Portfolio Committee on Social Development Budget Review and Recommendation Report (BRRR), 2022/2023, Dated 18 October 2023

1. INTRODUCTION

The Portfolio Committee on Social Development considered the financial and non-financial performance of the Department of Social Development, South African Social Security Agency (hereafter SASSA or the Agency), and the audit report of the Auditor-General South Africa (AGSA on 11 October 2023. It considered the financial and non-financial performance of the National Development Agency (hereafter the NDA or Agency) on 13 October 2023. The Committee reports as follows:

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 the department's action, that is driven by the ideal of realising a better quality of life for all people of South Africa. It is also required to facilitate public participation, monitoring and oversight over the legislative processes relating to social development and also to confer 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.
The Committee 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 regarding the implementation of the priorities set in the National Development Plan and in the Medium Term Strategic Framework (MTSF). The Committee also conducts oversight over the department's performance in implementing the priorities of the State of the Nation Address (SONA).

National Development Plan (NDP)
These are the priorities of the NDP that the Committee focuses on:

- establishment of a social floor which outlines an acceptable or decent standard of living,
- bringing the informal sector into the mandatory contributory scheme,
- expanding social welfare system,
- reviewing funding to not-for-profit organisations,
- training more welfare professionals and community workers,
- expanding public employment programmes,
- promoting opportunities for youth employment.
- use of social audits to enhance accountability in the welfare system, and
- the integration of all databases of people who receive different forms of social security services.

Medium Term Expenditure Framework (MTEF) Priorities – 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

State of the Nation Address (SONA), February 2022

The following key strategic themes emerged from SONA 2022, which have a bearing on social services sector:

- **Ending gender-based violence (GBV):** government is intensifying the fight against gender-based violence and femicide through implementation of the National Strategic Plan on gender-based violence and femicide (GBVF) and other measures to promote the empowerment of women. For an example, February 2022, the President signed into law three new pieces of legislation, which strengthened the criminal justice system, promoting accountability across the state and supporting survivors. The implementation of this legislation will go a long way to ensuring that cases are successfully prosecuted, that survivors are protected and that there are more effective deterrents in place. The President noted that the fight against gender-based violence will never be won unless, the society mobilises all formations and all citizens behind a sustained programme of social action.
- **Extension of the special covid-19 grant:** since the onset of covid-19, the social relief of distress grant has provided support to more than 10 million unemployed people who were most vulnerable to the impact of the pandemic. As much as it has had a substantial impact, government must recognise that the country faces extreme fiscal constraints. A fiscal crisis would hurt the poor worst of all through the deterioration of the basic services on which they rely. In this regard, the President announced that the period for special covid-19 grant would be extended for one further year, to the end of March 2023. This was because of the proven benefits of the grant during the covid-19 health pandemic period.
- **A need to improve payment systems and sustainability of R350 grant:** the President assured the country that any future support must pass the test of affordability, and must not come at the expense of basic services or at the risk of unsustainable spending. During this time, government will engage in broad consultations and detailed technical work to identify the best options to replace this grant.
- **Job Creation -** Expanding Public and Private Employment: it is the responsibility of the private sector to create jobs and government needs to provide a conducive environment for this to happen. As government works to grow the economy and create jobs, SONA 2022 assured the nation that government would expand support to poor families to ensure that no person in this country has to endure the pain and indignity of hunger. The President said 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. SONA 2022 made a comment that the social economy, including early childhood development, has significant potential not only to create jobs, but also to provide vital services that communities need.

2. PURPOSE OF THE BRRR

As part of exercising its oversight work, the Committee considered the 2022/2023 annual reports of the department and its entities. This BRRR reports on the financial and non-financial performance of the department and its entities.

In terms of Section 5 of the Money Bills Amendment Procedures and Related Matters Act, No. of 2009, the National Assembly (NA) through its committees must annually assess the performance of each national department. Portfolio Committees must thus annually submit Budget Reviews and Recommendation Reports (BRRRs) for tabling in the NA in order for Parliament to compile a report for the Medium Term Budget Policy Statement.

The Money Bills Amendment Procedure and Related Matters Act therefore make it obligatory for Parliament to assess the department's budgetary needs and shortfalls vis-à-vis the department's operational efficiency and performance.

Most importantly, the budget review process enables the Committee to amend the budget allocation of the department through the recommendations it makes. Its recommendations are considered during the consideration of the Medium Term Budget Policy Statement (MTBPS).

The budget review process also enables the Committee to make recommendations to the Minister of Social Development on issues pertaining to service delivery. This therefore means that the analysis contained in the BRRR is both backward and forward looking.

Methodology

The BRRR culminated from a very intense and thorough analysis and interaction with the Department of Social Development, the South African Social Security Agency (SASSA) and the National Development Agency (NDA). These included briefings from the department and its entities on their quarterly reports and briefings on their annual reports. The Committee also received a briefing from the Office of the Auditor-General on the audit outcomes of the department and its entities financial and non-financial performance for the year under review (2022/2023).

3. COMMITTEE OVERSIGHT

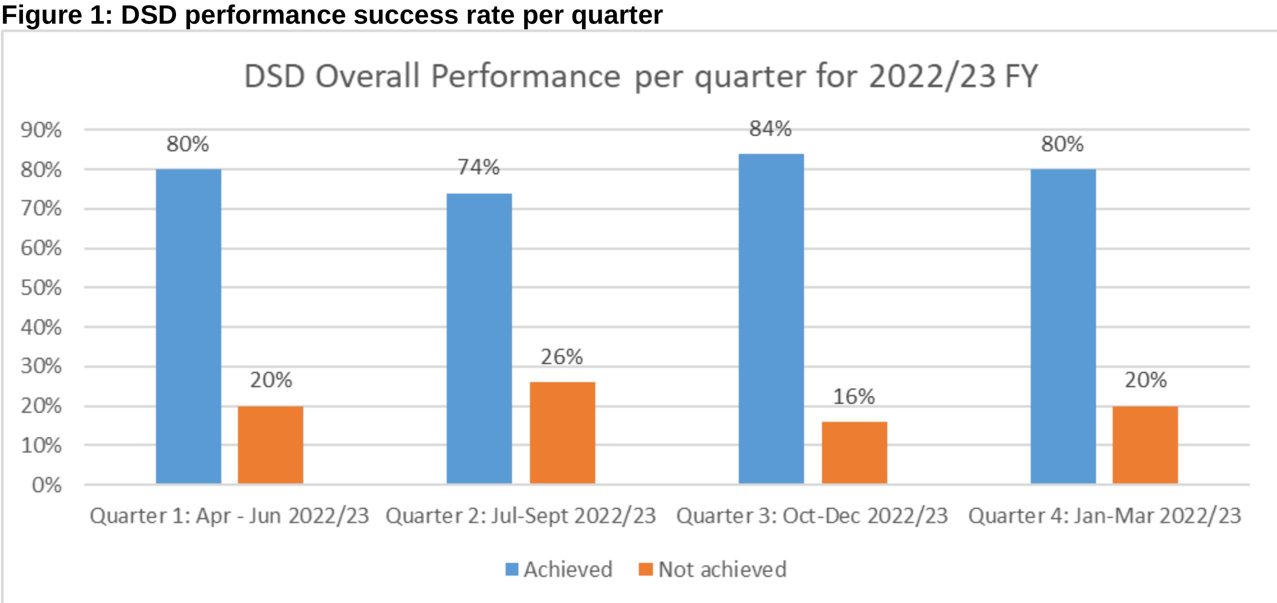
3.1 ANALYSIS OF FINANCIAL EXPENDITURE AND TARGETS ACHIEVED PER QUARTER FOR 2022/2023 FINANCIAL YEAR

The Committee received quarterly expenditure and non-financial performance report for the four quarters of the 2022/2023 financial year. Table 1 and Figure 1 below show the expenditure and performance reports of the Department per quarter.

Table 1: DSD Budget expenditure per quarter

Programme	Final Voted	Actual					% Spent	Available
		Apr – Jun 2022	July-Sept 2022	Oct-Dec 2022	Jan - Mar 2023	Total Spending		
		R'000	R'000	R'000	R'000	R'000		R'000
P1 :Administration	540,485	121,217	142,378	147,302	128,179	539,076	99.74%	1,409
P2: Social assistance	239,132,592	52,317,517	58,400,242	62,210,854	60,108,806	233,037,419	97.45%	6,095,173
P3: Social Security Policy And Administration	7,505,989	1,883,323	1,888,190	1,892,530	1,825,410	7,489,453	99.78%	16,536
P4: Welfare Services Policy Development And Implementation Support	313,492	50,841	76,408	82,069	85,938	295,255	94.18%	18,237
P5: Social Policy And Integrated Service Delivery	362,334	160,552	39,049	126,415	34,571	360,587	99.52%	1,747
TOTAL	247,854,892	54,533,450	60,546,266	64,459,170	62,182,903	241,721,790	97.53%	6,133,102
Economic Classification								
Current Payments	1,013,213	204,812	265,265	270,458	242,924	983,460	97.06%	29,753
Compensation of Employees	522,826	124,448	123,513	138,350	126,565	512,876	98.10%	9,950
Goods and Services	490,387	80,364	141,753	132,108	116,359	470,584	95.96%	19,803
Transfers and Subsidies	246,282,328	54,321,514	60,280,836	64,178,064	61,612,259	240,392,672	97.61%	5,889,656
Departmental agencies and accounts	7,634,853	2,000,384	1,872,202	1,961,972	1,800,295	7,634,853	100.00%	0
Foreign governments and international organisations	4,697	1,452	1,687	0	403	3,542	75.41%	1,155
Non-profit institutions	43,965	0	6,340	4,804	30,513	41,657	94.75%	2,308
Households	238,598,813	52,319,678	58,400,607	62,211,288	59,781,047	232,712,620	97.53%	5,886,193
Payments of Capital Assets	13,181	7,124	165	10,648	-8,727	9,210	69.87%	3,971
Payments of Financial Assets	546,170	0	0	0	336,448	336,448	61.60%	209,722
TOTAL	247,854,892	54,533,450	60,546,266	64,459,170	62,182,903	241,721,790	97.53%	6,133,102

Figure 1: DSD performance success rate per quarter



Quarterly financial and non-financial performance (April 2022- March 2023): as shown in Table 1 as at the end of the fourth quarter, the Department had spent R241.7 billion (97.5%) of its allocation. The Department thus incurred an under-expenditure of R6 billion for the 2022/23 financial year. The lower-than-expected expenditure was mainly due to the COVID-19 Social Relief of Distress (SRD) grant. This was due to lower than anticipated uptake of the grant following implementation of stringent income verification measures intended at improving targeting the poorest. A Second Adjustment Budget was tabled in March 2023 where an additional amount of R3.7 billion was declared a saving on the SRD R350 grant, which resulted to a total amount of R9.7 billion declared as saving on this grant for the 2022/23 financial year.

There was also an observed under expenditure of R1.5 billion in the Old Age Grant (OAG), and R647 million on the Child Support Grant (CSG) also due to lower than anticipated beneficiaries.

In terms of economic classification, R240.4 billion was spent on *Transfers and Subsidies* line item spent R240.4 billion, i.e., underspending of 2.4%. Expenditure on *Compensation of Employees (CoE)* reached R512.9 million, resulting in 1.9% less than what was allocated. Spending on *Goods and Services* was R470.6 million, i.e. 5.7% lower than what was budgeted for. The reasons for under-expenditure will be discussed under the each of the relevant programmes.

Programme 1 exceeded its allocation with 4.9%, whereas programmes 2, 3, 4, and 5 all incurred under expenditure. As was the case in the previous financial year (2021/22), *Programme* 4 is the lowest performing in terms of underspending. There was a slight improvement in spending for Programme 5, from 6.5% in 2021/22, to 0.5% in 2022/23.

Figure 1 illustrates non-financial performance of the Department for the four quarters. It had set itself a total of 65 annual targets across all five programmes for 2022/23 financial year. Quarters 1 and 4 had the highest performance, both achieving 80% success rate. However, some important targets were not achieved. These included:

- Submission of the Government Wide strategy on the employment of Social Service Professionals to Cabinet by the end of the fourth quarter 2022/23 financial year.
- Submission of the Non-for-Profit Amendment Bill, SASSA Amendment Bill and Victim Support Services Bill to Cabinet. The NPO Amendment Bill was subsequently withdrawn due to promulgation of the General Laws Amendment Act, 2022 which rendered the NPO Bill obsolete.
- Development of the Draft White Paper on Comprehensive Social Security.
- Submission of the draft Prevention of and Treatment for Substance Use Disorders Policy to Cabinet for approval to gazette for public comments.
- Submission of the reviewed Sustainable Livelihood Framework to Cabinet.

COMMITTEE OBSERVATIONS

Detailed Committee observations, deliberations and responses from the Department are contained in its reports on Section 32 reports (quarterly reports) on the non-financial and financial performance of the Department for 2022/2023 financial year. However, it is important to highlight some of the key observations it made that it was seriously concerned about and require urgent department’s action. They are as follows:

- The Committee noted with concern that there has been no progress made in the finalisation of Bills that were to be finalised in the current medium-term period (2019 -2024). It wanted to know when will the Department finalise these Bills as Parliament has a short period of time before it rises for the general elections.
- The Committee also noted that the Department reported that it met its target of quarterly implementing its Entity Oversight Framework with its entities. It was however concerned that service delivery challenges, such as overcrowding at SASSA offices, lack of queue management, impact of loadshedding, challenges with South African Post Office and Postbank, continue to plague SASSA.
- It also wanted to know the reason behind the slow uptake of the SRD grant. The R9.7 billion saved on this grant was worrisome in the country where even though there are very high levels of appeals not finalised, and payments not made even though applications were approved.
- It also noted with concern the high number of NPOs that are non-compliant and wanted to know besides the training given to NPOs, does the Department have a programme that assists NPOs to comply with the NPO Act requirements? What are the reasons that complying NPOs are not funded?

- It also noted with concern the delay in the establishment of the Inspectorate for Social Assistance. The President signed the Social Assistance Amendment Bill in December 2020, which legislates the establishment of the Inspectorate.

3.2 OVERSIGHT OVER KEY PRIORITY AREAS

The oversight work of the Committee also included conducting oversight on the interventions made by the Department of Social Development (DSD) and the Department of Justice and Constitutional Development (DoJCD) on the protection of children against child targeted violence. It also conducted oversight on the protection of the rights of people with disabilities by the Department of Women, Youth and People with Disabilities (DWYPD), the Department of Basic Education (DBE) and DSD. The Committee also conducted oversight on SASSA's status report of social grants payment.

The following issues emerged from the aforementioned oversight work (detailed presentations and minutes on deliberations can be obtained from the Committee Secretariat):

- **Child protection:** according to the South African Police Service (SAPS) third quarter (2022/2023 FY) crime statistics, there was an increase in serious assault against children (i.e., attempted murder and assault grievous bodily harm) in 2022 compared to 2021, 6 410 and 5 303, respectively.

  DSD implements child protection interventions in response to Pillar 4 of the National Strategic Plan on Gender Based Violence and Femicide. It developed and is implementing an Intersectoral Protocol on the Management of Child Abuse, Neglect and Exploitation. It is also implementing family preservation programmes, alternative care services, social and behaviour change (SBC) programmes, Rock Leadership Programme for Traditional Leaders, Men Championing Change Programme and Boys Championing Change Programme.

  DoJCD is implementing three key GBV legislation that enhance child protection, namely, the Domestic Violence Amendment Act (No. 14 of 2021), Criminal and Related Matters Amendment Act (No.12 of 2021) and the Criminal Law (Sexual Offences) and Related Matters Act (No.32 of 2007). It also runs specialized children's courts and sexual offences courts. Most importantly, it was reported that the Integrated Case Management System (ICMS) does not have data metrics for child victims, and this is a lacuna that is being addressed. ICMS is a national repository of cases captured from lower courts, mainly to monitor the life cycle of each case and determine the effectiveness of the justice system. To address this, the Department was finalising a Femicide Watch Dashboard, which is a national repository for GBV – related femicide cases including child femicide cases.

  The Committee raised several issues in relation to child protection. These included, lack of information on where shelters can be accessed, a need for a toll free number that will guide people where they can access requisite services, there is a looming crisis of child trafficking, particularly of new born babies on social media platforms such as Facebook, concern over taxi industry holding schools, ECD centres, scholar transport hostage because they want to take over the transport routes, safety of school children on the streets, status on and financial support of safety parents, tracking of reports of child abuse and neglect filed by ECD principals, educators accused of child abuse but still working and a proposal for a whistle blower hotline for child abusers. It also raised a concern of departments working in silos and this has exacerbated social ills.

  The Committee also raised several issues regarding the visibility of the SBC programmes**.** They included lack of knowledge of these programmes in communities, whether they involve both boys and girls? The reason why NPOs in the Western Cape province were not funded to implement these programmes? The statistics reported by both departments on child targeted violence painted a different picture to the reported impact of these programmes. The extent to which DSD programmes reach families that need these services, how are children in need of protection and safe parents identified? To what extent are ward committees included in the SBC programmes? Child protection programmes are implemented but the impact is not felt on the ground as children and women are still not safe. There is a serious need for education campaigns (roadshows) on these programmes.

  The Committee also raised a concern over the low conviction rates on child abuse cases and the high number of these cases withdrawn. It also raised a serious concern over the high number of cases where perpetrators who are out of bail commit serious violence and murder against children. It was equally concerned about cases where perpetrators who are released on bail, putting the lives of children at risk.

- **Protection of the rights of people with disabilities:** the role of DWYPD is to provide oversight, monitoring, coordination, and advocacy guided by the White Paper on the Rights of People with Disabilities (WPRPD), which domesticates the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) in the entire public service. DSD working together with other government departments provide services to people with disabilities.

The two departments (DSD and DWYPD) underscored the critical gap created by the absence of the overarching legislation governing services to people with disabilities. This is an important legislative gap that needs to be urgently addressed by a responsible department.

In the absence of this legislation, DSD drafted a Policy on Social Development Services to Persons with Disabilities, which was at the time of reporting being gazetted for public comments. It has been developed for implementation, monitoring, evaluation and reporting on the following two strategic objectives namely, persons with disabilities continually receiving disability specific social development services, as well as disability mainstreaming in all Departmental service interventions. It has been developed to enable the DSD portfolio — consisting of the Department, the South African Social Security Agency (SASSA), the National Development Agency (NDA) and the provincial departments of Social Development — to qualitatively improve the services that the portfolio is implementing together with and for South Africa's Persons with Disabilities.

DWYPD champions the implementation of the WPRPD. Also, through the Chief Directorate: Programme Governance and Compliance it focuses on promoting disability rights inclusion and disability responsive budgeting, planning, research, reporting, monitoring and evaluation. The Sub-Programme: Governance and Compliance (RPD) is the national disability rights coordination mechanism of government and sets the agenda for disability rights in South Africa. It is responsible for coordinating and compiling national, regional and international reports on treaty and policy obligations. Particular focus is also given to disability inclusion and monitoring and evaluation on progressive realisation and impact of the implementation of national and international law and policy. It plays an integral role in disability inclusive research.

DWYPD emphasized that inclusion of disability is highly affected by lack of specific disability legislation to enforce compliance and reporting. Without disability inclusive planning and implementation, it is challenging to bring about socio-economic transformation of persons with disabilities.

Other challenges faced by the Sub-Programme include lack of compliance with reporting requirements by reporting institutions and lack of enforcement of monitoring and evaluation of disability rights instruments. This instrument is critical to identify gaps that exist, develop of theories of change, and propose interventions and solutions.
The analysis conducted by DWYPD on the departmental annual performance plans (APP) showed that many departments are still not including disability into their planning, budgeting, auditing, monitoring and evaluation programmes. This trend has a negative impact on the lives of persons with disabilities. It also evidence that stakeholder management and departments do not have dedicated Disability Rights focal persons and therefore do not plan, nor budget for disability inclusiveness in programmes of departments. Most departments do not implement the reasonable accommodation policy of government nor develop department specific reasonable accommodation policies.
DBE implements Goal 26 of the Action Plan to 2019: Towards the Realisation of Schooling 2030, which obligates it to increase the number of schools that effectively implement inclusive education policy and have access to centres that offer specialist services. Some of the department's policy obligations are to convert special schools to resource centres to provide professional support neighbouring schools, conduct the screening, identification, assessment and provide support to all learners who require additional support, mobilise out of school children and youth with disabilities, designate, convert and resource approximately 500 out of 20 000 primary schools to full service schools, establish a district based support teams to provide a coordinated professionals support service and ensure that learning difficulties are not only perceived residing with a learner but also within various parts of the system. The Department is also then implementing the Policy on Screening, Identification, Assessment and Support (SIAS). The policy provides for the standardization of the procedures to identify, assess and provide programmes for all learners who require additional support. The department has also prioritized the improvement of teacher competencies and qualifications in specialized areas, such as Braille, South African Sign Language and Autism.

The Committee emphasized the need for awareness campaigns on Autism as there is a lack of understanding by communities and families. Many of the children with Autism are not attending school and this is depriving them of their basic rights. It also raised a serious concern regarding the accessibility of scholar transport as children go for months without it. It advised the DBE to look into this matter because children with special needs end up attending mainstream schools because schools for children with special needs are not accessible and not available in many towns.

- **SASSA's report of social grants payment:** the Committee invited SASSA to account for the reasons that led to non-payment of social grants between October – December 2022. Minister Zulu, SASSA, and Postbank attributed that to the transition of the social grant payment system from the South African Post Office (SAPO) to Postbank following the cessation of the SASSA/SAPO Master Service Agreement. The new contractual agreement with Postbank came into effect on 1 October 2022. With the takeover, Postbank experienced connectivity or network challenges during payment runs, that led to failed transactions at ATM and points of sale (POS) for on some days. Most of these challenges had since been resolved at the time of reporting.

  The problem was further compounded by the decision taken in October 2022 by SAPO to discontinue the use of the IGPS BIO pay system across SAPO outlets which led to Postbank switching over all grants payments to the Postilion switch, to allow beneficiaries to still withdraw at the branches. This happened when the bank was in process of migration to EMV compliant switch and unfortunately this had a negative impact on the financial switching processes.

  The Committee raised a serious concern over the lack of communication by SASSA and Postbank to both the public (beneficiaries) and to the Committee over the termination of the payment contract with SAPO and subsequent move to Postbank. This resulted to a lot of disruptions to the payment of grants. It was quiet embarrassing for Members of Parliament not being able to help beneficiaries who reached out to them for assistance. It sought assurance that Postbank will not disappoint South Africans just as SAPO did by closing branches and terminating payment contract.

  Postbank reported that it re-channelled beneficiaries to other merchants. It has also migrated all the beneficiaries to a more secure system. It will also implement a system where beneficiaries will liaise directly with Postbank and not via SAPO. It has also on boarded IT security experts and has implemented control measures to secure the systems. The operational challenges at SAPO are the biggest risk for Postbank which is trying to manage. Work was continuing for Postbank to take over some of the SAPO branches especially those that have more Postbank presence.

- **Oversight on the implementation of the Auditor-General's (AG) audit findings:** On 13 September 2023, the Committee received progress reports from the Department and its entities on the implementation of the AG's audit findings. The Department reported that it resolved 43 out of 51 audit findings. The findings that were not resolved mainly related to the weaknesses identified in the administration of the Social Relief of Distress Grant (SRD, R350 grant), reconstruction of the debtor files that were lost in the 2021 fire in KwaZulu-Natal region, the SOCPEN not validating marital status of applicants, possible fraud in the testing of expenditure and non-compliance with IIA Standards 1312.

  SASSA reported that it resolved 73 out of 83 audit findings. Unresolved findings related to consequence management on fruitless and wasteful expenditure, non-submission of relevant documents pertaining to the 2020/2021 financial year to the B-BBEE Commission within 30 days, burned debtor files and inconsistencies in construal penalties. The NDA reported that it resolved all 13 audit findings.

  The deliberations focused on the non-payment of the old age grant and disability grant between 5 and 6 September 2023. SASSA reported that this was yet again due to the technical glitch in the Postbank payment system that affected ATMs and retailers, resulting in failed withdrawals. The technical glitch was a result of a system upgrade Postbank introduced to provide a better service.

  Members of the Committee expressed their serious concerns about these system challenges that were happening for the second time within a year. They affected the most vulnerable population of the country, the elderly, and people with disabilities. It resolved that there should be a joint meeting with the Portfolio Committee on Communication and Digital Technologies wherein SASSA, DSD and the Department of Communication and Digital Technologies will brief the committees on the status of social grants payments by Postbank. It was also proposed that the South African Banking Association should be invited.

3.3 Key issues that emanated from the Committee oversight work

The following key issues will need further oversight by the in-coming committee in the 7th administration:

- Oversight into the impact of the Social and Behaviour Change programmes.
- Finalisation of the Femicide Watch Dashboard by the Department of Justice and Constitutional Development as it is a key instrument in the reporting of the GBV related cases in the country.
- Oversight on the implementation of the Intersectoral Protocol on the Management of Child Abuse, Neglect and Exploitation.
- Drafting of the overarching legislation governing services to people with disabilities by the mandated department.
- Mainstreaming of disability by the social development portfolio in its planning, budgeting, auditing, monitoring and evaluation programmes.
- Compliance by the social development portfolio on the reporting requirements on disability.
- Enforcement of monitoring and evaluation of disability rights instruments by the social development portfolio.

4. AUDITOR – GENERAL SOUTH AFRICA (AGSA) FINDINGS FOR 2022/2023

In general, AGSA found that the audit outcomes for the social development portfolio have improved from the previous year due to the Department of Social Development (DSD) and the National Development Agency (NDA) receiving clean audits, compared to the previous year where they had findings on either performance information or compliance with legislation. The South African Social Security Agency (SASSA) and the funds audit outcomes remained consistent with those from the previous year with SASSA obtaining an unqualified opinion with findings on compliance with legislation and audit of performance information while the funds obtained clean audits.

Audit findings for the social development portfolio

Underspending

The department spent 97,5% of the budgeted social assistance (grants). The total underspending on SRD grants amounted to R4,3 billion. The main reason for the underspending was due to low uptake of the R350 Social Relief of Distress grant following the lower income threshold and bank verification of applicants' income. The benefits administration and support programme administered by SASSA manages the full function of grant administration from application to approval, as well as beneficiary maintenance. SASSA does not have a process to record and track grant enquiries from the public, as a result they could not accurately report resolved/unresolved cases. The following deficiencies were further noted relating to the grant payments and administration at SASSAs:

- Payments made to ineligible applicants.
- Under-/overpayment of foster care grants.
- Inadequate means test conducted.
- Some beneficiaries could not be located during physical verifications.
- Disability grant fraud

The root cause of these deficiencies was inadequate oversight on the grants administration and payments done by SASSA. AGSA recommended that a detailed assessment and a root cause analysis should be conducted by SASSA and DSD to determine the factors that caused the findings on the grants. SASSA should implement appropriate actions to resolve the grant controls weaknesses identified. Internal audit should be used effectively to provide independent assurance on effectiveness of controls**.**

Material Irregularities (MIs)

Previously reported MIs

SASSA made progress in addressing MIs that were previously reported. The following progress was reported:

- **Payment of social assistance fees for services not rendered – R74 million (in progress)** - The final investigation report was submitted to the accounting authority on 13 April 2023, and it confirmed that disciplinary actions can be taken against officials still employed by the entity. The accounting authority has started disciplinary steps against implicated officials. A presiding officer was appointed in July 2023 to chair the disciplinary process. The disciplinary hearing was held on 20 and 21 September 2023 and the process is not yet finalised. The liquidation process to recover the overpayment from the service provider is still in progress.

- **SRD Grant payments made to ineligible applicants (in progress) –** actions were taken to address this material irregularity are still in progress. The accounting authority is committed to taking reasonable steps to implement recommendations, which should be implemented by 25 October 2023.

- **Overpayment of R316 million to the service provider (resolved)** - the final investigation report was submitted to the accounting authority on 12 December 2022. The investigation and legal opinion found that the previous officials cannot be held responsible for the overpayment because the prescription period has lapsed. The liquidation process to recover the overpayment from the service provider is still in progress.

New MIs at SASSA

- **Alleged fraudulent social grant payments (resolved) -** an investigation was conducted by the entity's fraud management and compliance unit. The report identified the two officials that were involved in the processing and approval of the 87 alleged fraudulent transactions amounting to R1 823 758,09 without valid documents and attestation of the beneficiaries. Subsequently, a criminal case was opened at Qonce police station in terms of Sec 300 of the Criminal Procedure Act: Qonce SAPS CAS 237/04/2021 against these two officials. Both these employees were dismissed by SASSA for other issues. One subsequently passed away. The entity has taken all appropriate steps to resolve the MI as follows:

    - The matter was investigated internally and subsequently handed over to SAPS.
    - Obtained a legal opinion regarding possible recovery against officials involved.
    - The officials had been dismissed for other instances of misconduct.

- **Award to incorrect supplier (in progress) -** by the date of the auditor's report, AGSA had not yet completed the process of evaluating the response from the accounting authority. This material irregularity will be included in next year's auditor's report.

AGSA made the following observations from SASSA's MI process:

- The entity withheld/ recovered R144,8 million electronically from alleged overpayments once those identified previously of not being entitled became eligible for the R350 SRD grant.
- MoUs signed with the commercial banks to perform monthly means tests for all the applicants before the SRD grant is paid to beneficiaries to prevent double dipping and payments to ineligible beneficiaries.
- SASSA investigated through the service provider appointed by National Treasury on the matters (R316 million MI and R74 million MI) affecting the previous service provider for the payment of social assistance grants and disciplinary process is currently on-going for one Sassa employee on the R74 million.

New MIs at DSD

- **Assets acquired at prices higher than market value (in progress) -** DSD acquired Assets at prices higher than market value. This contravened section 45(b) of the Public Finance Management Act (PFMA) and resulted in a financial loss of R1 2 million. The accounting officer plans to take appropriate steps based on the outcome of this investigation. AGSA reported that DSD has indicated that a private firm was appointed to investigate the possible fraud and corruption and will be providing full assessment of internal control deficiencies within the supply chain management environment and proposals on controls to be implemented to circumvent similar findings. AGSA indicated that they will follow up on the investigation and implementation of the planned actions during their next audit.

Financial health

DSD's accruals that aged longer than 30 days increased from 2021/22 or last year's 75.3% to 99.7% in the current year (2022/23), due to the payment of the R350 grants after year-end. Additionally, the year-end balance was in overdraft at DSD. AGSA indicated that DSD's cash shortfall will not impact negatively in settling of future obligations as it is due to unauthorised expenditure of over R15 billion emanating from the prior years which has not yet been cleared (awaiting SCOPA approval).

SASSA recorded a debt collection period of 72 days (over the creditor payment period of 30 days) for the financial year while the debtors' impairment provision as percentage of accounts receivable is 98%. IT recorded 64 days average payment of creditors because of penalties charged whereby there was still discussions with the service provider, until matter is resolved the amounts not paid are included as part of the creditors.

The NDA ended the year in deficit (expenditure more than revenue). It incurred a deficit of R23 844 645 in the current year, however, the deficit does not mean that the entity exceeded its budget as the deficit includes non-cash items. There were also funds from the prior year's surplus which were retained after approval was sought from the National Treasury to fund expenditure that was disclosed as commitments in the prior year. Thus, there was no concern noted in this regard.

Procurement and payments

DSD had *uncompetitive and unfair procurement processes* in 2022/23 financial year. Additionally, Preference point system and criteria were not applied by DSD.

Irregular expenditure

The closing balance decreased from R1 090 billion in 2021/2022 to R462 622 billion in 2022/2023 financial year. Fifty-six percent (56%) of irregular expenditure was condoned. A substantial portion of old cases of irregular expenditure were finalized through condonations, clearance from irregular expenditure and removal by the accounting authority in line with the requirements of PFMA Compliance and Reporting Framework of 2022-23. Forty-four percent (44%) of irregular expenditure was not dealt with. The main contributor to irregular expenditure not dealt with was reported at SASSA at R424 million, being 95% of R444 million irregular expenditure. The main contributors of R424 million are two big cases involving R281 million Integrated Community Registration Outreach Programme (ICROP) investigation still in progress, including the Public Protector investigation into the matter and the R12 million communication contract in process of requesting condonation from National Treasury.

For the year under review, the social development portfolio in total incurred an irregular expenditure of R39 288 320:

DSD

An irregular expenditure of R18 239 million was incurred due to non-compliance with supply chain management policies and procedures. Written quotations were not submitted, price reasonability, overpayment and goods and services were not procured through a competitive bidding process. Payments made on expired transversal contract.

SASSA

SASSA incurred an irregular expenditure of R20 814 047 due to lack of adequate review, monitoring and implementation of supply chain management policies and compliance with relevant legislation. Most of the irregular expenditure resulted from expired lease contracts still in use.

NDA

The Agency incurred an irregular expenditure of R335 273 as a result of contravention of supply chain management legislation. The procurement process followed to award the bid was not fair and transparent resulting in the procurement process compromising one or more pillars of section 217 of the Constitution.

4.1 Recommendations to the Portfolio Committee

AGSA made the following recommendations to the Committee:

- It closely monitors the MIs identified to ensure that they are adequately addressed.
- It follows up on the progress of the development and implementation of an action plan to prevent re-occurrence.
- It oversees the filling of key vacancies at DSD and NDA.
- It continues to actively engage with all role players within the accountability ecosystem to ensure that appropriate measures are implemented to resolve the MIs and repeat audit findings.
- It utilises the preventative control guides as developed by the AGSA to assist other oversight functions and to ask relevant questions during their oversight roles.

4.2 Committee observations on AGSA report

- **Clean audit outcome:** The Committee welcomed the clean audit outcome the DSD and the NDA received. It noted the improvements on audit findings from 2019/2020 to 2022/2023 financial years. It was however concerned about repeat audit findings, namely, inadequate oversight by DSD over SASSA, slow response of management to address weaknesses, payment of social grants to ineligible beneficiaries, invalid lease contracts. It wanted to know what actions can be taken to ensure that these repeat findings do not occur again. It also wanted to know how many times can AGSA make repeat findings before an intervention can be done.

AGSA reported that there has been an improvement in audit findings, especially on newly onboarded social grant beneficiaries. The audit findings have been on old grant beneficiaries because of the weaknesses that were identified in the processing of their grant payments, such as the means test not conducted properly. Repeat findings are a concern especially within the grant administration, hence AGSA recommended that DSD and SASSA should conduct a detailed analysis on the root causes of the weakness (findings) by reviewing the existing policies, procedures, and improve controls and their implementation.

- **R6 billion savings:** The Committee raised a concern about the R6 billion that was returned to the National Treasury when the country has high levels of poverty.
- **Effectiveness of AGSA enforcement powers:** With the repeat findings, the Committee sought clarity on how effective AGSA enforcement is.

AGSA explained that according to Public Audit Amendment Act (No. 5 of 2018) not all expenditure qualifies as Material Irregular expenditure because there was not financial loss incurred by the institution. It then identifies such irregular expenditure and communicates it to Accounting Authorities (AAs) concerned for them to act make regular follow-up on the actions taken by AAs. Hence, it can determine the outcomes of the investigations. It also makes follow-up on the cases forwarded to SAPS and Commission for Conciliation, Mediation and Arbitration (CCMA) for further investigations and at times it identifies deficiencies and provides advise to AAs accordingly.

- **Expenditure vs impact:** The Committee wanted to know the possibility of AGSA to conduct audit and reporting on the expenditure and the impact realized.

AGSA indicated that this can be considered for the current financial year (2023/2024) but noted that most of the expenditure of the department is at provincial level. It will discuss this in its upcoming planning process.

- **Change in client reporting framework:** The Committee sought clarity on the reasons on the changes in the client reporting framework. The AGSA explained that this was decision taken by National Treasury.
- **Consequence management:** The Committee raised a concern that the amount of R1.8 million incurred for fraudulent activity at SASSA office in Eastern Cape will not be recoverable from the implicated official. This seems to go against consequence management both the Committee and AGSA have been calling for. It also wanted to know if there was any consequence management imposed to SASSA officials who were implicated in the MI of R74 million and R316 million.

AGSA explained that officials involved in the R316 million were no longer employed by SASSA. There was only one official who was implicated in the R74 million MI and disciplinary action has been instituted on him/her. Regarding the R1.8 million fraud, AGSA explained that the matter was handled by SASSA, SAPS and the NPA. The NPA decided that there was no prospect of recovery because of the time that has lapsed. Hence AGSA has recommended that investigations should be conducted as soon as cases are reported. SASSA had also received a legal opinion that would be more costly for it to recover the funds and it (AGSA) was happy with the legal opinion.

- **Record keeping for officials implicated in financial misconduct:** The Committee raised a concern that officials implicated in financial misconduct evade investigations by resigning and find employment in another organ of state. It wanted to know who is responsible for keeping a record of these officials. Is there a legislative provision that can be used to prevent this?
  - **Database:** Out of the five (5) MI identified by AGSA, with regard to SRD grant beneficiaries, which database SASSA used vs to the one used by AGSA. This is because SASSA had earlier reported that AGSA made a finding on the database not used by SASSA.

AGSA explained that previously it used a different data it obtained a month that SASSA made payments when SASSA had used a data from previous two months. Even so it did identify ineligible beneficiaries. With the current audit period it used the data from the same months SASSA made payments. In overall, with the improved means test in the SRD grant there has been an improvement in the elimination of ineligible beneficiaries.

5. DEPARTMENT OF SOCIAL DEVELOPMENT

The core mandate of the Department of Social Development (DSD) originates from the Constitution of the Republic of South Africa, 1996, as well as the White Paper on Welfare (1998) and other applicable legislation. Section 27(1) (c) of the Constitution provides for the right of access to appropriate social assistance to those unable to support themselves and their dependents. Section 28(1) sets out the rights of children regarding, among others, appropriate care, basic nutrition, shelter, healthcare and social services. Furthermore, Schedule 4 of the Constitution identifies welfare services, population development and disaster management as functional areas of concurrent national and provincial legislative competence.

The Department executes its mandate and performance in line with guided the National Development Plan (NDP), Medium Term Strategic Framework (MTSF), State of Nation Address (SONA) and sector plans.

The South African social development sector delivers its services in an environment marked by high levels of poverty, unemployment and inequality. However, the Department continues to lead government efforts to forge partnerships through which vulnerable individuals, groups and communities can become capable and self-reliant participants. The United Nations (UN) defines self-reliance as the social and economic ability of an individual, a household or a community to meet essential needs (including protection, food, water, shelter, personal safety, health and education) in a sustainable manner and with dignity. It further states that self-reliance, as a programme approach, refers to developing and strengthening livelihoods of persons of concern, and reducing their vulnerability and long-term reliance on humanitarian/external assistance.

5.1 DSD POLICY PRIORITIES ALIGNMENT WITH OTHER FRAMEWORKS

In executing its mandates, government departments and entities are guided the NDP, MTSF, State of the Nation (SONA) and sector plans. The Department contributes to the following priorities of the MTSF 2019-2024:

- Priority 1: A capable, ethical and developmental state underpins;
- Priority 2: Education, Skills and Health;
- Priority 4: Consolidating the Social Wage through Reliable and Quality Basic Services;
- Priority 5: Spatial Integration, Human Settlements and Local Government.

National Development Plan (NDP)

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

- Protective measures to save lives and reduce levels of deprivation;
- Preventative measures which help people to avoid falling deeper into poverty and reduce their vulnerability;
- Promotive measures which enhance the capabilities of individuals, 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, promoting local economic development.

State of the Nation Address, February 2022

The February 2022 SONA outlined the following policy objectives in the area of social development:

Policy objectives	Explanatory notes
Ending gender-based violence (GBV)	Government committed to intensifying the fight against gender-based violence and femicide through implementation of the National Strategic Plan on gender-based violence and femicide (GBVF) and other measures to promote the empowerment of women.
Social security	A need to improve payment systems and sustainability of the Social Relief of Distress grant
Job creation	Expanding Public and Private Employment: Social Employment Fund would 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.

5.2 OVERVIEW OF THE ANNUAL FINANCIAL AND NON-FINANCIAL PERFORMANCE OF THE DEPARTMENT OF SOCIAL DEVELOPMENT FOR 2022/2023 FINANCIAL YEAR

5.2.1 Financial Performance

Table 2: Expenditure per programme, 2022/2023 vs 2021/2022

Programme	Voted	Actual					% Spent	Available
		Apr – Jun 2022	July-Sept 2022	Oct-Dec 2022	Jan - Mar 2023	Total Spending		
		R'000	R'000	R'000	R'000	R'000		R'000
P1 :Administration	540,485	121,217	142,378	147,302	128,179	539,076	99.74%	1,409
P2: Social assistance	239,132,592	52,317,517	58,400,242	62,210,854	60,108,806	233,037,419	97.45%	6,095,173
P3: Social Security Policy And Administration	7,505,989	1,883,323	1,888,190	1,892,530	1,825,484	7,489,527	99.78%	16,462
P4: Welfare Services Policy Development And Implementation Support	313,492	50,841	76,408	82,069	85,938	295,255	94.18%	18,237
P5: Social Policy And Integrated Service Delivery	362,334	160,552	39,049	126,415	34,571	360,587	99.52%	1,747
TOTAL	**247,854,892**	**54,533,450**	**60,546,266**	**64,459,170**	**62,182,977**	**241,721,864**	**97.53%**	**6,133,028**
Economic Classification								
Current Payments	**1,013,136**	**204,812**	**265,265**	**270,458**	**242,921**	**983,457**	**97.07%**	**29,679**
Compensation of Employees	522,826	124,448	123,513	138,350	126,564	512,875	98.10%	9,951
Goods and Services	490,310	80,364	141,753	132,108	116,357	470,582	95.98%	19,728
Transfers and Subsidies	**246,282,328**	**54,321,514**	**60,280,836**	**64,178,064**	**61,940,537**	**240,720,950**	**97.74%**	**5,561,378**
Departmental agencies and accounts	7,634,853	2,000,384	1,872,202	1,961,972	1,800,295	7,634,853	100.00%	0
Foreign governments and international organisations	4,697	1,452	1,687	0	403	3,542	75.41%	1,155
Non-profit institutions	43,965	0	6,340	4,804	30,513	41,657	94.75%	2,308
Households	238,598,813	52,319,678	58,400,607	62,211,288	60,109,325	233,040,898	97.67%	5,557,915
Payments of Capital Assets	**13,181**	**7,124**	**165**	**10,648**	**-8,727**	**9,210**	**69.87%**	**3,971**
Payments of Financial Assets	**546,247**	**0**	**0**	**0**	**8,247**	**8,247**		**538,000**
TOTAL	**247,854,892**	**54,533,450**	**60,546,266**	**64,459,170**	**62,182,977**	**241,721,864**	**97.53%**	**6,133,028**

The DSD was allocated an adjustment budget of R247 854 892 billion in 2022/23. It spent 97.53% (R241 721 864 billion) of its allocated budget. It incurred an underspending of R6.133 billion from its revised allocated budget. This is much higher compared to an underspending of R1.86 billion in 2021/2022. Out of the R6. 133 billion, the Social Relief of Distress Grant (SRD grant) accounts for the saving of R4. 308 billion.

On the same grant, the department overspent by R15 billion in 2019/2020. This was when the grant was initiated, and the department had no budget to pay the grant it as it at the end of the financial year. National Treasury authorised the Department to pay it from the overdraft. This is the expenditure that is yet to be approved by the Standing Committee on Public Accounts.

Virements

Virements is the process of moving money from one financial account or part of a budget (a plan for how the money will be spent) to a different one. At the close of the 2022/23 financial year, the DSD made the following virements:

Programme 1 – Administration: R26.816 million

R26.816 million was approved to be shifted from Programme 3 to Programme 1 to fund the increased expenditure related to the personnel costs as a result of misalignment of the budget structure, prior year accrual expenditure as a result of increased expenditure related to the payment of the of the Telkom Toll-Free line as well as centralized payment of the IT refresh in the procurement of laptops for social development employees.

Programme 3 – Social Security Policy and Administration: R26.816 million

An amount of R26,816 million was approved to be shifted from Programme 3 to Programme Administration for increased spending programmes during the 2022/23 financial year.

Unauthorised, fruitless and wasteful expenditure Reasons for Irregular Expenditure and Unauthorised Expenditure.

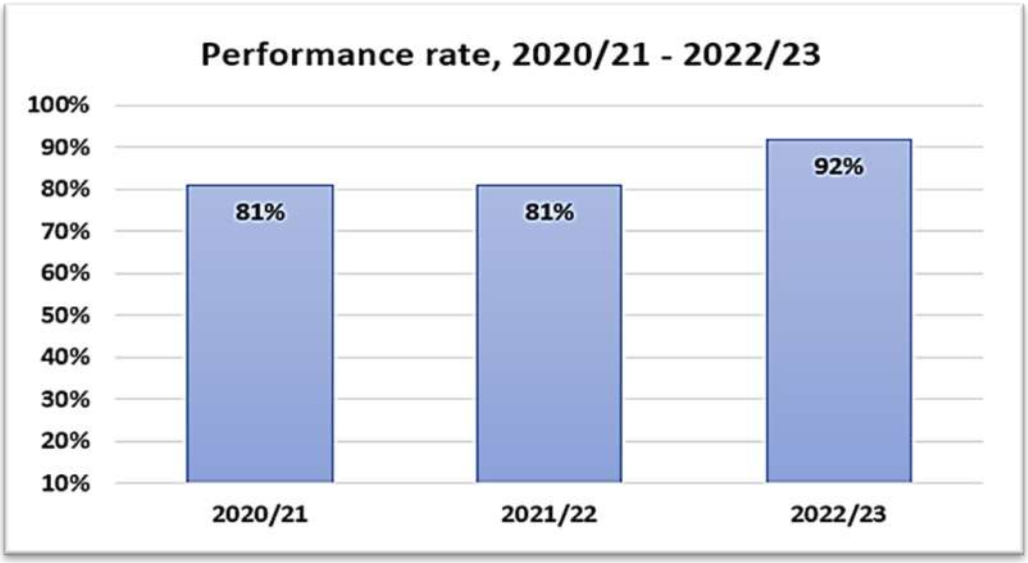
- Non-compliance with the Public Finance Management Act, Act 1 of 1999.
- Supply Chain Management processes were not followed.

Reasons for Fruitless and Wasteful Expenditure

- Damages to hired vehicles
- Hotel no-show

5.2.2 Overview of target performance

Figure 1: Performance rate over three years



For 2022/23, the DSD managed to achieve 85. of its planned targets. It had set to achieve 67 targets in 2022/23 but managed to achieve 57. This is a progression compared to the 81% performance rate in 2020/21 and 2021/22. This is an indication that the department is starting to improve on its performance. However, there is room for improvement as there is still no corelation between financial spending and DSD target performance.

The Department decreased its targets from 67 targets in 2021/22 to 65 in 2022/23 financial year. This decision was based on its newly adopted mantra which is to "build cohesive, resilient families and communities by investing in people to reduce poverty and vulnerability and create sustainable livelihoods". The DSD has shifted its focus on measuring the impact and the difference it makes to the lives of those it serves to promoting evidence-based planning, research and an impact agenda, which enables it to quantify investments and thereby promote social accountability.

Programme 1: Administration

The objective of this programme is to provide leadership, management and support service to the Department and the social development sector.

Table 3: Programme 1: Administration

Total targets set in Annual Performance Plan (APP)	14
Total targets in Annual Report	14
Targets achieved in Annual Report	11
Targets not achieved	6
Performance success rate	78.5%
Total budget spent	R 539.8 million
Financial expenditure rate	99.7%

The Department spent R539.08 million, which is 99.7% of the final budget of R 540.5 million. It set itself 14 targets, of which it achieved a total of 11. In terms of thematic area, targets not achieved relate to drafting the relevant policy frameworks or draft legislation to be tabled to Cabinet. These are:

- **Government Wide Strategy on the Employment of Social Service Professionals** not submitted to Cabinet was due to external dependencies.
- **SASSA Amendment Bill** was not submitted to Cabinet, since by the end of the financial year, it still with the Office of the Chief State Law Adviser for preliminary opinion.

- **Victim Support Services Bill** was not submitted to Cabinet, since by end of financial year it was still in process of being considered by NEDLAC.
- **Non-Profit Organisation (NPO) Amendment Bill** not tabled at Cabinet. It was withdrawn due to promulgation of the General Laws Amendment Act, 2022, which rendered the NPO Bill obsolete. *The Department developed Regulations to replace the Bill.*

Programme 2: Social Assistance

This programme provides social assistance to eligible beneficiaries in terms of the Social Assistance Act 13 of 2004, and its regulations.

Table 4: Programme 2: Social Assistance

Total targets set in Annual Performance Plan (APP)	1
Total targets in Annual Report	1
Targets achieved in Annual Report	0
Targets not achieved	1
Performance success rate	0%
Total budget spent	R 233.1 billion
Financial expenditure rate	97.5%

The Social Assistance programme did not achieve its target to transfer R248 billion to eligible beneficiaries. Instead, transfers totalled R239 billion. This deviation was due to an amount of R6 billion that was declared a saving on the SRD R350 grant during the 2022, as reported earlier in the report.

Programme 3: Social Security Policy and Administration

This programme is responsible for the provision of social security policy development, administrative justice of social grants, and the reduction of incorrect benefits payments.

Table 5: Programme 3: Social Security Policy and Administration

Total targets set Annual Performance Plan (APP)	8
Total targets in Annual Report	**8**
Targets achieved in Annual Report	6
Targets not achieved	2
Performance success rate	75%
Total budget spent	R7.5 billion
Financial expenditure rate	99.8%

The 75% target rate achievement should be viewed within the context of DSD having spent 99.8% of its allocated budget. DSD achieved its target of developing a consultations Report on the draft Policy on Integrating Children's Grants Beneficiaries with Government Services. A Consultations report on the draft Policy on Maternal Support for Vulnerable Pregnant Women and Children was developed for 2022/23 financial year.

The draft White Paper on Comprehensive Social Security was not developed. Further instead of the 70% target for adjudicating of appeals within 90 days of receipt, the Department managed 57.3% of appeals within the required timeframe. Failure to meet the target is attributed higher volumes due to the amendment to the Social Assistance Act which allows direct access to lodge appeals with the Independent Tribunal, and delays in the finalisation of appointment processes of new members to serve on the Tribunal.

Programme 4: Welfare Services Policy Development and Implementation

The aim 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 the provision of support to the implementation agencies.

Table 6: Programme 4: Welfare Services Policy Development and Implementation

Total targets set in Annual Performance Plan (APP)	24
Total targets in Annual Report	24
Targets achieved in Annual Report	23
Targets not achieved	1
Performance success rate	95.8%
Total budget spent	R2.95 billion
Financial expenditure rate	94.2%

A total of 94.2% of the programme allocation was spent. The Department reported on all 24 targets set in the 2022/23 APP. Out of a total of 24 stated targets, 23 targets were achieved – resulting in 95.8% success rate.

The target not achieved, was linked to actual performance requiring submission to, or approval from Cabinet. The Draft Prevention of and Treatment for Substance Use Disorders Policy was not submitted to Cabinet for approval to gazette for public comment. DSD reported that this will be prioritised in the next financial year.

Achievements under this programme included:

- The **Revised White Paper on Families** to the Technical Working Group for Forum of South African Directors-General (FOSAD) was developed as envisaged.
- Instead of **capacitating 20% of the sector workforce on the Childrens Act**, the Department capacitated 40% of the workforce.
- The **Anti-Gangsterism Strategy** was implemented by capacitating nine (9) high-risk districts.
- A total of four (4) provinces were capacitated on the **National Drug Master Plan (NDMP**), namely, Eastern Cape, Gauteng, North- West and Northern Cape. The following Departments from Clusters were also capacitated to implement the NDMP namely, Department of Trade, Industry and Competition (DTIC), South African Police Service (SAPS), Department of Co-operative Governance and Traditional Affairs (COGTA), Department of Correctional Services (DCS), Department of Justice and Constitutional Development (DoJ&CD), National Youth Development Agency (NYDA), South African Health Products Regulatory Authority (SAHPRA), Department of Higher Education and Training (DHET) and South African Revenue Service (SARS).

Programme 5: Social Policy and Integrated Service Delivery

The programme's responsibility is to support community development and promote evidence-based policy making in the Department and the Social Development Sector.

Table 7: Programme 5: Social Security Policy and Administration

Total targets set in Annual Performance Plan (APP)	21
Total targets in Annual Report	21
Targets achieved in Annual Report	20
Targets not achieved	1
Performance success rate	95.2%
Total budget spent	R360.6 million
Financial expenditure rate	99.5%

The programme spent R360.6 million (99.5%) of its allocation and managed to achieve 95.2% of its set targets for 2022/23. The following are some of the targets achieved for this programme:

- Submitted the draft **National Community Development Policy** to Social Protection, Community and Human Development (SPCHD) Cluster for approval as planned for the year under review.
- Processed 95.2% **NPO annual reports within 2 months** of receipt, against a target of 80%.
- Capacitated stakeholders in all provinces to implement the **NPO Mentorship Model**.
- Linked 29 297 Social Protection Beneficiaries to **Sustainable Livelihoods opportunities**.

5.3 Human Resources

The department had set a target to reduce the vacancy rate by 6% but it did not meet it, as the filling of the vacant posts required a prioritisation process of identifying critical posts to be filled due to the reduction of the department's compensation budget. Based on the available funding DSD prioritised the filling of key leadership positions resulting in the Department having a seventeen percent (17%) vacancy rate on 31

March 2023. Also, due to the reduction of the compensation of employees budget over the medium term expenditure framework, the department did not comply with the requirement to advertise vacant posts within 6 months and have them filled within 12 months.

6. THE SOUTH AFRICA SOCAL SECURITY AGENCY (SASSA)

The mandate for the 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. As per this mandate, SASSA is primarily responsible for implementing the Medium-Term Strategic Framework's (2019 – 2024) Priority 3: Consolidating the Social Wage through Reliable and Quality Basic Services. It continues to improve the coverage of the social assistance programme including for eligible refugees. For the year under review, SASSA increased the coverage of the social assistance programme from 18 677 339 to 18 829 716 as at the end of March 2023.

SASSA also has a role to play in the implementation of the National Development Plan (NDP) priorities for the social sector. It implements the following priorities:

- Creating a comprehensive social protection system to support those most in need, including children, people with disabilities and the elderly.
- Protection of vulnerable groups and citizens against worst effects of poverty by 2030.
- Active participation in the economy and society for those who are unemployed and under-employed through labour market activation measures, employment services, income support programmes and other services to sustain and improve quality of life.
- Improving efficiency in the delivery of services, addressing exclusions by identifying and reaching those who are entitled to the existing benefits of social protection, reducing the administrative bottlenecks that prevent people from accessing benefits.

It also contributes towards the achievement of priority 3: Consolidating the Social Wage through Reliable and Quality Basic Services, of the Medium-Term Strategic Framework – 2019 – 2024. SASSA also has a critical role to play in implementing the annual priorities identified in the State of the Nation Addresses (SONA), mentioned earlier in the report.

Since the outbreak of the Covid 19 pandemic in 2020, in 2021 SASSA was tasked with administration and payment of the Special Covid 19 Social Relief of Distress Grant (SRD grant) to the unemployed South Africans of working age, 18 – 59 years. Amidst all the challenges of implementing this grant, by the end of March 2023 approximately more than 8.5 million SRD grant applications were processed compared to 10.2 million beneficiaries in 2021/2022 financial year. The Department of Social Development reported in its Quarter 4 report presented to the Portfolio Committee on 31 May 2023 that the number of beneficiaries decreased due to the introduction of stringent regulations that excluded a lot of applicants. This resulted in a R9.7 billion saving, which was returned to National Treasury.

OVERVIEW OF FINANCIAL AND NON-FINANCIAL PERFORMANCE OF THE SOUTH AFRICAN SOCIAL SECURITY AGENCY (SASSA) FOR 2022/2023 FINANCIAL YEAR

6.1.1 Financial Performance

SASSA functions through two main programmes, namely, *Programme 1: Administration* and *Programme 2: Benefits Administration & Support*.

Table 8 below shows the medium-term estimates and the overall budget cuts. The medium estimate for 2022/2023 financial year was cut by R817 535 million, which was a 6% decrease from R7 963 901 billion allocated for 2021/2022 financial year.

Table 8: SASSA MTEF Budget estimates

	2020/2021 (R)	2021/2022 (R)	2022/2023 (R)	2023/2024 (R)	2024/2025 (R)
2018 MTEF Allocation	8 646 794	9 122 051			
Reduction	(533 173)	(500 000)			
2019 MTEF Allocation	8 124 621	8 622 051			
Reduction	(406 200)	(512 300)			
2020 MTEF Allocation	7 718 421	8 104 751	8 316 822		
Reduction	(229 639)	(140 850)	(817 535)		
2021 MTEF Allocation	7 488 782	7 963 901	7 499 287	7 570 261	7 910 237
% Change on 2020 MTEF baseline	-3%	-2%	-10%	0%	
% y/y growth	-2%	6%	-6%	1%	-4%

The table further shows that despite the implementation of the SRD grant, the budget (administration costs) of SASSA has not factored in the administrative costs associated with the implementation of this grant. It was only in 2021/2022 budget allocation that an additional R500 000 million was allocated for the administration of the grant. For the 2022/2023 financial year, SASSA had to reprioritise funds within the approved budget allocation to fund the administrative costs of the SRD grant payment.

The Agency reported that the bulk (90%) of the budget expenditure is allocated for the payment of several contracts it entered with third parties for vital operational services such as payment of grants to beneficiaries, information and communication technology services, security services, cleaning and sanitary services, office accommodation, medical assessments, and beneficiary record management. The remaining 10% of the budget is allocated for other essential operational requirements such as communication, travel and subsistence and capital assets.

6.1.2 Budget expenditure per programme, 2022/2023

The table also shows that in 2022/2023 both programmes underspent by R278 546 compared to R628 945 million in 2021/2022. The overall budget expenditure for 2022/2023 was R7 137 033 (96%), which was slightly less compared to R7 334 956 in 2021/2022 financial year.

Table 9: Budget expenditure per programme, 2022/2023

	2022/23				**2020/21**
Programme R'000	**Final Appropriation R'000**	**Actual Expenditure R'000**	**Variance R'000**	**% Expenditure**	**% Expenditure**
Administration	3 003 836	2 871 452	-132 384	96%	96%
Benefits Administration & Support	4 411 743	4 265 581	-146 162	90%	99%
Total	**7 415 579**	**7 137 033**	**-278 546**	**96%**	**96.%**

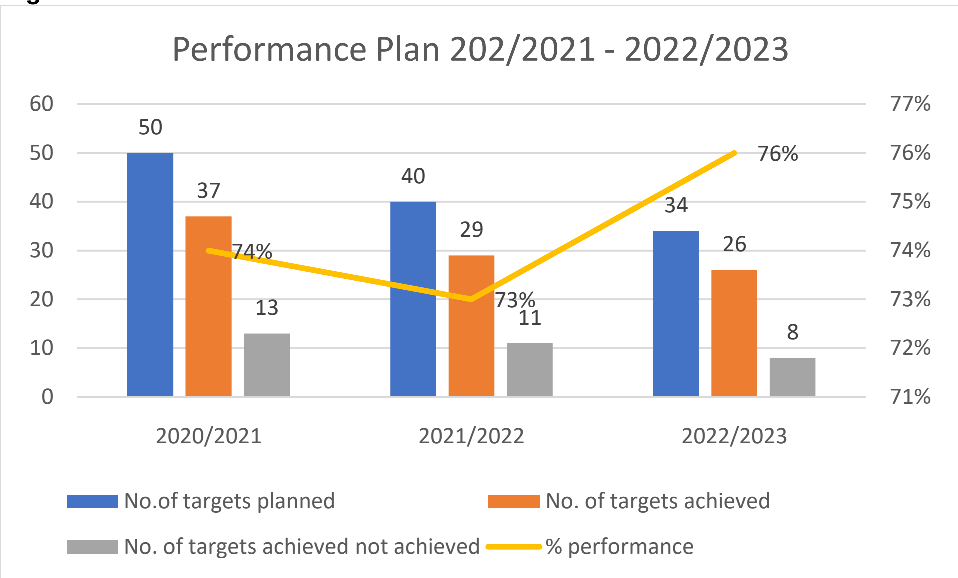
Unlike in 2021/2022 financial year, wherein underspending was mainly attributed to Compensation of Employees (CoE) due to funded vacant positions not filled, in 2022/2023, the Agency spent 100% on this economic classification. The 4% underspending of the total budget was incurred under Goods and Services. The Agency reported that the bulk of the underspending was mainly on the budget allocation towards services in relation to the disbursement of social grants, that is cash handling fee. This was attributed to many beneficiaries choosing to use the National Payment System, which comprises of banks' auto teller machines (ATM) and merchants' point of sale. These are the least costly payment channels compared to cash pay points and over-the counter payment channels.

Underspending was also attributed to cost efficiencies realized from the insourcing of the fraud investigations. The earmarked budget allocation was not fully utilized. Underspending also occurred in other items such as medical assessments, fleet and travel and subsistence.

6.2 NON-FINANCIAL PERFORMANCE

Figure 3 below shows SASSA's performance trends between 2021/2022 and 2022/2023 financial years. In 2022/2023, SASSA had significant performance improvement of 76% compared to 73% in 2021/2022 and 74% in 2020/2021 financial years. However, it important to note that in 2022/2023, it had set less targets, 34, compared to 40 targets in 2021/2022 and 50 targets in 2020/2021

Figure 3: Performance Trends



6.2.1 Performance information by programme

Programme 1: Administration

The purpose of this programme is to provide leadership, management and support services to SASSA.

Table 10 Programme 1 targets and financial performance

Total targets in Annual Report	17
Targets achieved in Annual Report	13
Targets not achieved	4
Performance success rate	76.%
Total budget spent	R2 871 452 billion
Financial expenditure rate	96%

Under this programme, SASSA had planned to achieve 17 targets and it managed to achieve 13 targets (76%). The overall expenditure for the programme stood at 96%.

This programme mainly contributes to the following NDP, MTSF targets:

- **NDP: Improving efficiency in the delivery of services, addressing exclusions by identifying and reaching those who are entitled to the existing benefits of social protection, reducing the administrative bottlenecks that prevent people from accessing benefits.**
- **MTSF: Consolidating the social wage through reliable and quality basic services.**

The key targets achieved related to the above-mentioned priorities include automation and digitisation of the business processes. A new web-based front-end for the SOCPEN system was implemented in all regions to enable the processing of the Child Support Grant (CSG), Foster Child Grant (FCG) and Old Age Grant (OAG) applications. This is an important achievement as it moves the application process from being paper based/manual processes, thus improving service delivery. It also addresses the challenge of missing files and preservation of beneficiary records. The 2021 July unrest, wherein SASSA offices together with client files were burnt in KwaZulu-Natal underscores the importance of this initiative.

The implementation of the SRD grant was faced with a challenge of lack of accuracy and timing of the databases used for the assessment for eligibility. Databases from organisations SASSA relies on, such as Unemployment Insurance Fund (UIF), South African Revenue Service (SARS) and Government Employee Pension Fund (GEPF) were not always received by SASSA on time for the payment cycle and were often found by the auditors to have discrepancies. To this end, SASSA established a system interface with GEPF, UIF and the Department of Co-operative Government and Traditional Affairs.

The Agency, however, did not achieve the NDP and MTSF related targets which involved developing and implementing an office accommodation improved strategy in 18 offices, two offices per region. The strategy focuses on improving physical accessibility, branding services and network connectivity. The strategy was developed and implemented in 13 offices. The poor performance in Eastern Cape was due to poor performance by a service provider, leading to the termination of the contract. In Mpumalanga, it was due to delays in the finalisation of tenant installations. In Northern Cape and North West poor performance was due to delays by landlords in signing Service Level Agreements to grant permission for the renovations.

The Agency also did not achieve the target to have the reviewed business processes approved. However, these milestones were achieved – operating model roadshows were conducted, draft macro-organisational structure was developed, business process costing was developed and completed, and standard operating procedures were developed.

Other important targets achieved include a 43.75% (R345 million of R789 million) recovery of the social assistance debts, which was submitted to the Department of Social Development and National Treasury for a write off. Out of the R345 million, a significant R334 million was written off. The Agency had also planned to finalise 75% financial misconduct cases within 120 days, and it managed to finalise 94.80% (164 of 173). It, however, did not achieve its target to finalise 95% financial misconduct cases (backlog). It finalised 84.77% (167 of 197) cases. This was attributed to delays in the implementation of disciplinary corrective measures due to the complexity of some cases. The Agency finalised 96.30% (469 of 487) reported cases of fraud and corruption. The target was to finalise 80% cases. SASSA reports that the implementation of the improved case management strategy led to the fast-tracking of investigations. Additionally, 96% (7 543 of 7 875) of vacant positions were filled, marking an over-achievement from the planned 90%. This was attributed to the improved implementation of the recruitment strategy. All these targets address the audit findings of the Auditor-General of lack of consequence management for financial misconduct cases and delays in finalisation of investigations.

Another important target achieved related to the implementation of the Integrated Communication and Marketing Programmes to improve customer communication, organizational reputation, and communication on strategic interventions. A total of 1 792 programmes were implemented which focused on CSG Top-Up; intake of eligible children under the age of 1 year; COVID-19 SRD grant; elimination of open cash pay points; online grant application; online medical assessment bookings; and SRD regulations.

Despite this reported achievement, lack of communication to the public was still observed when system glitches affected the withdrawal of social grants between October – December 2022 and September 2023. These challenges could be traced to a Ministerial decision that was taken on 29 June 2022 for the South African Post Office (SAPO) to cede all its rights and obligations of the Management Service Agreement it entered into with SASSA to Postbank. This decision came into effect on 1 October 2022. Furthermore, there is still general lack of understanding of the Child Support Grant Top Up that has resulted in its slow uptake, as it will be reported under Programme 2 performance report below.

Programme 2: Benefits Administration and Administration and Support

The purpose of this programme is to provide a grant administration service and ensures that operations within SASSA are integrated. It also ensures implementation of the full value chain of grants administration.

Table 11 Programme 2 targets and financial performance

Total targets in Annual Report	**17**
Targets achieved in Annual Report	**13**
Targets not achieved	**4**
Performance success rate	**76%**
Total budget spent	**R4 265 581 billion**
Financial expenditure rate	**90%**

For the year under review SASSA had set to achieve 17 targets under this programme. It managed to achieve 13 targets (76%). It spent 90% of its allocated budget. This Programme contributes towards achievement of the following government priorities (encompassing SONA and NDP priorities):

- **Protection of vulnerable groups and citizens against the worst effects of poverty by 2030.**
- **Improving efficiency in the delivery of services, addressing exclusions by identifying and reaching those who are entitled to the existing benefits of social protection, reducing the administrative bottlenecks that prevent people from accessing benefits.**

Many studies have confirmed that social grants contribute significantly towards poverty eradication as a source of income in poor households. SASSA annual report cites the General Household Survey, 2021, that reported that social grants are the second most important source of income (51.0%) for households after salaries (59.4%) and the main source of income for about one-fifth (24.4%) of households nationally. A larger percentage of households received grants compared to salaries as a source of income in Free State (60.0%), Eastern Cape (63.7%), Limpopo (65.7%) and Mpumalanga (66.2%). Grants were most important as a main source of income for households in Eastern Cape (42.0%) and Limpopo (35.2%).

Covid 19 pandemic and deteriorating economic environment have resulted in high levels of unemployment and consequently poverty in the country. This has resulted in more people meeting the eligibility criteria for receiving social grants. Hence, SASSA's target to approve 1 200 000 social grants applications was exceeded to 1 688 045 applications approved. This increased the number of people receiving social grants to 18 829 716 from 18 677 339 in 2021/2022 financial year. SASSA also achieved its target of having 65% of eligible children below the age of 1 in receipt of children's grants. A total of 509 430 of 776 715 (65.59%) eligible children were receipt of children's grant. It also achieved its target of processing 100% of SRD grant applications. It also processed 100% (13 826 012) SRD grant applications.

SASSA did not achieve its target to process 95% of new grant applications taken through face-to-face interface within 5 days. It managed to process 89% (1 640 499 of 1 840 623) and this was due to the impact of loadshedding and its impact on network connectivity. It however, reports that it exceeded its target of processing 70% online applications within 10 days by processing 17 011 of 22 405 (75%) applications.

Despite the increase in the uptake of social grants, mainly driven by SRD grant, CSG and OAG, over the past, from 2018/2019 the number of beneficiaries receiving Foster Child Grant has been decreasing from 386 019 million in 2021/2022 (prior years it was just above 400 000 million) to 274 130 million in 2022/2023 financial year. This could be attributed to the administrative bottlenecks that excluded eligible children from the foster care system. The implementation of the Social Assistance Amendment Act (No. 16 of 2020) introduced the CSG-Top Up grant for orphaned children, which aimed to divert these children from the foster care system to receive the Child Support Grant. However, SASSA did not achieve its target of having 191 200 applications for CSG Top-Up in payment for orphaned children. It only managed to have a very low 37 416 CSG Top-Up in payment. It attributes this to Regulations on the Act being promulgated in the first quarter of the financial year and this impacted on the marketing of the grant.

- **Active participation in the economy and society for those who are unemployed and under-employed through labour market activation measures, employment services, income support programmes and other services to sustain and improve quality of life.**

With the introduction of the Special Covid 19 SRD grant, government aimed to provide income support to the unemployed 18-59 year olds (working age). SASSA reported that due increasing unemployment the uptake of this grant per month as percentage of individuals increased to 35.7% in 2021. However, as highlighted earlier in this report, the number of beneficiaries for this grant decreased from 10.2 million in 2021/2022 to more than 8.5 million in 2022/2023 due to stringent regulations that excluded a lot of beneficiaries, at the time when the country is experiencing high poverty levels and increasing unemployment.

6.3 Human resources

SASSA had set a target to fill 90% of vacant funded posts and it managed to fill 96% (7 481) posts. It attributes this to an improved implementation of the recruitment strategy. In addition, 56 posts were filled through promotions, 30 employees were appointed on contract, 10 are interns, 10 Expanded Public Works Porgramme (EPWP) workers and 11 are runners, bringing the total number of employees, both contract and permanent to 7 542. The Agency also managed to fund 133 critical posts with the limited Compensation of employees budget.

Critical posts at senior management have remain vacant for years. These are regional manager positions at five regional offices – Western Cape, Northen Cape, Mpumalanga, Limpopo and Free State and this is attributed to budget constraints. At the head office, these positions remain vacant – Chief Operations Management, Internal Audit and Risk Management, Corporate Services and Grants Operation.

Human resources the Committee needs to note and consider for its oversight:

- Government Pensions Administration Agency (GPAA) does not approve applications for post-retirement medical aid/subsidy. This is per the directive from the Department of Public Service and Administration that only the staff who were transferred from the Department of Social Development to SASSA in 2006, through the application of Section 197 of the Labour Relations Act of 1995, would be eligible for subsidised postretirement medical aid/benefit. SASSA employees who joined SASSA on or after the 1 April 2006 do not qualify for subsidised medical aid/benefits when they retire. The Agency attributes this challenge to the incorrect interpretation of Chapter 3, Section 7 (4) of the SASSA Act (Act 9 of 2004) which states that a “person employed by the Agency becomes a member of the Government Employees Pension Fund” mentioned in section 2 of the Government Employees Pension Law, 1996 (Proclamation No. 21 of 1996), and is entitled to pension and retirement benefits as if that person were in service in a post classified in a division of the public service”.
- The Office of the Auditor General has made an adverse finding against the Agency for non-compliance with the requirements of the Unemployment Insurance Fund which required all employers (including government departments and related entities/institutions to be registered for the Unemployment Insurance Fund (UIF) in terms of Unemployed Insurance Act, 63 of 2001, as amended. Due to reliance on the PSA in terms of various collective agreements regulating the employees’ conditions of services and related benefits, and the fact that the Agency operates like one of the departments as per the Determination signed between DSD and DPSA in 2006, the Agency could not register as an employer in terms of the UIF Act’s provisions.

  The concerning factor is that if it becomes unavoidable for the Agency to be registered as the employer in terms of the UIF Act, there would be huge financial implications and unaffordability to both the Agency and its employees as each would be expected to contribute at least 1% of the total employees’ earnings monthly towards the UIF. The situation could be worse if the Department of Employment and Labour requires that arrears be payable by those institutions which did not comply. In addressing both matters, the Agency has engaged the Department of Public Service and Administration (DPSA) to determine if UIF has been implemented throughout the public service/sector.

These matters were reported to the Committee at the workshop it held with the social development portfolio in March 2023.

7. THE NATIONAL DEVELOPMENT AGENCY (NDA)

MANDATE

The National Development Agency (NDA) is mandated to contribute towards the eradication of poverty through supporting civil society organisations (CSOs) by funding them to implement development projects in poor communities, as well as strengthening their institutional capacity.

National Development Plan

The NDA, as a public entity, reporting to the Department of Social Development, has aligned its strategy to respond mainly to chapter 11 of the NDP on social protection. The NDP vision 2030 has a long-term perspective to eliminate poverty, reduce inequality and unemployment by 2030. The alignment is informed by the NDA mandate of contributing towards the eradication of poverty in poor communities.

Medium Term Strategic Framework (MTSF)

In the attainment of the 2030 goals, the MTSF identifies the priorities to be undertaken during the 5-year implementation plan (2019-2024). The NDA has adopted the outcome of the MTSF 2019-2024 that focuses on civil society organisations in the most deprived and prioritised districts in South Africa, and its main contribution is building capacity at these organisations. Outcome 4: Social Compact and engagement with key stakeholders.

State of the Nation Address 2022

During 2022/23, in fulfilling the mandate of mobilising resources and acting as a conduit for disbursement of the same funds to CSOs in the pursuance of their developmental aspirations, the NDA has raised R54.5 million worth of financial and non-financial resources in the financial year under review. These resources have benefitted CSOs in strengthening their ability to manage their CSOs better and to comply with legislative authorities.

The NDA, through the DSD Criminal Asset Recovery Account (CARA) Victim Empowerment Programme, continued to disburse funds to the value of R 70,55 million since programme inception in the 2020-21 to 296 CSOs involved in Gender-Based Violence and Femicide (GBVF) in the nine (9) Provinces in order to continue services in communities.

7.1 OVERVIEW OF FINANCIAL AND NON-FINANCIAL PERFORMANCE OF THE NATIONAL DEVELOPMENT AGENCY (NDA) 2022/2023 FINANCIAL YEAR

7.1.1 Financial performance

Table 12: Appropriation statement

Programme	2022/23			2021/22		
R'000	Final Budget	Actual Spending	Under/ Over spending	Final Budget	Actual Spending	Over/ under spending
Governance and Administration	120 748	113 827	6 921	123 719	106 219	17 500
CSO Development	143 823	135 302	8 521	138 740	116 007	22 733
Research and Development	13 335	9 306	3 919	10 987	7 496	3 491
TOTAL	277 796	258 435	19 361	273 446	229 722	43 724

The NDA secured a final appropriation amounting to R277.8 million for 2022/23. Expenditure amounted to R258.4 million, resulting in under-expenditure of R19.4 million. Although overall expenditure for 2022/23 stands at only 93.1%, it is a significant improvement from the 84.1% attained the previous year (2021/22).

In the current financial year, spending for the Governance and Administration programme was 94.3%, (compared to 85.9% in 2021/22), while CSO Development programmes spent 90.9% (as compared to 83.6% in 2021/22) and the Research and Development programme spent 70.4% of its allocation (compared to 68.2% in 2021/22).

The CSO Development programme is critical in the fulfilment of the NDA primary mandate. This programme contributes directly to the NDP aspiration of eliminating poverty and reducing inequality by 2030. While its spending increased compared to the previous year, given its critical mandate, actual expenditure of only 90.9% for 2022/23 requires continued closer monitoring.

Table 13: Statement of Financial Position as of 31 March 2023

	2022/23	**2021/22**
ASSETS		
Current Assets	**103,224,418**	**150,248,825**
Non-current Assets	**8,733,708**	**8,356,833**
Total Assets	**111,958,126**	**158,605,658**
LIABILITIES		
Current Liabilities	**74,837,571**	**79,118,916** **79,545,971**
Total Liabilities	**74,837,571**	**79,118,916** **79,545,971**
Net Assets	**37,120,555**	**79,486,742** **79,059,687**
Accumulated Surplus	**37,120,555**	**79,486,742** **79,059,687**

There was a decrease in the entity's liabilities R74.8 million (compared to R79.1 million previously; R79.5 million restated). During 2022/23 financial year current assets decreased to R103.2million from R150.3 million, in the previously financial year (2021/22). The NDA ended the 2022/23 financial year with an accumulated surplus of R37.1 million, compared to R79.4 million (R79.1 million restated) at the end of the previous financial year.

Table 14: Statement of Financial Performance as at 31 March 2023

REVENUE	**2022/23**	**2021/22**
Non-exchange revenue	231,393,000	270,803,243
Exchange revenue	6,664,164	4,775,364 4,307,991
Total revenue	**238,057,164**	**275,578,607**
EXPENDITURE		
Mandate expenses	(144,608,377)	(123,502,439)
Administration expenses	(117,293,432)	(106,219,184) (106,178,866)

Total expenditure	(261,901,809)	(229,721,623) <u>229,681,305</u>
Surplus (Deficit)	**(23,844,645)**	**45,856,984** **<u>45,429,929</u>**

The highlighted figures are the restated figures in the Annual Report (2022/23) and the non-hihglihted are from the previous Annual Report (2021/22).

Revenue remained steady though exchange revenue increased from R4,7 million (R4.3 million restated) in 2021/22 to R6.7 million. Expenditure increased from R229.7 million to 261.9 million. The increase in the entity's expenditure for the financial year relates mainly to spending for training third parties (venue and related expenses, as well as UIF COVID-19 stipends for attendees). There were no reasons given for this by NDA. This resulted in the surplus decreasing from R45.9 million to R23.8 million.

7.1.2 Target performance

The NDA set itself a total of 12 targets in its APP 2022/23. It managed to fully achieve 9 targets (75%), while 3 (25%) targets were not achieved. Below is the NDA's target performance per programme for the 2022/23 financial year.

Programme 1: Governance and Administration

Table 15: Programme 1: Achievement of targets

Total targets set on Revised Annual Performance Plan (APP)	4
Total targets reflecting on the Annual Report	4
Targets achieved in Annual Report	1 (25% success rate)
Targets not achieved	3
Total budget spent	R 113.8 million

The NDA had set out to achieve four (4) targets under this Programme and managed to achieve 1 target or (25%) with an actual expenditure of R 113.8 million during 2022/23 financial year. The three (3) or 75% performance targets that were not achieved under the programme during the year under review include:

- Targets related to approval and implementation of the ICT strategy and architecture to be aligned to NDA business model. NDA reported that this non achievement was due to the delay in the finalisation of the turnaround strategy, and that this will be carried over to the current financial year (2023/24) after the finalisation and approval of the turnaround strategy by the Board. However, the service provider was appointed and could only develop the AS-IS assessment of the current NDA ICT Architecture.
- The other KPI related to approval and implementation of new organisational structure aligned to NDA business model.
- NDA had an amount of R175 million in irregular expenditure which dated back to the 2012/2013 financial year, National Treasury condoned R98.8 million in March 2022. The NDA indicated in their annual report that this reduced the balance of these irregular expenditure contracts worth R 77.3 million remained in the annual financial statement of the NDA and carried over to the 2022/2023 financial year for processing and conclusion. NDA did not manage to reduce by 80% the cumulative balance of Irregular, Fruitless and Wasteful (IFW) expenditure reported in prior year annual financial statements. The annual target was not met due to the lengthy processes of consequence management and investigations required by IFW frameworks to meet the requirements for condonation and removal of IFW expenditure. NDA reported that a total of R65 235 528.28 which represents 82.8% of the total Irregular, Fruitless and Wasteful expenditure of R 78,752,277.99 is in the process of finalisation towards request for condonation.

The NDA managed to achieve one (1) of the most important targets, which were also reported on in the quarterly reports:

- NDA approved the NDA Strategic Partnership Model to be aligned to NDA business model as envisage for 2022/23 financial year.

Programme 2: CSO Development

Table 16: Programme 2: Achievement of targets

Total targets set on Revised Annual Performance Plan (APP)	5
Total targets reflecting on the Annual Report	5
Targets achieved in Annual Report	5 (100% success rate)
Targets not achieved	0
Total budget spent	R135.3 million

The programme had a good performance wherein all five (5) targets were achieved or over- achieved in 2022/23. The targets were achieved with a total budget of R135.3 million.

Some of the important targets achieved include:
- During the year under review, the NDA exceeded its target of raising R35 million by R68.5 million which came to a total of R103.6 million to fund CSOs.
- NDA created 3175 work opportunities as a result of CSOs development interventions. This is 175 more than the 3000-target planned for 2022/23 financial year.
- NDA also overachieved its target to capacitate 2000 CSOs by capacitating 3124 CSOs during the year under review (2022/23). The reason for this over achievement was that NDA partnered with DSD and Hope World Wide SA in order to capacitate their funded NPOs.
- NDA overachieved its target of 95% funds disbursed by distributing 107% of funds to CSOs for the advancement of community-based socio-economic interventions and transformational projects.
- NDA planned to Pilot review CSO development interventions, this was undertaken in ten (10) districts in nine provinces (target: 9).

Programme 3: Research and Development Management

Table 17: Programme 3: Achievement of targets

Total targets set on Revised Annual Performance Plan (APP)	3
Total targets reflecting on the Annual Report	3
Targets achieved in Annual Report	3 (100% success rate)
Targets not achieved	0
Total budget spent	R9.306 million

The Agency achieved all three (3) targets set for this programme in 2022/23 financial year. The targets were achieved with a total budget of R9.306 million.

- NDA produced three (3) research publications (target: 3) undertaken to provide a basis for development policy.
- NDA conducted three (3) evaluations (target: 3) to inform programme design and implementation as planned.
- In terms of influencing development policy through thought leadership, NDA held five (5) dialogues (target: 5) with external stakeholders to inform development policy.

7.2 HUMAN RESOURCES

The NDA has five divisions that implement both the primary and secondary mandates. These are:
- Development Management & Research,
- Finance,
- Office of the COO,
- Office of the CEO, and
- Corporate Services Support.

During the year under review 2022/23, NDA reported that the recruitment for the positions of Chief Executive Officer (CEO) and Company Secretary, could not be filled and thus remained vacant by the end of March 2023. This phenomenon resulted in the acting CEO assuming the accounting authority responsibilities in addition to the accounting officer responsibilities legislatively conferred to him by

the PFMA, an unenviable task that required thorough checks and balances to avoid conflating these key responsibilities which naturally feed into each other.
The NDA further reported that Employee Health and Wellness programme implemented a plan focusing on life skills workshops such as Resilience, Basic Counselling for Management, Physical and Mental health matters in an effort to equip employees to cope with the residual effects of the COVID-19 Pandemic. The programme is in full operation to offer a 24/7, 365 pyscho-social counselling portal to assist employees and their immediate families.

Organisational Performance Challenges
One of the key challenges identified by NDA was the cyber-attacks that affected the Great Plains financial system, the Travel business portal as well and the procurement portal. These cyber-attacks were disruptive to the extent that the Travel Business portal was damaged beyond repair. The SCM processes and management of travel spend were also affected negatively.
During 2022/23 financial year, NDA reported that there were *human resource shortages* in some parts of the organisation which resulted in over-stretching the current workforce beyond their primary responsibilities. Efforts were made to supplement the current workforce with temporary staff to ease the burden of extreme work pressure. The NDA promised to attend carefully to this anomaly to ensure sufficient allocation of personnel within its budget means, this is planned to be achieved through the implementation of the new organisational structure in the forthcoming financial year.
Table 18: Personnel cost by programme

Programme	Total spending for the entity (R'000)	Staff spend (R'000)	Staff spend as % of total spend	No. of staff	Average cost per staff member (R'000)
Governance and Administration	117 293 .43	54 109 .92	21%	63	858.82
CSO Development	135 299 .85	75 530.56	39%	106	712.55
Research and Development Management	9 308 .52	6 464.07	2%	12	538.67
TOTAL	261 901 .81	136 100.56	52%	181	751.94

- Overall spending of the NDA was R261.9 million during 2022/23 financial year.
- Staff spending constituted 52% of the overall NDA budget in 2022/23 as compared to 58% for 2021/22.
- Spending of staff rated cost was R136.1 in 2022/23 as compared to R132.3 million in 2021/22.
- The average cost per employee was highest in the Governance and Administration programme (R858.82).

8. COMMITTEE OBSERVATIONS ON THE SOCIAL DEVELOMENT PORTFOLIO PERFORMANCE REPORTS

8.1. Department of Social Development

- **Improved audit outcome**: The Committee commended the department for obtaining a clean audit, reporting an upward trend in performance, and responding to the issues it raised, such addressing capacity of social workers on adoption policy and increasing the number of social grant beneficiaries. It however encouraged the department to meet all its targets.
- **Sinovuyo programme:** The Committee wanted to know how the department measured the impact of this programme. What models did it use? It also wanted to know if the department implements this programme with other departments such as the Department of Health.

The department explained that the programme seeks to improve caregiver-teen relationship through active social learning, improving caregiver mental health through social support and improving caregiver-teen communication about risky situations for teens in the community. The impact of the programme was observed from the testimonies the department received from beneficiaries in Western Cape and in Mpumalanga provinces. Parents reported that their relationships with their children improved after attending the programme. They were able to discuss matters such budgeting. This shows that the programme had positive impact on the lives of people.

- **Substance abuse:** The Committee wanted to know if the department works with institutions of higher learning to raise awareness against substance abuse as it is very high in these intuitions. It also wanted to know the number of public treatment centres in the country.

The department reported that it has various partnerships with more 80 institutions of higher learning. There are 13 public treatment centres across the country.

- **Training on adoption policy:** The Committee wanted to know the criteria that was used to choose six provinces where social workers were capacitated on the adoption policy. How many NPOs did it also capacitate on the policy?

The department reported that training on the adoption policy is not only restricted on certain provinces. It is an ongoing training, and it is reported on an ongoing basis. Other provinces were reported on previously.

- **Consequence management:** The Committee raised a concern over the delays in instituting consequence management. Officials implicated in wrong doings are not charged until they leave the department.
- **Foster Child Grant (FCG) vs Child Support Grant (CSG) Top Up:** The Committee raised a concern that it seems that more children who are eligible for the FCG are diverted to the CSG Top Up, even though the latter has less rand value. This is despite SASSA reporting that it did not achieve its target of having 191 200 children in receipt of the CSG Top Up. Also, the Childrens' Amendment Act (No.17 of 2022) was only signed into law on 22 December 2022 and came into effect on 05 January 2023. What impact have these had on the foster care cases linked to the North Gauteng High Court judgement? What is the rand value of the difference between FCG and CSG Top Up?

The department explained that the implementation of the CSG Top Up should have been linked with the implementation of the Social Assistance Amendment Act (No. 16 of 2020), which only came into effect in May 2022, and the Children's Amendment Act (No. 17 of 2022). The Social Assistance Amendment Act introduced the CSG Top Up grant for orphaned children and the Children's Amendment Act defines vulnerable children who are in need of care and protection who should be in the foster care system. The aim is to increase the uptake of the CSG Top Up and reduce uptake of FCG, which requires comprehensive administrative and legal processes. There were children who were in need of care and protection who were not receiving any form of benefit/income. Thus, the CSG Top Up was not intended to save money.

The department acknowledged that because of the gap in the implementation of the two pieces of legislation there may be some social workers who are not familiar with the provisions of the Children's Amendment Act. The uptake of the CSG Top Up grant is still very low to what the department had envisaged.

- **Expenditure trends:** The Committee noted that in the financial reporting for quarter 1 of 2023/2024 financial year the department had reported on the projected vs actual spending on *Compensation and Employees*, which showed an increased spending compared to what was projected. It requested the department to do a similar report for all the quarters.
- **Vacancies:** The Committee raised a concern over the critical positions that continue to be vacant. It wanted an update on the media reports that department officials and NEHAWU members were opposing the appointment of the current Acting Director-General into the position.

The department reported that the posts for the Director- General and the Deputy Director-General (DDG): Welfare Services Policy Development and Implementation Support were advertised, and recommendations were forwarded to the Department of Public Service and Administration (DPSA). The department does not foresee any challenges that will prevent DPSA from submitting the recommended candidates to Cabinet. The posts of the Chief Financial Officer and DDG: Strategy and Organisational Transformation were advertised on 17 July 2023 and closed in August 2023. A memo was submitted to the Minister for the appointment of panel members. Once the appointment of the panel members has been finalised, the shortlisting and interview processes will commence. There may have been an interpretation issue between the labour constituency and the department management of the circular that was issued by National Treasury. However, the management believes that its interpretation is correct. At the time of advertisement and recruitment for the DG and DDG: Welfare Services were advertised, the department can confirm that all the applicants qualified, hence they were shortlisted, and the panel made recommendations.

- **Payment of social grants into accounts of beneficiaries:** The Committee noted the statement made by the Acting Director-General in his introductory remarks that the department pays social grants into beneficiaries' accounts but has no responsibility of what happens thereafter. It sought clarity on this statement because it is the responsibility of the department and SASSA to ensure that beneficiaries receive their grants. Coupled to that, it raised a concerned that the department did not achieve its target to adjudicate 70% of appeals within 90 days. This was worrying because behind every appeal is a source of livelihood to many households.

The department explained it has complete interest in the payment of social grants from when it receives the funds from National Treasury until social grants are paid to beneficiaries. For instance, it was at the forefront of the recent payment crisis in September 2023 to ensure that the technical challenges were speedily addressed. It is, however, important to acknowledge the roles and responsibilities as well as accountability provisions that are well specified in legislation and in the North Gauteng High Court ruling. SASSA has been paying grants without fail into the bank accounts of beneficiaries through PERSAL. There has never been delays in the payment of grants. It is deemed the grant is paid once it is in the beneficiary's bank account. The Gauteng High Court ruled that neither SASSA nor the DSD have any regulatory powers to pose the restrictions on the electronic transaction. The failures that happened in September were transactional failures that happened between two banks, Postbank and the bank that owns the point-of-sale device.

- **Draft Prevention of and Treatment for Substance Use Disorders Policy:** The Committee wanted to know the reason the target to submit this policy to Cabinet was not achieved.

The department explained that the policy is very comprehensive and contains controversial provisions. It also involves services of other government departments. It also has substantial financial implications hence it was submitted to National Treasury for advice before it is finalised.

- **Updating of DSD website:** The Committee reiterated its concern that the department's website is not updated with new policies. There are policies that were reported on in the annual report but are not available on the website.

The department reported that a service provide was appointed to update the website.

- **Inter-dependencies and effectiveness of the electronic monitoring and evaluation (M&E) system:** The Committee wanted to know how the department is addressing the challenge of inter-dependencies that result in some targets not achieved. It also wanted to know how the M&E electronic system aims to address this.

The department acknowledged that the issue of concurrent functions is one of the challenges that the social development sector faces. Some provinces set their own priorities and it becomes difficult for the national department to impose its priorities. This is a negotiated space. This is, however, addressed in various ministerial forums such DDGs forums and MINMEC wherein priorities are discussed, and sector plans are developed to address agreed performance indicators. However, the department has been found not to be compliant with this because some of the provinces such as the Western Cape do not report on the agreed indicators, despite various engagements to encourage it to do so.

The electronic M&E system will enable the department to collect reliable data on service delivery and stop relying on reports from provinces which are at times not submitted on time. The system was piloted, and it was found to be very effective. Some NPOs in Gauteng are already using it. All the targets that were not achieved are prioritized for the next financial year.

- **High numbers of appeals:** The Committee was concerned over the high number of appeals (4 819) that had to be resolved. It wanted to know what were the common issues that were raised.

The department the number of appeals was very high because of the SRD grant queries. All appeals for 2022/2023 were completed but not in 90 days as it was the target.

- **NPO funding**: The Committee noted that small and emerging NPOs that are mainly owned by Black people struggle to get funding compared to bigger NPOs.

The department explained that bigger NPOs receive funding because they have been in existence for many years. This is because of the low increase in the budget for funding of the NPOs. It has been between 1% to 2% across provincial departments. National Treasury has been increasingly cutting departments' budgets.

8.2 South African Social Security Agency

- The Committee commended SASSA for the improved in audit findings.
- **Material Irregularities (MI):** The Committee noted that the R316 million MI has been resolved and the investigation and legal opinion found that the previous officials cannot be held responsible for the overpayment because the prescription period had lapsed. It wanted to know if this meant that all the implicated officials had resigned. Can the people who delayed the investigations be held accountable? With the R74 million MI, the Committee wanted to know how will SASSA make sure that the same delays in holding those liable accountable does not occur when it suffered so much financial loss.

SASSA explained that the outstanding MI of R74 million will be finalised before the end of 2023/2024 financial year. However, some of the implicated people left SASSA many years ago but SASSA has a right to recover the money from Cash Paymaster Services (CPS).

- **Inadequate oversight on grant administration and payment of grants:** The Committee wanted to know what measures has SASSA put in place to identify the root causes of this audit finding. This is concerning because grant administration and payment is the legislative mandate of SASSA.

SASSA reported that the 2022/2023 action plan focuses on the determination of root causes. It focuses on three areas; namely, 1) is the audit query related to the absence of policy, 2) whether there is a business process or Standard Operating Procedures, 3) overriding of the business processes. SASSA has also embarked on digitising its business processes, which will also address this.

- **Lease contracts:** The Committee noted and welcomed the intervention SASSA by obtaining an approval of the Immovable Property Strategy from the Minister of Social Development, which addresses the audit query of irregular expenditure due to expired lease contracts.
- **Anti -fraud strategy:** The Committee wanted to know at what point would SASSA do a complete overhaul of the screening and vetting of all its employees. This is because it has been alleged that at times it is SASSA officials who are behind the fraudulent activities.
- **Consequence management:** The Committee raised a concern over the delays in the investigations until those implicated leave SASSA or are deceased. It wanted to know how long will it take to resolve the outstanding cases of financial misconduct.

SASSA explained that investigations take long to finalise investigation because SASSA has to source external investigators and that has to go through the procurement process. It appreciated the assistance that NT has provided hence there are only 2 outstanding historical cases.

- **R650 million approved retained surplus:** The Committee wanted to know what these funds will be used for. How were the funds approved when other requests to retain surplus funds were declined by National Treasury previously.

SASSA explained that the application for the retained surplus can be made after 31 July of each year, that is in August and September, and the funds must be spent fully before the end of the financial year. This amount will be spent on sourcing alternative power supply at local offices, local office improvements such as maintenance issues, procurement of furniture at local offices, replenishing some of ICT equipment, purchasing some vehicles especially for the Western Cape regional offices as vehicles have not been replenished for some years, upgrading ICT servers at the Head Office because of remote working, online grant application and for record management.

- **CSG Top Up:** The Committee wanted to know if SASSA will be able to reach the target number for 2023/2024 financial year, when it only managed to reach 37 000 CSG Top Up beneficiaries out the targeted number of 191 200 in 2022/2023. It also wanted to know the waiting period for CSG applications.

SASSA explained that the numbers were lower than what was projected because most people prefer to wait for the court processes for foster care applications to finalise before they apply for the CSG Top Up. It acknowledged that the target of 191 200 was ambitious for one financial year. For the 2023/2024 financial year it has set a more realistic target.

- **Enquiries resolved within 10 days:** The Committee wanted to know what the starting point of the 10 days is.

SASSA explained that the starting point it is when the enquiry is received either by email or telephone. The finding by AGSA was that SASSA was not able to back date the query when, for instance, when there was loadshedding and a system downtime. This system has since been amended and now allows the dates to be back dated. To mitigate the challenge of loadshedding, SASSA is also looking at piloting self -service kiosks to be located outside SASSA local offices.

- **Database:** The Committee wanted to know the database that was used by AGSA when it conducted an audit on the payment of the SRD grant. Was it the same as the one used by SASSA? This will provide clarity on the audit findings.
- **Funds disbursed to Postbank:** The Committee wanted to know the rand value of the amount that was disbursed to Postbank and the rand value of the penalty that was imposed.

SASSA explained that the amount was reported as accrual in the financial statement because it was the amount SASSA owed to Postbank. In the six months (Oct 2022 – April 2023) that the contract with Postbank has been in existence, SASSA had paid R517 million that makes it around R86 million a month.

8.3 National Development Agency

- **Clean audit:** The Committee commended the NDA for obtaining an unqualified audit with no findings (clean audit). It noted that AGSA found that the Agency was compliant with various legislation. It also noted that the NDA achieved its performance goals towards poverty alleviation, job creation, capacity building of CSOs to enable them to operate sustainable. It also congratulated the new board for the work it has done since it started its term in January 2023. It urged the board to particularly focus its oversight over the work of the newly established Loss Control Committee to strengthen it.

- **Recurring audit finding:** The Committee, however, noted with concern the recurring audit finding on the uncompetitive bidding processes. The raises a question why this was not resolved?
- **Turnaround strategy:** The Committee welcomed the approval of the turnaround strategy but asked various clarity seeking questions on its implementation. It wanted to know if there are timeframes for its implementation. Does it include the review of the NDA funded organisations? Will it include reduction of consultation fees? What can be expected in the current financial year that will make an impactful difference to the work of the NDA and by when? What institutional reposition of the NDA is contained in the strategy?

The NDA explained that the strategy will be implemented in April 2024. It has drafted a publicity plan that has mapped out stakeholders it will engage with. Regarding the review of the NDA funded NPOs, the strategy has defined the targets groups of NPOs which will be community-based co-operatives and enterprises that will create sustainable jobs. The focus will be more on social grant beneficiaries, indigent beneficiaries, Extended Public Works Programme workers, unemployable youth, and unemployed graduates. This aims to assist people to exit from the public employment register. Thus, there will be a strategic shift from CSOs funding to community-based co-operatives that assist individuals affected by poverty. Community-based co-operatives will be capacitated to effectively address the factors that trap people into poverty. The strategy is also aligned to the skills development programme of TVET colleges and privately owned institutions for the required skills with the aim of growing local economy. The approach will be based on District Development Model, that means NDA will work in partnership with other government departments, international organizations, and SITAs. For instance, the NDA will work with the Department of Human Settlement wherein the NDA can facilitate community-based housing co-operatives. All these strategic initiatives also speak to the expansion of the NDA blueprint. Subsequently, the implementation of the strategy will be expressed on the annual targets.

- **Vacancies:** The Committee wanted to know when will post of the Chief Executive Officer (CEO) be filled. How many other senior management positions are acting? The Committee referred to an earlier report that some duties were done by unqualified officials, or they were performing duties that were outside their line of work. This is despite, compensation of employees accounting for the highest budget allocation. How is this going to be addressed?

The NDA reported that the board had started with the recruitment process of the CEO position and two candidates were shortlisted. However, they later were not available. The process was restarted. The turnaround strategy will also include skills audit review with the aim of placing officials in the right positions. It is only the position of the CEO that is vacant. At the time of reporting there was an Acting Chief Financial Officer (CFO) because the CFO was on special leave.

- **The partnership strategy:** The Committee wanted to know if the strategy includes forming partnerships with big business to enable it to expand its blueprint.

The NDA explained that it identified key strategic partnerships such as Departments of Human Settlements, Agriculture, Land Reform and Rural Development, Higher learning SITAs, lottery, the Land Bank and CSOs organizations. These are expressed in the turnaround strategy.

- **Performance bonus:** The Committee wanted to know the number of employees who were eligible for bonuses. It was concerned that the NDA spends a lot of its budget on salaries.

The NDA explained that the budget provision for performance bonus is always made but its payment depends on the approval of the board based on the performance of the Agency.

- **Board fees:** The Committee wanted to know the reason the financial statements included expenditure on board fees when the board was only appointed in January 2023.

The NDA explained that there was an interim accounting authority assisted by the independent audit committee. The fees included the remuneration of this committee and the new board when it started its work.

- **Capacity building of CSOs:** The Committee wanted to know what capacity building of CSOs entails and for how long are NPOs capacitated?

The NDA reported that a capacity building programme was rolled out in all nine provinces. The programme resulted in a mind shift toward community enterprises and how they can maximise funding opportunities in a particular area of focus. The NDA also trained NPOs on areas of governance, resource mobilisation, financial management and on conflict resolution. It developed five modules. The training was an ongoing process based on the areas of weakness that were identified during the assessment process. The training is provided by the NDA development practitioners who are deployed in all nine provinces.

- **Disbursement of CARA funds:** The Committee wanted to know the reasons the NDA was still withholding disbursement of CARA funds when there is dire need for funding by NGOs and high levels of gender-based violence and femicide. What has been the impact of this fund?

The NDA reported that at the end of the 2022/2023 financial year there was a balance of R5 million, and it will be disbursed before the end of November 2023, as the contract ends in October 2023. The funds are disbursed in tranches and monitoring is conducted before the other tranches are disbursed. This was the reason why funds were withheld.

- **Volunteer Programme:** The Committee wanted to know what this programme entails as it has been allocated with R30 million from the approved retained surplus funds. What are its timeframes?

The NDA reported that the programme had 22 beneficiaries per CSO and they were paid R1 800 for a period of six months. The grant funding projects created seasonal job opportunities. Some of the volunteers from the volunteer programme were absorbed into the CSOs they were attached to.

- **Condonation of irregular, fruitless and Wasteful expenditure:** The Committee wanted to know when will the application for condonation to National Treasury be finalised?

The NDA explained that the Loss Control Committee started to make a determination of cases amounting to R14 million for condonation. There were other two high value cases amounting to R50 million that were taken through a determination process. The NDA was in the process of implementing consequence management. Then application for condonation will be submitted to National Treasury at the beginning of the fourth quarter of 2023/2024 financial year. There were eight cases which were with Human Resources department for the implementation of disciplinary processes and once completed they will also be submitted for condonation. The NDA has implemented controls and that has resulted in one transgression of R335 000 for the year under review.

- **NDA Amendment Bill:** The Committee wanted to know when will the bill be finalised and what governance amendments will it make?

The NDA reported that it submitted proposals to the Department of Social Development, and the department was drafting the bill. The department will brief the board on the amendments so that it can make inputs. The proposed governance amendments include reduction of the number of board members to seven similarly to other government entities, regulation of the expertise the NDA requires from the board candidates, reduction of the number of government representatives and representatives of the CSOs sector in the board, regulation of the time of the appointment of the board chairperson, which currently done during the first sitting of the board but does not necessarily happen, giving the Minister powers to appoint the board chairperson, regulation of the quorum of the board to be in a percentage not numbers, repealing the section of the Act that deals with the establishment of the management committee because the current Act predates the Public Finance Management Act (PFMA), giving the board powers to establish committees, regulation of provision for the dissolution of the board and interim arrangements, providing for renewal of the CEO five year term, and repealing other provisions that are addressed in the PFMA.

- **CSOs funding:** The Committee wanted to know the effectiveness of monitoring and evaluation system over the NDA funded projects. There is a lot of funding that goes to NPOs through the NDA and Programme 5 of DSD.
- **Research reports and dialogues:** The Committee wanted to know how the findings of the research reports find expression in the work of the NDA.

The NDA explained that the main aim of the research conducted is to influence NDA policies and aligning them to the Medium-Term Strategic Framework priorities on poverty eradication, unemployment, and inequality. The research outcomes are presented to various stakeholders such as NEDLAC in a form of a debate and dialogues. The evaluation reports produced also contributed to the drafting of the turnaround strategy. Evaluation studies also assess the impact of the NDA funded projects on the lives of people. It was also the evaluation studies that revealed that the design of the NDA funded projects focused more on short term benefits than long term benefits.

- **Budget cut:** The Committee also wanted to know the impact has the budget deficit of R23 million had on the performance of the NDA.

The NDA explained that the income statement reflects an accounting deficit. Every year National Treasury approves to roll over funds from the previous year. The R23 million deficit is funded from the approved rolled over funds.

- **ICT strategy and appointment of the service provider:** The Committee also wanted to know the reason strategy commenced before the board was appointed and the turnaround strategy was approved.

The NDA explained that the strategy was necessary to map up the ICT requirements of the organisation in preparation for the implementation of the turnaround strategy. The mapping project focused on the digitisation and IT support of the NDA business processes, and it will be finalised in the next two months. The contract of the service provider was for 5 years.

9. RECOMMENDATIONS

Having considered the annual performance reports of the social development portfolio, the Committee made the following recommendations:

9.1 Department of Social Development

- The Minister of Social Development should ensure that the department strengthens its oversight over the administration and payment of social grants by ensuring that the Management Service Agreement (MSA) SASSA entered with Postbank is implemented to avoid any future payment crisis. The technical challenges that resulted in the failure of withdrawals from certain types of social grants should be eliminated as much as possible. The department should provide and present its Entity Governance and Oversight Framework to the Committee within six months after the adoption of this report by the National Assembly.

- The Minister should also make sure that the department within the 2024/2025 financial year trains all social workers on the provisions of the Social Assistance Amendment (No. 20 of 2020) and the Children's Amendment Act (No. 17 of 2022) and their Regulations to increase the uptake of the Child Support Grant (CSG) Top Up. The department had set a target of capacitating 30% of the sector workforce in 2022/2023 and 30% in 2024/2025. However, it is important that all social workers are trained to prevent further exclusions of vulnerable children either from the Foster Child Grant or CSG Top Up.

- The Minister should also ensure that the department includes a detailed progress report on actions taken to address Material Irregularities (MI) in its quarterly audit action plan which it presents to the Portfolio Committee. The report should contain a full list of those implicated, status of investigations, consequence management instituted, and recovery of the funds involved.

- Linked to the aforementioned recommendation, the Minister should ensure that the department institutes investigations and consequence management over financial misconduct cases speedily to prevent those implicated from evading accountability by resigning.

- The Minister should also ensure that that the critical vacancies at senior management level are filled within the three months after this report has been adopted by the National Assembly. The department should report progress made to the Committee at the end of the six months. This is a recurring recommendation of the Committee and thus needs to be prioritized.

- The Minister should also ensure that the department includes in its quarterly financial reports analysis of projected versus actual spending on all programmes and economic classifications.

9.2 South African Social Security Agency (SASSA)

- The Minister should ensure that the department as part of its oversight strategy over the social grant administration and payment ensure that SASSA meets its target of increasing the uptake of the Child Support Grant (CSG) Top-Up. As reported in its annual report SASSA only managed to have 37 000 CSG Top-Up in payment out of the target of 191 200 for 2022/2023 financial year. For 2023/2024 financial year it had set a target of having 238 500 applications for the CSG Top Up in payment.

- The Minister should also ensure that SASSA includes a detailed progress report on actions taken to address Material Irregularities (MI) in its quarterly audit action plan which it presents to the Portfolio Committee. The report should contain a full list of those implicated, status of investigations, consequence management instituted, and recovery of the funds involved.

- Linked to the aforementioned recommendation, the Minister should ensure that SASSA institutes investigations and consequence management over financial misconduct cases speedily to prevent those implicated from evading accountability by resigning.

- The Minister should ensure that SASSA, on its quarterly actions plans it presents to the Portfolio Committee, includes outcomes of the investigation on the root causes of the audit findings.

9.3 National Development Agency (NDA)

- The Minister should ensure that the NDA fills the position of the Chief Executive Officer within three months after the adoption of this report by the National Assembly. The NDA to report progress made to the Committee at the end of the six months. This is a recurring recommendation and so it needs to be prioritized.
- The Minister should also ensure that the NDA finalizes the process of condonation of irregular, fruitless and wasteful expenditure within the 2024/2025 financial year. The NDA should report on the progress made in its quarterly audit action plan it presents to the Committee.

Report to be considered.