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# ANNUAL REPORT

2015/2016



**school of government**

Department:  
National School of Government  
REPUBLIC OF SOUTH AFRICA





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National School of Government  
REPUBLIC OF SOUTH AFRICA

# NATIONAL SCHOOL OF GOVERNMENT

## ANNUAL REPORT 2015/16

### VOTE NO: 12A

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**Adv. Ngoako A. Ramatlhodi (Dr), (MP)**

**Minister for Public Service and Administration**

I have the honour of submitting the Annual Report of the National School of Government (NSG) covering the period from 01 April 2015 to 31 March 2016. 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.

  
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**PROF. RICHARD M LEVIN**

**Accounting Officer**

**DATE: 31 August 2016**





# PART A

## GENERAL INFORMATION



## I. 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. This is the main office of the NSG and a significant portion of training sessions is undertaken in training facilities within these premises.

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

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Principal: National School of Government

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

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Chief Financial Officer

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**Ms Mandisa Tshikwatamba** (Resigned with effect from 1<sup>st</sup> August 2016)

Deputy Director-General: Corporate Management

## 2. LIST OF ACRONYMS/ABBREVIATIONS

AGSA	Auditor-General of South Africa
AMDIN	African Management Development Institutes Network
BB2E	Breaking Barriers to Entry
CIP	Compulsory Induction Programme
CPSI	Centre for Public Service Innovation
DPME	Department of Planning, Monitoring and Evaluation
DPSA	Department of Public Service and Administration
EU	European Union
FPE	Facilitator and Participant Evaluation
GEMS	Government Employees Medical Scheme
GRAP	Generally Recognised Accounting Practice
HEIs	Higher Education Institutions
HOD	Head of Department
HRD	Human Resource Development
IIC	Independent Individual Contractor
LCBP	Legislatures Capacity Building Programme
LGSETA	Local Government Sector Education and Training Authority
MOU	Memorandum of Understanding
MPAT	Management Performance Assessment Tool
PPP	Public Private Partnerships
NDP	National Development Plan

NSG	National School of Government
PALAMA	Public Administration Leadership and Management Academy
PILIR	Policy and Procedure on Incapacity Leave and Ill-health retirement
PSETA	Public Service Sector Education and Training Authority
PSTF	Public Sector Trainers Forum
QCTO	Qualification Council for Trades and Occupations
SADC	Southern African Development Community
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SDIP	Service Delivery Improvement Plan
SITA	State Information Technology Agency
SMS	Senior Management Service
SOP	Standard Operating Procedure
SOPSA	State of Public Service in Africa
TMS	Training Management System
TNA	Training Needs Analysis
TR	Treasury Regulations
TTA	Training Trading Account
UCT	University of Cape Town
VPN	Virtual Private Network

### 3. FOREWORD BY THE MINISTER



**Adv. Ngoako A. Ramatlhodi (Dr), (MP)**

**Minister for Public Service and Administration**

Our National Development Plan – the strategic roadmap towards realising Vision 2030 – clearly states that for social and economic transformation to occur, we need a capable and developmental state. As the Ministry for Public Service and Administration, we have the responsibility of building a skilled and professional Public Service to support among other responsibilities, a capable and developmental state. The NDP calls for the Public Service to attract highly skilled people – make the Public Service and local government to be careers of choice - and cultivate a sense of professional common purpose and a commitment to developmental goals.

In responding hereto, one of our interventions has been the finalisation and enactment of the Public Administration Management Act, 2014, which seeks to, *inter alia*, promote the basic values and principles governing the public administration referred to in section 195(1) of the Constitution - to provide for capacity development and training, and to provide for the establishment of the National School of Government.

Since its establishment, the National School of Government has focused its attention towards developing the Public Service cadre functioning within a skilled and professional Public Service. The Compulsory Induction Programme (CIP), for example, was designed to ensure that all new Public Service entrants have full and complete understanding of the State machinery and its policies, supporting the developmental agenda. Since inception of the CIP, the programme has been gaining momentum in its roll-out within national and provincial departments. The National School of Government has also increased training facilitation capacity to ensure that all new public servants are inducted through the CIP. This programme is but one of the flagship programmes towards a skilled and professional Public Service.

During this financial year, we also approached Cabinet with a proposal for the utilisation of in-service and retired public servants to facilitate the National School of Government programmes and courses. This was duly endorsed by Cabinet on 17 February 2016 and processes have commenced towards the recruitment, selection and utilisation of public servants as training facilitators. The School currently rolls out training on approximately 130 accredited and non-accredited courses and programmes covering developmental areas in leadership, management, administration and induction. During this financial year, more than 30 000 learners were trained across these courses and programmes.

The School has also introduced an intervention to offer training to public servants on the management of performance, as a self-paced, free online course. This has resulted in an intake of more than 25 000 learners accessing learning opportunities through this platform in addition to the other facilitated online courses.

As we report on our performance against resources for the 2015/16 financial year, I would like to take this opportunity in thanking the Principal of the National School of Government, his executive team and all employees of the School in fulfilling their mandate of training and developing our public servants. The road ahead may be long but I remain confident that the National School of Government will contribute towards our vision of building a capable and developmental state through a skilled and professional Public Service.

**Adv. Ngoako A. Ramatlhodi (Dr), (MP)**

**Minister for Public Service and Administration**

**Executive Authority for the NSG**

## 4. STATEMENT BY THE DEPUTY MINISTER



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

This is a significant year for our nation as we mark the 60th anniversary of the women’s march against pass laws, as well as the 40th anniversary of the Soweto uprisings. These historic events served as a turning point in the pace and vigour of our people’s quest for national liberation. The bold generation of women of 1956 as well as the youth of 1976 displayed fearlessness in tackling an oppressive system, which greatly contributed to the freedom we celebrate today.

The same vigour and commitment demonstrated by the youth of 1976 needs to be emulated by today’s youth in tackling the critical issues of economic inclusion, unemployment and extreme poverty amongst other challenges. These have been the recurring issues raised by youth as obstacles to their development during the public participation outreach programme that I have led across the country this year.

The public service is called upon as enounced in the National Development Plan, to establish a strategy for recruiting dedicated young people and developing their skills. In this regard, the National School of Government has been responsive to the development of the youth for public service employment through the Breaking Barriers to Entry (BB2E) Programme. This is a partnership programme facilitated by the NSG working with other government departments and other agencies to provide youth graduates orientation to the public service.

Whilst the primary aim of this programme is to create an awareness on public service careers and work opportunities, it also introduces programme participants to candidature requirements for these, also furthering public understanding on the character and functioning of government machinery which contributes to building a sense of patriotism. In this financial year, 1 784 unemployed youth graduates have

completed this Programme. Future plans for the Programme are to include those students at universities who are completing their final year to be empowered with public service skills. The NSG is currently in consultation with the University of Johannesburg to pilot the Programme for final year students studying Public Administration. If successful, the Programme will be incorporated as part of the curriculum to allow final year students in Public Administration to undergo a compulsory internship.

The public service has been steadfast in its efforts to emancipate women through providing leadership training for women within our ranks. The NSG recognises that capacity development without specific focus on women is inconsistent with the broader national development and social transformation goals. In particular, leadership development endeavours that prepare women for, and nurture women in leadership, are vital in strengthening human capabilities for a capable and developmental state.

In the 2015-16 financial year, the NSG has continued to offer the Executive Development Programme to women in Middle Management Service to prepare them for greater leadership responsibilities. This programme is complemented by courses on Mentoring for Public Service Managers, Diversity Management, Mainstreaming Gender in the Public Service, and the workshop series titled Conversations with Women in Leadership.

Reflecting on the lives of many of the heroes of our liberation struggle, we remain committed to the work that still needs to be carried out to socially and economically reintegrate military veterans into society. During this financial year, the NSG has been working with the Department of Military Veterans to develop a Recognition of Prior Learning Programme (RPL) for serving former Non-Statutory Force (NSF) members in the Security Cluster departments such as State Security, Defence, South African Police Service and Correctional Services. Both SAQA and SETA have come on board to assist with the accreditation, assessments and career pathing programmes that will assist military veterans.

Through the NSG suite of courses and programmes, we are continuing a campaign to persistently instil the Batho Pele values in all public servants, especially our frontline staff. Ethical conduct of public servants is another theme of focus as part of this campaign. The DNA make-up of our public servant must consist of men and women with impeccable ethical conduct, including a high work ethic, displaying high morale, humility and pride, associated with being a loyal public servant.

With regard to its corporate identity and brand positioning, the NSG recognises that more needs to be done to strategically position itself as a high performing centre of excellence in responding to training and development needs. During the financial year, the School developed an integrated marketing, communication and brand strategy for implementation in the new financial year. Among the various initiatives towards brand positioning is the partnership with SALGA on the councillor induction programme.

We have embarked upon a number of reforms that will ensure that the future we envision through the National Development Plan is a reality firmly imbedded in the existence and being of every single citizen of this country. Ours is to ensure that we build a capable public service, orientated towards meeting the developmental aspirations of our people.



**Ms. Ayanda Dlodlo, MP**

**Deputy Minister for Public Service and Administration**

*The National School of Government has been responsive to the development of the youth for public service employment through the Breaking Barriers to Entry (BB2E) Programme. This is a partnership programme facilitated by the NSG working with other government departments and other agencies to provide youth graduates orientation to the public service.*

## 5. REPORT OF THE ACCOUNTING OFFICER

### 5.1 Introduction

The 2015/16 Annual Report for the National School of Government is an account of performance of the second year of the fifth democratic electoral cycle of government. The mandate and core business of the NSG is in line with the NDP, which gave impetus to the importance of a NSG that contributes to building a capable developmental state. The School is therefore duty-bound to contribute more to building a common service ethos and a competent Public Service, link training and development to NDP's national development goals, focus training to improve work performance and service delivery, base development on effective research and innovation and provide excellent facilities to support learning. The Medium-Term Strategic Framework (2014 - 2019) provides 14 Outcomes for achievement by government, all of which are in line with the National Development Plan.

The 2015/16 Annual Report provides an account on the status of the organisational performance in relation to its year plans, financial management, corporate governance and human resources oversight. The five-year Strategic Plan and the Annual Performance Plan (2015/16), as tabled in Parliament, were developed against the backdrop of far reaching legislative changes outlined in the Public Administration Management Act of 2014.

### 5.2 Overview of the operations of the National School of Government

The conceptualisation of the NSG and its business operating model were designed in a manner that it operates on business management principles, that is raising our own revenue to sustain ourselves without a full reliance on the national fiscus. This places the NSG in competition with other service providers, and the institution has to perform extraordinarily and be innovative in order to guarantee revenue generation. This is against a stark economic reality that public finances are severely constrained.

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;
- The institution makes use of a hybrid model to roll-out training, in the form of partnerships and contractual agreements with higher education institutions, independent individual contractors, private institutions as well as the use of existing public servants; and
- The institution provides training on a cost-recovery approach, in accordance with tariffs determined by the National Treasury.

Measured against the pre-determined training performance target of 60 050 learners as reflected in the 2015/16 Annual Performance Plan, the NSG trained a total of 30 724 learners in the four streams of Leadership, Management, Administration and Induction.

During the second half of the financial year, the NSG commenced with the piloting of an Integrated Delivery Model. Focal programmes for this pilot were: the Compulsory Induction Programme (CIP) targeting salary levels 13 – 14, Managing Performance course, National School of Government Leadership Platform and International Exchange Partnerships beginning with The People's Republic of China. eLearning sought to test a new approach to widen access to learning and development through open learning interventions, which is based on self-paced learning in the workplace guided by organised materials and activities.

With regard to the Managing Performance course, the NSG assessed its current suite of human resources (HR) programmes and identified a need for capacity development in managing performance. This need was also confirmed by Management Performance Assessment Tool (MPAT) reports. Aiming at improving the overall capacity for managing performance in the Public Service, the NSG designed and developed an open eLearning course, which was opened to public officials.

The concept of open eLearning was introduced mid-year in 2015/16 as part of the pilot programmes, starting with a course on the implementation of the Policy and Procedure on Incapacity Leave and Ill-health Retirement (PILIR) in September 2015, followed by the Managing Performance Course in November 2015. It is for this reason that reporting against these initiatives only began in the last quarter of the financial year. A total of 18 586 officials were given access to learning and development in the open eLearning courses. The open courses are still running. In addition, 6 594 officials were given access to online Communities of Practice which provides users with a platform for sharing information and best practices.

The table below is a reflection of performance through the established training streams, together with a reflection of performance through the on-line courses primarily made up of the pilot programmes. Reflection on this performance clearly demonstrates the potential reach of on-line learning in the Public Service. Going forward, the NSG will explore the various tools at our disposal in order to further institutionalise eLearning as a training modality and address the mind shift within government departments.

**Table 1: Training Performance for the 2015/16 Financial year**

Training Stream	Actual performance Against 2015/16 APP Targets		Other Initiatives Additional to APP Access to Learning Opportunities		Number of People Trained and given Access to Learning Opportunities
	Projected target	Facilitated Learning	Open-Online learning	Online Communities of Practice	
Leadership	10 900	6193		24	6 217
Management	11 900	5424	18 586	4 341	28 351
Administration	5 150	2704		2 220	4 924
Unemployed youth graduates	2 750	1784			1 784
Sub-Total	30 700	16 105	18 586	6 585	41 276
Induction	29 350	14 619		9	14 628
Total	60 050	30 724	18 586	6 594	55 904

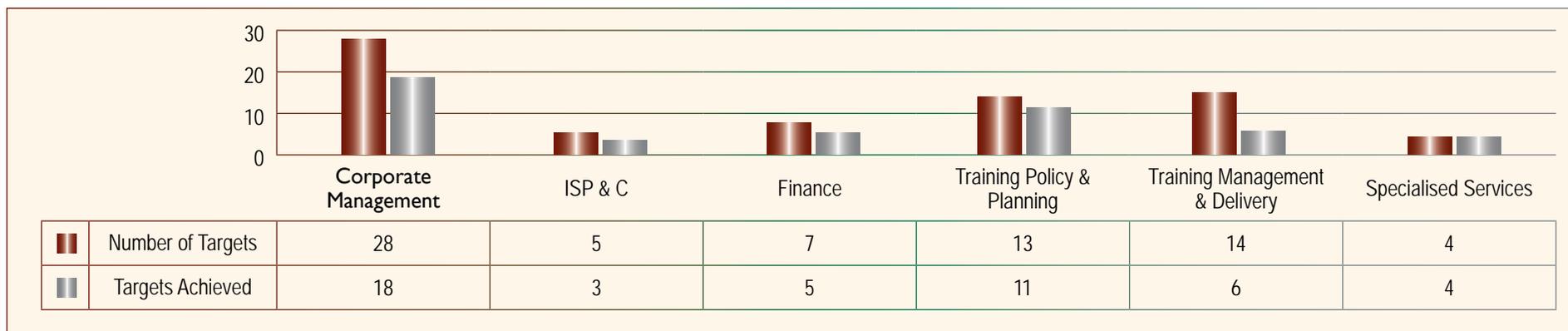
When considering the access to learning offered by on-line programmes, added to the courses and facilitated learning programmes within the training streams, the NSG shows an overall performance achievement of a total of 55 904 learners, measured against the 60 050 training target for this financial year.

**Overall Organisational Performance results**

- In terms of overall performance of the NSG, a total of 30 key performance

targets were set out in the 2015/16 Annual Performance Plan, of which 17 targets were achieved.

- 41 additional performance targets were set in the NSG’s Operational plan, of which 31 performance targets were achieved.
- Overall, this translates to 47 targets achieved out of 71, an overall 66% targets achievement rate. A summation of performance per Branch based on overall results given above is graphically shown below.



**Summary of improvement areas:**

- The NSG has acknowledged its weakness in the marketing of the NSG and its programmes and courses. There is an inadequate marketing profile, the corporate brand is not visible enough and there is a lack of sufficient marketing material. This weakness is being addressed through the development and implementation of an integrated marketing, communication and brand strategy.
- The NSG is also experiencing challenges related to the absence of a comprehensive training calendar, resulting in training events often communicated at a very late stage. In this regard, the NSG is working on the development of a comprehensive training calendar.
- The NSG is committed to putting in place improvement plans to increase performance in the coming financial year. This will include prioritising training for the departments that paid for training in 2016 and subsequently having to defer training dates.
- The debt recovery book value was reduced from R34 786 million (2014/15) to R16 506 million (2015/16).
- The NSG has been addressing the assessment results of the MPAT through management improvement plans. There are however, certain areas which require further improvements, towards improving the overall institutional rating.

- There is sometimes insufficient alignment between the content of NSG programmes and the key performance areas of public servants within their departments – training not aligned to workplace knowledge /competency requirements. The NSG will review its current suite of offerings to ensure alignment.

**Significant achievements for the year 2015/16:**

- The signing of a four-year Memorandum of Understanding (MoU) to formalise the strategic partnership between the Chinese Academy of Governance and the National School of Government on 30 October 2015 aimed at strengthening exchanges and cooperation in the fields of education, training and development, scientific research and policy development and implementation.
- The signing of a MoU to formalise the strategic partnership between the Namibian Institute of Public Administration and Management (NIPAM) and NSG on 22 September 2015. The NSG also supported NIPAM through sharing of knowledge around curriculum development as well as e-Learning and agreed to develop peer learning to benefit both institutions. The NSG plans to host a SADC Capacity Development workshop.

- The approval of the European Union (EU) Development Support for an amount of 10 million Euros that will assist the NSG to implement the *Public Service Training and Capacity Building Programme* for improved public sector capacity through learning and development.
- 108 on-site evaluations which provided information to programme managers for the maintenance and improvement of training interventions as well as four application of learning studies which assessed whether participants underwent any changes as a result of the training undertaken, have been completed in this financial year.
- The research report on the Legislative Capacity Building Programme was published. The report is an important source document on the development and roll-out of this programme and it could also be regarded as a model with regards to comprehensive and consolidated programme evaluation processes at the NSG.
- Wide range of research projects were completed in the financial year under review, amongst others, addressed themes ranging from the South African contribution to the State of Public Service in Africa, to the Research Capacity in the Public Service. The NSG researchers also managed to present a wide range of workshops and conference papers, and also excelled by publishing articles nationally and internationally. These efforts contribute much towards advancing the name and reputation of the NSG.
- A number of Training Needs Analyses were rolled-out with national and provincial government entities. These Analyses contribute significantly as they provide detailed information to departments on training requirements as well as the gaps to be addressed within their human resource development and management context.
- The Managing Performance Course has been fully rolled-out as an on-line course. Based on lessons from this pilot, considerations are being given to a mandatory training course for public servants.

### 5.3 Overview of Financial Results of the National School of Government

The Department operates a Trading Account for its training operations. The Department submits separate financial statements for the NSG Training Trading Account (TTA), a trading entity established in terms of the Public Finance Management Act (PFMA), Act No. 1 of 1999, as amended. The statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice (SA GAAP). To achieve full compliance with accrual accounting requirements, the prescribed financial accounting system of the trading entity is supplemented by additional manual procedures.

#### Vote Account

The full budget appropriation for the year 2015/16 was R140.4 million which is a marginal increase from the R138.5 million allocations received in 2014/15. A minimal saving of R2.8 million was realised.

*Measured against the pre-determined training performance target of 60 050 learners as reflected in the 2015/16 Annual Performance Plan, the NSG trained a total of 55 904 learners in the four streams of Leadership, Management, Administration and Induction (including both facilitated and distance online training)*

**Table 2: Departmental Receipts**

Dept. Receipts	2015/16			2014/15		
	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	25	33	8	65	30	(35)
Interest, dividends and rent on land	0	50	50	0	50	50
Sales of capital assets	0	14	14	0	31	31
Transactions in financial assets and liabilities	0	5	5	0	0	0
<b>Total</b>	<b>25</b>	<b>102</b>	<b>77</b>	<b>65</b>	<b>111</b>	<b>46</b>

Total Departmental receipts revenue decreased by R0.009 million, from R0.111 million (2014/15) to R0.102 million (2015/16), the decrease is as a result of sales of capital assets.

Course fees are determined on a cost-recovery basis in accordance with Treasury Regulation 19.5.2. The tariffs are assessed annually and revised as deemed necessary as part of the on-going NSG financial status reviews and in accordance with Treasury Regulation 19.5.3.

Course fees revenue performance assessment for the past four financial years was conducted in 2015/16 and is currently at the final stages of review by National Treasury.

**Table 3: Programme Expenditure**

Programme Name	2015/16			2014/15		
	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	92 644	89 843	2 801	82 911	78 293	4 618
Public Sector Organisational and Staff Development	47 795	47 795	0	55 597	55 597	0
<b>Total</b>	<b>140 439</b>	<b>137 7638</b>	<b>2 801</b>	<b>138 508</b>	<b>133 890</b>	<b>4 618</b>

The total expenditure breakdown of R140.3 million for 2015/16 and spending patterns, compared to the 2014/15 financial year is summarised as follows:

**Programme 1 - Administration:** Compensation of employees for the Vote-funded staff component of NSG increased by 19.2% from R36.9 million (2014/15) to R44.0 million in 2015/16, due to salary adjustments. Goods and services increased by 11.7% from R36.6 million (2014/15) to R40.9 million in 2015/16. The increase is due to audit costs, SITA computer services, operating leases and property payments annual increases. Expenditure on capital assets increased by 9.5% from R4.2 million (2014/15) to R4.6 million in 2015/16. The increase is due to an increase on expenditure for software and office furniture.

**Programme 2 - Public Sector Organisational and Staff Development:** The transfer of funds from Vote to the TTA decreased by 14.0% from R55.5 million (2014/15) to R47.7 million in 2015/16.

### **Training Trade Account**

The Department operates a Trading Account for its training operations. Total revenue (including the transfer of funds from the Vote appropriation) decreased by R32.8 million from R149.0 million (2014/15) to R116.2 million (2015/16), a decrease of 22%. Income from course fees decreased by 30.6%, from R86.6 million (2014/15) to R59.3 million (2015/16). Transfer funds from Vote to Trade Account decreased by R7.7 million from R55.5 million in 2014/15 to R47.8 million in 2015/16.

Total expenditure in the TTA increased by R7.6 million from R148.8 million in 2014/15 to R156.4 million in 2015/16. The increase is mainly attributable to compensation of employees which increased by 16.4% from R61.4 million in 2014/15 to R71.5 million in 2015/16. The increase is inflation related and vacancies filled during the year. The TTA closed the year with a surplus of R0.2 million in 2014/15 and the closing status in 2015/16 is a deficit of R40.2million.

### **Virement / Roll-overs**

No virement was requested during the financial year under review.

### **Irregular Expenditure**

A total of R0.286 million was incurred as irregular expenditure during the financial year and condoned as the Department did not suffer any financial loss due to these transactions. The reasons for the irregularities relate to non-adherence to procurement approval process for deviations. The NSG will ensure that all officials are aware of supply chain processes and regulations and that they adhere to them.

### **Public Private Partnerships (PPP)**

The NSG did not enter into any PPP contracts during 2015/16 FY.

**Table 4: International Partnerships and Agreements**

Special Project /International Relations Agreement (Name ad Term)	Partner	Funding Approved for the term of the agreement	Funding not utilised in 2015/16	Balance of funds as on 31 March 2016	Notes: Project plan milestones achieved and “In kind support”
Public Service Training and Capacity Building Programme – Financing Agreement.	European Union National Authorising Office is National Treasury / Implementing Agency the NSG.	10 million Euro	Project to start by July 2016.	10m Euro	Financing Agreement signed by EU for proposal submitted. Minister of Finance to sign Financing Agreement on behalf of South Africa by end of May 2016.

Name and Term MOU/A Focus Area	Partner/s	Contributions/ Support by NSG 2015/16	Contributions/ Support to NSG 2015/16
MOU signed 22 September 2015. Technical Co-operation in the area of Capacity Building.	Namibia Institute of Public Administration and Management (NIPAM) and the National School of Government (NSG).	Technical advice on curriculum and learning programmes / e-Learning / evaluation and support towards the Foundation or Induction Programme.	Each partner to carry own cost for visits or support provided.
MOU signed with the Chinese Academy of Governance 30 October 2015.	Chinese Academy of Governance (CAG).	Exchange programme on curriculum development, training and development of staff an exchange of guest speakers.	Each partner to carry own cost for visits or support provided except for exchanges under the 2 000 learner opportunities project.

**Table 5: Membership in International Bodies**

Name	Membership Fees	Membership Benefits	Contributions made / Support received 2015/16
International Association of Schools and Institutes of Administration (IASIA), and International Association of the Administrative Sciences (IAAS)	Euro 600	Access to e-journal, Developments in Administration, launched in January 2016  Organisation aims at study of public sector management and policy, exchange of ideas, and development  Access to web and journals  International networking and possibilities for further cooperation	Conference participation, 2015 – 16.

Name	Membership Fees	Membership Benefits	Contributions made / Support received 2015/16
African Management Development Institutes Network (AMDIN).	USD 3 000 Paid January 2016	The African Management Development Institute Network (AMDIN) was launched with the purpose of strengthening African Management and Development Institutes (MDIs) to allow them to respond to the African development agenda.  Networking with MDIs on the Continent.  Sharing of Learning material.	<ul style="list-style-type: none"> <li>- NSG hosting the AMDIN Secretariat.</li> <li>- Participate on design and development of a Journal.</li> <li>- Participate and share in the State of the Public Service Project.</li> <li>- Participate on AU – STC capacity development programme.</li> </ul>

#### Discontinued activities/ activities to be discontinued

No major or strategic activities budgeted for and 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 proving a full disclosure of all stores and inventories. The inventory on hand, based on the weighted average-costing method, was R0.079 million as at 31 March 2016 in comparison with R0.129 million at 31 March 2015. Inventory consists mainly of stationery, printing supplies and maintenance material.

#### Gifts and Donations received in kind from non-related parties

**Table 6: Donations in Kind**

Company	Donations received-in-kind	Estimated rand value
GIZ	Development of five case studies for NSG/ Khaedu programme	R320 000.00
GIZ	Development of a trainer professionalisation policy	R500 000.00

A gift register is kept and updated monthly. Gift registration reminder notices are also issued to staff members.

### **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**

I would like to express my appreciation to the Minister for Public Service and Administration, Adv. Ngoako A. Ramatlhodi, whose wealth of experience assisted the portfolio and certainly the NSG. I would also like to express my appreciation to Deputy Minister Ms. Ayanda Dlodlo, for her continued support and guidance to deliver on our mandate and performance priorities.

As the Accounting Officer of the NSG, I am encouraged to continue on this journey, supported by a committed team of NSG executives and staff, in carrying out our mandate.

### **Conclusion**

The National Development Plan continues to remain our beacon as we navigate the challenges of efficient public service delivery. I remain confident that the NSG's positioning as a training institution of government will continue to yield positive results in professionalising the cadreship in the Public Service.

### **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. The report is attached.



**Prof. Richard M. Levin**

**Accounting Officer**

**Date: 31 August 2016**

## 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 2016.

Yours faithfully



**Prof. Richard M. Levin**

**Accounting Officer**

**Date: 31 August 2016**

## 7. STRATEGIC OVERVIEW

The model and strategy of the NSG enhances previous efforts to establish effective training and development in the public sector. The formation of the NSG arises from recognition of the need for a strategic shift, enabling government to:

- Use training and development to improve the functioning of public sector organisations and their consequent achievement of policy goals;
- Influence the system of training and development to ensure that the scope, focus and quality of programmes and services are relevant to the needs of the public sector rather than playing a limited role delivering fragmented training based on ad hoc requests; and
- Shape each cohort entering the public sector 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.

The strategy for the NSG is designed to focus available resources on priority needs that will impact on improved performance, based on an understanding of the root causes of both successes and problems. It is developmental - designed to further strengthen the capacity for strategic diagnostic analysis and for managing and evaluating learning, and development across the senior leadership and within each organisation itself. This will enable the NSG to design programmes and services that are relevant to priority needs as well as continuously improve its programmes and services based on effective planning and evaluation of training and development by the public sector organisations themselves.

In a further significant strategic shift, the NSG recognises that it cannot impact on improved performance alone. It will need to establish strong strategic partnerships with a range of other role players that are responsible for ensuring and supporting on-going improvement of the functioning of the public sector and of the resultant outcomes and impact.

Partnerships of various kinds will be essential to the NSG as it seeks to strategically influence the system of training and development provision, establish norms and standards to ensure the relevance, quality and adequacy of provision as well as provide responsive programmes and support services to the public sector. In some instances, the functional responsibilities of the School will be carried out through partners rather than directly by the School.

### 7.1 Vision

The National School of Government (NSG) aims to contribute to establishing a capable, professional and responsive Public Service that is committed to, and has institutionalised, the values and policies of a developmental state. This would be a Public Service that delivers services that are able to address the challenges of poverty and inequality.

### 7.2 Mission

The NSG will be responsible for training and development programmes in a uniform public sector with the objective of developing a professional, responsive and capable public servants, 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.

### 7.3 Values

Three core values define the NSG. These are Learn, Grow, and Serve.

Capacity for Learning is an essential foundation for South Africa's future development and this value will find expression in the NSG. The NSG 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 training 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 Growth. The content of training 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 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.

Serving and professional, responsive service-orientation public servants are 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, imbued with a culture and ethos of service. The NSG will be grounded in the democratic ethos and values of the South African Constitution and contribute to institutionalising the values and principles of Public Service it outlines.

These values and principles include the following:

- Accountability
- Integrity
- Respect
- Consistency
- Excellence
- Fairness
- Social justice

The work of the NSG will be shaped by the following foundational values:

- Lead by example
- Achieve excellence through collaboration
- Innovate continuously
- Flexible, responsive and needs-driven services

## 8. LEGISLATIVE AND OTHER MANDATES

### 8.1 Constitutional Mandate

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

Public administration must be governed by the democratic values and principles enshrined in the Constitution, including the following principles:

- (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) People's needs 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.

### 8.2 Legislative and other Mandates

The Presidential Proclamation no 46 of 2013 signed on 21 October 2013 brings to existence the National School of Government (NSG) as a Schedule 1 national department replacing PALAMA. It also gives effect to amendments to the Public Service Act, 1997, re-designating the Director-General of the department as the Principal of the School.

The current legislative mandate for the NSG is derived from Section 4 of the aforementioned Act, stating the following:

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

Notable in the legislative developments in this reporting period is that the President of the Republic of South Africa, Mr. Jacob Zuma, assented the Public Administration Management Act on 19 December 2014. The Act provides for the establishment of the National School of Government, with a mandate of promoting the progressive realisation of the values and principles governing public administration and enhancing the quality, extent and impact of the development of human resource capacity in institutions – through education and training.

### 8.3 Policy Mandates

The National Development Plan (NDP) informs the strategy and focus of the NSG, as well as the basis that guides the contributions towards Outcomes 5, 9 and 12 of the 14 key Outcomes identified and agreed to by Cabinet in 2010. These outcomes seek to enhance the capacity of public servants at all levels to perform effectively and to be more responsive to citizens:

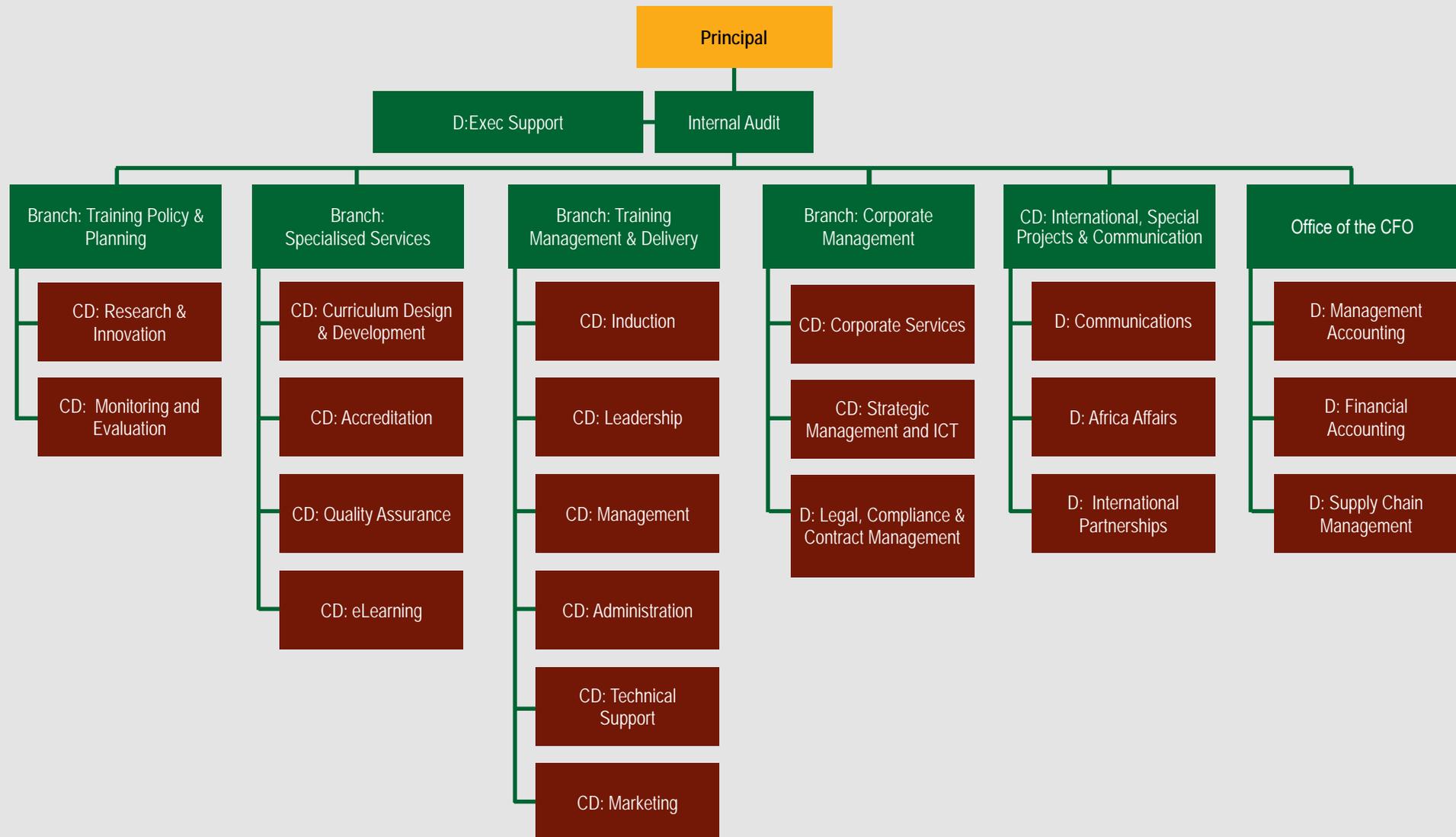
- Outcome 5: A skilled and capable workforce to support an inclusive growth path.*
- Outcome 9: A responsible, accountable, effective and efficient local government system.*
- Outcome 12: An efficient, effective and development oriented Public Service.*

## 9. ORGANISATIONAL STRUCTURE

The organisational structure of the NSG is based on the Transitional Management Framework approved by the Minister in 2013. Of note is that all active posts in the structure are funded while the Training Policy and Planning sub-programme has posts that still have to be finally created. The only active Chief Directorates within this sub-programme are Research and Innovation as well as Monitoring and Evaluation.

*The NDP calls for the Public Service to attract highly skilled people – make the Public Service and local government to be careers of choice – and cultivate a sense of professional common purpose and a commitment to developmental goals*

## APPROVED TRANSITIONAL ORGANISATIONAL STRUCTURE

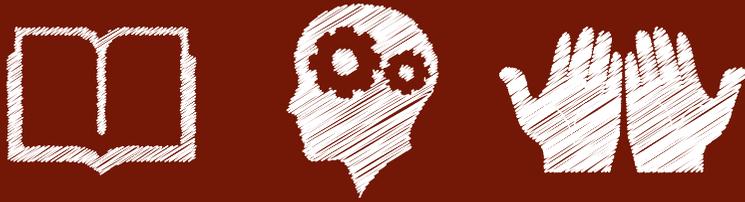


## 10. ENTITIES REPORTING TO THE MINISTER

The table below indicates the entities that report to the Minister.

**Table 7: 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.
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.



# PART B

## PERFORMANCE INFORMATION

## 1. 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.

The Report of the Auditor-General is detailed under Part E: Financial Information

## 2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

### 2.1 Service Delivery Environment

The performance of the National School of Government is based on the 2015/16 Annual Performance Plan (APP), as was approved by the Minister for Public Service and Administration (MPSA) and tabled in Parliament in March 2015. The 2015/16 – 2019/20 Strategic Plan document, guided the work of the Department from the beginning of the financial year to the time of the approval of the 2015/16 Annual Performance Plan.

Monitoring of performance results is governed by detailed work plans, including the Annual Operational Plan, Branch Business Plans, implementation of the Performance Management and Development System, Management Committee (MANCO) meetings for performance reviews, Quarterly Performance Reports (including Performance Evidence Portfolios) and Performance Information Audits. An integrated system of quarterly reporting includes Financial, Risk Management and Human Resource Oversight reports.

The business model of the NSG is summarised 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.
- Training delivery takes place through the utilisation of a hybrid of outsourced training facilitators (independent individual contractors, higher education institutions, and private training providers) as well as the utilisation of current public servants.
- 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 and Induction.

The NSG does not operate under transversal arrangement, as such, it is not mandatory for government departments to procure training services from it or through it. It 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. However, it is mandatory that all departments set aside 1% of payroll budget for personnel training and development which can be utilised as the departments see fit across these different role players.

The NSG Contact Centre is the front end of all training delivery processes and issuing of quotations for training requests. Investments in Contact Centre improvements through a service contract with SITA have been made in the previous financial year.

The NSG has also entered in service level agreements with government departments that require special programmes and that have annual training plans for which majority of training is to be done by the NSG. Such arrangements mutually benefitted both the NSG and client departments resulting in seamless plans for the implementation of annual training plans based on assessment of capacity building needs specific to the departments.

In support of the Ethics and Integrity Framework introduced by the Department of Public Service and Administration (DPSA), 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. A special programme for Ethics and Integrity Officers is already on offer.

The National School of Government, as a national department, has also undertaken MPAT assessments since introduction of this by Department of Planning, Monitoring and Evaluation (DPME) and implementing improvement plans as part of its internal audit processes.

The Department has also responded within specified time requirement to all Parliamentary Questions received in this financial year. The Department had engagements with the Portfolio Committee and prepared written responses to all Portfolio Committee requests and information requirements to support its oversight on NSG activities.

Highlights for this financial year are summarised in the Accounting Officer's report in pages 7 – 15 of this report.

### **Training related challenges in this financial year**

- The NSG is currently utilising the Training Management System (TMS) as its core system for the management of training related information. The TMS remains a system that is not fully automated and a source for concern and compromise on efficiency and turnaround times desired. The NSG has ensured that mechanisms are in place to support the management of the TMS, whilst at the same time processes have commenced for the procurement of an integrated student information system.

- The nature of the business model of the NSG is that it ensures recovery of costs. Client departments are reluctant to pay in advance as per NSG's prepayment policy. In addition, the deviation process yielded a slow turnaround time for confirmation of bookings and class scheduling.
- Training uptake has been low as departments have indicated that they have paid for training, but they do not have the necessary resources to bring officials together to the training venues and cover their S&T, and accommodation requirements. This lays a burden on the training capacity for coming financial year.

## **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, development oriented, accountable and maximising 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.

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

- 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 to which they are entitled.
- 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 to its recipients. The NSG is committed to making a difference in overall public sector performance, and it therefore continues to put in place mechanisms that improve institutional performance and service delivery.

To ensure that service delivery improvement initiatives are successful within the National School of Government, there are certain critical success factors that must be in place:

- An effective human resource management and development strategy and supporting plans to ensure that turn-around time in the filling of positions is efficiently managed 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, but which also support efficiency and economy in the utilisation of resources;
- An ICT and infrastructure plan that provides a conducive working environment; and
- Committed organisational leadership that drives service delivery improvement.

The NSG has also developed a Service Delivery Pledge. Through standards that the Department commits to in the Service Pledge, service recipients should have as much information about services possible for them to receive, service standards, and adequate information to enable service recipients to set reasonable service delivery expectations. Service delivery can be improved through feedback from service recipients, but only when recipients know what standards to expect.

The *Batho Pele* White Paper also requires of Public Service departments to set and publish standards for the level and quality of services they will provide. The standards should be reviewed continuously to ensure relevance.

The *Batho Pele* 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 read in conjunction with these legislative and policy frameworks.

In order to ensure that all the *Batho Pele* Principles are adhered to in a manner that promotes public service excellence, the NSG has developed a complaints handling management system. In this regard, NSG staff and contracted service providers must demonstrate a commitment towards effectively and efficiently handling complaints in a manner that meets the expectations of the complainant.

Such a 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 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; and
- Provide for avenues of review and redress, where necessary.

All recipients of NSG services must 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. Such capacitation should also focus on dealing with challenging behaviour, telephone calls and written correspondence.

*To ensure that service delivery improvement initiatives are successful within the National School of Government, a Service Delivery Pledge and Service Delivery Improvement Plan was developed*

**Table 1: Main services and standards**

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Conduct a 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 four training needs analysis processes.	21 Training Needs Analysis (TNA) completed in different public service institutions
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 6 programmes/ courses.	Designed, developed, and/ or reviewed 16 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.	28 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.	60 050 persons to be trained in all training offerings.	55 904 persons were trained in all training offerings
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	4 studies completed.

**Table 2: 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 provided by NSG are within specified standards to ensure that the training venues and facilities are conducive for learning.

**Table 3: 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 4: 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.
Complaints handling management policy approved.	Put in place a formal complaints management mechanisms in line with the policy.	The policy was approved.

## 2.3 Organisational Environment

The NSG has set a tone for good corporate governance. This is attested to by the unbroken history of unqualified audits that the department has received since its establishment. Operational policies and operational procedures are in place to govern all its key operations. All compliance reports are prepared and a monitoring procedure to assess all areas of compliance in the organisation has been introduced. Annual engagements with the Portfolio Committee on Planning, Monitoring & Evaluation and Public Service and Administration have been held, during which the department presented its Annual Plans and Annual Report.

In ensuring diligent implementation of the Performance Management Development System (PMDS), workshops are continuous and the performance management cycle completed with 97% of all employees signing their performance agreements in time, outstanding agreement have been due to officials where disputes pertaining the agreements were still being resolved.

As a training organisation, NSG has also invested in training and development of its own, implementing training activities in line with its Workplace Skills Plan (WSP) and respective budget allocation.

The NSG has also provided opportunities for internship benefiting 9 graduates of which one successfully applied for permanent positions with the NSG. 10 interns from prior years have been brought back on short-term, fixed contract. The NSG maintains a database of all interns from prior years.

To ensure employees well-being, the NSG implements an Employee Health and Wellness Programme and monitors its environment to ensure compliance to environmental wellness and safety standards.

## 2.4 Key Policy Developments and Legislative Changes

The Public Administration Management Act was signed by the President in December 2014. Provisions of the Act 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 domain and for the Minister to set minimum norms and standards for public administration.

*The NSG has set a tone for good corporate governance. This is attested to by the unbroken history of unqualified audits that the department has received since its establishment.*

### 3. STRATEGIC OUTCOME ORIENTED GOALS

In finalising its Strategic Plan as tabled in 2015/16, the NSG set for itself the following Strategic Outcome Oriented Goals:

**Table 5: Strategic outcome oriented goals**

Strategic outcome oriented goals	
1.	A fully established, well-resourced and high performing institution.
2.	Improved learning and development opportunities influenced by impactful research, strategic diagnosis, and monitoring and evaluation.
3.	Cutting-edge learning and development tools, quality-driven curriculum, programmes and services responding to public service needs, and training staff development and support.
4.	Integrated and collaborative network of learning and development institutions and practitioners providing the Public Service with affordable access to quality learning and developmental opportunities.

### 4. PERFORMANCE INFORMATION BY PROGRAMMES

#### 4.1 Programme 1: Administration

The programme facilitates the overall management of the School and provides for responsibilities of the Principal, Branch Heads and other members of management. These responsibilities include providing centralised administrative, legal and office support services, human resources and financial management, communication, special projects, international relations, and internal controls and oversight.

Activities of the sub-programmes under Programme 1 are organised as follows:

##### **Sub-programme 1: Office of the Principal**

The Office of the Principal is the highest executive office in the NSG. The Principal, as Accounting Officer of the School, must lead and provide strategic vision and direction, and create harmony within the department; and allocate resources. The Principal also undertakes strategic communication with key stakeholders, including but not limited to, Parliament and the media. The Principal must also lead the organisational change and transformation agenda, whilst at the same time ensuring adherence to good corporate governance practices, financial viability and sustainability of the trading entity of the School.

## International, Special Projects and Communication

The Office of the Principal must also contribute to strategic and intellectual discourse on capacity building in the public service, domestically and internationally. These responsibilities also include Communication, public and stakeholder engagements, 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. The changing international landscape place a demand on the NSG and strategic partnerships established will need to consider South-South partnerships. It is also a known fact that the traditional grant from donor funding will decline which requires for different sources of funding to be explored within the community of development partners including patronage from private sector in support of NSG programmes and capacity development for specific client departments.

## Office of the Chief Financial Officer

The core function of the Office of the Chief Financial Officer is to provide overall management of the financial affairs of the School. 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, and Management Accounting. This also covers the establishment and continuous improvement of effective systems for the management and safeguarding of NSG assets.

## Internal Audit

The core function of the Internal Audit Unit is to provide independent, objective assurance and consulting services designed to add value and improve NSG's operations. It helps the NSG to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The Internal Audit Unit therefore assists the Principal, as Accounting Officer, in maintaining efficient and effective controls by evaluating administrative procedures and control measures to determine their effectiveness and efficiency, thereby developing recommendations for enhancements and improvements needed. Internal Audit has an administrative reporting line to the Corporate Management sub-programme. Risk management is also supported through Internal Audit.

## Sub-programme 2: Corporate Management

This sub-programme has the following business units:

- Strategic Planning and ICT Management
- Corporate Services (Human Resource Management and Development, Logistics and Facilities Management)
- Legal, Compliance, Contract Management and Risk Management

Flowing from the above service areas, the core function of the Corporate Management sub-programme is to provide strategy and planning services, human resource management services, information and communication technology services, legal advisory services, security services as well as office support and auxiliary services. The Branch is responsible for ensuring that there is administrative efficiency and continuous monitoring of risks as well as implementation of risk mitigation measures.

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**

- Implement effective policies, strategies and plans annually that comply with legislation, good corporate governance principles and improve organisational performance standards.
- Efficient and effective fiscal, infrastructure and human resource planning and management monitored on a quarterly basis to support the sustainability of the institution.
- Co-ordinate the utilisation of donor funded resources and international co-operation agreements towards improving human capacity development.

### **Performance indicators and targets**

The key performance indicators within this Programme, aligned to the above strategic objectives, are presented under the following sub-programme performance report.

This also provides a summary of targets set for this financial and performance results against set targets, compared with prior year results in the case of performance indicators tracked over a multi-year period.

*The vacancy rate was reduced from 15.4% in 2014/15 Financial Year to 10.5% in the 2015/16 Financial Year*

*Female employees are well represented in the NSG. Out of 203 total employees, 61% (123) were females as at end of 2015/16 Financial Year. The department also continues to meet the Cabinet target for employment of people with disabilities representing 2.4% of employees.*

**Performance by Sub-programme: Corporate Management**

SUB-PROGRAMME: CORPORATE MANAGEMENT						
Strategic Objectives	Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comment on deviations
Implement effective policies, strategies and plans annually that comply with legislation, good corporate governance principles and improve organisational performance standards.	Organisational strategic framework and performance plan developed and implemented by target date.	5-year Strategic Plan, Annual Performance Plans and Annual Report developed and tabled on time.	Develop and table 5-year Strategic Plan; Annual Performance Plan and Annual report in accordance with guidelines.	Developed and tabled the 2015 - 2020 Strategic Plan and 2016/17 APP in accordance to the issued guideline. Documents submitted to the Ministry and tabled on time.	Annual Performance Target Achieved	None
	Performance monitoring reports developed and submitted to the executive authority within prescribed timelines by 31 March 2016 and performance validation assessed per quarter.	There was delay in the approval of the third and the fourth quarter.	Performance monitoring reports developed on a quarterly basis and submitted to the executive authority, DPME and National Treasury.	Validation of performance conducted quarterly and performance results reviewed during SMS meetings and submitted to executive authority on time.	Annual Performance Target Achieved	None
	Unqualified audit report issued by the Auditor-General annually.	Received unqualified report with matters of emphasis.	Unqualified or clean audit report issued by the Auditor- General.	Unqualified audit report issued by the Auditor-General.	Annual Performance Target Achieved	None
	Increased MPAT rating and unqualified audit on performance information by target date.	Final MPAT 1.4 Results have been released by DPME, improved in 11 Sub-KPA areas comparing with prior year results.	MPAT results with overall score not less than 4, 90% of scores at level 4.	2015 MPAT Final Results, Scores of 4=18%.	Annual Performance Target not Achieved	Non-compliance to prescripts

SUB-PROGRAMME: CORPORATE MANAGEMENT						
Strategic Objectives	Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comment on deviations
	Percentage of NSG employees trained and developed to up-skill competencies by 31 March 2016.	82% (127/154) employees trained and developed to up-skill competencies during the financial year under review.	Up-skill competencies of 80% of employees to match Organisational Competency Framework.	Target set based on training to match organisational Competency Framework met with 154 people trained (100%). An additional 16 employees were also trained thus making a total of 170 employees trained over the year.	Annual Performance Target Achieved	None
	Service delivery improvement initiatives developed, implemented and monitored on a quarterly basis to ensure overall efficiency within the NSG.	The draft SDIP was aligned to MTSF and Strategic Plan 2015 – 2020.	Develop and implement new three-year SDIP.	New three year SDIP not finalised in time.  Final Draft SDIP presented to Management Committee. The Complaints Handling and Compliments Management policy was approved.	Annual Performance Target not Achieved	Compliance timeline for submission of 2015/19 SDIP not met.

SUB-PROGRAMME: CORPORATE MANAGEMENT						
Strategic Objectives	Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comment on deviations
	Number of polices developed/reviewed and implemented by target date.	Of the target of 21 policies developed/ reviewed, a total of 15 were approved in this financial year.	21 policies to be developed/reviewed and implemented.	<p>22 policies developed/ reviewed, approved and implemented</p> <p><b>Corporate Services: 6 policies approved:</b> Protection Against Sexual Harassment, GSRB HIV/AIDS Policy, Wellness Management Policy, Performance Management Development System(PMDS) Policy, Security Policy, Records Management Policy.</p> <p><b>Finance: 8 policies approved:</b> Asset Management Policy, Loss Control Policy, Donor Funds Financial Management Policy, Budget and Related matters policy, Supply Chain management policy, Expenditure management policy, Debtors management policy, Cash Management and Banking Policy.</p>	Annual Performance Target Achieved	None

SUB-PROGRAMME: CORPORATE MANAGEMENT						
Strategic Objectives	Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comment on deviations
				<p><b>ICT: 4 policies approved:</b>                      ICT Procurement Management policy, Cell phone and Mobile Data Policy, ICT Security Policy, Social Media Policy.</p> <p><b>Strategic Planning and ICT: 2 policies approved:</b>                      Complaints Handling and Compliments Policy, Organisational Performance Management Policy</p> <p><b>Legal, Contract Management and Compliance: 2 policies approved:</b>                      Fraud and Anti-Corruption Policy, Whistle-blowing Policy.</p>		

## SUB-PROGRAMME: CORPORATE MANAGEMENT

Strategic Objectives	Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comment on deviations
Efficient and effective fiscal, infrastructure and human resource planning and management monitored to support the sustainability of the institution.	Reduced percentage vacancy rate in NSG to 10% by 31 March 2016.	As on 31 March 2015 vacancy rate 15.4%. Decreased by 0.9% since previous quarter. The vacancy rate 15.4% above 10%.	Reduce Vacancy rate to 10% by 31 March 2016.	As at 31 March 2016, the vacancy rate was reduced to 10.5%.	Annual Performance Target not Achieved	Recruitment efforts were offset by staff exits and new employees during the financial year
Implement effective policies, strategies and plans annually that comply with legislation, good corporate governance principles and improve organisational performance standards.	NSG ICT Enterprise Architecture Plan approved	Enterprise Architecture proposal being developed. The process had to commence with the development of the ICT strategy and implementation plan which has been finalised.	Approved NSG Business Architecture Plan by 30 March 2016.	The Business Architecture has not been developed yet.  Only phase 1 has been completed - Level 0 (Environmental Assessment and Terms of Reference for Service Provider). EA plan drafted and adopted by the IT steering committee.	Annual Performance Target not Achieved	Appointment of the service provider was concluded later than was planned.
	ICT Disaster Recovery(DR) Solution Implementation	This is a new performance target reported in the financial year under review.	Procured and Implemented the ICT DR Solution by 30 March 2016.	ICT DR Solution successfully implemented and approval obtained for SITA to fully manage the VPN and Basic Accounting System (BAS) back-up.	Annual Performance Target Achieved	None

**Additional Performance Information of Sub-programme not contained in the APP**

SUB-PROGRAMME: CORPORATE MANAGEMENT																					
Strategic Objectives	Performance Indicators	Actual achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on deviation															
Implement effective policies, strategies and plans annually that comply with legislation, good corporate governance principles and improve organisational performance standards.	70% of MPAT results with overall score not less than 3	This is a new performance target reported in the financial year under review.	90% compliance with the approved compliance calendar.	<table border="1"> <thead> <tr> <th>Score</th> <th>2015/16 Target</th> <th>2015/16 Actual</th> </tr> </thead> <tbody> <tr> <td>4</td> <td>0</td> <td>9%</td> </tr> <tr> <td>3</td> <td>72%</td> <td>55%</td> </tr> <tr> <td>2</td> <td>28%</td> <td>9%</td> </tr> <tr> <td>1</td> <td>0</td> <td>27%</td> </tr> </tbody> </table>	Score	2015/16 Target	2015/16 Actual	4	0	9%	3	72%	55%	2	28%	9%	1	0	27%	Annual Performance Target not Achieved	None
	Score			2015/16 Target	2015/16 Actual																
4	0	9%																			
3	72%	55%																			
2	28%	9%																			
1	0	27%																			
	<table border="1"> <thead> <tr> <th>Score</th> <th>2014/15</th> <th>2015/16 Target</th> </tr> </thead> <tbody> <tr> <td>4</td> <td>0</td> <td>0</td> </tr> <tr> <td>3</td> <td>27%</td> <td>72%</td> </tr> <tr> <td>2</td> <td>64%</td> <td>28%</td> </tr> <tr> <td>1</td> <td>9%</td> <td>0</td> </tr> </tbody> </table>	Score	2014/15	2015/16 Target	4	0	0	3	27%	72%	2	64%	28%	1	9%	0	Approved compliance calendar developed by 31 May 2016.	64% of MPAT results with overall score not less than 3	Annual Performance Target Achieved		
Score	2014/15	2015/16 Target																			
4	0	0																			
3	27%	72%																			
2	64%	28%																			
1	9%	0																			
				Compliance calendar for 2016/17 developed. All compliance reports (100 %) due for the financial year in line with the HRM&D annual compliance calendar 2015/16 were approved and submitted.																	

SUB-PROGRAMME: CORPORATE MANAGEMENT						
Strategic Objectives	Performance Indicators	Actual achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on deviation
	% of Infrastructure and Facilities Management Plan developed and approved by March 2016.	This is a new performance target reported in the financial year under review.	90 % of Infrastructure and Facilities Management Plan (IFMP) approved and implemented by 31 March 2016.	89% (eight out of nine projects) Infrastructure and Facilities Management Plan projects achieved. The completed projects relate to the surveillance services; physical security, office building, bulk filing, PABX, Voice Over Internet Protocol (VOIP) hardware upgrade, furniture procurement and records management.	Annual Performance Target not Achieved	<b>Cleaning Services:</b> Delays in procurement process led to contract not being finalised.
Implement effective policies, strategies and plans annually that comply with legislation, good corporate governance principles and improve organisational performance standards.	% of Performance Agreements concluded.	Finalised performance appraisals submitted. Performance Appraisals (1 October 2012 - 31 March 2014) as at 30 June 2014: 96% (189/196: Performance appraisals (1 April – 30 September 2014): 94% (176/187).	90% of Performance Agreements of all employees submitted by 30 June 2015.	97% (194/199) of Performance Agreements of all employees were submitted for the 2015/16 performance cycle by 31/05/2015 SMS: 92% (34/37) Non-SMS: 99% (160/162)	Annual Performance Target Achieved	None

SUB-PROGRAMME: CORPORATE MANAGEMENT						
Strategic Objectives	Performance Indicators	Actual achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on deviation
	% of Performance Appraisals concluded.	Finalised performance appraisals submitted. Performance Appraisals (01 October 2012 - 31 March 2014) as at 30 June 2014: 96% (189/196; Performance appraisals (1 April – 30 Sept. 2014): 94% (176/187).	90% Performance Appraisals of all employees submitted by 31 May 2015 (2014/15 Annual Assessment) and 31 October (2015/16 1 <sup>st</sup> Bi-annual Assessment) respectively.	96.5% of Performance Appraisals received by 31 May 2015 YTD : 192 /199 SMS : 37 Non-SMS : 155	Annual Performance Target Achieved	None
	% of probation reports approved.	0% probation reports were submitted as there were no employees whose probations were due for approval.	100% of probation reports of qualifying employees approved within 1 month from end of probation period by 31 March 2016.	100% (7/7) of probation reports of qualifying employees approved within 1 month from end of probation period during 2015/16 financial year.	Annual Performance Target Achieved	None

SUB-PROGRAMME: CORPORATE MANAGEMENT						
Strategic Objectives	Performance Indicators	Actual achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on deviation
	Percentage of labour related matters finalised within the stipulated timeframe.	Grievances: One finalised internally within the stipulated process and two in progress but within stipulated timeframe.	90% of grievances finalised internally within the stipulated process timeframes.	75% (3/4) grievances received and finalised internally within 30 working days in the 2015/16 financial year.  Non-SMS: out of 4 grievances received, 3 were finalised  SMS: All grievances (1/1) received and finalised.	Annual Performance Target not Achieved	Delays in the finalisation of the grievances
		Disciplinary matters: One disciplinary matter finalised internally and one in progress but within stipulated timeframe.	90% of disciplinary matters finalised internally within the stipulated process timeframes.	100% (2/2) Non-SMS disciplinary cases finalised in the 2015/16 financial year.	Annual Performance Target Achieved	None
	Number of HR/staff events calendar circulated by 31 March 2016.	This is a new performance target reported in the 2015/16 financial year.	12 HR/staff events calendars developed and circulated.	12 HR calendars of events developed and circulated monthly to all NSG employees, all events implemented	Annual Performance Target Achieved	None

SUB-PROGRAMME: CORPORATE MANAGEMENT						
Strategic Objectives	Performance Indicators	Actual achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on deviation
	Number of Comprehensive Health Screening sessions by 31 March 2016.	Annually 163/98 (166%) employees reached through EHW interventions.	3 Comprehensive Health Screening sessions conducted by target date.	4 Comprehensive Health Screening sessions conducted for NSG staff. The sessions took place: 7 - 8 May 2015 6 - 7 August 2015 26 - 27 November 2015 25 - 26 February 2016.	Annual Performance Target Achieved	None
Implement effective policies, strategies and plans annually that comply with legislation, good corporate governance principles and improve organisational performance standards.	Effective management of the NSG strategic risks.	Risk assessment done. Phase 2 of action plan implementation for Strategic Risk Register is 60% complete. Risk Register was finalised in November. The register has not been adopted by the Risk Committee.  Risk Management Action Plan annual reports has been completed and submitted to Internal Audit, to be presented at the next Risk Committee meeting.	Undertake quarterly assessment of organisational risk management plan and risk register by 31 March 2016.	Risk Management Committee undertook quarterly assessments of progress made on the implementation of action plans for the Strategic, ICT and Fraud Risk Registers.	Annual Performance Target Achieved	None

SUB-PROGRAMME: CORPORATE MANAGEMENT						
Strategic Objectives	Performance Indicators	Actual achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on deviation
	Number of Audit Committee and Risk Management Committee meetings convened by 31 March 2016.	<p>Quarterly Audit Committee meetings held (May 2014, June 2014, July 2014, September 2014, and February 2015).</p> <p>Risk Committee Meetings held: July 2014, September 2014 and January 2015.</p>	<p>Convene at least 4 Audit Committee meetings.</p> <p>4 Risk Management Committee meetings.</p>	<p>4 Quarterly Audit Committee meetings were convened (28 May 2015, 28 July 2015, 1 December 2015 and 31 March 2016).</p> <p>3 Risk Management Committee meetings were convened in 23 June 2015, 17 November 2015 and 23 February 2016.</p> <p>There was also a Risk Management workshop held on 21 and 23 October 2015.</p>	<p>Annual Performance Target Achieved</p> <p>Annual Performance Target not Achieved</p>	<p>None</p> <p>Members were not available to form a quorum in the 2<sup>nd</sup> Quarter</p>

SUB-PROGRAMME: CORPORATE MANAGEMENT						
Strategic Objectives	Performance Indicators	Actual achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on deviation
	Effective implementation of the Auditor-General's findings and recommendation through monitoring of the Management Improvement Plan (MIP).	The MIP report was approved by the Director-General after presentation of the final Auditor-General report. 26 Findings were followed up and 13 (50%) were adequately addressed, 7 (27%), findings were partially addressed whilst 3 (11.5%) were not addressed and final 3(11.5%) still pending with an implementation date beyond this reporting period.  Management Improvement Plan was updated with the internal Audit's follow-up recommendations and additional management action plans.	Monitor the implementation of the Auditor-General's audit findings and recommendations by 31 March 2016.	Management Improvement Plan arising from 2014/15 audits was updated with reports presented at the Audit Committee meeting held in December 2015.	Annual Performance Target Achieved	None
	Relevant and quality responses to Parliamentary questions.	19 Parliamentary questions were received and all were responded to.	Provide relevant and quality responses to parliamentary questions to the Ministry within 3 working days from date of receipt.	19 parliamentary questions were responded to within 3 working days from date of receipt.	Annual Performance Target Achieved	None

SUB-PROGRAMME: CORPORATE MANAGEMENT						
Strategic Objectives	Performance Indicators	Actual achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on deviation
	Percentage organisational contracts vetted and contract life cycle monitored.	27 contracts were vetted within the 6 working days prescribed time within financial year under reporting.	100% of organisational contracts vetted within six working days and contract life cycles monitored on a quarterly basis.	72% (51/71) contracts in total were vetted within 6 working days and 20 contracts were vetted longer than 6 working days:  Contract Management reports were not done. Electronic contract management system has been terminated at the end of March 2015.	Annual Performance Target not Achieved	Delays occurred as a result of late responses to vetting questions.  Optimal functioning of the system not realised.
	ICT Support Services	This is a new performance target reported in the financial year under review.	NSG users with central and shared ICT services.	The following priority projects were completed: Network upgrade, End-user data protection solution deployed, SharePoint deployment finalised, Hardware upgrade completed (replacement of aging desktops). Tender awarded to a new company for ICT support services. Additional to this, server upgrade project commenced for finalisation in the next financial year.	Annual Performance Target Achieved	None

SUB-PROGRAMME: CORPORATE MANAGEMENT						
Strategic Objectives	Performance Indicators	Actual achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on deviation
	NSG Bandwidth upgrade	This is a new performance target reported in the financial year under review.	Upgraded and better performing NSG bandwidth.	Bandwidth upgrade from 2MB to 10MB achieved. SITA and ICT Services Outsourced Provider together with NSG are monitoring the data line regularly.	Annual Performance Target Achieved	None

CHIEF DIRECTORATE: INTERNATIONAL, SPECIAL PROJECTS AND COMMUNICATION						
Strategic Objectives	Performance Indicators	Achievement 2014/15	Planned Target 2015/16	Actual Performance 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on Deviation
Implement effective policies, strategies and plans annually that comply with legislation, good corporate governance principles and improve organisational performance standards.	Organisational communication strategy, policy and plans developed and implemented by target date.	Draft communication strategy is still undergoing consultative process.	Develop and implement communication policy, strategy and Corporate Identity manual.	Strategy not approved, however the draft integrated Communication and Marketing Strategy completed and was workshopped in March 2016.	Annual Performance Target not Achieved	The finalisation and approval of the strategy was delayed. The strategy will be approved in the next financial year
		Developed and implemented communication policy, strategy and Corporate Identity manual.	Develop the NSG Official Languages Policy and Implementation Plan.	The NSG Official Languages policy and implementation plan was approved, and uploaded on intranet for easy access by all employees.	Annual performance Target Achieved	None

CHIEF DIRECTORATE: INTERNATIONAL, SPECIAL PROJECTS AND COMMUNICATION						
Strategic Objectives	Performance Indicators	Achievement 2014/15	Planned Target 2015/16	Actual Performance 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on Deviation
Co-ordinate the utilisation of donor funded resources and international co-operation agreements towards improving human capacity development.	Number of international capacity building programmes facilitated by NSG by 31 March 2016.	<p>International partners identified (France, Ireland and Latvia) and linkages EU Dialogue Facility Project support. Case study project undertaken by the NSG Research Unit is as a result of this support.</p> <p>International guest speakers (Kenya and England) identified and facilitated a management seminar on performance management at NSG on 27 November 2014 and also participated at the PSTF Conference as guest speakers.</p> <p>Hosted 20 African countries that attended the AMDIN Council and Bi-annual meeting in South Africa.</p>	Implement 3 bi- and multi-lateral agreements/ programmes supporting international exchanges/capacity building initiatives	<p>2 agreements/ programmes supporting international exchanges/capacity building initiatives implemented.</p> <p>1. Chinese Academy of Governance (CAG) has been established with the signing of a MOU on 30 October 2015. 23 Senior Managers were trained at CAG from 9 to 30 October 2015.</p> <p>2. The MOU between the NSG and the Namibia Institute for Public Administration and Management (NIPAM) was signed on 22 September 2015.</p> <p>The NSG also attended the 10<sup>th</sup> Annual South Africa – Canada Bi-lateral Consultation from 13-15 December 2015.</p> <p>Training has also been delivered at the Carleton University on the International Programme for Development Evaluation.</p>	Annual performance Target Achieved	None

CHIEF DIRECTORATE: INTERNATIONAL, SPECIAL PROJECTS AND COMMUNICATION						
Strategic Objectives	Performance Indicators	Achievement 2014/15	Planned Target 2015/16	Actual Performance 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on Deviation
	Number of Official Development Assistance (ODA) projects approved for support by development partners.	Final report for EU Technical Support on eLearning was submitted end February 2015. All outputs achieved. The Project identified gaps and provided initial IT systems description for the NSG IT environment.	2 Donor funded projects supported by partners and implemented by the NSG.	<p>2 proposals submitted and approved.</p> <p>European Union (EU) for development support to the NSG has been approved in December 2015. The Financing Agreement for the Public Service Training and Capacity Building Programme was signed by the EU and has been submitted to National Treasury for signing off.</p> <p>The development support received by the German Technical Services (GIZ) under the Government Support Programme resulted in the development of case studies that will support key learning programmes within the NSG. The Trainer Capacity Building Handbook developed through GIZ support has been approved for utilisation with the recruitment and management of trainers in the Public Service.</p>	Annual Performance Target Achieved	None

CHIEF DIRECTORATE: INTERNATIONAL, SPECIAL PROJECTS AND COMMUNICATION						
Strategic Objectives	Performance Indicators	Achievement 2014/15	Planned Target 2015/16	Actual Performance 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on Deviation
	Advance the Africa 2063 agenda through MPSA capacity building programme.	This is a new performance target reported in the financial year under review.	4 AMDIN scheduled Council and EXCO meetings.	1 Executive Committee (EXCO) meeting was held on 16 - 17 February 2016. Follow-up teleconference meeting was convened on 18 March 2016. Council meeting not held.	Annual Performance Target not Achieved	Lack of funds are making it difficult to convene the Council meetings. Official recognition of AMDIN as the training arm for AU-STC needed to be clarified.

*A Memorandum of Understanding (MoU) was signed to formalise the strategic partnership between the Chinese Academy of Governance and the NSG & Namibia Institute of Public Administration and Management and the NSG.*

SUB-PROGRAMME: FINANCE						
Strategic Objectives	Performance Indicators	Actual Achievement 2014/15	Planned target 2015/16	Actual Achievement 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on Deviation
Efficient and effective fiscal, infrastructure, human resource planning and management monitored on a quarterly basis to support the sustainability of the institution.	Reduced average number of days taken for revenue collection arising from learning and development interventions.	90 days taken for revenue collection.	The reduction in the average number of days taken to collect outstanding debt to 60 calendar days by 2019/20.	72 days on average taken to collect payments due.	Annual Performance Target not Achieved	Compulsory Induction Programme (CIP) invoices for training rolled-out in quarter 1 were submitted late.

**Additional Performance Information of Sub-programme not contained in the APP**

SUB- PROGRAMME: FINANCE						
Strategic Objectives	Performance Indicators	Actual Achievement 2014/15	Planned target 2015/16	Actual Achievement 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on Deviation
Efficient and effective fiscal, infrastructure and human resource planning and management monitored on a quarterly basis to support the sustainability of the institution.	Payment of creditors within 30 days.	This is a new performance target reported in the financial year under review.	All payments made within 30 days.	All payments (100%) made within 30 days.	Annual Performance Target Achieved	None
	Number of approved NSG compliance reports submitted to relevant authorities, within legislative specific reporting structure and timeline, and monitoring through the NSG compliance calendar.	Submitted monthly EMP201 (April 2014 until March 2015). Interim financial statements (IFS) submitted to National Treasury. Submitted monthly Early Warning System (EWS) (Vote and Trade) to National Treasury. Submitted the Quarterly reports to the Minister.	4 Quarterly reports.	4 Quarterly compliance reports completed.	Annual Performance Target Achieved	None
	Manage the organisation's budget and cash flow through quarterly meetings and reporting by 31 March 2016.	1 budget and 11 expenditure meetings were held and nine reports were produced.	12 monthly expenditure reports. 12 budget committee review meetings.	12 monthly expenditure reports compiled. 12 budget committee review meetings convened	Annual Performance Target Achieved	None

SUB- PROGRAMME: FINANCE						
Strategic Objectives	Performance Indicators	Actual Achievement 2014/15	Planned target 2015/16	Actual Achievement 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on Deviation
	Number of NSG inventory and asset verification audits conducted in accordance with the treasury regulations and NSG internal policies by 31 March 2016.	8 verification audits for inventory and assets were performed.	Cumulative target of 8 inventory and asset verification audits	8 verification audits for inventory and assets were performed.	Annual Performance Target Achieved	None
	Percentage Compliance with the National Treasury Requirements on procurement.	None cumulative targets of 100% compliance.	Non-cumulative target of 100% compliance.	100% compliance. No new non-compliance matters identified in 2015/16 other than matters carried over from 2014/15 procurement activities.	Annual Performance Target Achieved	None

## 4.2 Programme 2: Public Sector Organisational and Staff Development

Programme 2: Public Sector Organisational and Staff Development, provides for the monthly transfers for augmenting the Training Trading Account. The Training Trading Account provides for all activities that directly enable public service training and development outlined as follows.

### **Sub-programme 1: Training Policy and Planning**

This sub-programme is responsible for supporting the capacity development and training through research, establishing training needs, knowledge management and monitoring and evaluation processes.

The Training Policy and Planning sub-programme was established in the structure of the School only in 2013/14, as such, is currently defined by the key line functions outlined below, that is Research and Innovation as well as Monitoring and Evaluation.

- **Research and Innovation**

The core function of Research and Innovation Unit is to undertake, disseminate and provide access to relevant research, conduct training needs analyses to inform the capacity development requirements of client departments, create proper facilities equipped to provide knowledge management services and access to resource material, and assist with benchmarking practices. It entails conducting broad research studies into the nature of the South African State, its character and attributes towards informing capacity development for improved service delivery.

- **Monitoring and Evaluation**

The core function of the Monitoring and Evaluation Unit is to monitor and evaluate the effectiveness and quality of the training programmes offered by the NSG. A further level of evaluation, i.e. the Application of Learning Studies has been implemented by the Chief Directorate. The objective is to determine whether a programme has made any difference to the performance of the participants after a particular training programme has been attended. It is anticipated that, as data is collected over a period of time from specific departments, a determination can eventually be made as to the effect of the training on the Department.

### **Sub-programme 2: Training Management and Delivery**

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

- **Induction**

The core function of the Induction Unit is the implementation of programmes that give effect to the induction and orientation of all public servants in line with the Public Service determinations, directives and regulations, the Constitutional requirements, the principles of *Batho Pele*, and values and ethos of the Public Service. In addition, the Unit also looks into the preparation of unemployed youth graduates for entry into the Public Service.

*1 784 unemployed youth graduates orientated through the BB2E Programme and 14 619 new public servants have undergone the CIP*

- **Leadership**

The core function of the Leadership Unit is to develop public servants into leaders who care, serve and deliver. This Unit builds leadership capacity across all in the Public Service. Its approach is grounded in distributed leadership at all performer levels. Leadership development and support will include training programmes on effective leadership in the Public Service, mentoring and coaching, workshops and seminars.

- **Management**

The core function of the Management Unit is to provide training that focuses on the technical skills for generic management competencies. These cover the following core areas: Financial Management; Human Resource Management; Project Management; Supply Chain Management; Monitoring and Evaluation; Planning and Organisation Design.

- **Administration**

The core function of the Administration Unit is to provide training that focuses on improving the administrative capacity of the State, for which there has been repeated calls for improvement. The NSG will focus on the following core administrative areas: Communications; Citizen-centred and Effective Service Delivery; Writing Skills; Ethical Behaviour and Office Administration.

- **Technical Support**

The core function of the Technical Support Unit is to support the above four units with training delivery logistics management, including the following: management of training schedules, learner registrations, learner records, recruitment of trainers and managing strategic relations.

- **Marketing**

The core function of the Marketing Unit is to focus on responsive delivery of training through appropriate branding, reputation management, effective marketing and client

relations support services. It ensures that opportunities for training and development are proactively made known to public servants across government.

### ***Sub-programme 3: Specialised Services***

The sub-programme focuses on the specialised and transversal support competencies that are core to the NSG as defined through functions of the business units listed below:

- **Curriculum Design**

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

- **Quality Assurance**

The core function of the Quality Assurance Unit is to enhance the credibility of the NSG courses and resultant training. All the NSG programmes and courses - whether credit bearing or not - shall be subjected to rigorous quality assurance processes.

- **Accreditation**

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

- **eLearning**

The core function of the eLearning Unit is to explore and implement modes of training delivery that take advantage of new and existing technologies to widen access to education, training and development.

**Performance by Sub-programme: Training Policy and Planning**

SUB-PROGRAMME: TRAINING POLICY AND PLANNING						
Strategic Objectives	Performance Indicators	Actual Performance 2014/15	Planned Target 2015/16	Actual Performance 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on Deviation
Implement effective research, knowledge management and diagnostic strategies to inform learning and development needs and opportunities.	Number of quality research projects identified and undertaken to inform learning and development needs and opportunities.	<p>1. State of the Public Service in Africa (SOPSA) report was produced and tabled at the AMDIN workshop. This report will be reworked depending on Africa-wide progress with the greater SOPSA project.</p> <p>2. The final report on the Base Line Study conducted for the Legislative Sector was presented at National Parliament and submitted to the legislative sector. The final report also contained comprehensive TNA's and profiling documents.</p> <p>3. A comprehensive report on the Compulsory Induction Programme was finalised. This will also inform policy development and further roll-out of the induction programme.</p>	Identify and undertake a total of 4 quality research projects.	<p><b>7 Quality Research Projects undertaken and completed.</b></p> <ul style="list-style-type: none"> <li>• Implementation Review: Graduate Certificate in Advanced Governance and Public Leadership.</li> <li>• Emerging Competency Framework for the Legislative Sector presented to National Parliament HRD and the Legislative Sector.</li> <li>• Institutional development (from SAMDI to PALAMA and the NSG), challenges, perceptions, change management and opportunities related the training institution of government.</li> <li>• Youth development processes and opportunities in government.</li> <li>• Spending and under-spending by Departments on Training.</li> <li>• The South African chapter of SOPSA was completed and approved by MPSA.</li> <li>• Validation of a measuring instrument to ascertain the research capacity, culture and policy analytical skills in the Public Service</li> </ul>	Annual Performance Target Achieved	None

SUB-PROGRAMME: TRAINING POLICY AND PLANNING						
Strategic Objectives	Performance Indicators	Actual Performance 2014/15	Planned Target 2015/16	Actual Performance 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on Deviation
	Number of training needs analysis undertaken within a pre-determined number of Public Service institutions by financial year-end, monitored on a quarterly basis.	This is a new performance target reported on the financial year under review.	A total of 4 training needs analysis undertaken within a pre-determined number of Public Service institutions by target date.	<p><b>21 TNAs completed in 6 public service institutions.</b></p> <ul style="list-style-type: none"> <li>• 2 TNA instruments developed and customised followed by implementation for the <i>National Roads Agency</i></li> <li>• 4 TNA instruments developed and customised followed by implementation for the Mpumalanga Provincial Department of Education.</li> <li>• 4 TNA instruments developed and customised for the National Department of Arts and Culture.</li> <li>• 4 TNA Instruments developed and customised for the Mpumalanga Department of Health and TNA workshop held for the department.</li> <li>• 3 TNA instruments developed, followed by implementation at the Department of Community Safety and Security Liaison and TNA workshop held for the department.</li> <li>• 4 TNA instruments developed and customised followed by implementation for the Mpumalanga Office of the Premier.</li> <li>• TNA presentations made in the HRD networks in Mpumalanga, Gauteng and Free State provinces.</li> </ul>	Annual Performance Target Achieved	None

## SUB-PROGRAMME: TRAINING POLICY AND PLANNING

Strategic Objectives	Performance Indicators	Actual Performance 2014/15	Planned Target 2015/16	Actual Performance 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on Deviation
Implement an effective monitoring and evaluation framework to monitor the quality of learning and development interventions and evaluate the effectiveness of interventions on performance based on set norms and standards.	Number of on-site evaluations and applications of learning studies to be carried out by 31 March 2016.	During the financial year, 62 on-site evaluations were undertaken. A total of 62 reports were produced and distributed to relevant stakeholders.	90 on-site evaluations carried out	108 selected onsite evaluations were undertaken.	Annual Performance Target Achieved	None
	Number of programmes assessed to measure the impact (application of learning) of training interventions on individuals and their organisations, by 31 March 2016.	This is a new performance target reported on the financial year under review.	4 application of learning studies carried out - Assess the impact (application of learning) of four NSG programmes.	Application of learning study of 4 NSG programmes completed and 4 progress reports consolidated. These are: <ul style="list-style-type: none"> <li>• Recruitment and Selection;</li> <li>• Excellent Customer Care;</li> <li>• Compulsory Induction Programme(CIP) 13 - 14; and</li> <li>• Policy on Incapacity Leave and Ill Health Retirement (PILIR).</li> </ul>	Annual Performance Target Achieved	None

**Additional Performance Information of Sub-programme not contained in the APP**

SUB- PROGRAMME: TRAINING POLICY AND PLANNING						
Strategic objectives	Performance Indicators	Actual Performance 2014/15	Planned Target 2015/16	Actual Performance 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on Deviation
Implement an effective monitoring and evaluation framework to monitor the quality of learning and development interventions and evaluate the effectiveness of interventions on performance based on set norms and standards.	Facilitator and Participant Evaluation (FPE) reports developed for all NSG training interventions.	100% of training interventions monitored. Quarterly report on IICs developed.	100% of training interventions monitored.	100% of training interventions monitored. FPE reports were generated and distributed to relevant internal stakeholders for all Reaction Evaluation Questionnaires (REQs) received (100%).	Annual Performance Target Achieved	None
	M&E services provided to internal and external stakeholders.	All quarterly integrated feedback sessions were conducted.	4 Quarterly Integrated Feedback Sessions (QIF).	4 Quarterly Integrated Feedback Sessions held.	Annual Performance Target Achieved	None

## SUB- PROGRAMME: TRAINING POLICY AND PLANNING

Strategic objectives	Performance Indicators	Actual Performance 2014/15	Planned Target 2015/16	Actual Performance 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on Deviation
Implement effective research, knowledge management and diagnostic strategies to inform learning and development needs and opportunities.	Research agenda for 2015 - 16 developed and fully implemented by 31 March 2016, monitored on a quarterly basis	<p>A research agenda based on the strategic framework for research at the NSG was developed.</p> <p>Case study workshop occurred with inputs from HEIs as well as Senior Officials from other departments.</p> <p>A working relationship was established with Wits University and the University of Limpopo on the legislature programme.</p> <ul style="list-style-type: none"> <li>• As a result of the research project a viable relationship exists with the Legislative Sector.</li> <li>• A framework document was developed to guide the research approach and it included a research agenda with priority projects.</li> </ul> <p>Relationships with HEIs were improved in the execution of research projects.</p>	Develop, design and implement a research agenda with input from key role players, secure support from HEIs and senior officials and provide training in research methods and data analysis.	<p>A research agenda was developed, implemented and adapted where required.</p> <p>Contact with HEIs continued throughout the year and included.</p> <ul style="list-style-type: none"> <li>• Interaction with South African HEIs on research projects, case studies and possible cooperation included the UFS, UCT, CPUT, NMMU and UNISA.</li> <li>• Interaction also occurred regarding training cooperation with American universities and with Harvard Kennedy School</li> <li>• Proposal was written to Harvard University on possible NSG-Harvard Kennedy School cooperation.</li> <li>• Interaction with Namibia and presentation to the Namibia Institute of Public Administration and Management (NIPAM) on possible research cooperation.</li> </ul>	Annual Performance Target Achieved	None

SUB- PROGRAMME: TRAINING POLICY AND PLANNING						
Strategic objectives	Performance Indicators	Actual Performance 2014/15	Planned Target 2015/16	Actual Performance 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on Deviation
	Number of Research Round Table discussions and colloquia held during the course of the financial year contributing towards developing a culture of scholarship, enquiry and lifelong learning as well as creation of knowledge management hub, monitored on a quarterly basis.	4 research colloquia were hosted. 2 case study workshops were hosted with HEI's and other role-players. International case study colloquium on 4 February 2015.	4 round-table discussions or research colloquia to stimulate debate, insight and understanding of NSG agenda and focus based on topics for discussions identified each year.	<b>7 round table discussions or research colloquia held:</b> <ul style="list-style-type: none"> <li>• Participation in the Public Service Research Forum organised by DPSA.</li> <li>• Participated in the research forum organised by the Office of the Premier at Mpumalanga Province.</li> <li>• Research workshop developed and presented on information literacy.</li> <li>• Research workshop developed and presented on quantitative research.</li> <li>• Research workshop developed and presented on qualitative research.</li> <li>• A roundtable was arranged at the NSG in cooperation with the Department of Water Affairs and Sanitation on "Water as a scarce resource in South Africa."</li> <li>• 2 colloquiums held-one on "authenticity in coaching practice" and the other on "cyber bullying."</li> <li>• Presentation was made at the Library Week Commemoration at the NSG.</li> </ul>	Annual Performance Target Achieved	None

SUB- PROGRAMME: TRAINING POLICY AND PLANNING						
Strategic objectives	Performance Indicators	Actual Performance 2014/15	Planned Target 2015/16	Actual Performance 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on Deviation
Implement effective research, knowledge management and diagnostic strategies to inform learning and development needs and opportunities.	Number of research papers presented at conferences and prepared for publication to contribute to learning, development and knowledge creation and dissemination.	<p>A presentation was made at the DPSA Public Service Research forum.</p> <p>A paper on Leadership was delivered at a panel during the AMCHAM and GIBS Summit on Youth and Leadership Development.</p> <p>A paper on "The role of CIP trainers in building capacity for higher productivity in the public sector" was delivered at Kimberly and Bloemfontein.</p> <p>A paper on "The triangular roles of CIP trainers in service delivery pursuit: Approaches and Essential Ingredients" was delivered in Mpumalanga and Eastern Cape provinces.</p>	Three research papers presented at conferences and two prepared for publication to contribute to knowledge creation and dissemination.	<p>7 research papers presented at conferences and 8 prepared for publication.</p> <p><b>Presentations:</b></p> <ul style="list-style-type: none"> <li>• A paper on coordinating African maritime strategies was presented at the Department of International Relations and Co-operation (DIRCO) and Wilton Park seminar in Magaliesburg, May 2015.</li> <li>• A paper on international and regional cooperation was presented at the International Counter Piracy Working Group of the Indian Ocean Naval Symposium in Pretoria, July 2015.</li> <li>• A paper was delivered at an academic conference on integration processes and military veterans was presented at an international academic conference in Beijing, China, September 2015.</li> <li>• A paper was presented at the School of Public Management and Administration (SPMA) international conference on Public Administration and Management. "Paradigm shifts in capacity building and development for a capable developmental State." in October 2015.</li> </ul>	Annual Performance Target Achieved	None

SUB- PROGRAMME: TRAINING POLICY AND PLANNING						
Strategic objectives	Performance Indicators	Actual Performance 2014/15	Planned Target 2015/16	Actual Performance 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on Deviation
				<ul style="list-style-type: none"> <li>• A paper was delivered at an academic conference on memory and social media, Berlin, Germany, in December 2015.</li> <li>• A paper was presented at the 18<sup>th</sup> International Conference on E-democracy, E-governance and E-society in Paris, France, 21 - 22 January 2016. <i>Innovation Diffusion in the public service</i></li> <li>• Presentations were made at the DPSA-Public Service Research Forum on the NSG contribution to research capacity building, the research project on research capacity and culture in the Public Service.</li> </ul> <p><b>Publications:</b></p> <p>Jonck, P., &amp; Swanepoel, E.H. (2016). Juxtaposing learners' perceived knowledge gained from career guidance with quantitative findings – integrating qualitative and quantitative findings. <i>Specialty Journal of Psychology and Management</i>, 2(1), 42-54.</p>		

SUB- PROGRAMME: TRAINING POLICY AND PLANNING						
Strategic objectives	Performance Indicators	Actual Performance 2014/15	Planned Target 2015/16	Actual Performance 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on Deviation
				<p>Jonck, P., &amp; Swanepoel, E.H. (2016). Quality of postgraduate research supervision and training: a student perspective to research in Higher Education. <i>Mediterranean Journal of Social Sciences</i>, 7(2/s1).</p> <p>Jonck, P., &amp; Swanepoel, E.H., "Perceived law enforcement corruption as predictor of service delivery satisfaction and public trust in the South African Police Service", <i>Policing: An International Journal of Police Strategies and Management</i>, 39(1).</p> <p>Jonck, P., &amp; Van der Walt, F., "Juxtaposing South Africa's private sector and its public service regarding innovation diffusion, to explore the obstacles to e-governance", <i>International Journal of Social, Behavioural, Educational, Economic, Business and Industrial Engineering</i>, 10(1)</p> <p>Van der Walt, F., Thasi, M.E., Jonck, P. &amp; Chipunza, C. (2016). Skills shortages and job satisfaction – Insights for the Gold-mining sector in South Africa. <i>African Journal of Business and Economic Research</i>, 11(1), 141-181.</p>		

SUB- PROGRAMME: TRAINING POLICY AND PLANNING						
Strategic objectives	Performance Indicators	Actual Performance 2014/15	Planned Target 2015/16	Actual Performance 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on Deviation
				<p>Jonck, P., &amp; Swanepoel, E.H. (2015). Exploring the link between cultural and emotional intelligence of Human Resources Managers. <i>South African Journal of Business Management</i>, 46(4), 77-83.</p> <p>Jonck, P., Goujon, A., Testa, M.R., &amp; Kandala, J.L. (2015). Education and Crime engagement in South Africa. <i>International Journal of Educational Development</i>, 45, 141-151 DOI:10.1016/j.ijedudev.2015.10.002.</p> <p>Potgieter and Greyling. Defining, Designing and Delivering Induction Training in the South African Public Service," <i>Journal of Public Administration</i>, 50(3).</p> <p>In addition to the above, there are also many papers that were either submitted for publication or presentation or still being edited and awaiting approval.</p>		

SUB- PROGRAMME: TRAINING POLICY AND PLANNING						
Strategic objectives	Performance Indicators	Actual Performance 2014/15	Planned Target 2015/16	Actual Performance 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on Deviation
Implement effective research, knowledge management and diagnostic strategies to inform learning and development needs and opportunities.	Approved knowledge and information management strategy and system developed.	<p>Progress with HR and appointment processes.</p> <p>Moratorium uplifted by MPSA and the position of Deputy Director: Knowledge Management was advertised.</p> <p>The shortlisting process for appointing a Deputy Director: Knowledge Management was completed.</p> <p>The position Director: Knowledge Management and Library was not advertised as the post was not yet Job Evaluated. The Job Evaluation process is in progress. One intern was allocated to the CD: R&amp;I.</p>	Finalise the development of the knowledge and information management audit and strategy.	Knowledge and information management audit completed but strategy not approved.	Annual Performance Target not Achieved	The document still requires further inputs from the NSG stakeholders, and will be approved in the next financial year.
	Implementation of approved knowledge and information management strategy.	This is a new performance target reported in the financial year under review.	Commenced with the process of strategy implementation after determining ICT capability and other resource requirements for implementation.	<p>Strategy implementation not commenced.</p> <p>Knowledge Management Roadmap developed to guide Knowledge Management Implementation.</p> <p>Knowledge Management System Requirements Specification Approved.</p>	Annual Performance Target not Achieved	Implementation will be carried out once the Knowledge Management strategy is approved.

SUB- PROGRAMME: TRAINING POLICY AND PLANNING						
Strategic objectives	Performance Indicators	Actual Performance 2014/15	Planned Target 2015/16	Actual Performance 2015/16	Deviation from Planned Target to the Actual Achievement for 2015/16	Comments on Deviation
Implement effective research, knowledge management and diagnostic strategies to inform learning and development needs and opportunities.	Updated the NSG Resource Centre with <b>sufficient resources</b> , upto date materials and information and e-based knowledge and information portals to provide services to the NSG.	<p>A total of 87 books ordered and received by the library.</p> <p>Subscription to the Emerald and Sabinet databases completed.</p> <p>A Juta Legal Workshop organised and hosted at the NSG.</p> <p>Programme and exhibition organised as part of the Library Week.</p> <p>Additional performance:</p> <p>On the basis of the specifications for a Library Management System (LMS) SITA provided a quote that was accepted. The process of acquiring the system has begun.</p>	Comprehensive resourcing of the NSG Resource Centre with quality materials and wide access to information and e-resources updated on a quarterly basis.	<p>A total of 114 books were ordered and received by the NSG Library.</p> <p>The Library Management System is fully functional and ongoing cataloguing of new books.</p> <p>Subscription for the <i>LexisNexis</i> legal database purchased.</p> <p>Annual Library week celebration organised and celebrated at the NSG on 17 March 2016.</p>	Annual Performance Target Achieved	None
	Resource Centre and, knowledge and information function to ensure user satisfaction by stakeholders.	This is a new performance target reported in the financial year under review.	Effective Management of Resource Centre and, knowledge and information services and policies developed to ensure user satisfaction by 31 March 2016.	<p>The draft of the Library Policy was completed, presented, discussed at the Policy Forum and submitted for approval.</p> <p>Library services are effectively provided, managed and monitored on a daily basis.</p>	Annual Performance Target Achieved	None

**Performance by Sub-programme: Training Management and Delivery**

SUB-PROGRAMME: TRAINING MANAGEMENT AND DELIVERY						
Strategic Objectives	Performance Indicators	Actual Performance 2014/15	Planned Target 2015/16	Actual Performance 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on Deviation
Manage an integrated and collaborative network of local and international learning and development institutions and practitioners to provide learning and development opportunities.	Number of learning and development facilitators, moderators and assessors to be contracted by the target date.	77 facilitators, assessors and subject matter specialists were oriented for the delivery of EMDP and AMDP  Professionalised 251 trainers/specialists.  128 prospective facilitators and subject matter specialists were recruited, oriented and/or developed as well as 210 internal trainers for the CIP.	500 learning and development facilitators, moderators and assessors to be contracted annually. This will include the use of existing public servants, in line with Outcome 12.	A total of 661 learning and development facilitators, moderators and assessors were contracted. Out of this, 153 IICs were re-contracted.	Annual Performance Target Achieved	None

SUB-PROGRAMME: TRAINING MANAGEMENT AND DELIVERY						
Strategic Objectives	Performance Indicators	Actual Performance 2014/15	Planned Target 2015/16	Actual Performance 2015/16	Deviation from planned target to actual achievement for 2015/16	Comment on Deviation
Train on NSG curriculum, programmes and services with access to learning and development opportunities that provide quality training, learner materials and effective learner support.	Number of new entrants enrolled for the CIP on an annual basis per job category and adapted to sector for through effective facilitation by experts.	A total of 14 055 enrolled for the programme (70% achievement).	A total of 29 350 new public servants to undergo the CIP.	14 619 new public servants have undergone the CIP, resulting in a 50% achievement.	Annual Performance Target not Achieved	Delays with uptake of training due to financial limitations from client departments to bring learners together for the sessions.
	Number of persons trained on in all programmes by the target date.	22 584 persons trained on all training programmes in Leadership, Management and Administration streams.	28 400 persons to be trained on training programmes in Leadership, Management and Administration streams.	14 321 persons trained on training programmes in Leadership, Management and Administration streams (51% achievement).	Annual Performance Target not Achieved	Delays with uptake of training due to financial limitations from client departments to bring learners together for the sessions.
	Number of unemployed youth graduated by target date	A total of 1 670 unemployed youth graduates orientated through the Breaking Barriers to Entry (BB2E) Programme and measured through attendance of formal training.	Orientate 2 750 unemployed youth graduates through the BB2E Programme.	A total of 1 784 unemployed youth graduates orientated through the Breaking Barriers to Entry (BB2E) Programme (65% achievement).	Annual Performance Target not Achieved	Lack of trainer capacity and partners to sponsor class scheduling costs.
Provision of reliable and accurate learning and development information through the integration of core records management systems.	Percentage of learner records captured by target date.	This is a new performance target reported in the financial year under review.	100% learner records captured accurately and on time.	60% of the records were captured on time.	Annual Performance Target not Achieved	CIP records have a submission delay of up to 6 months which impacts on capturing of learner records on time.

**Additional Performance Information of Sub-programme not contained in the APP**

SUB-PROGRAMME: TRAINING MANAGEMENT AND DELIVERY						
Strategic Objectives	Performance Indicators	Actual Performance 2014/ 15	Planned Target 2015/16	Actual Performance 2015/ 16	Deviation from planned target to actual achievement for 2015/16	Comments on Deviation
Manage an integrated and collaborative network of local and international learning and development institutions and practitioners to provide learning and development opportunities.	Develop and implement a policy related to on-board training capacity.	210 internal trainers (on-board training facilitators, moderators and assessors) for the CIP trained across government departments were contracted and professionalised.	Approved and implemented policy for on-board training capacity by 31 March 2016.	Policy for on-board capacity being drafted and not finalised for approval and implementation.  Cabinet approved the utilisation of public servants for public service training.	Annual Performance Target not Achieved	Policy for on-board capacity to be approved and implemented in the next financial year.
	Implement and undertake annual reporting on CIP to the MPSA.	All quality reports produced annually for the MPSA on the roll-out of CIP.	Quality reports produced annually for the MPSA on the rollout of CIP, determined through quarterly reporting.	All 4 quarterly reports have been produced on the rollout of CIP	Annual Performance Target Achieved	MPSA report on the roll-out of CIP is only due in June 2016 according to the Ministerial Directive.
Train on the NSG curriculum, programs and services with access to learning and development opportunities that provide quality training, learner materials and effective learner support.	Percentage of new entrants commencing with CIP training within 2 months from acceptance of their bookings, measured on a quarterly basis.	All trainees commenced their training programmes within 2 months from acceptance of their bookings.	80% of newly-appointed officials per quarter commence with training within 2 months from acceptance of their bookings.	All (100%) trainees commenced their training programmes within 2 months from acceptance of their bookings (excluding training deferred dates as agreed with concerned departments).	Annual Performance Target Achieved	None.

SUB-PROGRAMME: TRAINING MANAGEMENT AND DELIVERY						
Strategic Objectives	Performance Indicators	Actual Performance 2014/ 15	Planned Target 2015/16	Actual Performance 2015/ 16	Deviation from planned target to actual achievement for 2015/16	Comments on Deviation
	A formal graduate (internship) and cadet recruitment scheme for the Public Service.	Draft concept document developed, internal consultations commenced. Attend G&A Cluster session where the DPSA presented the Graduate Recruitment Scheme.	Formal graduate and cadet recruitment scheme developed and piloted by 31 March 2016.	Recruitment scheme not approved according to initial plans and role of the NSG. Project is currently led by the DPSA.	Annual Performance Target not Achieved	The approved recruitment scheme is not yet finalised by the DPSA.  Await the final approved scheme from the DPSA.
	Number of training delivery process management modules implemented on the TMS in order to improve training functionalities by 31 March 2016.	2 modules of the Training Management System tested at the SITA site.  The Training Management System project meetings were held with SITA to resolve the delays.	2 training delivery modules (scheduling and events management) implemented and user acceptance testing completed.	1 module (Digital marketing) completed and signed-off.	Annual Performance Target not Achieved	The delay of the implementation of the DCS impacted negatively on the marketing capability of the NSG.
	TMS functionality supports the conditions of contract.	Contact Centre staff trained for effective system operation and pilot project initiated and completed.	Training management system enhanced to provide for prepayment by 30 June 2015	TMS functionality improvements implemented.  New TMS interface to support pre-payment conditions of sales was developed, tested and implemented.  New reports and functionality was developed and enhancements made to the existing functions and reporting structures to maximise efficiency.  New functionality developed to support on-going business requirements and process improvement needs.	Annual Performance Target Achieved	None

SUB-PROGRAMME: TRAINING MANAGEMENT AND DELIVERY						
Strategic Objectives	Performance Indicators	Actual Performance 2014/ 15	Planned Target 2015/16	Actual Performance 2015/ 16	Deviation from planned target to actual achievement for 2015/16	Comments on Deviation
	Track Call Centre bookings (combination of national and provincial departments) from departments.	A total of 7 253 quotations were issued and 3 362 bookings were confirmed.  SLA with National Treasury for the roll-out of the SCOA and ERF for Practitioners Accredited.  Memorandum of Agreement (MOA) signed with the AGSA.	Call Centre bookings confirmed from departments measured on a quarterly basis.	A total of 9 761 quotations were issued and 3 603 bookings were confirmed.	Annual Performance Target Achieved	None
	Effective partnerships and communication to stakeholders maintained.	Stakeholder database updated, prospectus and course directory developed.	The NSG stakeholders managed effectively.	Stakeholder database developed.  Draft Course directory developed.  18 <sup>th</sup> PSTF Conference database developed.  Presentation done to LGSETA skills development Forum in Limpopo for Local Government in September 2015.  Five HRD information sharing sessions were held - Northern Cape Provincial: November 2015, Mpumalanga province and National Department December 2015, Gauteng and Free State province, March 2016.	Annual Performance Target Achieved	None

SUB-PROGRAMME: TRAINING MANAGEMENT AND DELIVERY						
Strategic Objectives	Performance Indicators	Actual Performance 2014/ 15	Planned Target 2015/16	Actual Performance 2015/ 16	Deviation from planned target to actual achievement for 2015/16	Comments on Deviation
	Operationalise the Learner Enrolment Centre.	This is a new performance target being reported on in this financial year.	Operational Learner Enrolment Centre.	The establishment of the Learner Enrolment Centre has been completed and it is fully operational.	Annual Performance Target Achieved	None

**Performance by Sub-programme: Specialised Services**

SUB-PROGRAMME: SPECIALISED SERVICES						
Strategic Objectives	Performance Indicators	Actual Performance 2014/ 15	Planned Target 2015/16	Actual Quarterly Performance	Deviation from planned target to actual achievement for 2015/16	Comments on Deviation
Design and quality assure accredited and non-accredited curriculum which responds to public service needs, individual career pathing and lifelong learning.	Number of programmes designed, developed and/or reviewed by 31 March 2016.	3 new programmes/ courses completed and 18 Programmes reviewed.	6 curriculum programmes/courses designed, developed and/or reviewed.	<p><b>7 courses designed and developed:</b></p> <ul style="list-style-type: none"> <li>• Lead Facilitator Development programme for Re-orientation of Public Servants</li> <li>• Lead Facilitator Development programme for Citizen Centred Service Development</li> <li>• Commissioning and Managing Evaluations in Government</li> <li>• Deepening Evaluations in Government</li> <li>• Selecting Appropriate methodologies for Evaluations in Government</li> <li>• Anti-corruption Investigators course</li> <li>• Executive Induction Programme</li> </ul> <p><b>9 courses reviewed and updated</b></p> <ul style="list-style-type: none"> <li>• 7 courses within the Monitoring and Evaluation Programme</li> <li>• Introduction to Monitoring and Evaluation</li> <li>• Finance for Non-financial Managers</li> </ul>	Annual Performance Target Achieved	None
	Number of the NSG courses/programmes quality assured by 31 March 2016.	14 NSG Programmes quality assured to ensure credibility.	Quality assurance of a minimum of 6 NSG courses/programmes to ensure creditability and quality of programmes.	28 NSG Programmes were quality assured to ensure credibility in the financial year under review.	Annual Performance Target achieved	None

SUB-PROGRAMME: SPECIALISED SERVICES						
Strategic Objectives	Performance Indicators	Actual Performance 2014/ 15	Planned Target 2015/16	Actual Quarterly Performance	Deviation from planned target to actual achievement for 2015/16	Comments on Deviation
	Number of e-learning interventions undertaken through implementation and management of technology-mediated tools by 31 March 2016.	This is a new performance target being reported on in this financial year.	25 e-learning interventions to be undertaken.	<p><b>28 eLearning interventions undertaken:</b></p> <p>Fully technology-mediated:</p> <ul style="list-style-type: none"> <li>• PILIR</li> <li>• First draft on an online course for the implementation of the Department of Social Development Harmonised - Assessment Tool.</li> <li>• Managing Performance in the Public Service.</li> <li>• Office Web Apps Essentials.</li> <li>• Access 2013 Essentials.</li> <li>• Excel 2013 Essentials.</li> <li>• First draft of an online Financial Management and Budgeting course.</li> <li>• Outlook 2013 Essentials.</li> <li>• PowerPoint 2013 Essentials.</li> <li>• Word 2013 Essentials.</li> <li>• Make the switch to Access 2013.</li> <li>• Make the switch to Excel 2013.</li> <li>• First draft of an online Introduction to Ethics in the Public Service course.</li> <li>• Make the switch to PowerPoint 2013.</li> <li>• Make the switch to Word 2013.</li> <li>• CIP 13-14 Online Component.</li> </ul>	Annual Performance Target Achieved	None

SUB-PROGRAMME: SPECIALISED SERVICES						
Strategic Objectives	Performance Indicators	Actual Performance 2014/ 15	Planned Target 2015/16	Actual Quarterly Performance	Deviation from planned target to actual achievement for 2015/16	Comments on Deviation
				Online Communities of Practice: <ul style="list-style-type: none"> <li>• NSG HRM&amp;D Trainers Community of Practise.</li> <li>• DPSA -Operations Management Framework.</li> <li>• DPSA -Operations Management Framework for administrators.</li> <li>• Department of Social Development - Disability Equality Training Forum.</li> <li>• DSD Community Development RPL Steering Committee.</li> <li>• DSD Academy Task Team Online Network.</li> <li>• Lead Facilitator Development Programme for Citizen Centred Service Delivery.</li> <li>• Lead Facilitator Development Programme for Public Service Reorientation.</li> <li>• PILIR COP for course completers.</li> <li>• Open Managing Performance in the Public Service COP for course completers.</li> <li>• CIP 13-14 participant forum.</li> <li>• Complementary eLearning materials: Project Khaedu resource repository.</li> </ul>		

SUB-PROGRAMME: SPECIALISED SERVICES						
Strategic Objectives	Performance Indicators	Actual Performance 2014/ 15	Planned Target 2015/16	Actual Quarterly Performance	Deviation from planned target to actual achievement for 2015/16	Comments on Deviation
	Status of the NSG as an accredited training provider as well as accreditation of training programmes monitored and maintained on a quarterly basis.	<p>NSG accredited by the QCTO as a Skills Development Provider on 7 November 2014.</p> <p>The NSG accredited by the QCTO as an Assessment Centre on 23 February 2015.</p> <p>Facilitated the process with PSETA and QCTO for CIP learner achievement as part of monitoring and maintenance of the NSG as an accredited provider.</p>	Maintain the NSG status as an accredited training provider with PSETA.	<p>The NSG status as an accredited training provider maintained.</p> <p>The NSG has been granted accreditation for the period 1 February 2016 to 31 March 2018 by the PSETA.</p>	Annual Performance Target Achieved	None

*In an effort to reach more public servants and provide them access to learning opportunities irrespective of time and place, 28 eLearning interventions were undertaken during the FY. This has resulted in 18 586 public servants being registered for open online courses both on MPC and PILIR and 6 594 public servants continue to participate on online CoP.*

**Additional Performance Information of Sub-programme not contained in the APP**

SUB-PROGRAMME: SPECIALISED SERVICES						
Strategic Objectives	Performance Indicator	Actual Performance 2014/ 15	Planned Target 2015/16	Actual Quarterly Performance	Deviation from planned target to actual achievement for 2015/16	Comments on Deviation
Design and Quality assure accredited and non-accredited curriculum which responds to public service needs, individual career pathing and lifelong learning.	Number of officials given access to learning opportunities through on-line platform	New indicator	New indicator	25 180 officials given access to online learning opportunities as follows:  18 586 for open on-line Courses - PILIR and Managing Performance in the Public Service; and 6 594 Communities of Practice	No annual target was set	Numbers resulting from Pilot Programmes introduced in September 2015 (PILIR) and in November 2015 (MPC).

## 5. TRANSFER OF PAYMENTS

The transfer of funds from Vote to the TTA was R47.8 million in 2015/16 from R55.5 million in 2014/15.

## 6. CONDITIONAL GRANTS

The NSG received no conditional grants in this financial year

## 7. DONOR FUNDS

Gifts and Donations received in kind from non-related parties

Company	Donations received-in-kind	Estimated rand value
GIZ	Development of five case studies for NSG/ Khaedu programme	R320 000.00
GIZ	Development of a trainer professionalisation policy	R500 000.00

A gift register is kept and updated monthly. Gift registration reminder notices are also issued to staff members.



# PART C

## GOVERNANCE

## 1. INTRODUCTION

The National School of Government has put in place sound approaches, systems and controls contributing to effective management and adherence to corporate governance compliance standards and operational requirements. The Executive Committee and the Audit Committee, on a quarterly basis, monitor the activities of this Department. An annual activity calendar recording key compliance areas for legislative and regulatory prescripts governing its operations is centrally managed.

The NSG has in place effective systems of internal control which are governed primarily, areas such as the Public Finance Management Act (1999), the Public Service Regulations, ICT Governance Framework, the Workplace Safety, Health, Environment, Risk and Quality (SHERQ), MPAT Monitoring Framework as well as standards for accreditation of learning programmes as well as accreditation of the NSG as a recognised training and development institution. Based on these and benchmarking on best practice, the NSG has a number of operational policies and SOP 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.

## 2. RISK MANAGEMENT

The NSG follows an integrated approach towards risk management, as it has an approved Enterprise Risk Management Framework which was developed in line with international standards such as the COSO Framework and the ISO 31000 and other best practises also following National Treasury guidelines for Risk Management in national departments. The Framework is annually revised together with the Risk Committee Charter which among other governance requirements for the Committee, outlines its reporting lines to the Audit Committee and to the Principal of the School.

The Enterprise Risk Management Framework outlines the risk management approach followed by the Department, combining efforts by the NSG management and staff, the RMC, Internal Audit and Audit Committee, in identifying strategic and operational risks that could impede organisational performance.

Through these efforts, mitigation strategies are developed, implemented and tracked through an annual Risk Management Implementation Plan to combat risks that could impact negatively on the image and reputation of the department and to mitigate its vulnerability to fraud and corruption.

The primary focus for risk management in this financial year has been on Departmental strategic risks, IT risks and operational risks. During the period under review, the NSG conducted one formal risk assessment workshop to update its strategic risk register, aligning it to the 2015/16 Annual Performance Plan. These risks are monitored continuously also quarterly assessing operational risks to determine amongst other things the emerging risks of the department. Implementation of the identified action plans is monitored quarterly and the Risk progress and status is presented to the Risk Management Committee and the Audit Committee of the department.

The Risk Management Committee continues to be chaired by an external member (non-executive), who also serves as a member of the Department's Audit Committee, to ensure transparency and objectivity in the discharge of its responsibilities. The Committee provides assurance to the Accounting Officer and Audit Committee that risks are effectively managed.

During its three meetings in the financial year under review, the RMC focused on key risk areas and risk mitigation measures. The current composition of the RMC is by official appointments from NSG management made by the Accounting Officer and an additional member from the Audit Committee. In addition to the formally appointed members, there are three additional members appointed to the Committee based on their technical expertise and standing invitees to RMC meetings selected from management and based on the risk management focus areas for each the year.

The Audit Committee has independently monitored the effectiveness of the system of risk management within the NSG by reviewing the reports and minutes of the RMC. Training opportunities are organised for RMC members and Risk Champions to complete the Risk Management e-Learning course to ensure their diligence in risk management.

### 3. FRAUD AND CORRUPTION

The Department has a zero-tolerance policy and practice against fraud. The Fraud Policy and Prevention Plan available to all members of staff cover 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 Department also conducted a self-assessment against the Anti-Corruption Capacity Requirement Guidelines that were used in the assessment of all departments in 2009/10 financial year to ascertain improvements made considering the changing context of the NSG's business environment. The Department had no fraud and corruption cases reported against its employees or service providers in this financial year.

## 4. MINIMISING CONFLICT OF INTEREST

The NSG identifies the following areas as high risk for potential conflict of interest and has the following measures to combat occurrence of such:

- Supply Chain Management (SCM) practitioners must sign 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; and
  - (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 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. To strengthen governance in the functioning of bid specification, bid evaluation and bid adjudication committees, terms of reference for these committees have been reviewed during the financial year under review.

## 5. CODE OF GOOD CONDUCT

In terms of the Public Service Regulations (PSR), 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. Upon 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 Department's 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.

*The Department has a zero-tolerance policy and practice against fraud. No fraud and corruption cases were reported against its employees or service providers for the 2015/16 financial year*

## 6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The Safety, Health, Environment and Risk Programmes were implemented during the financial year under review. The Principal of the NSG 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.

## 7. PORTFOLIO COMMITTEES

Engagement workshops with the Portfolio Committee on Planning, Monitoring & Evaluation and Public Service and Administration were held in October 2015 for presentation of the 2014/15 Annual Report and in March 2016 for presentation of the performance results for Quarter 3: 2015/16 and Strategic Plan and Annual Performance Plan for 2016/17. Issues raised by the Committee were addressed with follow up written responses and provision of documents required.

## 8. SCOPA RESOLUTIONS

The Department had no appearances to SCOPA or related notices in the financial year under review.

## 9. PRIOR MODIFICATIONS TO AUDIT REPORTS

No prior modification to audit reports

## 10. INTERNAL CONTROL UNITS

The institution had outsourced its internal audit function to Pricewaterhouse Coopers (PwC) until 31 December 2015. Since January 2016, Grant Thornton (GT) were appointed as the service provider with the aim of gradually building internal audit capacity. The NSG has one Internal Auditor at the Deputy Director level who is working together with GT. The Audit Committee approved the Internal Audit Operational Plan for the 2015/16 financial year. The Plan was fully implemented with only one Internal Audit assignment not implemented as approved by the Audit Committee. In line with the Annual Internal Audit plan for the year, Internal Audit focus was on training management, performance information management, Financial Management and Financial Discipline. 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.

## 11. INTERNAL AUDIT AND AUDIT COMMITTEE

### 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. The Internal Audit reports administratively to the Accounting Officer 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.

### 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; and
- 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 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.

## 12. AUDIT COMMITTEE REPORT

The Audit Committee is pleased to present its report for the financial year ended 31 March 2016 in terms of the Public Finance Management Act I of 1999, Section 38 (1) a, 76 (4d) and 77 ("PFMA") as well as Treasury Regulations 3.1.1.1.

### Audit Committee members and attendance

The Audit Committee consists of the members listed below of which four 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 four meetings.

The following is a schedule of members and attendance record for meetings:

### Audit Committee members

Name of member	No. of meetings	No. of meetings attended	Notes
Ms S. Hari (Chairperson)	4	4	
Ms P.M. Mvulane	2	2	Appointed in November 2015
Mr J. Maboja	4	4	
Mr C. Malemone	4	3	
Prof. RM. Levin	3	2	Appointed in June 2015

### Audit Committee Responsibility

The Audit Committee reports that it complied with its responsibilities guided by the Public Finance Management Act I 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 controls 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, the Committee has addressed Risk Management, Performance Information Reporting, Financial Information Reporting, Compliance Environment, Internal Auditing, Fraud and Investigations Reporting Legal Matters and also engaged with the Auditor General's reports for the NSG.

The role played by the Committee was instrumental in identifying corrective actions and providing guidance on necessary enhancements to the controls and processes that have 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. Upon assessing various reports from the Internal Auditors, the external Audit Report on the Annual Financial Statements and the Management Report of the Auditor-General of South Africa, it is noted that no matters

were reported that indicate any material deficiencies in the system of internal control or any deviations there from. Accordingly, it can be reported that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of annual management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act has been periodically assessed during Audit Committee meetings and engagements with management. The Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer of the Department during the year under review.

The Audit Committee is satisfied that there have been no material findings on the usefulness and reliability of the reported performance information for the selected programmes.

### **Evaluation of Financial Statements**

The Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General of 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 of South Africa's report on the annual financial statements and on management of performance information and general compliance to governance requirements. The Committee confirms its opinion that the audited annual financial statements should be accepted, read together with the report of the Auditor-General of South Africa.

### **Internal audit**

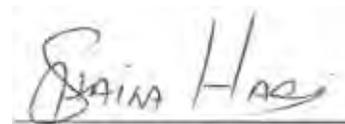
The Committee is satisfied that the internal audit function is operating effectively and that it has effectively addressed the risks pertinent to the department in its audits. The internal audit plan was approved for this financial year and is closely monitored by the Audit Committee.

### **Meeting with the Auditor-General South Africa**

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

### **Closure**

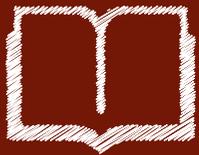
Our efforts are combined to strive towards excellence to learn, grow and serve, and have resulted in the department receiving an unqualified audit report for the 2015/16 financial year. The Audit Committee would also like to take this opportunity in congratulating Management under the stewardship of the Principal at the National School of Government in their efforts in ensuring a clean audit.



**Ms S Hari**

**Chairperson of the Audit Committee**

**Date: 29 July 2016**



# PART D

## HUMAN RESOURCE OVERSIGHT REPORT

## 1. INTRODUCTION

The information contained in this part highlights all human resource management, administration, development and labour relations matters in the department.

## 2. OVERVIEW OF HUMAN RESOURCES

The approved NSG staff establishment is 227, of which 203 are filled and 24 vacant. This translates to 89 % of posts filled as at the end of March 2016. The vacancy rate was reduced from 15.4% in 2014/15 FY to 10.5%. 2015/16 FY.

In terms of the employment equity status, the racial breakdown is as follows: African 151; White 27; Coloured 13 and Indian 12. Significantly, female employees are well-presented in the NSG. Out of 203 total employees, 61% (123) were females as at end of 2015/16 FY. The department continues to meet the cabinet target for employment of people with disabilities representing 2.4% of employees.

During the period under review, the Department made a total of 25 appointments out of this 1 appointment was for Top Management and 7 for Senior Managers. In the same period, 14 internal staff were promoted to higher positions, and 5 employee positions were upgraded due to their posts being evaluated.

The department trained 170 officials in line with the Workplace Skills Plan (WSP) against a target of 154. This over-achievement was mainly due to the training requirement exceeding the training that was planned. The focus on training the officials was on critical skills required to deliver on the mandate of the School. 33 bursaries were also awarded to employees to further their studies for the 2015 academic year.

The NSG provided opportunities for internship benefiting 9 graduates of which 1 successfully applied for a permanent position with the NSG. 10 interns from prior years have been brought back on short-term, fixed contract. The NSG maintains a database of all interns from prior years.

To ensure employees well-being, the NSG implemented an Employee Health and Wellness Programme and monitors its environment to ensure compliance to environmental wellness and safety standards.

## 3. HUMAN RESOURCES OVERSIGHT STATISTICS

### 3.1 EXPENDITURE

The NSG budget provides for clearly defined programmes. The tables below summarises the final audited expenditure on personnel by programme and by salary band. In particular, it provides an indication of the following:

- amount spent on personnel
- amount spent on salaries, overtime, homeowner's allowances and medical aid.

**Table 3.1.1: Personnel expenditure by programme for the period 1 April 2015 to 31 March 2016**

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 Programme 1	92 543	44 056	667	12 326	48%	537
Vote Programme 2	47 795					
NSG TTA	154 167	70 624	629	30 394	46%	593
<b>Total</b>	<b>294 505</b>	<b>114 680</b>	<b>1 296</b>	<b>42 720</b>	<b>46%</b>	<b>717</b>

**Table 3.1.2: Personnel costs by salary band for the period 1 April 2015 to 31 March 2016**

Salary band	Personnel expenditure R'000	% of total personnel cost	Average personnel cost per employee R'000
Senior management (Levels 13 – 16)	46 051	40%	1 023
Highly skilled supervision (Levels 9 – 12)	41 929	37%	598
Highly skilled production (Levels 6 – 8)	21 699	19%	333
Skilled (Levels 3 – 5)	5 001	4%	217
Lower skilled (Levels 1 – 2)	0	0%	0
<b>Total</b>	<b>114 680</b>	<b>100%</b>	<b>565</b>

**Table 3.1.3: Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2015 to 31 March 2016**

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	as a % of personnel costs	Amount (R'000)	as a % of personnel costs	Amount (R'000)	as a % of personnel costs	Amount (R'000)	as a % of personnel costs
Vote Programme 1	30 031	26%	26	0%	627	1%	1 339	1%
Vote Programme 2								
NSG TTA	47 993	42%		0%	1 162	1%	1 935	2%
<b>Total</b>	<b>78 024</b>	<b>68%</b>	<b>26</b>	<b>0%</b>	<b>1 789</b>	<b>2%</b>	<b>3 274</b>	<b>3%</b>

**Table 3.1.4: Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2015 to 31 March 2016**

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	as a % of personnel costs	Amount (R'000)	as a % of personnel costs	Amount (R'000)	as a % of personnel costs	Amount (R'000)	as a % of personnel costs
Senior management (Levels 13-16)	28 552	25%		0%	416	0%	376	0%
Highly skilled supervision (Levels 9-12)	30 620	27%		0%	301	0%	991	1%
Highly skilled production (Levels 6-8)	15 484	14%	10	0%	858	1%	1 606	1%
Skilled (Levels 3-5)	3 368	3%	16	0%	214	0%	301	0%
<b>Total</b>	<b>78 024</b>	<b>68%</b>	<b>26</b>	<b>0%</b>	<b>1 789</b>	<b>2%</b>	<b>3 274</b>	<b>3%</b>

## 3.2 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 that are additional to the establishment.

This information is presented in terms of three key variables:

- programme
- salary band
- Critical occupations (see definition in notes below).

Departments have identified critical occupations that need to be monitored. 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 3.2.1: Employment and vacancies by programme as on 31 March 2016**

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Programme 1	89	82	7.8%	7
Programme 2	138	121	12.3%	11
<b>Total</b>	<b>227</b>	<b>203</b>	<b>10.5%</b>	<b>18</b>

**Table 3.2.2: Employment and vacancies by salary band as on 31 March 2016**

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)	49	45	8.1%	-
Highly skilled supervision (9-12)	81	70	13.5%	8
Highly skilled production (6-8)	72	65	9.7%	3
Skilled (3-5)	25	23	8%	7
<b>Total</b>	<b>227</b>	<b>203</b>	<b>10.5%</b>	<b>18</b>

**Table 3.2.3: Employment and vacancies by critical occupations as on 31 March 2016**

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Management & General Support staff- (Chief Financial Officer) SR Level 14	1	1	0%	-
Management & General Support staff- (Director: Knowledge Management) SR Level 13	1	1	0%	-
Management & General Support staff- (Deputy Director: Knowledge Management) SR Level 11	1	1	0%	-
Information Technology & related personnel – SR Level 13	1	1	0%	-
Information Technology & related personnel – SR Level 12	2	2	0%	-
<b>Total</b>	<b>6</b>	<b>6</b>	<b>0%</b>	<b>0</b>

**Notes**

- The CORE classification, as prescribed by the DPSA, should be 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; and
  - (d) in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

### 3.3 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 by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

**Table 3.3.1: SMS post information as on 30 September 2015**

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
Principal/ Head of Department Salary Level 16	1	1	100%	0	0%
Salary Level 15	3	2	66.6%	1	33.3%
Salary Level 14	16	15	93.8%	1	6.2%
Salary Level 13	29	22	75.8%	7	24.2%
<b>Total</b>	<b>49</b>	<b>40</b>	<b>81.6%</b>	<b>9</b>	<b>18.4%</b>

**Table 3.3.2: SMS post information as on 31 March 2016**

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
Principal/ Head of Department Salary Level 16	1	1	100%	0	0%
Salary Level 15	3	2	66.6%	1	33.3%
Salary Level 14	16	15	93.8%	1	6.2%
Salary Level 13	29	27	93.1%	2	6.9%
<b>Total</b>	<b>49</b>	<b>45</b>	<b>91.8%</b>	<b>4</b>	<b>8.2%</b>

**Table 3.3.3: Advertising and filling of SMS posts for the period 1 April 2015 to 31 March 2016**

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
Principal/ Head of Department Salary Level 16	-	1	-
Salary Level 15	-	-	-
Salary Level 14	-	-	-
Salary Level 13	9	3	5
<b>Total</b>	<b>9</b>	<b>4</b>	<b>5</b>

**\*Notes** The post of HoD was not advertised but filled with a horizontal transfer within 2 months after the post became vacant.

**Table 3.3.4: 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 2015 to 31 March 2016**

<b>Reasons for vacancies not advertised within six months</b>
All nine(9) SMS vacant posts were advertised within 6 months becoming vacant
<b>Reasons for vacancies not filled within six months</b>
Four(4) of the nine(9) SMS vacant posts advertised were not filled within 6 months becoming vacant due to finalisation of the NSG top structure

**Notes**

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.3, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes.

**Table 3.3.5: Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2015 to 31 March 2016**

<b>Reasons for vacancies not advertised within six months</b>
Not applicable. See comments under Table 11
<b>Reasons for vacancies not filled within six months</b>
Not applicable. See comments under Table 11

**Notes**

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.2, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes. In the event of non-compliance with this regulation, the relevant executive authority or head of department must take appropriate disciplinary steps in terms of section 16A (1) or (2) of the Public Service Act.

## 3.4 JOB EVALUATION

Within a nationally determined framework, executing authorities 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 3.4.1: Job Evaluation by Salary band for the period 1 April 2015 to 31 March 2016**

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	1	4%	1	100%	-	-
Highly skilled production (Levels 6-8)	72	2	2.8%	-	-	-	-
Highly skilled supervision (Levels 9-12)	81	11	13.6%	2	18%	-	-
Senior Management Service Band A	29	5	17.2%	-	-	-	-
Senior Management Service Band B	16	-	-	-	-	-	-
Senior Management Service Band C	3	-	-	-	-	-	-
Senior Management Service Band D	1	-	-	-	-	-	-
<b>Total</b>	<b>227</b>	<b>19</b>	<b>8.4%</b>	<b>3</b>	<b>15.8%</b>	<b>0</b>	<b>0</b>

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 3.4.2: Profile of employees whose positions were upgraded due to their posts being evaluated for the period 1 April 2015 to 31 March 2016**

Gender	African	Asian	Coloured	White	Total
Female	3	-	-	-	3
Male	2	-	-	-	2
<b>Total</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>

Employees with a disability	1
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The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

**Table 3.4.3: Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2015 to 31 March 2016**

Total number of Employees whose salaries exceeded the grades determine by job evaluation	None
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## 3.5 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 (see definition in notes below).

**Table 3.5.1: Annual turnover rates by salary band for the period 1 April 2015 to 31 March 2016**

Salary band	Number of employees at end of previous period-March 2015	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled ( Levels 1-2)	0	-	-	0%
Skilled (Levels3-5)	23	2	1	4.3%
Highly skilled production (Levels 6-8)	68	6	8	11.7%
Highly skilled supervision (Levels 9-12)	63	9	2	3.1%
Senior Management Service Band A	20	7	2	10%
Senior Management Service Band B	15	-	-	0%
Senior Management Service Band C	2	-	-	0%
Senior Management Service Band D	1	1	1	100%
<b>Total</b>	<b>192</b>	<b>25</b>	<b>14</b>	<b>7.3%</b>

**Table 3.5.2: Annual turnover rates by critical occupation for the period 1 April 2015 to 31 March 2016**

Critical occupation	Number of employees at end of previous period-March 2015	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Management & General Support staff- (Principal) SR Level 16	1	1	1	100%
Management & General Support staff- (Chief Financial Officer) SR Level 14	1	-	-	0%
Management & General Support staff- (Director: Knowledge Management) SR Level 13	0	1	-	0%
Management & General Support staff- (Deputy Director: Knowledge Management) SR Level 11	0	1	-	0%
Information Technology & related personnel – SR Level 13	1	-	-	0%
Information Technology & related personnel – SR Level 12	2	-	-	0%
<b>Total</b>	<b>5</b>	<b>3</b>	<b>1</b>	<b>20%</b>

**Notes**

- The CORE classification, as prescribed by the DPSA, should be 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; and
  - (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 department.

**Table 3.5.3: Reasons why staff left the department for the period 1 April 2015 to 31 March 2016**

Termination Type	Number	% of Total Resignations
Death	-	-
Resignation	4	28.5%
Expiry of contract	1	7.1%
Dismissal – operational changes	-	-
Dismissal – misconduct	-	-
Dismissal – inefficiency	-	-
Discharged due to ill-health	-	-
Retirement	-	-
Transfer to other Public Service Departments	9	64.3%
Other	-	-
<b>Total number of employees who left as a % of total employment as on 31/03/2016</b>	<b>14</b>	<b>7.3%</b>

**Table 3.5.4: Promotions by critical occupation for the period 1 April 2015 to 31 March 2016**

Total number of Promotions by critical occupation	None
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**Table 3.5.5: Promotions by salary band for the period 1 April 2015 to 31 March 2016**

Salary Band	Employees 1 April 2015	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)	0	-	-	-	
Skilled (Levels 3-5)	24	4	16.6%	-	
Highly skilled production (Levels 6-8)	67	4	5.9%	-	
Highly skilled supervision (Levels 9-12)	65	6	9.2%	-	
Senior Management (Level 13-16)	37	-	-	-	
<b>Total</b>	<b>193</b>	<b>14</b>	<b>7.3%</b>	<b>0</b>	<b>0</b>

## 3.6 EMPLOYMENT EQUITY

**Table 3.6.1: Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2016**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	13	0	3	5	11	4	4	5	45
Professionals	24	2	3	4	26	2	1	8	70
Technicians and associate professionals	16	0	0	1	40	3	1	4	65
Clerks	9	0	0	0	12	2	0	0	23
<b>Total</b>	<b>62</b>	<b>2</b>	<b>6</b>	<b>10</b>	<b>89</b>	<b>11</b>	<b>6</b>	<b>17</b>	<b>203</b>
Employees with disabilities	2		1		1		1		5

**Table 3.6.2: Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2016**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	1	1	0	0	0	3
Senior Management	12	0	3	4	10	4	4	5	42
Professionally qualified and experienced specialists and mid-management	24	2	3	4	26	2	1	8	70
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	16	0	0	1	40	3	1	4	65
Semi-skilled and discretionary decision making	9	0	0	0	12	2	0	0	23
<b>Total</b>	<b>62</b>	<b>2</b>	<b>6</b>	<b>10</b>	<b>89</b>	<b>11</b>	<b>6</b>	<b>17</b>	<b>203</b>

**Table 3.6.3: Recruitment for the period 1 April 2015 to 31 March 2016**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-		1	-	-	-	-	1
Senior Management	1	-	1	-	5				7
Professionally qualified and experienced specialists and mid-management	5	-		-	3	-	-	1	9
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	5	-	-	-	1	-	-	-	6
Semi-skilled and discretionary decision making	2	-	-	-	-	-	-	-	2
<b>Total</b>	<b>13</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>25</b>
Employees with Disabilities	-	-	-	-	-	-	-	-	0

**Table 3.6.4: Promotions for the period 1 April 2015 to 31 March 2016**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid-management	1	-	-	-	4	1	-	-	6
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	-	-	-	3	-	-	-	4
Semi-skilled and discretionary decision making	2	-	-	-	2	-	-	-	4
<b>Total</b>	<b>4</b>				<b>9</b>	<b>1</b>			<b>14</b>
Employees with Disabilities	1	-	-	-	-	-	-	-	1

**Table 3.6.5: Terminations for the period 1 April 2015 to 31 March 2016**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	-	-	-	-	-	-	-	1
Senior Management	1	-	-	-	1	-	-	-	2
Professionally qualified and experienced specialists and mid-management	1	-	-	-	1	-	-	-	2
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	3	-	-	-	3	-	-	2	8
Semi-skilled and discretionary decision making	-	-	-	-	1	-	-	-	1
<b>Total</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>14</b>
Employees with Disabilities	-	-	-	-	1	-	-	-	1

**Table 3.6.6: Disciplinary action for the period 1 April 2015 to 31 March 2016**

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
	-	-	-	-	-	-	-	-	-
<b>Total</b>									<b>0</b>

**Table 3.6.7: Skills development for the period 1 April 2015 to 31 March 2016**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	12	-	3	2	8	4	3	4	36
Professionals	21	1	2	3	23	1	-	6	57
Clerks/ Administrators	15	-	-	-	39	4	1	2	61
Elementary occupations	4	-	-	-	3	-	-	-	7
Interns	3	-	-	-	6	-	-	-	9
<b>Total</b>	<b>55</b>	<b>1</b>	<b>5</b>	<b>5</b>	<b>79</b>	<b>9</b>	<b>4</b>	<b>12</b>	<b>170</b>
Employees with disabilities	2	-	1	-	2	-	1	-	6

### 3.7 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 here.

**Table 3.7.1: Signing of Performance Agreements by SMS members as on 31 May 2015**

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
Principal/ Head of Department Salary Level 16	1	0	0	0%
Salary Level 15	3	2	2	100%
Salary Level 14	16	15	13	87%
Salary Level 13	29	20	19	95%
<b>Total</b>	<b>49</b>	<b>37</b>	<b>34</b>	<b>92%</b>

**Table 3.7.2: Reasons for not having concluded Performance agreements for all SMS members as on 31 May 2015**

Reasons
1 SMS member SL 13 had labour disputes on their placement.
1 SMS member on SL 14 had a disagreement on the Performance Agreement.
1 SMS member on SL 14 late submission Performance Agreement.

**Table 3.7.3: Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2015**

Reasons
No disciplinary action was taken against the 2 SMS members due to discussions which took place on their placement
No disciplinary action needs to be taken against the one 1 SMS member on SL 14 as the disagreement was resolved after the due date

### 3.8 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 (see definition in notes below).

**Table 3.8.1: Performance Rewards by race, gender and disability for the period 1 April 2015 to 31 March 2016**

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
<b>African</b>	78	151	51.7%	1 705	22
Male	29	62	46.8%	857	30
Female	49	89	55.1%	848	17
<b>Asian</b>	5	12	41.7%	142	28
Male	2	6	33.3%	47	24
Female	3	6	50%	94	31
<b>Coloured</b>	3	13	23.1%	35	12
Male	0	2	0%	0	0
Female	3	11	27.3%	35	12
<b>White</b>	18	27	66.7%	405	23
Male	5	10	50%	118	24
Female	13	17	76.5%	287	22
<b>Total</b>	<b>104</b>	<b>203</b>	<b>51.2%</b>	<b>2 287</b>	<b>22</b>
<b>Employees with disabilities</b>	4	5	80%	63	16

**Table 3.8.2: Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2015 to 31 March 2016**

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)	0	0	0%	0	0	0%
Skilled (level 3-5)	8	23	34.8%	48	6	1%
Highly skilled production (level 6-8)	46	65	70.8%	458	10	2.1%
Highly skilled supervision (level 9-12)	32	70	45.7%	777	24	1.9%
<b>Total</b>	<b>86</b>	<b>158</b>	<b>54.4%</b>	<b>1 283</b>	<b>15</b>	<b>1.9%</b>

**Table 3.8.3: Performance Rewards by critical occupation for the period 1 April 2015 to 31 March 2016**

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Management & General Support staff- (Chief Financial Officer) SR Level 14	1	1	100%	3	3
Management & General Support staff- (Director: Knowledge Management) SR Level 13	0	1	0%	0	0
Management & General Support staff- (Deputy Director: Knowledge Management) SR Level 11	0	1	0%	0	0
Information Technology & related personnel – SR Level 13	0	1	0%	0	0
Information Technology & related personnel – SR Level 12	1	2	50%	28	28
<b>Total</b>	<b>2</b>	<b>6</b>	<b>33.3%</b>	<b>31</b>	<b>15</b>

## Notes

- 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; and
  - (d) in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees;

**Table 3.8.4: Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2015 to 31 March 2016**

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	27	25.9%	183	26	0.8%
Band B	9	15	60%	327	36	1.8%
Band C	2	2	100%	494	247	14.2%
Band D	0	1	0%	0	0	0%
<b>Total</b>	<b>18</b>	<b>45</b>	<b>40%</b>	<b>1 004</b>	<b>56</b>	<b>2.2%</b>

\*Note: Performance Awards paid during this financial year includes outstanding performance awards of previous performance cycles

### 3.9 FOREIGN WORKERS

The NSG employed no foreign workers during this financial year.

### 3.10 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 3.10.1: Sick leave for the period 1 January 2015 to 31 December 2015**

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)
Skilled (levels 3-5)	115	67%	19	82%	6	79
Highly skilled production (levels 6-8)	485	58%	68	100%	7	551
Highly skilled supervision (levels 9 -12)	377	76%	61	87%	6	832
Top and Senior management (levels 13-16)	165	79%	29	64%	6	696
<b>Total</b>	<b>1142</b>	<b>70%</b>	<b>177</b>	<b>87%</b>	<b>6</b>	<b>2 158</b>

**Table 3.10.2: Disability leave for the period 1 January 2015 to 31 December 2015**

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)
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	17	17	2	3%	8.5	18
Highly skilled supervision (Levels 9-12)	44	44	2	3%	22	123
Senior management (Levels 13-16)	5	5	1	2%	5	20
<b>Total</b>	<b>66</b>	<b>66</b>	<b>5</b>	<b>3%</b>	<b>13.2</b>	<b>161</b>

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 management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

**Table 3.10.3: Annual Leave for the period 1 January 2015 to 31 December 2015**

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Skilled (Levels 3-5)	445	25	18
Highly skilled production (Levels 6-8)	1870	89	21
Highly skilled supervision (Levels 9-12)	1713	79	22
Senior management (Levels 13-16)	1107	50	22
<b>Total</b>	<b>5135</b>	<b>243</b>	<b>21</b>

**Table 3.10.4: Capped leave for the period 1 January 2015 to 31 December 2015**

Total number of Employees using capped leave	None
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The following table summarise payments made to employees as a result of leave that was not taken.

**Table 3.10.5: Leave pay-outs for the period 1 April 2015 to 31 March 2016**

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-out due to non-utilisation of leave for the 2015 cycle	0	0	0
Current leave pay-out on termination of service for 2015	74	10	7
Capped leave pay-out on termination of service for 2015	0	0	0
<b>Total</b>	<b>74</b>	<b>10</b>	<b>7</b>

### 3.11 HIV/AIDS & 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 3.11.1: Steps taken to reduce the risk of occupational exposure**

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None	None

**Table 3.11.2: Details of Health Promotion and HIV/AIDS Programmes**

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	✓		The Director: HRM&D is responsible for the Health Promotion and HIV/AIDS Programmes
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 with annual salaries of R894 000. The budget allocated for programme activities is R126 455. Total budget R1 020 545,00

Question	Yes	No	Details, if yes
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"> <li>• Professional Support Line Service via a 24/7/365 Call Centre</li> <li>• Personal Counselling (face to face)</li> <li>• 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.</li> <li>• A Critical Incident service</li> <li>• HIV/AIDS education, counselling and support</li> <li>• Managerial Consultancy</li> <li>• Online Wellness Programme (Optimise).</li> <li>• Monthly awareness sessions</li> <li>• Quarterly Health Screening</li> </ul>
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.		X	Wellness matters will be discussed as part of the HR Forum which is in the approval process.
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.	✓		The approved policy for the management of HIV/AIDS, TB & STIs Operational Plan incorporates elements of non-discrimination in the workplace.
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"> <li>• The policy clearly outlines non-discriminatory practices and disciplinary action against perpetrators.</li> <li>• HIV testing is conducted in private and by qualified professionals.</li> <li>• Advocacy and awareness programmes on key calendar days that focus on HIV issues are implemented.</li> </ul>
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	✓		<ul style="list-style-type: none"> <li>• Quarterly HIV Counselling and Testing (HCT) implemented and 22% of staff were tested during the reporting period.</li> </ul>
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	✓		<ul style="list-style-type: none"> <li>• Quarterly and annual reports are received from the outsourced service providers.</li> <li>• Quarterly &amp; Annual HIV/AIDS Operational Plan Reports are submitted internally and to the dpsa.</li> <li>• Quarterly HCT reports submitted internally and to the DPSA</li> </ul>

## 3.12 LABOUR RELATIONS

No collective agreements were entered into with trade unions within NSG in the 2015/16 period. The main focus for consultation within the Departmental Bargaining Chamber (DBC) was on the HRM&D policies.

**Table 3.12.1: Collective agreements for the period 1 April 2015 to 31 March 2016**

Total number of Collective agreements	None
---------------------------------------	------

The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

**Table 3.12.2: Misconduct and disciplinary hearings finalised for the period 1 April 2015 to 31 March 2016**

Total number of misconduct reported and disciplinary hearings held	None
--	------

**Table 3.12.3: Types of misconduct addressed at disciplinary hearings for the period 1 April 2015 to 31 March 2016**

Total number of misconduct addressed	None
--------------------------------------	------

The following tables summarize the outcome of grievances & disputes lodged, strike actions and precautionary suspensions within NSG for the year under review.

**Table 3.12.4: Grievances lodged for the period 1 April 2015 to 31 March 2016**

Grievances	Number	% of Total
Number of grievances resolved	3	75%
Number of grievances not resolved	1	25%
Total number of grievances lodged	4	100%

**Table 3.12.5: Disputes lodged with Councils for the period 1 April 2015 to 31 March 2016**

Disputes	Number	% of Total
Number of disputes upheld	-	-
Number of disputes dismissed	-	-
Number of disputes lodged still in process	1	100%
Total	1	100%

**Table 3.12.6: Strike actions for the period 1 April 2015 to 31 March 2016**

Strike actions	None
----------------	------

**Table 3.12.7: Precautionary suspensions for the period 1 April 2015 to 31 March 2016**

Total number of precautionary suspensions	None
---	------

### 3.13 SKILLS DEVELOPMENT

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

**Table 3.13.1: Training needs identified for the period 1 April 2015 to 31 March 2016**

Occupational category	Gender	Number of employees as at 1 April 2015	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	19	0	19		19
	Male	18	0	17		17
Professionals	Female	35	0	25		25
	Male	30	0	22		22
Clerks	Female	63	0	47	3	50
	Males	19	0	17		17
Elementary occupations	Female	6	0	5		5
	Male	6	0	5		5
Sub Total	Female	123	0	96	3	102
	Male	73	0	61		61
<b>Total</b>		<b>196</b>	<b>0</b>	<b>157</b>	<b>3</b>	<b>163</b>

**Table 3.13.2: Training provided for the period 1 April 2015 to 31 March 2016**

Occupational category	Gender	Number of employees as at 1 April 2015	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	19	0	19	4	23
	Male	18	0	17	3	20
Professionals	Female	35	0	30	8	38
	Male	30	0	27	4	31
Clerks	Female	63	0	46	16	62
	Male	19	0	15	1	16
Elementary occupations	Female	6	0	9	-	9
	Male	6	0	7	-	7
Sub Total	Female	123	0	104	28	132
	Male	73	0	66	8	74
<b>Total</b>		<b>193</b>	<b>0</b>	<b>170</b>	<b>36</b>	<b>206</b>

## 3.14 INJURY ON DUTY

No injuries on duty were reported during the financial year.

### 3.15 UTILISATION OF CONSULTANTS

The following tables relate 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; and
- (c) The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a department.

**Table 3.15.1: Report on consultant appointments using appropriated funds for the period 1 April 2015 and 31 March 2016**

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Management consulting	1	Ad-hoc	362 122
Change Management / Skills transfer	2	Ad-hoc	685 200
Financial consulting	3	Ad-hoc	586 946
Legal consultants	1	Ad-hoc	230 888
Internal Audit services	1	9 months	869 949
Audit Committee Members	5	Ad hoc	216 945
Training of national and provincial departments and local government	123	Ad-hoc	13 620 754
IT Outsourced services	1	10 months	5 090 087
IT Outsourced services	1	2 months	312 178
<b>Total number of projects</b>	<b>Total individual consultants</b>	<b>Total duration Work days</b>	<b>Total contract value in Rand</b>
8	139		21 975 072

**Table 3.15.2: Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2015 and 31 March 2016**

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
0	-	-	-

**Table 3.15.3: Report on consultant appointments using Donor funds for the period 1 April 2015 and 31 March 2016**

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
0	-	-	-

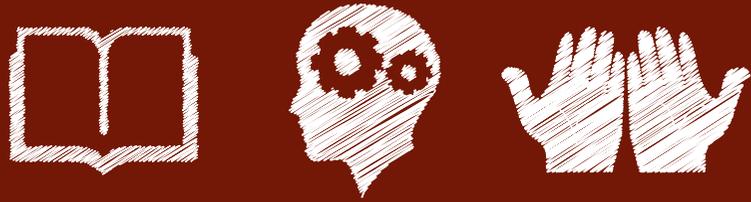
Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
0	-	-	-

**Table 3.15.4: Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2015 and 31 March 2016**

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
0	-	-	-

### 3.16 SEVERANCE PACKAGES

No severance packages were granted during the reporting period.



# PART E

## FINANCIAL INFORMATION

## Report of the Auditor-General

### Introduction

1. I have audited the financial statements of the National School of Government set out on pages 123 to 176, which comprise the appropriation statement, the statement of financial position as at 31 March 2016, 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 Modified Cash Standard (MCS) prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with 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 2016 and its financial performance and cash flows for the year then ended, in accordance with the MCS and the requirements of the PFMA.

### Emphasis of matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### Restatement of corresponding figures

8. As disclosed in note 27 to the financial statements, the corresponding figures for 31 March 2015 have been restated as a result of an error corrected during 2016 in the financial statements of the NSG Vote at, and for the year ended, 31 March 2015. It relates to unauthorised expenditure reclassified as irregular expenditure for the 2013-14 period.

**Additional matter**

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

**Unaudited supplementary schedules**

10. The supplementary information set out on pages 177 to 184 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

**Report on other legal and regulatory requirements**

11. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each sub heading, 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**

12. 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 2016:

**Programme 2: Public sector organisational and staff development on pages 56 to 78.**

13. 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 programmes. 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).
14. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
15. The material finding in respect of the selected programme is as follows:

**Programme 2: Public sector organisational and staff development**

**Usefulness of reported performance information**

16. Treasury regulation 5.2.4 requires the annual performance plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 50% reported indicators and targets were not consistent with those in the approved annual performance plan.

**Reliability of reported performance information**

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

#### Additional matter

18. I draw attention to the following matter:

#### Achievement of planned targets

19. Refer to the annual performance report on page(s) 56 to 78 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness of the reported performance information for the selected programmes reported in paragraph 16 of this report.

#### Compliance with legislation

20. I performed procedures to obtain evidence that the department had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on 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

21. Effective steps were not taken to prevent irregular expenditure amounting to R38000, as disclosed in note 22 of the annual financial statements, in contravention of the PFMA and treasury regulation 9.1.1.

#### Internal control

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

#### Financial and performance management

23. Management did not adequately review and monitor compliance with applicable legislation to prevent the irregular expenditure incurred.

24. Management did not adequately review and monitor compliance with applicable legislation relating to consistency required for indicators and targets between the annual performance plan and annual performance report.

Auditor-General

Pretoria

30 July 2016



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

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NATIONAL SCHOOL OF GOVERNMENT (NSG)

VOTE 12a

**APPROPRIATION STATEMENT**  
for the year ended at 31 March 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

Appropriation per programme									
APPROPRIATION STATEMENT	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration	84,643	8,001	-	92,644	89,843	2,801	97.0%	82,911	78,293
2. Public Sector Organisational and Staff Development	55,796	(8,001)	-	47,795	47,795	-	100.0%	55,597	55,597
<b>TOTAL</b>	<b>140,439</b>	<b>-</b>	<b>-</b>	<b>140,439</b>	<b>137,638</b>	<b>2,801</b>	<b>98.0%</b>	<b>138,508</b>	<b>133,890</b>
<b>Reconciliation with statement of financial performance</b>									
<b>ADD</b>									
Departmental receipts				102				111	
Aid assistance				-				-	
<b>Actual amounts per statement of financial performance (total revenue)</b>				<b>140,541</b>				<b>138,619</b>	
ADD: Aid assistance									-
<b>Actual amounts per statement of financial performance (total expenditure)</b>					<b>137,638</b>				<b>133,890</b>

NATIONAL SCHOOL OF GOVERNMENT (NSG)

VOTE 12a

**APPROPRIATION STATEMENT**  
for the year ended at 31 March 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

Appropriation per economic classification									
	2015/16							2014/15	
	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
<b>Current payments</b>	<b>82,285</b>	<b>5,529</b>	<b>-</b>	<b>87,814</b>	<b>85,013</b>	<b>2,801</b>	<b>96.8%</b>	<b>78,201</b>	<b>73,583</b>
Compensation of employees	48,144	(3,987)	-	44,157	44,056	101	99.8%	41,571	36,953
Salaries and wages	48,144	(9,099)	-	39,045	38,944	101	99.7%	37,409	32,791
Social contributions	-	5,112	-	5,112	5,112	-	100.0%	4,162	4,162
Goods and services	34,141	9,516	-	43,657	40,957	2,700	93.8%	36,630	36,630
Administrative fees	52	339	-	391	391	-	100.0%	339	339
Advertising	637	150	-	787	787	-	100.0%	802	802
Minor assets	424	(93)	-	331	331	-	100.0%	341	341
Audit costs: External	3,318	967	-	4,285	4,285	-	100.0%	3,788	3,788
Bursaries: Employees	442	255	-	697	697	-	100.0%	597	597
Catering: Departmental activities	237	174	-	411	411	-	100.0%	135	135
Communication (G&S)	1,434	(198)	-	1,236	1,236	-	100.0%	904	904
Computer Services	1,473	2,672	-	4,145	4,145	-	100.0%	3,842	3,842
Consultants: Business and advisory services	1,081	1,898	-	2,979	279	2,700	9.4%	1,176	1,176
Legal services	578	(401)	-	177	177	-	100.0%	356	356
Contractors	698	56	-	754	754	-	100.0%	383	383
Agency and support/outsourced services	10,356	(1,941)	-	8,415	8,415	-	100.0%	9,830	9,830
Entertainment	106	(106)	-	-	-	-	-	-	-
Fleet services	502	(208)	-	294	294	-	100.0%	392	392

NATIONAL SCHOOL OF GOVERNMENT (NSG)

VOTE 12a

APPROPRIATION STATEMENT

for the year ended at 31 March 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

Appropriation per economic classification									
	2015/16							2014/15	
	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
Inventory: Food and food supplies	26	(26)	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	330	(330)	-	-	-	-	-	-	-
Inventory: Materials and supplies	23	56	-	79	79	-	100.0%	115	115
Inventory: Medical supplies	9	(9)	-	-	-	-	-	-	-
Inventory: Other supplies	82	(82)	-	-	-	-	-	-	-
Consumable supplies	-	397	-	397	397	-	100.0%	471	471
Consumable: Stationery, printing and office supplies	1,252	(238)	-	1,014	1,014	-	100.0%	956	956
Operating leases	4,569	4,985	-	9,554	9,554	-	100.0%	5,998	5,998
Property payments	567	3,584	-	4,151	4,151	-	100.0%	2,759	2,759
Transport provided: Departmental activity	1,424	(1,424)	-	-	-	-	-	-	-
Travel and subsistence	2,582	(526)	-	2,056	2,056	-	100.0%	1,600	1,600
Training and development	-	667	-	667	667	-	100.0%	863	863
Operating payments	439	303	-	742	742	-	100.0%	860	860
Venues and facilities	1,500	(1,409)	-	91	91	-	100.0%	123	123
Rental and hiring	-	4	-	4	4	-	100.0%	-	-
<b>Transfers and subsidies</b>	<b>55,796</b>	<b>(7,935)</b>	<b>-</b>	<b>47,861</b>	<b>47,861</b>	<b>-</b>	<b>100.0%</b>	<b>55,771</b>	<b>55,771</b>
Departmental agencies and accounts	55,796	(8,001)	-	47,795	47,795	-	100.0%	55,597	55,597
Households	-	66	-	66	66	-	100.0%	174	174

NATIONAL SCHOOL OF GOVERNMENT (NSG)

VOTE 12a

**APPROPRIATION STATEMENT**

for the year ended at 31 March 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

Appropriation per economic classification									
	2015/16							2014/15	
	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
<b>Payments for capital assets</b>	2,358	2,304	-	4,662	4,662	-	100.0%	4,209	4,209
Machinery and equipment	2,358	1,944	-	4,302	4,302	-	100.0%	4,118	4,118
Transport equipment	-	642	-	642	642	-	100.0%	663	663
Other machinery and equipment	2,358	1,302	-	3,660	3,660	-	100.0%	3,455	3,455
Software and other intangible assets	-	360	-	360	360	-	100.0%	91	91
<b>Payments for financial assets</b>	-	102	-	102	102	-	100.0%	327	327
<b>Total</b>	<b>140,439</b>	<b>-</b>	<b>-</b>	<b>140,439</b>	<b>137,638</b>	<b>2,801</b>	<b>98.0%</b>	<b>138,508</b>	<b>133,890</b>

NATIONAL SCHOOL OF GOVERNMENT (NSG)

VOTE 12a

APPROPRIATION STATEMENT

for the year ended at 31 March 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

Detail Per Programme 1 – Administration									
Programme per sub-programme	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Management	19,555	(4,452)	-	15,103	12,404	2,699	82.1%	8,604	6,039
1.2 Corporate Services	64,521	(685)	-	63,836	63,734	102	99.8%	65,551	63,498
1.3 Property Management	567	13,138	-	13,705	13,705	-	100.0%	8,756	8,756
<b>Total</b>	<b>84,643</b>	<b>8,001</b>	<b>-</b>	<b>92,644</b>	<b>89,843</b>	<b>2,801</b>	<b>97.0%</b>	<b>82,911</b>	<b>78,293</b>

NATIONAL SCHOOL OF GOVERNMENT (NSG)

VOTE 12a

APPROPRIATION STATEMENT

for the year ended at 31 March 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

Detail Per Programme 1 – Administration									
Economic classification	2015/16							2014/15	
	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
<b>Current payments</b>	<b>82,285</b>	<b>5,529</b>	<b>-</b>	<b>87,814</b>	<b>85,013</b>	<b>2,801</b>	<b>96.8%</b>	<b>78,201</b>	<b>73,583</b>
Compensation of employees	48,144	(3,987)	-	44,157	44,056	101	99.8%	41,571	36,953
Salaries and wages	48,144	(9,099)	-	39,045	38,944	101	99.7%	37,409	32,791
Social contributions	-	5,112	-	5,112	5,112	-	100.0%	4,162	4,162
Goods and services	34,141	9,516	-	43,657	40,957	2,700	93.8%	36,630	36,630
Administrative fees	52	339	-	391	391	-	100.0%	339	339
Advertising	637	150	-	787	787	-	100.0%	802	802
Minor assets	424	(93)	-	331	331	-	100.0%	341	341
Audit costs: External	3,318	967	-	4,285	4,285	-	100.0%	3,788	3,788
Bursaries: Employees	442	255	-	697	697	-	100.0%	597	597
Catering: Departmental activities	237	174	-	411	411	-	100.0%	135	135
Communication (G&S)	1,434	(198)	-	1,236	1,236	-	100.0%	904	904
Computer services	1,473	2,672	-	4,145	4,145	-	100.0%	3,842	3,842
Consultants: Business and advisory services	1,081	1,898	-	2,979	279	2,700	9.4%	1,176	1,176
Legal services	578	(401)	-	177	177	-	100.0%	356	356
Contractors	698	56	-	754	754	-	100.0%	383	383
Agency and support/outsourced services	10,356	(1,941)	-	8,415	8,415	-	100.0%	9,830	9,830
Entertainment	106	(106)	-	-	-	-	-	-	-
Fleet services	502	(208)	-	294	294	-	100.0%	392	392

NATIONAL SCHOOL OF GOVERNMENT (NSG)

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APPROPRIATION STATEMENT

for the year ended at 31 March 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

Detail Per Programme 1 – Administration									
Economic classification	2015/16							2014/15	
	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
Inventory: Food and food supplies	26	(26)	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	330	(330)	-	-	-	-	-	-	-
Inventory: Materials and supplies	23	56	-	79	79	-	100.0%	115	115
Inventory: Medical supplies	9	(9)	-	-	-	-	-	-	-
Inventory: Other supplies	82	(82)	-	-	-	-	-	-	-
Consumable supplies	-	397	-	397	397	-	100.0%	471	471
Consumable: Stationery, printing and office supplies	1,252	(238)	-	1,014	1,014	-	100.0%	956	956
Operating leases	4,569	4,985	-	9,554	9,554	-	100.0%	5,998	5,998
Property payments	567	3,584	-	4,151	4,151	-	100.0%	2,759	2,759
Transport provided: Departmental activity	1,424	(1,424)	-	-	-	-	-	-	-
Travel and subsistence	2,582	(526)	-	2,056	2,056	-	100.0%	1,600	1,600
Training and development	-	667	-	667	667	-	100.0%	863	863
Operating payments	439	303	-	742	742	-	100.0%	860	860
Venues and facilities	1,500	(1,409)	-	91	91	-	100.0%	123	123
Rental and hiring	-	4	-	4	4	-	100.0%	-	-

NATIONAL SCHOOL OF GOVERNMENT (NSG)

VOTE 12a

APPROPRIATION STATEMENT

for the year ended at 31 March 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

Detail Per Programme 1 – Administration									
Economic classification	2015/16							2014/15	
	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
<b>Transfers and subsidies to:</b>	-	66	-	66	66	-	100.0%	174	174
Households	-	66	-	66	66	-	100.0%	174	174
<b>Payment for capital assets</b>	2,358	2,304	-	4,662	4,662	-	100.0%	4,209	4,209
Machinery and equipment	2,358	1,944	-	4,302	4,302	-	100.0%	4,118	4,118
Transport equipment	-	642	-	642	642	-	100.0%	663	663
Other machinery and equipment	2,358	1,302	-	3,660	3,660	-	100.0%	3,455	3,455
Software and other intangible assets	-	360	-	360	360	-	100.0%	91	91
<b>Payments for financial assets</b>	-	102	-	102	102	-	100.0%	327	327
<b>Total</b>	<b>84,643</b>	<b>8,001</b>	<b>-</b>	<b>92,644</b>	<b>89,843</b>	<b>2,801</b>	<b>97.0%</b>	<b>82,911</b>	<b>78,293</b>

NATIONAL SCHOOL OF GOVERNMENT (NSG)

VOTE 12a

APPROPRIATION STATEMENT

for the year ended at 31 March 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

1.1 MANAGEMENT									
Economic classification	2015/16						Expenditure as % of final appropriation	2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance		Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>19,555</b>	<b>(4,793)</b>	-	<b>14,762</b>	<b>12,063</b>	<b>2,699</b>	<b>81.7%</b>	<b>8,126</b>	<b>5,561</b>
Compensation of employees	10,473	(1,311)	-	9,162	9,162	-	100.0%	5,945	3,380
Salaries and wages	10,473	(2,268)	-	8,205	8,205	-	100.0%	5,755	3,190
Social contributions	-	957	-	957	957	-	100.0%	190	190
Goods and services	9,082	(3,482)	-	5,600	2,901	2,699	51.8%	2,181	2,181
Administrative feea	8	(8)	-	-	-	-	-	43	43
Advertising	131	54	-	185	185	-	100.0%	-	-
Minor assets	-	5	-	5	5	-	100.0%	-	-
Catering: Departmental activities	147	55	-	202	202	-	100.0%	20	20
Communication (G&S)	338	(146)	-	192	192	-	100.0%	153	153
Consultants: Business and advisory services	797	1,902	-	2,699	-	2,699	0%	727	727
Contractors	81	(67)	-	14	14	-	100.0%	4	4
Agency and support/outsourced services	3,504	(2,992)	-	512	512	-	100.0%	43	43
Entertainment	5	(5)	-	-	-	-	-	-	-
Fleet services	-	9	-	9	9	-	100.0%	11	11
Inventory: Food and food supplies	6	(6)	-	-	-	-	-	-	-
Inventory: Other supplies	12	(12)	-	-	-	-	-	-	-
Consumable supplies	-	19	-	19	19	-	100.0%	13	13

NATIONAL SCHOOL OF GOVERNMENT (NSG)

VOTE 12a

**APPROPRIATION STATEMENT**  
for the year ended at 31 March 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

1.1 MANAGEMENT									
Economic classification	2015/16							2014/15	
	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
Consumable: Stationery, printing and office supplies	152	(19)	-	133	133	-	100.0%	54	54
Operating leases	1,179	(1,179)	-	-	-	-	-	-	-
Travel and subsistence	1,435	(16)	-	1,419	1,419	-	100.0%	1,055	1,055
Operating payments	-	190	-	190	190	-	100.0%	58	58
Venues and facilities	1,287	(1,270)	-	17	17	-	100.0%	-	-
Rental and hiring	-	4	-	4	4	-	100.0%	-	-
<b>Transfers and subsidies to:</b>	-	6	-	6	6	-	100.0%	94	94
Households	-	6	-	6	6	-	100.0%	94	94
<b>Payment for capital assets</b>	-	254	-	254	254	-	100.0%	57	57
Machinery and equipment	-	83	-	83	83	-	100.0%	57	57
Transport equipment	-	14	-	14	14	-	100.0%	26	26
Other machinery and equipment	-	69	-	69	69	-	100.0%	31	31
Software and other intangible assets	-	171	-	171	171	-	100.0%	-	-
<b>Payments for financial assets</b>	-	81	-	81	81	-	100.0%	327	327
<b>Total</b>	<b>19,555</b>	<b>(4,452)</b>	<b>-</b>	<b>15,103</b>	<b>12,404</b>	<b>2,699</b>	<b>82.1%</b>	<b>8,604</b>	<b>6,039</b>

NATIONAL SCHOOL OF GOVERNMENT (NSG)

VOTE 12a

**APPROPRIATION STATEMENT**  
for the year ended at 31 March 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

1.2 CORPORATE SERVICES									
Economic classification	2015/16							2014/15	
	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
<b>Current payments</b>	<b>62,163</b>	<b>(2,816)</b>	-	<b>59,347</b>	<b>59,245</b>	<b>102</b>	<b>99.8%</b>	<b>61,319</b>	<b>59,266</b>
Compensation of employees	37,671	(2,676)	-	34,995	34,894	101	99.7%	35,626	33,573
Salaries and wages	37,671	(6,831)	-	30,840	30,739	101	99.7%	31,654	29,601
Social contributions	-	4,155	-	4,155	4,155	-	100.0%	3,972	3,972
Goods and services	24,492	(140)	-	24,352	24,351	1	100.0%	25,693	25,693
Administrative fees	44	347	-	391	391	-	100.0%	296	296
Advertising	506	96	-	602	602	-	100.0%	802	802
Minor assets	424	(98)	-	326	326	-	100.0%	341	341
Audit costs: External	3,318	967	-	4,285	4,285	-	100.0%	3,788	3,788
Bursaries: Employees	442	255	-	697	697	-	100.0%	597	597
Catering: Departmental activities	90	119	-	209	209	-	100.0%	115	115
Communication (G&S)	1,096	(52)	-	1,044	1,044	-	100.0%	751	751
Computer services	1,473	2,672	-	4,145	4,145	-	100.0%	3,842	3,842
Consultants: Business and advisory services	284	(4)	-	280	279	1	99.6%	449	449
Legal services	578	(401)	-	177	177	-	100.0%	356	356
Contractors	617	123	-	740	740	-	100.0%	379	379
Agency and support/outsourced services	6,852	1,051	-	7,903	7,903	-	100.0%	9,787	9,787
Entertainment	101	(101)	-	-	-	-	-	-	-
Fleet services	502	(217)	-	285	285	-	100.0%	381	381
Inventory: Food and food supplies	20	(20)	-	-	-	-	-	-	-

NATIONAL SCHOOL OF GOVERNMENT (NSG)

VOTE 12a

**APPROPRIATION STATEMENT**  
for the year ended at 31 March 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

1.2 CORPORATE SERVICES									
Economic classification	2015/16							2014/15	
	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
Inventory: Learner and teacher support material	330	(330)	-	-	-	-	-	-	-
Inventory: Materials and supplies	23	56	-	79	79	-	100.0%	115	115
Inventory: Medical supplies	9	(9)	-	-	-	-	-	-	-
Inventory: Other supplies	70	(70)	-	-	-	-	-	-	-
Consumable supplies	-	378	-	378	378	-	100.0%	458	458
Consumable: Stationery, printing and office supplies	1,100	(219)	-	881	881	-	100.0%	902	902
Operating leases	3,390	(3,390)	-	-	-	-	-	-	-
Property payments	-	-	-	-	-	-	-	1	1
Transport provided" Departmental activity	1,424	(1,424)	-	-	-	-	-	-	-
Travel and subsistence	1,147	(510)	-	637	637	-	100.0%	545	545
Training and development	-	667	-	667	667	-	100.0%	863	863
Operating payments	439	113	-	552	552	-	100.0%	802	802
Venues and facilities	213	(139)	-	74	74	-	100.0%	123	123
Rental and hiring	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	-	60	-	60	60	-	100.0%	80	80
Households	-	60	-	60	60	-	100.0%	80	80

NATIONAL SCHOOL OF GOVERNMENT (NSG)

VOTE 12a

**APPROPRIATION STATEMENT**  
for the year ended at 31 March 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

1.2 CORPORATE SERVICES									
Economic classification	2015/16							2014/15	
	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
<b>Payment for capital assets</b>	2,358	2 050	-	4,408	4,408	-	100.0%	4,152	4,152
Machinery and equipment	2,358	1,861	-	4,219	4,219	-	100.0%	4,061	4,061
Transport equipment	-	628	-	628	628	-	100.0%	637	637
Other machinery and equipment	2,358	1,233	-	3,591	3,591	-	100.0%	3,424	3,424
Software and other intangible assets	-	189	-	189	189	-	100.0%	91	91
<b>Payment for financial assets</b>	-	21	-	21	21	-	100.0%	-	-
<b>Total</b>	<b>64,521</b>	<b>(685)</b>	<b>-</b>	<b>63,836</b>	<b>63,734</b>	<b>102</b>	<b>99.8%</b>	<b>65,551</b>	<b>63,498</b>

NATIONAL SCHOOL OF GOVERNMENT (NSG)

VOTE 12a

**APPROPRIATION STATEMENT**  
for the year ended at 31 March 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

1.3 PROPERTY MANAGEMENT									
Economic classification	2015/16							2014/15	
	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
<b>Current payments</b>	<b>567</b>	<b>13,138</b>	<b>-</b>	<b>13,705</b>	<b>13,705</b>	<b>-</b>	<b>100.0%</b>	<b>8,756</b>	<b>8,756</b>
Goods and services	567	13,138	-	13,705	13,705	-	100.0%	8,756	8,756
Operating leases	-	9,554	-	9,554	9,554	-	100.0%	5,998	5,998
Property payments	567	3,584	-	4,151	4,151	-	100.0%	2,758	2,758
<b>Total</b>	<b>567</b>	<b>13,138</b>	<b>-</b>	<b>13,705</b>	<b>13,705</b>	<b>-</b>	<b>100.0%</b>	<b>8,756</b>	<b>8,756</b>

NATIONAL SCHOOL OF GOVERNMENT (NSG)

VOTE 12a

APPROPRIATION STATEMENT

for the year ended at 31 March 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

Detail Per Programme 2 – Public Sector Organisational and Staff Development									
Programme per sub programme	2015/16							2014/15	
	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	55,796	(8,001)	-	47,795	47,795	-	100.0%	55,597	55,597
<b>Total</b>	<b>55,796</b>	<b>(8,001)</b>	<b>-</b>	<b>47,795</b>	<b>47,795</b>	<b>-</b>	<b>100.0%</b>	<b>55,597</b>	<b>55,597</b>

Detail Per Programme 2 – Public Sector Organisational and Staff Development									
Economic Classification	2015/16							2014/15	
	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	55,796	(8,001)	-	47,795	47,795	-	100.0%	55,597	55,597
Departmental agencies & accounts	55,796	(8,001)	-	47,795	47,795	-	100.0%	55,597	55,597
<b>Total</b>	<b>55,796</b>	<b>(8,001)</b>	<b>-</b>	<b>47,795</b>	<b>47,795</b>	<b>-</b>	<b>100.0%</b>	<b>55,597</b>	<b>55,597</b>

**NATIONAL SCHOOL OF GOVERNMENT (NSG)**  
VOTE 12a  
**NOTES TO THE APPROPRIATION STATEMENT**  
for the year ended at 31 March 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

**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 (1A-1C) 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	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Administration	92,644	89,843	2,801	3.02%
Public Sector Organisational and Staff Development	47,795	47,795	-	0.00%
<b>Total</b>	<b>140,439</b>	<b>137,638</b>	<b>2,801</b>	<b>1.99%</b>

**NATIONAL SCHOOL OF GOVERNMENT (NSG)**  
**VOTE 12a**  
**NOTES TO THE APPROPRIATION STATEMENT**  
for the year ended at 31 March 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

4.2 Per Economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
<b>Current payments</b>				
Compensation of employees	44,157	44,056	101	0.23%
Goods and services	43,657	40,957	2,700	6.18%
<b>Transfers and subsidies</b>				
Departmental agencies and accounts	47,795	47,795	-	0.00%
Households	66	66	-	0.00%
<b>Payments for capital assets</b>				
Machinery and equipment	4,302	4,302	-	0.00%
Software and other intangible assets	360	360	-	0.00%
<b>Payments for financial assets</b>	102	102	-	0.00%
<b>Total</b>	<b>140,439</b>	<b>137,638</b>	<b>2,801</b>	<b>1.99%</b>

**NATIONAL SCHOOL OF GOVERNMENT (NSG)**  
**VOTE 12a**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended at 31 March 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

	<i>Note</i>	2015/16 R'000	2014/15 R'000
<b>REVENUE</b>			
Annual appropriation	1	140,439	138,508
Departmental revenue	2	102	111
<b>TOTAL REVENUE</b>		<b>140,541</b>	<b>138,619</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	4	44,056	36,953
Goods and services	5	40,957	36,630
<b>Total current expenditure</b>		<b>85,013</b>	<b>73,583</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	7	47,861	55,771
<b>Expenditure for capital assets</b>			
Tangible capital assets		4,302	4,118
Software and other intangible assets		360	91
<b>Total expenditure for capital assets</b>	8	<b>4,662</b>	<b>4,209</b>
<b>Payments for financial assets</b>			
		102	327
<b>TOTAL EXPENDITURE</b>		<b>137,638</b>	<b>133,890</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>2,903</b>	<b>4,729</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted funds - Annual appropriation		2,801	4,618
Departmental revenue and NRF Receipts	2	102	111
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>2,903</b>	<b>4,729</b>

NATIONAL SCHOOL OF GOVERNMENT (NSG)

VOTE 12a

STATEMENT OF FINANCIAL POSITION

for the year ended at 31 March 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

	<i>Note</i>	2015/16 R'000	2014/15 R'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	249	373
Receivables	11	153	1,915
<b>TOTAL ASSETS</b>		<b>402</b>	<b>2,288</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Voted funds to be surrendered to the Revenue Fund	12	101	1,918
Departmental revenue to be surrendered to the Revenue Fund	13	2	2
Payables	14	299	368
<b>TOTAL LIABILITIES</b>		<b>402</b>	<b>2,288</b>

**NATIONAL SCHOOL OF GOVERNMENT (NSG)**  
**VOTE 12a**  
**CASH FLOW STATEMENT**  
for the year ended at 31 March 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

	<i>Note</i>	2015/16 R'000	2014/15 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		140,527	138,588
Annual appropriated funds received	1	140,439	138,508
Departmental revenue received	2	38	30
Interest received	2.2	50	50
Net (increase)/decrease in working capital		1,693	2,527
Surrendered to Revenue Fund		(4,720)	(111)
Surrendered to RDF Fund/Donor		-	(4,218)
Current payments		(85,013)	(73,583)
Payment for financial assets		(102)	(327)
Transfers and subsidies paid		(47,861)	(55,771)
<b>Net cash flow available from operating activities</b>	15	<b>4,524</b>	<b>7,105</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	8	(4,662)	(4,209)
Proceeds from sale of capital assets	2.4	14	31
<b>Net cash flows from investing activities</b>		<b>(4,648)</b>	<b>(4,178)</b>
Net increase/(decrease) in cash and cash equivalents		(124)	2,927
Cash and cash equivalents at beginning of period		373	(2,554)
<b>Cash and cash equivalents at end of period</b>	16	<b>249</b>	<b>373</b>

## 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. Management has concluded that the financial statements present fairly the department's primary and secondary information.

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. Comparative information

#### 6.1 Prior period comparative information

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

#### 6.2 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.

**NATIONAL SCHOOL OF GOVERNMENT (NSG)**  
VOTE 12a  
**ACCOUNTING POLICIES**  
for the year ended at 31 March 2016

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## 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.

### 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.

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### 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.

### 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 as a current liability.

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. Write-offs are made according to the department's write-off policy.

## 13. Investments

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

## 14. Financial Assets

### 14.1 Financial assets (not covered elsewhere)

A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial.

At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

## 14.2 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 payables 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 reliably, 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) may be recorded at R1.

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 reliably, 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) may be 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 reliably, 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) may be 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 value of the irregularity unless it is impracticable to determine, in which case reasons therefor are provided in the note.

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

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

## 21. Changes in accounting policies, accounting estimates and errors

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

## 22. Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.

## 23. Principal-Agent arrangements

The department is not party to any principal-agent arrangement.

## 24. Departures from the MCS requirements

Management has concluded that the financial statements present fairly the department's primary and secondary information; that the department complied with the Standard except that it has departed from a particular requirement to achieve fair presentation; and the requirement from which the department has departed, the nature of the departure and the reason for departure.

## 25. Capitalisation reserve

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

## 26. Recoverable revenue

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

## 27. Related party transactions

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.

## 28. Inventories (Effective from 1 April 2017)

At the date of acquisition, inventories are recorded at cost price in the notes to the financial statements

Where inventories are acquired as part of a non-exchange transaction, the cost of inventory is its fair value at the date of acquisition.

Inventories are subsequently measured at the lower of cost and net realisable value or the lower of cost and current replacement value.

## 29. Public-Private Partnerships

Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.

A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.

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## I. Annual Appropriation

### I.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:

	2015/16			2014/15
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received
	R'000	R'000	R'000	R'000
Administration	92,644	92,644	-	82,911
Public Sector Organisational and Staff Development	47,795	47,795	-	55,597
<b>Total</b>	<b>140,439</b>	<b>140,439</b>	<b>-</b>	<b>138,508</b>

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## 2. Departmental revenue

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
Sales of goods and services other than capital assets	2.1	33	30
Interest, dividends and rent on land	2.2	50	50
Transactions in financial assets and liabilities	2.3	5	-
Sales of capital assets	2.4	14	31
<b>Total revenue collected</b>		<b>102</b>	<b>111</b>
Less: Own revenue included in appropriation		-	-
<b>Departmental revenue collected</b>		<b>102</b>	<b>111</b>

### 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		1	1
Other sales - commission		32	27
Sales of scrap, waste and other used current goods		-	2
<b>Total</b>		<b>33</b>	<b>30</b>

### 2.2 Interest, dividends and rent on land

Interest on bank accounts		50	50
<b>Total</b>		<b>50</b>	<b>50</b>

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Note	2015/16	2014/15
	R'000	R'000

### 2.3 Transactions in financial assets and liabilities

Receipts-Recoverable Revenue of previous year expenditure	5	-
<b>Total</b>	<b>5</b>	<b>-</b>

### 2.4 Sales of capital assets

#### Tangible Assets

Machinery and equipment	14	31
<b>Total</b>	<b>14</b>	<b>31</b>

## 3. Aid assistance

### 3.1 Aid assistance received in cash from RDP

Foreign		
Opening Balance	-	4,218
Revenue	-	-
Current expenditure	-	-
Surrendered to the RDP fund	-	(4,218)
<b>Closing Balance</b>	<b>-</b>	<b>-</b>

### 3.2 Analysis of balance

Aid assistance repayable – RDP	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>

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	2015/16	2014/15
	R'000	R'000
<b>4. Compensation of employees</b>		
<b>4.1 Salaries and Wages</b>		
Basic salary	30,031	24,998
Performance award	609	515
Service Based	49	8
Compensative/circumstantial	240	285
Other non-pensionable allowances	8,015	6,985
<b>Total</b>	<b>38,944</b>	<b>32,791</b>
<b>4.2 Social contributions</b>		
<b>Employer contributions</b>		
Pension	3,767	3,054
Medical	1,339	1,103
Bargaining council	6	5
<b>Total</b>	<b>5,112</b>	<b>4,162</b>
<b>Total compensation of employees</b>	<b>44,056</b>	<b>36,953</b>
Average number of employees	82	78

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## 5. Goods and services

	<i>Note</i>	2015/16 R'000	2014/15 R'000
Administrative fees		391	339
Advertising		787	802
Assets less than R5,000	5.1	331	341
Bursaries (employees)		697	597
Catering		410	135
Communication		1,236	904
Computer services	5.2	4,145	3,842
Consultants: Business and advisory services		280	1,176
Legal services		177	356
Contractors		754	383
Agency and support/outsourced services		8,415	9,830
Audit cost – external	5.3	4,285	3,788
Fleet Services		294	392
Inventory	5.4	79	115
Consumables	5.5	1,411	1,427
Operating leases		9,554	5,998
Property Payments	5.6	4,151	2,759
Rental and Hiring		4	-
Travel and subsistence	5.7	2,056	1,600
Venues and facilities		91	123
Training and staff development		667	863
Other operating expenditure	5.8	742	860
<b>Total</b>		<b>40,957</b>	<b>36,630</b>

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	<i>Note</i>	2015/16	2014/15
		R'000	R'000
<b>5.1 Assets less than R5,000</b>			
Tangible assets -Machinery and equipment		196	327
Intangible assets		135	14
<b>Total</b>		<b>331</b>	<b>341</b>
<b>5.2 Computer services</b>			
SITA computer services		1,886	1,369
External computer service providers		2,259	2,473
<b>Total</b>		<b>4,145</b>	<b>3,842</b>
<b>5.3 Audit cost – External</b>			
Regularity audits		4,285	3,788
<b>5.4 Inventory</b>			
Materials and Supply		79	115
<b>5.5 Consumables</b>			
Household Supplies		208	236
Other consumable materials		9	165
IT Consumables		180	71
Stationery and printing		1,014	955
<b>Total</b>		<b>1,411</b>	<b>1,427</b>

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<i>Note</i>	2015/16	2014/15
	R'000	R'000

### 5.6 Property payments

Municipal services	2,423	1,899
Property management fees	121	66
Other	1,607	794
<b>Total</b>	<b>4,151</b>	<b>2,759</b>

### 5.7 Travel and subsistence

Local	1,086	787
Foreign	970	813
<b>Total</b>	<b>2,056</b>	<b>1,600</b>

### 5.8 Other operating expenditure

Professional bodies, membership and subscription fees	62	88
Resettlement costs	1	-
Other	679	772
<b>Total</b>	<b>742</b>	<b>860</b>

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Note	2015/16	2014/15
	R'000	R'000

## 6. Payments for financial assets

Debts Written off	6.1	102	327
<b>Total</b>		<b>102</b>	<b>327</b>

### 6.1 Debts written off

Other debt written off -DPSA claims written off		-	327
Other debt written off – Sound Shop & Hillcrest Construction*		21	-
Recoverable revenue written off – VAT**		81	-
<b>Total</b>		<b>102</b>	<b>327</b>

\*Debts written off due to State Attorney unable to locate the Sound Shop and Hillcrest is unable to pay the debt as instructed by the State Attorneys.

\*\*VAT written off due to SARS not refunding the claims to the Department.

## 7. Transfers and subsidies

Departmental agencies and accounts	<i>Annex 1A</i>	47,795	55,597
Households	<i>Annex 1B</i>	66	174
<b>Total</b>		<b>47,861</b>	<b>55,771</b>

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<i>Note</i>	2015/16	2014/15
	R'000	R'000

## 8. Expenditure for capital assets

Tangible assets - Machinery and equipment	25.2	4,302	4,118
Software and other intangible assets - Computer software	26.3	360	91
<b>Total</b>		<b>4,662</b>	<b>4,209</b>

### 8.1 Analysis of funds utilised to acquire capital assets

#### Voted funds

Tangible assets - Machinery and equipment	25.2	4,302	4,118
Software and other intangible assets - Computer software	26.3	360	91
<b>Total</b>		<b>4,662</b>	<b>4,209</b>

### 8.2 Finance lease expenditure included in Expenditure for capital assets

Tangible assets			
Machinery and equipment		835	802
<b>Total</b>		<b>835</b>	<b>802</b>

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Note	2015/16	2014/15
	R'000	R'000

## 9. Unauthorised Expenditure

### 9.1 Reconciliation of unauthorised expenditure

Opening Balance	-	4,875
Prior period error	-	(4,875)
Unauthorised expenditure – discovered in current year	-	-
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	-	-
<b>Unauthorised expenditure awaiting authorisation/written off</b>	-	-

### 9.2 Prior period error

Nature of prior period error		
Relating to 2014/15 <i>[affecting the opening balance]</i>		
Unauthorised expenditure reclassified as Irregular expenditure for 2013/14	-	(4,875)
<b>Total prior period errors</b>	-	(4,875)

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## 10. Cash and cash equivalents

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
Consolidated Paymaster General Account		234	358
Cash on hand		15	15
<b>Total</b>		<b>249</b>	<b>373</b>

## 11. Receivables

	<i>Note</i>	2015/16			2014/15		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	11.1	134	-	134	1,867	-	1,867
Recoverable expenditure	11.3	-	-	-	5	-	5
Staff debt	11.4	18	-	18	22	-	22
Other debtors	11.2	1	-	1	21	-	21
<b>Total</b>		<b>153</b>	<b>-</b>	<b>153</b>	<b>1,915</b>	<b>-</b>	<b>1,915</b>

### 11.1 Claims recoverable

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
National departments	Annex 3	-	93
Provincial Departments	Annex 3	76	-
Public entities		58	1,774
<b>Total</b>		<b>134</b>	<b>1,867</b>

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<i>Note</i>	2015/16	2014/15
	R'000	R'000

### 11.2 Other debtors

Supplier Debts	-	21
Medical Fund*	1	-
<b>Total</b>	<b>1</b>	<b>21</b>

\*Employers contribution to be refunded by GEMS.

### 11.3 Recoverable expenditure

Receivable – salary reversed	-	5
<b>Total</b>	<b>-</b>	<b>5</b>

### 11.4 Staff debt

Bursary Debts	18	22
<b>Total</b>	<b>18</b>	<b>22</b>

### 11.5 Impairment of receivables

Estimate of impairment of receivables (Ageing older than 1 year)	-	33
<b>Total</b>	<b>-</b>	<b>33</b>

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<i>Note</i>	2015/16	2014/15
	R'000	R'000
Opening balance	1,918	2,175
Prior period error	-	(4,875)
As restated	1,918	(2,700)
Transfer from statement of financial performance	2,801	4,618
Add: Unauthorised expenditure for current year	-	-
Paid during the year	(4,618)	-
<b>Closing balance</b>	<b>101</b>	<b>1,918</b>

## 12. Voted funds to be surrendered to the Revenue Fund

Opening balance	1,918	2,175
Prior period error	-	(4,875)
As restated	1,918	(2,700)
Transfer from statement of financial performance	2,801	4,618
Add: Unauthorised expenditure for current year	-	-
Paid during the year	(4,618)	-
<b>Closing balance</b>	<b>101</b>	<b>1,918</b>

### 12.1 Prior period error

Nature of prior period error		
Relating to 2014/15 <i>[affecting the opening balance]</i>		
Unauthorised expenditure reclassified as Irregular expenditure for 2013/14	-	(4,875)
<b>Total prior period errors</b>	<b>-</b>	<b>(4,875)</b>

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Note	2015/16	2014/15
	R'000	R'000

### 13. Departmental revenue to be surrendered to the Revenue Fund

Opening balance	2	2
Transfer from Statement of Financial Performance	102	111
Paid during the year	(102)	(111)
Closing balance	2	2

### 14. Payables – current

Amounts owing to other entities	<i>Annex 5</i> 299	368
Total	299	368

### 15. Net cash flow available from operating activities

Net surplus/(deficit) as per Statement of Financial Performance	2,903	4,729
Add back non cash/cash movements not deemed operating activities	1,621	2,376
(Increase)/decrease in receivables – current	1,762	2,454
(Increase)/decrease in prepayments and advances	-	-
Increase/(decrease) in payables – current	(69)	73
Proceeds from sale of capital assets	(14)	(31)
Expenditure on capital assets	4,662	4,209
Surrenders to RDP Fund/Donor	-	(4,218)
Surrenders to Revenue Fund	(4,720)	(111)
<b>Net cash flow generated by operating activities</b>	<b>4,524</b>	<b>7,105</b>

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Note	2015/16	2014/15
	R'000	R'000

## 16. Reconciliation of cash and cash equivalents for cash flow purposes

Consolidated Paymaster General account	234	358
Cash on hand	15	15
<b>Total</b>	<b>249</b>	<b>373</b>

## 17. Contingent liabilities and contingent assets

Claims against the department	100	-
<b>Total</b>	<b>100</b>	<b>-</b>

## 18. Commitments

Current expenditure - approved and contracted	16,302	379
<b>Total Commitments</b>	<b>16,302</b>	<b>379</b>

Included in the commitments are commitments for 2 years for R3,615m; 3 years for R2,052m and 5 years for R9,614m.

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## 19. Accruals

### Listed by economic classification

	30 days	>30 Days	Total	Total
Goods and services	4,677	-	4,677	1,340
<b>Total</b>	<b>4,677</b>	<b>-</b>	<b>4,677</b>	<b>1,340</b>

	2015/16	2014/15
	R'000	R'000
Programme 1 - Administration	4,677	1,340
Confirmed balances with other government entities	299	368

## 20. Employee benefits

Leave entitlement	1,856	1,502
Service bonus (Thirteenth cheque)	1,317	1,094
Capped leave commitments	1,107	1,038
Performance awards	702	425
<b>Total</b>	<b>4,982</b>	<b>4,059</b>

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## 21. Lease commitments

### a. Finance leases expenditure

2015/16	Vehicles	Machinery and equipment	Total
	R'000	R'000	R'000
Not later than 1 year	765	423	1,188
Later than 1 year and not later than 5 years	72	173	245
<b>Total lease commitments</b>	<b>837</b>	<b>596</b>	<b>1,433</b>

2014/15	Vehicles	Machinery and equipment	Total
	R'000	R'000	R'000
Not later than 1 year	845	1,581	2,426
Later than 1 year and not later than 5 years	837	320	1,157
<b>Total lease commitments</b>	<b>1,682</b>	<b>1,901</b>	<b>3,583</b>

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<i>Note</i>	2015/16	2014/15
	R'000	R'000
Opening balance	4,875	-
Prior period error	-	4,875
Add: Irregular expenditure – relating to current year	38	294
Less: Prior year amounts condoned	-	-
Less: Current year amounts condoned	(38)	(294)
<b>Irregular expenditure awaiting condonation</b>	<b>4,875</b>	<b>4,875</b>

## 22. Irregular Expenditure

### 22.1 Reconciliation of irregular expenditure

Opening balance		4,875	-
Prior period error	22.4	-	4,875
Add: Irregular expenditure – relating to current year		38	294
Less: Prior year amounts condoned		-	-
Less: Current year amounts condoned		(38)	(294)
<b>Irregular expenditure awaiting condonation</b>		<b>4,875</b>	<b>4,875</b>

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**2015/16**

**R'000**

## 22.2 Details of irregular expenditure current year

Incident	Disciplinary steps taken/criminal proceedings	
EOH Mthombo – Services received before approval was granted to deviate from normal procurement process	Condoned	38
<b>Total</b>		<b>38</b>

## 22.3 Details of irregular expenditure condoned

Incident	Condoned by	
EOH Mthombo – Services received before approval was granted to deviate from normal procurement process	Principal (DG)	38
<b>Total</b>		<b>38</b>

## 22.4 Details of irregular expenditure under investigation

Incident	Not condoned by	
Unauthorised expenditure reclassified as irregular expenditure relating to 2013/14	Principal (DG) Condoned after reporting date	4,875
<b>Total</b>		<b>4,875</b>

## 22.5 Prior period error

Nature of prior period error		
Relating to 2013/14 <i>[affecting the opening balance]</i>		
Unauthorised expenditure reclassified as irregular expenditure relating to 2013/14		4,875
<b>Total prior period errors</b>		<b>4,875</b>

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## 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.

<b>Entity</b>	<b>Nature of transactions</b>
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

<i>Note</i>	2015/16	2014/15
	R'000	R'000

### 23.1 Analysis of transactions with related parties

#### Revenue received

Tax revenue

1,764                      6,142

**Total**

**1,764                      6,142**

#### Payments made

Goods and services

(1,910)                      (5,952)

**Total**

**(1,910)                      (5,952)**

#### Year end balances arising from revenue/payments

Payables to related parties

73                                      219

**Total**

**73                                      219**

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## 24. Key management personnel

	No. of Individuals	2015/16 R'000	2014/15 R'000
Level 15 to 16	2	3,665	3,023
Level 14	4	4,838	3,411
<b>Total</b>		<b>8,503</b>	<b>6,434</b>

## 25. Movable Tangible Capital Assets

### 25.1 Movement in movable tangible capital assets per asset register for the year ended 31 March 2016

	Opening balance R'000	Curr Year Adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>MACHINERY AND EQUIPMENT</b>	26,275	-	3,467	796	28,946
Computer equipment	17,917	-	1,856	610	19,163
Furniture and office equipment	6,678	-	1,346	186	7,838
Other machinery and equipment	1,680	-	265	-	1,945
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>26,275</b>	<b>-</b>	<b>3,467</b>	<b>796</b>	<b>28,946</b>

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**25.2 Additions to movable tangible capital assets per asset register for the year ended 31 March 2016**

	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
<b>MACHINERY AND EQUIPMENT</b>	4,302	(835)	-	3,467
Transport Assets	642	(642)	-	-
Computer equipment	1,856	-	-	1,856
Furniture and office equipment	1,346	-	-	1,346
Other machinery and equipment	458	(193)	-	265
<b>TOTAL</b>	<b>4,302</b>	<b>(835)</b>	<b>-</b>	<b>3,467</b>

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**25.3 Disposals of movable tangible capital assets per asset register for the year ended 31 March 2016**

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	796	-	796	14
Computer equipment	610	-	610	13
Furniture and office equipment	186	-	186	1
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>796</b>	<b>-</b>	<b>796</b>	<b>14</b>

**25.4 Movement in movable tangible capital assets per asset register for the year ended 31 March 2015**

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	26,710	3,223	3,658	26,275
Transport assets	162	-	162	-
Computer equipment	18,006	3,136	3,225	17,917
Furniture and office equipment	6,761	87	170	6,678
Other machinery and equipment	1,781	-	101	1,680
<b>TOTAL MOVABLE TANGIBLE ASSETS</b>	<b>26,710</b>	<b>3,223</b>	<b>3,658</b>	<b>26,275</b>

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**25.5 Minor assets of the department at 31 March 2016**

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Opening balance	548	8,121	8,669
Value adjustments	-	(5)	(5)
Additions	135	201	336
-Disposals	-	(171)	(171)
<b>TOTAL MINOR ASSETS</b>	<b>683</b>	<b>8,146</b>	<b>8,829</b>

Number of minor assets at cost  
**TOTAL NUMBER OF MINOR ASSETS**

	Intangible assets	Machinery and equipment	Total
	1,176	3,243	4,419
	<b>1,176</b>	<b>3,243</b>	<b>4,419</b>

**25.6 Minor assets of the department as at 31 March 2015**

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Opening balance	1,011	8,215	9,226
Additions	14	344	358
Disposals	(477)	(438)	(915)
<b>TOTAL MINOR ASSETS</b>	<b>548</b>	<b>8,121</b>	<b>8,669</b>

Number of minor assets at cost  
**TOTAL NUMBER OF MINOR ASSETS**

	Intangible assets	Machinery and equipment	Total
	1,146	3,319	4,465
	<b>1,146</b>	<b>3,319</b>	<b>4,465</b>

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## 26. Intangible Capital Assets

### 26.1 Movement in intangible capital assets per asset register for the year ended 31 March 2016

	Opening balance	Current adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Computer software	448	-	360	-	808
<b>TOTAL MOVABLE INTANGIBLE ASSETS</b>	<b>448</b>	<b>-</b>	<b>360</b>	<b>-</b>	<b>808</b>

### 26.2 Movement in intangible capital assets per asset register for the year ended 31 March 2015

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Computer software	1,013	91	656	448
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>1,013</b>	<b>91</b>	<b>656</b>	<b>448</b>

### 26.3 Additions to Intangible Capital Assets per Asset Register For The Year Ended 31 March 2016

	Cash	Non-Cash	Total
	R'000	R'000	R'000
Computer software	360	-	360
<b>TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS</b>	<b>360</b>	<b>-</b>	<b>360</b>

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## 27. Prior period errors

### 27.1 Correction of prior period errors

	<i>Note</i>	2014/15
<b>Current Assets:</b>		
Unauthorised expenditure reclassified as Irregular expenditure of 2013/14, approved by Principal		(4,875)
Net effect		(4,875)
<b>Liabilities:</b>		
Voted funds to be surrendered		(4,875)
Net effect		(4,875)

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## ANNEXURE 1A

### STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2014/15
	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	55,796	-	(8,001)	47,795	47,795	100.0%	55,597
<b>Total</b>	<b>55,796</b>	<b>-</b>	<b>(8,001)</b>	<b>47,795</b>	<b>47,795</b>	<b>100.0%</b>	<b>55,597</b>

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## ANNEXURE 1B

### STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2014/15
	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	-	-	66	66	66	100.0%	174
<b>Total</b>	-	-	<b>66</b>	<b>66</b>	<b>66</b>	<b>100.0%</b>	<b>174</b>

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## 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 kind:						
GIZ	Development of 5 case studies for NSG/Khaedu programme	-	-	320	(320)	-
GIZ	Development of a trainer professionalisation policy	-	-	500	(500)	-
		-	-	820	(820)	-

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## 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	
		2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
<b>Controlled entities</b>									
NSG Training Trading Account	Training	-	-	91,547	131,773	-	-	58	1,693
<b>TOTAL</b>		<b>-</b>	<b>-</b>	<b>91,547</b>	<b>131,773</b>	<b>-</b>	<b>-</b>	<b>58</b>	<b>1,693</b>

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## ANNEXURE 3

### STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2016

Nature of Liability	Opening Balance 1 April 2015	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2016
	R'000	R'000	R'000	R'000	R'000
<p><b>Claims against the department</b></p> <p>Employee of the NSG who is claiming compensation and/or protected promotion in respect of five positions.</p> <p>The aggrieved employee intended to include the appointed employees into the five positions as respondents (parties to the dispute).</p>	-	100	-	-	100
<b>TOTAL</b>	-	100	-	-	100

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## ANNEXURE 4

### CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Department</b>						
<u>National Departments</u>						
Public Service and Administration	-	93	-	-	-	93
<u>Provincial Departments</u>						
Human Settlements	76	-	-	-	76	-
	76	93	-	-	76	93
<b>Other Government Entities</b>						
NSG Training Trading Account	58	1,693	-	-	58	1,693
SARS: VAT Input	-	-	-	81	-	81
GEMS	1	-	-	-	1	-
	59	1,693	-	81	59	1,774
<b>Total</b>	<b>135</b>	<b>1,786</b>	<b>-</b>	<b>81</b>	<b>135</b>	<b>1,867</b>

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## ANNEXURE 5

### INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	R'000	R'000	R'000	R'000	R'000	R'000
SA Revenue Services	296	368	-	-	296	368
GEPF	3	-	-	-	3	-
<b>Subtotal</b>	<b>299</b>	<b>368</b>	<b>-</b>	<b>-</b>	<b>299</b>	<b>368</b>

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## ANNEXURE 6

### INVENTORY

Inventory	2015/16		2014/15	
	Quantity	R'000	Quantity	R'000
Opening balance	3,730	129	4,810	135
Add/(Less): Adjustments to prior year balance	7	46	-	(1)
Add: Additions/Purchases - Cash	19,153	3,769	19,010	13,153
Add: Additions - Non-cash	112	-	740	-
(Less): Disposals	(63)	(3)	-	-
(Less): Issues	(20,492)	(3,816)	(20,830)	(13,181)
Add/(Less): Adjustments	(155)	(46)	-	23
<b>Closing balance</b>	<b>2,292</b>	<b>79</b>	<b>3,730</b>	<b>129</b>

REPORT OF THE AUDITOR-GENERAL  
for the year ended at 31 March 2016

## Report of the Auditor-General

### Introduction

1. I have audited the financial statements of the National School of Government Training Trading Account set out on pages 189 to 221 which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget information with actual information 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 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 separate 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 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.

REPORT OF THE AUDITOR-GENERAL  
for the year ended at 31 March 2016

### Report on other legal and regulatory requirements

7. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined for selected programmes presented in the annual performance report, compliance with legislation and 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 thereon.

#### 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 trading entity for the year ended 31 March 2016:

#### Programme 2: Public sector organisational and staff development on pages 56 to 78.

9. 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 programmes. 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)*.
10. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
11. The material finding in respect of the selected programme is as follows:

### Programme 2: Public sector organisational and staff development

#### Usefulness of reported performance information

12. Treasury regulation 5.2.4 requires the annual performance plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 50% reported indicators and targets were not consistent with those in the approved annual performance plan.

#### Reliability of reported performance information

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

#### Additional matter

14. I draw attention to the following matter:

#### Achievement of planned targets

15. Refer to the annual performance report on pages 56 to 78 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness of the reported performance information for the selected programmes reported in paragraph 12 of this report.

#### 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 material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

# NATIONAL SCHOOL OF GOVERNMENT (NSG) TRAINING TRADING ACCOUNT

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

## REPORT OF THE AUDITOR-GENERAL

for the year ended at 31 March 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

### Procurement and contract management

17. Goods and services with a transaction value of below R500 000 were procured without obtaining the required price quotations as per treasury regulation 16A6.1.

### Expenditure management

18. Effective steps were not taken to prevent irregular expenditure amounting to R249 000, as disclosed in note 16 of the annual financial statements, in contravention of section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1.

### 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 the annual performance report and findings on compliance with legislation included in this report.

### Financial and performance management

20. Management did not adequately review and monitor compliance with applicable legislation to prevent the irregular expenditure incurred.
21. Management did not adequately review and monitor compliance with applicable legislation relating to consistency required for indicators and targets between the annual performance plan and annual performance report.

*Auditor-General*

Pretoria

30 July 2016



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

STATEMENT OF RESPONSIBILITY  
for the year ended at 31 March 2016

## STATEMENT OF RESPONSIBILITY

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.

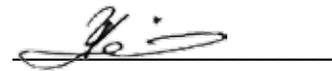
The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable, but not absolute, assurance that assets are safeguarded and transactions executed and recorded in accordance with generally accepted business practices, as well as the 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 2016, as set out on pages 189 to 221.



**Accounting Officer**

**Date: 31 August 2016**

**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 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
<b>REVENUE</b>		<b>116,215</b>	<b>149,073</b>
Revenue from exchange transactions	<u>3</u>	68,420	93,476
Revenue from non-exchange transactions	<u>4</u>	47,795	55,597
<b>EXPENDITURE</b>		<b>(156,401)</b>	<b>(148,825)</b>
Employee benefits	<u>5</u>	(71,506)	(61,471)
Operating expenses	<u>6</u>	(84,895)	(87,354)
<b>(DEFICIT) / SURPLUS FOR THE YEAR</b>		<b>(40,186)</b>	<b>248</b>

**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 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

	Note	2015/16	2014/15
		R'000	R'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	145,908	117,261
Receivables from exchange transactions	8	2,844	25,526
<b>Non-current assets</b>			
Intangible assets	9	20,852	17,803
<b>Total Assets</b>		<b>169,604</b>	<b>160,590</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payable from exchange transaction	10	69,241	20,749
Payable from non-exchange transaction	11	1,358	1,444
Employee benefits	12	7,458	6,664
<b>Total liabilities</b>		<b>78,057</b>	<b>28,857</b>
<b>Total net assets</b>		<b>91,547</b>	<b>131,733</b>
<b>NET ASSETS</b>			
<b>Reserves</b>			
Accumulated surplus		91,547	131,733
<b>NET ASSETS</b>		<b>91,547</b>	<b>131,733</b>

**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 CHANGE IN NET ASSETS**  
 for the year ended at 31 March 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

	Note	R'000
<b>ACCUMULATED SURPLUS</b>		R'000
Balance as at April 1, 2014		131,485
Surplus for the year		248
Balance as at April 1, 2015		131,733
Deficit for the year		(40,186)
Balance as at March 31, 2016		91,547

**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 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
<b>Cash flows from operating activities</b>			
Cash Receipts		189,351	155,396
Transfers		47,795	55,597
Courses rendered		135,208	94,875
Interest received	<u>3</u>	6,348	4,924
<b>Cash Payment</b>		<b>(157,389)</b>	<b>(149,968)</b>
Employee costs		(70,640)	(61,271)
Goods and services		(86,749)	(88,697)
<b>Net cash generated from/(utilised in) operating activities</b>	<u>13</u>	<u>31,962</u>	<u>5,428</u>
<b>Cash flows from investing activities</b>			
Payments for intangible assets		(3,315)	(1,615)
<b>Cash flows from investing activities</b>		<u>(3,315)</u>	<u>(1,615)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		28,647	3,813
<b>Cash and cash equivalents at the beginning of the year</b>		117,261	113,448
<b>Cash and cash equivalents at the end of the year</b>	<u>7</u>	<u>145,908</u>	<u>117,261</u>

**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 COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
for the year ended at 31 March 2016

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2015/16

	Approved Budget	Actual	Variance Amounts
Note	2015/16	2015/16	2015/16
	R'000	R'000	R'000
<b>REVENUE</b>	<b>193,746</b>	<b>116,215</b>	<b>(77,531)</b>
Transfers NSG	47,795	47,795	-
Rendering of services - course fees	143,632	60,134	(83,498)
Fair value of donated assets	-	-	-
Bad Debts Recovered	-	134	134
Interest received: bank deposits	2,319	6,348	4,029
Interest received: trade receivables	-	1,804	1,804
<b>EXPENDITURE</b>	<b>(193,746)</b>	<b>(156,401)</b>	<b>37,345</b>
Employee benefits	(82,619)	(71,506)	11,113
Operating expenses	(111,127)	(84,895)	26,232
<b>Surplus/(deficit) from operating activities</b>	<b>-</b>	<b>(40,186)</b>	<b>(40,186)</b>
Capital expenditure			
Software and intangible assets	-	(3,315)	(3,315)
<b>Budget surplus/(deficit)</b>	<b>-</b>	<b>(43,501)</b>	<b>(43,501)</b>
	14		

## 1. 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 Standards of GRAP issued but not yet effective

The Standard 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.

### 1.3 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

### 1.4 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).

### 1.5 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.

### 1.6 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.

#### 1.6.1 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 10.5% (2014/15: 9.25%) 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.

### 1.6.2 Determination of allowance for doubtful debts

The calculation in respect of the impairment of debtors is based on a historical assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to subsequently make payments. The entity has recognised an allowance for doubtful debts of 100% against all receivables over 2 years because historical experience has been that receivables that are past due beyond 2 years are not recoverable. Refer to note 8.

### 1.7 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, 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.

### 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.

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.

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 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended at 31 March 2016

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.

### 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.

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### 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, Act 58 of 1962 as amended.

The entity is exempt from paying VAT (Value Added Tax) in terms of the Value-Added Tax Act, Act 89 of 1991 as amended.

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	2015/16	2014/15
	R'000	yayaR'000
<b>3. Revenue from exchange transactions</b>		
Courses rendered	60,134	86,617
Interest Revenue	8,152	6,859
Trade Receivables	1,804	1,935
Bank deposits	6,348	4,924
Bad Debts Recovered	134	-
	<b>68,420</b>	<b>93,476</b>

**4. Revenue from non-exchange transactions**

Funds from the Department (NSG)	47,795	55,597
Funds from National Treasury – development of course material	-	-
Donations of intangible asset of fair value	-	-
Total	<b>47,795</b>	<b>55,597</b>

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	71,506	61,471
Average number of employees	119	114

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	2015/16	2014/15
	R'000	R'000
<b>6. Operating expenses</b>		
Property rental payments	15,587	9,785
Equipment rental payment	3,039	4,064
Communication cost	1,261	1,306
Property payments	2,690	1,275
Consumables, materials and supplies	194	255
General administrative expenses	3,095	639
Gifts and promotional items	214	127
Marketing	17	-
Training and consultancy services	29,998	42,221
Venue and facilities	4,688	7,958
Travel and subsistence	6,710	6,797
Movement in the allowance for doubtful debt	4,949	(2,580)
Stationery and printing	10,957	8,922
Staff training and development	629	295
Catering departmental activities	553	129
Impairment of intangible assets	-	170
Disposal of intangible assets	266	420
Theft and losses- other debt written off	12	2,428
Theft and losses – debtors debt written off	36	3,143
<b>Total</b>	<b>84,895</b>	<b>87,354</b>

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2015/16	2014/15
R'000	R'000

## 7. Cash and cash equivalents

Current cash at commercial banks

145,908	117,261
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## 8. Receivables from exchange transactions

	Less than one year	One to two years	More than two years	Total 2015/16	Total 2014/15
	R'000	R'000	R'000	R'000	R'000
Trade receivables	764	2,081	13,662	16,506	34,010
Allowance for doubtful debts	-	-	(13,662)	(13,662)	(8,713)
Net trade receivables	764	2,081	-	2,844	25,297
Other receivables	-	-	-	-	229
<b>Total</b>	<b>764</b>	<b>2,081</b>	<b>-</b>	<b>2,844</b>	<b>25,526</b>

## 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 72 days (2014/15: 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 10.5% (2014/15: 9.25%) per annum on the outstanding balance.

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 the public service.

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 72 days (2014/15: 92 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.

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**8.2 Trade receivables past due, not impaired – 2015/16**

	61 to 365 days	366 to 730 days	TOTAL 2015/16
	R'000	R'000	R'000
Nominal Value	2,280	6,341	8,654
Impairment Adjustment	(43)	-	(43)
<b>Total</b>	<b>2,237</b>	<b>6,374</b>	<b>8,611</b>
Trade receivables past due, not impaired – 2014/15			
Nominal Value	20,577	6,471	27,048
Impairment Adjustment	(85)	-	(85)
<b>Total</b>	<b>20,492</b>	<b>6,471</b>	<b>26,963</b>

**8.3 Impairment of trade receivables**

	2015/16	2014/15
	R'000	R'000
Balance at cost price	16,765	35,031
Less: Impairment adjustment	(258)	(245)
<b>Balance</b>	<b>16,507</b>	<b>34,010</b>

The Impairment 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 10.5% (2014/15: 9.25%).

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**8.4 Movement in the allowance for doubtful debt**

	2015/16	2014/15
	R'000	R'000
Balance at 1 April	8,713	11,293
Impairment losses recognised on receivables	4,985	563
Amounts written off during the year as uncollectible	(36)	(3,143)
Balance at 31 March	<u>13,662</u>	<u>8,713</u>

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.

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## 9. Intangible assets

	2015/16	2014/15
	R'000	R'000
Cost	23,043	19,994
Accumulated amortisation and impairment	(2,191)	(2,191)
Carrying amount	<u>20,852</u>	<u>17,803</u>

### Reconciliation

	Training Courses	TMS	Total 2015/16
	R'000	R'000	R'000
Gross carrying amount at 31 March 2014	14,449	2,328	13,644
Additions *	1,615	-	1,615
Impairment	(170)	-	(170)
Disposal	(419)		(419)
Gross carrying amount 31 March 2015	<u>15,474</u>	<u>2,328</u>	<u>17,803</u>
Additions	3,315	-	3,315
Disposal	(266)	-	(266)
Impairment	-	-	-
Gross carrying amount at reporting period	<u>18,524</u>	<u>2,328</u>	<u>20,852</u>

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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.

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

	2015/16	2014/15
Capitalised training course development	Indefinite	Indefinite
Capitalised training management system	Indefinite	Indefinite

### 10. Payable from exchange transaction

Trade and other payables

	30 Days	30+ days	Total 2015/16	Total 2014/15
	R'000	R'000	R'000	R'000
Trade creditors	11,858	-	11,858	6,282
Amounts due to customers: trade debtors	55,451	2,148	57,598	12,774
Amount owed to NSG Vote 12a	58	-	58	1,693
<b>Total</b>	<b>67,094</b>	<b>2,148</b>	<b>69,241</b>	<b>20,749</b>

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	2015/16	2014/15
	R'000	R'000
<b>11. Payable from non-exchange transaction</b>		
National Treasury advance for course development	1,358	1,358
DPSA advance for anticorruption project	-	86
Advance receipts	<u>1,358</u>	<u>1,444</u>
<b>12. Employee Benefits</b>		
<b>Leave entitlement</b>	<b>4,291</b>	<b>3,935</b>
Carrying amount at the beginning of the period	3,935	3,691
Current service costs	7,165	1,888
Less: benefits utilized	(6,809)	(1,644)
<b>13<sup>th</sup> cheque</b>	<b>1,936</b>	<b>1,652</b>
Carrying amount at the beginning of the period	1,652	1,670
Current service costs	1,936	1,652
Less: benefits utilized	(1,652)	(1,670)
<b>Performance bonus</b>	<b>1,231</b>	<b>1,077</b>
Carrying amount at the beginning of the period	1,077	1,102
Current service costs	1,326	1,009
Less: benefits utilized	(1,173)	(1,034)
	<u>7,458</u>	<u>6,664</u>

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

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**13. Net cash flow available from operating activities**

	2015/16	2014/15
	R'000	R'000
(Deficit) / Surplus for the year	(40,186)	248
<i>Adjusted for Non-cash movements</i>	6,057	4,201
Allowance for doubtful debt	4,949	(2,580)
Bad Debts written off	48	5,571
Deferred revenue recognised	-	-
Non-cash donations	-	420
Disposal of intangible assets	266	420
Impairment of assets	-	170
Change in estimates of employee benefits	794	200
Operating cash flows before working capital changes	(34,129)	4,449
Working capital changes	66,091	979
Decrease/(increase) in receivables from exchange transactions	73,049	6,222
Increase/(Decrease) in payables from exchange transactions	(6,958)	(5,243)
<b>Net cash inflows/(outflows) from operating activities</b>	<b>31,962</b>	<b>5,428</b>

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### 14. Budget information

The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 April 2015 to 31 March 2016.

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

R'000

(43,501)

Capital expenditure

3,315

Deficit for the year per Financial statements

(40,186)

Reason for budget deviation in revenue

The revenue performance for the financial year 2015/16 reflects an unfavourable variance of R83.4 million due low uptake courses and impact of transition to the NSG.

Reason for budget deviation in expenditure

Savings of R11 million on compensation of employees and R27 million on operational expenses due to a decrease in training related expenses and consultants used.

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## 15. Financial instruments

### 15.1 Capital risk management

The entity does not have share capital that is publicly tradable on the capital markets. Upon closure of the entity all assets and liabilities will be transferred to the controlling department as required by Treasury Regulation 19.9.

The objectives when managing capital (retained earnings) are to safeguard the entity's ability to continue as a going concern on the cost-recovery basis and to execute government priorities through service delivery. The annual financial statements of the entity have been prepared on the going concern basis.

### 15.2 Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in note 1.

### 15.3 Categories of financial instruments

	2015/16	2014/15
	R'000	R'000
Amortised cost		
Cash and bank balances (Note 7)	145,908	117,261
Trade and other receivables (Note 8)	2,844	25,526
	<b>148,752</b>	<b>142,787</b>
<b>Financial liabilities</b>		
Amortised cost		
Trade and other payables (Note 10)	69,241	20,749

## 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.

## 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.

## 15.8 Impairment 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.

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### 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

	2015/16	2014/15
	R'000	R'000
Revenue from non-exchange transactions	47,795	55,597
Outstanding balances - claims payable	58	1,693

The National School of Government transfers allocated funds to the Trading Account as non-conditional grant. The NSG operating expenditure that are shared or incurred on behalf of the Trading entity are recovered through claims.

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### 16.2 Key management personnel

	Basic salary	Other short term employee benefits	Post-employment benefits	Total
<b>MARCH 2016</b>				
Mr B Maja - Deputy Director General	999	694	130	1,823
Mr S Manana - Acting Deputy Director General	772	336	100	1,208
Prof TD Potgieter - Acting Branch Head TPP	798	270	104	1,172
	<b>2,569</b>	<b>1,300</b>	<b>334</b>	<b>4,203</b>
<b>MARCH 2015</b>				
Mr B Maja - Deputy Director General	743	399	97	1,239
Mr S Manana - Acting Deputy Director General	648	469	84	1,201
	<b>1,391</b>	<b>868</b>	<b>181</b>	<b>2,440</b>

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

Official	Position
Prof RM Levin	Principal
Ms MTshikwatamba	Deputy Director General
Ms P Mkwanazi	Chief Financial Officer

Key management personnel are appointed in terms of the Public Service Act, Act 103 of 1994 as amended. The remuneration of the key management personnel is determined in accordance with the Senior Management Service remuneration scales issued by the Department of Public Service and Administration on an annual basis. Performance awards are approved by the Accounting Officer 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.

## 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 244,516 per month (2014/15: R 247,629) 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. The renewal period is four years and eleven months. The average lease payment is R1,583,004 per month (2014/15: R 1,315,125) 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. Irregular expenditure

### 18.1 Reconciliation

Opening balance

Add: Irregular expenditure – current year

Add: Irregular expenditure – prior year

Less: Amounts condoned

Irregular expenditure awaiting condonement

	2015/16	2014/15
	R'000	R'000
Opening balance	-	-
Add: Irregular expenditure – current year	249	126
Add: Irregular expenditure – prior year	-	-
Less: Amounts condoned	(249)	(126)
Irregular expenditure awaiting condonement	-	-

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### 18.2 Details of irregular expenditure - Current year

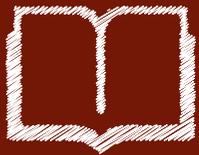
			2015/16
			R' 000
Incident	Disciplinary steps taken	Condoned by (condoning authority) DG	
SCM evaluated a minimum of two (2) quotations and the 3rd regarded as nonresponsive instead of the required three (3) quotations as per threshold value. Approval for deviation was not requested	No Action	Condoned	249
Total			-

### 19. Events after reporting period

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

### 20. Approval of Financial Statements

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



# PART F

## SOCIAL RESPONSIBILITY

## I. INTERNATIONAL MANDELA DAY 2015

For the 2015 International Mandela Day, the NSG identified a home for the aged in Mamelodi, called Mamelodi Home for the Aged. The centre consists of 60 senior citizens who are between the ages of 60 and 78. The centre, managed by four individuals from the community of Mamelodi, operates and survives through funding from Social Development, community churches and funding from local business people. All 60 senior citizens live at the centre, and are cared for by care givers who are in the field of nursing.

A needs assessment of the centre was done and communicated to the NSG staff. Based on the needs that the centre identified, the NSG took part in the following activities:

### **Project 1: Cleaning of the Old Age facility**

The NSG team provided cleaning services for the facility. The team cleaned the kitchen of the old age centre and the dining area. Additionally, NSG staff cleaned the outside area of the dining hall.

### **Project 2: Personal Hygiene services**

The team also spent time with the elderly and provided manicure and pedicure services. The elderly were also treated to hair care in the form of shaving and trimming the hair.

### **Project 3: Celebration of Birthdays**

The elderly were treated to cakes and snacks as some celebrated their birthdays during that week.

### **Project 4: Donations by staff**

NSG staff members were requested to donate various items for the centre and the following contributions were made:

- ✓ Clothing
- ✓ Non-perishable foods
- ✓ Toiletries
- ✓ Cash donations

The organising team also purchased new linen and toiletry for the elderly with cash donations by staff.

About 35 NSG employees participated in the project.





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