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**Memorandum from the Parliamentary Office**

# Minister

**National Assembly Written Reply: 140**

**Recommended / Not Recommended**

**Mr. Toni**

**Acting Director-General: Department of Social Development**

**NATIONAL ASSEMBLY QUESTION FOR WRITTEN REPLY QUESTION NUMBER: 140**

**DATE OF PUBLICATION IN INTERNAL QUESTION PAPER: 5 July 2019 INTERNAL QUESTION PAPER NUMBER: 3 - 2019**

**140. Ms L L van der Merwe (IFP) to ask Minister of Social Development:**

With regard to the new instances of SA Social Security Agency (SASSA) card fraud which have been reported, what (a) is she and/or her department doing regarding reports that the elderly are being sent from pillar to post in order to lodge a single complaint without SASSA or the SA Post Office taking responsibility, (b) plan is in place to combat further corruption and stop fraudulent transactions from taking place on the SASSA cards of the grant recipients and (c) are the reasons for the delay in investigations that take up to six months before finalisation? NW968E

# REPLY:

1. Any social grant beneficiary who experiences challenges with the receipt of the social grant should report to the nearest SASSA office or Post Office. The beneficiary will be required to complete a standardised affidavit, and submit this, together with a certified copy of both sides of the SASSA card in his/her possession, as well as a certified copy of his/her identity document to the officials. If these documents are submitted to SASSA, then they are submitted to the Post Office Fraud Unit. After a preliminary investigation, SAPO will refund the affected beneficiary with the amount lost. The full criminal investigation will continue and prosecutions will be made once all the facts are known.

The above processes have been made known to all of the local SASSA offices as well as the Post Office staff, in order to try an ensure that beneficiaries are not sent from pillar to post in trying to have these matters resolved.

1. Both SASSA and SAPO are constantly endeavouring to improve the system controls, to prevent the continuation of this fraud. Issues which are being addressed by SASSA include:
   * Roll out of biometric registration for all users who access the Socpen system, which is used to register new beneficiaries and generate payments. This biometric information will then be required to access the system, ensuring that there is non-repudiation for all transactions processed on the system.
   * Implementation of a verification process for all changes to the method of payment elected by the beneficiary. This will mean that the change will not be implemented until verified by a second official, but that the initial method of payment will continue to remain in force until the change is verified, so as not to disrupt payments.
   * Implementation of a daily bank verification where the details of the beneficiary (name, surname and identity number) is confirmed by the banks as matching those of the bank account into which the social grant is paid prior to payment extraction. Any records where the information does not match, apart from the payments to beneficiaries who receive payments through registered institutions, will not be extracted until such time as the record has been corrected. This will prevent payment into a bank account which does not belong to the beneficiary.
   * Establishment of a working team, together with South African Reserve Bank, Bankserve, Banking Association of South Africa and South African Banking Risk Information Centre (SABRIC) to identify trends and weaknesses in the administrative processes, which will inform additional measures which should be implemented.

SAPO has implemented an automated card management system, which enables them to track each and every SASSA card, from point of receipt at their Head Office, to issuing to individual beneficiaries. This will enable the immediate blocking of any lost or stolen cards so that these cannot be issued to unsuspecting beneficiaries.

1. As a result of the extensive delays in the investigations, SAPO has agreed to refund beneficiaries within 14 days of the fraud having been reported and the relevant documents as outlined in point (a) above having been submitted. The criminal investigation will continue, but should not impact negatively on the beneficiary.

The delays in dealing with the initial number of cases reported was a result of the need to establish processes and ensure accountability for dealing with these matters, which were not foreseen when the service was initially implemented. The backlog is currently being worked down, so that the time frame of 14 days for reimbursement, as agreed to, will be met.

# Approved by the Minister on Date……………………….