



20 November 2017

## **THE DEPARTMENT OF MILITARY VETERANS: MATTERS RELATED TO NSFAS AND SITA**

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### **1. INTRODUCTION**

The Department of Military Veterans (DMV) is primarily responsible for the distribution of benefits to deserving military veterans in South Africa. The management of the Military Veterans Database by the DMV has been highlighted as a key concern by both the Department and the Portfolio Committee on Defence and Military Veterans (PCDMV). A fully functioning database is essential to ensure the delivery of benefits. As such, the State Information Technology Agency (SITA) has been approached by the DMV to assist in the development of an advanced database. SITA was also requested to assist with the operationalisation of the DMV Call Centre. Furthermore, one of the major benefits that the DMV has been rolling out is the provision of an education benefit to members. Through collaboration with the National Students Financial Aid Scheme (NSFAS), a number of veterans and their beneficiaries are aided by this benefit.

This paper highlights the latest developments and challenges noted by the DMV in relation to its cooperation with the SITA. It further notes the latest figures available on NSFAS-related benefits managed by the DMV.

### **2. THE DMV AND SITA: PROGRESS AND CHALLENGES**

The SITA assists the DMV in relation to both the **database modernisation** and the management of its **Call Centre**. During a meeting on 22 February 2017, it was noted that a Service Level Agreement (SLA) between the DMV and SITA has been signed. At the same meeting, it was indicated that a deadline for the basic functionality of the database has been set for mid-April 2018.

#### **2.1 Developments related to the DMV database**

During a meeting with the PCDMV on 25 October 2017 that focused on the modernisation of the database, the DMV noted the following:



- The DMV and SITA has entered into an agreement for the development and implementation of the integrated management system.
- The phases for the development are as follows (timelines yet to be determined)
  - Phase 1 - Automation of Registration;
  - Phase 2 - Integrate 4 benefits and PERSOL;
  - Phase 3 - Integrate remaining benefits; and
  - Maintenance and Support.
- The Project Team of DMV and SITA has been established.
- The requirements for the integrated system were developed and adopted. The value proposition covering key requirements for the integrated military veterans' system/database was developed and approved in June 2017.
- Current Projection of timelines is for the end of current financial.

**Members may consider the following questions related to the DMV database:**

- What is the latest progress report from the SITA regarding the development of a database management system?
- Will the deadline (end of the 2017/18 financial year) be met for the development of the database management system?
- How often does the DMV-SITA Project Team meet?
- Will all Military Veterans currently on the database be re-verified prior to being uploaded onto the new electronic database management system?

## 2.2 Developments related to the DMV Call Centre

During a meeting with the PCDMV on 25 October 2017, the DMV noted the following in relation to the DMV Call Centre:

- The current Annex for the Call Centre was extended to March 2018.
- SITA has submitted four (4) proposals for Call Centre migration to the Department where one proposal met the Departmental needs.
- The adopted proposal was to move the Call Centre to the Department using the current technologies provided by SITA.
- The DMV and SITA are in the process of finalising the implementation costs on the adopted proposal.
- The current Call Centre that is outsourced to SITA will continue to be operational until the desired option of insourcing is finalised.
- During questions, the DMV noted the cost of the Call Centre (paid to SITA) is R3 million per year.

**Members may consider the following questions related to the DMV database:**

- When (specific timelines) will the Call Centre be moved from the SITA to the DMV?
- Given that the DMV will still make use of the technology provided by SITA, what will the cost to SITA be annually following the migration of the Call Centre?
- What will the new total operating cost of the Call Centre be following migration?



### 3. NSFAS CONTRIBUTION TO DMV EDUCATION BENEFITS

Through Programme 2 (Socio-economic Support), the DMV makes provision for an education benefit through the Socio-economic Support Management Sub-programme. This is the largest sub-programme in the DMV by budget allocation, and makes provision for benefits such as education, housing, pensions, social relief of distress, etc. The target for the education benefits is to have 15 500 Military Veterans and their dependents receive this benefit by 2019/20.<sup>1</sup> **For 2016/17, at least 7 146 Military Veterans and their dependents received bursaries, which was significantly higher than the target of 4 000.** It is not clear which percentage of these bursaries are managed by NSFAS.

Limited information is presented in the Annual Report and the Estimates of National Expenditure (ENE) in relation to the payments made to NSFAS. Nonetheless, the following should be noted in relation to the DMVs engagements with NSFAS:

- In a meeting with the PCDMV on 10 October 2017, the DMV noted that NSFAS is not always fully able to deliver on its outputs as per the SLA with the DMV.
- NSFAS is not the only bursary-support service that the DMV utilises, as it has made use of EduLoan and Fundi in the past.
- In the 2016/17 financial year, Programme 2 (Socio-economic Support) underspend its allocated budget by R70.1 million. This was mainly driven by a system error at NSFAS, which led to the inability by NSFAS to disburse the funds.

#### Members may consider the following questions related NSFAS:

- How many students' bursaries are administered by NSFAS? *Members may request a detailed breakdown of this per educational institution.*
- What is the total of payments made by the DMV to NSFAS over the past three financial years? What amount is expected to be transferred over the MTSF?
- What contributes to NSFAS not being able to deliver on its outcomes as per the SLA with the DMV?
- What contributed to the system error at NSFAS that led to the non-payment of R70.1 million in 2016/17?
- Were any students adversely affected by the non-payment by NSFAS in 2016/17?
- What aspects of tuition are covered by NSFAS? Do all beneficiaries receive the same education benefits?
- Does NSFAS re-verify Military Veterans and their dependents prior to making education-benefit payments, or do they rely on the information provided by the DMV?
- Have high-level meetings between NSFAS and the DMV taken place to ensure that challenges in service delivery are addressed?

#### Key possible recommendations by the PCDMV

In its 2017 BRRR, the PCDMV noted that some of the funds "parked" at NSFAS, has since been utilised for the current academic year and the Department/NSFAS was encouraged to

<sup>1</sup> National Treasury. (2017) *Estimates of National Expenditure*. p. 375.



ensure that these funds were properly accounted for and utilised. The Committee urged the NSFAS to ensure that funds allocated for bursaries are utilised and properly accounted for. **The Committee recommended that NSFAS and the DMV provides it with a report, no later than 15 February 2018, of the number of students to be funded and whether all appropriate payments have been made for the 2018 academic year. A detailed breakdown of costs and number of students per institution should be provided.**