70
Total		197		180		180



Table 70: Training provided for the period 1 April 2013 and 31 March 2014

OCCUPATIONAL CATEGORY	GENDER	NUMBER OF EMPLOYEES AS AT 1 APRIL 2013	TRAINING PROVIDED WITHIN THE REPORTING PERIOD			
			LEARNERSHIPS	SKILLS PROGRAMMES & OTHER SHORT COURSES	OTHER FORMS OF TRAINING	TOTAL
Legislators, senior officials and managers	Female	21		22	1	23
	Male	19		19	1	20
Professionals	Female	33		37	2	39
	Male	32		31	4	35
Clerks	Female	63		29	11	40
	Male	20		13	3	16
Elementary occupations	Female	5		11	5	16
	Male	4		9	0	9
Sub Total	Female	122		99	19	118
	Male	75		72	8	80
Total		197		171	27	198

4.2.15 Injury on duty

Table 71: Injury on duty for the period 1 April 2013 and 31 March 2014

NATURE OF INJURY ON DUTY	NUMBER	% OF TOTAL
Required basic medical attention only	1	0.5%
Total	1	0.5%

4.2.16 Utilisation of Consultants

The following tables relates to information on the utilisation of consultants in the department. In terms of the Public Service Regulations “consultant” means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis, any of the following professional services to a department against remuneration received from any source:

- (a) The rendering of expert advice
- (b) The drafting of proposals for the execution of specific tasks
- (c) The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a department

Table 72: Report on consultant appointments using appropriated funds for the period 1 April 2013 and 31 March 2014

PROJECT TITLE	TOTAL NUMBER OF CONSULTANTS THAT WORKED ON PROJECT	DURATION (WORK DAYS)	CONTRACT VALUE IN RANDS
Management consulting	7	Ad-hoc	8,617,736.15
Financial consulting	2	Ad-hoc	47,823.00
Temporary administrative staff	2	Daily	927,541.53
Internal audit services	1	3 years	1,065,424.26
Training of national and provincial departments and local government	151	Ad-hoc	19,849,301.58
IT outsourced services	2	Ad-hoc /Daily	7,008,232.84
Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
6	165	Ad-hoc and daily	37,516,059.36

Table 73: Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2013 and 31 March 2014

PROJECT TITLE	PERCENTAGE OWNERSHIP BY HDI GROUPS	PERCENTAGE MANAGEMENT BY HDI GROUPS	NUMBER OF CONSULTANTS FROM HDI GROUPS THAT WORKED ON THE PROJECTS
N/A	N/A	N/A	N/A



Table 74: Report on consultant appointments using Donor Funds for the period 1 April 2013 and 31 March 2014

PROJECT TITLE	TOTAL NUMBER OF CONSULTANTS THAT WORKED ON PROJECT	DURATION (WORK DAYS)	DONOR AND CONTRACT VALUE IN RANDS
N/A	N/A	N/A	N/A

TOTAL NUMBER OF PROJECTS	TOTAL INDIVIDUAL CONSULTANTS	TOTAL DURATION WORK DAYS	TOTAL CONTRACT VALUE IN RANDS
N/A	N/A	N/A	N/A

Table 75: Analysis of consultant appointments using Donor Funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2013 and 31 March 2014

PROJECT TITLE	PERCENTAGE OWNERSHIP BY HDI GROUPS	PERCENTAGE MANAGEMENT BY HDI GROUPS	NUMBER OF CONSULTANTS FROM HDI GROUPS THAT WORKED ON THE PROJECTS
N/A	N/A	N/A	N/A

4.2.17 Severance Packages

No severance packages were granted during the reporting period.

E Financial Information



5.1 REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 12A: NATIONAL SCHOOL OF GOVERNMENT

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the National School of Government set out on pages 127 to 175, which comprise the appropriation statement, the statement of financial position as at 31 March 2014, the statement of financial performance and cash flow statement for the year then ended, as well as 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 and fair presentation of these financial statements in accordance with the Modified Cash Standard (MCS) 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 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.
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 National School of Government as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with the Modified Cash Standard (MCS) 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 on the reported performance information against predetermined objectives for selected programmes presented in the annual

performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programme presented in the annual performance report of the department for the year ended 31 March 2014:

Programme 2: Public Sector Organisational and Staff Development on pages 58 to 77

- Conduct research and development annually through the undertaking of research projects in order to inform training interventions
- Monitoring and evaluate NSG training interventions through appropriate tools, in order to inform training interventions
- Assess the impact (Application of learning) of training interventions undertaken on individuals and their organisation
- Design of curriculum with programmes and courses that support Government policy as well as critical challenges within the public sector
- Expand the use of e Learning to increase learner access to training
- Quality assurance of NSG programmes to ensure credibility and quality of programmes
- Improve service delivery quality and access in the public service through training intervention
- Provide training to support the development of core competencies in the business of government

- Professionalise the public service by equipping public servants with appropriate values, service culture and ethos
 - Improve business processes, decision rights and accountability in the public sector through training interventions
 - Develop and implement a research-based marketing strategy and plan
 - Impact of marketing initiatives in the uptake of NSG training
 - Deliver training through on-board capacity as well as collaborative and structured partnerships
 - Establish and maintain an integrated training delivery information and records management system, processes and infrastructure linking all training activities undertaken
 - Maintain NSG status as accredited training provider with PSETA
 - Develop career progression system linked to education and training successfully undertaken
9. I evaluated the reported performance information against the overall criteria of usefulness and reliability
10. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programme. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information (FMPPi)
11. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete



- I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programme.

Additional matter

- Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected programme, I draw attention to the following matter:

Achievement of planned targets

- Refer to the annual performance report on page 40 to 77 for information on the achievement of planned targets for the year.

Adjustment of material misstatements

- I identified material misstatements in the annual performance report submitted for auditing on the reported performance information of the Public Sector Organisational and Staff Development programme. As management subsequently corrected the misstatements we did not raise any material findings on the reliability of the reported performance information.

Compliance with legislation

- I performed procedures to obtain evidence that the department had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Budgets

- Expenditure was incurred that was not in accordance with the department's budget, as required by section 39(1) (a) of the Public Finance Management Act.

- Effective and appropriate steps were not taken to prevent overspending of the budget, as required by section 39(2)(a) of the Public Finance Management Act.

- Savings in excess of 8% of the amount budgeted for transfers and subsidies (Public Sector Organisational and Staff Development) were used towards the defrayment of overspending on Current payment (Administration), in contravention of section 43(2) of the Public Finance Management Act.

Financial statements, performance and annual reports

- 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.

- Material misstatements related to the unauthorised expenditure identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

- Services with a transaction value of R477 043 were procured without inviting at least three written price quotations from prospective suppliers and the reasons for the deviation were not recorded and approved by the delegated official.

Expenditure management

- Effective steps were not taken 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 legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on non-compliance with legislation included in this report.

Financial and performance management

25. Management did not adequately review and monitor compliance with laws and regulations.

Auditor-General

Pretoria
31 July 2014



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



5.2 VOTE 12 (A) ANNUAL FINANCIAL STATEMENTS

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NATIONAL SCHOOL OF GOVERNMENT (NSG)

Vote: 12a

APPROPRIATION STATEMENT

for the year ended at 31 March 2014

Appropriation per programme									
2013/14								2012/13	
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. Administration									
Current payment	75,003	(24)	5,671	80,650	84,228	(3,578)	104.4%	70,145	68,889
Transfers and subsidies	-	24	-	24	24	-	100.0%	6	6
Payment for capital assets	2,248	-	-	2,248	1,370	878	60.9%	2,136	1,903
Payment for financial assets	-	-	-	-	-	-	-	-	-
2. Public Sector Organisational and Staff Development									
Transfers and subsidies	54,671	-	(5,671)	49,000	49,000	-	100.0%	52,097	52,097
TOTAL	131,922	-	-	131,922	134,622	(2,700)	102.0%	124,384	122,895
Reconciliation with statement of financial performance									
ADD									
Departmental receipts				98				374	
Aid assistance				18,369				32,638	
Actual amounts per statement of financial performance (total revenue)				150,389				157,396	
ADD: Aid assistance					13,775				31,509
Actual amounts per statement of financial performance (total expenditure)					148,397				154,404

NATIONAL SCHOOL OF GOVERNMENT (NSG)

Vote: 12a

APPROPRIATION STATEMENT

for the year ended at 31 March 2014

Appropriation per economic classification									
2013/14								2012/13	
	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	41,110	(4,875)	-	36,235	36,235	-	100.0%	32,697	31,440
Goods and services	33,893	4,851	5,671	44,415	47,993	(3,578)	108.1%	37,416	37,416
Interest and rent on land	-	-	-	-	-	-	-	33	33
Transfers and subsidies									
Departmental agencies and accounts	54,671	-	(5,671)	49,000	49,000	-	100.0%	52,097	52,097
Households	-	24	-	24	24	-	100.0%	6	6
Payments for capital assets									
Machinery and equipment	2,248	-	-	2,248	1,370	878	60.9%	2,066	1,871
Software and other intangible assets	-	-	-	-	-	-	-	69	32
Payments for financial assets									
Total	131,922	-	-	131,922	134,622	(2,700)	102.0%	124,384	122,895

NATIONAL SCHOOL OF GOVERNMENT (NSG)

Vote: 12a

APPROPRIATION STATEMENT

for the year ended at 31 March 2014

Detail Per Programme I – Administration									
2013/14								2012/13	
Programme per sub-programme	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	15,970	(2,517)	-	13,453	17,031	(3,578)	126.6%	10,899	9,787
Payment for capital assets	-	30	-	30	30	-	100.0%	12	12
I.2 Corporate Services									
Current payment	58,464	(5,828)	5,671	58,307	58,307	-	100.0%	50,047	49,903
Transfers and subsidies	-	24	-	24	24	-	100.0%	6	6
Payment for capital assets	2,248	(30)	-	2,218	1,340	878	60.4%	2,124	1,891
Payment for financial assets									
I.3 Property Management									
Current payment	569	8,321	-	8,890	8,890		100.0%	9,199	9,199
Total	77,251	-	5,671	82,922	85,622	(2,700)	103.3%	72,287	70,798



NATIONAL SCHOOL OF GOVERNMENT (NSG)

Vote: 12a

APPROPRIATION STATEMENT

for the year ended at 31 March 2014

Detail Per Programme 1 – Administration									
2013/14								2012/13	
Economic classification	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	41,110	(4,875)	-	36,235	36,235	-	100.0%	32,697	31,440
Goods and services	33,893	4,851	5,671	44,415	47,993	(3,578)	108.1%	37,416	37,416
Interest and rent on land	-	-	-	-	-	-	-	33	33
Transfers and subsidies to:									
Households	-	24	-	24	24	-	100.0%	6	6
Departmental agencies and other accounts	-	-	-	-	-	-	-	-	-
Payment for capital assets									
Machinery and equipment	2,248	-	-	2,248	1,370	878	60.9%	2,066	1,871
Software and other intangible assets	-	-	-	-	-	-	-	69	32
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	77,251	-	5,671	82,922	85,622	(2,700)	103.3%	72,287	70,798

NATIONAL SCHOOL OF GOVERNMENT (NSG)

Vote: 12a

APPROPRIATION STATEMENT

for the year ended at 31 March 2014

Detail Per Programme 2 – Public Sector Organisational and Staff Development									
Programme per sub programme	2013/14							2012/13	
	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	54,671	-	(5,671)	49,000	49,000	-	100.0%	52,097	52,097
Total	54,671	-	(5,671)	49,000	49,000	-	100.0%	52,097	52,097

Detail Per Programme 2 – Public Sector Organisational and Staff Development									
Economic Classification	2013/14							2012/13	
	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	54,671	-	(5,671)	49,000	49,000	-	100.0%	52,097	52,097
Total	54,671	-	(5,671)	49,000	49,000	-	100.0%	52,097	52,097



NATIONAL SCHOOL OF GOVERNMENT (NSG)
Vote: 12a
NOTES TO THE APPROPRIATION STATEMENT
for the year ended at 31 March 2014

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 I (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	82,922	85,622	(2,700)	-3.26%
Public Sector Organisational and Staff Development	49,000	49,000	-	0%
Total	131,922	134,622	(2,700)	-2.05%

The over expenditure is related to the Advisory Task Team for the establishment of the National School of Government.

NOTES TO THE APPROPRIATION STATEMENT

for the year ended at 31 March 2014

4.2 Per Economic classification

Current payments

Compensation of employees

36,235 36,235 - 0%

Goods and services

44,415 47,993 -3,578 -8.06%

Interest and rent on land

Transfers and subsidies

Departmental agencies and accounts

49,000 49,000 - 0%

Households

24 24 - 0%

Payments for capital assets

Machinery and equipment

2,248 1,370 878 39.06%

Software and other intangible assets

Payments for financial assets

Total

131,922 134,622 (2,700) -2.05%

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments				
Compensation of employees	36,235	36,235	-	0%
Goods and services	44,415	47,993	-3,578	-8.06%
Interest and rent on land				
Transfers and subsidies				
Departmental agencies and accounts	49,000	49,000	-	0%
Households	24	24	-	0%
Payments for capital assets				
Machinery and equipment	2,248	1,370	878	39.06%
Software and other intangible assets				
Payments for financial assets				
Total	131,922	134,622	(2,700)	-2.05%



NATIONAL SCHOOL OF GOVERNMENT (NSG)
Vote: 12a
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended at 31 March 2014

	Note	2013/14	2012/13
		R'000	R'000
REVENUE			
Annual appropriation	1	131,922	124,384
Departmental revenue	2	98	374
Aid assistance	3	18,369	32,638
TOTAL REVENUE		150,389	157,396
EXPENDITURE			
Current expenditure			
Compensation of employees	4	36,235	31,440
Goods and services	5	47,993	37,416
Interest and rent on land	6	-	33
Aid assistance	3	13,775	31,509
Unauthorised expenditure approved without funding	9	-	-
Total current expenditure		98,003	100,398
Transfers and subsidies			
Transfers and subsidies	7	49,024	52,103
Expenditure for capital assets			
Tangible capital assets		1,363	1,871
Software and other intangible assets		7	32
Total expenditure for capital assets	8	1,370	1,903

NATIONAL SCHOOL OF GOVERNMENT (NSG)
Vote: 12a
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended at 31 March 2014

	Note	2013/14	2012/13
		R'000	R'000
Payments for financial assets		-	-
TOTAL EXPENDITURE		148,397	154,404
SURPLUS/(DEFICIT) FOR THE YEAR		1,992	2,992
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds - Annual appropriation		(2,700)	1,489
Departmental revenue and NRF Receipts	14	98	374
Aid assistance	3	4,594	1,129
SURPLUS/(DEFICIT) FOR THE YEAR		1,992	2,992



NATIONAL SCHOOL OF GOVERNMENT (NSG)

Vote: 12a

STATEMENT OF FINANCIAL POSITION

for the year ended at 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
ASSETS			
Current assets			
Unauthorised expenditure	9	4,875	-
Cash and cash equivalents	10	(2,554)	1,495
Prepayments and advances	11	-	126
Receivables	12	4,369	1,094
Aid assistance receivable	3	-	378
TOTAL ASSETS		6,690	3,093
LIABILITIES			
Current liabilities			
Voted funds to be surrendered to the Revenue Fund	13	2,175	1,489
Departmental revenue to be surrendered to the Revenue Fund	14	2	8
Payables	15	295	156
Aid assistance repayable	3	4,218	1,440
Aid assistance unutilised	3	-	-
TOTAL LIABILITIES		6,690	3,093

NATIONAL SCHOOL OF GOVERNMENT (NSG)

Vote: 12a

CASH FLOW STATEMENT

for the year ended at 31 March 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts

Annual appropriated funds received

Departmental revenue received

Interest received

Aid assistance received

Net (increase)/decrease in working capital

Surrendered to Revenue Fund

Surrendered to RDF Fund/Donor

Current payments

Transfers and subsidies paid

Net cash flow available from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Payments for capital assets

Proceeds from sale of capital assets

Net cash flows from investing activities

Net increase/(decrease) in cash and cash equivalents

Cash and cash equivalents at beginning of period

Cash and cash equivalents at end of period

Note	2013/14	2012/13
	R'000	R'000
	150,389	157,392
1	131,922	124,384
2	62	339
2.2	36	31
3	18,369	32,638
	(7,885)	(3,334)
	(1,593)	(7,123)
	(1,438)	(18,384)
	(93,128)	(100,398)
	(49,024)	(52,103)
16	(2,679)	(23,950)
	(1,370)	(1,903)
2	-	4
	(1,370)	(1,899)
	(4,049)	(25,849)
	1,495	27,344
17	(2,554)	1,495



ACCOUNTING POLICIES

for the year ended at 31 March 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

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 (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1 Basis of preparation

The financial statements have been prepared in accordance with the Modified Cash Standard.

2 Going concern

The financial statements have been prepared on a going concern basis.

3 Presentation currency

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

4 Rounding

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

5 Foreign currency translation

Cash flows arising from foreign currency transactions are translated into South African Rands using the exchange rates prevailing at the date of payment/receipt.

6 Current year comparison with budget

A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

7 Revenue

7.1 Appropriated funds

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

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

The net amount of any appropriated funds due to/from the relevant revenue fund at the reporting date is recognised as a payable/receivable in the statement of financial position.

7.2 Departmental revenue

Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.

Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

ACCOUNTING POLICIES

for the year ended at 31 March 2014

7.3 Accrued departmental revenue

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and
- the amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable.

Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.

8 Expenditure

8.1 Compensation of employees

8.1.1 Salaries and wages

Salaries and wages are recognised in the statement of financial performance on the date of payment.

8.1.2 Social contributions

Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.

Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.

8.2 Other expenditure

Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration

paid is more than the capitalisation threshold.

8.3 Accrued expenditure payable

Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department.

Accrued expenditure payable is measured at cost.

8.4 Leases

8.4.1 Operating leases

Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.

The operating lease commitments are recorded in the notes to the financial statements.

8.4.2 Finance leases

Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.

The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of: cost, being the fair value of the asset; or the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.



ACCOUNTING POLICIES

for the year ended at 31 March 2014

9 Aid Assistance

9.1 Aid assistance received

Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.

Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.

9.2 Aid assistance paid

Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.

10 Cash and cash equivalents

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

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.

11 Prepayments and advances

Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.

Prepayments and advances are initially and subsequently measured at cost.

12 Loans and receivables

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

13 Investments

Investments are recognised in the statement of financial position at cost.

14 Impairment of financial assets

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.

15 Payables

Loans and receivables are recognised in the statement of financial position at cost.

16 Capital Assets

16.1 Immovable capital assets

Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

Where the cost of immovable capital assets cannot be determined accurately, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1.

ACCOUNTING POLICIES

for the year ended at 31 March 2014

Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.

16.2 Movable capital assets

Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

Where the cost of movable capital assets cannot be determined accurately, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

16.3 Intangible assets

Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.

Where the cost of intangible assets cannot be determined accurately, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1.

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

17 Provisions and Contingents

17.1 Provisions

Provisions are recorded in the notes to the financial statements 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 or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

17.2 Contingent liabilities

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future



events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

17.3 Contingent assets

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

17.4 Commitments

Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

18 Unauthorised expenditure

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
- approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

19 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.

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

20 Irregular expenditure

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the irregularity unless it is impracticable to determine, in which case reasons therefore are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority or transferred to receivables for recovery.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended at 31 March 2014

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:

	2013/14			2012/13
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received
	R'000	R'000	R'000	R'000
Administration	82,922	82,922	-	72,287
Public Sector Organisational and Staff Development	49,000	49,000	-	52,097
Total	131,922	131,922	-	124,384

2. Departmental revenue

	Note	2013/14	2012/13
		R'000	R'000
Sales of goods and services other than capital assets	2.1	27	27
Interest, dividends and rent on land	2.2	36	31
Transactions in financial assets and liabilities	2.3	35	312
Sales of capital assets	2.4	-	4
Total revenue collected		98	374
Less: Own revenue included in appropriation		-	-
Departmental revenue collected		98	374



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for the year ended at 31 March 2014

	Note	2013/14	2012/13
		R'000	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		2	5
Other sales - commission		25	22
Total		27	27
2.2 Interest, dividends and rent on land			
Interest on debt			
		36	31
Total		36	31
2.3 Transactions in financial assets and liabilities			
Receipts-Recoverable Revenue of previous year expenditure			
		35	312
Total		35	312
2.4 Sales of capital assets			
Tangible Assets			
Machinery and equipment			
		-	4
Total		-	4

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for the year ended at 31 March 2014

Note	2013/14	2012/13
	R'000	R'000
3. Aid assistance		
3.1 Aid assistance received in cash from RDP		
Foreign		
Opening Balance	1,062	18,317
Revenue	18,369	32,638
Current expenditure	(13,775)	(31,509)
Surrendered to the RDP fund	(1,438)	(18,384)
Closing Balance	4,218	1,062
3.2 Aid assistance received in cash from other sources		
Opening Balance	-	10,000
Surrendered to the donor	-	(10,000)
Closing Balance	-	-
3.3 Total assistance		
Opening Balance	1,062	18,317
Revenue	18,369	32,638
Current expenditure	(13,775)	(31,509)
Surrendered/Transferred to retained funds	(1,438)	(18,384)
Closing Balance	4,218	1,062



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NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended at 31 March 2014

Note	2013/14	2012/13
	R'000	R'000
Aid assistance receivable - RDP	-	(192)
Aid assistance receivable - Other sources	-	(186)
Aid assistance repayable - RDP **	4,218	1,440
Aid assistance unutilised - Other sources	-	-
Closing balance	4,218	1,062

3.4 Analysis of balance

Aid assistance receivable - RDP

Aid assistance receivable - Other sources

Aid assistance repayable - RDP **

Aid assistance unutilised - Other sources

Closing balance

**The entity has receivables and cash in the Trading Account to repay aid assistance

4. Compensation of employees

4.1 Salaries and Wages

Basic salary

Performance award

Service Based

Periodic Payments

Compensative/circumstantial

Other non-pensionable allowances

Total

23,980	20,633
508	480
70	176
-	-
679	203
6,878	6,429
32,115	27,921

NATIONAL SCHOOL OF GOVERNMENT (NSG)

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NOTES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended at 31 March 2014

	Note	2013/14	2012/13
		R'000	R'000
4.2 Social contributions			
Employer contributions			
Pension		2,934	2,473
Medical		1,181	1,042
Bargaining council		5	4
Total		4,120	3,519
Total compensation of employees		36,235	31,440
Average number of employees		81	74



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NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended at 31 March 2014

	Note	2013/14	2012/13
		R'000	R'000
Administrative fees		593	655
Advertising		559	110
Assets less than R5,000	5.1	355	337
Bursaries (employees)		513	201
Catering		250	394
Communication		1,074	893
Computer services	5.2	3,979	3,398
Consultants, contractors and outsourced services	5.3	20,092	12,366
Audit cost – external	5.4	3,621	4,058
Fleet Services		518	-
Inventory	5.5	182	-
Consumables*	5.6	2,059	1,318
Operating leases		5,584	6,141
Property Payments	5.7	3,311	3,154
Rental and Hiring		97	10
Travel and subsistence	5.8	2,902	2,510
Venues and facilities		725	413
Training and staff development		1,288	1,201
Other operating expenditure	5.9	291	257
Total		47,993	37,416

5. Goods and services

Administrative fees

Advertising

Assets less than R5,000

Bursaries (employees)

Catering

Communication

Computer services

Consultants, contractors and outsourced services

Audit cost – external

Fleet Services

Inventory

Consumables*

Operating leases

Property Payments

Rental and Hiring

Travel and subsistence

Venues and facilities

Training and staff development

Other operating expenditure

Total

*In 2012/13 this was part of inventory.

NOTES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended at 31 March 2014

	Note	2013/14	2012/13
		R'000	R'000
5.1 Assets less than R5,000			
Tangible assets -Machinery and equipment		314	297
Intangible assets		41	40
Total		355	337
5.2 Computer services			
SITA computer services		1,397	2,557
External computer service providers		2,582	841
Total		3,979	3,398
5.3 Consultants, contractors and agency/outsourced services			
Business and advisory services		8,014	360
Legal costs		349	294
Contractors		368	499
Agency and support/outsourced services		11,361	11,213
Total		20,092	12,366
5.4 Audit cost – External			
Regularity audits **		3,621	4,058

** Audit costs centralised in the Vote



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NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended at 31 March 2014

5.5 Inventory

Materials and Supply
 Medical supplies

Total

5.6 Consumables

Household Supplies
 Other consumable materials
 IT Consumables
 Stationery and printing

Total

5.7 Property payments

Municipal services **
 Property management fees **
 Other

Total

**These costs are now centralised in the Vote

Note	2013/14	2012/13
	R'000	R'000
	180	-
	2	-
	182	-
	182	-
	255	-
	583	62
	31	-
	1,190	1,256
	2,059	1,318
	2,059	1,318
	2,420	3,004
	123	150
	768	-
	3,311	3,154
	3,311	3,154

NATIONAL SCHOOL OF GOVERNMENT (NSG)

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NOTES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended at 31 March 2014

	Note	2013/14	2012/13
		R'000	R'000
5.8 Travel and subsistence			
Local		1,747	2,122
Foreign		1,155	388
Total		2,902	2,510
5.9 Other operating expenditure			
Professional bodies, membership and subscription fees		4	41
Resettlement costs		16	30
Gifts		-	25
Other		271	161
Total		291	257
6. Interest and rent on land			
Interest on finance leases of machinery and equipment		-	33
7. Transfers and subsidies			
Departmental agencies and accounts	Annex 1A	49,000	52,097
Households	Annex 1B	24	6
Total		49,024	52,103



NATIONAL SCHOOL OF GOVERNMENT (NSG)
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NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended at 31 March 2014

8. Expenditure for capital assets

	Note	2013/14 R'000	2012/13 R'000
Tangible assets - Machinery and equipment	25.2	1,363	1,871
Software and other intangible assets - Computer software	26.3	7	32
Total		1,370	1,903

8.1 Analysis of funds utilised to acquire capital assets

Voted funds

Tangible assets - Machinery and equipment	25.2	1,363	1,871
Software and other intangible assets - Computer software	26.3	7	32
Total		1,370	1,903

8.2 Finance lease expenditure included in Expenditure for capital assets

Tangible assets

Machinery and equipment		176	
Total		176	

NOTES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended at 31 March 2014

Note	2013/14	2012/13
	R'000	R'000
9. Unauthorised Expenditure		
9.1 Reconciliation of unauthorised expenditure		
Opening Balance	-	-
Unauthorised expenditure – discovered in current year	4,875	-
Less: Amounts approved by Parliament/Legislature without funding and written off in the Statement of Financial Performance - Current	-	-
Less: Amounts transferred to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation/written off	4,875	-
9.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification		
Current payments – goods and services	4,875	-
Total	4,875	-
9.3 Analysis of unauthorised expenditure awaiting authorisation per type		
Unauthorised expenditure relating to overspending of the vote or a main division within the vote	4,875	-
Total	4,875	-



NATIONAL SCHOOL OF GOVERNMENT (NSG)
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NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended at 31 March 2014

Note	2013/14	2012/13
	R'000	R'000
9.4 Details of unauthorised expenditure – current year		
Incident		R'000
Over expenditure on main Vote due to additional mandate – Ministerial Advisory Task Team		4,875
Total		4,875
10. Cash and cash equivalents		
Consolidated Paymaster General Account	(2,586)	1,463
Cash on hand	32	32
Total	(2,554)	1,495
11. Prepayments and advances		
Travel and subsistence	-	43
Advances paid to other entities	-	83
Total	-	126

Annex 6

NATIONAL SCHOOL OF GOVERNMENT (NSG)

Vote: 12a

NOTES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended at 31 March 2014

12. Receivables

	Note	Less than one year R'000	One to three years R'000	Older than three years R'000	Total 2013/14 R'000	Total 2012/13 R'000
Claims recoverable	12.1	3,998	327	-	4,325	963
Recoverable expenditure					-	-
Staff debt	12.2	11	33	-	44	131
Total		4,009	360	-	4,369	1,094

12.1 Claims recoverable

	Note	2013/14 R'000	2012/13 R'000
National departments	Annex 3	412	363
Provincial departments		-	318
Public entities		3,913	282
Total		4,325	963

12.2 Staff debt

Loans and expenses recovered		33	119
Salary Tax debt		11	12
Total		44	131



NATIONAL SCHOOL OF GOVERNMENT (NSG)
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NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended at 31 March 2014

Note	2013/14	2012/13
	R'000	R'000
13 Voted funds to be surrendered to the Revenue Fund		
Opening balance	1,489	6,755
Transfer from statement of financial performance	(2,700)	1,489
Add: Unauthorised expenditure for current year	4,875	-
Paid during the year	(1,489)	(6,755)
Closing balance	2,175	1,489
14 Departmental revenue to be surrendered to the Revenue Fund		
Opening balance	8	2
Transfer from Statement of Financial Performance	98	374
Paid during the year	(104)	(368)
Closing balance	2	8
15 Payables – current		
Amounts owing to other entities	Annex4 295	143
Clearing Accounts	15.1 -	13
Total	295	156
15.1 Clearing Accounts		
Salary reversal control	-	13
Total	-	13

NATIONAL SCHOOL OF GOVERNMENT (NSG)

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NOTES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended at 31 March 2014

Note	2013/14	2012/13
	R'000	R'000

16 Net cash flow available from operating activities

Net surplus/(deficit) as per Statement of Financial Performance	1,992	2,992
Add back non cash/cash movements not deemed operating activities	(4,671)	(26,942)
(Increase)/decrease in receivables – current	(3,275)	45
(Increase)/decrease in prepayments and advances	126	(43)
Increase/(decrease) in payables – current	139	(3,336)
Proceeds from sale of capital assets	-	(4)
Expenditure on capital assets	1,370	1,903
Surrenders to RDP Fund/Donor	(1,438)	(18,384)
Surrenders to Revenue Fund	(1,593)	(7,123)
Net cash flow generated by operating activities	(2,679)	(23,950)

17 Reconciliation of cash and cash equivalents for cash flow purposes

Consolidated Paymaster General account	(2,586)	1,463
Cash on hand	32	32
Total	(2,554)	1,495



NATIONAL SCHOOL OF GOVERNMENT (NSG)
Vote: 12a
DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS
for the year ended at 31 March 2014

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

	2013/14 R'000	2012/13 R'000
18 Commitments		
Current expenditure - approved and contracted	1,741	591
Capital expenditure - approved and contracted	-	-
Total Commitments	1,741	591

19 Accruals

Listed by economic classification

	>30 days	30 Days	Total	Total
Goods and services	-	1,443	1,443	3,151
Total	-	1,443	1,443	3,151
Programme 1 - Administration			1,443	3,151
Confirmed balances with other government entities			295	143

20 Employee benefits

Leave entitlement	1,241	1,395
Service bonus (Thirteenth cheque)	998	893
Capped leave commitments	1,028	939
Performance awards *	932	491
Total	4,199	3,718

* Included in this amount is the pay progression for the past three years owed to certain senior employees.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended at 31 March 2014

21 Lease commitments

21.1 Operating leases expenditure

2013/14

Not later than 1 year

Later than 1 year and not later than 5 years

Total lease commitments

2012/13

Not later than 1 year

Later than 1 year and not later than 5 years

Total lease commitments

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

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



NATIONAL SCHOOL OF GOVERNMENT (NSG)
Vote: 12a
DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS
for the year ended at 31 March 2014

21.2 Finance leases expenditure

2013/14

Not later than 1 year

Later than 1 year and not later than 5 years

Total lease commitments

Vehicles	Machinery and equipment	Total
R'000	R'000	R'000
783	1,569	2,352
1,276	1,648	2,924
2,059	3,217	5,276

2012/13

Not later than 1 year

Later than 1 year and not later than 5 years

Total lease commitments

Less: Finance Costs

Total present value of leases liabilities

Vehicles	Machinery and equipment	Total
R'000	R'000	R'000
125	436	561
146		146
271	436	707
-	-	-
271	436	707

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

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended at 31 March 2014

Note	2013/14	2012/13
	R'000	R'000

22. Irregular Expenditure

22.1 Reconciliation of irregular expenditure

Opening balance	67	-
Add: Irregular expenditure – relating to prior year	-	-
Add: Irregular expenditure – relating to current year	477	199
Less: Prior year amounts condoned	(67)	-
Less: Current year amounts condoned	(477)	(132)
Irregular expenditure awaiting condonation	-	67

Analysis of awaiting condonation per age classification

Current year	-	67
Prior years	-	-
Total	-	67

Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	
Acquisition of service without following the correct procurement process – Zambesi point		67
Procurement process not followed - Orion		477
		544



NATIONAL SCHOOL OF GOVERNMENT (NSG)
Vote: 12a
DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS
for the year ended at 31 March 2014

23. Related party transactions

NSG 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
NSG Training Trading Account	Provision of training
NSG Training Trading Account	Administration and maintenance of records

23.1 Analysis of transactions with related parties

	2013/14	2012/13
	R'000	R'000
Amount due to related parties at the beginning of the year	221	301
Adjustment	-	-
Value of services rendered by NSG	4,983	4,037
Payments for services rendered to NSG	(5,175)	(4,117)
Total	29	221

24 Key management personnel

	No. of Individuals	2013/14	2012/13
		R'000	R'000
Level 15 to 16	2	2,771	2,624
Level 14	4	4,012	3,892
Total		6,783	6,516

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended at 31 March 2014

25 Movable Tangible Capital Assets

25.1 Movement in movable tangible capital assets per asset register for the year ended 31 March 2014

	Opening balance	Curr Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	25,615	-	1,297	(202)	26,710
Transport assets	256	-	-	(94)	162
Computer equipment	17,301	-	813	(108)	18,006
Furniture and office equipment	6,609	-	152	-	6,761
Other machinery and equipment	1,449	-	332	-	1,781
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	25,615	-	1,297	(202)	26,710



DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended at 31 March 2014

25.2 Additions to movable tangible capital assets per asset register for the year ended 31 March 2014

MACHINERY AND EQUIPMENT

Transport Assets
Computer equipment
Furniture and office equipment
Other machinery and equipment

TOTAL

Cash	(Capital work-in-progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
R'000	R'000	R'000	R'000
128	(128)	-	-
703	-	110	813
152	-	-	152
380	(48)	-	332
1,363	(176)	110	1,297

25.3 Disposals of movable tangible capital assets per asset register for the year ended 31 March 2014

MACHINERY AND EQUIPMENT

Transport assets
Computer equipment
Furniture and office equipment
Other machinery and equipment

TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS

Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash received Actual
R'000	R'000	R'000	R'000
-	94	94	-
-	108	108	-
-	-	-	-
-	-	-	-
-	202	202	-

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended at 31 March 2014

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

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	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 ASSETS	24,998	1,735	(1,118)	25,615

25.5 Minor assets of the department at 31 March 2014

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Opening balance	970	7,930	8,900
Current year adjustments to prior year balances	-	-	-
Additions	41	321	362
Disposals	-	36	36
TOTAL MINOR ASSETS	1,011	8,215	9,226



NATIONAL SCHOOL OF GOVERNMENT (NSG)
Vote: 12a
DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS
for the year ended at 31 March 2014

25.6 Minor assets of the department as 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

26. Intangible Capital Assets

26.1 Movement in intangible capital assets per asset register for the year ended 31 March 2014

	Opening balance	Current adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Computer software	1,006	-	7	-	1,013
TOTAL MOVABLE TANGIBLE ASSETS	1,006	-	7	-	1,013

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended at 31 March 2014

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

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Computer software	1,816	52	862	1,006
TOTAL INTANGIBLE CAPITAL ASSETS	1,816	52	862	1,006

26.3 Additions to intangible capital assets per asset register for the year ended 31 March 2014

	Cash	Non-Cash	Total
	R'000	R'000	R'000
Computer software	7	-	7
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	7	-	7



NATIONAL SCHOOL OF GOVERNMENT (NSG)
Vote: 12a
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended at 31 March 2014

ANNEXURE 1A

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2012/13
	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
NSG Training Trading Account	54,671	-	(5,671)	49,000	49,000	100%	52,097
Total	54,671	-	(5,671)	49,000	49,000	100%	52,097

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended at 31 March 2014

ANNEXURE 1B

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2012/13
	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	-	-	24	24	24	100%	6
Total	-	-	24	24	24	100%	6



NATIONAL SCHOOL OF GOVERNMENT (NSG)
Vote: 12a
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended at 31 March 2014

ANNEXURE IC

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:						
Foreign Aid Assistance						
Canadian International Development Agency (CIDA)	Public Sector Training and Development in Countries Emerging from Conflict	1,397	(1,395)	17,838	13,622	4,218
Canadian International Development Agency (CIDA)	Gender Mainstreaming Training	(185)	-	185	-	-
Flemish	Development of Women Managers in Public Service	43	(43)	-	-	-
The Presidency (Swedish)		(193)	-	193	-	-
USAID	Training: Municipal Supply Chain Management	-	-	153	153	-
Total Aid Assistance		1,062	(1,438)	18,369	13,775	4,218

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended at 31 March 2014

ANNEXURE 2

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES

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	
		2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
Controlled entities									
NSG Training Trading Account	Training	-	-	131,947	132,748	-	-	-	-
TOTAL		-	-	131,947	132,748	-	-	-	-



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended at 31 March 2014

ANNEXURE 3**CLAIMS RECOVERABLE**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
<u>National Departments</u>						
Public Service and Administration	-	363	412	-	412	363
<u>Provincial Departments</u>						
Education (Eastern Cape)	-	168	-	-	-	168
Transport (Western Cape)	-	2	-	-	-	2
Gauteng	-	148	-	-	-	148
	-	681	412	-	412	681
Other Government Entities						
NSG Training Trading Account	3,006	88	-	-	3,006	88
SARS:VAT Input	-	-	907	194	907	194
	3,006	88	907	194	3,913	282
Total	3,006	769	1,319	194	4,325	963

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended at 31 March 2014

ANNEXURE 4

INTER-GOVERNMENT PAYABLES

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000
SA Revenue Services	295	143	-	-	295	143
NSGTT	-	-	-	-	-	-
Subtotal	295	143	-	-	295	143



NATIONAL SCHOOL OF GOVERNMENT (NSG)
Vote: 12a
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended at 31 March 2014

ANNEXURE 5

INVENTORY

Inventory	2013/14		2012/13	
	Quantity	R'000	Quantity	R'000
Opening balance	5,980	654	5,642	226
Add/(Less): Adjustments to prior year balance	-	-	59	-
Add: Additions/Purchases - Cash	29,714	6,405	20,473	3,269
Add: Additions - Non-cash	160	-	3,276	-
(Less): Disposals	-	-	-	-
(Less): Issues	(31,878)	(8,281)	(23,468)	(3,769)
Add/(Less): Adjustments	834	1,357	(2)	928
Closing balance	4,810	135	5,980	654

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended at 31 March 2014

ANNEXURE 6

INTER-ENTITY ADVANCES PAID

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000
ERIS PROPERTIES	-	-	-	83	-	83
Subtotal	-	-	-	83	-	83



5.3 REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON: NATIONAL SCHOOL OF GOVERNMENT TRAINING TRADING ACCOUNT

Report on the financial statements

Introduction

1. I have audited the financial statements of the National School of Government Training Trading Account set out on pages 181 - 212, which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets, and statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, as well as 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 and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting officer determines is necessary to 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 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.
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 National School of Government Training Trading Account as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) 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 on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programme presented in the annual performance report of the department for the year ended 31 March 2014:

Programme 2: Public Sector Organisational and Staff Development on pages 61 to 81

- Conduct research and development annually through the undertaking of research projects in order to inform training interventions
- Monitoring and evaluate NSG training interventions through appropriate tools, in order to inform training interventions
- Assess the impact (Application of learning) of training interventions undertaken on individuals and their organisation
- Design of curriculum with programmes and courses that support Government policy as well as critical challenges within the public sector
- Expand the use of e Learning to increase learner access to training
- Quality assurance of NSG programmes to ensure credibility and quality of programmes

- Improve service delivery quality and access in the public service through training intervention
 - Provide training to support the development of core competencies in the business of government
 - Professionalise the public service by equipping public servants with appropriate values, service culture and ethos
 - Improve business processes, decision rights and accountability in the public sector through training interventions
 - Develop and implement a research-based marketing strategy and plan
 - Impact of marketing initiatives in the uptake of NSG training
 - Deliver training through on-board capacity as well as collaborative and structured partnerships
 - Establish and maintain an integrated training delivery information and records management system, processes and infrastructure linking all training activities undertaken
 - Maintain NSG status as accredited training provider with PSETA
 - Develop career progression system linked to education and training successfully undertaken
9. I evaluated the reported performance information against the overall criteria of usefulness and reliability
10. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programme. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information (FMPPi)



11. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
12. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programme.

Additional matter

13. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected programme, I draw attention to the following matter:

Achievement of planned targets

14. Refer to the annual performance report on page 41 to 81 for information on the achievement of planned targets for the year.

Adjustment of material misstatements

15. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information of the Public Sector Organisational and Staff Development programme. As management subsequently corrected the misstatements we did not raise any material findings on the reliability of the reported performance information.

Compliance with legislation

16. I performed procedures to obtain evidence that the trading entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Expenditure management

17. Effective steps were not taken to prevent irregular expenditure, as required by section 38(1) (c) (ii) of the Public Finance Management Act and Treasury Regulation 9.1.1.
18. Contractual obligations and money owed by the trading entity were not settled within 30 days or an agreed period, as required by section 38(1) (f) of the Public Finance Management Act and Treasury Regulation 8.2.3.

Internal control

19. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on non-compliance with legislation included in this report.

Financial and performance management

20. Management of the entity did not exercise adequate oversight responsibilities relating to compliance with laws and regulations.

Auditor-General

Pretoria

31 July 2014



**AUDITOR-GENERAL
SOUTH AFRICA**

Auditing to build public confidence

5.4 NATIONAL SCHOOL OF GOVERNMENT TRAINING TRADING ACCOUNT

(NSG TTA) (a trading entity established in terms of the PFMA, Act 1 of 1999, as amended)

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NATIONAL SCHOOL OF GOVERNMENT (NSG) 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 at 31 March 2014

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 Generally Recognised Accounting Practise (GRAP) 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 NSG Vote 12a for the operations of the NSG Training Trading Account.

The Accounting Officer hereby approves the annual financial statements of the NSG TTA for the year ended 31 March 2014, as set out on pages 181 - 212.



Prof. LS Mollo

Accounting Officer

31 July 2014

NATIONAL SCHOOL OF GOVERNMENT (NSG) TRAINING TRADING ACCOUNT

(a trading entity established in terms of the PFMA, Act 1 of 1999 as amended)

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended at 31 March 2014

	Note	2013/14	2012/13
		R'000	R'000
REVENUE		158,189	187,124
Revenue from exchange transactions	<u>3</u>	107,984	134,807
Revenue from non-exchange transactions	4	50,205	52,317
EXPENDITURE		(157,955)	(160,092)
Employee benefits	<u>5</u>	(58,202)	(55,639)
Operating expenses	6	(99,753)	(104,453)
(DEFICIT) / SURPLUS FOR THE YEAR		234	27,032



NATIONAL SCHOOL OF GOVERNMENT (NSG) TRAINING TRADING ACCOUNT

(a trading entity established in terms of the PFMA, Act 1 of 1999 as amended)

STATEMENT OF FINANCIAL POSITION

for the year ended at 31 March 2014

	Note	2013/14	2012/13
		R'000	R'000
ASSETS			
Current assets			
Cash and cash equivalents	7	136,704	135,451
Receivables from exchange transactions	8	113,448	104,229
		23,256	31,222
Non-current assets			
Intangible assets	9	16,778	13,644
Total Assets		153,482	149,095
LIABILITIES			
Current liabilities			
Payable from exchange transaction	10	21,997	17,844
Payable from non-exchange transaction	11	13,991	8,981
Employee benefits	12	1,543	1,961
		6,463	6,902
Total liabilities		21,997	17,844
Total net assets		131,485	131,251
NET ASSETS			
Reserves			
Accumulated surplus		131,485	131,251
Net assets		131,485	131,251

NATIONAL SCHOOL OF GOVERNMENT (NSG) TRAINING TRADING ACCOUNT

(a trading entity established in terms of the PFMA, Act 1 of 1999 as amended)

STATEMENT OF CHANGES IN NET ASSETS

for the year ended at 31 March 2014

ACCUMULATED SURPLUS

Balance at 31 March 2011

Restated Surplus for the year

Surplus for the year as previously stated

Change in accounting policy

Balance as at 31 March 2012

Restated Surplus for the year

Surplus for the year as previously stated

Change in accounting policy

Restated Balance as at 31 March 2013

(Deficit)/Surplus for the year

Balance as at 31 March 2014

Note	R'000
	R'000
	85,277
	18,942
	17,065
<u>21</u>	1,877
	104,219
	27,032
	26,812
<u>21</u>	220
	131,251
	234
	131,485



NATIONAL SCHOOL OF GOVERNMENT (NSG) TRAINING TRADING ACCOUNT

(a trading entity established in terms of the PFMA, Act 1 of 1999 as amended)

CASH FLOW STATEMENT

for the year ended at 31 March 2014

	Note	2013/14	2012/13
		R'000	R'000
Cash flows from operating activities			
Cash Receipts		163,885	188,789
Transfers		49,000	52,097
Courses rendered		111,245	133,336
Interest received	3	3,640	3,356
Cash Payment		(152,262)	(160,729)
Employee costs		(58,640)	(53,204)
Goods and services		(93,622)	(107,525)
Net cash generated from/(utilised in) operating activities	<u>13</u>	<u>11,623</u>	<u>28,060</u>
Cash flows from investing activities			
Payments for intangible assets		(2,404)	(3,040)
Cash flows from investing activities		<u>(2,404)</u>	<u>(3,040)</u>
Net increase/(decrease) in cash and cash equivalents		9,219	25,020
Cash and cash equivalents at the beginning of the year		104,229	79,209
Cash and cash equivalents at the end of the year	<u>7</u>	<u><u>113,448</u></u>	<u><u>104,229</u></u>

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
for the year ended at 31 March 2014

	Approved Budget	YTD Actual	Variance Amounts
Note	2013/14	2013/14	2013/14
	R'000	R'000	R'000
REVENUE	177,000	158,190	(18,811)
Transfers NSG	49,000	49,000	-
Rendering of services - course fees	125,000	102,125	(22,875)
Fair value of donated assets	-	419	419
Realisation of deferred revenue	-	787	787
Interest received: bank deposits	3,000	3,640	640
Interest received: trade receivables	-	2,219	2,219
EXPENDITURE	(172,433)	(157,955)	14,478
Employee benefits	(69,414)	(58,202)	11,212
Operating expenses	(103,019)	(99,753)	3,266
Surplus/(deficit) from operating activities	4,567	234	(4,333)
Capital expenditure			
Software and intangible assets	(3,500)	(3,191)	309
Budget surplus/(deficit)	1,067	(2,957)	(4,025)

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for the year ended at 31 March 2014

I Accounting policies

1.1 Statement of compliance

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), as issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act, (Act No 1 of 1999).

1.2 Adoption of GRAP

The National School of Government Training Trading Account (NSG TTA) adopted GRAP for the first time in the current financial year in accordance with Directive 9, issued November 2011 by the ASB. The adoption of GRAP resulted in the reclassification and remeasurement of certain items. The NSG TTA applied the International Financial Reporting Framework (IFRS) previously.

1.3 Standards of GRAP issued but not yet effective Balances

The Standards of GRAP that has been issued by the ASB, but where the Minister has not determined an effective date, has not been adopted by the NSG. The NSG used the Standard of GRAP on Related Party Disclosures (GRAP 20) to determine the extent of disclosures for related party transactions and balances.

1.4 Basis of preparation, presentation currency and rounding

The annual financial statements have been prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise

1.5 Functional Currency

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).

1.6 Going Concern Assumption

The annual financial statements have been 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.

1.7 Significant judgments and estimates

The use of judgment, estimates and assumptions is inherent to the process of preparing annual financial statements. Management is required to exercise its judgement in the process of applying the entity's accounting policies. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods.

1.7.1 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 9.0% (2012/13: 8.5%) per annum on the outstanding balance.

The gross payables have been assumed to approximate their fair value as the entity policy is to settle all payables one month of invoice date.

1.7.2 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

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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 8.

1.8 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 financial statements include fundamental errors, and the treatment of assets financed by external grants.

2. Significant accounting policies

2.1 Revenue recognition

2.1.1 Revenue from Exchange Transactions

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable. Charges for services are determined in accordance with Treasury Regulation 19.5.

2.1.2 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.

2.1.3 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.

2.1.4 Revenue from non-exchange transactions (Transfers and subsidies received)

Transfers and subsidies received represent the operating grant received from the controlling department - NSG Vote 12a.

The NSG recognises the inflow of resources from a non-exchange transaction as revenue, except when a liability is recognised in respect of that inflow. These liabilities are classified as payables from nonexchange transactions. Where services are received in-kind, and a reliable estimate can be made, the NSG will recognise the related revenue. In all other cases, the NSG will only disclose the event.

2.2 Expenditure

Expenditure is classified in accordance with the nature of the expenditure.

The NSG recognises expenditure in the statement of financial performance when a decrease in future economic benefits or service potential related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

The NSG recognises expenses immediately in the statement of financial performance when expenses produce no future economic benefits or service potential or when and to the extent that, future economic benefits or service potential do not qualify,



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or cease to qualify, for recognition in the statement of financial position as an asset.

The NSG also recognises expenses in the statement of financial performance in those cases when a liability is incurred without the recognition of an asset, for example, when a liability under a court ruling arises.

2.3 Employee Benefits

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.

2.3.1 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.

2.3.2 Long-term employee benefits

2.3.2.1 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 date, they are discounted to present value.

2.3.2.2 Post-employment retirement benefits

The entity, through its controlling department - NSG 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.

2.4 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, in the case of a financial asset not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition of the financial asset.

All recognised financial assets are subsequently measured at fair value, amortised cost or cost.

2.4.1 Classification of financial assets

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

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2.4.2 Financial assets at amortised cost and the effective interest method

The entity's principal 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 2.4.5 below), with interest revenue recognised on an effective yield basis in investment revenue (note 3).

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.

2.4.3 Gain or losses

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

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

2.4.4 Offsetting

The entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of set-off exists and the parties intend to settle on a net basis.

2.4.5 Impairment of financial assets at amortised cost

Financial assets that are measured at amortised cost are assessed for indicators of impairment at the end of each reporting period.

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

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 becoming 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.



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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.

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.

2.4.6 Derecognition 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 derecognition, 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 had been reported in net assets is included in net surplus or deficit for the period.

2.5 Financial liabilities and equity instruments

2.5.1 Classification of financial liabilities and equity

The entity operates as a trading entity under the administration of NSG 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'.

2.5.2 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 GRAP 19: 'Provisions, Contingent Liabilities and Contingent Assets') or the amount initially recognised.

2.5.3 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.

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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.

2.5.4 Derecognition of financial liabilities

The entity derecognises a financial liability or a part thereof when, and only when, the entity's obligations are discharged, cancelled, or they expire.

2.6 Assets

2.6.1 Property, plant and equipment

The entity does not recognise assets relating to items of property, plant and equipment as the controlling department, NSG 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.

2.6.2 Intangible assets

2.6.2.1 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.

2.6.2.2 Internally generated intangible assets

Expenditure on research and development activities is recognised as an expense in the period in which it is incurred.

2.6.2.3 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.

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



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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.

2.6.3 Inventory

The controlling department - NSG Vote 12a, holds inventory.

2.7 Liabilities

2.7.1 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.

2.7.2 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.

2.7.2.1 The NSG 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-Private-Partnerships as contemplated in Treasury Regulation 16 and Practice Note 5 of 2007/08: "Finance Lease Transactions" issued by the Office of the Accountant-General.

The controlling department – NSG 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.

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2.7.3 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.

2.7.4 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.

2.7.5 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.

2.7.6 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.

2.8 Related party transactions

Parties are considered to be related if one party has the ability to control the other party, exercise significant influence over the other party or jointly control the other party. Specific information with regard to related parties is included in note 16.

2.9 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.



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	2013/14	2012/13
	R'000	R'000
3. Revenue from exchange transactions		
Courses rendered	102,126	128,507
Interest Revenue	5,858	6,300
Trade Receivables	2,218	2,944
Bank deposits	3,640	3,356
	107,984	134,807
4. Revenue from non-exchange transactions		
Funds from the Department (NSG)	49,000	52,097
Funds from National Treasury – development of course material	419	220
Donations of intangible asset of fair value	786	-
Total	50,205	52,317
Funds are transferred from NSG Vote 12a as an augmentation to revenue earned to enable the Trade to carry out its operating activities.		
5. Employee benefits costs		
Short term employee benefits	58,202	55,639
Average number of employees	118	112

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	2013/14	2012/13
	R'000	R'000
6. Operating expenses		
Property rental payments **	8,263	8,799
Equipment rental payment**	2,461	1,535
Communication cost	1,337	1,578
Property payments	1,351	-
Consumables, materials and supplies	159	22
General administrative expenses	329	327
Gifts and promotional items	81	679
Marketing	3	197
Training and consultancy services	46,611	56,343
Venue and facilities	10,800	11,414
Travel and subsistence	19,019	17,427
Movement in the allowance for doubtful debt	(1,609)	1,427
Stationery and printing	7,116	4,372
Staff training and development	904	45
Catering departmental activities	195	284
Impairment of intangible assets	58	-
Theft and losses – debt written off	2,675	3
Total	99,753	104,452



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	2013/14	2012/13
	R'000	R'000
7. Cash and cash equivalents		
Current cash at commercial banks	113,448	104,229

8. Receivables from exchange transactions

	Less than one year	One to two years	More than two years	Total 2013/14	Total 2012/13
	R'000	R'000	R'000	R'000	R'000
Trade receivables	18,292	4,191	11,293	33,776	44,108
Allowance for doubtful debts	-	-	(11,293)	(11,293)	(12,902)
Net trade receivables	18,292	4,191	-	22,482	31,206
Other receivables	773	-	-	773	16
Total	19,064	4,191	-	23,256	31,222

8.1 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 8.3.

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 (2012/13: 92 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 9.0% (2012/13: 8.5%) per annum on the outstanding balance.

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8.1 Trade Receivables (continued)

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.

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 NSG's customers, based on transaction data captured in the debtor administration system, revealed an average collection period of 92 days (2012/13: 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.

8.2 Trade receivables past due, not impaired – 2013/14

	61 to 365 days	366 to 730 days	TOTAL 2013/14
	R'000	R'000	R'000
Nominal Value	12,984	4,191	17,175
Fair Value Adjustment	(80)	-	(80)
Total	12,904	4,191	17,095

Trade receivables past due, not impaired – 2012/13

	61 to 365 days	366 to 730 days	TOTAL 2012/13
	R'000	R'000	R'000
Nominal Value	17,954	3,069	21,023
Fair Value Adjustment	(89)	-	(89)
Total	17,865	3,069	20,934

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	2013/14	2012/13
	R'000	R'000
8.3 Fair value of trade receivables		
Balance at cost price	34,005	44,365
Less: fair value adjustment	(229)	(257)
Balance at fair value	33,776	44,108

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 9.0% (2012/13: 8.5%).

8.4 Movement in the allowance for doubtful debt

Balance at 1 April	12,902	11,475
Impairment losses recognised on receivables	1,064	1,427
Amounts written off during the year as uncollectible	(2,673)	-
Balance at 31 March	11,293	12,902

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.

9. Intangible assets

Cost	18,800	15,608
Accumulated amortisation and impairment	(2,022)	(1,964)
Carrying amount	16,778	13,644

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(a trading entity established in terms of the PFMA, Act 1 of 1999 as amended)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended at 31 March 2014

Reconciliation

Gross carrying amount at 31 March 2012

Additions *

Gross carrying amount 31 March 2013

Additions

Impairment

Gross carrying amount at reporting period

	Training Courses	TMS	Total 2013/14
	R'000	R'000	R'000
	9,324	1,265	10,589
	2,957	98	3,055
	12,281	1,363	13,644
	2,226	965	3,191
	(58)	-	(58)
	14,449	2,328	16,777

*Included in the additions is R0.7m (2012/13: R1.8m) non-cash acquisition

Training courses: capitalised course development.

TMS: capitalised Training Management System development

The amortisation expense and impairment loss recognised are included in the line item 'amortisation and impairment' in the statement of financial performance.



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The following useful lives are used in the calculation of amortisation:

	2013/14	2012/13
Capitalised training course development	Indefinite	Indefinite
Capitalised training management system	Indefinite	Indefinite

10. Payable from exchange transaction

Trade and other payables

Trade creditors

Amounts due to customers: trade debtors

Amount owed to NSG Vote 12a

Total

30 Days	30+ days	Total 2013/14	Total 2012/13
R'000	R'000	R'000	R'000
7,244	-	7,244	6,295
2,484	1,257	3,740	2,598
3,007	-	3,007	88
12,735	1,257	13,991	8,981

11. Payable from non-exchange transaction

National Treasury advance for course development

DPSA advance for anticorruption project

Advance receipts

2013/14	2012/13
R'000	R'000
1,358	1,776
185	185
1,543	1,961

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	2013/14	2012/13
	R'000	R'000
	3,692	3,610
	3,611	3,225
	1,208	1,382
	(1,127)	(997)
	1,669	1,515
	1,515	1,241
	1,670	1,515
	(1,516)	(1,241)
	1,102	1,776
	1,776	-
	222	1,776
	(897)	-
	6,463	6,901

12. Employee Benefits

Leave entitlement

Carrying amount at the beginning of the period

Current service costs

Less: benefits utilized

13th cheque

Carrying amount at the beginning of the period

Current service costs

Less: benefits utilized

Performance bonus

Carrying amount at the beginning of the period

Current service costs

Less: benefits utilized

The provision for employee benefits represents annual leave and capped leave entitlements and accrued 13th cheque.



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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended at 31 March 2014

13 Net cash flow available from operating activities

(Deficit) / Surplus for the year

Adjusted for non-cash movements

Allowance for doubtful debt

Bad Debts written off

Deferred revenue recognised

Non-cash donations

Impairment of assets

Change in estimates of employee benefits

Operating cash flows before working capital changes

Working capital changes

Decrease/(increase) in receivables from exchange transactions

Increase/(Decrease) in payables from exchange transactions

Net cash inflows/(outflows) from operating activities

	2013/14	2012/13
	R'000	R'000
	234	27,032
	(520)	3,645
	(1,609)	1,427
	2,674	3
	(419)	(220)
	(786)	-
	58	-
	(438)	2,435
	(287)	30,677
	11,909	(2,617)
	6,901	1,885
	5,008	(4,502)
	11,623	28,060

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended at 31 March 2014

14. Budget information

The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 April 2013 to 31 March 2014.

The budget and accounting bases are the same; both are on the accrual basis. The financial statements are prepared using a classification on the nature of expenses in the statement of financial performance.

Reconciliation between budget deficit and statement of financial performance:

Budget deficit	(2,957)
Capital expenditure	3,191
Surplus/(deficit) for the year per Financial statements	234

Reason for budget deviation in revenue

The revenue performance for the financial year 2013/14 reflects an unfavourable variance of R22.9 million due to low uptake of courses and the impact of transition to the NSG.

Reason for budget deviation in expenditure

The favourable variance on employee costs is due to vacancies. The entity suspended filling of posts while finalising transition to the NSG and implementation of the new strategy.



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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended at 31 March 2014

15.4 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 – National School of Government 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.

15.5 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 (GRAP 9) and receivables (GRAP 104).

Due to the nature of the organisation, as well as the nature of the interest reflected in the statement of financial performance, 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.



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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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15.6 Credit risk management

Credit risk comprises the risk of financial loss to the entity if a counter party 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.

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.

15.7 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 has 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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended at 31 March 2014

15.8 Fair value of financial instruments

The carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

Financial assets at amortised cost

Trade and other receivables

Financial liabilities at amortised cost

Trade and other payables

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.

16. Related party transactions and outstanding balances

The entity is controlled through the Department of National School of Government at National Government level.

As a result of the constitutional independence of the three spheres of government in South Africa, only parties within the national sphere of government will be considered to be related parties.

Management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. Individuals on top management and executive committee members are considered management.

16.1 Related party transactions and outstanding balances

16.1.1 Department of National school of Government

Revenue from non-exchange transactions

Outstanding balances - claims payable

2013/14	2012/13
R'000	R'000
49,000	52,097
3,007	88

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended at 31 March 2014

16.2 Key management personnel

MARCH 2014

Mr B Maja - Deputy Director General

Mr S Manana - Acting Deputy Director General

MARCH 2013

Mr B Maja - Deputy Director General

Mr S Manana - Acting Deputy Director General

Basic salary	Other short term employee benefits	Post-employment benefits	Total
703	377	91	1,171
613	444	80	1,137
1,316	821	171	2,308
665	339	105	1,109
581	421	76	1,078
1,246	760	181	2,187

The key management personnel of the entity include the following personnel appointed in the controlling department – National School of Government vote 12A:

Official

Prof LS Mollo

Ms M Manjezi

Ms P Mkwanazi

Position

Principal (Director General)

Deputy Director General

Chief Financial Officer

Key management personnel are appointed in terms of the Public Service Act, 1994 (Act No. 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 having regard to the performance of the individuals.

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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended at 31 March 2014

17. Lease commitments

All lease agreements are entered into by the controlling department – National School of Government Vote 12a. Therefore, all lease commitments are presented and disclosed in the financial statements of National School of Government Vote 12a. The lease payments are recovered from the National School of Government TTA in accordance with the expenditure allocation policy.

The controlling department, National School of Government Vote 12a, leases office equipment used by the entity for a period of three years to 30 June 2016. The average lease payment is R 130,739 per month (2012/13: R 77,912) with no contingent lease payments. The lease agreements do not transfer substantially the risks and rewards associated with ownership of the assets to National School of Government. 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 (2012/13: R 1,155,495) 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 National School of Government. The lease agreement imposes no restrictions.

18. Contingent liabilities

Liable to Nature

State attorney Legal fees

2013/14	2012/13
R'000	R'000
-	70

The liability relates to legal fees for a labour dispute and will only be confirmed through litigation.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended at 31 March 2014

19. Irregular expenditure

	2013/14	2012/13
	R'000	R'000
19.1 Reconciliation		
Opening balance	-	-
Add: Irregular expenditure – current year	569	4,206
Add: Irregular expenditure – prior year	-	-
Less: Amounts condoned	(569)	(4,206)
Irregular expenditure awaiting condonement	-	-

19.2 Details of irregular expenditure - Current year

Incident	Disciplinary steps taken	Condoned by (condoning authority) DG	2013/14
			R' 000
No prior approval was obtained for training rollout services	Verbal warning	Condoned	527
Acquisition of services without the approval of a deviation by the delegated official	None	Condoned	37
No prior approval was obtained for catering services	None	Condoned	4
Total			569

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended at 31 March 2014

20. Fruitless and wasteful expenditure

Incident

Venue & catering for additional delegates

Disciplinary steps taken

Condoned by DG

2013/14	2012/13
R'000	R'000
-	9
-	9
-	9



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for the year ended at 31 March 2014

21. Change in Accounting policies

The adoption of the Standards of GRAP had the following impact:

21.1 Recognition and measurement of non-exchange revenue in accordance with the Standard of GRAP on Revenue from non-exchange transactions (GRAP 23)

	2013/14	2012/13	2011/12
	R'000	R'000	R'000
Decrease in deferred revenue	-	220	1,877
Increase in non-exchange revenue	-	220	1,877
Increase in opening reserves	2,097	1,877	-
Effect on reserves- accumulated surplus	2,097	2,097	1,877

The deferred revenue arised as a result of monetary and non-monetary grant received from the National treasury for the development of training courses and were realised in the profit and loss when the intangible asset is derecognised. GRAP 23 requires that revenue be recognised when the asset is recognised.

22. Events after reporting period

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

23. Approval of Financial Statements

The financial statements were approved by the Accounting Officer and authorised for issue.

F Other Information



6.1 NATIONAL SCHOOL OF GOVERNMENT SOCIAL RESPONSIBILITY

South Africa and the world recognise the 18 July as International Mandela Day, a day on which there is a call to action for people everywhere to take responsibility for making the world a better place, one small step at a time, just as the late former President Nelson Mandela did. PALAMA/ NSG has been supporting this humanitarian initiative annually, and in 2013, the institution supported Tshwaraganang, a home for orphans and vulnerable children in Hammanskraal, City of Tshwane.

The facility houses sixty-four (64) orphans and vulnerable children from new-born to 21 years old as well as needy families. The facility does not have a steady income and therefore depends on individual and corporate donations. The support provided to the home included:

- Expanding the facility's garden through planting of vegetables for sustainability beyond Mandela day.
- Coordinating a soup kitchen for the children and workers. Soup packets and bread were purchased for this purpose.
- Employees were requested to donate clothing, toiletries, and cans of non-perishable food and/or cash towards the purchasing of seedlings for the vegetable garden.

Thirty-seven (37) employees volunteered to visit the facility to perform duties such as gardening, preparing soup for the children as well as playing with them. The PALAMA team was also followed by the South African National Defence Force and the Office of the Auditor-General. There were other smaller organisations as well who performed clean-up duties at the facility.



Learn Grow Serve

Physical Address

ZK Matthews Building, 70 Meintje Str, Sunnyside

Postal Address

Private Bag X759, Pretoria, 0001

Contact Information

Switchboard: (+27) 012 441 6000

General facsimile: (+27) 012 441 6030

Training Contact Centre: (+27) 012 441 6777

E-mail Address

contactcentre@thensg.gov.za

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