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SOUTH AFRICAN SOCIAL SECURITY AGENCY

*paying the right social grant, to the right person,
at the right time and place. NJALO!*

2010/11



Annual Report
2010/11



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ACRONYMS & ABBREVIATIONS

ACB	Automated Clearing Bureau	GRAP	Generally Recognised Accounting Practice
AGSA	Auditor General-South Africa	GSSC	Gauteng Shared Services Centre
AODs	Acknowledgement of Debts	HCM	Human Capital Management
BPR	Business Process Reengineering	ICT	Information and Communication Technology
BCP	Business Continuity Plan	ICROP	Integrated Community Registration Outreach Programme
CEO	Chief Executive Officer	IGAP	Improved Grant Administration Process
CSG	Child Support Grant	IT	Information Technology
CVM	Contract and Vendor Management	LAN	Local Area Network
DHA	Department of Home Affairs	MANCO	Management Committee
DRP	Disaster Recovery Plan	MIS	Management Information System
DSD	Department of Social Development	MoU	Memorandum of Understanding
EC	Eastern Cape	MTEF	Medium Term Expenditure Framework
EM	Executive Manager	MTSF	Medium Term Strategic Framework
ERP	Enterprise Resource Plan	NW	North West
EXCO	Executive Management Committee		
FS	Free State		
GEPF	Government Employees Pension Fund		
GIAMA	Government Immovable Asset Management Act, 2007		
GM	General Manager		



ACRONYMS & ABBREVIATIONS

OAG	Old Age Grant
PDSD	Provincial Departments of Social Development
PERSAL	Personnel and Salary System
PFMA	Public Finance Management Act (Act no. 1 of 1999)
PMDS	Performance Management Development System
POS	Points of Sale
SASSA	South African Social Security Agency (herein referred to as "The Agency")
SCM	Supply Chain Management
SIU	Special Investigating Unit
SITA	State Information Technology Agency
SLA	Service Level Agreement
SNBF	SASSA National Bargaining Forum
SOCPEN	Social Pension
SONA	State of the Nation Address
SOP	Standard Operating Procedures
SRD	Social Relief of Distress
SUI	Single User Interface
WAN	Wide Area Network



FOREWORD BY THE MINISTER



In his State of the Nation address, President Zuma declared 2011 as the year of action. This signified a deep-seated commitment to delivering on the 5 key priorities that government had adopted.

This declaration by our President came during a period when the world was feeling the effects of the recession which brought about previously unimagined levels of poverty on a global scale. South Africa was no exception and experienced high levels of poverty characterised by shrinking household incomes which were inversely proportional to the steep increase in the number of social grant beneficiaries.

The “Diagnostic Overview” (December 2010) issued by the National Planning Commission explicitly states that deep poverty is widespread and constrains human development and economic progress. Per capita income and employment fell by about 4% and 1 million formal and informal jobs were lost between the last quarter of 2008 and 2009.

The results of numerous studies on the social and economic impact of the social security system provides evidence that the household impact of social grants are developmental in nature. The government’s social assistance programme is a vital mechanism of poverty alleviation. It is also one of the largest redistributive programmes of the government. This is evidenced by the fact that the proportion of people living below the poverty line was about 53% in 1995 and fell to 48% in 2008. Notably the distribution of social grants was the most important contributor to falling income poverty from 2000.

I am pleased to note that there are approximately 14 935 832 million social grant benefits in payment. In 2006/07 the number of benefits in payment was 12 015 059 and in 2010/11 it grew to 14 935 832. The growth in the number of benefits grew by 36.10 % since the establishment of the Agency. Especially pleasing was the growth in child support grants by 46.6% since establishment. In 2006/07 CSG stood at 7 863 841 and presently there are 10 371 950 benefits in payment. The OAG grew from 2 195 018 in 2006/07 to 2 678 554 grants in payment in 2010/11, representing a 22%



growth. All of these statistics seek to confirm my view that the Agency is fulfilling its mandate to a large extent and making a difference in the lives of the poorest of the poor. The implementation of social security reforms such as the extension of the child support grant to children over the age of 14 and equalizing the age of eligibility for the old age grant, have no doubt contributed to the increase in the grants uptake as agreed to by the Polokwane Conference of the Ruling Party.

It is also pleasing to note that the Agency has received an unqualified audit report which is a vast improvement on its previous audit. It is evident that plans that were put in motion to correct previous shortcomings proved fruitful.

However, there are still many challenges to be addressed by the Agency. Chief among these is the management and administration of grants. Throughout the value chain from application to beneficiary maintenance special attention must be afforded to the quality of service delivery. I am referring to a customer centric approach in service delivery and a zero tolerance to fraud and corruption. This calls for a cadre of workers that are ethical and who uphold the principles of Batho Pele. The challenge is to improve performance within the limited financial resources at the Agency's

disposal. The Agency has to learn to do more with less.

I believe that this Annual Report for 2010/11 fairly represents the work of the Agency for the year under review. I acknowledge also the contribution of each and every individual towards ensuring that the Agency fulfills its mandate.

MS B.O.DLAMINI, MP

Minister of Social Development

Date: 01/09/2011



Overview by the Chief Executive Officer



The 2010/2011 financial year marked the fifth year since the establishment of the Agency. Since its inception, the focus has been on the establishment and the strengthening of the Agency's core business and supporting operational systems.

Five years on, the Agency continues to be the beacon of hope for almost 10.1 million impoverished people who rely mainly on social assistance to survive. Through the Agency, Government has made considerable strides in preventing extreme poverty and improving the lives of the many needy South Africans. Of note, the Agency has managed to pay 14 935 832 social grants benefits by the end of the financial year.

Highlights of the Year under Review

For this reporting period, the priorities of the Agency continued to be the following:

- Customer- care centred benefits administration and management system;
- Improved organisational capacity; and
- Increased Access to Social Security Services.

The above mentioned priorities were informed by a thorough situational analysis on the state of the organisation. These are significant as they demonstrate that the Agency cares about its beneficiaries.

The mandate of the Agency is to ensure effective and efficient administration, management and payment of social assistance. The Agency disburses the following grant types: Older Persons Grant; War Veteran Grant; Disability Grant; Grant-in-Aid; Care Dependency Grant; Foster Child Grant and Child Support Grant.

On 01 April 2006, there were only 10 974 076 social grants in payment and by March 2011, this number increased to almost 15 million grants in payment. A notable achievement was the increase on child support grants with 10,3 million benefits in payment by March 2011 as compared to 7 million in March 2006. In addition, there were 512 874 Foster Child Grants payments administered by the end of the financial year.



The Agency has worked tirelessly in improving the quality of services to beneficiaries. This has been achieved by amongst others, shortening the turnaround time in grants administration from application to approval of grants, improving access for eligible beneficiaries and conditions of payments as well as improving beneficiary liaison. Despite challenges such as inadequate Information Communication Infrastructure (ICT) and office space, the Agency has achieved an average turnaround time of nine days which is an improvement from the previous 21 days for the processing of new social grant applications. In improving the systems integrity and response time on the capturing and verification of grant applications, the Agency has also embarked on a process of rolling out the new MIS system in eight regions with the exception of the Eastern Cape which requires proper infrastructure in implementing the system.

In effecting efficiencies in the grant payment system, the Agency has embarked on a focussed drive to reduce costs incurred in the payments of grants. By end of March 2011, a total of 4 298 979 beneficiaries were receiving their benefits through the ACBs or banks. This reflects a 22.33% increase over the projected annual target of 25%. The cost of administering social assistance grants through the cash payment contractors has also been reduced to R30.53 from R33.52. A saving of almost 9% was realised in this regard.

On human capital, the moratorium on the filling of

posts and its subsequent implications on service delivery had to be balanced against the Agency's commitment to improve access and deliver quality services. The Agency had to also contend with the high attrition rates which might have compromised service delivery levels during the period under review.

A significant development on the labour relations front was the launch of the Agency National Bargaining Forum (SNBF). This signifies a commitment for all parties to work together in a formalised relationship in compliance with provisions of the Labour Relations Act of 1995.

The Agency's continued commitment in relentlessly uprooting fraud and corruption in the administration and payment of grants has yielded positive outcomes. Since its inception, the Agency's collaboration with the Special Investigating Unit (SIU) has brought dramatic changes in the reduction of fraud and corruption. From 2006, the SIU was able to prosecute 17 477 people for fraud and corruption relating to grants. This includes 2 828 people prosecuted in the 2010/2011 financial year. The KwaZulu-Natal province had the highest prosecutions of 5 134.

Over the five year period, the SIU recovered a total amount of R84 904 156 with R25 675 420 recovered during the 2010/2011 financial year. During this process, 6,368 people signed Acknowledgment of Debts (AODs) valued at



R56, 7 million in repayment of fraudulent grants.

In reducing fraud and corruption, the Agency continues to participate in anti-corruption forums driven by the Department of Home Affairs. This affords the Agency, an opportunity to be kept abreast on anti-corruption efforts including sharing its experiences and challenges with other stakeholders. The Agency has also successfully implemented its integrity model which serves to address and monitor irregular practices by both its employees and the public. The model focuses on validating the eligibility of beneficiaries for social grants through life verifications. To this end, a total of 132 603 beneficiaries have been verified for eligibility and existence and 7 133 were found to be fraudulent.

In addressing the plight of vulnerable people who in some provinces were mostly affected by floods, the Agency implemented a social relief programme (Social Relief of Distress) aimed at alleviating suffering.

The Agency strives at all times to live up to its slogan "Paying the right social grant, to the right person, at the right time and place - NJALO". Existing beneficiaries were reviewed to ensure that they continue to qualify for the grants that they are receiving. This has resulted in 2.06 million beneficiaries being notified on reviews, life certification and administrative action notices. The review process assisted the Agency in identifying

non-qualifying beneficiaries whose grants have been terminated. Investigations are being conducted to recover the monies paid in error.

During the year under review, significant progress has been made in improving financial management and ensuring good corporate governance. The financial health of the Agency is on its way to recovery. The implementation of the financial turnaround and cash stabilisation strategy have resulted in the Agency receiving an unqualified opinion from the Auditor-General of South Africa (AGSA), albeit with emphasis of matters. This is a significant improvement given that the Agency received a disclaimer of opinion from the AGSA in the previous financial year. In addition, the turnaround strategy has resulted in the annual saving of R463m which effectively reduced the accumulated deficit in the financial year.

The Year Ahead

The Social Assistance Act, 2004 (Act No. 13 of 2004) makes provision for some checks and balances to be implemented in ensuring that only eligible children benefit from the programme. This is especially relevant to foster child grants as foster parents still experience problems in obtaining documents confirming that a child is in their care. Fortunately, the Agency has since obtained a directive to continue with the payments whilst resolving the administrative issues.

Whilst the Agency recognises the challenges related



to the automated core business processes, it cannot overlook the importance of a business solution. The automated core business project is critical in providing a seamless approach to aligning social security enrolment, registration, verification and approvals that will be credible and accurate. Due to budgetary constraints, the implementation process of the automated core business has however, been deferred to the 2011/2012 financial year.

Over the Medium- Term Expenditure Framework (MTEF), the Agency aims to review the current payment system and develop a new payment strategy. The new payment model must ensure that ownership of all payment data and processes is maintained. The new system envisaged will reduce excessive handling costs, and move beneficiaries from the current cash payment system to an effective electronic payment system.

Regarding good governance and sound financial management, continued efforts will be made to ensure that financial management prescripts are strictly complied with, including the principles espoused in the King III Report on Corporate Governance. The implementation of the revised service delivery model would also act as a significant milestone in the quest for improved service delivery destined to deliver efficiency in the overall management of the Agency.

In conclusion, I wish to thank the Minister and Deputy Minister of Social Development for their political leadership and support. My thanks also to the acting CEO for improving the financial controls and business processes of the Agency during his tenure.

My gratitude also goes to management and staff of the Agency for their unwavering support and contribution to improved performance for the year under review.

Ms V Petersen
Chief Executive Officer
Date: 28/07/2011



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The Hon Ms. Bathabile O. Dlamini (MP)

Minister of Social Development

Private Bag X 855

PRETORIA

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Honourable Minister

**ANNUAL REPORT FOR THE YEAR ENDING 31
MARCH 2011**

I have the honour in submitting the Annual Report of the South African Social Security Agency for the period 01 April 2010 to 31 March 2011.

Ms V. Petersen

Chief Executive Officer

Date: 28/07/2011



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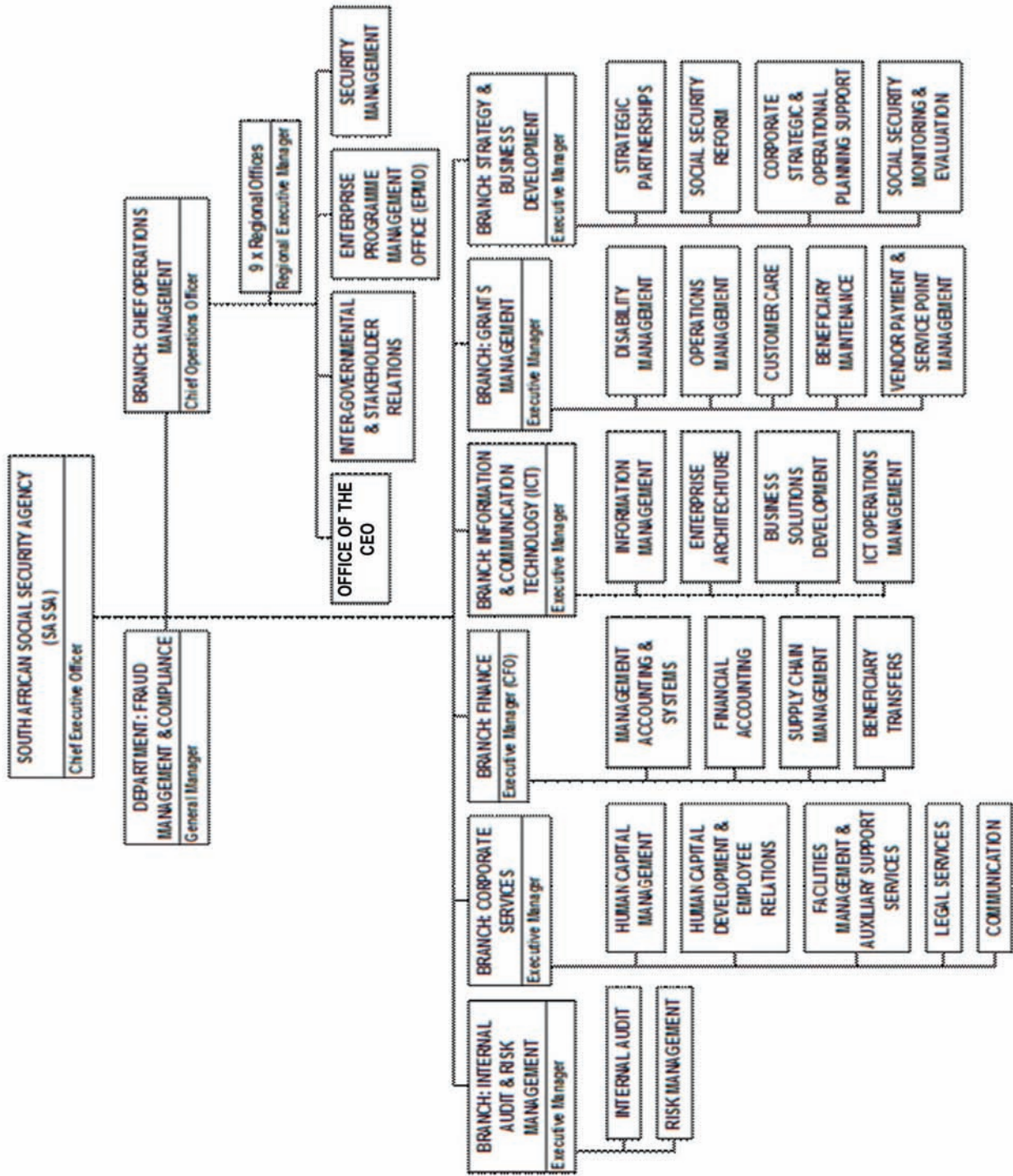
Part 1

General Information

Annual Report 2010/11



Organisational Structure





1. GENERAL INFORMATION

Mandate

The mandate of the Agency is to ensure the provision of comprehensive social security services against vulnerability and poverty within the constitutional and legislative framework.

Vision

A comprehensive social security service that assists people in being self-sufficient and supporting those in need.

Mission

To manage quality social security services, to eligible and potential beneficiaries, effectively and efficiently.

Values

The Agency, as a public entity, subscribes to values that promote democracy and a culture of respect for human rights.

(a) Social Cohesion

The Agency is committed to building unity and good relations amongst its internal and external stakeholders. This will be achieved through the promotion of a shared vision, shared values, the pursuance of common goals, and management of diversity.

(b) Transparency

As a public institution, the Agency will keep stakeholders informed of its decisions and operations. It is in this regard the Agency provides for the right of stakeholders and the public to know what is taking place with regard to relevant governance matters. The Agency also allows diverse views and multiple perspectives to influence its policy decisions.

(c) Equity

The Agency is committed to the fair and impartial treatment of all its stakeholders and business partners. Equity encompasses the justness of actions that are free of favouritism, self-interest, bias or deception.

(d) Integrity

Integrity refers to basing one's actions on an internally consistent framework of principles. It implies honesty, as well as fair dealings with regards to operations, finances and other business of the Agency. Acting with integrity is vital to maintaining public trust.

(e) Confidentiality

Confidentiality implies ensuring that information is accessible only to those authorised to have access to it. Confidentiality is based on the principle that certain information is privileged and may not be discussed with, or divulged to third parties.



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(f) Customer-care centred approach

A customer-centred approach to service delivery takes the needs of customers into consideration by developing user-friendly and high-quality products and services. The Agency commits itself to designing social security solutions based on customer needs, both internally and externally.

Slogan

The Agency's slogan is, "*Paying the right social grant, to the right person, at the right time and place. NJALO!*"



Legislative Mandate

The Agency functions within a legislative mandate which governs the way it manages and conducts its operations. The following Legislative Acts inform the mandate of the Agency:

(a) The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), as amended

Act No. 108 of 1996 contained in the Constitution of the Republic of South Africa, as amended, makes provision for everyone to have the right to access social security. This includes those who are unable to support themselves and their dependants, appropriate social assistance. The Act obliges the State to take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of these rights.

(b) Social Assistance Act, 2004 (Act No.13 of 2004)

The Social Assistance Act, 2004 provides for the rendering of social assistance transfers to qualifying persons, a mechanism for the rendering of such assistance and the establishment of an inspectorate for social assistance.

(c) South African Social Security Agency Act, 2004 (Act No. 9 of 2004)

The South African Social Security Agency Act, 2004 provides for the establishment of the South African Social Security Agency as an agent for the administration and payment of social assistance

transfers. The Act makes provision for the administration and payment of social security by the Agency, and the provision of services related and connected thereto.

(d) Children's Act, 2005 (Act No. 38 of 2005)

The Children's Act, 2005 seeks to promote the preservation and strengthening of families to give due effect to the constitutional rights of children, such as family, parental or appropriate alternative care when removed from the family environment; social services; protection from maltreatment, neglect, abuse or degradation; and ensuring that the best interests of children are a primary concern in all relevant matters.

(e) Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000)

The Promotion of Administrative Justice Act, 2000 gives effect to the public's right to administrative action that is lawful, reasonable and procedurally fair, and to the right to written reasons for administrative action as contemplated in Section 33 of the Constitution of the Republic of South Africa. The Act also aims to promote a good code of administration.

(f) Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)

The Promotion of Access to Information Act, 2000 provides for the constitutional right to access to information held by any public or private body that is required for the exercise or protection of any rights. The Act details the procedures to be followed when



making such a request for information held by either a public or private body.

(g) Public Finance Management Act, 1999 (Act No.1 of 1999) as amended

The Public Finance Management Act, 1999 and its amendments make provision for the regulation of national and provincial governments' financial management to ensure effective and efficient administration of revenue, expenditure, assets and liabilities and to secure transparency, accountability and sound management.

Other legislation

Other legislation that regulates the Agency's activities is mentioned below. Owing to its generic nature, i.e. being applicable to all government institutions and agencies, it is not described in much detail.

(a) Public Service Act, 1994 (Act No. 103 of 1994) as amended

The Public Service Act, 1994 as amended, provides for the organisation and administration of the public service of the Republic as well as the regulation of the conditions of employment, terms of office, discipline, retirement and discharge of members of the public service.

(b) Basic Conditions of Employment Act, 1997 (Act No.75 of 1997)

The Basic Conditions of Employment Act, 1997 applies

to all employers and workers. It regulates leave, working hours, employment contracts, deductions, pay slips and terminations.

(c) Employment Equity Act, 1998 (Act No. 55 of 1998)

The Employment Equity Act, 1998 makes provision for the redress of past inequalities in favour of previously disadvantaged individuals. It also aims to enhance representation in terms of race, gender and disability in the work place.

(d) Labour Relations Act, 1995 (Act No. 66 of 1995) as amended

The Labour Relations Act, 1995 applies to all workers and employers and aims to advance economic development, social justice, labour peace and democracy in the workplace.

(e) Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)

The Occupational Health and Safety Act, 1993 aims to provide and regulate health and safety at the workplace for all workers.

(f) Skills Development Act, 1998 (Act No. 97 of 1998)

The Skills Development Act, 1998 aims to develop and improve the skill levels within the South African workforce.



(g) Skills Development Levies Act, 1999 (Act No. 9 of 1999)

The Skills Development Levies Act, 1999 prescribes employers' contributions to the National Skills Fund.

(h) Unemployment Insurance Contributions Act, 2002 (Act No. 4 of 2002)

The Unemployment Insurance Contributions Act, 2002 prescribes how employers are to contribute to the UIF.



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Part 2

Information on Predetermined Objectives



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2. INFORMATION ON PREDETERMINED OBJECTIVES

2.1 Overall Performance

2.1.1 Appropriated funds

The table below details the total revenue and operating expenditure including finance costs to the Agency

Table1: Appropriated funds

Appropriation	Main Appropriation R000s	Adjusted Appropriation R000s	Actual Amount Spent R000s	Over/Under Expenditure R000s
SASSA	5 631 387	-	5 153 206	462 737
Responsible Minister	Minister for Social Development			
Administering Agency	South African Social Security Agency			
Accounting Authority	Chief Executive Officer of the South African Social Security Agency			

2.1.2 Aim of Appropriation

The aim of the appropriation is to reduce poverty and vulnerability through social security transfers to the poorest of the poor.

2.1.3 Summary of Branches

The Agency organisational structure comprises the office of the CEO and seven branches. In addition there are nine regional offices established to manage social security and provide support to service delivery units. A description of each branch is as follows;

Branch 1: Chief Operations Management

This branch is responsible for:

- Providing strategic support to the CEO and regional operations. Due to financial constraints, the branch has not been fully operational during the year under review.

Branch 2: Internal Audit and Risk Management

This branch is responsible for:

- Providing internal audit and risk management services.

Branch 3: Corporate Services

This branch is responsible for:

- Effective and efficient management and



development of human capital;

- Auxiliary support services;
- Legal and contract management services; and
- Strategic communication and marketing services.

Branch 4: Finance

This branch is responsible for:

- Providing financial management services.

Branch 5: Information and Communication Technology (ICT)

This branch is responsible for providing information and communication technology services through:

- Management of special Information and Communication Technology (ICT) projects;
- Managing information for planning, operational and management purposes;
- Developing business solutions to support operations in line with the Agency's development standards and principles;
- Developing and implementing a governance model and Information Management System and Technology (IMST) architecture;
- Achieving Operational Excellence in optimising ICT systems and processes required by business; and
- Ensuring high availability and high integrity of information and systems.

Branch 6: Grants Management

This branch is responsible for:

- Providing a grants administration service and ensures operations are integrated within the Agency.

Branch 7: Strategy and Business Development

This branch is responsible for:

- Developing, researching, supporting and providing strategic advice on innovative strategies, programmes and mechanisms to improve social security administration, service delivery and institutional performance.

2.1.4 Strategic Objective

The Agency's main strategic objective is to build a high-performance institution by complying with good governance principles whilst striving for operational excellence through continued and improved service delivery to beneficiaries.

2.1.5 Overview of Service Delivery Environment 2010/11

In terms of the Social Assistance Act of 2005, the mandate of the Agency is to ensure effective and efficient administration, management and payment of social assistance. The Agency disburses the following grant types: Older Persons Grant; War Veteran Grant; Disability Grant; Grant-in-Aid; Care Dependency Grant; Foster Child Grant and Child Support Grant.



On 01 April 2006, social grants benefits were 10 974 076 and by March 2011 there were 14 935 832 benefits in payment. The Agency, similar to any other institution, has had to contend with a number of eventualities that threatened its ability to effectively fulfill its mandate.

The Social Assistance Act, 2004 (Act No. 13 of 2004), makes provision for some checks and balances to be implemented in ensuring that only eligible children benefit from the programme. One of the critical control measures is ensuring that a court order by the Department of Justice is issued to confirm that the child is indeed in foster care before processing a grant payment. However the Agency experienced administrative challenges with respect to payment of foster child grant. The difficulty for the Agency was obtaining Foster Child Grant extension orders where these had expired. This emanated from the implementation of the new Children's Act which requires that these extension orders be issued by the Department of Justice. Previously, the extension orders were issued by the Department of Social Development in accordance with the previous Child Care Act.

The inability of foster parents to obtain correct documents resulted in the deferred payment of approximately 123 236 of Foster Child Grants. The Agency has since obtained a directive to continue the payments whilst the administrative issues were being resolved.

South Africa experienced heavy rains over the past year which caused flooding in some of the provinces. The Agency was then identified as one of the Government institutions that had to respond to the needs of the affected people. This resulted in a significant increase in spending on social relief of distress. The original allocation for this initiative was R143 million and an additional R35 813 600 was further allocated to assist with disaster relief. A total of R178 813 600 was eventually spent over the course of the year resulting in a 98.9% spend.

The Agency strives to ensure payment of the correct social grant to the right person, which can only be realised through the application of checks and balances prescribed by the law. These include reviewing existing beneficiaries to ensure that they continue to qualify for the grants they are receiving.

In pursuit of this, the Agency notified 2.06 million beneficiaries with regards to reviews, life certification and administrative action notices. Although the process was successful, some beneficiaries did not receive their notification nor did they present themselves for a review.

This unfortunately resulted in the cancellation of some grants, which were later re-instated after the completion of the verification process on compliance. The review process assisted the Agency in identifying non-qualifying beneficiaries whose grants were terminated. Investigations are being conducted to recover the monies paid in error.

Whilst the review and life certificate targets set for



2010/11 were achieved, this has not as yet completely eliminated larger issues of backlogs and poor records keeping. With the implementation of the audit action plan, progress has been made and results were available in advance to determine the successes and failures. This assisted the Agency to put corrective measures in place for an efficient and effective administration services.

The unfavourable audit report for the 2009/10 financial year led to the Agency developing and implementing a comprehensive audit action plan. The audit action plan was one of the most useful instruments that was developed to guide the operations of the Agency from skirting on the borders of abstraction and idealism to the centeredness of operational efficiency and realism.

The action plan further assisted the Agency in the conceptualisation of efficient business and work flow processes and implementing quality assurance and accountability systems. It began to generate a culture of value for money. Both managers and officials began taking responsibility and accountability for poor performance. It improved monitoring and evaluation efforts. Performance became more results based.

In its strategic plan 2010/11-2012/13, the Agency identified the following three important Medium-Term Expenditure Framework (MTEF) priorities:

- Customer Care-centered Benefits Administration and Management System;
- Improved Systems Integrity; and
- Increased Access to Social Security.

Customer Care-centered Benefits Administration and Management System

Some of the key projects identified under Customer Care-Centered Benefits Administration and Management System included:

- Continued implementation of policies on social assistance.
- Improved Grant Application Process;
- The Agency's payment system;
- Automated core business system; and
- Disability management.

Continued Implementation of Policies on Social Assistance

The implementation of the new policy reforms with regards to the extension of Child Support Grant (CSG), Age Equalisation for Older Persons Grant, Regulation 11(1) and internal grant reviews are all geared towards expanding the Agency's reach to the most vulnerable groups in our society.

The number of social assistance benefits increased from 14 057 365 in 2009/10 financial year to 14 935 832 in 2010/11 financial year. This constitutes an increase of 6.2% over the previous financial year. The implementation of Regulation 11(1) that allows alternative identity application resulted in 9 907 social grants being paid out in the 2010/11 financial year.

The accessibility of CSG is set to improve during the next Medium-Term Expenditure Framework (MTEF) in line with the commitment made by the President, during the State of the Nation Address (SONA), 2011.



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The commitment by the President was to phase in the extension of the CSG to cover eligible children under the age of 18 years.



Social Grants Trends

Table 2: Number of grant benefits and percentage growth over a five year period by grant type

Grant type/ Period	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Old Age	2 146 344	2 195 018	2 229 550	2 390 543	2 546 657	2 678 554
War Veteran	2 817	2 340	1 924	1 500	1 216	958
Disability	1 315 143	1 422 808	1 408 456	1 286 883	1 264 477	1 200 898
Grant-in-Aid	26 960	31 918	37 343	46 069	53 237	58 413
Foster Child	317 434	400 503	454 199	474 759	510 760	512 874
Care Dependency	90 112	98 631	102 292	107 065	110 731	112 185
Child Support	7 075 266	7 863 841	8 189 975	8 765 354	9 570 287	10 371 950
Total	10 974 076	12 015 059	12 423 739	13 072 173	14 057 365	14 935 832
Annual Growth		9%	3.40%	5.20%	7.50%	6.20%

Table 2 indicates that in 2006/7 financial year; social grants increased by 9%, then 3.4% in 2007/08, 5.2% in 2008/09, 7.5% in 2009/10 and 6.2% in 2010/11.

The number of Child Support Grant benefits was 10 371 950 in March 2011 compared to 7 075 266 in March 2006. Old Age Grant increased steadily over the years, whilst the Disability Grant has been decreasing since 2008/09 financial year as a result of reviews.



Table 3: Number of grant benefits and growth rates (2009/10 vs 2010/11)

Grant type/Period	2009/10	2010/11	Difference	% growth
Old Age	2 546 657	2 678 554	131 897	5.2%
War Veteran	1 216	958	-258	-21.2%
Disability	1 264 477	1 200 898	-63 579	-5.0%
Grant in Aid	53 237	58 413	5 176	9.7%
Foster Child	510 760	512 874	2 114	0.4%
Care Dependency	110 731	112 185	1 454	1.3%
Child Support	9 570 287	10 371 950	801 663	8.4%
Total	14 057 365	14 935 832	878 467	6.2%

Table 3 shows that all grants benefits uptake has increased with the exception of War Veteran Grant which decreased by 21.2%, and the Disability Grant which decreased by 5.0% over the period under review.

The Child Support Grant increased by 8.4%, Old Age Grant by 5.2% and Care Dependency Grant increased by 1.3%. Foster Child Grant had the lowest growth of 0.4%.



Table 4: Number of grant benefits by grant type and region as at 31 March 2011

Region/ Grant type	OAG	WVG	DG	GIA	FCG	CDG	CSG	Total
EC	487 067	129	194 224	7 418	108 389	18 417	1 769 949	2 585 593
FS	161 848	21	95 863	941	43 764	4 925	583 524	890 886
GP	350 881	219	124 150	1 006	59 477	13 649	1 276 109	1 825 491
KZN	560 787	140	331 637	25 687	134 181	34 377	2 623 772	3 710 581
LP	404 739	79	98 715	6 885	54 701	12 650	1 584 855	2 162 624
MP	183 288	41	72 267	1 487	27 366	6 050	806 581	1 097 080
NW	229 320	33	86 540	2 782	41 405	8 668	752 026	1 120 774
NC	70 458	41	47 756	3 739	14 999	4 094	246 233	387 320
WC	230 166	255	149 746	8 468	28 592	9 355	728 901	1 155 483
Total	2 678 554	958	1 200 898	58 413	512 874	112 185	10 371 950	14 935 832

Table 4 shows that KwaZulu-Natal had the highest number of grant benefits (3 710 581), followed by Eastern Cape (2 585 593), and Limpopo (2 162 624). Northern Cape had the lowest number of grant benefits at 387 320.

CSG accounts for the largest number of grant benefits at 10 371 950, followed by Old Age Grant at 2 678 554 and Disability Grant at 1 200 898 benefits. War Veteran Grant at 958 represented the lowest number of grant benefits.

The Agency's Payment System

Grant payments are still largely cash-based. Effective and efficient alternative payment channels are being explored. Joint ventures will be entered into with National Treasury to conduct a detailed analysis in identifying preferred payment options. This process will result in the possibility of exploring short term cash payment contracts whilst the medium and longer term options are being considered.

The Agency has continued to make notable service delivery improvements in its administration and management of social grants. During the period under review, the Agency has ensured regular payment on all benefits. This was achieved with a reduced cost of distribution of benefits by about five hundred million rand (R500m) as compared to the previous costs incurred by the Agency.

Over the MTEF period, the Agency aims to review the current payment system and develop a new payment strategy. In the long-term, the Agency envisages a payment model that will ensure that ownership is retained on all payment data and processes. Payment channels will include among others, the formal financial services infrastructure, cell phone banking, points of sale (PoS) systems and pre-paid smart cards. The payment systems envisaged will reduce the excessive handling costs, and at the same time move beneficiaries



from the current cash payment system to an effective electronic payment system.

Significant progress was made on migration of beneficiaries from cash payment to Automated Clearing Bureau (ACB). In the year under review, a total of 47.33% of payments were made through ACBs or banks translating into a 16.08% increase. The cost of administering social assistance grants through the cash payment contractors was reduced to R30.53 from R33.52 resulting in a saving of almost 9%.

Automated Core Business System

Improved Grant Application Process (IGAP)

A key initiative in improving service delivery was the implementation of an Improved Grant Application Process (IGAP) intended to reduce the turnaround time of social grant applications. The ultimate goal is to reduce the turnaround time to one day which was realised in one of the districts in the Free State.

Despite the challenges on inadequate Information Communication Infrastructure (ICT) and office space, the Agency has achieved on average a turnaround time of nine days, which is an improvement from the previous 21 days for processing of new social grant applications.

This was made possible by the implementation of a three step model comprising of immediate capturing and verification of applications on-site, followed by the issuing of a letter on the outcome to the applicant before

leaving the Agency offices. KwaZulu-Natal and Gauteng regions recorded the highest number of social grants applications processed within 30 days whilst the Northern Cape recorded the lowest number of applications processed within the same period. In the 2011/12 financial period, an analysis will be conducted on the existing system and processes will be put in place to identify areas for improvement in service delivery.

Disability Management

The Disability Management Model was developed with the aim of standardising the medical assessment processes in all the regions. The Agency sets to achieve its target by implementing six prioritised elements of the Disability Assessment Model in three regions. These include;

- Gate keeping and a national booking procedure;
- Medical assessment processes;
- Medical form management;
- Claims management;
- Contract management; and
- Training and development.

The Agency has implemented gate-keeping measures to enforce the three month waiting period for reassessment in line with the validity period of a completed medical assessment report. In ensuring speedy and appropriate assessment of applicants, the Agency entered into Service Level Agreements (SLAs) with independent doctors and management companies

to conduct disability assessments in all the regions. The Agency has also entered into Memorandum of Understandings (MOUs) with some of the Provincial Health Departments for assistance in conducting disability assessments.

During the 2010/11 financial year, the Agency managed to undertake 112 363 medical review assessments against a target of 298 752 over the MTEF. All doctors contracted to the Agency were trained and accredited by the Agency to conduct disability medical assessments. In addition, the Agency implemented the standardised medical assessment forms in all regions, excluding the Eastern Cape as the serialised medical forms were not in sync with the MIS workflow medical form issuance system. The Agency continues to monitor and evaluate the effectiveness of the prioritised elements of the disability management model.

Improved Systems Integrity

This priority is intended to transform the Agency's culture and enhance people capabilities. The key projects under this priority were the following:

- Change Management (Organisational Culture Reform);
- Institutional Configuration;
- Integrity Model; and
- Human Capital Management Reform.

Change Management (Organisational Culture Reform)

The Agency's focus for the year under review was to perfect the services it renders to its beneficiaries. This requires improved skills, competencies and improved professional conduct. A number of initiatives were then introduced in an endeavour to improve the attitude of staff members towards their work and clients.

The ethics audit conducted within the Agency revealed a significant decrease in the number of grievances relating to job descriptions and performance management including staff development. The Agency has made progress in inculcating the understanding between performance expectation and actual performance. In addition, the ethics training was also provided to 3 165 staff members across the regions. The training served to communicate the vision, mission and expected conduct as well as the responsibility of staff members to report incidents of breach of the Code of Conduct and Ethics.

Integrity Model implemented

The nature of the Agency's business which involves cash payment to beneficiaries, positions it as a possible target for fraud and corruption. The Agency has realised that proactive measures are the best way to fight fraud and corruption in the process of grants administration. The integrity model therefore seeks to address weaknesses that lead to the Agency being susceptible to irregular practices by both its employees and the public.



This model introduces a paradigm shift, from focusing on detection and investigations to validation of the eligibility of beneficiaries for social grants including life verification and to confirm the existence of the beneficiaries. To this end, a total of 132 603 beneficiaries were verified for eligibility and existence, with a total of 7 133 found to be fraudulent.

The Agency, through the Special Investigations Unit (SIU) continued with investigating and prosecuting persons found to have defrauded the system. A total of 2 828 persons were brought before the courts in the year under review bringing the total conviction to 17 477 since the inception of the project in June 2005. In addition, 6 368 people have signed AODs valued at R56. 7m in repayment of fraudulent grants.

The collaboration between the Agency and the Department of Home Affairs including law enforcement agencies has been instrumental in identifying fraudulent grants and ensuring that perpetrators face the consequences of their actions.

The Agency has acknowledged the importance of identifying threats that may have an impact on its ability to achieve set strategic goals. The Agency's priority was to develop alternative plans should its services be interrupted. Subsequently, the plans on the information communication and technology projects including the facilities disaster recovery and business continuity plans have been approved. The integrated business continuity plan that addresses all other critical service continuity elements will be developed in the next financial year.

Legal Services Model Implemented

The Agency has through the implementation of the Legal Services Model drafted and vetted 101 contracts and Service Level Agreements in accordance with processes contained in the Framework for Contract Management. In addition, the Agency has managed to reduce the number of litigation matters from 2 735 to 1 944 during the 2010/11 financial year. Liability costs on litigation matters was also reduced from R 43 254 321.12 to R 12 164 381.08 in the reporting period.

However, there are still some challenges that need to be addressed. These include the lack of human capacity in the Contract Management Unit to advise on proper management of contracts, giving rise to poorly managed contracts. There are also pending grant litigation matters emanating from non-compliance in particular with the Promotion of Administrative Justice Act, 2000 (Act No 3 of 2000) that still needs to be resolved. Delayed referral on letters of demands and lack of information on the latter prevent the Agency from timeously addressing the legal demands launched against it.



Table 5: Total number of litigation cases per annum

OFFICE/ YEAR	2006/07	2008/09	2009/10	2010/11	Total
Agency's HO	-	12	9	16	37
EC	17 061	1 133	537	184	18 915
FS	1 144	702	702	1	2 549
GP	54	61	-	-	115
KZN	39 539	11 693	886	886	53 004
LP	1 098	1 255	232	474	3 059
MP	25	122	122	91	360
NC	389	-	1	46	436
NW	2 188	245	195	50	2 678
WC	-	1	60	196	257
Total no of litigation cases per annum	61 498	15 224	2 744	1 944	81 410

Table 5 depicts a drop in the total number of litigation cases per annum from 61 498 to 1 944, a reduction of 59 544 litigation cases over the four years (2006/07 – 2010/11).

This represents a 96.8% reduction in litigation cases. KZN had the most number of litigation cases (53 004) followed by EC (18 915) over the five year period.



Human Capital Reforms

Leadership

The AGSA report for 2009/10, reported weaknesses in leadership within the Agency, which contributed to a disclaimer audit opinion. Subsequently, the Agency focused on providing targeted skills development initiatives to enhance the leadership skills in different employee categories. This entailed the implementation of various leadership programmes which included the Emerging Management Development Programme (levels 1-8), Advanced Management Development Programme (levels 9-12), and the Executive Leadership Development Programme (levels 13-14).

Performance Management

The Agency has enhanced its Performance Management and Development System (PMDS) in order to improve individual performance. A system to review achievement against the strategic plan on a quarterly basis was also implemented.

Skills Development

A staffing analysis on the posts within the Grants Administration Value Chain has been conducted. This represents 70% of the total employee capacity within the entire Agency. The staffing analysis identified service delivery requirements and capacity gaps.

An Integrated Talent Management Strategy focusing primarily on workforce optimisation has also been developed to serve as an integral part of a broader organisational enhancement strategy.

Increased Access to Social Security

To increase access and ensure equity to social assistance services especially in rural and semi-rural areas, the Integrated Community Registration Outreach Programme (ICROP) was identified as the key project that will assist in the achievement of this objective.

In implementing the ICROP, a total number of 675 outreach programmes were conducted in 121 municipalities across the country during the period under review. The implemented programmes resulted in the registration of 72 425 new beneficiaries through ICROP. With such initiatives, there have been an overall gradual increase year-on-year in the total number of grants applications received.

The implementation of ICROP has not only increased the accessibility of social grants but also led to a significant increase in SRD assistance to poor households.

An estimated 3 766 households that experienced undue hardships were issued with temporary relief measures in form of vouchers, food parcels and assistance with other material needs.

The success of ICROP can be attributed to effective partnership for integrated service delivery. Regions such as the North West also established 11 satellite offices in an effort to improve access to the Agency's services. Despite these achievements, some regions have not performed satisfactorily, as the ICROP was not budgeted for during the period under review. The regions depended on their other operational budgets for the implementation of ICROP.



2.1.6 Overview of the Organisational Environment 2010/11

The 2010/11 financial year marked the fifth year since the establishment of the Agency. Since then, the focus has been on the consolidation and the strengthening of the Agency's core and supporting operational systems.

The year under review saw changes in the Executive Authority responsible for the Social Development Portfolio. Minister Molewa was succeeded by Minister Dlamini. Both Ministers brought to the Agency diverse experiences and expertise which have shaped the vision and mission of the Agency.

During the 2010/11 financial year, the Agency was able to implement policy changes and legislative amendments which included Age Equalisation with respect to the Older Persons Grant as well as the extension of the Child Support Grant to children up to 18 years.

In improving the systems integrity and response time on the capturing and verification of grant applications, the Agency has embarked on a process of rolling out the new MIS system in eight regions with the exception of the Eastern Cape which requires proper infrastructure in implementing the system. The analysis of information on MIS in the Eastern Cape is currently a challenge as the data is not reliable and tends to change frequently. The MIS is not functioning at optimum levels because of system related challenges which create pressure by increasing backlogs in file capturing. Furthermore, as a result of contractual impediments and constraints

between the State Information Technology Agency (SITA) and its supplier, the completion of the MIS enhancements before the financial year end were not achieved.

The Agency has inherited various Service Level Agreements (SLAs) with cash payment contractors from the Social Development provincial departments, which posed a challenge to the Agency towards standardising service delivery. Standardisation of the SLAs has eventually been addressed as the Agency has managed to sign standardised SLAs with payment contractors. These SLAs are expected to bring improvements in the grants payment systems.

The Agency has recognised the need to develop a payment system focusing on improving efficiencies within it. One of the main reasons in the establishment of the Agency was to effect cost saving mechanisms in the management and administration of the grant payments. A payment solution addressing challenges on the current cash payment was therefore necessary in order to enhance the overall quality of service rendered to the beneficiaries, resulting in cost efficiencies on varied expenditure incurred in delivering the service. The Agency is in the process of reviewing the current payment system.

Whilst the Agency recognises the challenges related to the automated core business process, it cannot overlook the importance of the business solution. The automated core business project is critical in providing a seamless approach to aligning social security enrolment, registration, verification and approvals that



are credible and accurate. Due to budgetary constraints, the implementation process of the automated core business has been deferred to the 2011/12 financial year.

The implementation of austerity measures also had a bearing on the new envisaged innovations and projects. The moratorium on the filling of posts still remains a major challenge on human resource capacity. This consequently had an effect on the performance of the Agency. Although the Agency has a staff turnover rate of 3.5% which is below the international norm of 5%, this situation poses a threat to the functioning of the Agency taking into consideration that the vacant posts cannot be automatically filled due to further organisational reprioritisation and funding challenges.

It is to be noted that the Agency still has a vacancy rate of 57.9% as a result of posts not being fully funded. This was exacerbated by the lack of notable increase on the cost of employee's budget over a period of four financial years.

Another interesting development in the year under review was the recognition of the Agency's Bargaining Forum as per Resolution 1 of 2006.

As the Agency paves its way into the sixth year of its operations, it is expected to continue to uphold its constitutional mandate of providing a comprehensive social security services against vulnerability and poverty. In realising this, the Agency continues to reflect and draw experiences from its successes and

challenges in order to improve its efficiency in the overall management, administration and payment of social grants. The Agency continues to value the integrity of its beneficiaries and still pledges to uproot any fraud and corruption relating to administration and payment of grants.

2.1.7 Key Policy Developments and Legislative changes

On 16 September 2010, the Social Assistance Amendment Act No 5 of 2010 came into effect. This was to enable applicants and beneficiaries who disagreed with the decision of the Agency to request it to reconsider its decision.

An amendment to the Regulations of the Social Assistance Act, 2004 was published in the Government Gazette No. 34120 No.R232 dated 15 March 2011, applicable retrospectively from 01 December 2010. This amendment deals with the eligibility of Social Relief of Distress to a person who has been affected by a disaster as defined in the Fund-raising Act, 1978 (Act No.107 of 1978) or the Disaster Management Act, 2002 (Act No.57 of 2002).

2.1.8 The Agency's Revenue

Collection of the Agency's Revenue

The Agency's revenue is derived from administrative costs, sales, user charges, interest and previous year's revenue collected. Over the past three years, collection of revenue has steadily increased. However, the set target for 2010/11 was lower than the actual revenue collected. This is specifically reflected on the entity



revenue line item. Although the Agency was expecting revenue from the skills levy fund, it has however over collected on commission on insurance and parking fees.



Table 6: Sources of Revenue

	2007/08	2008/09	2009/10	2010/11	2010/11	% deviation from target
R Thousand	Actual	Actual	Actual	Target	Actual	
Revenue						
Tax revenue	-	-	-	-		
Entity revenue	6 661	11 053	13 133	8 369	2 494	-70%
Sale of goods and services other than capital assets	1 743	-	-	2460	-	-100%
Of which:						
Admin fees	1 743	-	-	656		-100%
Commission on insurance	1 743	-	-	651	410	-37%
Parking fees	-	-	-	5	10	100%
Sale of waste paper	-	-	-	-	8	
Sale of tender documents						
Sales by market establishments	-	-	-	-		
Other sales	-	-	-	1 804		-100%
Of which:						
User charges	-	-	-	1 800	6	-100%
Sales other than user charges	-	-	-	4		-100%
Entity revenue other than sales	4 918	11 053	13 133	5 909	2 060	-65%
Fines penalties and forfeits	-	-	-	-		
Gains from						
Sales of fixed assets	-	-	-	-		
Adjustments to Fair value of financial assets	-	-	-	-		
Other	-	-	-	-	6	
Interest, dividends and rent on land	125	351	277	216		-100%
Interest	125	351	277	216	121	-44%
Dividends	-	-	-	-		
Rent on land	-	-	-	-		
Unclassified revenue	4 793	10 702	12 856	5 693		-100%
Realisation of Deferred income other than transfers	-	-	-	-		
Other non tax revenue	4 793	10 144	12 856	5 670	1 933	-66%
Other Income	-	558	-	23		-100%



2.1.9 The Agency's Expenditure

The Agency's total revenue for the period under review which is mainly transfers from Department of Social Development including its own revenue, amounted to R5, 6 billion while total expenditure amounted to R5, 2 billion or 91 % of the budget. This leaves a total budget savings of R462,7 million.

The bulk of the administration budget is allocated to cash contractors' fees and this is where the majority of the saving is derived. In this regard, the Agency during the period under review realised a reduction on the expenditure related to the payment of cash payment contractors fees. This was as a result of negotiations between the Agency and the contractors on fees paid to them for the disbursement of grants to beneficiaries.

At the beginning of the period under review, the Agency had an accumulated budget deficit of R884 million. This results from the budgetary constraints experienced by the Agency since the 2007/08 financial year. In an effort to deal effectively with budget constraints, the Agency had to put in place measures that ensured efficient spending such as scaling down on unnecessary expenditure. This was done by continuing to implement cost containment measures as part of the broader cash stabilisation strategy. This strategy comprises the following pillars which are briefly explained hereunder:

(i) Implementation of Austerity measures across the Agency

Although cost containment measures were implemented, the positive impact and gains that would have been derived from implementing the measures was negatively impacted upon by budget adjustments or funds shifts to items which were targeted to derive savings or incur less expenditure such as communication, travel and subsistence. Travel and subsistence expenses were incurred mainly due to extensive travel arising from audit activities. However, it must be noted that at the time of allocating the budget to various functions and projects within the Agency careful consideration was given to the reality of the scarce financial resources which are far outweighed by the unlimited needs. Austerity measures played a major role in and underpinned the approach to the allocation process.

(ii) Migration of beneficiaries to banks with a view to reduce exorbitant disbursement fees charged by Cash Payment Contractors

The Agency initiated the process of accelerating efficiencies in its operations in particular with the disbursement of social grants by encouraging beneficiaries to shift to other cost saving payment methods.

In the year under review, a total of 47,33% payments were made through ACBs or banks whereas during 2009, 31.25% was paid through the



ACBs or banks. This translated into a 16.08 % increase. This number is envisaged to increase as beneficiaries, especially those residing in urban areas, are becoming more aware of the better option on transacting through the banks. The banking infrastructure in rural areas is also improving and expanding.

(iii) Recovery of grants monies paid into dormant beneficiary accounts

The aim of this pillar is to recover grant monies from beneficiaries who were found ineligible to receive the grant. The Agency collaborated with law enforcement agencies in ensuring that authority is granted to recover these monies. An amount of R106 896.52 was recovered from dormant beneficiaries' accounts. First National Bank and Postbank are still to provide data on

the recoveries. A total of 2000 deceased beneficiaries with dormant accounts were identified as being overpaid and a process has been initiated to recover these overpayments.

(iv) Business Process Re-engineering

A tender was issued to source the services of a consulting company to assist with this process. It was subsequently cancelled due to limitations in the Terms of Reference which posed a challenge on the evaluation and adjudication process. A new tender will be advertised in due course.

Table 7: Expenditure

Programmes	Appropriated for 2010/11 R000s	Roll-over and adjustments R000s	Virement R000s	Total Appropriated R000s	Actual Expenditure R000s	Variance R000s
Programme1: South African Social Security Agency	5 631 387	-	-	5 631 387	5 153 206	462 737
Total	5 631 387	-	-	5 631 387	5 153 206	462 737

2.1.10 The SASSA's Performance

Table 8: Priority 1 – Customer-care centred benefits administration and management system

Output	Performance indicator	Actual performance against target		Reason for Variance
		2010/11 annual target	Actual achievement	
Policy and legislation on social assistance implemented	Projected total number of beneficiaries receiving grants including normal growth and the impact of policy changes	14 572 602 projected total number of beneficiaries receiving grants	<p>Achieved</p> <ul style="list-style-type: none"> The total number of grants in payment as at 31 March 2011 is 14 935 832. This reflects a 2.5% achievement above the annual target. 	
		2 558 721 projected total number of beneficiaries receiving Older Persons Grant	<p>Achieved</p> <ul style="list-style-type: none"> The total number of grants for Older Persons in payment as at 31 March 2011 is 2 678 554. This reflects a 4.7% achievement above the annual target. 	
		1 404 634 projected total number of beneficiaries receiving Disability Grant	<p>Not fully achieved</p> <ul style="list-style-type: none"> The total number of Disability Grants in payment as at 31 March 2011 is 1 200 898. 	<ul style="list-style-type: none"> The low uptake of Disability Grants related to: lapsing of temporary disability grants on expiry of period of





Output	Performance indicator	Actual performance against target		
		2010/11 annual target	Actual achievement	Reason for Variance
Policy and legislation on social assistance implemented	Projected total number of beneficiaries receiving grants including normal growth and the impact of policy changes		<ul style="list-style-type: none"> This is 87.2% achievement of the annual target. 	<ul style="list-style-type: none"> award which totalled 347 061; Improved screening of disability applicants and the introduction of quality measures resulted in fewer applications being approved; and Implementation of the Medical Review programme resulted in some disability grants being suspended/terminated.
		106 515 projected total number of beneficiaries receiving Care Dependency Grant	<p>Achieved</p> <ul style="list-style-type: none"> The total number of Care Dependency Grants in payment as at 31 March 2011 is 112 185. This reflects a 5.3% achievement above the annual target. 	<ul style="list-style-type: none"> The target projection was under estimated
		9 889 575 projected total number of beneficiaries receiving Child Support Grant	<p>Achieved</p> <ul style="list-style-type: none"> The total number of Children in payment as at 31 March 2011 is 10 371 950. 	<ul style="list-style-type: none"> CSG is better known in communities



Output	Performance indicator	Actual performance against target		
		2010/11 annual target	Actual achievement	Reason for Variance
Policy and legislation on social assistance implemented	Projected total number of beneficiaries receiving grants including normal growth and the impact of policy changes		<ul style="list-style-type: none"> This reflects a 4.9% achievement above the annual target. 	
		612 110 projected total number of beneficiaries receiving Foster Child Grant	<p>Not fully achieved</p> <ul style="list-style-type: none"> The total number of Foster Child Grants in payment as at 31 March 2011 is 512 874. This is 83.8% achievement of the annual target. 	<ul style="list-style-type: none"> The uptake of foster child grants is dependent on the finalisation of the legal process of placing children in foster care by both the Department of Social Development and Justice. Challenges as a result of the implementation of the Children's Act, 2008 during this year, as well as the shortage of social workers impacted on the ability to increase this category.
	Projected number of beneficiaries receiving grants impacted on by policy changes	Age Equalisation: 86 174 men aged 60 years	<p>Not achieved.</p> <ul style="list-style-type: none"> The total number of men aged 60 years in receipt of grants as at 31 March 2011 is 50 085. 	<ul style="list-style-type: none"> Information on age equalisation needs to be more widely communicated.



Output	Performance indicator	Actual performance against target		
		2010/11 annual target	Actual achievement	Reason for Variance
Policy and legislation on social assistance implemented	Projected number of beneficiaries receiving grants impacted on by policy changes		<ul style="list-style-type: none"> This is 58 % achievement of the annual target. 	<ul style="list-style-type: none"> The change in legislation, to permit all children born after 31 December 1993 to apply for grants, had resulted in the increased uptake; and when the initial targets were set, the understanding was still that the age increase would be phased in over a period of 3 years. However, the promulgated amendments did not have this provision, with the result that all eligible children could apply as from 1 January 2010, and all children will remain in the system until they turn 18.
		CSG extension: 558 096 of eligible children aged 15 years	<p>Achieved</p> <ul style="list-style-type: none"> The total number of children aged 15 – 17 years, in payment as at 31 March 2011 is 841 357. This achievement reflects a 50.8% above the annual target. 	
	Guidelines on insurance policy deductions developed and implemented	Guidelines on insurance policy deductions developed	<p>Achieved.</p> <ul style="list-style-type: none"> Guidelines on insurance policy deductions developed. 	



Output	Performance indicator	Actual performance against target		
		2010/11 annual target	Actual achievement	Reason for Variance
Policy and legislation on social assistance implemented	Research report on extent and eligibility of foreigners accessing grants	Research report on the extent and eligibility of foreigners accessing grants	<p>Not fully achieved</p> <ul style="list-style-type: none"> A draft report on the extent and eligibility of foreigners accessing grants developed. 	<ul style="list-style-type: none"> Procurement of an editor took longer than anticipated.
Automated Core Business System implemented in some regions. IGAP SUI Biometric Solution	Number of regions implementing automated business processes	Automated Business processes implemented in five regions IGAP: Roll-out in the FS SUI: full roll-out	<p>Not achieved.</p> <ul style="list-style-type: none"> Improved Grant Application Process (IGAP) was piloted, but was not rolled out to the identified regions. The Single User Interface (SUI) was developed. 	<ul style="list-style-type: none"> An executive decision was taken to postpone the roll out of IGAP until negotiations with organised labour had been concluded and full funding for the required personnel is available. The IGAP and SUI solution were planned to be implemented together, in at least one region before full rollout of SUI in other regions, to enable the Agency to resolve any possible integration challenges that may arise.
	Number of grant applications processed within 12 days as a result of improved application processes	2 236 581 grant applications processed within 30 days	<p>Not achieved.</p> <ul style="list-style-type: none"> 1 314 858 new applications processed within 30 days 	<ul style="list-style-type: none"> A total of only 1 372 514 new applications were received for the financial year.



Output	Performance indicator	Actual performance against target		
		2010/11 annual target	Actual achievement	Reason for Variance
Automated Core Business System implemented in some regions IGAP SUI Biometric Solution			<ul style="list-style-type: none"> This is 58% achievement of the annual target 149 808 new applications were processed in more than 30 days. This is 11% of the total of 1 372 514 new applications received for the year. 	<ul style="list-style-type: none"> The original projection was overstated.
Effective and efficient management of beneficiaries	% implementation of Grants Review Policy	Manual Review Processes implemented to review 10% of beneficiaries	Achieved <ul style="list-style-type: none"> Manual Review Processes implemented to review 10% of beneficiaries. 	
	% of all beneficiaries notified of administrative actions	20% of all beneficiaries notified of administrative actions (500 000 beneficiaries) Baseline 2.5 million beneficiaries	Achieved. <ul style="list-style-type: none"> At least 2.06m beneficiaries were notified of administrative actions. This is 412% achievement of the annual target. 	<ul style="list-style-type: none"> Over achievement because of the pressure to review high risk beneficiaries and additional budget was provided to cover the cost of additional work.



Output	Performance indicator	Actual performance against target		
		2010/11 annual target	Actual achievement	Reason for Variance
Effective and efficient management of beneficiaries	% compliance with standardisation of business processes and procedures	60% compliance with standardised business processes and procedures	<p>Achieved</p> <ul style="list-style-type: none"> 60% compliance with standardised business processes and procedures. 	
	% implementation of the electronic file management system	60% implementation of the electronic file management system	<p>Achieved</p> <ul style="list-style-type: none"> 60% implementation of the electronic file management system. 	
Effective and efficient management of Grant Payment System	No of regions implementing Internal Review Mechanism	3 regions implementing Internal Review Mechanism	<p>Not fully achieved..</p> <ul style="list-style-type: none"> Only two regions namely KZN, NC implemented an internal review mechanism. 	<ul style="list-style-type: none"> Amendments were made to the legislation in September 2010. The lack of promulgated regulations to operationalise the amendments to the Act.
	Standardised SLAs with contracted service providers developed and implemented	Standardised SLAs with contracted service providers implemented	<p>Achieved.</p> <ul style="list-style-type: none"> Three consolidated SLAs signed with three contracted Service Providers and implemented. 	



Output	Performance indicator	Actual performance against target		
		2010/11 annual target	Actual achievement	Reason for Variance
Effective and efficient management of Grant Payment System	New Payment Strategy developed and implemented	New Payment Strategy Developed	<p>Not fully achieved</p> <ul style="list-style-type: none"> A Committee of Inquiry was appointed and conducted investigations on possible payment options. 	<ul style="list-style-type: none"> The Committee Report Recommended further investigation before the strategy can be completed
	% of beneficiaries receiving payments through the electronic system	25% of beneficiaries receiving payments through the banking system	<p>Achieved</p> <ul style="list-style-type: none"> 47.33% of all beneficiaries are receiving payments through ACBs or Banks In March 2011 total number of reconciled grants recipient was 9 082 315. 4 298 979 beneficiaries received payment through banks. Annual target was 2 270 579. This achievement reflects a 22.33% above the annual target. 	<ul style="list-style-type: none"> A greater number of beneficiaries responded positively to choose the electronic option.



Output	Performance indicator	Actual performance against target		
		2010/11 annual target	Actual achievement	
Effective and efficient management of Grant Payment System	Number of regions implementing the Monitoring Tool	9 regions implementing the Monitoring Tool	<p>Achieved.</p> <ul style="list-style-type: none"> All 9 regions of the Agency are implementing the Monitoring Tool. 	
	Effective and efficient management of Disability Grant	Number of regions implementing prioritised elements of Disability Management Model	<p>Implementation of prioritised elements of Disability Management Model in 3 regions, EC, NW and Mpumalanga.</p>	<p>Achieved.</p> <ul style="list-style-type: none"> EC, NW and Mpumalanga regions implemented the following prioritised elements of the Disability Management Model in 2010/11: <ul style="list-style-type: none"> Gate keeping and medical assessment processes; Medical form management; Training & development; Contract management; and Claims management.



Table 10: Priority 2 – Improved Systems Integrity

Output	Performance indicator	Actual performance against target		Reason for Variance
		2010/11 annual target	Actual achievement	
Integrity Model Implemented	Integrity policy approved and implemented	Integrity policy approved and implemented in all regions	<p>Not achieved.</p> <ul style="list-style-type: none"> Policy submitted to Organised Labour for consultation. 	<ul style="list-style-type: none"> The delay in the launch of the Bargaining Forum meant that the policy could only be tabled with organised labour late in the financial year.
	Ethics programme developed and fully implemented	Integrity model implemented in two regions	<p>Achieved.</p> <ul style="list-style-type: none"> Integrity model was implemented in the EC, KZN, FS, and NC 132 603 social grants verified. 7 133 fraudulent grants identified and terminated. 38 compliance inspections conducted. 	
	Ethics programme developed and fully implemented	Ethics programme developed and fully implemented	<p>Achieved.</p> <ul style="list-style-type: none"> Ethics audits conducted in all regions. Ethics training conducted in all regions. 	



Output	Performance indicator	Actual performance against target		
		2010/11 annual target	Actual achievement	Reason for Variance
Integrity Model Implemented	Number of fraud cases identified and investigated	1 500 new prioritised fraud cases investigated	<p>Achieved.</p> <ul style="list-style-type: none"> 2 828 people brought before the courts. 2 477 people convicted of grant fraud. 6 368 people signed acknowledgement of debt (AOD) valued at R56,7 million 	<ul style="list-style-type: none"> Increase in number of internal investigations due to revised investigation methodology.
		All public servant fraud cases under investigation finalised	<p>Achieved</p> <ul style="list-style-type: none"> 1 112 Public servants convicted of grant fraud. 2 093 disciplinary files prepared for their departments to institute disciplinary proceedings. 	
Integrated Risk Management Framework Implemented	% of Annual Internal Audit Plan implemented	100% implementation of the Annual Internal Audit Plan	<p>Achieved.</p> <ul style="list-style-type: none"> 100% implementation of the Annual Internal Audit Plan. 	
	Risk Management Strategy developed and implemented	Risk action plans developed and implemented	<p>Not achieved</p>	<ul style="list-style-type: none"> Capacity constraints.



Output	Performance indicator	Actual performance against target	
		2010/11 annual target	Reason for Variance
Integrated Risk Management Framework Implemented	Risk Management Strategy developed and implemented	Risk Monitoring Tool developed and implemented in Head Office and two regions	<ul style="list-style-type: none"> Not fully achieved Acquisition of software took longer than anticipated.
	Security Management Policy reviewed and implemented	Security Management Policy reviewed	<ul style="list-style-type: none"> Not achieved 1st draft and 2nd draft completed but the marketing of the policy had not been done. Hence the non - achievement of the target.
	% Disaster Recovery Plan Implemented	Disaster Recovery Plan Approved	<p>Achieved</p> <ul style="list-style-type: none"> The ICT as well as the Facility Maintenance Disaster Recovery plans were developed and approved.
		60% of the Disaster Recovery Plan (DRP) Implemented	<p>Not fully achieved</p> <ul style="list-style-type: none"> DRP Implemented for Enterprise Resource Planning (Oracle). DRP Implemented for Electronic mail. DRP Implemented for MIS. DRP Implemented for desk top infrastructure. <ul style="list-style-type: none"> Link to SOCPEN (SITA) DRP site is not yet in place.



Output	Performance indicator	Actual performance against target		
		2010/11 annual target	Actual achievement	Reason for Variance
Effective and efficient management and development of human capital	Integrated HCM Strategy developed and Implemented	Prioritised elements of HCM Strategy developed and implemented including Talent Management Strategy and Performance Management System	<p>Not fully achieved</p> <p>The following were achieved:</p> <ul style="list-style-type: none"> Talent Management Strategy approved; Second Draft Agency HCM Framework developed; All transformation and development managers trained as trainers on PMDS policy; People management and strategic leadership development programmes implemented. 	<ul style="list-style-type: none"> Only Labour Relations Model and Integrated Wellness strategy were not finalised due to prolonged consultation.
Knowledge Management Strategy implemented	% implementation of Knowledge Management Strategy	25% implementation of the Knowledge Management Strategy	<p>Achieved.</p> <ul style="list-style-type: none"> The Livelink document management system was implemented and rolled out to all the 9 regions. The Agency's websites were revamped and regional intranets were developed for the Western Cape, Northern Cape Free State, and Eastern Cape regions. The 2010/11 Agency's Promotion of Access to Information Act (PAIA) 	



Output	Performance indicator	Actual performance against target		
		2010/11 annual target	Actual achievement	Reason for Variance
Knowledge Management Strategy implemented	% implementation of Knowledge Management Strategy	25% implementation of the Knowledge Management Strategy	<p>annual report was produced and submitted to the South African Human Rights Commission.</p> <ul style="list-style-type: none"> 91 staff members in the Limpopo, Free State, North West and Mpumalanga regions were trained on PAIA. The Eastern Cape and Gauteng Information Resource Centres are operational. 	
Integrated Financial Management System Implemented	Average cost of administering social assistance (R/beneficiary)	R30.53 cost of administering social assistance reduction	<p>Achieved</p> <ul style="list-style-type: none"> This target of R30.53 cost of administering social assistance was achieved and relates to cash payment contractors only. Reduced from R33.52 to R30.53 	
	% compliance to GRAP standards	Confirmation of compliance with GRAP standards by AGSA	<p>Not fully achieved</p> <ul style="list-style-type: none"> Inventory, Assets, Payroll, Purchasing, Accounts Payable and Bank and Cash Module were not closed monthly as per GRAP standards. AR Loan module was not closed monthly as per GRAP standards. 	<ul style="list-style-type: none"> Monthly reconciliations of all modules were not performed. The AR Loan Module was not closed in time due to reloading of corrected debtor's data which was completed late.



Output	Performance indicator	Actual performance against target		
		2010/11 annual target	Actual achievement	Reason for Variance
	% Compliance with SCM regulations	100% Compliance with SCM regulations	<p>Not fully achieved.</p> <ul style="list-style-type: none"> 99.61% compliance to SCM regulations. Irregular expenditure condoned for 2010/11 amounted to R 8 803 115 Breakdown is as follows: R9 101 821 was reported for 2010/11. R7 550 848.89 was transactions that took place between 2007 to 31 March 2010. This amount includes a transaction for 64 labour saving devices procured in May 2009 without following normal procurement processes for a period of 60 months amounting to R6 159 513.03 Other major transactions are lease agreements which were not renewed timeously. 	<ul style="list-style-type: none"> Irregular expenditure amounting to 0.38% for 2010/11. Disciplinary action will be instituted against the transgressors.



Output	Performance indicator	Actual performance against target		
		2010/11 annual target	Actual achievement	Reason for Variance
Integrated Financial Management System Implemented	% functional support & technical support of the ERP system managed	80% of the functional support of the ERP system managed	Achieved <ul style="list-style-type: none"> 89.89% of functional queries logged were resolved within the SLA timelines. 	
		80% of the technical support of the ERP system managed	Achieved <ul style="list-style-type: none"> 82.66% of technical queries logged were resolved within the SLA timelines. 	
	Number of regions implementing ERP i-modules	Head office and nine regional offices	Not achieved	<ul style="list-style-type: none"> Executive decision was taken to postpone implementation of imodules, to allow the Oracle system to stabilise, in terms of the implemented core modules, and address disclaimer issues.
ICT Business Application Systems availability maintained and Accessible	% of ICT Business Application Systems available and accessible (i.e., SOCPEN, MIS)	95% of ICT Business Application Systems available and accessible	Achieved <ul style="list-style-type: none"> 97% ICT Business Application Systems availability maintained and accessible. 	
Buildings Infrastructure Management Strategy implemented	% of Buildings Infrastructure Management Strategy implemented	Buildings Infrastructure Management Strategy approved	Achieved <ul style="list-style-type: none"> Buildings Infrastructure Management Strategy was developed and approved. 	



Output	Performance indicator	Actual performance against target		
		2010/11 annual target	Actual achievement	Reason for Variance
Buildings Infrastructure Management Strategy implemented	% of Buildings Infrastructure Management Strategy implemented	10% implementation of the Buildings Infrastructure Management Strategy	<p>Achieved</p> <ul style="list-style-type: none"> • Current Leases that were due to expire were renewed. • New Leases were approved. • Maintenance was done. • The User Asset Management Plan was completed. • Asset register was updated • Assessment / Investigation of the utilisation of office space within the SASSA was completed. 	
	Number of offices deploying LAN/WAN infrastructure	ICT Infrastructure deployed in 10 offices	<p>Achieved</p> <ul style="list-style-type: none"> • ICT Infrastructure deployed in 10 offices. 	
Records Management (paper based) System Implemented	Number of regions implementing Records Management (paper-based) System	Nine regions plus head office implementing Records Management (paper-based) system	<p>Achieved</p> <ul style="list-style-type: none"> • Nine regions plus head office implementing Records Management (paper-based) system. • In terms of the 2010/11 target, Head Office and Regions focused on the following elements of implementation: • File Plan Utilisation. In all Regions and Head Office the File Plan has been distributed to all staff. 895 officials have been trained on the usage of the File Plan and in 8 Regions and Head Office the File Plan is being utilised to allocate File Reference Numbers. 	



Output	Performance indicator	Actual performance against target		
		2010/11 annual target	Actual achievement	Reason for Variance
Records Management (paper based) System Implemented	Number of regions implementing Records Management (paper-based) System	Nine regions plus head office implementing Records Management (paper-based) system	<ul style="list-style-type: none"> Clean-up Operation. The clean-up operation (collection of records from Units to the Central Registry) has been conducted in 6 regions and Head Office. 	
	% implementation of Records Management (Paper-based) System	10 % implementation of Records Management (paper-based) system	<p>Achieved</p> <ul style="list-style-type: none"> The focus of the 2010/11 financial year, in this regard was on the following: <ul style="list-style-type: none"> Temporary Archive Room fully established This involved the sorting, listing and packaging the records in the Head Office's temporary Archive Room. SLA between Central Registry and Records Users. This involved the signing of the SLA on registry services between the Head Office Central Registry and records users. 	
Legal Services Model Implemented	Litigation Management Strategy implemented and reviewed	Litigation Management Strategy implemented	<p>Achieved</p> <ul style="list-style-type: none"> Litigation was reduced from 2 744 to 1 944 during 2010/11, which financially translates into R43 254 321 to R17 896 901 in cost reduction. 	



Output	Performance indicator	Actual performance against target		Reason for
		2010/11 annual target	Actual achievement	
Legal Services Model Implemented	Framework for Legislation Compliance implemented and reviewed	Framework for Legislation Compliance implemented	<p>Achieved</p> <ul style="list-style-type: none"> Implemented the Legislation Compliance Framework. The Legal Services has conducted training on the legislation that affects the administrative processes undertaken by the SASSA in the performance of its mandate. 	
	Framework for Contract Management implemented and reviewed	Framework for Contract Management implemented	<p>Achieved</p> <ul style="list-style-type: none"> The Legal Services drafted and vetted 101 contracts and/or Service Level Agreements in accordance with the processes contained in the Framework for Contract Management. 	
Integrated Communication and Marketing Strategy implemented	Integrated Communication and Marketing Strategy developed, approved and implemented	Integrated Communication and Marketing Strategy developed, approved and implemented	<p>Achieved</p> <ul style="list-style-type: none"> Integrated Communication and Marketing Strategy developed, approved and implemented. 	



Output	Performance indicator	Actual performance against target		
		2010/11 annual target	Actual achievement	Reason for Variance
Change Management Strategy implemented	% compliance to governance policies and procedures	100% compliance with governance policies and procedures	<p>Achieved</p> <ul style="list-style-type: none"> 100% compliance with governance policies and procedures 	
	% decline in reported cases of conflict and grievances	10% decline in reported cases of conflict and grievances	<p>Not achieved</p> <ul style="list-style-type: none"> 40 out of 112 cases finalised 	<ul style="list-style-type: none"> Awaiting the Agency's decision on salary regularisation
	Climate culture survey conducted and recommendations implemented	Climate culture survey conducted	<p>Not fully achieved.</p> <ul style="list-style-type: none"> Proposal on climate culture survey developed and approved. 	<ul style="list-style-type: none"> Due to organisational reprioritisation
	Climate culture survey recommendations implemented	Climate culture survey recommendations implemented	<p>Not achieved.</p>	<ul style="list-style-type: none"> Due to organisational reprioritisation
Integrated Monitoring and Evaluation Framework implemented	% implementation of Integrated Monitoring and Evaluation Framework	100% implementation of Integrated Monitoring and Evaluation Framework: (four Institutional Performance Monitoring reports, four service delivery monitoring reports and three evaluation studies)	<p>Not fully achieved</p> <ul style="list-style-type: none"> Four Institutional Performance Monitoring reports and four service delivery monitoring reports produced. Evaluation studies not achieved. 	<ul style="list-style-type: none"> Lack of capacity at the regions to collect data for the study



Output	Performance indicator	Actual performance against target		Reason for
		2010/11 annual target	Actual achievement	
Framework on Strategic Planning, Operational Planning and Reporting implemented	% implementation of the Framework on strategic planning, operational planning and reporting	100% of the Framework on strategic planning, operational planning and reporting implemented	<p>Achieved</p> <ul style="list-style-type: none"> 100% of the Framework on strategic planning, operational planning and reporting implemented 	
Integrated Research and Development Strategy implemented	Integrated Research and Development Strategy developed, approved and implemented	Three prioritised elements of the Integrated Research and Development Strategy implemented	<p>Not fully achieved</p> <ul style="list-style-type: none"> Draft Research policy document and Draft research procedures document completed 	<ul style="list-style-type: none"> Consultation process not yet completed
Micro Simulation and Macro-Economic Model implemented	% Implementation of the Micro Simulation and Macro Economic Models	100% of the Micro Simulation Agency implemented	<p>Not fully achieved</p> <ul style="list-style-type: none"> 80% of the annual target was achieved 	<ul style="list-style-type: none"> 20% not achieved due to organisational reprioritisation
Strategic Partnerships Strategy implemented	Partnerships Strategy approved and implemented	Partnerships Strategy approved	<p>Not achieved</p>	<ul style="list-style-type: none"> Capacity constraints
	Number of partnership agreements concluded	Establishment and management of partnerships with public and private institutions on social security administration and delivery	<p>Not fully achieved</p>	<ul style="list-style-type: none"> Awaiting approval of draft partnership agreements



Table 11: Priority 3 – Increased Access to Social Security Services

Output	Performance Indicator	Actual performance against target		
		2010/11 Annual Tar-	Actual Achievement	Reason for Variance
Customer Relations Management Strategy implemented	Customer Relations Management Strategy approved and implemented	Customer Relations Management Strategy approved	Not achieved <ul style="list-style-type: none"> Draft strategy finalised 	<ul style="list-style-type: none"> Awaiting approval
	Customer Relations Management Strategy Implemented	Customer Relations Management Strategy Implemented	Achieved <ul style="list-style-type: none"> Enquiries management implemented. Customer Care Charter piloted in three regions (FS, NW, NC). Batho Pele principles implemented in the Agency 	
ICROP Strategy Implemented	ICROP Strategy approved	ICROP Strategy approved	Not achieved <ul style="list-style-type: none"> ICROP draft strategy has been reviewed and finalised 	<ul style="list-style-type: none"> Awaiting approval
	% of identified rural municipalities having access to Social Assistance through ICROP	25% of identified municipalities having access to Social Assistance through ICROP	Achieved <ul style="list-style-type: none"> 121 out of 282 Municipalities received services through ICROP resulting in 72 425 beneficiaries being registered equating to 43% achievement 	



Output	Performance Indicator	Actual performance against target		
		2010/11 Annual Target	Actual Achievement	Reason for Variance
Integrated developmental services for the vulnerable	Linking social Assistance beneficiaries to economic opportunities	Case Management Guidelines implemented in all regions	Not achieved <ul style="list-style-type: none"> Draft guidelines finalised 	<ul style="list-style-type: none"> There was an executive decision made that due to resource constraints
	Stakeholder Management strategy developed and implemented	Stakeholder Management strategy developed by July 2010 and implemented	Not achieved	<ul style="list-style-type: none"> The consultations with stakeholders took longer than expected



Deviations from the strategic plan 2010/11

- iModules not implemented due to financial constraints;
- IGAP not implemented due to unfinished negotiations with organised labour and budgetary constraints;
- Integrity policy not approved due to delay in the launch of the bargaining forum;
- Climate Culture survey not conducted due to budgetary constraints; and
- Case Management guidelines were not implemented. An executive decision was taken due to resource constraints case management will be done by DSD and the SASSA will support DSD through provision of data

Table 12: Key challenges and actions taken/responses

Key Challenges	Action/Response
<ul style="list-style-type: none">• Designing the most appropriate structure for the SASSA	<ul style="list-style-type: none">• Implement BPR
<ul style="list-style-type: none">• Improving Service Delivery	<ul style="list-style-type: none">• Implement SDM• Optimise the SASSA's Business Processes• Standardising Grant Payment Systems
<ul style="list-style-type: none">• Improve on cost efficiencies	<ul style="list-style-type: none">• Development of new Payment Model



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Part 3

Report of the Audit
Committee

Annual Report 2010/11

REPORT OF THE AUDIT COMMITTEE SOUTH AFRICAN SOCIAL SECURITY AGENCY (SASSA)

Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2011.

Audit Committee Members and Attendance:

The Audit Committee consists of the members listed hereunder and meets four times per annum as per its approved terms of reference. During the 2010/2011 five Audit Committee meetings were held.

Name of Member	Number of Meetings Attended
Mr. B Mahlangu (Chairperson)	4
Dr. D P van der Nest	4
Ms. J Joni	4
Mr. V Twala	5
Prof. J. Kleynhans	2

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from **section 51(1)(a) of the PFMA** and **Treasury Regulation 3.1.13**.

The Audit Committee also reports that it has revised and adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal control was not entirely effective for the year under review, as compliance with prescribed policies and procedures were lacking in certain instances. From the various reports of the Internal Auditors, non-compliance was identified that resulted from a breakdown in the functioning of key controls, the most critical being in the area of grants administration.

The Financial Misconduct Board (the committee established to deal with financial irregularities) is functioning. There has been a decline in cases of irregular expenditure reported during 2010/2011. The resolution of cases of irregular expenditure relating to the 2008/2009 financial year, which is a matter of concern for the committee is being addressed and the investigations and recommendations relating thereto are being finalised.

REPORT OF THE AUDIT COMMITTEE SOUTH AFRICAN SOCIAL SECURITY AGENCY (SASSA)

The quality of in year management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act.

The Audit Committee is of the view that the contents of the monthly and quarterly reports of the Agency are satisfactory. However, the quality of reports in terms of reporting non- achievement of certain targets needs to be improved. The reasons for non-achievement and actions taken to address non-achievement must be clearly outlined in performance reports. Furthermore the Audit Committee has noted with concern that the Auditor-General South Africa concluded that sufficient appropriate audit evidence could not be provided for the target dealing with grant beneficiaries on SOCPEN. Grants beneficiaries were audited by the Auditor-General South Africa based on a statistical sample which revealed a projected error of R 891,039,788.09, and this resulted in a qualified audit opinion of the Department of Social Development. Social assistance transfers to households are allocated in the Department of Social Development's vote; however the processes for determining who qualifies for payment and the actual transfer process are managed by SASSA. The Audit Committee will review management feedback on a quarterly basis on the progress made in locating all missing beneficiary files and documentation during the 2011/2012 financial year.

Evaluation of Financial Statements

The Audit Committee has reviewed and discussed the annual financial statements to be included in the annual report with the Auditor-General South Africa's report and the Accounting Authority for submission to the Auditor-General South Africa. The Audit Committee has noted the number of adjustments made in respect of prior year figures due to errors and omissions made during compiling of the 2009/2010 annual financial statements.

The Audit Committee has reviewed the Auditor-General South Africa's management report and management responses thereto as well as the adjustments resulting from the audit. It is encouraging to note that the Auditor-General South Africa has issued an unqualified opinion on the annual financial statements of the Agency. However the Audit Committee has noted with concern that SASSA is relying on an external service provider to ensure the reasonableness of the annual financial statements, due to capacity challenges within the Branch: Finance. A structured plan to ensure the up-skilling of internal capacity should be prioritised to address this challenge. The Audit Committee concurs with and accepts the Auditor-General South Africa's report on the annual financial statements for the year ended 31 March 2011. The Committee is of the opinion that the audited Annual Financial Statements should be accepted and read together with the report of the Auditor-General South Africa.

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Chairperson of the Audit Committee

3 August 2010



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Part 4

Annual Financial Statements
for the year ended
31 March 2011

Annual Report 2010/11

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2011

Accounting Authority's Responsibilities and Approval

1. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

1.1 Key Strategic Priorities:

- Customer Care-centered Benefits Administration and Management System;
- Improved Systems Integrity; and
- Increased access to Social Security Services.

1.2 The following projects were undertaken during the 2010-2011 Financial Year, in line with the SASSA priorities:

- Continued implementation of policies on social assistance.
- Migration of beneficiaries from Cash payment to ACBs.
- Disability Management Model implemented.
- Management of Beneficiary Files Project.
- Social Relief of Distress (SRD).
- The development of the Service Delivery Model.
- Integrated Community Registration Outreach Programme (ICROP) aimed at improving access to services by rural and peri-urban beneficiaries.
- Review of costing and implementation of the payment arrangements in respect of the new payment contractors.
- Reviews and Life Certification Project.
- Updated web-based financial projecting module and reporting tool for social assistance.

1.3 During the period under review, the SASSA recorded the following key achievement in line with the priorities;

- The policy changes on Old Age equalization and extension of the Child Support Grant were successfully implemented. A total of 50 085 men aged 60 years are now in receipt of grants for older persons and 841 357 children aged 15 to 18 are in receipt of the Child support grant.
- There has been an overall gradual increase in the number of grant benefits over the years. The total number of grant benefits increased from 10 974 076 at the end of March 2006 to 14 935 832 by the 31st March 2011, indicating a total increase of 36% over the five years period.
- The turnaround time for processing of new social grant applications has achieved an average turnaround time of 9 days, which is an improvement from the previous 21 days.
- In excess of 1.1million reviews were completed and 600 thousand lapsing of grants concluded.

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2011

Accounting Authority's Responsibilities and Approval

- The SASSA has ensured regular payment of all benefits. The direct cost of the administration of grant payments was reduced by approximately R150 million in comparison to the previous financial year.
- Significant progress was made on migration of beneficiaries from cash payment to ACBs. 47,33% of beneficiaries received their grants through the banks and post office. This has recorded a 16,08% increase in the number of beneficiaries receiving their grants through the banks and post office. The cost of administering social assistance grants through the cash payment contractors was subsequently reduced to R30.53 from R33.52, resulting in a saving of almost 9%.
- Beneficiary bank accounts which had no activity over three consecutive months were identified. Beneficiaries were reviewed and a recovery of R9, 596 million is projected.
- Internal financial controls, procedures, policies and delegations of authority were reviewed and implemented in line with the Generally Recognised Accounting Practice (GRAP) standards to ensure full compliance with the legislative frameworks and related prescripts.
- 112 363 medical review assessments conducted against a target of 298 752 over the MTEF. All doctors contracted by the SASSA were trained and accredited to conduct disability medical assessments.
- In terms of systems integrity and response time in the capturing and verification of grant applications, the SASSA embarked on a process of rolling out the new MIS system to eight regions.
- The Integrity Model introduced a paradigm shift from focusing on detection and investigations to validation of the eligibility of beneficiaries for social grants to life verification to confirm their existence. A total of 132 603 beneficiaries were verified for eligibility and existence, and 7 133 of these were found to be fraudulent.
- A total of 2 828 persons were prosecuted in the year under review bringing the total number to 17 477 since the inception of the project in June 2005. A total of 6 368 people also signed Acknowledgment of Debts (AODs) valued at R56,7 million to repay the fraudulently received grants.
- The annual Internal Audit Coverage Plan for 2010/11 was developed, approved and implemented in the period under review.
- The numbers of litigation matters were reduced from 2 744 (2009/10) to 1 944 during the 2010/11 Financial Year. The Cost of liability for litigation matters was reduced from R43 254 321.12 to R12 164 381.08 during the 2010/11 financial year.
- A total of six hundred and seventy five (675) ICROPs were conducted. As a result 72 425 new beneficiaries were registered through ICROP.
- The SASSA recognised the need to develop a payment system focusing on improving efficiencies. The SASSA is currently reviewing the current payment system.
- A Service Delivery Model which provides a framework for the improvement of services was developed and approved during the period under review. The Service Delivery Model implementation will enhance the quality of the SASSA's services, improve the business processes, ensure a progressive shift from manual processes to automation, and focus on re-skilling staff to optimise productivity and ensure a customer-centric approach to service delivery.

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1.4 Revenue and expenditure

The SASSAs total revenue for the period under review, the bulk of which are transfers from Department of Social Development, amounted to R5, 6 billion while total expenditure amounted to R5,1 billion. This translates into a total saving on budget of R500 million. The saving will have a positive impact on the accumulated deficit which the SASSA plans to fund over the MTEF period.

The main contributing factor to the saving was a reduction on the expenditure related to the payment towards cash payment contractors. This was as a result of negotiations between the SASSA and the contractors on fees paid to them for the disbursement of grants to beneficiaries.

Since its establishment the SASSA experienced financial and service delivery challenges over the past years resulting in the accumulated deficit currently facing it.

The key contributing factors are the following:

(i) Establishment costs

The main aspects remaining on establishment is the existing and continued need for infrastructure and staff capacity. Expansion at both regional, district and local office level also necessitates the enhancement of systems to support service delivery improvement. All of these require significant funding and they have not been optimally funded over the past years.

(ii) Shared Services

Some offices, especially at district and local level, still share resources with the Provincial Departments of Social Development (PDSD). The shared resources include office accommodation, telephones, office equipment, cleaning and security services, etc. This means there is a continued need for the SASSA to pay for these shared services. As the separation process continues, the shared services costs will decrease but the "establishment" cost will increase.

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Accounting Authority's Responsibilities and Approval

(iii) Personnel costs

Although the approved post establishment at the SASSA's inception was based on a "norms and standards" exercise which used the grant application to approval process as a basis, it was agreed that only the social security (core business) staff were to be ring-fenced and transferred to the SASSA. This agreement did not factor in other support functions forming part of the entire value chain. Ultimately, a total of 6 258 staff members were transferred to the SASSA with effect from 1 April 2006. This in effect means that additional 2 258 staff members, who were not funded in the initial baseline allocation, were transferred. The result was that the baseline allocation could not accommodate costs related to these additional personnel.

(iv) Legal costs

When the social assistance functions were transferred to the SASSA all assets, liabilities and associated risks were also transferred with the function. The liabilities included cumulative legal costs incurred by the PDSD. The SASSA inherited 61 498 litigation matters from the PDSD as part of the liabilities. The legal cost liability amounted to R125 million at the time. The SASSA had managed to address the backlogs and reduced the number of litigation to 1 944 in 2010/11 with a cost liability of R44 million of which R32 million was carried forward from the previous financial years (2008/09 – 2009/10).

In order to effectively deal with the financial challenges and minimise the budget deficit the SASSA continued with the cash stabilization strategy implemented in prior year, based on the following pillars:

(a) Implementation of Austerity Measures.

Implementation of these measures was aimed at curbing unnecessary expenditure and to achieve efficiency in our spending. To a greater extent the measures were taken as a guiding principle during the budget apportionment process to an extent that the baseline allocation on certain targeted expenditure items was kept to the minimum. However, in certain instances the benefits of implementing austerity measures were negated by increased service delivery demands which resulted in further budget pressures. This included an increase in travel expenditure resulting from activities related to audits which increased travel to and from regions. That notwithstanding, these measures have also contributed positively to the overall budget savings which have been realised.

(b) Migration of beneficiaries to banks with a view to reduce exorbitant disbursement fees charged by Cash Payment Contractors.

The bulk of the SASSA's expenditure on the administration budget goes towards the payments to cash payment contractors. This is one area where the SASSA is of the view that significant savings could be realised by

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Accounting Authority's Responsibilities and Approval

encouraging beneficiaries to utilise other cost-effective means of transacting, for example the post banks and other banks. In this regard grant beneficiaries were encouraged to follow this route.

Significant progress was made on migration of beneficiaries from cash payment to ACBs. In the year under review, a total of 47,33% of payments were made through ACBs or banks. During the 2009 period, a total of 31,25% was paid through ACBs or banks. The latter translating into a 16,08% increase over the previous year. This number is envisaged to increase as beneficiaries, particularly those residing in urban areas, are becoming more aware of the better option of transacting through the banks, and also that the banking infrastructure in rural areas is improving and expanding.

Another initiative aimed at realising the much-needed savings is the new payment model to be implemented over the next five years. In the meantime a new tender for the payment of grants will be awarded in the new financial year. The strategic objective of this tender is to reduce payment costs by, amongst others, promoting electronic cash transfer mechanisms.

(c) Recovery of grants monies paid into dormant beneficiary accounts

The aim of this pillar is to recover the grant moneys where a beneficiary was found to be ineligible. There is collaboration with law enforcement agencies with an aim of ensuring that authority is granted to recover these monies.

An amount of R106 896.52 was recovered from dormant beneficiary accounts. A total of 2 000 deceased beneficiaries with dormant accounts were identified as being overpaid.

1.5 Irregular and fruitless and wasteful expenditure

1.5.1 Irregular Expenditure

The SASSA recorded irregular expenditure to the amount of R2.5 million in the previous financial year. For the period under review an amount R1.5m was reported as irregular expenditure. The total irregular expenditure condoned in 2010/11 amounted to R8.8 million, of which R7.5 million relates to prior years from 2007 to 2010.

1.5.2 Fruitless and Wasteful Expenditure

A comprehensive internal investigation under the guidance of the Financial Misconduct Board was commissioned to determine the cause and liability for the (R1, 2 million) fruitless and wasteful expenditure on Mobile Trucks in the prior year. The recommendation by the investigating team was approved by the Financial Misconduct Board and is in the process of being implemented. In the current year fruitless and wasteful expenditure has been reduced to R148 thousand.

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1.6 RDP Funds

The RDP funds emanated from Service Level Agreements entered into between respective provinces and Payment Contractors. At that time, prior to establishment of the SASSA, the source of the funds were with respective Provincial Treasuries.

The State Law Advisor advised that these funds should be regarded as public funds and also be accounted for in accordance with the requirements of the PFMA. However, the legal advice that the SASSA received indicates that these are private funds. This is corroborated by the service providers who have always accounted for these funds in their books as their own. The discussions with the National Treasury are ongoing to find a common solution to this dilemma.

2. SERVICES RENDERED BY THE SASSA

The SASSA was established in terms of the South African Social Security Agency Act, 2004 with the primary purpose of being the sole entity responsible for the payment of social grants to over 10 million beneficiaries throughout the country for the different grant types, namely;

- Old Age Grant;
- War Veterans Grant;
- Child Support Grant;
- Care Dependency Grant ;
- Foster Child Grant;
- Disability Grant; and
- Grant-in-Aid;

In addition to the above grant types, the Agency also administers the SRD programme, an intervention aimed at providing temporary relief to a family which faces undue hardship.

3. INVENTORIES

The closing balance for the current year's inventory is R13, 7 million. The closing balance of inventory for the prior year was restated from R24 million to R14 million in line with GRAP 3 – Accounting Policies, Changes in Accounting Estimates and Errors. The SASSA continued to apply the FIFO method of valuing inventory, in line with the Accounting Policy.

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4. CORPORATE GOVERNANCE ARRANGEMENTS

The SASSA continued its efforts to enhance good governance as a key to effective and efficient service delivery to its beneficiaries. The various internal control processes implemented resulted in the reduction of irregular expenditure from R2.6 million in the previous financial year to R1.5 million. Notwithstanding all the checks and balances implemented to ensure a smooth transition from the Government's legacy systems to the enterprise resource planning (ERP) system, challenges were experienced with the implementation of the new system. These challenges seriously undermined the SASSA's intention to ensure smooth migration and maintenance of clean accounting performance.

4.1 Shareholder's Compact (Performance Agreement)

The Treasury Regulations issued in terms of the Public Finance Management Act, 1999 requires the Chief Executive Officer (CEO) to annually agree with the Executive Authority on the key performance objectives, performance indicators as well as targets. In this regard the Minister reviewed and approved the Strategic Plan of the SASSA, which outlined the key deliverables and targets for the year and used quarterly reports to monitor performance against those targets.

4.2 Internal Audit and the Audit Committee

The Audit Committee continued to independently provide advice on risk management, internal control and governance processes. The effectiveness of the Committee demonstrated through its independent and objective state of mind was instrumental in monitoring and providing valuable advice to the SASSA. The internal audit reports serve as valuable basis for the Audit Committee to provide appropriate advice. The internal audit function was very instrumental in the process of verifying social grants, which consequently identified a significant number of fraudulent grants. This project proved the internal audit function to be a value-adding function that goes beyond auditing documents.

4.3 Risk Management

Risk Management at the SASSA is a process utilised to identify emerging risks that may impact on achievement of objectives. The strategic risk assessment was conducted as a norm to identify and confirm strategic and high level operational risks. In addition, a risk identification of all strategic projects was conducted to ensure that mitigating controls are factored into the project plan. The Risk Management Committee continued its role of ensuring that a risk management strategy is developed. To this end, the disaster recovery and business continuity plans were developed to ensure continuity of services in the event of a disaster occurring. The implementation of these plans, however, revealed a number of shortcomings and thus need to be revised.

Accounting Authority's Responsibilities and Approval

4.4 Compliance and Fraud Management

The social assistance cash transfers to beneficiaries continued to render the SASSA vulnerable to fraud and corruption. The reactive approach adopted by the SASSA in its fight against fraud and corruption over the years, has proven not to be effective. The strategy predominantly focused on external factors i.e. fraud committed by beneficiaries without linking the fraudulent activities to the SASSA's personnel. To address the challenge of personnel involvement in social grants fraud and corruption, the SASSA conducted an ethics audit and ethics survey to understand the prevailing culture. The results of the audit and survey were used to develop an ethics programme, which outlines the critical interventions necessary to regulate the conduct of personnel.

The SASSA changed its approach towards social grants fraud to a more proactive fraud detection approach. A mass verification process was undertaken to verify the validity of grants as well as the existence of social grants beneficiaries. The project proved to be more effective as it enabled the SASSA to identify fraudulent grants that would never have been identified through the data interrogation detection approach. This resulted in a preventative saving of millions of rands if the SASSA had continued to pay those grants. The process also enabled the SASSA to link the fraudulent grants to its own employees, who were subsequently dismissed.

4.5 Code of Conduct and Ethics

The SASSA, during the reporting period, undertook a review of its Code of Conduct and Ethics to determine its effectiveness in regulating the behaviour of staff. The review revealed a number of weaknesses that might prevent the SASSA from achieving the objectives of the Code. Consequently, the Integrity Policy was developed as a stop-gap mechanism to address all weaknesses identified in all the other policies that aim to regulate the conduct of staff. These include, the Financial Disclosure Framework, the Gift Policy etc.

4.6 Delegations of authority

The SASSA revised and approved its delegation of authority to empower management to execute its management functions. The delegations deal with, amongst others, approvals for budgets and payments, appointment of staff, and the acquisition of goods and services. They also define the different authorisation levels in relation to organisational positions. Relevant internal controls were also implemented to ensure compliance with the delegations.

4.7 Employee participation and representation

The SASSA in line with its values, strived to enhance employee participation in decisions that affect its

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workforce. To this end, the SASSAs Bargaining Forum was established and launched to create a platform for engagement on labour relation matters. The agreement was signed with all labour representatives to agree on rules of engagement.

4.8 Governance structures

Regular dialogue is important to share ideas, communicate plans as well as account for agreed upon targets. To facilitate this, a formal structure was established between the Ministry of Social Development, the Department of Social Development (DSD), the National Development Agency (NDA) and the SASSA. The meetings were held at least quarterly to facilitate information sharing, identification of areas of cooperation and accounting for agreed upon targets.

The SASSA has established formal governance structures to facilitate communication and informed decision-making. The Executive Management Committee (EXCO) is the highest decision making structure, whose primary responsibility is to make policy pronouncements on all matters of the SASSA. The SASSA recognised the importance of consultation on issues relating to implementation of policy. Another structure, referred to as the Management Committee (MANCO) was therefore established to consult on policy implementation matters. A number of other structures were also operational to facilitate communication between head office and the SASSAs regional offices.

5. DISCONTINUED ACTIVITIES OR ACTIVITIES TO BE DISCONTINUED

No significant portion of the SASSA's operations was discontinued during the year under review.

6. ASSET MANAGEMENT

The asset management policy was reviewed to comply with GRAP standards. The value of Intangible assets increased in the current year due to a reassessment of the capitalised costs of intangible assets, the cost has been increased by an estimated 67 %, from R41 million to R105 million which was recorded for the prior year expenditure.

Newly acquired assets were added in the fixed asset register. The SASSA has implemented the GRAP standards to ensure that assets are maintained to a desired level of service. The internal controls in compliance with the asset management policy for the period under review were implemented. The SASSA embarked on a massive half year and annual asset verification project for the period under review. Lost and stolen assets were retired from the system in the period in which the loss occurred or over to the correct accounting period.

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The valuation of the Limpopo land and buildings has been completed and the values as per valuer's report are as follows:

OFFICE NAME	LAND	BUILDING	TOTAL VALUE
Nkeditlana Service Point	188 000.00	4 306 547.00	4 494 547.00
Leeuwfontein Service Point	45 450.00	4 507 263.00	4 552 713.00
Musina Local Office	42 000.00	4 893 765.00	4 935 765.00
Makwarela Gov complex	100 000.00	12 792 766.00	12 892 766.00
Maraba Local Office	300 000.00	4 800 307.00	5 100 307.00
Waterberg District Office	500 000.00	13 604 157.00	14 104 157.00
Manganeng Service Point	445 000.00	4 259 495.00	4 704 495.00
Mopani District Office	520 000.00	15 581 015.00	16 101 015.00
Vhembe District Office	144 000.00	11 292 494.00	11 436 494.00
Thabazimbi Sub-District Office	165 000.00	12 646 616.00	12 811 616.00
Makhudu Thamaga	4 853 453.00	242 000.00	5 095 453.00
SUBTOTAL	88 926 425.00	7 302 903.00	96 229 328.00

The SASSA is in the process of obtaining title deeds for the land, since the land in which the buildings were made belonged to tribal authorities and were donated by tribal leaders.

7. SOCIAL RELIEF DISTRESS (SRD)

Expenditure on social relief of distress for the 2010/11 financial year amounted to R178 813 600 million, which constituted 98,9% of the budget. The original budget of R143 million was increased by R35,8 million to assist with the disaster relief and flood victims, bringing the total budget to R178 million. A total amount of R24 million was spent specifically on disaster relief. Condonement was obtained from the Director General, National Department of Social Development for the Western Cape to provide immediate relief in times of disaster. Approximately 161 647 people benefited from SRD and disaster relief during the 2010/11 financial year.

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Accounting Authority's Responsibilities and Approval

8. PERFORMANCE INFORMATION

The SASSA is currently using a manual system for collating and compiling performance reports. The Corporate Strategic and Operational Planning Department is responsible for the production of the SASSAs quarterly performance reports that are submitted to the Minister.

Performance information for the year ended 31 March 2011 was compiled through consolidating information contained in a variety of reports produced on a quarterly basis by different branches. The quarterly performance reports are reviewed, analysed and quality assured before the content can be used for compiling the SASSAs report. Verification of achievements is done with individual branch managers.

9. SCOPA RESOLUTIONS

None.

10. EXEMPTIONS RECEIVED FROM THE NATIONAL TREASURY

None.

11. APPROVAL

The Annual Financial Statements set out on page 83 to 112 have been approved by the Accounting Authority



Ms. V. Petersen

Chief Executive Officer

ACCOUNTING AUTHORITY

Date: 28/07/2011

**REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SOUTH AFRICAN SOCIAL SECURITY AGENCY
REPORT ON THE FINANCIAL STATEMENTS**

Introduction

1. I have audited the accompanying financial statements of the South African Social Security Agency, which comprise the statement of financial position as at 31 March 2011, and the statement of financial performance, 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 information, as set out on pages 84 to 112.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) and the South African Social Security Agency Act, 2004 (Act No. 9 of 2004), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and, section 4 of the Public Audit Act of South Africa, 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 International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. 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 South African Social Security Agency as at 31 March 2011, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) and the South African Social Security Agency Act, 2004 (Act No. 9 of 2004).

Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters:

Restatement of corresponding figures

9. As disclosed in note 35 to the financial statements, the Agency has restated various financial statement items due to a correction of prior period errors.

Material impairments

10. As disclosed in note 20 to the financial statements material impairment of debtors to the amount of R3 774 287 (2009/10 - R63 922 862) were incurred as a result of a write off of irrecoverable departmental debtors. The prior year impairment was done as part of the restatement of corresponding figures as per paragraph 9 above.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11. In accordance with the PAA and in terms of *General notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 39 to 61 and material non-compliance with laws and regulations applicable to the South African Social Security Agency.

Predetermined objectives

Reliability of information

12. The following criterion was used to assess reliability:
- Validity: Actual reported performance has occurred and pertains to the entity.
13. The following audit finding relates to the above criteria:

- For the reported target: grant beneficiaries on SOCPEN, that were material by nature and amount, the validity of the reported target could not be established as sufficient appropriate audit evidence and/or relevant source documentation could not be provided. Grants beneficiaries were audited based on a statistical sample and it could not be confirmed for 1.52% of the sample audited that the beneficiary qualified for the grant.

Compliance with laws and regulations

14. There are no findings concerning material non-compliance with laws and regulations applicable to the public entity.

INTERNAL CONTROL

15. In accordance with the PAA and in terms of General notice 1111 of 2010, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the finding on the annual performance report and the finding on compliance with laws and regulations included in this report.

Financial and performance management

16. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

Auditor-General

Pretoria

31 July 2011



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

South African Social Security Agency

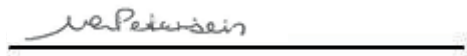
Annual Financial Statements for the year ended 31 March 2011

Index

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

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Notes to the Annual Financial Statements	97 - 112

The annual financial statements set out on pages 84 to 112, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2011 and were signed on its behalf by:



Ms. V. Petersen
Chief Executive Officer and Accounting Authority

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2011

Statement of Financial Position

Figures in Rand	Note(s)	2011	2010 (Restated)
Assets			
Current Assets			
Inventories	3	13,703,212	14,869,401
Receivables from exchange transactions	4	29,632,448	17,278,148
Prepayments	5	5,013,337	2,995,918
Cash and cash equivalents	6	199,042,877	9,320,743
		247,391,874	44,464,210
Non-Current Assets			
Property, plant and equipment	7	361,029,997	407,977,454
Intangible assets	8	89,546,372	100,186,620
		450,576,369	508,164,074
Non-Current Assets		450,576,369	508,164,074
Current Assets		247,391,874	44,464,210
Total Assets		697,968,243	552,628,284
Liabilities			
Current Liabilities			
Finance lease obligation	9	431,407	1,424,022
Operating lease liability	10	55,590,986	57,201,406
Payables from exchange transactions	11	455,504,026	434,618,757
Provisions	12	321,876,665	346,562,087
Bank overdraft	6	-	310,837,678
		833,403,084	1,150,643,950
Non-Current Liabilities			
Finance lease obligation	9	2,102,382	2,258,410
Non-Current Liabilities		2,102,382	2,258,410
Current Liabilities		833,403,084	1,150,643,950
Total Liabilities		835,505,466	1,152,902,360
Assets		697,968,243	552,628,284
Liabilities		(835,505,466)	(1,152,902,360)
Net Assets		(137,537,223)	(600,274,076)
Net Assets			
Accumulated surplus		(137,537,223)	(600,274,076)
Total Net Assets		(137,537,223)	(600,274,076)

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2011

Statement of Financial Performance

Figures in Rand	Note(s)	2011	2010 (Restated)
Revenue			
Government grants & subsidies	13 & 14	5,631,387,000	5,168,896,000
Miscellaneous revenue	13 & 15	7,441,359	12,983,027
Interest received	17	228,172	277,484
Total Revenue		5,639,056,531	5,182,156,511
Expenditure			
Personnel	18	(1,623,468,002)	(1,563,502,006)
Depreciation and amortisation	7&8	(59,441,213)	(51,535,373)
Finance costs	19	(1,799,360)	(2,151,477)
Debt impairment	20	(3,774,287)	(63,922,862)
Repairs and maintenance		(71,332,267)	(74,012,831)
Administrative expenses		(3,393,390,422)	(3,710,148,990)
Total Expenditure		(5,153,205,551)	(5,465,273,539)
Loss on disposal of assets		(23,114,127)	(186,218)
Revenue		5,639,056,531	5,182,156,511
Expenditure		(5,153,205,551)	(5,465,273,539)
Surplus (deficit) for the year		462,736,853	(283,303,246)

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2011

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 April 2009	(393,303,204)	(393,303,204)
Changes in net assets		
Deficit for the year	(490,877,935)	(490,877,935)
Total changes	(490,877,935)	(490,877,935)
Opening balance as previously reported	(884,181,139)	(884,181,139)
Prior year restatement	283,907,063	283,907,063
Balance at 01 April 2010 as restated	(600,274,076)	(600,274,076)
Changes in net assets		
Surplus for the year	462,736,853	462,736,853
Total changes	462,736,853	462,736,853
Balance at 31 March 2011	(137,537,223)	(137,537,223)

South African Social Security Agency

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Cash Flow Statement

Figures in Rand	Note(s)	2011	2010 (Restated)
Cash flows from operating activities			
Receipts			
Cash receipts		5,626,474,059	5,133,798,095
Payments			
Cash paid to suppliers and employees		(5,100,017,631)	(5,044,807,115)
Total receipts		5,626,474,059	5,133,798,095
Total payments		(5,100,017,631)	(5,044,807,115)
Net cash flows from operating activities	23	526,456,428	88,990,980
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(23,317,782)	(16,305,788)
Proceeds from sale of property, plant and equipment	7	-	1,125,938
Purchase of intangible assets	8	-	(63,271,124)
Proceeds from sale of assets		140,997	-
Interest Income		228,172	277,484
Net cash flows from investing activities		(22,948,613)	(78,173,490)
Cash flows from financing activities			
Finance lease payments		(1,148,643)	337,568
Finance costs		(1,799,360)	(2,151,477)
Net cash flows from financing activities		(2,948,003)	(1,813,909)
Net increase/(decrease) in cash and cash equivalents		500,559,812	9,003,581
Cash and cash equivalents at the beginning of the year		(301,516,935)	(310,520,516)
Cash and cash equivalents at the end of the year	6	199,042,877	(301,516,935)

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2011

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on the accrual basis of accounting and are in accordance with the historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous year, unless stated otherwise.

Comparative information

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Details of changes in accounting policy and errors have been provided in the notes.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Loans and Receivables

The agency assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the agency's management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Provisions

Provisions are raised and management determined estimates are based on the information available. Additional disclosure of these estimates of provisions are included in note 12. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Useful lives and residual values

The agency re-assesses the useful lives and residual values of property, plant and equipment on an annual basis. In re-assessing the useful lives and residual values of property, plant and equipment management considers the condition and use of the individual assets, to determine the remaining period over which the asset can and will be used.

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2011

Accounting Policies

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the agency; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value and is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Expected useful life
Land	Indefinite
Buildings	20 - 50 years
Finance lease assets	Over the lease agreement term
Machinery and equipment	2 - 15 years
Furniture and fixtures	5 - 15 years
Motor Vehicles	6 - 10 years
Office equipment	5 - 15 years
IT equipment	5 - 15 years
Communication equipment	2 - 15 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of

South African Social Security Agency

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Accounting Policies

1.2 Property, plant and equipment (continued)

another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the agency or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the agency; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets that are acquired at no or nominal cost, are recognised at their fair value as at the date of acquisition, which is deemed to be cost.

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Application software	3 - 10 years
Development costs	3 - 10 years

South African Social Security Agency

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Accounting Policies

1.4 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the agency becomes a party to the contractual provisions of the instruments.

The agency classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Inter-departmental claims payable or receivable represent amounts owing in respect of employee transfers between government departments.

Receivables - subsequent measurement

Receivables are classified as loans and receivables.

Payables

Payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value and are classified as loans and receivables.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the agency's accounting policy for borrowing costs.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2011

Accounting Policies

1.5 Leases (continued)

and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.6 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the agency incurs to acquire inventories on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the agency.

1.7 Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

South African Social Security Agency

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Accounting Policies

1.8 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the agency with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the agency; or
- the number of production or similar units expected to be obtained from the asset by the agency.

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the agency's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.10 Provisions and contingencies

Provisions are recognised when:

- the agency has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the agency settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2011

Accounting Policies

1.10 Provisions and contingencies (continued)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the agency

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 25.

1.11 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

An exchange transaction is one in which the agency receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable.

Interest

Revenue arising from the use by others of agency assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the agency, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2011

Accounting Policies

1.12 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the agency,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any conditions associated with the grant.

The agency assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed program may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Conditions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no condition on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

1.13 Borrowing costs

Borrowing costs are capitalised to the cost of acquisition or construction of a qualifying asset. All other borrowing costs are expensed in the period in which they relate.

1.14 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.15 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.16 Budget information

The financial statements and budget are not presented on the same basis as the financial statements are prepared on accrual basis and the budget on cash basis of accounting. A reconciliation between the surplus/(deficit) for the period as per Statement of Financial Performance and budgeted surplus/(deficit) is included in the Statement of Comparison of Budget and Actual

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2011

Accounting Policies

1.16 Budget information (continued)

Amounts.

1.17 Related parties

The Agency operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the Agency. The agency regards all individuals from the level of Chief Executive Officer and Executive Managers as key management per the definition of the financial reporting standard.

Close family members of key management personnel are considered to be those family members who may be expected to influence, or be influenced by key management individuals, in their dealings with the Agency.

Related party disclosures for transactions between government entities that took place on terms and conditions that are considered 'at arms-length' and 'in the ordinary course of business' are not disclosed in accordance with IPSAS 20 - 'Related Party Disclosures'.

South African Social Security Agency

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Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards issued but not yet effective

The following approved Standards of GRAP have been approved and issued by the Accounting Standards Board, but only become effective in the future or have not been given an effective date by the Minister of Finance. The Agency has not early-adopted any new Standards but has in some cases referred to them for guidance in developing appropriate accounting policies in accordance with the requirements of Directive 5: Determining the GRAP Reporting Framework:

GRAP 23: Revenue from Non-exchange Transactions

This standard becomes effective for years beginning on or after 1 April 2012 and will only be formally adopted on that date. It determines the requirements and provides additional guidance on how to account for revenue from non-exchange transactions. In particular, it requires the entity to recognise revenue from grants received, to the extent that there are no further conditions attached to the grant that give rise to an obligation to repay. The key principles established by this standard have already been utilised to develop appropriate accounting policies for accounting for non-exchange revenue and therefore it is not expected to have a significant impact on the financial statements when it becomes effective.

GRAP 24: Presentation of Budget Information in the Financial Statements

This standard becomes effective for years beginning on or after 1 April 2012. It determines the specific requirements and provides additional guidance on how to present a comparison between budgeted and actual amounts in the financial statements, as required by GRAP 1. This is expected to add significantly to the level of disclosures currently being provided in terms of the interim guidance on minimum budget information from the Accountant General's Office.

GRAP 103: Heritage Assets

This standard becomes effective for periods beginning on or after 1 April 2010 and has not been early adopted. It determines requirements for accounting for heritage assets. Heritage assets are defined as assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. The Agency does not presently hold any such assets and has accounted for all property, plant and equipment in accordance with GRAP 17.

GRAP 21: Impairment of non-cash-generating assets

This standard becomes effective for years beginning on or after 1 April 2012 and will only be formally adopted on that date. It determines the requirements and provides additional guidance on how to impair non-cash generating assets, being assets that are not held to generate any sort of commercial benefit. In particular, it provides guidance on how to determine an asset's recoverable service amount in the absence of any future cash flows.

The Agency has considered the principles set by this standard in developing its general asset impairment policy and therefore does not expect any significant changes in how assets will be accounted for or disclosed when the standard becomes effective.

GRAP 26: Impairment of cash-generating assets

This standard becomes effective for years beginning on or after 1 April 2012 and will not be early adopted. It determines the requirements and provides additional guidance on how to impair cash generating assets, being assets that are expected to generate a commercial benefit. The standard requires a similar treatment to that currently required by IAS 36, the principles of which have already been incorporated into the accounting policies of the Agency in the prior year. As a result, the impact of this standard becoming effective is expected to be limited.

Grap 105: Transfer of Function Between Entities Under common Control

This standard provides the accounting treatment for transfers of functions between entities under common control and has already been referred to for guidance where necessary in developing appropriate accounting policies for the treatment of the assets transferred to the Agency from the Department. The standard is only expected to have an impact on the Agency in respect of any future transfers of functions. This standard does not yet have an effective date.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 106: Transfer of Function Between Entities Not Under common Control

This standard deals with other transfers of functions (i.e. between entities not under common control) and requires the entity to measure transferred assets and liabilities at fair value. It is unlikely that the Agency will enter into any such transactions in the foreseeable future. This standard does not yet have an effective date.

GRAP 107: Mergers

This standard deals with requirements for accounting for a merger between two or more entities, and is unlikely to have an impact on the financial statements of the Agency in the foreseeable future. This standard does not yet have an effective date.

GRAP 18: Segment Reporting

Requires additional disclosures on the various segments of the business in a manner that is consistent with the information reported internally to management of the entity. The precise impact of this on the financial statements of the Agency is still being assessed, but it is expected that this will only result on additional disclosures without affecting the underlying accounting. This standard does not yet have an effective date.

GRAP 25: Employee benefits

This standard prescribes similar requirements to those in terms of IAS 19: Employee Benefits. Since IAS 19 has been applied in developing the current accounting policy, and since there are no post employment benefits, no significant impact on the financial statements of the Agency is expected. This standard does not yet have an effective date.

GRAP 104: Financial Instruments

This standard will introduce some relatively significant changes when compared to IAS 39, especially in the way financial assets are classified and treated. However, the impact on the Agency financial statements is not expected to be significant due to the relatively simple types of financial instruments held by the Agency. The precise impact is still being assessed but as this standard does not yet have an effective date, there is no intention to early adopt it in the foreseeable future.

2.2 The following interpretations have also been issued and are expected to have an insignificant impact on the financial statements, since they generally reflect the interpretations and principles already established under IFRS. Apart from the interpretations relating to leases, it is unlikely that the Agency will encounter any of these issues in the normal course of its business.

Preface to Interpretations of the Standards of GRAP

IGRAP1: Applying the Probability Test on Initial Recognition of Exchange Revenue.

IGRAP2: Changes in Existing Decommissioning Restoration and Similar Liabilities.

IGRAP3: Determining Whether an Arrangement Contains a Lease.

IGRAP4: Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds.

IGRAP5: Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies.

IGRAP6: Loyalty Programmes.

IGRAP7: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

IGRAP8: Agreements for the Construction of Assets from Exchange Transactions.

IGRAP9: Distributions of Non-cash Assets to Owners.

IGRAP10: Assets Received from Customers.

IGRAP11: Consolidation - Special Purpose Entities.

IGRAP12: Jointly Controlled Entities - Non-Monetary Contributions by Venturers.

IGRAP13: Operating Leases – Incentives.

IGRAP14: Evaluating the Substance of Transactions Involving the Legal Form of a Lease IGRAP15 - Revenue - Barter

Transactions Involving Advertising Services.

South African Social Security Agency

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Notes to the Annual Financial Statements

Figures in Rand	2011	2010 (Restated)
3. Inventories		
Stationery and consumables	13,703,212	14,869,401
4. Receivables from exchange transactions		
Staff debtors	7,000,877	7,346,107
Payroll third party overpayments	3,774,287	7,746,613
Inter-departmental claims	15,203,544	1,845,088
Other debtors	3,653,740	340,340
	29,632,448	17,278,148

Receivables pledged as security

Receivables were not pledged as security for any financial liability.

Credit quality of receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates.

Fair value of receivables

Receivables	29,632,448	17,278,148
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The fair value of receivables approximates the carrying amount due to their short term nature.

5. Prepayments

Prepaid annual consulting, support and subscription fees

Opening balance	2,995,918	-
Amount realised as an expense	(2,995,918)	-
Increase for the year	5,013,337	2,995,918
	5,013,337	2,995,918

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Petty Cash	53,668	50,686
Bank balances	198,989,209	9,270,057
Bank overdraft	-	(310,837,678)
	199,042,877	(301,516,935)
Current assets	199,042,877	9,320,743
Current liabilities	-	(310,837,678)
	199,042,877	(301,516,935)

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates.

South African Social Security Agency

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Notes to the Annual Financial Statements

Figures in Rand

2011

2010
(Restated)

7. Property, plant and equipment

	2011			2010		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	2,691,450	-	2,691,450	2,691,450	-	2,691,450
Buildings	89,910,626	(4,387,358)	85,523,268	89,009,859	(2,643,761)	86,366,098
Furniture and fixtures	114,278,889	(31,162,693)	83,116,196	121,072,348	(25,733,398)	95,338,950
Motor vehicles	80,028,601	(29,349,885)	50,678,716	81,850,985	(22,004,211)	59,846,774
Office equipment	9,835,889	(3,817,581)	6,018,308	17,480,537	(6,033,780)	11,446,757
IT equipment	192,341,223	(89,522,549)	102,818,674	197,714,282	(76,071,592)	121,642,690
Finance lease assets	1,705,862	(408,921)	1,296,941	9,309,519	(7,078,140)	2,231,379
Machinery and equipment	33,246,367	(12,771,737)	20,474,630	25,734,994	(7,637,824)	18,097,170
Communication equipment	14,558,754	(6,146,940)	8,411,814	16,070,632	(5,754,446)	10,316,186
Total	538,597,661	(177,567,664)	361,029,997	560,934,606	(152,957,152)	407,977,454

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Disposals	Re - classification	Depreciation	Total
Land	2,691,450	-	-	-	-	2,691,450
Buildings	86,366,098	567,998	-	417,334	(1,828,162)	85,523,268
Furniture and fixtures	95,338,950	4,003,323	(5,560,310)	(1,846,402)	(8,819,365)	83,116,196
Motor vehicles	59,846,774	-	(1,303,520)	(56,315)	(7,808,223)	50,678,716
Office equipment	11,446,757	2,552,905	(1,498,451)	(6,474,492)	(8,411)	6,018,308
IT equipment	121,642,690	10,691,059	(5,885,171)	390,478	(24,020,382)	102,818,674
Finance lease assets	2,231,379	2,368,303	(1,547,111)	(343,837)	(1,411,793)	1,296,941
Machinery and equipment	18,097,170	2,025,667	(2,690,461)	7,995,391	(4,953,137)	20,474,630
Communication equipment	10,316,186	1,108,527	(2,894,398)	(82,157)	(36,344)	8,411,814
	407,977,454	23,317,782	(21,379,422)	-	(48,885,817)	361,029,997

Pledged as security

Finance lease assets are pledged as security.

Assets subject to finance lease (Net carrying amount)

Finance lease assets	1,296,941	2,231,379
Communication equipment	4,278	66,482
	1,301,219	2,297,861

Reclassification of categories

Certain categories of Property Plant and Equipment have been reclassified to enhance fair presentation, none of the reclassifications are considered material to warrant individual disclosure of the amounts concerned.

South African Social Security Agency

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Notes to the Annual Financial Statements

Figures in Rand

2011

2010
(Restated)

8. Intangible assets

	2011			2010		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software, internally generated	106,615,097	(17,068,725)	89,546,372	106,615,097	(6,428,477)	100,186,620

Reconciliation of intangible assets - 2011

	Opening Balance	Re – classification	Amortisation	Total
Computer software, internally generated	100,186,620	(84,852)	(10,555,396)	89,546,372

Pledged as security

No intangible assets are pledged as security.

9. Finance lease obligation

Minimum lease payments due

- within one year	1,878,762	3,201,868
- in second to fifth year inclusive	3,901,753	5,461,914

less: future finance charges	5,780,515 (3,246,726)	8,663,782 (4,981,350)
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Present value of minimum lease payments	2,533,789	3,682,432
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Present value of minimum lease payments due

- within one year	431,407	1,424,022
- in second to fifth year inclusive	2,102,382	2,258,410

	2,533,789	3,682,432
--	------------------	------------------

Non-current liabilities	2,102,382	2,258,410
Current liabilities	431,407	1,424,022
	2,533,789	3,682,432

The average lease term is between 2-5 years and the average effective borrowing rate is linked to the prime rate. Interest rates are fixed at the contract date. Some leases have fixed payment terms and other escalate between 8% and 15% per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

The agency did not default on any interest or capital portions on any of the finance leases.

Finance lease assets are pledged as security.

10. Operating lease liability (accrual)

Current liabilities	(55,590,986)	(57,201,406)
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South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010 (Restated)
11. Payables from exchange transactions		
Trade payables	266,415,264	248,442,360
Inter-departmental claims	410,090	135,798,323
Payroll debt	3,474,927	4,193,716
Accrued expenses	185,166,910	46,005,358
Other creditors	36,835	179,000
	455,504,026	434,618,757

Fair value of trade and other payables

Trade payables	266,415,263	248,442,360
Inter-departmental claims	410,090	135,798,323
Payroll debt	3,474,927	4,193,716
Accrued expenses	185,166,910	46,005,358
Other creditors	36,835	179,000
	455,504,025	434,618,757

The fair value of payables approximate the carrying amount due to their short term nature.

12. Provisions

Reconciliation of provisions - 2011

	Opening Balance	Additions	Utilised during the year	Total
Provision for service bonus	42,766,875	3,677,153	-	46,444,028
Provisions for shared services and legal fees	83,113,860	31,440,532	(72,467,389)	42,087,003
Provision for leave pay	198,273,352	11,993,488	-	210,266,840
Provision for performance bonus	22,408,000	670,794	-	23,078,794
	346,562,087	47,781,967	(72,467,389)	321,876,665

The provision for service and performance bonuses represents the estimated liability in respect of performance and service bonuses to be paid out.

The provision for leave pay includes both capped and uncapped leave entitlement to employees. The agency policy rate used in the calculation for the provision for leave pay is the same for both capped and uncapped entitled leave.

The provision for shared services and legal fees represents shared services and legal fees incurred by the agency during the current year, still outstanding at year end.

The provisions for contractors is made up of grant services received that is expected to be settled after year end.

South African Social Security Agency

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Figures in Rand	2011	2010 (Restated)
13. Revenue		
Government grants & subsidies	5,631,387,000	5,168,896,000
Miscellaneous revenue	7,441,359	12,983,027
	5,638,828,359	5,181,879,027

The amount included in revenue arising from exchanges of goods or services are as follows:

Miscellaneous revenue	7,441,359	12,983,027
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The amount included in revenue arising from non-exchange transactions is as follows:

Government grants & subsidies	5,631,387,000	5,168,896,000
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14. Government grants and subsidies

Government grant	5,631,387,000	5,168,896,000
------------------	---------------	---------------

No amount of government grants received during the year was conditional, resulting in the full amount received being recognised as revenue.

15. Miscellaneous revenue

Miscellaneous revenue consists of various ancillary sources of exchange revenue such as sale of waste paper, sale of tender documents and parking receipts (amongst others).

16. Operating surplus (deficit)

Operating surplus (deficit) for the year is stated after accounting for the following material items:

Operating lease charges

Premises	173,292,046	207,213,463
Motor vehicles	2,489,958	(21,811,236)
Equipment	6,310,712	4,933,677
	182,092,716	190,335,904

Loss on sale of property, plant and equipment	(23,114,127)	(186,218)
Amortisation on intangible assets	10,555,396	5,289,537
Depreciation on property, plant and equipment	48,885,817	46,245,836
Computer expenses	254,450,833	273,994,344
Consulting and professional fees	12,031,082	61,341,047
Lease rentals on operating leases	182,092,716	190,335,904
Security	102,675,717	96,197,186
Telephone and fax	50,714,296	76,812,989
Travel - local	85,062,763	51,175,709
Handling fees	2,356,584,375	2,682,904,550

17. Interest revenue

Bank interest received	6,961	20,346
Interest on other receivables	221,211	257,138
	228,172	277,484

South African Social Security Agency

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Figures in Rand	2011	2010 (Restated)
18. Employee related costs		
Basic	1,122,447,500	1,074,615,792
Bonus	107,469,578	102,116,468
Medical aid - company contributions	102,432,899	89,677,468
UIF	-	654
Leave pay provision charge	13,206,832	63,992,845
Bursaries	2,682,770	1,836,259
Bargain council	224,464	228,730
Post-employment benefits - Pension - Defined contribution plan	139,588,063	131,895,082
Overtime payments	4,268,612	4,910,445
Housing benefits and allowances	44,009,577	34,470,886
Serviced based remuneration	1,456,105	1,414,463
Circumstantial compensation	5,956,444	2,807,321
Capital remuneration	2,152,179	3,335,468
Non pensionable allowance	77,572,979	52,200,125
	1,623,468,002	1,563,502,006
19. Finance costs		
Finance charge incurred on finance leases	1,799,360	2,151,477
20. Debt impairment		
Bad debt expense	3,774,287	63,922,862
21. Taxation		
No provision has been made for 2011 tax as the Agency is exempt from income tax in terms of section 10(1)(cA)(i) of the Tax Act, 1962.		
22. Auditors' remuneration		
Fees for audit services rendered	13,574,911	7,463,829
23. Cash generated from operations		
Surplus (deficit)	462,736,853	(283,303,246)
Adjustments for:		
Depreciation and amortisation	59,441,213	51,535,373
Loss on disposal of assets	23,114,127	186,218
Finance costs - Finance leases	1,799,360	2,151,477
Interest income	(228,172)	(277,484)
Debt impairment	3,774,287	63,922,862
Movements in operating lease assets and accruals	(1,610,420)	12,362,914
Movements in provisions	(24,685,422)	197,819,237
Other non-cash items	(5,565,138)	(1,556,366)
Changes in working capital:		
Inventories	1,166,189	(8,655,283)
Receivables from exchange transactions	(12,354,300)	(46,502,081)
Prepayments	(2,017,419)	980,313
Payables from exchange transactions	20,885,270	100,327,046
	526,456,428	88,990,980

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Figures in Rand	2011	2010 (Restated)
24. Commitments		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	159,393,828	172,016,892
- in second to fifth year inclusive	276,342,493	369,090,548
- later than five years	45,968,876	86,225,056
	481,705,197	627,332,496

Operating lease payments represent rentals payable by the agency for certain of its office properties and equipment. Leases are negotiated for periods ranging from 12 months to 120 months. The leases escalate on average between 5% and 11%. The operating lease liability at the end of the period is R55,590,986 (2010: R57,201,406).

The agency has capital commitments of R2,014,965 for the forthcoming year and other commitments relating to orders for which no goods or services have been received of R146,438,230.

25. Contingencies

The Agency has contingencies and the reason for these contingent liabilities are as follows:

Head Office:

- **Choice Technologies (Pty) Ltd**
Claim for capital amount resulting from the terms of the contract (IT services) between SASSA and Choice in respect of unpaid services

Limpopo Province:

- **Diputswa and Disabled Organisation of South Africa**
Claim for capital amount resulting from the direct deductions effected on members of DDOSA allegedly without their consent

Northern Cape:

- **J.A Venter (in his personal capacity)**
Claim for a capital amount resulting from a motor vehicle accident (vicarious liability)

Total of all contingent liabilities is R452 119 746.

26. Related parties

Due to the agency being a National Public Entity, all other entities within the national sphere of government are deemed to be related parties. Most notably, the agency is related to the Department of Social Development, the Minister being the agency's Executive Authority.

The agency receives from, and is dependent on the Department of Social Development for funding, and this has been disclosed as grant revenue received in note 14. In accordance with IPSAS 20: Related Parties, disclosure of related party transactions and balances are only required where these took place on terms that are not usual in the sector or generally available to the broader public.

Inter-departmental claims are generally based on arms length transactions.

Refer to note 27 for key management emoluments.

The agency has made provision for services received from other related parties as part of its general accruals and consequently considers these transactions to be at arms length.

South African Social Security Agency

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2011

2010
(Restated)

27. Key management emoluments

An amount of R1,381,882 (2010: R651,871) was paid to the acting CEO for the period 1 April 2010 to 31 March 2011. The amount relates to a claim received from the Department of Social Development as a secondment to act as CEO of SASSA.

Executive

2011	Emoluments	Bonus and performance payments	Travel allowances	Other benefits	Total
MJ Mofokeng	668,143	54,991	132,000	257,750	1,112,884
TJ Chauke (Acting REM)	480,504	39,548	92,000	375,975	988,027
L Keyise	685,027	56,381	96,000	303,599	1,141,007
SB Links (Acting REM)	487,710	40,141	99,228	360,941	988,020
BB Maqetuka	638,954	55,218	239,640	133,083	1,066,895
MM Mogane	638,954	52,589	203,997	168,726	1,064,266
EZ Mvulane	593,113	48,816	108,000	237,982	987,911
GT Rees	593,113	48,816	30,000	315,982	987,911
GL Roberts	593,113	51,257	4,166	341,816	990,352
MT Sibanyoni	593,113	48,816	75,996	269,986	987,911
W Terblanche	593,113	48,816	30,000	315,982	987,911
SP Yawa	593,113	51,257	178,476	167,506	990,352
NCE Ngidi	103,623	51,812	40,600	19,847	215,882
ED Dunkerley (Acting REM)	432,433	44,734	103,650	232,978	813,795
	7,694,026	693,192	1,433,753	3,502,153	13,323,124

2010	Emoluments	Bonus and performance payments	Travel allowance	Other benefits	Total
EB Makiwane	738,254	-	150,000	241,557	1,129,811
MJ Mofokeng	626,366	51,879	132,000	132,493	942,738
TJ Chauke (Acting REM)	452,186	37,309	96,000	98,006	683,501
L Keyise	628,416	53,189	96,000	182,091	959,696
SB Links (Acting REM)	478,946	37,309	99,228	46,384	661,867
BB Maqetuka	603,701	52,559	239,640	4,058	899,958
MM Mogane	597,525	49,612	248,052	4,058	899,247
EZ Mvulane	566,807	23,089	99,000	146,285	835,181
NVE Ngidi	483,010	-	203,000	22,573	708,583
GT Rees	558,159	46,053	127,333	104,653	836,198
GL Roberts	558,159	48,486	49,992	184,103	840,740
MT Sibanyoni	558,159	46,053	75,996	70,001	750,209
W Terblanche	558,159	46,053	30,000	204,725	838,937
SP Yawa	568,487	46,053	178,476	75,809	868,825
	7,976,334	537,644	1,824,717	1,516,796	11,855,491

Total Key management emoluments

Basic Salary				7,694,026	7,976,334
Bonus and performance				693,192	537,644
Travel allowance				1,433,753	1,824,717
Other benefits				3,502,153	1,516,796
				13,323,124	11,855,491

28. Comparative figures

Certain comparative figures have been restated due to prior period errors. Refer to note 35.

South African Social Security Agency

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Notes to the Annual Financial Statements

Figures in Rand	2011	2010 (Restated)
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29. Risk management

Liquidity risk

The agency's liquidity risk is a result of the funds available to cover future commitments. The agency manages liquidity risk through an ongoing review of future commitments.

All the payable balances reflected at year end are payable within 30 days.

Credit risk

The agency does not sell any goods or charge money for any of its services. Debtors relate to employees that have loans with the agency. Management evaluates credit risk relating to debtors on an ongoing basis.

Credit risk consists mainly of cash deposits and cash equivalents.

Foreign exchange risk

The Agency does not hedge foreign exchange fluctuations. The Agency does not have any foreign account receivables, foreign accounts payables or derivative market instruments.

Price risk

Due to the nature and extent of the Agency's activities, the Agency is not exposed to price risks.

30. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Refer to accounting authority letter for details. The Agency is established in terms of the South African Social Security Agency Act, No. 9 of 2004 and depends on grants from the Department of Social Development.

31. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure – opening balance	1,923,480	694,630
Fruitless and wasteful expenditure - current year	148,155	1,228,850
Transfer to receivables for recovery	(3,033)	-
	2,068,602	1,923,480

The committee recommended that all cases will be paid by the agency and recover the money from the responsible officials. Reported but not deliberated by Financial Misconduct and Labour Committee.

Fruitless and wasteful expenditure was incurred by various regional offices and consists mainly of fines, late payment fees and cancellation fees. Details of all incidents are recorded in the agency's fruitless and wasteful expenditure register.

32. Irregular expenditure

Opening balance	7,550,849	5,031,279
Add: Irregular Expenditure - current year	1,550,972	2,519,570
Less: Amounts condoned	(8,803,115)	-
	298,706	7,550,849

Irregular expenditure relates mainly to non adherence to procurement and supply chain management policies by various regional office's. Examples of non compliance include leasing of office buildings and machinery. Matters of irregular expenditure have either been brought forward to the Labour Relations and or the Financial Misconduct board for various steps to be taken against the officials involved, and to attempt to recover the money where such expenditure was not subsequently condoned.

South African Social Security Agency

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2011

2010
(Restated)

32. Irregular expenditure (continued)

Details of all incidents are recorded in the agency's irregular expenditure register.

33. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2011

	Loans and receivables	Total
Receivables	29,632,448	29,632,448
Cash and cash equivalents	199,042,877	199,042,877
Prepayments	5,013,337	5,013,337
	233,688,662	233,688,662

2010

	Loans and receivables	Total
Receivables	17,278,148	17,278,148
Cash and cash equivalents	9,320,743	9,320,743
Prepayments	2,995,918	2,995,918
	29,594,809	29,594,809

34. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2011

	Financial liabilities at amortised cost	Total
Payables	455,504,025	455,504,025
Finance lease obligation	431,407	431,407
	455,935,432	455,935,432

2010

	Financial liabilities at amortised cost	Total
Payables	434,618,757	434,618,757
Bank overdraft	310,837,678	310,837,678
Finance lease obligation	1,424,022	1,424,022
	746,880,457	746,880,457

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35. Change in accounting policy, correction of prior period errors and restatements

	Note	Balance as previously reported	Change in accounting policies	Prior period error	Restated balance
Statement of Financial Performance for the year ended 31 March 2011					
Revenue	1	5,181,751,977	-	127,050	5,181,879,027
Operating expenses	2	(5,634,949,482)	-	171,827,420	(5,463,122,062)
Operating surplus / (deficit)	-	(453,197,505)	-	171,954,470	(281,243,035)
Interest received	3	277,484	-	-	277,484
Finance costs	4	(37,957,914)	-	35,806,437	(2,151,477)
Loss on disposal of assets	5	-	-	(186,218)	(186,218)
Surplus / (deficit)	-	(490,877,935)	-	207,574,689	(283,303,246)
Statement of Financial Position as at 31 March 2011					
Assets					
Current assets					
Inventory	6	24,589,860	-	(9,720,459)	14,869,401
Receivables	7	86,506,106	-	(69,227,958)	17,278,148
Prepayments	8	8,492,259	-	(5,496,341)	2,995,918
Cash and cash equivalents	9	9,246,678	-	74,065	9,320,743
Non-current assets					
Property, plant and equipment	10	399,273,145	-	8,704,309	407,977,454
Intangible assets	11	32,792,984	-	67,393,636	100,186,620
Total assets	-	560,901,032	-	(8,272,748)	552,628,284
Liabilities					
Current liabilities					
Finance lease obligation	12	1,541,382	-	(117,360)	1,424,022
Operating lease obligation	13	51,935,121	-	5,266,285	57,201,406
Provisions	14	159,292,543	-	187,269,544	346,562,087
Payables	15	885,363,720	-	(450,744,963)	434,618,757
Bank overdraft	16	345,581,090	-	(34,743,412)	310,837,678
Non-current liabilities					
Finance lease obligation	12	1,368,315	-	890,095	2,258,410
Total liabilities	-	1,445,082,171	-	(292,179,811)	1,152,902,360
Net assets	-	(884,181,139)	-	283,907,063	(600,274,076)
Net assets					
Accumulated surplus	17	(884,181,139)	-	283,907,063	(600,274,076)
Total net assets	-	(884,181,139)	-	283,907,063	(600,274,076)

1. Revenue

Revenue has been restated by R127k due to reclassification of accounts previously classified as expenditure accounts.

2. Operating expenses

Operating Expenditure has been restated from R5.6 billion to R5.4 billion, mainly due to reversal of incorrect accruals in the prior year and release of certain balance sheet amounts to the income statement such as prepayments.

3. Interest received

No restatement of this amount was found to be necessary.

4. Finance Costs

Finance costs have been restated from R37 million to R2million, due to recalculation of lease interest and reclassifications between operating and finance leases. The recalculation revealed a significant error in the calculation of interest in the prior year.

5. Loss on disposal of assets

These losses were incorrectly not recognised in the prior year and were raised accordingly.

6. Inventory

Inventories have been restated from R24 million to R14.8 million due to errors in the inventory clearing account in the prior year, the error was also due to discrepancies between the inventory count and the inventory clearing account.

7. Receivables

Receivables has been restated from R86 million to R17 million, mainly due to impairment of interdepartmental debtors in the prior year. These

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inter-departmental debtors were never assessed for impairment in the prior year.

8. Prepayments

Prepayments have been restated from R8.4 million to R2.9 million due to releasing of prepayments to the income statement in the prior year

9. Cash and cash equivalents

This relates to a reclassification of amounts incorrectly mapped to the bank overdraft in the prior year.

10. Property, plant and equipment

Property plant and equipment has been restated from R399 million to R407 million due to capitalisation of certain assets which were unrecorded in the prior year

11. Intangible assets

Intangible assets have been restated from R32.7 million to R100 million due to capitalisation of certain software development costs which were omitted in the prior year. These include the ORACLE ERP system and MIS.

12. Finance lease obligation

Finance lease obligations were restated due to incomplete recording of finance leases and incorrect classification between operating and finance leases.

13. Operating lease obligation

Operating lease obligations have been restated from R51.9 million to R57.2 million due straight lining of operating leases and reclassification between finance and operating leases.

14. Provisions

Provisions have been restated from R159 million to R347 million due to additional provisions for leave pay and shared services that were not correctly recorded in the prior year.

15. Payables

Payables have been restated from R885 million to R435 million due to duplication of accruals in the prior year.

16. Bank overdraft

The Bank overdraft has been restated from R345 million to R310 million due to reallocation of R35 million back to trade payables and other expenses. These had been included in the bank clearing account as outstanding payments, which was an error.

17. Accumulated surplus

This relates to the net effect of all of the above restatements.

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36. Reconciliation between budget and actual amounts in Statement of Financial Performance

Budget on Cash Basis

Net deficit per Statement of Financial Performance	462,736,854
Adjusted for:	-
Fair value adjustments	-
Profit/loss on sale of assets	23,114,127
Depreciation and amortisation	59,441,213
Provisions	(24,685,422)
Accruals and other	139,161,552
Variance between budget and actual	-
Advertising	1,837,565
Audit fees	900,184
Bad debts written off	(3,774,287)
Bank charges	241,489
Bursaries (employees)	4,817,660
Catering:departmental activities	1,781,126
Communication	(1,766,045)
Compensation of employees	62,305,831
Consultants & special services	13,502,310
Contractors	23,197,103
Copy cost: photocopier machine	701,928
Courier and delivery services	2,218,986
Equipment < R5000	5,379,565
External computer services	25,164,155
Facilities: property expenses	797,935
Finance charges	(1,799,360)
Fruitless expenditure: department vote	(11,218)
Government motor transport	119,324
Interest paid:overdue accounts	(22)
Invoice price variance	(1,958,761)
Legal fees	5,618,076
Maintenance & repairs	11,037,574
Operating leases	29,971,744
Other employee costs	76,239
Other supplies	1,321,260
Other operating expenses	4,767,068
SASSA administration fees	375,769,008
Stationery	19,815,425
Thefts and losses	(9,200,529)
Training and staff development	3,345,388
Transfer and subsidies	(548,508)
Travel and subsistence	12,731,757

Net surplus per revised budget (excluding capital expenditure)

1,248,128,294

37. World cup expenditure

For the year ending 31 March 2010, the agency did not incur any World Cup 2010 related expenditure.

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38. Statement of gifts, donations and sponsorships received

	Note(s)	2011	2010
In cash			
W. Samaai			50
Various donors		-	-
In Kind			30,000
Client/ staff	1	2,420	-
ALLPAY	2	4,800	-
Other private organisations	3	1,214	-
Social development	4	780	-
LaFarge Industries South Africa	5	51,617	-
TSS Managed Services	6	1,320	-
Mangalane Du Toit NC	7	350	-
Various donors		-	30,533
		62,501	60,583

Note 1

Food, clothing, toiletries - token of appreciation

Note 2

World cup tickets

Note 3

Stationery, sweets and nappies

Note 4

Gift packs

Note 5

31 Wheelchairs

Note 6

240 x 340ml drinks

Note 7

Christmas Hamper from CPS Social Development Branded Shirt and Beanie



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Part 5

Human Resource Management



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2010/11

Main Services	Actual Customers	Potential Customers	Standard of Service	Actual Achievement against Standards
Administration and payment of social assistance grants including social relief of distress	Approved beneficiaries – aged, disabled, war veterans, care dependent children, foster children and vulnerable children from poor families	Citizens who will reach their 60 th birthday; new children born into poor families; children placed in foster care; adults who become disabled and unable to work as a result; citizens who experience severe hardship and are unable to provide for themselves for a temporary period	Turn-around time of less than 30 days	1 314 858 applications were finalized within a period of 30 days
			100% utilization of social relief of distress funds	99% of the available amount of R178 813 600 utilised
			Reviews and life certification of prioritized groups to ensure continued compliance with legislated criteria	A total of 800,000 reviews and 786 356 life certificates were completed in the 2010/11 financial year

Table 13.2 – Consultation arrangements with customers

Type of Arrangement	Actual Customer	Potential Customer	Actual Achievements
Pension committees	Beneficiaries at pay points	Applicants for grants who are still to lodge applications	There are pay point committees at 3 639 paypoints throughout the country. A total of 8 307 volunteers serve on these committees
Engagement with community members through Izimbizo's and Ministerial Functions	Community members in areas where Izimbizo is held	All community members	675 outreach programmes conducted in 121 municipalities with a total of 72 425 new applications processed.

Table 13.3 – Service delivery access strategy

Access Strategy	Actual Achievements
National footprint of offices and service points	Services provided through 221 local offices, 923 service points and 9 328 pay points
ICROP	675 outreach programmes conducted in 121 municipalities with a total of 72 425 new applications being processed through these programmes.
Communication – partnership with SABC	SASSA/SABC Partnership Agreement signed Beneficiary Education Project implemented

Table 13.4 – Service information tool

Type of Information Tool	Actual Achievements
Socpen and MIS	Socpen and MIS Operational
Media analysis	Quarterly review to identify trends

Table 13.5 – Complaints mechanism

Complaint Mechanism	Actual Achievements
Call centre	63 728 enquiries within SASSA were resolved in the course of the year

Expenditure

The following tables summarise final audited expenditure (Table 14.1) and by salary bands (Table 14.2). In particular, it provides an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the SASSA.

TABLE 14.1 – Personnel costs by branch, 2010/11

Branch	Total Voted Expenditure (R'000)	Compensation of Employees Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Compensation of Employees as percent of Total Expenditure	Average Compensation of Employees Cost per Employee (R'000)	Employment
Corporate Services	663,247	148,791	10,189	109	3%	74 699	202
Executive Management	257,438	161,456	58	-	3%	80 760	21
Finance	2,552,359	196,214	365	-	4%	99 013	604
Grants Administration	1,224,458	1,033,028	41	10,829	20%	517 380	577
Information & Communication Technology	347,396	46,465	227	-	1%	23 291	39
Internal Audit	85,840	20,820	-	54,618	0%	19 529	6 079
Strategy & Business Development	22,468	16,694	362	2,941	0%	8 395	32
Total	5,153,206	1,623,468	11,242	68,497	31,5%	815 511	7554

TABLE 14.2 – Personnel costs by salary bands, 2010/11

Salary Bands	Compensation of Employees Cost (R'000)	Percentage of Total Personnel Cost for Department	Average Compensation Cost per Employee (R)	Total Personnel Cost for Department including Goods and Transfers (R'000)	Number of Employees
Lower skilled (Levels 1-2)	1,250	0,%	643		35
Skilled (Levels 3-5)	617,947	38,%	311,201		4,454
Highly skilled production (Levels 6-8)	420,741	26%	211,266		1,790
Highly skilled supervision (Levels 9-12)	407,958	25%	204,375		791
Senior management (Levels 13-16)	151,473	9%	75,811		149
Contract (Levels 1-2)	621	0%			
Contract (Levels 3-5)	13,485	1%			
Contract (Levels 6-8)	1,305	0%			
Contract (Levels 9-12)	7,500	0%			
Contract (Levels 13-16)	1,188	0%			
Periodical Remuneration					
Abnormal Appointment					
TOTAL	1,623,468	100%			7,219

The following tables provide a summary per branch (Table 14.3) and salary bands (Table 14.4), of expenditure incurred as a result of salaries, overtime, home owners allowance and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

TABLE 14.3 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by branch, 2010/11

Branch	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Programme (R'000)
Corporate Services	93,135	6%	694	0%	1,870	0%	5,846	0%	101,545
Executive Management	33,580	2%	1,485	0%	351	0%	1,115	0%	36,531
Finance	80,063	5%	883	0%	1,683	0%	4,269	0%	86,898
Grants Administration	867,198	53%	1,182	0%	39,729	2%	89,241	5%	997,350
Information & Communication Technology	31,557	2%	25	0%	288	0%	1,422	0%	33,292
Internal Audit	6,073	0%	-	0%	31	0%	247	0%	6,351
Strategy & Business Development	10,841	1%	-	0%	58	0%	293	0%	11,192
TOTAL	1,122,447	69%	4,269	0%	44,010	0%	102,433	0%	1,273,159

TABLE 14.4 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands, 2010/11

Salary bands	Salaries (R'000)	Salaries as % of Personnel Cost	Over-time (R'000)	Over-time as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Salary Band (R'000)
Lower skilled (Levels 1-2)	868	0%	9	0%	69	0%	70	0%	1,017
Skilled (Levels 3-5)	429,964	26%	1,185	0%	29,072	2%	61,953	4%	522,174
Highly skilled production (Levels 6-8)	299,549	0%	996	0%	12,652	1%	26,864	2%	340,061
Highly skilled supervision (Levels 9-12)	291,039	18%	571	0%	2,918	0%	12,875	1%	307,403
Senior management (Levels 13-16)	90,091	6%	0	0%	3,177	0%	2,679	0%	95,947
Contract (Levels 1-2)	453	0%		0%	0	0%	0	0%	453
Contract (Levels 3-5)	9,803	1%		0%	0	0%	0	0%	9,803
Contract (Levels 6-8)	880	0%	28	0%	0	0%	0	0%	908
Contract (Levels 9-12)	5,256	0%	0	0%	0	0%	0	0%	5,256
Contract (Levels 13-16)	695	0%	0	0%	0	0%	0	0%	695
Periodical Remuneration									
Abnormal Appointment									
TOTAL		51%		0%		3%		6%	1,283,717

TABLE 15.1 – Employment and vacancies, 31 March 2011

	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
South African Social Security Agency, Permanent	18593	7833	57.9	168
TOTAL	18593	7833	57.9	168

TABLE 15.2 – Employment and vacancies by salary bands, 31 March 2011

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Lower skilled (Levels 1-2), Permanent	34	15	55.9	0
Skilled (Levels 3-5), Permanent	10548	4643	56	0
Highly skilled production (Levels 6-8), Permanent	5457	1524	72.1	0
Highly skilled supervision (Levels 9-12), Permanent	2227	958	57	0
Senior management (Levels 13-16), Permanent	327	209	36.1	0
Contract (Levels 1-2), Permanent	0	41	0	36
Contract (Levels 3-5), Permanent	0	428	0	124
Contract (Levels 6-8), Permanent	0	3	0	2
Contract (Levels 9-12), Permanent	0	10	0	4
Contract (Levels 13-16), Permanent	0	2	0	2
TOTAL	18593	7833	57.9	168

TABLE 15.3 – Employment and vacancies by critical occupation, 31 March 2011

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Administrative related, Permanent	0	0	0	0
Auxiliary and related workers, Permanent	22	5	77.3	0
Civil engineering technicians, Permanent	0	0	0	0
Cleaners in offices workshops hospitals etc., Permanent	14	10	28.6	0
Client Information Clerks, Permanent	8	5	37.5	0
Communication and information related, Permanent	0	0	0	0
Computer system designers and analysts., Permanent	0	0	0	0
Engineering sciences related, Permanent	0	0	0	0
Finance and economics related, Permanent	0	0	0	0
Financial and related professionals, Permanent	409	208	49.1	0

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Financial clerks and credit controllers, Permanent	285	120	57.9	5
Food services aids and waiters, Permanent	0	0	0	0
Handymen	1	1	0	0
Head of department/chief executive officer, Permanent	1	0	100	0
Human resources & organisat developm & relate prof, Permanent	7	3	57.1	0
Human resources clerks, Permanent	254	83	67.3	0
Human resources related, Permanent	0	0	0	0
Information technology related, Permanent	0	0	0	0
Legal related, Permanent	0	0	0	0
Library mail and related clerks, Permanent	709	346	51.2	1
Logistical support personnel, Permanent	359	140	61	2
Material-recording and transport clerks, Permanent	250	96	61.6	1
Medical specialists, Permanent	0	0	0	0
Messengers porters and deliverers, Permanent	16	2	87.5	0
Middle Managers: Administrative related, Permanent	347	90	74.1	0
Middle Managers: Communication and Information related, Permanent	80	33	58.8	0
Middle Managers: Engineering Sciences related, Permanent	9	9	0	0
Middle Managers: Health Sciences related, Permanent	3	0	100	0
Middle Managers: Human Resources related, Permanent	443	157	64.6	0
Middle Managers: Information Technology related, Permanent	155	61	60.6	0
Middle Managers: Legal related, Permanent	36	16	55.6	1
Middle Managers: Social Sciences related, Permanent	4772	1584	66.8	1
Other administrat & related clerks and organisers, Permanent	1140	168	85.3	15
Other administrative policy and related officers, Permanent	462	36	92.2	0
Other information technology personnel., Permanent	29	15	48.3	0
Risk management and security services, Permanent	98	39	60.2	0
Secretaries & other keyboard operating clerks, Permanent	237	107	54.9	1
Security officers, Permanent	99	10	89.9	0
Senior managers, Permanent	291	196	32.6	1
Social sciences related, Permanent	0	0	0	0
Social sciences supplementary workers, Permanent	8009	4261	46.8	113
Social work and related professionals, Permanent	20	5	75	0
Trade Labourers, Permanent	28	27	3.6	27
TOTAL	18593	7833	57.9	168

TABLE 16.1 – Job Evaluation, 1 April 2010 to 31 March 2011

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Lower skilled (Levels 1-2)	34	0	0	0	0	0	0
Skilled (Levels 3-5)	10548	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	5457	96	1.8	0	0	53	55.2
Highly skilled supervision (Levels 9-12)	2227	7	0.3	0	0	1	14.3
Senior Management Service Band A	253	4	1.6	0	0	0	0
Senior Management Service Band B	57	0	0	0	0	0	0
Senior Management Service Band C	16	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
TOTAL	18593	107	0.6	0	0	54	0

The following table provides a summary of the number of employees whose salary positions were upgraded due to their posts being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a Disability	0	0	0	0	0

TABLE 16.3 – Employees whose salary level exceed the grade determined by job evaluation, 1 April 2010 to 31 March 2011 (in terms of PSR 1.V.C.3)

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No of Employees in Dept
Administrative related, Permanent	0	0	0		0
Auxiliary and related workers, Permanent	1	2	3	Resolution 3 of 2009	22
Civil engineering technicians, Permanent	0	0	0		0
Cleaners in offices workshops hospitals etc., Permanent	1	2	4	Rank and Leg promotion	14
Client Information Clerks, Permanent	0	0	0		8

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No of Employees in Dept
Communication and information related, Permanent	0	0	0		0
Computer system designers and analysts., Permanent	0	0	0		0
Engineering sciences related, Permanent	0	0	0		0
Finance and economics related, Permanent	0	0	0		0
Financial and related professionals, Permanent	1	7	9	Retention	409
	1	8	10	Retention	
	61	9	10	Resolution 3 of 2009	
	27	11	12	Resolution 3 of 2009	
Financial clerks and credit controllers, Permanent	8	5	6	Rank and Leg promotion	285
Food services aids and waiters, Permanent	0	0	0		0
Handymen	0	0	0		1
Head of the SASSA/chief executive officer, Permanent	0	0	0		1
Human resources & organisat developm & relate prof, Permanent	2	11	12	Resolution 3 of 2009	7
Human resources clerks, Permanent	1	5	8	Retention	254
Human resources related, Permanent	0	0	0		0
Information technology related, Permanent	0	0	0		0
Legal related, Permanent	0	0	0		0
Library mail and related clerks, Permanent	16	5	6	Rank and Leg promotion	709
	1	5	7	Salary Regularisation	
	1	5	8	Salary Regularisation	
	2	7	8	Salary Regularisation	

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No of Employees in Dept
Logistical support personnel, Permanent	39	9	10	Resolution 3 of 2009	359
	24	11	12	Resolution 3 of 2009	
Material-recording and transport clerks, Permanent	9	5	6	Rank and Leg promotion	250
Medical specialists, Permanent	0	0	0		0
Messengers porters and deliverers, Permanent	0	0	0		16
Middle Managers: Administrative related, Permanent	1	8	10	Retention	347
	23	9	10	Resolution 3 of 2009	
	60	11	12	Resolution 3 of 2009	
Middle Managers: Communication and Information related, Permanent	3	9	10	Resolution 3 of 2009	80
	9	11	12	Resolution 3 of 2009	
Middle Managers: Engineering Sciences related, Permanent	9	11	12	Resolution 3 of 2009	9
Middle Managers: Health Sciences related, Permanent	0	0	0		3
Middle Managers: Human Resources related, Permanent	47	9	10	Resolution 3 of 2009	443
	1	9	11	Retention	
	29	11	12	Resolution 3 of 2009	
Middle Managers: Information Technology related, Permanent	15	9	10	Resolution 3 of 2009	155
	1	9	12	Resolution 3 of 2010	
	34	11	12	Resolution 3 of 2009	
Middle Managers: Legal related, Permanent	7	11	12	Resolution 3 of 2009	36

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No of Employees in Dept
Middle Managers: Social Sciences Related, Permanent	3	5	6	Salary Regularisation	4772
	9	7	8	Rank and Leg promotion	
	1	8	9	Retention	
	230	9	10	Resolution 3 of 2009	
	3	9	12	Retention	
	266	11	12	Resolution 3 of 2009	
	1	11	13	Post not job evaluated before and incumbent matched and placed in post from another Branch	
2	5	8	Retention		
Other administrative policy and related officers, Permanent	1	7	8	Retention	462
Other information technology personnel., Permanent	3	9	10	Resolution 3 of 2009	29
Risk management and security services, Permanent	15	9	10	Resolution 3 of 2009	98
Secretaries & other keyboard operating clerks, Permanent	13	11	12	Resolution 3 of 2009	237
	1	8	9	Retention	
Security officers, Permanent	1	11	12	Retention	99
	1	9	10	Resolution 3 of 2009	
Senior managers, Permanent	1	11	12	Resolution 3 of 2009	291
	3	11	12	Personal Notch	
Social sciences related, Permanent	1	15	16	Resolution 3 of 2009	0
	0	0	0		

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No of Employees in Dept
Social sciences supplementary workers, Permanent	301	5	6	Rank and Leg promotion	8009
	44	5	7	Salary Regularisation	
	7	5	8	Salary Regularisation	
Social work and related professionals, Permanent	3	9	10	Resolution 3 of 2009	20
	1	11	12	Resolution 3 of 2009	
Trade Labourers	0	0	0		28
Total	1353				18593
Percentage of Total Employment	7.28				

TABLE 16.4 – Profile of employees whose salary level exceed the grade determined by job evaluation, 1 April 2010 to 31 March 2011 (in terms of PSR 1.V.C.3)

Beneficiaries	African	Asian	Coloured	White	Total
Female	438	38	69	94	639
Male	538	46	80	50	714
Total	976	84	149	144	1353
Employees with a Disability	6	0	0	4	10

TABLE 17.1 – Annual turnover rates by salary band for the period 1 April 2010 to 31 March 2011

Salary Band	Employment at Beginning of Period (April 2010)	Appointments	Terminations	Turnover Rate
Lower skilled (Levels 1-2), Permanent	12	0	1	8.3
Skilled (Levels 3-5), Permanent	4269	61	86	2
Highly skilled production (Levels 6-8), Permanent	1901	13	56	2.9
Highly skilled supervision (Levels 9-12), Permanent	970	8	31	3.2
Senior Management Service Band A, Permanent	170	1	7	4.1
Senior Management Service Band B, Permanent	42	0	2	4.8
Senior Management Service Band C, Permanent	10	0	0	0
Senior Management Service Band D, Permanent	2	0	1	50
Contract (Levels 1-2), Permanent	54	35	28	51.9
Contract (Levels 3-5), Permanent	67	372	46	68.7
Contract (Levels 6-8), Permanent	2	1	5	250
Contract (Levels 9-12), Permanent	9	2	2	22.2
Contract (Band A), Permanent	2	0	1	50
Contract (Band B), Permanent	0	1	0	0
TOTAL	7510	494	266	3.5

TABLE 17.2 – Annual turnover rates by critical occupation for the period 1 April 2010 to 31 March 2011

Occupation	Employment at Beginning of Period (April 2010)	Appointments	Terminations	Turnover Rate
Administrative related, Permanent	0	0	0	0
Auxiliary and related workers, Permanent	2	1	5	250
Civil engineering technicians, Permanent	0	0	0	0
Cleaners in offices workshops hospitals etc., Permanent	14	0	1	7.1
Client inform clerks (switchboard inform clerks), Permanent	5	1	0	0
Communication and information related, Permanent	0	0	0	0
Computer programmers, Permanent	0	0	0	0
Engineering sciences related, Permanent	0	0	0	0
Finance and economics related, Permanent	0	0	0	0
Financial and related professionals, Permanent	218	4	11	5

Occupation	Employment at Beginning of Period (April 2010)	Appointments	Terminations	Turnover Rate
Financial clerks and credit controllers, Permanent	113	20	10	8.8
Food services aids and waiters, Permanent	0	0	0	0
Handymen	1	0	0	0
Head of department/chief executive officer, Permanent	1	0	1	100
Human resources & organisat developm & relate prof, Permanent	3	0	0	0
Human resources clerks, Permanent	74	9	7	9.5
Human resources related, Permanent	0	0	0	0
Information technology related, Permanent	0	0	0	0
Language practitioners interpreters & other commun, Permanent	0	0	0	0
Legal related, Permanent	0	0	0	0
Library mail and related clerks, Permanent	321	42	20	6.2
Logistical support personnel, Permanent	143	5	7	4.9
Material-recording and transport clerks, Permanent	94	14	6	6.4
Medical practitioners, Permanent	0	0	0	0
Messengers porters and deliverers, Permanent	2	0	0	0
Middle Managers: Administrative related, Permanent	96	1	2	2.1
Middle Managers: Communication and Information related, Permanent	34	0	0	0
Middle Managers: Health Sciences related, Permanent	9	0	0	0
Middle Managers: Human Resources related, Permanent	157	3	2	1.3
Middle Managers: Information Technology related, Permanent	59	1	2	3.4
Middle Managers: Legal related, Permanent	16	2	1	6.3
Middle Managers: Social Sciences related, Permanent	1560	4	47	3
Other administrative & related clerks and organisers, Permanent	174	219	38	21.8
Other administrative policy and related officers, Permanent	36	2	1	2.8
Other information technology personnel., Permanent	16	0	0	0
Other occupations, Permanent	0	0	0	0
Risk management and security services, Permanent	41	0	4	9.8
Secretaries & other keyboard operating clerks, Permanent	100	8	5	5
Security officers, Permanent	16	0	0	0
Senior managers, Permanent	224	2	10	4.5
Social sciences related, Permanent	0	0	0	0
Social sciences supplementary workers, Permanent	3976	131	86	2.2
Social work and related professionals, Permanent	5	0	0	0
Statisticians and related professionals, Permanent	0	0	0	0
Trade Labourers, Permanent	0	25	0	0
TOTAL	7510	494	266	3.5

Table 17.3 – Reasons why staff are leaving the SASSA

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total	Total Employment
Death, Permanent	42	15.8	0	42	0
Resignation, Permanent	135	50.8	0	135	0
Expiry of contract, Permanent	53	19.9	0	53	0
Discharged due to ill health, Permanent	4	1.5	0	4	0
Dismissal-misconduct, Permanent	8	3	0	8	0
Retirement, Permanent	24	9	0	24	0
TOTAL	266	100	3.4	266	7833

Resignations as % of Employment

1.33

Table 17.4 – Promotions by critical occupation

Occupation	Employment at Beginning of Period (April 2010)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Administrative related, Permanent	0	0	0	0	0
Auxiliary and related workers, Permanent	2	0	0	0	0
Civil engineering technicians, Permanent	0	0	0	0	0
Cleaners in offices workshops hospitals etc., Permanent	14	0	0	6	42.9
Client inform clerks (switchboard reception inform clerks), Permanent	5	0	0	0	0
Communication and information related, Permanent	0	0	0	0	0
Computer programmers., Permanent	0	0	0	0	0
Engineering sciences related, Permanent	0	0	0	0	0
Finance and economics related, Permanent	0	0	0	0	0
Financial and related professionals, Permanent	218	6	2.8	159	72.9
Financial clerks and credit controllers, Permanent	113	0	0	62	54.9
Food services aids and waiters, Permanent	0	0	0	0	0
Handymen	1	0	0	1	100
Head of department/chief executive officer, Permanent	1	0	0	0	0
Human resources & organisat developm & relate prof, Permanent	3	0	0	1	33.3
Human resources clerks, Permanent	74	0	0	46	62.2

Occupation	Employment at Beginning of Period (April 2010)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Human resources related, Permanent	0	0	0	0	0
Information technology related, Permanent	0	0	0	0	0
Legal related, Permanent	0	0	0	0	0
Library mail and related clerks, Permanent	321	4	1.2	163	50.8
Logistical support personnel, Permanent	143	4	2.8	99	69.2
Material-recording and transport clerks, Permanent	94	1	1.1	46	48.9
Medical practitioners, Permanent	0	0	0	0	0
Messengers porters and deliverers, Permanent	2	0	0	2	100
Middle Managers: Administrative related, Permanent	96	2	2.1	71	74
Middle Managers: Communication and Information related, Permanent	34	0	0	20	58.8
Middle Managers: Engineering Sciences related, Permanent	9	0	0	7	77.8
Middle Managers: Human Resources related, Permanent	157	1	0.6	124	79
Middle Managers: Information Technology related, Permanent	59	0	0	47	79.7
Middle Managers: Legal related, Permanent	16	0	0	16	100
Middle Managers: Social Sciences related, Permanent	1560	58	3.7	1179	75.6
Other administrative & related clerks and organisers, Permanent	174	1	0.6	87	50
Other administrative policy and related officers, Permanent	36	0	0	30	83.3
Other information technology personnel., Permanent	16	0	0	10	62.5
Other occupations, Permanent	0	0	0	0	0
Risk management and security services, Permanent	41	0	0	24	58.5
Secretaries & other keyboard operating clerks, Permanent	100	6	6	63	63
Security officers, Permanent	16	0	0	10	62.5
Senior managers, Permanent	224	3	1.3	207	92.4
Social sciences related, Permanent	0	0	0	0	0
Social sciences supplementary workers, Permanent	3976	3	0.1	3133	78.8
Social work and related professionals, Permanent	5	0	0	5	100
Statisticians and related professionals, Permanent	0	0	0	0	0
TOTAL	7510	89	1.2	5618	74.8

Table 17.5 – Promotions by salary band

Salary Band	Employment at Beginning of Period (April 2010)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Lower skilled (Levels 1-2), Permanent	12	0	0	6	50
Skilled (Levels 3-5), Permanent	4269	3	0.1	3317	77.7
Highly skilled production (Levels 6-8), Permanent	1901	63	3.3	1329	69.9
Highly skilled supervision (Levels 9-12), Permanent	970	20	2.1	735	75.8
Senior management (Levels 13-16), Permanent	224	3	1.3	226	100.9
Contract (Levels 1-2), Permanent	54	0	0	0	0
Contract (Levels 3-5), Permanent	67	0	0	3	4.5
Contract (Levels 6-8), Permanent	2	0	0	0	0
Contract (Levels 9-12), Permanent	9	0	0	1	11.1
Contract (Levels 13-16), Permanent	2	0	0	1	50
TOTAL	7510	89	1.2	5618	74.8

Employment equity

18.1 – Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2011

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total	NUM-BER	FE-MALES
Legislators, senior officials and managers, Permanent	919	108	52	1079	58	821	79	32	932	77	2146	2146	47.02%
Professionals, Permanent	91	8	5	104	6	93	13	1	107	14	231	231	52.38%
Technicians and Ass pro-	96	10	2	108	6	89	8	2	99	2	215	215	46.98%
Clerks, Permanent	294	23	3	320	2	520	47	5	572	31	925	925	65.19%
Service and sales work-	1336	192	27	1555	27	2320	267	37	2624	70	4276	4276	63.00%
Elementary occupations,	22	2	0	24	0	15	0	0	15	0	39	39	38.46%
Plant and Machine Opera-	1	0	0	1	0	0	0	0	0	0	1	1	0.00%
TOTAL	2759	343	89	3191	99	3858	414	77	4349	194	7833	7833	58.00%

	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total	Female, White	Total
Employees with	51	4	2	4	46	6	1	53	7	121

18.2 – Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2011

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total	Female, White	FE-MALES
Lk/Top Management, Permanent	5	0	5	3	2	0	0	10	0	20.00%
Senior Management, Permanent	93	12	111	7	63	4	6	199	8	40.70%
Professionally qualified and experienced specialists and mid-management, Permanent	450	43	517	35	327	29	12	958	38	42.38%
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	576	70	675	26	680	74	18	1524	51	54.00%
Semi-skilled and discretionary decision making, Permanent	1456	200	1686	28	2512	280	41	4643	96	63.08%
Unskilled and defined decision making, Permanent	4	0	4	0	11	0	0	15	0	73.33%
Contract (Senior Management), Permanent	0	0	0	0	1	0	0	2	1	100.00%
Contract (Professionally qualified), Permanent	4	0	4	0	6	0	0	10	0	60.00%
Contract (Skilled technical), Permanent	0	0	0	0	3	0	0	3	0	100.00%
Contract (Semi-skilled), Permanent	146	16	162	0	239	27	0	428	0	62.15%
Contract (Unskilled), Permanent	25	2	27	0	14	0	0	41	0	34.15%
TOTAL	2759	343	3191	99	3858	414	77	7833	194	58.00%

18.3 – Recruitment for the period 1 April 2010 to 31 March 2011

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	0	0	0	0	0	0	0	0	0	0
Senior Management, Permanent	1	0	0	1	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management, Permanent	4	0	0	4	0	1	0	4	0	8
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	3	0	0	3	0	1	0	10	0	13
Semi-skilled and discretionary decision making, Permanent	23	5	0	28	0	5	1	32	1	61
Unskilled and defined decision making, Permanent	0	0	0	0	0	0	0	0	0	0
Contract (Senior Management), Permanent	0	0	0	0	0	0	0	1	0	1
Contract (Professionally qualified), Permanent	0	0	0	0	0	0	0	2	0	2
Contract (Skilled technical), Permanent	0	0	0	0	0	0	0	1	0	1
Contract (Semi-skilled), Permanent	117	11	0	128	0	18	0	244	0	372
Contract (Unskilled), Permanent	23	2	0	25	0	0	0	10	0	35
TOTAL	171	18	0	189	0	25	1	304	1	494

18.4 – Promotions for the period 1 April 2010 to 31 March 2011

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	0	0	0	0	0	0	0	0	0	0	0
Senior Management, Permanent	2	0	0	2	0	1	0	0	1	0	3
Professionally qualified and experienced specialists and mid-management, Permanent	12	0	0	12	0	7	1	0	8	0	20
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	25	5	0	30	1	26	4	0	30	2	63
Semi-skilled and discretionary decision making, Permanent	1	0	0	1	0	2	0	0	2	0	3
TOTAL	40	5	0	45	1	36	5	0	41	2	89

18.5 – Terminations for the period 1 April 2010 to 31 March 2011

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	1	0	0	1	0	0	0	0	0	0	1
Senior Management, Permanent	0	0	2	2	1	2	1	0	3	3	9
Professionally qualified and experienced specialists and mid-management, Permanent	16	0	0	16	0	10	4	0	14	1	31
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	17	5	1	23	2	22	2	1	25	6	56
Semi-skilled and discretionary decision making, Permanent	33	7	0	40	0	40	3	0	43	3	86
Unskilled and defined decision making, Permanent	0	0	0	0	0	1	0	0	1	0	1
Contract (Senior Management), Permanent	0	0	0	0	0	1	0	0	1	0	1
Contract (Professionally qualified), Permanent	1	0	0	1	0	1	0	0	1	0	2
Contract (Skilled technical), Permanent	1	0	0	1	0	4	0	0	4	0	5
Contract (Semi-skilled), Permanent	19	4	0	23	0	41	6	0	47	0	70
Contract (Unskilled), Permanent	4	0	0	4	0	0	0	0	0	0	4
TOTAL	92	16	3	111	3	122	16	1	139	13	266

18.6 – Disciplinary action for the period 1 April 2010 to 31 March 2011

Disciplinary action	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Fe-male, African	Fe-male, Coloured	Fe-male, Indian	Female, Total Blacks	Fe-male, White	Total
Dismissals	8	0	0	8	1	7	0	0	7	0	16
Demotion	0	0	0	0	0	1	0	0	1	0	1
Suspension without pay	9	0	0	9	0	4	0	0	4	0	13
Final written warnings	19	3	0	22	1	12	5	0	17	1	41
Written warnings	22	6	0	28	4	25	8	0	33	1	66
Verbal warnings	2	0	0	2	0	1	2	0	3	0	5
Counseling	1	2	0	3	0	3	0	0	3	0	6
Case dismissed by Chairperson / Withdrawn	14	0	0	14	1	12	4	0	16	1	32
Resignation	6	1	0	7	0	1	0	0	1	0	8
TOTAL	81	12	0	93	7	66	19	0	85	3	188

18.7 – Skills development for the period 1 April 2010 to 31 March 2011

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Fe-male, White	Total
Legislators, Senior Officials and Managers	189	12	5	206	2	47	3	5	55	4	267
Professionals	198	3	3	204	1	189	5	15	209	5	419
Technicians and Associate Professionals	62	0	0	62	0	192	0	0	192	0	254
Clerks	184	51	2	237	9	253	12	1	266	7	519
Service and Sales Workers	0	0	0	0	0	0	0	0	0	0	0
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	0	0	0	0	0	0	0	0	0	0	0
Plant and Machine Operators and Assemblers	0	0	0	0	0	0	0	0	0	0	0
Elementary Occupations	0	0	0	0	0	0	0	0	0	0	0
TOTAL	633	66	10	709	12	681	20	21	722	16	1459
Employees with disabilities	7	0	0	7	0	5	3	0	8	0	15

Performance rewards

To encourage good performance, the SASSA has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability (Table 19.1), salary bands (table 19.2) and critical occupations (Table 19.3).

Demographics	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost	Average Cost per Beneficiary (R)
African, Female	1017	3858	26.4	8,478,308.01	8,336.59
African, Male	699	2759	25.3	6,941,536.11	9,930.67
Asian, Female	28	77	36.4	451,218.85	16,114.96
Asian, Male	35	89	39.3	597,339.36	17,066.84
Coloured, Female	241	414	58.2	1,707,771.80	7,086.19
Coloured, Male	187	343	54.5	1,324,080.72	7,080.65
Total Blacks, Female	1286	4349	29.6	10,637,298.66	8,271.62
Total Blacks, Male	921	3191	28.9	8,862,956.19	9,623.19
White, Female	94	194	48.5	945,017.31	10,053.38
White, Male	39	99	39.4	490,768.16	12,583.80
Employees with a disability	20	121	16.5	313,791.48	15,689.57
TOTAL	2340	7833	29.9	20,936,040.32	8,947.03

TABLE 19.2 – Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2010 to 31 March 2011

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost	Average Cost per Beneficiary (R)
Lower skilled (Levels 1-2)	5	14	35.7	12,253.74	2,450.75
Skilled (Levels 3-5)	1144	4254	26.9	5,946,464.35	5,197.96
Highly skilled production (Levels 6-8)	759	1913	39.7	7,250,951.59	9,553.30
Highly skilled supervision (Levels 9-12)	432	960	45	7,726,370.64	17,885.12
Contract (Levels 1-2)	0	40	0	0.00	0.00
Contract (Levels 3-5)	0	428	0	0.00	0.00
Contract (Levels 6-8)	0	2	0	0.00	0.00
Contract (Levels 9-12)	0	12	0	0.00	0.00
TOTAL	2340	7623	30.7	20,936,040.32	8,947.03

TABLE 19.3 – Performance Rewards by critical occupations, 1 April 2010 to 31 March 2011

Critical Occupations	Number of Beneficiaries	Total Em- ployment	Percentage of Total Em- ployment	Cost	Average Cost per Beneficiary (R)
Administrative related, Permanent	0	0	0	0.00	0.00
Auxiliary and related workers, Permanent	0	5	0	0.00	0.00
Civil engineering technicians, Permanent	0	0	0	0.00	0.00
Cleaners in offices workshops hospitals etc., Permanent	3	10	30	5,873.88	1,957.96
Client Information Clerks, Permanent	0	5	0	0.00	0.00
Communication and information related, Permanent	0	0	0	0.00	0.00
Computer system designers and analysts., Permanent	0	0	0	0.00	0.00
Engineering sciences related, Permanent	0	0	0	0.00	0.00
Finance and economics related, Permanent	0	0	0	0.00	0.00
Financial and related professionals, Permanent	140	208	67.3	1823980.5	13,028.43
Financial clerks and credit controllers, Permanent	64	120	53.3	290270.53	4,535.48
Food services aids and waiters, Permanent	0	0	0	0.00	0.00
Handymen	0	1	0	0.00	0.00
Head of department/chief executive officer, Permanent	0	0	0	0.00	0.00
Human resources & organisational development & relate profes- sionals, Permanent	1	3	33.3	36966	36,966.00
Human resources clerks, Permanent	35	83	42.2	169530.81	4,843.74
Human resources related, Permanent	0	0	0	0.00	0.00
Information technology related, Permanent	0	0	0	0.00	0.00
Legal related, Permanent	0	0	0	0.00	0.00
Library mail and related clerks, Permanent	82	346	23.7	409858	4,998.27
Logistical support personnel, Permanent	62	140	44.3	749512.31	12,088.91
Material-recording and transport clerks, Permanent	37	96	38.5	171194.38	4,626.88
Medical specialists, Permanent	0	0	0	0.00	0.00
Messengers porters and deliverers, Permanent	0	2	0	0.00	0.00
Middle Managers: Administrative related, Permanent	30	90	33.3	597256.28	19,908.54
Middle Managers: Communication and Information related, Per- manent	12	33	36.4	208827.6	17,402.30
Middle Managers: Engineering Sciences related, Permanent	5	9	55.6	100385.65	20,077.13
Middle Managers: Health Sciences related, Permanent	0	0	0	0.00	0.00
Middle Managers: Human Resources related, Permanent	87	157	55.4	1339786.61	15,399.85
Middle Managers: Information Technology related, Permanent	28	61	45.9	560193.99	20,006.93
Middle Managers: Legal related, Permanent	2	16	12.5	21369.8	10,684.90
Middle Managers: Social Sciences related, Permanent	607	1584	38.3	7519447.48	12,387.89

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost	Average Cost per Beneficiary (R)
Natural sciences related, Permanent	0	0	0	0.00	0.00
Other administrators & related clerks and organisers, Permanent	38	168	22.6	176696.84	4,649.92
Other administrative policy and related officers, Permanent	15	36	41.7	221313.95	14,754.26
Other information technology personnel., Permanent	13	15	86.7	132433.97	10,187.23
Other occupations, Permanent	0	0	0	0.00	0.00
Risk management and security services, Permanent	15	39	41.4	151794.35	10,119.62
Secretaries & other keyboard operating clerks, Permanent	55	107	51.4	499830.24	9,087.82
Security officers, Permanent	1	10	10	10723.2	10,723.20
Senior managers, Permanent	0	196	0	0.00	0.00
Social sciences related, Permanent	0	0	0	0.00	0.00
Social sciences supplementary workers, Permanent	1006	4261	23.6	5718908.39	5,684.80
Social work and related professionals, Permanent	2	5	40	19885.56	9,942.78
Statisticians and related professionals, Permanent	0	0	0	0.00	0.00
Trade Labourers	0	27	0	0.00	0.00
TOTAL	2340	7833	29.9	20,936,040.32	8,947.03

TABLE 19.4 – Performance related rewards (cash bonus), by salary band, for Senior Management Service

SMS Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost	Average Cost per Beneficiary (R)	% of SMS Wage Bill	Personnel Cost SMS (R'000)
Band A	0	161	0	0.00	R 0.00	0	R 0.00
Band B	0	39	0	0.00	R 0.00	0	R 0.00
Band C	0	9	0	0.00	R 0.00	0	R 0.00
Band D	0	1	0	0.00	R 0.00	0	R 0.00
TOTAL	0	210	0	0.00	R 0.00	0	R 0.00

Foreign workers

The tables below summarise the employment of foreign nationals in the SASSA in terms of salary bands and by major occupation. The tables also summarise changes in the total number of foreign workers in each salary band and by each major occupation.

TABLE 20.1 – Foreign Workers, 1 April 2010 to 31 March 2011, by salary band

Salary Band	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Skilled (Levels 3-5)	0	0	1	25	1	50	0	1	1
Highly skilled production (Levels 6-8)	0	0	0	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	2	50	2	50	0	0	2	2	0
Senior management (Levels 13-16)	0	0	0	0	0	0	0	0	0
Contract (Levels 9-12)	2	50	1	25	1	50	2	1	1
Contract (Levels 13-16)	0	0	0	0	0	0	0	0	0
TOTAL	4	100	4	100	2	100	4	4	2

TABLE 20.2 – Foreign Worker, 1 April 2010 to 31 March 2011, by major occupation

Major Occupation	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Middle Managers: Information Technology related, Permanent	0	0	1	25	1	25	0	1	1
Middle Managers: Social Sciences related, Permanent	0	0	1	25	1	25	0	1	1
Middle Managers: Administrative related, Permanent	4	100	1	25	1	25	4	1	1
Social sciences supplementary workers, Permanent	0	0	1	25	1	25	0	1	1
TOTAL	4	100	4	100	4	100	4	4	4

Leave utilisation for the period 1 January 2010 to 31 December 2010

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 21.1) and disability leave (Table 21.2). In both cases, the estimated cost of the leave is also provided.

TABLE 21.1 – Sick leave, 1 January 2010 to 31 December 2010

Salary Band	Total Days	% Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of employees using Sick Leave	Total number of days with medical certification
Lower skilled (Levels 1-2)	53	96.2	0	0	0	R 11,337.13	0	51
Skilled (Levels 3-5)	36852	90.3	3279	58.2	11	R 13,353,555.17	3279	33276
Highly skilled production (Levels 6-8)	16010	88.8	1473	26.2	11	R 10,680,510.23	1473	14212
Highly skilled supervision (Levels 9-12)	6179	85.8	669	11.9	9	R 11,414,814.71	669	5304
Senior management (Levels 13-16)	1261	85.9	139	2.5	9	R 2,426,917.70	139	1083
Contract (Levels 1-2)	1089	2.1	9	0.2	121	R 232,945.86	9	23
Contract (Levels 3-5)	224	74.1	53	0.9	4	R 81,167.82	53	166
Contract (Levels 6-8)	2	0	1	0	2	R 1,334.23	1	0
Contract (Levels 9-12)	48	95.8	8	0.1	6	R 88,673.10	8	46
Contract (Levels 13-16)	0	0	1	0	0	R 0.00	1	7
TOTAL	61718	87.8	5631	100	11	R 38,291,255.95	5631	54161

TABLE 21.2 – Disability leave (temporary and permanent), 1 January 2010 to 31 December 2010

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of employees using Disability Leave	Total number of days with medical certification
Skilled (Levels 3-5)	171	100	7	43.75	24	63,977.37	7	7
Highly skilled production (Levels 6-8)	86	100	6	37.5	14	50,716.61	6	6
Highly skilled supervision (Levels 9-12)	7	100	1	6.25	7	7,138.15	7	1
Senior management (Levels 13-16)	11	100	2	12.5	6	27,915.47	11	2
TOTAL	275	100	16	100	17	149,747.59	275	16

Table 21.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

TABLE 21.3 – Annual Leave, 1 January 2010 to 31 December 2010

Salary Band	Total Days Taken	Average days per Employee	Number of Employees who took leave
Lower skilled (Levels 1-2)	255	20	11
Skilled (Levels 3-5)	83708	20	4083
Highly skilled production (Levels 6-8)	40512	22	1807
Highly skilled supervision (Levels 9-12)	20071	22	883
Senior management (Levels 13-16)	4133	20	179
Contract (Levels 1-2)	88	2	16
Contract (Levels 3-5)	290	1	55
Contract (Levels 6-8)	16	1	1
Contract (Levels 9-12)	188	16	11
Contract (Levels 13-16)	15	15	1
TOTAL	149276	20	7047

TABLE 21.4 – Capped leave, 1 January 2010 to 31 December 2010

	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2010	Number of Employees who took Capped leave	Total number of capped leave available at 31 December 2010	Number of Employees as at 31 December 2010
Lower skilled (Levels 1-2)	0	0	5	0	291	59
Skilled (Levels 3-5)	97	47	5	12	24588	4535
Highly skilled production (Levels 6-8)	151	13	41	32	78247	1908
Highly skilled supervision (Levels 9-12)	207	5	34	17	32396	966
Senior management (Levels 13-16)	69	3	31	5	7011	227
TOTAL	524	15	19	66	142533	7695

TABLE 21.5 – Leave payouts for the period 1 April 2010 to 31 March 2011

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

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Leave payout for 2009/10 due to non-utilisation of leave for the previous cycle	132,547.18	11	12,049.74
Capped leave payouts on termination of service for 2009/10	R 2,097,498.83	34	R61,691.14
Current leave payout on termination of service for 2009/10	R 2,230,046.01	45	R73,740.89
TOTAL	4,460,092.02	90	11,451.15

HIV and AIDS & health promotion programmes

TABLE 22.1 – Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
xxx	xxx
xxx	xxx

TABLE 22.2 – Details of Health Promotion and HIV and AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the SASSA 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.	X		Ms Lebuwe Motaung - Senior Manager: Employee Wellness Unit
2. Does the SASSA have a dedicated unit or have you designated specific staff members to promote 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.	X		There is a dedicated Unit, which is comprised of 6 staff members at Head Office and 9 Coordinators at Regional level. The annual budget for the programme is R2.9 million.
3. Has the SASSA introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	X		The following services are rendered through the Employee Wellness Programme (EWP): Psychological support, Managerial Consultancy and life Skills Programmes, Disability Management, HIV and AIDS Management, Education and Awareness, First Aid Management and Critical Incident Management.

Question	Yes	No	Details, if yes
4. Has the SASSA 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		EWP Advisory Committee Members: Peter Mohlala, Rajen Venkia, Shaun Kraut, Clint Titus, Carin Koster, Lebuwe Motaung, Lynn Swanepoel, Nkosie Shongwe, Ndivhuho Ndou, Sakhile Gabuza, Nomphele Cata, Justice Skej, Randall Snyders, Lindo Makhonza, Rose Lephondo, Ntombikayise Kobeli, Thami Modisane, Mmamolato Kganyago and Sthemba Moatshe.
5. Has the SASSA reviewed the employment policies and practices of your Agency 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.		X	The SASSA is currently conducting the EE Policy analysis on all HR policies.
6. Has the SASSA 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.	X		HIV & AIDS workplace Policy, Education and awareness for Managers/Supervisors on HIV & AIDS Management in the Workplace, reasonable accommodation programmes to promote openness, acceptance and non-discrimination. Access to counseling services, home based care information, life skills on behavior change and developing positive living, prevention programmes, and dissemination through Wellness Champions.
7. Does the SASSA encourage its employees to undergo Voluntary Counseling and Testing? If so, list the results that you have achieved.	X		Conducted VCT and created awareness on positive living (how to live long, healthy and productive life with HIV & AIDS) for staff. Facilitated awareness sessions for Managers and staff on managing HIV & AIDS Disclosure. Introduced a weight management, nutrition and education programme. Evident commitment from staff to continue testing.
8. Has the SASSA developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.	X		Monitoring of the programmes takes place on quarterly basis. EWP Advisory Committee is also responsible for monitoring the implementation of this programme. Indicators and measures used to monitor the programme include the following: Number of awareness campaigns conducted, disclosures and referrals to Employee Wellness, employees participating in the programme, annual evaluation on staff turn-over analysis and Pro-

Labour relations

The following collective agreements were entered into with trade unions within the SASSA.

TABLE 23.1 – Collective agreements, 1 April 2010 to 31 March 2011

Subject Matter	Date
Resolution 1 of 2010 Constitution of the SASSA's Bargaining Forum (SNBF)	29-Oct-10

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

TABLE 23.2 – Misconduct and disciplinary hearings finalised, 1 April 2010 to 31 March 2011

Outcomes of disciplinary hearings	Number	Percentage of Total	Total
Case Dismissed by Chairperson/Withdrawn	35	19	35
Counseling	6	3	6
Verbal Warnings	5	3	5
Written Warnings	66	35	66
Final Written Warnings	38	20	38
Suspensions without pay	13	7	13
Resignation	8	4	8
Demotion	1	1	1
Dismissals	16	9	16
TOTAL	188	100	188

TABLE 23.3 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	Percentage of Total	Total
Fraud: Social Grants	12	6	12
Dishonesty	9	5	9
Misrepresentation	16	9	16
Falsification of Qualifications	1	1	1
Insubordination	28	15	28
Dereliction of Duty	6	3	6
Assault/attempted assault	2	1	2
Negligence	31	16	31
Misuse of state vehicle	11	6	11
Abscondment	6	3	6
Absenteeism	12	6	12
Late Coming/leaving early	16	9	16
Sick Leave Abuse	1	1	1
Poor Performance	1	1	1
Bringing the Agency into Disrepute	1	1	1
Nepotism / Favouritism	1	1	1
Non compliance with the Social Assistance Prescripts	16	9	16
Unprotected Strike	1	1	1
Non compliance with the Agency Fleet Management/ Transport Policy	12	6	12
Communicate with Media without authorization	1	1	1
Bad/ ill treatment	1	1	1
Unbecoming conduct	3	2	3
TOTAL	188	100	188

TABLE 23.4 – Grievances lodged for the period 1 April 2010 to 31 March 2011

Number of grievances addressed	Number	Percentage of Total	Total
TOTAL	40	100	40

TABLE 23.5 – Disputes lodged with Councils for the period 1 April 2010 to 31 March 2011

Number of disputes addressed	Number	% of Total
Upheld	8	30
Dismissed	17	63
Settled	2	7
Total	27	100

TABLE 23.6 – Strike actions for the period 1 April 2010 to 31 March 2011

Strike Actions	
Total number of person working days lost	672
Total cost(R'000) of working days lost	R 518,477.25
Amount (R'000) recovered as a result of no work no pay	R 0.00

TABLE 23.7 – Precautionary suspensions for the period 1 April 2010 to 31 March 2011

Precautionary Suspensions	
Number of people suspended	33
Number of people whose suspension exceeded 30 days	29
Average number of days suspended	100
Cost (R'000) of suspensions	R 3,457,428.79

Skills development

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

24.1 – Training needs identified 1 April 2010 to 31 March 2011

Occupational Categories	Gender	Employment	Learnerships	Skills Pro-grammes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	1009	0	269	0	269
	Male	1137	0	432	0	432
Professionals	Female	121	0	49	0	49
	Male	110	0	62	0	62
Technicians and associate professionals	Female	101	0	57	0	57
	Male	114	0	33	0	33
Clerks	Female	603	0	1097	0	1097
	Male	322	0	754	0	754
Service and sales workers	Female	2694	0	0	0	0
	Male	1582	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	1	0	0	0	0

Occupational Categories	Gender	Employment	Learnerships	Skills Pro-grammes & other short courses	Other forms of training	Total
Elementary occupations	Female	15	0	0	0	0
	Male	24	0	0	0	0
Gender sub totals	Female	4543	0	1472	0	1472
	Male	3290	0	1281	0	1281
Total		7833	0	2753	0	2753

24.2 – Training provided 1 April 2010 to 31 March 2011

Occupational Categories	Gender	Employment	Learnerships	Skills Pro-grammes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	1009	0	59	0	59
	Male	1137	0	208	0	208
Professionals	Female	121	0	214	0	214
	Male	110	0	205	0	205
Technicians and associate professionals	Female	101	0	192	0	192
	Male	114	0	62	0	62
Clerks	Female	603	0	326	0	326
	Male	322	0	193	0	193
Service and sales workers	Female	2694	0	0	0	0
	Male	1582	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	1	0	0	0	0
Elementary occupations	Female	15	0	0	0	0
	Male	24	0	0	0	0
Gender sub totals	Female	4543	0	791	0	791
	Male	3290	0	668	0	668
Total		7833	0	1459	0	1459

Injury on duty

The following tables provide basic information on injury on duty.

TABLE 25.1 – Injury on duty, 1 April 2010 to 31 March 2011

Nature of injury on duty	Number	% of total
Required basic medical attention only	20	100%
Temporary Total Disablement	0	0%
Permanent Disablement	0	0%
Fatal	0	0%
Total	20	100%



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Part 6

Other Information

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