



**palama**

Public Administration Leadership  
and Management Academy  
**REPUBLIC OF SOUTH AFRICA**

**annual report**

**2008/09**

On the cover: Professor ZK Matthews was the first African Rector of the University of Fort Hare, and proposed the Freedom Charter Campaign. The new Palama building is named in his honour. This bust, by the famous Venda sculptress Noria Mabasa, is in the foyer.



**Mr Jacob Zuma**  
President of the Republic of  
South Africa

**... working with the people and supported by our public servants, we will build a developmental state, improve public services and strengthen democratic institutions ...**

**This administration will insist on putting people first in service delivery. We will ensure courteous and efficient service from front-counter staff in the provision of services in all government departments.**

President Jacob Zuma

State of the Nation Address, 3 June 2009

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# Public Administration Leadership and Management Academy

Annual Report 2008/09

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# Table of Contents

<b>Part 1:</b>	<b>General Information</b>	<b>4</b>
	1.1 Submission of the Annual Report to the Executive Authority	5
	1.2 Introduction by the Director-General, Dr FM Orkin	6
	1.3 Information on the Ministry	10
	1.4 Purpose of Palama	10
	1.5 Legislative Mandate	11
	1.6 Reconstitution of SAMDI to Form Palama	11
<b>Part 2:</b>	<b>Programme Performance</b>	<b>14</b>
	2.1 Aim of Vote	15
	2.2 Key Measurable Objectives, Programmes and Achievements	15
	2.2.1 Strategic Objectives	16
	2.2.2 Programmes	16
	2.3 Overview of the Service Delivery Environment for 2008/09	17
	2.4 Overview of the Organisational Environment for 2008/09	22
	2.5 Strategic Overview and Key Policy Developments for 2008/09	28
	2.6 Departmental Revenue, Expenditure and Other Specific Topics (Including Donor Funding)	30
	2.6.1 Collection of Departmental Revenue	30
	2.6.2 Expenditure Trends	31
	2.6.3 Transfer Payments to the Training Trading Account	31
	2.6.4 Asset Management	32
	2.7 Overview of Programmes	33
	2.7.1 Executive Development	33
	2.7.2 JMMS Curriculum Management	39
	2.7.3 Provider and Partner Mobilisation	44
	2.7.4 JMMS Training Co-ordination	46
	2.7.5 Business Development	49
	2.7.6 International and Special Projects	51
	2.7.7 Corporate Services	55
	2.7.8 Corporate Finance	58
	2.7.9 Governance and Strategic Support	59
	2.7.10 Office of the Director-General	61
<b>Part 3:</b>	<b>Report of the Audit Committee</b>	<b>66</b>
<b>Part 4:</b>	<b>Annual Financial Statements – Vote 10</b>	<b>70</b>
<b>Part 5:</b>	<b>Annual Financial Statements – Training Trading Account</b>	<b>110</b>
<b>Part 6:</b>	<b>Human Resource Oversight Report</b>	<b>136</b>
<b>Part 7:</b>	<b>Annexures</b>	<b>158</b>
	Annexure A: Performance Matrices Showing Achievements Against Strategic Objectives	159
	Annexure B: Glossary	177

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## List of tables

Table 1:	Voted Funds	15
Table 2:	Statistics on 2008/09 Training Outputs (PTDs)	17
Table 3:	Sources of Departmental Revenue	31
Table 4:	Breakdown of Departmental Expenditure	31
Table 5:	Capital Expenditure per Asset Class	32
Table 6:	Breakdown of Disposals	33

## List of graphs

Figure 1:	Year-on-Year Comparison	18
Figure 2:	Gender Representation in Management Development Programmes	19
Figure 3:	Race Representation in Management Development Programmes	20
Figure 4:	Academy Organogram	24
Figure 5:	Alignment of SAMDI Strategic Objectives to Academy KPAs	30

PART 1

# General Information



Palama officially opened its new building, named after Professor ZK Matthews, on 1 August 2008.

## 1.1 Submission of the Annual Report to the Executive Authority



**Dr FM Orkin**  
Director-General of Palama

I am honoured to present the Annual Report of Palama, the Public Administration Leadership and Management Academy, for 2008/09 in terms of the Public Finance Management Act (No. 1 of 1999, as amended).

A handwritten signature in black ink, appearing to read 'FM Orkin'.

**Dr FM Orkin**  
**Director-General: Palama**  
31 August 2009

## 1.2 Introduction by the Director-General, Dr FM Orkin

This is the first Annual Report issued under the name of Palama, the new Public Administration Leadership and Management Academy. The Academy has been formed by a comprehensive reconstitution of the previous South African Management Development Institute (SAMDI). The word Palama means ‘get aboard’ or ‘arise’ in Sesotho.

Palama’s challenge is to enhance the quality and relevance of public service training and, at the same time, to bring it to scale. Across the three spheres of government there are approximately 10,000 members of the Senior Management Service (SMS), and 250,000 members of the Junior and Middle Management Service (JMMS). If the public service is to play its role in our developmental state, all of its members should have the opportunity for at least a week of formal professional development each year, in addition to benefiting from on-the-job training in their departments. Thus, for real impact to occur, Palama’s statutory mandate described in Section 1.4 below translates into energising and aligning the entire public service training landscape towards ensuring that appropriate training opportunities at the requisite volume are available to user departments at national, provincial and municipal level.

The story of this year’s Annual Report is that of building the capacity of Palama to tackle this challenge. It has demanded that Palama embrace a major shift in strategy from that of the former SAMDI, the organisation it has replaced. Palama has shifted decisively: from doing training, to being a provider or facilitator of training that is delivered to scale through a comprehensive network of partners and outsourced service providers, with its quality and practical relevance to government needs assured through a systematic learning framework. In turn this has necessitated a new organisation with the requisite capacity, both intellectual and technological, to re-engineer and manage the numerous intricate, cross-cutting processes that underpin the new strategy. The big achievement of the 2008/09 reporting period has been the building of this institutional capacity.

At the start of the financial year, the senior management cadre of Palama was 16 persons strong. There were some 35 positions, for which funds were available, vacant at these levels in the new approved structure. A recruitment campaign commenced in March 2008. Over 23,000 applications were received. Steady progress was made with appointments, beginning with three Deputy Directors-General and cascading down. By the end of the

reporting period the senior management echelon had been strengthened by 27 new recruits, with six more in process, including the remaining Deputy Director-General appointment.



The Senior Management Service of Palama was strengthened by 27 new recruits during this financial year.

To ensure that the training is practical and relevant, the Academy is steadily populating a national integrated learning framework under which the curricula and materials used by a wide range of providers are being developed either by the Academy itself, or, under its supervision, by partners in higher and further education institutions, the private sector, or provincial academies which will play a pivotal role in extending the reach of training to the three-quarters of public servants who are in the provinces, at the 'coal face' of service delivery. The current suite of some 60 courses has been independently reviewed with a view to improving or recreating them within the learning framework, and enhancing their alignment to the competency frameworks authorised by the Minister. Important progress has been made with the quality assurance of programmes, and their accreditation, to ensure their cumulative value to learners.

A comprehensive pool of partners and providers is being mobilised with the requisite capacity to roll out training under the learning framework to public servants at all management levels. Programmes for the initial training and ongoing professional development of providers are being implemented. Processes for the monitoring and evaluation of training events are being instituted.

The logistical processes of matching individual trainees, or groups from departments, to specific, suitable capacity-building events have been progressively automated with the implementation of an electronic training management system that also handles invoices, training statistics and certification. A hi-tech contact centre has been created to cope with the increasing number of enquiries.

The range of opportunities for capacity building is being proactively 'marketed' to national and provincial departments. Three regional liaison centres are envisaged, the first of which has been set up in Cape Town. An enhanced approach to training needs analysis has been developed, which assists departments to identify and prioritise the developmental needs of their staff in relation to workplace skills plans and identified competencies.

These complex, inter-related processes are the means by which Palama is seeking to foster and oversee the massively expanded availability and take-up of training opportunities, both generic and functionally specific, and their take-up by managers across government.

A flagship programme, the six-module Executive Development Programme (EDP), for new, mainly director-level members of the SMS, has been launched. Seventy-six participants from the pilot phase had graduated at the time of writing. The full-scale roll-out has commenced, and is able to handle more than 300 participants per half year, approximating the number of director-level new recruits to the SMS. The programme is accredited through a consortium of eight tertiary institutions, covering the provinces, grouped in three geographic regions; as well as national departments. Graduates can elect to do four further modules and a research report for a Master's degree at one of the participating universities.

The EDP is one offering under the Presidential Strategic Leadership Development Portfolio (PSLDP). Another is the Khaedu Programme, furnished for Palama by a private-sector provider. It exposes SMS members to the challenges of service delivery through a five-day practical case-based course, followed by a five-day deployment of the group in a real-life problem situation. Khaedu provides an effective induction to the SMS, and has been made compulsory by some provinces and departments. A customised version is to be offered to chief financial officers in local government as a private-public initiative supported by a major insurance house under the auspices of the Joint Initiative on Priority Skills Acquisition (JIPSA).

Two other new offerings are in the governance area. One is a Gender Mainstreaming course that was developed with large-scale donor support in association with the Office for the Status of Women in the Presidency. It is initially being taken by a selection of more than 1,000 SMS members

spanning a broad range of national and provincial departments. Another is a suite of several focused courses developed through an extensive consultative process for junior and senior officers responsible for monitoring and evaluation in the government-wide system, as well as for the executives who supervise them.

An illustration of the power of the Academy's new strategy is the Massified Induction Programme (MIP). In order to enhance a service-oriented and development ethos, the Minister for Public Service and Administration has directed that this programme be compulsory for all new public servants. Some 34,000 new recruits join the public service on probation each year (excluding health workers and educators, who are inducted by their respective departments). Reaching them is a mammoth task requiring a fundamentally different approach. Nine-hundred trainers have attended the eight-day train-the-trainer programme. After consultative meetings with senior management in provinces and large national departments, task teams have been appointed to fast-track its implementation. Modern interactive materials have been developed and translated into all the official languages and into Braille. By the end of the first year, the requisite capacity to handle 5,000 person training days (PTDs) per month was reached.

Internationally, Palama has moved to a new level of operation. A successful programme to train public servants and trainers, and refurbish a new Academy, is concluding in the Democratic Republic of Congo (DRC). Using a new model of organisational capacity development, Palama is assisting counterpart management development institutes in three post-conflict societies; Rwanda, Burundi and Southern Sudan. The five-year programme has massive donor support. In addition, Palama has incubated the African Management Development Institutes Network (AMDIN) and provided the training support for its initial ten-country workshop.

Palama's enhanced capacity has been underpinned by strengthened support services. Processes have been streamlined and made more user-friendly and relevant to new needs, and appropriate outsourcing of non-core functions undertaken (notably facilities management and information technology). Significant developments include rigorous processes and standards for recruitment and procurement, the installation of various policies required in the public service context, and most importantly, the implementation of extensive financial and human resource delegations to branch heads, supported by an online 'dashboard' of information and structured reporting arrangements.

The Academy moved to a new building in the Government Corridor in June 2008. On 1 August, former President Thabo Mbeki named the building after the late Professor ZK Matthews, and launched Palama. On the same day, by official notice in the *Government Gazette*, Palama formally came into being.

These initiatives have enabled a substantial increase in Palama's key performance measure, person training days (PTDs - see Section 2.3). With the organisational foundations now in place, the envisaged massive growth in PTDs is possible.

### 1.3 Information on the Ministry



**Minister Richard Masenyani Baloyi, MP**  
Minister for Public Service and Administration

Mr Richard Baloyi, MP became Minister for Public Service and Administration in September 2008, after the resignation of the previous Minister, Ms Geraldine Fraser-Moleketi. He resumed this portfolio following the April 2009 general elections. Alongside the Department of Public Service and Administration and four other entities, Palama reports to him as a Schedule 1 Department led by its Director-General.

In his Vote speeches to Parliament in June 2009, as this Report was in production, the Minister envisioned public service as “more than doing a job efficiently and honestly. It must include a complete dedication to the people and to the nation, with full recognition that every human being is entitled to courtesy”.

Public servants in a developmental state must be capable of both engaging with, and helping to engender, popular participation: “the empowerment of the people to effectively involve themselves in creating the structures and in designing policies and programmes that serve the interests of all, as well as to effectively contribute to the development process”.

In its transformed role as an innovative provider and integrator of nationwide public service management training, the Minister expects Palama to “empower public servants looking for the training that will help them do their best, from those who know government requirements best”. It must advance generic skills such as leadership and functional skills such as financial or HR management; the management of gender mainstreaming and public consultation; and values such as anti-corruption and diversity.

### 1.4 Purpose of Palama

The purpose of Palama is to help build a capable public service, through providing and co-ordinating extensive opportunities for leadership and management development of public service managers and executives. It assists in improving service delivery through relevant and high-quality programmes aimed at improving their competencies in terms of approved frameworks, their commitment, and their ability to engage in consultation with other sectors of society towards optimising the path of development.

## 1.5 Legislative Mandate

The purpose of Palama described in Section 1.4 above is explicitly specified in the Public Service Act (No. 103 of 1994, as amended). It mandates a training institution – specified in Schedule 1 to be Palama – to “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, and may issue diplomas or cause diplomas or certificates to be issued to persons who have passed such examinations”.

Furthermore, the corresponding clause in the proposed new Single Public Service Bill provides for an Academy, and extends its mandate to interact “with public administration training institutions, further education and training institutions, and private sector training providers in the furtherance of such training. It will also advise the Minister as to whether the successful completion of such training and education should be a prerequisite for appointments and promotions in the public service”.

In its provisions relating to capacity development, the Bill requires public administration institutions to develop their human resource capacity through the education and training of their employees. Minimum requirements regarding compliance with the Skills Development Act are stipulated; institutions are empowered to make additional provision for training and education in their budgets and to seek outside funding; and provision is made for compulsory training and accreditation of training.

In short, the Academy’s legislative mandate is to provide or oversee the provision of training on a meaningful scale in all three spheres of government, by engaging in partnerships with training institutions and other appropriate stakeholders.

## 1.6 Reconstitution of SAMDI to Form Palama

The impetus for a revitalised public service training academy goes back to the mid-2005 Cabinet Lekgotla, when concern was expressed whether SAMDI, as constituted at that time, was or could be adequate for tackling the training and management development demands of the public service of a developmental state. In response, the Minister for Public Service and Administration at the time, Ms Geraldine Fraser-Moleketi, convened a Ministerial Committee to advise her on the adequacy of SAMDI and its scope, role and future. The Committee concluded that SAMDI was too inflexible and bureaucratic to provide the necessary offerings, at top as well as mid-level; it competed with

other service providers, notably provincial academies, with whom it should have been collaborating; they were jointly meeting just a fraction of the training outputs required; and higher education institutions could not make up the difference, nor were their offerings adequately practical and relevant. Instead, an ambitious new approach was necessary to integrate, orientate and expand the various contributions.

Drawing upon some of her Committee's recommendations, adding others, and following further consultations with the higher education sector, the Minister took proposals to Cabinet in November 2006 for a new public service Academy and a new strategy that would respond at the necessary scale to the needs of the South African developmental state. Cabinet agreed that the Academy would foster leadership development for the SMS as well as management training for the much larger body of middle and junior managers; that it would secure collaboration and alignment among all the role players in the complicated public service training landscape by means of a comprehensive learning framework; and that its collaborative activities would, in due course, extend to local as well as to provincial government. On this basis, Palama was conceived.

The organisational reconstitution of SAMDI as Palama began in earnest during the 2007/08 financial year, and was described in detail in the Annual Report pertaining to that period. Following broad approval by the Minister of the new organogram, strategy, transformation process and timetable, as proposed by the Director-General, two concurrent processes commenced.

In the one process, nine task teams comprising managers and volunteer staff participants from all levels worked out the details of the two-stream SMS and JMMS training strategy for the new Academy; the monitoring and accreditation approach; and new policies, systems and transition arrangements required. At the same time, new Programme of Action (PoA) priorities were initiated such as the Massified Induction Programme, Gender Mainstreaming, and training for Government-Wide Monitoring and Evaluation. A review of all curricula was planned.

The other process, led by the Director-General, undertook detailed consultations with union and staff representatives regarding the key aspects of the reconstitution of SAMDI as the Academy, and concluded with a multi-faceted match-and-place process whereby SAMDI staff members were assigned to posts in the new structure of the Academy.

From December 2007, heads or acting heads of the branches of the Academy began engaging with their new managers and colleagues in implementing the new training strategy in all its aspects, as planned by the task teams.

An extensive recruitment campaign for over 70 vacancies commenced in March 2008. An unprecedented response of some 23,000 applications was received. Nearly all the SMS appointments had been concluded at the time of writing, all nine branch heads in the new organogram were in place, and most of the next levels of management had been appointed. As new recruits joined the organisation, the increased capacity enabled Palama to rapidly embrace its new modus operandi in earnest.

Palama has thus laid the foundations for the delivery of high quality public service training on a much larger scale that is more appropriate to the challenges facing the public service in relation to national development goals. This has been achieved through extensive organisational restructuring and staffing, the fundamental reconceptualisation of course offerings, achieving provider collaboration in both the public and private sectors, re-engineering work processes, and systems innovation. These foundations will provide the platform for vastly extended delivery of training to the public service in the future.



The official launch of the Academy on 1 August 2008.

# Programme Performance



Oliver Seale, DDG: Business Development, Professor Anne McLennan, DDG: Executive Development, and Lucky Moeketsi, CEO: Accelerated Capacity-building Flagship in the Office of the Premier, Mpumalanga, at a stakeholder workshop held at Palama.

## 2.1 Aim of Vote

Palama is a Schedule 1 Department reporting to the Minister for Public Service and Administration. Its aim is to provide and co-ordinate the provision of training and/or management development interventions that lead to improved performance and service delivery in the public service.

TABLE 1: VOTED FUNDS

Appropriation Vote 10	Main Appropriation R'000	Adjusted Appropriation R'000	Actual Amount Spent 2008/09 R'000
Palama	105,527	105,527	105,365
Responsible minister		Minister for Public Service and Administration	
Administering department		Public Administration Leadership and Management Academy	
Accounting officer		Director-General of the Public Administration Leadership and Management Academy	

## 2.2 Key Measurable Objectives, Programmes and Achievements

In line with the government's annual strategic cycle, towards the end of each financial year Palama indicates in National Treasury's Estimates of National Expenditure how it will be applying its funds in accordance with its Strategic Plan. It also indicates, on a three-year rolling basis, its strategic objectives, planned activities and indicators for each.

This is the first Annual Report since the reconstitution of the South African Management Development Institute (SAMDI) into the Public Administration Leadership and Management Academy (Palama), based on the Strategic Plan tabled in May 2008 covering the three years from 2008/09 to 2010/11. In this Plan, the need to reorient the strategic objectives from those that had already been submitted to National Treasury for the Estimates of National Expenditure for the period, was noted. This was necessary in order to address the new focus and expanded scale of the activities of the reconstituted Academy.

The activities contained in this Annual Report for 2008/09 reflect the undertakings made in that Strategic Plan. The progress against outputs and performance indicators as set out in the Plan is captured in the table attached in Annexure A of the Report. The transformation of Palama required the formulation of performance indicators for ongoing activities as well as transformational activities.

### 2.2.1 Strategic Objectives

Five strategic objectives are reflected in the Strategic Plan for 2008/09 to 2010/11. These are:

- delivery of Academy services;
- relationship with external stakeholders;
- lateral contribution to the organisation;
- corporate governance; and
- transformation of SAMDI to the Academy.

These strategic objectives supersede and subsume the six strategic objectives that were originally submitted to National Treasury for the Estimates of National Expenditure (while indicating that revised objectives suitable for the reconstituted Academy were being prepared). The rationale for the new objectives, and their relationship to the old, is covered in Section 2.5.

### 2.2.2 Programmes

There are two programmes under the Palama Vote:

#### **Programme 1: Administration**

The aim of Administration is to facilitate the overall management of Palama and to provide for the policy formulation and management responsibilities of the Minister, Director-General, Deputy Directors-General and other members of Palama management. Other functions of Administration include: organising the Department; providing centralised administrative, legal and office support services; managing staff and financial administration; determining work methods and procedures; and exercising internal control.

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

The aim of Public Sector Organisational and Staff Development is to facilitate transfer payments to the Training Trading Account for management development and the training of public sector employees.

## 2.3 Overview of the Service Delivery Environment for 2008/09

Palama's key output to user departments is training and management development. Previously, this was provided only by its own training staff, but in the new approach it will also be provided by partner institutions. An important focus of the year 2008/09 was putting in place the team that will be able to scale up delivery, based on the new approach. At the same time, Palama has continued to ensure the delivery of high quality, practical training, relevant to government's purpose. One key indicator is the volume of training delivered, measured in PTDs (person training days).

The original target for PTDs for the 2008/09 financial year in the Estimates of National Expenditure to National Treasury was 170,000. However, in view of the challenges and operational impact of the reconstitution of SAMDI as the Academy, this target was adjusted to 120,000.

**TABLE 2: STATISTICS ON 2008/09 TRAINING OUTPUTS (PTDS)**

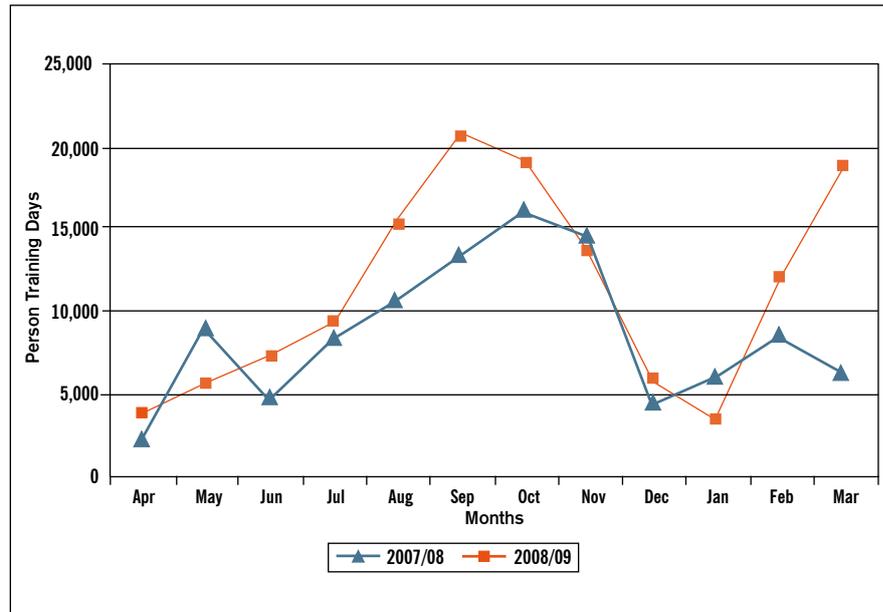
	Actual PTDs 2007/08	Actual PTDs 2008/09	% Change Between 2007/08 and 2008/09	Target PTDs 2008/09	% Realised Compared to Targeted PTDs
<b>Total</b>	<b>104,292</b>	<b>134,375</b>	<b>29</b>	<b>120,000</b>	<b>112</b>

During the 2008/09 financial year, Palama trained 38,482 officials compared to 26,490 officials the previous year. This represents a 45 per cent increase year-on-year. The actual PTDs recorded as at the end of March 2009 was 134,375. This exceeds the revised target of 120,000 set in the Medium Term Expenditure Framework document and represents an increase of 29 per cent on the previous year's actual PTDs of 104,292.

The year-on-year comparison of Palama's performance as measured by PTDs is presented in Figure 1. The increase of PTDs represents a significant uptake of longer accredited courses such as the Advanced Management Development Programme and the Emerging Management Development Programme, and therefore an increase in the average training time per person.

The diagram below reflects the seasonal variation of training, year on year.

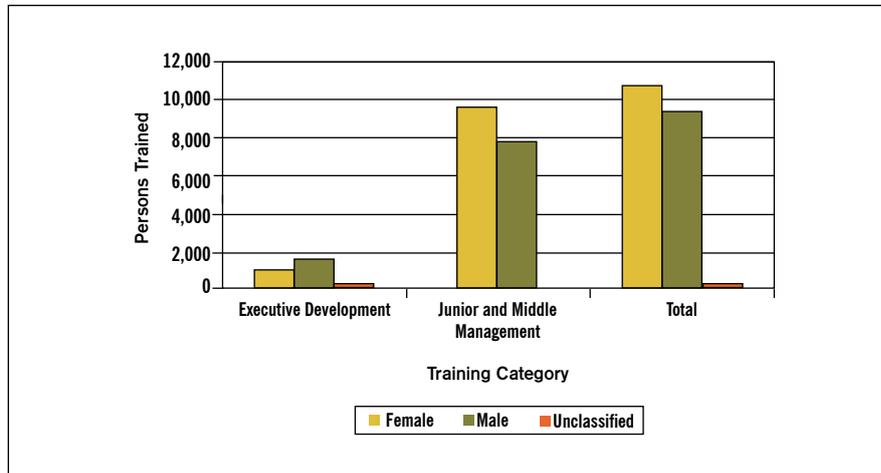
**FIGURE 1: YEAR-ON-YEAR COMPARISON**



Training demand in 2008/09 increased fairly consistently over the previous year. The figure also shows the seasonal nature of demand for training, with peaks in training occurring before year-end and a trough occurring during the end-of-year holiday period. This year's data show a departure from those of previous years with a spike at the end of the financial year.

Last year, the concern expressed by the Public Service Commission in the area of gender representivity was noted. Against this background, Palama can report that more women attended management development programmes in 2008/09, as reflected in Figure 2.

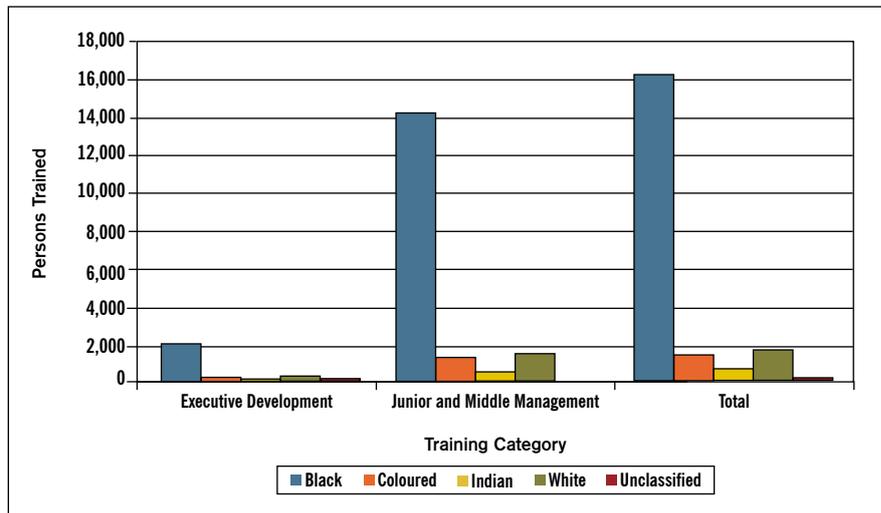
**FIGURE 2: GENDER REPRESENTATION IN MANAGEMENT DEVELOPMENT PROGRAMMES**



The number of women attending junior and middle management development programmes was appreciably higher than that of men in the year under review. However, it was slightly lower in the case of executive development programmes, which reflects the lower number of women at SMS level. This is compensated for in Palama’s programmes by the particular emphasis that Palama has placed on the ‘sustainable pools’ of the Advanced Development Programme, which is specifically aimed at black female and disadvantaged potential entrants to the SMS. In addition, with donor funding, Palama has developed a Gender Mainstreaming Programme intended, inter alia, to assist executives and HR components to tackle obstacles to the recruitment of women to senior management positions, and women’s advancement throughout the organisation.

The breakdown of the same statistics by race, as portrayed in Figure 3, shows that in total, 80 per cent of the attendees are black, 8 per cent coloured, 3 per cent Indian and 9 per cent white.

**FIGURE 3: RACE REPRESENTATION IN MANAGEMENT DEVELOPMENT PROGRAMMES**



Although the number of PTDs increased significantly, the primary focus during the year was on the processes needed to improve the quality and future scale of service delivery. This included a separate emphasis on improving and heightening executive development, a review of the total curriculum structure, the set-up of quality assurance and accreditation mechanisms, a focus on identifying and reinforcing appropriate training providers, and proactively matching delivery to user needs.

### Executive Development

The Executive Development Branch addresses the training and development needs of current and emerging senior managers. In this financial year it had numerous interactions with stakeholders, followed by a first round of selection and appointment of external service providers. The process was completed by December 2008. Together with this process, the widespread benchmarking of programmes was undertaken. The outcome of this process was the Executive Development Programme (EDP) which was ready for full-scale roll-out in May 2009. The EDP focuses on contextual leadership, strategy and planning, effective management, interpersonal competencies, and responsive public service ethos in collaboration with consortia of higher education institutions (HEIs) and regional and international partners.

### Curriculum and Materials Design for Junior and Middle Management Service (JMMS)

The Curriculum and Materials Design Branch undertook audits of more than 50 of its current programmes; a process that was completed by October 2008. The upgrading of five existing learning programmes for

JMMS was completed in March 2009, and the design and development of five new priority learning programmes will be completed in December 2009. These initiatives are driven by collaboration and partnerships, at the heart of which is a curriculum advisory council and curriculum committees for peer review purposes. The aforementioned programme on Gender Mainstreaming was added to the suite of governance programmes. Collaboration was initiated with two provincial academies to explore the joint usage of learning materials and review tools by March 2009. The result has been relevant and responsive, and high quality training programmes for junior and middle managers in the public service are now available.

### **Provider and Partner Mobilisation for JMMS**

Palama's new strategy of increasing training partnerships relies on sufficient quality providers for significant delivery of the JMMS programmes, drawn from various locations and fields throughout South Africa. The recruitment of providers is an ongoing process. The management of the contracts of existing private providers is carried out on a month-to-month basis. A new component, which attends to the professional development needs of providers, was established, and the capacity for monitoring the quality of training events was expanded through recruitment of appropriate personnel.

### **Business Development**

Business Development ensures that opportunities for large-scale training, development and support are proactively conveyed to users in national departments, provinces and local authorities, and related to systematic needs analysis. A targeted and focused marketing approach has been adopted, resulting in service delivery proposals (SDPs) with key departments such as the Department of Environmental Affairs and Tourism, National Treasury and the National Intelligence Co-ordinating Committee (NICOC).

### **International and Special Projects**

This Branch has driven the mobilisation and initial roll-out of a massive donor-funded five-year project to assist the improvement of management development institutes in three post-conflict societies: Rwanda, Burundi and Southern Sudan. It has initiated the wind-down of capacity-building in the DRC following the completion of the project objectives.

## 2.4 Overview of the Organisational Environment for 2008/09

At the start of the reporting period, the match-and-place process through which staff members in the old SAMDI organogram were matched and placed to new positions in the new organogram (see Figure 4), had only recently been completed. At that stage the SMS was only 16 people strong and only two of the nine Branch Heads provided for in the new organogram had been appointed. The organisation was housed in a dingy building in downtown Pretoria. The Academy, still known as SAMDI, was preparing to find its new identity and embrace its new business model.



The Director-General with the branch heads. From left to right (back row): Oliver Seale, Jeremiah Mela, Carlo Venter, Botshabelo Maja, Soria Arendt; (middle row): Professor Anne McLennan, Rufus Mmutlana, Mandisa Manjezi; (front row): Dr Sal Muthayan and Dr Mark Orkin.

By the end of the reporting period, the SMS was 42 people strong and eight of the nine branch heads were in place, with the ninth appointed. The organisation is comfortably housed in stylish modern premises in Sunnyside befitting a professional service organisation. The Academy is proudly

known as Palama, the Public Administration Leadership and Management Academy, and is well-respected in both public sector and capacity-building communities. The atmosphere amongst leadership, and staff and leadership, is purposeful and committed. Debate is prevalent and valued, and competent delivery to deadline non-negotiable. The big achievement of this year has undoubtedly been the building of the institutional capacity of Palama.

### **Building the Capacity of Palama**

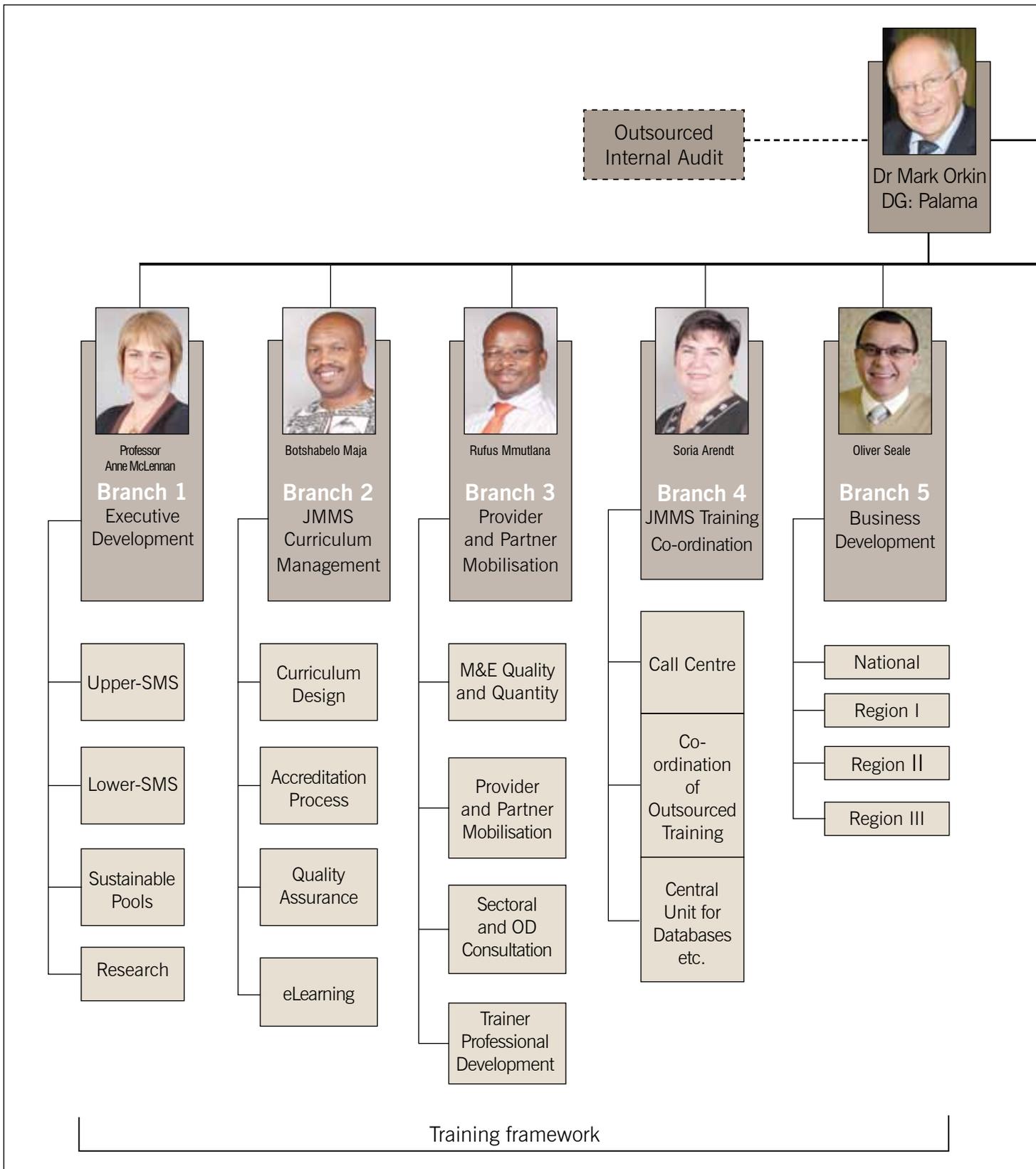
In March 2008, a comprehensive, full-page advertisement was placed in the national and regional press. It was an exciting advertisement which gave details not only of the extensive vacancies ranging from deputy director-general to assistant director, but also spoke of the challenge and ethos of the Academy. It indicated the rigorous selection processes that would be applied. Notwithstanding, the response was overwhelming. Some 23,000 applications were received. Handling these thoroughly placed enormous strain on existing structures. With assistance from consultants and a contract team, applications were systematically processed during the course of the year, beginning with the most senior and cascading down. New standards were set both for the administration of applications and for selection methods. Interviewing panels were convened and steadily, appointments were made.

As the recruits took up their new positions, the energy brought about by new people, their expertise and sheer capacity was palpable. Plans could now take shape and the new strategic direction for the roll-out of training delivery began to take root. During the reporting period, 38 appointments were made. Appropriately for a department that is also a specialised management development Academy, the SMS includes eleven PhDs, eight Master's of Management and nine other Master's degrees, mainly in education. The new appointments also advanced the representivity goals of the Academy.

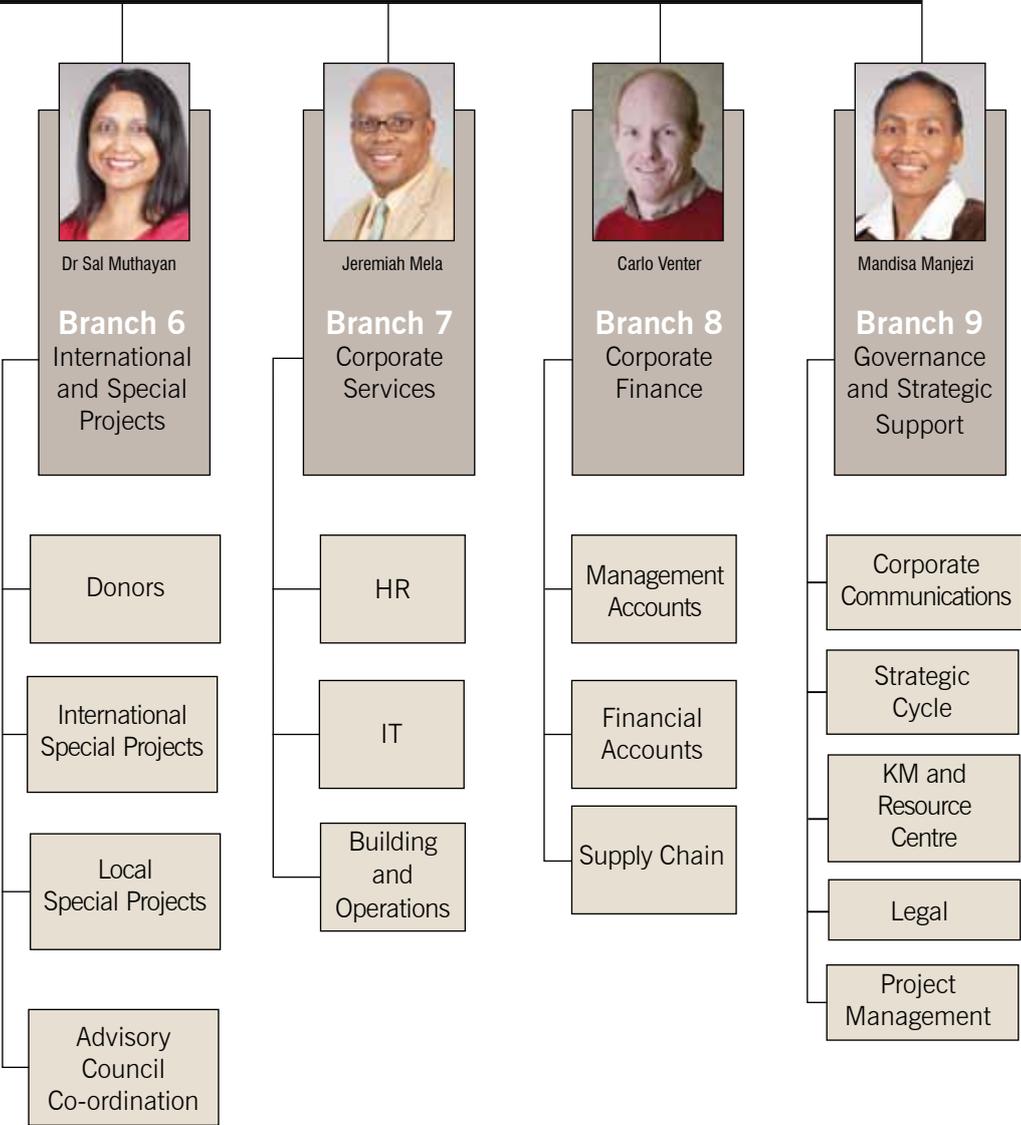
### **The Move**

Not only were the previous SAMDI offices in old Batho Pele House in need of refurbishment, they also lacked the flexibility needed to adequately house the newly configured Academy and its collaborative business model. The previous Annual Report noted that new premises, more closely aligned to the needs of the new Academy, had been secured and would be available for occupation in mid-2008. A few weeks before the scheduled move, disaster struck. A burst underground water pipe flooded Batho Pele House. The damage was serious and rendered the building without services. The authorities condemned it and denied access. This exacerbated the logistical complexity of the move and escalated its urgency. With great resourcefulness, functional interim offices were set up across the road in Justice College, pending the move to the new building a few weeks later. Throughout this period, service delivery continued uninterrupted.

FIGURE 4: ACADEMY ORGANOGRAM



Office of the Director-General



### New Offices

The move to the new offices in Sunnyside finally took place in June 2008. The psychological lift of bright, light, stylish offices was a great boost to morale, and the inevitable teething pains of unreliable telephones and disrupted e-mail services were soon forgotten. The move cemented and endorsed the new structure and the corresponding new work processes. Through all this upheaval and settling in, the urgency to deliver PTDs remained a priority.



The new ZK Matthews Building in Sunnyside, in which Palama is housed.

### The Formal Launch of the New Academy

The Public Administration Leadership and Management Academy (Palama) was officially launched on 1 August 2008. It was a memorable occasion, presided over by former President Thabo Mbeki and the Minister for Public Service and Administration in office at the time, Geraldine Fraser-Moleketi. On the same day, by official notice in the *Government Gazette*, Palama was born.

The new building housing Palama was named in honour of a veteran of public service administration in South Africa, Professor ZK Matthews, recognising the significant part he played in the birth of our democracy. He was the first African professor at the University of Fort Hare, in African Studies and Law. It was his inspired idea that the ANC should convene a Congress of the People to express their demands and aspirations. At

the Congress, convened in Kliptown in 1955, the Freedom Charter was formulated. Our present Constitution includes the rights that were first articulated in that Charter, which reached beyond justice and freedom to rights such as access to shelter and services, and resources. The role of Palama in building the capacity of the public service to deliver these rights to the citizens of our democracy is a recurring theme of this Annual Report. A vigorously sculptured bust of Professor Matthews welcomes entrants to the new building. It was commissioned from Noria Mabasa, a celebrated artist from Venda who has exhibited worldwide.



Former President, Thabo Mbeki, artist Noria Mabasa, former Minister for Public Service and Administration, Ms Geraldine Fraser-Moleketi, and Joe Matthews, MP, son of Professor ZK Matthews, at the unveiling of the bust of Professor ZK Matthews on 1 August 2008.

### New Minister

In September 2008, Minister Geraldine Fraser-Moleketi resigned from Cabinet and Parliament. She had commissioned the Ministerial Committee that shaped the idea of the Academy and nurtured its inception. Palama is indebted to her commitment to public sector capacity-building in our young democracy. The new Minister for Public Service and Administration, Minister Richard Masenyani Baloyi, MP, is warmly welcomed. Palama looks forward to serving him and to responding to his leadership in implementing both its vision and his new priorities. At the time of writing, the appointment for the first time of a Deputy Minister for Public Service and Administration was announced as part of the redesigned Cabinet. He is Radhakrishna Padayachie, and Palama is one of his assigned responsibilities.

## 2.5 Strategic Overview and Key Policy Developments for 2008/09

The strategic objectives on which the Strategic Plan for 2008/09 is based are:

- delivery of Academy services;
- relationships with external stakeholders;
- lateral contribution to the organisation;
- corporate governance; and
- transformation of SAMDI to the Academy.

These new strategic objectives supersede and subsume the strategic objectives that had been identified by SAMDI for the three-year planning period, from 2007/08 to 2009/10, which focus on the delivery of training and associated services locally and elsewhere. These were:

- Develop and administer a training framework of curricula and materials oriented to service delivery to be used by providers of transversal skills training for junior and middle managers.
- Co-ordinate the provision of executive development programmes for the senior management service.
- Capacitate public sector departments to identify and meet their management development and training needs in relation to their service delivery objectives.
- Develop and implement a suitable quality management and monitoring system.
- Establish and maintain partnerships and linkages with national and international management development institutes and training providers.
- Arrange customised training programmes in support of South African foreign policy within the African Union and the New Partnership for Africa's Development (NEPAD) programme.

These strategic objectives were sustained as the basis of the submission for 2008/09 to the Estimates of National Expenditure (ENE) volume. But, as the transformation into the Academy took shape, it became clear that a more comprehensive reorientation of the strategic objectives was needed. The six older

objectives concentrate almost exclusively on training outputs (such as executive programmes) and their pre-requisites (such as a training framework and a quality management system). In the new objectives, increasing the availability of training to the public service remains the crucial overall deliverable. But to generate this on a vastly extended and sustainable basis, succeeding with all sorts of organisational relationships, both external and internal, becomes an essential objective in its own right. And in running a vastly expanded machinery in the public service context, corporate governance – complying with the PFMA, the Public Service Act, and the many regulatory and oversight requirements – is another important objective. Finally, seeing through the many facets of the overall transformation process into the Academy becomes a critical ‘lateral’ objective that has to infuse and complement all the others.

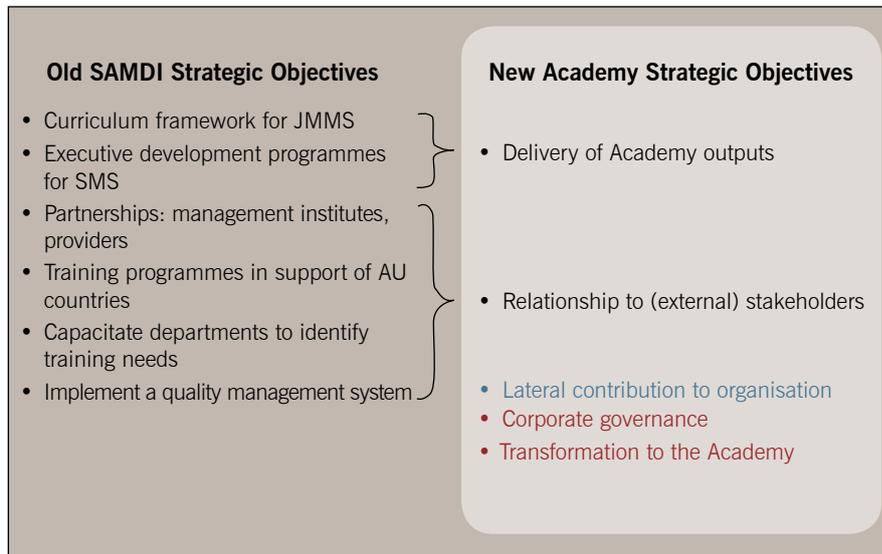
By including outputs, but not being confined to them, the five new higher-level strategic objectives express the well-known ‘balanced scorecard’ management approach.<sup>1</sup> This approach was applied by the DG as he took office, and he identified five key performance areas (KPA) as the framework for his annual performance agreements with the Minister.

In turn, these KPAs structured the more specific definitions of job profiles for all other posts in the newly defined organogram for the Academy. They have been cascaded as the KPA framework for annual performance contracts of all SMS members. They also form the basis of the new performance management system, which, at the time of writing, had been introduced for 2009/10. It thus follows that there is close alignment between the Academy’s new strategic objectives on the one hand and the managers’ KPAs on the other hand, how they are managed and how they manage their teams, and how these performances are monitored. In this way, the Academy has become a strategy-driven organisation.

Figure 5 shows the manner in which the six former SAMDI strategic objectives, on the left, are subsumed and complemented by the Academy’s five newly defined strategic objectives on the right.

<sup>1</sup> Kaplan RS and Norton DP (1996) *The Balanced Scorecard: Translating Strategy Into Action*, Harvard University Press.

**FIGURE 5: ALIGNMENT OF SAMDI STRATEGIC OBJECTIVES TO ACADEMY KPAs**



For each of the nine branches, the sub-objectives and indicators formerly defined by SAMDI in respect of the six old strategic objectives have been grouped or re-cast under the five new Academy objectives, as applicable. They have also been extensively complemented with new sub-objectives and indicators, since each branch in its distinctive way makes an essential contribution to the achievement of the five new strategic objectives.

In this Annual Report, performance is reported against this framework in Annexure A.

## 2.6 Departmental Revenue, Expenditure and Other Specific Topics (Including Donor Funding)

### 2.6.1 Collection of Departmental Revenue

Departmental receipts are mainly commissions on insurance premiums deducted from employees' salaries, parking fees and interest on departmental debt.

Revenue from Palama's training services is received by the Training Trading Account and does not form part of the departmental receipts. The table below provides a breakdown of the sources of departmental revenue:

**TABLE 3: SOURCES OF DEPARTMENTAL REVENUE**

Source of Revenue	2005/06 Actual R'000	2006/07 Actual R'000	2007/08 Actual R'000	2008/09 Budget R'000	2008/09 Actual R'000
Non-tax revenue					
Sales of goods and services	8	141	127	56	177
Sales of capital assets (capital revenue)	-	-	-	-	3
Financial transaction in assets and liabilities	188	36	332	14	16
<b>Total</b>	<b>196</b>	<b>177</b>	<b>459</b>	<b>70</b>	<b>196</b>

Table 4 provides a breakdown of the departmental expenditure:

**TABLE 4: BREAKDOWN OF DEPARTMENTAL EXPENDITURE**

Programmes	Total Budget 2007/08 R'000	Actual 2007/08 R'000	Total Budget 2008/09 R'000	Actual Expenditure 2008/09 R'000
Administration	73,910	73,897	54,220	62,765
Public Sector Organisational and Staff Development	57,216	57,216	51,307	42,600
<b>Total</b>	<b>131,126</b>	<b>131,113</b>	<b>105,527</b>	<b>105,365</b>

### 2.6.2 Expenditure Trends

The higher expenditure in the 2007/08 financial year was due to the cost of the transition process. This was allowed for in a mid-year adjustment grant of R60 million. The total expenditure and the budgeted expenditure for the current year were identical to within R162,000. There was a shift in the balance of activities between the two programmes due to the transition process that resulted in a virement of approximately R8.71 million, approved by Treasury.

### 2.6.3 Transfer Payments to the Training Trading Account

The Training Trading Account includes the following branches:

- Executive Development;
- Business Development;
- Provider and Partner Mobilisation;
- Curriculum and Materials Design;

- Training Co-ordination; and
- International and Special Projects.

The Training Trading Account is responsible for management development and the training of public sector employees. Transfer payments made for the year under review totalled R42.6 million.

As the Vote and the Training Trading Account are interlinked, spending and monitoring is done via the administration function within the Vote.

## 2.6.4 Asset Management

The capital expenditure incurred per asset class for the year under review is reflected in Table 5.

**TABLE 5: CAPITAL EXPENDITURE PER ASSET CLASS**

Asset Class	Opening Balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>Machinery and equipment</b>				
Transport assets	417	-	-	417
Computer equipment	8,109	4,669	(749)	12,029
Furniture and office equipment	4,539	1,059	(265)	5,333
Other machinery and equipment	701	238	(8)	931
<b>Total</b>	<b>13,766</b>	<b>5,966</b>	<b>(1,022)</b>	<b>18,710</b>

During the move from Batho Pele House to the new ZK Matthews Building, assets were disposed of to schools, other departments and sold via a quotation-and-bid process. The cash received for the disposals amounted to R3,000. The total value of assets disposed of is R1.022 million. The breakdown of the disposals is reflected in Table 6.

TABLE 6: BREAKDOWN OF DISPOSALS

Asset Class	Sold for Cash R'000	Transfer out or Destroyed or Scrapped R'000	Total Disposals R'000	Cash Received Actual R'000
<b>Machinery and equipment</b>				
Computer equipment	9	740	749	-
Furniture and office equipment	158	107	265	3
Other machinery and equipment	-	8	8	-
<b>Total</b>	<b>167</b>	<b>855</b>	<b>1,022</b>	<b>3</b>

The asset register was reconciled on a monthly basis to ensure that it remained up-to-date with the financial records. Bi-annual stocktakes of assets were also performed to ensure completeness of the Department's assets.

As the new building was fitted with new furniture and equipment, the assets are overall in a very good condition. The bulk of the assets that were transferred to other departments were in good condition and those disposed of were in a fair to good condition.

## 2.7 Overview of Programmes

This is a groundbreaking Annual Report for Palama. It is the first time that reports are structured according to the branches defined in the new organogram, and in relation to the newly defined strategic objective framework. What follows is a narrative report from each branch. The reports for each branch in respect of its achievements against the strategic objectives are set out in the matrices contained in Annexure A.

### 2.7.1 Executive Development

The strategic purpose of the Executive Development (ED) Branch is to develop senior managers into leaders who can direct people, processes and institutions to achieve results in complex contexts and conditions. The design and delivery of management and leadership skills development for the 10,000 strong SMS of national and provincial government requires a more tailored approach than that which is appropriate for the scale required for the massively larger cadre of junior and middle managers.



The Executive Development Branch is tasked with developing senior managers into leaders. The staff members of the Branch are, from left to right: Deon Bloemstein, Thuli Mthombeni, Glen Manzini, Professor Anne McLennan (Branch Head), Nicola Mathabatha, Carin Coetzer, Louise Lapan, Vuyo Mathapo, Christa de Wet, Nadia Carolissen and Martie Bergh. **Not present:** Dr Andre Kraak, Madeleine Smit and Carina Willemse.

Executive Development works in collaboration with government departments, higher education institutions, and regional, national and international partners. It is designed to develop and deliver a package of programmes, activities and research that meets the management and leadership development needs of the current and entrant SMS, so that they have the skills to deliver on government objectives. ED ensures that providers and partners are mobilised to meet required needs, thereby ensuring quality and impact.

In addition to instilling a common culture and ethos, programmes focus on leadership, contextual understanding, analytical skills and interpersonal competencies. Interactive learning methods suitable for senior officials are used together with mentoring arrangements and guest inputs from, for example, retired senior civil servants.

Senior management development programmes are delivered through different modalities by researching, delivering, supporting or reviewing existing programmes; facilitating knowledge exchange seminars; identifying and adapting international management and leadership development trends through participation in the national, regional and international arena; developing interventions to meet emerging needs; and conducting research into trends, strategies, needs and impact.

The Executive Development Branch is structured into three chief directorates in order to meet its mandate.

### **Partnerships and Networks**

The Partnerships and Networks Chief Directorate builds local, regional and international partnerships, as well as alumni and advisory networks, to ensure that programmes are relevant, high quality and cutting edge. This includes close collaboration with management development institutes in the United Kingdom, Canada, India and Brazil on executive programmes for senior managers and political principals, and future international exchanges for high performing managers. These international knowledge exchanges are enhanced through participation in formal networks such as the Commonwealth Association for Public Administration and Management (CAPAM), the International Association of Schools and Institutes of Administration (IASIA), the India, Brazil, South Africa (IBSA) initiative and African Management Development Institutes Network (AMDIN), all of which facilitate benchmarking programmes and learning from collegial institutions. Former directors-general and relevant ministers will also be mobilised as facilitators, mentors and coaches through the outreach of this Chief Directorate.

### **Research Management**

The primary task of Research Management is to undertake research ‘in-house’, or to outsource research projects to external consultants, on relevant topics requested by the various branches of Palama. A research management strategy and programme has been developed and approved. Three main focus areas for research have been defined and include:

- an environmental scan of new developments in public administration globally and locally;
- a study to propose ways of improving the academic discipline and profession of public administration; and
- an exploration of what senior managers in the South African Government actually do to accomplish the tasks they need to execute.

The Chief Directorate will undertake research in-house or outsource specific research projects to external consultants; manage the state tendering, service delivery and quality control processes that will be associated with the outsourcing of research projects; and assist the DG and DDG:ED with policy briefings and speeches, which require a quick turnaround time.

### **Programme Development and Management**

This Chief Directorate is responsible for designing and managing the suite of programmes offered by Executive Development for senior managers in

the public service. Despite a high vacancy rate (over 50 per cent) in the year under review, the foundations for an effective leadership and management development programme have been laid, through innovative planning and use of the partnership business model on which the new Academy is premised. The following were important achievements in 2008/09:

- a successful graduation ceremony for the 53 successful candidates of the Presidential Strategic Leadership Development Programme was conducted in collaboration with the North West University at its Potchefstroom Campus;
- the Executive Development Programme (EDP) and Accelerated Development Programme (ADP) were developed, piloted and delivered;
- the international leg of the ADP was successfully executed with 25 officials from different departments in four provinces attending a management and leadership programme at the Administrative Staff College of India in Hyderabad, India;
- Project Khaedu continued to provide frontline service delivery experience and action learning to large numbers of senior managers;
- the Wamkelekile Induction Programme, Executive Support Staff Programme, Protocol and Diplomacy for Specialists and the Gender Mainstreaming Programme were developed and were ready to roll out in 2009; and
- two international seminars were hosted to share information with South African senior managers. The first comprised a delegation of 22 senior officials from Flanders, and the second was delivered by Dr Linda Duxbury, an organisational expert from Canada.

The EDP is a core component of the Presidential Strategic Leadership Development Portfolio being developed by the Branch. It is grounded in the competency requirements for the SMS and the Leadership Development Management Strategic Framework designed by the DPSA. It was designed and is delivered in collaboration with selected higher education institutions. It comprises six modules and, with four extra optional modules, provides access to a Master's qualification. The EDP focuses on building ethos, contextual leadership, management skills and enhancing interpersonal competencies for a responsive public service.

The ten modules of the EDP were piloted prior to a planned full-scale roll-out in 2009/10. The modules are: Strategic Human Resource Management, Project and Programme Management, Leadership for Good Governance, Strategic Management and Planning, Research for Senior Managers, South African Economy in a Global Context, Policy Formulation and Implementation, Leading Change, Communication and Customer Focused Strategies, and Financial Management and Budgeting. Responses from participants to the pilot course were positive. A final quality review of the curriculum is

being undertaken prior to editing, desktop publishing and branding. The programme is expected to reach 720 senior managers annually.



Dr Stanley Mukhola, Professor Anne McLennan, Minister Richard Masenyani Baloyi MP, Professor David Mello and Oliver Seale at the Certification Ceremony of the Executive Development Programme at the Tshwane University of Technology.

A tender process in 2008 led to the awarding of contracts for the full-scale roll-out to a consortium of universities, led by Nelson Mandela Metropolitan University, North West University and Vaal University of Technology. To ensure that all delegates have easy access to a local HEI, the country has been divided into a number of geographic areas, each with a participating HEI. Other universities participating in the consortia include Johannesburg, Witwatersrand, Stellenbosch, Free State and KwaZulu-Natal.

A key challenge in the development of the EDP has been to manage the quality of deliverables by contracted higher education institutions. The lessons learned from the piloting phase have informed the systems that have now been put in place. These include a programme management system that will maximise communication between Palama, lead institutions and clients through a web-based interface. In addition, a comprehensive three-year evaluation process will ensure that Palama learns from the roll-out of this programme.

The ADP is a pipeline of middle managers with the potential to access the SMS. It places specific emphasis on advancing equity in the public service by facilitating the promotion of females and people living with disabilities to the upper management echelons. As part of the piloting of this strategic intervention, three provinces and five national departments have participated in the programme: the Western Cape, KwaZulu-Natal and Mpumalanga, and

the Department of Home Affairs, the Department of Trade and Industry, the DPSA, Palama, and the Office of the Public Service Commission.

The ADP was redesigned in line with recommendations of an evaluation report. Seventy-seven participants completed the programme and approximately 50 of these will attend the first EDP certification ceremony in May 2009. Funding options to reduce costs to departments are being explored. Participants who excel are given an opportunity to be exposed to international programmes. A study tour of 25 top national and provincial participants to the Administrative Staff College of India took place during October 2008. International exchanges to Canada and China are currently in the planning phase.

The roll-out of Project Khaedu, an action learning programme for senior managers, continues. Project Khaedu was developed to empower managers to address service delivery challenges grounded in the *Batho Pele* principles.

The programme has two one-week components:

- a core skills development component comprising intensive training, using real case studies in process design, organisational effectiveness, people and change, budgets and controls, and communicating for results; and
- deployment ‘to the coal face’ to use the acquired skills to solve real service delivery issues on the ground.

During the reporting period 1,373 officials attended the core skills week and 436 completed their deployments. Customised courses are being designed for departments such as Provincial and Local Government, and Foreign Affairs.

In addition, an exciting new suite of programmes, covering topics related to protocol and diplomacy, has been added to the Presidential Strategic Leadership Development Portfolio. These equip senior and executive managers as well as their support staff with the understanding to engage with international counterparts across cultural and religious divides. A five-day programme is available, which addresses the needs of specialists in the SMS dealing with international delegations, communications and event management.

Palama has also introduced a Gender Mainstreaming Programme for senior and executive managers. The programme imparts best practice, strategies and tools for integrating a gender perspective in all aspects of their departments, as well as insights for translating global political commitments into practice. It is envisaged that the roll-out of this programme will commence early in the new financial year.

The January 2009 Extended Cabinet Lekgotla resolved that Palama should develop an orientation programme for new members of Parliament (MPs), ministers, deputy ministers and directors-general after the election.

Interviews have been conducted with former and incumbent MPs, ministers and their political staff to establish their leadership development needs. This will help Palama identify the organisational and orientation needs of new incumbents in Parliament and the executive, particularly those arising in the first few months of office, and guide the development of the programmes. In addition, the Branch has explored models used by government MDIs elsewhere in the world. It is already evident that an interactive approach will be necessary, offering short and focused sessions which cater to the different needs of each category. In addition, a suite of programmes for support staff serving in the offices of political office-bearers and other executive managers, on areas such as managing diaries, writing submissions and speeches, and running the office, will also be available.

### 2.7.2 JMMS Curriculum Management

The core business of the JMMS Curriculum Management Branch is to facilitate the development of both generic and functionally specific curricula for junior and middle managers that are quality assured, and accredited where relevant, for delivery in a blended mix of face-to-face and eLearning approaches within an integrated national learning framework for the public service.



The JMMS Curriculum Management Branch facilitates the development of generic and functionally specific curricula for junior and middle managers. The staff members of the Branch are from left to right (back row): Pillemon Makgopela, Mary Victor, Leentjie Atkin, Jonathan Devasahayam, Dr Shamrita Bhikha, Dr Fran Greyling, Dr Victor Naidu; (middle row): Lucas Molise, Guillaume Kruger, Milly Daweti, Kamogelo Gaesite, Leonoré Neethling, Refilwe Mamiane, Mary-Antoinette Dliwayo, Botshabelo Maja (Branch Head); (front row): Jamela Robertson, Dr Newton Stoffels, Mpho Mathelemusa, Kgomoiso Motsamai, Nitasha Moothoo-Padayachie, Lekau Boshomane, Dr Bunny Subedar, Lebs Mphahlele and Denise Miller. **Not present:** Elize Pieterse.

In alignment with the overall strategy of the Academy, the JMMS Curriculum Management Branch works in teams with other branches within the Academy, and collaboratively with provinces, public and private training entities, and national and international experts.

The key objectives of the Branch are to:

- manage the planning, design, development, delivery and evaluation of JMMS learning programmes;
- provide a steering and oversight role with regard to generic JMMS curriculum governance for provincial academies;
- source, develop and manage eLearning programmes, both within a blended approach and as stand-alone options;
- develop and implement a quality management system for learning provision within the JMMS learning framework; and
- facilitate the standards generating process and the recording/or accreditation of learning programmes.

The Branch is structured into four chief directorates.

### **Curriculum Design**

An independent review by a consortium of curriculum experts has been undertaken of 50 programmes developed either by Palama or the Local Government Leadership Academy (LOGOLA). The review has assessed the quality, relevance and responsiveness of the programmes, and shaped programme development and upgrading. This will extend into the coming years.

The Chief Directorate has also developed an integrated learning framework aligned to the competency frameworks for the public service suggested by the DPSA. The framework will, in due course, be linked to a public service qualifications framework. It is the product of extensive consultative meetings with provincial and national stakeholders, and will increasingly shape the development of curriculum frameworks for specific functional areas. One such area is monitoring and evaluation, an increasing focus of government to improve service delivery. The curriculum framework for this area has consequently already been finalised and launched. It is aligned to the government-wide Monitoring and Evaluation Framework led by the Presidency. Two out of six monitoring and evaluation courses have since been finalised. A second such priority functional area is human resource management. The curriculum framework for this area, which is based on the DPSA HR Competency Dictionary, is due for finalisation in the 2009/10 financial year. This programme will capacitate both HR practitioners and line managers with technical and generic human resource competencies

required at junior, middle and senior management levels. Four out of the six unit standards have already been written.

In order to improve collaboration with and among provincial and local academies, to avoid duplication and to foster a single public service training landscape, it has become necessary to understand the current state of public service training in the three spheres of government more comprehensively. This will allow for a more co-ordinated response to the public service capacity constraints. A research project has been completed that maps the course offerings of all the provincial academies and public service training entities in South Africa in the three spheres of government, their course development processes, and more importantly, gaps and challenges that confront the public service training landscape as a whole. The need to align curriculum management policies and practices, and share curricula and development tools across various training entities, has been identified.

These three major interventions will inform the further design, development and upgrading of programmes in the coming years. In the period under review, eight new priority learning programmes were designed and developed:

- Gender Mainstreaming;
- Ethics Management for Local Government;
- Minimum Anti-Corruption Capacity;
- Massified Induction Programme;
- Monitoring and Evaluation for JMMS;
- Monitoring and Evaluation for SMS;
- Gender Mainstreaming for SMS; and
- Administrative Skills and Service Delivery for DRC Public Servants.

A further seven programmes were reviewed and upgraded:

- Orientation to HIV & AIDS in the Workplace for Junior and Middle Managers;
- Basic Orientation to HIV & AIDS in the Workplace for Administrators;
- HIV & AIDS and TB Management for Managers and Planners;
- Grievance Procedure;
- Excellent Customer Care for Frontline Staff;
- Assessor and Moderator Programme; and
- Training of Trainers course for use in the DRC.

A further important thrust for the Chief Directorate has been to drive gender mainstreaming through all public service training materials through a

Gender Mainstreaming Strategy and an Integrated Action Plan. Ten four-day Gender Mainstreaming courses were presented to national and provincial government departments and municipalities. Forty-six Palama staff members participated. The terms of reference for the suite of human resources development courses, and the framework for monitoring and evaluation for the CIDA regional project, have both been reviewed for gender sensitivity.

### **eLearning**

The purpose of the eLearning Chief Directorate is to advance the opportunities afforded by technology to extend the reach of public service capacity building on a dramatically larger scale. At present, most training interventions in the public service take place on a face-to-face basis, but it is anticipated that in future, an increasing number will also be available partly or wholly online, or through other electronic media such as CDs, memory sticks or mobile telephones, or via a blended approach using a mix of all these delivery channels.

To explore the various approaches in this regard, an eLearning Indaba was convened and hosted under the auspices of the joint India, Brazil, South Africa Initiative (IBSA). Delegates included local and international representatives from government, higher education institutions and the private sector. The purpose of the Indaba was to share knowledge and explore good practice for integrating technologies in the delivery of training and development programmes. The outcome was a broad action plan that offers indigenous solutions to Palama's roll-out of technology-assisted programmes aimed at extending public service training.

The process has begun with an eLearning version of the widely used Bid Committee Course that was successfully piloted. This is being updated for full-scale online implementation. A virtual forum for post-course support for the Gender Mainstreaming Project has also been initiated. In addition, a virtual forum between Palama and its provincial counterparts has been established.

The use of technologies in learning generally requires substantial organisational and structural changes. One has to tackle the preference of role players for traditional learning methods, and their fear of technology.

### **Quality Assurance**

The Quality Assurance Chief Directorate is responsible for managing the quality of learning provision within the JMMS learning framework. A quality management system (QMS) for Palama was finalised and is being implemented. It has received an excellent rating, as a result of which Palama has been awarded full accreditation status for a period of five years from the PSETA. This establishes the status and credentials of Palama in the education, training and development community.

### Accreditation

This Chief Directorate pursues the formulation of unit standards and the recording or accreditation of learning programmes. The process is laborious, but important, because the credits achieved are portable from one employer to another, and accumulate progressively towards a qualification at the relevant level on the National Qualifications Framework (NQF). This is of particular significance for learners from disadvantaged backgrounds who have had limited prior opportunity to acquire qualifications. In the past, most of Palama's programmes were not accredited and learners did not benefit from acquiring certificates of competence on successful completion of the programmes. Most previous courses were not systematically designed to ensure curriculum progression within a competency area from one qualification level to another, nor linked to each other to aggregate to a registered qualification on the NQF. However, Palama is now endeavouring to ensure that most of its programmes will be NQF-aligned and accredited.

Following the repeal of the South African Qualifications Authority (SAQA) Act and the introduction of the National Qualifications Act, all three quality councils are in the process of being officially established and becoming fully functional. Consequently, the arrangements are in flux regarding the development of new unit standards, and re-registration or replacement of current unit standards on the NQF.

Despite the above difficulties, eleven Palama learning programmes were accredited in the reporting period. These include:

- Assessor Training;
- Moderator Training;
- Gender Mainstreaming;
- Supply Chain Management 1 (for junior and middle managers);
- Minimum Anti-Corruption Capacity Requirement;
- Acquisition Management;
- Supply Chain Management for Municipalities;
- Bid Committee: PFMA;
- Bid Committee: MFMA;
- Supply Chain Management Blocks 1 and 2 (for SMS); and
- Foundation Management Development Programme.

### 2.7.3 Provider and Partner Mobilisation

The aims of this Branch are to mobilise, co-ordinate, monitor and assure the quality of providers and partners for the implementation of JMMS training programmes in all spheres of government. The Branch is structured into three chief directorates and two directorates.



The Provider and Partner Mobilisation Branch assures the quality of providers and partners for the implementation of JMMS training programmes for government. The staff members of the Branch are (clockwise): Rufus Mmutlana (Branch Head), Patricia Masiuana, Ntotole Matlakala, Leonard Kekana, Sarah Mokganedi, Nombulelo Mthombeni, Emmeliah Morwamohube, Sam Makhuvele, Eunice Landane, Kgomotso Ralefeta, Dr Alrika Moore, Natalie Nelson, Zuleka Hassim, Ayanda Faya, Jane Msomi, Siphon Manana, Noxolo Cele, Ephraim Mmekoa, Moora Letsoalo, Maki Nyandeni, Johnny Pietersen, Desiree Jason, Joseph Sibanyoni, Linda Gumede, Doreen Mathebula and Dr Thami Shezi.  
**Not present:** Solly Mogaladi, Vijay Valla, Riaan de Coning, Jay Rampat, Kego Metseamere, Bella Mkhanda, Theolene Patrick and Thabiso Tabane.

#### Mobilisation of Providers

This Chief Directorate is responsible for the mobilisation of providers to achieve collaboration and forge partnerships with a wide range of organisations that can deliver public service capacity-building interventions to scale and standard on an outsourced delivery model. A database of all contracted training providers has been created and audited to identify areas where improvement in quality is needed and where extra capacity must be enlisted. A comprehensive advertisement to attract both individuals and organisations with the requisite credentials has been published. This process will enable the engaging of service providers in compliance with supply chain management processes, and streamline the process of sourcing quality service providers.

To advance consultation and collaboration with key partners, three inter-governmental training and development workshops were successfully held in Polokwane, Cape Town and Mafikeng. These workshops involved partners such as provincial academies or training units, PSETA, DBSA's Vulindlela Academy, LOGOLA and DPISA. The outcomes include the approval of the learning frameworks for the public service; a comprehensive database of courses offered by all training entities within the public service; the establishment of an inter-provincial curriculum committee; the sharing of good practices in training and development; and a commitment to collaborating on the development and implementation of common programmes such as the Massified Induction Programme. These inter-governmental workshops are now a regular feature.

Existing contracts with three higher education institutions were extended to provide for Financial and Project Management training.

### **Mobilisation of Partners**

This Chief Directorate is responsible for the roll-out of the Massified Induction Programme (MIP) in partnership with provincial and national departments. A 2008 Ministerial Directive made the programme compulsory for all new public servants on salary levels 1 to 12. In order to fast-track the implementation of MIP, consultative meetings were held with senior management in each province and large national departments, and task teams created. These got up to speed in February and March 2009. The initial target in the start-up year was that Palama would induct 50 per cent of a predicted intake of 68,000 new permanently appointed public servants (excluding nurses and teachers who are inducted by their own departments). In fact, Palama trained a total of 22,533 public servants, 75 per cent of the actual intake, which at 30,054 was considerably less than anticipated. The total is some three times greater than was achieved in SAMDI's previous attempt at induction, and there is capacity in place to handle the full input during 2009/10.

Teething problems, which included budgetary and institutional capacity constraints in provincial and national departments, have largely been resolved. The training has been delivered by approximately 900 local trainers in provinces and large national departments. The training materials, of which Palama is the custodian, have been translated into all the official languages and into Braille.

### **Monitoring and Evaluation (M&E)**

The M&E Chief Directorate undertakes monitoring and evaluation processes at three levels: delegates' responses, on-site monitoring and impact evaluation. The recruitment of key staff members has taken longer than hoped. Nonetheless, the Directorate has begun to conduct on-site assessments of a number of Palama programmes, including the Deployment Phase of the Khaedu Programme. The M&E Chief Directorate also contributed to the development of aggregated facilitator performance reports for service providers to support and assist the contract renewal process. These performance reports are generated from the refined M&E database.

### Professional Development of Trainers and Service Providers

The Professional Development Directorate is responsible for ensuring the ongoing professional development and quality of trainers and service providers. The Trainer Professional Development Framework and the project plan for the reconstituted Public Sector Trainers' Forum (PSTF) have been completed, including the nomination of stakeholders for the PSTF Advisory Committee. Plans are underway for the next PSTF Conference, to be hosted by Palama in September 2009.

#### 2.7.4 JMMS Training Co-ordination

The JMMS Training Co-ordination Branch connects departmental users to outsourced providers of training, by booking candidates on training courses at the scale of training delivery demanded of Palama, at national, provincial and local government level. The Branch is responsible for:

- the user-oriented contact centre;
- logistical arrangements for training interventions;
- administration of post-course processes such as certification; and
- the development and maintenance of an enterprise-wide training management system.



The JMMS Training Co-ordination Branch connects training candidates to providers of training by booking training courses for them. The staff members of the Branch are, from left to right (standing): Thomas Mphahlele, Magriet Rouwerd, Lindiwe Gwebu-Gqada, Evelyn Lucas, Pumza Busakwe, Sisanda Mpongwana, Moses Mailula, Hellen Langa, Rachel Mulaudzi, Albert Koloko, Chris Matsei, Soria Arendt (Branch Head), Modiketse Tshehla, Ester Keulder, Arnold Raaths, Antoinette Hercules, Davline Dormack, Alta Visser; (seated): Marisa Labuschagne, Salphinah Hlungwane, Suzan Modiba, Teboho Khalushi, Nelly Ntuli, Sarena Webb, Thilivhali Maphiri and Maryka Coetzee. **Not present:** Lefa Mafa, Thabo Mphuti, Joyce Mabasa, Tembela Mancotywa and Sthembiso Mbatha.

The activities of the Branch are pivotal to Palama achieving the intended reach of its capacity-building programmes. In this regard, the Branch has made a significant contribution to the transformation of the business model, from SAMDI being only a provider of training and competing with other service providers, to Palama being both a provider and co-ordinator of training by partners on a greatly increased scale. The new Branch, embracing new work processes, was established and became fully functional during April 2008. The planning undertaken by a team of three managers enabled a smooth changeover.

Based on research, a new process model and a training management system to support it was compiled, spanning three years from landscape mapping to final implementation. It is being progressively implemented. The efficiency of processing training-delivery transactions has been greatly improved and the year-end closure could be finalised on time. The training management system facilitates the following enhancements:

- streamlined processes and workflow within the component;
- the reallocation of responsibilities and audit tracking;
- an online calendar; and
- the capturing of and reporting on contracts.

A concept paper for the establishment of a hi-tech customer contact centre was developed, and the strategy for its implementation finalised by September 2008. The user requirement specification has been completed and procurement finalised. Process flows were designed and evaluated for application within the Palama context. All operations for the first phase were fully implemented by March 2009. The Palama contact centre has joined the Business Process Enabling South Africa Association in Gauteng. This membership will facilitate the sharing of experiences, networking within the industry and benchmarking best practices.

Plans are in place to streamline the securing of venues for training. With the Provider Mobilisation Branch, tenders have been invited so that a database of approved preferred providers can be established. Communication channels were shortened through the use of email and short message services (sms) to communicate with service providers and clients, resulting in more effective service.



A hi-tech customer contact centre was established in Palama's offices in March 2009.

The Branch has worked collaboratively with the Business Development Branch to compile business intelligence reports from the training management system. These reports are used to provide clients with information regarding their skills development efforts, and to direct Palama's marketing efforts. Statistics are now kept regarding the number of quotations confirmed out of those generated by the contact centre. Reasons for non take-up have been collated and shared with the Business Development Branch to inform their outgoing marketing initiatives. This technologically enabled mode of engagement is essential for Palama to realise the scale of training expected.

The pilot version of the training calendar for the months of May, June and July 2009 has been finalised and will be an important tool for expanding training outreach. The specifications of a learner record database aligned with SAQA and SETA requirements was designed and built during the reporting period.

## 2.7.5 Business Development

The Business Development Branch ensures that opportunities for training, development and support offered by Palama are proactively marketed to public servants at national, provincial and local level on the significantly expanded scale envisaged by Palama. DPSA research has shown that many government departments do not actively pursue training opportunities for their staff unless prompted to do so.



The Business Development Branch markets opportunities for training, development and support to public servants at national, provincial and local levels. The staff members of the Branch are, from left to right: Oliver Seale (Branch Head), Aaron Nhlonipho, Promise Mahlangu, Dr Johann Brinders, Lehlogonolo Maila and Dr Stephen Mohlokoane. **Not present:** Gayle Kaylor, Juanita Fennel, Brenda Barnard, Dr Emmanuel Tshikwatamba, Kevan Perumal, Sahlidika Khan, Tim Moloi and Tiego Vuma.

Business Development has undertaken a mapping process to enhance operational efficiencies, streamline its workflows, and commence relationship building. It engages with other branches to optimise synergies with Training Co-ordination on the gathering of business intelligence to support marketing initiatives. It is working with the Communications Directorate regarding an integrated strategy and the branding and presentation of Palama products. Training and development for staff members on marketing and key account management has been planned.

To match appropriate training interventions to identified developmental needs in the public service, Business Development has adopted measurement tools such as a training needs analysis (TNA). A new TNA methodology has been developed. This takes into account the model previously adopted by SAMDI, recognised best practice, and consultations with key stakeholders such as the DPLG and DBSA's Vulindlela Academy. It raises awareness on capacity building.

Training needs have also been captured from the human resource development plans of all the provinces. The current offerings of Palama address about 80 per cent of the three main areas identified: induction, leadership and management development, and functional training in areas such as Supply Chain Management and Monitoring and Evaluation.

The outreach to national departments adopts a targeted and focused marketing approach, and service delivery proposals (SDPs) submitted with key departments such as DEAT, the National Treasury and the National Intelligence Co-ordinating Committee (NICOC) are yielding training requirements totalling R7.5 million.

Outreach to provinces has comprised four successful roadshows to Mpumalanga, the North West, Free State and Western Cape. These have strengthened relationships with the offices of the premiers and provincial academies; increased uptake of programmes such as Khaedu Executive Development, Gender Mainstreaming, Monitoring and Evaluation and Advanced Management Development; and resolved issues such as the awarding of certificates to candidates, the submission of portfolios of evidence, outstanding invoices, and new Palama tariffs.

Some 80 per cent of potential trainees are in provincial departments or provincial offices of national departments. In view of this, regional offices are being established in Gauteng (Johannesburg), the Western Cape and KwaZulu-Natal, which will each serve three provinces. Staff, who will be responsible for liaising with senior officials and HRD practitioners to identify training needs in their departments and suitable capacity-building interventions to address them, will liaise with the respective provincial academies and local governments.

### 2.7.6 International and Special Projects

The International and Special Projects Branch facilitates management development initiatives that support the implementation of South Africa's foreign policy objectives. It has the following strategic objectives:

- the forging of strategic international and local partnerships;
- the co-ordination of bi- and multi-lateral international projects;
- the initiation and management of efficient donor projects designed to support the strategic objectives of Palama; and
- the establishment and co-ordination of Palama's Advisory Council.

The Branch was re-structured in 2008 and now comprises four directorates.



The International and Special Projects Branch facilitates management development initiatives that support the implementation of South Africa's foreign policy objectives. The staff members of the Branch are, from left to right (back row): Professor Dominick Iwisi, Louis du Plooy, Jacob Ntseke, Sophia Janse van Rensburg, Terry Sibiya, Mike Welman; (middle row): Rendani Maphangule, Mpho Moshoele, Mzwandile Manto; (front row): Hilda Moja and Dr Sal Muthayan (Branch Head), Lebohang Nhlapho. **Not present:** Nadia Minty and Michelle Beeslaar.

### North-South Partnerships

This Directorate facilitates international projects and strategic partnerships, drawing upon developed countries and donor agencies to further develop capacity building in the public service. It is currently engaged in strengthening bilateral relationships with the Canadian School of Public Service and the Canadian International Development Agency (CIDA). It is also engaging with the development agencies of the German Government and the European Union regarding funding for several programmes to further the strategic objectives of Palama.

A key achievement was the co-ordination of a knowledge exchange seminar in Belgium involving departments and agencies from the Flemish Government in September 2008. This provided an opportunity for Flemish senior officials to meet with counterparts from national departments to discuss issues of mutual interest. An opportunity was also provided for the Flemish Government officials to meet with provincial counterparts in KwaZulu-Natal.

### Special Local Projects and South-South Relations

This Directorate manages special local projects and establishes and co-ordinates strategic partnerships with countries in the southern hemisphere to advance capacity building in public service.

As part of the India, Brazil, South Africa partnership, Palama and its counterpart management development institutes (MDIs) in India and Brazil collaborated on the first of a series of seminars that was hosted by Brazil in September 2008. It was attended by representatives of the MDIs of the three countries: the Administrative Staff College of India (ASCI), Escola Nacional de Administração Pública (ENAP) and Palama. The objective was to share experiences and innovative indigenous training approaches. The second seminar in the series will take place in India in August 2009.

The Directorate has also facilitated knowledge exchange visits to share learning between our partners in the south and representatives of the South African public service. In November 2008, the President of ENAP, Dr Helena Kerr do Amaral, delivered a seminar at Palama to selected South African Government officials.

In January 2009, Palama, in collaboration with the DPSA and the High Commission of the Republic of India in Pretoria, hosted a delegation of senior officials from the Government of India and the Indian Institute of Public Administration (IIPA). The Directorate developed a two-day programme, comprising presentations, a knowledge exchange seminar and site visits for the delegation. Counterparts from eight South African Government departments participated in the knowledge exchange seminar.

### **Africa Partnership and Advisory Council Directorate**

This Directorate fosters strategic partnerships with African countries and multilateral organisations, as well as co-ordinating the work of the Palama Advisory Council.

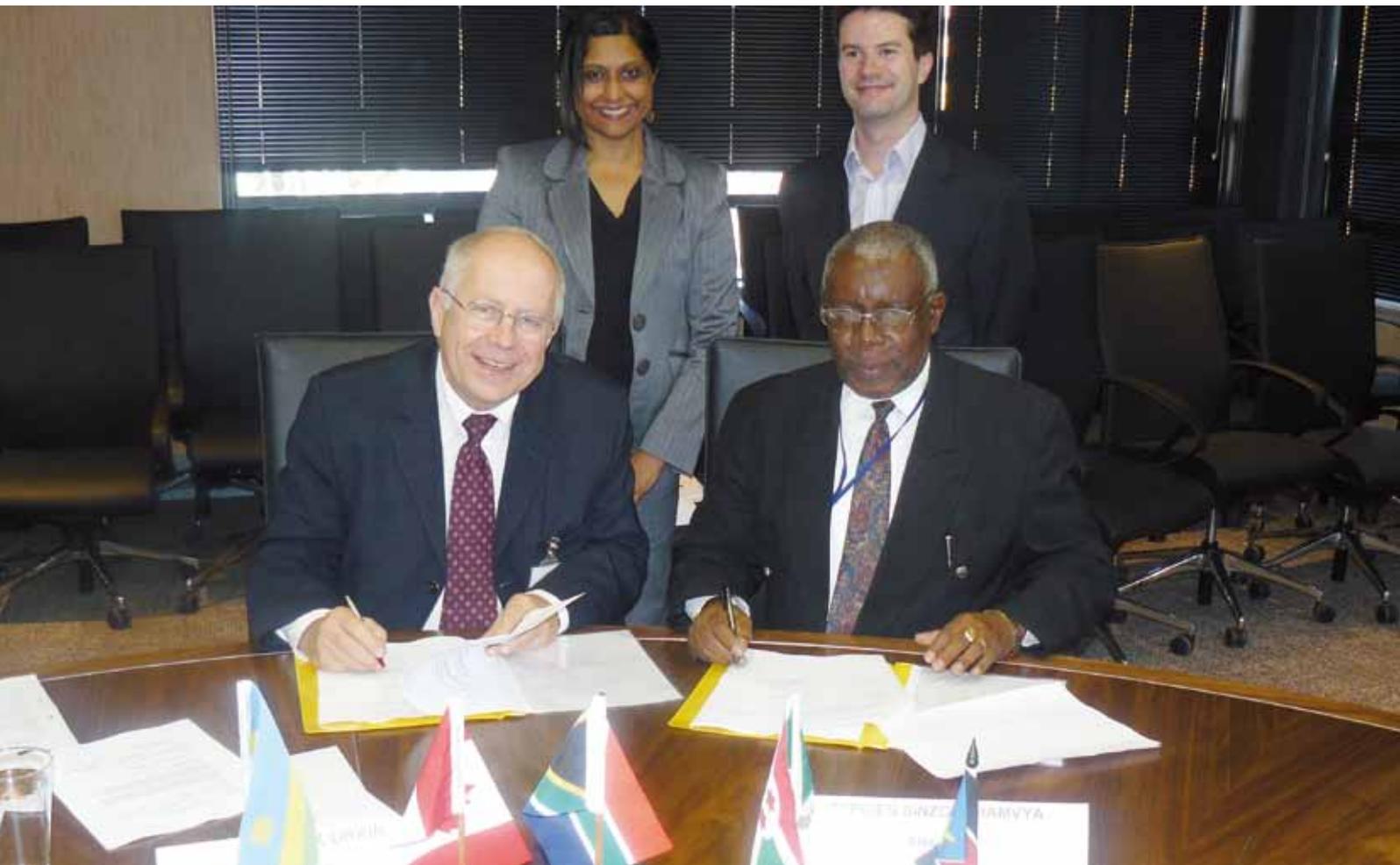
In response to the Bi-National Co-operation Agreement between the South African Government and the DRC, Palama set up a capacity-building project in the DRC. The objectives of this project have been to assist the DRC with the establishment of a National School of Public Administration (ENA) as a legal entity, the roll-out of training to the DRC public servants, as well as the refurbishment of the ENA premises in Kinshasa. A total of R20 million has been received from the African Renaissance Fund (ARF) to fund the project, R10 million of which is earmarked for the refurbishment of the ENA premises.

ENA has been established as a legal entity in the DRC and is governed by a board of directors. It has a strategic plan that was developed with assistance from Palama. During the 2008/09 reporting period, 1,072 public servants in the DRC were trained in the fields of Human Resource Management, Project Management, Advanced Management Development, Training of Trainers and Basic Administration Skills. Handover to the DRC trainers will be completed by mid-2009. The refurbishment project has been initiated and is expected to be completed by the end of 2009.

Funding from CIDA of R70 million over a five-year period was secured with effect from 1 April 2008 for the implementation of a regional capacity development programme in three post-conflict societies. The project implementation plan has been agreed and finalised with CIDA. Partner institutions in Rwanda, Burundi and Southern Sudan have been successfully engaged for the implementation of the programme. A planning workshop took place during July 2008, including the signing of institutional agreements regarding the co-operation between all four of the MDIs. This workshop was followed up with capacity-building seminars in Rwanda (Kigali) during December 2008 on topical issues relevant to the implementation of the project. All the partners' service providers for the baseline studies and training needs analysis were appointed.

In addition, under the auspices of the partnership between the Japan International Co-operation Agency (JICA), Palama and the African Management Development Institutes Network (AMDIN), Palama has facilitated the provision of training to 72 participants from 31 African countries. This included a training course for French-speaking countries in February 2009. Palama facilitated the translation of the learning material into French and secured funding from the Canadian Technical Assistance Fund to bring French-speaking facilitators from the Canadian School for Public Service to Palama to deliver training to 28 participants from eight francophone countries.

The Directorate has also co-ordinated a number of international visits and events during the period under discussion. These events included, amongst others, the visit by the Tanzanian Public Service College, the participation of Palama in the Bi-National Commission with the DRC in April and November 2008, and the South Africa Rwanda Joint Commission of Co-operation at the end of March 2009.



The institutional agreement between Palama and ENA Burundi for the implementation of the CIDA Regional Capacity-building Project is signed by: (front row) Dr FM Orkin, DG: Palama, Professor C Sinzhobhamvya, Director: ENA; (back row): Dr S Muthayan, Branch Head: International and Special Projects and Project Manager for the CIDA RCB Project, and Mr Jean Didier-Oth, Representative: CIDA South Africa, High Commission of Canada in South Africa.

### Donor Management

This Directorate provides a donor fund management service to the Academy. It attends to the extensive narrative, performance and financial reporting requirements that meet the regulatory requirements of both the South African public service and donors. It has developed a donor policy and has implemented the required monitoring and reporting systems.

Donor projects have now been set up on the basic accounting system in order to generate financial expenditure reports against project result areas for improved financial management. The Directorate also engaged with the International Development Co-ordination Unit at National Treasury to promote co-ordination of donor activities with other departments. A monthly status report for donor projects has been implemented.

### 2.7.7 Corporate Services

During the year under review, Corporate Services has assisted in building the organisational infrastructure of the Academy, after the reconstitution that occupied the previous financial year. This was challenging, since all the senior management posts were vacant at the beginning of the year. The Corporate Services Branch comprises three directorates: Information Technology, Buildings and Operations, and Human Resources. IT and Facilities Management are outsourced to external service providers to ensure the provision of cutting-edge, efficient and modern services to Palama.



The Corporate Services Branch is tasked with building the organisational infrastructure of Palama. The staff members of the Branch are, from left to right (back row): Jaco Victor, Andile Mbatyoti, Philip Mathonsi, Ronald Mothokwa, Jeremiah Mela (Branch Head), Louis Masiye; (middle row): Peter Maseko, Elna van Niekerk, Ricky Mdlalo, Dorothy Boikhutso, Angela Montana, Ellen Maringa, Wanita Oosthuizen; (front row): Kaizer Malakoane, Japhtaline Digolo, Maggie Letswalo, Adel Seforo, Dineo Nare, Magaret Mashala, Kulsum Field, Peter Movundlela, Andre Snyman and Thami Siwisa. **Not present:** Irma van der Merwe, Lucas Chauke, Rudi Scheepers, Joel Songo and Lettie Letsoalo.

### Information Technology

The move to the new building presented a range of challenges to the IT environment. The environment has since been stabilised and the migration from the SAMDI to the Palama server exchange domain has been finalised.

The measures to improve service delivery include the upgrading of the IT infrastructure to support a variety of modern applications and platforms, provide backup and recovery, and reduce downtime. Various projects have already been initiated to improve these areas.

To improve turnaround times in resolving IT queries, the Directorate has procured and implemented a remedy solution. It provides a focused management information system to ensure a stable, modern IT environment that supports capabilities such as video conferencing, eLearning and information and knowledge management. The Directorate has also initiated processes to design and implement intranet and virtual private network processes in order to improve internal communication and email downtime respectively.

At a strategic level, IT support by an outsourced service provider depends on a solid grounding in a service agreement. Negotiations aimed at such an agreement have begun. Operational challenges have created the need to strengthen capacity within Palama to manage it.

The unit has also finalised a comprehensive IT enterprise architecture strategy, as required by the Auditor-General. It will lead to improvements across a broad spectrum of issues, including applications, manageware, clientware, serverware, middleware, platforms, network architecture and facilities. The strategy will be implemented during the 2009/10 financial year.

### Building and Operations

Palama has leased an attractive new building which is a suitable venue for a professional, modern training organisation. The building is situated within a precinct of government departments. The new home of the Academy was opened by the former State President, Mr Thabo Mbeki, in August 2008.

This Directorate achieved a number of targets during the reporting period: processes to ensure that the building meets all regulatory requirements; associated signage; and access for people with disabilities. The lease agreement is being negotiated to construct an auditorium in the adjacent heritage Old School.

At a strategic level, the unit entered into an interim outsourced facilities management contract that provides for security, cleaning, catering and parking management.

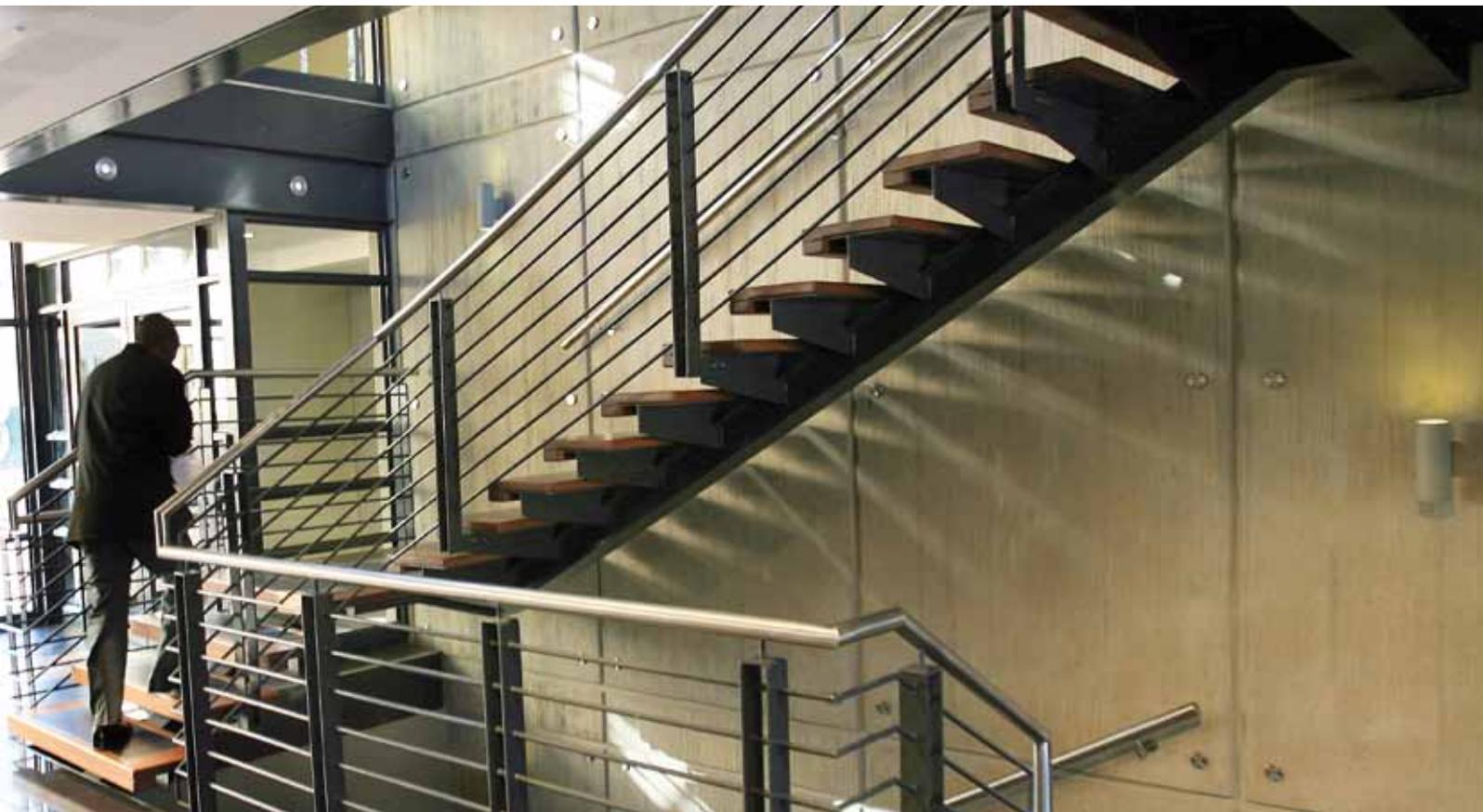
### Human Resources

The key focus for this Directorate during the reporting period was the finalisation of the match-and-place exercise, and the recruitment of staff

starting at senior management levels. Nineteen employees who were not matched into the Academy were offered voluntary severance packages, active assistance with placement in other public sector institutions, and a range of training options. This initiative was successful. Only one employee remains excess to the establishment.

The first phase of the recruitment process focused on branch heads and other SMS members. At the end of the financial year, eight of the nine branch heads in the new structure had been appointed. The ninth will assume duty in June 2009. The restructuring process created an opportunity for the Academy to improve racial and gender representivity at these levels, as illustrated in Tables 10 and 11 in Part 6. The recruitment of managers and administrators is fully underway and is expected to be finalised in the first quarter of the 2009/10 financial year.

The Palama business model and organisational culture provides for decentralisation of powers. Research undertaken by the DPSA has also shown that this practice increases efficiency. Human resources delegations have been introduced. This allows the Executive Authority and the Director-General to focus their attention on strategic innovations. All SMS staff concluded performance agreements by deadline, and at the time of writing this approach had been extended to non-SMS staff members.



The Academy is housed in a modern, 21st century building befitting a cutting-edge training institute.

## 2.7.8 Corporate Finance

During the 2008/09 financial year a financial management improvement plan was used to remedy the deficiencies identified by the Auditor-General in the 2007/08 Annual Report. These concerned the completeness of revenue and accounts receivable systems, and the interface between branches regarding bookings, quotations and invoicing of courses.



The Corporate Finance Branch provides innovative financial and supply chain services to Palama. The staff members of the Branch are (clockwise): Nkhensani Maboko, Carlo Venter (Branch Head), Lizeth van der Merwe, Andre Vorster, Kubele Hlaethwa, Leticia Grove, Bonita Pienaar, Maggie Mpepele, Thibi Motlogeloa, Dr Lifi Mahlasela, Ernstine Carolisen, Nomfundo Ndungane, Jacob Nhlanhla, Paricia Masango, Hennie Swart, Marietha van den Berg, Sampo Mashilo, Joy Mabatle, Nickie Jordaan, Ingrid Moepye, Anet de Beer and Nthabiseng Fuma. **Not present:** Winnie Maluleke, Karin Degenaar and Bheki Binda.

As a result, particular attention was given to the following:

- The Training Trading Account's debtor management was enhanced through the implementation of a computerised debtor-administration system.
- The integrated quotation, booking and invoicing system was developed and implemented to enhance internal control of revenue and to address the completeness of revenue. This system is intended to be a central point of reference, as well as a link to learning training statistics.

- New financial delegations were approved for use by branch heads in the new Academy.

### **Management Accounting**

A significant milestone during the reporting period was the development and implementation of the management report renderer or 'dashboard'. This facilitates budgetary controls and financial resource allocation. It provides branch heads with real-time information on the status of expenditure against budget. This information is essential for the controlled exercise of financial delegations. It represents a major organisational advance for Palama.

### **Supply Chain Management**

During this reporting period, supply chain processes and procedures have been reviewed and enhancements implemented, resulting in more responsive procurement and provisioning for Palama's significantly expanded needs. Improvements have been made to the speed with which orders and payments are made, and to the management of the warehouse.

Effective systems for the management and safeguarding of assets have been implemented to ensure their optimal utilisation, based on the management of risks.

The process of automating the supply chain system was initiated during the period under review. This will need to be aligned with government's impending Integrated Financial Management System (IFMS) programme, currently being piloted at different lead sites.

## **2.7.9 Governance and Strategic Support**

This Branch is intended to support the Director-General and top management with strategic and allied support functions required to position the Academy and drive through its transformation and development. Lack of success in the initial round of SMS recruitment in finding a DDG impeded the filling of other vacant posts, until the Director: Communications joined Palama in January 2009. A DDG will assume duty in June 2009. In the meantime, those staff members who were matched and placed in this Branch have been temporarily deployed elsewhere and critical functions have either been outsourced or undertaken elsewhere in the organisation. By these means, important progress has been made in respect of the functions of the Branch.

The Chief Directorate: Strategic Cycle is primarily concerned with the production of the strategic plan, annual report, other strategic documents and top-level presentations for stakeholders. The function is essential in ensuring that the Director-General fulfils the various legislative requirements in respect of his role as Accounting Officer, and in supporting his positioning of the organisation and its new strategy.

Pending the new appointments, these functions have been driven from the Office of the Director-General, under his supervision. Constructive progress has been made in regularising the strategic cycle. This has been documented in a policy on planning, monitoring and reporting.

In November 2008, each of the nine branches held its own mini-Lekgotla to formulate its three-year strategic plan in which are identified the strategic deliverables for each branch. All the plans are now organised under the five strategic objectives by which Palama follows a balanced-scorecard approach. In early December 2008, an SMS-wide Lekgotla was held at which these plans were compared and consolidated, with special attention to the necessary linkages among branches to achieve delivery of Palama's objectives.

The transition to short-term planning occurred in early January, when each branch formulated its annual work plan with activities in the strategic plan teased out to the next level of detail. These work plans were compared and refined at a second SMS-wide Lekgotla. They have been directly translated into the annual performance contracts of the members of SMS, which are also formatted under the five balanced scorecard objectives. This format is in turn used by each branch for its quarterly reports, which cumulate to the Annual Report. The latter is thus intrinsically aligned to the preceding Strategic Plan.

Up until now, budgeting at Palama has been carried out on a top-down basis, by the DG, the CFO and a financial consultant, followed by consultations with the branch heads. For the 2009/10 year, a first iteration of bottom-up activity-based budgeting was attempted, with the past year of activity for the branch heads to apply. A key complement to this evolution is the extensive HR and finance delegations from the DG to branch heads, coupled with an online 'dashboard' by which branch heads can monitor their delegated use of resources.

The Communications Director commenced duty in January 2009. The formulation of a communications strategy is now well underway, with the assistance of a newly appointed professional consultancy, after tendering from the Government Communication and Information System list. A successful workshop was held with the branch heads to clarify their needs with regard to communication. This is being addressed in the strategy formulation.

The Directorates of Knowledge Management, Legal and Contracts Management and Project Management have not yet been resourced. But progress has been made with regard to course materials, proper catalogues and centrally archived course material. Some shared folders have been developed in anticipation of a more comprehensive intranet.

Use has been made of expert professional legal advice to improve the contract agreements used by Palama. These include revamped and modernised contracts for various categories of employees, and contracts with outsourced service providers (such as for IT and facilities management) and with capacity-building partners and providers.

In preparation for the project management function, one branch has taken the lead by using project management software to better manage its activities, and several project management courses have been held for Palama staff.

### 2.7.10 Office of the Director-General

The Director-General is responsible for leading the executive team to ensure that the mandate to the Department is fulfilled, under the guidance of the Minister for Public Service and Administration. He represents Palama domestically and abroad. He has driven the reconstitution of SAMDI to an Academy. As Accounting Officer he reports to the Minister, Parliament and the Auditor-General on its delivery and use of its resources. Some of the activities that were previously covered in the report from the Office of the Director-General (ODG) are now addressed in the report on the Governance and Strategic Support Branch.



The Governance and Strategic Support Branch supports the DG and top management with strategic and allied support functions, while the Office of the Director-General is responsible for leading the executive team to ensure that the mandate to the Department of Public Service and Administration is fulfilled. The staff members of the Governance and Strategic Support Branch and the Office of the Director-General are, from left to right (back row): Mandisa Manjezi (Branch Head), Nomvula Zono, Fridah Chabalala, Dino Poonsamy, Babalwa Mankanku, Sanelisiwe Mbhele; (front row): Dr Mark Orkin (Director-General), Len Mzimela and Johanna Richter. **Not present:** Eunice Dangala and Nene Shibambu.

At the start of the financial year, the newly defined organogram for the Academy had been implemented, and most SAMDI staff members had been matched to and placed in new posts on the new organogram. A significant number of vacancies remained in the various new functions on the organogram, particularly at the SMS level. The Director-General participated actively in the short-listing and appointment process for the 27 new members of the SMS who joined Palama during the reporting period.

The Director-General oversaw the planning for, and implementation of, the equipping and provisioning of the new Palama offices. The move to the new premises, the naming of the building and the official launch of Palama were

important milestones in raising the professional profile of the organisation and positioning it appropriately amongst its stakeholders.

The ODG supports a closely structured mosaic of meetings in order to provide political and strategic leadership, monitoring and reporting on the activities and deliverables of the Academy.

Palama holds monthly management meetings with the Minister. Generally these meetings are structured by a 'dashboard' of priority activities. They provide the senior management team with an opportunity to engage with the Minister at a strategic level and to receive guidance on taking matters forward. With the change of Minister, the meetings have initially focused on clarifying and planning to take forward his new priorities for the next five years: leadership 'up and down', tackling barriers to entry to the public service, especially in rural areas; induction programmes at all levels; and suitable international interventions. These meetings are anchored by key events: the tabling of Palama's Strategic Plan for the coming year before the Minister's Vote Speech, and six months later the submission of its Annual Report on the previous year's activities.

Within the Academy, the Director-General has given careful attention to the pattern of internal management meetings. With nearly all the SMS now in place, the Director-General has a monthly branch heads workshop, especially focusing on matters of lateral concern, and often receiving recommendations that have been clarified in advance by a suitable task team. Branch heads in turn meet with their staff to cascade information and implementation and to engage in their areas.

The branch heads workshop has taken on a brisk vibrancy and is characterised by knowledgeable and constructive debate. It is preceded by an information session attended by all SMS, and a follow-up tea. The former provides each branch with a timed opportunity for sharing its recent activities and contacts with the wider organisation, and the latter provides an opportunity for immediate follow-up in informal networking. Branch heads in turn hold monthly meetings in the branches. The ODG has provided support to branch administrative staff on how to minute meetings and keep track of follow-ups and decisions.

By these means, coupled with the financial and human resources delegations that have been implemented, the participative annual strategic- and work-planning sessions, bottom-up budgeting, and the sharing of responsibilities entailed by the new work-processes, Palama is trying to build a culture in which its executives exercise initiative and joint decision-making, and collaborate laterally with each other for better delivery.

Risk Management Committee meetings comprising the Director-General and all branch heads are also held, as a ring-fenced session in alternate branch heads workshops, to identify and manage risks for the Academy, and guide participation in the internal audit activities that are undertaken to improve management processes. These sessions are reported to the Audit Committee.

The Audit Committee has regular quarterly meetings plus extra sessions related to the annual financial reporting. The active internal audit function is outsourced, presently to KPMG, and reports to the Committee. The Academy has received unqualified audit reports for the past seven years, and has been commended for its governance processes by the Parliamentary Portfolio Committee for Public Service and Administration and by the Standing Committee on Public Accounts.

The Director-General participates in the mid- and beginning-year Cabinet Makgotla, and the associated planning workshops of the Forum of South African Directors-General (FOSAD). In addition, the Director-General has also served on the FOSAD Management Committee which meets monthly. The Director-General participates in the governance and administration cluster of the FOSAD system, and is assisted there and in covering other cluster meetings by branch heads. He authorises reporting to the Presidency on Palama's fulfilment of its programme of action (PoA) responsibilities.

Palama engages with the Parliamentary Portfolio Committee for Public Service and Administration at its request at various junctures in the strategic cycle; and occasionally on special topics such as the Massified Induction Programme. On these occasions, team presentations are made and co-ordinated by the Director-General.

The Director-General also participates at formative stages of Palama's international engagements such as bi-national commissions between South Africa and the DRC, the donor-funded project with the MDIs of three post-conflict countries, and the IBSA collaboration among MDIs. He serves as

Treasurer for AMDIN and is a member of the Governing Committee of the network of MDIs constituted under CAPAM. He has presented – sometimes with branch heads – at various conferences, for example to the Kampala regional workshop of IASIA (the International Association of Schools and Institutes of Administration) and the Johannesburg international meeting of the International Development Evaluation Association. Locally, he has served on the Secretariat of JIPSA and its Technical Working Group.



The audience at a Palama international lecture.

# Report of the Audit Committee



The new building housing Palama was named in honour of a veteran of public service administration in South Africa, Professor ZK Matthews, recognising the significant part he played in the birth of our democracy.

## Public Administration Leadership and Management Academy (Palama)

Report of the Audit Committee  
for the Year Ended 31 March 2009

We are pleased to present our report for the financial year ended 31 March 2009.

### Audit Committee Members and Attendance

The Audit Committee consists of the members listed hereunder and should meet four times per annum as per its approved terms of reference. During the year under review, five meetings were held.

Name of Member	No. of Meetings Attended
Dr DP van der Nest (Chair)	5
Ms S Hari	5
Mr MM Molefe	4
Dr FM Orkin	5



Members of the Audit Committee and attendees of the Audit Committee meetings.  
From left to right: Carlo Venter, Mandisa Manjezi, Dr DP van der Nest (Chair), Johan Jooste, Rufus Mmutlana, Dr Mark Orkin, Ms S Hari, Sikkie Kajee and Jeremiah Mela.

Public Administration Leadership and Management Academy (Palama)

**Report of the Audit Committee** (Continued)  
for the Year Ended 31 March 2009

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### **Audit Committee Responsibility**

We report that we have adopted appropriate formal terms of reference in our charter in line with the requirements of Section 38(1)(a) of the Public Finance Management Act, No. 1 of 1999 and Treasury Regulation 3.1. We further report that we conducted our affairs in compliance with this charter.

### **The Effectiveness of Internal Control**

The system of internal control applied by Palama over financial and risk management is effective, efficient and transparent.

In line with the PFMA and the King II Report on corporate governance requirements, internal audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the internal auditors, the audit report on the Annual Financial Statements and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations there from. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

### **The Quality of In-year Management and Monthly/Quarterly Reports Submitted in Terms of the PFMA and the Division of Revenue Act**

We are satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer of the Department during the year under review.

### **Evaluation of Financial Statements**

We have:

- 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; and
- reviewed significant adjustments resulting from the audit.

We concur with and accept the Auditor-General South Africa's report on the Annual Financial Statements, and are of the opinion that the audited Annual Financial Statements should be accepted, read together with the report of the Auditor-General South Africa.

### **Internal Audit**

We are satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Department in its audits.

Public Administration Leadership and Management Academy (Palama)

**Report of the Audit Committee** (Continued)  
for the Year Ended 31 March 2009

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**Auditor-General South Africa**

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

**Closure**

The Audit Committee wishes to congratulate the Director-General, Dr FM Orkin, with the continued improvement of financial management and the control environment in Palama. Our gratitude is extended to the CFO, his team and all managers and staff members of Palama. Their commitment and constant striving towards excellence has resulted in the Department again receiving an unqualified audit report for the 2008/09 financial year.



Dr DP van der Nest  
Chair: Audit Committee  
31 July 2009

# Annual Financial Statements – Vote 10



The JMMS Training Co-ordination Branch develops and maintains a training management system.

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## Public Administration Leadership and Management Academy (Palama) – Vote 10

Index to the Annual Financial Statements  
for the Year Ended 31 March 2008

Report of the Accounting Officer	72
Report of the Auditor-General	79
Appropriation Statement	83
Notes to the Appropriation Statement	86
Statement of Financial Performance	87
Statement of Financial Position	88
Cash Flow Statement	89
Accounting Policies	90
Notes to the Annual Financial Statements	97
Disclosures Notes to the Annual Financial Statements	103
Annexures to the Annual Financial Statements	107

# Report of the Accounting Officer

for the Year Ended 31 March 2009

## 1. General Review of the State of Financial Affairs

In November 2006 Cabinet mandated the reconstitution of SAMDI as the Public Administration Leadership and Management Academy (Palama). This is the second year of the transformation process and the process is nearly completed. The Academy moved to a new building within the Government Corridor in June 2008, and on 1 August 2008, the President formally launched the Academy and named its building after the late Professor ZK Matthews. The most significant advance this year has been in building the institutional capacity of Palama, regarding the appointment of staff and the development of systems and processes.

The recruitment campaign for 49 senior management and 34 management vacancies in the new structure commenced in March 2008. Some 23,000 applications were received. The appointments of three new DDGs were approved by Cabinet three months later. By the end of the financial year, a total of 42 SMS members were in place and the interviews for Deputy and Assistant Directors were well underway.

The new organogram and staff complement are needed for Palama to deliver on its mandate, which involves facilitating the delivery of capacity-building on an appropriate scale with a view to improving service delivery in the public sector. There are approximately 10,000 senior management officials across the three spheres of government, some 250,000 junior and middle management officials at the coalface of delivery, and some 30,000 new appointees to permanent positions every year.

The current suite of course offerings has been independently reviewed with a view to improving or redeveloping the courses within an integrated learning framework for the public service. A draft integrated training and development strategy for the Senior Management Service (SMS) has been developed, which is aligned to the Academy's learning framework. Resources have also been invested in establishing relations with users within the public sector and co-operation with higher education institutions (HEIs), private providers, specialised colleges under departments such as Foreign Affairs, Justice and Defence, and the Department of Provincial and Local Government's Local Government Leadership Academy (LOGOLA). Users are assisted with establishing their training needs and then connected to providers by the Palama contact centre.

The International and Special Projects Branch (I&SP) applies Palama's training capability to supporting the foreign policy objectives of the South African Government. It also facilitates the Academy's engagement in the global knowledge network through forging mutually beneficial strategic linkages and partnerships with management and development institutions around the world. These partnerships and linkages contribute to benchmarking Palama's performance and programmes with international standards and practices, as well as global debates on improving service delivery.

The following achievements are noted:

- Funding from the Canadian International Development Agency (CIDA) of R70 million over a five-year period was secured with effect from 1 April 2008 for the implementation of a Regional Capacity Development Programme in three post-conflict societies, namely Rwanda, Burundi and Southern Sudan. The project implementation plan has been agreed and finalised with CIDA.
- The Gender Mainstreaming Programme is also funded by CIDA for a period of four years from November 2006. The programme on gender mainstreaming in government is in an advanced stage of implementation. An integrated action plan has also been developed for the implementation of gender mainstreaming in Palama.
- In response to the Bi-National Co-operation Agreement between the South African Government and the Democratic Republic of Congo (DRC), a capacity-building project in the DRC was previously established. The objectives of this project have been to assist the DRC with the establishment of a National School of Public Administration (Ecole National d'Administration – ENA) as a legal entity, the refurbishment of the ENA premises in Kinshasa, and the roll-out of training to the DRC public servants. R20 million has been received

## Public Administration Leadership and Management Academy (Palama) – Vote 10

**Report of the Accounting Officer** (Continued)  
for the Year Ended 31 March 2009

from the African Renaissance Fund (ARF) to fund the project, half of it earmarked for the refurbishment. Palama is planning to conclude its role in this intervention by the end of December 2009.

- In addition, under the auspices of the partnership between the Japan International Co-operation Agency (JICA), Palama and the African Management Development Institutes Network (AMDIN), Palama has facilitated the provision of training to 72 participants from 31 African countries. This included a training course for French-speaking countries in February 2009.
- I&SP steered the design and planning of the first India, Brazil, South Africa (IBSA) Seminar to share innovative indigenous training solutions and approaches. It took place in Brazil in September 2008. A delegation from Palama and a representative from the Department of Public Service and Administration (DPSA) attended the seminar, which included representatives from the Administrative Staff College in India (ASCI) and Escola Nacional d'Administracao Publica (ENAP) in Brazil.
- Exchange programmes were also hosted by Palama for heads of departments from the Flemish Government (September 2008) and for the Board of Directors from the ENA in the DRC (October 2008).

The full appropriation for the 2008/09 financial year of R105.5 million was spent, with a saving of R162,000.

Within the total spending of R105.4 million:

- Compensation of employees decreased by 11.3 per cent, from R13.3 million to R11.8 million, due to vacancies in the new approved organisational structure that were not filled. The average number of employees in the Vote reduced from 45 to 41.
- Goods and services decreased by 15.9 per cent from R52.9 million to R44.5 million, mainly due to the reduction in the operating lease payments.
- Expenditure on capital assets reduced by 14.5 per cent from R7.6 million to R6.5 million as the costs of furnishing the new premises were incurred in the previous financial year.
- Transfer payment from the Vote to the Trading Account was reduced by R8.7 million. This reflects the once-off costs approved by National Treasury incurred by the Department during the year that were an unavoidable and an unforeseeable consequence of the reconstitution process.

During the financial year 2006/07, R28 million was transferred in advance and ring-fenced for use by the Massified Induction Programme (MIP). This amount is being treated as a payment in advance and has been reclassified accordingly. It is being drawn on as required by the MIP.

## 2. Service Rendered by the Department

### 2.1 Training and Other Outputs

The number of person training days (PTDs) was exceeded by 12 per cent, as is reflected in Part 2 Section 2.3 Table 2. A total of 134,375 PTDs were delivered against a target of 120,000. The actual PTDs for the 2008/09 financial year is 29 per cent greater than the actual PTDs of 104,292 for the previous financial year.

This is a noteworthy achievement given that it is only the second year the organisation is operating in terms of the new business model of the Academy.

### 2.2 Tariff Policy

Course fees are determined on a cost-recovery basis in accordance with Treasury Regulation 19.5.2. The tariffs are revised annually as part of the ongoing financial activity and in accordance with Treasury Regulation 19.5.3.

## Public Administration Leadership and Management Academy (Palama) – Vote 10

**Report of the Accounting Officer (Continued)**  
for the Year Ended 31 March 2009

**2.3 Free Services**

No free services were rendered for the period under review.

**2.4 Inventory**

The inventories on hand, based on the weighted average costing method, was R0.3 million (2007/08: R0.2 million) as at 31 March 2009. Inventory consists mainly of stationery and printing supplies and maintenance material.

**3. Capacity Constraints**

The cost recovery strategy is still hampered by tardy settlement from user departments, although Palama's new proactive invoicing and collection strategy has improved on the average debtor's days, reducing it to 135 days.

The major recruitment drive which commenced at the start of this financial year has resulted in the number of permanently filled posts in the establishment increasing from 101 to 123. A further 50 posts are expected to be filled during the coming financial year. The remaining 64 making up the 237 approved posts in the new organogram will be filled in due course as the revenue from the Trading Account increases.

**4. Utilisation of Donor Funds**

Country/ Donor	Programme and Objectives	Progress/Status of the Project
<b>Canadian International Development Agency (CIDA)</b>	<b>Project title:</b> Gender Mainstreaming Programme <b>Project period:</b> November 2006 to November 2010 <b>Budget:</b> CAD 3.84 million <b>Project objective:</b> To facilitate the establishment of a Gender Management System (GMS) in the public service	The Gender Mainstreaming Programme is expected to exceed targets set for the project. The capacity of Palama was increased and mechanisms were established to provide a gender equality training service to government departments. The following outputs reflect on the progress: <ul style="list-style-type: none"> <li>• programme piloted and accredited with Public Service Sector Education and Training Authority (PSETA);</li> <li>• 22 facilitators recruited and training of trainers (ToT) provided;</li> <li>• 14 Gender Mainstreaming courses delivered; and</li> <li>• an integrated gender action plan was developed for Palama.</li> </ul>
<b>The Royal Netherlands Embassy (RNE)</b>	<b>Project title:</b> Local Government Capacity Building <b>Project period:</b> 1 April 2007 to 31 May 2010 <b>Budget:</b> R2,397,645 <b>Project objective:</b> To equip municipal managers with core management skills for improved service delivery and better utilisation of resources	<ul style="list-style-type: none"> <li>• Contribution agreement with the Royal Netherlands Embassy to be extended for one year to end May 2010 to allow for delays due to reconstitution as Academy.</li> <li>• Service provider appointed and contract signed.</li> <li>• Individual independent contractors appointed to roll out training.</li> </ul>
<b>Canadian International Development Agency (CIDA)</b>	<b>Project title:</b> Public Sector Training and Development in Post-Conflict Countries <b>Project period:</b> FY 2008 to FY 2013 (five-year period) <b>Budget:</b> CAD 10.5 million <b>Project objective:</b> To improve the management and leadership capability of the public service	Implementing the learning cycle and strengthening the management development institutes (MDIs) required innovative approaches. Four MDIs (Palama and MDIs in Rwanda, Burundi and Southern Sudan) have been involved in all aspects of project implementation. A series of capacity-building and planning workshops have been held.
<b>Department of Foreign Affairs</b>	<b>Project title:</b> African Renaissance Fund (ARF) for Capacity-building in the DRC <b>Project period:</b> FY February 2007 to FY December 2009 <b>Budget:</b> ARF available is R20 million <b>Project objective:</b> To support the DRC in the establishment of the DRC National School for Public Administration (ENA)	The Project required Palama to provide assistance with the establishment of ENA and increase the numbers of public servants trained. This has been accomplished and more than 1,000 public servants have been trained. Following the refurbishment of ENA's premises, Palama is preparing to conclude its involvement by December 2009.

## Public Administration Leadership and Management Academy (Palama) – Vote 10

**Report of the Accounting Officer (Continued)**  
for the Year Ended 31 March 2009

Country/ Donor	Programme and Objectives	Progress/Status of the Project
<b>Japan International Co-operation Agency (JICA)</b>	<p><b>Project title:</b> Training of Trainers Programme for Capacity-building of Management Development Institutes in Africa</p> <p><b>Project period:</b> FY 2006 to FY 2010</p> <p><b>Budget:</b> In-kind contribution for 2008/09 is R1,014,508</p> <p><b>Project objective:</b> To provide Training of Trainers Programme for at least 200 trainers from regions of the African Continent</p>	<ul style="list-style-type: none"> <li>• Palama developed quality training material which was also translated into French for francophone countries.</li> <li>• To date 72 participants from 31 African counties have been trained as trainers.</li> <li>• Technical Assistance Fund funding was obtained from National Treasury for two French-speaking facilitators from the Canada School of Public Service (CSPS) to present the course to francophone countries.</li> </ul>
<b>Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)</b>	<p><b>Project title:</b> Public Sector Reform Programme (PSRP) Monitoring and Evaluation (M&amp;E)</p> <p><b>Project period:</b> April 2005 to 31 March 2009 (extended to December 2009)</p> <p><b>Budget:</b> Grant €291,667</p> <p><b>Project objective:</b> To strengthen the capacities of the public service of South Africa to monitor and evaluate its performance against set targets</p>	Several integrated customised courses that cover the Government-Wide M&E capacity-building programme for different levels of public sector officials have been developed and are at varying stages of roll-out.
	<p><b>Project title:</b> Human Resource Management Curriculum Framework (HRMCF)</p> <p><b>Project period:</b> 3 November 2008 to 30 June 2009</p> <p><b>Budget:</b> Contributions in-kind R53,203</p> <p><b>Project objective:</b> To provide standardised HRM training in the public service</p>	An HRMCF was developed through a consultative workshop conducted with HR practitioners (November 2008). HRMCF focus groups were held in March 2009.
	<p><b>Project title:</b> Massified Induction Programme (MIP)</p> <p><b>Project period:</b> 1 April 2008 to 31 March 2009</p> <p><b>Budget:</b> In-kind contribution R500,000</p> <p><b>Project objective:</b> To provide a two-day induction programme targeting new incumbents joining the public service on a yearly basis</p>	<ul style="list-style-type: none"> <li>• New materials for MIP including workbooks and manuals for Levels 1 to 5 and Levels 6 to 12, facilitator's guides and slide presentations for the trainers were redesigned.</li> <li>• A pool of 900 MIP trainers was developed through train-the-trainer programmes at national and provincial levels. This number includes 23 trained independent individual contractors (IICs).</li> <li>• Working groups for MIP have been established in all provinces to serve as co-ordinating bodies for effective MIP implementation.</li> </ul>
	<p><b>Project title:</b> Inter-Government Training and Development Stakeholder Workshops (Provincial Stakeholder Workshops)</p> <p><b>Project period:</b> 1 April 2008 to 31 March 2009</p> <p><b>Budget:</b> In-kind contribution R600,000</p>	<p>An inter-provincial forum was established to enhance HRD and co-ordination of training provided to government officials:</p> <ul style="list-style-type: none"> <li>• six workshops have been held to date; and</li> <li>• the Inter-Provincial Curriculum Committee was established.</li> </ul>

Palama received R34.4 million for donor-funded projects in 2008/09, of which R17.8 million was spent. The surplus of R16.6 million will be utilised in the following year as per the project implementation plans agreed with donors.

## 5. Trading Entities and Public Entities

### 5.1 General Review of Affairs for the Palama Training Trading Account

The Department submits separate Financial Statements for the Palama 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.

## Public Administration Leadership and Management Academy (Palama) – Vote 10

**Report of the Accounting Officer** (Continued)  
for the Year Ended 31 March 2009

**5.2 Spending Trends**

Total revenue (including the augmentation from the Vote) increased by R9.2 million from R115.7 million in 2007/08 to R124.9 million in 2008/09, an increase of 7.9 per cent. Income from course fees rose by 54.1 per cent, or R28.9 million, from R53.4 million to R82.3 million due to appreciable increase in training activities and a new financial recovery model. The augmentation reduced by R14.6 million from R57.2 million in 2007/08, which included R28 million for the MIP, to R42.6 million in 2008/09 to fund the new financial model. During the financial year 2007/08, R28 million was transferred as part of the augmentation for use by the MIP. The programme is being rolled out successfully and the cost incurred for the current financial year is R8.4 million (2007/08: R981,000).

The augmentation received was reduced by R8.7 million. This reflects the once-off costs approved by National Treasury incurred by the Department on the Vote during the year. These costs were an unavoidable and unforeseeable consequence of the reconstitution process.

Total expenditure in the TTA increased by R51.6 million from R85.5 million in 2007/08 to R137.1 million in 2007/08, representing an increase of 60.4 per cent. This was mainly due to the 12 per cent increase in training activity and notably in expenditure on outsourced training partner organisations and related costs, in accordance with the new Academy strategy.

The surplus for the year decreased by R35.9 million from R37.7 million in 2007/08 to R1.8 million in 2008/09, mostly due to the increase in administration costs to enable the Academy to deliver on the increased demand for training and the R28 million allocated for MIP that was included in the surplus for the 2007/08 year.

**6. Organisations to Whom Transfer Payments Have Been Made**

Vote 10 made transfer payments to the Training Trading Account as an augmentation in the amount of R42.6 million.

**7. Public-private Partnerships (PPPs)**

Palama did not enter into any public-private partnerships during the 2008/09 financial year.

**8. Corporate Governance Arrangements****8.1 Risk Management**

During the period under review, Palama revised and amended its strategic risk register of 2007/08, aligning it to the strategic objectives of the Academy. This process was facilitated by internal audit (see Section 8.2 below). The results were documented in a strategic risk assessment report and risk register.

The Risk Management Committee's activities for the year included the following:

- reviewing the Risk Management Strategy, Risk Management Policy and Risk Committee Charter that was previously approved for SAMDI and aligning the aforementioned that resulted in an Enterprise Risk Management Framework for Palama;
- reporting to the Audit Committee on risk management activities;
- considering the approved risk-based rolling three-year strategic and detailed annual internal audit plan, planned internal audit reviews and progress on internal audit reviews; and
- discussing operational and strategic risks facing the organisation.

The Risk Management Committee held regular meetings during the year to ensure that risks identified were appropriately addressed. The Risk Management Committee operates as a regular and separate part of the Branch Head Workshop and is serviced by the outsourced internal auditors (see Section 8.2).

## Public Administration Leadership and Management Academy (Palama) – Vote 10

**Report of the Accounting Officer** (Continued)  
for the Year Ended 31 March 2009

## 8.2 Effectiveness of the Internal Audit Function

The Audit Committee approved the Internal Audit Operational Plan for the 2008/09 financial year.

During the 2008/09 financial year the following activities were performed:

- An approved three-year rolling strategic plan was developed for the period 2008/09 to 2010/11, including an operational plan for the 2008/09 year; and
- The Accounting Officer was presented with the following reports:
  - i. review on the processes for the development of a quality curriculum, appointment of quality service providers to facilitate training and monitoring and evaluation;
  - ii. review of the supply chain acquisition and payment process; and
  - iii. follow-up review of the implementation of agreed management actions as per the Auditor-General Management Report for 2007/08.

Both the Vote and the Palama Training Trading Account received unqualified audit reports for the previous five financial years. Even so, a concerted effort to enhance the systems of internal control and financial management continued during the financial year under review. This improvement was guided by the management letters received from the Auditor-General and by internal audit findings.

## 8.3 Fraud Prevention

In conjunction with internal audit, Palama has revised the following documents with regard to the prevention of fraud:

- a fraud prevention plan; and
- a fraud policy and response plan.

The fraud prevention plan, policies and procedures have been reworked by internal audit for the changing content of Palama and to be compliant with the National Treasury guidelines.

## 8.4 The Effectiveness of the Audit Committee

Palama's Audit Committee was appointed in terms of Section 76 and 77 of the Public Finance Management Act. The Committee consists of four members. Two of the members (including the Chair) are non-executive members and the third member is the Director-General of Palama. The latter also serves as the Chair of the Risk Management Committee sessions at Branch Head meetings. The Report of the Audit Committee is in Part 3 on p66.

An Audit Committee Charter setting out the purpose, authority and responsibilities of the Audit Committee guides the activities of the Committee.

Five Audit Committee meetings were held in the course of the financial year under review. The separate Report of the Audit Committee provides additional information.

## 8.5 Safety, Health and Environment Issues Facing the Organisation

The Safety Health Environment and Risk Programme was drafted and approved during the financial year. The Director-General has been formally appointed in terms of Section 16.1 of the Occupational Health and Safety Act, No. 85 of 1993. The relevant delegations required in terms of the Act have also been made. The programme includes a safety plan, policy, administrative and operational requirements relating to the establishment of the Occupational Health and Safety Committee, and emergency procedures relating to evacuation, bomb threats, and any emergencies. The programme is being implemented. Safety, health and risk audits were conducted during the period under review.

## Public Administration Leadership and Management Academy (Palama) – Vote 10

**Report of the Accounting Officer** (Continued)  
for the Year Ended 31 March 2009**9. Discontinued Activities**

No activities were discontinued during the year under review.

**10. New/Proposed Activities**

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

**11. Asset Management**

All assets have been captured in the asset register.

**12. Events After the Reporting Date**

The receipt and payment of invoices relating to the 2008/09 financial year occurred after the reporting date. This resulted in an adjustment of R2.415 million to Palama's financial results.

**13. Inventories**

The inventories on hand, based on the weighted average costing method, was R0.3 million (2007/08: R0.2 million) as at 31 March 2009. Inventory consists mainly of stationery and printing supplies and maintenance material.

**14. Performance Information**

In response to a finding of the Auditor-General in the 2007/08 management letter, Palama has adopted a policy on planning, monitoring and reporting which clearly articulates the processes for strategic cycle. These are all aligned and include:

- strategic planning;
- budgeting linked to strategic planning processes (in co-operation with Finance);
- quarterly reporting;
- operational planning;
- performance management, development and monitoring, linked to the Strategic Plan;
- mid-term performance review and updating of the Strategic Plan; and
- annual reporting (including reporting on programme performance).

The reporting process is handled by the Office of the Director-General with all branch heads having to report in the prescribed formats.

**Approval**

The Annual Financial Statements of Vote 10, set out on pages 72 to 109, and the Annual Financial Statements of the Training Trading Account, set out on pages 110 to 135, have been approved by the Accounting Officer.



Dr FM Orkin  
Accounting Officer  
30 May 2009

Public Administration Leadership and Management Academy (Palama) – Vote 10

# Report of the Auditor-General

to Parliament on the Financial Statements and Performance Information of Vote No.10  
for the Year Ended 31 March 2009

## Report on the Financial Statements

### Introduction

1. I have audited the accompanying Financial Statements of the Public Administration Leadership and Management Academy (Vote 10: Palama) which comprise the Appropriation Statement, the Statement of Financial Position as at 31 March 2009, the Statement of Financial Performance, the Statement of Changes in Net Assets and Cash Flow Statement for the year then ended, and a summary of significant Accounting Policies and other explanatory Notes as set out on pages 83 to 106.

### The Accounting Officer's Responsibility for the Financial Statements

2. The Accounting Officer is responsible for the preparation of these Financial Statements in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in Accounting Policies Note 1.1, and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act, 2008 (Act No. 2 of 2008) (DoRA) 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.

### The Auditor-General's Responsibility

3. As required by Section 188 of the Constitution of the Republic of South Africa, 1996, read with Section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these Financial Statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and General Notice 616 of 2008, issued in *Government Gazette No. 31057* of 15 May 2008. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance on whether the Financial Statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

7. In my opinion, the Financial Statements present fairly, in all material respects, the financial position of Vote 10: Palama as at 31 March 2009, and its financial performance and its cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in the Accounting Policy Note 1.1, and in the manner required by the PFMA and DoRA.

### Basis of Accounting

8. Without qualifying my opinion, I draw attention to Accounting Policy Note 1.1 which sets out the basis of accounting. The Department's policy is to prepare Financial Statements on the modified cash basis of accounting determined by the National Treasury.

## Public Administration Leadership and Management Academy (Palama) – Vote 10

**Report of the Auditor-General (Continued)**  
to Parliament on the Financial Statements and Performance Information of Vote No.10  
for the Year Ended 31 March 2009

**Other Matters**

Without qualifying my opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the Financial Statements:

**Non-compliance with Applicable Legislation**

9. The Public Service Regulations of 2001, Part 3, Paragraph D1 requires departments to have a strategic human resources plan that should be approved by the executing authority. Vote 10: Palama did not have an updated strategic human resource plan for the financial year ended 31 March 2009.

**Governance Framework**

10. The governance principles that impact the Auditor's opinion on the Financial Statements are related to the responsibilities and practices exercised by the Accounting Officer and executive management, and are reflected in the key governance responsibilities addressed below:

**Key Governance Responsibilities**

11. The PFMA tasks the Accounting Officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
<b>Clear trail of supporting documentation that is easily available and provided in a timely manner</b>			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	✓	
<b>Quality of Financial Statements and related management information</b>			
2.	The Financial Statements were not subject to any material amendments resulting from the audit.	✓	
3.	The Annual Report was submitted for consideration prior to the tabling of the Auditor's report.	✓	
<b>Timeliness of Financial Statements and management information</b>			
4.	The Annual Financial Statements were submitted for auditing as per the legislated deadlines set out in Section 40 of the PFMA.	✓	
<b>Availability of key officials during audit</b>			
5.	Key officials were available throughout the audit process.	✓	
<b>Development and compliance with risk management, effective internal control and governance practices</b>			
6.	Audit committee		
	The department had an audit committee in operation throughout the financial year.	✓	
	The audit committee operates in accordance with approved, written terms of reference.	✓	
	The audit committee substantially fulfilled its responsibilities for the year, as set out in Section 77 of the PFMA and Treasury Regulation 3.1.10.	✓	
7.	Internal audit		
	The department had an internal audit function in operation throughout the financial year.	✓	
	The internal audit function operates in terms of an approved internal audit plan.	✓	
	The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2.	✓	
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	✓	

## Public Administration Leadership and Management Academy (Palama) – Vote 10

**Report of the Auditor-General (Continued)**  
to Parliament on the Financial Statements and Performance Information of Vote No.10  
for the Year Ended 31 March 2009

No.	Matter	Y	N
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	✓	
10.	The information systems were appropriate to facilitate the preparation of the Financial Statements.	✓	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 3.2.	✓	
12.	Powers and duties have been assigned as set out in section 44 of the PFMA.	✓	
<b>Follow-up of audit findings</b>			
13.	The prior year audit findings have been substantially addressed.	✓	
<b>Issues relating to the reporting of performance information</b>			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.	✓	
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.	✓	
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by Vote 10: Palama against its mandate, predetermined objectives, outputs, indicators and targets as set out in Treasury Regulations 5.1, 5.2 and 6.1.	✓	
18.	There is a functioning performance management system, and performance bonuses are only paid after proper assessment and approval by those charged with governance.	✓	

12. The Department has maintained satisfactory levels of compliance with the relevant legislation relating to governance, and continued to comply with good practice principles. The result of this discipline within the Department is acceptable levels of financial and internal control management. These practices resulted in an unqualified audit report for the Department for the financial year reviewed.

## Report on Other Legal and Regulatory Requirements

### Report on Performance Information

13. I have reviewed the performance information as set out in pages 14 to 65 and 159 to 176.

### The Accounting Officer's Responsibility for the Performance Information

14. The Accounting Officer has additional responsibilities as required by section 40(3)(a) of the PFMA to ensure that the annual report and audited Financial Statements fairly present the performance against predetermined objectives of the Department.

### The Auditor-General's Responsibility

15. I conducted my engagement in accordance with Section 13 of the PAA, read with General Notice 616 of 2008, issued in *Government Gazette No. 31057* of 15 May 2008.
16. In terms of the foregoing, my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the Auditor's judgement.
17. I believe that the evidence I have obtained is sufficient and appropriate to report that no significant findings have been identified as a result of my review.

Public Administration Leadership and Management Academy (Palama) – Vote 10

**Report of the Auditor-General** (Continued)  
to Parliament on the Financial Statements and Performance Information of Vote No.10  
for the Year Ended 31 March 2009

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## Information on Audits Conducted Other Than on the Financial Statements

### Special Audits

18. An agreed-upon procedures engagement was conducted at Palama on the Palama Gender Mainstreaming Project as required by the project implementation plan with the Canadian International Development Agency during the financial year ending 31 March 2009.

### Appreciation

19. The assistance rendered by the staff of Vote 10: Palama during the audit is sincerely appreciated.

*Auditor-General.*

Pretoria

31 July 2009



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Public Administration Leadership and Management Academy (Palama) – Vote 10

**Appropriation Statement**

for the Year Ended 31 March 2009

Appropriation per Programme									
	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1. Administration</b>									
Current payment	51,781	(220)	4,893	56,454	56,292	162	99.7	66,266	66,253
Payment for capital assets	2,439	220	3,814	6,473	6,473	-	100.0	7,644	7,644
<b>2. Public Sector Organisational and Staff Development</b>									
Transfers and subsidies	51,307	-	(8,707)	42,600	42,600	-	100.0	57,216	57,216
<b>Total</b>	<b>105,527</b>	<b>-</b>	<b>-</b>	<b>105,527</b>	<b>105,365</b>	<b>162</b>	<b>99.8</b>	<b>131,126</b>	<b>131,113</b>
<b>Reconciliation with Statement of Financial Performance</b>									
<b>Add: Departmental revenue</b>				196				459	
Aid assistance				34,439				2,614	
<b>Actual amounts per Statements of Financial Performance (Total Revenue)</b>				<b>140,162</b>				<b>134,199</b>	
<b>Add: Aid assistance</b>					17,659				6,314
<b>Actual amounts per Statements of Financial Performance (Total Expenditure)</b>					<b>123,024</b>				<b>137,427</b>

Appropriation per Economic Classification									
	2008/09							2007/08	
	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>									
Compensation of employees	19,423	(7,435)	-	11,988	11,826	162	98.6	13,340	13,327
Goods and services	32,358	7,215	4,893	44,466	44,466	-	100.0	52,920	52,920
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	6	6
<b>Transfers and subsidies</b>									
Departmental agencies and accounts	51,307	-	(8,707)	42,600	42,600	-	100.0	57,216	57,216
<b>Payments for capital assets</b>									
Machinery and equipment	1,539	592	3,814	5,945	5,945	-	100.0	7,400	7,400
Software and other intangible assets	900	(372)	-	528	528	-	100.0	244	244
<b>Total</b>	<b>105,527</b>	<b>-</b>	<b>-</b>	<b>105,527</b>	<b>105,365</b>	<b>162</b>	<b>99.8</b>	<b>131,126</b>	<b>131,113</b>

## Public Administration Leadership and Management Academy (Palama) – Vote 10

**Appropriation Statement (Continued)**  
for the Year Ended 31 March 2009

Detail per Programme 1 – Administration									
Programme per Sub-programme	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1.1 Management</b>									
Current payment	17,270	(8,437)	-	8,833	8,671	162	98.2	14,352	14,352
<b>1.2 Corporate Services</b>									
Current payment	30,111	7,011	4,893	42,015	42,015	-	100.0	51,914	51,901
Payments for capital assets	2,439	220	3,814	6,473	6,473	-	100.0	7,644	7,644
<b>1.3 Property Management</b>									
Current payment	4,400	1,206	-	5,606	5,606	-	100.0	-	-
<b>Total</b>	<b>54,220</b>	<b>-</b>	<b>8,707</b>	<b>62,927</b>	<b>62,765</b>	<b>162</b>	<b>99.7</b>	<b>73,910</b>	<b>73,897</b>

Detail per Programme 1 – Administration									
Economic Classification	2008/09							2007/08	
	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 payment</b>									
Compensation of employees	19,423	(7,435)	-	11,988	11,826	162	98.6	13,340	13,327
Goods and services	32,358	7,215	4,893	44,466	44,466	-	100.0	52,920	52,920
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	6	6
<b>Payment for capital assets</b>									
Machinery and equipment	1,539	592	3,814	5,945	5,945	-	100.0	7,400	7,400
Software and other intangible assets	900	(372)	-	528	528	-	100.0	244	244
<b>Total</b>	<b>54,220</b>	<b>-</b>	<b>8,707</b>	<b>62,927</b>	<b>62,765</b>	<b>162</b>	<b>99.7</b>	<b>73,910</b>	<b>73,897</b>

## Public Administration Leadership and Management Academy (Palama) – Vote 10

**Appropriation Statement (Continued)**  
for the Year Ended 31 March 2009

Detail per Programme 2 – Public Sector Organisational and Staff Development									
Programme per Sub-programme	2008/09							2007/08	
	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>2.1 Augmentation to the Training Trading Account</b>									
Transfers and subsidies	51,307	-	(8,707)	42,600	42,600	-	100.0	57,216	57,216
<b>Total</b>	<b>51,307</b>	<b>-</b>	<b>(8,707)</b>	<b>42,600</b>	<b>42,600</b>	<b>-</b>	<b>100.0</b>	<b>57,216</b>	<b>57,216</b>

Detail per Programme 2 – Public Sector Organisational and Staff Development									
Economic Classification	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Transfers and subsidies to</b>									
Departmental agencies and accounts	51,307	-	(8,707)	42,600	42,600	-	100.0	57,216	57,216
<b>Total</b>	<b>51,307</b>	<b>-</b>	<b>(8,707)</b>	<b>42,600</b>	<b>42,600</b>	<b>-</b>	<b>100.0</b>	<b>57,216</b>	<b>57,216</b>

Public Administration Leadership and Management Academy (Palama) – Vote 10

# Notes to the Appropriation Statement

for the Year Ended 31 March 2009

## 1. Detail of Transfers and Subsidies as per Appropriation Act (After Virement):

Detail of these transactions can be viewed in Note 7 (Transfers and Subsidies) and 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. Explanations of Material Variances from Amounts Voted (After Virement):

### 3.1 Per Programme

	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation %
Administration	62,927	62,765	162	0.26
Organisational and Staff Development	42,600	42,600	-	-
<b>Total</b>	<b>105,527</b>	<b>105,365</b>	<b>162</b>	<b>0.15</b>

The variance is not material.

### 3.2 Per Economic Classification

	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation %
<b>Current payment</b>				
Compensation of employees	11,988	11,826	162	1.35
Goods and services	44,466	44,466	-	-
<b>Transfers and subsidies</b>				
Departmental agencies and accounts	42,600	42,600	-	-
<b>Payments for capital assets</b>				
Machinery and equipment	5,945	5,945	-	-
Software and other intangible assets	528	528	-	-
<b>Total variance</b>	<b>105,527</b>	<b>105,365</b>	<b>162</b>	<b>0.15</b>

Public Administration Leadership and Management Academy (Palama) – Vote 10

**Statement of Financial Performance**

for the Year Ended 31 March 2009

	Note	2008/09 R'000	2007/08 R'000
<b>REVENUE</b>			
Annual appropriation	1	105,527	131,126
Departmental revenue	2	196	459
Aid assistance	3	34,439	2,614
<b>TOTAL REVENUE</b>		<b>140,162</b>	<b>134,199</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
		73,736	72,567
Compensation of employees	4	11,826	13,327
Goods and services	5	44,466	52,920
Financial transactions in assets and liabilities	6	-	6
Aid assistance	3	17,444	6,314
<b>Transfers and subsidies</b>			
Transfers and subsidies	7	42,600	57,216
<b>Expenditure for capital assets</b>			
		6,688	7,644
Tangible capital assets	8	6,140	7,400
Software and other intangible assets	8	548	244
<b>TOTAL EXPENDITURE</b>		<b>123,024</b>	<b>137,427</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>17,138</b>	<b>(3,228)</b>
<b>Reconciliation of surplus/(deficit) for the year</b>			
Voted funds	13	162	13
Departmental revenue	14	196	459
Aid assistance	3	16,780	(3,700)
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>17,138</b>	<b>(3,228)</b>

Public Administration Leadership and Management Academy (Palama) – Vote 10

**Statement of Financial Position**

at 31 March 2009

	Note	2008/09 R'000	2007/08 R'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	8,114	32
Prepayments and advances	11	896	111
Receivables	12	7,783	18,058
Aid assistance receivable	3	318	443
<b>TOTAL ASSETS</b>		<b>17,111</b>	<b>18,644</b>
<b>LIABILITIES</b>			
Current liabilities			
Voted funds to be surrendered to the Revenue Fund	13	162	13
Departmental revenue to be surrendered to the Revenue Fund	14	1	371
Bank overdraft	15	-	18,039
Payables	16	72	-
Aid assistance unutilised	3	16,876	221
<b>TOTAL LIABILITIES</b>		<b>17,111</b>	<b>18,644</b>

## Public Administration Leadership and Management Academy (Palama) – Vote 10

**Cash Flow Statement**

for the Year Ended 31 March 2009

	Note	2008/09 R'000	2007/08 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts			
Annual appropriated funds received	1	105,527	131,126
Departmental revenue received	2	193	459
Aid assistance received	3.3	34,439	2,614
Total receipts		140,159	134,199
Net decrease/(increase) in working capital		9,562	(13,081)
Surrendered to the Revenue Fund		(579)	(688)
Current payments		(73,736)	(72,567)
Transfers and subsidies paid		(42,600)	(57,216)
<b>Net cash flows from operating activities</b>	17	<b>32,806</b>	<b>(9,353)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	8	(6,688)	(7,644)
Proceeds from sale of capital assets	2.2	3	-
<b>Net cash flows from investing activities</b>		<b>(6,685)</b>	<b>(7,644)</b>
Net increase/(decrease) in cash and cash equivalents		26,121	(16,997)
Cash and cash equivalents at the beginning of the period		(18,007)	(1,010)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	18	<b>8,114</b>	<b>(18,007)</b>

# Accounting Policies

for the Year Ended 31 March 2009

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, 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 No. 1 of 1999 (as amended by Act No. 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act No. 2 of 2008.

## 1. Presentation of the Financial Statements

### 1.1 Basis of Preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting, transactions and other events are recognised when cash is received or paid.

### 1.2 Presentation Currency

All amounts have been presented in the currency of the South African Rand (R), which is also the functional currency of the Department.

### 1.3 Rounding

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

### 1.4 Comparative Figures

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.

### 1.5 Comparative Figures – Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

## 2. Revenue

### 2.1 Appropriated Funds

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

Total appropriated funds are presented in the Statement of Financial Performance.

Unexpended appropriated funds are surrendered to the National Revenue Fund. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

### 2.2 Statutory Appropriation

Statutory appropriations are recognised in the financial records on the date the appropriation becomes effective. Adjustments to the statutory appropriations made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Total statutory appropriations are presented in the Statement of Financial Performance.

Unexpended statutory appropriations are surrendered to the National Revenue Fund. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

## Public Administration Leadership and Management Academy (Palama) – Vote 10

## Accounting Policies (Continued)

### for the Year Ended 31 March 2009

### 2.3 Departmental Revenue

All departmental revenue is paid into the National Revenue Fund when received, unless otherwise stated. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

Amounts receivable at the reporting date are disclosed in the Disclosure Notes to the Annual Financial Statements.

#### 2.3.1 Tax Revenue

Tax revenue consists of all compulsory unrequited amounts collected by the Department in accordance with laws and or regulations (excluding fines, penalties and forfeits).

Tax receipts are recognised in the Statement of Financial Performance when received.

#### 2.3.2 Sales of Goods and Services Other Than Capital Assets

The proceeds received from the sale of goods and/or the provision of services is recognised in the Statement of Financial Performance when the cash is received.

#### 2.3.3 Fines, Penalties and Forfeits

Fines, penalties and forfeits are compulsory unrequited amounts, which were imposed by a court or quasi-judicial body and collected by the Department. Revenue arising from fines, penalties and forfeits is recognised in the Statement of Financial Performance when the cash is received.

#### 2.3.4 Interest, Dividends and Rent on Land

Interest, dividends and rent on land is recognised in the Statement of Financial Performance when the cash is received.

#### 2.3.5 Sale of Capital Assets

The proceeds received on sale of capital assets are recognised in the Statement of Financial Performance when the cash is received.

#### 2.3.6 Financial Transactions in Assets and Liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the Statement of Financial Performance on receipt of the funds.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the Statement of Financial Performance when the cheque becomes stale. When the cheque is reissued the payment is made from Revenue.

Forex gains are recognised on payment of funds.

#### 2.3.7 Transfers Received (Including Gifts, Donations and Sponsorships)

All cash gifts, donations and sponsorships are paid into the National Revenue Fund and recorded as revenue in the Statement of Financial Performance when received. Amounts receivable at the reporting date are disclosed in the Disclosure Notes to the Financial Statements.

All in-kind gifts, donations and sponsorships are disclosed at fair value in an Annexure to the Financial Statements.

### 2.4 Direct Exchequer Receipts

All direct exchequer receipts are recognised in the Statement of Financial Performance when the cash is received.

## Public Administration Leadership and Management Academy (Palama) – Vote 10

**Accounting Policies** (Continued)  
for the Year Ended 31 March 2009

All direct exchequer payments are recognised in the Statement of Financial Performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

**2.5 Aid Assistance**

Local and foreign aid assistance is recognised as revenue when notification of the assistance is received from the National Treasury or when the Department directly receives the cash from the donor(s).

All in-kind local and foreign aid assistance is disclosed at fair value in the Annexures to the Annual Financial Statements.

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the Statement of Financial Performance. The value of the assistance expensed prior to the receipt of the funds is recognised as a receivable in the Statement of Financial Position.

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts are recognised as payables in the Statement of Financial Position.

All Criminal Assets Recovery Act (CARA) funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as current or capital expenditure in the Statement of Financial Performance.

Inappropriately expensed amounts using CARA funds and any unutilised amounts are recognised as payables in the Statement of Financial Position.

**3. Expenditure****3.1 Compensation of Employees****3.1.1 Short-term Employee Benefits**

Salaries and wages comprise payments to employees (including leave entitlements, thirteenth cheques and performance bonuses). Salaries and wages are recognised as an expense in the Statement of Financial Performance when final authorisation for payment is effected on the system (by no later than 31 March of each year). Capitalised compensation forms part of the expenditure for capital assets in the Statement of Financial Performance<sup>1</sup>.

All other payments are classified as current expense.

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the Disclosure Notes to the Financial Statements. These amounts are not recognised in the Statement of Financial Performance or Position.

**3.1.2 Post-retirement Benefits**

The Department 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 (i.e. social contributions) to the fund are expensed when the payment to the fund is effected on the system (by no later than 31 March of each year). No provision is made for retirement benefits in the Financial Statements of the Department. Any potential liabilities are disclosed in the Financial Statements of the National Revenue Fund and not in the Financial Statements of the employer department.

The Department provides medical benefits for certain of its employees. Employer contributions to the medical funds are expensed when the payment to the fund is effected on the system (by no later than 31 March of each year).

<sup>1</sup> This accounting policy is only relevant where the Department elects to capitalise the compensation paid to employees involved in capital projects.

## Public Administration Leadership and Management Academy (Palama) – Vote 10

**Accounting Policies (Continued)**  
for the Year Ended 31 March 2009**3.1.3 Termination Benefits**

Termination benefits such as severance packages are recognised as an expense in the Statement of Financial Performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

**3.1.4 Other Long-term Employee Benefits**

Other long-term employee benefits (such as capped leave) are recognised as an expense in the Statement of Financial Performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Long-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the Disclosure Notes to the Financial Statements. These amounts are not recognised in the Statement of Financial Performance or Position.

**3.2 Goods and Services**

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used for a capital project, or an asset of R5,000 or more is purchased. All assets costing less than R5,000 will also be reflected under goods and services.

**3.3 Interest and Rent on Land**

Interest and rental payments are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

**3.4 Financial Transactions in Assets and Liabilities**

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write-off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts, but amounts are disclosed as a Disclosure Note.

Forex losses are recognised on payment of funds.

All other losses are recognised when authorisation has been granted for the recognition thereof.

**3.5 Transfers and Subsidies**

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

**3.6 Unauthorised Expenditure**

When discovered, unauthorised expenditure is recognised as an asset in the Statement of Financial Position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

Unauthorised expenditure approved with funding is recognised in the Statement of Financial Position when the unauthorised expenditure is approved and the related funds are received. Where the amount is approved without funding it is recognised as expenditure, subject to availability of savings, in the Statement of Financial Performance on the date of approval.

## Accounting Policies (Continued)

### for the Year Ended 31 March 2009

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#### 3.7 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

#### 3.8 Irregular Expenditure

Irregular expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority, it is treated as an asset until it is recovered or written off as irrecoverable in the Statement of Financial Performance.

#### 3.9 Expenditure for Capital Assets

Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

## 4. Assets

#### 4.1 Cash and Cash Equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at cost.

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.

#### 4.2 Other Financial Assets

Other financial assets are carried in the Statement of Financial Position at cost.

#### 4.3 Prepayments and Advances

Amounts prepaid or advanced are recognised in the Statement of Financial Position when the payments are made.

Pre-payments and advances outstanding at the end of the year are carried in the Statement of Financial Position at cost.

#### 4.4 Receivables

Receivables included in the Statement of Financial Position arise from cash payments made that are recoverable from another party.

Receivables outstanding at year-end are carried in the Statement of Financial Position at cost plus any accrued interest.

#### 4.5 Investments

Capitalised investments are shown at cost in the Statement of Financial Position. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the Statement of Financial Performance when the cash is received.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any loss is included in the Disclosure Notes.

#### 4.6 Loans

Loans are recognised in the Statement of Financial Position at the nominal amount when cash is paid to the beneficiary. Loan balances are reduced when cash repayments are received from the beneficiary. Amounts that are potentially irrecoverable are included in the Disclosure Notes.

Loans that are outstanding at year-end are carried in the Statement of Financial Position at cost.

## Public Administration Leadership and Management Academy (Palama) – Vote 10

## Accounting Policies (Continued)

### for the Year Ended 31 March 2009

#### 4.7 Inventory

Inventories purchased during the financial year are disclosed at cost in the Notes.

#### 4.8 Capital Assets

##### 4.8.1 Movable Assets

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as ‘expenditure for capital asset’ and is capitalised in the asset register of the Department on completion of the project.

Repairs and maintenance is expensed as current ‘goods and services’ in the Statement of Financial Performance.

##### 4.8.2 Immovable Assets

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1, unless the fair value for the asset has been reliably estimated.

Work-in-progress of a capital nature is recorded in the Statement of Financial Performance as ‘expenditure for capital asset’. On completion, the total cost of the project is included in the asset register of the department that legally owns the asset or the provincial/national Department of Public Works.

Repairs and maintenance is expensed as current ‘goods and services’ in the Statement of Financial Performance.

## 5. Liabilities

### 5.1 Voted Funds to be Surrendered to the Revenue Fund

Unexpended appropriated funds are surrendered to the National Revenue Fund. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

### 5.2 Departmental Revenue to be Surrendered to the Revenue Fund

Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position at cost.

### 5.3 Direct Exchequer Receipts to be Surrendered to the Revenue Fund

All direct exchequer fund receipts are recognised in the Statement of Financial Performance when the cash is received.

Amounts received must be surrendered to the relevant revenue fund on receipt thereof. Any amount not surrendered at year-end is reflected as a current payable in the Statement of Financial Position.

### 5.4 Bank Overdraft

The bank overdraft is carried in the Statement of Financial Position at cost.

### 5.5 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are recognised at historical cost in the Statement of Financial Position.

### 5.6 Contingent Liabilities

Contingent liabilities are included in the Disclosure Notes to the Financial Statements.

## **Accounting Policies** (Continued) for the Year Ended 31 March 2009

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### **5.7 Commitments**

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are included in the Disclosure Notes.

### **5.8 Accruals**

Accruals are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are included in the Disclosure Notes.

### **5.9 Employee Benefits**

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the Disclosure Notes to the Financial Statements. These amounts are not recognised in the Statement of Financial Performance or the Statement of Financial Position.

### **5.10 Lease Commitments**

#### **Finance Leases**

Finance leases are not recognised as assets and liabilities in the Statement of Financial Position. Finance lease payments are recognised as an expense in the Statement of Financial Performance and are apportioned between the capital and the interest portions. The finance lease liability is disclosed in the Disclosure Notes to the Financial Statements.

#### **Operating Leases**

Operating lease payments are recognised as an expense in the Statement of Financial Performance. The operating lease commitments are disclosed in the Disclosure Notes to the Financial Statements.

## **6. Receivables for Departmental Revenue**

Receivables for departmental revenue are disclosed in the Disclosure Notes to the Annual Financial Statements.

## **7. Net Assets**

### **7.1 Capitalisation Reserve**

The capitalisation reserve comprises 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 transferred to the National Revenue Fund on disposal, repayment or recovery of such amounts.

### **7.2 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.

## **8. Related Party Transactions**

Specific information with regard to related party transactions is included in the Disclosure Notes.

## **9. Key Management Personnel**

Compensation paid to key management personnel, including their family members where relevant, is included in the Disclosure Notes.

## **10. Public-private Partnerships**

A description of the PPP arrangement, the contract fees, and current and capital expenditure relating to the PPP arrangement is included in the Disclosure Notes.

Public Administration Leadership and Management Academy (Palama) – Vote 10

# Notes to the Annual Financial Statements

for the Year Ended 31 March 2009

## 1. Annual Appropriation

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

	Final Appropriation 2008/09 R'000	Actual Funds Received 2008/09 R'000	Appropriation Received 2007/08 R'000
Administration	62,927	62,927	73,910
Organisational and Staff Development	42,600	42,600	57,216
<b>Total</b>	<b>105,527</b>	<b>105,527</b>	<b>131,126</b>

## 2. Departmental Revenue

Description of revenue	Note	2008/09 R'000	2007/08 R'000
Sales of goods and services other than capital assets	2.1	177	127
Sales of capital assets	2.2	3	-
Financial transactions in assets and liabilities	2.3	16	332
<b>Departmental revenue collected</b>		<b>196</b>	<b>459</b>
<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		53	116
Other sales – assets less than R5,000		114	-
Other sales – commission		10	11
<b>Total</b>		<b>177</b>	<b>127</b>
<b>2.2 Sales of Capital Assets</b>			
Machinery and equipment			
		3	-
<b>2.3 Financial Transactions in Assets and Liabilities</b>			
Nature of recovery			
Receivables		1	9
Stale cheques written back		-	164
Other receipts including recoverable revenue		15	159
<b>Total</b>		<b>16</b>	<b>332</b>

## Public Administration Leadership and Management Academy (Palama) – Vote 10

**Notes to the Annual Financial Statements (Continued)**  
for the Year Ended 31 March 2009

	Note	2008/09 R'000	2007/08 R'000
<b>3. Aid Assistance</b>			
<b>3.1 Foreign Aid Assistance Received in Cash from the RDP</b>			
Opening balance		(222)	3,478
Revenue		10,742	2,614
Expenditure		(8,786)	(6,314)
Current		(8,571)	(6,314)
Capital		(215)	-
<b>Closing balance</b>	Annex 1B	<b>1,734</b>	<b>(222)</b>
<b>3.2 Local Aid Assistance Received in Cash from Other Sources</b>			
Opening balance		-	-
Revenue		23,697	-
Current expenditure		(8,873)	-
Closing balance	Annex 1B	14,824	-
<b>3.3 Total Aid Assistance</b>			
Opening balance		(222)	3,478
Revenue		34,439	2,614
Expenditure		(17,659)	(6,314)
Current		(17,444)	(6,314)
Capital		(215)	-
<b>Closing balance</b>		<b>16,558</b>	<b>(222)</b>
<b>3.4 Analysis of Balance</b>			
Aid assistance receivable – RDP		(318)	(443)
Aid assistance unutilised – RDP		2,052	221
Aid assistance unutilised – other sources		14,824	-
<b>Total</b>		<b>16,558</b>	<b>(222)</b>
Comparative aid assistance balances for 2007/08 were restated to reflect separately the aid assistance receivable and unutilised.			
<b>4. Compensation of Employees</b>			
<b>4.1 Salaries and Wages</b>			
Basic salary		7,207	8,515
Performance award		253	270
Service-based		151	61
Compensative/circumstantial		837	297
Periodic payments		5	212
Other non-pensionable allowances		2,032	2,481
<b>Total</b>		<b>10,485</b>	<b>11,836</b>
<b>4.2 Social Contributions</b>			
<b>Employer contributions</b>			
Pension		903	1,037
Medical		437	453
Bargaining council		1	1
<b>Total</b>		<b>1,341</b>	<b>1,491</b>
<b>Total compensation of employees</b>		<b>11,826</b>	<b>13,327</b>
Average number of employees		41	45

## Public Administration Leadership and Management Academy (Palama) – Vote 10

**Notes to the Annual Financial Statements (Continued)**  
for the Year Ended 31 March 2009

	Note	2008/09 R'000	2007/08 R'000
<b>5. Goods and Services</b>			
Administrative fees		34	37
Advertising		677	1,029
Assets less than R5,000	5.1	1,386	5,420
Bursaries (employees)		160	73
Catering		873	660
Communication		2,163	1,993
Computer services	5.2	3,268	2,089
Consultants, contractors and special services	5.3	22,706	14,329
Entertainment		119	255
Audit cost – external	5.4	850	773
Government motor transport		-	1
Inventory	5.5	1,748	4,046
Maintenance, repairs and running costs		-	330
Operating leases		7,787	18,015
Owned and leasehold property expenditure	5.6	21	-
Transport provided as part of the departmental activities		-	46
Travel and subsistence	5.7	1,637	2,756
Venues and facilities		431	175
Training and staff development		173	378
Other operating expenditure	5.8	433	515
<b>Total</b>		<b>44,466</b>	<b>52,920</b>
<b>5.1 Assets Less than R5,000</b>	5		
Tangible assets – machinery and equipment		894	4,968
Intangible assets		492	452
<b>Total</b>		<b>1,386</b>	<b>5,420</b>
<b>5.2 Computer Services</b>	5		
SITA computer services		903	1,812
External computer service providers		2,365	277
<b>Total</b>		<b>3,268</b>	<b>2,089</b>
<b>5.3 Consultants, Contractors and Agency/Outsourced Services</b>	5		
Business and advisory services		9,444	11,982
Contractors		5,353	109
Agency and support/outsourced services		7,909	2,238
<b>Total</b>		<b>22,706</b>	<b>14,329</b>
<b>5.4 Audit Cost – External</b>	5		
Regularity audits		<b>850</b>	<b>773</b>
<b>5.5 Inventory</b>	5		
Learning and teaching support material		8	-
Other consumable materials		126	413
Maintenance material		462	1,169
Stationery and printing		1,150	2,461
Medical supplies		2	3
<b>Total</b>		<b>1,748</b>	<b>4,046</b>

## Public Administration Leadership and Management Academy (Palama) – Vote 10

**Notes to the Annual Financial Statements (Continued)**  
for the Year Ended 31 March 2009

	<b>Note</b>	<b>2008/09 R'000</b>	<b>2007/08 R'000</b>
<b>5.6 Owned and Leasehold Property Expenditure</b>	5		
Other property expenditure		21	-
<b>5.7 Travel and Subsistence</b>	5		
Local		1,030	1,770
Foreign		607	986
<b>Total</b>		<b>1,637</b>	<b>2,756</b>
<b>5.8 Other Operating Expenditure</b>	5		
Professional bodies, membership and subscription fees		143	273
Resettlement costs		23	14
Other		267	228
<b>Total</b>		<b>433</b>	<b>515</b>
<b>6. Financial Transactions in Assets and Liabilities</b>			
Petty cash unaccounted for		-	6
Appropriate disciplinary action was taken after investigation			
<b>7. Transfers and Subsidies</b>			
Departmental agencies and accounts	Annex 1A	<b>42,600</b>	<b>57,216</b>
<b>8. Expenditure for Capital Assets</b>			
Acquired with voted funds			
Tangible assets – machinery and equipment	26.1	5,945	7,400
Software and other intangible assets – computer software	27	528	244
<b>Total</b>		<b>6,473</b>	<b>7,644</b>
Acquired with aid assistance			
Tangible assets – machinery and equipment	3	195	-
Software and other intangible assets – computer software	3	20	-
<b>Total</b>		<b>215</b>	<b>-</b>
Analysis of expenditure			
Machinery and equipment		6,140	7,400
Software and other intangible assets – computer software		548	244
<b>Total</b>		<b>6,688</b>	<b>7,644</b>
<b>9. Unauthorised Expenditure</b>			
Opening balance		-	4,370
Unauthorised current expenditure approved by Parliament with funding		-	(4,370)
Unauthorised expenditure awaiting authorisation		-	-

Parliament approved the unauthorised expenditure with funding in 2006/07 and Palama received the additional appropriation in the 2007/08 financial year. The 2007/08 comparatives in the Statement of Financial Performance were restated in accordance with accounting policy 3.6.

## Public Administration Leadership and Management Academy (Palama) – Vote 10

**Notes to the Annual Financial Statements (Continued)**  
for the Year Ended 31 March 2009

	Note				2008/09 R'000	2007/08 R'000
<b>10. Cash and Cash Equivalents</b>						
Consolidated Paymaster General Account					8,082	-
Cash on hand					32	32
<b>Total</b>					<b>8,114</b>	<b>32</b>
<b>11. Prepayments and Advances</b>						
Staff advances					19	16
Travel and subsistence					236	95
Advances paid to other entities					641	-
<b>Total</b>					<b>896</b>	<b>111</b>
	<b>Note</b>	<b>Less than One Year R'000</b>	<b>One to Three Years R'000</b>	<b>Older than Three Years R'000</b>		
<b>12. Receivables</b>						
Claims recoverable	12.1 Annex 4	7,510	198	-	7,708	17,995
Staff debtors		29	2	44	75	63
<b>Total</b>		<b>7,539</b>	<b>200</b>	<b>44</b>	<b>7,783</b>	<b>18,058</b>
<b>12.1 Claims Recoverable</b>						
National departments					327	102
Provincial departments					378	199
Trading entity					7,003	17,694
<b>Total</b>					<b>7,708</b>	<b>17,995</b>
<b>13. Voted Funds to be Surrendered to the Revenue Fund</b>						
Opening balance					13	650
Transfer from Statement of Financial Performance					162	13
Paid during the year					(13)	(650)
<b>Closing balance</b>					<b>162</b>	<b>13</b>
<b>14. Departmental Revenue to be Surrendered to the Revenue Fund</b>						
Opening balance					371	(50)
Transfer from Statement of Financial Performance					196	459
Paid during the year					(566)	(38)
<b>Closing balance</b>					<b>1</b>	<b>371</b>

## Public Administration Leadership and Management Academy (Palama) – Vote 10

**Notes to the Annual Financial Statements (Continued)**  
for the Year Ended 31 March 2009

			2008/09 R'000	2007/08 R'000
<b>15. Bank Overdraft</b>				
Consolidated Paymaster General Account			-	18,039
<b>16. Payables – Current</b>	<b>Note</b>	<b>30 Days</b>		
<b>Description</b>				
Amounts owing to other entities	Annex 5	72	72	-
<b>17. Net Cash Flow Available from Operating Activities</b>				
Net surplus/(deficit) as per Statement of Financial Performance			17,138	(3,228)
Add back non-cash/cash movements not deemed operating activities			15,668	(6,125)
Decrease/(increase) in receivables – current			10,275	(17,481)
(Increase)/decrease in prepayments and advances			(785)	49
Decrease in other current assets			-	4,370
Increase/(Decrease) in payables – current			72	(19)
Surrenders to Revenue Fund			(579)	(688)
Proceeds from sale of capital assets			(3)	-
Expenditure on capital assets			6,688	7,644
<b>Net cash flow generated by operating activities</b>			<b>32,806</b>	<b>(9,353)</b>
<b>18. Reconciliation of Cash and Cash Equivalents for Cash Flow Purposes</b>				
Consolidated Paymaster General Account			8,082	(18,039)
Cash-on-hand			32	32
<b>Total</b>			<b>8,114</b>	<b>(18,007)</b>

## Public Administration Leadership and Management Academy (Palama) – Vote 10

**Disclosure Notes to the Annual Financial Statements**

for the Year Ended 31 March 2009

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

	Note	2008/09 R'000	2007/08 R'000
<b>19. Contingent Liabilities</b>			
Housing loan guarantees for employees	Annex 3A	-	51
<b>20. Commitments</b>			
Current expenditure – approved and contracted		302	8,410
Current expenditure – approved not yet contracted		140	-
<b>Total</b>		<b>442</b>	<b>8,410</b>
<b>21. Accruals</b>			
<b>21.1 Listed by Economic Classification</b>			
Goods and services	884	884	1,037
Financial transactions in assets and liabilities – losses	23	23	-
<b>Total</b>	907	<b>907</b>	<b>1,037</b>
<b>21.2 Listed by Programme</b>			
Programme 1 – Administration		907	1,037
<b>22. Employee Benefits</b>			
Leave entitlement		524	526
Thirteenth cheque		377	379
Capped leave commitments		292	767
<b>Total</b>		<b>1,193</b>	<b>1,672</b>
<b>23. Lease Commitments</b>			
<b>23.1 Operating Lease Expenditure</b>			
<b>2008/09</b>			
Not later than 1 year	11,778	93	11,871
Later than 1 year, not later than 5 years	36,400	115	36,515
<b>Total present value of lease liabilities</b>	<b>48,178</b>	<b>208</b>	<b>48,386</b>
<b>2007/08</b>			
Not later than 1 year	10,856	70	10,926
Later than 1 year, not later than 5 years	48,178	2	48,180
<b>Total present value of lease liabilities</b>	<b>59,034</b>	<b>72</b>	<b>59,106</b>

## Public Administration Leadership and Management Academy (Palama) – Vote 10

**Disclosure Notes to the Annual Financial Statements (Continued)**  
for the Year Ended 31 March 2009

	<b>Buildings and Other Fixed Structures R'000</b>	<b>Machinery and equipment R'000</b>	<b>Total R'000</b>
<b>Restatement of 2007/08 comparatives</b>			
Not later than 1 year	10,557	23	10,580
Balance as previously stated	299	47	346
Additional commitment	<b>10,856</b>	<b>70</b>	<b>10,926</b>
<b>Balance as restated</b>			
Later than 1 year, not later than 5 years			
Balance as previously stated	37,828	1	37,829
Additional commitment	10,350	1	10,351
<b>Balance as restated</b>	<b>48,178</b>	<b>2</b>	<b>48,180</b>

The restatement of comparative lease commitments on buildings is required to reflect the impact of escalation of lease payments over the lease term. The restatement of comparative lease commitments on machinery and equipment is required to include commitments previously reflected in the Financial Statements of the Palama Training Trading Account.

The total increase in lease commitments disclosed in respect of the 2007/08 financial year amounts to R10,697,000.

### 23.2 Finance Lease Expenditure

	<b>Total R'000</b>
Machinery and equipment	
<b>2008/09</b>	
Not later than 1 year	1,268
Later than 1 year, not later than 5 years	2,007
<b>Total lease commitments</b>	3,275
Less: finance costs	(279)
<b>Total present value of lease liabilities</b>	<b>2,996</b>

#### 2007/08

There were no finance lease liabilities in 2007/08.

## 24. Related Party Transactions

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

- State Information Technology Agency (provision of IT communication infrastructure);
- Government Employees Medical Scheme (provision of medical aid benefits); and
- Palama Training Trading Account (provision of training).

In addition, Palama Vote 10 also administered the Palama Training Trading Account, including the maintenance of accounting records.

	<b>2008/09 R'000</b>	<b>2007/08 R'000</b>
<b>Analysis of transactions with related parties</b>		
Amount due to related parties at the beginning of the year	89	-
Value of services rendered to Palama Vote 10	1,287	3,089
Payment made by Palama Vote 10 for services rendered	(1,275)	(3,000)
<b>Amount due to related parties at the end of the year</b>	<b>101</b>	<b>89</b>

## Public Administration Leadership and Management Academy (Palama) – Vote 10

**Disclosure Notes to the Annual Financial Statements (Continued)**  
for the Year Ended 31 March 2009

**25. Key Management Personnel**

	No. of Individuals	2008/09 R'000	2007/08 R'000
Officials: Level 15 to 16	1	1,277	2,643
Level 14	2	1,879	629
<b>Total</b>		<b>3,156</b>	<b>3,272</b>

The number of officials at level 15 to 16 decreased from three in 2007/08 to one in 2008/09 due to the transfer of the Deputy Director-General: Organisational Development and Training Services to the Palama Training Trading Account and the resignation of the Deputy Director-General: Business Relations Management. The officials at level 14 increased from one to two with the appointment of the Chief Director: Corporate Services.

**26. Movable Tangible Capital Assets**

Movement in movable tangible capital assets per asset register for the year ended 31 March 2009

	Opening Balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>Machinery and equipment</b>				
Transport assets	417	-	-	417
Computer equipment	8,109	4,669	(749)	12,029
Furniture and office equipment	4,539	1,059	(265)	5,333
Other machinery and equipment	701	238	(8)	931
<b>Total</b>	<b>13,766</b>	<b>5,966</b>	<b>(1,022)</b>	<b>18,710</b>

**26.1 Additions**

Additions to movable tangible capital assets per asset register for the year ended 31 March 2009

	Cash R'000	Received Current Year, Not Paid R'000	Total R'000
<b>Machinery and equipment</b>			
Computer equipment	4,648	21	4,669
Furniture and office equipment	1,059	-	1,059
Other machinery and equipment	238	-	238
<b>Total</b>	<b>5,945</b>	<b>21</b>	<b>5,966</b>

**26.2 Disposals**

Disposals of movable tangible capital assets per asset register for the year ended 31 March 2009

	Sold for Cash R'000	Transfer out or Destroyed or Scrapped R'000	Total Disposals R'000	Cash Received Actual R'000
<b>Machinery and equipment</b>				
Computer equipment	9	740	749	-
Furniture and office equipment	158	107	265	3
Other machinery and equipment	-	8	8	-
<b>Total</b>	<b>167</b>	<b>855</b>	<b>1,022</b>	<b>3</b>

## Public Administration Leadership and Management Academy (Palama) – Vote 10

**Disclosure Notes to the Annual Financial Statements** (Continued)  
for the Year Ended 31 March 2009

26.3 Movement in movable tangible capital assets per asset register for the year ended 31 March 2008

	Opening Balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>Machinery and equipment</b>				
Transport assets	-	417	-	417
Computer equipment	5,106	3,393	(390)	8,109
Furniture and office equipment	1,411	3,152	(24)	4,539
Other machinery and equipment	398	311	(8)	701
<b>Total</b>	<b>6,915</b>	<b>7,273</b>	<b>(422)</b>	<b>13,766</b>

**27. Intangible Capital Assets**

Movement in intangible capital assets per asset register for the year ended 31 March 2009

	Opening Balance R'000	Cash Additions R'000	Closing Balance R'000
Computer software	429	528	957

27.1 Movement in intangible capital assets per asset register for the year ended 31 March 2008

	Opening Balance R'000	Cash Additions R'000	Closing Balance R'000
Computer software	185	244	429

**28. Minor Assets for the Department as at 31 March 2009**

	Intangible Assets	Machinery and Equipment	Total
Value of minor assets (R'000)	2,858	7,801	10,659
Number of minor assets	5,286	3,957	9,243

Public Administration Leadership and Management Academy (Palama) – Vote 10

# Annexures to the Annual Financial Statements

for the Year Ended 31 March 2009

## Annexure 1A

### Statement of Transfers to Departmental Agencies and Accounts

Department/Agency/Account	Transfer Allocation				Transfer		2007/08
	Adjusted Appropriation Act	Roll-Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
PALAMA Training Trading Account	51,307	-	(8,707)	42,600	42,600	100.0	57,216
<b>Total</b>	<b>51,307</b>	<b>-</b>	<b>(8,707)</b>	<b>42,600</b>	<b>42,600</b>	<b>100.0</b>	<b>57,216</b>

## Annexure 1B

### Statement of Local and Foreign Aid Assistance Received

Name of Donor	Purpose	Opening Balance	Revenue	Expenditure	Closing Balance
		R'000	R'000	R'000	R'000
<b>1. Received in Cash</b>					
<b>1.1 Local Aid Assistance</b>					
African Renaissance Fund	Training	-	23,697	(8,873)	14,824
<b>1.2 Foreign Aid Assistance</b>					
Aid assistance unutilised		28	10,742	(8,718)	2,052
CIDA – Gender Mainstreaming	Training	(192)	4,400	(3,766)	442
CIDA – Public Sector Training	Training	-	4,858	(3,586)	1,272
Government of Sweden	Training	192	-	-	192
Government of Germany	Training	-	1,484	(1,366)	118
Commonwealth	Training	28	-	-	28
Aid assistance receivable		(250)	-	(68)	(318)
Government of the Netherlands	Training	(1)	-	(68)	(69)
Government of Flanders	Training	(249)	-	-	(249)
<b>Total foreign aid assistance in cash</b>		<b>(222)</b>	<b>10,742</b>	<b>(8,786)</b>	<b>1,734</b>
<b>Total aid assistance received in cash</b>		<b>(222)</b>	<b>34,439</b>	<b>(17,659)</b>	<b>16,558</b>
<b>2. Received in Kind</b>					
German Technical Corporation	Public Service Reform Programme	2,048	1,167	(3,215)	-
Japan International Co-operation Agency	Capacity building	-	1,015	(1,015)	-
<b>Total aid assistance received in kind</b>		<b>2,048</b>	<b>2,182</b>	<b>(4,230)</b>	<b>-</b>

## Public Administration Leadership and Management Academy (Palama) – Vote 10

**Annexures to the Annual Financial Statements (Continued)**  
for the Year Ended 31 March 2009

**Annexure 2A**

## Statement of Investments in and Amounts Owing by/to Controlled Entities as at 31 March 2009

Name of 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	
		2008/09	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
Palama Training Trading Account	Training	-	-	90,676	88,858	-	-	7,003	17,694
<b>Total</b>		-	-	<b>90,676</b>	<b>88,858</b>	-	-	<b>7,003</b>	<b>17,694</b>

**Annexure 3A**

## Statement of Local Financial Guarantees Issued as at 31 March 2009

Guarantor Institution	Guarantee in Respect of	Original Guaranteed Capital Amount	Opening Balance as at 1 April 2008	Guarantees Draw Downs During the Year	Guarantees Repayments/ Cancelled/ Reduced/ Released During the Year	Closing Balance as at 31 March 2009	Guaranteed Interest for Year Ended 31 March 2009
		R'000	R'000	R'000	R'000	R'000	R'000
Nedbank	Housing	119	51	-	(51)	-	-
<b>Total</b>		<b>119</b>	<b>51</b>	-	<b>(51)</b>	-	-

**Annexure 4**

## Claims Recoverable

Government Entity	Confirmed Balance Outstanding		Unconfirmed Balance Outstanding		Total	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	R'000	R'000	R'000	R'000	R'000	R'000
<b>National departments</b>						
Public Service and Administration	-	-	150	-	150	-
SARS: VAT Input	-	-	145	83	145	83
Foreign Affairs	-	-	16	-	16	-
Correctional Services	-	-	15	15	15	15
SA Police Service	-	-	1	-	1	-
Environmental Affairs	-	-	-	4	-	4
<b>Total</b>	-	-	<b>327</b>	<b>102</b>	<b>327</b>	<b>102</b>
<b>Provincial departments</b>						
Education (Eastern Cape)	-	-	168	169	168	169
Office of the Premier (Mpumalanga)	-	-	100	-	100	-
Transport (Western Cape)	-	-	95	-	95	-
Health (Limpopo)	-	-	15	15	15	15
Health (Gauteng)	-	-	-	15	-	15
<b>Total</b>	-	-	<b>378</b>	<b>199</b>	<b>378</b>	<b>199</b>
<b>Other government entities</b>						
Palama Training Trading Account	7,003	17,694	-	-	7,003	17,694
<b>Total</b>	<b>7,003</b>	<b>17,694</b>	<b>705</b>	<b>301</b>	<b>7,708</b>	<b>17,995</b>

## Public Administration Leadership and Management Academy (Palama) – Vote 10

**Annexures to the Annual Financial Statements** (Continued)  
for the Year Ended 31 March 2009

**Annexure 5**

## Inter-Government Payables

Government Entity	Confirmed Balance Outstanding		Unconfirmed Balance Outstanding		Total	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Department</b>						
SA Revenue Service	72	-	-	-	72	-
<b>Total</b>	<b>72</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72</b>	<b>-</b>

# Annual Financial Statements – Training Trading Account



The new contact centre provides a professional service to Palama's clients.

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# Public Administration Leadership and Management Academy (Palama)

## Training Trading Account

(a trading entity established in terms of the PFMA, Act No. 1 of  
1999, as amended)

Index to the Annual Financial Statements  
for the Year Ended 31 March 2009

Statement of Responsibility	112
Report of the Auditor-General	113
Statement of Comprehensive Income	116
Statement of Financial Position	117
Statement of Changes in Net Assets	118
Statement of Cash Flows	119
Notes to the Annual Financial Statements	120

Palama Training Trading Account  
(a trading entity established in terms of the PFMA, Act No. 1 of 1999, as amended)

## Statement of Responsibility

for the Year Ended 31 March 2009

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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 (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 the South African Statements of Generally Accepted Accounting Practice (SA GAAP) 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 Palama Vote 10 for the operations of the Palama Training Trading Account.

The Accounting Officer hereby approves the Annual Financial Statements of the Palama TTA for the year ended 31 March 2009, as set out on pages 110 to 135.



**Dr FM Orkin**  
**Accounting Officer**  
7 July 2009

Public Administration Leadership and Management Academy (Palama) – Training Trading Account

# Report of the Auditor-General

to Parliament on the Financial Statements and Performance Information of the  
Public Administration Leadership and Management Academy Training Trading Account  
for the Year Ended 31 March 2009

## Report on the Financial Statements

### Introduction

1. I have audited the accompanying Financial Statements of the Public Administration Leadership and Management Academy Training Trading Account (Palama TTA) which comprise the Statement of Financial Position as at 31 March 2009, the Statement of Financial Performance, the Statement of Changes in Net Assets and the Cash Flow Statement for the year then ended, and a summary of significant Accounting Policies and other explanatory Notes as set out in pages 116 to 135.

### The Accounting Officer's Responsibility for the Financial Statements

2. The Accounting Officer is responsible for the preparation and fair presentation of these Financial Statements in accordance with the South African Statements of Generally Accepted Accounting Practice (SA GAAP) and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the Accounting Officer determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

### The Auditor-General's Responsibility

3. As required by Section 188 of the Constitution of the Republic of South Africa, 1996, read with Section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these Financial Statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with General Notice 616 of 2008, issued in *Government Gazette No. 31057* of 15 May 2008. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

7. In my opinion, the Financial Statements present fairly, in all material respects, the financial position of the Palama TTA as at 31 March 2009 and its financial performance and its cash flows for the year then ended, in accordance with SA GAAP and in the manner required by the PFMA.

### Other Matters

Without qualifying my opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the Financial Statements:

### Governance Framework

8. The governance principles that impact the Auditor's opinion on the Financial Statements are related to the responsibilities and practices exercised by the Accounting Officer and executive management and are reflected in the key governance responsibilities addressed below:

## Public Administration Leadership and Management Academy (Palama) – Training Trading Account

**Report of the Auditor-General (Continued)**

to Parliament on the Financial Statements and Performance Information of the  
Public Administration Leadership and Management Academy Training Trading Account  
for the Year Ended 31 March 2009

**Key Governance Responsibilities**

9. The PFMA tasks the Accounting Officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
<b>Clear trail of supporting documentation that is easily available and provided in a timely manner</b>			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	✓	
<b>Quality of Financial Statements and related management information</b>			
2.	The Financial Statements were not subject to any material amendments resulting from the audit.		✓
3.	The Annual Report was submitted for consideration prior to the tabling of the Auditor's report.	✓	
<b>Timeliness of Financial Statements and management information</b>			
4.	The Annual Financial Statements were submitted for auditing as per the legislated deadlines as set out in Section 40 of the PFMA.	✓	
<b>Availability of key officials during audit</b>			
5.	Key officials were available throughout the audit process.	✓	
<b>Development and compliance with risk management, effective internal control and governance practices</b>			
6.	Audit committee		
	• The Department had an audit committee in operation throughout the financial year.	✓	
	• The audit committee operates in accordance with approved, written terms of reference.	✓	
	• The audit committee substantially fulfilled its responsibilities for the year, as set out in Section 77 of the PFMA and Treasury Regulation 3.1.10.	✓	
7.	Internal audit		
	• The Department had an internal audit function in operation throughout the financial year.	✓	
	• The internal audit function operates in terms of an approved internal audit plan.	✓	
	• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2.	✓	
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	✓	
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	✓	
10.	The information systems were appropriate to facilitate the preparation of the Financial Statements.	✓	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 3.2.	✓	
12.	Powers and duties have been assigned as set out in Section 44 of the PFMA.	✓	
<b>Follow-up of audit findings</b>			
13.	The prior year audit findings have been substantially addressed.	✓	
14.	SCOPA/oversight resolutions have been substantially implemented.	✓	
<b>Issues relating to the reporting of performance information</b>			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.	✓	
16.	Adequate control processes and procedures have been designed and implemented to ensure the accuracy and completeness of reported performance information.	✓	

## Public Administration Leadership and Management Academy (Palama) – Training Trading Account

**Report of the Auditor-General (Continued)**

to Parliament on the Financial Statements and Performance Information of the  
Public Administration Leadership and Management Academy Training Trading Account  
for the Year Ended 31 March 2009

No.	Matter	Y	N
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the Palama TTA against its mandate, predetermined objectives, outputs, indicators and targets as set out in Treasury Regulations 5.1, 5.2 and 6.1.	✓	
18.	There is a functioning performance management system, and performance bonuses are only paid after proper assessment and approval by those charged with governance.	✓	

10. The Palama TTA has maintained satisfactory levels of compliance with the relevant legislation relating to governance and continued to comply with good practice principles. The result of this discipline within the Palama TTA is acceptable levels of financial and internal control management. These practices resulted in an unqualified audit report for the Palama TTA for the financial year reviewed.

**Report on Other Legal and Regulatory Requirements****Report on Performance Information**

11. I have reviewed the performance information as set out in pages 14 to 65 and 159 to 176.

**The Accounting Officer's Responsibility for the Performance Information**

12. The Accounting Officer has additional responsibilities as required by Section 40(3)(a) of the PFMA to ensure that the Annual Report and audited Financial Statements fairly present the performance against predetermined objectives of the trading entity.

**The Auditor-General's Responsibility**

13. I conducted my engagement in accordance with Section 13 of the PAA, read with General Notice 616 of 2008, issued in *Government Gazette No. 31057* of 15 May 2008.
14. In terms of the foregoing, my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the Auditor's judgement.
15. I believe that the evidence I have obtained is sufficient and appropriate to report that no significant findings have been identified as a result of my review.

**Appreciation**

16. The assistance rendered by the staff of the Palama TTA during the audit is sincerely appreciated.

*Auditor-General.*

Pretoria

31 July 2009



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

Palama Training Trading Account  
(a trading entity established in terms of the PFMA, Act No. 1 of 1999, as amended)

# Statement of Comprehensive Income

for the Year Ended 31 March 2009

	Note	2008/09 R'000	2007/08 R'000
<b>REVENUE</b>		<b>124,860</b>	<b>115,711</b>
Rendering of services – course fees		82,260	53,393
Operating grant received from Palama Vote 10		42,600	57,216
Other income	5	-	5,102
<b>EXPENDITURE</b>		<b>137,126</b>	<b>85,502</b>
Administrative expenses	7	12,986	3,680
Staff costs	8	32,917	26,425
Marketing costs	9	925	433
Audit fees	10	906	773
Depreciation and amortisation	11	1,221	894
Other operating expenses	12	88,171	53,297
<b>(DEFICIT)/SURPLUS FROM OPERATIONS</b>	24	<b>(12,266)</b>	<b>30,209</b>
Finance income	6	14,084	7,448
<b>SURPLUS FOR THE YEAR</b>		<b>1,818</b>	<b>37,657</b>

Palama Training Trading Account  
(a trading entity established in terms of the PFMA, Act No. 1 of 1999, as amended)

# Statement of Financial Position

at 31 March 2009

	Note	2008/09 R'000	2007/08 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	13	2,728	1,633
<b>Current assets</b>			
Cash and cash equivalents	14	59,333	79,931
Trade and other receivables	15	45,817	28,729
<b>TOTAL ASSETS</b>		<b>107,878</b>	<b>110,293</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>			
Accumulated surplus		90,676	88,858
<b>Current liabilities</b>			
Trade and other payables	17	14,346	19,207
Employee benefit provisions	18	2,856	2,228
<b>TOTAL LIABILITIES</b>		<b>17,202</b>	<b>21,435</b>
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>107,878</b>	<b>110,293</b>

Palama Training Trading Account  
(a trading entity established in terms of the PFMA, Act No. 1 of 1999, as amended)

## Statement of Changes in Net Assets

for the Year Ended 31 March 2009

	R'000
<b>ACCUMULATED SURPLUS</b>	
Balance as at 1 April 2007	51,201
Surplus for the year from 1 April 2007 to 31 March 2008	37,657
Balance as at 31 March 2008	88,858
Surplus for the year from 1 April 2008 to 31 March 2009	1,818
<b>Balance as at 31 March 2009</b>	<b>90,676</b>

Palama Training Trading Account  
(a trading entity established in terms of the PFMA, Act No. 1 of 1999, as amended)

## Statement of Cash Flows

for the Year Ended 31 March 2009

	Note	2008/09 R'000	2007/08 R'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		103,266	111,152
Cash paid to suppliers and employees		(135,632)	(69,124)
Cash (utilised in)/generated from operations	19	(32,366)	42,028
Interest received		14,084	7,448
<b>Net cash (outflows)/inflows from operating activities</b>		<b>(18,282)</b>	<b>49,476</b>
<b>Cash flows from investing activities</b>			
Purchases of intangible assets	13	(2,316)	(1,183)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(20,598)</b>	<b>48,293</b>
Cash and cash equivalents at the beginning of the year		79,931	31,638
<b>Cash and cash equivalents at the end of the year</b>	14	<b>59,333</b>	<b>79,931</b>

Palama Training Trading Account  
(a trading entity established in terms of the PFMA, Act No. 1 of 1999, as amended)

# Notes to the Annual Financial Statements

for the Year Ended 31 March 2009

## 1. Accounting Policies

The Annual Financial Statements prepared by the Palama TTA as an individual entity for the twelve months from 1 April 2008 to 31 March 2009 have been prepared in accordance with South African Standards of Generally Accepted Accounting Practice (SA GAAP) as required by Section 89 of the Public Finance Management Act No. 1 of 1999 (as amended by Act No. 29 of 1999), read with Treasury Regulation 19.8.4 and 18.2. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Annual Financial Statements and to comply with the statutory requirements of the Public Finance Management Act and the Treasury Regulations issued in terms of the Act.

The following are the principle accounting policies of the entity which are, in all material respects, consistent with those applied in the previous year, except as otherwise indicated. The principle policies were applied for the first time for the year ended 31 March 2003 due to the establishment of the entity with effect from 1 April 2002.

### 1.1 Basis of Preparation, Presentation Currency and Rounding

The Annual Financial Statements have been prepared on the historical cost basis, as modified for financial assets and financial liabilities at fair value through the Statement of Comprehensive Income. All amounts have been presented in the currency of the South African Rand (R), which is also the functional currency of the entity. Unless otherwise stated, all financial figures have been rounded to the nearest one thousand Rand (R'000).

### 1.2 Extraordinary Items

All items of income and expense arising in the ordinary course of business are taken into account in arriving at the surplus for the year. Where items of income and expense are of such size, nature or incidence that their disclosure is relevant to explain the performance of the entity, they are disclosed separately and appropriate explanations are provided.

### 1.3 Comparative Figures

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.

### 1.4 Revenue

#### 1.4.1 Revenue Accruing to the Entity

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the entity's activities. Charges for goods and services are determined in accordance with Treasury Regulation 19.5.

Revenue is recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

#### 1.4.2 Rendering of Services

Revenue from the rendering of training services is recognised on the accrual basis over the period of instruction on a straight-line basis.

#### 1.4.3 Transfers and Subsidies Received

Transfers and subsidies received represent the operating grant received from Palama Vote 10 – the controlling department.

#### 1.4.4 Interest Income

Interest income is recognised on a time-proportion basis using the effective interest method.

Palama Training Trading Account  
(a trading entity established in terms of the PFMA, Act No. 1 of 1999, as amended)

**Notes to the Annual Financial Statements (Continued)**  
for the Year Ended 31 March 2009

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#### 1.4.5 Government Grants

Government grants are assistance by government in the form of transfer of resources and are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the Statement of Comprehensive Income over the expected useful life of the relevant asset by equal annual instalments.

### 1.5 Expenditure

#### 1.5.1 Staff Costs

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.

#### 1.5.2 Short-term Employee Benefits

Short-term employee benefits comprise 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.

#### 1.5.3 Long-term Employee Benefits

##### 1.5.3.1 Termination Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The entity recognises termination benefits when it is demonstrably committed to either terminate the employment of the current employees according to a detailed formal plan without the possibility of withdrawal, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. If the benefit falls due more than twelve months after the reporting date, they are discounted to present value.

##### 1.5.3.2 Post-employment Retirement Benefits

The entity, through its controlling department – Palama Vote 10, provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are charged to the Statement of Comprehensive Income in the year to which they relate.

No provision is made for retirement benefits in the Annual Financial Statements of the entity. Any potential liabilities are disclosed in the Annual Financial Statements of the National Revenue Fund.

No contributions are made by the entity to the medical aid of retired employees.

#### 1.5.4 Goods and Services

Payments made for goods and/or services are recognised as an expense in the Statement of Comprehensive Income on the accrual basis when it is probable that economic benefits will flow from the entity and these benefits can be measured reliably.

Palama Training Trading Account  
(a trading entity established in terms of the PFMA, Act No. 1 of 1999, as amended)

**Notes to the Annual Financial Statements (Continued)**  
for the year ended 31 March 2009

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#### 1.5.5 Financial Transactions in Assets and Liabilities

Debts are written off when identified as irrecoverable and occurs at year-end. Provision is made for irrecoverable amounts. All other losses are recognised when authorisation has been granted for the recognition thereof.

#### 1.5.6 Transfers and Subsidies

Transfers and subsidies are recognised as an expense in the period to which they relate.

### 1.6 Financial Instruments

#### Recognition and Derecognition

Financial assets and liabilities are recognised on the entity's Balance Sheet when the entity becomes a party to the contractual provisions of the instrument.

A financial asset or a portion thereof is derecognised when the entity realises the contractual rights to the benefits specified in the contract, the rights expire, the entity surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset.

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.

A financial liability or a part thereof is derecognised when the obligation specified in the contract is discharged, cancelled, or expires. 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 net surplus for the period.

#### 1.6.1 Financial Assets

Financial assets are classified into the following specified categories: financial assets as 'at fair value through surplus and or deficit' (FVTPL), 'held to maturity investments', 'available for sale' (AFS) financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The entity's principal financial assets are trade and other receivables and cash and cash equivalents.

##### 1.6.1.1 Trade and Other Receivables

Trade receivables are classified as 'loans and receivables' and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts the estimated future cash receipts through the expected life of the financial asset.

An allowance account for potential impairment of trade receivables is established when there is objective evidence that the entity may not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Comprehensive Income. The factors taken into account when establishing whether impairment exists include the combination of payment history, period outstanding and historical data available to Palama.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the Statement of Comprehensive Income.

Palama Training Trading Account  
(a trading entity established in terms of the PFMA, Act No. 1 of 1999, as amended)

**Notes to the Annual Financial Statements (Continued)**  
for the Year Ended 31 March 2009

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#### 1.6.1.2 Cash and Cash Equivalents

Cash and cash equivalents are classified as 'loans and receivables' and include deposits held at call with commercial banks, and are measured at fair value.

#### 1.6.2 Financial Liabilities

Financial liabilities are classified as financial liabilities at fair value through surplus and deficit (FVTPL) or 'other liabilities'. The entity's principal financial liability is trade and other payables.

##### 1.6.2.1 Trade and Other Payables

Trade and other payables are classified as 'other financial liabilities' and recognised initially at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method. The carrying value of trade payables is assumed to approximate the fair value due to the short-term nature of trade payables.

#### 1.7 Assets

##### 1.7.1 Intangible Assets

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. Internally generated intangible assets are not capitalised and the related expenditure is charged against surplus in the year in which the expenditure is incurred.

Intangible assets with a cost price not exceeding R5,000 are fully depreciated on acquisition. Intangible assets with a cost price exceeding R5,000 are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense is recognised in the Statement of Comprehensive Income in the expense category consistent with the function of the intangible asset.

The expected useful life of externally acquired intangible assets is three years (2007/08: three years).

##### 1.7.2 Impairment of Assets

The entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the entity makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated and the carrying amount of the asset is increased to its recoverable amount. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

##### 1.7.3 Inventory

The controlling department, Palama Vote 10, holds inventory.

Palama Training Trading Account  
(a trading entity established in terms of the PFMA, Act No. 1 of 1999, as amended)

**Notes to the Annual Financial Statements (Continued)**  
for the Year Ended 31 March 2009

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## 1.8 Liabilities

### 1.8.1 Borrowings

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

### 1.8.2 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Finance leases, which transfer to the Palama TTA substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the leased asset, or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the entity will obtain ownership by the end of the lease term.

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.

### Lease Commitments

Lease commitments represent amounts owing from the reporting date to the end of the lease contract. These commitments are not recognised in the Balance Sheet as a liability or as expenditure in the Statement of Comprehensive Income, but are disclosed in the Notes to the Annual Financial Statements where the Palama TTA enters into lease agreements.

### 1.8.3 Accruals

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

Accruals are recognised in the Balance Sheet as a liability under 'trade and other payables' and as expenditure in the Statement of Comprehensive Income in the period to which they relate.

### 1.8.4 Contingent Liabilities

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

### 1.8.5 Commitments

Commitments represent goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date. Commitments are not recognised in the Balance Sheet as a liability or as expenditure in the Statement of Comprehensive Income, but are disclosed in the Notes to the Annual Financial Statements.

### 1.8.6 Provisions

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense related to any provision is presented

Palama Training Trading Account  
(a trading entity established in terms of the PFMA, Act No. 1 of 1999, as amended)

**Notes to the Annual Financial Statements (Continued)**  
for the Year Ended 31 March 2009

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in the Statement of Comprehensive Income. The amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

#### 1.8.7 Financial Guarantee Contracts

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 TTA provides guarantees to commercial banks on behalf of employees' housing loans. Once financial guarantee contract liabilities meet recognition criteria, they are initially measured at fair value. The subsequent measurement of financial guarantee contracts is the higher of the amount determined in accordance with the policy on provisions as set out above, or the amount initially recognised less, when appropriate, cumulative amortisation.

### 1.9 Other Accounting Policies

#### 1.9.1 Related Party Transactions

The Palama TTA has a related party relationship with its controlling national department, Palama Vote 10, and all public sector entities reporting to the Minister for Public Service and Administration. Staff costs and certain items of goods and services of the Palama TTA are recorded in the accounting records of Palama Vote 10 and then transferred to the accounting records of the TTA via journal entries.

The Palama TTA renders training services to the officials of the related parties. These training intervention transactions are on the terms approved by National Treasury. Refer to Note 23.

#### 1.9.2 Key Management Personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Compensation paid to key management personnel, including their family members where relevant, is included in the Notes to the Annual Financial Statements.

#### 1.9.3 Government Assistance

Government assistance is action by government designed to provide an economic benefit specific to the Palama TTA, qualifying under certain criteria. Government assistance is not recognised in the Annual Financial Statements, but the nature, extent and duration of the assistance provided is disclosed in Note 3.1.

#### 1.9.4 Adoption of Revised Statements of Generally Accepted Accounting Practice

The entity adopted the Revised IAS1 (AC101) – Presentation of Financial Statements (issued in February 2008 and effective for annual periods beginning on or after 1 January 2009).

The entity has not applied the new, or revised the following accounting standards or interpretations that have been issued but are not yet effective. The entity plans to implement the standards and/or interpretations in the next financial reporting period in accordance with its effective date. The impact of implementing these standards and/or interpretations is expected to be immaterial in the context of the entity's operations.

Palama Training Trading Account  
(a trading entity established in terms of the PFMA, Act No. 1 of 1999, as amended)

**Notes to the Annual Financial Statements (Continued)**  
for the Year Ended 31 March 2009

Standard	Details of Amendment	Issue Date	Annual Periods Beginning on or After
<b>IFRS7:</b> Financial Instruments: Disclosure	Enhanced disclosures about fair value and liquidity risk.	March 2008	1 January 2009
<b>IAS16:</b> Property, Plant and Equipment	<ul style="list-style-type: none"> <li>• Amendments resulting from annual improvements to IFRS;</li> <li>• recognition of subsequent costs;</li> <li>• depreciation; and</li> <li>• derecognition.</li> </ul>	May 2008	1 January 2009
<b>IAS19:</b> Employee Benefits	Amendments resulting from annual improvements to IFRS.	May 2008	1 January 2009
<b>IAS20:</b> Government Grants and Disclosure of Government Assistance	Amendments resulting from annual improvements to IFRS.	May 2008	1 January 2009
<b>IAS36:</b> Impairment of Assets	<ul style="list-style-type: none"> <li>• Disclosure of estimates used to determine recoverable amount; and</li> <li>• frequency of impairment testing.</li> </ul>	May 2008	1 January 2009
<b>IAS38:</b> Intangible Assets	<ul style="list-style-type: none"> <li>• Amendments resulting from annual improvements to IFRS;</li> <li>• definition of an intangible asset;</li> <li>• criteria for initial recognition;</li> <li>• subsequent expenditure;</li> <li>• useful life; and</li> <li>• impairment testing.</li> </ul>	May 2008	1 January 2009
<b>IAS39:</b> Financial Instruments: Recognition and Measurement	<ul style="list-style-type: none"> <li>• Amendments resulting from annual improvements to IFRS;</li> <li>• derecognition of financial assets; and</li> <li>• impairment of financial assets.</li> </ul>	May 2008	1 January 2009

## 2. Entity Information

The South African Management Development Institute (SAMDI) Training Trading Account changed its name to the Public Administration Leadership and Management Academy (Palama) Training Trading Account on 1 August 2008.

The Palama Training Trading Account (Palama TTA) operates as a trading entity within the Republic of South Africa under the administration of Palama Vote 10 with the objective to recover the cost of providing organisational and staff development interventions (training services) to the public sector.

The Palama TTA operated from its office at Isivuno House, Cnr Van Der Walt and Vermeulen Streets, Pretoria, for the months of April and May 2008, but moved to new premises at the ZK Matthews Building, 70 Meintje Street, Sunnyside, Pretoria, in June 2008.

## 3. Public Sector Practices and Policies

### 3.1 Government Assistance

Palama Vote 10, as controlling department, administers the Palama TTA and facilitates the overall management of Palama (Vote 10 and the TTA).

Programme 1: Administration provides the policy formulation and management responsibilities of the Director-General and certain members of Palama's management. Other functions provided by Programme 1 include the rendering of centralised administrative, legal, financial, supply chain management, human resource management, information communication technology services and infrastructure, and the exercise of internal control.

Palama Training Trading Account  
(a trading entity established in terms of the PFMA, Act No. 1 of 1999, as amended)

**Notes to the Annual Financial Statements (Continued)**  
for the Year Ended 31 March 2009

Programme 2: Public Sector Organisational and Staff Development provides the augmentation of the Palama TTA.

In line with prevailing government practices, the Palama TTA is not required to pay for the employee cost, goods and services, and cost associated with capital assets for the services rendered by Palama Vote 10. The cost of these services rendered by Palama Vote 10 to the Palama TTA in 2008/09 amounted to R62,765,000 (2007/08: R73,897,000) on the cash basis of accounting and is expected to be provided annually until closure of the Palama TTA.

In terms of the Palama expenditure allocation policy, all expenditure incurred in connection with the rendering of organisational and staff development services on a cost recovery basis, is expensed in the Palama TTA. All shared expenditure is allocated on a 50%/50% (2007/08: 50%/50%) basis between Palama Vote 10 and the Palama TTA respectively.

### 3.2 Declaration of Surplus Funds Assistance

In terms of Paragraph 19.7.1 of the Treasury Regulations, the Accounting Officer of the Palama TTA must, at the end of the financial year and after the books have been closed, declare any surplus to National Treasury. The latter may apply such surplus to reduce any proposed allocation to the trading entity or require that all or part of the surplus for the year be deposited into the National Revenue Fund. In the event of the Palama TTA incurring a deficit, the Accounting Officer of Palama Vote 10 must disclose the financial impact of such a deficit on the Department in its Annual Report.

	2008/09 R'000	2007/08 R'000
Accumulated surplus on the accrual basis of accounting	90,676	88,858
Less: accrual adjustments required by SA GAAP	(38,307)	(26,536)
Surplus funds on the cash basis of accounting	<b>52,369</b>	<b>62,322</b>

## 4. Financial Risk Management

### Risk Factors

The Palama TTA has limited exposure to financial risks due to its limited ownership (ownership is limited to the controlling department Palama Vote 10) and the funding of any cash deficit by the controlling department. The TTA has no exposure to foreign currency risk, cash flow interest rate risk and equity price risk.

### Credit Risk

Credit risk comprises the risk of financial loss to Palama if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash and cash equivalents and deposits with banks. This risk is managed by Palama only making use of National Treasury-approved banks representing high credit quality financial institutions.

The nature of the parties constituting the TTA trade receivables comprises national, provincial and local spheres of government, and function within the pool of funds managed by National Treasury. Any shortfall by debtors not meeting their payment responsibilities is augmented by the controlling department. Considering the nature of these debtors, as well as the absence of any financial impact on the financial position of the TTA, the transactions entered into with these parties do not constitute credit risk. The credit quality of government entities is therefore not assessed. Sales to government entities are settled in cash. The carrying amount of financial assets recorded in the Financial Statements, is net of impairment losses, and does not take into account the value of any collateral obtained.

Disclosed in Note 20: Contingent Liabilities are financial guarantees for TTA employees amounting to Rnil (2007/08: R89,000). This amount is disclosed in contingent liabilities as the employees have not defaulted on their loans, and thus do not meet the financial liability recognition criteria. These guarantees subject the Palama TTA to credit risk, and this risk is managed by the Palama TTA's right to recovering losses arising from these guarantees from the employees. This risk is also mitigated by the controlling department being responsible for deficits, should they arise.

Palama Training Trading Account  
(a trading entity established in terms of the PFMA, Act No. 1 of 1999, as amended)

**Notes to the Annual Financial Statements (Continued)**  
for the Year Ended 31 March 2009

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The maximum exposure to credit risk arising from financial guarantees without taking into account the value of any collateral obtained, amounts to Rnil (2007/08: R89,000).

The financial guarantees were released in full during the 2008/09 financial year.

#### 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 Palama TTA's income or value of its holdings of financial instruments.

#### Equity Price Risk

The Palama TTA does not invest in equity and is not exposed to market risk by way of market prices affecting its investment's equity prices.

#### Foreign Exchange Risk

The trade receivables balance comprise South African government debtors only, and thus no exposure to foreign exchange risk, affecting the Palama TTA's holding of financial instruments, exists at the reporting date.

#### Interest Rate Risk

The Palama TTA does not finance its operating activities, with the only interest included in the Annual Financial Statements comprising implicit interest adjustments made in accordance with the fair value adjustment of revenue (IAS18) and receivables (IAS39). Due to the nature of the organisation, as well as the nature of the interest reflected in the Statement of Comprehensive Income, the Palama TTA is not exposed to interest rate risk as at the reporting date.

With the Palama TTA 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.

#### Capital Risk Management

The Palama TTA does not have share capital that is publicly tradable on the capital markets. Upon closure of the Palama TTA all assets and liabilities of the entity shall 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 Palama TTA have been prepared on the going concern basis.

#### Liquidity Risk

Liquidity risk comprises the risk that the Palama TTA will not be able to meet its financial obligations as they fall due. Management's approach to managing the liquidity is to ensure, as far as possible, that the Palama TTA will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Palama TTA has surplus cash funds amounting to R59,333,413 available, significantly reducing the liquidity risk. No changes in the liquidity risk profile occurred from the previous financial year.

#### Fair Value Estimation

The fair value of financial assets and liabilities for disclosure purposes is estimated 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. The carrying value less impairment provision of trade payables is assumed to approximate their fair values due to the short-term nature thereof.

Palama Training Trading Account  
(a trading entity established in terms of the PFMA, Act No. 1 of 1999, as amended)

**Notes to the Annual Financial Statements (Continued)**  
for the Year Ended 31 March 2009

	2008/09 R'000	2007/08 R'000
<b>5. Other Income</b>		
Operating grant for Finance Management Training	-	4,986
Recovery of previous year expenses	-	116
<b>Total</b>	<b>-</b>	<b>5,102</b>
<b>6. Finance Income</b>		
Interest on cash and bank deposits	7,061	3,136
Implicit interest on fair value adjustment to accounts receivable	7,023	4,312
<b>Total</b>	<b>14,084</b>	<b>7,448</b>
<b>7. Administrative Expenses</b>		
Operating lease rentals – building	5,606	-
Operating lease rentals – equipment	2,209	1,180
Computer costs	2,752	-
Communication cost	1,439	1,091
Internal audit fees	555	207
General administrative expenses	146	47
Entertainment	111	852
Domestic consumables	96	196
Professional bodies and membership fees	37	31
Maintenance material supplies	32	76
Registration fees	3	-
<b>Total</b>	<b>12,986</b>	<b>3,680</b>
<p>The controlling department, Palama Vote 10, carried all computer cost in 2007/08 – refer to Note 3.1. From 2008/09 these costs are shared between the two entities in accordance with the expenditure allocation policy.</p>		
<b>8. Staff Costs</b>		
<b>8.1 Salaries and Wages</b>		
Basic salary	17,447	12,265
Performance award	495	299
Other non-pensionable allowances	7,496	3,223
Executive managers' emoluments	-	5,441
Executive directors' emoluments	3,844	2,736
<b>Total</b>	<b>29,282</b>	<b>23,964</b>
<b>8.2 Social Contributions</b>		
Pension	2,245	1,371
Medical	863	759
Leave pay provision expense	527	331
<b>Total</b>	<b>3,635</b>	<b>2,461</b>
<b>Total staff costs</b>	<b>32,917</b>	<b>26,425</b>

Palama Training Trading Account  
(a trading entity established in terms of the PFMA, Act No. 1 of 1999, as amended)

**Notes to the Annual Financial Statements (Continued)**  
for the Year Ended 31 March 2009

8.3 Staff Costs Include the Gross Remuneration of the Following Key Management Personnel

Executive Directors	Salaries R'000	Performance Awards R'000	Allowances R'000	Total 2008/09 R'000	Total 2007/08 R'000
RM Mmutlana (transfer 01/04/2008)	528	55	357	940	-
OJJ Seale	483	44	385	912	575
S Muthayan	450	-	301	751	392
BI Maja (appointed 01/08/2008)	343	-	229	572	-
SL Arendt (appointed 01/08/2008)	287	-	167	454	-
AC McLennan (appointed 01/01/2009)	129	-	86	215	-
SD Masutha (resigned 21/12/2007)	-	-	-	-	488
SM Mahlase (transferred 01/04/2008)	-	-	-	-	618
L Moeketsi (transferred 01/04/2008)	-	-	-	-	663
<b>Total</b>	<b>2,220</b>	<b>99</b>	<b>1,525</b>	<b>3,844</b>	<b>2,736</b>
				<b>2008/09 R'000</b>	<b>2007/08 R'000</b>
Total for executive directors				3,844	2,736
Total for executive managers				-	5,441
Total for other employees				29,073	18,248
<b>Total staff cost</b>				<b>32,917</b>	<b>26,425</b>

The key management personnel of the Palama TTA includes the Accounting Officer, Chief Financial Officer, Chief Director: Corporate Services and the Deputy Director-General: Governance and Strategic Support appointed in the controlling department – Palama Vote 10.

The composition of key management personnel in the Palama TTA changed from 2007/08 to 2008/09 where executive managers previously formed part of the executive management team. From 2008/09 the executive management team comprises branch heads only referred to as executive directors in the Annual Financial Statements.

**9. Marketing Cost**

Marketing	451	271
Recruitment	394	16
Gifts and promotional items	80	146
<b>Total</b>	<b>925</b>	<b>433</b>

**10. Audit Fees**

Regulatory audit	906	773
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Palama Training Trading Account  
(a trading entity established in terms of the PFMA, Act No. 1 of 1999, as amended)

**Notes to the Annual Financial Statements (Continued)**  
for the Year Ended 31 March 2009

	2008/09 R'000	2007/08 R'000	
<b>11. Amortisation</b>			
Capitalised course development cost	1,130	894	
Capitalised training management system (TMS) development cost	91	-	
	<b>1,221</b>	<b>894</b>	
<b>12. Other Operating Expenses</b>			
Consultants, contractors and special services	50,335	34,966	
Venues and facilities	16,229	2,951	
Travel and subsistence	8,693	9,397	
Stationery and printing	4,294	2,608	
Movement in the allowance for impairment of accounts receivable	2,605	1,423	
Catering	1,785	676	
Staff training and development	2,066	1,079	
Personnel agency fees	1,925	-	
Courier and delivery charges	239	197	
<b>Total</b>	<b>88,171</b>	<b>53,297</b>	
<b>13. Intangible Assets</b>			
<b>2009</b>	<b>Cost R'000</b>	<b>Accumulated Amortisation R'000</b>	<b>Carrying Amount R'000</b>
Course development cost	5,012	3,065	1,947
Training management system	872	91	781
<b>Total</b>	<b>5,884</b>	<b>3,156</b>	<b>2,728</b>
<b>2008</b>			
Course development cost	<b>3,568</b>	<b>1,935</b>	<b>1,633</b>
<b>Reconciliation of carrying amount</b>	<b>2008/09 R'000</b>	<b>2007/08 R'000</b>	
Opening net carrying amount	1,633	1,344	
Development cost capitalised	2,316	1,183	
Amortisation	(1,221)	(894)	
Closing net carrying amount	<b>2,728</b>	<b>1,633</b>	
<b>14. Cash and Cash Equivalents</b>			
Cash with commercial banks	<b>59,333</b>	<b>79,931</b>	

Palama Training Trading Account  
(a trading entity established in terms of the PFMA, Act No. 1 of 1999, as amended)

**Notes to the Annual Financial Statements (Continued)**  
for the Year Ended 31 March 2009

## 15. Trade and Other Receivables

The categories of ageing of trade and other receivables as disclosed in this Note are based on the nature of the debtors, taking into cognisance the historical payment information, as well as payment norms within the market segment that the Palama TTA operates in.

	Less than One Year R'000	One to Two Years R'000	Older than Two Years R'000	Total 2008/09 R'000	Total 2007/08 R'000
Trade receivables	39,770	6,009	2,701	48,480	30,649
Less: provision for impairment	-	-	(2,701)	(2,701)	(2,007)
Total trade receivables	39,770	6,009	-	45,779	28,642
Other receivables	38	-	-	38	87
<b>Total</b>	<b>39,808</b>	<b>6,009</b>	<b>-</b>	<b>45,817</b>	<b>28,729</b>
				2008/09 R'000	2007/08 R'000
<b>The fair value of trade receivables is calculated as follows:</b>				50,652	32,848
Balance at cost price				(2,172)	(2,199)
Less: fair value adjustment				<b>48,480</b>	<b>30,649</b>
Balance at fair value					

The fair value of trade receivables is based on cash flows discounted using the rate prescribed by the Minister of Finance in terms of Section 80 of the PFMA of 13.5% (2007/08: 14%).

### Trade receivables past due, not impaired – 2008/09

	Current (60 days)	Past Due Not Impaired (60 Days to One Year)	Past Due Not Impaired (One Year to Two Years)	Impaired (More than Two Years)	Total 2008/09 R'000
Nominal value	35,526	6,416	6,009	2,701	50,652
Fair value adjustment	(965)	(1,207)	-	-	(2,172)
Impairment	-	-	-	(2,701)	(2,701)
<b>Total</b>	<b>34,561</b>	<b>5,209</b>	<b>6,009</b>	<b>-</b>	<b>45,779</b>

### Trade receivables past due, not impaired – 2007/08

	Current (30 days)	Past Due Not Impaired (30 Days to One Year)	Past Due Not Impaired (One Year to Two Years)	Impaired (More than Two Years)	Total 2007/08 R'000
Nominal value	12,877	12,779	5,185	2,007	32,848
Fair value adjustment	(918)	(911)	(370)	-	(2,199)
Impairment	-	-	-	(2,007)	(2,007)
<b>Total</b>	<b>11,959</b>	<b>11,868</b>	<b>4,815</b>	<b>-</b>	<b>28,642</b>

The analysis of current receivables past due not impaired increased from 30 days in 2007/08 to 60 days in 2008/09. A review of the normal credit terms extended to Palama's customers, based on transaction data captured in the debtor administration system, revealed an average collection period of 60 days.

Palama Training Trading Account  
(a trading entity established in terms of the PFMA, Act No. 1 of 1999, as amended)

**Notes to the Annual Financial Statements (Continued)**  
for the Year Ended 31 March 2009

	2008/09 R'000	2007/08 R'000		
<b>Movement in the allowance account for impairment of trade receivables</b>				
Balance at 1 April	2,007	584		
Additional allowance for impairment during the year	2,605	1,423		
Debt written off during the year	(1,911)	-		
Balance at 31 March	<b>2,701</b>	<b>2,007</b>		
The additional allowance for potentially impaired trade receivables is included in 'other operating expenses' in the Statement of Comprehensive Income. The maximum exposure to credit risk at the reporting date under normal trading conditions is the fair value of each class of receivable, however any deficit is funded by the controlling department in accordance with TR 19.7.				
<b>16. Deferred Income – Government Grant</b>				
Monetary government grant				
Opening balance	-	2,786		
Grant received during the current year	-	2,200		
Less: grant recognised as revenue during the current year	-	(4,986)		
<b>Closing balance</b>	-	-		
	<b>Total</b>	<b>Total</b>		
	<b>2008/09</b>	<b>2007/08</b>		
	<b>R'000</b>	<b>R'000</b>		
<b>17. Trade and Other Payables</b>				
Trade creditors	2,209	269		
Accruals	5,134	1,244		
Amount owed to Palama Vote 10	7,003	17,694		
<b>Total</b>	<b>14,346</b>	<b>19,207</b>		
	<b>Total</b>	<b>Total</b>		
	<b>2008/09</b>	<b>2007/08</b>		
	<b>R'000</b>	<b>R'000</b>		
<b>18. Short-term Provisions</b>				
Opening balance	1,633	595	2,228	1,929
Additional provision	1,998	696	2,694	1,994
Provision utilised	(1,471)	(595)	(2,066)	(1,695)
<b>Closing balance</b>	<b>2,160</b>	<b>696</b>	<b>2,856</b>	<b>2,228</b>
	<b>Total</b>	<b>Total</b>	<b>2008/09</b>	<b>2007/08</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>19. Net Cash Flow Available from Operating Activities</b>				
Surplus for the year			1,818	37,657
Adjustment for non-cash movements:			4,454	2,616
Allowance for potential impairment of accounts receivable			2,605	1,423
Increase in provisions			628	299
Amortisation charges			1,221	894
Working capital changes:			(24,554)	9,203
Increase in trade and other receivables			(19,693)	(5,982)
(Decrease)/increase in trade and other payables			(4,861)	15,185
Net cash (outflows)/inflows from operating activities			(18,282)	49,476
Net cash from investing activities				
Interest income			(14,084)	(7,448)
<b>Cash generated from operations</b>			<b>(32,366)</b>	<b>42,028</b>

Palama Training Trading Account  
(a trading entity established in terms of the PFMA, Act No. 1 of 1999, as amended)

**Notes to the Annual Financial Statements (Continued)**  
for the Year Ended 31 March 2009

		2008/09 R'000	2007/08 R'000
<b>20. Contingent Liabilities</b>			
<b>Liable to</b>	<b>Nature</b>		
Basetsana Consulting	Contractual dispute	1,765	-
Standard Bank	Financial guarantee	-	42
Nedbank	Financial guarantee	-	47
<b>Total</b>		<b>1,765</b>	<b>89</b>

The liability relating to the contractual dispute will only be confirmed through litigation. No hearing date has been set. The Palama TTA will not have recourse to reimbursement if the claim is upheld.

<b>21. Commitments</b>		<b>1,415</b>	<b>207</b>
Current expenditure – approved and contracted			

## 22. Lease Commitments

All lease agreements are entered into by the controlling department – Palama Vote 10. Therefore, all lease commitments are presented and disclosed in the Financial Statements of Palama Vote 10. Prior year lease commitments of R48,213 have been restated to Rnil and transferred to Palama Vote 10. The lease payments are recovered from the Palama TTA in accordance with the expenditure allocation policy.

The controlling department, Palama Vote 10, leases office equipment used by the Palama TTA for a period of three years to 31 October 2011. The average lease payment is R56,472 per month with no contingent lease payments. The lease agreements do not transfer substantially the risks and rewards associated with ownership of the assets to Palama. 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, Palama Vote 10, also leases office accommodation used by the Palama TTA for a period of five years to 31 October 2012. The renewal period is four years and eleven months. The average lease payment is R439,860 per month escalating at 8.5 per cent 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 Palama. The lease agreement imposes no restrictions.

## 23. Related Party Transactions

Palama TTA 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 for the provision of training were entered into with:

- Palama Vote 10;
- Department of Public Service and Administration;
- Public Service Commission;
- State Information Technology Agency (SITA); and
- Government Employees Medical Scheme.

In addition, Palama Vote 10 administered the Palama TTA including the maintenance of accounting records.

Palama Training Trading Account  
(a trading entity established in terms of the PFMA, Act No. 1 of 1999, as amended)

**Notes to the Annual Financial Statements (Continued)**  
for the Year Ended 31 March 2009

	2008/09 R'000	2007/08 R'000
<b>Analysis of transactions relating to training services</b>		
Amount due by related parties at the beginning of the year	676	48
Value of training services rendered during the year	3,009	2,338
Payments made for training services rendered	(4,865)	(1,710)
Amount due (to)/by related parties at the end of the year	<b>(1,180)</b>	<b>676</b>
<b>Analysis of amounts owed by/to related parties</b>		
Amount due to related parties	(1,407)	-
Amount due by related parties	227	676
Net amount due (to)/by related parties	<b>(1,180)</b>	<b>676</b>
<b>24. (Deficit)/Surplus From Operations</b>		
(Deficit)/surplus from operations including project cost	(12,266)	30,209
Less: MIP revenue included in surplus from operations	-	(28,000)
Add: revenue recognised as finance income	7,023	4,312
Add: MIP project expenses incurred	8,386	981
Surplus from operating activities	<b>3,143</b>	<b>7,502</b>

The balance of the MIP project funds of R18,633,115 (2007/08: R27,019,107) is included in the accumulated surplus of R90,675,720 (2007/08: R88,857,917).

# Human Resource Oversight Report



Palama strives to create a comfortable and accessible working environment for those who are differently abled.

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## Index to the Human Resource Oversight Report

1. Expenditure	138
2. Employment and Vacancies	140
3. Job Evaluation	141
4. Employment Changes	141
5. Employment Equity	143
6. Human Resource Management	146
7. Performance Rewards	148
8. Foreign Workers	150
9. Leave Utilisation for the Period 1 January 2008 to 31 December 2008	150
10. HIV/AIDS and Health Promotion Programmes	153
11. Labour Relations	154
12. Skills Development	155
13. Injury on Duty	156
14. Utilisation of Consultants	157

## 1. Expenditure

The Palama budget provides for clearly defined programmes. Tables 1 and 2 summarise final audited expenditure on personnel by programme (Table 1) and by salary band (Table 2).

**TABLE 1: PERSONNEL COSTS BY PROGRAMME, 2008/09**

Programme	Total Expenditure R'000	Personnel Expenditure R'000	Training Expenditure R'000	Professional and Special Services R'000	Personnel Cost as % of Total Expenditure	Average Personnel Cost per Employee R'000
Vote Programme 1	62,765	11,826	83	10,556	18	275
Vote Programme 2	42,600	-	-	-	-	-
Palama TTA	131,098	32,917	1,038	35,642	25	374
<b>Total</b>	<b>236,463</b>	<b>44,743</b>	<b>1,121</b>	<b>46,198</b>	<b>19</b>	<b>342</b>

**TABLE 2: PERSONNEL COSTS BY SALARY BAND, 2008/09**

Salary band	Personnel Expenditure R'000	% of Total Personnel Cost	Average Personnel Cost per Employee R'000
Senior management (Levels 13-16)	21,062	47	490
Highly skilled supervision (Levels 9-12)	16,448	37	358
Highly skilled production (Levels 6-8)	5,528	12	178
Skilled (Levels 3-5)	1,705	4	155
Lower skilled (Levels 1-2)	-	-	-
<b>Total</b>	<b>44,743</b>	<b>100</b>	<b>342</b>

The following tables summarise expenditure on personnel incurred as a result of salaries, overtime, home owners' allowance and medical assistance. Table 3 provides expenditure on personnel by programme and Table 4 by salary band. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

The year-end reporting date occurred in the midst of active recruitment to the new organogram and while establishing which posts would be funded for 2009/10 (see Table 19).

**TABLE 3: SALARIES, OVERTIME, HOME OWNERS' ALLOWANCE AND MEDICAL ASSISTANCE BY PROGRAMME, 2008/09**

Programme	Salaries		Overtime		Home Owners' Allowance (HOA)		Medical assistance	
	Amount R'000	Salaries as a % of Personnel Cost	Amount R'000	Overtime as a % of Personnel Cost	Amount R'000	HOA as a % of Personnel Cost	Amount R'000	Medical Assistance as a % of Personnel Cost
Vote Programme 1	7,406	16	48	-	167	-	439	-
Palama TTA	20,048	44	52	-	377	-	861	2
<b>Total</b>	<b>27,454</b>	<b>60</b>	<b>100</b>	<b>-</b>	<b>544</b>	<b>-</b>	<b>1,300</b>	<b>2</b>

**TABLE 4: SALARIES, OVERTIME, HOME OWNERS' ALLOWANCE AND MEDICAL ASSISTANCE BY SALARY BAND, 2008/09**

Salary Band	Salaries		Overtime		Home Owners' Allowance (HOA)		Medical Assistance	
	Amount R'000	Salaries as a % of Personnel Cost	Amount R'000	Overtime as a % of Personnel Cost	Amount R'000	HOA as a % of Personnel Cost	Amount R'000	Medical Assistance as a % of Personnel Cost
Senior management (Levels 13-16)	11,421	25	-	-	185	-	225	1
Highly skilled supervision (Levels 9-12)	10,875	24	43	-	134	-	545	1
Highly skilled production (Levels 6-8)	4,009	9	38	-	138	-	399	1
Skilled (Levels 3-5)	1,149	3	19	-	87	-	131	-
Lower skilled (Levels 1-2)	-	-	-	-	-	-	-	-
<b>Total</b>	<b>27,454</b>	<b>61</b>	<b>100</b>	<b>-</b>	<b>544</b>	<b>-</b>	<b>1,300</b>	<b>3</b>

## 2. Employment and Vacancies

The following tables summarise the number of posts in the establishment, the number of employees, the vacancy rate, and whether there are any posts filled that are additional to the establishment. This information is presented according to two key variables: by programme (Table 5) and by salary band (Table 6). The vacancy rate reflects the percentage of posts that are not filled.

**TABLE 5: EMPLOYMENT AND VACANCIES BY PROGRAMME,  
BY 31 MARCH 2009**

Programme	No. of Posts	No. of Posts Filled	% Vacancy Rate	No. of Posts Filled Additional to the Establishment
Vote Programme 1	88	44	50.0	-
Palama TTA	149	86	42.3	7
<b>Total</b>	<b>237</b>	<b>130</b>	<b>45.1</b>	<b>7</b>

**TABLE 6: EMPLOYMENT AND VACANCIES BY SALARY BAND,  
BY 31 MARCH 2009**

Salary Band	No. of Posts	No. of Posts Filled	% Vacancy Rate	No. of Posts Filled Additional to the Establishment
Senior management (Levels 13-16)	65	42	35.4	4
Highly skilled supervision (Levels 9-12)	81	46	43.2	3
Highly skilled production (Levels 6-8)	76	29	61.8	-
Skilled (Levels 3-5)	15	13	13.3	-
Lower skilled (Levels 1-2)	-	-	-	-
<b>Total</b>	<b>237</b>	<b>130</b>	<b>45.1</b>	<b>7</b>

The information in each table reflects the situation as at 31 March 2009. For an indication of changes in staffing patterns over the year under review, please refer to Section 4 of Part 6.

### 3. Job Evaluation

The Public Service Regulations (1999) introduced job evaluation as a way of ensuring that work of equal value is remunerated equitably. Within a nationally determined framework, an executing authority may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations, all vacancies on salary levels 9 and higher must be evaluated before they are filled. This was complemented by a decision by the Minister for Public Service and Administration that all SMS jobs had to be evaluated before 31 December 2002 and MMS before 30 November 2007.

As a result of the restructuring of SAMDI into the new Academy during the 2007/08 financial year, all new posts in Palama were evaluated in 2007. The evaluation was followed by a match-and-place process. Recruitment into evaluated posts commenced in April 2008 and continues to date. There has not yet been a need to evaluate or re-evaluate any posts.

### 4. Employment Changes

This section provides information on changes in employment during the financial year. Turnover rates provide an indication of trends in the employment profile of the Department. Table 7 provides a summary of turnover rates by salary band.

**TABLE 7: ANNUAL TURNOVER RATES BY SALARY BAND,  
1 APRIL 2008 TO 31 MARCH 2009**

Salary Band	No. of Employees per Band as on 1 April 2008	Appointments and Transfers into the Department	Terminations and Transfers Out of the Department	% Turnover Rate
Senior management (Levels 13-16)	22	27	10	45.4
Highly skilled supervision (Levels 9-12)	52	12	15	28.8
Highly skilled production (Levels 6-8)	34	-	7	20.5
Skilled (Levels 3-5)	19	-	4	21.0
Lower skilled (Levels 1-2)	-	-	-	-
<b>Total</b>	<b>127</b>	<b>39</b>	<b>36</b>	<b>28.3</b>

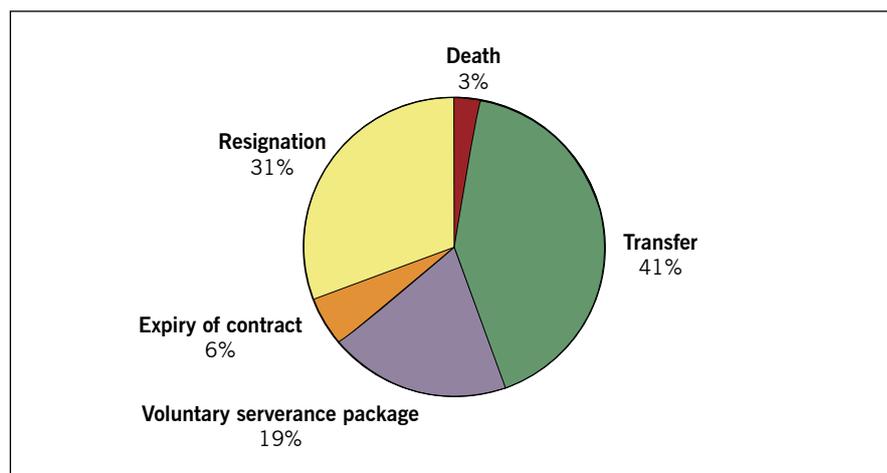
Table 8 identifies the major reasons why staff left the Department.

**TABLE 8: REASONS WHY STAFF LEFT THE DEPARTMENT,  
1 APRIL 2008 TO 31 MARCH 2009**

Termination Type	No.	% of Total Terminations
Death	1	2.8
Resignation	11	30.5
Expiry of contract	2	5.6
Voluntary severance package	7	19.4
Transfer to other public service departments	15	41.7
Dismissal – operational changes	-	-
Dismissal – misconduct	-	-
Dismissal – inefficiency	-	-
Discharged due to ill-health	-	-
Retirement	-	-
<b>Total</b>	<b>36</b>	<b>100</b>

When calculated as a percentage of total people employed, the termination rate for the year 2008/09 was 28.3 per cent. However, 17 of those who terminated their services were excess to the establishment after the match-and-place process. When these numbers are excluded from the calculation the termination rate drops to 14.9 per cent.

**FIGURE 1: REASONS FOR TERMINATIONS**



**TABLE 9: PROMOTIONS OF STAFF BY SALARY BAND,  
BY 31 MARCH 2009**

Salary Band	Employees 1 April 2008	Promotions to Another Salary Level	Salary Band Promotions as a % of Employees by Salary Level	Progressions to Another Notch Within a Salary Level	Notch Progressions as a % of Employees by Salary Band
Senior management (Levels 13-16)	22	4	18	7	32
Highly skilled supervision (Levels 9-12)	52	6	11	28	53
Highly skilled production (Levels 6-8)	34	-	-	28	82
Skilled (Levels 3-5)	19	-	-	12	63
Lower skilled (Levels 1-2)	-	-	-	-	-
<b>Total</b>	<b>127</b>	<b>10</b>	<b>8</b>	<b>75</b>	<b>59</b>

## 5. Employment Equity

The tables in this section are based on the formats prescribed by the Employment Equity Act, No. 55 of 1998.

**TABLE 10: TOTAL NUMBER OF EMPLOYEES (INCLUDING  
EMPLOYEES WITH DISABILITIES) IN EACH OF THE  
FOLLOWING OCCUPATIONAL CATEGORIES,  
BY 31 MARCH 2009**

Occupational Categories	Male				Female				Total
	A	C	I	W	A	C	I	W	
Legislators, senior officials and managers (Levels 13-16)	17	2	1	5	3	2	4	8	<b>42</b>
Professionals (Levels 9-12)	13	1	4	3	12	4	2	7	<b>46</b>
Clerks (Levels 3-8)	12	-	-	1	21	2	-	6	<b>42</b>
Elementary occupations (Levels 1-2)	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>42</b>	<b>3</b>	<b>5</b>	<b>9</b>	<b>36</b>	<b>8</b>	<b>6</b>	<b>21</b>	<b>130</b>
Employees with disabilities	-	-	-	-	1	-	1	-	<b>2</b>

**TABLE 11: TOTAL NUMBER OF EMPLOYEES (INCLUDING EMPLOYEES WITH DISABILITIES) IN EACH OF THE FOLLOWING OCCUPATIONAL BANDS, BY 31 MARCH 2009**

Occupational Band	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management (Levels 15-16)	2	1	-	1	-	-	-	1	5
Senior management (Levels 13-14)	15	1	1	4	3	2	4	7	37
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	13	1	4	3	12	4	2	7	46
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (Levels 6-8)	6	-	-	1	15	1	-	6	29
Semi-skilled and discretionary decision-making (Levels 3-5)	6	-	-	-	6	1	-	-	13
Unskilled and defined decision-making (Levels 1-2)	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>42</b>	<b>3</b>	<b>5</b>	<b>9</b>	<b>36</b>	<b>8</b>	<b>6</b>	<b>21</b>	<b>130</b>
Employees with disabilities	-	-	-	-	1	-	1	-	2

**TABLE 12: RECRUITMENT OF STAFF, 1 APRIL 2008 TO 31 MARCH 2009**

Occupational Band	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management (Levels 15-16)	1	-	-	-	-	-	-	1	2
Senior management (Levels 13-14)	13	1	1	2	3	1	2	2	25
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	2	1	1	-	5	1	1	1	12
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (Levels 6-8)	-	-	-	-	-	-	-	-	-
Semi-skilled and discretionary decision-making (Levels 3-5)	-	-	-	-	-	-	-	-	-
Unskilled and defined decision-making (Levels 1-2)	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>16</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>8</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>39</b>
Employees with disabilities	-	-	-	-	-	-	-	-	-

TABLE 13: PROMOTIONS OF STAFF, 1 APRIL 2008 TO 31 MARCH 2009

Occupational Band	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management (Levels 15-16)	-	-	-	-	-	-	-	-	-
Senior management (Levels 13-14)	1	1	-	-	1	1	-	-	4
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	-	-	-	-	4	-	-	2	6
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (Levels 6-8)	-	-	-	-	-	-	-	-	-
Semi-skilled and discretionary decision- making (Levels 3-5)	-	-	-	-	-	-	-	-	-
Unskilled and defined decision-making (Levels 1-2)	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>1</b>	<b>-</b>	<b>2</b>	<b>10</b>
Employees with disabilities	-	-	-	-	-	-	-	-	-

TABLE 14: TERMINATIONS OF STAFF, 1 APRIL 2008 TO 31 MARCH 2009

Occupational Band	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management (Levels 15-16)	-	1	-	-	-	-	-	-	1
Senior management (Levels 13-14)	2	1	-	1	3	-	1	1	9
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	3	-	1	2	7	-	-	2	15
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (Levels 6-8)	-	-	-	-	6	1	-	-	7
Semi-skilled and discretionary decision- making (Levels 3-5)	2	-	-	-	2	-	-	-	4
Unskilled and defined decision-making (Levels 1-2)	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>7</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>18</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>36</b>
Employees with disabilities	-	-	-	-	-	-	-	-	-

TABLE 15: DISCIPLINARY ACTION, 1 APRIL 2008 TO 31 MARCH 2009

	Male				Female				Total
	A	C	I	W	A	C	I	W	
Disciplinary action	1	-	-	-	-	-	-	-	1

## 6. Human Resource Management

### 6.1 Signing of Performance Awards by SMS Members

TABLE 16: PERFORMANCE AGREEMENTS SIGNED BY SMS MEMBERS, BY 30 SEPTEMBER 2008

SMS Level	Total No. of Funded SMS Posts per Level	Total No. of SMS Members per Level	Total No. of Signed Performance Agreements per Level	Signed Performance Agreements as % of Total No. of SMS Members per Level
Director-General (Level 16)	1	1	1	100
Deputy Director-General (Level 15)	5	3	3	100
Chief Director (Level 14)	16	4	4	100
Director (Level 13)	38	11	11	100
<b>Total</b>	<b>60</b>	<b>19</b>	<b>19</b>	<b>100</b>

### 6.2 Filling of SMS Posts

TABLE 17: INFORMATION ON SMS POSTS, BY 31 MARCH 2009

SMS Level	Total No. of Funded SMS Posts per Level	Total No. of SMS Posts Filled per Level	% of SMS Posts Filled per Level	Total No. of SMS Posts Vacant per Level	% of SMS posts Vacant per Level
Director-General (Level 16)	1	1	100	-	-
Deputy Director-General (Level 15)	5	4	80	1	20
Chief Director (Level 14)	16	10	63	6	37
Director (Level 13)	43	27	63	16	37
<b>Total</b>	<b>65</b>	<b>42</b>	<b>65</b>	<b>23</b>	<b>55</b>

**TABLE 18: ADVERTISING AND FILLING OF SMS POSTS,  
1 APRIL 2008 TO 31 MARCH 2009**

SMS Level	Number of Funded Vacancies per Level Advertised Within 6 Months of Becoming Vacant	Number of Vacancies per Level Filled Within 6 Months of Becoming Vacant	Number of Vacancies per Level not Filled Within 6 Months, but Filled Within 12 Months of Becoming Vacant
Director-General (Level 16)	-	-	-
Deputy Director-General (Level 15)	4	3	1
Chief Director (Level 14)	13	9	2
Director (Level 13)	29	17	1
<b>Total</b>	<b>46</b>	<b>29</b>	<b>4</b>

**TABLE 19: COMPLIANCE WITH REQUIREMENTS REGARDING THE  
FILLING OF FUNDED SMS VACANCIES**

<b>Advertising of funded SMS vacancies within six months of their becoming vacant</b>
Following the reconstitution of SAMDI as Palama, and the matching and placing of SAMDI staff members to new posts in the new organogram of Palama, all remaining vacancies, and those arising from terminations at the SMS level, were advertised in March 2008. The requirement that these vacancies be advertised within six months of falling vacant was thus completely fulfilled.
<b>Reasons for vacancies not filled within 12 months</b>
Twenty-nine SMS appointments were made within six months of being advertised, and a further four within 12 months, leaving 13 SMS vacancies remaining. These were not filled because suitable candidates were not found. Ten of these vacancies were re-advertised in January 2009, but the remaining three were placed on hold pending the availability of funds. They are likely to be filled only in the next MTEF cycle.

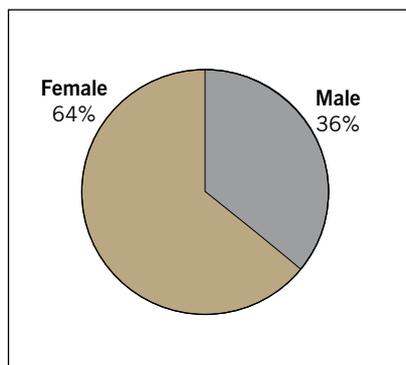
## 7. Performance Rewards

To encourage good performance, the Department granted the following performance rewards during the year under review. The information is presented in terms of race, gender and disability (Table 20), and salary band (Tables 21 and 22).

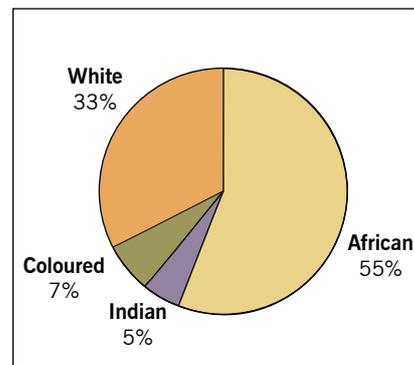
**TABLE 20: PERFORMANCE REWARDS BY RACE, GENDER AND DISABILITY, 1 APRIL 2008 TO 31 MARCH 2009**

	Beneficiary Profile			Cost	
	No. of Beneficiaries	Total no. of Employees in Group as on 1 April 2008	% of Total Within Group	Cost R'000	Average Cost per Employee R'000
<b>African</b>	<b>34</b>	<b>78</b>	<b>44</b>	<b>367</b>	<b>11</b>
Male	14	32	44	202	14
Female	20	46	43	165	8
<b>Indian</b>	<b>3</b>	<b>9</b>	<b>33</b>	<b>63</b>	<b>21</b>
Male	1	4	25	22	22
Female	2	5	40	41	21
<b>Coloured</b>	<b>4</b>	<b>10</b>	<b>40</b>	<b>84</b>	<b>21</b>
Male	1	3	33	45	45
Female	3	7	43	39	13
<b>White</b>	<b>20</b>	<b>30</b>	<b>67</b>	<b>353</b>	<b>18</b>
Male	6	10	60	141	24
Female	14	20	70	212	15
<b>Total</b>	<b>61</b>	<b>127</b>	<b>48</b>	<b>867</b>	<b>14</b>
Employees with a disability	1	2	100	3	3

**FIGURE 2: PERFORMANCE REWARDS, 2008/09 (beneficiaries by gender)**



**FIGURE 3: PERFORMANCE REWARDS, 2008/09 (beneficiaries by race)**



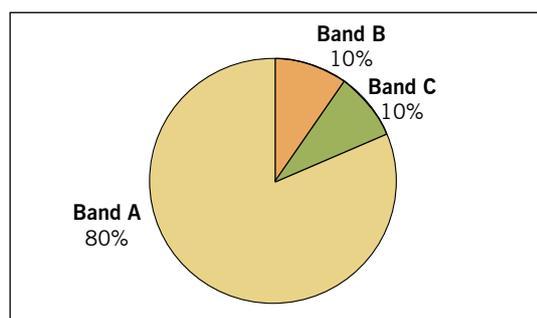
**TABLE 21: PERFORMANCE REWARDS BY SALARY BAND FOR PERSONNEL BELOW SMS, 1 APRIL 2008 TO 31 MARCH 2009**

Salary Band	Beneficiary Profile			Cost		
	No. of Beneficiaries	No. of Employees	% of Total Within Salary Band	Total Cost R'000	Average Cost per Employee R'000	Total Cost as a % of the Total Personnel Expenditure
Highly skilled supervision (Levels 9-12)	24	46	52	368	15	0.8
Highly skilled production (Levels 6-8)	21	29	72	150	7	0.3
Skilled (Levels 3-5)	6	13	46	29	5	0.1
Lower skilled (Levels 1-2)	-	-	-	-	-	-
<b>Total</b>	<b>51</b>	<b>88</b>	<b>58</b>	<b>547</b>	<b>11</b>	<b>1.2</b>

**TABLE 22: PERFORMANCE-RELATED REWARDS (CASH BONUS) BY SALARY BAND FOR SMS, 1 APRIL 2008 TO 31 MARCH 2009**

Salary Band	Beneficiary Profile			Total Cost R'000	Average Cost per Employee R'000	Total Cost as a % of the Total Personnel Expenditure
	No. of Beneficiaries	Total No. of Employees in the Band	Beneficiaries % of Total Within Band			
Band D (16)	-	1	-	-	-	-
Band C (15)	1	4	25	55	55	0.1
Band B (14)	1	10	10	45	45	0.1
Band A (13)	8	27	30	220	28	0.5
<b>Total</b>	<b>10</b>	<b>42</b>	<b>24</b>	<b>320</b>	<b>32</b>	<b>0.7</b>

**FIGURE 4: PERFORMANCE REWARDS PAID IN 2007/08 (beneficiaries by salary bands)**



## 8. Foreign Workers

Palama employed one foreign worker, on salary level 11, on a fixed-term contract for a period of two months (1 May 2008 to 30 June 2008), in addition to the fixed establishment.

## 9. Leave Utilisation for the Period 1 January 2008 to 31 December 2008

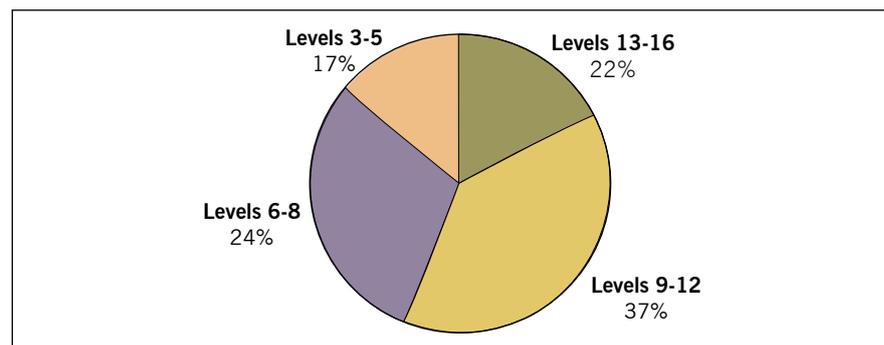
### 9.1 Utilisation of Sick Leave

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. Table 19 provides an indication of the utilisation of sick leave. The estimated cost of the leave is also provided.

**TABLE 23: SICK LEAVE, 1 JANUARY 2008 TO 31 DECEMBER 2008**

Salary Band	Total Days	% Days With Medical Certification	No. of Employees Using Sick Leave	% of Total Employees Using Sick Leave	Average Days per Employee	Estimated Cost (R'000)
Senior management (Levels 13-16)	92	88	20	22	5	209
Highly skilled supervision (Levels 9-12)	196	84	33	37	6	197
Highly skilled production (Levels 6-8)	141	78	21	24	7	67
Skilled (Levels 3-5)	70	83	15	17	5	18
Lower skilled (Levels 1-2)	-	-	-	-	-	-
<b>Total</b>	<b>499</b>	<b>80</b>	<b>89</b>	<b>68</b>	<b>6</b>	<b>491</b>

**FIGURE 5: PERCENTAGE OF STAFF USING SICK LEAVE  
(by salary band)**



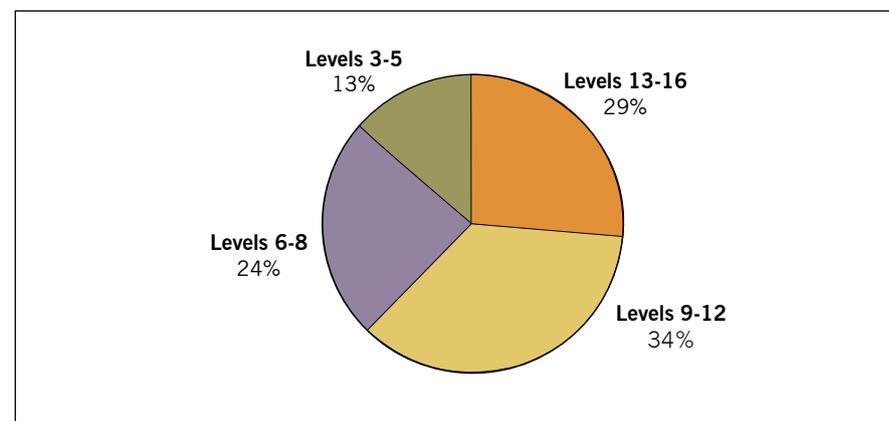
## 9.2 Utilisation of Annual Leave

Table 20 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the Public Service Commission Bargaining Chamber (PSCBC) in 2000 requires management of annual leave to prevent high levels of accrued leave being paid out at termination of service.

**TABLE 24: ANNUAL LEAVE, 1 JANUARY 2008 TO 31 DECEMBER 2008**

Salary Band	Total Days Taken	Total No. of Employees	Average Days per Employee
Senior management (Levels 13-16)	458	36	13
Highly skilled supervision (Levels 9-12)	794	42	19
Highly skilled production (Levels 6-8)	532	30	18
Skilled (Levels 3-5)	309	16	19
Lower skilled (Levels 1-2)	-	-	-
<b>Total</b>	<b>2,093</b>	<b>124</b>	<b>17</b>

**FIGURE 6: PERCENTAGE OF STAFF USING ANNUAL LEAVE (by salary band)**



### 9.3 Utilisation of Capped Leave

TABLE 25: CAPPED LEAVE, 1 JANUARY 2008 TO 31 DECEMBER 2008

Salary Band	Total Days of Capped Leave Taken	Total No. of Employees Using Capped Leave	Average No. of Days Taken per Employee	Capped Leave Credits as at 31/12/2008	Average Capped Leave per Employee as at 31/12/2008
Senior management (Levels 13-16)	-	-	-	371.8	9
Highly skilled supervision (Levels 9-12)	8	1	8	722.2	16
Highly skilled production (Levels 6-8)	-	-	-	242.7	8
Skilled (Levels 3-5)	3	2	2	106.7	8
Lower skilled (Levels 1-2)	-	-	-	-	-
<b>Total</b>	<b>11</b>	<b>3</b>	<b>4</b>	<b>1,443.4</b>	<b>11</b>

### 9.4 Leave Payouts

TABLE 26: LEAVE PAYOUTS, 1 APRIL 2008 TO 31 MARCH 2009

Reason	Total Amount R'000	No. of Employees	Average Payment per Employee R'000
Leave payout for 2008/09 due to non-utilisation of leave for the previous cycle	75	13	6
Capped leave payouts on termination of service for 2008/09	464	8	58
Current leave payout on termination of service for 2008/09	372	12	31
<b>Total</b>	<b>911</b>	<b>33</b>	<b>28</b>

## 10. HIV/AIDS and Health Promotion Programmes

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

**TABLE 27: DETAILS OF HEALTH PROMOTION AND HIV & AIDS PROGRAMMES**

Question	Yes	No	Details, if Yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	✓		Ms T Siwisa
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.	✓		One staff member, budget R300,000.
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this programme.	✓		<ul style="list-style-type: none"> <li>Managing HIV &amp; AIDS in the workplace</li> <li>Wellness management (physical, spiritual and psychological – EAP)</li> <li>Occupational health and safety plan and programme.</li> </ul>
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5(e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		X	
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.	✓		<ul style="list-style-type: none"> <li>HIV &amp; AIDS Policy</li> <li>EWP Policy.</li> </ul>
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	✓		<ul style="list-style-type: none"> <li>Presentation on discrimination, stigma and human rights</li> <li>Seminars on key calendar days that focus on HIV issues</li> <li>Posters that educate about HIV &amp; AIDS.</li> </ul>
7. Does the Department encourage its employees to undergo voluntary counselling and testing (VCT)? If so, list the results that you have achieved.	✓		<ul style="list-style-type: none"> <li>VCT clinic was held in November 2008 over two days and 33 per cent of staff were tested</li> <li>Encouraged more testing and will conduct quarterly VCT clinic for all staff.</li> </ul>
8. Has the Department developed measures/ indicators to monitor and evaluate the impact of its health promotion programmes? If so, list these measures/indicators.	✓		<ul style="list-style-type: none"> <li>Employees were requested through a survey to give inputs on the impact of the health promotion programme.</li> </ul>

## 11. Labour Relations

No collective agreements were entered into with trade unions within Palama in the 2008/09 period. The main focus for consultation within the Departmental Bargaining Chamber (DBC) was the reconstitution of SAMDI as an Academy and finally into Palama.

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

**TABLE 28: MISCONDUCT AND DISCIPLINARY HEARING FINALISED, 1 APRIL 2008 TO 31 MARCH 2009**

Outcomes of Disciplinary Hearings – 2008/09	No.
No disciplinary hearings conducted	-

**TABLE 29: TYPES OF MISCONDUCT ADDRESSED AT DISCIPLINARY HEARINGS, 1 APRIL 2008 TO 31 MARCH 2009**

Misconduct – 2008/09	No.
No. incidents of misconduct were addressed at disciplinary hearings	-

**TABLE 30: GRIEVANCES LODGED, 1 APRIL 2008 TO 31 MARCH 2009**

Grievances – 2008/09	No.
No. of individuals lodging grievances	1

**TABLE 31: DISPUTES LODGED WITH COUNCILS, 1 APRIL 2008 TO 31 MARCH 2009**

Disputes – 2008/09	No.
Review of advisory award	1
Dismissal	1

**TABLE 32: STRIKE ACTIONS, 1 APRIL 2008 TO 31 MARCH 2009**

Strike Actions – 2008/09	No.
No strike actions	-

**TABLE 33: PRECAUTIONARY SUSPENSIONS,  
1 APRIL 2008 TO 31 MARCH 2009**

Suspensions – 2008/09	No.
No precautionary suspensions were implemented	-

## 12. Skills Development

This section highlights Palama's efforts with regard to skills development among its staff.

**TABLE 34: TRAINING NEEDS IDENTIFIED,  
1 APRIL 2008 TO 31 MARCH 2009**

Occupational Categories	Gender	No. of Staff	Training Needs Identified at Start of Reporting Period			
			Learner-ships	Skills Programmes and Other Short Courses	Other Forms of Training	Total
Legislators, senior officials and managers (Levels 13-16)	Female	17	-	8	-	<b>8</b>
	Male	25	-	8	-	<b>8</b>
Professionals (Levels 9-12)	Female	25	-	26	-	<b>26</b>
	Male	21	-	17	-	<b>17</b>
Clerks (Levels 3-8)	Female	29	-	46	-	<b>46</b>
	Male	13	-	38	-	<b>38</b>
Elementary occupations (Levels 1-2)	Female	-	-	-	-	-
	Male	-	-	-	-	-
Subtotal	Female	71	-	80	-	<b>80</b>
	Male	59	-	63	-	<b>63</b>
<b>Total</b>		<b>130</b>	-	<b>143</b>	-	<b>143</b>

TABLE 35: TRAINING PROVIDED, 1 APRIL 2008 TO 31 MARCH 2009

Occupational Categories	Gender	No. of Employees	Training Provided Within the Reporting Period			
			Learner-ships	Skills Programmes and Other Short Courses	Other Forms of Training	Total
Legislators, senior officials and managers (Levels 13-16)	Female	17	-	8	-	<b>8</b>
	Male	25	-	8	1	<b>9</b>
Professionals (Levels 9-12)	Female	25	-	26	2	<b>28</b>
	Male	21	-	17	2	<b>19</b>
Clerks (Levels 3-8)	Female	29	-	46	5	<b>51</b>
	Male	13	-	38	-	<b>38</b>
Elementary occupations (Levels 1-2)	Female	-	-	-	-	-
	Male	-	-	-	-	-
Subtotal	Female	71	-	80	7	<b>87</b>
	Male	59	-	63	3	<b>66</b>
<b>Total</b>		<b>130</b>	-	<b>143</b>	<b>10</b>	<b>153</b>

### 13. Injury on Duty

The following table provides basic information about injury on duty.

TABLE 36: INJURY ON DUTY, 1 APRIL 2008 TO 31 MARCH 2009

Nature of Injury on Duty	No.	% of Total Staff
Required basic medical attention only	2	1.5
Temporary total disablement	-	-
Permanent disablement	-	-
Fatal	-	-
<b>Total</b>	<b>2</b>	<b>1.5</b>

## 14. Utilisation of Consultants

**TABLE 37: REPORT ON CONSULTANT APPOINTMENTS USING APPROPRIATED FUNDS, 1 APRIL 2008 TO 31 MARCH 2009**

Project Title	Total No. of Consultants	Duration in Work Days	Contract Value R'000
Management consulting	8	759	2,884
Change consultants	2	520	3,031
Financial consulting	4	1,040	3,337
Legal consultants	1	260	1,182
Temporary administrative staff	125	261	4,621
Internal audit services	3	356	892
AMDIN management consultants	2	520	793
Induction programme	2	1,654	1,345
International relations	4	1,044	3,015
Training of national and provincial departments and local government	57	8,734	29,728
Facilities management services	1	365	8,655
IT outsource services	1	198	12,611
<b>Total</b>	<b>210</b>	<b>15,711</b>	<b>72,094</b>

**TABLE 38: REPORT ON CONSULTANT APPOINTMENTS USING DONOR FUNDS, 1 APRIL 2008 TO 31 MARCH 2009**

Consultant Appointments	Total
Number of consultants appointed	6

# Annexures



Delegates participated in a stakeholder workshop for officials from client departments, at which Palama's offerings were presented.

## Annexure A: Performance Matrices Showing Achievements Against Strategic Objectives

Executive Development				
Output	Performance Measures	Target	Actual Performance Against Target	Reasons for Major Variances
<b>Services to be delivered</b>	Co-ordinate training delivery.	Register EDP on the NQF and get it accredited by ETQA by June 2009.	The EDP was accredited as a Postgraduate Certificate in Executive Leadership and as part of a Master's in Public Administration at the Tshwane and Vaal Universities of Technology and the North West and Nelson Mandela Metropolitan Universities.	This target was achieved by the due date, with accreditation achieved more efficiently via the participating higher education institutions than through the NQF.
		Deliver one conference, four workshops and six seminars to 1,000 officials by March 2009.	Three workshops were hosted – one by the Flemish delegation for senior managers and two by Dr Linda Duxbury from Canada. In lieu of a separate conference, Palama made inputs to the large DPSA SMS conference.	The target was partially met as the Branch has been operating with a very high vacancy level. Alternative inputs to the target audience were secured collaboratively.
		Conclude first round of selection and appointment of external service providers by December 2008.	A range of service providers for the different programmes on offer were appointed. For the EDP a national tender led to the appointment of four university consortia. Contracts were signed in February 2009.	The target was met, although two months later than anticipated. It was a large-scale and complex process, and resolving contractual specifications with higher education institutions took longer than planned.
		Design two eLearning programmes for SMS by March 2009.	The EDP incorporates eLearning and is accommodated through a Palama EDP portal. SMS Induction and Writing Skills are being designed as multimode programmes.	eLearning programmes were delayed because a second round of recruitment for the specialist executive to lead the Academy eLearning platform and strategy was needed. The officer has been recruited. The first programme will be in place by March 2010.

Executive Development				
Output	Performance Measures	Target	Actual Performance Against Target	Reasons for Major Variances
Stakeholders	Build and maintain relationships with national and international stakeholders.	Design and operationalise a relationship management database by December 2008.	Database in place in collaboration with Business Development. It is currently being populated and updated.	This target was achieved by the due date, but maintaining the database is an ongoing process.
		Sign agreements with four international MDIs for SMS exchanges by December 2008.	SMS exchanges to India and Italy took place, and exchanges to Canada and China are being planned for 2009/10.	Two exchange agreements were signed by due date; in-principle agreements were established for the other two.
		Implement monthly 'newsflashes' on SMS programmes and interventions to HRD units in all national and provincial departments by December 2008.	A range of marketing brochures and vigorous telemarketing strategies were developed and actioned. The EDP email newsflash was designed and operationalised.	This target was achieved by the due date and the ensuing process is ongoing.
Lateral contribution	SMS learning framework and programme portfolio.	Complete SMS integrated training and development strategy by June 2008.	A draft document was developed for internal discussion.	Substantial progress was made towards the target, but finalising it was delayed pending the commencement of duty of the DDG (January 2009) and the appointment of further SMS members.
		Complete SMS learning framework by July 2008.	A draft document was developed for internal discussion.	Substantial progress was made towards the target, but finalising it has been delayed pending the commencement of duty of the DDG and the appointment of further SMS members.
		Develop new SMS short courses and initiatives by March 2009.	In the process of finalising short courses in Orientation for New Ministers, MPs and DGs; Protocol and Diplomacy for SMS; Induction for Senior Managers; Innovation Management; Gender Mainstreaming; ICT Policy and IT End-user Training.	Several such courses were completed by the deadline. Others were newly proposed and the work is ongoing.
Corporate governance	Operationalise research component for the Academy.	Complete Academy research strategy and implementation plan by October 2008.	A research strategy and key thematic areas were identified and approved.	This target was achieved by the end of the financial year as the Chief Director: Research only assumed duty on 1 October 2008.
		Design one major research project and operationalise it by December 2008.	The environmental scan was designed and operationalised in this period.	Progress delayed due to limited capacity in the Branch.
		Report on and publish research project by March 2009.	Project on Barriers to Entry to the Public Service was completed.	Progress delayed due to limited capacity in the Branch.

Executive Development				
Output	Performance Measures	Target	Actual Performance Against Target	Reasons for Major Variances
Corporate governance	Operationalise research component for the Academy.	Present research papers at public management conferences.	Paper on Project Khaedu, an action learning model, was presented at IASIA in Ghana. A paper was presented on service delivery at CAPAM in Barbados. Both were well received.	This target was achieved by the due date.
Transformation	Design and deliver eLearning programmes for SMS.	Design two eLearning programmes for SMS by March 2009.	The EDP incorporates eLearning and is accommodated through a Palama EDP portal. SMS Induction and Writing Skills are being designed as multimode programmes.	eLearning programmes were delayed by the need to develop an Academy-wide eLearning platform and strategy. These and the first executive-level programme will be in place by March 2010.
		Pilot two eLearning programmes with 100 participants each by September 2009.	No progress was made in this area.	eLearning programmes were delayed by the need to develop an Academy-wide eLearning platform and strategy. These and the first executive-level programme will be in place by March 2010.
		Full-scale roll-out of two eLearning programmes for SMS by December 2009.	No progress was made in this area.	eLearning programmes were delayed by the need to develop an Academy-wide eLearning platform and strategy. These and the first executive-level programme will be in place by March 2010.

JMMS Curriculum Development				
Output	Performance Measures	Target	Actual Performance Against Target	Reasons for Major Variances
Services to be delivered	Provide learning programmes for JMMS.	Audit courses by August 2008 to identify critical current programmes for immediate use.	Course audit was completed and approved. Critical programmes/ courses for immediate use were identified and 15 programmes/courses were identified for upgrading in 2009/10.	This target was achieved by the due date.
		Review and upgrade five existing learning programmes for JMMS by March 2009.	Seven programmes were reviewed and upgraded (three on HIV & AIDS and the rest on Grievance Procedure, Excellent Customer Care for Frontline Staff, TOT Course for the DRC and the Assessor and Moderator Programme).	This target was achieved by the due date.
		Design and develop five new priority learning programmes by December 2009.	Eight new priority learning programmes were designed and developed (two on Gender, two on M&E, and the rest on Ethics, Anti-corruption, MIP, Skills and Service for the DRC).	This target was significantly exceeded with an additional three programmes developed before the due date.
Stakeholders	Improve collaboration and partnerships for seamless service delivery.	Establish a curriculum advisory council and curriculum committee for peer review purposes by October 2008.	A curriculum advisory council was approved and a curriculum committee established.	This target was achieved by the end of the financial year. This took longer than anticipated as it was a complex process that required careful buy-in from stakeholders.
		Collaborate with two provincial academies on the joint use of learning materials and review tools by March 2009.	Collaboration on the joint use of learning materials and review tools was successfully carried out on DPLG/LOGOLA programmes. Course design and review tools were restructured and improved. Research report on organisational profiling and course offerings of provincial academies and training entities was shared with provinces.	This target was achieved by the due date.
		Collaborate with two provincial academies on the joint use of assessment procedures by June 2009.	Collaboration on assessment policy and assessor database in place with LOGOLA and the LGSETA. Agreement was reached for collaboration on QMS resources with the Mpumalanga Office of the Premier and LOGOLA.	This target was achieved substantially ahead of deadline.

<b>JMMS Curriculum Development</b>				
<b>Output</b>	<b>Performance Measures</b>	<b>Target</b>	<b>Actual Performance Against Target</b>	<b>Reasons for Major Variances</b>
<b>Lateral contribution</b>	Develop national integrated JMMS learning framework for the public service and ensure accreditation of courses.	Develop refined learning framework in consultation with provincial and national stakeholders by September 2008.	A final integrated learning framework was developed after due consultation with provincial and national stakeholders.	This target was achieved by the due date.
		Identify curriculum frameworks in various functional areas by December 2008.	Two curriculum frameworks were identified; one focusing on monitoring and evaluation and the other looking at human resources.	This target was achieved by the due date.
		Complete a curriculum framework for one functional area by March 2009.	An M&E curriculum framework was finalised and launched.	This target was achieved by the due date.
		Accredit six learning programmes by September 2008.	Eleven learning programmes were accredited, including: Assessor Training, Moderator Training, Gender Mainstreaming, Acquisition Management, Supply Chain Management for Municipalities, Bid Committee: PFMA, Bid Committee: MFMA, Supply Chain Management Blocks 1 and 2, Supply Chain Management 1, Minimum Anti-corruption Capacity Requirement, and Foundation Management Development Programme.	This target was exceeded.
<b>Corporate governance</b>	Develop quality management system for curriculum and learning materials design and delivery.	Draft quality guidelines and criteria for the planning, design, development, delivery and evaluation of learning programmes by December 2008.	Palama QMS documentation for education, training and development (ETD) was approved by the PSETA ETQA. Full institutional accreditation was accordingly awarded.	This target was exceeded.
		Draft curriculum and assessment policies for the Academy by December 2008.	Palama curriculum and assessment policies were refined after further consultation and are being implemented.	The target was met by the due date and further work in respect of implementation is now in progress.
		Ensure that TNA and M&E data are consistently used as input to curriculum planning and design.	A process analysis document, which is inclusive of TNA and M&E practices, was developed and is in use.	This target was achieved by the due date.
		Draft policy and guidelines for secondary providers for the Academy by December 2008.	Palama staff management policy is in place for internal staff and secondary ETD providers.	This target was achieved by the due date.

JMMS Curriculum Development				
Output	Performance Measures	Target	Actual Performance Against Target	Reasons for Major Variances
Transformation	Develop a strategy for the design and development of learning programmes for JMMS using multimodes of delivery.	Draft multimode (blended learning) strategy to be developed by December 2008.	An eLearning indaba was held, resulting in an eLearning action plan for Palama. The action plan informs the development of a feasible eLearning strategy.	This target is well underway, but later than expected as the Chief Director: eLearning joined Palama only in January 2009, because a second round of recruitment was necessary.
		Pilot the eLearning version of Bid Committee training by December 2008.	An eLearning version of Bid Committee was piloted. Larger scale roll-out is planned for 2009/10.	This target was achieved by the due date.
		Identify two priority learning programmes for multimode delivery by October 2008.	Two priority courses, namely Gender Mainstreaming and Minimum Anti-corruption Capacity Building, were identified for multimode delivery.	This target was achieved by the due date.

Provider and Partner Mobilisation				
Output	Performance Measures	Target	Actual Performance Against Target	Reasons for Major Variances
Services to be delivered	Mobilise providers for the massification of the JMMS programmes.	Audit current providers by May 2008.	Audit of all training providers was conducted and a database developed.	This target was achieved by the due date. The database is useful in tracking the performance and contracts for service providers.
		Renew expiring contracts of existing private providers by April 2008 for an initial period of one year.	Contracts for all existing training providers with satisfactory performance were renewed.	This target was achieved by the due date. This process was helpful in selecting and retaining good providers.
		Complete and consult on new guidelines and procedures on provider mobilisation by July 2008.	Process guidelines and procedures were developed, and wider, extended consultation is planned.	This target was partly met. The consultations are still needed to involve other branches and external stakeholders. The process was delayed because the relevant officer needed to be recruited.
		Construct a framework on professional trainer development by May 2008.	Framework was developed, with the next step being its approval and implementation.	This target was achieved by the due date. Implementation is ongoing.
Stakeholders	Recruit, contract and professionalise partners.	Develop relations with ten partners by September 2008.	This was achieved through inter-governmental consultations with nine provinces, the PSETA, LOGOLA, DBSA and DPSA.	This target was exceeded as relationships were developed with more than ten partners.
		Develop systematic engagement with all provincial academies and training entities by September 2008.	All training stakeholders participated in regular inter-government training workshops which led to the establishment of the Inter-provincial Curriculum Committee.	This target was fully met and is being extended.
		Convene a partner/provider consultative forum by December 2008.	Fifth Inter-provincial Workshop was held in Cape Town from 20 to 21 November 2008.	This target was met ahead of schedule.
Lateral contribution	Provide support for the identification of providers for provincial training programmes and organisational development.	Establish a database of providers by August 2008.	Database of providers was established and is monitored for updating purposes.	The target database was established by the due date. Updating it is an ongoing process.
		Draft provider deployment guidelines for regional training by September 2008.	Guidelines for provider mobilisation were developed for both local and regional training.	This target was met by the due date.
		Develop strategy paper on parameters for organisational development and sectoral consulting by September 2008.	This target was not achieved.	This target was not met. The post for this function was unfunded in the current year and recruitment was postponed.
		Define channels for co-ordination of department-specific training by December 2008.	Business Development Branch serves as our co-ordination channel for department-specific training.	This target was achieved by the due date.

Provider and Partner Mobilisation				
Output	Performance Measures	Target	Actual Performance Against Target	Reasons for Major Variances
Corporate governance	Implement a programme and participant-based M&E system.	Define and develop procedures for implementing the massified M&E system by December 2008.	M&E database was refined to provide data on the academy standard for participants attending Palama programmes.	This target was achieved by the due date.
Transformation	Implement new strategy/guidelines and procedures for provider mobilisation.	Review and develop new guidelines and procedures for provider recruitment by December 2008.	The new strategy for provider mobilisation was implemented.	This target was achieved by the due date.

JMMS Training Co-ordination				
Output	Performance Measures	Target	Actual Performance Against Target	Reasons for Major Variances
Services to be delivered	Co-ordinate training activities.	Survey and assess various training co-ordination practices to develop best-practice model by July 2008.	Training co-ordination practices were surveyed and assessed and a best-practice training co-ordination model was developed by July 2008.	This target was achieved by the due date.
		Implement standardised best training co-ordination practices by September 2008.	Emanating from the abovementioned training co-ordination model, training co-ordination practices were reviewed and standardised.	This target was achieved by the due date.
		Develop and pilot automated confirmation of training events to selected service providers and clients by March 2009.	Confirmations via e-mail to all stakeholders where the contact details are known were implemented by the end of May 2008. Short message services (sms) were implemented as an additional communication medium during February 2009.	This target was met a month ahead of schedule.
		Develop and pilot automated authorisation process for the payment of selected service providers by March 2009.	By the end of August 2008 the training management system was customised and an automated authorisation process for the payment of trading services was implemented. During January 2009, the module to generate the documentation needed by Finance to activate payments on the basic accounting system (BAS) was implemented on the training management system.	This target was achieved ahead of schedule.
Stakeholders	Establish a hi-tech customer contact centre.	Develop a concept paper for the establishment of a contact centre by July 2008.	The paper conceptualising a contact centre for Palama was compiled by July 2008. This paper was applied to inform the strategy for the implementation of the contact centre.	The concept paper was delivered to deadline. Implementation is an extension to the target and is well underway.
		Finalise a strategy for the implementation of the contact centre by September 2008.	Flowing from the concept paper for the contact centre, a strategy for its implementation was developed by September 2008.	This target was achieved by the due date.
		Procure hardware and software for the contact centre by December 2008.	The procurement and installation of equipment was completed by the end of September 2008. The equipment was tested during October 2008 and became fully operational by December 2008.	This target was achieved ahead of schedule.

JMMS Training Co-ordination				
Output	Performance Measures	Target	Actual Performance Against Target	Reasons for Major Variances
Stakeholders	Establish a hi-tech customer contact centre.	Establish the contact centre by March 2009.	The contact centre's process flow was designed and documented by the end of November 2008. The processes were piloted during January and February 2009 and the first phase operations in the contact centre were fully operational during March 2009.	This target was achieved by the due date.
Lateral contribution	Implement an electronic calendar.	Develop and establish an electronic training calendar by July 2008.	The training management system was amended by the end of July 2008 to provide for the scheduling of events in advance. Each training intervention was linked to the calendar to provide a complete record of the training event.	This target was achieved by the due date.
Corporate governance	Develop and maintain the training management systems.	Consolidate, reconfigure and enhance the existing course management system by July 2008.	The training management system was consolidated, reconfigured and enhanced by the end of June 2008. Additional customisations, which contributed to a more efficient process flow and record keeping, were designed and implemented for the remainder of the reporting period.	This target was achieved slightly ahead of schedule. Additional modules and features were developed to further improve management and control of training events. This was achieved in addition to the initial goals.
		Research and conceptualise a new enterprise-wide training management system by March 2009.	The new integrated enterprise-wide training management system was researched, conceptualised and documented by March 2009.	This target was achieved by the due date.
		Develop a learner record database by March 2009.	The requirement specification was completed and aligned with SAQA and SETA requirements by November 2008. The database was developed by March 2009.	This target was achieved by the due date.
Transformation	Migrate training programmes from the old SAMDI structures to the new Academy branches by July 2008.	Introduce the new business model by September 2008.	The Branch: Training Co-ordination was established and became fully operational during April 2008. A smooth change-over from the old SAMDI to the new Palama business model was implemented during July 2008. This enabled Palama to deliver on its mandate despite the challenges of the transformation process.	The proper planning of the change-over process enabled the Branch to migrate to the new model one month earlier than expected.

Business Development				
Output	Performance Measures	Target	Actual Performance Against Target	Reasons for Major Variances
Services to be delivered	Grow person training days (PTDs) through business development.	Ensure that the business development concept paper is in place by December 2008.	Business development strategy was designed and implemented.	This target was achieved by the due date.
		Ensure that the business development strategy is in place by March 2009.	134,375 PTDs were achieved. There was a 29 per cent increase on actuals for 2007/08 and a 12 per cent increase on target for 2008/09.	This target was exceeded. It is a fundamental measure of delivery for Palama.
		Develop a database of current clients by June 2008.	Database of clients was designed and populated.	This target was achieved by the due date.
Stakeholders	Improve visibility of the Academy in the public sector.	Foster the establishment of fully operational sites in two regions by March 2009.	Cape Town office was established and operational from 1 June 2009. The plan for the KwaZulu-Natal office is complete and will be implemented in July 2009.	This target was delayed because the SMS recruitment process had to be repeated in January 2009, as suitable candidates to drive this measure were not identified in the first round of recruitment.
		Initiate client perception survey by December 2008.	Client perception survey was postponed for 12 months.	It was realised that the survey would occur too early in the reconstitution process, before the user base was established.
		Consult to enhance relations with five key stakeholders by March 2009.	Roadshows were held in Mpumalanga, Western Cape, North West and Free State.	The visits to the Northern Cape and Limpopo were postponed by the user departments.
Lateral contribution	Promote training opportunities to users.	Develop a marketing plan for Academy services by August 2008.	The business development strategy was designed and implemented.	This target was achieved by the due date.
		Communicate with and visit clients.	DG letters, roadshows in four provinces and meetings with various national departments took place.	This target was achieved by the due date.
		Convene two indaba gatherings for HRD practitioners, skills development facilitators and trainers by March 2009.	Information sessions were held with SDFs in Mpumalanga, Western Cape, North West and Free State.	This target was exceeded.
Corporate governance	Develop and implement training needs analysis model.	Review of the current training needs analysis model by December 2008.	Training needs analysis model was reviewed in January 2009.	A suitable director responsible for training needs analysis was only recruited in December 2008.
		Refine the training needs analysis model by March 2009.	First draft of proposed training needs analysis model was completed.	This target was achieved by the due date.

<b>Business Development</b>				
<b>Output</b>	<b>Performance Measures</b>	<b>Target</b>	<b>Actual Performance Against Target</b>	<b>Reasons for Major Variances</b>
<b>Transformation</b>	Align training plans to provincial academies.	Develop systematic alignment of training plan with two provincial academies by February 2009.	Planning meetings were held with the Western Cape and KwaZulu-Natal academies for delivery in 2009/10.	This target was achieved by the due date.
		Design joint training marketing plan with three provincial academies by March 2009.	Planning meetings were held with the Western Cape and KwaZulu-Natal academies for delivery in 2009/10.	The target for assisting two provinces was achieved by the due date and the third will be realised early in the new year when Palama will assist Limpopo with establishing its academy.

Corporate Services				
Output	Performance Measures	Target	Actual Performance Against Target	Reasons for Major Variances
Services to be delivered	Deliver strategic, flexible corporate services to the Academy.	Ensure ongoing enhancements to HR processes to support the changing needs of the Academy.	Extensive support to the recruitment of new staff was provided, using enhanced recruitment processes and standards.	This target was achieved.
		Implement outsourced delivery model in respect of IT services.	A commercial agreement was drafted and negotiated.	This target was achieved.
Stakeholders	Develop SLAs with users and service providers.	Conclude SLA with outsourced IT service provider.	A commercial agreement was drafted and negotiated. The SLA and pricing schedule were drafted.	This target was achieved. Subsequent refinement is ongoing.
Lateral contribution	Deliver proactive services in respect of buildings and facilities to the Academy.	Effectively manage the relocation to new premises by May 2008.	Palama relocated to new premises in June 2008.	This target was achieved only one month late. The fitting out of the building was delayed by a shortage of materials at suppliers.
		Implement a responsive helpdesk in respect of IT queries.	Remedy IT queries solution was implemented during February 2009.	This target was achieved.
Corporate governance	Implement enhanced systems/procedures.	Implement HR delegations.	HR delegations were developed and implemented during March 2009.	This target was achieved.
		Implement the MISS and enhanced security by September 2008.	MISS is being implemented on an ongoing basis. Security was enhanced by the appointment of an external security services provider.	This target was achieved by the due date.
	Implement enhanced systems/procedures.	Develop and implement an electronic archive system by March 2009.	The electronic archive system is part of the approved IT enterprise architecture (strategy) and will be implemented during 2009/10.	This component is well underway, but implementation is taking longer than anticipated because the project was incorporated into the broader IT enterprise architecture and its implementation is planned for 2009/10.
Transformation	Implement infrastructure and processes to promote the integration of transverse systems.	Plan the IT infrastructure to support integration of transversal systems.	IT enterprise architecture strategy was approved.	This target was achieved.

International and Special Projects				
Output	Performance Measures	Target	Actual Performance Against Target	Reasons for Major Variances
Services to be delivered	Establish bi-lateral and multilateral international programmes with identified countries.	Establish international programmes with MDIs in three countries by June 2008.	International programmes were established in Burundi, Rwanda and Southern Sudan with support from CIDA funding; and sustained in the DRC through Africa Renaissance Fund funding.	This target was exceeded.
		Arrange an international conference for June 2008.	India/Brazil/South Africa seminar series was held in September 2008 and innovative ideas on training and leadership models were exchanged.	This target was achieved, though later than anticipated, due to the availability of international partners.
		Implement exchange programmes, including training and visiting scholars, with three countries by December 2008.	Knowledge exchange programmes were held with South African senior officials meeting Canadian and Flemish heads of departments. The DRC ENA senior management visited Palama on a study trip. The Palama senior management went on a knowledge sharing visit to RIAM, Rwanda. The senior management of MDIs from Rwanda, Burundi and Southern Sudan visited South Africa.	This target was achieved by the due date.
Stakeholders	Develop and manage external relations.	Report on engagements with provincial academies by June 2008.	Report on the engagement of provincial academies hosted in Limpopo from 26 to 27 June 2008 was completed.	This target was achieved by the due date.
		AMDIN: Train 80 persons as trainers in countries emerging from conflict by March 2009 with AMDIN support.	In support of AMDIN, Palama provided two French-speaking facilitators from the Canada School of Public Service (CSPS) to present the course to francophone countries at Palama.	This target was very nearly achieved by the due date. Ten per cent fewer trainees were achieved because of visa problems and inability to secure entry to SA.
		AMDIN: Make available French training material on training of trainers to francophone countries by October 2008.	Training material was submitted for translation and was produced in time for the training. The material was also provided to the CSPS facilitators in preparation for their presentation.	This target was achieved by the due date.

International and Special Projects				
Output	Performance Measures	Target	Actual Performance Against Target	Reasons for Major Variances
Lateral contribution	Establish International and Special Projects (I&SP) functions in the Academy.	Establish and implement I&SP policy, protocols and systems in line with South Africa's foreign policy by September 2008.	The overseas development aid policy was finalised and a monthly reporting template implemented to monitor the status with the implementation of donor-funded projects.	This target was achieved by the due date.
		Implement donor funding operational procedures and financial reporting system in the Academy by December 2008.	A workshop with Palama managers clarified procedures for financial accounting, procurement, payments and reporting on donor-funded projects.	This target was achieved by the due date.
	Establish International and Special Projects (I&SP) functions in the Academy.		Financial management support was implemented and expenditure reports finalised for donor-funded projects.	
		Identify and source donor funding for three key projects by March 2009.	Funding was secured for the CIDA/Palama project for training in post-conflict countries; training in the DRC and for the refurbishment of their management development institute through the ARF; and for two French-speaking facilitators through technical assistance funds.	This target was achieved by the due date.
Corporate governance	Establish Advisory Council.	Develop criteria for the Advisory Council by October 2008.	Responsibility for the Advisory Council was assigned to the Directorate for programmes related to Africa. A concept paper on the Advisory Council was drafted.	The deadline was not achieved due to the Directorate being unfunded and needing to be reassigned.
		Develop constitution for functioning of Advisory Council by December 2008.	The role of the Directorate was assigned to that for programmes related to Africa. A concept paper on the Advisory Council was drafted.	The deadline was not achieved due to the Directorate being unfunded and needing to be reassigned.
Transformation	Establish partnership with the private sector to implement special projects.	Establish public/private partnership in line with JIPSA to deliver five training interventions at local government level by March 2009.	Stanlib support was obtained for training of financial staff to be aligned to the Netherlands/Palama local government project.	The new Director for Local Special Projects was only appointed in October 2008. The project will advance once the learning material developed by Curriculum and Materials Design for local government is ready.
		Provide management and leadership training with donor funding at three municipal districts by March 2009.	A service provider was appointed and the customisation of training material is due to be 80 per cent complete during the reporting period. Interviews were completed for the appointment of IICs to support the training that will commence in July 2009.	Delays were experienced with the customisation of learning material by the service provider appointed. The review of the material is underway.

Corporate Finance				
Output	Performance Measures	Target	Actual Performance against Target	Reasons for Major Variances
Services to be delivered	Provide innovative financial and supply chain services to the Academy.	Implement new overall financial and charging model.	New model was implemented on 20 March 2008.	This target was fully achieved.
		Modernise and computerise supply chain management systems and procedures.	Supply chain management processes and procedures were reviewed.	Application for the acquisition of procurement management system was not approved by National Treasury due to roll-out of Integrated Financial Management System (IFMS) to all government departments.
Stakeholders	Submit statutory reports and Annual Financial Statements.	Deliver statutory monthly reports.	Section 32 (PFMA) reports (Early Warning System) are submitted to the National Treasury on the 15th of each month.	This target was fully achieved.
			The transfer of IT equipment to schools was reported to both National Treasury and the Auditor-General.	This target was completed for the schools who accepted the equipment.
			All cases above R1 million (VAT inclusive) procured by way of Treasury Regulation 16A6.4 were reported to both National Treasury and the Auditor-General.	This target was fully achieved.
		Deliver Annual Financial Statements.	The 2008/09 financial year was closed and the Annual Financial Statements were successfully submitted for audit on 30 May 2009.	This target was achieved by the due date.
Lateral contribution	Provide management information to colleagues to guide informed decision-making.	Provide monthly information to branch heads on expenditure against budget.	The Management Report Renderer for Branch Heads, which informs them on expenditure and budget trends, was implemented.	This target was fully achieved.
			Outstanding commitment reports were discussed with the relevant branches.	This target was fully achieved.
			Asset inventory lists were verified with inventory controllers.	This target was fully achieved.
Corporate governance	Implement enhanced systems/procedures.	Implement effective financial delegations.	Financial delegations were reviewed, updated and approved by the DG on 31 March 2009.	This target was fully achieved.
		Implement internal controls applicable to the changing context.	Internal controls were continuously reviewed and implemented accordingly.	This target was fully achieved.
Transformation	Integrate financial systems.	Develop computerised billing and booking system for training activities.	The integration between the Course Management System (CMS) and Pastel, which was enhanced to cater for the approved course tariffs, was loaded.	This target was fully achieved.

Governance and Strategic Support				
Output	Performance Measures	Target	Actual Performance against Target	Reasons for Major Variances
Services to be delivered	Strategically manage the components of the governance and strategic support cycle.	Document strategic planning and reporting cycle strategy and system by December 2008.	A strategic planning cycle was developed and useful templates to facilitate the process were developed and are in use. The process was documented in the policy on planning, monitoring and reporting.	This target was achieved, although the policy was only approved in February 2009.
		Deliver a Strategic Plan on time and aligned to the legislative requirements by the Vote Speech.	The Strategic Plan was aligned to the requirements of the Vote Speech and tabled successfully.	This target was achieved by the due date.
		Deliver the Annual Report on time and aligned to the legislative requirements by the published deadline.	The Annual Report, aligned to legislative requirements, was successfully tabled by deadline.	This target was achieved by the due date.
Stakeholders	Develop and implement a comprehensive communications strategy.	Develop a comprehensive communications strategy by December 2008.	A comprehensive communications strategy was developed by March 2009.	The Director: Communications took up his appointment in January 2009. This matter was therefore delayed, but is now well underway.
		Pilot and refine a comprehensive communications strategy by March 2009.	As the strategy was delayed, piloting and refinement will also be delayed.	This target is well underway, but the timeframes were extended because of the delays in appointing staff.
Stakeholders	Develop and implement a comprehensive communications strategy.	Initiate academy branding and corporate identity strategy by March 2009.	Academy branding and corporate identity are being considered in the communications strategy, and this component was thus initiated.	This target is well underway, but the timeframes were extended because of the delays in appointing staff.
Lateral contribution	Develop and implement a knowledge management system.	Develop strategic knowledge management strategy and system by November 2009.	This target was not achieved.	Developments were placed on hold pending the appointment of the Branch DDG and her/his Director shaping the Directorate.
		Pilot and refine strategic knowledge management strategy and system by March 2009.	This target was not achieved.	Developments were placed on hold pending the appointment of the Branch DDG and her/his Director shaping the Directorate.
		Initiate occasional seminar series for Academy by July 2008.	This target was not achieved.	Developments were placed on hold pending the appointment of the Branch DDG and her/his Director shaping the Directorate.

Governance and Strategic Support				
Output	Performance Measures	Target	Actual Performance against Target	Reasons for Major Variances
Corporate governance	Develop a legal and contract management framework.	Develop a legal and contract management framework by March 2009.	New and improved contracts were drafted to cover a number of issues, using outside legal assistance.	Developments were placed on hold pending the appointment of the Branch DDG and her/his Director shaping the Directorate.
		Scope a contract database by March 2009.	This target was not achieved.	Developments were placed on hold pending the appointment of the Branch DDG and her/his Director shaping the Directorate.
Transformation	Establish project management capability.	Identify and contract an outsourced service provider on a consultancy basis by September 2008.	This target was not achieved.	Developments were placed on hold pending the appointment of the Branch DDG and her/his Director shaping the Directorate.

## Annexure B: Glossary

<b>ADP</b>	Accelerated Development Programme
<b>AMDIN</b>	African Management Development Institutes Network
<b>AMDP</b>	Advanced Management Development Programme
<b>ARF</b>	African Renaissance Fund
<b>ASCI</b>	Administrative Staff College in India
<b>AsgISA</b>	Accelerated and Shared Growth Initiative of South Africa
<b>AU</b>	African Union
<b>BAS</b>	Basic accounting system
<b>CAPAM</b>	Commonwealth Association for Public Administration and Management
<b>CARA</b>	Criminal Assets Recovery Act
<b>CFO</b>	Chief Financial Officer
<b>CIDA</b>	Canadian International Development Agency
<b>CMS</b>	Course management system
<b>CSPS</b>	Canada School of Public Service
<b>DG</b>	Director-General
<b>DDG</b>	Deputy Director-General
<b>DPSA</b>	Department of Public Service and Administration
<b>DRC</b>	Democratic Republic of Congo
<b>ED</b>	Executive Development
<b>EDP</b>	Executive Development Programme
<b>ENAP</b>	Escola Nacional d'Administracao Publica
<b>ENA</b>	Ecole National d'Administration (National School of Public Administration)
<b>ENE</b>	Estimates of National Expenditure
<b>ETD</b>	Education, training and development
<b>ETQA</b>	Education and Training Quality Assurance
<b>FMIP</b>	Financial Management Improvement Plan
<b>FOSAD</b>	Forum of South African Directors-General
<b>GTZ</b>	German Technical Corporation (Deutsche Gesellschaft für Technische Zusammenarbeit)
<b>GWM&amp;ES</b>	Government-Wide Monitoring and Evaluation System
<b>HEI(s)</b>	Higher education institution(s)
<b>HOA</b>	Home Owners' Allowance
<b>HR</b>	Human resource
<b>HRD</b>	Human resource development
<b>HRMCF</b>	Human Resource Management Curriculum Framework
<b>IASIA</b>	International Association of Schools and Institutes of Administration
<b>IBSA</b>	India, Brazil, South Africa
<b>ICT</b>	Information and communication technology

<b>IFMS</b>	Integrated financial management system
<b>IIC(s)</b>	Independent individual contractor(s)
<b>IIPA</b>	Indian Institute of Public Administration
<b>I&amp;SP</b>	International and Special Projects
<b>IT</b>	Information technology
<b>JICA</b>	Japan International Co-operation Agency
<b>JIPSA</b>	Joint Initiative on Priority Skills Acquisition
<b>JMMS</b>	Junior and Middle Management Service
<b>KPAs</b>	Key performance areas
<b>LGSETA</b>	Local Government Sector Education Training Authority
<b>LOGOLA</b>	Local Government Leadership Academy
<b>MDI(s)</b>	Management development institute(s)
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MIP</b>	Massified Induction Programme
<b>MP(s)</b>	Member(s) of Parliament
<b>NEPAD</b>	New Partnership for Africa's Development
<b>NICOC</b>	National Intelligence Co-ordinating Committee
<b>NQF</b>	National Qualifications Framework
<b>ODG</b>	Office of the Director-General
<b>Palama</b>	Public Administration Leadership and Management Academy
<b>PFMA</b>	Public Finance Management Act
<b>PoA</b>	Programme of action
<b>PPP</b>	Public-private partnerships
<b>PSCBC</b>	Public Service Commission Bargaining Chamber
<b>PSETA</b>	Public Service Sector Education and Training Authority
<b>PSLDP</b>	Presidential Strategic Leadership Development Programme
<b>PSRP</b>	Public Sector Reform Programme
<b>PTDs</b>	Person training days
<b>QMS</b>	Quality management system
<b>RNE</b>	Royal Netherlands Embassy
<b>SA GAAP</b>	South African Statements of Generally Accepted Accounting Practice
<b>SAMDI</b>	South African Management Development Institute
<b>SAQA</b>	South African Qualifications Authority
<b>SDPs</b>	Service delivery proposals
<b>SETA</b>	Sector Education and Training Authority
<b>SMS</b>	Senior Management Service
<b>TNA</b>	Training needs analysis
<b>ToT</b>	Training of Trainers
<b>TTA</b>	Training Trading Account
<b>VCT</b>	Voluntary counselling and testing





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