REPORT OF THE PORTFOLIO COMMITTEE ON SOCIAL DEVELOPMENT ON THE BUDGET VOTE 19, THE ANNUAL PERFORMANCE PLANS OF THE DEPARTMENT OF SOCIAL DEVELOPMENT AND ITS ENTITIES FOR 2022/23 DATED 11 May 2022

The Portfolio Committee on Social Development having considered and deliberated on the Budget Vote, the Annual Performance Plans of the Department of Social Development (DSD), the South African Social Security Agency (SASSA) and the National Development Agency (NDA) on 20 April 2022, wishes to report as follows:

1. Introduction

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 scrutinising and overseeing government's action that is driven by the ideal of realising a better quality of life for all people of South Africa.

As part of conducting its oversight the Committee has a constitutional mandate to scrutinise and thereafter approve the budget of the department and its entities. It also considers the Annual Performance Plans of these institutions. It thereafter, draft a report (the current report) in which it reports of the APPs of the department and its entities as they were presented to it. It then raises its observations and formulate recommendations. As part of scrutinising the budget allocation and APPs the Committee makes use of the budget information contained in the National Treasury's Estimates of National Expenditure (ENE).

This report forms basis from which the Committee debates the budget and APPs of the departments and its entities. This process culminates to the approval of the department's budget.

2. Auditor-General review findings

Prior to the committee receiving presentations of the APPs and SPs from the department and its entities, it received a briefing from the office of the AG. The briefing was on the review it conducted on the APPs of the department, SASSA and the NDA. The review focused on whether targets and indicators in the APPs are specific, measurable and time bound. It also focused on the Status of Control in the department and SASSA. No review on Status of Records was conducted for the NDA. Reviews were conducted on the APPs on DSD's Programme 4: Welfare Services Policy Development and Implementation Support; SASSA's Programme 2: Benefits Administration and Support; and NDA's Programme 1: Governance and Administration and Programme 2: CSO Development. The errors that were found were communicated with the management and were all corrected.

On the review on the Status of Records, the AGSA made the identified the findings areas of concern:

- **Department of Social Development**
  - *Financial Management:* Applicants receiving additional R350 unemployment social relief of distress (SRD) grant could be ineligible, leading to overpayments, which could result in increase in debtor's balance. Some payments for SRD grants (food parcels, vouchers, uniforms, etc.) were not done in terms of policies and procedures, resulting in ineligible beneficiaries receiving grant. Valuation of grants debtors and debtors' impairment remains a risk as amounts not recoverable are not properly written off or impaired. The asset register that was provided by management does not agree to the interim financial statements for the period ended 30 September 2021. This may indicate that the asset register is not updated on a regular basis and the necessary reconciliations are not being done timely.
  - *Procurement and Contract Management:* Forty-four (44) bids, which were planned to be awarded in the period ending 31 December 2021, were not awarded as per the procurement plan. However, the evaluation of the bids was still in progress. This may indicate that the department's progress in executing its mandate may be slower than expected. this may be as a result in failure to contract timeously and may result in deviations, incurrence of irregular expenditure, and failure to achieve set targets.

- *Compliance Management*: The inability to finalise investigations in a timely manner has resulted in a failure to implement consequence management against those who were responsible for incurring irregular expenditure and fruitless and wasteful expenditure.
- *Human Resources*: There are vacancies in key posts, including that of the director-general.
- *IT Management*: IT security and user management findings were reported in the 2020/21audit. The findings included a number of key weaknesses in the firewall that was recently implemented and has not yet been fully tested to ascertain its effectiveness. Given the current environment, in which online communication is used, weakness in security management may leave the department vulnerable to cybercrime.
- *Financial Health*: Department showed a net asset position mainly due to the high grant debtors outstanding. As all these funds are not recoverable and if majority is written off or impaired it will result in the department being in a net liability position. The department should monitor the systems and policies of grants payments as administered by SASSA to minimize grant debtors balance.

- **South African Social Security Agency**
- *Financial Management:* The preventative controls over recognition and classification of assets are not effective. The AGSA noted that some assets were incorrectly recognised as work in progress. It also noted deficiencies in the asset management system that do not take into account the exact period the asset was placed/ brought in use in allocating the depreciation of the capital assets. There are long outstanding debtors for a period of 2-3 years, which is an indication that debtor accounts are not followed-up regularly in line with the debt management and collection policy of the Agency.
- *Performance Management:* AGSA reviewed Quarter 1 and Quarter 2 performance reports and noted that at end of Quarter 2, the entity had not achieved desired quarterly performance for two consecutive quarters. Annual performance targets may thus not be achieved, which could impact service delivery. In addition, inconsistencies between the 2021-22 Annual Performance Plan and the first and second quarter performance reports for the number of social grant applications approved indicator may result in misstatements to the performance reported in the annual performance report.
- *Compliance Management:* There is slow progress in finalising cases under investigation, which impacts on consequence management. Some of these cases date back to 2011 irregular expenditure and 2013 fruitless and wasteful expenditure cases. The inability to finalise investigations has resulted in a failure to implement consequence management against those who were responsible for incurring irregular expenditure and fruitless and wasteful expenditure.
- *Procurement and Contract Management:* As per the status of the implementation of the procurement/demand management plan, only 25% of the 136 planned bids were awarded as at 31/12/2021 while 68% was still in progress and 4% not yet started. • 83 contracts had expired as at 30/09/2021 with no replacements contracts through the normal procurement process or deviation process. This may result in undue deviations from normal procurement process and to the incurrence of irregular expenditure if extensions are not obtained from National Treasury timeously or if the conditions attached to the National Treasury approval of deviations are not complied with.
- *Humana Resources:* Vacancies in senior management positions, including Chief Operations Officer, General Managers, Senior Managers and District Managers. As per the Labour Relations report for the period April 2021 to November 2021, two suspensions of Senior Managers were noted which put a strain in human resources which may compromise segregation of duties and lead to poor worker morale. Appointment of officials without valid qualifications may result to material irregularities, which may be reported in the audit report.
- *IT Management:* IT security, IT service continuity and user management findings were reported in the 2020/21audit. The findings included the internal control weaknesses relating to the Disaster Recovery Plan (DRP) which did not include the SRD 350 grant management system and failure of SOCPEN to validate if grant applicants have any source of income as well as the amount of income being earned by the applicants to ensure that beneficiaries do not receive grants that are higher than what they qualify for.
- *Oversight and Monitoring:* Only 49% of the planned initiatives have been implemented as at 30 October 2021. This creates a risk that those findings may reoccur in the current financial year if the necessary preventative controls are not implemented.

With regard to the NDA, the AGSA identified as a concern that a new Board has not been appointed. The term of office of the previous Board ended on 30 June 2021. The current acting CEO has been appointed to be the interim accounting authority. This structure is not in compliance with the requirements of section 5 of the National Development Agency Act as the act requires the board to consist of 11 members.
The also identified the material irregularities (MI) at SASSA:

- Payment of social assistance fees to a service provider for services that were not rendered. The service provider was not entitled to the fees since SASSA had directly made the related grant payments to the beneficiaries' bank accounts on its own. The payment for services not rendered to SASSA resulted in non-compliance with section 50(1)(a) and (b) of the PFMA as the accounting authority did not act in the best interests of SASSA. The non-compliance also resulted in a material financial loss of R74 million for SASSA. This amount is still disclosed as part of the closing balance of fruitless and wasteful expenditure as indicated in note 30 to the 2020-21 annual financial statements of SASSA.

  The accounting officer has taken adequate steps to address the MI. An investigation is being conducted to determine if any current and former staff can be held liable. The recovery process can only be completed once the liquidation process of the entity that received the payment is finalised.

- Payments were made to ineligible individuals due to inadequate internal controls to perform validations and prevent payments being made to persons that were not entitled to the Social Relief of Distress (SRD) R350 grant. This resulted in non-compliance with section 51(1)(a)(i) of the PFMA as the entity did not maintain effective, efficient and transparent systems of financial and risk management and related internal controls. The non-compliance is likely to result in a material financial loss for SASSA.

  MI is still in progress, further work is being done by the AGSA on the R350 grants based on disagreement from the accounting authority in their submission to the AGSA in response to the MI.

- Payment of R316 million in 2014 to a service provider that was appointed to administer grant payments at the time. The payment was made as part of a variation to the service level agreement with the service provider. However, this variation was concluded contrary to SASSA's supply chain management policy in that no prior approval from the bid adjudication committee had been sought or given. The variation was not necessary since the additional services were covered by the existing service level agreement with the service provider. This meant that the service provider was not entitled to the additional payment from SASSA. The payment for services not rendered resulted in non-compliance with section 51(1)(c) of the PFMA and a financial loss of R316 million to SASSA.

  Adequate steps are being taken by the accounting authority to address the MI. An investigation is being conducted to determine if any current and former staff can be held liable. The recovery process can only be completed once the liquidation process of the entity that received the payment is finalised.

Recommendations to the Portfolio Committee:

The AGSA made the following recommendations to the Committee:

- The Portfolio committee must follow up on the progress on resolving the MI and action taken is ensuring losses do not continue.
- It should hold the department and its entities to account in respect of how the taxpayers' money is used. It detects waste within the machinery of government and public agencies. Thus it can improve efficiency, economy and effectiveness of government operations.
- It should determine what action or consequence have been taken against those responsible for the MI.
- It should also conduct oversight over the filling of vacancies to ensure stability of leadership.
- It should also conduct oversight over the implementation of action plans to address the audit findings.
- It should also enforce a culture of consequence management in the social development portfolio.

- It should monitor and follow up on the progress of receiving databases on a regular basis to do the monthly validations against other databases to reduce the risks of payment to ineligible applicants.
- It should make a follow up on appointment of the NDA board in terms of the NDA Act.

2.1 COMMITTEE DELIBERATIONS

- The Committee reiterated its concerns over the lack of consequence management and that officials are not complying to the necessary policies and regulations. Lack of consequence management is demonstrated by the fact that some of those implicated are no longer working for the NDA.
- It also noted with concern the AGSA's findings on vacancies in critical positions and the serious implications it has on the functioning of the institutions.
- It also noted with concern the AGSA's finding that at SASSA some officials were appointed who did not have qualifications.
- It also noted the concern raised by the AGSA regarding weaknesses in the IT security management of the Department which may leave it vulnerable to cybercrime.
- It sought clarity on the AGSA's view on the status on the preventative controls at DSD and its entities. Are there any that are still outstanding? Are the preventative controls contained in the Acting DG's performance agreement as well as of the senior employees? Does the AGSA keep a dashboard on the recommendations it has made and findings on preventative controls?

  The AGSA explained that the preventative controls that were previously reported on related to COVID 19 measures and many of them have not been fully implemented.

- The Committee also noted with concern the findings the AGSA made on MI, particularly relating the payment of the R350 Social Relief of Distress (SRD) grant to ineligible beneficiaries. It wanted to know the extent of the material losses incurred? And to what extent this was due to inadequate controls?

AGSA explained that SASSA management is of the view that adequate controls have been put in place, but based on audit controls, this is not the case. SASSA is operating in a paperless environment and that makes the administration and payment of the SRD grant even more challenging. SASSA used older databases which led to overpayments in some cases. Databases are not always accurate and complete. Also, SASSA only receives databases for a particular month two months after it has made a payment. It is important therefore for SASSA to still conduct its verification. It should also use as many databases as it can, to try and identify ineligible beneficiaries. For example, it can also verify using banks databases. A means test is another important method that can be used and it must be done by the banks. It can also use National Student Financial Aid Scheme (NSFAS) and Unemployment Insurance Fund (UIF) databases.

In 2021, over R200 million was lost on the payment of SRD grant to ineligible beneficiaries. It still needs to be established what the potential amount was lost between August 2021 and March 2022 as well as who the ineligible applicants are.

- The Committee also wanted to know what is the AGSA's view on the development of outcome indicators by the social development portfolio?

The AGSA reported that the 2022/23 performance information shows that there are technical indicators and targets that should be linked to the mandate of the department and the entities. During the audit process it reviews whether that there is alignment between the audit process and what is contained in the Annual Performance Plan and the legal mandate. It advised the Committee to be also involved in the planning process. The Committee should ensure that the set performance information is within the ambit of the issues it considers to be critical.

3. THE DEPARTMENT OF SOCIAL DEVELOPMENT ANNUAL PERFORMANCE PLAN (2022/2023)

3.1 The mandate, vision and the mission of the department

The mandate of the Department of Social Development is to provide social protection services and leads government efforts to forge partnerships through which vulnerable individuals, groups and communities become capable and self-reliant participants in their own department.

The department therefore derives its mandate from several pieces of legislation and policies that are aligned to the Constitution. These include the White Paper for Social Welfare (1997) and the Population Policy (1998), which set 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 White Paper on Social Welfare is being reviewed to expand to make it more inclusive of a wide variety of social welfare services.

The vision of the department is a to promote “caring and self-reliant society”.

The department’s mission is to “transform our society by building conscious and capable citizens through the provision of comprehensive, integrated and sustainable social development services”.

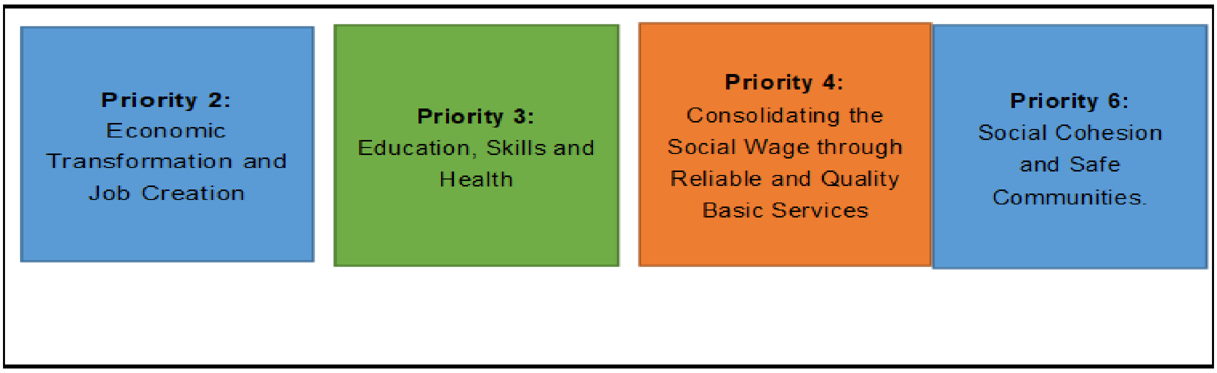
3.3 Policy Priorities for 2022/23 financial year

The mandate of the Department of Social Development is to provide social protection services and leads government efforts to forge partnerships through which vulnerable individuals, groups, and communities become capable and self-reliant participants in their own development. This is to be achieved while giving effect to the right of everyone to have access to: *(a) health care services, including reproductive health care; (b) sufficient food and water; and (c) social security, including if they are unable to support themselves and their dependents, appropriate social assistance*, as stated in section 27 (1)(2) of the Constitution of the Republic of South Africa (the, Constitution), 1996. This mandate places the Department at the centre of government's initiatives to improve the quality of life for all persons in the country.

The policy priorities of the Department should be in line with the aspirations of the NDP, MTSF, SDGs, AU Agenda 2063, and 2022 SONA policy imperatives. As mentioned earlier, the 2022/23 APP of the Department is premised of governments priorities as espoused in the MTSF, and build towards the attainment of the NDP aspirations. Thus, the MTSF has identified seven (7) priorities to be undertaken during 2019 - 2024 electoral cycle in order to put South Africa on a positive trajectory towards the achievement of the 2030 vision.

Although four (4) of the seven (7) priorities relate to the work of the Department, Priority 4 (consolidating the social wage through reliable and quality basic services) has a direct bearing on its work. The four (4) priorities are highlighted in Figure 1:

Figure 1: selected MTSF 2019-24 priorities related to Social Development sector



Therefore, the Department has a direct responsibility of ensuring that priority 4 is delivered in a manner that will benefit the communities in South Africa, as outlined in the 2022/23 policy priorities, through:

- Implementing the National Strategic Plan to eradicate Gender-Based Violence and Femicide (GBVF).
- Improving the optimisation of social welfare services.
- Optimising the social security legislative framework and develop appropriate norms and standards for service delivery.
- Optimising the non-profit organisations legislative framework to promote good governance and accountability.
- Promoting vibrant and sustainable communities.
- Improved household food security.

4. BUDGET ANALYSIS FOR 2022/23

The Social Development Sector provides social protection services and leads government efforts to forge partnerships through which vulnerable individuals, groups and communities become capable and self-reliant participants. This mandate is realised through the following five (5) budgeted programmes: Administration; Social Assistance; Social Security Policy and Administration; Welfare Services Policy Development and Implementation Support; and Social Policy and Integrated Service Delivery.

The total budget allocation of the Department is R257.0 billion for the 2022/23 financial year, which is a nominal increase of R23.27 billion (or 10 per cent) compared to the R233.7 billion adjusted budget for 2021/22.

Table 1: The Overall budget allocation to the Department and its programmes for the 2022/23 financial year

Programme	**Budget**		**Nominal ↑ or ↓ in 2022/23**	**Real ↑ or ↓ in 2022/23**	**Nominal Percent change in 2022/23**	**Real Percent change in 2022/23**
R million	**2021/22**	**2022/23**				
Programme 1	417,9	423,6	5,7	- 12,5	1,36%	-3,00%
Programme 2	224 542,2	248 294,6	23 752,4	13 060,3	10,58%	5,82%
Programme 3	8 077,5	7 614,5	- 463,0	- 790,9	-5,73%	-9,79%
Programme 4	304,0	309,1	5,1	- 8,2	1,68%	-2,70%
Programme 5	385,9	359,6	- 26,3	- 41,8	-6,82%	-10,83%
TOTAL	**233 727,5**	**257 001,4**	**23 273,9**	**12 206,9**	**10,0%**	**5,22%**

Figure 2 below illustrates how the Department's budget allocation is affected by the inflation rate of 4.5% for 2022/23 financial year.

Figure 2: DSD budget over the medium term in nominal and real (inflation rate: 4.5%)

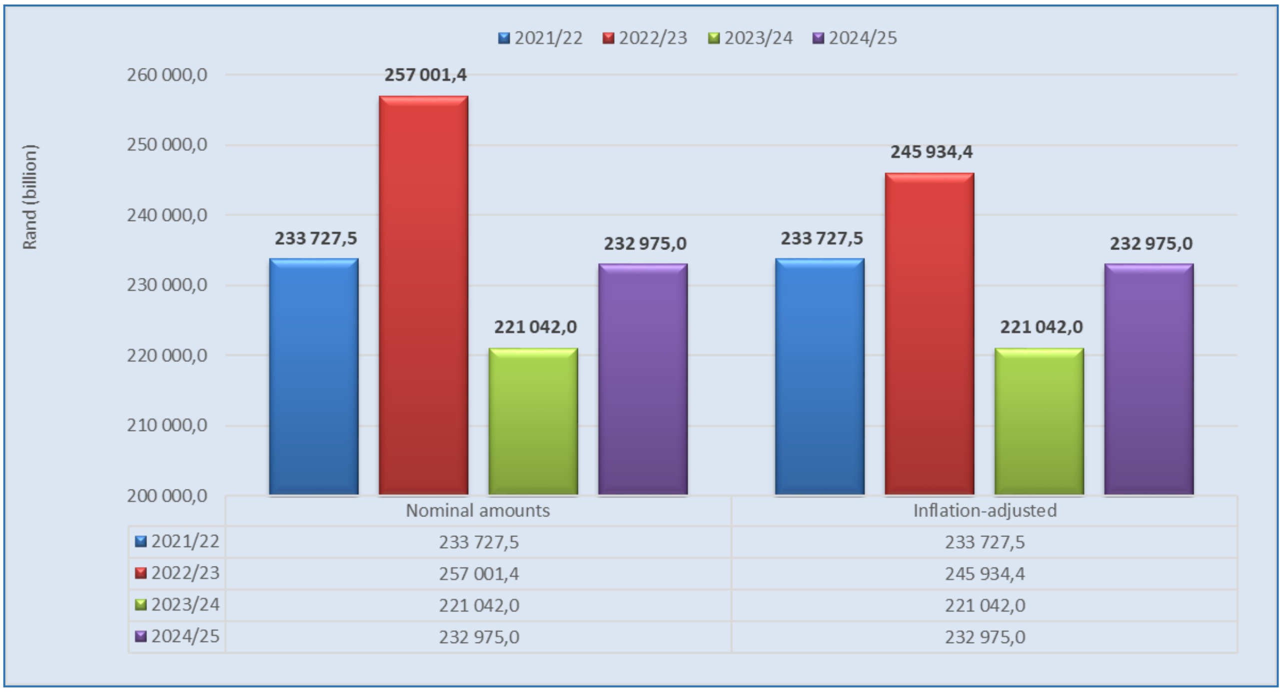
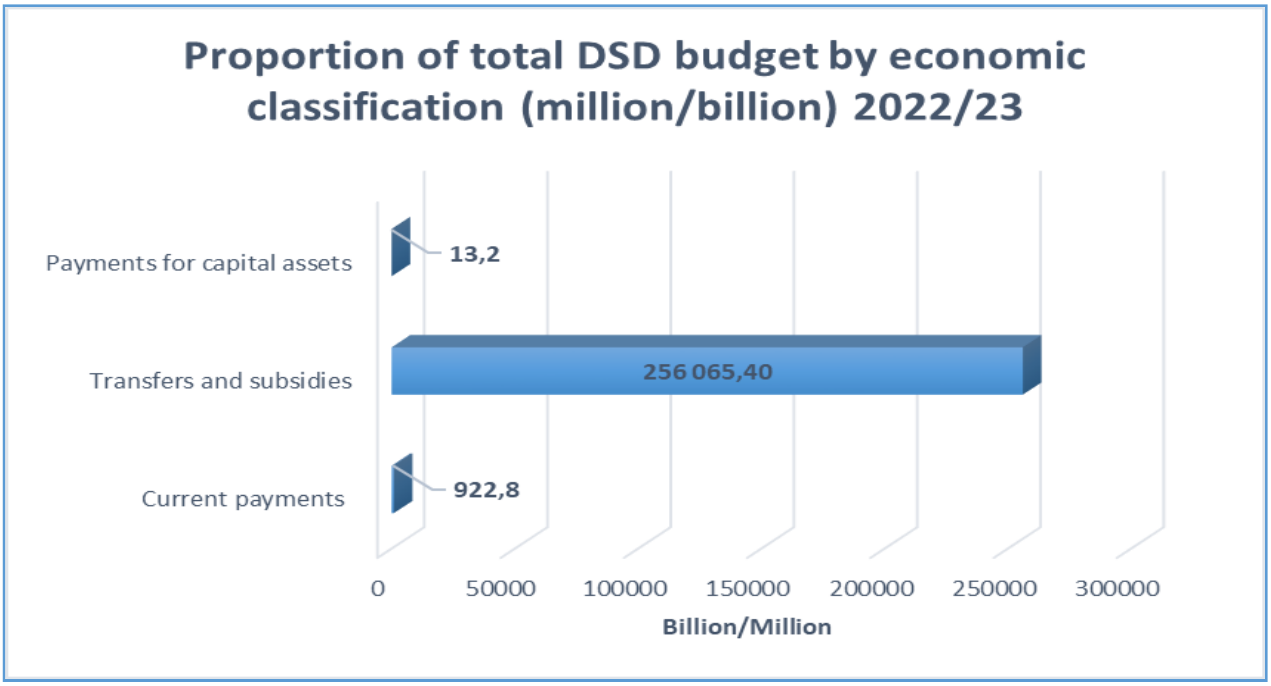


Figure 3 below compares the Department's budget allocation on specific line budget line items according to economic classifications. As shown in the Figure, a large proportion of the Departmental budget goes to transfers and subsidies to the value of R232.79 billion (which is 99.6 per cent of the total departmental budget). For 2022/2023 and 2023/24 financial years, the baseline budget of the Department has been adjusted to include special budget allocations for the following items:

- Extended Social Relief of Distress Grant (SRD) – R44.0 billion in 2022/23,
- Inflationary increases to social grants – R5.5 billion in 2023/24 and R7.6 billion in 2024/25,
- Child Support Grant (CSG) Top-Up for double orphans in the care of relatives – R687.0 million in 2023/24 and R871.0 million in 2024/25, and

Current payments accounted for the next highest budget allocation to the value of R922.3 million (0.36 per cent of the total departmental budget) and payment of capital assets to the value of R12.5 million (0.01 per cent).

Figure 3: The proportion of the total DSD budget spent on specific line-items according to economic classification



The *current payments* budget shows a real increase half a million rand between 2021/22 and 2022/23 financial years. The current payments totals R922.3 million, of which:

- CoE receives R507.3 million, compared to R516.7 million previously
- Goods and Services receives R415.5 million in 2022/23 compared R405.6 million previously.

CoE declines with -1.8% from the previous year, whilst Goods and Services increase in real terms with 2.4%.

The *payment of capital assets* budget shows a nominal increase of R700 thousand (5.60%). It increases from R12.5 million in 2021/22 to R13.2 million 2022/23 financial year. Of this amount, R12.5 million (96.2% of the total budget of this line item) is allocated to machinery and equipment, with the remaining allocated to software and other intangible assets.

There is a notable increase in both nominal and in real rand value for transfers and subsidies line item. It increases from R232.79 billion in 2021/22 to R256 billion in 2022/23 year. The budget increases in this line item are driven by the following:

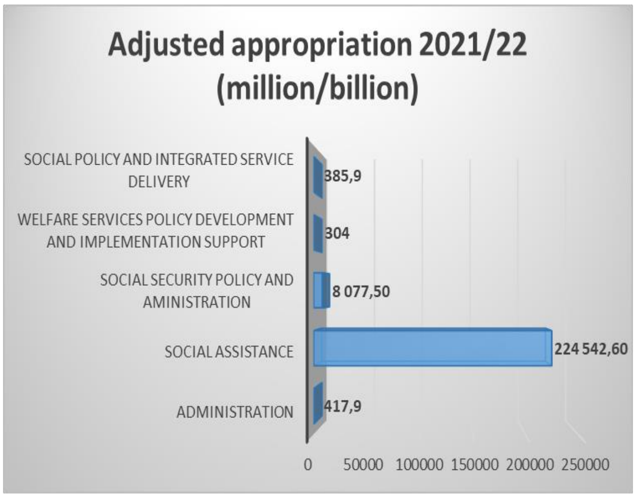
- *Households:* there is a notable real budget increase from an adjusted R224.54 billion in 2021/22, to R248.3 billion in 2022/23.
- *Non-profit institutions:* payments to this line item show a real increase from an adjusted R29.7 million in 2021/22, to R44 million in 2022/23.

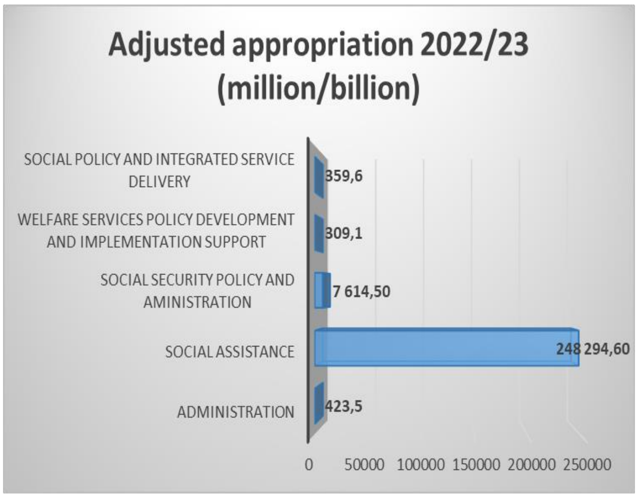
5. BUDGET AND ANNUAL PERFORMANCE TARGETS PER PROGRAMME

5.1 Budget allocations per programme

Figure 4 compares the proportional allocations per main programme between the 2021/22 adjusted budget and 2022/23 voted funds. This excludes programme 2: Social Assistance which is managed by SASSA in paying out social grants.

Figure 4: Comparison of budget allocation between the Departmental programmes





Programme 1: Administration receives a budget allocation of R423.5 million for 2022/23, which shows nominal increase of R5.7 million compared to the adjusted budget of R417.9 million in 2021/22 financial year. However, when the inflation is considered, the programme's budget shows a real decline of R12.5 million (or -3.00 real percent change). This programme only consumes 0.2 per cent of the total budget of the Department. Over the medium term, the programme's budget shows an average growth rate of 1.6 per cent.

Programme 2: Social Assistance, the only programme that achieved a positive budget in both nominal and in real rand terns. The total budget allocation for the programme is R248.2 billion for 2022/23 financial year, up from an adjusted budget of R224.5 billion in 2021/22 financial year. This programme shows a nominal increase of R23.75billion (10.58%) or a real increase of R13.0 billion (5.82%). This programme consumes about 96.2 per cent of the total departmental budget. Over the medium term, the programme's budget shows an average growth rate of -0.1 per cent.

Programme 3: Social Security Policy and Administration is the second largest budget of the Department and receives an allocation of R7.6 billion for 2022/23 financial year. This is a decline compared to the adjusted budget allocation of R8.0 billion in 2021/22 financial year. The programme's budget shows a nominal decrease of R463 million and a real decrease of R790.9 million. The programme consumes about 3.3 per cent of the total departmental budget. Over the medium term, the programme's budget shows an average growth rate of 3.3 per cent.

Programme 5: Social Policy and Integrated Service Delivery experiences significant budget cuts compared to other programmes of the Department, i.e., its budget decreases from R385.9 million, to R359.6 million. Therefore, the programme's budget shows a nominal decrease of R26.3 million (-6.82 per cent) and a real decrease of R41.8 million (-10.83 per cent). The notable decrease in this programme is the transfer to the National Development Agency (NDA) from R246.0 million in 2021/22, to R 219.3 million in 2022/23 financial year. Over the medium term, the programme's budget shows an average growth rate of -1.0 per cent.

Programme 4: Welfare Service Policy Development and Implementation Support budget increases from R304 million in 2021/22 to R309.1 million in 2022/23 financial year. This shows a nominal increase of R5.1 million (1.68 per cent) and a real decrease of R8.2 million (-2.70 per cent) between 2021/22 and 2022/23 financial years. However, over the medium term, the programme's budget shows an average growth rate of 2.0 per cent.

5.2 Performance targets per programme

5.2.1 Programme 1: Administration

The purpose of this programme is to provide leadership, management and support to the department and the social sector. The programme budget is allocated across 6 sub-programmes as listed below:

Table 2: Budget allocation for the sub-programmes

Sub-programmes	2021/22	2022/23
Ministry	R42.6 million	R43.7 million
Department Management	R71.7 million	R73.5 million
Corporate Management	R164.1 million	R168.2 million
Finance	R73.5 million	R75.4 million
Internal Audit	R16.5 million	R16.6 million
Office Accommodation	R44.9 million	R46.6 million
TOTAL	**R413.2 million**	**R423.5 million**
CoE	**R210.8 million (51.0%)**	**R210.7 million (49.9%)**
Goods and Services	**R196.8 million (47.6%)**	**R206.9 million (48.7%)**

The Department reports that it will utilise its budget to pilot the Electronic Monitoring and Evaluation (M&E) System for Social Development in three (3) provinces, and obtain an unqualified audit opinion. It will also implement the National Integrated Social Protection Information System (NISPIS). Furthermore, the Department is planning to submit a government wide strategy on the employment of social services professionals to the Cabinet during this financial year.

This programme is a strategic partner to the core business of the Department and is regulated by a myriad of legislation. It is responsible for ensuring effective and efficient governance systems are in place to create an enabling environment to deliver on its mandate. Thus, during 2022/23 financial year, the Department is planning to:

- Submit the Draft SASSA Amendment Bill.
- Draft Regulations on Children's Amendment Bill submitted to the Minister for approval.
- Refine and validate the Draft Social Development Bill.
- Draft Regulations on Older Persons Amendment Bill.
- Submit the Victim Support Services Bill to Cabinet for approval.
- Table NPO Amendment Bill to Cabinet/Parliament.
- Produce a Draft Amendment NDA Bill.

The realisation of the targets set in this programme will contribute to the achievement of government priorities, particularly, priorities 3 and 6.

5.2.2 Programme 2: Social Assistance

The purpose of this programme is to ensure the provision of social assistance to eligible beneficiaries in terms of the Social Assistance Act (No.13 of 2004) and its regulations. The programme consists of payments made to beneficiaries for the provision of social grants as administered and paid by SASSA on behalf of the Department:

Table 3: Payments for provision of social grants

Sub-programmes	2021/22	2022/23
Old Age	R86. 487 billion	R92 .146 billion
War Veterans	R1.197 million	R962 thousand
Disability	R23. 579 billion	R24.704 billion
Foster Care	R4.338 billion	R4.057 billion
Care Dependency	R3.658 billion	R3.875 billion
Child Support	R73.318 billion	R77.224 billion
Grant-in-Aid	R1.6 billion	R1.901 billion
Social Relief of Distress	R31.561 billion	R44.386 billion
TOTAL	**R195.516 billion**	**R204.295 billion**

Households (transfers)	**R195.516 billion (100%)**	**R204.295 billion (100%)**

Over the medium-term, the Department will continue to transfer funds to beneficiaries for the provision of social grants for the provision of social grants to the elderly, children, war veterans and persons with disabilities. Social grants account for an estimated 94.3 per cent (R175.3 billion per year on average) of the Department's total budget over the MTEF period.

SASSA is mandated to pay social grants to 19.1 million beneficiaries in 2022/2023, up from 18.6 million in 2021/2022 (in line with the National Treasury's final projection). Spending on grants is expected to increase at an average annual rate of 7.5 per cent over the medium term. This is mostly due to inflationary adjustments to the value of the grants and growth in the number of beneficiaries. The elderly population, is growing by 3% per year. As the elderly population grows, the number of beneficiaries who receive the old age grant is expected to increase. Likewise, as the child population grows, the number of beneficiaries who receive the child support grant is expected to increase. The high levels of unemployment and poverty in the country, combined with high wage inequality and low labour market participation, contribute to the growth of social grants to children. Therefore, the social assistance programme will continue to be an important lever in government's arsenal to tackle poverty and inequality.

5.2.3 Programme 3: Social Security Policy and Administration

The purpose of this programme is to provide for social security policy development, administrative justice, the administration of social grants, and the reduction of incorrect benefit payments. The programme budget is allocated across 5 sub-programmes as listed below:

Table 4: Budget allocation for 5 sub-programmes

Sub-programmes	**Budget 2021/22**	**Budget 2022/23**
Social Security Policy Development	R66.0 million	R68.8 million
Appeals Adjudication	R40.5 million	R40.7 million
Social Grants Administration	R7.393 billion	R7.427 billion
Social Grants Fraud Investigations	R70.8 million	R72 million
Programme Management	R5.4 million	R5.5 million
TOTAL	**R7.576 billion**	**R7.615 billion**
Current payments	**R104.4 million (1.3%)**	**R109.6 million (1.4%)**
Transfers and subsidies	**R7.469 billion (98.5%)**	**R7.502 billion (98.5%)**
Payments for capital assets	**R2.8 million (0.03%)**	**R2.9 million (0.03%)**

The programme aims to amend the Social Assistance Act, SASSA Act and the Fund-Raising Act to address existing gaps and inconsistencies in the legislation. It also plans to develop critical policy documents – 1) draft policy for integrating children's grants beneficiaries with government services; 2) draft policy on maternal support for vulnerable pregnant women and children; 3) draft policy for income support to 18–59-year-old; and 4) draft policy on voluntary cover for retirement and risk benefits for atypical and informal sector workers.

5.2.4 Programme 4: Welfare Services Policy Development and Implementation Support

The purpose of this programme is to create an enabling environment for the delivery of equitable developmental welfare services through the formulation of policies, norms and standards and best practices and support to implementing agencies.

The programme budget is allocated across 9 sub-programmes as listed below:

Table 1: Budget allocation for sub-programmes

Sub-programmes	Budget 2021/22	Budget 2022/23
Service Standards	R31.7 million	R30.9 million
Substance Abuse	R21.9 million	R20.7 million
Older Persons	R20.2 million	R19.1 million
People with Disabilities	R13.7 million	R13.6 million
Children	R85.4 million	R82.9 million
Families	R10.8 million	R10.5 million
Social Crime Prevention and Victim Empower	R73.4 million	R75.4 million
HIV and AIDS	R13.6 million	R12.6 million
Youth	R25.5 million	R42.4 million
Social Worker Scholarships	R3.4 million	-
Programme Management	R4.5 million	R4.7 million
TOTAL	**R304.6 million**	**R313.1 million**
CoE	**R142.0 million**	**R142.8 million**
Goods and Services	**R121.8 million**	**R115.6 million**

Only three of the 11 sub-programmes under this programme show positive budget increases in nominal terms, i.e. *Social Crime Prevention and Victim Empowerment, Youth and Programme Management*.

Importantly, this programme aims to do the following:

- Train 270 social workers on Adoption Policy Framework and Strategy;
- Present the revised White Paper on Families to the Technical Working Group;
- Monitor the implementation of the Guidelines for Community Based Prevention and Early Intervention Services to vulnerable children;
- Monitor the implementation of the Intersectoral Protocol on Management of Violence Against Children, Child Abuse and exploitation;
- Monitor the implementation of the programme of action on foster care in provinces;
- Capacitate 7 public treatment centres on the implementation of the UTC;
- Capacitate (15) GBVF hotspot districts on the provision of psychosocial services policy and Intersectoral Policy on Sheltering Services in implementing the NSP; and
- Capacitate 4 provinces on the Guidelines on Respite Care Services for Families of Children and Persons with Disabilities

5.2.5 Programme 5: Social Policy and Integrated Service Delivery

The purpose of this programme is to support community development and promote evidence-based policymaking in the department and the social development sector. The programme budget is allocated across 8 sub-programmes as listed below:

Table 2: Budget allocation for sub-programmes

Sub-programmes	Budget 2021/22	Budget 2022/23
Social Policy Research and Development	R6.5 million	R6.5 million
Special Projects and Innovation	R12.2 million	R12.8 million
Population Policy Promotion	R38.4 million	R38.7 million
Registration and Monitoring of Non-Profit Organisations	R41.5 million	R41.9 million
Substance Abuse Advisory Services and Oversight	R6.9 million	R7.0 million
Community Development	R30.5 million	R29.8 million
National Development Agency	R246.0 million	R219.2 million
Programme Management	R3.8 million	R3.8 million
TOTAL	R385.9 million	R359.6 million
Current payments	R136.8 million	R137.4 million

Transfers and Subsidies	R248.2 million	R221.2 million
Payments for capital assets	R1.0 million	R1.0 million

Of the eight (8) sub-programmes in this programme, only two (2) have experienced budget cuts, namely; *Community Development* and the *National Development Agency*. The notable budget cut is that of the transfer to the *NDA* to the value of R26.8 million.

Importantly, under this Programme, the Department plans to do the following:

- Create 176 474 EPWP work opportunities through Social Sector EPWP Programmes;
- Capacitate stakeholders to implement NPO Mentorship Model;
- Build capacity of provinces on the implementation of the DSD Sector Funding Policy;
- Implement NPO sector payment system in all provinces;
- Develop an annual report on the implementation of the National Food and Nutrition Security Plan;
- Link 20 000 social protection beneficiaries to sustainable livelihood opportunities; and
- Train 92 municipalities on the Integrating Migration issues into the IDP.

6. COMMITTEE DELIBERATIONS

- The Committee reiterated its concern over the continuing vacancy in the position of the Director-General and wanted to know when will it be filled. It was equally concerned about other vacancies in critical positions, particularly at senior management level. What are the budget implications of these vacancies? The Committee had raised the same concerns over the past two years and these posts remain unfilled. With the Department not filling vacancies in critical position the concern is how is it going to meet the NDP's target of employing 3 000 social workers?

The Department explained that with the budget cuts, especially on Compensation on Employees (COEs), it had to embark on re-prioritising of posts. The Department had a budget cut of R295 million and that has resulted in it not being able to fill all the vacant posts.

- The Committee yet again expressed its concern about the continuing shortage of social workers and yet there are many social work graduates who are unemployed. This was clearly demonstrated by social work graduates who protested in KwaZulu-Natal over their unemployment. The Committee wanted to know how many social workers will be employed in the 2022/23 financial year. The Committee is currently finalizing the Children's Amendment Bill [B18 -2020], which will need social workers to be implemented.

The Department reported that it was engaging with a number of relevant government departments on the employment of social workers. The plan is to develop a joint bid to engage the departments, which will be finalised in July 2022. There is currently no budget for the employment of social workers, however provinces have been engaged to extend employment contracts of the social workers who were employed on contractual basis. The Department is also conducting an audit from provinces on how much capacity they need. There has been a refrain from National Treasury from funding employment of social workers. It has instead advised that the Department to re-look and reprioritise in its Compensation of Employees budget allocation.

- The Committee sought clarity on the 270 social workers will be trained on the adoption policy, will they be the newly appointed social workers or already employed social workers?

The Department explained that only social workers who have three (3) years and above work experience will be trained on the adoption policy.

- The Committee also sought clarity on how the Social Relief of Distress (SRD) grant will be implemented as part of the Social Assistance Act when it is not legislated in the Act.

The Department reported that it had drafted regulations on the payment of the grant. It was waiting for concurrence from National Treasury. The new regulations will be implemented in May 2022.

- The Committee reiterated its concern regarding delays in finalization of investigations on irregular, fruitless and wasteful expenditure, particularly at SASSA and at the NDA. It wanted to know the reasons for the delays and whether the implicated employees are still working for the Department? If so, what risks does this pose on the Department's payroll?

It also wanted to know what is the Department doing in real time to address the delays in investigations on irregular, fruitless and wasteful expenditure? What progress has been made on outstanding cases? Are there any key performance indicators for senior management regarding finalization of these investigations?

The Department explained that in all the performance agreements of senior managers there are aspects on how issues raised by AG will be responded to. With regard to challenges at SASSA, the department holds regular entity oversight meetings. Importantly, it is in the process of finalising amendment to SASSA Act which will include provision for the establishment of the Board.

- The Committee further wanted to know what are the nine (9) districts the anti-gangsterism strategy is planned to be implemented.

The Department responded that the 9 districts are Western Cape Metro North, Sedibeng in Gauteng, eThekwini South in KwaZulu-Natal, Francis Baart and Gariep in the Free State, Gert Sibande in Mpumalanga and Vembe in Limpopo.

- With regard to the Department's plan to train 92 municipalities on how to integrate migration issues into the Integrated Development Plans (IDPs), the Committee wanted to know if the Department has a clear plan it will train municipalities on. Migration has presented municipalities with a lot of challenges - sprawling informal settlements, the need for basic services and government social assistance programme.
- In reference to the AGSA's concern regarding weaknesses in the Department's IT security management which may leave the Department vulnerable to cybercrime, the Committee wanted to know what mitigating systems the Department has put in place and at what cost.
- The Committee expressed a serious concern over the weaknesses identified on page 22 of the APP, as they are a serious risk to the operations of the Department including effective and efficient service delivery.

7. THE SOUTH AFRICAN SOCIAL SECURITY AGENCY (SASSA) ANNUAL PERFORMANCE PLAN 2022/2023

The mandate for South African Social Security Agency (SASSA) is to ensure the provision of comprehensive social security services against vulnerability and poverty within the constitutional and legislative framework.

SASSA's work for the Medium Term Expenditure Framework (MTEF) period will be streamlined towards achieving the four outcomes as identified and detailed in its strategic plan 2020 – 2025. These outcomes include:

- Reduced poverty levels.
- Economic transformation - empowered individuals and sustainable communities.
- Improved customer experience.
- Improved organisational efficiencies

In line with the aforementioned, for the 2022/23 financial year, SASSA has set to achieve the following interventions:

- Business Process Reengineering,
- Digitization and automation of business processes to position SASSA within the developing technological topography,
- Strengthening the management of SASSA's payment partnerships in order to ensure that social grants beneficiaries receive their grants at the right time and place,
- Building management capacity for efficient and effective organizational environment and improve organizational efficiency and governance.

7.1. BUDGET ANALYSIS FOR 2022/23 FINANCIAL YEAR

Table 6 below presents the overall budget allocation of SASSA for 2022/23 financial year in comparison with the previous financial year.

Table 6: SASSA budget allocation for 2022/23 financial year

Programme R million	Budget		Nominal Increase / Decrease in 2022/23	Real Increase / Decrease in 2022/23	Nominal Percent change in 2022/23	Real Percent change in 2022/23
	2021/22	2022/23				
Programme 1:Administration	3 295,2	2 929,6	- 365,6	- 491,8	-11,09 per cent	-14,92 per cent
Programme 2:Benefits Administration Support	5 243,6	4 575,0	- 668,6	- 865,6	-12,75 per cent	-16,51 per cent
TOTAL	8 538,8	7 504,6	- 1 034,2	- 1 357,4	-12,1 per cent	-15,90 per cent

SASSA has a budget allocation of R7.504 billion for 2022/23 financial year. This shows a nominal decrease of R1.034 billion (or -12.1 nominal per cent) compared to the adjusted budget allocation of R8.538 billion in 2021/22 financial year. When the inflation rate of 4.5 per cent is factored in, the budget of the Agency is further reduced by R1.357 billion (or -15.90 real per cent) between 2021/22 and 2022/23 financial years. When comparing the two programmes of the Agency, the bulk of the total budget is allocated to Programme 2: Benefits Administration Support to the value of R4.575 billion in 2022/23 financial year. The budget for this programme shows a nominal decrease of R668.6 million (- 12.75 per cent), from R5.243 billion in 2021/22 financial year.

7.2 BUDGET AND ANNUAL PERFORMANCE TARGETS PER PROGRAMME

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

Table 7: Number of performance targets for 2022/23 financial year

Programme	No. of targets in the final 2022/2023 APP
Programme 1	**17**
Programme 2	**17**

Total	34

7.2.1 Programme 1: Administration

The purpose of the administration program is to provide leadership, management and support services to SASSA. This program aims to realize the three SASSA outcomes which are economic transformation, improved customer experience and improved organizational efficiency. In the year under review, some essential interventions for the program will include:

- Linking social grant beneficiaries to developmental opportunities through existing relationship between the DSD and NSFAS.
- Modernisation of business processes to position SASSA within the developing technological topography.
- Utilise SASSA database as a strategic asset to improve decision making and effective integration with other government institutions.
- Consider various options towards migration from legacy system to modern solutions.
- Improve organisational efficiency and governance.
- Intensify the fight against fraud and corruption.

The Administration programme plays a crucial role in ensuring that SASSA is capable to deliver efficiently on its mandate of administering, managing and payment of social grants. Essential to the identified priorities within the programme are the organizational transformation interventions which deal with capacity of the Agency to deliver on its mandate. This includes a skills audit which is aimed at proper placement of staff for optimal utilization. The modernization of business processes also remains a priority for SASSA in the MTEF period. The programmes compensation of employees is R1, 114 995 billion in 2022/23. The increase in compensation of employees to R1,182,686 is expected to accommodate the outcomes of the planned initiatives, for example, the Business Process Reengineering Programme.

To improve the quality of SASSA's financial reporting, the Agency will invest in a business intelligence solution which will verify that all payments to grant recipient banks accounts were successful and match the claims from the SAPO. This solution will allow data to be profiled comprehensively and effectively to support transactional, operational and analytical workloads regardless of it source, volume or latency.

7.2.2 Programme 2: Benefits Administration and Administration and Support

The purpose of the Administration and Support Programme is to provide a grant administration service which will ensure that operations within SASSA are integrated. This programme manages the entire function of grant administration from application to approval and beneficiary maintenance. The programme also provides income support to South Africans that are unable to provide for themselves and their dependents. This programme is responsible for the core business of SASSA and it provides an efficient and effective grant administration service for the implementation of the social assistance program across the country. It also monitors and evaluates improvements, innovations, and service delivery networks. Strategic guidance and support is also provided to ensure that an effective and efficient social security customer service is provided to beneficiaries in a dignified manner.

Some of the interventions for 2022/23 financial year include:

- Increasing the number of grants in payment including grant-in-aid to an estimated 18.8 million at the end of March 2023.
- Implement the extended Child Support Grant (CSG), that is CSG Top-Up for orphans). A total of 191 200 applications in payment.
- Process 100% applications for the Covid 19 special grant (or SRD grant).
- Develop the Service Delivery Improvement Plan (SDIP).
- Implement the System Interface with government institutions where Memorandum of Agreements (MOUs) were completed to improve validation of beneficiaries.

- Reduce the turnaround time for processing social grant applications from 10 days to 5 days and gradually to 1 day at the end of the MTSF period.
- Improve time spent in resolving customers' enquiries and disputes.
- Roll out the queue management system to 18 local offices – 2 offices per region.
- Strengthen the management of SASSA's payment partnerships in order to ensure that social grants beneficiaries receive their correct grants at the right time and place.
- Explore the possible value that can be added to the SASSA beneficiaries using the economies of scale and the improvements in the payment landscape.

On its resource allocations, the core business of SASSA is placed within the Benefits and Administration Programme. While the business processes of SASSA have been automated, it can be noted that some of the activities are still manual and labour intensive. The scanning of beneficiary records takes place at a central place in each region which means that records are physically transported from local offices to the central regional registry on a regular basis. The planned improvements including the finalisation of the automation process for the grant applications may yield some positive rewards translating into fewer resources propelled into human resources and equipment (vehicles).

The compensation of employees for this programme was R2, 431,509 billion in 2022/23. The rollout and upgrade of the beneficiaries' biometric solution that is aimed at reducing fraud by strengthening beneficiary verification mechanisms and authentication is prioritised in the MTEF period. The planned upgrades will include facial recognition as an additional biometric identifier, and high performance search and matching capabilities to efficiently scan an estimated 220 million beneficiary fingerprints in the database to identify potential duplicates.

8. COMMITTEE DELIBERATIONS

- The Committee wanted to know how quick was SASSA's response to the natural disaster (floods) in KwaZulu-Natal?

SASSA responded that a disaster relief team had been deployed a few days after the floods and had distributed vouchers to 1500 people who qualified for the relief. There was no additional budget allocated as this was part of normal social relief allocation.

- With the consistent high levels of fraud and corruption in the grant payment system, which also involves SASSA and SAPO (South African Post Office) officials, the Committee wanted to know if SASSA ever considered doing an overall vetting of its officials. This can be one avenue to eliminate fraud and corruption.

SASSA reported that it holds regular meetings with SAPO and receives cases for reimbursement. SASSA has also been working with Fusion Centres and that has made a difference in the fight against fraud. Because SASSA is not a bank, it is not in charge on the issuing of payment cards but with the new appointment of Postbank CEO is it hoped that this challenge will be addressed.

- With regard to the Relocation of Records Management Centre, the Committee wanted to know who the new service provider is and the reasons the previous one could not continue with the work?
- With the challenge of many new mothers not being able to register their new-born babies for children's grants and long queues at SASSA offices, the Committee wanted to know if SASSA could consider implementing pre-registration at health facilities as a way of taking government services to the people.

SASSA explained that the challenge has been that mothers often do not have the required documents whilst they are still health facilities, even though it provides information pamphlets to the health facilities to distribute to the mothers. There is also a challenge of misunderstanding of the means test for the child support grant where people think they do not qualify for CSG because they earn some income. This can particularly be observed in more urban areas where people are employed on a part-time basis or casually.

There is a need for more information dissemination.

- The Committee wanted to know what progress has been made on the SRD grant appeals as there is still a lot of people waiting for the outcome of their appeals.

SASSA explained that it has not been able to attend to appeals registered in August 2021 and the numbers are fluctuating. The delay is partly due to delays in finalising contracts with the banks for 2023 financial year. SASSA has amended the application process for the grant as with the end of the disaster management period, the grant will be paid as part of the Social Assistance Act. Also, appeals will be dealt by the Appeals Tribunal. Regulations for the new processing of the grant were finalised and submitted to National Treasury. There are people (around 300 000 form the first cycle) who have not collected their grants. SASSA has sent short message service (smses) reminding them to collect their money. As a result, there has been an increase of people collecting their grants.

- The Committee also wanted to know if SASSA can determine in its system the ages of the teenage mothers and place them in the Sinovuyo programme.
- It expressed a concern on the possible impact of closure of SAPO branches on the payment of social grants. It wanted to know if SASSA has any contingency plan.

SASSA reported that there is a substantial budget amounting to 19% of its budget allocation to key items within goods and services that goes to SAPO. There is a continuous monitoring on the adherence of its Service Level Agreement with SAPO (SLA). When there is non-compliance to the SLA a penalty fee is charged. For instance, R17 million was deducted in 2021/22 budget allocation.

SASSA has a contingency plan should SAPO not be able to deliver but it is important to note that a minimal amount of clients (500 00) use SAPO as payment option. Therefore, the numbers that are likely be impacted upon are minimal.

- The Committee sought clarity on the target to reduce pay points and what impact it will have on beneficiaries.

SASSA explained that the reduction will be done in a number of ways, such as relocating the pay point to a better resourced pay point or re-channel beneficiaries to other payment channels.

- The Committee also wanted to know what progress has been made on the implementation of the organizational change the Acting-Director General reported on in 2021/22 financial year. What has been its tangible outcome?

SASSA explained that the process is planned to be rolled out for 24 months. Officials were trained on it and evaluation was conducted and reports were received on the culture and mind set change. A detailed operational report can be forwarded to the Committee.

- The Committee expressed a concern that even though at the beginning of the current administration a commitment was made by DSD that there will be “new” social development sector. Thus far, there has not been a tangible outcome or impact as demonstrated by persistent long queues at SASSA offices.
- The Committee also expressed a concern over the challenges of overcrowding at the Gugulethu SASSA office.

SASSA explained that there have been around 4 or 5 informal settlements that have emerged around the area. This happened when some service offices in the area had to be closed due to various dangerous social ills. The challenge has also been non-compliance to health and safety standards in some offices such Mitchell’s Plain, Khayelitsha and Bellville. These challenges have resulted in overcrowding in neighbouring service offices. SASSA has engaged with the Department of Public Works and Infrastructure to open two (2) additional offices. The issue of Gugulethu office is a matter of priority.

- The Committee also raised a concern that in George there were no doctors to assess applicants for the disability grant.

SASSA explained that there was a lack of sites for assessment doctors but requested to be forwarded with more details.

- The Committee expressed concern about the 60% labour relations cases that were not finalised?

8. NATIONAL DEVELOPMENT AGENCY (NDA) ANNUAL PERFORMANCE PLAN 2022/2023

The National Development Agency (henceforth, NDA or the Agency) is an agency of government that reports to Parliament through the Department of Social Development (DSD). The NDA is classified as a public entity under Schedule 3A of the Public Finance Management Act (Act No. 1 of 1999). The NDA was established in November 1998 as government's response to the challenge of poverty and its causes in South Africa. The NDA has a two-fold legislative mandate consisting of a primary mandate and a secondary mandate.

Its primary mandate is to contribute towards the eradication of poverty and its causes by granting funds to civil society organisations (CSOs) for carrying out projects or programmes aimed at meeting development needs of poor communities and strengthening the institutional capacity of CSOs involved in direct service provision to poor communities. The secondary mandate is to promote consultation, dialogue and sharing of development experience between civil society organisations and relevant organs of state; debate on development policy; and undertake research and publications aimed at providing the basis for development.

In line with the NDP and the MTSF, for the year under review, the NDA has set to achieve the following priorities:

- Increase funding to CSOs programmes that are creating job opportunities, skills development and sustainable livelihood.
- Create 3 000 job opportunities.
- Provide capacity building interventions to CSOs supported by the NDA on organizational management and technical training to improve quality of service and sustainability.

8.2. BUDGET ANALYSIS FOR 2022/23 FINANCIAL YEAR

Table 8: NDA budget allocation for 2022/23 financial year

Programme	Budget		Nominal Increase / Decrease in 2022/23	Real Increase / Decrease in 2022/23	Nominal Percent change in 2022/23	Real Percent change in 2022/23
R million	2021/22	2022/23				
Programme 1: Governance Administration	105,5	107,4	1,9	- 2,7	1,8 per cent	-2,6 per cent
Programme 2: Civil Society Organisation Development	132,1	103,4	- 28,7	- 33,2	-21,7 per cent	-25,1 per cent
Programme 3: Research	10,3	10,6	0,3	- 0,2	2,9 per cent	-1,5 per cent
TOTAL	247,9	221,3	- 26,6	- 36,1	-10,7 per cent	-14,6 per cent

The NDA received a budget allocation of R221.3 million for 2022/23 financial year, down from R247.9 million in 2021/22. This illustrated a nominal decrease of 10.7 per cent and a real decrease of 14.6 per cent (when inflation is considered). The real decrease is R36.1 million.

8.3 BUDGET AND ANNUAL PERFORMANCE TARGETS PER PROGRAMME

8.3. 1 Programme 1: Administration

The focus of this programme is on promoting and maintaining organisational excellence and sustainability through effective and efficient administration that includes performance, employee wellbeing, cost containment as well as brand enhancement and recognition. These will be achieved within a sound governance and administration environment.

This programme has an allocation of R107.4 million for 2022/23, up from a revised budget allocation of R105.3 million for 2021/22 financial year. For the 2022/23 financial year, the NDA is planning to achieve the following four (4) performance targets it set for itself:

Table 9: Indicators and annual performance targets for Programme 1

Output indicator	Annual target
Percentage (%) reduction of non-compliance resulting in irregular, fruitless and wasteful expenditure (IFW) expenditure reported	Reduce by 80% the cumulative balance of IFW expenditure reported in prior year annual financial statements.
ICT strategy and architecture aligned to NDA business model approved and implemented	Approve and implement the ICT strategy and architecture to be aligned to NDA business model.
New organisational structure aligned to NDA business model approved and implemented	Approval and implementation of new organisational structure aligned to NDA business model.
NDA Strategic Partnership Model aligned to NDA business model approved	NDA will be approving the NDA Strategic Partnership Model to be aligned to NDA business model .

8.3.2 Programme 2: Civil Society Organisation Development

The purpose of this programme is to focus on elevating the NDA to become the lead coordinator of development initiatives. The programme will also focus on creating effective poverty eradication impact through the utilisation of key mechanisms and channels of poverty eradication, including, but not limited to the support of CSOs.

The budget allocation for this programme declines from R132.1 million in 2021/22 to R103.4 million in 2022/23 financial year. This represents a 21.7 per cent nominal and 25.1 per cent real decrease in the budget for this programme compared to the previous year.

This programme has a total of five (5) performance targets for 2022/23 as opposed to the four (4) targets for the 2021/22 financial year. SONA 2022, indicated that the Social Employment Fund will create a further 50,000 work opportunities using the capability of organisations beyond government, in areas such as early childhood development, and tackling gender-based violence among others. In addition to expanding public employment, Government is providing support to young people to prepare them for work and link them to opportunities. The NDA is planning to align itself with this target by creating jobs because of CSO development interventions.

Table 10: Indicators and annual performance targets for Programme 2

Output indicator	Annual target
Rand value of resources raised from NDA partnerships to fund CSO development interventions	During the year under review, the NDA plans to raise R35 million to fund CSOs
Number of work opportunities created as a result of CSO development interventions	NDA intends to create 3000 work opportunities as a result of CSOs development interventions.
Number of CSOs capacitated to strengthen their institutional capacity	NDA also plans to capacitate 2000 CSOs during the year under review.

8.3.3 Programme 3: Research

This programme will focus on development policy research and NDA programmes evaluative studies to be used to inform programme planning and policy development and debates in the social, economic and development sectors of the economy. The outcome is to inform national development policy debates and engagements on issues relating to development and poverty alleviation in general. It will also produce publications and standards for effective best practice in the development sector to promote sharing of lessons and good practice.

This programme has a total number of three (3) targets for 2022/23, the same as targets set for the previous financial year.

Table 11: Indicators and annual performance targets for Programme 3

Output indicator	Annual target
Number of research publications produced to provide a basis for development policy.	The Agency is planning to release three research publications and three evaluation reports for the year under review.
Number of dialogues held with external stakeholders to inform development policy.	It is also planning to have five (5) external dialogues to engage on the NDA research outputs during this period under review.
Number of evaluations conducted to inform programme design and implementation	NDA will conduct 3 evaluations for the year under review.

9. COMMITTEE DELIBERATIONS

- The Committee reiterated its serious concern about the lack of visibility and impact of the NDA. For instance, it can play an important role in reducing the 47% of people relying on social grants through its programmes. Thereby, fulfilling its mandate.

The NDA explained that its impact and visibility has been negligent due to the previous service delivery model that did not yield any impact.

- The Committee was equally concerned that 67% (R128 million) of its budget goes to compensation of employees (COE) when there is a serious lack of its impact on the ground. This is also despite the R7 million budget for travel and subsistence. It seems as if the NDA is just a channel or conduit of funding to NPOs and not fulfilling its mandatory role.

The NDA explained that its budget structure may look abnormal but according to Section 3(2) of the NDA Act the budget allocation to the NDA should be for operational costs. Section 3(1) of the Act provides that the NDA should raise funds for CSOs funding from the donors. The NDA has not made a strategic move on how to implement Section 3(1). However, the turnaround strategy seeks to address this. Furthermore, a resource mobilisation unit has been established to mobilise funds for CSO funding. Currently, the NDA is only allocating R14 million per year for CSO funding and that is not enough.
Furthermore, the budget cuts have had a catastrophic impact on the NDA’s budget as demonstrated by the skewed 67% budget allocation for COE. This has made it difficult to implement the core mandate. The reason given by National Treasury for not increasing budget allocation of the NDA has always been that DSD has to re-prioritise and do a function shift to the NDA so as to allow more funding of NDA to implement its core mandate. This has not been done by the department. This is one of the reasons that the Agency decided to formulate a turnaround strategy so as to attract funders. It has also decided to freeze some of the vacant posts otherwise had it not done it would have been rendered “useless” as it was going to have a very high COE budget with much less budget for core mandate.

- The Committee also reiterated its concern regarding lack of consequence management for those implicated in the irregular and fruitless expenditure (IFW). It wanted to know what measures has the NDA put in place to recover monies involved?

The NDA explained that the R1 million irregular and fruitless expenditure dates back from previous financial years and unfortunately it had never applied for condonation. For it to obtain a condonation there should be some requirements that have to be met, such as a determination of financial loss. Some of the cases involved procurement of office space without following SCM and so there were no substantial financial loss. The Agency is currently investigating a R15 million IFW and depending on the outcome of the investigation, it may need to recover it.

- The Committee wanted to know when will the vacancy of the CEO going to filled?

The NDA explained that the recruitment process for the filling of the CEO and Board vacancies has been completed and submitted to the Minister for approval and forward it to Cabinet. By the end of April 2022 there should be an appointed Board. This is date that the NDA had agreed with the Minister. The appointment of the CEO will be processed by the new Board and that is envisaged to happen 3 months after the appointment of the Board.

- The Committee also wanted to know the deadline of the implementation of the turnaround strategy and the costs associated with it as an external service provider was used.

The NDA reported that the deadline for the implementation of the turnaround strategy is end of April 2022. The service provider was appointed for a period of 12 months - from May 2021 – April 2022 at a cost of R4.5 million.

- The Committee sought clarity on how the 3 000 work opportunities for youth will be implemented and how much stipend will they receive?

The NDA responded that the work opportunities will be implemented from various programmes such as the Volunteer programme (2 000), UIF and Grant Funding programme. The Agency works with CSOs to create work opportunities. With the UIF, it went through a competitive bidding. With Volunteer Programme, it issued request for proposals. With Grant Funding, it issued request for proposals and proposal formulation where NDA employees supported communities to develop proposals.

- The Committee also wanted to know to what extent the funding of CSOs will be affected with the medium term budget cuts. Also, how the NDA is supporting CSOs to fund raise?

The NDA explained that it supports CSOs through its mandate of capacity building.

- The Committee also wanted to know how the NDA plans to support food generation projects, particularly in the context of the increasing food prices.

The NDA explained that it supports and funds soup kitchens, now knows as Community Nutrition Development Centres (CNDCs) and also by assisting them to start vegetable gardens and poultry.

- The Committee also wanted to know what progress has been made regarding the allegations of corruption that were made against the previous CEO.

The NDA reported that National Treasury only approved the interim accounting officer at the end of November 2021 and the office immediately appointed investigation officers. They were given 60 days to complete the investigation. The report will then be provided to the whistle-blower. If there was mismanagement of the monies, the case will be referred to the South African Police Service (SAPS).

10. RECOMMENDATIONS

Having considered the strategic plans and the annual performance plans of the department and its entities the Committee makes the following recommendations:

10.1 Department of Social Development

- The Minister should ensure that the Department within the 2022/23 financial year fills the vacancies in critical positions, particularly that of the Director-General.
- The Minister should ensure that the Department within the 2022/23 financial year puts in place systems to secure its IT management (firewall) so as to protect it from cybercrime which has proved to be a serious threat globally. Also, with the advent of Covid 19 pandemic, the Department and its entities had to implement most of their services digitally.
- The Minister should also ensure that the social development portfolio within the 2022/23 financial year addresses all the findings and recommendations made by the Auditor-General and report to Parliament (PC on Social Development) on progress made on quarterly basis.
- The Minister should ensure that the Department within the 2022/23 financial year tables in Parliament (PC on Social Development) on a plan of action to absorb social workers.
- The Minister should ensure that the Department within the 2022/23 financial year tables a plan of action to Parliament (PC on Social Development) addressing all the weaknesses listed on page 22 of the Annual Performance Plan.

10.2 South African Social Security Agency (SASSA)

- The Minister should ensure that SASSA within the 2022/23 financial year addresses the Auditor-General's findings on inefficiencies in the verification process of SRD grant beneficiaries. SASSA should make sure that it uses updated databases prior to making social grants payments.
- The Minister should also ensure that SASSA within the current financial year (2022/23) investigates and take action on the Auditor-General's findings that some of its officials were appointed without qualifications.
- The Minister should also ensure that SASSA implements or strengthens its human resource policies on vetting and academic clearance of its employees as one of the measures to prevent fraud and corruption. The Minister should also engage with the Minister of Communication and Digital Technologies on the same matter for those employees who work within the social grants payment system.
- The Minister should also ensure that SASSA expands its information dissemination on the pre-registration of birth services at health care facilities for children's social grants applications. The information should be disseminated through other channels such as media inclusive of social media and mainstream media.
- The Minister should also ensure that SASSA within the 2022/23 financial year finalises all the appeals on the Social Relief of Distress (SRD) grant, including those dating back to August 2021.

10.3 National Development Agency (NDA)

- The Minister should ensure that the NDA within the 2022/23 financial year fills the position of the CEO. The Minister should also ensure that within the current financial year that the NDA board is appointed.
- The Minister should ensure that the NDA board within the 2022/23 financial year conducts and finalises the investigation on the allegations of fraud and corruption against the previous CEO.

10. COMMITTEE OVERSIGHT FOCUS AREAS

Based on the APPs and AGSA report presented to the Committee and Committee deliberations, the following are the key focus areas of oversight for the Committee for 2022/23 financial year:

- Implementation of the AGSA recommendations to the Committee, reported on, on this report (page 6).
- Development and implementation of the joint bid by DSD to engage other government departments on the employment of Social Workers, which is to be finalized in July 2022.
- The working relationship between SASSA and SAPO, with regard to the implementation of the SLA, particularly the possible risk of SAPO financial challenges and closures of its branches on the payment of social grants. The Committee may need to be briefed on the contingency plan SASSA reported it has to use in case SAPO fails to deliver. This is an important oversight area for the Committee as SAPO accounts for 19% budget allocation under goods and services.
- Implementation, outcome and impact of the organizational change at SASSA.
- Implementation, outcome and impact of the turnaround strategy at the NDA.
- The budget allocation structure at the NDA, as per the provisions of the National Development Agency Act. How will the new service delivery model and turnaround strategy address this challenge. This is another critical focus area as it significantly affects the funding of CSOs and ultimately the implementation of the NDA's core mandate.

  In relation to the aforementioned, make a follow up on the advice by National Treasury of a function shift from DSD to the NDA that will allow more funding of the NDA to implement its core mandate.
- Progress on the investigation on allegations of fraud against the previous NDA CEO.

Report to be considered.