

Presentation to the Portfolio Committee on Social Development

DSD BRRR AND AUDIT ACTION PLAN

November 2019

PURPOSE

To inform the Portfolio Committee of the DSD's Action Plans to respond to:

- The Auditor General's audit findings for 2018/19 annual report
- The Budgetary Review and Recommendation Report

Part A: Action Plan to respond to the 2018/19 Audit Findings

OVERALL AUDIT OUTCOMES 2018/19 FY

❑ The AG issued two opinions based on the two key aspects; Annual Financial Statements and Performance Information.

❖ Opinion on Audit of Annual Financial Statements:

✓ **qualified audit opinion** with findings was expressed on the audit of Annual Financial Statements.

❖ Opinion on Audit of Performance Information:

✓ An **unqualified audit opinion** was expressed on the audit of Performance Information

AUDITOR-GENERAL RECOMMENDATIONS

- The following were AGSA's recommendations to DSD based on the 2018/19 audit opinion:
- Appropriate action must be taken to ensure that vacancies in key positions are filled within the portfolio.
- Internal controls over the monitoring of compliance with all applicable legislation, policies and directives must be strengthened to prevent non-compliance.
- Audit action plans must be implemented and should be monitored quarterly to support financial management and governance.
- The key risk areas of supply chain management, human resources and especially information systems must be addressed.

FINDING NO. 1:Accuracy of social assistance payments

Finding:

- Included in transfer and subsidies is R162.8 Billion that relates to transfers to households. AGSA was unable to obtain sufficient appropriate audit evidence that these transfers had been properly accounted for due to the status of the accounting records.
- AGSA was unable to confirm these transfers by alternative means. Resulting in the inability to determine whether any adjustment was necessary to the transfer and subsidies stated at R171.7 Billion in note 7 of the financial statements.

FINDING NO.1 :Accuracy of social assistance payments

- **Root Cause Of Identified Shortcomings**
 - Non-compliance with procedures and policies.
 - Inadequate management of SLA with SAPO.
 - Inadequate oversight over SASSA.
 - Management did not effectively safeguard for validity, completeness and competency.

FINDING NO.1:Accuracy of social assistance payments

- **Action Plans To Address Findings**

Role By Sassa

- List of missing files drawn from the Beneficiary Record Management system for regions to contact beneficiaries and recreate the files.
- This is a target on the Operational Plan and is monitored.
- Large amount reports drawn immediately after payment extraction and regions have to check and sign off to confirm correctness of the large amounts.

FINDING NO.1:Accuracy of social assistance payments

- **Action Plans To Address Findings (Cont.)**

- Large amount delegation of authorities reviewed, to have amounts in excess of R10 000 approved at levels of assistant manager and higher.
- Regular reviews reinstated as an operational plan target and implemented as from April 2019.
- Social relief training to inform all regions about responsibility to ensure that SRD provision and system are in sync.

Role By DSD

- DSD to monitor SASSA in terms of its oversight role to ensure that commitments made by SASSA are implemented and achievable (ongoing).

FINDING NO.2:Accuracy of social assistance payments :

Finding:

- Payments over R25000
 - During the testing of payments greater than R25 000.00 the following was noted:
 - No adequate documentation to support changes
 - Payments not approved
- Grants – Limitation
 - Insufficient evidence
 - Application forms not properly completed for disability grants

FINDING NO.2:Accuracy of social assistance grants :

Finding (Cont.):

- Grants – Disagreement misstatements
 - Overpayment of old age grant
 - Annual income above the threshold
 - Deceased beneficiary paid
- Social Relief and Distress fund
 - Limitation: Supplier file could not be submitted
- Completeness:
 - file not traceable to BAS Batch payment

FINDING NO.2 :Accuracy of social assistance grants :

Finding (Cont.):

- Inadequate implementation of the SAPO Service Level Agreement (SLA)
 - There was an approved Service Level Agreement (SLA) between SASSA and South African Post Office (SAPO) for the payment of social grants. However, the SLA did not cover the following:
 - IT security requirements
 - Provision to be audited

FINDING NO.2 :Accuracy of social assistance grants :

Finding(Cont.):

- Grants Modification Process
 - It was noted that changes that were made to beneficiary banking details were not approved. Although the system would flag the changes as not verified or not approved.

FINDING NO.2:Accuracy of social assistance grants :

- **Root Cause Of Identified Shortcomings**
 - Management did not implement controls over daily and monthly processing and reconciling of transactions.
 - Management did not implement effective corrective measures for prior errors and have corroborating supporting documentation.
 - Management did not review and monitor compliance with Social Assistance Act and the Regulations.
 - Management did not perform calculations before payment for the large amount is made to ensure that correct amount is paid.

FINDING NO.2:Accuracy of social assistance grants :

- **Root Cause Of Identified Shortcomings (Cont.)**
 - Management did not review the large payment register to ensure that it is accurate
 - 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.
 - IT security requirements are not covered in the SLA with SAPO
 - No oversight over SASSA
 - SAPO could not submit reconciliations to SASSA and SASSA intern could not submit to DSD
 - Procedures used with previous service provider CPS could not be applied to SAPO

FINDING NO.2:Accuracy of social assistance grants :

- **Action Plans To Address Findings**
- Although this finding relates to SASSA, it impacted on the audit outcome of DSD due to the funds being allocated to the DSD's budget.
- DSD to monitor SASSA in terms of its oversight role to ensure that commitments made by SASSA are implemented and achievable.
- Joint review of SLA with SAPO will enable DSD to find better mechanisms to address all the shortcomings. **Implementation date:** March 2020

FINDINGS NO.3 ON ASSETS (MINOR AND MAJOR)

Findings

- Prior year disposals not disclosed in the 2017-18 financial statements and not accounted for in the opening balance of minor assets.
- Assets without barcodes.
- Completeness of minor assets in the asset register and the AFS.
- Minor assets under investigation.
- Duplicates and inconsistencies in Minor assets under investigation from prior year included in 2018/2019 Asset Register.

FINDINGS NO.3 ON ASSETS (MINOR AND MAJOR)

- **Key root cause of identified deficiencies:**
 - Capacity challenges due to moratorium in filling of vacant posts.

FINDINGS NO.3 ON ASSETS (MINOR AND MAJOR)

- **Key root cause of identified deficiencies (Cont.):**
 - Limitation in the Asset Management System:
 - Inadequate user account management controls
 - Management did not prepare valid, accurate and complete records that are supported and evidenced by reliable information.
 - Lack of monthly asset reconciliations.

FINDINGS NO.3 ON ASSETS (MINOR AND MAJOR)

- **Corrective Actions To Address Findings On Assets**
 - Ministers decision on the moratorium has been rescinded.
 - Post of Director has been advertised and will be filled before the financial year. Post of Deputy Director: Asset Management and 2 x clerks to be advertised before end of November 2019 and appointments to be made before financial year end.
 - Conduct a comprehensive assets audit. Appointment contract workers to assist with the identification thereof.
 - Reconciliation of minor/major assets will be done on a monthly basis.

FINDINGS NO.3 ON ASSETS (MINOR AND MAJOR)

- **Corrective Actions To Address Findings On Assets (Cont.)**
 - Director Financial Accounting assisting with Asset Management.
 - Enhancement of the asset management system to address the limitations.
 - The department has met with the service provider and configuration of the Asset Management System has commenced.
 - Consequence management for staff members that did not adhere to required standards, matters referred to lost control committee (LCC) and are currently conducting investigations.

FINDINGS NO.4 ON EXPENDITURE MANAGEMENT

Finding

- **Payments were not made within 30 days**
- **Root Causes Of Identified Shortcomings**
 - No standard operating procedures (SOPs) for processing invoices
 - Delay in the verification of services rendered by the end users.
 - Delays in line function certifying invoices for payment.
 - Although clearly stated on the order for suppliers to submit invoices to SCM, suppliers sent invoices to the line function.
 - Lack of quality assurance control in the SCM Unit due to staff shortages.

FINDINGS NO.4 ON EXPENDITURE MANAGEMENT

- **Corrective Action To Address Finding : Payments were not made within 30 days**
 - Development of a standard operating procedure.
 - Follow ups are performed weekly.
 - Monitoring of the invoices received.
 - Implemented the Invoice tracking system.
 - Implementation of a centralised email address (DSD-invoices@dsd.gov.za) for invoices to be sent.
 - Posts has been advertised and closing date was 8 November 2019.
 - 5 Cases have been referred to Loss control Committee for investigation and to HRM to determine negligence in terms of irregular expenditure.

FINDINGS NO.5 ON PROCUREMENT AND CONTRACT MANAGEMENT

Finding

- Some Of The Contracts And Quotations Were Awarded To Bidders Based On Preference Points That Were Not Allocated And/or Calculated In Accordance With The Requirements Of The Preferential Procurement Policy Framework Act And It's Regulations.
- **Root Causes Of Identified Shortcomings**
 - Lack of proper on-going training for SCM officials with regards to the allocation of points for B-BBEE status levels in terms of the applicable legislation and practice notes.
 - Lack of discipline from staff members and poor supervision by all relevant managers.

FINDINGS NO.5 ON PROCUREMENT AND CONTRACT MANAGEMENT

- **Action Plans To Address Shortcomings on obtaining BEE certificates**
 - Conduct an audit of all payment batches to determine non-compliance and record accordingly from April 2018 to March 2019 as required by AGSA – Audit for April through November has commenced.
 - Obtain BBEE Certificates when requesting for quotations.
 - Ensure that the formula on the comparative sheets to calculate BEE points are captured correctly.
 - On-going training of staff in terms of applicable legislations and practice notes – Training has commenced in September 2019
 - Consequence management for the affected officials that did not adhere to required standards, matters referred to lost control committee and are currently conducting investigations. 19 Cases were reported for investigation.

AUDIT FINDINGS NO.6 ON REVIEW OF POLICIES IN LINE WITH CHANGES IN REGULATIONS

Finding

- **POLICIES AND PROCEDURES ARE NOT APPROVED AND/ OR NOT REVIEWED ANNUALLY (OR WHEN NECESSARY REVISED) FOR CHANGES IN LEGISLATION.**
 - The department did not have a system in place to regularly review policies to ensure that they are updated with changes in legislation and other best practices performed in the department. This resulted in key policies such as the SCM Policy not being updated with changes in legislation that resulted in non-compliance.
- **Root Cause Of Identified Shortcomings:**
 - Lack of reconciliation between existing policies and the revised legislations.

AUDIT FINDINGS NO.6 ON REVIEW OF POLICIES IN LINE WITH CHANGES IN REGULATIONS

CORRECTIVE MEASURES TO ADDRESS FINDING ON POLICY REVIEWS

- The Department will review and reconcile the relevant policies with the latest legislation by end of March 2019
- Developed a Policy Review Schedule (Project Plan) and arranged meetings with relevant managers to obtain updates as per commitments given per the Policy Review schedule.

FINDING NO.7: SUPPLY CHAIN AND CONTRACT MANAGEMENT

Finding:

- **Non-compliance with the CIDB (Construction Industry Development Board) requirements.** The RFQs sent to prospective contractors for the provision of construction works as defined did not stipulate the minimum category which the bidders must be registered at with the CIDB in order to qualify for evaluation.

Root Cause Of Identified Shortcomings:

- Reliance on Central Supplier Database for information.
- Lack of understanding of CIDB Regulations.

Corrective Action To Address Finding:

- Training of SCM officials with regards to the implementation and compliance with SCM legislation, including CIDB requirements done on 2 September 2019.
- Invite experts from Department of Public works and Infrastructure in drafting of Specifications in relation to construction industry.
- 8 Cases has been referred to Loss Control Committee for investigation and to HRM to determine negligence in terms of irregular expenditure. Should any transgressions be found these will be referred to HRM.

FINDING NO.8: SUPPLY CHAIN AND CONTRACT MANAGEMENT

Finding:

- **Lack of three quotes and non-compliance with the SCM process.**
Procurement of a sound system for R105 300, was done through deviation from the normal procurement process due to only one supplier responding to the request. Insufficient evidence to confirm that the request for quotations (RFQs) were sent to five prospective suppliers.

Root Cause Of Identified Shortcomings:

- Overreliance on Non customised domains (Gmail and Yahoo accounts).

FINDING NO.9: SUPPLY CHAIN AND CONTRACT MANAGEMENT

Corrective Action To Address Finding: Lack of three quotes and non-compliance with the SCM process :

- Training of SCM officials with regards to the implementation and compliance with SCM legislation, including accessing the Central Supplier Database to avoid overreliance on non customised domains. Training planned with National Treasury on 13 November 2019.
- 1 Case has been referred to Loss control Committee for investigation. Should transgressions be found these will be referred to HRM to institute the necessary inquiry.

FINDING NO.10 : SUPPLY CHAIN AND CONTRACT MANAGEMENT

Finding

- **Promotional Material** procured without evidence of declaration of local content to DTI on SBD 6.2 as required by Practice note number 7 of 2009/2010 and PFMA.

Root Cause Of Identified Shortcomings:

- DSD not aware of the existence of the practice note.

Corrective Action To Address Finding:

- The finding has been addressed. The department now basis its procurement as per the Practice note number 7 of 2009/2010 and PFMA.

FINDING NO.11: SUPPLY CHAIN AND CONTRACT MANAGEMENT

Finding:

- **Non-compliance with section 13G (1) of the B-BBEE Act** and section 12(2) of the B-BBEE Regulations in Annual Financial Statements. The Department did not submit the FORM B-BBEE 1 with the audited financial statements.

Root Cause Of Identified Shortcomings:

- The Department was not aware of this requirement in the regulation that the department should submit .

Corrective Action To Address Finding:

- The Department to adhere to the requirements of the Act by submitting the relevant information to the BBBEE Commissioner on an annual basis.

FINDING NO.12: SUPPLY CHAIN AND CONTRACT MANAGEMENT

Finding:

- **Subcontracting by Suppliers.** DSD instructed that the tenderer must subcontract a minimum of 50% of the value of the contract, however no indication existed in the payment batch that this has occurred and complied with.

Root Cause Of Identified Shortcomings:

- There is a lack of refresher training for SCM officials with regards to procuring of goods and services.
- Failure to update the SCM Policy and procedures with the latest Treasury Instructions issued.
- Lack of understanding of applicable laws and regulations in terms of subcontracting (SBD 6.1)

FINDING NO.12: SUPPLY CHAIN AND CONTRACT MANAGEMENT

Corrective Action To Address Finding on Sub-contracting by Suppliers:

- The SCM Policy has been reviewed.
- The Department will ensure that form SBD 6.1 is issued together with the RFQ when requesting quotations from potential service providers to allow for sub-contracting. (Already implemented).
- Case has been referred to Loss control Committee for investigation. Should transgressions be found these will be referred to HRM to institute the necessary inquiry.

FINDING NO.13: SUPPLY CHAIN AND CONTRACT MANAGEMENT

Finding:

- **Contravention of the public service code of conduct.** An employee appointed by the Department of Social Development was appointed on a two-year contract as a Project Coordinator and is also the Director of Pulaemadiba Construction and Projects - a Private Company currently doing business with Polokwane Local Municipality. There was no indication of her resignation from the company after she assumed her duties at the Department of Social Development.

Root Cause Of Identified Shortcomings:

- Limitations in the screening process as it does not require an employee to declare upfront at the recruitment phase.
- Employee did not disclose all the information during the appointment.

Corrective Action To Address Finding:

- Issue Staff Circulars on Ethical Conduct to all staff on an annual basis to communicate the relevant requirements.
- Insist on upfront declaration at appointment for all employees.

FINDING NO.14: Payments made without certification:

Finding:

- Payment certificate not signed by an official of the department. Add as per finding
- **Root Cause Of Identified Shortcomings**
 - Lapse on the part of the official due to this being a once of requirement.
 - Non compliance
- **Action Plans To Address Findings**
 - Appropriate contract management controls will be tightened with immediate effect
 - Case has been referred to Loss Control Committee for investigation. Should transgressions be found these will be referred to HRM to institute the necessary inquiry.

FINDING NO.15: Non-compliance with National Treasury Instruction Notes:

Finding:

- Failure to publish the names of all bidders that submitted bids in relation to that particular advertisement on its website within 10 working days.

- **Root Cause Of Identified Shortcomings**
 - Collapse of the website during the specified period.
 - Unavailability of IT systems in terms of uploading information.

- **Action Plans To Address Findings**
 - The Department has put measures in place to enable it to perform this function without depending on SITA.

FINDING NO.16: Deviation not consistent with National Treasury Approval and TR's

Finding:

- The RFQ and the award was not published on the e-tender portal/ tender bulletin as per Treasury Regulations.

- **Root Cause Of Identified Shortcomings**
 - Inadequate oversight

- **Action Plans To Address Findings**
 - Management will verify all transactions for completeness and validity.
 - Case has been referred to Loss control Committee for investigation and to HRM to determine negligence in terms of irregular expenditure.

FINDING NO.17: Consequence management: Limitation Finding

Finding:

- Written warning letter not issued
- **Root Cause Of Identified Shortcomings**
 - The official was absent from work due to a prolonged illness.
- **Action Plans To Address Findings**
 - The warning letter will be issued when the official returns from incapacity leave.

FINDING NO.18: Consequence management: Recovery not requested within 30 days

Finding:

- Amount authorized for recovery not recovered.
- **Root Cause Of Identified Shortcomings**
 - Management did not implement controls over daily and monthly processing of recovering funds.
 - The outcome letter of the investigation could not be issued to the official since the official had left the department and could not be contacted.
- **Action Plans To Address Findings**
 - Review of the internal processes of both the recovery of funds and the discipline of the officials.
 - The official has been traced to another department. The outcome letter was sent to the official via electronic mail and also to the department where the official is employed for implementation. The file has been sent to the Debtors Unit in Finance to commence with the recovery process.

FINDING NO. 19 : INVENTORY MANAGEMENT

Finding:

- No formal system exists with regard to inventory over Social Relief of Distress (SRD)
- **Root Cause Of Identified Shortcomings**
 - Lack of an appropriate system to manage inventory (SASSA).
- **Action Plans To Address Findings**
 - Ensure development of an inventory management tool to avoid a recurrence of the problem. To be implemented by end November 2019.
 - DSD will monitor the implementation by SASSA

FINDING NO.20: INCONSISTENCY BETWEEN FIXED ASSET REGISTER AND FINANCIAL STATEMENTS

Finding:

- Reconciliation of the Asset Register to the Financial Statements. Differences in the valuation of the classes of assets within movable and immovable capital assets were identified.
- **Root Cause Of Identified Shortcomings**
 - Management did not prepare valid, accurate and complete records that are supported and evidenced by reliable information.
 - Lack of monthly asset reconciliations.

FINDING NO.20 : INCONSISTENCY BETWEEN FIXED ASSET REGISTER AND FINANCIAL STATEMENTS

- **Action Plans To Address SCM Findings on Reconciliation of the Asset Register to the Financial Statements**
 - Management shall ensure duly processes are followed in future when compiling the Financial Statements.
 - Lack of quality control of the Financial Statements
 - Conduct a comprehensive assets audit. Appointment contract workers to assist with the identification thereof.
 - Reconciliation of minor/major assets will be done on a monthly basis.

FINDING NO.21: PREPAYMENTS AND ADVANCES

- **Finding: Unauthorised expenditure included in SOCPEN Advances**
 - Advances (included in Prepayments and Advances in the Annual Financial Statements (AFS)), an amount of R26 354 000.00 is presented and disclosed as SOCPEN Advances in the AFS. The difference between the audit amount and the reported amount equates to R26 167 588.32. This difference is due to the unauthorised expenditure in respect of Social Assistance Grants that related to the 2007/2008 financial year.
 - **Root Cause Of Identified Findings**
 - Transaction incorrectly processed. No supporting documentation for the above mentioned transactions.
 - Incorrect consolidation of recordings (Grants) by SASSA

FINDING NO.21: PREPAYMENTS AND ADVANCES

- **Action Plans To Address Shortcomings: Unauthorised expenditure included in SOCPEN Advances**
 - DSD and SASSA to request advice from National treasury for guidance to process the transaction correctly.
 - Letter has been written to National Treasury at the end October 2019 requesting guidance on how this matter needs to be dealt with.

FINDINGS NO.22 ON ICT GOVERNANCE

- Security Management. Lack of a Firewall between the department's internal network and Government VPN
- User Access Management. User accounts that had passwords set to never expire. User access reviews were not performed. The user reviews on the Transversal Systems were inadequately performed.
- Information Technology Service Continuity. The Disaster Recovery Plan (DRP) was still not updated to include all the in house systems (priority 1 systems)

FINDINGS NO.22 ON ICT GOVERNANCE

- **Root Cause Of Identified Findings on ICT Governance**
 - Insufficient funding to replace the outdated ICT infrastructure.
 - Insufficient capacity: Post of Information's Officer.
 - Delays in finalizing the lease agreement between PWD and HSRC.

- **Action Plans To Address Shortcomings on ICT Governance**
 - Funds are now available to implement the Turnkey solution.
 - Turnkey solutions has been ceded by SITA to DSD
 - There is an ICT implementation plan currently in place
 - Firewall will be implemented by the end of the financial year.

FINDINGS NO.23 ON HUMAN RESOURCE MANAGEMENT

- Management of vacancies:
 - The overall vacancy rate at year end remained fairly similar from 20% in the previous year to 20,4% in the current year.
 - The senior management vacancy rate at year end increased from 23% in the previous year to 28% in the current year.
 - Positions in senior management including head of SCM were vacant for more than 12 months.
 - During the audit, it was evident that certain units at the department were significantly understaffed.

FINDINGS NO.23 ON HUMAN RESOURCE MANAGEMENT

- **Root Cause Of Identified Shortcomings on vacancies**
- The department vacancy rate is currently sitting at 14% and the accepted norm is 10%
 - Moratorium placed by the former EA due to the organisational structure;
 - Budget cuts by NT.
 - The non funding of the wage settlement by National Treasury
- **Action Plans To Address Finding on vacancies**
 - Moratorium has been rescinded.
 - Posts have been advertised, all advertised posed to be filled before the end of the financial year.
 - 116 unfunded posts will be removed DSD structure to avoid distortions in the vacancy rate.

FINDING NO.24: Non-compliance with IIA Standard 1312 - Internal Audit:

Finding:

- **Noncompliance in terms of assurance reviews/assessments conducted once every five years not completed**
- **Root Cause Of Identified Shortcomings**
 - Inadequate capacity
 - Lack of automated systems.
 - Lack of sufficient budget to procure the automated software system.

FINDING NO.24: Non-compliance with IIA Standard 1312 - Internal Audit:

- **Action Plans To Address Findings on Non-compliance in terms of assurance reviews/assessments conducted once every five years not completed**
 - Director: Internal Audit appointed.
 - Procure internal audit automated software namely Teammate, that will effectively and efficiently play a pivotal role in Internal Audit activities.

FINDING NO.25 : High Vacancy rate - Directorate: Internal Audit Services:

Finding:

- **Internal audit is not adequately and appropriately resourced relative to the size and the functions of the Department**
- **Root Cause Of Identified Shortcomings**
 - Moratorium placed by the former EA due to the organisational structure;
 - Budget cuts by NT.
 - The vacancy rate affected the entire Department.
- **Action Plans To Address Findings**
 - Moratorium has been rescinded.
 - The posts have been advertised and will be filled before the end of the financial year.

RECOMMENDATION

- It is recommended that the Portfolio Committee on Social Development note:
- The Action Plan on the AGSA Audit findings for the 2018/19 financial year.

Part B: Action Plan to respond to the BRRR

SERVICE DELIVERY

RECOMMENDATION 1

The Minister must ensure that the Department revise its projections on the number of Foster Care and Old Age Grants beneficiaries. It must make sure that the budget allocation for these grants is accurately aligned to these projections so as to prevent under expenditure in Programme 3: Social Assistance. The Department should report to Parliament on how it revised these projections on its progress report on the implementation of this report.

PROGRESS:

The projections on the number of social grants beneficiaries are done in conjunction with National Treasury. The methodology used allows a 5% margin of error.

SERVICE DELIVERY

RECOMMENDATION 2

The Minister must ensure that the Department prioritises the completion of the construction of the Substance Abuse Centre in the Free State. The construction should be completed before the end of the current financial year (2018/2019).

PROGRESS:

The Department is closely monitoring the construction of the Substance Abuse Centre in the Free State. The Province has recently appointed a new contractor due to poor workmanship of the initial contractor. The overall progress on site is 85% and the centre is planned to be completed by March 2020.

SERVICE DELIVERY

RECOMMENDATION 3

The Minister must monitor progress and ensure that the Department, as a temporary measure, explores alternative ways to render the needed substance abuse services to the communities. The Department must make sure that this centre is operational. The Department should partner with Community Based Organisations (CBOs) who render these services. This will ensure that the Department does not underspend on operational costs payments.

PROGRESS:

No community based organization was appointed as yet, however the National department continues to support the province to be able to provide the much needed service while completing the Centre. There are various organizations available in the province that can play the role of providing the treatment services. This requires the province to identify and appoint one of them to provide the treatment services required. The province has operationalized substance abuse half way house in Clarence as part of its efforts to fight substance abuse

EXPENDITURE

RECOMMENDATION 1

The Minister must ensure that the Department strengthens its oversight over SASSA. Focus should be on ensuring that SASSA complies with Supply Chain Management legislation in its administration of the Social Relief of Distress. This will avoid the Department incurring irregular expenditure under this programme. Steps taken by the Department to strengthen its oversight should be reported in the progress report to Parliament on the implementation of the recommendations contained in this report.

PROGRESS:

The Department has developed the Entity Oversight Framework. Entity oversight has been prioritised in the Annual Performance Plan for 2019/20. The Framework will allow the Department to improve its oversight responsibilities over its entities. Plans are under way to elevate the quarterly Social Assistance Service Delivery Assurance Committee(SASDAC) to perform the oversight function over SASSA, pending the processing of the Social Assistance Amendment Bill to establish the Inspectorate for Social Assistance as a government component, and the. Finalisation of the review of the SASSA Act to address the governance weaknesses in that legislation. Furthermore the Department will conduct a forensic audit of the expenditure on Social Relief of Distress to identify and address the specific weaknesses in its implementation.

EXPENDITURE

RECOMMENDATION 2

The Minister must make sure that the Department only procures goods from suppliers who meet prescribed minimum threshold for local production and content.

PROGRESS:

The procurement of goods from suppliers who meet prescribed minimum threshold for local production and content was also raised by the Auditor General of South Africa (AGSA) in their report issued in July 2018. The Department has since ensured that it procures goods from suppliers who meet prescribed minimum threshold for local production and content.

EXPENDITURE

RECOMMENDATION 3

The Minister must ensure that the Department improves under-spending in critical programmes such as Programme 2: Social Assistance. Particular focus should be on spending on Foster Care Grant.

PROGRESS:

The projections on the number of social grants beneficiaries are done in conjunction with National Treasury. The methodology used allows a 5% margin of error.

EXPENDITURE

RECOMMENDATION 4

The Minister must make sure that the Department discontinue the practice of making virements from core programmes to fund non-core activities, such as Subsistence and Travel (S&T) and outreach programmes under Programme 1, sub-programme Ministry.

PROGRESS:

Recommendations were implemented and as a result no virements were done in 2018/2019 year end.

EXPENDITURE

RECOMMENDATION 5

The Minister must ensure that transfers to the provincial departments for the absorption of social workers is utilised accordingly so as to ensure that the backlog is eliminated. The national department should improve its monitoring and evaluation and reporting by the provincial departments on this matter.

PROGRESS

This has been escalated into a conditional grant and its implementation is closely monitored on quarterly basis. All 566 social workers were appointed using the conditional grant. The national treasury agreed to earmark the funds once they are transferred to equitable share next financial year so that it continues to be used for the purpose it is intended for, that is paying salaries of the absorbed social workers

GOVERNANCE

RECOMMENDATION 1

The Minister must make sure that the Department improves its oversight responsibility over its entities. Oversight should focus on ensuring that SASSA and the NDA address the AG's audit findings over the regression in the status of internal controls. Steps taken to improve oversight should be reported to Parliament as part of the progress report on the implementation of the recommendations of this report.

PROGRESS:

The Department has developed the Entity Oversight Framework. Entity oversight has been prioritised in the Annual Performance Plan for 2019/20. The Framework will allow the Department to improve its oversight responsibilities over its entities. Plans are under way to elevate the quarterly Social Assistance Service Delivery Assurance Committee(SASDAC) to perform the oversight function over SASSA, pending the processing of the Social Assistance Amendment Bill to establish the Inspectorate for Social Assistance as a government component, and the. Finalisation of the review of the SASSA Act to address the governance weaknesses in that legislation. Furthermore the Department will conduct a forensic audit of the expenditure on Social Relief of Distress to identify and address the specific weaknesses in its implementation.

GOVERNANCE

RECOMMENDATION 2

The Minister must ensure that the Department during the 2018/2019 financial year develops and implements consequence management policies to hold those responsible for non-compliance with PFMA and SCM regulations, as found by the AG.

PROGRESS:

The Department has in place mechanisms to deal with irregular, unauthorized, fruitless and wasteful expenditure. The Loss Control Committee has been established to deal with all reported cases of financial misconduct. Consequence

Thank you

