



# sassa

SOUTH AFRICAN SOCIAL SECURITY AGENCY

## TERMS OF REFERENCE

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### TECHNICAL COMMITTEE FOR SASSA TURNAROUND

Office of the Acting Chief Executive Officer

April 2018

Final Version

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## 1. BACKGROUND

- 1.1 The South African Social Security Agency (SASSA) was established in terms of section 2(1) of the *South African Social Security Agency Act, 2004 (Act No. 9 of 2004)*. SASSA is an organ of state in terms of section 239(b) (ii) of the Constitution and a national public entity, in terms of the *Public Finance Management Act, 1999* as amended (Act No 1 of 1999).
- 1.2 Its functions include administration of social assistance in terms of Chapter 3 of the *Social Assistance Act, 2004* as amended (Act No 13 of 2004) and to perform any function delegated to it under the *Social Assistance Act*; as well as collection, collation, maintenance and administration of such information as is necessary for the payment of social assistance, as well as for the central reconciliation and management of transfer funds, in a national data base of all applicants and beneficiaries of social assistance.
- 1.3 SASSA has, since its establishment managed the administration function of social assistance and this includes beneficiary application and approval processes.

## 2. PURPOSE

- 2.1 The Minister of Social Development, Ms S Shabangu, seeks to establish a Technical Committee in terms of National Treasury Regulation 20.2.2. (the Technical Committee) will interrogate the current state of readiness for the South African Social Security Agency (SASSA) together with the South African Post Office (SAPO), to take over the full payment of social grants in South Africa.
- 2.2 The Technical Committee will, together, with SASSA Management, develop and monitor the implementation of a 6-months road map (to the end of September 2018) geared towards ensuring smooth payments of social grants and compliance with the Constitutional Court Order(s).
- 2.3 In compliance with the Constitutional Court judgement of 23 March 2018, the Technical Committee will work with SASSA Management and the Minister to ensure that:
  - The Payment method to be determined contains adequate safeguards to ensure that the personal data of beneficiaries obtained in the payment process remains private and may not be used for any purpose other than payment of the grants or any purpose sanctioned by the Minister in terms of section 20(30) and (4) of the Social Assistance Act, and

- Preclude a contracting party from inviting beneficiaries to “opt in” to the sharing of confidential information for the marketing of goods and services.
- 2.4 Determine associated governance and oversight requirements for SASSA and provide recommendations in reviewing current legislative framework.
- 2.5 Provide a framework within which the State will be able to take full control of the social grants payment value chain with SAPO as the preferred government service provider.

### 3. RATIONALE AND ACCOUNTABILITY

- 3.1 SASSA has been working on plans to ensure that the payment of social grants to beneficiaries remains uninterrupted and to manage the transition from current Cash Paymaster Service (CPS) contract seamlessly.
- 3.2 In this regard, SASSA has been working together with SAPO as the preferred platform to manage social grants beyond 01 April 2018 when the current social grants payment contract with CPS expires.
- 3.3 As at February 2018, a total of 17, 396 871 million social grants were paid to 10 729 077 million recipients who receive their grants through a hybrid model as follows:
- **2 360 098** receive their social grants through their own Personal Bank Accounts. CPS has been completely phased – out of this responsibility and SASSA has taken over the full control. SASSA is however, still required to finalise the collection of mandates, particularly, those of beneficiaries using the GRINDROD EPE cards
  - **5 676 218** receive their social grants through the SASSA Payment Card using PIN. SASSA’s plan was to temporarily facilitate the Temporary Direct Transfers to SASSA Payment Cards (Grindrod Accounts) until such time that these category of beneficiaries is migrated to SAPO. SARB was approached to address systemic challenges with regard to direct transfers to these beneficiaries. A three month approval was granted to use the Grindrod as a conduit for deposits into these accounts
  - **2 800 000** collect their money using biometrics as a verification method, either at cash pay points or at biometrically enabled ATM’s or point of sale devices at participating merchants. SASSA issued a payment tender with the intention to appoint a cash payment provider for a period of 5 years to pay at least 2.5 million recipients. Throughout the procurement process, there were challenges that led to delays in the finalisation of the

procurement process. The challenges include one of the Bidders expressing dissatisfaction with the process and their intention to approach the Court. At that time SASSA had already approached the Court for extension of CPS services for the extension of the suspension of the invalidity of the CPS contract for the cash payment category of beneficiaries for a period of 6 month.

- 3.4 SASSA has limited time to ensure that all beneficiaries are paid in the most efficient and cost effective manner. Given the challenges and the required amount of work, a revised work plan needs to be developed. The plan should take into account work done so far, challenges and risks and development of alternative approaches premised on government to government collaboration, where the original plan is not feasible. Overall, the plan should ensure:
- Uninterrupted payments of social grants to all beneficiaries;
  - Comply with Constitutional Court orders;
  - Strengthen the commitment by both SASSA and SAPO; and
  - Utilise existing payment infrastructure in the country.
- 3.5 In order to ensure this, dedicated Technical Committee is required and it will report to the Minister of Social Development and the Chief Executive Officer of the South African Social Security Agency.

#### 4. SCOPE OF WORK

- 4.1 The Technical Committee will be expected to investigate, enquire into and to recommend:
- State of readiness of SASSA and SAPO to ensure payments beyond the six months extension;
  - Identify gaps and risks in the current plan(s) or roadmap and develop a risk mitigation plan;
  - Develop an integrated 6 month road map and align it to the future plan
- 4.2 Ensure the roadmap/plan is implementable - through costing and ensuring availability of funds, infrastructure and staff in both SASSA and SAPO. This should include assessing the most efficient and cost effective method of ensuring the payment of social assistance benefits in terms of the Social Assistance Act, 2004 (Act No. 13 of 2004) and the South African Social Security Agency Act, 2004 (Act No. 9 of 2004);
- 4.3 The Committee should advise on any need for legislative and regulatory frameworks amendments which may be required to ensure effective payments of social grants.

- 4.4 Given the time constraints, the terms of reference have been broadly designed so as to allow the Technical Committee to resolve deficiencies in the current systems, within the available regulatory framework in consultation with the Acting CEO and Management of SASSA.

## **5. EXPERTISE REQUIRED**

- 5.1 The Technical Committee should be comprised of professionals with the experience and knowledge in following fields:
- Social grants policies and implementation
  - Knowledge and understanding of the South African payment landscape
  - Supply Chain Management and/or contracting issues;
  - An understanding of the public sector institutional landscape in South Africa in general and of the South African government systems in particular.
  - Knowledge of the PFMA, Treasury Regulations, Preferential Procurement Policy Framework Act, and Preferential Procurement Regulations.
  - Knowledge of the Public Service procurement procedures.
  - Auditing and Accounting knowledge and experience.
  - Knowledge of and interpretation of statutes

## **6. TIME FRAME**

- 6.1 Duration of the Technical Committee's work would be for a period of 12 months commencing on 18 April 2018. The Technical Committee will prepare weekly and monthly progress reports to the CEO of SASSA and the Minister.

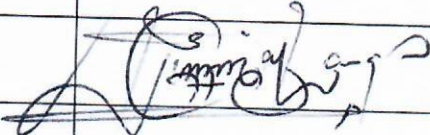
## **7. LOGISTIC SUPPORT**

- 7.1 SASSA and DSD will provide administrative support for setting meetings and access to documents.
- 7.2 SASSA and DSD will also be responsible for quality assurance of the work performed before finalization of the report.

## 8. REMUNERATION

- 8.1 The Technical Committee will be remunerated accordingly based on relevant Public Service and Administration Hourly Rates for Consultants based on a defined criterion. **Refer to Annexure A**

## 9. APPROVAL OF THE TERMS OF REFERENCE

Acting Chief Executive Officer	Mr A S Mahlangu
Signature	
Date	16.05.18