

Report of the Portfolio Committee on Social Development on the Fourth Quarter Performance and Expenditure Report For 2020/21 of the Department of Social Development (DSD), South African Social Security Agency (Sassa) and the National Development Agency (NDA) Dated 24 November 2021

The Portfolio Committee on Social Development (hereinafter referred to as the Committee) having examined the Fourth Quarter Performance and Expenditure Report for 2020/2021 of the Department of Social Development and its entities (hereinafter referred to as the Department) on 01 September 2021, reports as follows:

1. Introduction

2. Mandate of the Committee

The Committee's mandate as prescribed by the Constitution of South Africa and the Rules of Parliament is to build an oversight process that ensures a quality process of scrutinizing and overseeing the department's action. It is to conduct oversight that is driven by the ideal of realizing a better quality of life for all people of South Africa. The Committee is also required to facilitate public participation, monitoring and oversight over the legislative processes relating to social development. In doing this, it also confers with relevant governmental and civil society organs on social development matters.

The Committee also enhances and develops the capacity of its members to exercise effective oversight over the Executive Authority in social development. It monitors whether the Department of Social Development fulfils its mandate according to priorities.

It also has a mandate to perform the following:

- Considers legislation referred to it;
- Conducts oversight of any organ (s) of the state and constitutional institution(s) falling within its portfolio;
- Facilitates appointment of candidates to entities;
- Considers international agreements; and
- Considers budget of department and entities falling within its portfolio.

For the current medium term (2019 – 2024), the Committee's oversight focuses on the department and its entities performance with regard to the implementation of the priorities set in the National Development Plan and in the Medium Term Strategic Framework.

3. The Department of Social Development

3.1 The Mandate of the Department

The department derives its mandate from several pieces of legislation and policies, including the White Paper for Social Welfare (1997) and the Population Policy (1998), which sets out the principles, guidelines, policies and programmes for developmental social welfare in South Africa. The White Paper for Social Welfare has provided the foundation for social welfare in the post-1994 era.

The Constitutional mandate of the department is to provide sector-wide national leadership in social development by developing and implementing programmes for the eradication of poverty and social protection and development amongst the poorest of the poor and most vulnerable and marginalized.

3.2 Policy priorities for the medium term (2019 – 2024)

- Priority 1: A Capable, Ethical and Developmental State

- Priority 2: Economic Transformation and Job Creation
- Priority 3: Education, skills and Health
- Priority 4: Consolidating Integration, Human Settlement and Local Government
- Priority 5: Spatial Integration, Human Settlement and Local Government
- Priority 6: Social Cohesion and Safe Communities
- Priority 7: A better Africa and World

National Development Plan (NDP)

The abovementioned priorities are in line with the (NDP) vision 2030, which inter alia promotes social protection and is defined by:

- Protective measures to save lives and reduce levels of deprivation;
- Preventative measures which help people avoid falling deeper into poverty and reduce their vulnerability;
- Promotive measures which enhance the capabilities of individual communities and institutions;
- Transformative measures which tackle inequities through changes in policies, laws and budgets; and
- Developmental and generative measures, which increase the poor's consumption by promoting local economic development.

Key strategic themes emerged from the State of the Nation Address (SONA) 2020, which have a bearing on the Department:

The following key strategic themes emerged from SONA 2020, which have a bearing on social services sector:

- **Gender-based violence:** SONA recognises the need to confront the violence perpetrated by men against women. In this regard, Government is committed to amend the Domestic Violence Act (No. 116 of 1998) to better protect victims in violent domestic relationships, as well as broadening the categories of sex offenders whose names must be included in the **National Register for Sex Offenders** through amendment of The Sexual Offences Act, 1957 (Act No. 23 of 1957, originally the Immorality Act, 1957).
- **Job Creation:** Government is committed to finding solutions to the unemployment crisis and to removing blockages and driving interventions that will save and create jobs.
- **Early Childhood Development (ECD):** As in previous years, ECD came out strongly. In this regard, the President noted that 2.4 million children attend ECD facilities or pre-school. (DSD caters for 0-4 years only) in early childhood development and pre-school".
- **Persons with disabilities:** Government has established the Presidential Working Group on Disability to advise the President's office on measures to advance the empowerment of persons with disabilities as government plans, budgets and implements programmes.
- **Poverty and inequality:** Government remains committed to the strategic objective of our National Development Plan (NDP) to eliminate poverty and reduce inequality by 2030.

4. AN OVERVIEW OF THE FOURTH QUARTER EXPENDITURE OF THE DEPARTMENT OF SOCIAL DEVELOPMENT

The Department received an overall allocation of R230.8 billion for the 2020/21 financial year, of which R229.8 billion was appropriated for transfers and subsidies. R220.6 billion of the transfers and subsidies expenditure (96 percent) was earmarked for households for social grants. About R7.4 billion was allocated for transfer to the South African Social Security Agency (SASSA) for administration of social grants, while R216.2 million to the National Development Agency (NDA).

By the end of the 2020/21 financial year, the DSD spent 99.2 percent of its allocated budget for the year. Therefore, the Department incurred an under-expenditure of R1.9 billion as at the end of the fourth quarter. The reason cited for the under-expenditure relates to the delay in payments for the March 2021 special COVID-19 Social Relief of Distress (SRD) grant. In the 2019/20 financial year, the DSD overspent its budget with 8 percent (i.e. R14.7 billion). As the Department spent on social grants earlier than anticipated.

The table below reflects the Department's spending per programme as at 31 March 2021.

Table 1: Programme Expenditure as at 31 March 2021

	Programme 1	Programme 2	Programme 3	Programme 4	Programme 5	Total
Total adjusted allocation	R426.6 million	R220.6 billion	R7.5 billion	R1.8 billion	R346.1 million	R230.8 billion
Projected expenditure	R426.6 million	R220.6 billion	R7.5 billion	R1.8 billion	R346.1 million	R230.8 billion
Actual expenditure	R391.5 million	R218.9 billion	R7.5 billion	R1.7 billion	R318.3 million	R228.9 billion
% expenditure	91.8%	99.3%	99.5%	93.2%	92.0%	99.2%
Available budget/ underspending	R35.1 million	R1.6 billion	R37.3 million	R124.8 million	R27.8 million	R1.8 billion

Table 1 above indicates that programme 2 and 3 spent above 99 percent of its allocated budgets. The worst performing programmes in terms expenditures are Programme 1 (91.8 percent), and Programme 5 (92.0 percent). All the programmes of the DSD incurred under-expenditures as at the end of the fourth quarter of the 2020/21 financial year.

Programme 1: Administration: the programme spent R391.5 million of the allocated budget of R426.6 million by the end of the fourth quarter of 2020/21 financial year. This represent an under-expenditure of R35.1 million. The lower spending was mainly on compensation of employees due to delays in filling of vacancies, as well as on operating leases and travel and subsistence due to lockdown travel restrictions.

Programme 2: Social Assistance: the programme had an allocation of R220.6 billion and spent R219.0 billion as at the end of the fourth quarter, which is R1.6 billion below the allocated budget. The reasons cited for the under-expenditure relates to delays in payments for the March (2021) R350 special COVID-19 social relief of distress grant. This is attributed to the delayed decision on the extension of the grant that led to SASSA paying February grants in March, and March payments in April.

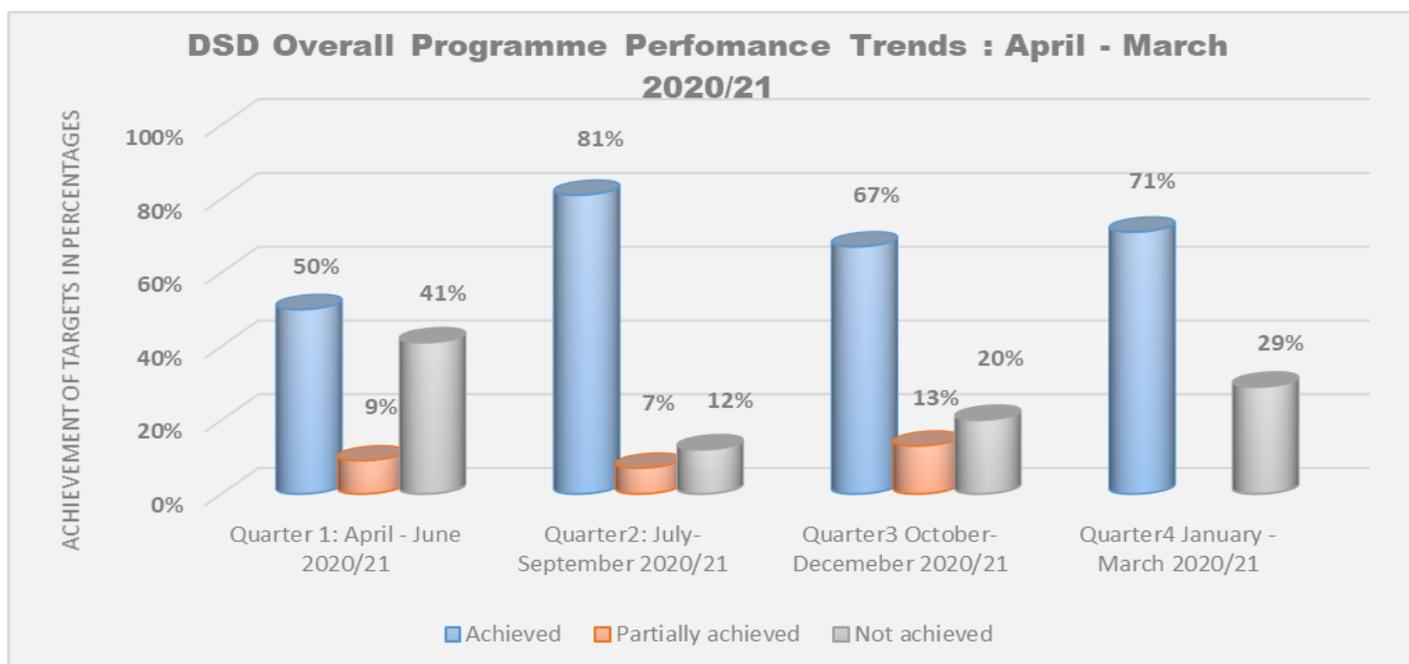
Programme 3: Social Security Policy and Administration: the programme spent R7.5 billion, which is R37.3 million less than the allocated budget of R7.6 billion. The lower expenditure is mainly under compensation of employees and goods and services, and this is due to the delay in establishing the Inspectorate for social assistance, which will only be set up after the Social Assistance Amendment Bill has been passed.

Programme 4: Welfare Services Policy Development and Implementation Support: this programme had an allocation of R1.8 billion and spent R1.7 billion as at 31 March 2021. It incurred an under-expenditure of R124.8 million of the total allocated budget. This was due to both lower spending on compensation of employees and on goods and services. The lower spending is mainly due to delays in the appointment of social workers and Early Childhood Development (ECD) registration support officers for which the Department received additional funding as part of the Presidential Employment Initiative. There was also lower spending on goods and services in the programme due to strict lockdown regulations which resulted in limited community interactions.

Programme 5: Social Policy and Integrated Service Delivery: the programme spent R318.3 million, R27.8 million lower than the allocated budget of R346.1 million. The lower spending was mainly under travel and subsistence, and payment for venues due to lockdown restrictions.

5. AN OVERVIEW OF NON-FINANCIAL PERFORMANCE

For the quarter under the Department had set to achieve the Department achieved 59 targets and it managed to achieve 42 targets, marking 71 percent achievement. Therefore, a total of 17 set targets were not met. Details are provided in Figure 2 below.



Programme 1: Administration: According to the APP, for this quarter, the Department had set to achieve 10 targets. It managed to achieve 5 targets. The most important targets achieved included the following:

- Approval of the Implementation Plan on DSD Sector Strategic Plan 2020 - 2025 and APP. The Implementation Plan seeks to ensure that the framework for implementation of the DSD Sector Strategic Plan is clear and that there are clear roles and responsibilities, clear contributions to the sector plan by each department/entity, timelines and processes to guide the sector in aligning all the plans.
- The development and approval of the Sector Human Resource Plan. The Plan will enable the Department to meet the human resource needs of the sector and to ensure appropriate and adequate resourcing of social development services to enable government to fulfil its constitutional mandate of social protection.
- The development of the final draft of the Integrated Service Delivery Model. This Model will facilitate the delivery of an integrated, seamless social development services, resulting in positive outcomes for citizens. The Model will provide a description of how best services provision should be operationally organised internally and through partnerships with other stakeholders. This will ensure the integration of services for improved efficiencies and effectiveness.
- Finalisation and approval of the Entity Governance and Oversight Framework. The Framework provides guidance on how the Department should perform its governance and oversight function on its public entities. Through this Framework, interface between

the Department and the Public Entities were strengthened and quarterly Oversight Forum were established. The Forum further coordinates the work of Joint EXCO to conduct oversight on the SASSA and South African Post Office (SAPO) service level agreement. The Joint EXCO assisted in improving and resolving some of the challenges that were experienced by SASSA and SAPO in relation to paying of grants.

The most important targets not achieved included the following:

- Analysis of the requirements for the integration of GBV and VEP systems.
- Development of the Substance Abuse System.
- Completion of the Rapid Assessment Studies on the socio economic impacts of COVID-19 on the Social sector.
- The Rapid study on the Food Relief Mechanisms had to be changed to Synthesis evaluation as there was already considerable evidence related to food relief mechanisms collected from various studies.

Programme 2: Social Assistance: This programme had only one target, that of conducting monthly transfers to the Social Security Agency (SASSA) for payments social grants. This target was achieved.

Programme 3: Social Security Policy and Administration: Under this programme, the Department had set to achieve 7 targets and managed to achieve 6 targets. It did not achieve the target to finalise Regulations to the Social Assistance Amendment Act. The Department explained that it had initially planned to finalise regulations by 31 March 2021. However, due to COVID-19 pandemic, SASSA introduced innovative changes to its operations, including online applications. It was therefore decided to incorporate these changes in operations into the regulations, so that these innovative ways can be carried into the future. This required changes to the scope of work originally envisaged, and required additional contracting with an external service provider. The Regulations are now finalised.

The most important targets achieved included the following:

- Development of the Green Paper on Comprehensive Social Security. The Green Paper will improve the grants system such as a reduction of costs associated with benefit payments. A standardised system of disability assessments across social security arrangements will improve the fairness and reduce the administrative cost of the disability grant.
- Development of the Policy on linking Children grants beneficiaries to government services. Different policy costing options have been developed and a draft report was consulted with stakeholders. This Policy will integrate social welfare services, education, and health within the cash transfer context, through improved access and cooperation, alongside economic support.
- Development of the draft costing report of the Maternal Support Policy. This Policy will integrate the relevant systems from key departments such as Department of Home Affairs, Department of Health, Department of Basic Education (ECD and Education), Department of Social Development, Department of Employment and Labour, and the South African Social Security Agency. The linkage of pregnant women to comprehensive social protection package would further contribute to the ongoing development of synergistic linkages between services provided by the DSD.
- Development of the Draft Policy Proposal on Income Support to 18-59 Year Olds. Consultations were held with stakeholders on the discussion paper for this Policy

proposal. This Policy will expand the safety net this additional vulnerable groups whilst also ensuring improved targeting of government services that will assist in empowering social grant beneficiaries.

- The Fundraising Amendment Bill was submitted to Parliament for consideration. The Bill seeks to consolidate the various Relief Funds into one National Social Development and Relief Fund that will enable the Fund to be more proactive and developmental in disaster mitigation. The consolidation of Funds will also free up funds that are currently allocated in the dormant Funds.

Programme 4: Welfare Services Policy Development and Implementation Support: Under this programme, the Department had set to achieve 25 targets and it managed to achieve 19 targets. Most important targets achieved include the following:

- Development and finalisation of the Draft Regulations on the Children's Amendment Bill. The Regulations will give effect to the operationalization of the Children's Amendment Bill, which seeks to address gaps in the delivery of children's services. This is one of the critical legal solution that seeks to address the gaps within Foster Care system, which is one of the biggest challenges within the children sector.
- Development of the ECD Service Delivery Model. The Model will provide a landscape in the delivery of ECD services in the country, given the weaknesses in the current delivery model which is only NPO driven.
- Development of the Framework for ECD Quality Assurance and Support System. The Framework will serve as a basis for the development of the Quality Assurance System which will assist in improving quality in the delivery of ECD services.
- Training of 90 Social Workers on the Adoption Policy Framework and Strategy in three provinces, namely North West, Limpopo and Gauteng provinces. This training will enable Social Workers to render uniform and standard adoption services across all provinces.
- Development of the Draft Monitoring Tool on the implementation of the *Intersectoral Protocol on the Prevention and Management of Violence against Children, Child Abuse, Neglect and Exploitation*. The tool assists with the standardized and uniform services for children affected by violence, child abuse, neglect and exploitation rendered by all child protection stakeholders as well as to monitor the services.
- Consulted with KwaZulu-Natal and Western Cape provinces on the draft Policy on Sheltering Services. This Policy seeks to address the ongoing evolution of women's shelters in South Africa, developments in relation to the country response to Gender-based Violence generally as well as shelters specifically.
- Consulted with with national Victim Empowerment Programme Management on the Policy on the Provision of Psychosocial Services. Through this Policy the Department will respond to Pillar Four of the National Strategy Plan on Gender-Based Violence and Femicide (NSP GBVF), which is on *strengthening existing responses, care, and support services by the state and civil society* in ways that are victim-centred and survivor-focused to facilitate recovery and healing.

The most targets not achieved included the following:

- Pre-Certification of the Draft Social Service Practitioners Bill was not obtained. This was due to dependency on the availability of Legal Services for technical support on redrafting of the Bill, which led to the redrafting process being commenced in the third quarter. However, the rewriting of the draft bill was finalized and submitted to Legal Services for further processing and submission to OCLSA in the fourth quarter.
- The Older Persons Amendment Bill was not finalized at the end of the financial year.
- Services to Persons with Disabilities: Policy on Social Development Services to Persons with Disabilities was not finalized and was therefore not submitted to Cabinet at the end of the fourth quarter.
- Services to Persons with Disabilities: Guidelines on Respite care services to Families and Persons with disabilities was not finalized.

Programme 5: Social Policy and Integrated Service Delivery: Under this programme the Department had set to achieve 16 targets and it managed to achieve 15 targets. Most important targets achieved included the following:

- Developed a Policy Brief titled: *An Analysis of the Social and Governance Implications of the COVID-19 Pandemic in South Africa*. This Policy Brief has presented an analysis of how governance decision impacts on the social domain and has noted key emerging policy issues that require debating and attention as the country may experience future waves of the pandemic and this will require more efforts to be made to ensure minimal impact on the social front. This should be in line with government's commitment to a major restructuring of the country's social protection arrangements that will eliminate gaps in coverage, improve service delivery and roll out national health insurance. These reforms should be able to give clear expression by the ruling party to the principle of social solidarity.
- Development of a Framework for the Programme to link Social Protection Beneficiaries to Sustainable Livelihood Opportunities. The Framework will provide systematic aid to Social Service Practitioners to mobilize communities and facilitate community development processes in a standardized and uniform manner.
- Consulted with various stakeholders on the National Community Development Policy and it was subsequently submitted for approval. The Policy seeks to clarify roles of key stakeholders and institutional mechanism for effective and efficient delivery of community development services towards building vibrant, equitable, cohesive and sustainable communities.
- Development of the NPO Policy Framework, which challenges that are faced by the Sector and provide means to ensure more accountability from the Sector. It further clarifies how the different NPO regulators can coordinate and work harmoniously to supervise and monitor the NPO sector.

6. COMMITTEE DELIBERATIONS AND OBSERVATIONS

- The Committee raised a concern over under expenditure in the ECD programme even though there are many ECD centres that have not received their subsidies. It was equally concerned over the non-employment of ECD registration support officials and wanted to know the reasons for that.

The Department explained that the payment of ECD subsidies is a provincial competency but at different structures including MINMEC it is monitoring the payments. Underspending does not relate to ECD subsidies.

- The Committee requested the Department to give it feedback on the meeting it had recommended to the Limpopo and Mpumalanga departments to address challenges that were raised during public hearings on the Children's Amendment Bill [B18 – 2020] regarding registration of ECD centres and other related challenges.
- It noted with concern that a number of targets that were set for the quarter under review were not achieved. For instance, long standing targets on Information Management Systems and Technology (IMST) and Monitoring and Evaluation (M&E) programmes were yet again not achieved. It wanted the Department to give it an assurance that these targets will be achieved during the current financial year.

The Department reported that integration of Victim Empowerment Programme (VEP) and Gender Based Violence was underway. The M&E rapid assessment studies were completed in April 2021. The targets that were not achieved in the 4th quarter were achieved in Quarter 1 of 2021/2022.

- The Committee was also deeply concerned about the R77 million underspending due to lower absorption of social workers and not meeting the target of employing

1809 social workers. This was concerning in the context of increasing social ills. It wanted to know the reason behind this.

The Department explained that the employment of social workers is the responsibility of provincial DSD. The Western Cape department was not willing to appoint about 200 social workers. There was also a two months' delay of National Treasury transferring the allocated funds.

- The Committee reiterated its concern over the lack of reporting on the outcomes and impact of policies and strategies implemented. For instance, the presentation was silent about the impact of the Anti-Gangsterism Strategy. For effective oversight it was important for the Committee to be briefed on the changes these policies bring on people's lives. It sought clarity on whether the strategy was only for Child and Youth Care Centres (CYCC)? What happens when children are reintegrated into their families and communities?

The Department acknowledged that gangsterism is a multi-sectoral matter. Even though the strategy is for CYCC, it will also be used for children when they are reintegrated into their communities.

- It wanted to know where the process was on the Victim Support Bill? Is the Policy on Sheltering aligned to this Bill?

The Department explained that the Policy on Sheltering focuses more on shelters looking at compliance to norms and standards. The Victim Support Bill focuses more on victim protection. The Bill was submitted to the Office of the Chief State Law Advisor for certification.

- It also wanted to know if all late payments to NGOs and NPOs were finalised?
- The Committee sought clarity on the withdrawal of the Green Paper on Comprehensive Social Security after it was gazetted for public comments.

The Department explained that the Green Paper was a target that had been with the Department for some time. It was withdrawn because of a number of areas that still needed to be clarified including the National Social Security Fund. The Department was, however pleased with the level of interest shown by the public.

- The Committee wanted to know if the Department's engagements with the public and private sector yielded any positive response with regard to the employment of social workers?
- It also wanted to know how the Department is monitoring the performance of social workers especially in the context of Covid 19 pandemic.

7. COMMITTEE RECOMMENDATION

- The Minister should ensure that the Department focuses on achieving targets that were not met during quarter 4.

8. AN OVERVIEW OF THE FOURTH QUARTER EXPENDITURE OF THE SOUTH AFRICAN SOCIAL SECURITY AGENCY

8.1 OVERALL FINANCIAL PERFORMANCE

Table 3: Appropriation

Programme (R'000)	Budget Amount	Expenditure	%Spent
Administration	2,847,453	2,797,319	98%
Benefits Administration Support	4,641,329	4,578,264	99%
Total	7,488,782	7,375,583	98%

SASSA was allocated a budget of R7.488 billion for 2020/2021 financial year. In June 2020, due to the COVID-pandemic, it was adjusted upwards through the supplementary to R223.192 billion. This resulted in a net change of R25.473 billion for COVID-related expenses in order to top-up social grants for a specific period, as well as a special COVID-19 social SRD grant of R350.

In October 2020, through the second adjustment appropriation, SASSA received an additional allocation of R7,615 billion, resulting in total adjusted appropriation of R230.807 billion. Which was for:

- R6.797 billion unforeseeable and unavoidable expenditure in order to extend the SRD grant for a further 3 months until end of January 2021.
- R500 million made available for food parcels as part of SRD interventions.
- R588.728 million for ECD services, which were severely disrupted by the COVID-pandemic.

For the quarter under review SASSA spent R7.375 billion or 98% of the total allocation of SASSA. This marked an underspending of R114 million, which is 2% below the expected expenditure of 100%.

8.2 AN OVERVIEW OF NON-FINANCIAL PERFORMANCE

The Agency functions through two main programmes, namely, Programme 1: Administration and Programme 2: Benefits Administration and Support.

Through the above mentioned programmes, the Agency had set to achieve 45 targets for the fourth quarter and managed to achieve 31 (69%). This was a regression compared to the previous two quarters as shown in figure 2 below.

Figure 2: Trends in target achievement by SASSA for 2020/21 financial year



Programme 1: Administration: Under this programme SASSA had set to achieve 30 targets but managed to achieve 20 targets (67%). The most important targets that were achieved included the following:

- Implemented education programmes benefitting beneficiaries focusing on COVID-19 pandemic, financial literacy, anti-fraud messaging and promotion of SASSA services including the benefits of receiving social grants through electronic means (through Virtual communication, electronic and print media). A total of 654 programmes were implemented.
- Application Programme Interfaces (API) were developed and implemented to enable validation and analysis against datasets. The datasets include Unemployment Insurance Fund (UIF), National Student Financial Aid Scheme (NSFAS), South African Revenue Services (SARS), Department of Correctional Services and National Population Register.
- Online application channels for Special SRD were implemented. Applications were received from the different channels - USSD, WhatsApp, Telephony, Website and email.
- 90% (263 of 292) of reported fraud, theft and corruption cases were investigated and finalised. These related mainly to social grants.
- 99% (66 of 67) of financial misconduct cases (current) were finalised within 120 days.

The following important targets were not achieved:

- Historic irregular expenditure was only by 12% instead of 50% as planned. It was explained that the majority of cases were still being under consideration for purposes of finalizing consequence management so that they can be submitted to National Treasury for Condonation. There were also delays in the investigation of cases due to Covid-19.
- COVID-19 continued to impacted on collection of social assistance debts recovery, in particular the public servants, as regions were not able to conduct visits and hold meetings with affected departments to increase collection.
- Only 35% (434 of 1 228) of financial misconduct cases (backlog) were finalized instead of 75% as planned

Programme 2: Benefits Administration and Administration and Support: SASSA had planned to achieve 15 targets under this programme but managed to achieve 11 targets (73%). The most important targets achieved included the following:

- 550 919 children below the age of 1 were in receipt of the children's grant. This represents 95% achievement against the target. By end of March 2021, 48.17% of eligible children within this age group were in receipt of social grants.
- 448 160 new social grant applications were approved and paid against a target of 276 000. The numbers of clients reporting for services had increased, with the easing of the lockdown restrictions. Of the total grants in payment, 74% were women, 32% youth and 2.3% were persons with disabilities.
- Payment of social grants was staggered from May 2020 in order to reduce congestion at social grant access points and effect a measure of physical distancing in line with Disaster Management Regulations. Payment dates for older persons and persons with disabilities were separated from the other social grants beneficiaries.
- Compliance to SASSA/SAPO Service Level Agreement for social grant payments was monitored and managed. Non-compliance issues were raised with SAPO and major improvements were observed. Additional oversight structure led by the Director – Generals of the Department of Social Development and the Department of Telecommunications and Postal Services was established to address the ongoing challenges.

The most important targets not achieved included the following:

- 96% against the target of 100% of the approved SRD Grant beneficiaries were paid as at end of February 2021. It was explained that at the end of the reporting period, March payments were not processed pending approval processes between SASSA and National Treasury.
- Only 16 016 of planned 46 805 (34%) SRD applications were awarded.

9. COMMITTEE DELIBERATIONS AND OBSERVATIONS

- The Committee raised a concern over the implications of the budget cut and its impact on the payment of social grants.
- It also wanted to know if the contract with the call centre contractor including the R500 million awarded would be extended for another 6 months? When is SASSA going to start training in house officials?
- It also wanted to know how SASSA will reduce overcrowding at its local offices?
- It further wanted to know how SASSA reduce non-payments of the SRD Grant?

10. COMMITTEE RESOLUTION

- SASSA to provide the Committee with the amount of debts collected.

11. AN OVERVIEW OF THE FOURTH QUARTER EXPENDITURE OF THE NATIONAL DEVELOPMENT AGENCY

11.1 OVERALL FINANCIAL PERFORMANCE

Table 4: Expenditure of the NDA 2020/21

2020-2021 – QTR 4 – Mar2021 Financial Performance (Excluding CARA)	Full Year BGT (Incl 19 – 20 Commit)	Full Year ACT	Budget Remaining	% Budget Spent
Programme 1: Governance and Administration	101 611 632	90 357 986	11 253 646	91%
Programme 2: CSO Development	123 322 578	112 246 329	11 076 249	75%
Programme 3: Development Management & Research	8 281 265	6 218 596	2 062 669	89%
Total Expenditure Budget	233 215 475	208 822 911	24 392 564	90%

In total, the NDA had an overall budget of R233.2 million for 2020/21 financial year, compared to R215.3 million received in 2019/20. By the end of the fourth quarter, the NDA had spent R208.8 million (or 90 percent) of its allocated budget for the year. Therefore, the NDA incurred an under-expenditure of R24.39 million as at the end of the fourth quarter.

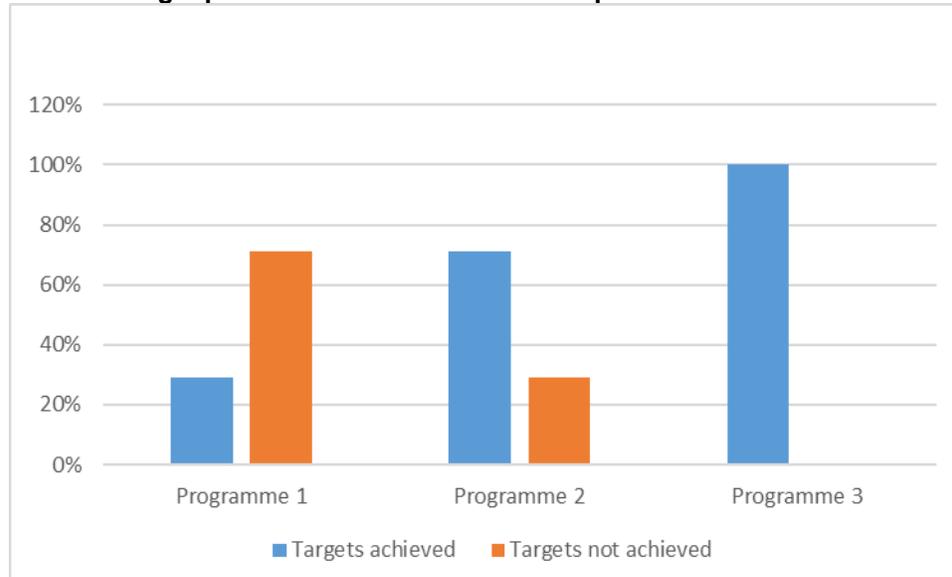
As shown in the table above, Programme 2 spent 91% of its full year adjusted budget, Programme 3 spent 75%, whilst Programme 1 spent 89% of its budget. At year end 99% of the 2020-21 budget was committed contractually, or through Board approvals.

The under expenditure was attributed to R2. 5 million under-recognition of management fees on CARA funds, due to 48% of CARA funds received in the current year. Only 48% of the full management fee received may be recognized. Also, the DSD Limpopo funds ear-marked for capacity building were not yet recognized in the year-end date receipts, as the expenditure had not yet been incurred. Further, due to budget cuts (R8. 304 million) by National Treasury the

adjusted transfer revenue amounted to R216. 240 million. The R8. 304 million was then refunded to DSD in January 2021.

10.2 AN OVERVIEW OF NON-FINANCIAL PERFORMANCE

Table 5: Target performance of the NDA as at quarter 4 of 2020.2021



The NDA achieved only twelve (12) of the 19 planned targets for the fourth quarter of the 2020/21 financial year. This translates into 63 percent achievement rate. The notable variances are noted in Programme 1, which is responsible for promoting and maintaining organisational excellence and sustainability through effective and efficient administration that includes performance, employee well-being, cost containment and brand recognition.

The presentation submitted by the NDA provides reasons for deviations from the planned targets. Some of the notable deviations include:

- **Programme 1:** The NDA planned to implement 80 percent of Consequence Management in relation to Insurance for Work (IFW) cases and this target was not achieved. Instead, the NDA reports that it managed to reach 64 percent. Details of cases: 22 cases of irregular expenditure were identified and are in various stages of implementation, 14 case have been closed for investigation and are at different stages of investigation and disciplinary processes. The lack of capacity in both Legal and Human Resource Units were identified as the main reason for this deviation.
- **Programme 1:** NDA planned to reduce cumulative balance of IFW expenditure reported in the prior year annual financial statements by 80 percent, however the NDA did not achieve this target as planned.
- **Programme 1:** A target of 100 percent of procurement of services and goods within NDA was set to prioritise organisations that fall within the Broad-based Black Economic Empowerment (BBBEE) Levels 1, 2, 3 and 4. However, only 89 percent of the services and goods were sources from organisations falling within Level 2.
- **Programme 2:** NDA planned to raise funds (R100 million) from alternative sources for grant funding of community interventions managed by CSOs, this target was not achieved. Only managed to raise R15 785 000, the economic challenges caused by COVID-19 health challenges has affected performance negatively are the reason cited for this non-achievement.
- **Programme 2:** The programme could not reach the target of increasing and sustaining operational capacity to generate meaningful revenue (R24 million) streams from their programme activities only managed to raise R3.270 million. NDA

reported that this was due to the restricted movement of CSOs to provide services in communities in the previous year owing to COVID-19 challenge.

12. COMMITTEE DELIBERATIONS AND OBSERVATIONS

- The Committee wanted to know the status of Nzalamo project and how much has been paid to date?

The NDA reported that it spent R3.9 million to date. There were still some outstanding operational matters that still needed to be finalised.

- It also wanted to know the impact of the research reports in the well-being of communities.

The NDA explained that research studies were conducted mainly to generate empirical knowledge to influence policy making.

- It further wanted to know the reasons for the recurring lack of under expenditure on earmarked capacity building project in Limpopo province.

The NDA reported that the Limpopo province capacity building project was finalised in the 4th quarter. It still needed to finalise outstanding invoices.

Report to be considered.
