



Annual Report

2018-2019

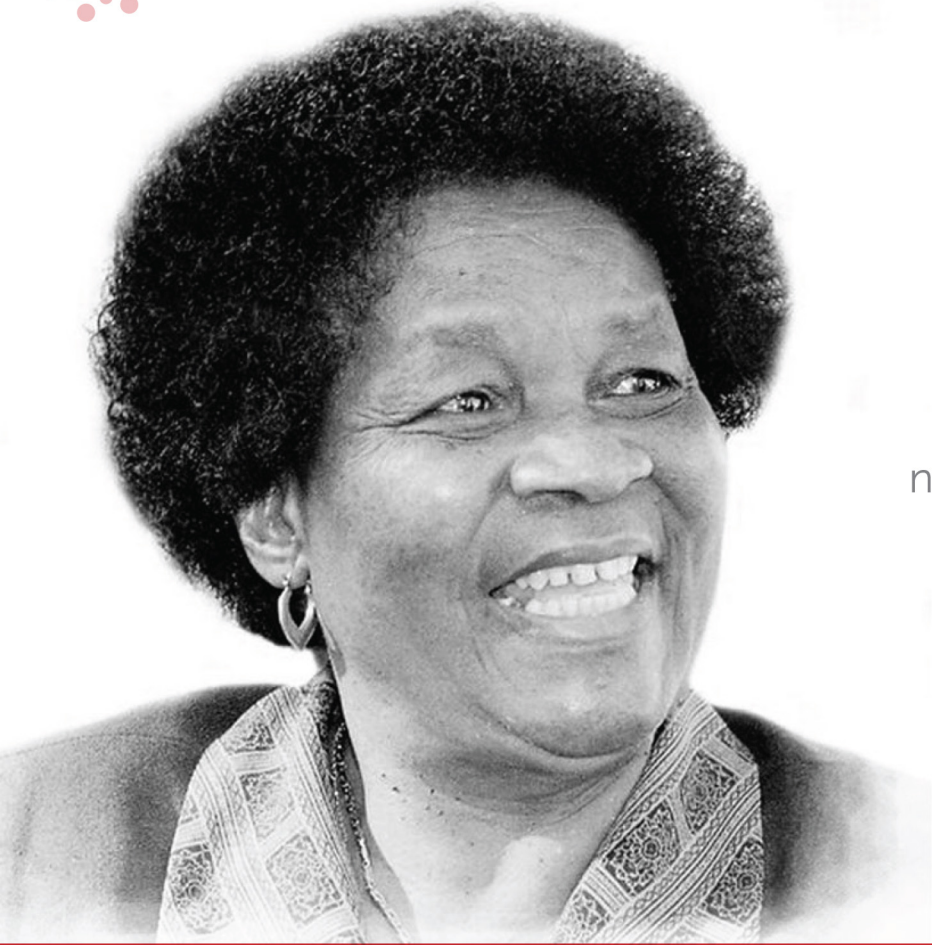
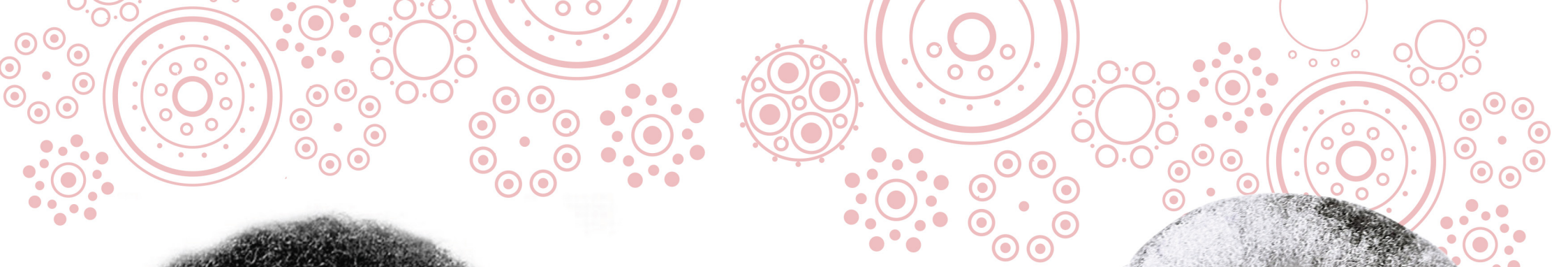
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Department:
National School of Government
REPUBLIC OF SOUTH AFRICA





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REPUBLIC OF SOUTH AFRICA

NATIONAL SCHOOL OF GOVERNMENT

**VOTE 10(a)
ANNUAL REPORT**

2018/19

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Part A

General
Information

1. DEPARTMENT GENERAL INFORMATION

The National School of Government 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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2. LIST OF ACRONYMNS

AGSA	Auditor-General of South Africa	MOU	Memorandum of Understanding
AMDIN	African Management Development Institutes' Network	MTEF	Medium Term Expenditure Framework
AO	Accounting Officer	MTSF	Medium Term Strategic Framework
APP	Annual Performance Plan	NSG	National School of Government
AUC	African Union Commission	NT	National Treasury
BB2E	Breaking Barriers to Entry	PALAMA	Public Administration Leadership and Management
CFO	Chief Financial Officer	PFMA	Public Finance Management Act
DPME	Department of Planning, Monitoring & Evaluation	PMDS	Performance Management & Development System
DPSA	Department of Public Service and Administration	PSC	Public Service Commission
EMC	Executive Management Committee	PSETA	Public Service Sector Education & Training Authority
EMDP	Emerging Management Development Programme	QCTO	Quality Council for Trades & Occupations
ETQA	Education and Training Quality Assurance	QMS	Quality Management System
EU	European Union	SABPP	South African Board for People Practices
EIP	Executive Induction Programme	SCOA	Standard Chart of Accounts
GRAP	Generally Recognised Accounting Practice	SASSETA	Safety and Security Sector Education and Training Authority
GRS	Graduate Recruitment Scheme	SCM	Supply Chain Management
HEIs	Higher Education Institutions	SDIP	Service Delivery Improvement Plan
KPA	Key Performance Area	SMS	Senior Management Service
LG SETA	Local Government Sector Education & Training Authority	TNA	Training Needs Analysis
MANCO	Management Committee	TR	Treasury Regulations
MINCOMBUD	Ministers' Committee on the Budget	TTA	Training Trading Account
MPAT	Management Performance Assessment Tool		
MPSA	Ministry for Public Service and Administration		

3. FOREWORD BY THE MINISTER



MR SENZO MCHUNU, MP
Minister for the Public Service and Administration

In 2018, our Government dedicated the year to mark the centenary of the life of our nation's founding father and former President Nelson Mandela under the theme: "Be the legacy". The year provided us with an opportunity, not only to celebrate Madiba's life, to reflect on his ideals and commitment to justice, equality and a non-racial South Africa. In his own humble way, former President Nelson Mandela always emphasised that his contribution to the liberation struggle was not about himself but about this country and in its people in order to live in harmony as a united nation. Throughout his life, Madiba followed three rules,

which he did at a great personal sacrifice. His rules were: Free Yourself, Free Others and Serve Every Day. Everyone has the ability and the responsibility to change the world for the better. It only takes one simple gesture to make a world better place.

The Constitution of our country is the cornerstone of human dignity in our country, of the achievement of equality and the advancement of human rights and freedom. As such, the Constitution empowers each and every citizen of our country to be treated in a dignified manner and have their dignity respected and protected. We remain aware that poverty, inequality and unemployment remain the critical socio-economic challenges facing our country. It is challenges that need our collective effort in order to eradicate it within our societies so that our people can realise the ideal of a dignified life.

The National Development Plan (NDP) Vision 2030 is the overarching compass in our quest to build a capable and developmental state to eradicate the root causes of these socio-economic challenges in our society. According to the NDP, "a developmental state needs to be capable, but a capable state does not materialise by decree, nor can it be legislated or waved into existence by declarations. It has to be built, brick by brick, institution by institution, and sustained and rejuvenated over time". And most importantly, the NDP emphasizes that a capable state "requires leadership, sound policies, skilled managers and workers, clear lines of accountability, appropriate systems, and consistent and fair application of rules."

The State requires a Public Service and public servants that can achieve these ideals of our NDP. The National School of Government (NSG), as a public sector capacity building institution, is positioned to produce a public servant who has integrity, who is professional and has the commitment to serve society. In this regard, I am pleased to report that the NSG has placed significant emphasis in professionalising public servants to respond to a capable and developmental state.

At the forefront have been training programmes such as Compulsory Induction Programme, the Executive Induction Programme as well as courses addressing ethics and anti-corruption. The NSG has been working in partnership with key state institutions in rolling out ethics and anti-corruption capacity building. Public Servants stand at the door that separates clean governance from corruption. A lot of work has been done to position the Ministry of Public Service and Administration (MPSA) as well as Government as a whole to fighting corruption effectively.

Another key focus area of the NSG has been targeting leadership development in the Public Service. In this regard, I am pleased to report that close to 13 000 public servants have undergone Leadership Development training. The NSG has also developed the Pre-entry SMS programme in this financial year for rollout in the 2019/20 financial year – a programme that also supports the professionalisation in the Public Service.



From an overall institutional performance perspective, I am pleased to report that the NSG has trained a total of 61 005 learners in all streams against a performance target of 48 514 learners and generated more than R139m in revenue, given its current capacity and resources. The Auditor-General has also issued a clean audit report for the Vote Account and an unqualified audit report for the Training Trading Account.

I would like to take this opportunity in expressing appreciation to the leadership, management and staff of the NSG for this outstanding performance, and also wish to appreciate the leadership of the former Minister and Deputy Minister for Public Service and Administration during their tenure in the fifth administration of government.

Mr Senzo Mchunu, MP

Minister for the Public Service and Administration

4. STATEMENT BY THE DEPUTY MINISTER



MS SINDISIWE CHIKUNGA, MP
Deputy Minister for the Public Service and Administration

Chapter 10 of the Constitution of the Republic of South Africa (1996) articulates the basic values and principles governing public administration, which are a combination of compliance, learning and developmental aspirations. This requires the state to meet people's needs through authentic participatory processes that realise in practice a developmental public administration, and to build a capable and developmental state.

Greater emphasis must be placed on promoting the values and ethos of the South African state, supporting the implementation of government policies,

and assisting public servants to respond to the triple challenges of unemployment, inequality and poverty.

The National School of Government (NSG) is currently established in terms of the Public Service Act, 1994 as amended. This legislation mandates the NSG to provide training or make provisions for such training to be provided; conduct examinations or tests; and may prescribe qualifications for the appointment or transfer of persons in or to the Public Service. In supporting this mandate, our Cabinet approved, on 5 September 2018, for the NSG to deliver a range of mandatory and compulsory programmes to public servants and also approved that government departments pay directly for these programmes to the NSG from their respective training budgets.

The compulsory and mandatory programmes are intended to address the knowledge, values and skills gaps, be responsive to the contextual challenges, and provide direct support to departments to fulfil their respective mandates. Through these programmes, it is intended to purposefully contribute to addressing developmental needs of public servants and government departments; promoting and encouraging continuous professional development in the Public Service; and supporting efforts to create a highly competent and professionalised Public Service.

There are a total of 16 compulsory and mandatory programmes, which will be part of the NSG's course matrix of 128 current courses and programmes. Some of these programmes will address issues of delegations of authority in the Public Service; supply chain management; programme and project management; avoiding irregular, fruitless and wasteful expenditure; and evidence-based policy making and implementation. We remain acutely aware of the findings of the Auditor-General over the years as they relate to supply chain management and expenditure management in the Public Service, and these compulsory and mandatory programmes will seek to directly address these performance areas.

During the financial year under review, the NSG also continued its international strategic partnerships with institutions such as the European Union (EU) and China Academy of Governance (CAG). Through the CAG partnership, 20 senior managers from national and provincial departments attended a seminar on 'South African governance systems and the modernisation of governance capacity' in September 2018. Under this collaboration, a round-table discussion was also held in March 2019 with NSG participants who attended training in China, to give inputs to the curriculum framework that is being developed on lessons learned from the training.



I am pleased that the NSG continues to also undertake capacity development work on the African Continent, particularly within continental structures such as African Management Development Institutes' Network (AMDIN). This reaffirms our government's commitment to the African Union's Agenda 2063, and also supports our President's priority area of a better Africa and World. I remain confident that the NSG will be a key stakeholder and role-player in enhancing public sector capacity building on the African Continent.

Ms Sindisiwe Chikunga, MP

Deputy Minister for the Public Service and Administration

5. REPORT OF THE ACCOUNTING OFFICER



Ms Phindile Mkwazi
Acting Accounting Officer

Introduction

The Annual Report of the National School of Government (NSG) for the 2018/19 financial year is being presented as we transition from the fifth to the sixth administration of government. The financial and non-financial performance of the NSG is in line with the medium term expenditure framework (MTEF) budget allocation and the approved five-year strategic plan 2015-2020 respectively.

The National Development Plan (NDP) envisions the building of a capable developmental state with capable institutions

and the capacity to provide relevant and responsive interventions for the benefit of South African citizens. The future requires a state that is capable of playing a developmental and transformative role, with skilled public servants who are committed to the public good and capable of delivering consistently high-quality services to all South Africans. In order to create and sustain the type of South African society we require, emphasis must be placed on entrenching our national values and norms as well as the requirements for an effective state (both technically and in terms of its orientation). Efforts to transform and strengthen the state machinery (including the Public Service, local government and state-owned enterprises) must continue and is fundamental to speeding up social change in the context of radical socio-economic transformation.

The NDP identifies critical interventions to build a professional Public Service and consequently a capable state. The anticipation of well-run departments staffed by skilled public servants, who are capable, motivated and ethical has significant implications for public administration education and learning programmes, and the impact they are intended to have on the functioning of the state. As the public sector capacity-building institution, the NSG has an important role to play in this regard.

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 per cent 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

In terms of the Medium Term Strategic Framework (2014 – 2019), outcome 12 addresses an efficient, effective and development-oriented Public Service, through the following sub-outcomes:

- A stable political-administrative interface
- A Public Service that is a career of choice
- Sufficient technical and specialist professional skills
- Efficient and effective management and operations systems
- Procurement systems that deliver value for money
- Strengthened accountability to citizens
- Improved inter-departmental coordination
- Reduced corruption in the Public Service

The NSG contributes four projects towards sub-outcome 2 (a Public Service that is a career of choice). In this regard, I am pleased to report on the status of these projects as at 31 March 2019, as follows:

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. The Executive Coaching Programme has been developed and is being piloted. The NSG contracted 12 executive coaches (retired public servants and private individuals) that are paired with learners (newly appointed DDGs and DGs). Twelve of the learners have successfully completed all the coaching sessions. Thirteen of the learners have completed one session of coaching, and are well on track to complete all their sessions. Challenges of commitment to coaching sessions are steadily being overcome with preplanning and follow up by the coaches.

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; Pre-entry to SMS and Compulsory Induction Programme (salary levels 4-5), which are already being implemented. 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. Since the implementation of the 2014-2019 MTSF, the NSG developed seven in-service training programmes against a total of six programmes. The project has exceeded the MTSF target.

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 4 391 youth graduates against a target of 2 750 in this financial year. Since the implementation of the 2014-2019 MTSF, the NSG trained a total of 17 789 youth graduates. The project has exceeded the MTSF target.



System in place to use public servants from relevant departments to facilitate in-service training programmes

The provision of specialist training will require the NSG to draw on the existing expertise from senior managers and managers across the Public Service as well as drawing on specific expertise from academic institutions where appropriate. It will also require the NSG to provide advice to other departments on learning and development programmes provided by other institutions. Trainer development in Induction follows the implementation of the Trainer Capacity Development Programme (TCDP), which is the core implementation framework approved by Cabinet for the *Rutanang Ma Afrika* project. The NSG has, in this financial year, contracted serving and retired public servants, professionalised through learning interventions to facilitate the training programme. More than 50% of trainings offered by NSG are facilitated by public servants.

Annual Performance Plan 2018/19

The Annual Performance Plan (APP) for the 2018/19 financial year reflects the performance targets for the NSG. The NSG set 24 performance targets in the APP, of which 21 performance targets were achieved as planned. Two performance targets were not achieved, and one performance target had no activity as it is demand-driven (the target depended on the disciplinary cases lodged against the employee by employer within a particular reporting period). This translates to an overall performance achievement of **91%** of the total planned targets for the financial year. Following the audit of the financial year by the AGSA, it is with pleasure that the NSG received a clean audit on the NSG Vote Account and an unqualified audit on the NSG TTA.

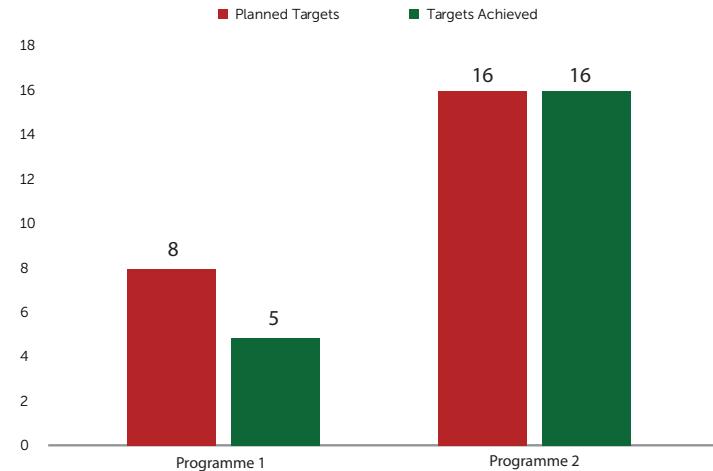


Overall
Performance
Achievement



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

Graph 1: Annual Performance Per Programme





The NSG set an annual target of training 48 514 learners in all training streams. Measured against this projected training performance target, the NSG exceeded its target by training a total of 61 005 learners by 31 March 2019. The breakdown of performance per training stream for the financial year is reflected as follows:

Table 1: Annual Performance Per Training Stream

Training Stream	Annual Target	Actual Performance
Leadership	6 000	12 870
Management	9 394	13 011
Administration	4 050	10 125
Induction	26 320	20 608
Unemployed youth graduates	2 750	4 391
Total	48 514	61 005

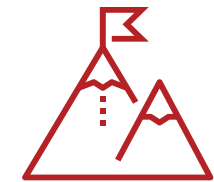
Highlights of performance

Training performance

As reflected above, during the financial year, the NSG trained a total of 61 005 learners in all streams against a performance target of 48 514 learners. The NSG has exceeded training targets in three of its four training streams, as well as the target on unemployed youth graduates. 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.

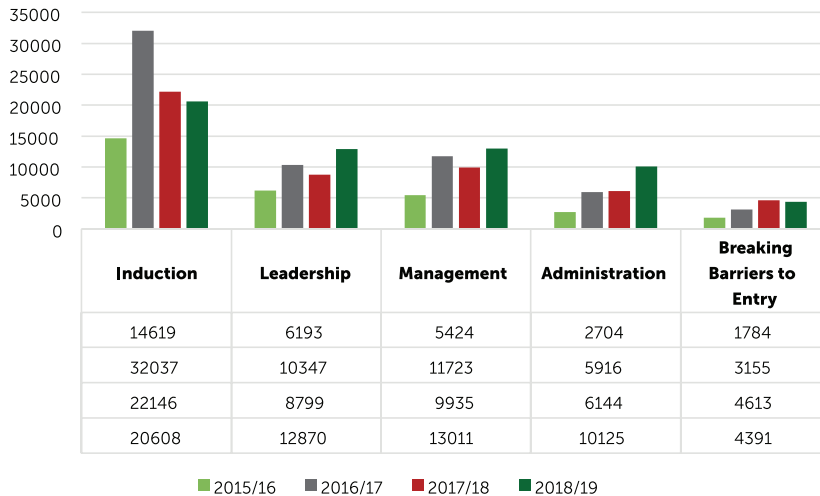
Some of the key highlights of training performance include the following:

- The NSG trained 130 participants (including rangers, hospitality personnel and managers from various business units) of SANParks on the Emerging Management Development Programme in partnership with a higher education institution.
- The NSG successfully completed the innovative development and internal approval of the *SMS Pre-Entry Programme: Nyukela*. This is a new compulsory programme intended to standardise access to the senior management echelon.
- The NSG convened workshops as part of building capacity, on topics such as *Community Participation and Leadership in a Changing Society* (in partnership with Community Chest and the Western Cape Department of Local Government) and *Live the legacy: Towards a socio-economically empowered youth* seminar (in collaboration with the National Youth Development Agency).



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

Graph 2: Four Year Comparison Per Training Stream



The Department prioritised the implementation of courses relevant to the discourse such as ethics that allows managers in Public Service to recognise ethical dilemmas and apply their knowledge and expertise within the prescripts of governance already in the system. The Department also prioritised youth development and additional resources were made available by the European Union (EU) to ensure that more youth receive exposure to government and its service offering.

More government employees were trained on quality and service oriented courses to ensure government provision of service is not compromised. Courses such as *Khaedu*, Customer Service Excellence and Performance Management continue to be prominent in the shaping of Public Service calibre relevant to executing the mandate of the state.

Moreover, over 2 500 employees have been trained on planning, monitoring and evaluation, to ensure that the impact of the services provided by government is evaluated.

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 focussed on courses aligned to the improvement of service such as Citizen Centred Service Delivery and Evidence-Based Policy-Making and Implementation. The NSG has also successfully strengthened and forged ties with strategic partners in order to maintain NSG status as an accredited training provider.

To build capacity, the NSG will continue to use current and retired public servants in the form of *Rutanang Ma Afrika* to provide an opportunity to impart knowledge and skills to the other public servants.

Executive Induction Programme

The purpose of the EIP is to induct newly appointed Deputy Directors-General (DDGs) and Directors-General (DGs) 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 2 weeks before the lockdown session – which is 3 days. In the lockdown session, a facilitator and experienced DDG/DG



work through a case study with the learners, and preparation for the coaching session is done. Learners are assigned a coach, and have to complete six one-hour sessions with their coach.

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 strengthen and 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 Institute Network (AMDIN) as an institution.

The NSG is one of the leading member institutions of AMDIN. Currently, AMDIN is recognised as a member of the African Union Commission (AUC) Specialised Technical Committee 8, and therefore also a member of the work stream on Public Service and management. The NSG is the Secretariat and the Secretary-General of AMDIN.

The School concluded a three-year 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 CAG. This partnership, 20 senior managers from national and provincial departments attended a seminar on 'South African governance systems and the modernisation of governance capacity' from 6 - 26 September 2018. Under this collaboration, a round-table discussion was held on 11 March 2019 with NSG participants who attended training in China between 2015 and 2018. The purpose of the round-table discussions was to give inputs to the curriculum framework that is being developed on lessons learned from the training.

Research and Training Needs Analysis

The NSG achieved all of its performance targets in relation to research projects and training needs analysis (TNA). During this financial year, the NSG undertook a skills audit for the National Radioactive Waste Disposal Institute which was commissioned and funded by NECSA (South African Nuclear Energy Corporation). Several TNAs were implemented and completed with a variety of Departments, including the Presidency, Gauteng Provincial Treasury, National Department of Social Development, and North West Development Corporation.

Nine research projects were completed on a large variety of focus areas and seven research colloquia were arranged and presented during the course of the financial year. These events are aimed at stimulating debate, insight and understanding. The activities for the year also assisted with research capacity building in the Public Service as it included the hosting of workshops on Qualitative and Quantitative Research Methodology at the Presidency and at the KwaZulu-Natal Office of the Premier. The research function contributed much to knowledge creation and dissemination. During this year performance included the presentation of at least five conference papers, the submission of three articles for publication, as well as the publication of three articles in peer reviewed academic journals.

Overview of Financial Results of the National School of Government

The School operates a Training 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 Public Finance Management Act (PFMA), Act No. 1 of 1999, as amended. The statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice (SA GAAP). To achieve full compliance with accrual accounting requirements, the prescribed financial accounting system of the trading entity is supplemented by additional manual procedures.

Vote Account

The full budget appropriation for the 2018/19 financial year was R168.9 million, which was an increase from the R153.9 million allocation received in the previous financial year. The increase was inflation related, as issued by the National Treasury. A saving of R2.1 million was realised at the end of the financial year.

Dept. Receipts	2018/19			2017/18		
	Estimate	Actual Amount Collected	(Over)/ Under Collection	Estimate	Actual Amount Collected	(Over)/ Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sales of goods and services other than capital assets	28	41	13	25	36	11
Interest, dividends and rent on land	50	74	24	0	53	53
Sales of capital assets	-	16	16	0	16	16
Transactions in financial assets and liabilities	-	22	22	0	20	20
Total	78	153	75	25	125	100

Total departmental receipts revenue increased by R0.028 million, from R0.125 million (2017/18) to R0.153 million (2018/19). The increase is from interest, dividends and rent on land.



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	2018/19			2017/18		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	98 799	96 622	2 157	90 594	90 355	239
Public Sector Organisational and Staff Development	70 180	70 180	0	63 312	63 312	0
Total	168 979	166 802	2 157	153 906	153 667	239

Programme 1: Administration

The total expenditure breakdown of R96.6 million for the 2018/19 financial year and spending patterns, compared to the previous financial year is summarised as follows:

Compensation of employees for the Vote-funded staff component of NSG increased by 6.8% from R50.5 million (2017/18) to R54.2 million (2018/19), due to salary adjustments. Goods and services increased by 7.9% from R37.2 million (2017/18) to R40.4 million in (2018/19). Expenditure on capital assets decreased by 21.0% from R2.3 million (2017/18) to R1.9 million (2018/19). The decrease is related to office furniture procurement.

Programme 2: Public Sector Organisational and Staff Development

The transfer of funds from Vote to the TTA was R70.2 million in the 2018/19 financial year. Total revenue (including the transfer of funds from the Vote appropriation for this financial year) increased by R45.8 million from R178.6 million (2017/18) to R224.5 million (2018/19). Income from course fees increased by 33.3%, from R110.1 million (2017/18) to R146.8 million (2018/19).

Total expenditure in the TTA increased by R24.3 million from R189.4 million in 2017/18 to R213.8 million in 2018/19. The increase is as related to operating expenses and compensation of employees.

The TTA closed the year with a deficit of R10.7 million in 2017/18 and the closing status in 2018/19 is a surplus of R10.7 million.

Virement/ Roll Overs

There were no virements during the financial year under review.

Irregular Expenditure

Irregular expenditure amounting to R1.2 million was incurred during this year. This amount is for both the Vote and TTA.

Future Plans of the National School of Government

The NSG has finalised and approved its 2019/20 Annual Performance Plan (APP). The School is committing to train a total of **53 783** public servants in all training streams. We will continue to provide greater online 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 (SMS) 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 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.

Compulsory and Mandatory Programmes/ Courses

On 5 September 2018, Cabinet approved a range of mandatory and compulsory programmes to public servants for the NSG to deliver; and also approved that government departments pay directly for these programmes to the NSG from their respective training budgets. There are a total of 16 compulsory and mandatory programmes, which will be part of the NSG's course matrix of 128 current courses and programmes. Some of these programmes will address issues of delegations of authority in the Public Service; supply chain management; programme and project management; avoiding irregular, fruitless and wasteful expenditure; and evidence-based policy making and implementation.

NSG Strategic Planning

The NSG will be undertaking strategic planning for the next five year MTSF period. Key among the strategic planning discussions will be the implementation of the Public Administration Management Act (PAMA), 2014 as it relates to the NSG, as well as determining NSG long-term vision and goals.



Public Private Partnerships (PPP)

The NSG did not enter into any PPP contracts during 2018/19.

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 EMC.

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 R0.002 million as at 31 March 2018 in comparison with R0.001 million at 31 March 2019. 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.

COMPANY	SPONSORSHIP RECEIVED	DISTRIBUTION	ESTIMATED RAND VALUE
N/A	N/A	N/A	R0

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 the Public Service and Administration, Mr Senzo Mchunu and Deputy Minister for the Public Service and Administration, Ms Sindisiwe Chikunga for their leadership, guidance and support towards the NSG delivering on our mandate and performance. I would also like to take this opportunity to express appreciation to our previous Minister and Deputy Minister, who have also guided the NSG’s performance.

As the acting Accounting Officer, I am encouraged by the performance of the NSG in exceeding the number of public servants trained during this financial year. The performance is due to the commitment and dedication of the NSG employees, management and all key stakeholders in wanting to enhance the skills in the Public Service. I would also like to express my appreciation to my colleagues, who have also served in the capacity of Accounting Officer during this financial year.

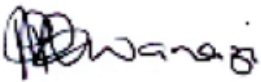
Conclusion

The South African Constitution articulates a democratic and developmental state, which must harness the energies of all South Africans (business, civil society and other formations) towards a common vision for a prosperous country. To be effective in this role it must encourage people's participation in the development and implementation of that common vision. The centrality of the Public Service as part of the State machinery to liberate the South Africans from socio-economic conditions requires high levels of capability.

We are guided by the President's 2018 State of the Nation Address (SONA) wherein he indicated that "building growth, development and transformation depend on a strong and capable state", and this requires a state that must fight corruption, fraud and collusion; public servants who adhere to the principles of *Batho Pele*; and for every public servant to undertake their responsibilities with efficiency, diligence and integrity.

Approval and Sign off

The Accounting Officer approved the audited Annual Financial Statements of Vote 10 (a) and the Annual Financial Statements of the Training Trading Account. The report is attached.



Ms Phindile Mkwanazi

Acting Accounting Officer

National School of Government

Date: 31 August 2019



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 2019.

Yours faithfully

Ms Phindile Mkwanazi

Acting Accounting Officer

31 August 2019

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.

Service 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 contribute 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, 2007 (as amended) stating the following:

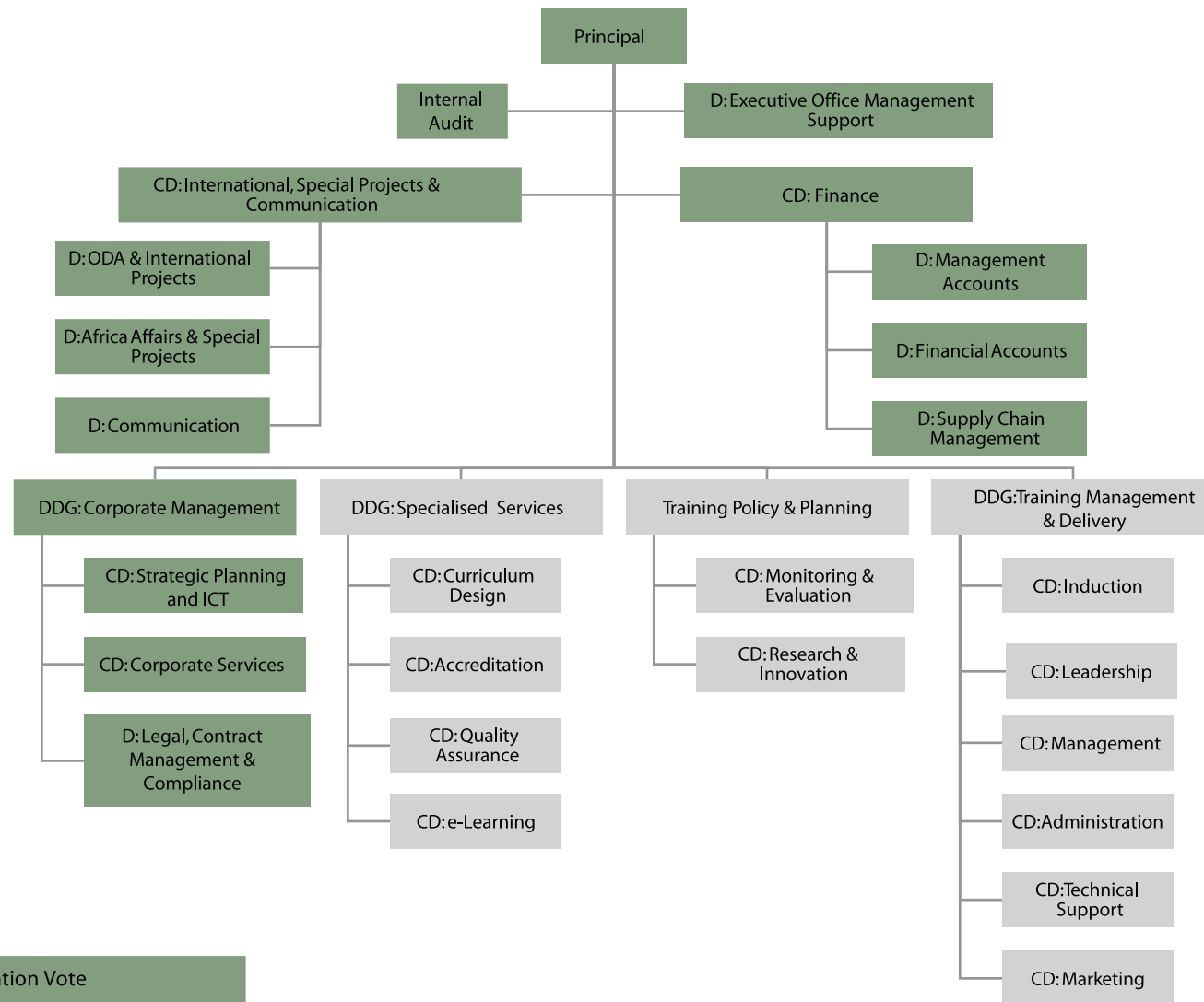
- (1) There shall be a training institution listed as a national department (in Schedule 1).
- (2) The management and administration of such institution shall be under the control of the Minister.

(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 Public Administration Management Act (No. 11 of 2014) was assented 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. Through the DPSA, a set of regulations will be developed to support the implementation of the Act, and then to determine a mechanism to align the NSG with the provisions of the PAMA.

9. ORGANISATIONAL STRUCTURE



Programme 1: Administration Vote

Programme 2: Department Trade Account



10. ENTITIES REPORTING TO THE MINISTER

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

Table 2: 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

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 2018/19 financial year as was approved by the MPSA and tabled in Parliament in March 2018. The 2015-2020 Strategic Plan guided the work of the School. 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 School's performance and development Management system
- Quarterly performance monitoring and review through the Executive Management Committee (EMC), Management Committee (MANCO) and Internal Audit
- Quarterly performance reporting to the MPSA, DPME and National Treasury

The NSG undertakes 100 per cent 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.

In line with the National Evaluation Policy Framework (NEPF), the NSG developed a departmental evaluation plan, and identified three projects for evaluation. Work in this area is currently ongoing.

2.1 Service Delivery Environment

The NSG was officially launched on 21 October 2013. The School provides training through a suite of 128 accredited and non-accredited courses and programmes, the breakdown of which is as follows:

**Table 3: Summary of NSG Courses and Programmes**

HEI approved	14
ETQA accredited	82
QCTO accredited	1
Total number of accredited courses/programmes	97
Number of non-accredited courses/programmes	31
Grand total number of courses/programmes	128

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

- Managing public finance
- Human resource management and development
- Good governance
- Ethics and anti-corruption
- 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, and partnerships with higher education institutions.

The School has put in place system use utilise both the in-service and retired public servants to provide training 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 the 2018/19 financial year, the NSG appointed and contracted 152 trainers through *Rutanang Ma Afrika* for a period of three years to offer training in different fields. All the 152 trainers were also orientated and trained.

Forging international partnerships is one of the requisites adopted by the 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.

The School is also a member of the Executive of the African Management Development Institutes' Network (AMDIN), and is 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. In this financial year, the school participated in the AMDIN EXCO meeting held in Sandton from 6 to 7 March 2019 and it also developed a curriculum on the African Charter on the values and principles of the Public Service and administration with the financial support of the European Union, which will be used by all the continent's management development institutions. A presentation was made to the meeting on the work done to date and on the past achievements. The meeting also approved the financial statements of AMDIN for the previous year. It also deliberated on the new planned activities and on the amendments of the AMDIN constitution.

2.2 Service Delivery Improvement Plan

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

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

The NSG has 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 School 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 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, 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

Table 4: NSG 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 other 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 95.3% per cent of calls are handled in 20 seconds; and satisfaction levels are at 100%
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 annually (including 2 in-service training programmes supporting outcome 12)	6 new curriculum courses developed/ reviewed during the financial year, which are: Administration Law; Citizen-Centred Service Delivery; CIP for salary levels 1-4; Evidence-Based Policy Making and Implementation; SMS Pre-Entry Programme; and Standard Chart of Accounts (SCOA) for Non-Financial Officials

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	Issue 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 HEI	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

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 Contact 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 intergovernmental 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 improved conversion rate of issued quotations to bookings from the contact centre (training industry benchmark is 25%, NSG progress is 44% in 2018/19 FY).</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 has a formally approved complaints handling and compliments management policy. There were no formal complaints received for the period under review.</p>

2.3 Organisational Environment

2.3.1 Training Delivery

The NSG is shifting 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. During the 2018/19 financial year, the NSG also appointed and contracted 152 trainers through *Rutanang Ma Afrika* for a period of three years to offer training in different fields.

The School is enhancing its training capacity through the training of NSG officials to be training facilitators. The delivery of high-quality programmes by the NSG implies that the NSG 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 School 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. The School has also undertaken significant consultations (such as with Portfolio Committee, G&A Cluster, FOSAD MANCO and Technical Committee of the Ministerial Committee on Budget).

On 5 September 2018, Cabinet approved a range of compulsory and mandatory programmes, for the Public Service to be delivered by the NSG. To support the rollout of the mandatory programmes, the National Treasury provided an additional direct financial allocation to the NSG for a three-year period. Cabinet also approved the direct payment for compulsory programmes to the NSG by relevant employing/sending departments from their respective training budgets. These programmes are to be rolled out from 01 April 2019. The introduction of compulsory programmes was also echoed during the 2019 State of the Nation Address, when President Cyril Ramaphosa pronounced on the following: *"In improving the capabilities of public servants, the National School of Government is introducing a suite of compulsory courses, covering areas like ethics and anti-corruption, senior management and supply chain management, and deployment of managers to the coal face to strengthen service delivery"*.

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.



Table 5: Five-year revenue generation

Financial Year	2014/15 (R'000)	2015/16 (R'000)	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)
Vote Allocation	134 622	138 508	143 654	160 506	168 959
Revenue Generated	109 189	93 477	68 421	110 110	146 872
Total revenue	243 811	231 985	212 075	178 695	224 576
Persons Trained	33 693	39 509	29 270 ¹	64 513	61 005

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 2018/19 financial year, the School generated a total of R139 185 000 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

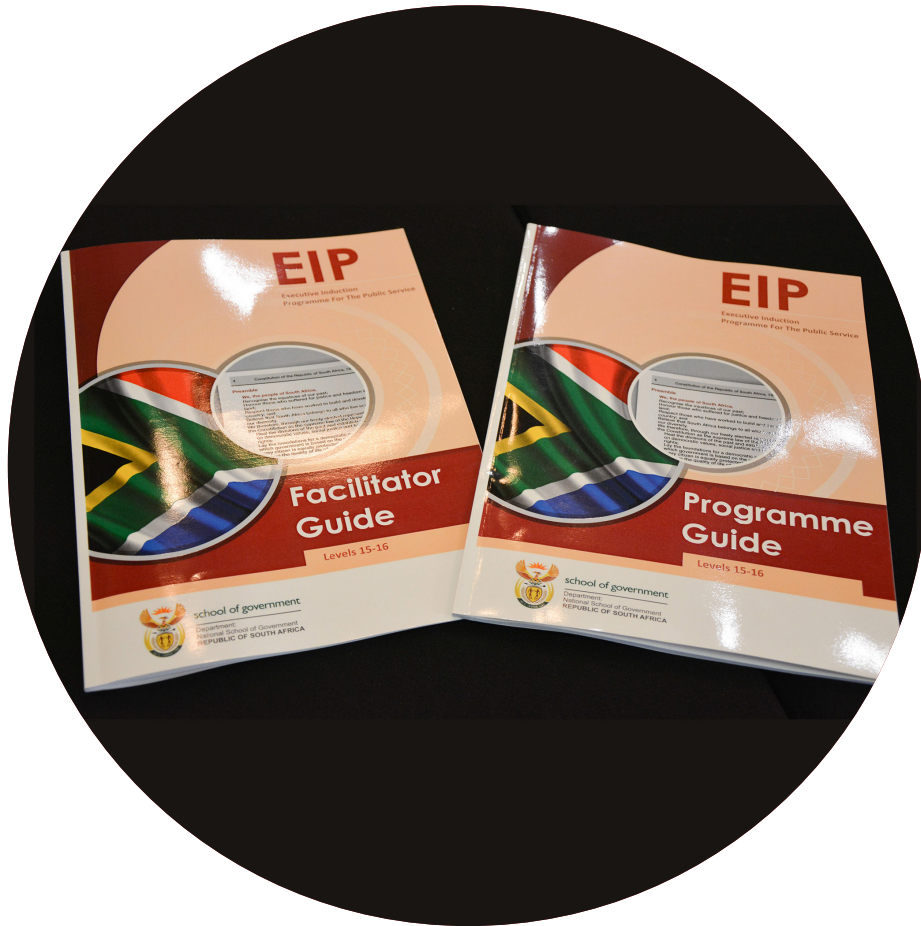
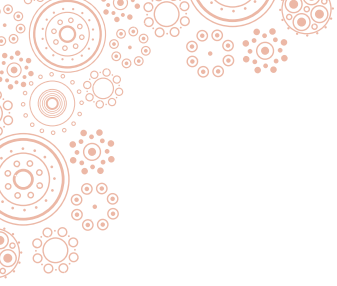
3.1 Progress towards Strategic Outcome Oriented Goals

Table 6: Five-year 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	<p>Vacancy rate of the NSG is at 9.2% as at the end of 2018/19 financial year</p> <p>There has been an improvement for collection of debt (60 to 45 days) and suppliers are paid within 30 days of receipt of a valid invoice</p> <p>Systems in place to manage and monitor organisational performance</p> <p>All oversight meetings (Audit and Risk Committees, and departmental management) are convened to ensure operational efficiency</p> <p>The Disaster Recovery Plan was reviewed and approved. Two ring-fenced DRP tests were conducted and reports made available</p> <p>2 agreements (including AMDIN and China) supporting international exchanges and capacity building initiatives were facilitated.</p>
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	<p>8 research projects were undertaken and 31 training needs analyses were conducted for Public Service institutions</p> <p>4 leadership platforms were held this financial year and 6 research colloquia workshops hosted</p> <p>4 articles/ papers were submitted to promote thought leadership</p> <p>70 qualitative evaluations undertaken and 4 application of learning studies were carried out</p>



Goal	Description	Achievements
<p>Learning and development tools, quality-driven curricula, 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 in response to Public Service needs and that of its employees</p>	<p>NSG course matrix of 128 accredited and non-accredited programmes and courses</p> <p>6 courses or programmes were developed/ reviewed during the financial year, and 16 courses or programme were quality assured</p> <p>In this financial year, 25 eLearning interventions were provided</p>
<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>	<p>The NSG appointed and contracted 152 trainers through <i>Rutanang Ma Afrika</i>. The NSG currently contracts 162 IICs for the rollout of NSG courses and programmes</p> <p>The School has partnerships with 4 higher education institutions for the delivery of the Emerging/Advanced Management Development Programme.</p> <p>In addition, 23 NSG officials conducted training on CIP and other programmes</p> <p>In this financial year, the NSG trained a total of 61 005 public servants through face-to-face and online learning, of which 4 391 are unemployed youth trained through the BB2E programme</p>



4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 Programme 1: Administration

The purpose of Programme 1 (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 resources and financial management, communication, special projects management, international relations, and internal controls and oversight.

Sub-programmes under Programme 1 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 Planning and ICT Management; Corporate Services; Legal, Compliance, Contract and Risk Management)

The strategic objectives of Programme 1 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



Strategic objectives for Programme 1: Administration

Strategic Objective	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from Planned Target to Actual Achievement 2018/ 2019	Comment on Deviations
Improve financial sustainability, organisational performance, accountability and compliance	Unqualified or clean audit report issued by the Auditor-General	Unqualified or clean audit report issued by the Auditor-General	The NSG implemented a process of and systems to continuously monitor and ensure compliance	Financial management systems implemented yearly within prescripts and regulations	Financial management systems implemented yearly within prescripts and regulations	None.	None.
Implement efficient and effective infrastructure and human resource management to support improved performance	Reduce the vacancy rate to 10.5% by financial year	Reduced the vacancy rate to 7.5% by financial year	The infrastructure and human resource plan was implemented as follows: The Disaster Recovery plan was reviewed and approved	Implementation of infrastructure and human resource plan	The infrastructure and human resource plan was implemented as follows: Vacancy rate at 9.2% by the end of the financial year	None.	None.
	ICT DR Solution successfully implemented and approval obtained for SITA to fully manage the VPN & BAS back-up	Develop the Disaster Recovery Plan.	10% vacancy rate as at 31 March 2018 was reported 2 ring-fenced DRP tests were conducted and reports made available		2 ring-fenced DRP tests were conducted and reports available		

Strategic Objective	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from Planned Target to Actual Achievement 2018/ 2019	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	3 agreements (CAG and NIPAM) supporting international exchanges/ capacity building initiatives were implemented	3 multilaterals international exchange/ capacity building initiatives implemented	3 agreements supporting international exchanges and capacity building initiatives facilitated	Facilitate 3 agreements supporting international exchanges and capacity building initiatives	2 agreements supporting international exchanges and capacity building initiatives implemented.	1 agreement	The French agreement could not be honoured as the overall project approach was amended.

Programme Performance Indicators for Programme 1: Administration

Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/ 2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/ 2019	Comment on deviations
Achieve an unqualified or clean audit opinion by the Auditor-General	Unqualified audit report issued by the Auditor-General	Clean audit report issued by the Auditor-General	Unqualified report issued by the Auditor-General	Unqualified or clean audit report issued by the Auditor-General	The NSG Vote received a clean audit report and the NSG Trade Account received an unqualified audit report from the Auditor-General	None	None



Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/ 2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/ 2019	Comment on deviations
Number of days taken to collect current outstanding NSG debts	Average of 72 days taken for debt collection	Reduce the average number of days for debt collection to 60 days in this financial year	Average of 45 days for debt collection was achieved this financial year	Average number of days for current debt collection at 60 days or less from date of debt	Average number of days for current debt collection is 46 days.	None	None
Number of days for payment of suppliers from the date of receipt of a valid invoice	100% compliance to National Treasury requirement on procurement	100% compliance to National Treasury requirement on procurement	All suppliers paid within 30 days from date of receipt of a valid invoice	All suppliers paid within 30 days from a date of receipt of a valid invoice	1 out of 3 699 invoices was paid after 30 days of receipt of an invoice	The invoice was misplaced and was paid a day late	Improve controls in supply chain management processes
Amount of revenue generated by the Training Trading Account, as part of the cost-recovery	Amount of R 102m revenue generated by the Training Trading Account, as part of the cost-recovery, monitored on a quarterly basis	Amount of R 128.6m revenue generated by the Training Trading Account, as part of the cost-recovery, monitored on a quarterly basis	R116 667 000 generated as at 31 March 2018	Projected revenue of R 117m generated by the Training Trading Account	Revenue of R146 872 000 generated by end of the financial year	The NSG generated an additional R29 872 000 in this financial year	Intensified engagements, marketing and follow up on bookings to translate into actual training and revenue generation
Percentage of posts vacant by the end of FY	As on 31 March 2016 the vacancy rate was 15.4%	As at 31 March 2017, the vacancy rate was reduced to 10.5%	The vacancy rate was maintained at 10% as at 31 March 2018	Vacancy rate of 10% or less by end of the financial year	Vacancy rate at 9.2% by the end of the financial year	None	None

Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/ 2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/ 2019	Comment on deviations
Average number of days taken to resolve disciplinary cases	New performance target	New performance target	New performance target	All disciplinary cases resolved within 60 days from the date of receiving the cases	No cases lodged in the reporting period	Demand-driven	None
Effective ICT Disaster Recovery solution	Developed a DRP and identified appropriate solutions	ICT solution successfully implemented and approval obtained for SITA to fully manage the VPN and BAS back-up	The DRP was reviewed and approved. Monitoring and testing of the ICT DR solution is continuous. Two ring-fenced DRP test conducted this year.	Monitor and test ICT Disaster Recovery Solution through the DRP	Continuous monitoring and testing of the ICT Disaster Recovery Solution completed through the DRP	None	None
Number of international exchanges and capacity building initiatives implemented to support the mandate of the NSG	5 agreements/ programmes supporting international exchanges/ capacity building initiatives implemented	2 multilateral international exchanges/ capacity building initiatives were implemented	3 agreements (including AMDIN, ENA France & China) supporting international exchanges and capacity building initiatives	Implementation of 3 agreements supporting international exchanges and capacity building initiatives	2 agreements supporting international exchanges and capacity building initiatives implemented	1 agreement	The French agreement could not be honoured as the overall project approach was amended



Strategy to overcome areas of under performance

The programme achieved five targets against the eight planned targets. Two performance targets were not achieved, and one target had no activity as it is demand-driven. The demand-driven target depends on the disciplinary cases opened against the employee by employer within a particular reporting period. This translates to the achievement of 71% of the total planned targets for the financial year.

The APP had a target to pay all supplies within 30 days from a date of receipt of a valid invoice, however one out of 3 699 invoices was paid after 30 days of receipt. This was due to the invoice that was misplaced hence it was paid a day late. Improvements to the controls in supply chain processes have been put in place to avoid late payment in the future.

Two out of three agreements supporting international exchanges and capacity building initiatives were implemented. The French agreement could not be honoured as the project approach was amended later in the year.

Changes to planned targets

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

Linking performance with budgets

Table 7: Sub-programme expenditure

Programme Name	2018/19			2017/18		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	98 799	96 622	2 157	90 594	90 355	239
Public Sector Organisational and Staff Development	70 180	70 180	0	63 312	63 312	0
Total	168 979	166 802	2 157	153 906	153 667	239

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; eLearning)

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 School finalised 31 training needs analysis (TNA) reports for both the provincial and national departments in order to inform learning and development needs and opportunities. Several TNAs were implemented and completed with a variety of Departments, including the Presidency, Gauteng Provincial Treasury, National Department of Social Development, and North West Development Corporation.
- The NSG completed 70 evaluations and four application of learning studies, progress reports for 4 identified training programmes – supporting the monitoring and evaluation of NSG training programmes
- The NSG 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 focussed on courses aligned to the improvement of service such as Citizen-Centred Service Delivery and Evidence-Based Policy Making and Implementation.
- The School is currently offering 25 courses through e-Learning. The open online courses includes but limited to PILIR, managing performance, Generally Recognised Accounting Principles (GRAP), financial delegations, ethics and anti-corruption.
- The NSG has trained a total of 61 005 learners against a target of 48 514 in this financial year. This represent 126% achievement against the training targets.



Strategic objectives for Programme 2: Public Sector Organisational and Staff Development

Strategic Objective	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/ 2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from Planned Target to Actual Achievement 2018/ 2019	Comment on Deviations
Implement effective research to inform training and development needs and opportunities within the public sector	A total of 7 research projects and 21 training needs analyses were undertaken	Undertaken a total of 4 research projects and 29 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	Undertake 6 research projects and 9 training needs analyses to inform training and development needs and opportunities	8 research projects and 31 training needs analyses undertaken to inform training needs and opportunities	2 research projects and 22 training needs analyses	<i>Ad hoc</i> request by the Minister on the project
Implement effective monitoring of the quality of training and development interventions and the evaluation of effectiveness of interventions	108 on site evaluations were undertaken and 4 application of learning studies were carried out	Undertake 63 qualitative evaluations and 4 application of learning studies were carried out	Undertake 65 evaluations and 4 application of learning studies completed this financial year	Undertake 60 evaluations and 4 application of learning studies annually	Completed 70 evaluations and 4 application of learning studies, progress reports for 4 identified training programmes	10 evaluations	Additional evaluations were based on requests received to evaluate specific key areas of the training programmes offered

Strategic Objective	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/ 2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from Planned Target to Actual Achievement 2018/ 2019	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 10 quality assured	1 curriculum programme (with 6 courses) developed and 18 programmes quality assured	Develop or review and quality assure 6 programmes/ courses in line with the curriculum framework and the relevant accrediting bodies annually	Developed or reviewed 6 and quality assured 17 programmes/ courses in line with the curriculum framework and the relevant accrediting bodies annually	11 programmes/ courses quality assured	Requests made and the obligation for programme/ courses review due to legislative changes
Develop and offer technology-mediated learning	28 e-Learning interventions undertaken	23 e-Learning interventions undertaken through technology-mediated tools	22 e-Learning interventions offered	Offer 23 e-Learning interventions	Offered 25 courses quarterly for anytime, anywhere online learning	2 courses	Additional courses were developed to meet demand for compulsory training
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 55 904 public servants underwent training	A total of 64 513 public servants to underwent training	Roll out compulsory and demand-led training to 52 557 current and potential public servants in this financial year	Roll out compulsory and demand-led training to 48 514 current and potential public servants annually	Trained 61 005 new and current public servants on compulsory and demand-led programmes through face-to-face and online learning annually	A total of additional 12 491 persons trained	The department intensified marketing and engagements to convert bookings into actual training



Performance Indicators for Programme 2: Public Sector Organisational and Staff Development

Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/ 2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from Planned Target to Actual Achievement 2018/ 2019	Comment on Deviations
Number of research projects to inform training and development needs and opportunities completed	A total of 7 quality research projects were identified and undertaken	A total of 4 research projects undertaken to inform training and development needs and opportunities	A total of 6 research projects to inform training needs and opportunities completed	Complete a total of 6 research projects to inform training needs and opportunities	A total of 8 research projects were completed to inform training needs and opportunities	2 research projects	<i>Ad hoc</i> request to assist on the project
Number of training needs analyses completed to inform training and development needs and opportunities	A total of 21 training needs analyses were undertaken within a pre-determined number of Public Service institutions	A total of 29 training needs analyses were undertaken within a pre-determined number of Public Service institutions	A total of 8 training needs analyses undertaken with public sector institutions	Complete a total of 9 training needs analyses with public sector institutions	A total of 31 training needs analyses completed with public sector institutions	22 training needs analyses	The scope of the TNA for NRWDI increased the numbers substantially
Number of research colloquia or workshops hosted by the NSG as a knowledge sharing platform	A total of 7 research colloquia or roundtable discussions hosted	A total of 7 research colloquia or roundtable discussions hosted	7 research colloquia workshops hosted	Host 6 research colloquia workshops annually	A total of 7 research colloquia workshops hosted	1 research colloquium	<i>Ad hoc</i> requests from strategic partners
Number of leadership platforms convened	New performance target with no baseline information	New performance target with no baseline information	A total of 9 leadership platforms held in the financial year	Convene a total of 4 leadership platforms annually	A total of 4 leadership platforms convened	None	None

Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/ 2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from Planned Target to Actual Achievement 2018/ 2019	Comment on Deviations
Number of articles/papers submitted for publication to promote thought leadership, knowledge creation and dissemination	New performance target with no baseline information	New performance target with no baseline information	5 articles published and 3 papers presented to promote thought leadership	Submit 4 articles/papers to promote thought leadership	A total of 2 articles and 3 papers submitted to promote thought leadership	2 articles and 3 papers	<i>Ad hoc</i> invites from institutions of higher learning on public administration material
Framework aimed at establishing national competency assessment measures and a database for the Public Service	New performance target with no baseline information	New performance target with no baseline information	New performance target with no baseline information	Undertake a project study and develop a concept implementation plan for a national competency assessment centre for public servants	Project study undertaken and a concept implementation plan developed for a national competency assessment centre for public servants	None	None
	New performance target with no baseline information	New performance target with no baseline information	New performance target with no baseline information	Develop a framework for an online diagnostic tool aimed at creating a skills database in the Public Service	Developed a framework for an online diagnostic tool aimed at creating a skills database in the Public Service	None	None



Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/ 2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from Planned Target to Actual Achievement 2018/ 2019	Comment on Deviations
Number of evaluations to be carried out by end of financial year	A total of 108 on site evaluations were undertaken	A total of 63 qualitative evaluations carried out	A total of 65 evaluations completed this financial year	Complete 60 evaluations	Completed 70 evaluations	10 evaluations	Additional evaluations were based on requests received to evaluate specific key areas of the training programmes offered
Number of application of learning studies progress report produced by end of financial year	A total of 4 application of learning studies were carried out	A total of 4 application of learning studies completed	A total of 4 application of learning studies completed	Complete 4 application of learning studies progress reports for 4 identified training programmes	Completed 4 application of learning studies progress reports for 4 identified training programmes	None	None
Number of programmes/ courses developed or reviewed annually	7 curriculum programmes/ courses were designed, developed and/or reviewed	6 curriculum programmes/ courses were developed	Developed 1 programme with 6 courses (EMDP)	Develop or review 6 programmes / courses (including in-service training programmes supporting outcome 12)	Developed or reviewed 6 programmes / courses	None	None

Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/ 2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from Planned Target to Actual Achievement 2018/ 2019	Comment on Deviations
Number of programmes/ courses quality assured annually	A total of 6 curriculum programmes/ courses quality assured	A total of 10 curriculum programmes/ courses quality assured	A total of 18 programmes/ courses quality assured by the NSG Quality Assurance Committee	Quality assure 6 programmes/ courses by the NSG Quality Assurance Committee	Quality assured 17 programmes/ courses by the NSG Quality Assurance Committee	11 programmes/ courses	Requests made and the obligation for programme/ course reviews due to legislative changes
Maintenance of NSG status as an accredited training provider	PALAMA/ NSG was accredited as a training provider	NSG accredited as a training provider	NSG status as an accredited raining provider maintained. This occurs through facilitated monitoring of the NSG by PSETA, SASSETA, Services SETA and SABPP	Facilitate and manage accreditation processes to maintain the status of the NSG as an accredited training provider	Facilitated and managed accreditation processes to maintain the status of the NSG as an accredited training provider	None	None
Number of online courses offered by the NSG by the end of the financial year	28 e-Learning interventions undertaken	Offer 23 NSG courses for anytime, anywhere online learning	22 e-Learning interventions offered	Offer 23 NSG courses quarterly for anytime, anywhere online learning	Offered 25 courses quarterly for anytime, anywhere online learning	2 courses	Additional courses were developed to meet demand for compulsory training



Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/ 2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from Planned Target to Actual Achievement 2018/ 2019	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 54 120 public servants underwent training	A total of 61 350 public servants underwent training	Trained 49 050 new and current public servants on compulsory and demand-led programmes through face-to-face and online learning annually	Train 45 764 new and current public servants on compulsory and demand-led programmes through face-to-face and online learning annually	Trained 56 614 new and current public servants on compulsory and demand-led programmes through face-to-face and online learning	10 850 persons trained	The department intensified marketing and engagements to convert bookings into actual training
Number of unemployed graduates and internships undergoing Public Service orientation through the NSG	A total of 1 784 unemployed youth graduates orientated through the BB2E Programme	A total of 3 163 unemployed youth graduates orientated through the BB2E Programme	A total of 3 507 unemployed youth graduates & interns orientated through the BB2E Programme. This includes the PEPNAY training numbers through the Department of Rural Development and Land Reform partnership.	Orientate 2 750 unemployed youth graduates and interns through the BB2E Programme	A total of 4391 unemployed youth graduates and interns orientated through the BB2E Programme	1 641 persons trained	Additional funding support received from the EU

Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/ 2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from Planned Target to Actual Achievement 2018/ 2019	Comment on Deviations
Implement the executive coaching programme	New performance target with no baseline information	Designed an Executive Coaching Programme	Executive Coaching Programme institutionalised through contracting of 8 coaches and 31 executives trained by the end of the financial year through EIP	Enrol 9 coaches to the executive coaching programme by the end of financial year	A total of 12 coaches were enrolled to the Executive Coaching Programme by the end of financial year. In addition, 12 coachees (learners) have been paired with 8 coaches and have completed all the coaching sessions	3 coaches	The recruitment drive for <i>Rutanang Ma Afrika</i> assisted with enrolment of more coaches

Strategy to overcome areas of under performance

The programme achieved all the planned targets in the 2018/19 financial year.

Changes to planned targets

No changes to planned target for the financial year under review.

5. TRANSFER PAYMENTS

No transfer payments were made for the year.

6. CONDITIONAL GRANTS

No conditional grants were paid or received for the year.

7. DONOR FUNDS

The NSG received an amount of R 7 859 466 from the EU.

8. CAPITAL INVESTMENT

No capital investment was received for the year under review.



Part C

Governance

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 practises in developing the approved Enterprise Risk Management Framework. The Enterprise Risk Management Framework was revised together with the Risk and Ethics Management Committee Charter. In line with the recommendations of an internal audit review, the risk appetite of the NSG has been revised to the strategic objectives of the Department.

The NSG conducted a strategic risk assessment during the financial year, where the Risk and Ethics Management Committee (REMC) together with senior management convened to assess the existing strategic risks and to identify new strategic risks that may impact on the strategic objectives of the department. Operational risk assessments were also conducted with the relevant Branches, Chief Directorates and Directorates within the NSG in line with the operational plan of the Department.

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 Audit Committee of the Department.

The REMC provides assurance to the Accounting Officer and Audit Committee that risks are effectively managed.

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 fraud and ethics implementation plan were reviewed during the financial year. The Whistleblowing policy was reviewed and approved after consultations with the Departmental Policy Forum and the Departmental Bargaining Chamber. The NSG had the privilege of hosting the Deputy Public Protector South Africa (Adv. Kevin Malunga), who addressed the NSG staff on the importance of whistleblowing in the Public Service as an effective means of combating corruption.

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 standard as contained in Chapter 2, Part 2 (21) of the Public Service Regulations, 2016. The NSG Conflict of Interest Policy was approved during the financial year after consultations with the Departmental Policy Forum and the Departmental Bargaining Chamber. The policy sets forth applicable provisions and assists NSG employees, businesses conducting business with the NSG and certain other individuals under contractual obligation with the NSG to declare conflicts of interest. The policy further outlines the requirements and procedure for application to undertake other remunerative work, disclose financial interests, and disclose actual and/or perceived conflicts of interest as well as implications of conducting business with an organ of state.



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 highlights those with conflict of interest, for further engagement with those employees.

5. CODE OF CONDUCT

The NSG adheres to the Code of Conduct as contained in Chapter 2, Part 1 (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.

At this stage, 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 School. 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 :

- 12 September 2018 for the presentation of Quarter 1 Performance
- 07 November 2018 for the presentation of Quarter 2 Performance
- 13 March 2019 for the presentation of BB2E and youth development programme

Due to the general elections in May 2019, Parliamentary schedule for the 5th Administration particularly in the 2018/19 financial year was cut short.

8. SCOPA RESOLUTIONS

The NSG 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 outsourced its internal audit function. Grant Thornton (GT) was contracted for a period of three years which ended December 2018, and Lunika Chartered Accountants and Auditor Inc is currently contracted for a period of three years from January 2019, 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 2018/19 financial year. In line with the annual Internal Audit Plan for the year, the internal audit focus was on Review of Financial Statements, Governance Review, Specialised Services, Training Policy and Planning, and Audit of Performance Information. Internal Audit 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

1.1. 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 assists the NSG 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 years plan review are annually allocated to the Internal Audit function. The Internal Audit function 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 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 PFMA, and related Treasury Regulations.



1.2. 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 Annual Financial Statements and Performance Information reports, as required by the PFMA 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 management, 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 2019 in terms of the Public Finance Management Act 1 of 1999, section 38(a), section 76. Subsection 4(d) and section 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 four meetings.

The following is a schedule of members and 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	Masters of Commerce: Accounting, Masters of Business Administration, Bachelor of Commerce (Honours), Bachelor of Commerce (Accounting)	External (Chairperson)	Not Applicable	01 November 2016	N/A	4
Prof. Daniël (D.P.) van der Nest	Doctor Technologiae, Masters of Commerce: Economics , Bachelor of Commerce (Honours) in Economics, Bachelor of Commerce (Accounting), Post Graduate Diploma in Higher Education	External	Not Applicable	01 November 2016	N/A	4



Name	Qualifications	Internal or External	If Internal, Position in the Department	Date Appointed	Date Resigned	No. of Meetings Attended
Dr Maria Peenze	Doctor Technologiae: Business Administration, Magister Legum: Human Rights, Baccalaureus Legum, Baccalaureus Luris	External	Not Applicable	01 November 2016	N/A	4
Ms Zanele Nkosi	Bachelor of Commerce in Accounting Bachelor of Commerce (Honours) CTA, QE Board 1 and PPE Board 2	External	Not Applicable	01 November 2016	N/A	4

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

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.



Mr Sakhiseni Simelane
Chairperson of the Audit Committee
National School of Government



Part D:

Human Resource
Management

1. INTRODUCTION

The information contained in this part of the Annual Report highlights all human resource management, administration, development and labour relations matters pertaining to the NSG.

2. OVERVIEW OF HUMAN RESOURCES

The approved NSG staff establishment is 229, with 208 of these positions filled and 21 vacant as at 31 March 2019. This translates to 91 per cent of posts filled as at 31 March 2019. The vacancy rate decreased from 10.1 per cent in the 2017/18 financial to 9.2 per cent in the 2018/19 financial year. In the 2016/17 financial year, the CIP Project Management Unit (PMU) was established to pilot a way of enhancing internal capacity and strengthening the integration of related processes in the organisation. Eighteen persons were employed on a fixed term contract, additional to the fixed establishment for three years which came to an end in 2018/19. In the previous 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. The employment of these six additional staff to the fixed establishment also came to an end in the 2018/19 financial year.

In terms of the employment equity status, the racial breakdown is as follows: African 165; White 22; Coloured 11 and Indian 10. Significantly, female employees are well-represented in the NSG. Out of 208 total employees, 61 per cent (126) were females as at end of the 2018/19 financial year. The School continues to meet the Cabinet targets for employment of people with disabilities, representing 3.4 per cent of employees and women at SMS, equating to 55% of SMS members.

During the period under review, the NSG appointed a total of seven employees. In the same period, five internal staff were transferred to other positions and one employee's post was upgraded and she was absorbed into the higher position.

The School trained 161 officials in line with the Workplace Skills Plan (WSP) representing a 1.3% increase in comparison with the previous financial year. The focus on training the officials was on critical skills required to deliver on the mandate of the School namely Business Processing Modelling, Finance for Non-financial managers and Contract Management. The NSG also awarded 39 bursaries to employees to further their studies for the 2018/19 academic year.

The NSG provided opportunities for internship, benefiting 11 graduate interns and one structured youth development programme (side internship) 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, none of the graduate interns and structured youth development programme (side internship) were offered employment in the NSG.

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 177 employees were able to access health and wellness programmes during this financial year, namely bi-annual health screenings, financial management and conflict management.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1. Personnel-related expenditure

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

- Amount spent on personnel
- Amount spent on salaries, overtime, homeowners' allowances and medical aid



Table 9: Personnel expenditure by programme for the period 1 April 2018 to 31 March 2019

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	96 622	54 228	1 387	1 889	56%	661
Vote Programme 2	70 180	-	-	-	-	-
NSG TTA	219 457	97 416	-	47 616	44%	779
Total	386 259	151 644	1 387	49 505	39%	733

Table 10: Personnel costs by salary band for the period 1 April 2018 to 31 March 2019

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)	5 460	4%	248
Highly skilled production (Levels 6-8)	26 519	17%	396
Highly skilled supervision (Levels 9-12)	65 318	43%	848
Senior and Top management (Levels 13-16)	54 347	36%	1 294
Total	151 644	100%	729

Table 11: Salaries, overtime, home owners allowance and medical aid by programme for the period 1 April 2018 to 31 March 2019

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 1	37 006	24%	128	0%	761	1%	1 781	1%
NSG TTA	68 209	45%	-	0%	1 700	1%	2 407	2%
Total	105 215	69%	128	0%	2 461	1%	4 188	3%

Table 12: Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2018 to 31 March 2019

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)	3 962	3%	56	0%	204	0%	424	0%
Highly skilled production (Levels 6-8)	19 137	13%	72	0%	975	1%	1 928	1%
Highly skilled supervision (Levels 9-12)	47 994	32%	-	0%	617	0%	1 389	1%
Senior management (Levels 13-16)	34 122	23%	-	0%	665	0%	447	0%
Total	105 215	69%	128	0%	2 461	2%	4 188	3%



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:

- i. Programme
- ii. Salary band
- iii. Critical occupations

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 13: Employment and vacancies by programme as on 31 March 2019

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Vote Programme 1	90	81	10%	-
NSG TTA	139	127	8.6%	12
Total	229	208	9.2%	12

Table 14: Employment and vacancies by salary band as on 31 March 2019

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	22	8.3%	0
Highly skilled production (Levels 6-8)	76	67	11.8%	1
Highly skilled supervision (Levels 9-12)	80	77	3.8%	11
Senior management (Levels 13-16)	49	42	14.3%	-
Total	229	208	9.2%	12

Table 15: Employment and vacancies by critical occupations as on 31 March 2019

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 (Principal) SL 16	1	-	100%	-
Management & general support staff (Deputy Director-General) SL15	3	2	33.3%	-
Management & general support staff (Chief Financial Officer) SL14	1	1	0%	-
Information technology & related personnel (Director: ICT) SL13	1	1	0%	-
Information technology & related personnel (Deputy Director: ICT) SL11	2	2	0%	-
Total	8	6	25%	-

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 (SMS) 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 15: SMS post information as on 30 September 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	0	0%	1	100%
Salary Level 15	3	2	66.6%	1	33.3%
Salary Level 14	16	12	75%	4	25%
Salary Level 13	29	28	96.6%	1	3.4%
Total	49	42	85.7%	7	14.3%



Table 16: SMS post information as on 31 March 2019

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	0	0%	1	100%
Salary Level 15	3	2	66.6%	1	33.3%
Salary Level 14	16	12	75%	4	25%
Salary Level 13	29	28	96.6%	1	3.4%
Total	49	42	85.7%	7	14.3%

Table 17: Advertising and filling of SMS posts for the period 1 April 2018 to 31 March 2019

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	0	0	0
Salary Level 15	0	0	0
Salary Level 14	0	0	0
Salary Level 13	0	0	0
Total	0	0	0



Table 18: Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2018 to 31 March 2019

Reasons for vacancies not advertised within six months
Financial constraints and cost cutting measures
Reasons for vacancies not filled within six months
Financial constraints and cost cutting measures

Table 19: Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2018 to 31 March 2019

Reasons for vacancies not advertised within six months
No disciplinary steps were taken for not advertising vacancies within six months
Reasons for vacancies not filled within six months
No disciplinary steps were taken for not filling vacancies within six months



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 20: Job Evaluation by Salary band for the period 1 April 2018 to 31 March 2019

Salary band	Number of posts on approved establishment	Number of jobs evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	-	-	0%	-	-	-	-
Skilled (Levels 3-5)	24	2	8.3%	2	100%	-	-
Highly skilled production (Levels 6-8)	76	9	11.8%	-	-	-	-
Highly skilled supervision (Levels 9-12)	80	-	0%	-	-	-	-
Senior Management Service Band A	29	-	0%	-	-	-	-
Senior Management Service Band B	16	1	6.3%	-	-	-	-
Senior Management Service Band C	3	-	0%	-	-	-	-
SMS Band D	1	-	0%	-	-	-	-
Total	229	12	5.2%	2	16.6%	0	0%

The following table provides a summary of the number of employees whose positions were upgraded due to their post being graded. 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 21: Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2018 to 31 March 2019

Gender	African	Asian	Coloured	White	Total
Female	1	-	-	-	1
Male		-	-	-	-
Total	1	-	-	-	1
Employees with a disability					1

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 22: Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2018 to 31 March 2019

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Total number of employees whose salaries exceeded the level determined by job evaluation				None
Percentage of total employed				0%

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

Table 23: Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2018 to 31 March 2019

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	1	1
Male	0	0	0	0	0
Total	0	0	0	1	1
Employees with a disability	0	0	0	0	0

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.

**Table 24: Annual turnover rates by salary band for the period 1 April 2018 to 31 March 2019**

Salary band	Number of employees at beginning of period-1 April 2018	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Lower skilled (Levels 1-2)	-	-	-	-
Skilled (Levels 3-5)	23	1	1	4.3%
Highly skilled production (Levels 6-8)	63	4	1	1.6%
Highly skilled supervision (Levels 9-12)	75	2	-	-
SMS Band A	29	-	1	3.4%
SMS Band B	12	-	-	-
SMS Band C	2	-	-	-
SMS Band D	1	-	1	100%
Total	205	7	4	2%

Table 25: Annual turnover rates by critical occupation for the period 1 April 2018 to 31 March 2019

Critical occupation	Number of employees at beginning of period-1 April 2018	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Principal/Head of Department SL 16	1	-	1	100%
Management & General Support staff (Deputy Director-General: Corporate Management) SL 15	2	0	0	0%
Management & General Support staff (Chief Financial Officer) SL14	1	0	0	0%
Information Technology & related personnel (Director: ICT) SL13	1	0	0	0%
Information Technology & related personnel (Deputy Director: ICT) SL 11	2	0	0	0%
Total	7	0	1	14.3%



Table 26: Reasons why staff left the Department for the period 1 April 2018 to 31 March 2019

Termination Type	Number	% of Total Resignations
Death	-	-
Resignation	2	50%
Expiry of contract	-	-
Dismissal – operational changes	-	-
Dismissal – misconduct	-	-
Dismissal – inefficiency	-	-
Discharged due to ill-health	-	-
Retirement	1	25%
Transfer to other Public Service Departments	1	25%
Other	-	-
Total	4	100%
Total number of employees who left as a % of total employment	4/205	2%



Table 27: Promotions by salary band for the period 1 April 2018 to 31 March 2019

Salary Band	Employees at 1 April 2018	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)	23	1	4.3%	-	-
Highly skilled production (Levels 6-8)	63	-		-	-
Highly skilled supervision (Levels 9-12)	75	-		-	-
Senior Management (Level 13-16)	44	-		-	-
Total	205	1	0.5%%	0	0%

Table 28: Promotions by critical occupation for the period 1 April 2018 to 31 March 2019

Occupation	Employees at 1 April 2018	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
Principal/Head of Department SL 16	1	-	-	-	-
Management & general support staff (Deputy Director-General) SR15	2	-	-	-	-
Management & general support staff (Chief Financial Officer) SR14	1	-	-	-	-

Occupation	Employees at 1 April 2018	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
Information technology & related personnel (Director: ICT) SR13	1	-	-	-	-
Information technology & related personnel (Deputy Director: ICT) SR11	2	-	-	-	-
TOTAL	7	0	0%	0	0%

3.6 Employment Equity

Table 29: Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2019

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	14	-	2	3	11	3	4	5	42
Professionals	27	2	3	3	33	2	-	7	77
Technicians and associate professionals	19	-	-	1	41	2	1	3	67
Clerks	8	-	-	-	12	2	-	-	22
Total	68	2	5	7	97	9	5	15	208
Employees with disabilities	3	-	2	-	1	-	-	1	7



Table 30: Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	2	-	-	-	-	-	-	-	2
Senior management	12	-	2	3	11	3	4	5	40
Professionally qualified and experienced specialists and mid-management	27	2	3	3	33	2	-	7	77
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	19	-	-	1	41	2	1	3	67
Semi-skilled and discretionary decision-making	8	-	-	-	12	2	-	-	22
Unskilled and defined decision-making	-	-	-	-	-	-	-	-	-
Total	68	2	5	7	97	9	5	15	208

Table 31: Recruitment for the period 1 April 2018 to 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	-	-	-	-	-	-	-	-	0
Senior management	-	-	-	-	-	-	-	-	0
Professionally qualified and experienced specialists and mid-management	2	-	-	-	-	-	-	-	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	2	-	-	-	2	-	-	-	4
Semi-skilled and discretionary decision-making	-	-	-	-	1	-	-	-	1
Unskilled and defined decision-making	-	-	-	-	-	-	-	-	-
Total	4	0	0	0	3	0	0	0	7
Employees with disabilities	-	-	-	-	-	-	-	-	0

Table 32: Promotions for the period 1 April 2018 to 31 March 2019

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

Table 33: Terminations for the period 1 April 2018 to 31 March 2019

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	-	-	-	-	-	-	-	-	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	-	-	-	-	-	1	-	-	1



Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Semi-skilled and discretionary decision-making	1	-	-	-	-	-	-	-	1
Unskilled and defined decision-making	-	-	-	-	-	-	-	-	0
Total	1	0	1	1	0	1	0	0	4
Employees with disabilities	-	-	-	-	-	-	-	-	0

Table 34: Disciplinary action for the period 1 April 2018 to 31 March 2019

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
None	-	-	-	-	-	-	-	-	0
Total	0	0	0	0	0	0	0	0	0

Table 35: Skills development for the period 1 April 2018 to 31 March 2019

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	9	0	2	3	8	2	2	3	29
Professionals	17	0	1	1	29	0	0	5	53
Clerks	15	0	0	1	34	0	1	2	53
Elementary occupations	9	0	0	0	5	0	0	0	14
Interns	3	0	0	0	9	0	0	0	12
Total	53	0	3	5	85	2	3	10	161
Employees with disabilities	3	0	1	0	0	0	0	1	5



3.7. Signing of Performance Agreements by SMS Members

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

Table 36: Signing of Performance Agreements by SMS members as on 31 May 2018

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	2.3%
Salary Level 15	3	2	2	4.5%
Salary Level 14	16	12	12	27.3%
Salary Level 13	29	29	29	65.9%
Total	49	44	44	100%

Table 37: Reasons for not having concluded performance agreements for all SMS members as on 31 May 2018

Reasons
N/A

Table 38: Disciplinary steps taken against SMS members for not having concluded performance agreements as on 31 May 2018

Reasons
N/A



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.

Table 39: Performance Rewards by race, gender and disability for 1 April 2018 to 31 March 2019

Race and gender	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee (R'000)
African	83	165	50.3%	1,233	15
Male	30	68	44.1%	513	17
Female	53	97	54.6%	720	14
Asian	8	10	80.0%	168	21
Male	5	5	100.0%	105	21
Female	3	5	60.0%	63	21
Coloured	4	11	36.4%	65	16
Male	0	2	0.0%	0	0
Female	4	9	44.4%	65	16
White	13	22	59.1%	244	19
Male	4	7	57.1%	67	17
Female	9	15	60.0%	177	20
Total	108	208	51.9%	1,710	16
Employees with disabilities	3	7	42.9%	73	24

Table 40: Performance rewards by salary band for personnel below Senior Management Service for 1 April 2018 to 31 March 2019

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	0%
Skilled (Levels 3-5)	8	22	36.4%	50	6	0.9%
Highly skilled production (Levels 6-8)	35	67	52.2%	263	8	1%
Highly skilled supervision (Levels 9-12)	43	77	55.8%	910	21	1.4%
Total	86	166	51.8%	1,223	35	1.3%

Table 41: Performance rewards by critical occupation 1 April 2018 to 31 March 2019

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)
Principal/Head of Department SL 16	0	1	0%	0	0
Management & general support staff (Deputy Director-General) SR15	1	2	50%	26	26
Management & general support staff (Chief Financial Officer) SR14	1	1	100%	22	22
Information technology & related personnel (Director: ICT) SR13	1	1	100%	16	16
Information technology & related personnel (Deputy Director: ICT) SR11	0	2	0%	0	0
Total	3	7	42.8%	64	64

**Table 42: Performance-related rewards (cash bonus), by salary band for Senior Management Service for 1 April 2018 to 31 March 2019**

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	13	28	46.4%	252	19	0.5%
Band B	8	12	66.7%	209	26	0.4%
Band C	1	2	50.0%	26	26	0.04%
Band D	0	0	0.0%	0	0	0%
Total	22	42	52.4%	487	71	0.8%

Foreign Workers

The NSG did not employ foreign workers during this financial year.

3.9. 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 43: Sick leave for the period 1 January 2018 to 31 December 2018

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	0%	0	0
Skilled (Levels 3-5)	153	16.2%	18	78.2%	8.5	131
Highly skilled production (Levels 6-8)	497	1.4%	67	100%	7.4	663
Highly skilled supervision (Levels 9-12)	640	1.5%	87	100%	7.4	1 706
Top and senior management (Levels 13-16)	303	1.5%	37	88%	8.2	1 397
Total	1 593	20.5%	209	100%	8.1	3 897



Table 44: Incapacity leave for the period 1 January 2018 to 31 December 2018

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)	0	0	0	0%	0	0
Skilled (Levels 3-5)	0	0	0	0%	0	0
Highly skilled production (Levels 6-8)	40	100%	2	2.9%	20	63
Highly skilled supervision (Levels 9-12)	11	100%	3	3.9%	3.7	32
Senior management (Levels 13-16)	21	100%	2	4.7%	10.5	109
Total	72	100%	7	3.4%	10.3	204

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 45: Annual leave for the period 1 January 2018 to 31 December 2018

Salary band	Total days taken	Number of employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	0	0	0
Skilled (Levels 3-5)	478	22	21.7
Highly skilled production (Levels 6-8)	1 828	80	22.9
Highly skilled supervision (Levels 9-12)	2 376	93	25.5
Senior management (Levels 13-16)	1 311	46	28.5
Total	5 993	241	24.9

Table 46: Capped leave for the period 1 January 2018 to 31 December 2018

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)	-	-	-	-
Senior management (Levels 13-16)	12	3	4	32.7
Total	12	3	4	32.7

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

Table 47: Leave pay-outs for the period 1 April 2018 to 31 March 2019

Reason	Total amount (R)	Number of employees	Average per employee (R)
Leave pay-out for 2018/19 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay-outs on termination of service for 2018/19	723	1	723
Current leave pay-out on termination of service for 2018/19	343 068	18	19 059
Total	343 791	19	18 094



3.10. HIV/AIDS & Health Promotion Programmes

Table 48: 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 49: 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 132 856. The budget allocated for programme activities is R118895.43 Total budget R1 251 751.43
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.			<ul style="list-style-type: none"> · Professional Support Line Service via a 24/7/365 Call Centre · Personal Counselling (face-to-face) · Life Management™ Services - This service includes access to a telephonic Life Management™ service offering information and assistance on legal problems, financial concerns and family matters, a critical incident service HIV/AIDS education, counselling and support, managerial consultancy, online wellness programme · Monthly awareness sessions · Bi-annually health screening

Question	Yes	No	Details, if yes
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.			Wellness matters are discussed as part of the OHS Committee
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.			The approved policy for the management of HIV/AIDS, TB & STIs Operational Plan incorporates elements of non-discrimination in the workplace
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.			<p>The policy clearly outlines non-discriminatory practices and disciplinary action against perpetrators</p> <p>HIV testing is conducted in private and by qualified professionals</p> <p>Advocacy and awareness programmes on key calendar days that focus on HIV issues are implemented</p>
7. Does the Department encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have you achieved.			Bi-annual HIV counselling and testing (HCT) implemented and 35% of staff were tested during the reporting period
8. Has the Department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.			<p>Quarterly and annual reports are received from the outsourced service providers</p> <p>Quarterly and annual HIV/AIDS Operational Plan Reports are submitted internally and to the DPSA</p> <p>Quarterly HCT reports submitted internally and to the DPSA</p>



3.11. Labour Relations

No collective agreements were entered into with trade unions within NSG in the 2018/19 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 50: Misconduct and disciplinary hearings finalised for the period 1 April 2018 to 31 March 2019

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	-	
Verbal warning	-	
Written warning	-	
Final written warning	-	
Suspended without pay	-	
Fine	-	
Demotion	-	
Dismissal	-	
Not guilty	-	
Case withdrawn	-	
Total	0	0.00%

Table 51: Types of misconduct addressed at disciplinary hearings for the period 1 April 2018 to 31 March 2019

Type of misconduct	Number	% of total
None	-	-

Table 52: Grievances logged for the period 1 April 2018 to 31 March 2019

Grievances	Number	% of Total
Number of grievances resolved	4	66.6%
Number of grievances not resolved	2	33.3%
Total number of grievances lodged	6	100%

Table 53: Disputes logged with councils for the period 1 April 2018 to 31 March 2019

Disputes	Number	% of Total
Number of disputes upheld	0	0%
Number of disputes dismissed	0	0%
Number of disputes lodged still in process	0	0%
Total number of disputes lodged	0	0%

Table 54: Strike actions for the period 1 April 2018 to 31 March 2019

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 55: Precautionary suspensions for the period 1 April 2018 to 31 March 2019

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

3.12. Skills development

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

Table 56: Training needs identified for the period 1 April 2018 to 31 March 2019

Occupational category	Gender	Number of employees as at 1 April 2018	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training (Bursaries)	Total
Legislators, senior officials and managers	Female	23	-	14	8	22
	Male	21	-	11	6	17
Professionals	Female	42	-	35	12	47
	Male	33	-	29	7	36
Technicians and associate professionals	Female	45	-	26	18	44
	Male	18	-	10	8	18
Clerks	Female	14	-	8	3	11
	Male	9	-	4	4	8
Sub-total	Female	124	-	83	41	124
	Male	81	-	54	25	79
Total		205	0	137	66	203

**Table 57: Training provided for the period 1 April 2018 to 31 March 2019**

Occupational category	Gender	Number of employees as at 1 April 2018	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	5	20
	Male	21	-	14	1	15
Professionals	Female	42	-	30	3	33
	Male	33	-	15	4	19
Technicians and associate professionals	Female	45	-	28	13	41
	Male	18	-	13	4	17
Clerks	Female	14	-	14	1	15
	Male	9	-	12	3	15
Sub-total	Female	124	-	87	22	109
	Male	81	-	54	12	66
Sub-total		205	-	141	34	175
Interns	Female	9	-	9	-	9
	Male	3	-	3	-	3
Fixed term contract employees	Female	12	-	9	-	9
	Male	12	-	1	-	1
Total		241	0	163	34	197

3.13. Injury on duty

The following tables provides basic information on injury on duty.

Table 58: Injury on duty for the period 1 April 2018 to 31 March 2019

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%
Total	0	0%

3.14. Utilisation of Consultants

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

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

Table 59: Report on consultant appointments using appropriated funds for the period 1 April 2018 to 31 March 2019

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Internal Audit Services	2	3 years	405 585.58
Training of National, Provincial and Local Government	187	<i>Ad hoc</i>	19 364 858.04
IT Outsourced Services	1	5 years	2 002 627.56
Verification of qualifications	1	<i>Ad hoc</i>	5 620.14
Research and development Consulting	11	<i>Ad hoc</i>	1 341 866.52
Total number of projects	Total individual consultants	Total duration work days	Total contract value in Rand
5	202		23 120 557.84

3.15. Severance Packages

No severance packages were granted during the reporting period.



Part E

Financial
Information

Report of the Auditor-General to Parliament on Vote no.10(a): 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 148, which comprise the appropriation statement, the statement of financial position as at 31 March 2019, 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 2019, and its 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 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 department in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* 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 codes.
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 149 to 155 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 them.



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 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 appropriate governance structure 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 2019:



Programme	Pages in the annual performance report
Programme 2 - Public sector organisational and staff development	45-52

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. I did not raise any material findings on the usefulness and reliability of the reported performance information for this programme.
 - Programme 2 - Public Sector Organisational and Staff Development

Other matters

17. I draw attention to the matters below.

Achievement of planned targets

18. Refer to the annual performance report on pages 45 to 52 for information on the achievement of planned targets for the year and explanations provided for the under/ over achievement of a number of targets.

Adjustment of material misstatements

19. I identified a material misstatement in the annual performance report submitted for auditing. This material misstatement was on the reported performance information of Programme 2 - Public Sector Organisational and Staff Development. As management subsequently corrected the misstatement, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

20. In accordance with the PM 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.
21. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA

Other information

22. 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.



23. 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.
24. 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.
25. 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

26. 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. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria

31 July 2019



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 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(a)

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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Appropriation per programme									
2018/19								2017/18	
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
1. Administration	98,779	-	-	98,779	96,622	2,157	97.8%	90,594	90,355
2. Public Sector Organisational and Staff Development	70,180	-	-	70,180	70,180	-	100%	63,312	63,312
TOTAL	168,959	-	-	168,959	166,802	2,157	98.7%	153,906	153,667
Reconciliation with statement of financial performance									
ADD									
Departmental receipts				153				125	
Aid assistance				11,180				6,055	
Actual amounts per statement of financial performance (total revenue)				180,292				160,086	
ADD: Aid assistance					7,590				8,215
Actual amounts per statement of financial performance (total expenditure)					174,392				161,882

Appropriation per economic classification									
2018/19								2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	95,672	(56)	-	95,616	94,647	969	99.0%	87,975	87,736
Compensation of employees	54,945	(39)	-	54,906	54,228	678	98.8%	50,767	50,528
Salaries and wages	48,448	(39)	-	48,409	47,731	678	98.6%	44,737	44,498
Social contributions	6,497	-	-	6,497	6,497	-	100.0%	6,030	6,030
Goods and services	40,727	(17)	-	40,710	40,419	291	99.3%	37,208	37,208
Administrative fees	456	(100)	-	356	356	-	100.0%	738	738
Advertising	1,162	(763)	-	399	399	-	100.0%	591	591
Minor assets	238	43	-	281	281	-	100.0%	246	246
Audit costs: External	4,061	253	-	4,314	4,314	-	100.0%	4,609	4,609
Bursaries: Employees	793	(263)	-	530	530	-	100.0%	1,006	1,006
Catering: Departmental activities	339	(123)	-	216	216	-	100.0%	273	273
Communication (G&S)	591	41	-	632	632	-	100.0%	945	945
Computer Services	8,386	(1,826)	-	6,560	6,560	-	100.0%	6,937	6,937
Consultants: Business and advisory services	1,747	(548)	-	1,199	908	291	75.7%	1,380	1,380
Legal services	243	(181)	-	62	62	-	100.0%	539	539
Contractors	763	(158)	-	605	605	-	100.0%	586	586
Agency and support/outsourced services	341	(26)	-	315	315	-	100.0%	175	175
Entertainment	4	14	-	18	18	-	100.0%	-	-
Fleet services	765	(509)	-	256	256	-	100.0%	226	226
Consumable supplies	498	314	-	812	812	-	100.0%	813	813



Appropriation per economic classification									
2018/19								2017/18	
	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	1,028	(338)	-	690	690	-	100.0%	701	701
Operating leases	9,769	6,525	-	16,294	16,294	-	100.0%	11,654	11,654
Property payments	5,419	(1,749)	-	3,670	3,670	-	100.0%	3,431	3,431
Travel and subsistence	2,472	(1,084)	-	1,388	1,388	-	100.0%	1,233	1,233
Training and development	549	838	-	1,387	1,387	-	100.0%	440	440
Operating payments	1,024	(298)	-	726	726	-	100.0%	661	661
Venues and facilities	63	(63)	-	-	-	-	-	-	-
Rental and hiring	16	(16)	-	-	-	-	-	24	24
Transfers and subsidies	70,180	56	-	70,236	70,236	-	100.0%	63,579	63,579
Departmental agencies and accounts	70,180	-	-	70,180	70,180	-	100.0%	63,312	63,312
Households	-	56	-	56	56	-	100.0%	267	267
Payments for capital assets	3,107	-	-	3,107	1,919	1,188	61.8%	2,352	2,352
Machinery and equipment	3,107	-	-	3,107	1,919	1,188	61.8%	2,271	2,271
Other machinery and equipment	3,107	-	-	3,107	1,919	1,188	61.8%	2,271	2,271
Software and other intangible assets	-	-	-	-	-	-	-	81	81
Total	168,959	-	-	168,959	166,802	2,157	98.7%	153,906	153,667

Detail Per Programme 1 – Administration									
2018/19								2017/18	
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
1.1 Management	17,982	(1,602)	-	16,380	15,411	969	94.1%	15,165	14,926
1.2 Corporate Services	65,805	(2,367)	-	63,438	62,250	1,188	98.1%	61,269	61,269
1.3 Property Management	14,992	3,969	-	18,961	18,961	-	100.0%	14,160	14,160
Total	98,779	-	-	98,779	96,622	2,157	97.8%	90,594	90,355

Detail Per Programme 1 – Administration									
2018/19								2017/18	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	95,672	(56)	-	95,616	94,647	969	99.0%	87,975	87,736
Compensation of employees	54,945	(39)	-	54,906	54,228	678	98.8%	50,767	50,528
Salaries and wages	48,448	(39)	-	48,409	47,731	678	98.6%	44,737	44,498
Social contributions	6,497	-	-	6,497	6,497	-	100.0%	6,030	6,030
Goods and services	40,727	(17)	-	40,710	40,419	291	99.3%	37,208	37,208
Administrative fees	456	(100)	-	356	356	-	100.0%	738	738
Advertising	1,162	(763)	-	399	399	-	100.0%	591	591
Minor assets	238	43	-	281	281	-	100.0%	246	246



Detail Per Programme 1 – Administration									
2018/19								2017/18	
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
Audit costs: External	4,061	253	-	4,314	4,314	-	100.0%	4,609	4,609
Bursaries: Employees	793	(263)	-	530	530	-	100.0%	1,006	1,006
Catering: Departmental activities	339	(123)	-	216	216	-	100.0%	273	273
Communication (G&S)	591	41	-	632	632	-	100.0%	945	945
Computer services	8,386	(1,826)	-	6,560	6,560	-	100.0%	6,937	6,937
Consultants: Business and advisory services	1,747	(548)	-	1,199	908	291	75.7%	1,380	1,380
Legal services	243	(181)	-	62	62	-	100.0%	539	539
Contractors	763	(158)	-	605	605	-	100.0%	586	586
Agency and support/outsourced services	341	(26)	-	315	315	-	100.0%	175	175
Entertainment	4	14	-	18	18	-	100.0%	-	-
Fleet services	765	(509)	-	256	256	-	100.0%	226	226

Detail Per Programme 1 – Administration

Economic classification	2018/19							2017/18	
	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 supplies	498	314	-	812	812	-	100.0%	813	813
Consumable: Stationery, printing and office supplies	1,028	(338)	-	690	690	-	100.0%	701	701
Operating leases	9,769	6,525	-	16,294	16,294	-	100.0%	11,654	11,654
Property payments	5,419	(1,749)	-	3,670	3,670	-	100.0%	3,431	3,431
Travel and subsistence	2,472	(1,084)	-	1,388	1,388	-	100.0%	1,233	1,233
Training and development	549	838	-	1,387	1,387	-	100.0%	440	440
Operating payments	1,024	(298)	-	726	726	-	100.0%	661	661
Venues and facilities	63	(63)	-	-	-	-	-	-	-
Rental and hiring	16	(16)	-	-	-	-	-	24	24
Transfers and subsidies to:	-	56	-	56	56	-	100.0%	267	267
Households	-	56	-	56	56	-	100.0%	267	267



Detail Per Programme 1 – Administration									
2018/19								2017/18	
Economic classification	Adjusted Ap- propriation	Shifting of Funds	Virement	Final Appro- priation	Actual Ex- penditure	Variance	Expenditure as % of final appropria- tion	Final Appro- priation	Actual ex- penditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Payment for capital assets	3,107	-	-	3,107	1,919	1,188	61.8%	2,352	2,352
Machinery and equipment	3,107	-	-	3,107	1,919	1,188	61.8%	2,271	2,271
Other machinery and equipment	3,107	-	-	3,107	1,919	1,188	61.8%	2,271	2,271
Software and other intangible assets	-	-	-	-	-	-	-	81	81
Total	98,779	-	-	98,779	96,622	2,157	97.8%	90,594	90,355

1.1 MANAGEMENT									
2018/19								2017/18	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	17,982	(1,640)	-	16,342	15,373	969	94.1%	14,910	14,671
Compensation of employees	13,480	(349)	-	13,131	12,453	678	94.8%	12,363	12,124
Salaries and wages	12,243	(349)	-	11,894	11,216	678	94.3%	11,093	10,854
Social contributions	1,237	-	-	1,237	1,237	-	100.0%	1,270	1,270
Goods and services	4,502	(1,291)	-	3,211	2,920	291	90.9%	2,547	2,547
Administrative fees	52	(37)	-	15	15	-	100.0%	-	-
Advertising	755	(362)	-	393	393	-	100.0%	507	507
Catering: Departmental activities	209	(133)	-	76	76	-	100.0%	30	30
Communication (G&S)	68	85	-	153	153	-	100.0%	205	205
Computer Services	30	126	-	156	156	-	100.0%	141	141
Consultants: Business and advisory services	879	(2)	-	877	586	291	66.8%	450	450
Legal Services	-	31	-	31	31	-	100.0%	-	-
Contractors	56	(47)	-	9	9	-	100.0%	-	-
Agency and support/outsourced services	6	(6)	-	-	-	-	-	-	-
Entertainment	4	14	-	18	18	-	100.0%	-	-
Fleet services	83	(79)	-	4	4	-	100.0%	8	8
Consumable supplies	33	42	-	75	75	-	100.0%	91	91



1.1 MANAGEMENT									
2018/19								2017/18	
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
Consumable: Stationery, printing and office supplies	94	(39)	-	55	55	-	100.0%	102	102
Operating leases	62	-	-	62	62	-	100.0%	91	91
Travel and subsistence	1,762	(743)	-	1,019	1,019	-	100.0%	861	861
Training and development	-	24	-	24	24	-	100.0%	-	-
Operating payments	352	(108)	-	244	244	-	100.0%	61	61
Venues and facilities	51	(51)	-	-	-	-	-	-	-
Rental and hiring	6	(6)	-	-	-	-	-	-	-
Transfers and subsidies to:	-	38	-	38	38	-	100.0%	250	250
Households	-	38	-	38	38	-	100.0%	250	250
Payment for capital assets	-	-	-	-	-	-	-	5	5
Machinery and equipment	-	-	-	-	-	-	-	5	5
Other machinery and equipment	-	-	-	-	-	-	-	5	5
Total	17,982	(1,602)	-	16,380	15,411	969	94.1%	15,165	14,926

1.2 CORPORATE SERVICES

Economic classification	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	62,698	(2,385)	-	60,313	60,313	-	100.0%	58,905	58,905
Compensation of employees	41,465	310	-	41,775	41,775	-	100.0%	38,404	38,404
Salaries and wages	36,205	310	-	36,515	36,515	-	100.0%	33,644	33,644
Social contributions	5,260	-	-	5,260	5,260	-	100.0%	4,760	4,760
Goods and services	21,233	(2,695)	-	18,538	18,538	-	100.0%	20,501	20,501
Administrative fees	404	(63)	-	341	341	-	100.0%	738	738
Advertising	407	(401)	-	6	6	-	100.0%	84	84
Minor assets	238	43	-	281	281	-	100.0%	246	246
Audit costs: External	4,061	253	-	4,314	4,314	-	100.0%	4,609	4,609
Bursaries: Employees	793	(263)	-	530	530	-	100.0%	1,006	1,006
Catering: Departmental activities	130	10	-	140	140	-	100.0%	243	243
Communication (G&S)	523	(44)	-	479	479	-	100.0%	740	740
Computer services	8,356	(1,952)	-	6,404	6,404	-	100.0%	6,796	6,796
Consultants: Business and advisory services	868	(546)	-	322	322	-	100.0%	930	930
Legal services	243	(212)	-	31	31	-	100.0%	539	539
Contractors	707	(111)	-	596	596	-	100.0%	586	586
Agency and support/outsourced services	335	(20)	-	315	315	-	100.0%	175	175
Fleet services	682	(430)	-	252	252	-	100.0%	218	218
Consumable supplies	465	272	-	737	737	-	100.0%	722	722



1.2 CORPORATE SERVICES									
2018/19								2017/18	
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
Consumable: Stationery, printing and office supplies	934	(299)	-	635	635	-	100.0%	599	599
Operating leases	134	807	-	941	941	-	100.0%	834	834
Travel and subsistence	710	(341)	-	369	369	-	100.0%	372	372
Training and development	549	814	-	1,363	1,363	-	100.0%	440	440
Operating payments	672	(190)	-	482	482	-	100.0%	600	600
Venues and facilities	12	(12)	-	-	-	-	-	-	-
Rental and hiring	10	(10)	-	-	-	-	-	24	24
Transfers and subsidies to:	-	18	-	18	18	-	100.0%	17	17
Households	-	18	-	18	18	-	100.0%	17	17
Payment for capital assets	3,107	-	-	3,107	1,919	1,188	61.8%	2,347	2,347
Machinery and equipment	3,107	-	-	3,107	1,919	1,188	61.8%	2,266	2,266
Other machinery and equipment	3,107	-	-	3,107	1,919	1,188	61.8%	2,266	2,266
Software and other intangible assets	-	-	-	-	-	-	-	81	81
Total	65,805	(2,367)	-	63,438	62,250	1,188	98.1%	61,269	61,269

1.3 PROPERTY MANAGEMENT									
2018/19								2017/18	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	14,992	3,969	-	18,961	18,961	-	100.0%	14,160	14,160
Goods and services	14,992	3,969	-	18,961	18,961	-	100.0%	14,160	14,160
Operating leases	9,573	5,718	-	15,291	15,291	-	100.0%	10,729	10,729
Property payments	5,419	(1,749)	-	3,670	3,670	-	100.0%	3,431	3,431
Total	14,992	3,969	-	18,961	18,961	-	100.0%	14,160	14,160

Detail Per Programme 2 – Public Sector Organisational and Staff Development									
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
2.1 Augmentation to the Training Trading Account	70,180	-	-	70,180	70,180	-	100.0%	63,312	63,312
Total	70,180	-	-	70,180	70,180	-	100.0%	63,312	63,312



Detail Per Programme 2 – Public Sector Organisational and Staff Development									
Economic Classification	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	70,180	-	-	70,180	70,180	-	100.0%	63,312	63,312
Departmental agencies & accounts	70,180	-	-	70,180	70,180	-	100.0%	63,312	63,312
Total	70,180	-	-	70,180	70,180	-	100.0%	63,312	63,312

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes Annexure (1A) to the Annual Financial Statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

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

3. Detail on payments for financial assets

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

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

4.1 Per Programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Administration	98,779	96,622	2,157	2.18%
Public Sector Organisational and Staff Development	70,180	70,180	-	0.00%
Total	168,959	166,802	2,157	1.28%



4.2 Per Economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments				
Compensation of employees	54,907	54,228	679	1.24%
Goods and services	40,710	40,419	291	0.71%
Transfers and subsidies				
Departmental agencies and accounts	70,180	70,180	-	0.00%
Households	56	56	-	0.00%
Payments for capital assets				
Machinery and equipment	3,107	1,919	1,188	38.24%
Software and other intangible assets				
Total	168,959	166,802	2,157	1,28%

The underspending is due to unfilled vacancies, planned consultancy work that could not materialize and the procurement of office furniture which was not completed in this financial year and was carried over to 2019/20 financial year.

	Note	2018/19	2017/18
		R'000	R'000
REVENUE			
Annual appropriation	1	168,959	153,906
Departmental revenue	2	153	125
Aid Assistance	3	11,180	6,055
TOTAL REVENUE		180,292	160,086
EXPENDITURE			
Current expenditure			
Compensation of employees	4	54,228	50,528
Goods and services	5	40,419	37,208
Aid Assistance	3	7,175	7,791
Total current expenditure		101,822	95,527
Transfers and subsidies			
Transfers and subsidies	6	70,236	63,579
Expenditure for capital assets			
Tangible capital assets		1,944	2,339
Software and other intangible assets		390	437
Total expenditure for capital assets	7	2,334	2,776
Payments for financial assets			
			-
TOTAL EXPENDITURE		174,392	161,882
SURPLUS/(DEFICIT) FOR THE YEAR			
		5,900	(1,796)
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds - Annual appropriation	11	2,157	239
Departmental revenue and NRF Receipts	2	153	125
Aid Assistance	3	3,590	(2,160)
SURPLUS/(DEFICIT) FOR THE YEAR		5,900	(1,796)



	Note	2018/19	2017/18
		R'000	R'000
ASSETS			
Current assets			
Cash and cash equivalents	8	4,131	15
Prepayments and advances	9	7	-
Receivables	10	437	657
Aid assistance receivable	3	-	2,160
TOTAL ASSETS		4,575	2,832
LIABILITIES			
Current liabilities			
Voted funds to be surrendered to the Revenue Fund	11	2,157	239
Departmental revenue to be surrendered to the Revenue Fund	12	3	10
Bank Overdraft	13	-	1,939
Payables	14	985	644
Aid assistance repayable	3	1,430	-
TOTAL LIABILITIES		4,575	2,832

	Note	2018/19	2017/18
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		180,276	160,070
Annual appropriated funds received	1	168,959	153,906
Departmental revenue received	2	63	56
Interest received	2.2	74	53
Aid assistance received	Annex 1C	11,180	6,055
Net (increase)/decrease in working capital		554	499
Surrendered to Revenue Fund		(399)	(1,047)
Current payments		(101,822)	(95,527)
Transfers and subsidies paid		(70,236)	(63,579)
Net cash flow available from operating activities	15	8,373	416
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	7	(2,334)	(2,776)
Proceeds from sale of capital assets	2.4	16	16
Net cash flows from investing activities		(2,318)	(2,760)
Net increase/(decrease) in cash and cash equivalents		6,055	(2,344)
Cash and cash equivalents at beginning of period		(1,924)	420
Cash and cash equivalents at end of period	16	4,131	(1,924)

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

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

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

16.3 Intangible assets

Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project. Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

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.

Irregular expenditure

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

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

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

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:

	2018/19		2017/18	
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received
	R'000	R'000	R'000	R'000
Administration	98,779	98,779	-	90,594
Public Sector Organisational and Staff Development	70,180	70,180	-	63,312
Total	168,959	168,959	-	153,906

2. Departmental revenue

	Note	2018/19	2017/18
		R'000	R'000
Sales of goods and services other than capital assets	2.1	41	36
Interest, dividends and rent on land	2.2	74	53
Transactions in financial assets and liabilities	2.3	22	20
Sales of capital assets	2.4	16	16
Total revenue collected		153	125
Less: Own revenue included in appropriation		-	-
Departmental revenue collected		153	125



2.1 Sales of goods and services other than capital assets

Sales by market establishment - parking

Other sales - commission

Sale of scrap, waste and other used goods

Total

Note	2018/19	2017/18
	R'000	R'000
	1	1
	40	34
	-	1
	41	36
	41	36

2.2 Interest, dividends and rent on land

Interest on bank accounts

Total

74	53
74	53
74	53

2.3 Transactions in financial assets and liabilities

Receipts-Recoverable Revenue of previous year expenditure

Total

22	20
22	20
22	20

2.4 Sales of capital assets Tangible assets

Machinery and equipment

Total

16	16
16	16
16	16

3. Aid assistance

Opening Balance

Transferred from statement of financial performance

Closing Balance

	(2,160)	-
<i>Annex 1c</i>	3,590	(2,160)
	1,430	(2,160)
	1,430	(2,160)



3.1 Analysis of balance by source

Aid assistance from RDP

Closing balance

Note	2018/19	2017/18
	R'000	R'000
<i>Annex 1c</i>	1,430	(2,160)
	1,430	(2,160)

3.2 Analysis of balance

Aid assistance receivable

Aid assistance repayable

Closing balance

<i>Annex 1c</i>	-	(2,160)
<i>Annex 1c</i>	1,430	-
	1,430	(2,160)

3.3 Aid assistance expenditure per economic classification

Current

Capital

Total aid assistance expenditure

	7,175	7,791
<i>7.1</i>	415	424
	7,590	8,215

4. Compensation of employees

4.1 Salaries and wages

Basic salary

Performance award

Service Based

Compensative/circumstantial

Other non-pensionable allowances

Total

	37,006	34,805
	746	471
	51	57
	436	142
	9,492	9,023
	47,731	44,498

4.2 Social contributions

Employer contributions

Pension

Medical

Bargaining council

Total

Total compensation of employees

Average number of employees

<i>Note</i>	2018/19	2017/18
	R'000	R'000
	4,708	4,434
	1,781	1,589
	8	7
	6,497	6,030
	54,228	50,528
	82	83

5. Goods and services

Administrative fees

Advertising

Assets less than R5,000

Bursaries (employees)

Catering

Communication

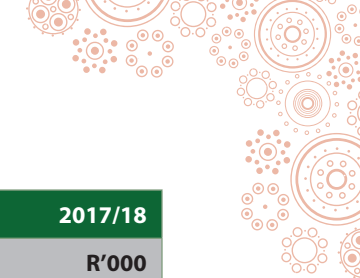
Computer services

Consultants: Business and advisory services

Legal services

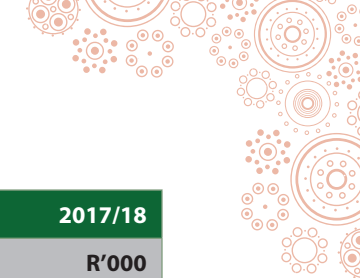
Contractors

<i>Note</i>	2018/19	2017/18
	R'000	R'000
	356	738
	399	591
5.1	281	246
	530	1,006
	216	273
	632	945
5.2	6,560	6,937
	908	1,380
	62	539
	605	586



	Note	2018/19	2017/18
		R'000	R'000
Agency and support/outsourced services		315	175
Entertainment		18	-
Audit cost – external	5.3	4,314	4,609
Fleet Services		256	226
Consumables	5.4	1,502	1,514
Operating leases		16,294	11,654
Property Payments	5.5	3,670	3,431
Rental and Hiring		-	24
Travel and subsistence	5.6	1,388	1,233
Training and staff development		1,387	440
Other operating expenditure	5.7	726	661
Total		40,419	37,208
5.1 Assets less than R5,000			
Tangible assets -Machinery and equipment		281	214
Intangible assets		-	32
Total		281	246
5.2 Computer services			
SITA computer services		905	722
External computer service providers		5,655	6,215
Total		6,560	6,937

<i>Note</i>	2018/19	2017/18
	R'000	R'000
5.3 Audit cost – external		
Regularity audits	4,314	4,609
5.4 Consumables		
Household Supplies	508	409
Other consumable materials	123	182
Communication accessories	1	-
IT Consumables	180	222
Stationery and printing	690	701
Total	1,502	1,514
5.5 Property payments		
Municipal services	993	1,027
Property management fees	33	59
Property maintenance and repairs	29	89
Other	2,615	2,256
Total	3,670	3,431
5.6 Travel and subsistence		
Local	776	690
Foreign	612	543
Total	1,388	1,233



	Note	2018/19	2017/18
		R'000	R'000
5.7 Other operating expenditure			
Professional bodies, membership and subscription fees		46	46
Other		680	615
Total		726	661
6. Transfers and subsidies			
Departmental agencies and accounts	<i>Annex 1A</i>	70,180	63,312
Households	<i>Annex 1B</i>	56	267
Total		70,236	63,579
7. Expenditure for capital assets			
Tangible assets - Machinery and equipment	<i>26.2/7.1</i>	1,944	2,339
Software and other intangible assets - Computer software	<i>27.3/7.1</i>	390	437
Total		2,334	2,776

7.1 Analysis of funds utilised to acquire capital assets 2018/19

Tangible assets - Machinery and equipment

Software and other intangible assets

Total

Voted funds	Aid assistance	Total
R'000	R'000	R'000
1,919	25	1,944
-	390	390
1,919	415	2,334

7.2 Analysis of funds utilised to acquire capital assets 2017/18

Tangible assets - Machinery and equipment

Software and other intangible assets - Computer software

Total

Voted funds	Aid assistance	Total
R'000	R'000	R'000
2,271	68	2,339
81	356	437
2,352	424	2,776

7.3 Finance lease expenditure included in expenditure for capital assets

Tangible assets

Machinery and equipment

Total

Note	2018/19	2017/18
	R'000	R'000
	12	40
	12	40



8 Cash and cash equivalents

<i>Note</i>	2018/19	2017/18
	R'000	R'000
Consolidated Paymaster General Account	4,116	-
Cash on hand	15	15
Total	4,131	15

9 Prepayments and advances

Travel and subsistence	7	-
Total	7	-

10 Receivables

<i>Note</i>	2018/19			2017/18		
	Current	Non- current	Total	Current	Non- current	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Staff debt	68	-	68	90	-	90
Other debtors	369	-	369	567	-	567
Total	437	-	437	657	-	657

10.1 Staff debt

Bursary Debts
 Salary Overpayment
Total

Note	2018/19	2017/18
	R'000	R'000
	8	18
	60	72
	68	90

10.2 Other debtors

VAT
 TAX
Total

369	233
-	334
369	567

11. Voted funds to be surrendered to the Revenue Fund

Opening balance
 As restated
 Transfer from statement of financial performance
 Paid during the year
Closing balance

239	927
239	927
2,157	239
(239)	(927)
2,157	239

12. Departmental revenue to be surrendered to the Revenue Fund

Opening balance
 As restated
 Transfer from Statement of Financial Performance
 Paid during the year
Closing balance

10	5
10	5
153	125
(160)	(120)
3	10



13. Bank overdraft

Note	2018/19	2017/18
	R'000	R'000
Consolidated Paymaster General Account	-	1,939
Total	-	1,939

14. Payables – current

Amounts owing to other entities	Annex 4	985	644
Total		985	644

15. Net cash flow available from operating activities

Net surplus/(deficit) as per Statement of Financial Performance		5,900	(1,796)
Add back non cash/cash movements not deemed operating activities		2,473	2,212
(Increase)/decrease in receivables – current		220	(8)
(Increase)/decrease in prepayments and advances		(7)	-
Increase/(decrease) in payables – current		341	507
Proceeds from sale of capital assets	2.4	(16)	(16)
Expenditure on capital assets		2,334	2,776
Surrenders to Revenue Fund		(399)	(1,047)
Net cash flow generated by operating activities		8,373	416

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

Note	2018/19	2017/18
	R'000	R'000
Consolidated Paymaster General account	4,116	(1,939)
Cash on hand	15	15
Total	4,131	(1,924)

17. Contingent liabilities and contingent assets

Claims against the department

Annex 3

320

1,070

Total

320

1,070

18. Commitments

Current expenditure - approved and contracted

29,824

20,779

Total Commitments

29,824

20,779

Included in the amount are commitments later than 1 year but no later than 3 years for R9,601m and later than 3 year but no later than 5 years for R16,077m



19. Accruals

Listed by economic classification

Goods and services
 Compensation of Employees
Total

	30 days	>30 Days	Total	Total
Goods and services	1,162	-	1,162	707
Compensation of Employees	-	-	-	20
Total	1,162	-	1,162	727

Listed by programme level

Programme 1 – Administration (Goods and services)
 Programme 1 – Administration (Compensation)

<i>Note</i>	2018/19	2017/18
	R'000	R'000

Confirmed balances with other government departments/entities

	1,162	707
	-	20
	1,162	727
<i>Annex 4</i>	985	644

20. Employee benefits

Leave entitlement
 Service bonus (Thirteenth cheque)
 Capped leave commitments
 Performance awards
 Other **

Total

Leave entitlement	1,635	1,848
Service bonus (Thirteenth cheque)	1,439	1,416
Capped leave commitments	1,091	1,032
Performance awards	764	465
Other **	(33)	(56)
Total	4,896	4,705

**Negative leave relates to vacation leave taken in advance by employees amounting to R32 620.83.

21. Lease commitments

a. Operating leases expenditure

2018/19

Not later than 1 year

Later than 1 year and not later than 5 years

Total lease commitments

2017/18

Not later than 1 year

Later than 1 year and not later than 5 years

Total lease commitments

Vehicles - Lease of 14 G Fleet-vehicles, one of the vehicles is on a month to month basis. Machinery and Equipment – Lease of 14 photocopier machines.

Vehicles	Machinery and equipment	Total
R'000	R'000	R'000
1,823	355	2,178
328	-	328
2,151	355	2,506

Vehicles	Machinery and equipment	Total
R'000	R'000	R'000
1,783	694	2,477
1,748	346	2,094
3,531	1,040	4,571



b. Finance leases expenditure

2018/19

Not later than 1 year
 Later than 1 year and not later than 5 years
Total lease commitments

Vehicles	Machinery and equipment	Total
R'000	R'000	R'000
-	4	4
-	-	-
-	4	4

2017/18

Not later than 1 year
 Later than 1 year and not later than 5 years
Total lease commitments

Vehicles	Machinery and equipment	Total
R'000	R'000	R'000
-	19	19
-	4	4
-	23	23

Cellphones and 3G modems The 3G modems are on a month to month basis.

22. Irregular expenditure

Note	2018/19	2017/18
	R'000	R'000

22.1 Reconciliation of irregular expenditure

Opening balance	788	-
As restated	788	-
Add: Irregular expenditure – relating to current year	470	788
Less: Prior year amounts condoned	-	-
Less: Current year amounts condoned	-	-
Irregular expenditure awaiting condonation	1,258	788

Analysis of awaiting condonation per age classification

Current year	470	788
Prior years	788	-
	1,258	788

22.2 Details of irregular expenditure current year

Incident

Approval of physical security contract extension by Accounting Officer and not by National Treasury.

Disciplinary steps taken/criminal proceedings

Under investigation

Total

470

470



23. Fruitless and wasteful expenditure

23.1 Reconciliation of fruitless and wasteful expenditure

Note	2018/19	2017/18
	R'000	R'000
Opening balance	-	-
Fruitless and wasteful expenditure – relating to current year	11	-
Closing balance	11	-

a. Analysis of awaiting resolution per economic classification

Note	2018/19	2017/18
	R'000	R'000
Current	11	-
Total	11	-

b. Analysis of Current year's (relating to current and prior years) fruitless and wasteful expenditure

Incident

Two officials who were nominated to attend media training did not attend

Disciplinary steps taken/criminal proceedings

	11
Total	11

b. Related party transactions

NSG VOTE 10a 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

Payments made

Goods and services

Total

Year end balances arising from revenue/payments

Receivable from related parties

Total

<i>Note</i>	2018/19	2017/18
	R'000	R'000
	(2,137)	(3,083)
Total	(2,137)	(3,083)
	(3)	(5)
Total	(3)	(5)

24. Key management personnel

Level 15 to 16

Level 14 (including CFO)

Total

	No. of Individuals	2018/19	2017/18
		R'000	R'000
	1	2,194	2,219
	4	5,772	5,519
Total		7,966	7,738



25. Movable tangible capital assets

25.1 Movement in movable tangible capital assets per asset register for the year ended 31 March 2019

	Opening balance	Curr Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	28,178	68	3,866	1,517	30,595
Computer equipment	16,542	68	3,329	1,451	18,488
Furniture and office equipment	8,285	-	42	23	8,304
Other machinery and equipment	3,351	-	495	43	3,803
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	28,178	68	3,866	1,517	30,595

R68k value adjustment is donor related purchases for prior year.

Movable Tangible Capital Assets under investigation

Number	Value
	R'000

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

Machinery and equipment	23	327
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Lost assets under investigation.

25.2 Additions to movable tangible capital assets per asset register for the year ended 31 March 2019

	Cash*	Non- cash**	(Capital Work in Progress current costs and finance lease payments)	Received cur- rent, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	1,944	1,934	(12)	-	3,866
Computer equipment	1,544	1,785	-	-	3,329
Furniture and office equipment	42	-	-	-	42
Other machinery and equipment	358	149	(12)	-	495
TOTAL	1,944	1,934	(12)	-	3,866

R25k included in other machinery and equipment is donor related purchases for the EU donor office.

25.3 Disposals of movable tangible capital assets per asset register for the year ended 31 March 2019

	Sold for Cash	Transfer out or destroyed or scrapped	Total disposables	Cash received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	1,444	73	1,517	16
Computer equipment	1,385	66	1,451	14
Furniture and office equipment	23	-	23	2
Other machinery and equipment	36	7	43	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	1,444	73	1,517	16


25.4 Movement in movable tangible capital assets per asset register for the year ended 31 March 2018

	Opening balance	Curr Year Adjust- ments to prior year balances	Additions	Disposals	Closing balance
	R'000		R'000	R'000	R'000
MACHINERY AND EQUIPMENT	28,750	-	2,231	2,803	28,178
Computer equipment	17,605	-	1,730	2,793	16,542
Furniture and office equipment	8,081	-	204	-	8,285
Other machinery and equipment	3,064	-	297	10	3,351
TOTAL MOVABLE TANGIBLE ASSETS	28,750	-	2,231	2,803	28,178

25.5 Movement in minor assets per the asset register for the year ended 31 March 2019

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Opening balance	686	8,166	8,852
Value adjustments	-	-	-
Additions	-	291	291
-Disposals	(5)	(108)	(113)
TOTAL MINOR ASSETS	681	8,349	9,030
Number of minor assets at cost	1,157	3,326	4,483
TOTAL NUMBER OF MINOR ASSETS	1,157	3,326	4,483

Minor Capital Assets under investigation

Number	Value
	R'000

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

Machinery and equipment

11 11

Lost assets under investigation

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

Opening balance

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Opening balance	654	8,093	8,747
Value Adjustments	-	9	9
Additions	32	233	265
Disposal	-	(169)	(169)
TOTAL MINOR ASSETS	686	8,166	8,852

Value Adjustments

Additions

Disposal

TOTAL MINOR ASSETS

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Number of minor assets at cost	1,158	3,210	4,368
TOTAL NUMBER OF MINOR ASSETS	1,158	3,210	4,368

Number of minor assets at cost

TOTAL NUMBER OF MINOR ASSETS



26. Intangible capital assets

26.1 Movement in intangible capital assets per asset register for the year ended 31 March 2019

	Opening balance	Current adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Computer software	879	-	11,268	410	11,737
TOTAL MOVABLE INTANGIBLE ASSETS	879	-	11,286	410	11,737

26.2 movement in intangible capital assets per asset register for the year ended 31 March 2018

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Computer software	974	81	176	879
TOTAL INTANGIBLE CAPITAL ASSETS	974	81	176	879

26.3 Additions to Intangible Capital Assets per Asset Register For The Year Ended 31 March 2019

	Cash	Non-Cash	Total
	R'000	R'000	R'000
Computer software	390	10,878	11,268
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	390	10,878	11,268

The R390k under cash is donor related purchases for the EU donor office.

26.4 Disposals of Intangible Capital Assets per Asset Register For The Year Ended 31 March 2019

Computer software

TOTAL DISPOSALS OF INTANGIBLE CAPITAL ASSETS

Included in disposal is transfer of R389 940 development cost to Trade.

	Cash	Non-Cash	Total
	R'000	R'000	R'000
Computer software	-	410	410
TOTAL DISPOSALS OF INTANGIBLE CAPITAL ASSETS	-	410	410



ANNEXURE 1A

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2017/18
	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	70,180	-	-	70,180	70,180	100.0%	63,312
Total	70,180	-	-	70,180	70,180	100.0%	63,312

ANNEXURE 1B

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2017/18
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Social benefits – leave gratuity	56	-	-	56	56	100.0%	267
Total	56	-	-	56	56	100.0%	267

ANNEXURE 1C
STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE	SURRENDERED	REVENUE	EXPENDITURE	CLOSING BALANCE
		R'000	R'000	R'000	R'000	R'000
Received in cash						
European Union	Development of Strategic Partnerships with African Institutes of Administration & Management	(2,160)	-	11,180	7,590	1,430
Subtotal		(2,160)	-	11,180	7,590	1,430
Received in kind:						
European Union	Business process & re-engineering for the NSG	-	-	2,879	2,879	-
European Union	Supply of equipment and software for the development of the Enterprise Architecture for the NSG	-	-	17,558	17,558	-
European Union	Development of a diagnostic tool for the NSG to identify development needs at the workplace	-	-	2,844	2,844	-
European Union	Evaluation of cost recovery revenue generation of the NSG funding model	-	-	1,589	1,589	-
European Union	Implementation evaluation of the BB2E programme	-	-	2,726	2,726	-
European Union	Development of e-learning courses in five priority areas identified	-	-	3,338	3,338	-
European Union	Development of research approaches to provide case studies for evidence based learning	-	-	3,887	3,887	-
European Union	Development of specialised e-learning and face to face courses for the NSG	-	-	2,678	2,678	-
European Union	Development of coaching and mentoring programmes, systems and rollout	-	-	1,674	1,674	-



NAME OF DONOR	PURPOSE	OPENING BALANCE	SURRENDERED	REVENUE	EXPENDITURE	CLOSING BALANCE
		R'000	R'000	R'000	R'000	R'000
Received in kind:						
European Union	Breaking barriers to entry (BB2E) programme implementation for the EU NSG PSTCBP	-	-	4,342	4,342	-
European Union	Programme launch event management, communication and media support for the EU NSG Public Service training & capacity building programme	-	-	726	726	-
Subtotal		-	-	44,241	44,241	-
TOTAL		(2,160)	-	55,421	51,831	1,430

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	
		2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
Controlled entities									
NSG Training Trading Account	Training	-	-	16,688	5,967	841	644	-	-
TOTAL		-	-	16,688	5,967	841	644	-	-

The R841 owed to the Trading account is due to re-allocation of training expenditure to the VOTE budget as training is managed by HR. The Investment amount for 2017/18 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 2018				31 March 2019
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
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
TOTAL	1,070	-	(750)	-	320

ANNEXURE 4

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2018/19	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENTS								
Current								
SA Revenue Services	144	-	-	-	-	-	-	-
National School of Government (TTA)	841	644	-	-	-	-	-	-
TOTAL	985	644	-	-	-	-	-	-



ANNEXURE 5

INVENTORY

Inventory	Note	Quantity	2018/19	Quantity	2017/18
			R'000		R'000
Opening balance		64	2	65	4
Add/(Less): Adjustments to prior year balance		-	-	-	-
Add: Additions/Purchases - Cash		415	334	370	391
Add: Additions - Non-cash		(59)	(2)	-	-
(Less): Disposals		-	-	-	-
(Less): Issues		(387)	(333)	(371)	(393)
Add/(Less): Adjustments		-	-	-	-
Closing balance		33	1	64	2

Report of the Auditor-General to Parliament on: National School of Government Training Trading Account

Report on the audit of the financial statements

Opinion

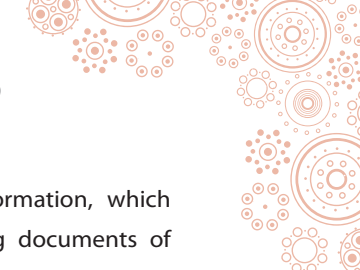
1. I have audited the financial statements of the National School of Government Training Trading Account set out on pages 161 to 199, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts 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 2019, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* 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 codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting officer for the financial statements

6. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.
7. In preparing the financial statements, the accounting officer is responsible for assessing the National School of Government's 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 appropriate governance structure either intends to liquidate the 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

8. 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.
9. 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

10. 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.

11. My procedures address the reported performance information, which must be based on the approved performance planning documents of the 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.
12. 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 2019:

Programme	Pages in the annual performance report
Programme 2 - Public sector organisational and staff development	45-52

13. 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.
14. I did not raise any material findings on the usefulness and reliability of the reported performance information for this programme:
 - Programme 2 - Public Sector Organisational and Staff Development

Other matters

15. I draw attention to the matters below.

Achievement of planned targets

16. Refer to the annual performance report on pages 45 to 52 for information on the achievement of planned targets for the year and explanations provided for the under/ over achievement of a number of targets.

Adjustment of material misstatements

17. I identified a material misstatement in the annual performance report submitted for auditing. This material misstatement was on the reported performance information of Programme 2 - Public sector organisational and staff development. As management subsequently corrected the misstatement, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

18. 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 entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

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

Annual financial statements, performance and annual report

20. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 40(1) (b) of the PFMA.

21. Material misstatements of related parties, revenue, cash flow statement and payables identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified opinion.

Other information

22. 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 those selected programme presented in the annual performance report that have been specifically reported in this auditor's report.

23. 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.

24. 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.

25. 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

26. 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 compliance with legislation included in this report.

27. Management has not prepared regular, accurate and complete financial statements that are supported and evidenced by reliable information. The preparation of valid, accurate and complete financial statements that are in line with the requirements of the financial reporting framework and legislative requirements needs to be underpinned by adequate review and monitoring processes for the financial statements prior to submission for audit. Adequate systems for collection and recording of revenue received from training provided should be implemented.

Auditor-General

Pretoria

31 July 2019



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 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 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 an 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 2019

General Information

Executive Management

Dr Sipho Manana (Resigned 31 May 2019)

Mr Botshabelo Maja

Prof Thean Potgieter

Ms Phindile Mkwanazi

Business address

ZK Matthews Building 70 Meintjies Street Sunnyside

Pretoria

Postal address

Private Bag X759

Pretoria 0001

Bankers

ABSA Bank

Auditors

Auditor General South Africa

Other 4



Index

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

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Statement of Financial Performance	165
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Cash Flow Statement	168
Statement of Comparison of Budget and Actual Amounts	169
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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 10a 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 2019, as set out on pages 165 to 199.



Ms Phindile Mkwanazi

Acting Principal



Statement of Financial Performance

	Note(s)	2019	2018
		R '000	Restated* R '000
Revenue			
Revenue from exchange transactions			
Rendering of services - Training		146 872	110 110
Interest received (trading)		1 338	1 131
Interest received - investment		3 507	3 786
Total revenue from exchange transactions		151 717	115 027
Revenue from non-exchange transactions			
Transfer revenue			
Grants & subsidies	2	72 859	63 668
Total revenue		224 576	178 695
Expenditure			
Employee related costs	3	(86 677)	(82 630)
Operating Expenses	4	(127 178)	(106 833)
Total expenditure		(213 855)	(189 463)
Surplus (deficit) for the year		10 721	(10 768)

Statement of Financial Position as at 31 March 2019

	Note(s)	2019	2018
		R '000	Restated* R '000
Assets			
Current Assets			
Inventories	6	4 855	5 263
Receivables from exchange transactions	7	14 294	1 637
Cash and cash equivalents	5	48 476	62 809
		67 625	69 709
Non-Current Assets			
Intangible assets	8	27 904	23 429
		95 529	93 138
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	68 367	76 183
Payables from non-exchange transactions	10	1 358	1 358
Employee benefits	11	9 116	9 630
		78 841	87 171
		16 688	5 967
Accumulated surplus		16 688	5 967



Statement of Changes in Net Assets

	Note(s)	Accumulated surplus	Total net assets
		R '000	R '000
Opening balance as previously reported		17 490	17 490
Adjustments			
Correction of errors	(Note 18)	(754)	(754)
		16 736	16 736
Balance at 01 April 2017 as restated*			
Restated deficit for the year Adjustments		(10 769)	(10 769)
Deficit for the year as previously reported		(9 129)	(9 129)
Correction of error	(Note 18)	(1 640)	(1 640)
Balance at 01 April 2018		5 967	5 967
Changes in net assets			
Surplus for the year		10 721	10 721
Balance at 31 March 2019		16 688	16 688

Cash Flow Statement

Note(s)	2019	2018 Restated*
	R '000	R '000
Cash flows from operating activities		
Receipts		
Rendering of services	136 504	127 415
Grants	66 380	63 312
Interest income	3 507	3 786
	206 391	194 513
Payments		
Employee costs	(87 192)	(82 144)
Suppliers	(131 710)	(113 796)
	(218 902)	(195 940)
Net cash flows from operating activities	(12 511)	(1 427)
	12	
Cash flows from investing activities		
Purchase of other intangible assets	(1 821)	(1 791)
	(1 821)	(1 791)
Net increase in cash and cash equivalents	(14 332)	(3 218)
Cash and cash equivalents at the beginning of the year	62 809	66 028
Cash and cash equivalents at the end of the year	48 477	62 810
	5	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
	R '000	R '000	R '000	R '000	R '000
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Rendering of services	117 283	-	117 283	146 872	29 589
Interest received (trading)	-	-	-	1 338	1 338
Interest received - investment	2 693	-	2 693	3 507	814
Total revenue from exchange transactions	119 976	-	119 976	151 717	31 741
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	70 180	-	70 180	70 180	-
Donations of intangible assets at fair value		-	-	2 679	2 679
Total revenue from non-exchange transactions	70 180	-	70 180	72 859	2 679
Total revenue	190 156	-	190 156	224 576	34 420
Expenditure					
Personnel	(92 000)	-	(92 000)	(86 677)	5 323
Operating Expenses	(98 156)	-	(98 156)	(127 178)	(29 022)
Total expenditure	(190 156)	-	(190 156)	(213 855)	(23 699)
Operations deficit	-	-	-	10 721	10 721
Capital expenditure - Software and Intangible assets	-	-	-	(1 821)	(1 821)
	-	-	-	8 900	8 900

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% (2017/18: 10.25%) per annum on the outstanding balance.

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

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.

17 Comparative information (continued)

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.

18 Revenue from non-exchange transactions

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

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.

19 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 10a, 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 NSG Vote 10a. 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 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 10a, 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.

1.15 Intangible assets (continued)

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 - NSG Vote 10a - 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.



2. Revenue from non-exchange transactions

	2019	2018 Restated*
	R'000	R'000
Funds from the Department (NSG)	70 180	63 312
Donations of intangible assets at fair value	2 679	356
	72 859	63 668

*Funds are transferred from NSG Vote 10a as an augmentation to revenue earned to enable the Trade to carry out its operating activities.

*The European Union funded Project Khaedu for African Continent and African Governance courses.

*National Treasury and Department of Planning, Monitoring and Evaluation funded GRAP and Planning for Implementation courses

3. Employee benefits costs

Short term employee benefits

	86 677	82 630
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Number of employees

	125	123
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4. Operating expenses

	2019	2018 Restated*
	R'000	R'000
Advertising	-	127
Training and consultancy services	57 843	48 030
Consumables, materials and supplies	1 323	251
Gifts and promotional items	295	467
IT expenses	4 987	3 767
Marketing	48	190
Vehicle lease payments	-	1 281
Postage and courier	840	740
Printing and stationery	6 777	8 005
Communication cost	627	524
Staff training and development	-	1 144
Travel and subsistence	10 856	10 099
Property rental payments	22 865	14 079
Equipment rental payments	578	551
Property payments	5 926	5 133
Catering departmental activities	344	286
Bad debts written off	7	1 774
Venue and facilities	17 820	10 299
Disposal of intangible assets	26	1 669
Movement in the provision for impairment	(4 144)	(1 728)
General administrative expenses	160	145
	127 178	106 833

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	48 476	62 809
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	2019	2018 Restated*
	R'000	R'000
6. Inventories		
CIP training material	4 855	5 263

7. Receivables from exchange transactions

	Less than one year	One to two years	More than two years	Total 2018/2019	Total 2017/2018
Trade debtors	9 135	518	10 339	19 992	15 476
Allowance for impairment provision	-	-	(10 339)	(10 339)	(14 483)
Net trade receivables	9 135	518	-	9 653	933
Other receivables	4 641	-	-	4 641	644
	13 776	518	-	14 294	1 637

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 45 days (2017/18: 44 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% (2017/18: 10.25%) per annum on the outstanding balance.

The entity has recognised an allowance for doubtful debts of 100% against all receivables over 2 years because historical experience has been that receivables that are past due beyond 2 years are not recoverable.

Trade receivables (cont.)

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 45 days (2017/18: 44 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 - 2018/19

	61 to 365 days	366 to 730 days	TOTAL 2018/19
	R'000	R'000	R'000
Nominal Value	11 028	518	11 456
Impairment Adjustment	-	-	-
TOTAL	11 028	518	11 456

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

	61 to 365 days	366 to 730 days	TOTAL 2018/19
	R'000	R'000	R'000
Nominal Value	(2 432)	2 442	10
Impairment Adjustment	-	-	-
TOTAL	(2 432)	2 442	10



	2019	2018
	R'000	R'000
Impairment of trade receivables		
Balance at cost price	20 032	15 536
Less: Impairment adjustment	(39)	(60)
	19 993	15 476

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% (2017/18: 10.25%).

Movement in the impairment provision

Opening balance	14 483	16 211
Provision for impairment	(4 137)	46
Amounts written off as uncollectible	(7)	(1 774)
	10 339	14 483

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 performance.

8. Intangible assets

	2019			2018		
	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	26 651	(1 075)	25 576	22 176	(1 075)	21 101
Total	29 869	(1 965)	27 904	25 394	(1 965)	23 429

Reconciliation of intangible assets - 2019

	Opening Balance	Additions	Disposals	Total
TMS	2 328	-	-	2 328
Training Courses	21 101	4 501	(26)	25 576
Total	23 429	4 501	(26)	27 904

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
Total	22 951	2 147	(1 669)	23 429



*An impairment test was conducted at the end of the reporting period. There was no indication that any of the assets were impaired during the reporting period

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

9. Payables from exchange transactions

Trade and other payables

	30 Days	30+ Days	Total 2018/2019	Total 2017/2018
Trade creditors	2 717	-	2 717	2 279
Amounts due to customers: trade debtors	54	65 597	65 651	73 904
	2 771	65 597	68 368	76 183

The amounts due to customers is made up by the prepayments received for training that will be delivered in the near future.

10. Payables from non-exchange transaction

National Treasury advance for course development

2019	2018
R'000	R'000

1 358 1 358

11. Employee benefits

Leave entitlement

Carrying Amount at the beginning of the period

6 054 5 822

Current service cost

(9 911) (8 485)

Less: benefits utilised

9 432 8 717

5 575 6 054

13th cheque

Carrying Amount at the beginning of the period

Current service cost

Less: benefits utilised

Performance bonus

Carrying Amount at the beginning of the period

Current service cost

Less: benefits utilised

	2019	2018
	R'000	R'000
	2 166	2 027
	2 360	2 166
	(2 166)	(2 027)
	2 360	2 166
	1 410	1 294
	717	1 403
	(946)	(1 287)
	1 181	1 410
	9 116	9 630

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

12. Cash used in operations

Surplus (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

	10 721	(10 768)
	26	1 669
	(4 144)	(1 728)
	7	1 774
	(515)	486
	(2 679)	(356)
	407	(5 263)
	(8 667)	1 200
	(7 818)	11 559
	(12 511)	(1 427)



13. Budget information

The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 April 2018 to 31 March 2019

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	8 900
Adjusted for:	
Capital expenditure	1 821
Net surplus as per statement of financial performance	10 721

Reason for budget deviation in revenue

The revenue performance for the financial year 2018/19 reflects a favourable variance of R8.9 million due high uptake of revenue generating courses although prepayments had already been received for the courses.

Reason for budget deviation in expenditure

Expenditure is above budget due to high up-take of training courses

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) 48 476 62 809

Trade and other receivables

(Note 6) 14 294 1 637

62 770 64 446

Financial liabilities

Amortised cost

Trade and other payables

(Note 9) 68 368 76 183

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 10a) 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.



14. Financial Instruments (continued)

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.

14. Financial Instruments (continued)

There has been no significant change during the financial year, or since the end of the financial year, to the entity's exposure to credit risk, the approach of measurement or the objectives, policies and processes for managing this risk.

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.



2019	2018
R'000	R'000

15. Related party transactions and outstanding balances

Related party transactions and outstanding balances

Interest paid to (received from) related parties

Revenue from non-exchange transaction	70 180	63 312
Outstanding balance-Claims receivable	(4 641)	(644)

Key Management Personnel

2019

Name

Mr B Maja - Deputy Director General
 Dr S Manana - Deputy Director General
 Prof TD Potgieter - Acting Branch head TPP

<i>Basic Salary</i>	<i>Other short-term employee benefits</i>	<i>Post-employment benefits</i>	<i>Total</i>
652	376	85	1 113
506	302	66	874
938	280	122	1 340
2 096	957	272	3 326

The salaries of Mr B Maja and Dr S Manana are split between the Vote 10(a) and the Training Trading Account as they have acted in the position of the Principal of the National School of Government during the financial year.

Key Management Personnel

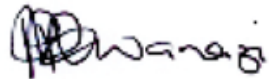
2018

Name

Mr B Maja - Deputy Director General
 Dr S Manana - Deputy Director General
 Prof TD Potgieter - Acting Branch head TPP

<i>Basic Salary</i>	<i>Other short-term employee benefits</i>	<i>Post-employment benefits</i>	<i>Total</i>
927	497	120	1 544
274	128	36	438
889	302	116	1 306
2 090	927	272	3 289

The key management personnel of the entity include the following personnel appointed in the controlling department – National School of Government Vote 10(a):



Official

Ms P Mkwanazi

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

The entity does not provide post-employment benefits or other long-term benefits to key management personnel. Any potential liabilities of the National Revenue Fund.

16. Commitments

(Lease Commitments)

All lease agreements are entered into by the controlling department - National School of Government Vote 10a. Therefore, all lease commitments are presented and disclosed in the financial statements of National School of Government Vote 10a. 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 10a, leases office equipment used by the entity for a period of three years to 30 June 2019. The average lease payment is R134,719 per month (2017/18: 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 R1,818,869 per month (2017/18: 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.

2019	2018
R'000	R'000

Expenditure Commitments

Current Expenditure - Approved and contracted

The commitments relate mostly to goods and services required for training activities.

6,892	9,031
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17. Irregular expenditure

Opening balance

819	-
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Add: Irregular Expenditure - current year

767	819
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1 586	819
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Analysis of expenditure awaiting condonation per age classification

Current year

767	-
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Prior year

819	819
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1 586	819
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Details of irregular expenditure

Incident	Disciplinary steps taken/criminal proceedings	Condoned by (condoning authority) DG	
Approval of physical security contract extension sought and approved by the AO instead of National Treasury	Investigation Finalised	Awaiting Condonation	1 534
Approval not obtained for changes in the quoted price	Investigation Finalised	Awaiting Condonation	52
			1 586

18. Prior period error

18.1 During the 2018/19 financial year the entity's management realised that pre-invoiced revenue was incorrectly recognised in 2016/17 and should have been deferred. The error resulted in overstatement of revenue and overstatement of debtors. The result of the correction is as follows:

	2019	2018
	R'000	R'000
Decrease in opening balances-accumulated surplus	-	(155)
Decrease in debtors	-	(155)



18.2 During the 2018/19 financial year the entity's management identified credit notes for 2016/17 that were not included in the prior year. The error resulted in the overstatement of revenue and overstatement of debtors. The result of the correction is as follows:

	2019	2018
	R'000	R'000
Decrease in opening balances-accumulated surplus	-	(599)
Decrease in debtors	-	(599)

18.3 During the 2018/19 financial year the entity's management identified credit notes for 2017/18 that were not included in the prior year. The error resulted in the overstatement of revenue and overstatement of debtors. The result of the correction is as follows:

	2019	2018
	R'000	R'000
Decrease in opening balances-accumulated surplus	-	(1,640)
Decrease in debtors	-	(1,640)

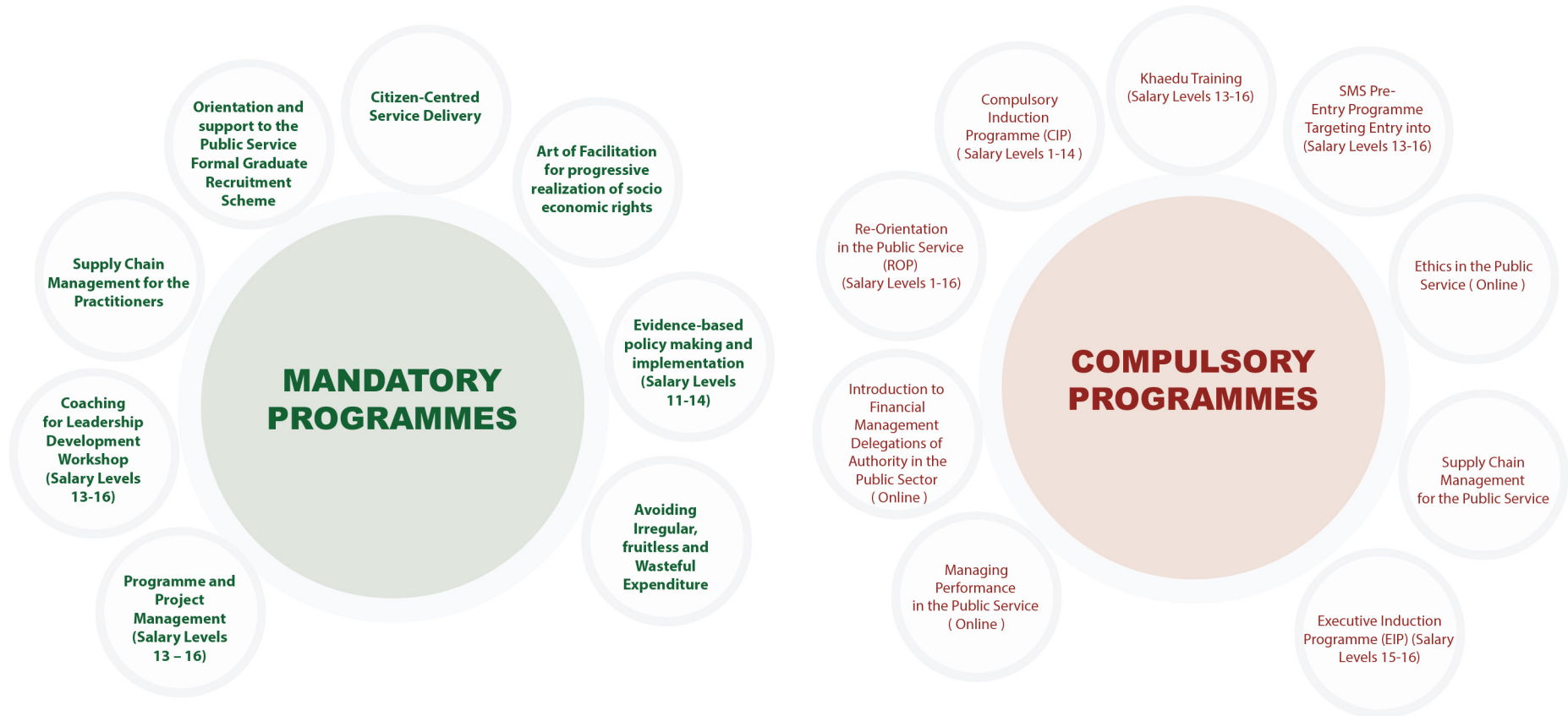
19. Events after reporting date

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

20. Approval of the Financial Statements

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

NSG MANDATORY AND COMPULSORY PROGRAMMES OFFERED 2019-2020



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