

# Annual Report 2016/17



**school of government**

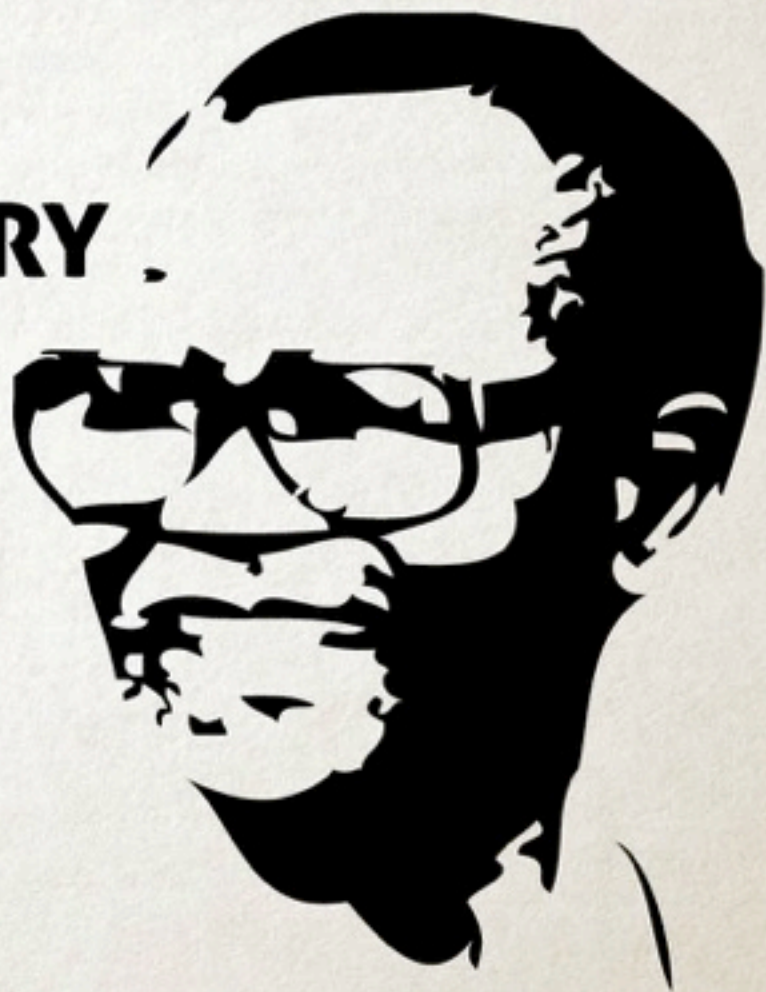
Department:  
National School of Government  
REPUBLIC OF SOUTH AFRICA

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REPUBLIC OF SOUTH AFRICA





**school of government**

Department:  
National School of Government  
**REPUBLIC OF SOUTH AFRICA**

**NATIONAL SCHOOL OF GOVERNMENT  
VOTE NO. 12A  
ANNUAL REPORT  
2016/17 FINANCIAL YEAR**

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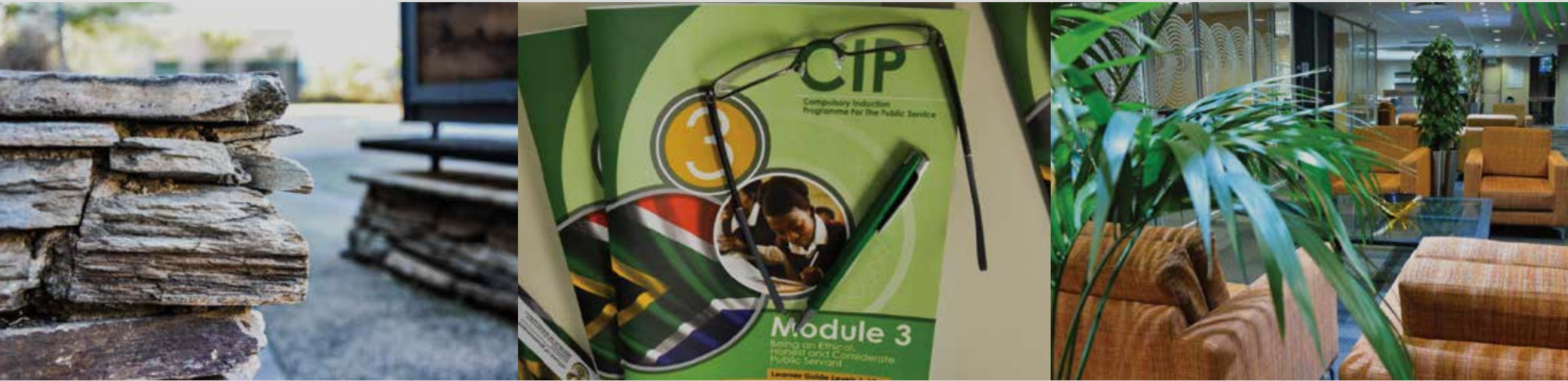
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## PART A: GENERAL INFORMATION

## I. DEPARTMENT GENERAL INFORMATION

The National School of Government (NSG) is located in the City of Tshwane Municipality, in the suburb of Sunnyside. It is located within a precinct that houses other national government departments such as the Department of Trade and Industry. This is the main office of the NSG and a significant portion of training sessions is undertaken in training facilities within these premises.

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

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Principal: National School of Government

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In terms of institutional configuration, as at 31 March 2017 the members of the Executive Management Committee (EMC) of the NSG and their contact details are reflected below:

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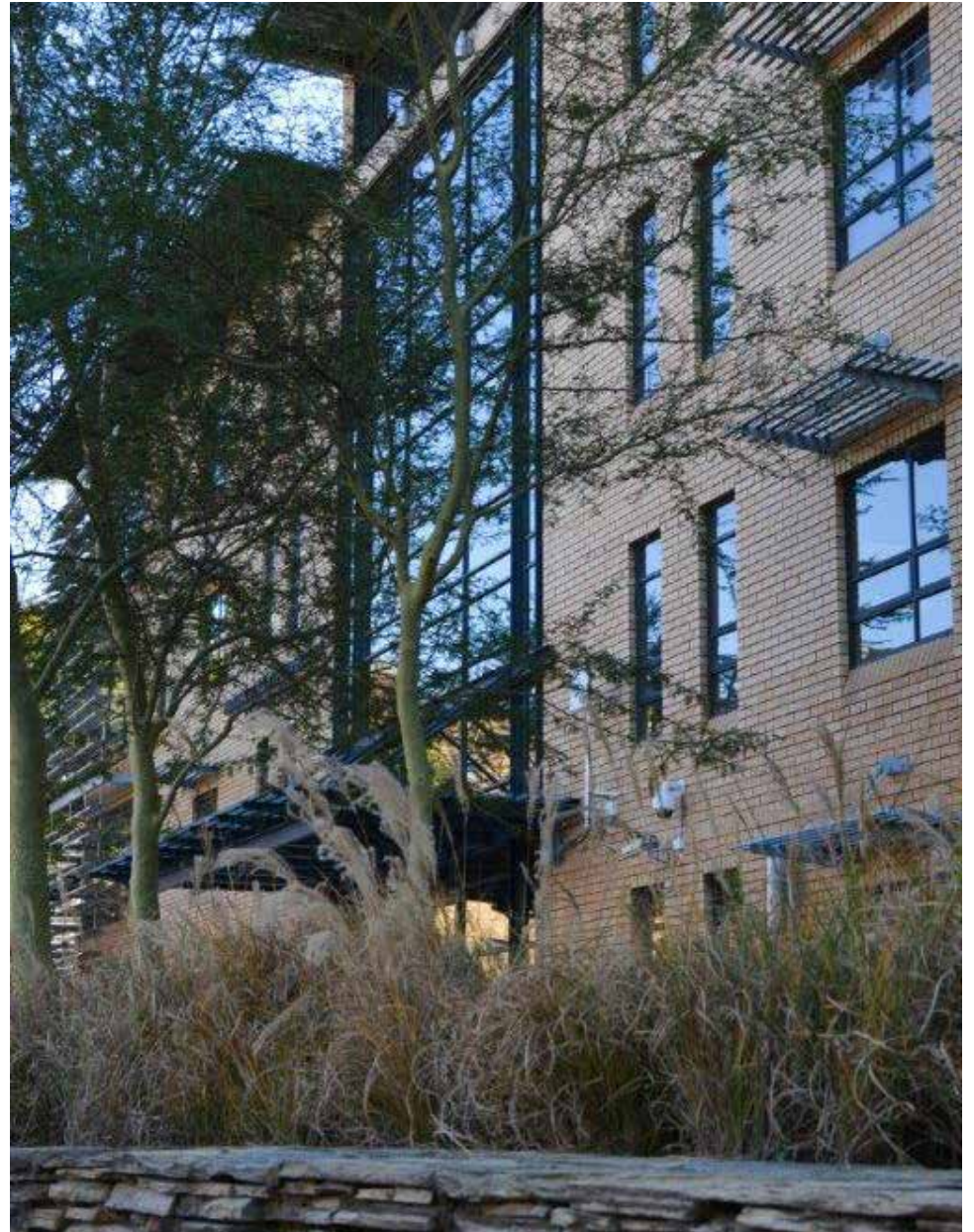
## 2. LIST OF ABBREVIATIONS

<b>AGSA</b>	Auditor-General South Africa
<b>AJPSDG</b>	Africa Journal of Public Sector Development and Governance
<b>AMDIN</b>	African Management Development Institutes' Network
<b>AO</b>	Accounting Officer
<b>AOP</b>	Annual Operational Plan
<b>APP</b>	Annual Performance Plan
<b>ASB</b>	Accounting Standard Board
<b>AU</b>	American University
<b>AUC</b>	African Union Commission
<b>AU-STC</b>	Strategic Technical Committee of the African Union
<b>BCP</b>	Business Continuity Plan
<b>BB2E</b>	Breaking Barriers to Entry
<b>CFO</b>	Chief Financial Officer
<b>CIP</b>	Compulsory Induction Programme
<b>DPME</b>	Department of Planning, Monitoring & Evaluation
<b>DPSA</b>	Department of Public Service and Administration
<b>DRDLR</b>	Department of Rural Development and Land Reform
<b>DRP</b>	Disaster Recovery Plan
<b>EIP</b>	Executive Induction Programme
<b>EMC</b>	Executive Management Committee
<b>EMDP</b>	Emerging Management Development Programme
<b>ENA</b>	Ecole Nationale d'Administration
<b>ETQA</b>	Education and Training Quality Assurance
<b>EU</b>	European Union
<b>FFF</b>	Facilitator Feedback Form
<b>FMDP</b>	Foundation Management Development Programme
<b>GEMS</b>	Government Employees Medical Scheme
<b>GIZ</b>	Deutsche Gesellschaft Für International Zusammenarbeit
<b>GRAP</b>	Generally Recognised Accounting Practice

<b>HEIs</b>	Higher Education Institutions
<b>HOD</b>	Head of Department
<b>HRM&amp;D</b>	Human Resource Management and Development
<b>ICAM</b>	Intergrated Computer Aided Manufacturing
<b>ICT</b>	Information Communication Technology
<b>ILDA</b>	Institute for Leadership and Development in Africa
<b>KPA</b>	Key Performance Area
<b>LGSETA</b>	Local Government Sector Education and Training Authority
<b>MANCO</b>	Management Committee
<b>MDI</b>	Management Development Institute
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MPAT</b>	Management Performance Assessment Tool
<b>MOA</b>	Memorandum of Agreement
<b>MOU</b>	Memorandum of Understanding
<b>MTEF</b>	Medium Term Expenditure Framework
<b>MTSF</b>	Medium Term Strategic Framework
<b>NACH</b>	National Anti-Corruption Hotline
<b>NIPAM</b>	Namibian Institute for Public Administration and Management
<b>NSG</b>	National School of Government
<b>NT</b>	National Treasury
<b>OHS</b>	Occupational Health and Safety
<b>PALAMA</b>	Public Administration Leadership and Management Academy
<b>PFMA</b>	Public Finance Management Act
<b>PMDS</b>	Performance Management and Development System
<b>PMU</b>	Project Management Unit
<b>PPP</b>	Public Private Partnerships
<b>PSC</b>	Public Service Commission
<b>PSCBC</b>	Public Service Co-ordinating Bargaining Council
<b>PSETA</b>	Public Service Sector Education & Training Authority



<b>QCTO</b>	Quality Council for Trades & Occupations
<b>QMS</b>	Quality Management System
<b>REQ</b>	Reaction Evaluation Questionnaire
<b>SA GAAP</b>	South African Statements of Generally Accepted Accounting Practice
<b>SCM</b>	Supply Chain Management
<b>SCOPA</b>	Standing Committee on Public Accounts
<b>SDIP</b>	Service Delivery Improvement Plan
<b>SHERQ</b>	Safety, Health, Environment, Risk and Quality
<b>SITA</b>	State Information Technology Agency
<b>SMS</b>	Senior Management Service
<b>TNA</b>	Training Needs Analysis
<b>TR</b>	Treasury Regulations
<b>TTA</b>	Training Trading Account
<b>UNISA</b>	University of South Africa
<b>VAT</b>	Value Added Tax
<b>WSP</b>	Workplace Skills Plan



### 3. FOREWORD BY THE MINISTER



Ms Faith Muthambi, MP

Minister for Public Service and Administration

The current Medium Term Strategic Framework (MTSF) for the 2014 - 2019 electoral term, is a reflection of the commitments made in the election manifesto of the governing party, the African National Congress (ANC). Our focus during this electoral mandate period is on, amongst others, radical economic transformation, rapid economic growth and job creation; ensuring access to adequate human settlements and quality basic services; and social cohesion and nation building.

The National Development Plan (NDP) recognises the need for a capable and developmental state, a thriving business sector and strong civil society institutions with shared and complementary responsibilities. An important aspect of building a capable and developmental state is to ensure that there is a professionalised public service with

skilled public servants delivering efficient and effective public services. As the Ministry of Public Service and Administration (MPSA), we have to ensure that the public service is professional, accountable and development-oriented. Accordingly, outcome 12 of the current MTSF requires that, amongst others, we must have a public service that is a career of choice and there must be increased responsiveness of public servants and accountability to citizens.

In this regard, the National School of Government (NSG) contributed towards the achievement of this outcome by training in excess of 60 000 learners within the four broad training streams of Leadership, Management, Administration and Induction during this financial year. This also includes an orientation programme for unemployed youth graduates and interns in support of opportunities for entry into public service. We are committed towards empowering the youth of our country, and the NSG programme (Breaking Barriers to Entry) seeks to reduce the barriers that youth experience as they attempt to enter the public service. The key challenge is that access to employment

opportunities is limited, and competition for these posts is high, however, the training puts the learners in good stead to compete effectively for employment opportunities.

In line with its curriculum philosophy and approach, the School ensures that the system of applied workplace learning is geared to improving individual and institutional performance and promoting development. The School designs, develops and quality assures curriculum for programmes and courses, which are aligned to the NDP, government priorities and public sector policy frameworks.

Our electoral mandate also places emphasis on contributing to a better Africa and a better world. In this regard, I am pleased to report that the National School of Government continues to remain at the forefront of African capacity development. The School plays an active role as a member, Secretariat and Treasurer of the African Management Development Institutes' Network (AMDIN), which is a network of management development institutes across the African continent established to create a platform to articulate a collective voice and promote mutual partnership, peer support and collaboration in developing leadership and management capacity. AMDIN has recently signed a memorandum of understanding with the African Union Commission to legitimise its status as the implementation agency for capacity building programmes. Furthermore, the School entered into a memorandum of understanding with the French School of Administration (École nationale d'administration), and one of the areas of collaboration is the development of a high level post-graduate African Governance Programme.

During the State of the Nation Address this year, President Jacob Zuma declared 2017 to be the Year of Oliver Reginald Tambo, in honour of a selfless patriot who would have turned 100 years old this year. We recognise Mr Tambo's legacy as a leader who demonstrated and practiced selflessness, patriotism and humility in the pursuit of a free and democratic South Africa. It is this selfless dedication, vigour and humility we wish to deepen and promote in the public services of today.

The School continues in the development of our public service leaders. For example, the introduction of the Executive Induction Programme (EIP) for new entrants at the levels of Deputy Director-General and Director-General includes coaching by qualified and professional NSG coaches and mentoring by former heads of department. Furthermore,

the ministerial directive on Compulsory Capacity Development, Mandatory Training Days and Minimum Entry Requirements for Senior Management Service (SMS) also supports the development and professionalisation of our senior managers through compulsory capacity development, mandatory training days and minimum entry requirements. The School will play a key role in ensuring relevant training to SMS in order to close identified development gaps as well as a combination of generic and technical/ professional training.

As we present this Annual Report for the 2016/17 financial year, I would like to express my sincere thanks and gratitude to the management and staff of the National School of Government for their individual and collective contributions to the School's performance. As the Minister of Public Service and Administration, we will continue to pursue the values and principles of public administration as set out in our Constitution (s195), which forms the basis of the way we function in the public service, how we engage with our citizens and how we deliver public services. We will continue working with government departments in all spheres of government as well as our social partners, because Together, We Move South Africa Forward.



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Ms Faith Muthambi, MP

Minister for Public Service and Administration

## 4. STATEMENT BY THE DEPUTY MINISTER



**Ms Dipuo Letsatsi-Duba, MP**  
**Deputy Minister for Public Service and Administration**

As the Ministry of Public Service and Administration and its portfolio of institutions, we are at the forefront in building the capacity of the state. We must ensure that public services are delivered efficiently, effectively, in a manner that redresses the imbalances of the past and restores dignity to citizens previously denied access to basic government services. Against the increased citizen expectation for improved services, including the need for innovative service delivery tools, mounting pressure is put on government to find more creative ways of responding to citizen's expectations. It requires of a public service to be more open minded and to embrace new thinking, new ways of doing things, and to derive simpler solutions to our common day challenges.

As a response to service delivery challenges, one of the programmes offered to all middle and senior managers in the public service by the National School of Government is the Khaedu programme. This was designed as an action learning programme to empower managers through various processes of learning reinforcement and practice, to bring about change within their own area of operational control. This training intervention assists managers in building the core skills required to resolve service delivery problems in a systematic and sustainable manner. Learners can then be deployed to service delivery points where they will be required to apply what they have learnt during the classroom learning.

The National School of Government also entered into a Memorandum of Understanding with the South African Local Government Association (SALGA) to collaborate on areas of capacity building in local government. The memorandum also provides for collaboration in, inter alia, public lectures and/or leadership platforms for reflection, utilising local and international experts, targeting mayors, councillors and top leaders in local government; and induction programmes for councillors and senior managers to promote the narrative

of back-to-basics in municipalities. The collaboration between the NSG and SALGA is currently cementing efforts to professionalise the local government sector. A total of 312 trainers trained by the NSG inducted the new councillors from August to October 2016. The School is also embracing innovation as part of its training and development offerings to public servants, through offering open online learning. The School has largely premised its learning based on face-to-face classroom engagements, with a relatively smaller number of public servants opting for facilitated eLearning. The School is however, increasing the technology mediated learning using a blended approach (i.e. face to face and eLearning) and have introduced open online learning. The online courses enable the learners to enrol for the course at their own time and learn at their own pace. During this financial year, the School enrolled in excess of 3 000 learners for open online learning, which covers courses on: managing performance; ethics; Generally Recognised Accounting Principles (GRAP); and financial delegations. The NSG launched the online course on Ethics in the Public Service in September 2016 to give effect to the constitutional obligation for public service employees to uphold ethics and integrity, as well as to promote the Code of Conduct as contained in the Public Service Regulations, 2016.

In as far as the systems and processes supporting the activities of the School are concerned, during this financial year it undertook initiatives to analyse and map out current business processes with the intention of improving on its current delivery standards, an opportunity for digitisation of many business processes. The School was also in consultation with the National Treasury to review its course tariff structure, as well as recognising the School as the preferred service provider for public service training, and departments should be exempted from following competitive procurement processes. The NSG has also commenced a process of reviewing the current funding model, which we intend to finalise in the new financial year.

I am positive that these initiatives will bring a positive change to the current delivery of training by the National School of Government and towards deepening the turn-around of this institution.

**Ms Dipuo Letsatsi-Duba, MP**  
**Deputy Minister for Public Service and Administration**

## 5. REPORT OF THE ACCOUNTING OFFICER



**Prof. Richard M Levin**

**Principal: National School of Government**

During the course of this financial year, our democratic country and its citizens celebrated the 20th anniversary of the adoption of the Final Constitution of the Republic of South Africa. The Bill of Rights, enshrined in our Constitution, guarantees, inter alia, the rights to human dignity and access to services, such as adequate housing, health care services, sufficient food and water, and social security. We must acknowledge the gains that we have made since the advent of democracy in responding to the legitimate expectations and needs of the majority of the previously oppressed people. According to the National Development Plan (NDP), the South Africa of today looks very different to the one we left behind in 1994.

Yet, the many poor South Africans today highlight the serious shortcomings in our development

path. The legacies of colonialism, apartheid and dispossession in South Africa have not been eradicated and we are still plagued by issues of unemployment, poverty and underdevelopment. The national poverty level (2009), according to Statistics South Africa, stands at 56 percent of the population. Malnutrition, inequality, low life expectancy and high infant mortality rates also continue to remain a scourge of the South African Developmental State towards socio-economic emancipation.

The 2016 Report on the status of Human Resource Development in South Africa (Human Resource Development Council South Africa) notes that Government has, over the years, been responding to the developmental challenges as follows: free schooling within our education system; feeding schemes in schools; student financial aid scheme; reconstruction and development programme (RDP) housing; expansion of the social grants; and expanded health care system.

As a country, we have the potential and capacity to eliminate poverty and reduce inequality,

according to the NDP. This requires a new approach from a State where, amongst others, people are active champions of their own development and government works effectively to develop human capabilities in order to lead the lives they desire. Our Constitution declares public administration to be development-oriented (s195), and therefore any developmental public administration requires a capable professional public service with public servants who have the necessary attributes, skills and competencies.

South Africa has committed to establish a capable developmental state. Successful developmental states are distinguished by the fact that they established capable institutions which give them the capacity for effective, selective and sustained interventions to positively alter their countries' development trajectories. A key feature of developmental states is the strong organisational capacity to ensure that developmental priorities are achieved.

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

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

The NSG is legislatively mandated to provide training or facilitate the provision of training in the public service. In terms of current legislative arrangements, government departments must annually set aside a budget, one percent of the employee compensation budget annually 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 130 accredited and non-accredited programmes and courses. The NSG uses a hybrid training facilitation model, in the form of partnerships with higher education institutions, contractual agreements with independent individual contractors, as well as the use of existing public servants.

## Organisational Performance

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

In order to ensure a public service that meets people's needs is professional, accountable and development-oriented, steps must be taken, as articulated in the NDP, to promote the values and principles of public administration and build an efficient, effective and development oriented public service as part of a capable developmental state. The NDP highlights the need for well-run and effectively coordinated state institutions with skilled public servants who are committed to the public good and capable of delivering consistently high-quality services, while prioritising the nation's developmental objectives. Accordingly, Outcome 12 identifies the following sub-outcomes for achievement during the current 2014-2019 Medium Term Strategic Framework (MTSF):

- i. A stable political-administrative interface
- ii. A public service that is a career of choice
- iii. Efficient and effective management and operations systems
- iv. Procurement systems that deliver value for money
- v. Increased responsiveness of public servants and accountability to citizens
- vi. Improved inter-departmental coordination and institutionalisation of long-term planning
- vii. Improved mechanisms to promote ethical behaviour in the public service

The NSG contributes three projects towards sub-outcome 2 (a public service that is a

career of choice). By 31 March 2017, these projects were achieved 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. In this regard, the School initiated the pilot of the Programme, contracted 10 executive coaches and assigned them to incumbents, and implemented the Executive Induction Programme for salary levels 15 and 16.

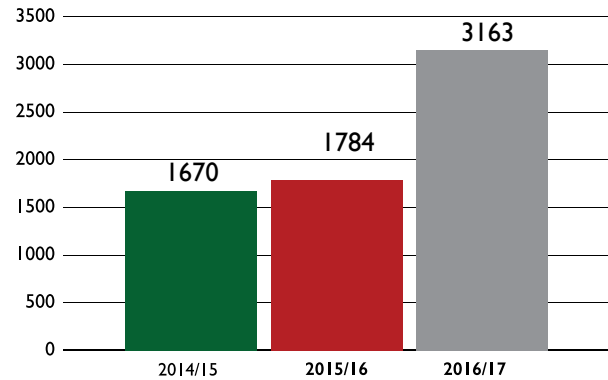
### Developing and implementing identified in-service development programmes:

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 regard, the NSG completed the development of two in-service courses - Public Value and Change Management, and Strategic Management and Public Accountability – which are now ready for implementation by the contracted Higher Education Institutions (HEIs).

- Training of unemployed youth graduates:

Young people seeking to enter a career in the public service often find it difficult to identify a suitable entry point while, departments struggle to identify and develop young talent. The NSG has been training unemployed graduates on public service orientation annually through its own-designed programme (Breaking Barriers to Entry). In this regard, the School trained a total of 3 163 youth graduates in this financial year. Since the implementation of the 2014-2019 MTSF, the NSG trained a total of 6 617 youth graduates, as depicted in the graph on the right.

**Graph: Number of unemployed youth graduates trained over 3-year period**



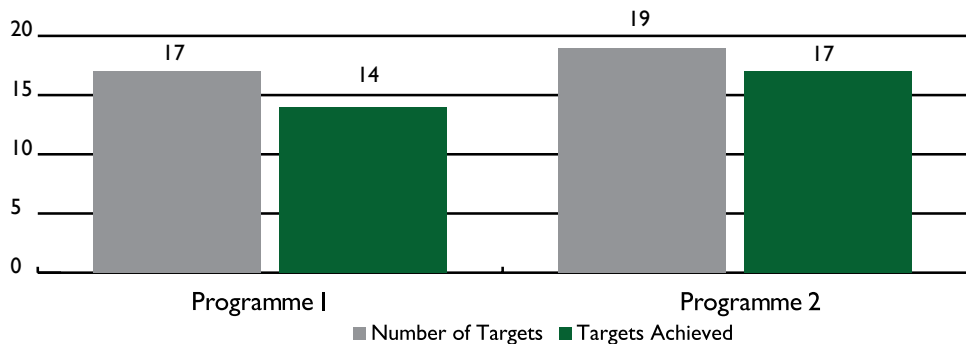
### Annual Performance Plan 2016/17

In the Annual Performance Plan (APP) for the 2016/17 financial year, the NSG acknowledged that it is well-positioned to guide capacity development across the three spheres of government, and also to work within collaborative and co-operative partnerships with other organs of State towards developing the human resource capacity of the South African developmental state.

A summation of performance per programme is graphically shown below:

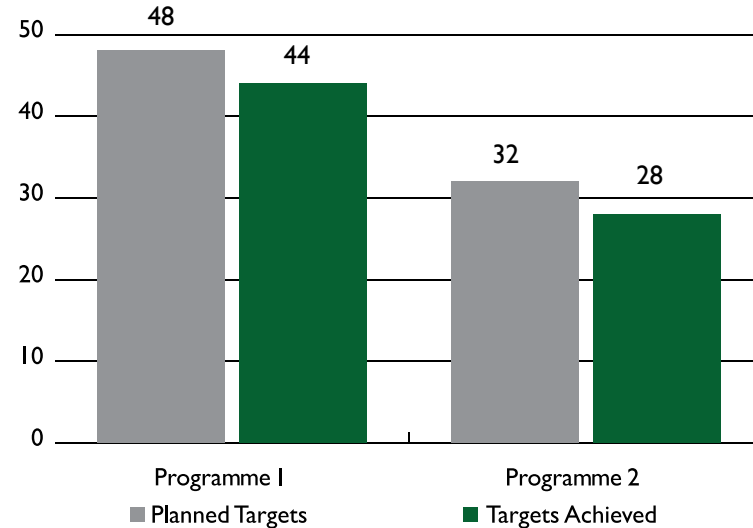
Out of a total of 36 key performance targets set out in the APP, 31 were achieved (representing an 86 percent achievement). Programme 1 achieved a total of 14 out of 17 targets, whilst Programme 2 achieved 17 out of the set 19 targets.

**Graph: Annual Performance Plan: Programme Performance for 2016/17 Financial Year**



**Graph: Annual Operational Plan: Programme Performance for 2016/17 Financial Year**

The School also developed an Annual Operational Plan (AOP) with 80 performance targets of which 72 performance targets were achieved (representing a 90 percent achievement)



## Highlights of performance

### Training performance:

The NSG set an annual target of training 52 600 learners in all training streams. Measured against this projected training performance target, the School trained a total of 64 513 learners by 31 March 2017. The breakdown of performance per training stream for the 2016/17 financial year is reflected as follows:

Training Stream	Projected target	Total No of persons trained	Percentage Achieved
Leadership	6 000	10 356	173%
Management	10 000	13 470	134%
Administration	4 000	4 700	116%
Unemployed youth graduates	2 750	3 163	115%
Induction (CIP)	29 850	32 824	110%
Total	52 600	64 513	123%

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

Year	Induction	Leadership	Management	Administration	Breaking Barriers to Entry
2014/15	14 055	9 675	9 649	3 544	1 670
2015/16	14 619	6 193	5 424	2 704	1 784
2016/17	32 824	10 356	13 470	4 700	3 163

### Local government:

In positioning the NSG for increased training in the local government sphere, a Memorandum of Understanding (MOU) was signed between NSG and South African Local Government Association (SALGA) in August 2016. The MOU provides for capacity building in local government through collaboration in, inter alia, public lectures and/or leadership platforms for reflection, utilising local and international experts, targeting mayors, councillors and top leaders in local government; and induction programmes for councillors and senior managers to promote the narrative of back-to-basics in municipalities.

The use of technology enabled the NSG to simultaneously offer CIP training to officials in 13 remote training sites within the Free State province.

Amongst the agreed initiatives was the inaugural Integrated Councillor Induction Programme Training of Trainers facilitated by the NSG and SALGA, which resulted in 8 154 municipal councillors and traditional leaders being trained within a period of five weeks. Additional to this, the School presented a workshop for 250 managers of the eThekweni Metropolitan Municipality, who were trained on Supply Chain Management Legal Framework, Supply Chain Management Ethics and Contract Management. The NSG also signed a three-year Memorandum of Agreement (MOA) with the City of Cape Town Metropolitan Municipality for the delivery of identified Leadership and Management training programmes.



### Compulsory Induction Programme (CIP):

The NSG embraced the use of technology in the pursuit of high volume CIP training during this financial year. Using the ICAM system at the Free State Department of Health, induction training was offered simultaneously to officials in 13 remote training sites within the province by one training facilitator. The NSG also trained the site administrators on CIP so that they can assist the learners attending the programme. This has proved most successful, with up to 260 learners being trained in one session.

### Executive Induction Programme (EIP):

The 2016/17 financial year saw the piloting and rollout of EIP for new entrants at salary levels 15 and 16. The EIP consists of six components and includes coaching by qualified and professional NSG coaches; Mentoring by former Heads of Departments, access to NSG Thought Leadership Platforms, International Study opportunities with NSG partner institutions internationally. The inaugural EIP session took place in March 2017 and was attended by 11 participants: five from the North West Province, three from the Northern Cape Province and three from the National Department of Water and Sanitation. The 2016/17 experience will enable the NSG to accelerate the delivery of EIP in the future.

### Youth Development:

The Department of Rural Development and Land Reform (DRDLR) and the NSG collaboratively designed, piloted and rolled out the Political Education Programme for NARYSEC<sup>1</sup> Youth (PEPNAY) during the 2016/17 financial year. The NSG trained 52 facilitators who, in turn, rolled the programme out to 2 808 unemployed youth. This collaboration is designed to guide further rollout of the programme to more than 5 000 rural youth in the next two years.

### International Partnerships and Agreements:

The African Management Development Institutes' Network (AMDIN) is a network of Management Development Institutes (MDIs) across the African continent established so as to create a platform for MDIs to articulate their collective voice and promote mutual partnership, peer support and collaboration in developing leadership and management capacity in response to the needs of the African people and their governments. The NSG

plays an active role as a member, Secretariat and Treasurer of AMDIN. The Network is regarded as the implementation agency for the African Union Commission (AUC) and STC-8 capacity-building initiatives. AMDIN has recently signed an MOU with AUC to legitimise its status as the implementation agency for capacity building programmes. AMDIN is also responsible for the publication of the Africa Journal of Public Sector Development and Governance (AJPSDG), which will serve as the continental journal for all African MDIs.

The NSG signed an Operational Agreement with the Chinese Academy of Governance (CAG) on 21 June 2016 which paves the way for 25 to 30 senior and middle managers to be trained at CAG. The School also entered into a MoU with the French School of Administration. Amongst others, the MOU provides for collaboration on a high-level post-graduate programme on African Governance as well as short-skills development courses to be offered at ENA. The NSG entered into a MOU with the American University (AU) and Institute for Leadership and Development in Africa (ILDA,) which led to the launching of the "Master Instructor: Train-the-Trainer: Foresight, Leadership and Innovation Course" from 6 to 12 December 2016.

### Ethics Online Course

The Department of Planning, Monitoring and Evaluation (DPME) was successfully engaged, resulting in an agreement to include an Ethics indicator in the Management Performance Assessment Tool (MPAT) with effect from 2017.

<sup>1</sup> NARYSEC stands for National Rural Youth Sector Corps

## Challenges

### Rollout of the Compulsory Induction Programme

Training on the CIP remains a challenge to match the numbers of new public service entrance. The Project Management Unit trainers, and NSG trainers are released to conduct training. Delays in receiving training reports from the provinces persist – PMU trainers and managers are requested to collect training reports from the coordinators where they are training. Mobilising departmental trainers is still slow.

### NSG Funding Model

Revenue generation remained a challenge for the 2016/17 financial year. Furthermore, some departments still remain reluctant to pay in advance as per NSG's prepayment policy. This causes delays in the finalisation and commitment by departments to sign up for training.

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

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

### Vote Account

The full budget appropriation for the year 2016/17 was R88.5 million which is a decrease from the R140.4 million allocations received in 2015/16. The decrease is due to budget cuts initiated by the National Treasury. A minimal saving of R0.9 million was realised at the end of the financial year.

Dept. Receipts	2016/17			2015/16		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sales of goods and services other than capital assets	25	38	13	25	33	8
Interest, dividends and rent on land	0	48	48	0	50	50
Sales of capital assets	0	56	56	0	14	14
Transactions in financial assets and liabilities	0	41	41	0	5	5
<b>Total</b>	<b>25</b>	<b>183</b>	<b>158</b>	<b>25</b>	<b>102</b>	<b>77</b>

Total departmental receipts revenue increased by R0.081 million, from R0.102 million (2015/16) to R0.183 million (2016/17). The increase is as a result of sales of capital assets and transactions in financial assets and liabilities.

Course fees are determined on a cost-recovery basis in accordance with Treasury Regulation 19.5.2. The tariffs are assessed annually and revised as deemed necessary as part of the on-going NSG financial status reviews and in accordance with Treasury Regulation 19.5.3. The new tariff structure for course fees was approved by the National Treasury in March 2017.

## Programme Expenditure

Programme Name	2016/17			2015/16		
	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	88,590	87,663	927	92,644	89,843	2,801
Public Sector Organisational and Staff Development	-	-	-	47,795	47,795	-
<b>Total</b>	<b>88,590</b>	<b>87,663</b>	<b>927</b>	<b>140,439</b>	<b>137,638</b>	<b>2,801</b>

### Programme 1: Administration

The total expenditure breakdown of R88.5 million for 2016/17 and spending patterns, compared to the 2015/16 financial year is summarised as follows:

Compensation of employees for the Vote-funded staff component of NSG increased by 10.2 percent from R44.0 million (2015/16) to R49.1 million in 2016/17, due to salary adjustments. Goods and services decreased by 15.2 percent from R40.9 million (2015/16) to R35.5 million in 2016/17. The decrease is due to reduced audit costs, State Information Technology Agency (SITA) computer services and Agency and support outsourced. Expenditure on capital assets decreased by 39 percent from R4.6 million (2015/16) to R2.8 million in 2016/17.

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

There were no transfer of funds from Vote to the TTA.

### Training Trading Account (TTA)

The department operates a Trading Account for its training operations. The Department submits separate financial statements for the NSG Training Trading Account (TTA), a trading entity established in terms of the Public Finance Management Act (PFMA), Act No. 1 of 1999, as amended. The statements are prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP). To achieve full compliance with accrual

accounting requirements, the prescribed financial accounting system of the trading entity is supplemented by additional manual procedures.

The National Treasury has reduced the allocation of the Trading Account by approving the use of the Reserve Funds amounting to R91.2 million. This means that the Trading Account funded a portion of the reserves to the Vote Account amounting to R17.5 million and the remaining R73.7 million was used by the Trading Account.

Total revenue (including the transfer of funds from the Vote appropriation for the financial year 2015/16) increased by R20.5 million from R116.2 million (2015/16) to R136.7 million (2016/17). Income from course fees increased by 49.9 percent, from R68.4 million (2015/16) to R136.7 million (2016/17). No transfer of funds from the Vote to Trading Account were undertaken in the year 2016/17.

Total expenditure in the TTA increased by R56.5 million from R156.4 million in 2015/16 to R212.9 million in 2016/17. The increase is mainly attributable to operating expenses and transfer of funds, of which operating expenses increased by 28.0 percent from R84.8 million in 2016/17 to R108.6 million in 2016/17 and the transfer of funds amounting to R17.5 million in relation to the Vote Account.

The TTA closed the year with a deficit of R40.1 million in 2015/16 and the closing status in 2016/17 is a deficit of R76.2 million.

## Virement/Roll overs

No virement was requested during the financial year under review.

## Irregular Expenditure

No irregular expenditure was incurred during the year 2016/17.

## Future Plans of the National School of Government

The NSG has finalised and tabled its 2017/18 Annual Performance Plan (APP) in Parliament on 10 March 2017. Of importance to note is that the School is committing to train a total of 48 120 public servants in all training streams. We also remain committed to providing 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 Information Communication Technology (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.

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

**International Strategic Partnerships and Networks:** The NSG has secured resources from the European Union (EU) to support its work in AMDIN and this will include regional workshops on the African Charter on the Values and Principles of Public Service and Administration.

The NSG signed a MoU with ENA-France, and one of the key projects is to develop an African Governance Programme, which will be a post-graduate programme for African public servants. The work we are undertaking in these areas, support the responsibilities of the Ministry for Public Service and Administration (MPSA) in the AU-STC, and will assist in the capacitating African states and the African Union Commission itself.

Furthermore, the EU, under the Development Co-operation Instrument, is funding the NSG with an amount of EUR 10,000 to support the Public Service Training and Capacity Building Programme. This is a multi-year programme covering the period 2014-2020, and which has been endorsed by the National Treasury.

## Public Private Partnerships (PPP)

The NSG did not enter into any PPP contracts during 2016/17.

## Discontinued Activities/Activities to be discontinued

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

## New or Proposed Activities

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

## Supply Chain Management

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

All inventory opening and closing balances, together with movements for the year,

are reflected in the Annexure on Inventory proving a full disclosure of all stores and inventories. The inventory on hand, based on the weighted average-costing method, was R0.079 million as at 31 March 2016 in comparison with R0.184 million at 31 March 2017. Inventory consists mainly of stationery, printing supplies and maintenance material.

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

Sponsorship received for international seminar

COMPANY	SPONSORSHIP RECEIVED	DISTRIBUTION	ESTIMATED RAND VALUE
GIZ	Air ticket/ Accommodation/ Catering	International Speaker	R220,000

A gift register within the NSG is maintained and updated on a monthly basis. 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 former Minister for Public Service and Administration, Adv. Ngoako A. Ramathlodi, and former Deputy Minister for Public Service and Administration, Ms Ayanda Dlodlo, for their leadership, guidance and support towards the NSG delivering on our mandate and performance.

As we drew this financial year to a close, we also welcomed new political leadership to our portfolio from 31 March 2017 – the appointment of Ms Faith Muthambi as the new Minister for Public Service and Administration and Ms. Dipuo Letsatsi-Duba as the new Deputy Minister for Public Service and Administration. I would like to extend my well wishes to our political principals on their respective appointments and look forward to our engagements, as we support government’s calls to intensify radical economic transformation to the masses of our people.

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

### Conclusion

The National School of Government, as an institution responsible for capacity development in the South African public service, is also committed to supporting capacity development initiatives on the African Continent, in support of Agenda 2063. Our bilateral agreements and partnerships, as well as our strategic role within the African Management Development Institutes’ Network (AMDIN) bear testimony to this. The School has also contributed significantly towards skills development and capacity building on the African Continent, in particular, post-conflict countries. It remains a member, Treasurer and Secretariat of the AMDIN and participates in initiatives championed under the Strategic Technical Committee of the African Union (AU-STC). The NSG signed a Memorandum of Understanding with ENA-France, and one of the key projects is to develop an African Governance Programme, which will be a post-graduate programme for African public servants. The work we are undertaking in these areas, support the responsibilities of the Ministry for Public Service and Administration in the AU-STC, and will assist in the capacitation of African states and the African Union Commission itself.

Agenda 2063 confirms the emergence capable of developmental states in Africa, and we need to also be part of this change. The success of the African approach is premised on an effective state with the requisite human capabilities, collaboration between public and

private sectors, and leadership from all sectors in society, amongst others. In the words of the late Dr Kwame Nkrumah, one of Africa's greatest leaders, when he addressed African Heads of State and Government in 1963;

“On this continent, it has not taken us long to discover that the struggle against colonialism does not end with the attainment of national independence. Independence is only the prelude to a new and more involved struggle for the right to conduct our own economic and social affairs; to construct our society according to our aspirations, unhampered by crushing and humiliating neo-colonialist controls and interference.”

### Approval and Sign off

The audited Annual Financial Statements of Vote 12(a) and the Annual Financial Statements of the Training Trading Account were approved by the Accounting Officer. The report is attached.



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PROF. RICHARD M LEVIN  
ACCOUNTING OFFICER  
NATIONAL SCHOOL OF GOVERNMENT

## 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 2017.

Yours faithfully




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ACCOUNTING OFFICER

PROF. RICHARD M LEVIN

31 JULY 2017

## 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.

The increase in training numbers is not directly correlating with the increase in revenue due to the course tariff structure for different programmes as well as unpredictability in the uptake of the different programmes.

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

Serving and a professional, responsive service-orientation are central to a developmental state. The NSG will emphasise partnerships with the objective of developing collective leadership for a uniform professional and capable public service, imbued with a culture and ethos of service.

The NSG is grounded in the democratic ethos and values of the South African Constitution and contribute to institutionalising the values and principles of public administration. These include the following:

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

## 8. LEGISLATIVE AND OTHER MANDATES

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

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

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

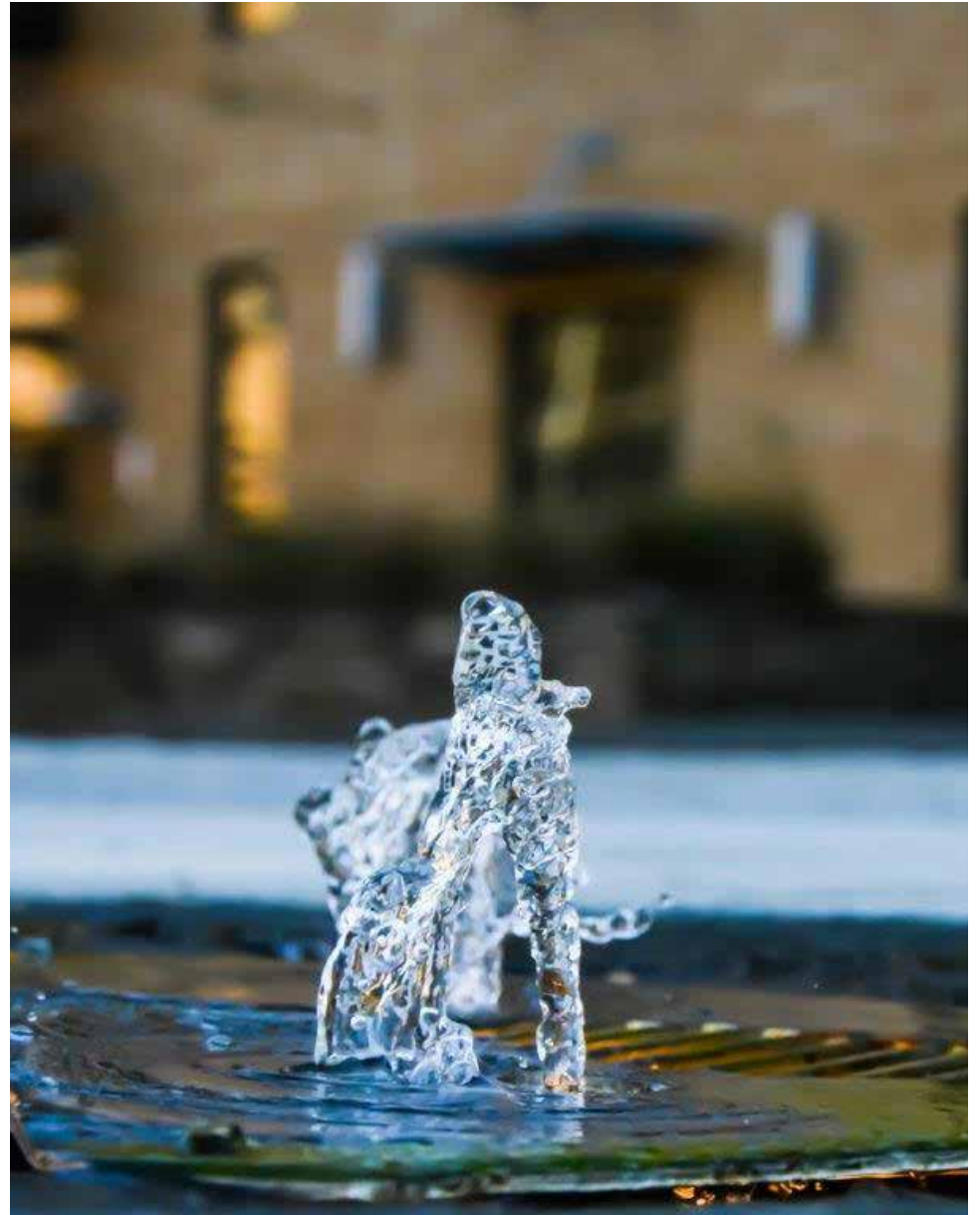


The current legislative mandate for the NSG is derived from Section 4 of the Public Service Act (PSA), stating the following:

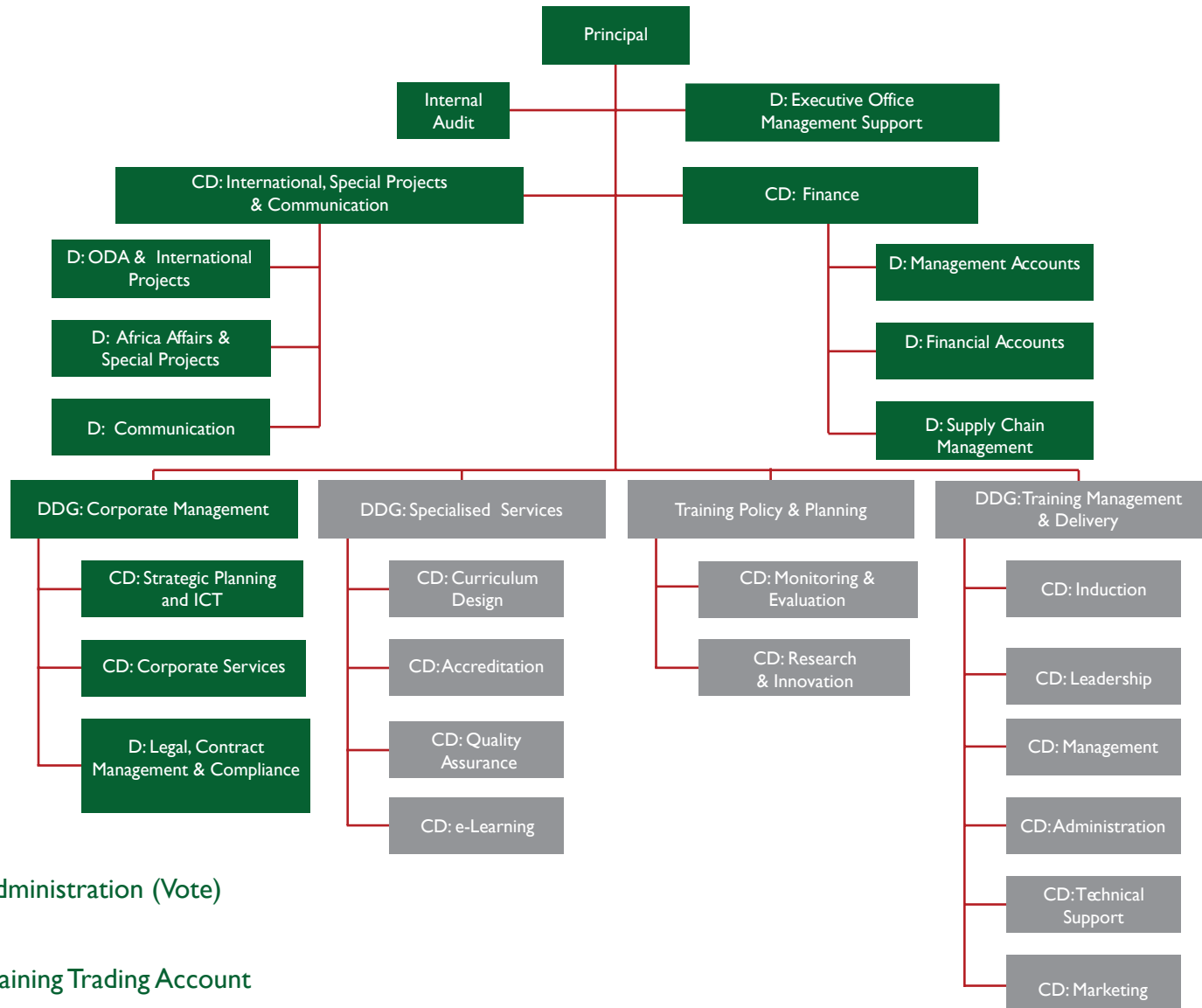
1. There shall be a training institution listed as a national department (in Schedule 1).
2. The management and administration of such institution shall be under the control of the Minister.
3. Such institution-
  - (a). shall provide such training or cause such training to be provided or conduct such 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 President of the Republic of South Africa, Mr Jacob Zuma, assented the Public Administration Management Act on 19 December 2014.

The Act provides for the establishment of the National School of Government, with a mandate of promoting the progressive realisation of the values and principles governing public administration and enhancing the quality, extent and impact of the development of human resource capacity in institutions – through education and training. A set of regulations is being developed, inter alia, to support the implementation of the Act to determine mechanisms to align the National School Government with the provisions of the Public Administration Management Act.



## 9. ORGANISATIONAL STRUCTURE



## 10. ENTITIES REPORTING TO THE MINISTER

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

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

## I. 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 2016/17 financial year as was approved by the MPSA and tabled in Parliament in March 2016. The 2015-2020 Strategic Plan guided the work of the School.

### Performance planning, monitoring and reporting

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

- 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 Management and Development System (PMDS) policy
- Quarterly performance monitoring and review through the EMC, Management Committee (MANCO) and Internal Audit
- Quarterly performance reporting to the MPSA, DPME and National Treasury

The NSG, as a national government department, has also undertaken MPAT assessments since introduction of this by DPME, and is implementing improvement plans as part of its internal governance and compliance processes. The MPAT 1.6 self-assessment was undertaken in September 2016 and the final moderated scores from the DPME were submitted in March 2017. Of significance is that the NSG has scored a 4 in all of the performance areas under the Key Performance Area (KPA) for Financial Management. The

School has put in place improvement plans related to the other KPAs.

### Monitoring and Evaluation of Training

The NSG undertakes 100 percent 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 NSG scored an outright 4 in all performance indicators under the KRA for financial management (MPAT 1.6)**

The evaluation function in the NSG is completed in two ways; the first being the on-site observations conducted by the Monitoring and Evaluation (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 is the "Application of Learning Studies", where the objective is to determine whether a programme has made any difference to performance (initially of the participants) after a particular training programme. It is anticipated that, as data is collected over a period of time from specific departments, a determination can eventually be made as to the effect of the training on the department.

### 2.1 Service Delivery Environment

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

The School provides training through a suite of 130 accredited and non-accredited courses and programmes, the breakdown of which is as follows:

SUMMARY OF ALL COURSES	
HEI approved	15
ETQA accredited	82
QCTO accredited	1
Total number of accredited courses/programmes	98
Number of non-accredited courses/programmes	32
<b>Grand total number of courses/programmes</b>	<b>130</b>
NUMBER OF COURSES PER STREAMS	
Leadership	15
Management	97
Administration	9
Induction	9
<b>Total</b>	<b>130</b>

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

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

The School has to maintain its accreditation status as a training provider, and has continuously strengthened ties and forged strategic partnerships with Education Training and Quality Assurance (ETQAs) bodies and the Quality Council for Trades and Occupations (QCTO). Preparations were made for the Public Sector Education and Training Authority (PSETA), QCTO and Local Government Sector Education and Training Authority (LGSETA) site monitoring as part of maintaining the accreditation of the NSG. The School also successfully lodged an application with QCTO for developing the Occupational Qualification: Local Authority Manager together with the LGSETA.

Research on the training needs analysis is conducted to highlight 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.

In February 2016, Cabinet granted approval for the utilisation of retired and in-service public servants to increase the training capacity of the NSG. The use of both retired and in-service public servants is a way in which the NSG is extending its reach, given the volume of education and learning required in the public sector. The rationale behind using both in-service and retired public servants is that training will be provided by knowledgeable and experienced individuals who are or have been in the public sector, will add value, create meaningful learning experiences by foregrounding the core values, objectives and ethos of the State in a learning context.

*Cabinet approved the Rutanang Ma Afrika campaign, for the utilisation of retired and in-service public servants as training facilitators, thereby increasing the training capacity of the NSG*

Forging international partnerships is one of the requisites espoused 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. In its quest to become a thought leader, the NSG has established several international strategic partnerships and networks. For example, a five-year Memorandum of Understanding (MOU) was signed with the Chinese Academy of Governance (CAG), which partnership will allow senior and middle managers each year from various spheres of government to benefit from the learning and development opportunity to improve their skills.

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

## High Level Service Delivery Model

### Mandate

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

The management and administration of such institution shall be under the control of the Minister.

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.

### Core Business

NSG provides training to public servants using own and contracted training facilitators, as well as through partnerships with higher education institutions

NSG is an accredited training provider, and manages all learner records as well as the issuing of certificates

### Core Business Process

TNA and research to inform curriculum and training

Curriculum design and quality assurance of material before training delivery

Accreditation of certain programmes/ courses with relevant authorities

Blended learning (e-learning & face-to-face) using in-house capacity, existing public servants, contracted facilitators and partnerships with HEIs

M&E of delivery of all courses and programmes to assess quality and effectiveness  
Learner records (including external moderation and assessment with PSETA and QCTO)

Issue certificates of attendance or competence

Status as an accredited training provider

### Institutional Support

Programme I (Administration) supports the core business of the NSG and Trading Entity; HRM&D policies and practices; Financial and supply chain management policies and practices; Organisation planning and performance management; Legal, Risk and Compliance Management Logistics, facilities and asset management; ICT support towards business efficiency and continuity; Internal and external communications; Facilitation of donor funding and international relations and co-operation supporting capacity building

### Business Management

Market courses and programmes, through the NSG website, brochures, exhibitions, client engagements and forums

Enrolment of learners through the NSG Contact Centre

Training logistics

Post-learner support through the different training streams

Issues invoices to all clients and undertakes cost-recovery for revenue generation to support the TTA

### Stakeholders

Public servants in three spheres of government

Organs of State

Policy departments such as DPSA and NT

Qualifications bodies such as SAQA, PSETA and QCTO

Oversight structures such as Parliament, AGSA, OPSC, and DPME

Higher education institutions

Continental and international bodies (AMDIN,AUC)

Donor organisations

### Client & Citizen Interface

Contact Centre (email, telephonic), website and e-learning (electronic), face-to-face engagements,

Complaints handling and compliments management policy and other policies supporting learner management

Citizen interface through NSG website, official publications

## 2.2 Service Delivery Improvement Plan

The Constitution of the Republic of South Africa (1996) envisages a public service that will promote a high standard of professional ethics, is development oriented, accountable and maximises human potential. It envisages the building of the human capacity of the State by establishing uniform and high entrance requirements and standards, emphasising professionalism, discipline and commitment to serve, and ensuring adequate numbers of personnel to ensure delivery. The Constitution specifies principles that must underpin public administration and public service.

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

- 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 Minister and Deputy Minister for Public Service and Administration signed the NSG Service Delivery Pledge, which is aimed at improving public service delivery to all service beneficiaries (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 are 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:

**“Whether you change the linen or stitch up wounds, cook the food or dispense the medicines, it is in your hands to help build a public service worthy of all those who gave their lives for the dream of democracy.”**

**Former President Nelson R Mandela**

order to improve on service delivery and performance. The NSG has to also address queries received from learners, such as the following:

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

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

- Improving the services of the NSG Contact Centre when requesting for information and/or quotations for a specific training offering; access to training information through the NSG website and Contact Centre; issuing of quotations; and confirmation of bookings
- Enhancing the training logistics processes, including communication with learners,



provision of training material, the quality of training facilitators, venue management, and efficiency in the issuing of invoices towards successful training

- Improving the management of learner records remains an integral part of the training, in relation to the management of learner records, compliance with education and training quality assurance and standards, and issuing of certificates

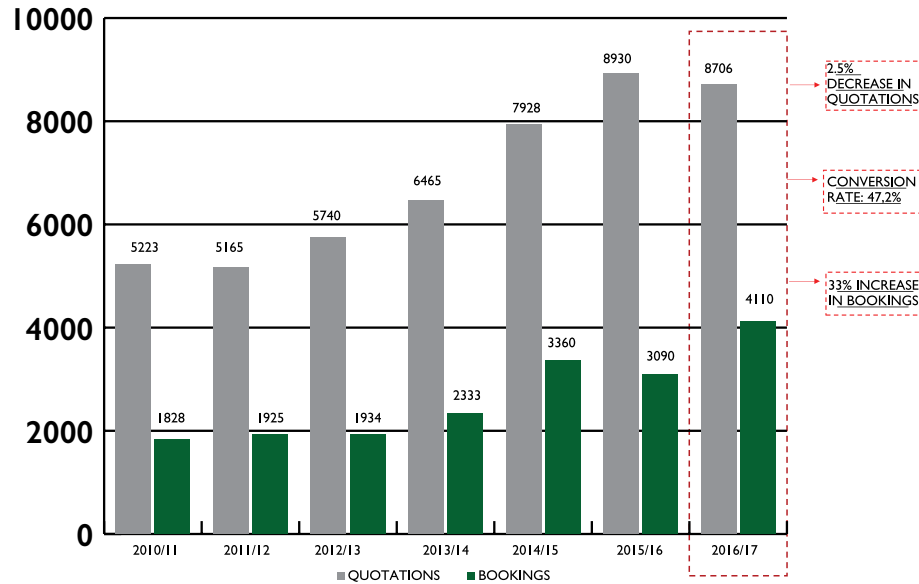
**Main Services and Standards**

Main Services	Beneficiaries	Current/Actual standard of service	Desired standard of service	Actual achievements
Access to training and development services through the NSG Contact Centre and training calendar of the NSG website	All government departments and state entities wishing to enrol employees for training, as well as all individual learners wishing to enrol for training	The NSG is in the process of developing a standard operating procedure for the Contact Centre	Manage the Contact Centre strictly in line with agreed performance standards	The responsiveness and quality of the service desk wherein 99.7% of calls are handled in 20 seconds; and satisfaction levels are at 96%

Main Services	Beneficiaries	Current/Actual standard of service	Desired standard of service	Actual achievements
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	Undertake a review of programmes/ courses annually to ensure the quality and relevance of the training interventions in relation to the relevancy to competency requirements	During the 2016/17 financial year, a total of 13 programmes were reviewed
Expediently provide learners with certificates, managed through an improved learner records management process	All registered learners	The NSG issued a total of 6 921 certificates of compliance (Compulsory Induction Programme), 12 869 certificates of attendance, and 5 668 certificates of competence	Issue of 100% of certificates of attendance within 1 week of training and certificates of competence within 3 months of receiving assignment or test, measured on a quarterly basis	Certificates of attendance are issued within 6-12 weeks of the training being completed  80% of certificates of competence issued within 3 months of receipt of a complete portfolio of evidence

The graph below is a representation of a seven-year comparative analysis of quotations and confirmed bookings. The 2016/17 financial year has seen significant improvements in terms of converting quotations into confirmed bookings.

Graph: Seven year Comparative Analysis



**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 by 31 March 2017	The standard operating procedure to improve service efficiency for all agents in the NSG Contact Centre was approved and implemented in the 2016/17 financial year
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 by 31 March 2017	Venue standards are measured on an on-going basis through the M&E system of the NSG. Reaction Evaluation Questionnaires of all 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
Service beneficiaries access the NSG information and services through the Contact Centre, website, exhibitions, departmental visits, course directory and brochures	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>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 website to convey key information with potential learners</p> <p>From the side of the Contact Centre, there is greater follow-up with clients, leading to improved conversion rate of issued quotations to bookings (training industry benchmark of 25%, NSG progress in 2016/17 is 46%)</p>

## Complaints Mechanism

Current/Actual Complaints Mechanism	Desired Complaints Mechanism	Actual Achievements
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	Develop a formal complaints management policy and mechanisms for addressing complaints management	The NSG now has a formally approved complaints handling and compliments management policy

During this financial year, the NSG also undertook an “as-is” business process mapping exercise of all the training related functions. This paves the way for the School to undertake a business re-engineering of the core business processes in order to ensure efficiency and effective service delivery.

## 2.3 Organisational Environment

### 2.3.1 Training Delivery

The NSG is shifting from solely a facilitator of training, to a mixed model of provider and/or facilitator of training, depending on the nature of the programme. The School has partnerships with four higher education institutions (University of the Free State, Tshwane University of Technology, University of Fort Hare, and University of Western Cape) for the delivery of the Emerging/Advanced Management Development Programme. There is a partnership with the North West University for the delivery of the Executive Development Programme (EDP). The School has contracted 162 individual independent contractors (IICs) for the rollout of NSG courses and programmes. It has prepared 1 221 department officials to deliver on the CIP. There is also a project management unit comprising 15 trainers dedicated to the delivery of the CIP, and 23 NSG officials who conduct training on CIP and other induction programmes, such as the Breaking Barriers to Entry (BB2E).

The 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. The programme has been well received by the 72 public servants (of which 41 were NSG officials) who have been trained nationally and provincially.

### 2.3.2 Cost Recovery

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

The 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: Five-year revenue generation by the NSG**

Financial Year	2012/13 (R'000)	2013/14 (R'000)	2014/15 (R'000)	2015/16 (R'000)	2016/17 (R'000)
Vote Allocation	123,492	134,622	138,508	143,654	88,50
Revenue Generated	134,841	109,189	93,477	68,421	136,70
Total Revenue	258,333	243,811	231,985	212,075	225,20
Persons Trained	30,483	33,693	39,509	29,270 <sup>2</sup>	64,513

The funding allocation to the NSG Vote has been significantly reduced in the 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,

largely driven by the establishment of an internal “war room” led by the Principal, to continually monitor performance. During the 2016/17 financial year, the School generated a total of R136.7m in training revenue.

### 2.3.3 NSG ICT Infrastructure

The NSG requires significant investments in its ageing ICT infrastructure. The School has put in place a Disaster Recovery Plan (DRP) and solution, for the backup of all data in the event of any disruption.

The core system for the management of all training related data is a legacy system of the NSG, and must be replaced. The School is maintaining and supporting the system towards ensuring that all data is efficiently managed. The School is undertaking an initiative towards the implementation of a new enterprise-wide information system.

During this financial year, work was also undertaken towards the development of a business continuity management framework, incorporating a Business Continuity Plan (BCP) and business continuity management programme.

## 2.4 Key Policy Developments and Legislative Changes

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

<sup>2</sup> This figure represents the facilitated learning. An additional 25 180 learners were recorded through open online learning and online communities of practice

### 3. STRATEGIC OUTCOME ORIENTED GOALS

#### 3.1 Progress towards Strategic Outcome Oriented Goals

Goal	Description	Achievements
A well-resourced high performing learning centre of excellence	The goal is to ensure that the NSG is well-resourced and a high performing learning centre of excellence by 31 March 2020	<ul style="list-style-type: none"> <li>• Vacancy rate of the NSG is at 7.5%</li> <li>• Improvements in time taken for debt collections and payment of all invoices finalised within 30 days</li> <li>• Systems in place to manage and monitor organisational performance</li> <li>• All oversight meetings (Audit, Risk and departmental management) are convened to ensure operational efficiency</li> <li>• MPAT 1.6 assessment administered by the DPME – an outright score of 4 in the KPA: Financial Management Improvement plans and mechanisms in place to improve the scores in the other KPAs</li> </ul>
Improved learning and development opportunities influenced by impactful research, strategic diagnosis and monitoring and evaluation	The goal is to improve the learning and development opportunities offered by the NSG responding to the pragmatic challenges being experienced in the public service	<ul style="list-style-type: none"> <li>• 4 research projects were undertaken</li> <li>• 29 training needs analyses were conducted for public service institutions</li> <li>• 63 qualitative evaluations undertaken</li> <li>• 4 application of learning studies were carried out</li> </ul>
Learning and development tools, quality-driven curriculum, programmes and services responding to public service needs and training and development	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 responding to public service needs and that of its employees	<ul style="list-style-type: none"> <li>• NSG course matrix of 130 accredited and non-accredited programmes and courses</li> <li>• Course development/review of 6 courses during the financial year</li> <li>• 23 e-learning interventions undertaken in the financial year</li> <li>• Online learning courses offered</li> </ul>

Goal	Description	Achievements
Integrated and collaborative network of training and development institutions and practitioners providing the public service with affordable access to quality training and development opportunities	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	<ul style="list-style-type: none"> <li>• Cabinet approval for the Rutanang Ma Afrika campaign for the utilisation of retired and current serving public servants</li> <li>• The School has partnerships with four HEIs for the delivery of the Emerging/Advanced Management Development Programme. There is a partnership with one HEI for the delivery of the EDP</li> <li>• Contracted 162 individual independent contractors (IICs) for the rollout of NSG courses and programmes</li> <li>• Prepared 1 221 department officials to deliver on the CIP. There is also a project management unit comprising 15 trainers dedicated to the delivery of the CIP</li> <li>• 23 NSG officials conduct training on CIP and other Induction Programmes, such as the BB2E</li> </ul>

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

The NSG contributes three projects towards sub-outcome 2 (a public service that is a career of choice). By 31 March 2017, these projects were achieved.

**Developing and rolling out an Executive Coaching Programme:** The NSG acknowledges that most learning should take place on the job and it is important that mechanisms exist to facilitate and support on-the-job learning, including leadership skills. In this regard, the School initiated the pilot of the Programme, contracted 10 executive coaches and assigned them to incumbents, and implemented the Executive Induction Programme for salary levels 15 and 16.

**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 regard, the NSG completed the development of two in-service courses - Public Value and Change Management, and Strategic Management and Public Accountability – which are now ready for implementation by the contracted HEIs.

**Training of unemployed youth graduates:** Young people seeking to enter a career in the public service often find it difficult to identify a suitable entry point while departments struggle to identify and develop young talent. The NSG has been training unemployed graduates on public service orientation annually through its own-designed programme (Breaking Barriers to Entry). In this regard, the School trained a total of 3 163 youth graduates in this financial year.

## 4. PERFORMANCE INFORMATION BY PROGRAMME

### 4.1 Programme I: Administration

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

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

- Sub-programme 1, incorporating the Office of the Principal, Office of the Chief Financial Officer and Internal Audit
- Sub-programme 2, Corporate Management (incorporating Strategic Planning and ICT Management; Corporate Services; Legal, Compliance, Contract and Risk Management)

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

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

Significant achievements of performance targets

The vacancy rate was reduced from 10.5 percent in 2015/16 to 7.5 percent by the end of 2016/17 financial year.

The NSG and Ecole Nationale d'Administration (ENA) of France signed a MOU in September 2016 for co-operation in a number of areas associated with capacity building in the public sector. These include: exchange of information on the use of pedagogical tools; promotion of contacts and exchange of trainees, students, top civil servants, experts and researchers; and increasing participation of South African candidates to ENA's long-term trainings. The flagship Programme envisaged within this MOU is the African Governance Programme (AGF) post-graduate qualification, which will teach about issues of governance in Africa from different levels, including the roles and relationships of continental institutions; regional integration and regional platforms, treaties and peer review mechanisms; and conditions for good governance at national levels.

The Operational Agreement 2017 was signed in June 2016 during the visit of the Executive Leadership of the Chinese Academy of Governance to the NSG. This followed the signing of the Memorandum of Understanding (MoU) between South Africa and China in Beijing, China in October 2015.

Memorandum of Understanding (MOU) between the NSG and University of South Africa (UNISA) was concluded. It is anticipated that co-operation within the context of research will occur with UNISA, while UNISA indicated that members of the NSG will receive access to the collections of the UNISA library. The NSG library will manage access to the UNISA library.

During the financial year, the School was able to facilitate the signing of an MOU between AMDIN and the African Union Commission (AUC) Office for Political Affairs on 7 December 2016. This signed MOU legitimises AMDIN as a structure within the AUC.

The NSG also facilitated the signing of an MOU among the NSG, American University (AU) and ILDA on 17 October and 14 November 2016 respectively. The signed MOU led to the launching of the "Master Instructor: Train-the-Trainer: Foresight, Leadership and Innovation Course" from 6-12 December 2016.

### Strategic Objectives for Programme I: Administration

Strategic Objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on Deviations
Implement effective policies, strategies and plans annually that comply with legislation, good governance principles and improve organisational performance standards	The NSG developed and tabled the 2015-2020 Strategic Plan and 2016/17 APP in accordance to the issued guideline.  The Plans were submitted to the Ministry and tabled on time	Develop the Annual Performance Plan (2017/18) and Annual Report (2015/16) in accordance with guidelines and tabled within prescribed timelines in Parliament	The NSG revised Strategic Plan and 2017/18 Annual Performance Plan as well as the Annual Report 2015/16 were developed according to National Treasury guidelines and approved by the MPSA	None	None
	The Workplace Skills Plans (WSPs) were developed and implemented, and 153 employees were trained to match the Organisational Competency Framework	Implement the approved annual Workplace Skills Plan (2016/17) in line with the compliance prescripts, and measured through quarterly monitoring reports	The approved annual Workplace Skills Plan (2016/17) was implemented in line with the compliance prescripts and 147 NSG employees were up-skilled in line with the approved WSP	There was low uptake during the last reporting quarter for training on some of the identified training interventions during the financial year	Effectively plan and expedite the training of NSG employees in the next financial year
	ICT Strategy for the NSG approved and implemented	Implement the strategy towards improvement in business efficiency and measured through quarterly monitoring reports	The ICT Strategy was revised, approved and implemented	None	None
	2015 MPAT Final Results, Scores of 4=18%	MPAT results with overall score not less than 3, with 80% of scores at level 4	The NSG achieved an overall score of 3, however, was not able to achieve 80% of scores at 4	The NSG did manage to score 41% of all performance indicators at level 4	Management improvement plans have been put in place for improvement in MPAT
	22 policies developed/ reviewed and implemented	21 to be developed/ reviewed annually and implement, monitored on a quarterly basis	22 policies were developed or reviewed and implemented this financial year	None	None



Strategic Objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on Deviations
Efficient and effective fiscal, infrastructure and human resource planning and management monitored on a quarterly basis to support the sustainability of the institution	72 days on average taken for revenue collection	Reduce the average number of days for debt collection to 60 days in this financial year	The average number of days for debt collection is reduced to 48 days	None	None
	100% compliance to National Treasury requirement on procurement	Ensure payment of 100% of suppliers within 30 days of receipt of a valid Invoice	All suppliers were paid within 30 days of receipt of a valid invoice	None	None
	As at 31 March 2016, the vacancy rate was reduced to 10.5%	Reduce the vacancy rate based on positions remaining vacant for more than 6 months to 8% by financial year-end	The vacancy rate was reduced from 10.5% in 2015/16 to 7.5% by end of the financial year	None	None
	NSG ICT enterprise architecture framework adopted	Design phase for the implementation of a student information system, linked to the enterprise architecture framework	The EU completed the development of a detailed Terms of Reference after extensive consultation with the NSG stakeholders	The project with the internal process was discontinued in favour of the EU funded initiative	The project will be implemented through the EU funding
	The Disaster Recovery Solution was successfully implemented and approval obtained for SITA to fully manage the VPN and BAS back-up	Monitor and test ICT Disaster Recovery Solution in line with Disaster Recovery Plan	The department continuously monitored and tested the ICT Disaster Recovery Plan	None	None
	New performance target	Develop a Strategic Facilities Management Plan (SFMP) to support departmental objectives by financial year-end	Strategic Facilities Management Plan (SFMP) was developed during the financial year	None	None

Strategic Objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on Deviations
Coordinate the utilisation of donor funded resources and international co-operation agreements towards improving human capacity development	2 agreements/programmes supporting international exchanges/capacity building initiatives implemented	Implement 3 bi-and multilateral programmes supporting international exchanges/capacity building initiatives	3 multilateral international exchanges/capacity building initiatives were implemented	None	None
	2 proposals were submitted and approved  European Union for the development support to the NSG has been approved in December 2015  The financing agreement with the Public Service Training Capacity Building Programme was signed by the EU and submitted to National Treasury for sign off	Develop an annual plan for the utilisation of donor resources against approved projects and monitor implementation through progress reports, on a quarterly basis	The Workplan and budget were developed. The Programme Estimates (Workplan) activities were approved by the Project Steering Committee in November 2016	None	None

## Performance Indicators for Programme I: Administration

Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on Deviations
Approved Strategic Plan, APP, Quarterly Performance Reports and Audited Annual Report developed, assessed and submitted to the Executive Authority	<p>The processes related to quarterly reporting were effectively implemented</p> <p>Additional processes such as performance evidence verification and quality assurance were also implemented</p> <p>The NSG maintains a compliance calendar to manage the planning and reporting processes</p> <p>The policy on organisational performance management was revised and is currently awaiting approval</p>	The 5-year Strategic Plan, Annual Performance Plan and Annual Report developed and tabled on time	<p>Developed and tabled the 2015–2020 Strategic Plan and 2016/17 APP in accordance with the issued guideline</p> <p>Documents were submitted to the Ministry and tabled on time</p>	Develop Strategic Plan and APP according to National Treasury guidelines for approval by the Executing Authority and submitted on time according to deadlines set by Parliament	The Strategic Plan and Annual Performance Plan for 2017/18 were developed according to National Treasury guidelines for approval by the Executing Authority and tabled in Parliament on 10 March 2017	None	None

Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on Deviations
	All quarterly reports were consolidated and the performance information was verified before being submitted to the Minister and National Treasury	There was delay in the approval of the third and the fourth quarter reports	Validation of performance conducted quarterly and performance results reviewed during SMS meetings and submitted to the Executive Authority on time	Quarterly performance monitoring reports were developed, evaluated and submitted within prescribed timeframes to the Executive Authority, National Treasury and DPME	4 quarterly performance monitoring reports developed, evaluated and submitted within prescribed timeframes to the MPSA, National Treasury and DPME	None	None
	The PALAMA Annual Report (2012/13) was developed and tabled on time in Parliament  The Report was also posted onto the website and circulated to all stakeholders	Audited 2013/14 Annual Report approved and submitted to DPSA, DPME, National Treasury and Parliament within stipulated time frames	Audited 2014/15 Annual Report approved and submitted to DPSA, DPME, National Treasury and Parliament within stipulated time frames	Audited 2015/16 Annual Report approved and submitted to DPSA, DPME, National Treasury and Parliament within stipulated time frames	Audited 2015/16 Annual Report was approved and submitted to DPSA, DPME, National Treasury and Parliament within stipulated time frames	None	None

Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on Deviations
Unqualified or clean audit report issued by the Auditor-General annually	Unqualified audit report issued by the Auditor-General	Unqualified audit report issued by the Auditor-General	Unqualified audit report issued by the Auditor-General	Manage and monitor the appropriate policies, processes and systems towards an unqualified or clean audit report issued by the Auditor-General	Unqualified audit report issued by the Auditor-General	None	None
Percentage of NSG employees trained and developed to up-skill competencies in line with the approved Workplace Skills Plan of the Department	During the financial year, a total of 80 (51%) employees' competencies were matched to the competency framework	82% (127/154) of NSG employees trained and developed to up-skill competencies during the financial year under review	Target set based on training to match organisational Competency Framework met with 154 people trained (100 percent). An additional 16 employees were also trained thus making a total of 170 employees trained over the year	Up-skill competencies of 80% (164) of employees in line with the approved WSP, and application of learning evaluated to measure effectiveness	During this financial year, 70% (147) of NSG employees were up-skilled in line with the approved WSP	There was low uptake during the last reporting quarter for training on some of the identified training interventions during the financial year	Effectively plan and expedite the training of staff members in the next financial year

Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on Deviations
Service delivery improvement initiatives developed, implemented and monitored on a quarterly basis to ensure overall efficiency within the NSG	<p>The Service Delivery Improvement Framework was developed</p> <p>Mechanisms on service delivery improvement awareness were implemented including service standards, such as name tags, and Batho Pele principles awareness</p> <p>The draft SDIP was revised but will be finalised in line with the new strategy of the NSG</p>	The draft SDIP was aligned to MTSF and Strategic Plan 2015–2020	New three year SDIP not finalised in time. The final draft SDIP was presented to Management Committee. The Complaints Handling and Compliments Management policy was approved.	Develop business process maps and standard operating procedures for three identified business functions to improve efficiency and service delivery	<p>During this financial year, the NSG developed business process maps (as-is status) for all the training functions</p> <p>Additionally, three standard operating procedures were developed for: Monitoring and Evaluation; Client Relations; and Technical Support</p>	None	None

Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on Deviations
An improved MPAT rating by target date	During this financial year, the NSG scored an overall assessment of 77%  The Management Improvement Plans were developed and implemented	Final MPAT 1.4 results were released by DPME, improved in 11 Sub-KPA areas comparing with prior year results	2015 MPAT Final Results, Scores of 4=18%	MPAT results with overall score not less than 3, with 80% of scores at level 4	The NSG achieved an overall score of 3, but achieved less than 80% of scores at level 4	The NSG has identified the areas of challenges with some of the key result areas	The NSG has established an internal forum, and developed an SOP to ensure that areas of low scores are implemented in the next financial year
Reduced percentage vacancy rate in NSG	The vacancy rate as at 31 March 2014 was 13.2% A conditional moratorium on the filling of vacancies resulted in posts not being filled	As at 31 March 2015 the vacancy rate was 15.4%	As at 31 March 2016, the vacancy rate was reduced to 10.5%	Reduce the vacancy rate based on positions remaining vacant for more than 6 months to 8% by financial year-end	As at 31 March 2017 the vacancy rate for the NSG was 7.5%	None	None
Reduced number of days taken to collect outstanding NSG debts	Average of 90 days taken for debt collection	Average of 90 days taken for debt collection	Average of 72 days taken for debt collection	Reduce the average number of days for debt collection to 60 days in this financial year	48 days is the average number of days for debt collection this financial year	None	None
Number of days for payment of service providers by the NSG	100% compliance to National Treasury requirement on procurement	100% compliance to National Treasury requirement on procurement	100% compliance to National Treasury requirement on procurement	Ensure payment of 100 % of suppliers within 30 days of receipt of a valid invoice	The NSG processed all payments of suppliers within 30 days, ensuring 100% payment	None	None

Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on Deviations
Number of bi-lateral and multilateral programmes facilitated and implemented	-	<p>International partners identified (France, Ireland and Latvia) and linkages EU Dialogue Facility Project support.</p> <p>Case study project undertaken by the NSG Research unit is as a result of this support</p> <p>International guest speakers 9 Kenya and England identified and facilitated a management seminar at the NSG on the 27 November 2014 and also participated at the PSTF Conference as guest speakers.</p> <p>Hosted 20 African countries that attended the AMDIN Council and Bi- annual meeting in South Africa.</p>	<p>2 agreements/ programmes supporting international exchanges/ capacity building initiatives implemented</p> <ol style="list-style-type: none"> <li>1. Chinese Academy of Governance signed MoU on the 30 October 2015. 23 Senior Managers were trained at CAG from 9 to 30 October 2015</li> <li>2. The MoU between the NSG and the Namibian Institute for Public Administration and Management (NIPAM) was signed on the 22 September 2015</li> </ol> <p>The NSG also attended the 10th Annual South Africa- Canada Bilateral Consultations from 13-15 December 2015.</p>	Implement 3 bi- and multilateral programmes supporting international exchanges/capacity building initiatives	<p>3 multilateral international exchanges/capacity building initiatives</p> <ul style="list-style-type: none"> <li>• MoU signed with French School of Administration (ENA)</li> <li>• MOU signed between NSG, American University (AU) and ILDA</li> <li>• MoU with the Canadian School for Public Service</li> </ul> <p>In addition, the NSG participated in the preparation for the Annual Consultations between South Africa and Canada, so as to facilitate the Regional Capacity Building Review Proposal.</p>	None	None



## Strategy to overcome areas of under performance

The NSG had revised its Strategic Plan (2015–2020) in order to allow for the revision of targets which were not achievable due to lack of capacity and resources, and this assisted in setting realistic and achievable targets in the remaining three years of the Strategic Plan.

## Changes to planned targets

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

## Linking performance with budgets

### Sub-programme expenditure

Sub- Programme Name	2015/2016			2016/17		
	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
Management	15,103	12,404	2,699	15,399	15,399	-
Corporate Services	63,836	63,734	102	60,847	60,022	825
Property Management	13,705	13,705	-	12,344	12,242	102
<b>Total</b>	<b>92,644</b>	<b>89,843</b>	<b>2,801</b>	<b>88,590</b>	<b>87,663</b>	<b>927</b>

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

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

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

Sub-programme 1, Training Policy and Planning (incorporating Research and Innovation; Monitoring and Evaluation)

Sub-programme 2, Training Management and Delivery (incorporating Induction; Leadership; Management; Administration; Technical Support; Marketing)

Sub-programme 3, Specialised Services (incorporating Curriculum Design; Quality Assurance; Accreditation; e-Learning)

The strategic objectives of Programme 2 are organised as follows:

- Implement effective research, knowledge management and diagnostic strategies to inform learning and development needs and opportunities
- Implement an effective monitoring and evaluation framework to monitor the quality of learning and development interventions and evaluate the effectiveness of interventions on performance, based on set norms and standards
- Design and quality assure accredited and non-accredited curriculum which responds to public service needs, individual career pathing and lifelong learning
- Manage an integrated and collaborative network of local and international learning and development institutions and practitioners to provide learning and development opportunities
- Train on NSG curriculum, programmes and services with access to learning and development opportunities that provide quality training, learner materials and effective learner support
- Provision of reliable and accurate learning and development information through the integration of core records management systems

### Significant achievements of performance targets

Training needs analyses were implemented for the North West Provincial Department of Public Works and Roads in five districts (namely Mahikeng, Bojanala, Modiri Molema, Dr R.S. Mompoti and Dr K.K. Kaunda), in the areas of finance/supply chain management and human resources management. A comprehensive department-wide training needs analysis was implemented and completed for the Department of Arts and Culture. In addition a Training Needs Analysis (TNA) report was completed for INTERPOL.

Extensive research activities were finalised on various focus areas, including a detailed report on the implementation of the Nine Point Plan; a research report on a competency framework for the Legislative Sector; a client perception survey on how the NSG is

perceived in terms of its primary function; and an analysis of the implementation of the CIP.

*“We women do not form a society separate from the men. There is only one society, and it is made up of both women and men. As women we share the problems and anxieties of our men, and join hands with them to remove social evils and obstacles to progress.”*  
– **Women’s Charter, 1956**

The NSG hosts the Leadership Platform Series on a variety of themes pertinent to the public service and national development broadly. Against the backdrop of the celebration of 60 years of the

Women’s Charter, a breakfast seminar on the theme Women’s Leadership, Tradition, and Social Change was hosted on 31 August 2016. This interactive seminar featured two key presentations: Women’s leadership, tradition and social change: An intersection of discourses brought an African-centred view on social, political and cultural challenges. A brief history of traditional leadership was sketched, where women fulfilled prominent and respected roles. The discussion highlighted some of the cultural codes and norms that often give legitimacy to supremacy along gender and racial lines.

The NSG designed a Re-orientation Programme (RoP) aimed at equipping permanent public servants with competences to build a developmental and capable State as envisaged by the NDP. To achieve this goal, it field-tested the rollout of the Programme with the Eastern Cape Department of Sports, Recreation, Arts and Culture. Lessons from this field-test was used to prepare 35 trainers to rollout the programme.

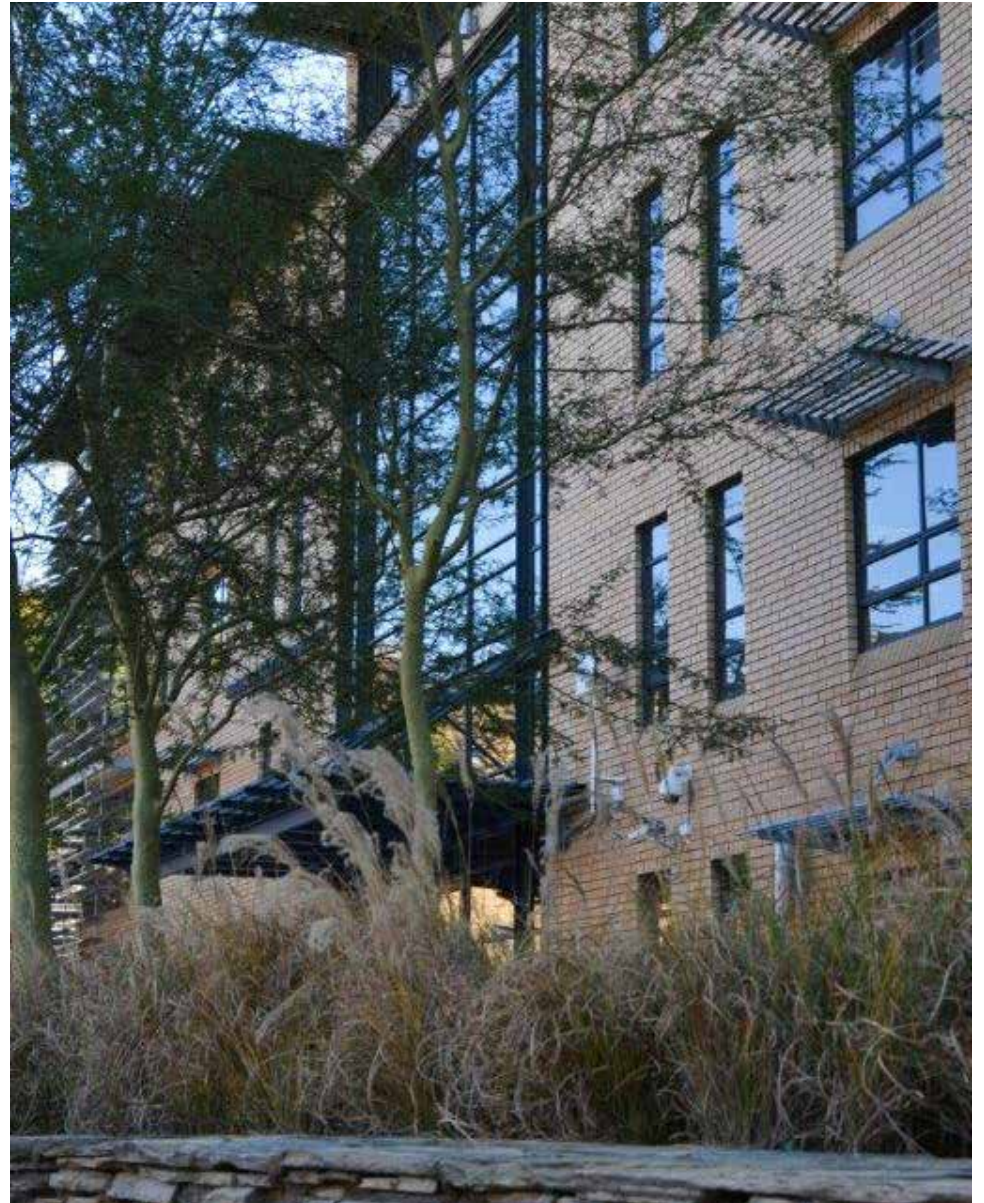
The NSG piloted and rolled out the Compulsory Induction Programme (CIP) for new entrants in salary levels I3 and I4. More importantly, the programme is rolled out by on-board senior managers in line with the NDP’s goal of building a developmental and capable State. These on-board senior managers have facilitated the delivery of the face-to-face peer learning exchange component in Gauteng, Free State, KwaZulu-Natal and the NSG. The online has been completed by six provinces and five National Departments. The largest ‘online class’ was convened by the Department of Basic Education, and attended by 201 district directors and circuit managers, drawn from all the nine provinces.

The NSG, in collaboration with the Gauteng City Regional Academy, trained 800 frontline officials from the Gauteng Provincial Government in the principles of excellent customer service. The action learning approach adopted for the Project Khaedu programme was strengthened through the development of five new case studies, which provide practical examples of service delivery challenges appropriate to each government cluster. There was also collaboration with the DPSA and the PSC to develop an online course through which public sector officials can review the principles of the recently revised Code of Conduct, as well as reflect on how they can deal with practical ethical dilemmas that they may encounter as public servants. In this regard, 1 215 participants are enrolled and 822 participants have successfully completed this Ethics Online course.

*During the 2016/17 financial year, the Contact Centre (in collaboration with the training streams) managed to achieve an average conversion rate of 47 percent in respect of the conversion of quotations to confirmed bookings. This is a significant increase compared to the 2015/16 financial year conversion rate of 34 percent*

A MOU was also signed with the Financial Services Board (FSB) for the customisation of the Ethics Online course for their officials. This is the first consulting assignment that the NSG has undertaken to provide services to a state owned entity. The consultative/ research phase of the project was completed during the 2016/17 financial, and rollout will commence early in the 2017/18 financial year.

Following the gazetting of the Preferential Procurement Regulation of 2017 on 20 January 2017, the National Treasury, in collaboration with the NSG, embarked on a process to train supply chain management officials from departments and state entities on the implications of the regulations which were implemented effective from 1 April 2017. A total of 360 officials were trained over five sessions which were held at the NSG in March 2017.



### Strategic Objectives for Programme 2: Public Sector Organisational and Staff Development

Strategic Objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Implement effective research, knowledge management and diagnostic strategies to inform learning and development needs and opportunities	A total of 7 quality research projects were identified and undertaken	Undertake 4 quality research projects to inform learning and development needs and opportunities	During this financial year, 4 research projects were undertaken	None	None
	21 training needs analyses were undertaken within a pre-determined number of public service institutions	Undertake 4 training needs analyses with public service institutions, to inform learning and development interventions	During this financial year, 29 training needs analyses were conducted for public service institutions	Additional requests from Departments and other public sector institutions prompted additional TNA to be conducted.	None
Implement effective monitoring and evaluation framework to monitor the quality of learning and development interventions and evaluate the effectiveness of interventions on performance based on set norms and standards	108 on-site evaluations were undertaken to evaluate effectiveness of learning and development interventions and 4 application of learning studies were carried out	60 qualitative evaluations and 4 application of learning studies carried out	During this financial year, 63 qualitative evaluations and 4 application of learning studies were carried out	The NSG- SALGA agreement required additional evaluations to be carried out after local government elections.	None

Strategic Objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
<p>Design and quality assure accredited and non-accredited curriculum which responds to the public service needs, individual career pathing and lifelong learning</p>	<p>7 courses designed and developed  9 courses reviewed and updated</p>	<p>6 curriculum programme designed, developed/ reviewed  Quality assure 6 programmes/courses designed and developed/ reviewed</p>	<p>During this financial year, the following 6 curriculum programmes/courses were developed/reviewed:</p> <ol style="list-style-type: none"> <li>1. The Financial Environment and the South African Economy</li> <li>2. Democracy and Governance</li> <li>3. Chief of Staff</li> <li>4. Monitoring and Evaluation</li> <li>5. Public Value and Change Management</li> <li>6. Strategic Management and Public Accountability</li> </ol> <p>During this financial year, 10 courses were quality assured:</p> <ol style="list-style-type: none"> <li>1. Leading Innovation in the Public Service</li> <li>2. Online - Financial Management and Budgeting Module</li> <li>3. Compulsory Induction Programme 13-14 Online</li> <li>4. Seven Monitoring and Evaluation courses</li> <li>5. Advanced Management Development Programme AMDP - Module 1 - Governance and Democracy</li> <li>6. Module 2 - Public Value and Change Management</li> <li>7. Module 3 - Strategic Management and Accountability</li> <li>8. Module 4 - Financial Environment within the South African Economy</li> <li>9. Module 5 - Local Government</li> <li>10. Module 6 - Monitoring and Evaluation</li> </ol>	<p>None</p>	<p>None</p>

Strategic Objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Manage an integrated and collaborative network of local and international learning and development institution and practitioners to provide learning development opportunities	A total of 661 facilitators, moderators and assessors which includes IICs contracted, HEIs and Training of Trainers	500 learning and development facilitators, moderators and assessors to be contracted to provide learning and development intervention (including contracted providers, partners and public servants)	During this financial year, 630 learning and development facilitators, moderators and assessors were contracted including providers, partners and public servants (TOTs)	Greater demand for Training of Trainers (ToTs)	None
	New Target	Implement a hybrid model to achieve a balanced approach regarding facilitation and provisioning of education, training and development	Calls for interest were finalised and published on the NSG's website	Delays were experienced in commencing the second offering for implementation of the strategy	The NSG needs to complete the training of the 2 offerings to allow the implementation of Rutanang ma Afrika to commence
	Undertook 5 stakeholder engagements annually with public sector HRD forums and other related stakeholders to increase the uptake of NSG programmes and offerings	Undertake 4 stakeholder engagements annually with public sector HRD forums and other related stakeholders to increase the uptake of NSG programmes and offerings	During this financial year, 6 stakeholder engagements were held with public sector HRD forums and other related stakeholders to increase the uptake of NSG programmes and offerings	The increase in the number of engagements is due to the split between provincial and national HRD sessions	None

Strategic Objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
<p>Train on NSG curriculum programmes and services with access to learning and development opportunities that provide quality training, learner material and effective learner support</p>	<p>A total of 14 619 new public servants underwent the Compulsory Induction Programme</p>	<p>Train 29 850 newly appointed public servants on the Compulsory Induction Programme, monitored through quarterly reporting</p>	<p>A total of 32 824 newly appointed public servants underwent CIP training during this financial year</p>	<p>The over-achievement was attributed to the many MOAs that was signed during the financial year that led to a greater demand for training from the market departments</p>	<p>The target set were estimates on past performance. The nature of the NSG business model is demand driven across all courses and therefore predictability and accuracy of target achievement remains a challenge</p>
	<p>14 321 persons were trained on all NSG training programmes (excluding Induction)</p>	<p>Train 20 000 persons (excluding CIP &amp; BB2E training), in line with courses and programmes on the NSG course (Leadership, Management and Administration streams)</p>	<p>A total of 28 526 persons were trained on NSG courses (excluding CIP &amp; BB2E training)</p>	<p>The over-achievement was attributed to the many MOAs that was signed during the FY that led to a greater demand for training from the market departments</p>	<p>The target set were estimates on past performance. The nature of the NSG business model is demand driven across all courses and therefore predictability and accuracy of target achievement remains a challenge</p>

Strategic Objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
	Orientated 1 784 unemployed youth graduates through the BB2E Programme	Orientate 2 750 unemployed youth graduates through the BB2E Programme	A total of 3 163 unemployed youth graduates were trained through the BB2E Programme	The over-achievement was attributed to the many MOAs that was signed during the FY that led to a greater demand for training from the market departments	The target set were estimates on past performance. The nature of the NSG business model is demand driven across all courses and therefore predictability and accuracy of target achievement remains a challenge
Provision of reliable and accurate learning and development information through the integration of core records management system	All learner records captured accurately	100% learner records captured accurately within 10 working days from date of learning and development activity by 31 March 2017	100% of learner records were captured accurately within 10 working days from date of learning and development activity	None	None



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

Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on Deviations
Number of quality research projects to inform learning and development needs and opportunities	A total of 2 quality research projects were identified and undertaken	A total of 3 quality research projects were identified and undertaken	A total of 7 quality research projects were identified and undertaken	Undertake 4 quality research projects to inform learning and development needs and opportunities	During this financial year the following 4 research projects were undertaken: <ul style="list-style-type: none"> <li>• Thought Leadership</li> <li>• Nine Point Plan</li> <li>• Client Satisfaction Perception Survey</li> <li>• Induction</li> </ul>	None	None
Number of training needs analyses undertaken	3 training needs analyses were undertaken within a pre-determined number of public service institutions	3 training needs analyses were undertaken within a pre-determined number of public service institutions	21 training needs analyses were undertaken within a pre-determined number of public service institutions	Undertake 4 training needs analyses with public service institutions, to inform learning and development interventions	During this financial year, 29 training needs analyses were conducted for public service institutions	Additional requests from departments and public sector institutions prompted additional TNA to be conducted	None

Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on Deviations
Number of qualitative evaluations and application of learning studies to be carried out	40 on-site evaluations were undertaken to evaluate effectiveness of learning and development interventions and 2 application of learning studies were carried out	60 on-site evaluations were undertaken to evaluate effectiveness of learning and development interventions and 3 application of learning studies were carried out	108 on-site evaluations were undertaken to evaluate effectiveness of learning and development interventions and 4 application of learning studies were carried out	60 qualitative evaluations and 4 application of learning studies carried out	During this financial year, 63 qualitative evaluations were carried out and 4 application of learning studies were carried out on the following projects: <ul style="list-style-type: none"> <li>• Selection and Recruitment in the Public Service</li> <li>• Managing Performance Course (MPC)</li> <li>• Compulsory Induction Programme (CIP) 1-3</li> <li>• FMDP</li> </ul>	The NSG- SALGA agreement required additional evaluations to be carried out after local government elections	None
Number of online courses developed and offered by the NSG by the end of the financial year	New Target	New Target	25 e-Learning interventions undertaken	Offer 21 NSG courses for anytime, anywhere online learning	Offered 23 NSG courses for anytime, anywhere online learning	There was a need to respond to training requirements in the area of Managing Performance and Ethics in Public Service, hence additional 2 online courses were offered.	None

Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on Deviations
NSG status as an accredited training provider maintained and monitored on a quarterly basis	PALAMA was accredited as a training provider	The NSG was accredited as a training provider	The NSG was accredited as a training provider	Maintain the status of the NSG as an accredited training provider with relevant accrediting bodies	The NSG continued to strengthen ties and forge strategic partnerships with ETQAs and the QCTO. Regular site visits were conducted with the aim of upholding the status of the NSG as a training institution	None	None
Number of Memorandum of Agreements (MOAs) signed with public sector HRD stakeholders annually, monitored on a quarterly basis	5 MOAs signed with public sector HRD stakeholders annually	5 MOAs signed with public sector HRD stakeholders annually	5 MOAs signed with public sector HRD stakeholders annually	5 MOAs signed with public sector HRD stakeholders annually, monitored on a quarterly basis	During this financial year, 12 MOAs were signed with public sector HRD stakeholders	The overlapping MOA from the previous financial year and the urgent requests that had to be provided for, resulted in a higher number	None
Number of newly appointed public servants undergoing Compulsory Induction Programme	A total of 15 389 new public servants undergone the Compulsory Induction Programme	A total of 14 055 new public servants undergone the Compulsory Induction Programme	A total of 14 619 new public servants undergone the Compulsory Induction Programme	Train 29 850 newly appointed public servants on the Compulsory Induction Programme, monitored through quarterly reporting	A total of 32 824 newly appointed public servants underwent CIP training during this financial year	The over-achievement was attributed to the many MOAs that was signed during the FY that led to a greater demand for training from the departments	The target set were estimates on past performance. The nature of the NSG business model is demand driven across all courses and therefore predictability and accuracy of targets achievement remains a challenge

Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on Deviations
Number of persons trained in line with courses and programmes on the NSG Course Matrix (excluding CIP & BB2E training)	29 913 persons were trained on all training programmes (excluding Induction)	14 969 persons were trained on all NSG training programmes (excluding Induction)	14 321 persons were trained on all NSG training programmes (excluding Induction)	Train 20 000 persons (excluding CIP & BB2E training), in line with courses and programmes on the NSG course (Leadership, Management and Administration streams)	A total of 28 526 persons were trained on NSG courses (excluding CIP & BB2E training)	The over-achievement was attributed to the many MOAs that was signed during the FY that led to a greater demand for training from the departments	The target set were estimates on past performance. The nature of the NSG business model is demand driven across all courses and therefore predictability and accuracy of targets achievement remains a challenge
Number of unemployed graduates undergoing public service orientation annually through the NSG	2 000 unemployed youth graduates orientated through the BB2E Programme	2 250 unemployed youth graduates to be orientated through the BB2E Programme	Orientated 1 784 unemployed youth graduates through the BB2E Programme	Orientate 2 750 unemployed youth graduates through the BB2E Programme	A total of 3 163 unemployed youth graduates were trained through the BB2E Programme	The over-achievement was attributed to the many MOAs that was signed during the FY that led to a greater demand for training from the departments	The target set were estimates on past performance. The nature of the NSG business model is demand driven across all courses and therefore predictability and accuracy of targets achievement remains a challenge

Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on Deviations
Number of NSG leadership platforms convened annually, in order to enhance the leadership capacity of the State	New Target	New Target	New Target	Convene 4 NSG leadership platforms annually in order to enhance the leadership capacity of the State	A total of 5 leadership platforms were held in order to enhance the leadership capacity of the State	There was a need for an additional lecture on Youth Unemployment in South Africa and Government's Response in partnership with the NWU Vaal Triangle Campus.	None
Develop and implement executive coaching pilot programme for the public service	New Target	New Target	New Target	Design one executive coaching programme	An executive coaching programme was designed during the financial year	None	None
Identified in-service development programmes developed and implemented	-	3 new programmes/ courses completed and 18 programmes reviewed	7 courses designed and developed 9 courses reviewed and updated	Design and develop 2 in-service programmes	Completed the design of 2 in-service programmes: <ul style="list-style-type: none"> <li>Public Value and Change Management</li> <li>Strategic Management and Public Accountability</li> </ul>	None	None

Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on Deviations
Amount of revenue generated by the Training Trading Account, as part of the cost-recovery, monitored on a quarterly basis	R109,181m amount of revenue generated by the Training Trading Account, as part of the cost-recovery, monitored on a quarterly basis	R 93,477m amount of revenue generated by the Training Trading Account, as part of the cost-recovery, monitored on a quarterly basis	R 68,421m amount of revenue generated by the Training Trading Account, as part of the cost-recovery, monitored on a quarterly basis	R151.9m amount of revenue to be generated by the Training Trading Account, as part of the cost-recovery, monitored on a quarterly basis	A total amount of R136.9m revenue was generated by the Training Trading Account	Incorrect forecasting regarding timeframes within which training will be delivered and revenue be realised	The lessons learnt during this report period will be implemented to improve the forecasts for the new financial year
Percentage of learner records captured within set timelines, measured on a quarterly basis	100% Learners were issued certificates within set time lines	100% Learners were issued certificates within set time lines	100% Learners were issued certificates within set time lines	100% Learner records captured accurately within 10 working days from date of learning and development activity	100% of learner records were captured accurately within 10 working days from the date of learning and development activity	None	None

### Additional performance by the programme.

In addition to the achievement of the APP, the Programme has made significant achievements through the Operational Plan.

Compulsory Induction Programme 6-12 module was developed and finalized for quality assurance. In the new financial year, the NSG should rollout the new course along with mainstreamed CIP programme.

The function of Knowledge Management was previously not fully implemented but 2016/17 has seen change, the Knowledge Management Strategy was developed and champions appointed. The department will henceforth implement Knowledge Management.

An MOU with SALGA-NSG resulted in training of 312 Train-the-Trainer and in turn the training of 8 508 councillors in preparation of their roles after the local government elections held in August 2016.

Another noteworthy MoU was between NSG- UNISA, the partnership will result in the collaboration in research between the two institutions. Furthermore, the NSG library will have access to the UNISA library collections, thus making NSG library users have access to better reading material.

### Strategy to overcome areas of under performance

The department had revised its Strategic Plan (2015–2020) in order to allow for the revision of targets which were not achievable due to lack of capacity and resources, and this assisted

in setting realistic and achievable targets in the remaining three years of the Strategic Plan.

Revenue generation remained a challenge for the 2016/17 financial year, largely because of the forecasting regarding the timeframes within which training will be delivered and revenue realised. The lessons learnt will be implemented improve the forecasts for the new financial year.

### Changes to planned targets

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

### Linking performance with budgets

Sub-programme expenditure

Sub-programme Name	2015/2016			2016/17		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Augmentation to the Training Trading Account	193,746	156,401	37,345	211,191	212,983	1,792
Total	193,746	156,401	37,345	211,191	212,983	1,792

## 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 R220,000 donation in kind by the GIZ.

## 8. CAPITAL INVESTMENT

No capital investment 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 is annually revised together with the Risk Management Committee Charter, which are among other governance requirements for the Committee.

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

The overall Risk Management processes focus on developmental strategic risks, IT risks and Operational risks. During the period under review, the NSG conducted one formal risk assessment workshop to update its strategic risk register, aligning it to the 2017/18 Annual Performance Plan.

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

The RMC is chaired by an external member (non-executive), who also serves as a member of the Department's Audit Committee, to ensure transparency and objectivity in the

discharge of its responsibilities. The Committee provides assurance to the Accounting Officer and Audit Committee that risks are effectively managed.

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

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

## 3. FRAUD AND CORRUPTION

The Department has an approved Fraud and Anti-Corruption Policy that has a zero-tolerance to fraud, corruption and other irregularities. The Fraud and Anti-Corruption Policy and the implementation plan is the tool used as a response framework for combating Fraud and Corruption within the Department, promoting employee vigilance in Fraud identification and reporting, and provides guidelines on the handling of fraud-related reports and investigation. The Department supports the National Anti-Corruption Hotline (NACH) which is administered by the Public Service Commission (PSC) and employees are encouraged to make confidential disclosures 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 as contained in Chapter 2, Part 2 (21) of the Public Service Regulations, 2016. The NSG communicates the due dates for financial disclosures and remunerated work outside the Department timeously to all the employees. On receipt of the applications, the Ethics Officers advise the Principal on each application, and highlights those with conflict of interest, so that those employees can be further engaged.

## 5. CODE OF CONDUCT

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

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

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

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:

- Presentation on 04 May 2016 regarding the Strategic Plan and Annual Performance Plan (2016/17)
- Presentation on 31 August 2016 regarding the first quarter performance report - 2016/17 APP
- Presentation on 12 October 2016 regarding the Annual Report (2015/16)
- Presentation on 23 November 2016 regarding the success and challenges of the curriculum design and e-learning programmes
- Presentation on 8 March 2017 regarding the NSG curriculum

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

## 8. SCOPA RESOLUTIONS

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

## 9. PRIOR MODIFICATIONS TO AUDIT REPORTS

No prior modification to audit reports.

## 10. INTERNAL CONTROL UNIT

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

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

The NSG Internal Audit function is outsourced to Grant Thornton (GT), with minimum capacity support staff within the Department. Internal Audit reports administratively to the Accounting Officer and functionally to the Audit Committee. In carrying out audits, Internal Audit follows a risk-based audit approach which places emphasis on the identification of risks, the prioritising thereof and testing of controls over key risk areas.

The audit approach combines two types of audit engagements, that is, assurance and consulting (advisory) services. Internal Audit is at all times, when conducting their work or any other tasks assigned to them, guided by the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing and the Code of Ethics, as published by the Institute of Internal Auditors and complies with the relevant sections in the PFMA, as amended, and related Treasury Regulations.

## II. INTERNAL AUDIT AND AUDIT COMMITTEES

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

- Safeguarding of assets
- Adequate operation of procedures and controls
- Financial reporting process
- Performance information management
- System of internal control over financial reporting
- Audit process
- Departmental processes for monitoring compliance with laws and regulations and the code of conduct

The Audit Committee is also responsible for reviewing the financial information and preparation of the Annual Financial Statements and Performance Information reports, as required by the 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 approval or final decision. Overall, the Audit Committee executes its responsibilities through close liaison and communication with the management, the Internal and External Auditors and where it deems it necessary, engages with the Executive Authority.

Name	Qualifications	Internal or External	If internal, position in the Department	Date Appointed	Date Resigned	No. of Meetings Attended
Ms Shaila Hari	Bachelor of Accounting Science and Bcompt Honours	External(Chairperson)	Not Applicable	26 May 2007	31 October 2016	2
Mr Mashukudu James Maboja CA(SA)	Bachelor of Commerce Accounting, Post Graduate Diploma Accounting, Advanced Diploma in Auditing, and Professional Qualifying Exam Part 1 and 2	External	Not Applicable	02 July 2010	31 October 2016	1
Mr Pedume Charles Malemone CA(SA)	Bachelor of Commerce Accounting Sciences, Bachelor of Commerce Accounting Sciences (Honours) and Certificate in Theory of Accounting part 1 and 2	External	Not Applicable	23 May 2014	31 October 2016	2
Mr Sakhiseni Simelane	Master of Commerce: Accounting, Master of Business Administration, Bachelor of Commerce (Honours) and Bachelor of Commerce: Accounting	External (Chairperson)	Not Applicable	01 November 2016	N/A	2
Prof. Dr. Daniël (D.P.) van der Nest	Doctor Technologiae, Masters of Commerce, Degree in Economics, Bachelor of Commerce (Honours) in Economics, Post Graduate Diploma in Higher Education, Bachelor of Commerce (Accounting)	External	Not Applicable	01 November 2016	N/A	2

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	2
Ms Precious Makhosazane Khanyisile Mvulane CA(SA)	Chartered Accountant and Registered Auditor,  Specialist Diploma in Auditing, Bachelor of Commerce Accounting (Honours), Bachelor of Commerce Accounting	External	Not Applicable	02 September 2015	N/A	3
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	2

## 12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2017.

### 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.

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

### 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.

The following internal audit work was completed during the year under review:

- Quarterly Performance Information reviews
- Training Management and Delivery
- Knowledge and Information Management

- Information Integrity and Reliability
- Supply Chain Management
- Governance and Risk Management
- Follow-up reviews

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

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

## Evaluation of Financial Statements

The Committee has:

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

### Auditor-General's Report

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



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Mr Sakhiseni Simelane

Chairperson of the Audit Committee

National School of Government

31 August 2017



## PART D: HUMAN RESOURCE MANAGEMENT



## 1. INTRODUCTION

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

## 2. OVERVIEW OF HUMAN RESOURCES

The approved NSG staff establishment is 227, with 210 of these positions filled and 17 vacant as at 31 March 2017. This translates to 93 percent of posts filled as at the end of March 2017. The vacancy rate was reduced from 15.4 percent in 2014/15 to 7.5 percent by end of 2016/17.

In terms of the employment equity status, the racial breakdown is as follows: African 160; White 26; Coloured 13 and Indian 12. Significantly, female employees are well-presented in the NSG. Out of 210 total employees, 61 percent (128) were females as at end of 2016/17. The School continues to meet the Cabinet target for employment of people with disabilities, representing 2.4 percent of employees.

During the period under review, the NSG appointed a total of fourteen employees. In the same period, eight internal staff were promoted to higher positions. The School trained 147 officials in line with the Workplace Skills Plan (WSP). The focus on training the officials was on critical skills required to deliver on the mandate of the School. The NSG also awarded 33 bursaries to employees to further their studies for the 2016 academic year.

The NSG provided opportunities for internship, benefiting 12 graduates in the financial year, and maintains a database of all interns from prior years. To date, 22 interns have been offered permanent 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.

## 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, homeowner's allowances and medical aid



**Table 3.1.1: Personnel expenditure by programme for the period 1 April 2016 to 31 March 2017**

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	87,663	49,100	742	7,046	56%	578
NSG TTA	206,864	84,962	1,064	40,647	41%	680
<b>Total</b>	<b>294,527</b>	<b>134,062</b>	<b>1,806</b>	<b>47,693</b>	<b>46%</b>	<b>638</b>

**Table 3.1.2: Personnel costs by salary band for the period 1 April 2016 to 31 March 2017**

Salary band	Personnel expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	0	0%	0
Skilled (Levels 3-5)	4,946	4%	206
Highly skilled production (Levels 6-8)	23,702	18%	349
Highly skilled supervision (Levels 9-12)	53,857	40%	738
Senior and Top management (Levels 13-16)	51,557	38%	1,146
<b>Total</b>	<b>134,062</b>	<b>100%</b>	<b>638</b>

**Table 3.1.3: Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2016 to 31 March 2017**

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Vote Programme I	33,741	25%	38	0%	649	0%	1,533	1%
NSG TTA	58,866	44%	20	0%	1,403	1%	2,047	2%
<b>Total</b>	<b>92,607</b>	<b>69%</b>	<b>58</b>	<b>0%</b>	<b>2,052</b>	<b>2%</b>	<b>3,580</b>	<b>3%</b>

**Table 3.1.4: Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2016 to 31 March 2017**

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)	32,519	24%	0	0%	560	0%	379	0%
Skilled (Levels 3-5)	3,486	3%	16	0%	210	0%	366	0%
Highly skilled production (Levels 6-8)	17,002	13%	38	0%	947	1%	1,661	1%
Highly skilled supervision (Levels 9-12)	39,600	30%	4	0%	335	0%	1,174	1%
Senior management (Levels 13-16)	32,519	24%	0	0%	560	0%	379	0%
<b>Total</b>	<b>92,607</b>	<b>69%</b>	<b>58</b>	<b>0</b>	<b>2,052</b>	<b>2%</b>	<b>3,580</b>	<b>3%</b>

### 3.2 Employment and Vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables:

- Programme
- Salary band
- Critical occupations

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

**Table 3.2.1 Employment and vacancies by programme as on 31 March 2017**

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Programme I	89	85	4.49%	1
NSG TTA	138	125	9.42%	17
<b>Total</b>	<b>227</b>	<b>210</b>	<b>7.49%</b>	<b>18</b>

**Table 3.2.2 Employment and vacancies by salary band as on 31 March 2017**

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	24	0.00%	3
Highly skilled production (Levels 6-8)	73	68	6.84%	2
Highly skilled supervision (Levels 9-12)	81	73	9.87%	13
Senior management (Levels 13-16)	49	45	8.16%	0
<b>Total</b>	<b>227</b>	<b>210</b>	<b>7.49%</b>	<b>18</b>

**Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2017**

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Management & General Support staff (Deputy Director-General) SR15	3	1	66.67%	0
Management & General Support staff (Chief Financial Officer) SR14	1	1	0.00%	0
Information Technology & related personnel (Director: ICT) SR13	1	1	0.00%	0
Information Technology & related personnel (Deputy Director: ICT) SR11	2	2	0.00%	0
<b>Total</b>	<b>7</b>	<b>5</b>	<b>28.57%</b>	<b>0</b>

## Filling of SMS Posts

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

**Table 3.3.1 SMS post information as on 30 September 2016**

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/Head of Department Salary Level 16	1	1	100.00%	0	0%
Salary Level 15	3	1	33.33%	2	66.67%
Salary Level 14	16	14	87.50%	2	12.50%
Salary Level 13	29	28	96.55%	1	3.45%
<b>Total</b>	<b>49</b>	<b>44</b>	<b>89.80%</b>	<b>5</b>	<b>10.20%</b>

**Table 3.3.2 SMS post information as on 31 March 2017**

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department Salary Level 16	1	1	100.00%	0	0%
Salary Level 15	3	1	33.33%	2	66.67%
Salary Level 14	16	14	87.50%	2	12.50%
Salary Level 13	29	29	100.00%	0	0.00%
<b>Total</b>	<b>49</b>	<b>45</b>	<b>91.84%</b>	<b>4</b>	<b>8.16%</b>

**Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2016 to 31 March 2017**

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department Salary Level 16	0	0	0
Salary Level 15	2	0	0
Salary Level 14	0	0	0
Salary Level 13	0	0	2
<b>Total</b>	<b>2</b>	<b>0</b>	<b>2</b>

**Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2016 to 31 March 2017**

Reasons for vacancies not advertised within six months
Chief Directors' vacancies will be advertised following the approval of the reconfiguration of the Branch and Job Evaluation results
Reasons for vacancies not filled within six months
Deputy Director-General vacancies – recruitment in process

**Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2016 to 31 March 2017**

Reasons for vacancies not advertised within six months
Not Applicable
Reasons for vacancies not filled within six months
Not Applicable

### 3.4 Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations, all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

**Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2016 to 31 March 2017**

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	0	0.00%	0	0.00%	0	0.00%
Skilled (Levels 3-5)	24	4	16.67%	3	75.00%	0	0.00%
Highly skilled production (Levels 6-8)	73	3	4.10%	1	33.33%	0	0.00%
Highly skilled supervision (Levels 9-12)	81	7	8.64%	0	0.00%	1	14.28%
Senior Management Service Band A	29	0	0.00%	0	0.00%	0	0.00%
Senior Management Service Band B	16	2	12.50%	0	0.00%	0	0.00%
Senior Management Service Band C	3	0	0.00%	0	0.00%	0	0.00%
Senior Management Service Band D	1	0	0.00%	0	0.00%	0	0.00%
<b>Total</b>	<b>227</b>	<b>16</b>	<b>7.05%</b>	<b>4</b>	<b>25.00%</b>	<b>1</b>	<b>6.25%</b>

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 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2016 to 31 March 2017**

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



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

**Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2016 to 31 March 2017**

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Deputy Director: Accreditation	1	11	13	Retention
Assistant Director: Labour Relations	1	9	11	Retention
Total number of employees whose salaries exceeded the level determined by job evaluation				2
Percentage of total employed				1.9%

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

**Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2016 to 31 March 2017**

Gender	African	Asian	Coloured	White	Total
Female				1	1
Male	1				1
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>
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 3.5.1 Annual turnover rates by salary band for the period 1 April 2016 to 31 March 2017**

Salary band	Number of employees at beginning of period-1 April 2016	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Lower skilled (Levels 1-2)	0	0	0	0.00%
Skilled (Levels 3-5)	23	2	1	4.35%
Highly skilled production (Levels 6-8)	65	5	1	1.54%
Highly skilled supervision (Levels 9-12)	70	7	3	4.29%
Senior Management Service Band A	27	-	-	0.00%
Senior Management Service Band B	15		1	6.67%
Senior Management Service Band C	2	-	1	50.00%
Senior Management Service Band D	1	-	-	0.00%
<b>Total</b>	<b>203</b>	<b>14</b>	<b>7</b>	<b>3.45%</b>

**Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2016 to 31 March 2017**

Critical occupation	Number of employees at beginning of period-April 2016	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Management & General Support staff (Deputy Director-General) SR Level 15	2	-	1	50.00%
Information Technology & related personnel (Deputy Director: ICT) SR 11	2	1	1	50.00%
<b>Total</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>50.00%</b>

**Table 3.5.3 Reasons why staff left the Department for the period 1 April 2016 to 31 March 2017**

Termination Type	Number	% of Total Resignations
Death	1	14.29%
Resignation	2	28.57%
Expiry of contract	-	-
Dismissal – operational changes	-	-
Dismissal – misconduct	-	-
Dismissal – inefficiency	-	-
Discharged due to ill-health	-	-
Retirement	1	14.29%
Transfer to other Public Service Departments	3	42.86%
Other	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Total number of employees who left as a % of total employment</b>	<b>7</b>	<b>3.45%</b>

**Table 3.5.4 Promotions by salary band for the period 1 April 2016 to 31 March 2017**

Salary Band	Employees 1 April 2016	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled ( Levels 1-2)	0		0.00%	-	-
Skilled (Levels 3-5)	23	1	4.35%	-	-
Highly skilled production (Levels 6-8)	65	2	3.08%	-	-
Highly skilled supervision (Levels 9-12)	70	4	5.71%	1	1.43%
Senior Management (Level 13-16)	45	-	0.00%	-	-
<b>Total</b>	<b>203</b>	<b>7</b>	<b>3.45%</b>	<b>1</b>	<b>0.49%</b>

**Table 3.5.5 Promotions by critical occupation for the period 1 April 2016 to 31 March 2017**

Occupation	Employees 1 April 2016	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Management & General Support staff (Deputy Director-General) SR15	2	-	-	-	-
Management & General Support staff (Chief Financial Officer) SR14	1	-	-	-	-
Information Technology & related personnel (Director: ICT) SR13	1	-	-	-	-
Information Technology & related personnel (Deputy Director: ICT) SR11	2	-	-	-	-
<b>Total</b>	<b>6</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>

### 3.6 Employment Equity

**Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2017**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	14	0	3	5	10	4	4	5	45
Professionals	23	2	3	4	32	2	0	7	73
Technicians and associate professionals	17	0	0	1	42	3	1	4	68
Clerks	10	0	0	0	12	2	0	0	24
<b>Total</b>	<b>64</b>	<b>2</b>	<b>6</b>	<b>10</b>	<b>96</b>	<b>11</b>	<b>5</b>	<b>16</b>	<b>210</b>
Employees with disabilities	2		2		1	-	-	-	5

**Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2017**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	1	0	0	0	0	2
Senior Management	13	0	3	4	10	4	4	5	43
Professionally qualified and experienced specialists and mid-management	23	2	3	4	32	2	0	7	73
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	17	0	0	1	42	3	1	4	68
Semi-skilled and discretionary decision-making	10	0	0	0	12	2	0	0	24
Unskilled and defined decision-making	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>64</b>	<b>2</b>	<b>6</b>	<b>10</b>	<b>96</b>	<b>11</b>	<b>5</b>	<b>16</b>	<b>210</b>

**Table 3.6.3 Recruitment for the period 1 April 2016 to 31 March 2017**

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	1	-	-	-	6	-	-	-	7
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	1	-	-	-	3	-	-	-	4
Semi-skilled and discretionary decision-making	1	-	-	-	2	-	-	-	3
Unskilled and defined decision-making	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14</b>
Employees with disabilities	-	-	-	-	-	-	-	-	0

**Table 3.6.4 Promotions for the period 1 April 2016 to 31 March 2017**

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	-	-	-	1	-	5
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	-	-	-	-	2	-	-	-	2
Semi-skilled and discretionary decision-making	-	-	-	-	1	-	-	-	1
Unskilled and defined-decision making	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>8</b>
Employees with disabilities	-	-	1	-	-	-	-	-	1

**Table 3.6.5 Terminations for the period 1 April 2016 to 31 March 2017**

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	1	-	-	-	1	-	-	1	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	-	-	-	-	1	-	-	-	1
Semi-skilled and discretionary decision-making	-	-	-	-	1	-	-	-	1
Unskilled and defined decision-making	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>7</b>
Employees with disabilities	-	-	-	-	-	-	1	-	1

**Table 3.6.6 Disciplinary action for the period 1 April 2016 to 31 March 2017**

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
	0	0	0	0	0	0	0	0	0

**Table 3.6.7 Skills development for the period 1 April 2016 to 31 March 2017**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	8	0	2	4	11	3	1	3	32
Professionals	16	1	2	3	23	0	1	6	52
Clerks	13	0	0	0	34	2	1	0	50
Elementary occupations	0	0	0	0	1	0	0	0	1
Interns	7	0	0	0	5	0	0	0	12
<b>Total</b>	<b>44</b>	<b>1</b>	<b>4</b>	<b>7</b>	<b>74</b>	<b>5</b>	<b>3</b>	<b>9</b>	<b>147</b>
Employees with disabilities	-		2		1	-	-	-	3

### 3.7 Signing of Performance Agreements by SMS Members

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

**Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2016**

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/Head of Department Salary Level 16	1	1	1	100%
Salary Level 15	3	2	2	100%
Salary Level 14	16	14	14	100%
Salary Level 13	29	28	27	96%
<b>Total</b>	<b>49</b>	<b>45</b>	<b>44</b>	<b>98%</b>



**Table 3.7.2 Reasons for not having concluded Performance Agreements for all SMS members as on 31 March 2017**

Reasons
One SMS member on SL 13 had a disagreement on the Performance Agreement.

**Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance Agreements as on 31 March 2017**

Reasons
No disciplinary action needed to be taken on the one SMS member on SL 13 as the disagreement was resolved after the due date.

### 3.8 Performance Rewards

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

**Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2016 to 31 March 2017**

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee (R'000)
African	50	160	31.25%	821	16
Male	20	64	31.25%	385	19
Female	30	96	31.25%	436	15
Asian	1	11	9.09%	9	9
Male	0	6	0.00%	0	0
Female	1	5	20.00%	9	9
Coloured	1	13	7.69%	12	12
Male	0	2	0.00%	0	0
Female	1	11	9.09%	12	12
White	9	26	34.62%	225	25
Male	3	10	30.00%	85	28
Female	6	16	37.50%	140	23
<b>Total</b>	<b>61</b>	<b>210</b>	<b>29.05%</b>	<b>1,067</b>	<b>17</b>
Employees with disabilities	0	0	0.00%	0	0

**Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2016 to 31 March 2017**

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee (R'000)	
Lower Skilled (Levels 1-2)	0	0	0%	0	0	0%
Skilled (Levels 3-5)	5	24	21%	33	7	1%
Highly skilled production (Levels 6-8)	32	74	43%	347	11	1%
Highly skilled supervision (Levels 9-12)	24	80	30%	687	29	1%
<b>Total</b>	<b>61</b>	<b>178</b>	<b>34%</b>	<b>1,067</b>	<b>17</b>	<b>1%</b>

**Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2016 to 31 March 2017**

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R'000)	Average cost per employee -(R'000)
Management & General Support staff (Deputy Director-General) SR15	0	2	0.00%	0	0
Management & General Support staff (Chief Financial Officer) SR14	0	1	0.00%	0	0
Information Technology & related personnel (Director: ICT) SR13	0	1	0.00%	0	0
Information Technology & related personnel (Deputy Director: ICT) SR11	1	2	50.00%	31	31
<b>Total</b>	<b>1</b>	<b>6</b>	<b>16.67%</b>	<b>31</b>	<b>31</b>

**Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2016 to 31 March 2017**

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	0	0	0	0	0	0
Band B	0	0	0	0	0	0
Band C	0	0	0	0	0	0
Band D	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 3.9 Foreign Workers

The NSG employed no foreign workers during this financial year.

### 3.10 Leave utilisation

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

**Table 3.10.1 Sick leave for the period 1 January 2016 to 31 December 2016**

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)	141	75%	19	79.2%	7,4	107
Highly skilled production (Levels 6-8)	497	76%	64	94.1%	7,8	597
Highly skilled supervision (Levels 9 -12)	579	77%	73	100.0%	7,9	1,415
Top and Senior management (Levels 13-16)	270	75%	39	86.7%	6,9	1,137
<b>Total</b>	<b>1 487</b>	<b>76%</b>	<b>195</b>	<b>92.9%</b>	<b>7,6</b>	<b>3,256</b>

**Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2016 to 31 December 2016**

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)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 3.10.3 Annual leave for the period 1 January 2016 to 31 December 2016**

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)	460	26	17,7
Highly skilled production (Levels 6-8)	1 622	83	19,5
Highly skilled supervision (Levels 9-12)	1 840	99	18,6
Senior management (Levels 13-16)	1 089	48	22,7
<b>Total</b>	<b>5 011</b>	<b>256</b>	<b>19,6</b>

**Table 3.10.4 Capped leave for the period 1 January 2016 to 31 December 2016**

Salary band	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2017
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

**Table 3.10.5 Leave pay-outs for the period 1 April 2016 to 31 March 2017**

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-out for 2016/17 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay-outs on termination of service for 2016/17	0	0	0
Current leave pay-out on termination of service for 2016/17	1 350	9	150
<b>Total</b>	<b>1 350</b>	<b>9</b>	<b>150</b>

### 3.11 HIV/AIDS & Health Promotion Programmes

**Table 3.11.1 Steps taken to reduce the risk of occupational exposure**

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

**Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)**

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001, if so, provide her/his name and position.	✓		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 R897 347 The budget allocated for programme activities is R224 450 Total budget R1 121 797

Question	Yes	No	Details, if yes
<p>3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees, if so, indicate the key elements/services of this Programme.</p>	✓		<p>Professional Support Line Service via a 24/7/365 Call Centre</p> <p>Personal Counselling (face-to-face)</p> <p>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</p> <p>A Critical Incident service</p> <p>HIV/AIDS education, counselling and support</p> <p>Managerial Consultancy</p> <p>Online Wellness Programme (Optimise)</p> <p>Monthly awareness sessions</p> <p>Quarterly Health Screening</p>
<p>4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter I of the Public Service Regulations, 2001, if so, please provide the names of the members of the committee and the stakeholder(s) that they represent.</p>	✓		<p>Wellness matters are discussed as part of the HR Forum</p>
<p>5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status, if so, list the employment policies/practices so reviewed.</p>	✓		<p>The approved policy for the management of HIV/AIDS, TB &amp; STIs Operational Plan incorporates elements of non-discrimination in the workplace</p>
<p>6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination, if so, list the key elements of these measures.</p>	✓		<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>

Question	Yes	No	Details, if yes
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing, if so, list the results that you have you achieved?	✓		Quarterly HIV Counselling and Testing (HCT) implemented and 22% 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?	✓		Quarterly and annual reports are received from the outsourced service providers  Quarterly and Annual HIV/AIDS Operational Plan Reports are submitted internally and to the DPSA  Quarterly HCT reports submitted internally and to the DPSA

### 3.12 Labour Relations

3.12.1 No collective agreements were entered into with trade unions within NSG in the 2016/17 period. The main focus for consultation within the Departmental Bargaining Chamber (DBC) was on the HRM&D policies.

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

**Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2016 to 31 March 2017**

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

**Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2016 to 31 March 2017**

Type of misconduct	Number	% of total
<b>Total</b>	<b>0</b>	<b>0</b>

**Table 3.12.4 Grievances logged for the period 1 April 2016 to 31 March 2017**

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



**Table 3.12.5 Disputes logged with Councils for the period 1 April 2016 to 31 March 2017**

Disputes	Number	% of Total
Number of disputes upheld		0.00%
Number of disputes dismissed	1	25.00%
Number of disputes lodged still in process	3	75.00%
Total number of disputes lodged	4	100.00%

**Table 3.12.6 Strike actions for the period 1 April 2016 to 31 March 2017**

Total number of persons working days lost	None
Total costs working days lost	None
Amount recovered as a result of no work no pay (R'000)	None

**Table 3.12.7 Precautionary suspensions for the period 1 April 2016 to 31 March 2017**

Number of people suspended	None
Number of people whose suspension exceeded 30 days	None
Average number of days suspended	None
Cost of suspension (R'000)	None

### 3.13 Skills development

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

**Table 3.13.1 Training needs identified for the period 1 April 2016 to 31 March 2017**

Occupational category	Gender	Number of employees as at 1 April 2016	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training (ABET)	Total
Legislators, senior officials and managers	Female	24	0	20	0	20
	Male	21	0	16	0	16
Professionals	Female	37	0	30	0	30
	Male	33	0	27	0	27
Technicians and associate professionals	Female	48	0	47	0	47
	Male	17	0	16	0	16
Clerks	Female	14	0	3	3	6
	Male	9	0	2	0	2
Sub-total	Female	123	0	100	3	103
	Male	80	0	61	0	61
<b>Total</b>		<b>203</b>	<b>0</b>	<b>161</b>	<b>3</b>	<b>164</b>

**Table 3.13.2 Training provided for the period 1 April 2016 to 31 March 2017**

Occupational category	Gender	Number of employees as at 1 April 2016	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training (Bursaries)	Total
Legislators, senior officials and managers	Female	24	0	18	3	21
	Male	21	0	14	5	19
Professionals	Female	37	0	30	5	35
	Male	33	0	22	1	23
Technicians and associate professionals	Female	48	0	37	14	51
	Male	17	0	13	5	18
Clerks	Female	14	0	1	0	1
	Male	9	0	0	0	0
Sub-total	Female	123	0	86	22	108
	Male	80	0	49	11	60
Sub-total		203	0	135	33	168
Interns	Female	5	0	5	0	5
	Male	7	0	7	0	7
<b>Total</b>		<b>215</b>	<b>0</b>	<b>147</b>	<b>33</b>	<b>180</b>

### 3.14 Injury on duty

The following tables provides basic information on injury on duty.

**Table 3.14.1 Injury on duty for the period 1 April 2016 to 31 March 2017**

Nature of injury on duty	Number	% of total
Required basic medical attention only	2	0.95%
Temporary Total Disablement	0	0.00%
Permanent Disablement	0	0.00%
Fatal	0	0.00%
<b>Total</b>	<b>2</b>	<b>0.95%</b>

### 3.15 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 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2016 to 31 March 2017**

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Financial Consulting	3	Ad Hoc	576 979,20
Change Management/ Skills Transfer	1	Ad Hoc	240 000,00
Internal Audit Services	1	3 years	1 695 381,16
Audit Committee Members	7	Ad Hoc	223 778,00
Training of National & Provincial Department and Local government	139	Ad Hoc	18 401 784,96
IT Outsourced Services	1	5 years	7 628 681,77
Research and Development Consulting	6	Ad Hoc	645 506,00
Total number of projects	Total individual consultants	Total duration work days	Total contract value in Rand
7	158	Ad hoc & 8 years	29 412 111,09

### 3.16 Severance Packages

No severance packages granted during the reporting period.



## PART E: FINANCIAL INFORMATION

## Report of the Auditor-General to Parliament on Vote no. 12a: National School of Government

### Report on the audit of the financial statements

1. I have audited the financial statements of the National school of Government set out on pages 107 to 148, which comprise the appropriation statement, the statement of financial position as at 31 March 2017, the statement of financial performance, 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 2017, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) and the requirements of the Public Finance Management Act (PFMA).

### Other matter

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

### Unaudited supplementary schedules

4. The supplementary information set out on pages 149 to 156 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

### Responsibilities of the accounting officer

5. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with Modified Cash Standard and the requirements of the Public Finance Management Act 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.

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

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

7. 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
8. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

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

#### Introduction and scope

9. 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 programme presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
10. 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.

11. 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 2017:

Programme	Pages in the annual performance report
Programme 2: Public Sector Organisational and Staff Development.	50 – 60

12. 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.
13. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected programme.

## Other matters

### Unaudited supplementary schedules

14. The supplementary information set out on pages 149 to 156 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

### Achievement of planned targets

15. Refer to the annual performance report on pages 38 to 60 for information on the achievement of planned targets for the year and explanations provided for the overachievement of a significant number of targets.

### Adjustment of material misstatements

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

## Report on audit of compliance with legislation

### Introduction and scope

17. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
18. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

## Annual financial statements, performance and annual report

19. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 40(1) (a) and (b) of the Public Finance Management Act.
20. Material misstatements for commitments identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

## Other information

21. The National School of Government 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 thereon and the selected programme presented in the annual performance report that have been specifically reported on in the auditor's report.
22. 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.
23. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

## Internal control deficiencies

24. 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 thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in findings on compliance with legislation included in this report.

## Financial and performance management

25. Management have not prepared regular, accurate and complete performance reports that are supported and evidenced by reliable information. The preparation of valid, accurate and complete information in line with the requirements of the performance reporting frameworks and legislative requirements needs to be underpinned by adequately documented and supervised processes. Management has not implemented adequate review and monitoring processes for the performance reports and annual financial statements prior to submission for audit.

Pretoria

*Auditor-General*

31 July 2017



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 the auditor’s report, I also:

- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department’s internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
- conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the National School of Government’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my

auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause a department to cease to continue 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 here applicable, related safeguards.

## Annexure A – Performance management and reporting framework

The Performance Management and Reporting Framework (PMRF) consists of the following:

- Legislation applicable to performance planning, management and reporting, which includes the following:
  - o Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA)
  - o Treasury Regulations, 2005 issued in terms of the PFMA
  - o National treasury practice note 4 of 2009-10
  - o Public Service Regulations, 2001 issued in terms of the Public Service Act
- The Framework for Managing Programme Performance Information (FMPPi), issued by the National Treasury. This framework is applicable to all spheres of government.
- The Framework for Strategic Plans and Annual Performance Plans (FSAPP), issued by the National Treasury. This framework is applicable to all national and provincial departments, constitutional institutions and those public entities listed in parts A and C of schedule 3 of the PFMA.
- Circulars and guidance issued by the National Treasury and Department of Planning Monitoring and Evaluation regarding the planning, management, monitoring and reporting of performance against predetermined objectives.

## Annexure A – Criteria developed from the performance management and reporting framework

CRITERIA	REFERENCES TO THE PMRF PER TYPE OF ENTITY
<b>Consistency: Objectives, performance measures / indicators and targets are consistent between planning and reporting documents</b>	
1. Reported strategic or development objectives are consistent or complete when compared to planned objectives	Section 40(3)(a) of the PFMA TR 5.2.4
2. Changes to strategic or development objectives are approved	TR 5.1.1 Chapter 4.1 of the FSAPP
3. Reported measures or indicators are consistent or complete when compared to planned measures or indicators	Section 40(3)(a) of the PFMA TR 5.2.4
4. Changes to measures or indicators are approved	TR 5.1.1
5. Reported targets are consistent or complete when compared to planned targets	Section 40(3)(a) of the PFMA TR 5.2.4
6. Changes to targets are approved	TR 5.1.1

CRITERIA	REFERENCES TO THE PMRF PER TYPE OF ENTITY
<b>Measurability: Performance measures / indicators are well defined and verifiable, and targets are specific, measurable and time bound</b>	
1. A performance measure or indicator is well defined when it has a clear definition so that data will be collected consistently and is easy to understand and use	Chapter 3.2 of the FMPPI issued by the NT
2. A performance measure / indicator is verifiable when it is possible to validate or verify the processes and systems that produce the indicator	Chapter 3.2 of the FMPPI issued by the NT
3. A target is specific when the nature and the required level of performance of the target are clearly identifiable	Chapter 3.2 of the FMPPI issued by the NT
4. A target is measurable when the required performance can be measured	Chapter 3.2 of the FMPPI issued by the NT
5. A target is time bound when the time frames for the achievement of the target are indicated	Chapter 3.2 of the FMPPI issued by the NT

CRITERIA		REFERENCES TO THE PMRF PER TYPE OF ENTITY
<b>Relevance: Performance measures / indicators relate logically and directly to an aspect of the entity's mandate and the realisation of its strategic goals and objectives</b>		
1. The performance measure / indicator and target relate logically and directly to an aspect of the entity's mandate and the realisation of its strategic goals and objectives	Chapters 3.2 and 4 of the FMPPI issued by the NT	
<b>Presentation and disclosure: Performance information in the annual performance report is presented and disclosed in accordance with the requirements contained in legislation, frameworks, circulars and guidance</b>		
1. Reasons for variances between planned and actual performance are disclosed	The NT's annual report guide for the presentation of the annual report	
2. Reasons for variances are supported by corroborating source documentation	The NT's annual report guide for the presentation of the annual report  Chapter 3 of the FMPPI issued by the NT	

CRITERIA		REFERENCES TO THE PMRF PER TYPE OF ENTITY
<b>Reliability: Recording, measuring, collating, preparing and presenting information on actual performance / target achievements that is valid, accurate and complete</b>		
1. Reported performance occurred and pertains to the reporting entity	Section 40(3)(a) of the PFMA  Chapter 3 of the FMPPI issued by the NT	
2. Reported performance is recorded and reported accurately		
3. All actual performance is recorded and included in the reported performance information		

NATIONAL SCHOOL OF GOVERNMENT

VOTE 12a

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

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Appropriation per programme									
2016/17								2015/16	
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	88,590	-	-	88,590	87,663	927	99.0%	92,644	89,843
2. Public Sector Organisational and Staff Development	-	-	-	-	-	-	-	47,795	47,795
<b>TOTAL</b>	<b>88,590</b>	<b>-</b>	<b>-</b>	<b>88,590</b>	<b>87,663</b>	<b>927</b>	<b>99.0%</b>	<b>140,439</b>	<b>137,638</b>
Reconciliation with statement of financial performance									
ADD									
Departmental receipts				183				102	
Aid assistance				-				-	
Actual amounts per statement of financial performance (total revenue)				<u>88,773</u>				<u>140,541</u>	
ADD: Aid assistance									-
Actual amounts per statement of financial performance (total expenditure)					<u>87,663</u>				<u>137,638</u>

Appropriation per economic classification									
	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>86,232</b>	<b>(669)</b>	<b>-</b>	<b>85,563</b>	<b>84,636</b>	<b>927</b>	<b>98.9%</b>	<b>87,814</b>	<b>85,013</b>
Compensation of employees	49,989	(64)	-	49,925	49,100	825	98.3%	44,157	44,056
Salaries and wages	49,989	(5,870)	-	44,119	43,294	825	98.1%	39,045	38,944
Social contributions	-	5,806	-	5,806	5,806	-	100.0%	5,112	5,112
Goods and services	36,243	(605)	-	35,638	35,536	102	99.7%	43,657	40,957
Administrative fees	284	295	-	579	579	-	100.0%	391	391
Advertising	658	(297)	-	361	361	-	100.0%	787	787
Minor assets	212	(99)	-	113	113	-	100.0%	331	331
Audit costs: External	4,087	(1,219)	-	2,868	2,868	-	100.0%	4,285	4,285
Bursaries: Employees	707	33	-	740	740	-	100.0%	697	697
Catering: Departmental activities	302	218	-	520	520	-	100.0%	411	411
Communication (G&S)	1,245	(128)	-	1,117	1,117	-	100.0%	1,236	1,236
Computer Services	2,886	606	-	3,492	3,492	-	100.0%	4,145	4,145
Consultants: Business and advisory services	485	(156)	-	329	329	-	100.0%	2,979	279
Legal services	216	29	-	245	245	-	100.0%	177	177
Contractors	574	814	-	1,388	1,388	-	100.0%	754	754
Agency and support/outsourced services	5,037	46	-	5,083	5,083	-	100.0%	8,415	8,415
Entertainment	4	(4)	-	-	-	-	-	-	-
Fleet services	681	(469)	-	212	212	-	100.0%	294	294
Inventory: Materials and supplies	36	189	-	225	225	-	100.0%	79	79
Inventory: Medical supplies	4	(4)	-	-	-	-	-	-	-
Consumable supplies	366	427	-	793	793	-	100.0%	397	397
Consumable: Stationery, printing and office supplies	806	(47)	-	759	759	-	100.0%	1,014	1,014



## Appropriation per economic classification

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Operating leases	8,906	623	-	9,529	9,529	-	100.0%	9,554	9,554
Property payments	4,891	(1,398)	-	3,493	3,391	102	97.1%	4,151	4,151
Travel and subsistence	2,322	(214)	-	2,108	2,108	-	100.0%	2,056	2,056
Training and development	507	235	-	742	742	-	100.0%	667	667
Operating payments	956	(55)	-	901	901	-	100.0%	742	742
Venues and facilities	56	(15)	-	41	41	-	100.0%	91	91
Rental and hiring	15	(15)	-	-	-	-	-	4	4
<b>Transfers and subsidies</b>	<b>-</b>	<b>134</b>	<b>-</b>	<b>134</b>	<b>134</b>	<b>-</b>	<b>100.0%</b>	<b>47,861</b>	<b>47,861</b>
Departmental agencies and accounts	-	-	-	-	-	-	-	47,795	47,795
Households	-	134	-	134	134	-	100.0%	66	66
<b>Payments for capital assets</b>	<b>2,358</b>	<b>535</b>	<b>-</b>	<b>2,893</b>	<b>2,893</b>	<b>-</b>	<b>100.0%</b>	<b>4,662</b>	<b>4,662</b>
Machinery and equipment	2,358	369	-	2,727	2,727	-	100.0%	4,302	4,302
Transport equipment	-	-	-	-	-	-	-	642	642
Other machinery and equipment	2,358	369	-	2,727	2,727	-	100.0%	3,660	3,660
Software and other intangible assets	-	166	-	166	166	-	100.0%	360	360
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102</b>	<b>102</b>
<b>Total</b>	<b>88,590</b>	<b>-</b>	<b>-</b>	<b>88,590</b>	<b>87,663</b>	<b>927</b>	<b>99.0%</b>	<b>140,439</b>	<b>137,638</b>

Detail Per Programme I – Administration									
2016/17								2015/16	
Programme per sub-programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
I.1 Management	16,859	(1,460)	-	15,399	15,399	-	100.0%	15,103	12,404
I.2 Corporate Services	66,840	(5,993)	-	60,847	60,022	825	98.6%	63,836	63,734
I.3 Property Management	4,891	7,453	-	12,344	12,242	102	99.2%	13,705	13,705
<b>Total</b>	<b>88,590</b>	<b>-</b>	<b>-</b>	<b>88,590</b>	<b>87,663</b>	<b>927</b>	<b>99.0%</b>	<b>92,644</b>	<b>89,843</b>

Detail Per Programme I – Administration									
2016/17								2015/16	
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	86,232	(669)	-	85,563	84,636	927	98.9%	87,814	85,013
Compensation of employees	49,989	(64)	-	49,925	49,100	825	98.3%	44,157	44,056
Salaries and wages	49,989	(5,870)	-	44,119	43,294	825	98.1%	39,045	38,944
Social contributions	-	5,806	-	5,806	5,806	-	100.0%	5,112	5,112
Goods and services	36,243	(605)	-	35,638	35,536	102	99.7%	43,657	40,957
Administrative fees	284	295	-	579	579	-	100.0%	391	391
Advertising	658	(297)	-	361	361	-	100.0%	787	787
Minor assets	212	(99)	-	113	113	-	100.0%	331	331
Audit costs: External	4,087	(1,219)	-	2,868	2,868	-	100.0%	4,285	4,285
Bursaries: Employees	707	33	-	740	740	-	100.0%	697	697
Catering: Departmental activities	302	218	-	520	520	-	100.0%	411	411
Communication (G&S)	1,245	(128)	-	1,117	1,117	-	100.0%	1,236	1,236
Computer services	2,886	606	-	3,492	3,492	-	100.0%	4,145	4,145
Consultants: Business and advisory services	485	(156)	-	329	329	-	100.0%	2,979	279
Legal services	216	29	-	245	245	-	100.0%	177	177
Contractors	574	814	-	1,388	1,388	-	100.0%	754	754

## Detail Per Programme I – Administration

2016/17

2015/16

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
Agency and support/outsourced services	5,037	46	-	5,083	5,083	-	100.0%	8,415	8,415
Entertainment	4	(4)	-	-	-	-	-	-	-
Fleet services	681	(469)	-	212	212	-	100.0%	294	294
Inventory: Materials and supplies	36	189	-	225	225	-	100.0%	79	79
Inventory: Medical supplies	4	(4)	-	-	-	-	-	-	-
Consumable supplies	366	427	-	793	793	-	100.0%	397	397
Consumable: Stationery, printing and office supplies	806	(47)	-	759	759	-	100.0%	1,014	1,014
Operating leases	8,906	623	-	9,529	9,529	-	100.0%	9,554	9,554
Property payments	4,891	(1,398)	-	3,493	3,391	102	97.1%	4,151	4,151
Travel and subsistence	2,322	(214)	-	2,108	2,108	-	100.0%	2,056	2,056
Training and development	507	235	-	742	742	-	100.0%	667	667
Operating payments	956	(55)	-	901	901	-	100.0%	742	742
Venues and facilities	56	(15)	-	41	41	-	100.0%	91	91
Rental and hiring	15	(15)	-	-	-	-	-	4	4
<b>Transfers and subsidies to:</b>	-	134	-	134	134	-	100.0%	66	66
Households	-	134	-	134	134	-	100.0%	66	66

Detail Per Programme I – Administration									
2016/17								2015/16	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Payment for capital assets</b>	<b>2,358</b>	<b>535</b>	<b>-</b>	<b>2,893</b>	<b>2,893</b>	<b>-</b>	<b>100.0%</b>	<b>4,662</b>	<b>4,662</b>
Machinery and equipment	2,358	369	-	2,727	2,727	-	100.0%	4,302	4,302
Transport equipment	-	-	-	-	-	-	-	642	642
Other machinery and equipment	2,358	369	-	2,727	2,727	-	100.0%	3,660	3,660
Software and other intangible assets	-	166	-	166	166	-	100.0%	360	360
Payments for financial assets	-	-	-	-	-	-	-	102	102
<b>Total</b>	<b>88,590</b>	<b>-</b>	<b>-</b>	<b>88,590</b>	<b>87,663</b>	<b>927</b>	<b>99.0%</b>	<b>92,644</b>	<b>89,843</b>

I. I MANAGEMENT									
2016/17								2015/16	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>16,859</b>	<b>(1,513)</b>	<b>-</b>	<b>15,346</b>	<b>15,346</b>	<b>-</b>	<b>100.0%</b>	<b>14,762</b>	<b>12,063</b>
Compensation of employees	12,465	(356)	-	12,109	12,109	-	100.0%	9,162	9,162
Salaries and wages	12,465	(1,647)	-	10,818	10,818	-	100.0%	8,205	8,205
Social contributions	-	1,291	-	1,291	1,291	-	100.0%	957	957
Goods and services	4,394	(1,157)	-	3,237	3,237	-	100.0%	5,600	2,901
Administrative fees	46	(45)	-	1	1	-	100.0%	-	-
Advertising	296	(122)	-	174	174	-	100.0%	185	185
Minor assets	-	-	-	-	-	-	-	5	5
Catering: Departmental activities	186	(74)	-	112	112	-	100.0%	202	202

I.1 MANAGEMENT									
Economic classification	2016/17							2015/16	
	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
Communication (G&S)	212	(8)	-	204	204	-	100.0%	192	192
Computer Services	30	(30)	-	-	-	-	-	-	-
Consultants: Business and advisory services	160	(160)	-	-	-	-	-	2,699	-
Contractors	50	306	-	356	356	-	100.0%	14	14
Agency and support/outsourced services	745	(413)	-	332	332	-	100.0%	512	512
Entertainment	4	(4)	-	-	-	-	-	-	-
Fleet services	74	(67)	-	7	7	-	100.0%	9	9
Consumable supplies	30	21	-	51	51	-	100.0%	19	19
Consumable: Stationery, printing and office supplies	84	(7)	-	77	77	-	100.0%	133	133
Operating leases	468	(406)	-	62	62	-	100.0%	-	-
Travel and subsistence	1,690	17	-	1,707	1,707	-	100.0%	1,419	1,419
Operating payments	268	(114)	-	154	154	-	100.0%	190	190
Venues and facilities	45	(45)	-	-	-	-	-	17	17
Rental and hiring	6	(6)	-	-	-	-	-	4	4
<b>Transfers and subsidies to:</b>	-	2	-	2	2	-	100.0%	6	6
Households	-	2	-	2	2	-	100.0%	6	6
<b>Payment for capital assets</b>	-	51	-	51	51	-	100.0%	254	254
Machinery and equipment	-	51	-	51	51	-	100.0%	83	83
Transport equipment	-	-	-	-	-	-	-	14	14
Other machinery and equipment	-	51	-	51	51	-	100.0%	69	69
Software and other intangible assets	-	-	-	-	-	-	-	171	171
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	81	81
<b>Total</b>	<b>16,859</b>	<b>(1,460)</b>	<b>-</b>	<b>15,399</b>	<b>15,399</b>	<b>-</b>	<b>100.0%</b>	<b>15,103</b>	<b>12,404</b>

I.2 CORPORATE SERVICES									
Economic classification	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>64,482</b>	<b>(6,609)</b>	<b>-</b>	<b>57,873</b>	<b>57,048</b>	<b>825</b>	<b>98.6%</b>	<b>59,347</b>	<b>59,245</b>
Compensation of employees	37,524	292	-	37,816	36,991	825	97.8%	34,995	34,894
Salaries and wages	37,524	(4,223)	-	33,301	32,476	825	97.5%	30,840	30,739
Social contributions	-	4,515	-	4,515	4,515	-	100.0%	4,155	4,155
Goods and services	26,958	(6,901)	-	20,057	20,057	-	100.0%	24,352	24,351
Administrative fees	238	340	-	578	578	-	100.0%	391	391
Advertising	362	(175)	-	187	187	-	100.0%	602	602
Minor assets	212	(99)	-	113	113	-	100.0%	326	326
Audit costs: External	4,087	(1,219)	-	2,868	2,868	-	100.0%	4,285	4,285
Bursaries: Employees	707	33	-	740	740	-	100.0%	697	697
Catering: Departmental activities	116	292	-	408	408	-	100.0%	209	209
Communication (G&S)	1,033	(120)	-	913	913	-	100.0%	1,044	1,044
Computer services	2,856	636	-	3,492	3,492	-	100.0%	4,145	4,145
Consultants: Business and advisory services	325	4	-	329	329	-	100.0%	280	279
Legal services	216	29	-	245	245	-	100.0%	177	177
Contractors	524	508	-	1,032	1,032	-	100.0%	740	740
Agency and support/ outsourced services	4,292	459	-	4,751	4,751	-	100.0%	7,903	7,903
Fleet services	607	(402)	-	205	205	-	100.0%	285	285
Inventory: Materials and supplies	36	189	-	225	225	-	100.0%	79	79
Inventory: Medical supplies	4	(4)	-	-	-	-	-	-	-
Consumable supplies	336	406	-	742	742	-	100.0%	378	378
Consumable: Stationery, printing and office supplies	722	(40)	-	682	682	-	100.0%	881	881
Operating leases	8,438	(7,822)	-	616	616	-	100.0%	-	-

I.2 CORPORATE SERVICES									
Economic classification	2016/17							2015/16	
	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
Travel and subsistence	632	(231)	-	401	401	-	100.0%	637	637
Training and development	507	235	-	742	742	-	100.0%	667	667
Operating payments	688	59	-	747	747	-	100.0%	552	552
Venues and facilities	11	30	-	41	41	-	100.0%	74	74
Rental and hiring	9	(9)	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	-	132	-	132	132	-	100.0%	60	60
Households	-	132	-	132	132	-	100.0%	60	60
<b>Payment for capital assets</b>	<b>2,358</b>	<b>484</b>	<b>-</b>	<b>2,842</b>	<b>2,842</b>	<b>-</b>	<b>100.0%</b>	<b>4,408</b>	<b>4,408</b>
Machinery and equipment	2,358	318	-	2,676	2,676	-	100.0%	4,219	4,219
Transport equipment	-	-	-	-	-	-	-	628	628
Other machinery and equipment	2,358	318	-	2,676	2,676	-	100.0%	3,591	3,591
Software and other intangible assets	-	166	-	166	166	-	100.0%	189	189
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>21</b>
<b>Total</b>	<b>66,840</b>	<b>(5,993)</b>	<b>-</b>	<b>60,847</b>	<b>60,022</b>	<b>825</b>	<b>98.6%</b>	<b>63,836</b>	<b>63,734</b>

I.3 PROPERTY MANAGEMENT									
2016/17								2015/16	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>4,891</b>	<b>7,453</b>	<b>-</b>	<b>12,344</b>	<b>12,242</b>	<b>102</b>	<b>99.2%</b>	<b>13,705</b>	<b>13,705</b>
Goods and services	4,891	7,453	-	12,344	12,242	102	99.2%	13,705	13,705
Operating leases	-	8,851	-	8,851	8,851	-	100.0%	9,554	9,554
Property payments	4,891	(1,398)	-	3,493	3,391	102	97.1%	4,151	4,151
<b>Total</b>	<b>4,891</b>	<b>7,453</b>	<b>-</b>	<b>12,344</b>	<b>12,242</b>	<b>102</b>	<b>99.2%</b>	<b>13,705</b>	<b>13,705</b>

## Detail Per Programme 2 – Public Sector Organisational and Staff Development

Detail Per Programme 2 – Public Sector Organisational and Staff Development									
2016/17								2015/16	
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	-	-	-	-	-	-	-	47,795	47,795
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,795</b>	<b>47,795</b>

## Detail Per Programme 2 – Public Sector Organisational and Staff Development

Detail Per Programme 2 – Public Sector Organisational and Staff Development									
2016/17								2015/16	
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
Transfers and subsidies	-	-	-	-	-	-	-	47,795	47,795
Departmental agencies & accounts	-	-	-	-	-	-	-	47,795	47,795
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,795</b>	<b>47,795</b>



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

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes Annexure (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	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Administration	88,590	87,663	927	1.05%
<b>Total</b>	<b>88,590</b>	<b>87,663</b>	<b>927</b>	<b>1.05%</b>

## 4.2 Per Economic classification

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
<b>Current payments</b>				
Compensation of employees	49,925	49,100	825	1.65%
Goods and services	35,638	35,536	102	0.29%
<b>Transfers and subsidies</b>				
Households	134	134	-	0.00%
<b>Payments for capital assets</b>				
Machinery and equipment	2,727	2,727	-	0.00%
Software and other intangible assets	166	166	-	0.00%
<b>Total</b>	<b>88,590</b>	<b>87,663</b>	<b>927</b>	<b>1.05%</b>

Of the R88,590 appropriation received, R71,067 was received from DPSA and R17,523 was received from the NSG Trading Account.

## STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2017

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2016/17

	Note	2016/17 R'000	2015/16 R'000
<b>REVENUE</b>			
Annual appropriation	1	88,590	140,439
Departmental revenue	2	183	102
<b>TOTAL REVENUE</b>		<b>88,773</b>	<b>140,541</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	3	49,100	44,056
Goods and services	4	35,536	40,957
<b>Total current expenditure</b>		<b>84,636</b>	<b>85,013</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	6	134	47,861
<b>Expenditure for capital assets</b>			
Tangible capital assets		2,727	4,302
Software and other intangible assets		166	360
<b>Total expenditure for capital assets</b>	7	<b>2,893</b>	<b>4,662</b>
<b>Payments for financial assets</b>		-	102
<b>TOTAL EXPENDITURE</b>		<b>87,663</b>	<b>137,638</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>1,110</b>	<b>2,903</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted funds - Annual appropriation		927	2,801
Departmental revenue and NRF Receipts	2	183	102
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>1,110</b>	<b>2,903</b>

STATEMENT OF FINANCIAL POSITION  
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	420	249
Receivables	9	649	153
<b>TOTAL ASSETS</b>		<b>1,069</b>	<b>402</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Voted funds to be surrendered to the Revenue Fund	10	927	101
Departmental revenue to be surrendered to the Revenue Fund	11	5	2
Payables	12	137	299
<b>TOTAL LIABILITIES</b>		<b>1,069</b>	<b>402</b>

## CASH FLOW STATEMENT

for the year ended 31 March 2017

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2016/17

	Note	2016/17 R'000	2015/16 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		88,717	140,527
Annual appropriated funds received	1	88,590	140,439
Departmental revenue received	2	79	38
Interest received	2.2	48	50
Net (increase)/decrease in working capital		(658)	1,693
Surrendered to Revenue Fund		(281)	(4,720)
Current payments		(84,636)	(85,013)
Payment for financial assets		-	(102)
Transfers and subsidies paid		(134)	(47,861)
<b>Net cash flow available from operating activities</b>	13	<b>3,008</b>	<b>4,524</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	7	(2,893)	(4,662)
Proceeds from sale of capital assets	2.4	56	14
<b>Net cash flows from investing activities</b>		<b>(2,837)</b>	<b>(4,648)</b>
Net increase/(decrease) in cash and cash equivalents		171	(124)
Cash and cash equivalents at beginning of period		249	373
<b>Cash and cash equivalents at end of period</b>	14	<b>420</b>	<b>249</b>

**Summary of significant accounting policies**

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.

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

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

**1 Basis of preparation**

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

**2 Going concern**

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

**3 Presentation currency**

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

**4 Rounding**

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

**5 Foreign currency translation**

Cash flows arising from foreign currency transactions are translated into South African Rands using the 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.

**17 Provisions and Contingents****17.1 Provisions**

Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

**17.2 Contingent liabilities**

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

**17.3 Contingent assets**

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

**17.4 Commitments**

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

**18 Unauthorised expenditure**

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

approved by Parliament or the Provincial Legislature with funding and the related funds are received; or

approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or

transferred to receivables for recovery.

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

**19 Fruitless and wasteful expenditure**

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

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

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

**20 Irregular expenditure**

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

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

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

**21 Changes in accounting policies, accounting estimates and errors**

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

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

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

**22 Events after the reporting date**

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

**23 Principal-Agent arrangements**

The department is party to a principal-agent arrangement for [include details here]. In terms of the arrangement the department is the [principal / agent] and is responsible for [include details here]. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.

**24 Departures from the MCS requirements**

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

**25 Capitalisation reserve**

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

**26 Recoverable revenue**

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

**27 Related party transactions**

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

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

**28 Inventories (Effective from 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.

**29 Public-Private Partnerships**

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

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

**30 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.

Note	2016/17	2015/16
	R'000	R'000

## I. Annual Appropriation

### I.1 Annual Appropriation

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

	2016/17			2015/16
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received
	R'000	R'000	R'000	R'000
Administration (DPSA)	71,067	71,067	-	92,644
Administration (Trading Account)	17,523	17,523	-	-
Public Sector Organisational and staff development	-	-	-	47,795
<b>Total</b>	<b>88,590</b>	<b>88,590</b>	<b>-</b>	<b>140,439</b>

Of the R88,590 appropriation received, R71,067 was received from DPSA and R17,523 was received from the NSG Trading Account.

## 2. Departmental revenue

Sales of goods and services other than capital assets	2.1	38	33
Interest, dividends and rent on land	2.2	48	50
Transactions in financial assets and liabilities	2.3	41	5
Sales of capital assets	2.4	56	14
Total revenue collected		<b>183</b>	<b>102</b>
Less: Own revenue included in appropriation		-	-
<b>Departmental revenue collected</b>		<b>183</b>	<b>102</b>

	Note	2016/17	2015/16
		R'000	R'000
<b>2.1 Sales of goods and services other than capital assets</b>			
Sales of goods and services produced by the department			
Sales by market establishment - parking		1	1
Other sales - commission		37	32
<b>Total</b>		<b>38</b>	<b>33</b>
<b>2.2 Interest, dividends and rent on land</b>			
Interest on bank accounts		48	50
<b>Total</b>		<b>48</b>	<b>50</b>
<b>2.3 Transactions in financial assets and liabilities</b>			
Receipts-Recoverable Revenue of previous year expenditure		41	5
<b>Total</b>		<b>41</b>	<b>5</b>
<b>2.4 Sales of capital assets</b>			
<b>Tangible Assets</b>			
Machinery and equipment		56	14
<b>Total</b>		<b>56</b>	<b>14</b>
<b>3. Compensation of employees</b>			
<b>3.1 Salaries and Wages</b>			
Basic salary		33,741	30,031
Performance award		472	609
Service Based		75	49
Compensative/circumstantial		-	240
Other non-pensionable allowances		9,006	8,015
<b>Total</b>		<b>43,294</b>	<b>38,944</b>



	Note	2016/17 R'000	2015/16 R'000
<b>3.2 Social contributions</b>			
<b>Employer contributions</b>			
Pension		4,267	3,767
Medical		1,533	1,339
Bargaining council		6	6
<b>Total</b>		<b>5,806</b>	<b>5,112</b>
<b>Total compensation of employees</b>		<b>49,100</b>	<b>44,056</b>
Average number of employees		84	82
<b>4. Goods and services</b>			
Administrative fees		579	391
Advertising		361	787
Assets less than R5,000	4.1	113	331
Bursaries (employees)		740	697
Catering		520	410
Communication		1,117	1,236
Computer services	4.2	3,492	4,145
Consultants: Business and advisory services		329	280
Legal services		245	177
Contractors		1,388	754
Agency and support/outsourced services		5,083	8,415
Audit cost – external	4.3	2,868	4,285
Fleet Services		212	294
Inventory	4.4	225	79
Consumables	4.5	1,552	1,411
Operating leases		9,529	9,554
Property Payments	4.6	3,391	4,151
Rental and Hiring		-	4

	Note	2016/17 R'000	2015/16 R'000
Travel and subsistence	4.7	2,108	2,056
Venues and facilities		41	91
Training and staff development		742	667
Other operating expenditure	4.8	901	742
<b>Total</b>		<b>35,536</b>	<b>40,957</b>
<b>4.1 Assets less than R5,000</b>			
Tangible assets -Machinery and equipment		113	196
Intangible assets		-	135
<b>Total</b>		<b>113</b>	<b>331</b>
<b>4.2 Computer services</b>			
SITA computer services		1,951	1,886
External computer service providers		1,541	2,259
<b>Total</b>		<b>3,492</b>	<b>4,145</b>
<b>4.3 Audit cost – External</b>			
Regularity audits		2,868	4,285
<b>4.4 Inventory</b>			
Materials and Supply		225	79
<b>4.5 Consumables</b>			
Household Supplies		408	208
Other consumable materials		61	9
IT Consumables		324	180
Stationery and printing		759	1,014
<b>Total</b>		<b>1,552</b>	<b>1,411</b>

	Note	2016/17 R'000	2015/16 R'000
<b>4.6 Property payments</b>			
Municipal services		1,402	2,423
Property management fees		56	121
Other		1,933	1,607
<b>Total</b>		<b>3,391</b>	<b>4,151</b>
<b>4.7 Travel and subsistence</b>			
Local		1,090	1,086
Foreign		1,018	970
<b>Total</b>		<b>2,108</b>	<b>2,056</b>
<b>4.8 Other operating expenditure</b>			
Professional bodies, membership and subscription fees		142	62
Resettlement costs		-	1
Other		759	679
<b>Total</b>		<b>901</b>	<b>742</b>
<b>5 Payments for financial assets</b>			
Debts Written off	5.1	-	102
<b>Total</b>		<b>-</b>	<b>102</b>
<b>5.1 Debts written off</b>			
Other debt written off – Sound Shop & Hillcrest Construction*		-	21
Recoverable revenue written off – VAT**		-	81
<b>Total</b>		<b>-</b>	<b>102</b>

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

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

	Note	2016/17 R'000	2015/16 R'000
<b>6 Transfers and subsidies</b>			
Departmental agencies and accounts	Annex 1A	-	47,795
Households	Annex 1B	134	66
<b>Total</b>		<b>134</b>	<b>47,861</b>
<b>7 Expenditure for capital assets</b>			
Tangible assets - Machinery and equipment	23.2	2,727	4,302
Software and other intangible assets - Computer software	24.3	166	360
<b>Total</b>		<b>2,893</b>	<b>4,662</b>
<b>7.1 Analysis of funds utilised to acquire capital assets</b>			
<b>Voted funds</b>			
Tangible assets - Machinery and equipment	23.2	2,727	4,302
Software and other intangible assets - Computer software	24.3	166	360
<b>Total</b>		<b>2,893</b>	<b>4,662</b>
<b>7.2 Finance lease expenditure included in Expenditure for capital assets</b>			
<b>Tangible assets</b>			
Machinery and equipment		73	835
<b>Total</b>		<b>73</b>	<b>835</b>
<b>8 Cash and cash equivalents</b>			
Consolidated Paymaster General Account		405	234
Cash on hand		15	15
<b>Total</b>		<b>420</b>	<b>249</b>

	Note	2016/17		2015/16			
		R'000		R'000			
<b>9 Receivables</b>							
		2016/17			2015/16		
	Note	Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	9.1	611	-	611	134	-	134
Staff debt	9.3	38	-	38	18	-	18
Other debtors	9.2	-	-	-	1	-	1
<b>Total</b>		<b>649</b>	<b>-</b>	<b>649</b>	<b>153</b>	<b>-</b>	<b>153</b>
<b>9.1 Claims recoverable</b>							
Provincial Departments	Annex 3				-		76
Public entities	Annex 2				611		58
<b>Total</b>					<b>611</b>		<b>134</b>
<b>9.2 Other debtors</b>							
Medical Fund*					-		1
<b>Total</b>					<b>-</b>		<b>1</b>
*Employers contribution to be refunded by GEMS.							
<b>9.3 Staff debt</b>							
Bursary Debts					38		18
<b>Total</b>					<b>38</b>		<b>18</b>
<b>10 Voted funds to be surrendered to the Revenue Fund</b>							
Opening balance					101		1,918
As restated					101		1,918
Transfer from statement of financial performance					927		2,801
Paid during the year					(101)		(4,618)
<b>Closing balance</b>					<b>927</b>		<b>101</b>

	Note	2016/17 R'000	2015/16 R'000
<b>I 1 Departmental revenue to be surrendered to the Revenue Fund</b>			
Opening balance		2	2
Transfer from Statement of Financial Performance		183	102
Paid during the year		(180)	(102)
<b>Closing balance</b>		<b>5</b>	<b>2</b>
<b>I 2 Payables – current</b>			
Amounts owing to other entities	Annex 5	137	299
<b>Total</b>		<b>137</b>	<b>299</b>
<b>I 3 Net cash flow available from operating activities</b>			
Net surplus/(deficit) as per Statement of Financial Performance		1,110	2,903
Add back non cash/cash movements not deemed operating activities		1,898	1,621
(Increase)/decrease in receivables – current		(496)	1,762
Increase/(decrease) in payables – current		(162)	(69)
Proceeds from sale of capital assets		(56)	(14)
Expenditure on capital assets		2,893	4,662
Surrenders to Revenue Fund		(281)	(4,720)
<b>Net cash flow generated by operating activities</b>		<b>3,008</b>	<b>4,524</b>
<b>I 4 Reconciliation of cash and cash equivalents for cash flow purposes</b>			
Consolidated Paymaster General account		405	234
Cash on hand		15	15
<b>Total</b>		<b>420</b>	<b>249</b>
<b>I 5 Contingent liabilities and contingent assets</b>			
Claims against the department	Annex 3	100	100
<b>Total</b>		<b>100</b>	<b>100</b>

	Note	2016/17 R'000	2015/16 R'000
<b>16 Commitments</b>			
Current expenditure - approved and contracted		30,755	16,302
<b>Total Commitments</b>		<b>30,755</b>	<b>16,302</b>
Included in the commitments are commitments for 2 years for R1,195m; 3 years for R16,323m and 5 years for R7,629m.			
<b>17 Accruals</b>			
Listed by economic classification			
	<b>30 days</b>	<b>&gt;30 Days</b>	<b>Total</b>
Goods and services	547	-	547
Compensation of Employees	6	-	6
<b>Total</b>	<b>553</b>	<b>-</b>	<b>553</b>
Programme I – Administration (Goods and services)		547	4,677
Programme I – Administration (Compensation)		6	-
		<b>553</b>	<b>4,677</b>
Confirmed balances with other government entities		137	299
<b>18 Employee benefits</b>			
Leave entitlement		2,073	1,856
Service bonus (Thirteenth cheque)		1,339	1,317
Capped leave commitments		1,149	1,107
Performance awards		495	702
Other		-	-
<b>Total</b>		<b>5,056</b>	<b>4,982</b>
Negative leave relates to vacation leave taken in advance by two employees amounting to R18,760.00.			

**19 Lease commitments****a. Operating leases expenditure****2016/17**

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
1,646	754	2,400
3,153	1,038	4,191
<b>4,799</b>	<b>1,792</b>	<b>6,591</b>

**2015/16**

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

**b. Finance leases expenditure****2016/17**

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
-	14	14
-	-	-
<b>-</b>	<b>14</b>	<b>14</b>



2015/16

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
765	423	1,188
72	173	245
<b>837</b>	<b>596</b>	<b>1,433</b>

**20 Irregular Expenditure****20.1 Reconciliation of irregular expenditure**

Opening balance

Add: Irregular expenditure – relating to current year

Less: Prior year amounts condoned

Less: Current year amounts condoned

Irregular expenditure awaiting condonation

Note	2016/17	2015/16
	R'000	R'000
	4,875	4,875
	-	38
	(4,875)	-
	-	(38)
	<b>-</b>	<b>4,875</b>

**20.2 Details of irregular expenditure condoned**

Incident

Condoned by

Unauthorised expenditure reclassified as

irregular expenditure relating to

Principal (DG) Condoned after reporting date

2013/14

Total

4,875

**4,875**

**21 Related party transactions**

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

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

	Note	2016/17 R'000	2015/16 R'000
<b>21.1 Analysis of transactions with related parties</b>			
<b>Revenue received</b>			
Tax revenue		2,165	1,764
<b>Total</b>		<b>2,165</b>	<b>1,764</b>
<b>Payments made</b>			
Goods and services		(2,238)	(1,910)
<b>Total</b>		<b>(2,238)</b>	<b>(1,910)</b>
<b>Year end balances arising from revenue/payments</b>			
Payables to related parties		-	73
<b>Total</b>		<b>-</b>	<b>73</b>

**22 Key management personnel**

	No. of Individuals	2016/17 R'000	2015/16 R'000
Level 15 to 16	2	2,745	3,665
Level 14	4	5,136	4,838
Family Members	1	303	-
<b>Total</b>		<b>8,184</b>	<b>8,503</b>

The family member is a Director in the Trading Entity related to DDG: Corporate Management for the period April to July 2016 before the DDG resigned.

**23 Movable Tangible Capital Assets****23.1 Movement in movable tangible capital assets per asset register for the year ended 31 March 2017**

	Opening balance	Curr Year Adjust- ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>28,946</b>	<b>-</b>	<b>2,654</b>	<b>2,874</b>	<b>28,726</b>
Computer equipment	19,163	-	776	2,358	17,581
Furniture and office equipment	7,838	-	355	112	8,081
Other machinery and equipment	1,945	-	1,523	404	3,064
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>28,946</b>	<b>-</b>	<b>2,654</b>	<b>2,874</b>	<b>28,726</b>

**23.2 Additions to movable tangible capital assets per asset register for the year ended 31 March 2017**

	Cash	(Capital work-in- progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>2,727</b>	<b>(73)</b>	<b>-</b>	<b>2,654</b>
Computer equipment	776	-	-	776
Furniture and office equipment	355	-	-	355
Other machinery and equipment	1,596	(73)	-	1,523
<b>TOTAL</b>	<b>2,727</b>	<b>(73)</b>	<b>-</b>	<b>2,654</b>

**23.3 Disposals of movable tangible capital assets per asset register for the year ended 31 March 2017**

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>2,874</b>	<b>-</b>	<b>2,874</b>	<b>56</b>
Computer equipment	2,358	-	2,358	51
Furniture and office equipment	112	-	112	2
Other machinery and equipment	404	-	404	3
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>2,874</b>	<b>-</b>	<b>2,874</b>	<b>56</b>

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

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

## 23.5 Minor assets of the department at 31 March 2017

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Opening balance	683	8,146	8,829
Value adjustments	-	(6)	(6)
Additions	-	116	116
-Disposals	(29)	(163)	(192)
<b>TOTAL MINOR ASSETS</b>	<b>654</b>	<b>8,093</b>	<b>8,747</b>

	Intangible assets	Machinery and equipment	Total
Number of minor assets at cost	908	3,192	4,100
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>908</b>	<b>3,192</b>	<b>4,100</b>

## 23.6 Minor assets of the department as at 31 March 2016

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Opening balance	548	8,116	8,664
Additions	135	201	336
Disposals	-	(171)	(171)
<b>TOTAL MINOR ASSETS</b>	<b>683</b>	<b>8,146</b>	<b>8,829</b>

	Intangible assets	Machinery and equipment	Total
Number of minor assets at cost	1,176	3,243	4,419
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>1,176</b>	<b>3,243</b>	<b>4,419</b>

**24 Intangible Capital Assets****24.1 Movement in intangible capital assets per asset register for the year ended 31 March 2017**

	Opening balance	Current adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Computer software	808	-	166	-	974
<b>TOTAL MOVABLE INTANGIBLE ASSETS</b>	<b>808</b>	<b>-</b>	<b>166</b>	<b>-</b>	<b>974</b>

**24.2 Movement in intangible capital assets per asset register for the year ended 31 March 2016**

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Computer software	448	360	-	808
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>448</b>	<b>360</b>	<b>-</b>	<b>808</b>

**24.3 Additions to Intangible Capital Assets per Asset Register For The Year Ended 31 March 2017**

	Cash	Non-Cash	Total
	R'000	R'000	R'000
Computer software	166	-	166
<b>TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS</b>	<b>166</b>	<b>-</b>	<b>166</b>

**ANNEXURE 1A****STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2015/16
	Adjusted Appropriation	Roll Overs	Adjust-ments	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	-	-	-	-	-	-	47,795
<b>Total</b>	-	-	-	-	-	-	<b>47,795</b>

**ANNEXURE 1B****STATEMENT OF TRANSFERS TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2015/16
	Adjusted Appropriation Act	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	Appro-riation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
Social benefits – leave gratuity	-	-	134	134	134	100.0%	66
<b>Total</b>	-	-	134	134	134	100.0%	66



**ANNEXURE IC****STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED**

NAME OF DONOR	PURPOSE	OPENING BALANCE	SURRENDERED	REVENUE	EXPENDITURE	CLOSING BALANCE
		R'000	R'000	R'000	R'000	R'000
<b>Received in kind:</b>						
GIZ	International seminar on HR Planning, Development and Delivery held at NSG in September 2016	-	-	220	(220)	-
<b>Total</b>		-	-	220	(220)	-

**ANNEXURE 2****STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES**

Name of Public Entity	Nature of business	Cost of investment		Net Asset value of Investment		Amounts owing to Entities		Amounts owing by Entities	
		R'000		R'000		R'000		R'000	
		2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
<b>Controlled entities</b>									
NSG Training Trading Account	Training	-	-	15,276	91,547	-	-	611	58
<b>TOTAL</b>		-	-	15,276	91,547	-	-	611	58

**ANNEXURE 3****STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2017**

Nature of Liability	Opening Balance 1 April 2016	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2017
	R'000	R'000	R'000	R'000	R'000
<b>Claims against the department</b>					
Employee of the NSG who is claiming compensation and/or protected promotion in respect of five positions. The aggrieved employee intended to include the appointed employees into the five positions as respondents (parties to the dispute).	100	-	-	-	100
<b>TOTAL</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100</b>

**ANNEXURE 4****CLAIMS RECOVERABLE**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Department</b>						
Provincial Departments						
Human Settlements	-	76	-	-	-	76
	-	76	-	-	-	76
<b>Other Government Entities</b>						
NSG Training Trading Account	611	58	-	-	611	58
GEMS	-	1	-	-	-	1
	611	59	-	-	611	59
<b>Total</b>	<b>611</b>	<b>135</b>	<b>-</b>	<b>-</b>	<b>611</b>	<b>135</b>

**ANNEXURE 5****INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	R'000	R'000	R'000	R'000	R'000	R'000
SA Revenue Services	137	296	-	-	137	296
GEPP	-	3	-	-	-	3
<b>Subtotal</b>	<b>137</b>	<b>299</b>	<b>-</b>	<b>-</b>	<b>137</b>	<b>299</b>

**ANNEXURE 6****INVENTORY**

Inventory	2016/17		2015/16	
	Quantity	R'000	Quantity	R'000
Opening balance	2,292	79	3,730	129
Add/(Less): Adjustments to prior year balance	-	(185)	7	46
Add: Additions/Purchases - Cash	867	947	19,153	3,769
Add: Additions - Non-cash	-	-	112	-
(Less): Disposals	-	-	(63)	(3)
(Less): Issues	(1,259)	(951)	(20,492)	(3,816)
Add/(Less): Adjustments	(1,835)	114	(155)	(46)
<b>Closing balance</b>	<b>65</b>	<b>4</b>	<b>2,292</b>	<b>79</b>

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

### Report on the audit of the financial statements

1. I have audited the financial statements of the National school of Government – Training Trading Account set out on pages 164 to 195, which comprise the appropriation statement, the statement of financial position as at 31 March 2017, the statement of financial performance, 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 – Training Trading Account as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Standards (GRAP) and the requirements of the Public Finance Management Act (PFMA).

### Emphasis of matter

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

### Restatement of corresponding figures

As disclosed in note 5, 7 and 8 to the financial statements, the corresponding figures for 2015/16 have been restated as a result of an error in the financial statements of the entity at, and for the year ended, 2016/17.

### Other matter

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

### Responsibilities of the accounting officer

5. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with Generally Recognised Accounting Standards and the requirements of the Public Finance Management Act 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.
6. In preparing the financial statements, the accounting officer is responsible for assessing the National School of Government – Training Trading Account's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the 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

7. 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

## Report on the audit of the Annual Performance Report

### Introduction and scope

11. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programme presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
12. 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.
13. 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 entity for the year ended 31 March 2017:

Programme	Pages in the annual performance report
Programme 2: Public Sector Organisational and Staff Development.	50 – 60

14. 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.

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

### Other matters

#### Achievement of planned targets

16. Refer to the annual performance report on pages 38 to 60 for information on the achievement of planned targets for the year and explanations provided for the overachievement of a significant number of targets.

#### Adjustment of material misstatements

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

## Report on 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 in respect of the compliance criteria for the applicable subject matters 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 and supported by full and proper records as required by section 40(1) (a) and (b) of the Public Finance Management Act.
21. Material misstatements for commitments, cash and cash equivalents, payables from exchange transactions and revenue from exchange transactions identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

## Other information

22. The National School of Government – Training Trading Account 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 thereon and the selected programme presented in the annual performance report that have been specifically reported on in the 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. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

## Internal control deficiencies

25. 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 thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in findings on compliance with legislation included in this report.

## Financial and performance management

26. Management have not prepared regular, accurate and complete performance reports that are supported and evidenced by reliable information. The preparation of valid, accurate and complete information in line with the requirements of the performance reporting frameworks and legislative requirements needs to be underpinned by adequately documented and supervised processes. Management has not implemented adequate review and monitoring processes for the performance reports and annual financial statements prior to submission for audit.

Pretoria

*Auditor-General*

31 July 2017



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 the auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department’s internal control.
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
  - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the National School of Government – 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 the auditor’s report. However, future events or conditions may cause a department to cease to continue 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 here applicable, related safeguards.

## Annexure A – Performance management and reporting framework

The Performance Management and Reporting Framework (PMRF) consists of the following:

- Legislation applicable to performance planning, management and reporting, which includes the following:
  - o Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA)
  - o Treasury Regulations, 2005 issued in terms of the PFMA
  - o National treasury practice note 4 of 2009-10
  - o Public Service Regulations, 2001 issued in terms of the Public Service Act
- The Framework for Managing Programme Performance Information (FMPPi), issued by the National Treasury. This framework is applicable to all spheres of government.
- The Framework for Strategic Plans and Annual Performance Plans (FSAPP), issued by the National Treasury. This framework is applicable to all national and provincial departments, constitutional institutions and those public entities listed in parts A and C of schedule 3 of the PFMA.
- Circulars and guidance issued by the National Treasury and Department of Planning Monitoring and Evaluation regarding the planning, management, monitoring and reporting of performance against predetermined objectives.

## Annexure A – Criteria developed from the performance management and reporting framework

CRITERIA	REFERENCES TO THE PMRF PER TYPE OF ENTITY
<b>Consistency: Objectives, performance measures / indicators and targets are consistent between planning and reporting documents</b>	
1. Reported strategic or development objectives are consistent or complete when compared to planned objectives	Section 40(3)(a) of the PFMA TR 5.2.4
2. Changes to strategic or development objectives are approved	TR 5.1.1 Chapter 4.1 of the FSAPP
3. Reported measures or indicators are consistent or complete when compared to planned measures or indicators	Section 40(3)(a) of the PFMA TR 5.2.4
4. Changes to measures or indicators are approved	TR 5.1.1
5. Reported targets are consistent or complete when compared to planned targets	Section 40(3)(a) of the PFMA TR 5.2.4
6. Changes to targets are approved	TR 5.1.1

REFERENCES TO THE PMRF PER TYPE OF ENTITY	
<b>Measurability: Performance measures / indicators are well defined and verifiable, and targets are specific, measurable and time bound</b>	
1. A performance measure or indicator is well defined when it has a clear definition so that data will be collected consistently and is easy to understand and use	Chapter 3.2 of the FMPPI issued by the NT
2. A performance measure / indicator is verifiable when it is possible to validate or verify the processes and systems that produce the indicator	Chapter 3.2 of the FMPPI issued by the NT
3. A target is specific when the nature and the required level of performance of the target are clearly identifiable	Chapter 3.2 of the FMPPI issued by the NT
4. A target is measurable when the required performance can be measured	Chapter 3.2 of the FMPPI issued by the NT
5. A target is time bound when the time frames for the achievement of the target are indicated	Chapter 3.2 of the FMPPI issued by the NT

CRITERIA		REFERENCES TO THE PMRF PER TYPE OF ENTITY
<b>Relevance: Performance measures / indicators relate logically and directly to an aspect of the entity’s mandate and the realisation of its strategic goals and objectives</b>		
1. The performance measure / indicator and target relate logically and directly to an aspect of the entity’s mandate and the realisation of its strategic goals and objectives	Chapters 3.2 and 4 of the FMPPI issued by the NT	
<b>Presentation and disclosure: Performance information in the annual performance report is presented and disclosed in accordance with the requirements contained in legislation, frameworks, circulars and guidance</b>		
1. Reasons for variances between planned and actual performance are disclosed	The NT’s annual report guide for the presentation of the annual report	
2. Reasons for variances are supported by corroborating source documentation	The NT’s annual report guide for the presentation of the annual report Chapter 3 of the FMPPI issued by the NT	
<b>Reliability: Recording, measuring, collating, preparing and presenting information on actual performance / target achievements that is valid, accurate and complete</b>		

CRITERIA		REFERENCES TO THE PMRF PER TYPE OF ENTITY
1. Reported performance occurred and pertains to the reporting entity	Section 40(3)(a) of the PFMA Chapter 3 of the FMPPI issued by the NT	
2. Reported performance is recorded and reported accurately		
3. All actual performance is recorded and included in the reported performance information		

NATIONAL SCHOOL OF GOVERNMENT (NSG) TRAINING TRADING ACCOUNT (TTA)

ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2017

**Executive Management**

Prof. Richard M Levin

Ms Mandisa Tshikwatamba

(Resigned 31/07/2016)

Mr Botshabelo Maja

Ms Soria Arendt

Prof Thean Potgieter

Ms Phindile Mkwazazi

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70 Meintjies Street

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Private Bag X759

Pretoria

0001

**Auditors**

Auditor General South Africa

**Other 1****Other 2****Other 3****Other 4**

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

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Statement of Financial Position .....	169
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Statement of Comparison of Budget and Actual Amounts.....	172
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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 12a for the operations of the NSG Training Trading Account.

The Accounting Officer hereby approves the annual financial statements of the NSG TTA for the year ended 31 March 2017, as set out on pages 168 to 195.



PROF. RICHARD M LEVIN

PRINCIPAL

STATEMENT OF FINANCIAL PERFORMANCE  
for the year ended 31 March 2017

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2016/17

	Note	2017 R'000	2016 R'000
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Rendering of services		129 253	60 134
Interest received (trading)		1 438	1 804
Bad debts recovered		-	134
Interest received - investment		6 021	6 348
<b>Total revenue from exchange transactions</b>		<b>136 712</b>	<b>68 420</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants & subsidies	2	-	47 795
<b>Total revenue</b>		<b>136 712</b>	<b>116 215</b>
<b>Expenditure</b>			
Employee related costs	3	(86 835)	(71 506)
Transfer payments - Other		(17 523)	-
Operating Expenses	4	(108 017)	(84 895)
<b>Total expenditure</b>		<b>(212 375)</b>	<b>(156 401)</b>
<b>Deficit for the year*</b>		<b>(75 663)</b>	<b>(40 186)</b>

STATEMENT OF FINANCIAL POSITION  
for the year ended 31 March 2017

	Note	2017 R'000	2016 R'000
<b>Assets</b>			
<b>Current Assets</b>			
Receivables from exchange transactions	6	3 712	2 844
Cash and cash equivalents	5	66 028	138 742
		<u>69 740</u>	<u>141 586</u>
<b>Non-Current Assets</b>			
Intangible assets	7	22 567	20 852
<b>Total Assets</b>		<u>92 307</u>	<u>162 438</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	8	65 921	62 075
Payables from non-exchange transactions	9	1 358	1 358
Employee Benefits	10	9 144	7 458
		<u>76 423</u>	<u>70 891</u>
<b>Total Liabilities</b>		<u>76 423</u>	<u>70 891</u>
<b>Net Assets</b>		<u>15 884</u>	<u>91 547</u>
Accumulated surplus		<u>15 884</u>	<u>91 547</u>

STATEMENT OF CHANGES IN NET ASSETS  
for the year ended 31 March 2017

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2016/17

	Accumulated surplus	Total net assets
	R '000	R '000
<b>Balance at 01 April 2015</b>	131 733	131 733
Changes in net assets		
Deficit for the year	(40 186)	(40 186)
Total changes	<u>(40 186)</u>	<u>(40 186)</u>
<b>Balance at 01 April 2016</b>	91 547	91 547
Changes in net assets		
Deficit for the year	(75 663)	(75 663)
Total changes	<u>(75 663)</u>	<u>(75 663)</u>
<b>Balance at 31 March 2017</b>	<u>15 884</u>	<u>15 884</u>

**CASH FLOW STATEMENT**  
for the year ended 31 March 2017

	Note	2017 R'000	2016 R'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Rendering of services		181 756	135 208
Grants		-	47 795
Interest income		6 021	6 348
		<u>187 777</u>	<u>189 351</u>
<b>Payments</b>			
Employee costs		(84 976)	(70 640)
Suppliers		(155 490)	(93 915)
Transfers		(17 523)	-
		<u>(257 989)</u>	<u>(164 555)</u>
<b>Net cash flows from operating activities</b>	11	<u>(70 212)</u>	<u>24 796</u>
<b>Cash flows from investing activities</b>			
Purchase of other intangible assets	7	<u>(2 502)</u>	<u>(3 315)</u>
<b>Net increase in cash and cash equivalents</b>		<b>(72 714)</b>	<b>21 481</b>
Cash and cash equivalents at the beginning of the year		<u>138 742</u>	<u>117 261</u>
Cash and cash equivalents at the end of the year	5	<u><b>66 028</b></u>	<u><b>138 742</b></u>

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 March 2017

NATIONAL SCHOOL OF GOVERNMENT | ANNUAL REPORT | 2016/17

## Budget on Accrual

## Basis

Note	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	

## Statement of Financial Performance

## Revenue

## Revenue from exchange transactions

Rendering of services	150 971	-	150 971	129 253	(21 718)
Interest received (trading)	-	-	-	1 438	1 438
Interest received - investment	2 434	-	2 434	6 021	3 587
<b>Total revenue from exchange transactions</b>	<b>153 405</b>	<b>-</b>	<b>153 405</b>	<b>136 712</b>	<b>(16 693)</b>

## Expenditure

Personnel	(86 713)	-	(86 713)	(86 835)	(122)
Transfer payments - Other	-	-	-	(17 523)	(17 523)
Operating Expenses	(124 478)	-	(124 478)	(108 017)	16 461
<b>Total expenditure</b>	<b>(211 191)</b>	<b>-</b>	<b>(211 191)</b>	<b>(212 375)</b>	<b>(1 184)</b>

Operating deficit	12	(57 786)	-	(57 786)	(75 663)	(17 877)
Capital Investment		-	-	-	(2 502)	(2 502)
		<b>(57 786)</b>	<b>-</b>	<b>(57 786)</b>	<b>(78 165)</b>	<b>(20 379)</b>

**I. Presentation of Annual Financial Statements****I. 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).

**I.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.

**I.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.

**I.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).

**I.5 Going concern assumption**

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern entity. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

**I.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 10.5% (2015/16: 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 6.

### 1.7 Comparative information

Prior year comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior year financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

### 1.8 Revenue from non-exchange transactions

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

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

### 1.9 Revenue from exchange transactions

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

#### Rendering of services

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

#### Stage of completion method

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

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

The entity will recognise 85% of the revenue when the entity hands over the training material to the client department as the equivalent percentage of the administrative services have been performed at this stage and the remaining 15% will be recognised when the client department provides training roll out evidence. When 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 12a, provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are charged to the statement of 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.

## I.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.

### I.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 12a. Upon closure of the entity, all the assets and liabilities shall be transferred to the controlling department and taken on record. Consequently, debt instruments are classified as financial liabilities.

All of the entity's financial liabilities are classified as 'other financial liabilities'.

#### 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.

### I.14 Assets - Property, Plant and Equipment

The entity does not recognise assets relating to items of property, plant and equipment as the controlling department, NSG Vote 12a, holds all items of property, plant and equipment. The entity utilises property, plant and equipment belonging to the controlling department free of charge as part of the controlling department's administration function.

### 1.15 Intangible assets

Intangible assets acquired separately

Intangible assets acquired externally are initially recognised at historical cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Training Courses and Training Management System with effect from 1 April 2011, were determined to have indefinite useful lives and are not amortised into results of operations, but instead are reviewed for impairment annually, or more often if impairment indicators arise.

#### Internally generated intangible assets

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

Impairment of assets.

At the end of each reporting period, the entity reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets may have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time-value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in surplus or deficit in those expense categories consistent with the function of the impaired asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit.

### 1.16 Inventory

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

### 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 12a - enters into both finance and operating lease agreements on behalf of the entity as part of its administration function. The proportionate monthly lease payments relating to the entity are recovered by the controlling department in terms of the expenditure allocation policy. These lease payments are recognised as an expense in the periods in which they are incurred.

### 1.19 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

Parties are considered to be related if one party has the ability to control the other party, exercise significant influence over the other party or jointly control the other party. Specific information with regard to related parties is included in note.14

### 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.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

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	2017	2016
	R'000	R'000
<b>2. Revenue from non-exchange transactions</b>		
Funds from the Department (NSG)	-	47 795
Funds are transferred from NSG Vote 12a as an augmentation to revenue earned to enable the Trade to carry out its operating activities.		
<b>3. Employee benefits costs</b>		
Short term employee benefits	86 835	71 506
Average number of employees	123	119
<b>4. Operating expenses</b>		
Training and consultancy services	43 922	29 998
Consumables, materials and supplies	306	194
Gifts and promotional items	247	214
Marketing	23	17
Postage and courier	970	-
Printing and stationery	15 922	10 957
Communication cost	486	1 261
Staff training and development	1 064	629
Travel and subsistence	9 375	6 710
Property rental payments	14 442	15 587
Equipment rental payments	1 075	3 039
Property payments	5 445	2 690
Theft and losses - other debt written off	-	12
Catering departmental activities	611	553
Theft and losses - debtors debt written off	-	36
Venue and facilities	10 737	4 688
Disposal of intangible assets	787	266
Movement in the allowance for doubtful debt	2 549	4 949
General administrative expenses	56	3 095
	<b>108 017</b>	<b>84 895</b>



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for the year ended 31 March 2017

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				2017	2016
				R'000	R'000
<b>5. Cash and cash equivalents</b>					
Current cash at commercial banks				66 028	138 742
<b>6. Receivables from exchange transactions</b>					
	Less than one year	One to two years	More than two years	Total 2016/2017	Total 2015/2016
<b>Trade and other receivables</b>					
Trade debtors	2 594	1 118	16 211	19 923	16 506
Allowance for doubtful debts	-	-	(16 211)	(16 211)	(13 662)
Net trade receivables	2 594	1 118	-	3 712	2 844

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 52 days (2015/16: 72 days) to customers affecting the fair value of debt raised. Implicit interest is charged in accordance with Section 80 of the PFMA at the rates specified. As at reporting date the rates specified were 10.5% (2015/16: 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.

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 52 days (2015/16: 72 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.

	2017	2016
	R'000	R'000
<b>6. Receivables from exchange transactions (continued)</b>		
Trade receivables past due, but not impaired - 2016/17		
	61 to 365	366 to 730
	days	days
Nominal Value	2,118	1,118
Impairment Adjustment	-	-
<b>Total</b>	<b>2,118</b>	<b>1,118</b>
	61 to 365	366 to 730
	days	days
Nominal Value	7,548	1,105
Impairment Adjustment	-	-
<b>Total</b>	<b>7,548</b>	<b>1,105</b>
	61 to 365	366 to 730
	days	days
Nominal Value	7,548	1,105
Impairment Adjustment	-	-
<b>Total</b>	<b>7,548</b>	<b>1,105</b>

	2017	2016
	R'000	R'000
<b>6. Receivables from exchange transactions (continued)</b>		
<b>Impairment of trade receivables</b>		
Balance at cost price	19 944	16 765
Less: Impairment adjustment	(21)	(258)
	<u>19 923</u>	<u>16 507</u>

The impairment of trade receivables is based on cash flows discounted using the rate prescribed by the Minister of Finance in terms of section 80 of the PFMA of 10.5% (2015/16: 10.25%).

#### Movement in the allowance for doubtful debt

Opening balance	13 662	8 713
Impairment losses recognised on receivables	2 549	4 985
Amounts written off as uncollectible	-	(36)
	<u>16 211</u>	<u>13 662</u>

In determining the recoverability of a trade receivable, the entity considers the movement in debt outstanding for more than 2 years from the date that the service is rendered to the end of the reporting period. The concentration of credit risk is limited due to the large and unrelated customer base and the funding provided by the National Revenue Fund to customers.

The additional allowance for doubtful debt is included in 'operating expenses' in the statement of financial position.

**7. Intangible assets**

	2017			2016		
	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	21 540	(1 301)	20 239	19 825	(1 301)	18 524
<b>Total</b>	<b>24 758</b>	<b>(2 191)</b>	<b>22 567</b>	<b>23 043</b>	<b>(2 191)</b>	<b>20 852</b>

**Reconciliation of intangible assets - 2017**

	Opening balance	Additions	Disposals	Total
TMS	2 328	-	-	2 328
Training Courses	18 524	2 502	(787)	20 239
<b>Total</b>	<b>20 852</b>	<b>2 502</b>	<b>(787)</b>	<b>22 567</b>

**Reconciliation of intangible assets - 2016**

	Opening balance	Additions	Disposals	Total
TMS	2 328	-	-	2 328
Training Courses	15 475	3 315	(266)	18 524
<b>Total</b>	<b>17 803</b>	<b>3 315</b>	<b>(266)</b>	<b>20 852</b>

Training courses: capitalised course development.

TMS: capitalised Training Management System development

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

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

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

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for the year ended 31 March 2017

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			2017	2016
			R'000	R'000
<b>8. Payables from exchange transactions</b>				
<b>Trade and other payables</b>	<b>30 Days</b>	<b>30+ Days</b>	<b>Total 2016/2017</b>	<b>Total 2015/2016</b>
Trade creditors	7 406	-	7 406	4 419
Amounts due to customers: trade debtors	54 483	3 421	57 904	57 598
Amount owed to NSG Vote 12a	611	-	611	58
	<b>62 500</b>	<b>3 421</b>	<b>65 921</b>	<b>62 075</b>
<b>9. Payables from non-exchange transaction</b>				
National Treasury advance for course development			1 358	1 358
<b>10. Employee Benefits</b>				
<b>Leave entitlement</b>				
Carrying amount at the beginning of the period			4 291	3 935
Current service costs			7 908	7 165
Less: benefits utilized			(6 376)	(6 809)
			<b>5 823</b>	<b>4 291</b>
<b>13th cheque</b>				
Carrying amount at the beginning of the period			1 936	1 652
Current service costs			2 027	1 936
Less: benefits utilized			(1 936)	(1 652)
			<b>2 027</b>	<b>1 936</b>
<b>Performance bonus</b>				
Carrying amount at the beginning of the period			1 231	1 078
Current service costs			635	1 326
Less: benefits utilized			(572)	(1 173)
			<b>1 294</b>	<b>1 231</b>
			<b>9 144</b>	<b>7 458</b>

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

	2017	2016
	R'000	R'000
<b>11. Cash (used in) generated from operations</b>		
Deficit	(75 663)	(40 186)
<b>Adjustments for:</b>		
Disposal of intangible assets	787	266
Allowance for Doubtful Debts	2 549	4 949
Bad debts written off	-	48
Change in estimates of employee benefits	1 686	794
<b>Changes in working capital:</b>		
Receivables from exchange transactions	51 066	73 135
Payables from exchange transactions	(50 637)	(14 124)
Payables from non-exchange transactions	-	(86)
	<u>(70 212)</u>	<u>24 796</u>
<b>12. Budget information</b>		
The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 April 2016 to 31 March 2017. 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	(78 165)	
<b>Adjusted for:</b>		
Capital Expenditure	2 502	
<b>Net deficit per approved budget</b>	<u>(75 663)</u>	
Reason for budget deviation in revenue		
The revenue performance for the financial year 2016/17 reflects an unfavourable variance of R75.7 million due low uptake of revenue generating courses.		
Reason for budget deviation in expenditure		
The entity transferred 17.5 million to the main Department Programme 1 as per National Treasury instruction dated 17 May 2016.		

Note	2017	2016
	R'000	R'000

### 13. 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.

#### Significant accounting policies

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

#### Categories of financial instruments

##### Financial assets

##### Amortised cost

Cash and bank balances	(Note 5)	66 028	138 742
Trade and other receivables	(Note 6)	3 712	2 844
		<b>69 740</b>	<b>141 586</b>

##### Financial liabilities

##### Amortised cost

Trade and other payables	(Note 8)	65 921	62 075
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#### Financial risk management objectives

The entity has limited exposure to financial risks due to its limited ownership (ownership is limited to the net asset holders of the controlling department - National School of Government Vote 12a) and the funding of any cash deficit by the controlling department. The entity has no exposure to foreign currency risk, cash flow interest rate risk and equity price risk.

#### 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.

### 13 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.

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.



### 13 Financial Instruments (continued)

#### 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.

	2017	2016
	R'000	R'000
<b>14. Related party transactions and outstanding balances</b>		
The entity is controlled through the Department of National School of Government at National Government level.		
As a result of the constitutional independence of the three spheres of government in South Africa, only parties within the national sphere of government will be considered to be related parties.		
Management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. Individuals on top management and executive committee members are considered management.		
<b>Related party transactions and outstanding balances</b>		
<b>Department of National School of Government</b>		
Revenue form non-exchange transaction	-	47 795
Outstanding Balances - Claims Payable	611	58

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

#### Key Manament Personnel

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

2017

	Basic salary	Other short term employee benefits	Post-employment benefits	Total
Mr B Maja - Deputy Director General	884	474	115	1 473
Prof TD Potgieter - Acting Branch Head TPP	848	273	101	1 222
	1 732	747	216	2 695

		2017	2016
		R'000	R'000
<b>14. Related party transactions and outstanding balances (continued)</b>			
<b>2016</b>			
	Basic salary	Other short term employee benefits	Post-employment benefits
	Total		
Mr B Maja - Deputy Director General	999	694	130
Mr S Manana - Acting Deputy Director General	772	336	100
Prof TD Potgieter - Acting Branch Head TPP	798	270	104
	<b>2 569</b>	<b>1 300</b>	<b>334</b>
			<b>4 203</b>

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

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

	2017 R'000	2016 R'000
<b>15. Commitments Lease Commitments</b>		
All lease agreements are entered into by the controlling department - National School of Government Vote 12a. Therefore, all lease commitments are presented and disclosed in the financial statements of National School of Government Vote 12a. The lease payments are recovered from the National School of Government TTA in accordance with the expenditure allocation policy.		
The controlling department, National School of Government Vote 12a, leases office equipment used by the entity for a period of three years to 30 June 2019. The average lease payment is R 244,514 per month (2015/16: R 244,516) 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 R1,298,956 per month (2015/16: R 1,583,004) 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.		
<b>Expenditure Commitments</b>		
Current Expenditure - Approved and contracted	8,434	2,649
The commitments relate mostly to goods and services required for training activities.		
<b>16. Transfers</b>		
The entity transferred funds from the accumulated surplus to the main Department Programme 1 as per National Treasury instructions dated 17 May 2016.		
Department: National School of Government	17,523	-
<b>17. Irregular expenditure</b>		
Add: Irregular Expenditure - current year	-	249
Less: Amounts condoned	-	(249)
	<u>-</u>	<u>-</u>

	2017	2016
	R'000	R'000
<b>18. Prior period error</b>		
During the 2016/17 financial period the entity's management realised that it had accounted for an amount of R7,166 000 which was paid to trade creditors. The amount reflected as a credit under cash and cash equivalents and as a result the balance for Cash and cash equivalents and Payables for exchange transactions pertaining to 31 March 2016 were adjusted. The result of the correction is as follows:		
Decrease in Cash and cash equivalents	-	(7,166)
Decrease in Payables for exchange transactions	-	7,166
<b>19. Events after reporting date</b>		
The entity is not aware of any event subsequent to year end which might require adjustment of the stated figures.		
<b>20. Approval of Financial Statements</b>		
The financial statements were approved by the Accounting Officer and authorised for use.		





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The National School of Government

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