



AUDITOR - GENERAL  
SOUTH AFRICA

# Department of Social Development and its entities

Annual performance plan review  
and status of records review

7 May 2020



## MISSION

“The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, it exists to strengthen our country’s democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence.”



## VISION

“To be recognised by all our stakeholders as a relevant Supreme Audit Institution (SAI) that enhances public sector accountability.”



# Annual performance plan review 2020-21



# ACCOUNTABILITY = PLAN + DO + CHECK + ACT



## Objectives of the APP review

- The interim review provides an early warning where concerns with regard to the measurability of the indicators and targets had been previously identified. The focus is on programmes that are directly linked to the mandate of the department.
- The review does not entail the performance of detailed procedures where the underlying systems and supporting documentation are inspected to give assurance on the verifiability of indicators and targets.



## Procedures not performed

The medium term strategic framework (MTSF) was not submitted with the draft annual performance plan (APP) as the process of preparing the document was still in progress.

Therefore, the following tests were not performed:

1. Relevancy of indicators to MTSF
2. Completeness of indicators to cover all MTSF outcomes



# Scope of the review

## Measurability of indicators and targets

**Indicators are well-defined**

**Well-defined** = clear, unambiguous definition so that data will be collected consistently and will be easy to understand and use.

**Indicators are verifiable**

**Verifiable** = it must be possible to validate the processes and systems.

**Targets are specific, measurable and time-bound.**

**Specific** = the nature and the required level of performance can be clearly identified

**Measurable** = the required performance can be measured

**Time bound** = the time period or deadline for delivery is specified



## Department of Social Development

A review of the final draft 2020-21 annual performance plan (APP) for the DSD was not performed as the APP was not finalised and not submitted by deadline of 31 January 2020.





# SOUTH AFRICAN SOCIAL SECURITY AGENCY (SASSA)

The draft strategic plan (SP) for 2020 - 2025 and the APP for 2020-21 on programme 2: benefits administration and support were reviewed in accordance with the requirements of treasury regulation 5 and the Revised Framework of Strategic Plans and Annual Performance Plans (R-FSPAPP) and the following findings were identified:

## ***Situational analysis (SP and APP)***

- It was unclear how the recommended planning tools as per the revised framework for strategic plans and annual performance plans (R-FSAPP) were used in SASSA's SP and APP.
- It was unclear how the challenges as included in the SP and APP under the external environment were going to be addressed (information addressing the challenges as included in the SP and APP under external environment was not included)
- The three key core elements of the internal environment as per the R-FSAPP (ICT, BBBEE and women, youth and people with disabilities) were not included in the SP and APP.

## ***Institutional performance information – Programme 2***

- Outcome 3: Improved customer experience did not include the key risk and mitigating factors as required. (SP and APP)
- The explanation of planned performance over the medium-term period and the programme resource considerations were not included in the APP as per the requirements of the R-FSAPP and its guidance document.
- There were no updated key risk and mitigation table for the “improved customer experience” and the “improved organisational efficiencies” outcomes.



## SASSA - continued

### *Technical Indicator Descriptions (TID) – Programme 2*

- Two indicator titles were not worded exactly as per their respective outcome indicator. (SP)
- The desired performance requirement for some indicators was not specific and clear in terms of the indicators objective. (SP and APP).
- A number of indicators on the APP were not well defined, measurable or verifiable.

*Management agreed to these finding and subsequently made corrections to the APP and SP.*

**Our subsequent review done indicated that management had implemented our recommendations.**



## National Development Agency

The National Development Agency's APP and SP were not reviewed as *no request was made by NDA for the AGSA to review these documents.*



# Status of records review 2019-20



# Objectives of the SoRR and format

Identify key areas of concern that may derail progress in the preparation of financial and performance reports and compliance with relevant legislation and consequential regression in audit outcome

Provide our assessment of the status of key focus areas that we reviewed

Assess progress made in implementing action plans / follow through with commitments made in previous engagements

Identify matters that add value in putting measures and action plans in place well in advance to mitigating risks

Status of records review (SoRR)



Follow-up procedures

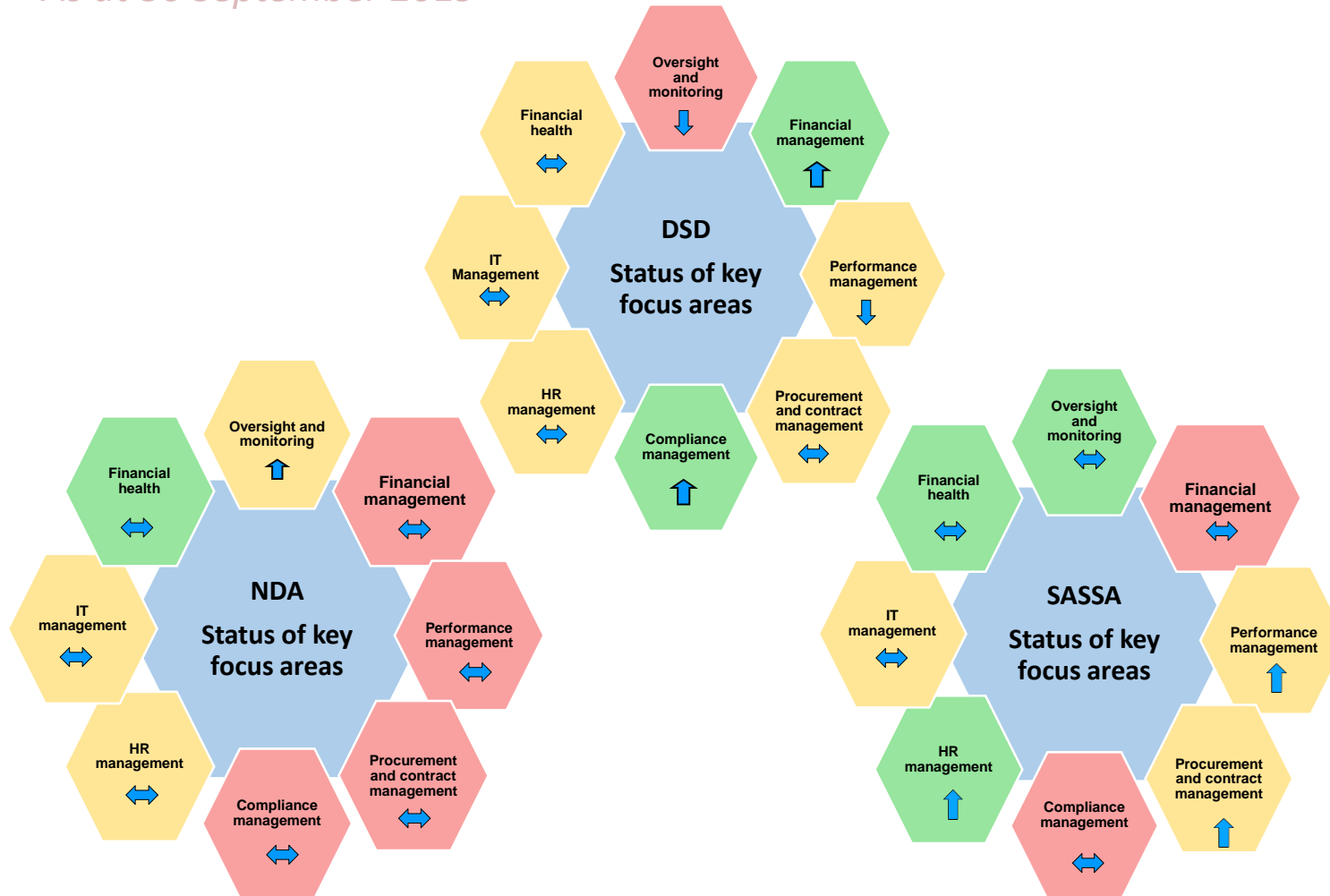


Analysis of financial and non-financial information (internal and external reports/documents and discussions with management)



# Status of records review

As at 30 September 2019



Legend:

Good	The basics are in place as no concerns were identified.
Concerning	Concerns identified.
Intervention required	Level of concerns identified is an indicator that the AO needs to urgently intervene to prevent audit failure.

The movement is assessed as follows:

↑	Improved
↔	Unchanged
↓	Regressed



# Areas of concern

## Department of Social Development

- **Oversight:** DSD's financial statements received a qualified audit opinion on transfers and subsidies (social assistance that is administered by SASSA) in the 2018-19 financial year mainly due to inadequate record keeping of information on social grant beneficiaries, DSD should ensure that it provides an appropriate oversight role on matters that affect its own financial statements.
- **Performance:** Significant changes have been made to programme 2: social assistance. Targets have changed from the number of beneficiaries accessing social assistance to funds transferred to SASSA for the payment of social assistance. It must be considered that in the current business model, no funds which are earmarked for the payment of social assistance grants are transferred to or received by SASSA as indicated in the quarterly targets. SASSA only facilitates the payment of the funds and therefore this indicator may not be well defined.
- **Human resources:** Vacancies in key posts still exist including Director-General and head of Supply Chain Management posts.
- **Information Technology (IT):** Prior audit findings in IT are still to be addressed.

## South African Social Security Agency

- **Financial:** Certain reconciliations (debtors/creditors/WIP schedule) were not reviewed by a senior official.
- The reconciliations between SASSA and SAPO is not up to date due to unavailability of information
- SASSA, as at date of review, had not recognised all potential debtors.
- Various litigation is still in progress with previous service provider.
- SASSA's current disclosure of work in progress in the notes to the financial statements is not aligned to the requirements of GRAP 17.
- **Performance:** The standard operating procedures and/or technical indicator descriptions are not aligned to the annual performance plan indicators and findings were identified on the draft annual performance plan.
- **Compliance:** There is slow progress in finalising cases under investigation which impacts consequence management.
- Slow finalisation process of lease accommodation procured through the department of Public Works and infrastructure may result in irregular expenditure.

## National Development Agency

- **Financial:** The controls with regard to asset management is not adequate.
- **Performance:** In-year changes to the NDA's APP for the period ending 31 March 2020 were not approved by the accounting authority and executive authority.
- The entity does not have an adequate system for the facilitation of effective performance monitoring,
- **SCM:** Procurement processes should be done timeously to prevent extension of contracts.
- **Compliance:** Inadequate monitoring with regard to quarterly reports submitted to National Treasury and investigations and consequence management on prior irregular expenditure.
- Appointment of a new board in terms NDA Act. The previous board term expired 31 March 2020



# Key emerging risks/developments

- The new irregular expenditure framework became effective on 1 May 2019 as per national treasury instruction 02 of 2019/20. The department and its entities must ensure that their policies have been updated accordingly.
- The new fruitless and wasteful expenditure framework became effective on 1 November 2019, which places additional duties on management for in-year monitoring as per national treasury instruction 03 of 2019/20. The department and its entities must ensure that their policies have been updated accordingly so that they can comply with these additional duties.
- The revised framework for strategic plans and annual performance plans was issued as per national treasury instruction 05 of 2019/20, which replaces the old framework for developing strategic and annual performance plans. The department and its entities must ensure that their draft strategic and annual performance plans are in line with the new framework.
- Updates to the financial reporting framework for departments have resulted in additional financial statement disclosures. The department must ensure that it has considered and complies with all the MCS updates, including the new chapters published.
- The ASB has issued 16 new GRAP pronouncements, half of which are effective from 1 April 2019 and the remaining eight will be effective from 1 April 2020. These standards must be considered and, where applicable, implemented by the departments entities.
- The transfer of functions resulting from the National Macro Organisation of Government programme 2019 increases risks of incorrect performance information reporting and non-compliance with the transfer of functions requirements and disclosures between the Departments of Social Development and Women, Youth and Persons with Disabilities. The heads of departments must ensure that the correct financial and performance reporting is done in line with the actual transfer dates of the function and the associated budget and resources.
- The social development portfolio has been key in addressing one of the impacts of the CoViD-19 pandemic. Additional risks are expected to impact the procurement, distribution, reporting and accounting of assistance provided in this time of need.





Thank you



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