

# Annual Report

2017/2018

Learn. Grow. Serve.



**school of government**

Department:  
National School of Government  
REPUBLIC OF SOUTH AFRICA





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National School of Government  
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**NATIONAL SCHOOL OF GOVERNMENT  
VOTE 10**

**ANNUAL REPORT**

**2017/18 FINANCIAL YEAR**

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# Part A:

GENERAL  
INFORMATION

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## I. DEPARTMENT GENERAL INFORMATION

The National School of Government (NSG) is 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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In terms of the current institutional configuration, the members of the Executive Management Committee (EMC) of the NSG and their contact details are reflected below:

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## I. LIST OF ABBREVIATIONS

ANC	African National Congress	NACH	National Anti-Corruption Hotline
ACTT	Anti-Corruption Task Team	NDP	National Development Plan
BAS	Basic Accounting System	NEPAD	New Partnership for Africa's Development
BRICS	Brazil, Russia, India, China and South Africa	NIPAM	Namibia Institute of Public Administration and Management
SBL	School of Business Leadership	NSG	National School of Government
CPSI	Centre for Public Service Innovation	NYDA	National Youth Development Agency
CPSI	Centre for Public Service Innovation	OHS	Occupational Health and Safety
CAG	China Academy of Governance	PSTF	Public Sector Trainers Forum
DDG	Deputy Director-General	PSA	Public Service Act
DG	Director-General	PSC	Public Service Commission
DPME	Department of Planning, Monitoring and Evaluation	QMS	Quality Management System
DRP	Disaster Recovery Plan	RMC	Risk Management Committee
EDP	Executive Development Programme	SITA	State Information Technology Agency
FSB	Financial Services Board	SIU	Special Investigations Unit
4IR	Fourth Industrial Revolution	SCOPA	Standing Committee on Public Accounts
GEMS	Government Employees Medical Scheme	TTA	Training Trading Account
IIC	Individual Independent Contractor	UNISA	University of South Africa
KPA	Key Performance Area	WSP	Workplace Skills Plan
MTSF	Medium Term Strategic Framework	YES	Youth Employment Service
MPSA	Ministry for Public Service and Administration		



### 3. FOREWORD BY THE MINISTER



**MS AYANDA DLODLO, MP**  
Minister for Public Service and Administration

Government dedicated the year 2017 to one of the world's greatest leaders – Oliver Reginald Tambo – who would have turned 100 years in age on 27 October 2017. He is described as an illustrious son of our country, and a selfless patriot who has left a lasting legacy for all South Africans. It was Mr. Tambo who reminded us that: “It is our responsibility to break down barriers of division and create a country where there will be neither Whites nor Blacks, just South Africans, free and united in diversity”.

We recognise and appreciate that this democratic government under the leadership of the ruling African National Congress (ANC) has, since 1994 improved the lives of millions of our people through access to basic public services, health, education and economic opportunities. Yet, we also recognise and appreciate that so much more needs to be done to fully realise the socio-economic rights of our people. In order to realise these rights enshrined in Chapter 2 of our Constitution, public service and administration must go beyond compliance and innovate in order to meet people's needs, be developmental and participatory. The National Development Plan (NDP) points to the need to develop the capabilities of the historically disadvantaged to take advantage of the opportunities that democracy, openness and the economy can afford.

At the same time, we also have to develop the capabilities of our public servants across the country who serve our people. The resolutions taken at the ANC's 54th national

conference resolved that the transformation and modernisation of public administration should deal comprehensively with human resource development, capacity building and professionalization of the public administration and establishment of necessary systems and processes.

The National School of Government (NSG) is legislatively mandated to train and develop public servants. The mandate and core business of the NSG is in line with the NDP and the attributes of a developmental state to give impetus to building a common service ethos and a competent public service, link training and development to the national development goals, and focus training to improve work performance and service delivery. Through its suite of programmes and course offerings, the NSG addresses skills gaps. Consistent with the developmental agenda, the NSG is shifting its curriculum philosophy and approach that is designed to address matters related to social justice and transformation.

Through a combination of interventions, services and processes, the NSG is giving deeper attention to the pre-service, induction and in-service development needs of public servants. During this financial year, the NSG exceeded its annual training target by training a total of 52 557 learners, a number which includes newly appointed public servants, currently serving public servants and unemployed youth graduates. The training interventions continue to be offered in the training streams of Leadership, Management, Administration and Induction.

The NSG also partnered with a financial sector authority for the design, development and implementation of a customised Ethics online course, for the purpose of equipping the authority's employees with the skills and competencies to make ethical decisions and to uphold organisational integrity. By the end of the financial year, more than 550 employees completed the Ethics online course.

The NSG continues to strengthen its role both continentally and internationally in capacity development initiatives. During this financial year, the NSG signed Memoranda of Understanding (MoU) with the Rwanda Institute of Management as well as with NEPAD

(New Partnership for Africa's Development). The NSG also conducted workshops with Anglophone and Francophone countries in the development of the Africa Charter curriculum. The partnership with the China Academy of Governance (CAG) resulted in 25 public servants being trained on the China Training Programme from September to October 2017. The NSG also held bilateral discussions with CAG and the Fujian Academy of Governance to create a curriculum that improves the planning and implementation culture of South African public servants.

In presenting and acknowledging the performance of the National School of Government for the 2017/18 financial year, we remain committed and determined to the achievements of the aspirations of the NDP's Vision 2030 – a vision that encapsulates the ideals of Oliver Tambo and Nelson Mandela, among the many of our great leaders. Active citizenry is necessary for democracy and development to flourish. The state must act with the people, working together with other institutions to provide opportunities for the advancement of all communities. This means that education, training and skills development are critical as it affords the opportunity for society to learn and progress, and key to driving socio-economic growth so that we can achieve the goal of substantially reducing poverty, inequality and unemployment.



**MS AYANDA DLODLO, MP**

Minister for Public Service and Administration

Executive Authority for the NSG

## 4. STATEMENT BY THE DEPUTY MINISTER



**DR CHANA PILANE-MAJAKE, MP**  
Deputy Minister for Public Service and Administration

As a country, we have an obligation to empower and develop our young people to prepare them as future leaders and we dare not fail in this task. During this year, the President of the Republic of South Africa, Mr Cyril Ramaphosa, launched the Youth Employment Service (YES) programme, which aims to prepare young people for work through training and matching programmes. It is a business-led initiative in partnership with government, labour and civil society.

The National School of Government (NSG) remains cognizant of the need for government to prepare youth for public service employment and has been

rolling out the Breaking Barriers to Entry (BB2E) programme, which trains public service interns and unemployed youth graduates. During this financial year, a total of 3507 learners went through the programme, exceeding the planned annual target of 2750 learners. Whilst this achievement is recognized, we remain cognizant that more needs to be done towards unlocking youth economic potential, through unlocking funding and partnership opportunities.

Good governance is the cornerstone of effective service delivery and an absolutely essential ingredient in the fight against corruption. Proper governance structures coupled with sound decision making processes and practices are vital for ensuring a Public Service that is able to deliver on its mandate – that is, to serve the public. Chapter 10 of the Constitution of the Republic of South Africa, 1996, lays a foundation for ethical leadership in the public service. Values and principles encapsulated in Section 195 of this Chapter calls for a high standard of professional ethics which must be promoted and maintained in public administration; with

Public Administration that must be accountable. The National Development Plan advocates for an anti-corruption system that make public servants accountable, protects whistleblowers and closely monitors procurement services. The NDP further states that building integrity is an essential component of achieving good governance.

In this regard, it is pleasing to note that the NSG partnered with the Department of Public Service and Administration (DPSA) and Special Investigations Unit (SIU) to implement an Ethics and Anti-Corruption Capacity Building Programme, funding for which was approved by Cabinet in order to train officials from national and provincial departments on Ethics and Anti-corruption, and Investigations. The NSG has also made available the Ethics course as an open online course for public servants to complete. Open online courses allow for learners to study at their own pace. In addition to the Ethics course, the NSG is offering other online courses such as managing performance, for public servants to enrol and complete.

The Rutanang Ma Africa campaign was approved by Cabinet and provides the NSG with the opportunity to mitigate the loss of skills and experience by drawing retired public servants back into our programmes as facilitators and trainers. The campaign attracted interest from a significant number of individuals and organisations during this financial year, which expressed interest in facilitating training. The NSG undertook technical evaluations of all those who have applied, and the screening processes were concluded.

As the Ministry for Public Service and Administration, we are forefront in building capacity of the state and our role is to ensure that public services are delivered efficiently, effectively, in a manner that redresses the imbalances of the past and restores dignity to citizens previously denied access to basic government services. To address the triple challenges of poverty, unemployment and inequality as contained in the National Development Plan, the public service has to reinvent itself -- to find new ways of adding value to the systems and practices in place. South Africa must have a professional and ethical public service, and for this, training and development need to be constant partners in the lives of the public servants.

**DR CHANA PILANE-MAJAKE, MP**

Deputy Minister for Public Service and Administration

## 5. REPORT OF THE ACCOUNTING OFFICER



**MR BOTSHABELO MAJA**  
Acting Accounting Officer

### Introduction

Governance is cited as being key to unlocking our country's challenges. Indeed governance matters have become a challenge across all sectors of society. However, dealing with governance challenges is unlikely to bring us closer to resolving our own overarching challenge, the global conundrum of social inequality. Chapter 10 of our Constitution articulates the basic values and principles governing public administration. The values and principles are a mix of compliance, learning and developmental aspirations.

The centrality of the public service as part of the state machinery to liberate the South African masses while also contributing to the development of the African continent requires high levels of capability. We need a public service that understands and can handle the contradictions of social inequality, racial oppression, and class super-exploitation as well as economic growth where job creation is still elusive, working within the bounds of a constitution. The principles and values of public administration enshrined in our Constitution form the basis for public service interaction with society in delivering services to the citizens of the country. These principles and values must also be inculcated into the value system of our public servants, in particular through capacity development initiatives.

Furthermore, in order to progressively realise the socio-economic rights enshrined in Chapter 2 of the Constitution, public service and administration must go beyond compliance and innovate in order to meet people's needs and be developmental and participatory. Government employment programmes, land reform, social welfare and development are areas where the public service needs a dramatic change and orientation in the way in which it works. This requires a move away from a gatekeeping and control approach towards becoming a lead facilitator in the fight against poverty together with civil society and an active citizenry.

The mandate and core business of the National School of Government (NSG), in line with the NDP and the attributes of a developmental state, is to give impetus to building a common service ethos and a competent public service, link training and development to the national development goals, and focus training to improve work performance and service delivery.

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

The NSG is legislatively mandated to provide training or facilitate the provision of training in the public service. In terms of current legislative arrangements, government departments must annually budget one percent of the employee compensation budget for training of its employees. The responsibility for training employees is vested with departmental accounting officers (Public Service Act), and is undertaken primarily through competitive procurement processes.

The NSG is required to generate revenue towards ensuring its financial viability and sustainability and, as such the NSG is placed on a competitive and cost-recovery footing, together with internal and external training providers.

The cost recovery model is made up of partial funding appropriated by Parliament and income derived from cost recovery through training course fees, which is managed in the Training Trading Account (TTA). The cost recovery model approach requires that all costs associated with the design and development of learning material and implementation of training courses from the training fees are recovered.

Compulsory and demand-led training is provided in four streams (Leadership, Management, Administration and Induction) through a suite of 128 accredited and non-accredited programmes and courses. The NSG uses a hybrid training facilitation model, in the form of partnerships with higher education institutions, contractual agreements with independent individual contractors, as well as the use of existing public servants.

### Organisational Performance

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

In order to ensure a public service that is professional, accountable and development-oriented, steps must be taken, as articulated in the NDP, to promote the values and principles of public administration and build an efficient, effective and development-oriented public service as part of a capable and developmental state. The NDP highlights the need for well-run and effectively co-ordinated state institutions with skilled public servants who are committed to the public good and capable of delivering consistently high-quality services, while prioritising the nation's developmental objectives.

The NSG contributes three projects towards sub-outcome two (a public service that is a career of choice). By 31 March 2018, the following projects were achieved:

- ***Developing and rolling out an Executive Coaching Programme:***

The NSG acknowledges that most learning should take place on the job and it is important that mechanisms exist to facilitate and support on-the-job learning, including leadership skills. In this financial year, the Executive Coaching Programme has been developed and piloted. The school has contracted 10 executive coaches (retired public servants and private individuals), and assigned coaches to 11 incumbents, which are newly appointed DDGs. Coaching of the 11 incumbents by the coaches is ongoing. Seven learners have completed the lockdown session for the Executive Induction Programme (EIP) and the learners are eligible for Executive Coaching.

- ***Developing and implementing identified in-service development programmes:***

Mechanisms for learning and development need to be capable of both contributing to the development of a common professional ethos of public service and meeting the specific learning and development needs of individual public servants. In this financial year, the NSG completed the development of two in-service programmes; Human Resource Management Strategies in the Public Sector and Principles of Public Policy Management, which are now ready for implementation. The programmes contribute to the development of the professional ethos of the public service and they are responsive to the developmental needs of the individuals. They draw on the constitutional values, impart knowledge on how the public service operates, and the application of the operations of the public service.

- ***Training of unemployed youth graduates:***

Young people seeking to enter a career in the public service often find it difficult to identify a suitable entry point while departments struggle to identify and develop young talent. The NSG has been training unemployed graduates on public service orientation annually through its own designed programme (Breaking Barriers to Entry). In this regard, the school trained

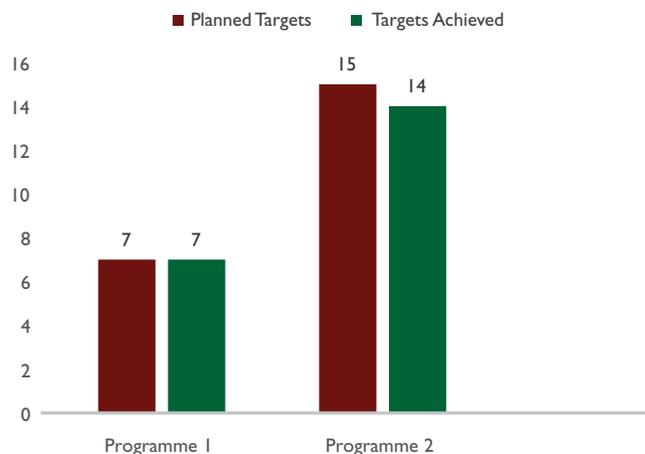
a total of 3 507 youth graduates against a target of 2 750 in this financial year. Since the implementation of the 2014-2019 Medium Term Strategic Framework (MTSF), the NSG trained a total of 14 874 youth graduates. The project has so far achieved 99% towards the MTSF target.

### Annual Performance Plan 2017/18

The Annual Performance Plan (APP) for the 2017/18 financial year reflects the performance targets for the institution. The NSG set 22 targets in the APP 2017/18, of which 21 targets were achieved as planned. One performance target was not achieved. This translates to the achievement of 95% of the total planned targets for the financial year.

A summation of performance per programme based on overall performance results is graphically shown below:

### PROGRAMME PERFORMANCE



The NSG set an annual target of training 48 120 learners in all training streams. Measured against this projected training performance target, the school trained a total of 52 557 learners by 31 March 2018. The breakdown of performance per training stream for the 2017/18 financial year is reflected as follows:

Training stream	Annual target	Actual performance
Leadership	6 000	8 839 (147%)
Management	9 000	9 932 (110%)
Administration	4 050	6 104 (151%)
Unemployed youth graduates	2 750	3 507 (128%)
Induction	26 320	24 175 (92%)
<b>Total</b>	<b>48 120</b>	<b>52 557 (109%)</b>

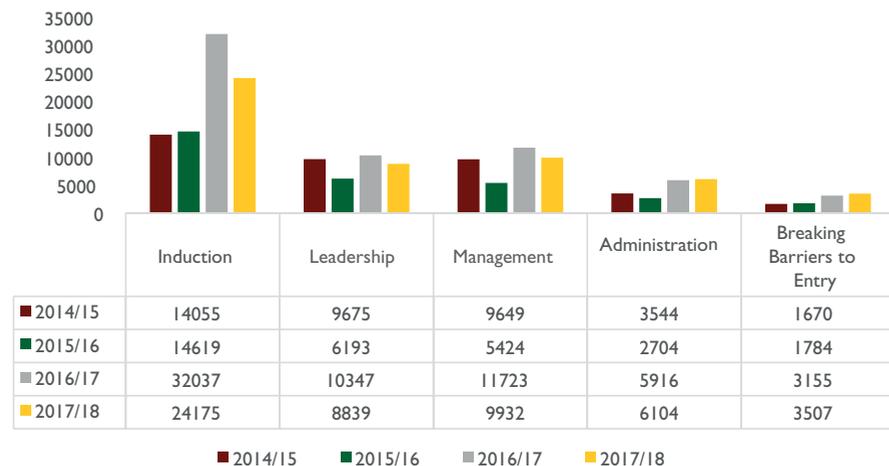
### Highlights of performance

#### Training performance:

As reflected above, during the 2017/18 financial year, the NSG trained a total of 52 557 learners in all streams against a performance target of 48 120 learners. As will be noted, the NSG has exceeded training targets in three of its four training streams. Although the Induction training target has not been fully achieved, the performance is commendable in terms of the number of new public servants reached in this financial year.

The comparative performance of the NSG over the past four financial years is reflected as follows:

### FOUR-YEAR COMPARISON PER TRAINING STREAM



The National School of Government partnered with the Special Investigations Unit (SIU) and the Department of Public Service and Administration (DPSA) to implement an Ethics and Anti-Corruption Capacity Building Programme. Cabinet approved the recommendation of the Criminal Asset Recovery Committee to allocate funding to the SIU to support the Anti-Corruption Task Team (ACTT). Cabinet approved R5.8 million to implement the Ethics and Anti-Corruption Training, which will be used to train 1 300 officials from national and provincial departments on Ethics and Anti-Corruption and Investigations.

The Financial Services Board (FSB) entered into a partnership with the NSG for the design, development and implementation of a customised Ethics online course. The purpose of the course is to equip its employees with the skills and competencies to make ethical decisions and to uphold organisational integrity. The course was officially launched on 12 September 2017 by the FSB leadership. By the end of the financial year more than 550 FSB employees completed the course.

The NSG held eight induction sessions with higher education institution (HEI) partners for the delivery of the EMDP and AMDP for the new term of contract ending 31 March 2020, leading to the approval of selected facilitators associated with each HEI.

The NSG has also reviewed or updated a number of its courses in order to meet regulatory changes, the needs of certain levels within the public service as well as our quality management standards. During this financial year, the NSG focused on courses aligned to the Public Finance Management Act (PFMA) and Municipal Finance Management Act (MFMA) (such as Bid Committee, Demand Management and Strategic Sourcing Assessment). The NSG has also successfully strengthened and forged ties with strategic partners within the NQF three sub-frameworks in order to maintain NSG status as an accredited training provider:

- The Public Service Sector Education & Training Authority (PSETA) has granted the NSG full institutional accreditation until 31 March 2020.
- The NSG applied to the Quality Council for Trades & Occupations (QCTO) for the development of three management development occupational qualifications.
- The NSG received programme approval/accreditation till 31 March 2020 from the Local Government Sector Education and Training Authority (LG SETA) in respect of Leadership certificate.
- The NSG was granted programme approval till 31 March 2020 from the Service SETA in respect of Khaedu Programme
- The Safety and Security Sector Education and Training Authority (SASSETA) granted programme approval till 31 March 2018 in respect of Investigate Corrupt Activities and Related Offences Programme linked with unit standards no 386073. Re-approval is being sought.

The Rutanang Ma Afrika campaign attracted 550 individuals and 130 organisations by the closing date of 31 August 2017. The NSG undertook technical evaluations of all those who applied, and the screening processes were concluded.

### **Executive Induction Programme (EIP)**

The purpose of the EIP is to induct newly appointed heads of department to better serve the citizens of South Africa through exemplary leadership of their respective departments, and their participation in the machinery of government as a whole. This implies the application of existing legislative and policy frameworks in a responsible, fair and ethical way to achieve the constitutional mandate and advance the developmental agenda of the state. The EIP seeks to encourage new leaders to go beyond this, and perform in a way that contributes to real value creation within their departments and across government. In doing so, participants are encouraged to form strong peer networks and a community of practice to support their implementation of innovative and collaborative programmes.

The programme comprises an online component completed two weeks before the lockdown session, which is three days. In the lockdown session, a facilitator and experienced DDG/DG works through a case study with the learners, and preparation for the coaching session is done. Learners are assigned a coach, and complete six one-hour sessions with their coach.

To support EIP, the Executive Coaching Programme appointed eight coaches to ensure that thirty one executives are trained and coached this financial year.

### **Public Sector Trainers' Forum (PSTF) Conference:**

The NSG convened the 19<sup>th</sup> Public Sector Trainers' Forum (PSTF) Conference in October 2017, which is a gathering of HRD practitioners within the public sector who are integral to building capacity for the South African developmental state. This forum seeks to ensure that there is professionalisation and growth among the practitioners, and that a platform is created for discussions, the sharing of ideas, exchange of knowledge and the fostering of partnerships to improve HRD practices in the public sector.

Under the theme “Enabling Vision 2030 through HRD”, delegates engaged on key issues, such as:

- Public sector policy implementation of talent and career management systems
- Knowledge management systems and strategies supporting HRD practice for the Fourth Industrial Revolution (4IR)
- HRD in the declining economy: Value for money: Implications for practitioners and organisations
- Revitalising the role of the state to produce technical skills and specialist professionals
- Building public sector learning organisations

### **International Partnerships and Agreements:**

The NSG seeks to mobilise resources and forge capacity building partnerships to enhance its role and value in public service capacity building. The European Union (EU) became a major development cooperation partner to the NSG, and a partnership was entered into for a four-year funding partnership of €10 million to support the efforts to create a stronger institution with enhanced training and development capability. Not only does the EU focus on the NSG's internal institutional development, it enables the implementation of the organisation's partnerships within the African continent and abroad. With the EU funding, the NSG has enhanced the African Management Development Institutes' Network (AMDIN) as an institution.

The NSG is one of the leading member institutions of the AMDIN. Currently, AMDIN is recognised as a member of the African Union Commission Specialised Technical Committee, and therefore is also a member of the work stream on public service and management. The NSG is the Secretariat and the Secretary-General of AMDIN.

The NSG continues to strengthen its role both continentally and internationally in capacity development initiatives. The NSG signed a Memorandum of Understanding (MoU) with the Rwanda Institute of Management as a way to strengthen and elevate the NSG brand.

A curriculum for the Africa Charter on the values and principles of public service and administration was developed and workshopped in Uganda with the anglophone countries in November 2017. The Africa Charter curriculum was also workshopped to francophone countries in December 2017. Inputs from the two workshops will be used to enrich the curriculum in the English and French languages.

The NSG concluded a partnership with the China Academy of Governance (CAG) with the objective to train South African public servants and also develop training programmes similar to those offered by CAG. Through this partnership, 25 public servants participated in the China Training Programme from September to October 2017. The NSG participated in the BRICS Seminar on Governance, and held bilateral discussions with CAG and the Fujian Academy of Governance to create a curriculum that improves the planning and implementation culture of South African public servants.

### **NSG Funding Model:**

The NSG operates a training delivery model that is influenced by a financing model, which requires the NSG to generate revenue from the cost of training sales. The current financing model provides for a parliamentary appropriation that makes up 34% of the total NSG budget and the remaining 66% of the budget is revenue generated. Analysis of the performance of the NSG funding model over the past financial years confirms that the model is not adequately funded, thus placing a considerable reliance on cost recovery for the operational running costs of the NSG, and is not capable of supporting significant institutional investments.

The NSG is considering a revision of the current funding model, subject to ministerial and Cabinet approval. At the same time, the NSG is also undertaking an external evaluation of the current cost recovery, giving consideration to aspects such as the following:

- Relevance of the cost recovery of the funding model in line with legislative mandate, NSG goals and public sector strategic direction (as articulated in the National Development Plan)

- NSG client needs and requirements and the NSG response and/or course offerings and mix i.e. compulsory courses versus requested/tailored courses.
- NSG delivery approach and structure in terms of centralised and decentralised functions and delivery of courses.
- Mix of delivery modalities offered by the NSG for the public service and the feasibility, efficiency and effectiveness of the offerings.
- Past and current performance of the cost-recovery of the funding model, including limitations and challenges.

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

The School operates a Trading Account for its training operations. It submits separate financial statements for the NSG Training Trading Account (TTA), a trading entity established in terms of the PFMA, Act No. 1 of 1999, as amended. The statements are prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP). To achieve full compliance with accrual accounting requirements, the prescribed financial accounting system of the trading entity is supplemented by additional manual procedures.

### **Vote Account**

The full budget appropriation for the year 2017/18 was R153.9 million which was an increase from the R88.5 million allocation received in 2016/17. The increase was due to budget cuts initiated by the National Treasury in 2016/17 financial year. A minimal saving of R0.2 million was realised at the end of the financial year.

Dept. Receipts	2017/18			2016/17		
	Estimate (R'000)	Actual amount collected (R'000)	(Over)/ under collection (R'000)	Estimate (R'000)	Actual amount collected (R'000)	(Over)/ under collection (R'000)
Sales of goods and services other than capital assets	25	36	11	25	38	13
Interest, dividends and rent on land	-	53	53	0	48	48
Sales of capital assets	-	16	16	0	56	56
Transactions in financial assets and liabilities	-	20	20	0	41	41
<b>Total</b>	<b>25</b>	<b>125</b>	<b>100</b>	<b>25</b>	<b>183</b>	<b>158</b>

Total departmental receipts revenue decreased by R0.058 million, from R0.183 million (2016/17) to R0.125 million (2017/18). The decrease is from sales of capital assets and transactions in financial assets and liabilities.

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. The new tariff structure for course fees was approved by the National Treasury in March 2017.

## Programme Expenditure

Programme Name	2017/18			2016/17		
	Final appropriation (R'000)	Actual expenditure (R'000)	(Over)/ under expenditure (R'000)	Final appropriation (R'000)	Actual expenditure (R'000)	(Over)/ under expenditure (R'000)
Administration	90 594	90 355	239	88 590	87 663	927
Public Sector Organisational and Staff Development	63 312	63 312	-	-	-	-
<b>Total</b>	<b>153 906</b>	<b>153 667</b>	<b>239</b>	<b>88 590</b>	<b>87 663</b>	<b>927</b>

### Programme 1: Administration

The total expenditure breakdown of R88.5 million for 2017/18 and spending patterns, compared to the 2016/17 financial year is summarised as follows:

Compensation of employees for the vote-funded staff component of NSG increased by 2.9% from R49.1 million (2016/17) to R50.5 million in 2017/18, due to salary adjustments. Goods and services increased by 4.5% from R35.5 million (2016/17) to R37.2 million in 2017/18. Expenditure on capital assets decreased by 18.7% from R2.8 million (2016/17) to R2.3 million in 2017/18. The decrease is maintained the current computer hardware.

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

The transfer of funds from vote to the TTA was R63.3 million in 2017/18.

### Training Trading Account (TTA)

Total revenue (including the transfer of funds from the vote appropriation for the financial year 2017/18) increased by R43.3 million from R137.0 million (2016/17) to R180.3 million (2017/18). Income from course fees decreased by 14.8%, from R137.0 million (2016/17) to R116.6 million (2017/18).

Total expenditure in the TTA decreased by R21.7 million from R211.1 million in 2016/17 to R189.4 million in 2017/18. The decrease is as a result of transfer of funds to the Vote Account and compensation of employees.

The TTA closed the year with a deficit of R74.1 million in 2016/17 and the closing status in 2017/18 is a deficit of R9.1 million.

### Virement/ Roll Overs

No virement was requested during the financial year under review.

### Irregular Expenditure

Irregular expenditure of R2 844 337.15 was incurred during the financial year. The irregularities resulted from non-adherence to the procurement processes for extension of a contract, changes in quoted price and non specification of the minimum threshold for local production and content. The Irregular expenditure is under investigation and awaiting condonation.

### Future Plans of the National School of Government

The NSG has finalised and tabled its Annual Performance Plan (APP) for 2018/19 in Parliament. Of importance to note is that the school is committing to train a total of **48 514** public servants in all training streams. We also remain committed to providing greater on-

line learning opportunities, and hope to reach more public servants through this learning modality. The online learning will require the NSG to make significant investment in its ICT enterprise architecture and platforms.

### Senior Management Service Capacity Development

The Minister for Public Service and Administration issued a directive in relation to compulsory capacity development, mandatory training days and minimum entry requirements for Senior Management Service (SMS). In terms of the directive, all SMS members must undergo relevant training to close identified development gaps as determined by a competency assessment and/or a performance assessment at specific performer level; must spend a minimum of 18 days on a combination of generic and technical/ professional training over a three year performance cycle; and individuals must meet minimum entry requirements into SMS and movement within the SMS. In terms of the directive, it introduces a pre-entry certificate from 1 April 2020, for completion by individuals prior to entering the SMS.

### Thought Leadership

The NSG must create thought leadership between the private sector and government, and we aim to achieve this within the context of our mandate of public service capacity building. We intend to facilitate thought leadership in broader societal issues through the hosting of an annual NSG thought leadership seminar; establishing a number of different thought leadership series; conducting research and producing publications; forging meaningful strategic national and international partnerships; identifying critical stakeholders and holding stakeholder dialogues; and imbuing thought leadership in all offerings.

We are also guided by the resolutions taken at the 54<sup>th</sup> national conference of the governing party, which, resolved that the National School of Government must play a central coordinating role in capacitating employees in all spheres of government, provide support for talent management and provide guidance for appointments, succession planning and career development. This will require specific interventions such as the establishment of a national

competency assessment centre, implementation of a public service-wide skills database, and policy proposals for the setting of compulsory competence requirements for certain occupational categories for entry or mobility within the public service.

### Public Private Partnerships (PPP)

The NSG did not enter into any PPP contracts during 2017/18.

### 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 R0.004 million as at 31 March 2017 in comparison with R0.002 million at 31 March 2018. Inventory consists mainly of stationery, printing supplies and maintenance material.

### Gifts and Donations Received In Kind from Non-Related Parties

The NSG received neither gifts nor donations with disclosure value above R350. Sponsorships were received for the PSTF Conference as follows:

Sponsorship received for international seminar			
Company	Sponsorship received	Distribution	Estimated rand value
GIZ	Air ticket/ Accommodation/ Catering	International Speaker	R220 000

A gift register is kept and updated monthly. Gift register reminder notices are sent out to staff on a regular basis.

### Exemptions and Deviations Received from 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, Ms Ayanda Dlodlo and Deputy Minister for Public Service and Administration, Dr Chana Pilane-Majake for their leadership, guidance and support towards the NSG delivering on our mandate and performance.

As the Accounting Officer, I am encouraged by the performance of the National School of Government in exceeding the number of public servants trained during this financial year. We always believe that we need to do more in order that *all* public servants have the requisite skills to optimally carry out their functions, and that service delivery can be fundamentally improved.

## Conclusion

In a year dedicated to renewal, unity and jobs, the spirit and intent of organisational renewal must also permeate the public service. We must reorganise the front office of service delivery through ensuring that the public service machine is not holed up in offices far from the people and that public sector workers in all spheres of government are bound by norms and standards that will ensure the state facilitates an active citizenry and builds a capable and developmental state that participates with its people in building a better life for all.

In order to progressively realise the socio-economic rights enshrined in Chapter 2 of the Constitution, public service and administration must go beyond compliance and innovate in order to meet people's needs, be developmental and participatory. Government employ-

ment programmes, land reform, social welfare and development are areas where the public service needs a dramatic change and orientation in the way in which it works. This requires a move away from a gatekeeping and control approach towards becoming a lead facilitator in the fight against poverty together with civil society and an active citizenry.

## Approval and Sign off

The Audited Annual Financial Statements of Vote 10 and the Annual Financial Statements of the Training Trading Account were approved by the accounting officer. The report is attached.



**MR BOTSHABELO MAJA,**

Acting Accounting Officer

National School of Government

31 August 2018

## 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 2018.

Yours faithfully,



**MR BOTSHABELO MAJA**

Acting Accounting Officer

National School of Government

31 August 2018

## 7. STRATEGIC OVERVIEW

### 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 learning and development programmes in a uniform public sector with the objective of developing a professional, responsive and capable public sector, driven by the imperative of a developmental state. A culture and ethos of service will be imbued throughout the public sector, meeting the expectations of stakeholders and communities, and based on policy commitments of government

### 7.3 Values

Three core values define the NSG, which are: **LEARN, GROW, 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 learning and development programmes and services is improved performance of public sector institutions, there will be an organisational development focus in every aspect of design, development and delivery

ensuring that capacity issues are approached holistically, developmentally and systematically.

With learning there is growth. The content of learning and development will be socially and politically progressive, national in character but supported by and reflective of the needs and challenges of local contexts. Learning programmes will be designed to be dynamic and developmental; they will ensure that public servants are able to access relevant knowledge and develop critical, reflective, analytical and problem solving skills that will enable them to be responsive to the needs and demands that confront the public sector.

Thus one of the key features of the programmes and services of the NSG will be their relevance. The NSG's research and knowledge management support services will ensure that public servants will be able to contribute to the ongoing development of policy-relevant knowledge through their own learning and development process.

Serving and a professional, responsive service-orientation are central to a developmental state. The NSG will emphasise partnerships 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 is grounded in the democratic ethos and values of the South African Constitution and contributes to institutionalising the values and principles of public service. These include the following:

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

## 8. LEGISLATIVE AND OTHER MANDATES

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.

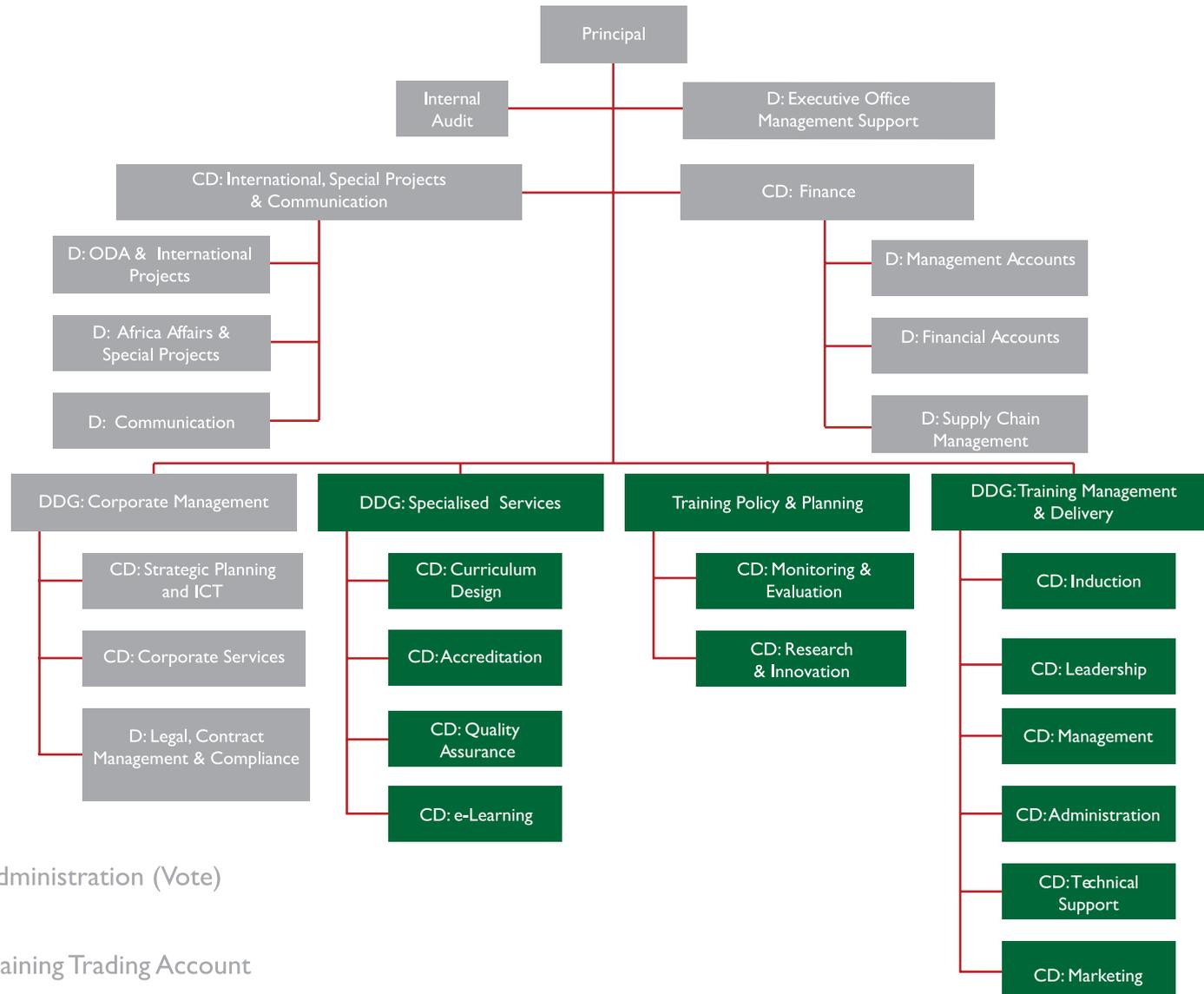
The current legislative mandate for the NSG is derived from Section 4 of the Public Service Act (PSA), 1994 (as amended) stating the following:

- (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;
  - (b) may issue diplomas or certificates or cause diplomas or certificates to be issued to persons who have passed such examinations.

The former President of the Republic of South Africa, Mr Jacob Zuma, signed 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. Initial analysis has commenced towards the development of a set of regulations to support the implementation of the Act to determine a mechanism to align the National School Government with the provisions of the Public Administration Management Act.

## 9. ORGANISATIONAL STRUCTURE



## 10. ENTITIES REPORTING TO THE MINISTER

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

**Table 3: Entities reporting to the minister**

Name of entity	Legislative mandate	Financial relations	Nature of operations
Department of Public Service and Administration (DPSA)	Public Service Act, 1994 (as amended)	NSG budget allocation transferred through the DPSA	Policy development and enforcement in the public service
Centre for Public Service Innovation (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
Government Employees Medical Scheme (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

LEARN | GROW | SERVE

## 1. AUDITOR-GENERAL'S REPORT: PREDETERMINED 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.

## 2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

The performance of the NSG is based on the APP for the 2017/18 financial year as was approved by the MPSA and tabled in Parliament in March 2017. The 2015-2020 Strategic Plan guided the work of the school.

### Performance Planning, Monitoring and Planning

The planning, monitoring and reporting of performance is undertaken in line with the legislative prescripts as well as the internal policy on managing organisational performance. It is undertaken as follows:

- Developing an annual performance plan
- Developing and implementing detailed work plans, including an annual operational plan and branch business plans
- Signing individual performance agreements in line with the NSG Performance and Development Management System (PMDS) Policy
- Quarterly performance monitoring and review through the EMC, Management Committee (MANCO) and Internal Audit
- Quarterly performance reporting to the MPSA, DPME and National Treasury

The NSG, as a national government department, has also undertaken Management Performance Assessment Tool (MPAT) assessments since introduction of this by DPME and implementing improvement plans as part of its internal governance and compliance processes. The MPAT 1.7 self-assessment was undertaken in September 2017 and the final moderated scores from the DPME were submitted in March 2018. The NSG is continuing to put in place improvement plans related to key performance areas (KPA's) where the department is not meeting all legal/regulatory requirements.

### Monitoring and Evaluation of Training

The NSG undertakes 100% monitoring of all the training through the use of Reaction Evaluation Questionnaires (REQs) which are completed by all participants; and Facilitator Feedback Forms (FFFs) which are completed by the facilitator at the end of a training session. Reports are developed on every training intervention based on the feedback from the participants. These reports are handed to the programme managers on a weekly basis to attend to the areas which have been identified as areas for improvement.

The evaluation function in the NSG is completed in two ways; the first being the onsite observations conducted by the M&E Specialists at selected training interventions. Instruments (with pre-defined criteria) are utilised to obtain information related to adult learning practices, the material, and logistical arrangements as observed during the training. Interviews are also conducted with the facilitator and a sample of the participants to obtain their views and experiences. A further level of evaluation has been implemented which are the "Application of Learning Studies", where the objective is to determine whether a programme has made any difference to performance (initially of the participants) after a particular training programme. 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.

## 2.1 Service Delivery Environment

The NSG is established in terms of the Public Service Act, 1994 (as amended) with a legal mandate to provide and facilitate the provision of training in the public service. The School was officially launched on 21 October 2013. The launch date was in line with the Presidential Proclamation (No. 46 of 2013) signed by President of the Republic of South Africa to amend the Public Service Act by renaming PALAMA to the NSG and re-designating the Director-General to the Principal.

The School provides training through a suite of 128 accredited and non-accredited courses and programmes, the breakdown of which is as follows:

Summary of All Courses	
HEI approved	14
ETQA accredited	82
QCTO accredited	1
Total number of accredited courses/programmes	97
Number of non-accredited courses/programmes	31
<b>Grand total number of courses/programmes</b>	<b>128</b>

The School places emphasis on capacitating public servants with technical expertise in areas such as:

- Managing public finance
- Human resource management and development
- Good governance
- Public service leadership, including mentoring
- Development monitoring and evaluation

The School has to maintain its accreditation status as a training provider, and has continuously strengthened ties and forged strategic partnerships with ETQAs and the QCTO. Preparations were made for the PSETA, QCTO and LGSETA site monitoring as part of maintaining the accreditation of the NSG.

Training needs analysis is continuously conducted to identify the capacity development requirements of government and entities and to inform the learning and development focus of the School. Training by the NSG is provided through a blended approach of face-to-face classroom learning and the use of mediated technology (e-learning and open online learning). Training is facilitated through the utilisation of current public servants, Independent Individual Contractors (IIC), and partnerships with Higher Education Institutions (HEI).

Cabinet granted approval for the utilisation of the retired and in-service public servants to increase the training capacity of the NSG. The use of both retired and in-service public servants is a way in which the NSG is extending its reach given the volume of education and learning required in the public sector. The rationale behind using both in-service and retired public servants is that training will be provided by knowledgeable and experienced individuals who are or have been in the public sector. During 2017/18 FY, the NSG received 667 applications from individuals and 143 from organisations. Engagements were also undertaken with the DPSA to align the policy of releasing trainers (public servants) to Rutanang Ma Africa.

Forging international partnerships is one of the requisites adopted by the National Development Plan (NDP) to ensure that the country is globally competitive. It also encourages the establishment of international networks for learning and sharing of knowledge and best practices. The NSG has established several international strategic partnerships and networks. For example, memoranda of understanding were signed with Rwanda Institute of Management and NEPAD as a way to strengthen and elevate the NSG brand. The African Charter curriculum was also developed and workshopped in Uganda to Anglophone countries in November 2017. The African Charter curriculum was further

work shopped to Francophone countries in December 2017. The NSG officially signed a MoU with UNISA School of Business Leadership (SBL) in May 2017 to further its learning and development capacity.

The School concluded a partnership with the China Academy of Governance with the objective to train South African public servants and also develop training programmes similar to those offered by the China Academy. Through this partnership, 25 public servants were on the China Training Programme from September to October 2017. The School also participated in the BRICS Seminar on Governance, and held bilateral discussions with the Fujian Academy of Governance and the Chinese Academy of Governance to create a curriculum that improves the planning and implementation culture of South African public servants.

The NSG is also a member of the Executive of the African Management Development Institutes' Network (AMDIN), and it is also the Secretariat for AMDIN. As part of its contribution to the African continent, the NSG continues to play a significant role in capacity building, knowledge exchange, and training amongst African public service training bodies.

## 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, is development oriented, accountable, and maximises human potential. It envisages the building of the human capacity of the state by establishing uniform and high entrance requirements and standards, emphasising professionalism, discipline and commitment to serve, and ensuring adequate numbers of personnel to ensure delivery. The Constitution specifies principles that must underpin public administration and public service.

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

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

The NSG has committed to a service delivery pledge, which is aimed at improving public service delivery to all service users (learners enrolling for programmes/ courses, citizens, service providers, government departments and other organs of state, private sector, and the international community). The NSG has also put in place an approved complaints handling and compliments management policy.

Learner satisfaction remains an integral focus for the NSG in terms of delivering on its mandate. The school has to therefore ensure that feedback from learners is taken into consideration in order to improve on service delivery and performance. The NSG has to also address queries received from learners, such as the following:

- Receipt of outstanding certificates
- Learning materials that are sometimes delayed
- Meeting of quality standards (such as training venues), which is especially apparent where the NSG allows a department to choose its own venue
- Learning materials not professionally reproduced

The Minister for Public Service and Administration approved the Service Delivery Improvement Plan 2016-2019 on 03 March 2016. During this three-year cycle, the NSG will focus on improvement in the following three key services:

- Improving the services of the NSG Contact Centre: when requesting for information and/or quotations for a specific training offering; access to training information through the NSG website and Contact Centre; issuing of quotations; and confirmation of bookings.
- Enhancing the training logistics processes, including communication with learners, provision of training material, the quality of training facilitators, venue management, and efficiency in the issuing of invoices towards successful training.
- Improving the management of learner records remains an integral part of the training, in relation to the management of learner records, compliance with education and training quality assurance and standards, and issuing of certificates.

## Main Services and Standards

Main services	Beneficiaries	Current/ actual standard of service	Desired standard of service	Actual achievements
Access to training and development services through the NSG Contact Centre and training calendar of the NSG.	All government departments and state entities wishing to enrol employees for training.	The NSG Contact Centre provides its services in line with the approved standard operating practices.	Manage the Contact Centre strictly in line with the generally acceptable performance standards for the contact centre industry.	The responsiveness and quality of the service desk wherein 94% of calls are handled in 20 seconds; and satisfaction levels are at 96%.
Provide effective training and development management and delivery services to learners	All registered learners	The NSG reviews the training materials for relevancy to the learner competency requirements in line with his/ her job demands	Develop or review 6 programmes/ courses annually (including 2 in-service training programmes supporting outcome 12)	6 new curriculum programme/ courses developed during the FY: <ul style="list-style-type: none"> <li>- Principles of Public Sector Policy Management</li> <li>- Human Resource Management Strategies in the Public Sector</li> <li>- Public Finance and Budgeting</li> <li>- Information and Communication Technology Management for the Public Sector</li> <li>- Project Management for Programme Implementation</li> <li>- Supply Chain Management</li> </ul>

Main services	Beneficiaries	Current/ actual standard of service	Desired standard of service	Actual achievements
Expediently provide learners with certificates, managed through an improved learner records management process	All registered learners	The NSG issued a total number of 30 551 certificates: -10 997 certificates for the Compulsory Induction Programme (CIP) -11 927 certificates of attendance -2 011 certificates for external programmes offered by HEIs -4 599 certificates of competence - 1 017 special requests for reprints and changes	Issue of 100% of certificates of attendance for qualifying learners  Issue 100% of certificates of competence to qualifying learners, after verification and approval by the ETQA or HEIs.	100% of certificates of attendance were issued to qualifying learners.  100% of certificates of competence issued to qualifying learners, after verification and approval by the ETQA and HEIs.

### Batho Pele arrangements with beneficiaries

Current/actual arrangements	Desired arrangements	Actual achievements
The NSG subscribes to the Public Service Charter and has also developed a service charter and standards, which reinforces courteous behaviour towards service beneficiaries and citizens.	Develop and monitor standard operating procedures and minimum communication guidelines to improve service efficiency for all agents at the NSG Contact Centre.	The standard operating procedure to improve service efficiency for all agents in the NSG Contact Centre was approved and implementation is ongoing
The NSG currently manages learning and development venues through the services of professional venue finders.	Efficiently manage 100% of the learning and development venues utilised for all interventions and evaluate standards of venues against minimum criteria, monitored on a quarterly basis and evaluated	Venue standards are measured on an on-going basis through the M&E system of the NSG. Reaction evaluation questionnaires of <i>all</i> learners are analysed, which includes providing feedback on the venue standards. This feedback is provided to the relevant units and managers within the NSG.

### Service Delivery Information Tool

Current/actual information tools	Desired information tools	Actual achievements
<p>Service beneficiaries access the NSG information and services through the Learner Enrolment Centre, website, exhibitions, departmental visits, course directory and brochures.</p>	<p>Ensure that service beneficiaries have full access to NSG services through the monthly updating of the Contact Centre and NSG website, scheduled quarterly inter-governmental participation and quarterly update of the course directory.</p>	<p>The NSG website is being effectively managed through the continual updating of the training calendar and training programmes.</p> <p>The Marketing Unit of the NSG also undertakes engagements with departments and convenes HRD Forums, for the dissemination of information.</p> <p>The NSG is also communicating information through social media platforms such as Twitter, Facebook and an online chat option with potential learners.</p> <p>There is greater follow-up with clients, leading to a conversion rate of 47% issued quotations to bookings from the Contact Centre.</p>

### Complaints Mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
<p>The NSG did not have a formal complaints management mechanism in place. However, the QMS policies do provide learners with avenues for complaints and redress.</p>	<p>Develop a formal complaints management policy and mechanisms for addressing complaints management.</p>	<p>The NSG now has a formally approved complaints handling and compliments management policy.</p>

## 2.3 Organisational Environment

### 2.3.1 Training Delivery

The NSG is shifting from being solely a facilitator of training, to a mixed model of provider and/or facilitator of training depending on the nature of the programme. The school has partnerships with four higher education institutions (University of the Free State, Tshwane University of Technology, University of Fort Hare, and University of Western Cape) for the delivery of the Emerging/Advanced Management Development Programme. There is a partnership with the North West University for the delivery of the Executive Development Programme (EDP). The School has contracted 162 individual independent contractors (IICs) for the rollout of NSG courses and programmes. It has prepared 1221 department officials to deliver on the CIP. There is also a project management unit comprising 15 trainers dedicated to the delivery of the CIP, and 23 NSG officials who conduct training on CIP and other Induction programmes, such as the Breaking Barriers to Entry (BB2E).

The NSG is enhancing its training capacity through the training of its officials to be training facilitators. The delivery of high quality programmes by the NSG implies that it develops facilitators who are versatile with the art of facilitation. The NSG developed and delivered the Lead Facilitator Development Programme: Art of Facilitation with the aim of professionalising NSG facilitators. The programme focusses not only on advanced facilitation skills but also introduces innovations such as storytelling, decolonising methodologies, indigenisation of curriculum and African leadership.

### 2.3.2 Cost Recovery

The NSG also operates a Training Trading Account (TTA), established in terms of the PFMA, for the purposes of cost recovery and revenue generation emanating from training related activities. The cost recovery model approach requires that all costs associated with the design and development of learning material and implementation of training courses from the training fees are recovered. The NSG revenue is generated by means of the provision of training, in addition to the Vote allocation.

The NSG has undertaken significant international benchmarking studies in relation to funding mechanisms. It has undertaken significant consultations (such as with G&A Cluster, MANCO, the Portfolio Committee, Governance and Administration Cluster and the Forum of South Africa Director Generals). The NSG is engaging with the MPSA on the proposed model with the view to obtaining Cabinet approval.

The table below provides a longitudinal five-year summary of the Vote allocation, actual annual revenue generation (viz. course fees and interest received) and the number of public servants trained.

#### Five-Year Revenue Generation by the NSG

Financial year	2013/14 (R'000)	2014/15 (R'000)	2015/16 (R'000)	2016/17 (R'000)	2017/18 (R'000)
Vote allocation	134 622	138 508	143 654	88 590	153 906
Revenue generated	109 189	93 477	68 421	137 038	180 335
Total revenue	243 811	231 985	212 075	225 628	334 241
Persons trained	33 693	39 509	29 270 <sup>1</sup>	64 513	52 557

The funding allocation to the NSG Vote has been significantly reduced from 2016/17 financial year and is insufficient to cover overheads such as the staff establishment and infrastructure costs. The school put all efforts to ensure that training targets are met, however the revenue collected remains a challenge. During the 2017/18 financial year, the NSG generated a total of R116 667 000 in training revenue.

## 2.4 Key Policy Developments and Legislative Changes

There have not been any major changes to relevant policies or legislation that has affected the NSG operations during the period under review.

### 3. STRATEGIC OUTCOME-ORIENTED GOALS

#### 3.1 Progress towards Strategic Outcome-Oriented Goals

Goal	Description	Achievements
A well-resourced high performing learning centre of excellence.	The goal is to ensure that the NSG is well-resourced and a high performing learning centre of excellence by 31 March 2020.	<ul style="list-style-type: none"> <li>• Vacancy rate of the NSG is at 10% as at the end of 2017/18 FY.</li> <li>• There has been an improvement for debt collections and all suppliers are paid within 30 days of receipt of a valid invoice.</li> <li>• Systems in place to manage and monitor organisational performance.</li> <li>• All oversight meetings (Audit and Risk Committees, and departmental management) are convened to ensure operational efficiency.</li> <li>• The Disaster Recovery Plan was reviewed and approved. Two ring-fenced DRP tests were conducted and reports available.</li> <li>• 3 agreements (including AMDIN, ENA France and China) supporting international exchanges and capacity building initiatives were facilitated.</li> </ul>
Improved learning and development opportunities influenced by impactful research, strategic diagnosis and monitoring and evaluation.	The goal is to improve the learning and development opportunities offered by the NSG in response to the pragmatic challenges being experienced in the public service.	<ul style="list-style-type: none"> <li>• 6 research projects were undertaken.</li> <li>• 8 training needs analyses were conducted for public service institutions.</li> <li>• 8 leadership platforms were held this financial year.</li> <li>• 65 qualitative evaluations were undertaken.</li> <li>• 4 applications of learning studies were carried out.</li> </ul>

Goal	Description	Achievements
<p>Learning and development tools, quality-driven curriculum, programmes and services responding to public service needs and training and development.</p>	<p>The goal is to ensure that the curriculum, programmes and services of the NSG are relevant and adequate to achieve the objectives of the business strategy and respond to public service needs and that of its employees.</p>	<ul style="list-style-type: none"> <li>• NSG course matrix of 128 accredited and non-accredited programmes and courses.</li> <li>• Course development/review of 6 programmes / courses during the financial year.</li> <li>• Quality-assure 13 programmes / courses.</li> <li>• 22 e-learning interventions undertaken in the financial year.</li> </ul>
<p>Integrated and collaborative network of training and development institutions and practitioners providing the public service with affordable access to quality training and development opportunities.</p>	<p>The goal is to provide the public service with affordable access to quality training and development opportunities, through face-to-face and online learning (e-learning, open learning and communities of practice). This can be achieved through an integrated and collaborative network of training and development institutions and practitioners, including independent individual contractors, on-board trainers, higher education institutions, and private entities.</p>	<ul style="list-style-type: none"> <li>• The selection of Rutanang Ma Afrika campaign for the utilisation of retired and currently serving public servants completed.</li> <li>• The School currently contracted 162 individual independent contractors (IICs) for the rollout of NSG courses and programmes.</li> <li>• Trained 1 221 department officials to deliver on the CIP through the Training of Trainers (ToT) programme. There is also a project management unit comprising 15 trainers dedicated to the delivery of the CIP.</li> <li>• 23 NSG officials conduct training on CIP and other Induction programmes.</li> <li>• 185 public servants have been professionalised to facilitate and rollout the BB2E project across all provinces and national departments, and 125 of those qualified and are ready to train</li> <li>• In this FY, the School has trained a total of 52 557 public servants through face-to-face and online learning, of which 3507 are unemployed youth trained through the BB2E programme.</li> </ul>

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## 4. PERFORMANCE INFORMATION BY PROGRAMME

### 4.1 Programme I: Administration

The purpose of Programme I (Administration) is to facilitate the overall management of the School and provide for responsibilities of the Principal, Branch Heads and other members of management. These responsibilities include providing centralised administrative, legal and office support services, human resource and financial management, communication, special projects, international relations, and internal controls and oversight.

Sub-programmes under Programme I are organised as follows:

- *Sub-programme 1*, incorporating the Office of the Principal, Office of the Chief Financial Officer and internal audit.
- *Sub-programme 2*, Corporate Management (incorporating Strategic Management ICT Management; Corporate Services; Legal, Compliance, Contract and Risk Management)

The strategic objectives of Programme I for the financial year under review are:

- Improve financial sustainability, organisational performance, accountability and compliance
- Implement efficient and effective infrastructure and human resource management to support improved performance
- Establish strategic multi- and bilateral partnerships to enable the NSG to deliver its learning and development programmes aimed at capacitating the public service

### Significant achievements of performance targets

- The vacancy rate was 10% by the end of the 2017/18 financial year.
- The average number of days for debt collection was reduced from 48 days in 2016/17 to 45 days this financial year.
- The NSG continues to pay all its suppliers within 30 days of receipt of a valid invoice.
- Memoranda of understanding were signed with Rwanda Institute of Management and NEPAD as a way to strengthen and elevate the NSG brand.
- The Africa Charter curriculum was developed and workshopped in Uganda to Anglophone countries in November 2017. The Africa Charter curriculum was further workshopped to Francophone countries in December 2017. Inputs from the two workshops will be used to enrich the curriculum.
- The NSG officially signed a MoU with UNISA School of Business Leadership (SBL) on 22 May 2017 to further its learning and development capacity. Implementation of the MoU between NSG and UNISA is progressing well. A detailed implementation plan was developed and two meetings took place to plan for the coming new year.
- The NSG concluded a partnership with the China Academy of Governance with the objective to train SA public servants and also develop training programmes similar to those offered by the China Academy. Through this partnership, 25 public servants (3 from the NSG) were on the China Training Programme from September to October 2017.
- The NSG participated in the BRICS Seminar on Governance, and held bilateral discussions with the Fujian Academy of Governance and the Chinese Academy of Governance to create a curriculum that improves the planning and implementation culture of South African public servants.

STRATEGIC OBJECTIVES FOR PROGRAMME I: ADMINISTRATION							
Strategic objective	Actual achievement 2014/2015	Actual achievement 2015/2016	Actual achievement 2016/2017	Planned target 2017/ 2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement 2017/ 2018	Comment on deviations
Improve financial sustainability, organisational performance, accountability and compliance.	Financial management systems implemented yearly within prescripts and regulations.	Unqualified or clean audit report issued by the Auditor-General.	Unqualified or clean audit report issued by the Auditor-General.	Financial management systems implemented yearly within prescripts and regulations.	The NSG implemented processes and systems continuously to monitor and ensure compliance to financial management prescripts.	None.	None.
Implement efficient and effective infrastructure and human resource management to support improved performance.	Developed Disaster Recovery Plan and identified appropriate solution.	ICT DR solution successfully implemented and approval obtained for SITA to fully manage the VPN and BAS back-up.	Develop the Disaster Recovery Plan.	Implementation of infrastructure and human resource plan.	<p>The infrastructure and human resource plan was implemented as follows:</p> <p>The Disaster Recovery Plan was reviewed and approved.</p> <p>2 ring-fenced DRP tests were conducted and reports available.</p> <p>10% vacancy rate as at 31 March 2018 is reported.</p>	None.	None.

STRATEGIC OBJECTIVES FOR PROGRAMME I:ADMINISTRATION							
Strategic objective	Actual achievement 2014/2015	Actual achievement 2015/2016	Actual achievement 2016/2017	Planned target 2017/ 2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement 2017/ 2018	Comment on deviations
Establish strategic multi- and bilateral partnerships to enable the NSG to deliver its learning and development programmes aimed at capacitating the public service.	Facilitated 5 bi- and multilateral programmes.	2 agreements (CAG and NIPAM) supporting international exchanges/capacity building initiatives were implemented.	Facilitated 3 agreements supporting international exchanges and capacity building initiatives.	Facilitate 3 agreements supporting international exchanges and capacity building initiatives.	3 agreements supporting international exchanges and capacity building initiatives facilitated.	None.	None.

PROGRAMME PERFORMANCE INDICATORS							
Performance indicator	Actual achievement 2014/2015	Actual achievement 2015/2016	Actual achievement 2016/2017	Planned target 2017/ 2018	Actual achievement 2017/ 2018	Deviation from planned target to actual achievement	Comment on deviations
Unqualified audit report issued by the Auditor- General annually.	Received unqualified report with matters of emphasis.	Unqualified audit report issued by the Auditor-General.	Clean audit report issued by the Auditor-General for Vote Account.  Unqualified report issued by the Auditor-General for Training Trading Account.	Unqualified or clean audit report issued by the Auditor-General.	Unqualified report issued by the Auditor-General.	None.	None.
Reduced number of days taken to collect outstanding NSG debts.	Average of 90 days for debt collection in this financial year.	Average of 72 days for debt collection in this financial year.	Average of 60 days for debt collection in this financial year.	Average of 60 days for debt collection in this financial year.	Average of 45 days for debt collection was achieved this financial year.	15 days.	Improvement is as a result of thorough implementation of the Collection Strategy.
Reduced number of days for payment of service providers by the NSG.	95% of suppliers paid within 30 days of receipt of a valid invoice.	100% of suppliers paid within 30 days of receipt of a valid invoice.	All suppliers paid within 30 days of receipt of a valid invoice.	All suppliers paid within 30 days of receipt of a valid invoice.	All suppliers are paid within 30 days of receipt of a valid invoice.	None.	None.

PROGRAMME PERFORMANCE INDICATORS							
Performance indicator	Actual achievement 2014/2015	Actual achievement 2015/2016	Actual achievement 2016/2017	Planned target 2017/ 2018	Actual achievement 2017/ 2018	Deviation from planned target to actual achievement	Comment on deviations
Amount of revenue generated by the Training Trading Account, as part of the cost-recovery.	Amount of R102m revenue generated by the Training Trading Account.	Amount of R128, 6m revenue generated by the Training Trading Account.	Amount of R151.9m revenue generated by the Training Trading Account.	Projected revenue of R116m generated by the Training Trading Account.	R116 667 000 generated as at 31 March 2018.	None.	None.
Reduced percentage vacancy rate in NSG.	As on 31 March 2015 vacancy rate was 15.4%. Decreased by 0.9% Since previous quarter.The vacancy rate 15.4% above 10%.	As at 31 March 2016, the vacancy rate was reduced to 10.5%.	The vacancy rate was reduced to 7.5% by end of the financial year.	Maintain a vacancy rate of 10% or less by end of financial year.	The vacancy rate was maintained at 10% as at 31 March 2018.	None.	None.
Effective ICT Disaster Recovery solution.	This is a new performance target reported in the financial year under review.	ICT DR solution successfully implemented and approval obtained for SITA to fully manage the VPN and Basic Accounting System (BAS) back-up.	Continuous monitoring of the DR solution and 2tests for ICT Disaster Recovery (DR) solution	Review the Disaster Recovery Plan.  Monitor and test ICT Disaster Recovery Solution.	The Disaster Recovery Plan reviewed and approved.  Monitoring and testing of the ICT DR solution is continuous. 2 ring-fenced DRP tests conducted this FY.	None.	None.

PROGRAMME PERFORMANCE INDICATORS							
Performance indicator	Actual achievement 2014/2015	Actual achievement 2015/2016	Actual achievement 2016/2017	Planned target 2017/ 2018	Actual achievement 2017/ 2018	Deviation from planned target to actual achievement	Comment on deviations
Number of international exchanges and capacity building initiatives facilitated to support the mandate of the NSG.	Facilitated 5 bi- and multilateral programmes	2 agreements (CAG and NIPAM) supporting international exchanges/capacity building initiatives were implemented.	Facilitated 3 agreements supporting international exchanges and capacity building initiatives.	Facilitate 3 agreements supporting international exchanges and capacity building initiatives.	3 agreements (including AMDIN, ENA France and China) supporting international exchanges and capacity building initiatives facilitated.	None.	None.

## Strategy to overcome areas of under performance

The programme achieved 100% (7/7) of its planned targets. The improved achievement is a result of the process of revising its Strategic Plan (2015 – 2020) in the previous financial year in order to allow for the revision of targets which were not achievable due to lack of capacity and resources, and this assisted in setting realistic and achievable targets in the remaining three years of the Strategic Plan.

## Changes to planned targets

There were no changes to planned targets for the financial year under review.

## Linking performance with budgets

### Sub-Programme Expenditure

Programme per sub-programme	2017/18			2016/17		
	Final Appropriation	Actual Expenditure	Variance	Final Appropriation	Actual expenditure	Variance
	R'000	R'000	R'000	R'000	R'000	R'000
I.1 Management	15,165	14,926	239	15,399	15,399	-
I.2 Corporate Services	61,269	61,269	-	60,847	60,022	825
I.3 Property Management	14,160	14,160	-	12,344	12,242	102
<b>Total</b>	<b>90,594</b>	<b>90,355</b>	<b>239</b>	<b>88,590</b>	<b>87,663</b>	<b>927</b>

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

The purpose of Programme 2 (Public Sector Organisational and Staff Development) is to provide for the monthly transfers for augmenting the TTA. The TTA provides for all activities that directly enable public service training and development.

Activities of the sub-programmes under Programme 2 are organised as follows:

- *Sub-programme 1*, Training Policy and Planning (incorporating Research and Innovation; Monitoring and Evaluation)
- *Sub-programme 2*, Training Management and Delivery (incorporating Induction; Leadership; Management; Administration; Technical Support; Marketing)
- *Sub-programme 3*, Specialised Services (incorporating Curriculum Design; Quality Assurance; Accreditation; e-Learning)

The strategic objectives of Programme 2 are organised as follows:

- Implement effective research to inform training and development needs and opportunities within the public sector
- Implement effective monitoring of the quality of training and development interventions and the evaluation of effectiveness of interventions
- Develop accredited and non-accredited curriculum responding to public service training and development needs
- Develop and offer technology-mediated learning
- Provide training and development opportunities for compulsory and demand-led training to current and potential public servants on NSG curriculum and programmes

### Significant achievements of performance targets

- The NSG trained a total of 52 557 learners against a target of 48 120 in this financial year. This represents 109% achievement against the training targets.
- Strategic partnerships remain a focal area for the School in terms of the current business and funding model. During this financial year 19 were concluded MOAs with national and provincial departments.
- The NSG finalised eight training needs analysis (TNA) reports for both the provincial and national departments in order to inform learning and development needs and opportunities.
- The NSG made the Compulsory Induction Programme (CIP) for salary levels 6-12 to be fully online. The NSG is currently offering 22 courses through e-Learning. The open online courses include PILIR, Managing Performance, Generally Recognised Accounting Principles (GRAP) and Financial Delegations.
- The School hosted the PSTF conference on 16-18 October 2017 which attracted Human Resource Development (HRD) practitioners to share best practice and engage in networking. The former Minister for Public Service and Administration, Hon. Ms Faith Muthambi, delivered a keynote address, launched the NSG-European Union Training and Capacity Development project, and conferred the PSTF Excellence Awards for Public Service Training to individuals and departments.
- Emanating from the Cabinet approval in February 2016 for the NSG to increase its training capacity, the recruitment process of serving and retired public servants, and organisations with relevant experience in learning and development is complete. Contracting of successful applicants for Rutanang Ma Afrika is completed. The deployment plan (NSG calendar) for the contracted providers is also completed. The Principal signed the three-year trainer contracts for the successful trainers.

STRATEGIC OBJECTIVES FOR PROGRAMME 2: PUBLIC SECTOR ORGANISATIONAL AND STAFF DEVELOPMENT							
Strategic objective	Actual achievement 2014/2015	Actual achievement 2015/2016	Actual achievement 2016/2017	Planned target 2017/ 2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement 2017/ 2018	Comment on deviations
Implement effective research to inform training and development needs and opportunities within the public sector.	A total of 3 research projects and 3 training needs analyses were undertaken.	A total of 7 research projects and 21 training needs analyses were undertaken.	A total of 4 research projects and 4 training needs analyses to inform training and development needs and opportunities were undertaken.	Undertake 5 research projects and 8 training needs analyses to inform training and development needs and opportunities.	6 research projects and 8 training needs analyses to inform training and development needs and opportunities completed.	1 additional research project undertaken.	Urgent request to complete research received from the office of MPSA. Some of the projects had to be completed instead of anticipated research areas.
Implement effective monitoring of the quality of training and development interventions and the evaluation of effectiveness of interventions.	60 on-site evaluations were undertaken and 3 applications of learning studies were carried out.	108 on-site evaluations were undertaken and 4 applications of learning studies were carried out.	60 evaluations were undertaken and four applications of learning studies were carried out.	Undertake 60 evaluations and 4 applications of learning studies annually.	65 evaluations and 4 applications of learning studies completed this financial year.	5 additional evaluations undertaken.	Additional evaluations necessitated by additional support they provided in the organisation, i.e. suitability of programme for target group, suitability of facilitator for specific training programmes.

STRATEGIC OBJECTIVES FOR PROGRAMME 2: PUBLIC SECTOR ORGANISATIONAL AND STAFF DEVELOPMENT							
Strategic objective	Actual achievement 2014/2015	Actual achievement 2015/2016	Actual achievement 2016/2017	Planned target 2017/ 2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement 2017/ 2018	Comment on deviations
Develop accredited and non-accredited curriculum responding to public service training and development needs.	6 curriculum programmes/courses were developed and quality assured.	6 curriculum programmes/courses were developed and quality assured.	6 curriculum programmes/courses were developed and quality assured.	Develop or review and quality assure 6 programmes in line with a curriculum framework and the relevant accrediting bodies annually.	1 curriculum programme (with 6 courses) developed and 18 programmes quality assured.	5 curriculum programmes.	The indicator and target should have referred to programmes/ courses, the error was inherent in the approved 2017/18 APP.
	-	-	Pilot the Executive Programme.	Develop and institutionalize an Executive Coaching Programme throughout the public sector.	Executive Coaching programme institutionalised through contracting of 8 coaches and 31 executives trained by the end of financial year through EIP.	None.	None.
Develop and offer technology-mediated learning	25 e-learning interventions undertaken.	28 e-learning interventions undertaken.	21 e-learning interventions undertaken through technology-mediated tools	22 e-learning interventions offered.	22 e-learning interventions offered.	None.	None.

<b>STRATEGIC OBJECTIVES FOR PROGRAMME 2: PUBLIC SECTOR ORGANISATIONAL AND STAFF DEVELOPMENT</b>							
<b>Strategic objective</b>	<b>Actual achievement 2014/2015</b>	<b>Actual achievement 2015/2016</b>	<b>Actual achievement 2016/2017</b>	<b>Planned target 2017/ 2018</b>	<b>Actual achievement 2017/2018</b>	<b>Deviation from planned target to actual achievement 2017/ 2018</b>	<b>Comment on deviations</b>
Provide training and development opportunities for compulsory and demand-led training to current and potential public servants on NSG curriculum and programmes.	A total of 29 012 new public servants underwent training.	A total of 28 940 new public servants underwent training.	A total of 64 513 public servants underwent training.	Rollout compulsory and demand-led training to 48 120 current and potential public servants annually.	Rolled out compulsory and demand-led training to 52 557 current and potential public servants in this financial year.	An additional 4 437 public servants were trained.	Persistent stakeholder management and demand for training led to more training being achieved.

PROGRAMME PERFORMANCE INDICATORS							
Performance indicator	Actual achievement 2014/2015	Actual achievement 2015/2016	Actual achievement 2016/2017	Planned target 2017/ 2018	Actual achievement 2017/ 2018	Deviation from planned target to actual achievement	Comment on deviations
Number of research projects to inform training and development needs and opportunities.	A total of 3 quality research projects were identified and undertaken.	A total of 7 quality research projects were identified and undertaken.	A total of 4 research projects were undertaken to inform training and development needs and opportunities.	Undertake 5 research projects to inform training needs and opportunities.	6 research projects to inform training needs and opportunities completed.	1 additional research project undertaken.	Urgent request to complete research received from the office of MPSA. Some of the projects had to be completed instead of anticipated research areas, however it is in the nature of research function as it needs to be able to respond to urgent requirements for data and research result as and when required.
Number of training needs analyses undertaken to inform training and development needs and opportunities.	A total of 3 training needs analyses were undertaken within a pre-determined number of public service institutions	21 training needs analyses were undertaken within a pre-determined number of public service institutions	4 training needs analyses were undertaken with public service institutions, to inform training and development interventions.	8 training needs analyses undertaken with public sector institutions.	8 training needs analyses undertaken with public sector institutions.	None.	None.

PROGRAMME PERFORMANCE INDICATORS							
Performance indicator	Actual achievement 2014/2015	Actual achievement 2015/2016	Actual achievement 2016/2017	Planned target 2017/ 2018	Actual achievement 2017/ 2018	Deviation from planned target to actual achievement	Comment on deviations
Number of research colloquia or workshops hosted by the NSG as a knowledge sharing platform.	4 research colloquia or roundtable discussions hosted.	7 research colloquia or roundtable discussions hosted.	4 research colloquia or roundtable discussions hosted.	Host 6 research colloquia workshops annually.	7 research colloquia workshops hosted.	1 additional research colloquium hosted.	Due to the relevance of the additional topic on “Critical reflection as catalyst to unlock the power of experiential learning” it was deemed useful to have an additional workshop.
Number of leadership platforms convened.	New performance target with no baseline information.	New performance target with no baseline information.	New performance target with no baseline information.	Convene 4 leadership platforms annually.	9 leadership platforms held this financial year.	5 additional platforms held.	Collaborations with partners in higher education institutions led to the NSG delivering more platforms.

PROGRAMME PERFORMANCE INDICATORS							
Performance indicator	Actual achievement 2014/2015	Actual achievement 2015/2016	Actual achievement 2016/2017	Planned target 2017/ 2018	Actual achievement 2017/ 2018	Deviation from planned target to actual achievement	Comment on deviations
Number of articles/papers published to promote thought leadership, knowledge creation and dissemination.	New performance target with no baseline information.	New performance target with no baseline information.	New performance target with no baseline information.	Publish 4 articles/papers to promote thought leadership.	5 articles published and 3 papers presented to promote thought leadership.	1 additional article and 3 papers published	The NSG contributed to knowledge creation and dissemination through the preparation of conference papers accepted for publishing and presented. Some of the papers are submitted for publication and publication processes are then dictated by the specific publisher or journal.
Number of evaluations to be undertaken by end of financial year.	60 on-site evaluations were undertaken.	108 on site evaluations were undertaken.	60 qualitative evaluations were carried out.	Complete 60 evaluations.	65 evaluations completed this financial year.	5 additional evaluations completed.	Additional evaluations necessitated by the additional support they provided in the organisation, i.e. suitability of programme for target group, suitability of facilitator for specific training programmes.

PROGRAMME PERFORMANCE INDICATORS							
Performance indicator	Actual achievement 2014/2015	Actual achievement 2015/2016	Actual achievement 2016/2017	Planned target 2017/ 2018	Actual achievement 2017/ 2018	Deviation from planned target to actual achievement	Comment on deviations
Number of applications of learning studies undertaken by end of financial year.	3 applications of learning studies were carried out.	4 applications of learning studies were carried out.	4 applications of learning studies were carried out.	4 applications of learning studies completed.	4 applications of learning studies completed.	None.	None.
Number of programmes developed or reviewed annually.	6 curriculum programmes/ courses were designed, developed and/or reviewed.	7 curriculum programmes/ courses were designed, developed and/or reviewed.	6 curriculum programmes/ courses were designed, developed and/or reviewed.	Develop or review 6 programmes annually (including 2 in-service training programmes supporting outcome 12).	Developed 1 programme with 6 courses (Executive Management Development Programme [EMDP]).	5 curriculum programmes.	The indicator and target should have referred to programmes/ courses, the error was inherent in the approved 2017/18 APP.

PROGRAMME PERFORMANCE INDICATORS							
Performance indicator	Actual achievement 2014/2015	Actual achievement 2015/2016	Actual achievement 2016/2017	Planned target 2017/ 2018	Actual achievement 2017/ 2018	Deviation from planned target to actual achievement	Comment on deviations
Develop and roll out an Executive Coaching Programme.	-	-	Pilot the Executive Programme.	Institutionalise the Executive Coaching Programme by end of financial year.	Executive Coaching Programme institutionalised through contracting of 8 coaches and 31 executives trained by the end of financial year through EIP.	None.	None.
Number of programmes quality assured annually.	6 curriculum programmes/courses quality assured.	6 curriculum programmes/courses quality assured.	6 curriculum programmes/courses quality assured	Quality assure 6 programmes by the NSG Quality Assurance Committee.	Quality assured 18 programmes/ courses by the NSG Quality Assurance Committee.	12 additional programmes/courses quality assured.	Legislative updates and requirements by Quality Management Systems (QMS) that necessitate courses to be reviewed every 3 years.

PROGRAMME PERFORMANCE INDICATORS							
Performance indicator	Actual achievement 2014/2015	Actual achievement 2015/2016	Actual achievement 2016/2017	Planned target 2017/ 2018	Actual achievement 2017/ 2018	Deviation from planned target to actual achievement	Comment on deviations
NSG status as an accredited training provider maintained.	PALAMA was accredited as a training provider.	PALAMA/NSG was accredited as a training provider.	NSG accredited as a training provider.	Maintain the status of the NSG as an accredited training provider by the relevant accrediting bodies.	NSG status as an accredited training provider is maintained. This occurred through facilitated monitoring of the NSG by PSETA, SASSETA, Services SETA and SABPP.	None.	None.
Number of online courses developed and offered by the NSG by the end of the financial year.	25 e-learning interventions undertaken.	28 e-learning interventions undertaken.	Offered 21 NSG courses for anytime, anywhere online learning.	Offer 22 NSG courses quarterly for anytime, anywhere online learning.	22 e-learning interventions offered.	None.	None.

PROGRAMME PERFORMANCE INDICATORS							
Performance indicator	Actual achievement 2014/2015	Actual achievement 2015/2016	Actual achievement 2016/2017	Planned target 2017/ 2018	Actual achievement 2017/ 2018	Deviation from planned target to actual achievement	Comment on deviations
Number of new and current public servants trained through face-to-face and online learning (including compulsory induction and demand-led trainings).	A total of 29 012 new public servants underwent training.	A total of 28 940 new public servants underwent training.	A total of 49 850 public servants underwent training through face-to-face and online method of teaching.	Train 45 370 new and current public servants on compulsory and demand-led programmes through face-to-face and online learning annually.	Trained 49 050 new and current public servants on compulsory and demand-led programmes through face-to-face and online learning.	3 680 additional public servants trained.	Persistent stakeholder management and demand for training led to more training being achieved.
Number of unemployed graduates and internships undergoing public service orientation through the NSG.	1 670 unemployed youth graduates orientated through the BB2E Programme.	1 784 unemployed youth graduates orientated through the BB2E Programme.	2 750 unemployed youth graduates orientated through the BB2E Programme.	Orientate 2 750 unemployed youth graduates and interns through the BB2E Programme.	Orientated 3 507 unemployed youth graduates and interns through the BB2E Programme. This includes PEPNAY training numbers through the Department of Rural Development and Land Reform partnership.	757 additional youth trained.	The NSG is working with client departments to train youth already in internships. Moreover, the NSG entered into an agreement with Department of Rural Development and Land Reform and the National Youth Development Agency (NYDA) to train more youth on BB2E.

### Strategy to overcome areas of under performance

The one target not achieved has been revised in the 2018/19 Annual Performance Plan to ensure informed performance measurement, monitoring and reporting.

### Changes to planned targets

There were no changes to planned targets for the financial year under review.

### Linking Performance with Budget

Programme per sub-programme	2017/18			2016/17		
	Final Appropriation	Actual Expenditure	Variance	Final Appropriation	Actual expenditure	Variance
	R'000	R'000	R'000	R'000	R'000	R'000
I.1 Training Trading Account	191,340	189,464	1,876	211,191	211,176	15
Total	191,340	189,464	1,876	211,191	211,176	15

## 5. TRANSFER PAYMENTS

Transfer payments were made from the vote to TTA for R63 million.

## 6. CONDITIONAL GRANTS

No conditional grants were paid or received for the year.

## 7. DONOR FUNDS

The NSG received a R220 000 donation in kind by the GIZ.

## 8. CAPITAL INVESTMENT

There was no capital investment for the year under review.

# Part C:

## Governance

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## 1. INTRODUCTION

Commitment by the department to maintain the highest standards of governance is fundamental to the management of public finances and resources. Users want assurance that the department has good governance structures in place to effectively, efficiently and economically utilise the state resources, which is funded by the tax payer.

## 2. RISK MANAGEMENT

The NSG follows an integrated approach towards risk management, and has adopted the Public Sector Risk Management Framework and international standards such as the COSO framework, ISO 31000 and other best practices in developing the approved Enterprise Risk Management Framework. The Enterprise Risk Management Framework is annually revised together with the Risk Management Committee Charter, which are among other governance requirements for the committee.

The Enterprise Risk Management Framework outlines the risk management approach followed by the department, combining efforts by the NSG management and staff, the Risk Management Committee, internal audit and Audit Committee, in identifying strategic, operational and emerging risks that could impede the organisation in achieving its set objectives. Through these efforts, mitigation strategies are developed, implemented and continuously monitored to ensure that risks are minimised to an acceptable level.

The overall risk management processes focuses on developmental strategic risks, IT risks and operational risks.

These risks are monitored continuously on a quarterly basis to assess implementation of the identified action plans, and progress on the risk action plan and status is presented to the Risk Management Committee (RMC) and the Audit Committee of the department.

The RMC is 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.

The RMC meets on a quarterly basis and the focus is on key risk areas and risk mitigation measures. The composition of the RMC comprises of all the Executive Management Committee and other officials appointed by the accounting officer. In addition to the committee, based on their technical expertise, are standing invitees to RMC meetings.

The Audit Committee has independently monitored the effectiveness of the system of risk management within the NSG by reviewing analysis reports and minutes of the RMC.

## 3. FRAUD AND CORRUPTION

The department has an approved Fraud and Anti-Corruption Policy that has a zero-tolerance to fraud, corruption and other irregularities. The Fraud and Anti-Corruption Policy and the implementation plan is the tool used as a response framework for combating fraud and corruption within the department, promoting employee vigilance in fraud identification and reporting, and provides guidelines on the handling of fraud-related reports and investigation. The department supports the National Anti-Corruption Hotline (NACH) which is administered by the Public Service Commission (PSC) and employees are encouraged to make confidential disclosure in relation to suspected fraud and corruption to the hotline as an alternative to the internal reporting facilities.

## 4. MINIMISING CONFLICT OF INTEREST

The NSG adheres to the conflict of interest codes as contained in Chapter 2, Part 2 (21) of the Public Service Regulations, 2016. The NSG communicates the due dates for financial disclosures and remunerated work outside the department timeously to all the employees.

On receipt of the applications, the ethics officers advise the principal on each application, and highlight those with conflicts of interest, so that he further engages those employees.

## 5. CODE OF CONDUCT

The NSG adheres to the code of conduct as contained in Chapter 2, Part I (13) of the Public Service Regulations, 2016. The NSG includes the discussion and awareness of the code of conduct in the programmes for:

1. Internship
2. Induction course for newly appointed employees
3. HR roadshows

In managing labour relations within the NSG by the Directorate: Human Resource Management and Development (HRM&D), the NSG follows the processes as contained within the Public Service Co-Ordinating Bargaining Council (PSCBC) Resolutions for Managing of Grievances (PSCBC Resolution 14 of 2002) and the managing of disciplinary processes (informal & formal) as contained in PSCBC Resolution 1 of 2003. The acts of misconduct within the resolution and therefore also in the Departmental Standard Operating Procedure are aligned with the code of conduct.

The Directorate: HRM&D also assists in the management of financial disclosures and the vetting and security clearance of employees.

In terms of the ethics aspect of the code of conduct, the Ethics Unit is responsible for the implementation of the code of conduct, ethics management which include, amongst others, the management of protective disclosures, gift registers and risk management.

## 6. HEALTH, SAFETY AND ENVIRONMENT ISSUES

The NSG has an Occupational Health and Safety (OHS) Committee which convenes twice a year to monitor the implementation of OHS in the NSG. The management of OHS is

implemented through a Safety, Health, Environment, Risk and Quality (SHERQ) Management Operational Plan, for which monthly reports are compiled, monitored and evaluated. The NSG also reports on OHS matters when it submits the Integrated Employee Health and Wellness Annual Report.

## 7. PORTFOLIO COMMITTEES

During the financial year under review, the NSG was invited to the Portfolio Committee on Public Service and Administration as well as Planning, Monitoring and Evaluation on the following occasions:

- Presentation on the 08 March 2017 regarding Frontline Service Delivery & Citizen-Based Monitoring; National School of Government New Curricula.
- Presentation on the 03 May 2017 regarding the National School of Government, Public Service Commission, Centre for Public Service Innovation, DPSA Annual Performance Plan 2017/18.
- Presentation on the 4 June 2017 regarding the NSG funding model.
- Presentation on the 13 September 2017 on Quarter 4 performance for the National School of Government.
- Presentation on the 10 October 2017 on the NSG 2016/17 Annual Report.
- Presentation on the 01 November 2017 on NSG, CPSI Quarter 2 performance.
- Presentation on the 28 February 2018 on NSG, CPSI and PSC Quarter 3 performance

Matters raised by the members of the Portfolio Committee during these presentations were responded to during the committee briefings.

## 8. SCOPA RESOLUTIONS

The National School of Government had no appearances to the Standing Committee on Public Accounts (SCOPA) or related notices in the financial year under review.

## 9. PRIOR MODIFICATIONS TO AUDIT REPORTS

There was no prior modification to audit reports.

## 10. INTERNAL CONTROL UNIT

The NSG had outsourced its internal audit function to Grant Thornton (GT), working together with the NSG's Internal Auditor at the deputy director level 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 Committee approved the Internal Audit Operational Plan for the 2017/18 financial year. In line with the annual internal audit plan for the year, the internal audit focus was on training management, audit of performance information, human capacity, asset management, finance review, communication, international and special projects and follow-up review. The internal auditor meets with the Auditor-General and the Chair of the Audit Committee as required, at various points of their audits, during the implementation of the internal audit plan.

## 11. INTERNAL AUDIT AND AUDIT COMMITTEES

### 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-year plan review are annually allocated to the internal audit function. Internal audit reports administratively to the accounting officer and functionally to the Audit Committee.

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
- Departmental processes for monitoring compliance with laws and regulations and the code of conduct

The Audit Committee is also responsible for reviewing the financial information and preparation of the annual financial statements and performance information reports, as required by the Public Finance Management Act and the related Treasury regulations. The Audit Committee does not perform any management functions or assume any management responsibilities, but functions as an objective and independent oversight committee, making recommendations to the accounting officer for his/her approval or final decision. Overall, the Audit Committee executes its responsibilities through close liaison and communication with the management, the internal and external auditors and where it deems it necessary, engages with the executive authority.

## 12. AUDIT COMMITTEE REPORT

The Audit Committee is pleased to present its report for the financial year ended 31 March 2018 in terms of the Public Finance Management Act 1 of 1999, section 38, 76, and 77 (“PFMA”) as well as Treasury Regulations 3.1.11.

### 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 five meetings.

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

Name	Qualifications	Internal or External	If Internal, Position in the Department	Date Appointed	Date Resigned	No. of Meetings Attended
Mr Sakhiseni Simelane (Chairperson)	Master of Commerce: Accounting Master of Business Administration Bachelor of Commerce (Honours) Bachelor of Commerce (Accounting)	External	N/A	01 November 2016	N/A	5
Prof. Dr Daniël (D.P.) van der Nest	Doctor Technologiae Master of Commerce (Economics) Post Graduate Diploma in Higher Education Bachelor of Commerce (Honours) in Economics Bachelor of Commerce (Accounting)	External	N/A	01 November 2016	N/A	5
Dr Maria Peenze	Doctor Technologiae: Business Administration, Magister Legum: Human Rights, Baccalaureus Legum Baccalaureus Juris	External	N/A	01 November 2016	N/A	5
Ms Zanele Nkosi	Bachelor of Commerce (Honours) CTA Bachelor of Commerce (Accounting) QE Board 1 and PPE Board 2	External	N/A	01 November 2016	N/A	5

## **Audit Committee Responsibility**

The Audit Committee reports that it has complied with its responsibilities arising from section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

## **The 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 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 South Africa, it is noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, it can be reported that the system of internal control over financial reporting for the period under review was efficient and effective.

## **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.

## **In-Year Management and Monthly/Quarterly Reports**

The committee is satisfied with the content and quality of monthly and quarterly reports prepared in terms of the PFMA and the Division of Revenue Act and issued by the accounting officer of the department, during the year under review.

## Evaluation of Financial Statements

The committee has:

- Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report, with the Auditor-General South Africa and the accounting officer
- Reviewed the Auditor-General South Africa's management report and management's response thereto
- Reviewed changes in accounting policies and practices
- Reviewed the department's compliance with legal and regulatory provisions
- Reviewed significant adjustments resulting from the audit

## Auditor-General's Report

We have reviewed the department's implementation plan for audit issues raised in the previous year and we are satisfied that the matters have been adequately resolved. The Audit Committee concurs and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.



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**MR SAKHISENI SIMELANI**

Chairperson of the Audit Committee

National School of Government

# Part D:

Human Resource

Management

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## 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 228, with 205 of these positions filled and 23 vacant as at 31 March 2018. This translates to 90% of posts filled as at the end of March 2018. The vacancy rate increased from 7.5% in 2016/17 to 10% by end of 2017/18. In this financial year the number of staff additional to the fixed establishment increased to 24 with the inception of the Sales Unit due to additional funding allocated by National Treasury to increase the uptake of NSG courses.

In terms of the employment equity status, the racial breakdown is as follows: Africans 159; Whites 23; Coloureds 12 and Indians 11. Significantly, female employees are well-presented in the NSG. Out of 205 total employees, 61% (124) were females as at end of 2017/18. The school continues to meet the Cabinet targets for employment of people with disabilities, representing 3.4% of employees and women at SMS, representing 52.3% of SMS members.

During the period under review, the NSG appointed a total of ten employees. In the same period, ten internal staff members were promoted to higher positions. The School trained 159 officials in line with the Workplace Skills Plan (WSP) representing an 8% increase in comparison with the previous financial year. The focus of training the officials was on critical skills required to deliver on the mandate of the school. The NSG also awarded 53 bursaries to employees to further their studies for the 2017 academic year.

The NSG provided opportunities for internship, benefiting 12 graduates in the financial year, and maintains a database of all interns from prior years. From 2009/10 to date, 23 interns have been offered permanent employment in the NSG. In this financial year, two interns have been offered employment in the NSG (one permanent and one contract).

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. The NSG performed excellently in implementing programmes aimed at enhancing active uptake of EHW interventions. A total of 183 employees were able to access health and wellness programmes during this financial year.

## 3. HUMAN RESOURCES OVERSIGHT STATISTICS

### 3.1. Personnel-Related Expenditure

The NSG budget provides for clearly defined programmes. The tables below summarise the final audited expenditure on personnel by programme and by salary band. In particular, it provides an indication of the 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 2017 to 31 March 2018**

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	90 478	50 528	440	2 674	56%	616
Vote Programme 2	63 312	-	-	-	-	-
NSG TTA	198 508	92 469	1 144	40 087	47%	752
<b>Total</b>	<b>352 298</b>	<b>142 997</b>	<b>1 584</b>	<b>42 761</b>	<b>41%</b>	<b>697</b>

**Table 3.1.2: Personnel costs by salary band for the period 1 April 2017 to 31 March 2018**

Salary band	Personnel expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	-	-	-
Skilled (Levels 3-5)	5 009	4%	218
Highly skilled production (Levels 6-8)	25 078	18%	398
Highly skilled supervision (Levels 9-12)	59 093	41%	788
Senior and top management (Levels 13-16)	53 817	38%	1 223
<b>Total</b>	<b>142 997</b>	<b>100%</b>	<b>697</b>

**Table 3.1.3: Salaries, overtime, home owners allowance and medical aid by programme for the period 1 April 2017 to 31 March 2018**

Programme	Salaries		Overtime		Home owners allowance		Medical aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Vote Programme I	34 805	24%	58	0%	724	1%	1 589	1%
NSG TTA	63 953	45%	-	0%	1 584	1%	2 241	2%
<b>Total</b>	<b>98 758</b>	<b>69%</b>	<b>58</b>	<b>0%</b>	<b>2 308</b>	<b>2%</b>	<b>3 830</b>	<b>3%</b>

**Table 3.1.4: Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2017 to 31 March 2018**

Salary band	Salaries		Overtime		Home owners allowance		Medical aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (Levels 1-2)	-	-	-	-	-	-	-	-
Skilled (Levels 3-5)	3 652	3%	23	0%	227	0%	400	0%
Highly skilled production (Levels 6-8)	18 004	13%	35	0%	967	1%	1 727	1%
Highly skilled supervision (Levels 9-12)	43 397	30%	-	0%	461	0%	1 249	1%
Senior management (Levels 13-16)	33 705	24%	-	0%	653	0%	454	0%
<b>Total</b>	<b>98 758</b>	<b>69%</b>	<b>58</b>	<b>0%</b>	<b>2 308</b>	<b>2%</b>	<b>3 830</b>	<b>3%</b>

## 3.2 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 2018**

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Vote Programme I	90	82	8.9%	-
NSG TTA	138	123	10.9%	24
<b>Total</b>	<b>228</b>	<b>205</b>	<b>10.1%</b>	<b>24</b>

**Table 3.2.2 Employment and vacancies by salary band as on 31 March 2018**

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Skilled (Levels 3-5)	24	23	4.2%	4
Highly skilled production (Levels 6-8)	75	63	16%	2
Highly skilled supervision (Levels 9-12)	80	75	6.3%	18
Senior management (Levels 13-16)	49	44	10.2%	-
<b>Total</b>	<b>228</b>	<b>205</b>	<b>10.1%</b>	<b>24</b>

**Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2018**

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 (deputy director-general) SR15	3	2	33.3%	-
Management & general support staff (chief financial officer) SR14	1	1	0%	-
Information technology & related personnel (Director: ICT) SR13	1	1	0%	-
Information technology & related personnel (Deputy Director: ICT) SR11	2	2	0%	-
<b>Total</b>	<b>7</b>	<b>6</b>	<b>14.2%</b>	<b>-</b>

### 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 2017**

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	1	33.3%	2	66.6%
Salary Level 14	16	14	87.5%	2	12.5%
Salary Level 13	29	27	93.1%	2	6.9%
<b>Total</b>	<b>49</b>	<b>43</b>	<b>87.8%</b>	<b>6</b>	<b>12.2%</b>

**Table 3.3.2 SMS post information as on 31 March 2018**

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	12	75%	4	25%
Salary Level 13	29	29	100%	0	0%
<b>Total</b>	<b>49</b>	<b>44</b>	<b>89.8%</b>	<b>5</b>	<b>10.2%</b>

**Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2017 to 31 March 2018**

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	-	-	-
Salary Level 15	-	-	-
Salary Level 14	-	-	-
Salary Level 13	2	2	-
<b>Total</b>	<b>2</b>	<b>2</b>	<b>-</b>

All vacancies were filled within six months of becoming vacant, therefore no disciplinary steps needed to be undertaken for non-compliance of prescribed timeframes.

### 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 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 2017 to 31 March 2018**

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)	-	-	-	-	-	-	-
Skilled (Levels 3-5)	24	10	41.6%	-	-	-	-
Highly skilled production (Levels 6-8)	75	44	58.6%	10	22.7%	1	2.3%
Highly skilled supervision (Levels 9-12)	80	18	22.5%	-	-	1	5.5%
Senior management service Band A	29	1	3.4%	-	-	-	-
Senior management service Band B	16	1	6.2%	-	-	-	-
Senior management service Band C	3	2	66.6%	-	-	-	-
Senior management service Band D	1	0	0%	-	-	-	-
<b>Total</b>	<b>228</b>	<b>76</b>	<b>33.3%</b>	<b>10</b>	<b>13.1%</b>	<b>2</b>	<b>2.6%</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 upgraded for the period 1 April 2017 to 31 March 2018**

Gender	African	Asian	Coloured	White	Total
Female	4	-	-	-	4
Male	4	-	-	-	4
<b>Total</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8</b>
Employees with a disability					<b>0</b>

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 2017 to 31 March 2018**

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Assistant Director: Labour Relations	1	9	11	Previously retained job weight post reviewed and remained unchanged
<b>Total number of employees whose salaries exceeded the level determined by job evaluation</b>				<b>1</b>
<b>Percentage of total employed</b>				<b>0.5%</b>

The following table summarises the beneficiaries of the above in terms of race, gender and disability.

**Table 3.4.4 Profiles of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2017 to 31 March 2018**

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	1	1
Male	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>
Employees with a disability					<b>1</b>

### 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 2017 to 31 March 2018**

Salary band	Number of employees at beginning of period-1 April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	-	-	-	-
Skilled (Levels 3-5)	24	2	2	8.3%
Highly skilled production (Levels 6-8)	68	3	5	7.4%
Highly skilled supervision (Levels 9-12)	73	4	5	6.8%
Senior management service Bands A	29	1	2	6.9%
Senior management service Bands B	14	0	1	7.1%
Senior management service Bands C	1	0	0	0%
Senior management service Bands D	1	0	0	0%
<b>Total</b>	<b>210</b>	<b>10</b>	<b>15</b>	<b>7.1%</b>

**Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2017 to 31 March 2018**

Critical occupation	Number of employees at beginning of period-1 April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Management & general support staff (Deputy Director-General) SR15	1	0	0	0%
Management & general support staff (Chief Financial Officer) SR14	1	0	0	0%
Information technology & related personnel (Director: ICT) SR13	1	0	0	0%
Information technology & related personnel (Deputy Director: ICT) SR11	2	0	0	0%
<b>Total</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0%</b>

**Table 3.5.3 Reasons why staff left the department for the period 1 April 2017 to 31 March 2018**

Termination type	Number	% of total resignations
Death	1	6.7%
Resignation	7	46.6%
Expiry of contract	-	-
Dismissal – operational changes	-	-
Dismissal – misconduct	1	6.7%
Dismissal – inefficiency	-	-
Discharged due to ill-health	-	-
Retirement	2	13.3%
Transfer to other public service departments	4	26.7%
Other	-	-
<b>Total</b>	<b>15</b>	<b>100%</b>
<b>Total number of employees who left as a % of total employment</b>	<b>15/210</b>	<b>7.1%</b>

**Table 3.5.4 Promotions by salary band for the period 1 April 2017 to 31 March 2018**

Salary Band	Employees at 1 April 2017	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level (grade progressions)	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)	-	-	-	-	-
Skilled (Levels 3-5)	24	1	4.1%	-	-
Highly skilled production (Levels 6-8)	68	6	8.8%	-	-
Highly skilled supervision (Levels 9-12)	73	2	2.7%	1	1.4%
Senior management (Level 13-16)	45	1	2.2%	-	-
<b>Total</b>	<b>210</b>	<b>10</b>	<b>4.8%</b>	<b>1</b>	<b>0.5%</b>

**Table 3.5.5 Promotions by critical occupation for the period 1 April 2017 to 31 March 2018**

Occupation	Employees at 1 April 2017	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Management & general support staff (Deputy Director-General) SR15	1	1	100%	-	-
Management & general support staff (Chief Financial Officer) SR14	1	-	0%	-	-
Information technology & related personnel (Director: ICT) SR13	1	-	0%	-	-
Information technology & related personnel (Deputy Director: ICT) SR11	2	-	0%	-	-
<b>Total</b>	<b>5</b>	<b>1</b>	<b>20%</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 2018**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	14	0	3	4	11	3	4	5	44
Professionals	25	2	3	3	33	2	0	7	75
Technicians and associate professionals	17	0	0	1	38	3	1	3	63
Clerks	9	0	0	0	12	2	0	0	23
<b>Total</b>	<b>65</b>	<b>2</b>	<b>6</b>	<b>8</b>	<b>94</b>	<b>10</b>	<b>5</b>	<b>15</b>	<b>205</b>
Employees with disabilities	3	-	2	-	1	-	-	1	7

**Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2018**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	2	-	-	1	-	-	-	-	3
Senior management	12	-	3	3	11	3	4	5	41
Professionally qualified and experienced specialists and mid-management	25	2	3	3	33	2	-	7	75
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	17	-	-	1	38	3	1	3	63
Semi-skilled and discretionary decision-making	9	-	-	-	12	2	-	-	23
Unskilled and defined decision-making	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>65</b>	<b>2</b>	<b>6</b>	<b>8</b>	<b>94</b>	<b>10</b>	<b>5</b>	<b>15</b>	<b>205</b>

**Table 3.6.3 Recruitment for the period 1 April 2017 to 31 March 2018**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	-	-	-	-	-	-	-	-	-
Senior management	1	-	-	-	-	-	-	-	1
Professionally qualified and experienced specialists and mid-management	1	-	-	-	3	-	-	-	4
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	3	-	-	-	-	-	-	-	3
Semi-skilled and discretionary decision-making	1	-	-	-	1	-	-	-	2
Unskilled and defined decision-making	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>
Employees with disabilities	1	-	-	-	-	-	-	-	1

**Table 3.6.4 Promotions for the period 1 April 2017 to 31 March 2018**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	1	-	-	-	-	-	-	-	1
Senior management	-	-	-	-	1	-	-	-	1
Professionally qualified and experienced specialists and mid-management	3	-	-	-	2	-	-	-	5
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	1	-	-	-	2	-	-	-	3
Semi-skilled and discretionary decision-making	-	-	-	-	-	-	-	-	0
Unskilled and defined-decision making	-	-	-	-	-	-	-	-	0
<b>Total</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>
Employees with disabilities	1	-	-	-	-	-	-	-	1

**Table 3.6.5 Terminations for the period 1 April 2017 to 31 March 2018**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	-	-	-	-	-	-	-	-	0
Senior management	1	-	-	1	-	1	-	-	3
Professionally qualified and experienced specialists and mid-management	2	-	-	1	2	-	-	-	5
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	1	-	-	-	3	-	-	1	5
Semi-skilled and discretionary decision-making	2	-	-	-	-	-	-	-	2
Unskilled and defined decision-making	-	-	-	-	-	-	-	-	0
<b>Total</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>5</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>15</b>
Employees with disabilities	-	-	-	-	-	-	-	-	0

**Table 3.6.6 Disciplinary action for the period 1 April 2017 to 31 March 2018**

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Suspended without pay	1	-	-	-	-	-	-	-	1
Dismissal	-	-	-	1	-	-	-	-	1
<b>Total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>

**Table 3.6.7 Skills development for the period 1 April 2017 to 31 March 2018**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	11	-	2	1	5	4	3	3	29
Professionals	27	-	3	1	22	3	-	4	60
Clerks	11	-	-	-	29	3	1	2	46
Elementary occupations	5	-	-	-	7	-	-	-	12
Interns	3	-	-	-	9	-	-	-	12
<b>Total</b>	<b>57</b>	<b>0</b>	<b>5</b>	<b>2</b>	<b>72</b>	<b>10</b>	<b>4</b>	<b>9</b>	<b>159</b>
Employees with disabilities	3	-	2	-	1	-	-	1	7

### 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 are presented here.

**Table 3.7.1 Signing of performance agreements by SMS members as on 31 May 2017**

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	1	1	2.2%
Salary Level 15	3	1	1	2.2%
Salary Level 14	16	14	14	31.1%
Salary Level 13	29	29	29	64.5%
<b>Total</b>	<b>49</b>	<b>45</b>	<b>45</b>	<b>100%</b>

All performance agreements were concluded for all SMS members on time, therefore no disciplinary steps were needed.

### 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 2017 to 31 March 2018**

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee (R'000)
African	67	159	42.1%	1 124	16
Male	26	65	40%	502	19
Female	41	94	43.6%	622	15
Indian	5	11	45.5%	148	29
Male	2	6	33.3%	67	33
Female	3	5	60%	81	27
Coloured	6	12	50%	135	22
Male	0	2	0%	0	0
Female	6	10	60%	135	22
White	13	23	56.5%	345	26
Male	5	8	62.5%	134	26
Female	8	15	53.3%	211	26
<b>Total</b>	<b>91</b>	<b>205</b>	<b>44.4%</b>	<b>1 752</b>	<b>19</b>
Employees with disabilities	2	7	28.6%	55	27

**Table 3.8.2 Performance rewards by salary band for personnel below senior management service for the period 1 April 2017 to 31 March 2018**

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 (R'000)	
Lower skilled (Levels 1-2)	0	0	0%	0	0	0%
Skilled (Levels 3-5)	5	23	21.7%	28	5	0.5%
Highly skilled production (Levels 6-8)	40	63	63.5%	380	9	1.5%
Highly skilled supervision (Levels 9-12)	25	75	33.3%	610	24	1%
<b>Total</b>	<b>70</b>	<b>161</b>	<b>43.5%</b>	<b>1 018</b>	<b>14</b>	<b>1.1%</b>

**Table 3.8.3 Performance rewards by critical occupation for the period 1 April 2017 to 31 March 2018**

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R'000)	Average cost per employee (R'000)
Management & general support staff (Deputy Director-General) SR15	0	2	0%	0	0
Management & general support staff (Chief Financial Officer) SR14	1	1	100%	35	35
Information technology & related personnel (Director: ICT) SR13	0	1	0%	0	0
Information technology & related personnel (Deputy Director: ICT) SR11	0	2	0%	0	0
<b>Total</b>	<b>1</b>	<b>6</b>	<b>16.6%</b>	<b>35</b>	<b>35</b>

**Table 3.8.4 Performance-related rewards (cash bonus), by salary band for senior management service for the period 1 April 2017 to 31 March 2018**

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 (R'000)	
Band A	9	29	31%	274	30	0.8%
Band B	12	12	100%	460	38	2.5%
Band C	0	2	0%	0	0	0%
Band D	0	1	0%	0	0	0%
<b>Total</b>	<b>21</b>	<b>44</b>	<b>47.7%</b>	<b>734</b>	<b>35</b>	<b>1.4%</b>

### 3.9. Foreign Workers

The NSG did not employ 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 2017 to 31 December 2017**

Salary band	Total days	% days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)
Lower skills (Level 1-2)	-	0%	-	0%	-	0.00
Skilled (Levels 3-5)	136	77%	19	82.6%	7.2	108
Highly skilled production (Levels 6-8)	464	72%	71	92.2%	6.5	731
Highly skilled supervision (Levels 9 -12)	539	69%	79	100%	6.8	1 376
Top and senior management (Levels 13-16)	326	77%	39	79.6%	8.4	1 398
<b>Total</b>	<b>1465</b>	<b>72%</b>	<b>208</b>	<b>91.2%</b>	<b>7</b>	<b>3 613</b>

**Table 3.10.2 Incapacity leave for the period 1 January 2017 to 31 December 2017**

Salary band	Total days	% days with medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated cost (R'000)
Lower skilled (Levels 1-2)	-	-	-	-	-	-
Skilled (Levels 3-5)	-	-	-	-	-	-
Highly skilled production (Levels 6-8)	46	100%	2	3%	23	23
Highly skilled supervision (Levels 9-12)	34	100%	2	2%	17	49
Senior management (Levels 13-16)	79	100%	2	4.5%	40	294
<b>Total</b>	<b>159</b>	<b>100%</b>	<b>6</b>	<b>2.6%</b>	<b>45</b>	<b>366</b>

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management to take 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 2017 to 31 December 2017**

Salary band	Total days taken	Number of employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	-	-	-
Skilled (Levels 3-5)	424	25	17
Highly skilled production (Levels 6-8)	1 675	89	18.8
Highly skilled supervision (Levels 9-12)	2 044	95	21.5
Senior management (Levels 13-16)	1 203	49	24.6
<b>Total</b>	<b>5 346</b>	<b>258</b>	<b>20.7</b>

**Table 3.10.4 Capped leave for the period 1 January 2017 to 31 December 2017**

Salary band	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee	Average capped leave per employee
Lower skilled (Levels 1-2)	-	-	-	-
Skilled (Levels 3-5)	-	-	-	-
Highly skilled production (Levels 6-8)	-	-	-	-
Highly skilled supervision (Levels 9-12)	2	1	2	0
Senior management (Levels 13-16)	7	1	7	20.57
<b>Total</b>	<b>9</b>	<b>2</b>	<b>4.5</b>	<b>20.57</b>

The following table summarises 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 2017 to 31 March 2018**

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-out for 2017/18 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay-out on termination of service for 2017/18	237	1	237
Current leave pay-out on termination of service for 2017/18	94	4	23.5
<b>Total</b>	<b>331</b>	<b>5</b>	<b>66.2</b>

### 3.1.1. HIV/AIDS & Health Promotion Programmes

**Table 3.1.1.1 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 3.1.1.2 Details of health promotion and HIV/AIDS programmes (tick the applicable boxes and provide the required information)**

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Section 55 of the Public Service Regulations, 2016? 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 R1 042 463.00 The budget allocated for programme activities is R1 18 907.00 Total budget: R1 161 370.00

Question	Yes	No	Details, if yes
<p>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.</p>	√		<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</li> <li>• Monthly awareness sessions</li> <li>• Bi-annual health screening</li> </ul>
<p>4. Has the department established (a) committee(s) as contemplated in Section 55(6)(d) of the Public Service Regulations, 2016? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.</p>	√		<p>Wellness matters are discussed as part of the HR Forum.</p>
<p>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.</p>	√		<p>The approved policy for the management of HIV/AIDS, TB &amp; STIs Operational Plan incorporates elements of non-discrimination in the workplace.</p>
<p>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.</p>	√		<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>
<p>7. Does the department encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have you achieved.</p>	√		<p>Quarterly HIV counselling and testing (HCT) was implemented and 31% of staff were tested during the reporting period.</p>
<p>8. Has the Department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/ indicators.</p>	√		<ul style="list-style-type: none"> <li>• Quarterly and annual reports are received from the outsourced service providers</li> <li>• Quarterly and 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 2017/18 period. The main focus for consultation within the Departmental Bargaining Chamber (DBC) was on the HRM&D policies.

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

**Table 3.12.1 Misconduct and disciplinary hearings finalised for the period 1 April 2017 to 31 March 2018**

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	-	-
Verbal warning	-	-
Written warning	-	-
Final written warning	-	-
Suspended without pay	1	50%
Fine	-	-
Demotion	-	-
Dismissal	1	50%
Not guilty	-	-
Case withdrawn	-	-
<b>Total</b>	<b>2</b>	<b>100%</b>

**Table 3.12.2 Types of misconduct addressed at disciplinary hearings for the period 1 April 2017 to 31 March 2018**

Type of misconduct	Number	% of total
Without permission possesses or wrongfully uses the property of the state	1	50%
Abscondment (absence without authority for longer than 30 days)	1	50%
<b>Total</b>	<b>2</b>	<b>100%</b>

**Table 3.12.3 Grievances logged for the period 1 April 2017 to 31 March 2018**

Grievances	Number	% of total
Number of grievances resolved	1	17%
Number of grievances not resolved	5	83%
<b>Total number of grievances lodged</b>	<b>6</b>	<b>100%</b>

**Table 3.12.4 Disputes logged with councils for the period 1 April 2017 to 31 March 2018**

Disputes	Number	% of total
Number of disputes upheld	0	0%
Number of disputes dismissed	2	100%
Number of disputes lodged still in process	0	0%
<b>Total number of disputes lodged</b>	<b>2</b>	<b>100%</b>

**Table 3.12.5 Strike actions for the period 1 April 2017 to 31 March 2018**

Total number of persons working days lost	0
Total costs working days lost	0
Amount recovered as a result of no work no pay (R'000)	0

**Table 3.12.6 Precautionary suspensions for the period 1 April 2017 to 31 March 2018**

Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost of suspension (R'000)	0

### 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 2017 to 31 March 2018**

Occupational category	Gender	Number of employees as at 1 April 2017	Training needs identified at start of the reporting period			
			Learnerships	Skills programmes & other short courses	Other forms of training (Abet)	Total
Legislators, senior officials and managers	Female	23	-	14	-	14
	Male	22	-	11	-	11
Professionals	Female	40	-	21	-	21
	Male	33	-	27	-	27
Technicians and associate professionals	Female	50	-	30	-	30
	Male	18	-	11	-	11
Clerks	Female	14	-	7	-	7
	Male	10	-	5	-	5
<b>Sub-total</b>	<b>Female</b>	<b>127</b>	<b>-</b>	<b>72</b>	<b>-</b>	<b>72</b>
	<b>Male</b>	<b>83</b>	<b>-</b>	<b>54</b>	<b>-</b>	<b>54</b>
<b>Total</b>		<b>210</b>	<b>0</b>	<b>126</b>	<b>0</b>	<b>126</b>

**Table 3.13.2 Training provided for the period 1 April 2017 to 31 March 2018**

Occupational category	Gender	Number of employees as at 1 April 2017	Training provided within the reporting period			
			Learnerships	Skills programmes & other short courses	Other forms of training (bursaries)	Total
Legislators, senior officials and managers	Female	23	-	15	6	21
	Male	22	-	14	4	18
Professionals	Female	40	-	22	8	30
	Male	33	-	27	7	34
Technicians and associate professionals	Female	50	-	33	18	51
	Male	18	-	11	5	16
Clerks	Female	14	-	7	2	9
	Male	10	-	5	3	8
<b>Sub-total</b>	<b>Female</b>	<b>127</b>	<b>-</b>	<b>77</b>	<b>34</b>	<b>111</b>
	<b>Male</b>	<b>83</b>	<b>-</b>	<b>57</b>	<b>19</b>	<b>76</b>
<b>Sub-total</b>		<b>210</b>	<b>-</b>	<b>134</b>	<b>53</b>	<b>187</b>
Interns	Female	9	-	9	-	9
	Male	3	-	3	-	3
Fixed term contract employees	Female	8	-	9	-	9
	Male	10	-	4	-	4
<b>Total</b>		<b>240</b>	<b>0</b>	<b>159</b>	<b>53</b>	<b>212</b>

### 3.14. Injury on Duty

The following tables provides basic information on injury on duty.

**Table 3.14.1 Injury on duty for the period 1 April 2017 to 31 March 2018**

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0%
Temporary total disablement	0	0%
Permanent disablement	0	0%
Fatal	0	0%
<b>Total</b>	<b>0</b>	<b>0%</b>

### 3.15. Utilisation of Consultants

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

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

**Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2017 to 31 March 2018**

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in (rand)
Internal audit services	1	3 years	638 185.90
Audit Committee members	4	Ad hoc	155 736.00
Training of national, provincial and local government	143	Ad hoc	23 017 810.57
IT outsourced services	1	5 years	5 808 902.82
Research and development consulting	8	Ad hoc	780 543.40

Total number of projects	Total individual consultants	Total duration work days	Total contract value in Rands
5	153	Ad hoc	24 592 275.87

### 3.16. Severance Packages

No severance packages were granted during the period.



# Part E:

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## Report of the auditor-general to Parliament on vote no. 12a: National School of Government

### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of the National School of Government set out on pages 97 to 144, which comprise the appropriation statement, the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National School of Government as at 31 March 2018, and financial performance and cash flows for the year then ended in accordance with the 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).

#### Basis for my opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the National School of Government in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in

South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Other matter

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

#### Unaudited supplementary schedules

7. The supplementary information set out on pages 140 to 147 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 on it.

#### Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with MCS prescribed by the National Treasury and the requirements of the 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.
9. In preparing the financial statements, the accounting officer is responsible for assessing the National School of Government's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

## Auditor-general’s responsibilities for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor’s report.

## Report on the audit of the annual performance report

### Introduction and scope

12. 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 material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information

in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the department for the year ended 31 March 2018:

Programme	Pages in the annual performance report
Programme 2 – Public sector organisational and staff development	45 - 54

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. The material findings in respect of the usefulness and reliability of the selected programme are as follows:

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

#### Indicator: Develop and roll out executive coaching programme

17. The planned target for this indicator was not specific in clearly identifying the nature and required level of performance and measurable.

### Other matter

18. I draw attention to the matters below.

### Achievement of planned targets

19. Refer to the annual performance report on pages 53 to 62 for information on the achievement of planned targets for the year and explanations provided for the overachievement of a significant number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 17 of this report.

### Adjustment of material misstatements

20. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 2 - Public sector organisational and staff development. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness of the reported performance information. Those that were not corrected are reported above.

## Report on the audit of compliance with legislation

### Introduction and scope

21. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

22. The material findings on compliance with specific matters in key legislations are as follows:

### Procurement and contract management

23. Some of the contracts were extended or modified without the approval of a properly delegated official as required by section 44 of the PFMA and treasury regulations 8.1 and 8.2.

24. Bid documentation for procurement of commodities designated for local content and production, did not meet the stipulated minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8 (2).

25. Commodities designated for local content and production, were procured from suppliers who did not meet the prescribed minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8(5).

### Other information

26. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported in this auditor's report.

27. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

28. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

#### ***Internal control deficiencies***

29. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

#### **Regular, accurate and complete financial and performance reports**

30. The annual performance report contained numerous misstatements that were corrected. This was mainly due to staff not fully understanding the requirements for reporting on performance information.

#### **Compliance monitoring**

31. Identified instances of non-compliance were due to management having a different understanding/interpretation on how the legislation should be applied.

Pretoria

31 July 2018



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure – Auditor-general’s responsibility for the audit

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

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department’s internal control.
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.

- conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the National School of Government’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a department to cease continuing as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

**NATIONAL SCHOOL OF GOVERNMENT  
VOTE 10**

**ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2018

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Appropriation per programme									
2017/18								2016/17	
APPROPRIATION STATEMENT	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1. Administration</b>	95,894	(4,200)	(1,100)	90,594	90,355	239	99.7%	88,590	87,663
<b>2. Public Sector Organisational and Staff Development</b>	64,612	4,200	(5,500)	63,312	63,312	-	100.0%	-	-
<b>TOTAL</b>	<b>160,506</b>	<b>-</b>	<b>(6,600)</b>	<b>153,906</b>	<b>153,667</b>	<b>239</b>	<b>99.8%</b>	<b>88,590</b>	<b>87,663</b>
<b>Reconciliation with statement of financial performance</b>									
<b>ADD</b>									
Departmental receipts				125				183	
Aid assistance				6,055				-	
<b>Actual amounts per statement of financial performance (total revenue)</b>				<b>160,086</b>				<b>88,773</b>	
<b>ADD: Aid assistance</b>					8,215				-
<b>Actual amounts per statement of financial performance (total expenditure)</b>					<b>161,882</b>				<b>87,663</b>

\*The R6.600 for virement is declared unspent funds. This was a Cabinet approved reduction on the baseline of the Department.

Appropriation per economic classification									
2017/18								2016/17	
	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>93,891</b>	<b>(4,816)</b>	<b>(1,100)</b>	<b>87,975</b>	<b>87,736</b>	<b>239</b>	<b>99.7%</b>	<b>85,563</b>	<b>84,636</b>
Compensation of employees	51,911	(339)	(805)	50,767	50,528	239	99.5%	49,925	49,100
Salaries and wages	51,911	(6,369)	(805)	44,737	44,498	239	99.5%	44,119	43,294
Social contributions	-	6,030	-	6,030	6,030	-	100.0%	5,806	5,806
Goods and services	41,980	(4,477)	(295)	37,208	37,208	-	100.0%	35,638	35,536
Administrative fees	436	302	-	738	738	-	100.0%	579	579
Advertising	1,100	(509)	-	591	591	-	100.0%	361	361
Minor assets	216	30	-	246	246	-	100.0%	113	113
Audit costs: External	4,061	548	-	4,609	4,609	-	100.0%	2,868	2,868
Bursaries: Employees	751	255	-	1,006	1,006	-	100.0%	740	740
Catering: Departmental activities	321	(48)	-	273	273	-	100.0%	520	520
Communication (G&S)	1,634	(689)	-	945	945	-	100.0%	1,117	1,117
Computer Services	4,888	2,112	(63)	6,937	6,937	-	100.0%	3,492	3,492
Consultants: Business and advisory services	562	818	-	1,380	1,380	-	100.0%	329	329
Legal services	230	309	-	539	539	-	100.0%	245	245
Contractors	833	(247)	-	586	586	-	100.0%	1,388	1,388
Agency and support/outsourced services	4,902	(4,605)	(122)	175	175	-	100.0%	5,083	5,083
Entertainment	4	(4)	-	-	-	-	-	-	-
Fleet services	723	(497)	-	226	226	-	100.0%	212	212
Inventory: Materials and supplies	-	-	-	-	-	-	-	225	225
Consumable supplies	630	183	-	813	813	-	100.0%	793	793
Consumable: Stationery, printing and office supplies	856	(155)	-	701	701	-	100.0%	759	759

Appropriation per economic classification									
2017/18								2016/17	
	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
Operating leases	9,223	2,431	-	11,654	11,654	-	100.0%	9,529	9,529
Property payments	6,658	(3,117)	(110)	3,431	3,431	-	100.0%	3,493	3,391
Travel and subsistence	2,447	(1,214)	-	1,233	1,233	-	100.0%	2,108	2,108
Training and development	538	(98)	-	440	440	-	100.0%	742	742
Operating payments	892	(231)	-	661	661	-	100.0%	901	901
Venues and facilities	59	(59)	-	-	-	-	-	41	41
Rental and hiring	16	8	-	24	24	-	100.0%	-	-
<b>Transfers and subsidies</b>	<b>64,612</b>	<b>4,467</b>	<b>(5,500)</b>	<b>63,579</b>	<b>63,579</b>	<b>-</b>	<b>100.0%</b>	<b>134</b>	<b>134</b>
Departmental agencies and accounts	64,612	4,200	(5,500)	63,312	63,312	-	100.0%	-	-
Households	-	267	-	267	267	-	100.0%	134	134
<b>Payments for capital assets</b>	<b>2,003</b>	<b>349</b>	<b>-</b>	<b>2,352</b>	<b>2,352</b>	<b>-</b>	<b>100.0%</b>	<b>2,893</b>	<b>2,893</b>
Machinery and equipment	2,003	268	-	2,271	2,271	-	100.0%	2,727	2,727
Other machinery and equipment	2,003	268	-	2,271	2,271	-	100.0%	2,727	2,727
Software and other intangible assets	-	81	-	81	81	-	100.0%	166	166
<b>Total</b>	<b>160,506</b>	<b>-</b>	<b>(6,600)</b>	<b>153,906</b>	<b>153,667</b>	<b>239</b>	<b>99.8%</b>	<b>88,590</b>	<b>87,663</b>

Detail Per Programme I – Administration									
2017/18								2016/17	
Programme per sub-programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1.1 Management</b>	18,674	(3,387)	(122)	15,165	14,926	239	98.4%	15,399	15,399
<b>1.2 Corporate Services</b>	61,489	648	(868)	61,269	61,269	-	100.0%	60,847	60,022
<b>1.3 Property Management</b>	15,731	(1,461)	(110)	14,160	14,160	-	100.0%	12,344	12,242
<b>Total</b>	<b>95,894</b>	<b>(4,200)</b>	<b>(1,100)</b>	<b>90,594</b>	<b>90,355</b>	<b>239</b>	<b>99.7%</b>	<b>88,590</b>	<b>87,663</b>

Detail Per Programme I – Administration									
2017/18								2016/17	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>93,891</b>	<b>(4,816)</b>	<b>(1,100)</b>	<b>87,975</b>	<b>87,736</b>	<b>239</b>	<b>99.7%</b>	<b>85,563</b>	<b>84,636</b>
Compensation of employees	51,911	(339)	(805)	50,767	50,528	239	99.5%	49,925	49,100
Salaries and wages	51,911	(6,369)	(805)	44,737	44,498	239	99.5%	44,119	43,294
Social contributions	-	6,030	-	6,030	6,030	-	100.0%	5,806	5,806
Goods and services	41,980	(4,477)	(295)	37,208	37,208	-	100.0%	35,638	35,536
Administrative fees	436	302	-	738	738	-	100.0%	579	579
Advertising	1,100	(509)	-	591	591	-	100.0%	361	361
Minor assets	216	30	-	246	246	-	100.0%	113	113
Audit costs: External	4,061	548	-	4,609	4,609	-	100.0%	2,868	2,868
Bursaries: Employees	751	255	-	1,006	1,006	-	100.0%	740	740

Detail Per Programme I – Administration									
Economic classification	2017/18							2016/17	
	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
Catering: Departmental activities	321	(48)	-	273	273	-	100.0%	520	520
Communication (G&S)	1,634	(689)	-	945	945	-	100.0%	1,117	1,117
Computer services	4,888	2,112	(63)	6,937	6,937	-	100.0%	3,492	3,492
Consultants: Business and advisory services	562	818	-	1,380	1,380	-	100.0%	329	329
Legal services	230	309	-	539	539	-	100.0%	245	245
Contractors	833	(247)	-	586	586	-	100.0%	1,388	1,388
Agency and support/ outsourced services	4,902	(4,605)	(122)	175	175	-	100.0%	5,083	5,083
Entertainment	4	(4)	-	-	-	-	-	-	-
Fleet services	723	(497)	-	226	226	-	100.0%	212	212

Detail Per Programme I – Administration									
Economic classification	2017/18							2016/17	
	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: Materials and supplies	-	-	-	-	-	-	-	225	225
Consumable supplies	630	183	-	813	813	-	100.0%	793	793
Consumable: Stationery, printing and office supplies	856	(155)	-	701	701	-	100.0%	759	759
Operating leases	9,223	2,431	-	11,654	11,654	-	100.0%	9,529	9,529
Property payments	6,658	(3,117)	(110)	3,431	3,431	-	100.0%	3,493	3,391
Travel and subsistence	2,447	(1,214)	-	1,233	1,233	-	100.0%	2,108	2,108
Training and development	538	(98)	-	440	440	-	100.0%	742	742
Operating payments	892	(231)	-	661	661	-	100.0%	901	901
Venues and facilities	59	(59)	-	-	-	-	-	41	41
Rental and hiring	16	8	-	24	24	-	100.0%	-	-
<b>Transfers and subsidies to:</b>	-	<b>267</b>	-	<b>267</b>	<b>267</b>	-	<b>100.0%</b>	<b>134</b>	<b>134</b>
Households	-	267	-	267	267	-	100.0%	134	134

<b>Detail Per Programme I – Administration</b>									
<b>Economic classification</b>	<b>2017/18</b>							<b>2016/17</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Payment for capital assets</b>	<b>2,003</b>	<b>349</b>	<b>-</b>	<b>2,352</b>	<b>2,352</b>	<b>-</b>	<b>100.0%</b>	<b>2,893</b>	<b>2,893</b>
Machinery and equipment	2,003	268	-	2,271	2,271	-	100.0%	2,727	2,727
Other machinery and equipment	2,003	268	-	2,271	2,271	-	100.0%	2,727	2,727
Software and other intangible assets	-	81	-	81	81	-	100.0%	166	166
<b>Total</b>	<b>95,894</b>	<b>(4,200)</b>	<b>(1,100)</b>	<b>90,594</b>	<b>90,355</b>	<b>239</b>	<b>99.7%</b>	<b>88,590</b>	<b>87,663</b>

<b>I.1 MANAGEMENT</b>									
<b>Economic classification</b>	<b>2017/18</b>							<b>2016/17</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>18,674</b>	<b>(3,642)</b>	<b>(122)</b>	<b>14,910</b>	<b>14,671</b>	<b>239</b>	<b>98.4%</b>	<b>15,346</b>	<b>15,346</b>
Compensation of employees	13,417	(1,054)	-	12,363	12,124	239	98.1%	12,109	12,109
Salaries and wages	13,417	(2,324)	-	11,093	10,854	239	97.8%	10,818	10,818
Social contributions	-	1,270	-	1,270	1,270	-	100.0%	1,291	1,291
Goods and services	5,257	(2,588)	(122)	2,547	2,547	-	100.0%	3,237	3,237
Administrative fees	49	(49)	-	-	-	-	-	1	1
Advertising	715	(208)	-	507	507	-	100.0%	174	174
Catering: Departmental activities	198	(168)	-	30	30	-	100.0%	112	112
Communication (G&S)	248	(43)	-	205	205	-	100.0%	204	204
Computer Services	30	111	-	141	141	-	100.0%	-	-
Consultants: Business and advisory services	169	281	-	450	450	-	100.0%	-	-
Contractors	53	(53)	-	-	-	-	-	356	356
Agency and support/outsourced services	1,492	(1,370)	(122)	-	-	-	-	332	332
Entertainment	4	(4)	-	-	-	-	-	-	-
Fleet services	78	(70)	-	8	8	-	100.0%	7	7
Consumable supplies	31	60	-	91	91	-	100.0%	51	51

I.I MANAGEMENT									
Economic classification	2017/18							2016/17	
	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	89	13	-	102	102	-	100.0%	77	77
Operating leases	39	52	-	91	91	-	100.0%	62	62
Travel and subsistence	1,776	(915)	-	861	861	-	100.0%	1,707	1,707
Operating payments	232	(171)	-	61	61	-	100.0%	154	154
Venues and facilities	48	(48)	-	-	-	-	-	-	-
Rental and hiring	6	(6)	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	-	<b>250</b>	-	<b>250</b>	<b>250</b>	-	<b>100.0%</b>	<b>2</b>	<b>2</b>
Households	-	250	-	250	250	-	100.0%	2	2
<b>Payment for capital assets</b>	-	<b>5</b>	-	<b>5</b>	<b>5</b>	-	<b>100.0%</b>	<b>51</b>	<b>51</b>
Machinery and equipment	-	5	-	5	5	-	100.0%	51	51
Other machinery and equipment	-	5	-	5	5	-	100.0%	51	51
<b>Total</b>	<b>18,674</b>	<b>(3,387)</b>	<b>(122)</b>	<b>15,165</b>	<b>14,926</b>	<b>239</b>	<b>98.4%</b>	<b>15,399</b>	<b>15,399</b>

**I.2 CORPORATE SERVICES**

Economic classification	2017/18							2016/17	
	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>59,486</b>	<b>287</b>	<b>(868)</b>	<b>58,905</b>	<b>58,905</b>	-	<b>100.0%</b>	<b>57,873</b>	<b>57,048</b>
Compensation of employees	38,494	715	(805)	38,404	38,404	-	100.0%	37,816	36,991
Salaries and wages	38,494	(4,045)	(805)	33,644	33,644	-	100.0%	33,301	32,476
Social contributions	-	4,760	-	4,760	4,760	-	100.0%	4,515	4,515
Goods and services	20,992	(428)	(63)	20,501	20,501	-	100.0%	20,057	20,057
Administrative fees	387	351	-	738	738	-	100.0%	578	578
Advertising	385	(301)	-	84	84	-	100.0%	187	187
Minor assets	216	30	-	246	246	-	100.0%	113	113
Audit costs: External	4,061	548	-	4,609	4,609	-	100.0%	2,868	2,868
Bursaries: Employees	751	255	-	1,006	1,006	-	100.0%	740	740
Catering: Departmental activities	123	120	-	243	243	-	100.0%	408	408
Communication (G&S)	1,386	(646)	-	740	740	-	100.0%	913	913
Computer services	4,858	2,001	(63)	6,796	6,796	-	100.0%	3,492	3,492
Consultants: Business and advisory services	393	537	-	930	930	-	100.0%	329	329
Legal services	230	309	-	539	539	-	100.0%	245	245
Contractors	780	(194)	-	586	586	-	100.0%	1,032	1,032
Agency and support/outsourced services	3,410	(3,235)	-	175	175	-	100.0%	4,751	4,751
Fleet services	645	(427)	-	218	218	-	100.0%	205	205
Inventory: Materials and supplies	-	-	-	-	-	-	-	225	225
Consumable supplies	599	123	-	722	722	-	100.0%	742	742

<b>I.2 CORPORATE SERVICES</b>									
<b>Economic classification</b>	<b>2017/18</b>							<b>2016/17</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Consumable: Stationery, printing and office supplies	767	(168)	-	599	599	-	100.0%	682	682
Operating leases	111	723	-	834	834	-	100.0%	616	616
Travel and subsistence	671	(299)	-	372	372	-	100.0%	401	401
Training and development	538	(98)	-	440	440	-	100.0%	742	742
Operating payments	660	(60)	-	600	600	-	100.0%	747	747
Venues and facilities	11	(11)	-	-	-	-	-	41	41
Rental and hiring	10	14	-	24	24	-	100.0%	-	-
<b>Transfers and subsidies to:</b>	-	<b>17</b>	-	<b>17</b>	<b>17</b>	-	<b>100.0%</b>	<b>132</b>	<b>132</b>
Households	-	17	-	17	17	-	100.0%	132	132
<b>Payment for capital assets</b>	<b>2,003</b>	<b>344</b>	-	<b>2,347</b>	<b>2,347</b>	-	<b>100.0%</b>	<b>2,842</b>	<b>2,842</b>
Machinery and equipment	2,003	263	-	2,266	2,266	-	100.0%	2,676	2,676
Other machinery and equipment	2,003	263	-	2,266	2,266	-	100.0%	2,676	2,676
Software and other intangible assets	-	81	-	81	81	-	100.0%	166	166
<b>Total</b>	<b>61,489</b>	<b>648</b>	<b>(868)</b>	<b>61,269</b>	<b>61,269</b>	-	<b>100.0%</b>	<b>60,847</b>	<b>60,022</b>

<b>I.3 PROPERTY MANAGEMENT</b>									
<b>2017/18</b>								<b>2016/17</b>	
<b>Economic classification</b>	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>15,731</b>	<b>(1,461)</b>	<b>(110)</b>	<b>14,160</b>	<b>14,160</b>	<b>-</b>	<b>100.0%</b>	<b>12,344</b>	<b>12,242</b>
Goods and services	15,731	(1,461)	(110)	14,160	14,160	-	100.0%	12,344	12,242
Operating leases	9,073	1,656	-	10,729	10,729	-	100.0%	8,851	8,851
Property payments	6,658	(3,117)	(110)	3,431	3,431	-	100.0%	3,493	3,391
<b>Total</b>	<b>15,731</b>	<b>(1,461)</b>	<b>(110)</b>	<b>14,160</b>	<b>14,160</b>	<b>-</b>	<b>100.0%</b>	<b>12,344</b>	<b>12,242</b>

<b>Detail Per Programme 2 – Public Sector Organisational and Staff Development</b>									
<b>2017/18</b>								<b>2016/17</b>	
<b>Programme per sub programme</b>	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>2.1 Augmentation to the Training Trading Account</b>	<b>64,612</b>	<b>4,200</b>	<b>(5,500)</b>	<b>63,312</b>	<b>63,312</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>64,612</b>	<b>4,200</b>	<b>(5,500)</b>	<b>63,312</b>	<b>63,312</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>

<b>Detail Per Programme 2 – Public Sector Organisational and Staff Development</b>									
<b>2017/18</b>								<b>2016/17</b>	
<b>Economic classification</b>	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Transfers and subsidies</b>	<b>64,612</b>	<b>4,200</b>	<b>(5,500)</b>	<b>63,312</b>	<b>63,312</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>
Departmental agencies & accounts	64,612	4,200	(5,500)	63,312	63,312	-	100.0%	-	-
<b>Total</b>	<b>64,612</b>	<b>4,200</b>	<b>(5,500)</b>	<b>63,312</b>	<b>63,312</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>

1. **Detail of transfers and subsidies as per Appropriation Act (after Virement):**  
Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes Annexure (IA) to the Annual Financial Statements.
2. **Detail of specifically and exclusively appropriated amounts voted (after Virement):**  
Detail of these transactions can be viewed in note I (Annual Appropriation) to the Annual Financial Statements.
3. **Detail on payments for financial assets**  
Detail of these transactions per programme can be viewed in note on Payments for financial assets to the Annual Financial Statements.
4. **Explanations of material variances from Amounts Voted (after Virement):**

#### 4.1 Per Programme

	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Administration	90,594	90,355	239	0.26%
Public Sector Organisational and staff development	63,312	63,312	-	-
<b>Total</b>	<b>153,906</b>	<b>153,667</b>	<b>239</b>	<b>0.16%</b>

#### 4.2 Per Economic classification

##### Current payments

Compensation of employees	50,767	50,528	239	0.47%
Goods and services	37,208	37,208	-	-

##### Transfers and subsidies

Departmental agencies and accounts	63,312	63,312	-	-
Households	267	267	-	-

##### Payments for capital assets

Machinery and equipment	2,271	2,271	-	-
Software and other intangible assets	81	81	-	-

<b>Total</b>	<b>153,906</b>	<b>153,667</b>	<b>239</b>	<b>0.16%</b>
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	Note	2017/18 R'000	2016/17 R'000
<b>REVENUE</b>			
Annual appropriation	1	153,906	88,590
Departmental revenue	2	125	183
Aid Assistance	3	6,055	-
<b>TOTAL REVENUE</b>		<b>160,086</b>	<b>88,773</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	4	50,528	49,100
Goods and services	5	37,208	35,536
Aid Assistance	3	7,791	-
<b>Total current expenditure</b>		<b>95,527</b>	<b>84,636</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	6	63,579	134
<b>Expenditure for capital assets</b>			
Tangible capital assets		2,339	2,727
Software and other intangible assets		437	166
<b>Total expenditure for capital assets</b>	7	<b>2,776</b>	<b>2,893</b>
<b>Payments for financial assets</b>		-	-
<b>TOTAL EXPENDITURE</b>		<b>161,882</b>	<b>87,663</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>(1,796)</b>	<b>1,110</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted funds - Annual appropriation	10	239	927
Departmental revenue and NRF Receipts	2	125	183
Aid Assistance	3	(2,160)	-
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>(1,796)</b>	<b>1,110</b>

	Note	2017/18 R'000	2016/17 R'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	15	420
Receivables	9	657	649
Aid assistance receivable	3	2,160	-
<b>TOTAL ASSETS</b>		<b>2,832</b>	<b>1,069</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Voted funds to be surrendered to the Revenue Fund	10	239	927
Departmental revenue to be surrendered to the Revenue Fund	11	10	5
Bank Overdraft	12	1,939	-
Payables	13	644	137
<b>TOTAL LIABILITIES</b>		<b>2,832</b>	<b>1,069</b>

	Note	2017/18 R'000	2016/17 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>160,070</b>	<b>88,717</b>
Annual appropriated funds received	<i>1</i>	153,906	88,590
Departmental revenue received	<i>2</i>	56	79
Interest received	<i>2.2</i>	53	48
Aid assistance received	<i>Annex 1C</i>	6,055	-
Net (increase)/decrease in working capital		499	(658)
Surrendered to Revenue Fund		(1,047)	(281)
Current payments		(95,527)	(84,636)
Transfers and subsidies paid		(63,579)	(134)
<b>Net cash flow available from operating activities</b>	<i>14</i>	<b>416</b>	<b>3,008</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	<i>7</i>	(2,776)	(2,893)
Proceeds from sale of capital assets	<i>2.4</i>	16	56
<b>Net cash flows from investing activities</b>		<b>(2,760)</b>	<b>(2,837)</b>
Net increase/(decrease) in cash and cash equivalents		(2,344)	171
Cash and cash equivalents at beginning of period		420	249
<b>Cash and cash equivalents at end of period</b>	<i>15</i>	<b>(1,924)</b>	<b>420</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 (MCS).

**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 spot 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.

**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.

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

## **8 Expenditure**

### **8.1 Compensation of employees**

#### **8.1.1 Salaries and wages**

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

#### **8.1.2 Social contributions**

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

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

### **8.2 Other expenditure**

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

The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

### **8.3 Accruals and payables not recognised**

Accruals and payables not recognised are 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 or in the case of transfers and subsidies when they are due and payable.

Accruals and payables not recognised are 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 are 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 fair value for recording in the asset register.

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 R.I.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R.I.

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 R.I.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R.I.

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.

## **16.4 Project Costs: Work-in-progress**

Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.

Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.

Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.

## **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 (other than for transfers and subsidies) 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 irregular expenditure incurred 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 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.

**24 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.

**25 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.

**26 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.

**27 Inventories (*Effective from date determined in a Treasury Instruction*)**

At the date of acquisition, inventories are recorded at cost price in the statement of financial performance.

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.

Subsequent measurement of the cost of inventory is determined on the weighted average basis.

**28 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.

**29 Employee benefits**

The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.

## 1. Annual appropriation

### 1.1 Annual appropriation

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

	2017/18			2016/17
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received
	R'000	R'000	R'000	R'000
Administration (DPSA)	90,594	90,594	-	71,067
Administration (Trading Account)	-	-	-	17,523
Public Sector Organisational and staff development	63,312	63,312	-	-
<b>Total</b>	<b>153,906</b>	<b>153,906</b>	<b>-</b>	<b>88,590</b>

## 2. Departmental revenue

	Note	2017/18	2016/17
		R'000	R'000
Sales of goods and services other than capital assets	2.1	36	38
Interest, dividends and rent on land	2.2	53	48
Transactions in financial assets and liabilities	2.3	20	41
Sales of capital assets	2.4	16	56
Total revenue collected		<b>125</b>	<b>183</b>
Less: Own revenue included in appropriation		-	-
<b>Departmental revenue collected</b>		<b>125</b>	<b>183</b>

	Note	2017/18	2016/17
		R'000	R'000
<b>2.1 Sales of goods and services other than capital assets</b>			
Sales of goods and services produced by the department		-	-
Sales by market establishment - parking		1	1
Other sales - commission		34	37
Sale of scrap, waste and other used goods		1	-
<b>Total</b>		<b>36</b>	<b>38</b>
<b>2.2 Interest, dividends and rent on land</b>			
Interest on bank accounts		53	48
<b>Total</b>		<b>53</b>	<b>48</b>
<b>2.3 Transactions in financial assets and liabilities</b>			
Receipts-Recoverable Revenue of previous year expenditure		20	41
<b>Total</b>		<b>20</b>	<b>41</b>
<b>2.4 Sales of capital assets</b>			
<b>Tangible assets</b>			
Machinery and equipment		16	56
<b>Total</b>		<b>16</b>	<b>56</b>
<b>3. Aid assistance</b>			
Opening Balance		-	-
Transferred from statement of financial performance	Annex Ic	(2,160)	-
<b>Closing Balance</b>		<b>(2,160)</b>	<b>-</b>
<b>3.1 Analysis of balance by source</b>			
Aid assistance from RDP	Annex Ic	(2,160)	-
<b>Closing balance</b>		<b>(2,160)</b>	<b>-</b>

	Note	2017/18	2016/17
		R'000	R'000
<b>3.2 Analysis of balance</b>			
Aid assistance receivable	Annex 1c	(2,160)	-
<b>Closing balance</b>		<b>(2,160)</b>	<b>-</b>
<i>Aid Assistance not received R2,160</i>			
<b>3.3 Aid assistance expenditure per economic classification</b>			
Current		7,791	-
Capital	7.1	424	-
<b>Total aid assistance expenditure</b>		<b>8,215</b>	<b>-</b>
<b>4. Compensation of employees</b>			
<b>4.1 Salaries and wages</b>			
Basic salary		34,805	33,741
Performance award		471	472
Service Based		57	75
Compensative/circumstantial		142	-
Other non-pensionable allowances		9,023	9,006
<b>Total</b>		<b>44,498</b>	<b>43,294</b>
<b>4.2 Social contributions</b>			
<b>Employer contributions</b>			
Pension		4,434	4,267
Medical		1,589	1,533
Bargaining council		7	6
<b>Total</b>		<b>6,030</b>	<b>5,806</b>
<b>Total compensation of employees</b>		<b>50,528</b>	<b>49,100</b>
Average number of employees		83	84

	Note	2017/18	2016/17
		R'000	R'000
<b>5. Goods and services</b>			
Administrative fees		738	579
Advertising		591	361
Assets less than R5,000	5.1	246	113
Bursaries (employees)		1,006	740
Catering		273	520
Communication		945	1,117
Computer services	5.2	6,937	3,492
Consultants: Business and advisory services		1,380	329
Legal services		539	245
Contractors		586	1,388
Agency and support/outsourced services		175	5,083
Audit cost – external	5.3	4,609	2,868
Fleet Services		226	212
Inventory	5.4	-	225
Consumables	5.5	1,514	1,552
Operating leases		11,654	9,529
Property Payments	5.6	3,431	3,391
Rental and Hiring		24	-
Travel and subsistence	5.7	1,233	2,108
Venues and facilities		-	41
Training and staff development		440	742
Other operating expenditure	5.8	661	901
<b>Total</b>		<b>37,208</b>	<b>35,536</b>

	Note	2017/18	2016/17
		R'000	R'000
<b>5.1 Assets less than R5,000</b>			
Tangible assets -Machinery and equipment		214	113
Intangible assets		32	-
<b>Total</b>		<b>246</b>	<b>113</b>
<b>5.2 Computer services</b>			
SITA computer services		722	1,951
External computer service providers		6,215	1,541
<b>Total</b>		<b>6,937</b>	<b>3,492</b>
<b>5.3 Audit cost – external</b>			
Regularity audits		<b>4,609</b>	<b>2,868</b>
<b>5.4 Inventory</b>			
Materials and Supply		-	<b>225</b>
<b>5.5 Consumables</b>			
Household Supplies		409	408
Other consumable materials		182	61
IT Consumables		222	324
Stationery and printing		701	759
<b>Total</b>		<b>1,514</b>	<b>1,552</b>

	Note	2017/18	2016/17
		R'000	R'000
<b>5.6 Property payments</b>			
Municipal services		1,027	1,402
Property management fees		59	56
Property maintenance and repairs		89	-
Other		2,256	1,933
<b>Total</b>		<b>3,431</b>	<b>3,391</b>
<b>5.7 Travel and subsistence</b>			
Local		690	1,090
Foreign		543	1,018
<b>Total</b>		<b>1,233</b>	<b>2,108</b>
<b>5.8 Other operating expenditure</b>			
Professional bodies, membership and subscription fees		46	142
Other		615	759
<b>Total</b>		<b>661</b>	<b>901</b>
<b>6. Transfers and subsidies</b>			
Departmental agencies and accounts	<i>Annex 1A</i>	63,312	-
Households	<i>Annex 1B</i>	267	134
<b>Total</b>		<b>63,579</b>	<b>134</b>

	Note	2017/18 R'000	2016/17 R'000
<b>7. Expenditure for capital assets</b>			
Tangible assets - Machinery and equipment	24.2/17.1	2,339	2,727
Software and other intangible assets - Computer software	25.3/17.1	437	166
<b>Total</b>		<b>2,776</b>	<b>2,893</b>

**7.1 Analysis of funds utilised to acquire capital assets 2017/18**

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets - Machinery and equipment	2,271	68	2,339
Software and other intangible assets	81	356	437
<b>Total</b>	<b>2,352</b>	<b>424</b>	<b>2,776</b>

**7.2 Analysis of funds utilised to acquire capital assets 2016/17**

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets - Machinery and equipment	2,727	-	2,727
Software and other intangible assets - Computer software	166	-	166
<b>Total</b>	<b>2,893</b>	<b>-</b>	<b>2,893</b>

**7.3 Finance lease expenditure included in expenditure for capital assets**

	Note	2017/18 R'000	2016/17 R'000
<b>Tangible assets</b>			
Machinery and equipment		40	73
<b>Total</b>		<b>40</b>	<b>73</b>

	Note	2017/18	2016/17
		R'000	R'000
<b>8. Cash and cash equivalents</b>			
Consolidated Paymaster General Account		-	405
Cash on hand		15	15
<b>Total</b>		<b>15</b>	<b>420</b>

**9 Receivables**

		2017/18			2016/17		
	Note	Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	9.1	-	-	-	611	-	611
Staff debt	9.2	90	-	90	38	-	38
Other debtors	9.3	567	-	567	-	-	-
<b>Total</b>		<b>657</b>	<b>-</b>	<b>657</b>	<b>649</b>	<b>-</b>	<b>649</b>

**9.1 Claims recoverable**

Public entities		Annex	-	611
		4		
<b>Total</b>			<b>-</b>	<b>611</b>

**9.2 Staff debt**

Bursary Debts			18	38
Salary Overpaid			72	-
<b>Total</b>			<b>90</b>	<b>38</b>

**9.3 Other debtors**

VAT			233	-
TAX			334	-
<b>Total</b>			<b>567</b>	<b>-</b>

	Note	2017/18	2016/17
		R'000	R'000
<b>10. Voted funds to be surrendered to the Revenue Fund</b>			
Opening balance		927	101
As restated		927	101
Transfer from statement of financial performance		239	927
Paid during the year		(927)	(101)
<b>Closing balance</b>		<b>239</b>	<b>927</b>
<b>11. Departmental revenue to be surrendered to the Revenue Fund</b>			
Opening balance		5	2
As restated		5	2
Transfer from Statement of Financial Performance		125	183
Paid during the year		(120)	(180)
<b>Closing balance</b>		<b>10</b>	<b>5</b>
<b>Bank overdraft</b>			
Consolidated Paymaster General Account		1,939	-
<b>Total</b>		<b>1,939</b>	<b>-</b>
<b>13. Payables – current</b>			
Amounts owing to other entities	Annex 5	644	137
<b>Total</b>		<b>644</b>	<b>137</b>

	Note	2017/18	2016/17
		R'000	R'000
<b>14. Net cash flow available from operating activities</b>			
Net surplus/(deficit) as per Statement of Financial Performance		(1,796)	1,110
Add back non cash/cash movements not deemed operating activities		2,212	1,898
(Increase)/decrease in receivables – current		(8)	(496)
Increase/(decrease) in payables – current		507	(162)
Proceeds from sale of capital assets	2.4	(16)	(56)
Expenditure on capital assets		2,776	2,893
Surrenders to Revenue Fund		(1,047)	(281)
<b>Net cash flow generated by operating activities</b>		<b>416</b>	<b>3,008</b>
<b>15. Reconciliation of cash and cash equivalents for cash flow purposes</b>			
Consolidated Paymaster General account		(1,939)	405
Cash on hand		15	15
<b>Total</b>		<b>(1,924)</b>	<b>420</b>
<b>16. Contingent liabilities and contingent assets</b>			
Claims against the department	Annex 3	1,070	100
<b>Total</b>		<b>1,070</b>	<b>100</b>
<b>17. Commitments</b>			
Current expenditure - approved and contracted		20,779	30,755
<b>Total Commitments</b>		<b>20,779</b>	<b>30,755</b>
Included in the commitments: 2 years for R64 thousand; 3 years for R8,151m, 4 years for R3,138m and 5 years for R5,809m.			

	Note	2017/18	2016/17
		R'000	R'000
<b>18. Accruals</b>			
<b>Listed by economic classification</b>			
		<b>30 days</b>	<b>&gt;30 Days</b>
		<b>Total</b>	<b>Total</b>
Goods and services		707	547
Compensation of Employees		20	6
<b>Total</b>		<b>727</b>	<b>553</b>
<b>Listed by programme level</b>			
Programme I – Administration (Goods and services)		<b>707</b>	<b>547</b>
Programme I – Administration (Compensation)		<b>20</b>	<b>6</b>
		<b>727</b>	<b>553</b>
Confirmed balances with other government departments/entities	Annex 5	<b>644</b>	<b>137</b>
<b>19 Employee benefits</b>			
Leave entitlement		1,848	2,092
Service bonus (Thirteenth cheque)		1,416	1,339
Capped leave commitments		1,032	1,149
Performance awards		465	495
Other **		(56)	(19)
<b>Total</b>		<b>4,705</b>	<b>5,056</b>

\*\*Negative leave relates to vacation leave taken in advance by employees amounting to R56 424.75.

**20. Lease commitments**
**a. Operating leases expenditure**

	Vehicles	Machinery and equipment	Total
	R'000	R'000	R'000
<b>2017/18</b>			
Not later than 1 year	1,783	694	2,477
Later than 1 year and not later than 5 years	1,748	346	2,094
<b>Total lease commitments</b>	<b>3,531</b>	<b>1,040</b>	<b>4,571</b>
<b>2016/17</b>			
Not later than 1 year	1,646	754	2,400
Later than 1 year and not later than 5 years	3,153	1,038	4,191
<b>Total lease commitments</b>	<b>4,799</b>	<b>1,792</b>	<b>6,591</b>

Lease of G Fleet-vehicles (15) and photocopier machines (14).

**b. Finance leases expenditure**

	R'000	R'000	R'000
<b>2017/18</b>			
Not later than 1 year	-	19	19
Later than 1 year and not later than 5 years	-	4	4
<b>Total lease commitments</b>	<b>-</b>	<b>23</b>	<b>23</b>
<b>2016/17</b>			
Not later than 1 year	-	14	14
Later than 1 year and not later than 5 years	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>14</b>	<b>14</b>

Two year contract with Vodacom for cellphones and 3G modems.

	Note	2017/18 R'000	2016/17 R'000
<b>21. Irregular expenditure</b>			
<b>21.1 Reconciliation of irregular expenditure</b>			
Opening balance		-	4,875
As restated			4,875
Add: Irregular expenditure – relating to current year		788	-
Less: Prior year amounts condoned			(4,875)
Less: Current year amounts condoned			-
<b>Irregular expenditure awaiting condonation</b>		<b>788</b>	<b>-</b>
<b>21.2 Details of irregular expenditure current year</b>			
<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>		
Approval of physical security contract extension by Accounting officer an not by National Treasury.	• Under investigation		470
Minimum Threshold of local content	• Under investigation		318
<b>Total</b>			<b>788</b>

**22. Related party transactions**

NSG VOTE 10 has a related party relationship with all the public sector entities falling within the portfolio of the Minister for Public Service and Administration. During the period under review related party transactions were entered into with the following entities.

Entity	Nature of transactions
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; Administration and maintenance of records
Public Service Commission	Under the same Minister
Centre for Public Service Innovation	Under the same Minister

	Note	2017/18	2016/17
		R'000	R'000
<b>Payments made</b>			
Goods and services		(3,083)	(2,238)
<b>Total</b>		<b>(3,083)</b>	<b>(2,238)</b>
<b>Year end balances arising from revenue/payments</b>			
Receivable from related parties		(5)	-
<b>Total</b>		<b>(5)</b>	<b>-</b>

**23. Key management personnel**

	No. of Individuals	2017/18	2016/17
		R'000	R'000
Level 15 to 16	1	2,219	2,745
Level 14 (including CFO)	4	5,519	5,136
Family Members of key management personnel		-	303
<b>Total</b>		<b>7,738</b>	<b>8,184</b>

**24 Movable tangible capital assets**
**24.1 Movement in movable tangible capital assets per asset register for the year ended 31 March 2018**
**MACHINERY AND EQUIPMENT**

Computer equipment

Furniture and office equipment

Other machinery and equipment

**TOTAL MOVABLE TANGIBLE CAPITAL ASSETS**
**24.2 Additions to movable tangible capital assets per asset register for the year ended 31 March 2018**
**MACHINERY AND EQUIPMENT**

Computer equipment

Furniture and office equipment

Other machinery and equipment

**TOTAL**

Opening balance	Curr Year Adjust-ments to prior year balances	Additions	Disposals	Closing Balance
R'000	R'000	R'000	R'000	R'000

<b>28,726</b>	<b>24</b>	<b>2,231</b>	<b>2,803</b>	<b>28,178</b>
17,581	24	1,730	2,793	16,542
8,081	-	204	-	8,285
3,064	-	297	10	3,351
<b>28,726</b>	<b>24</b>	<b>2,231</b>	<b>2,803</b>	<b>28,178</b>

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>2,271</b>	<b>(40)</b>	<b>-</b>	<b>2,231</b>
1,730	-	-	1,730
204	-	-	204
337	(40)	-	297
<b>2,271</b>	<b>(40)</b>	<b>-</b>	<b>2,231</b>

**24.3 Disposals of movable tangible capital assets per asset register for the year ended 31 March 2018**

**MACHINERY AND EQUIPMENT**

Computer equipment

Furniture and office equipment

Other machinery and equipment

**TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS**

	<b>Sold for cash</b>	<b>Transfer out or destroyed or scrapped</b>	<b>Total disposals</b>	<b>Cash received Actual</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
	<b>2,709</b>	<b>94</b>	<b>2,803</b>	<b>16</b>
Computer equipment	2,699	94	2,793	16
Furniture and office equipment	-	-	-	-
Other machinery and equipment	10	-	10	-
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>2,709</b>	<b>94</b>	<b>2,803</b>	<b>16</b>

**24.4 Movement in movable tangible capital assets per asset register for the year ended 31 March 2017**

**MACHINERY AND EQUIPMENT**

Computer equipment

Furniture and office equipment

Other machinery and equipment

**TOTAL MOVABLE TANGIBLE ASSETS**

	<b>Opening balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Closing balance</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
	<b>28,946</b>	<b>2,654</b>	<b>2,874</b>	<b>28,726</b>
Computer equipment	19,163	776	2,358	17,581
Furniture and office equipment	7,838	355	112	8,081
Other machinery and equipment	1,945	1,523	404	3,064
<b>TOTAL MOVABLE TANGIBLE ASSETS</b>	<b>28,946</b>	<b>2,654</b>	<b>2,874</b>	<b>28,726</b>

**24.5 Movement in minor assets per the asset register for the year ended 31 March 2018**

Opening balance  
Value adjustments  
Additions  
-Disposals

**TOTAL MINOR ASSETS**

Number of minor assets at cost

**TOTAL NUMBER OF MINOR ASSETS**
**Minor Capital Assets under investigation**

Included in the above total of the minor capital assets per the asset register are assets that are under investigation:

Machinery and equipment

*Lost assets under investigation*

**24.6 Movement in minor assets per the asset register for the year ended 31 March 2017**

Opening balance  
Value Adjustments  
Additions  
Disposals

**TOTAL MINOR ASSETS**

Number of minor assets at cost

**TOTAL NUMBER OF MINOR ASSETS**

Intangible assets	Machinery and equipment	Total
R'000	R'000	R'000
654	8,093	8,747
-	9	9
32	233	265
-	(169)	(169)
<b>686</b>	<b>8,166</b>	<b>8,852</b>
1,158	3,210	4,368
<b>1,158</b>	<b>3,210</b>	<b>4,368</b>

Number	Value
	R'000
6	8

R'000	R'000	R'000
683	8,146	8,829
-	(6)	(6)
-	116	116
(29)	(163)	(192)
<b>654</b>	<b>8,093</b>	<b>8,747</b>
908	3,192	4,100
<b>908</b>	<b>3,192</b>	<b>4,100</b>

**25. Intangible capital assets**
**25.1 Movement in intangible capital assets per asset register for the year ended 31 March 2018**

Computer software

**TOTAL MOVABLE INTANGIBLE ASSETS**

Opening balance	Current adjustments to prior year balances	Additions	Disposals	Closing balance
R'000	R'000	R'000	R'000	R'000
974	-	81	176	879
<b>974</b>	<b>-</b>	<b>81</b>	<b>176</b>	<b>879</b>

**25.2 Movement in intangible capital assets per asset register for the year ended 31 March 2017**

Computer software

**TOTAL INTANGIBLE CAPITAL ASSETS**

Opening balance	Additions	Disposals	Closing balance
808	166	-	974
<b>808</b>	<b>166</b>	<b>-</b>	<b>974</b>

**25.3 Additions to Intangible Capital Assets per Asset Register For The Year Ended 31 March 2018**

Computer software

**TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS**

Cash R'000	Non-Cash R'000	Total R'000
81	-	81
<b>81</b>	<b>-</b>	<b>81</b>

**25.4 Disposals of Intangible Capital Assets per Asset Register For The Year Ended 31 March 2018**

Computer software

**TOTAL DISPOSALS OF INTANGIBLE CAPITAL ASSETS**

-	176	176
<b>-</b>	<b>176</b>	<b>176</b>

**ANNEXURE IA  
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2016/17
	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	64,612	-	(1,300)	63,312	63,312	100.0%	-
<b>Total</b>	<b>64,612</b>	<b>-</b>	<b>(1,300)</b>	<b>63,312</b>	<b>63,312</b>	<b>100.0%</b>	<b>-</b>

**ANNEXURE IB  
STATEMENT OF TRANSFERS TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2016/17
	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
<b>Transfers</b>							
Social benefits – leave gratuity	-	-	267	267	267	100.0%	134
<b>Total</b>	<b>-</b>	<b>-</b>	<b>267</b>	<b>267</b>	<b>267</b>	<b>100.0%</b>	<b>134</b>

**ANNEXURE 1C  
STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED**

NAME OF DONOR	PURPOSE	OPENING				CLOSING
		BALANCE	SURRENDERED	REVENUE	EXPENDITURE	BALANCE
		R'000	R'000	R'000	R'000	R'000
<b>Received in cash</b>						
European Union	Development of Strategic Partnerships with African Institutes of Administration & Management	-	-	6,055	8,215	(2,160)
<b>Subtotal</b>		-	-	<b>6,055</b>	<b>8,215</b>	<b>(2,160)</b>
<b>Received in kind:</b>						
European Union	Business Process Re-engineering for the NSG	-	-	108	108	-
European Union	Development of e-Learning Materials in five priority areas	-	-	126	126	-
European Union	Communication and visibility launch event for the Public Service Training & Capacity Building programme	-	-	47	47	-
<b>Subtotal</b>		-	-	<b>281</b>	<b>281</b>	-
<b>TOTAL</b>		-	-	<b>6,336</b>	<b>8,496</b>	<b>(2,160)</b>

\*The receivable of R2,160 is due from the Donor Fund and not from the RDP Fund.

**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	
		2017/18	2016/17	2017/18	Restated 2016/17	2017/18	2016/17	2017/18	2016/17
<b>Controlled entities</b>									
NSG Training Trading Account	Training			7,369	18,148	644			611
<b>TOTAL</b>				<b>7,369</b>	<b>18,148</b>	<b>644</b>			<b>611</b>

*The R644 owed to the Trading account is overpayment for expenditure claim relating to the lease of the building.*

*The Investment amount for 2016/17 is restated.*

### ANNEXURE 3 STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2018

Nature of Liability	Opening Balance	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance
	1 April 2017				31 March 2018
	R'000	R'000	R'000	R'000	R'000
<b>Claims against the department</b>					
Employee of the NSG who is claiming compensation and/or protected promotion in respect of five positions. The aggrieved employee intended to include the appointed employees into the five positions as respondents (parties to the dispute).	100	-	-	-	100
The NSG has issued an application in the High Court against a former employee to interdict him to withdraw and remove all articles, information or statements that he has posted on any media in respect of the NSG and its officials, which order was granted.	-	500	-	-	500
A former employee referred an unfair labour practice matter relating to probation against the NSG to the General Public Service Bargaining Council.	-	150	-	-	150
This is a claim by an employee of the NSG who is claiming remuneration for work of equal pay. He is claiming that he be paid on the same level as a Deputy Director retrospectively from the date of employment as an Assistant Director.	-	300	-	-	300
The plaintiff has issued summons against the NSG in the magistrate's court claiming an amount for the reasonable costs of repair and reasonable towing and storage charges in respect of her vehicle which allegedly collided with an NSG vehicle which was at the time driven by an employee of the NSG	-	20	-	-	20
<b>TOTAL</b>	<b>100</b>	<b>970</b>	<b>-</b>	<b>-</b>	<b>1,070</b>

**ANNEXURE 4  
CLAIMS RECOVERABLE**

Government Entity 31/03/2018 R'000	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2018	31/03/2017
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Other Government Entities						
NSG Training Trading Account	-	611	-	-	-	611
<b>Total</b>	-	<b>611</b>	-	-	-	<b>611</b>

**ANNEXURE 5  
INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	R'000	R'000	R'000	R'000	R'000	R'000
SA Revenue Services	-	137	-	-	-	137
National School of Government (TTA)	644	-	-	-	644	-
<b>Subtotal</b>	<b>644</b>	<b>137</b>	-	-	<b>644</b>	<b>137</b>

## ANNEXURE 6 INVENTORY

Inventory	2017/18		2016/17	
	Quantity	R'000	Quantity	R'000
Opening balance	65	4	2,292	79
Add/(Less): Adjustments to prior year balance	-	-	-	(185)
Add: Additions/Purchases - Cash	370	391	867	947
Add: Additions - Non-cash	-	-	-	-
(Less): Disposals	-	-	-	-
(Less): Issues	(371)	(393)	(1,259)	(951)
Add/(Less): Adjustments	-	-	(1,835)	114
<b>Closing balance</b>	<b>64</b>	<b>2</b>	<b>65</b>	<b>4</b>

## Report of the auditor-general to Parliament: National School of Government Training Trading Account

### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of the National School of Government Training Trading Account set out on pages 151 to 185, which comprise the appropriation statement, the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National School of Government Training Trading Account as at 31 March 2018, and financial performance and cash flows for the year then ended in accordance with the 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).

#### Basis for my opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.

4. I am independent of the National School of Government in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of matter

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

#### Restatement of corresponding figures

7. As disclosed in note 18 to the financial statements, the corresponding figures for 31 March 2017 were restated as a result of errors in the financial statements of the National School of Government Training Trading Account at, and for the year ended, 31 March 2018.

#### Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the 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.

9. In preparing the financial statements, the accounting officer is responsible for assessing the National School of Government Training Trading Account's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the trading entity or to cease operations, or has no realistic alternative but to do so.

### Auditor-general's responsibilities for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

### Report on the audit of the annual performance report

#### Introduction and scope

12. 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 material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the trading entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the trading entity for the year ended 31 March 2018:

Programme	Pages in the annual performance report
Programme 2 – Public sector organisational and staff development	45 - 54

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

16. The material findings in respect of the usefulness and reliability of the selected programme are as follows:

## Programme 2 – Public sector organisational and staff development

### Indicator: Develop and roll out executive coaching programme

17. The planned target for this indicator was not specific in clearly identifying the nature and required level of performance and measurable.

### Other matter

18. I draw attention to the matters below.

### Achievement of planned targets

19. Refer to the annual performance report on pages 53 to 62 for information on the achievement of planned targets for the year and explanations provided for the overachievement of a significant number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 17 of this report.

### Adjustment of material misstatements

20. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 2 - Public sector organisational and staff development. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness of the reported performance information. Those that were not corrected are reported above.

## Report on the audit of compliance with legislation

### Introduction and scope

21. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the trading entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
22. The material findings on compliance with specific matters in key legislations are as follows:

### Annual financial statements, performance and annual report

23. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 40(1) (b) of the PFMA.
24. Material misstatements of revenue, employee related costs, operating expenses, government grants, receivables and payables identified by the auditors in the submitted financial statement were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

### Procurement and contract management

25. Some of the contracts were extended or modified without the approval of a properly delegated official as required by section 44 of the PFMA and treasury regulations 8.1 and 8.2.

### **Other information**

26. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported in this auditor's report.
27. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
28. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

### **Internal control deficiencies**

29. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

### **Financial and performance management**

#### **Regular, accurate and complete financial and performance reports**

30. The financial statements and the annual performance report contained numerous misstatements that were corrected. This was mainly due to staff not fully understanding the requirements of the financial reporting framework and the requirements for reporting on performance information.

#### **Compliance monitoring**

31. Identified instances of non-compliance were due to management having a different understanding/interpretation on how the legislation should be applied.

Pretoria

31 July 2018



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure – Auditor-general’s responsibility for the audit

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

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trading entity’s internal control.
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
  - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the National School of Government Training Trading Account’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a trading entity to cease continuing as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

**NATIONAL SCHOOL OF GOVERNMENT  
TRAINING TRADING ACCOUNT**

**ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2018

## General Information

### Executive Management

Mr Botshabelo Maja  
Dr Sipho Manana  
Prof Thean Potgieter  
Ms Phindile Mkwanazi

### Business address

ZK Matthews Building  
70 Meintjies Street  
Sunnyside  
Pretoria

### Postal address

Private Bag X759  
Pretoria  
0001

### Auditors

Other 1  
Other 2  
Other 3  
Other 4

Auditor General South Africa

## Index

The reports and statements set out below comprise the annual financial statements presented to the parliament:

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## 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 Practice (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 10 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 2018, as set out on pages 154 to 184.



**Mr Botshabelo Maja**  
Acting Principal

## Statement of Financial Performance

	Note	2018	2017
		R'000	*Restated R'000
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Rendering of services		111 750	129 579
Interest received (trading)		1 131	1 438
Interest received - investment		3 786	6 021
<b>Total revenue from exchange transactions</b>		<b>116 667</b>	<b>137 038</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants & subsidies	2	63 668	-
<b>Total revenue</b>		<b>180 335</b>	<b>137 038</b>
<b>Expenditure</b>			
Employee related costs	3	(82 630)	(76 888)
Transfer payments - Other	17	-	(17 523)
Operating Expenses	4	(106 833)	(116 768)
<b>Total expenditure</b>		<b>(189 463)</b>	<b>(211 179)</b>
<b>Deficit for the year</b>		<b>(9 128)</b>	<b>(74 141)</b>

## Statement of Financial Position

	Note	2018	2017
		R'000	Restated* R'000
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	6	5 263	-
Receivables from exchange transactions	7	4 031	2 993
Cash and cash equivalents	5	62 809	66 028
		<b>72 103</b>	<b>69 021</b>
<b>Non-Current Assets</b>			
Intangible assets	8	23 429	22 951
		<b>95 532</b>	<b>91 972</b>
<b>Total Assets</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	9	76 182	63 980
Payables from non-exchange transactions	10	1 358	1 358
Employee benefits	11	9 630	9 144
		<b>87 170</b>	<b>74 482</b>
		<b>87 170</b>	<b>74 482</b>
<b>Net Assets</b>			
Accumulated surplus		<b>8 362</b>	<b>17 490</b>
		<b>8 362</b>	<b>17 490</b>

## Statement of Changes in Net Assets

	Accumulated surplus	Total net assets
	R '000	R '000
<b>Opening balance as previously reported</b>	<b>91 547</b>	<b>91 547</b>
Adjustments		
Correction of errors	81	81
<b>Balance at 01 April 2016 as restated*</b>	<b>91 628</b>	<b>91 628</b>
Changes in net assets		
<b>Restated deficit for the year</b>	<b>(74 138)</b>	<b>(74 138)</b>
Deficit for the year as previously stated	(75 663)	(75 663)
Correction of error	1 525	1 525
<b>Total changes</b>	<b>(74 138)</b>	<b>(74 138)</b>
<b>Restated* Balance at 01 April 2017</b>	<b>17 490</b>	<b>17 490</b>
Changes in net assets Deficit for the year	(9 128)	(9 128)
Total changes	(9 128)	(9 128)
<b>Balance at 31 March 2018</b>	<b>8 362</b>	<b>8 362</b>

## Cash Flow Statement for the year ended 31 March 2018

**Cash Flow Statement**

	Note	2018	2017
		R'000	Restated* R'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Rendering of services		126 770	126 306
Grants		63 312	-
Interest income		3 786	6 021
		193 868	132 327
<b>Payments</b>			
Employee costs		(82 144)	(75 203)
Suppliers		(113 152)	(109 429)
Transfer payments - Other		-	(17 523)
		(195 296)	(202 155)
<b>Net cash flows from operating activities</b>	12	<b>(1 428)</b>	<b>(69 828)</b>
<b>Cash flows from investing activities</b>			
Purchase of other intangible assets	8	(1 791)	(2 886)
<b>Net increase in cash and cash equivalents</b>		<b>(3 219)</b>	<b>(72 714)</b>
Cash and cash equivalents at the beginning of the year		66 028	138 742
<b>Cash and cash equivalents at the end of the year</b>	5	<b>62 809</b>	<b>66 028</b>

## Statement of Comparison of Budget and Actual Amounts

Note	Approved Budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R'000	R'000	R'000	R'000	R'000	
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Rendering of Services	125 472	-	125 472	111 750	(13 722)	
Interest received (trading)	-	-	-	1 131	1 131	
Interest received - investment	2 556	-	2 556	3 786	1 230	
<b>Total revenue from exchange transactions</b>	<b>128 028</b>	<b>-</b>	<b>128 028</b>	<b>116 667</b>	<b>(11 361)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	63 312	-	63 312	63 312	-	
Donations of intangible assets at fair value	-	-	-	356	356	
Total revenue from non-exchange transactions	63 312	-	63 312	63 668	356	
<b>Total Revenue</b>	<b>191 340</b>	<b>-</b>	<b>191 340</b>	<b>180 335</b>	<b>(11 005)</b>	
<b>Expenditure</b>						
Personnel	(85 446)	-	(85 446)	(82 630)	2 816	
Operating Expenses	(105 894)	-	(105 894)	(106 833)	(939)	
<b>Total Expenditure</b>	<b>(191 340)</b>	<b>-</b>	<b>(191 340)</b>	<b>(189 463)</b>	<b>1 877</b>	
Operating Deficit	-	-	-	(9 128)	(9 128)	13
Capital expenditure - Software and Intangible assets	-	-	-	(1 791)	(1 791)	
	-	-	-	(10 919)	(10 919)	

## Accounting Policies

### 1. Presentation of Annual Financial Statements

#### 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

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

#### 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.

**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 10.25% (2016/17: 10.5%) per annum on the outstanding balance.

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

**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 7.

**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.

**1.8 Revenue from non-exchange transactions**

Transfers and subsidies received represent the operating grant received from the controlling department - NSG Vote 10.

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 non-exchange 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.

### **1.9 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.

#### **Rendering of services**

Revenue from the rendering of training services is recognised on the accrual basis in the reporting periods in which the services are rendered where applicable in reference to stage of completion method.

#### **Stage of completion method**

The revenue is recognised in reference to services performed to date as a percentage of total services to be performed.

Where the entity provides administrative support and the client department is responsible for the training roll out, the revenue will be recognised in relation to the administrative services provided at the set mile stones where the entity hands over to the client department and resume again when client department provides the required evidence for the entity to complete the remaining administrative services.

The entity will recognise 85% of the revenue when the entity hands over the training material to the client department as the equivalent percentage of the administrative services have been performed at this stage and the remaining 15% will be recognised when the client department provides training roll out evidence, then the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

#### **Interest revenue**

Interest revenue is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

### **1.10 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.

### **1.11 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.

#### **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.

#### **Post-employment retirement benefits**

The entity, through its controlling department - NSG VOTE 10, 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 financial performance 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.

### **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.

### **1.12 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.

#### **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.

#### **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 with interest revenue recognised on an effective yield basis in investment revenue.

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.

### **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.

### **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.

### **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 uncollectable, 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.

### **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.

## **1.13 Financial liabilities and equity instruments**

### **Classification of financial liabilities and equity**

The entity operates as a trading entity under the administration of NSGVOTE 10. 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'.

**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.

**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 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.

**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.

On derecognition, the difference between the carrying amount of the financial liability including related unamortised costs, and the amount paid for it is included in surplus or deficit for the period.

#### 1.14 Property, plant and equipment

The entity does not recognise assets relating to items of property, plant and equipment as the controlling department, NSG VOTE 10, holds all items of property, plant and equipment. The entity utilises property, plant and equipment belonging to the controlling department free of charge as part of the controlling department's administration function.

#### 1.15 Intangible assets

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.

##### Internally generated intangible assets

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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.

### **1.16 Inventories**

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, their costs are measured at fair value as at the date of acquisition. Inventory is recorded at cost price in the statement of financial performance and transferred to the statement of financial position if any still remain at year end.

Subsequently inventories are measured at the lower of cost and net realisable value or the lower of cost and current replacement value.

### **1.17 Borrowings**

In terms of section 19.2.3 of the Treasury Regulations the entity may not borrow for bridging purposes and may not run an overdraft on its banking account.

### **1.18 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.

#### **The NSG as lessee**

Assets held under finance leases are initially recognised as assets of the entity at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Assets held under finance leases are depreciated over the estimated useful life of the asset on the same basis as owned assets or, where shorter, lease term of the relevant lease.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately against surplus or deficit. Contingent rentals arising under finance leases are recognised as an expense in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the periods in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In terms of Treasury Regulation 13.2.5 the Accounting Officer of the entity may not enter into finance lease transactions, except for agreements concluded under Public-Private-Partnerships as contemplated in Treasury Regulation 16 and Practice Note 5 of 2007/08: “Finance Lease Transactions” issued by the Office of the Accountant-General.

The controlling department - NSGVOTE 10 - enters into both finance and operating lease agreements on behalf of the entity as part of its administration function. The proportionate monthly lease payments relating to the entity are recovered by the controlling department in terms of the expenditure allocation policy. These lease payments are recognised as an expense in the periods in which they are incurred.

### **1.19 Accruals**

Accruals represent goods or services that have been received, but where no invoice has been received from the supplier at the reporting date, or where an invoice has been received but payment has not been made.

Accruals are recognised in the statement of financial position as a liability under “Trade and other payables” and as expenditure in the statement of financial performance in the period to which they relate.

### **1.20 Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities are not recognised, but only disclosed in the notes to the annual financial statements.

### **1.21 Commitments**

Commitments represent goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date. Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance, but are disclosed in the notes to the annual financial statements.

Lease commitments represent amounts owing from the reporting date to the end of the lease contract. These commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance, but are disclosed in the notes to the annual financial statements where the entity enters into lease agreements.

## 1.22 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.

## 1.23 Related party transactions

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

#### **1.24 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.

	2018	2017
	R'000	R'000
<b>2. Revenue from non-exchange transactions</b>		
Funds from the Department (NSG)	63 312	-
Donations of intangible assets at fair value	356	-
	<b>63 668</b>	<b>-</b>
*Funds are transferred from NSG Vote 10 as an augmentation to revenue earned to enable the Trade to carry out its operating activities.		
*The European Union funded the development of African charter and African Governance courses.		
<b>3. Employee benefits costs</b>		
Short term employee benefits	82 630	76 888
Average Number of Employees	123	123
<b>4. Operating expenses</b>		
Advertising	127	-
Training and consultancy services	48 030	52 673
Consumables, materials and supplies	251	306
Gifts and promotional items	467	247
IT expenses	3 767	-
Marketing	190	23
Vehicle lease payments	1 281	-
Postage and courier	740	970
Printing and stationery	8 005	15 922
Communication cost	524	486
Staff training and development	1 144	1 064
Travel and subsistence	10 099	9 375
Property rental payments	14 079	14 442
Equipment rental payments	551	1 075
Property payments	5 133	5 445
Catering departmental activities	286	611
Bad debts written off	1 774	-
Venue and facilities	10 299	10 737
Disposal of intangible assets	1 669	787
Movement in the provision for impairment	(1 728)	2 549
General administrative expenses	145	56
	<b>106 833</b>	<b>116 768</b>

				2018	2017
				R'000	R'000
<b>5. Cash and cash equivalents</b>					
Current cash at commercial banks				62 809	66 028
<b>6. Inventories</b>					
CIP training material				5 263	-
<b>7. Receivables from exchange transactions</b>	<b>Less than one year</b>	<b>One to two years</b>	<b>More than two years</b>	<b>Total 2017/2018</b>	<b>Total 2016/2017</b>
Trade debtors	2 491	896	14 483	17 780	19 204
Allowance for impairment provision	-	-	(14 483)	(14 483)	(16 211)
Net trade receivables	2 491	896	-	3 387	2 993
Other receivables	644	-	-	644	-
	3 135	896	-	4 031	2 993

#### 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 44 days (2016/17: 52 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 10.25% (2016/17: 10.5%) 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.

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 44 days (2016/17: 52 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.

**7. Receivables from exchange transactions (continued)**

**Trade receivables past due, but not impaired - 2017/18**

Nominal Value

Impairment Adjustment

**TOTAL**

	<b>61 to 365 days</b>	<b>366 to 730 days</b>	<b>TOTAL 2017/18</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Nominal Value	3 892	(1 217)	2 675
Impairment Adjustment	-	-	-
<b>TOTAL</b>	<b>3 892</b>	<b>(1 217)</b>	<b>2 675</b>

**Trade receivables past due, but not yet impaired - 2016/17**

Nominal Value

Impairment Adjustment

**TOTAL**

	<b>61 to 365 days</b>	<b>366 to 730 days</b>	<b>TOTAL 2016/17</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Nominal Value	2 118	1 118	3 236
Impairment Adjustment	-	-	-
<b>TOTAL</b>	<b>2 118</b>	<b>1 118</b>	<b>3 236</b>

**Impairment of trade receivables**

	<b>2018</b>	<b>2017</b>
	<b>R'000</b>	<b>R'000</b>
	17 930	19 225
	(60)	(21)
	<b>17 870</b>	<b>19 204</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 10.25% (2016/17: 10.5%).

**Movement in the impairment provision**

Opening balance

Provision for impairment

Amounts written off as uncollectable

	16 211	13 662
	46	-
	(1 774)	2 549
	<b>14 483</b>	<b>16 211</b>

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.

## 8. Intangible assets

	2018			2017		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying Value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
TMS	3 218	(890)	2 328	3 218	(890)	2 328
Training Courses	22 176	(1 075)	21 101	21 754	(1 131)	20 623
<b>Total</b>	<b>25 394</b>	<b>(1 965)</b>	<b>23 429</b>	<b>24 972</b>	<b>(2 021)</b>	<b>22 951</b>

### Reconciliation of intangible assets - 2018

	Opening balance	Additions	Disposals	Total
TMS	2 328	-	-	2 328
Training Courses	20 623	2 147	(1 669)	21 101
<b>Total</b>	<b>22 951</b>	<b>2 147</b>	<b>(1 669)</b>	<b>23 429</b>

### Reconciliation of intangible assets - 2017

	Opening balance	Additions	Disposals	Total
TMS	2 328	-	-	2 328
Training Courses	18 524	2 886	(787)	20 623
<b>Total</b>	<b>20 852</b>	<b>2 886</b>	<b>(787)</b>	<b>22 951</b>

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:

Capitalised training course development	indefinite	indefinite
Capitalised training management system	indefinite	indefinite

			2017/18	2016/17
			R '000	R '000
<b>9. Payables from exchange transactions</b>				
<b>Trade and other payables</b>	<b>30 Days</b>	<b>30+ Days</b>	<b>Total 2017/2018</b>	<b>Total 2016/2017</b>
Trade creditors	2 279	-	2 279	6 204
Amounts due to customers: trade debtors	68 718	5 186	73 904	57 165
Amount owed to NSGVOTE 10	-	-	-	611
	<b>70 997</b>	<b>5 186</b>	<b>76 183</b>	<b>63 980</b>
<b>10. Payables from non-exchange transaction</b>				
National Treasury advance for course development			1 358	1 358
<b>11. Employee benefits</b>				
<b>Leave entitlement</b>				
Carrying amount at the beginning of the period			5 822	4 291
Current service costs			(8 485)	7 908
less: benefits utilised			8 717	(6 376)
			<b>6 054</b>	<b>5 823</b>
<b>13th cheque</b>				
Carrying amount at the beginning of the period			2 027	1 936
Current service costs			2 166	2 027
less: benefits utilised			(2 027)	(1 936)
			<b>2 166</b>	<b>2 027</b>
<b>Performance bonus</b>				
Carrying amount at the beginning of the period			1 294	1 231
Current service costs			1 403	635
less: benefits utilised			(1 287)	(572)
			<b>1 410</b>	<b>1 294</b>
			<b>9 630</b>	<b>9 144</b>

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

**12. Cash used in operations**

Deficit

**Adjustments for:**

Disposal of intangible assets

Allowance for Doubtful Debts

Bad debts written off

Changes in estimates of employee benefits

Non-cash donations

**Changes in working capital:**

Inventories

Receivables from exchange transactions

Payables from exchange transactions

	2018	2017
	R '000	R '000
Deficit	(9 128)	(74 141)
<b>Adjustments for:</b>		
Disposal of intangible assets	1 669	787
Allowance for Doubtful Debts	(1 728)	2 549
Bad debts written off	1 774	-
Changes in estimates of employee benefits	486	1 686
Non-cash donations	(356)	-
<b>Changes in working capital:</b>		
Inventories	(5 263)	-
Receivables from exchange transactions	(1 084)	(3 260)
Payables from exchange transactions	12 202	2 551
	<b>(1 428)</b>	<b>(69 828)</b>

**13. Budget information**

The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 April 2017 to 31 March 2018.

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

(9 128)

Reason for budget deviation in revenue

The revenue performance for the financial year 2017/18 reflects an unfavourable variance of R9.1 million due to low uptake of revenue generating courses although prepayments had already been received for the courses.

Reason for budget deviation in expenditure

Expenditure is below budget due to low up-take of training courses

2018	2017
R '000	R '000

#### 14. Financial Instruments

##### 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.

##### Categories of financial instruments

###### Financial assets

###### Amortised cost

Cash and bank balances (Note 5)	62 809	66 028
Trade and other receivables (Note 6)	4 031	2 993
	<b>66 840</b>	<b>69 021</b>

###### Financial liabilities

###### Amortised cost

Trade and other payables (Note 8)	76 183	63 980
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##### 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 10) 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.

##### 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.

### **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.

### **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.

### **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.

### **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.

### **Liquidity risk**

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.

### **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.

**15. Related party transactions and outstanding balances**

**Related party transactions and outstanding balances**

**Interest paid to (received from) related parties**

	2018 R '000	2017 R '000
Revenue from non-exchange transactions	63 312	-
Outstanding balances-claims payable	-	611
Outstanding balances-claims receivables	(644)	-

**Key Management Personnel**

The key management personnel of the entity include the personnel appointed in the controlling department - The National School of Government

	Basic salary	Other short- term employee benefits	Post-employment benefits	Total
<b>2018</b>				
Mr B Maja - Deputy Director General	927	497	120	1 544
Dr S Manana - Deputy Director General (Promotion 01/12/2017)	206	128	36	370
Prof TD Potgieter - Acting Branch head TPP	889	265	10	1 164
	<b>2 022</b>	<b>890</b>	<b>166</b>	<b>3 078</b>
<b>2017</b>				
Mr B Maja - Deputy Director General	884	474	115	1 473
Prof TD Potgieter - Acting Branch head TPP	848	273	101	1 222
	<b>1 732</b>	<b>747</b>	<b>216</b>	<b>2 695</b>

The key management personnel of the entity include the following personnel appointed in the controlling department – National School of Government VOTE 10:

Official

Mr Botshabelo Maja

Ms P Mkwazazi

**16. Commitments**

2018	2017
R '000	R '000

**Lease Commitments**

All lease agreements are entered into by the controlling department - National School of Government VOTE 10. Therefore, all lease commitments are presented and disclosed in the financial statements of National School of Government VOTE 10. 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 10, leases office equipment used by the entity for a period of three years to 30 June 2019. The average lease payment is R238,063 per month (2016/17: R 244,514) 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 R2,067,286 per month (2016/17: R 1,298,956) 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.

**Expenditure Commitments**

Current Expenditure - Approved and contracted

The commitments relate mostly to goods and services required for training activities. 9,031                      8,434

**17. Transfers**

The entity transferred funds from the accumulated surplus to the main Department Programme I as per National Treasury instructions dated 17 May 2016.

Department: National School of Government -                              17,523

2018	2017
R '000	R '000

## 18. Prior period error

### 18.1

During the 2017/18 financial year the entity's management realised that the Intangible assets were not capitalised at the end of 2016/17 financial year. The disposal was not accurately allocated against accumulated depreciation. The error resulted in an understatement of Intangible assets and overstatement of operating expenditure. The result of the correction is as follows:

Increase in intangible asset (Cost)	-	215
Decrease in operating expenditure	-	(385)
Decrease in accumulated depreciation	-	170

### 18.2

During the 2017/18 financial period management realised that the accruals were not correctly reversed and the expenditure was not correctly classified in the 2015/16 and 2016/17 financial years. The result of the correction is as follows:

Increase in opening balance-accumulated surplus	-	(389)
Decrease in compensation of employees	-	(732)
Decrease in operating expenses	-	(80)
Decrease in accruals	-	1 201

### 18.3

During the 2017/18 financial period management identified revenue for 2016/17 that was not included in the prior year. The error resulted in the understatement of revenue and overstatement of payables. The result of the correction is as follows:

Decrease in opening balance-accumulated surplus	-	308
Increase in revenue	-	(327)
Decrease in payables	-	738
Decrease in receivables	-	(719)

	2018	2017
	R '000	R '000
<b>18.4</b>		
During the 2017/18 financial period management identified operating expenditure for 2016/17 that was incorrectly classified as employee related costs. the result of the correction is as follows:		
Decrease in compensation of employees	-	9,215
Increase in operating expenses	-	(9,215)
<b>19. Irregular Expenditure</b>		
<b>19.1 Reconciliation</b>		
Opening Balance	-	-
Add: Irregular expenditure -current year	819	-
Add: Irregular expenditure -prior year		
Less:Amounts condoned	-	-
<b>Irregular expenditure awaiting condonement</b>	<b>819</b>	<b>-</b>

**19.2 Details of irregular expenditure - Current year**

**Incident steps taken**

	<b>Disciplinary steps taken</b>	<b>Condoned by condoning authority</b>	
Approval of physical security contract extension sought from and approved by the AO instead of National Treasury	Still under investigation	Awaiting condonation	767
Approval not obtained for changes in the quoted price	Still under investigation	Awaiting condonation	52
<b>TOTAL</b>			<b>819</b>

**20. Events after reporting date**

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

**21. Approval of Financial Statements**

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

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