**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**NATIONAL ASSEMBLY QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 1467**

**DATE OF PUBLICATION IN INTERNAL QUESTION PAPER: 22 APRIL 2022**

**INTERNAL QUESTION PAPER NUMBER: 14 - 2022**

**1467. Ms B S Masango (DA) to ask the Minister of Social Development:**

Whether the SA Social Security Agency (SASSA) is implementing any of the recommendations from the Workstreams and the Technical Committee for Payments of Social Grants and SASSA Governance reports; if not, (a) why not and (b) which recommendations have not been implemented; if so, which recommendations have been implemented? NW1786E

**REPLY:**

Yes.The recommendations made by the Technical Committee for Payments of Social Grants were mostly implemented, as most of them dealt with the transition of the payment services from Cash Payment Services (CPS) to the South African Post Office (SAPO) and the governance thereof.

The review of the SASSA implementation processes is in line with the amendments to the regulations. There are however, few governance and institutional reviews that are still work in progress. For example, the Department of Social Development has prepared a draft South African Social Security Agency Amendment Bill whilst the operationalisation of the Social Assistance Amendment Act No. 16 of 2020 and the amendment regulations thereof will be published shortly.

The recommendations by the Technical Committee can be summarised in 7 categories in the table below.

|  |  |  |  |
| --- | --- | --- | --- |
| List of recommendations | 1. Implemented
 | b) Not Implemented and why? | Ongoing |
| 1. Documenting standard operating procedures: SASSA needs to document standard operating procedures of the new system as well as incorporate the biometric system. The SOPs must cover the entire cash transfer programme.
 | Yes: |  |  |
| 1. Management and administration: A formal process of accountability and responsibility is required in which the system and institution operates. SASSA and SAPO need to collaborate to determine and implement a synchronised accountability system.
 | Yes:There is a Service Level Agreement governing and delineating responsibilities in the contract between SASSA and SAPO.  |  |  |
| 1. Process redesign:

Identify multiple payment channels: (a). Different methods of payment available to beneficiaries; (b). The investment of SAPO and SASSA staff at the SAPO offices needs to be informed by the beneficiaries’ choice of accessing money.  | Yes: |  |  |
| 1. Management information system: Management and Information systems (MIS) are of crucial importance to ensure cash transfer programmes are effectively implemented.
 | Yes.Payment files are generated by the system and verification of beneficiary status with Home Affairs is done monthly before payment is processed. |  |  |
| 1. Grievance and redress: Implement a grievance system at the different SAPO station and ensure it corresponds to SASSA office grievance and redress.
 | Yes.A system is in place whereby beneficiaries can lodge their complaints and grievances at the post office, Postbank and SASSA. Beneficiaries are able to lodge their complaints due to alleged payment fraud. These are investigated and refunded based on the merits of the fraud.  |  | The refund of beneficiaries is still ongoing. |
| 6. Monitoring and evaluation system: Robust monitoring and evaluation are crucial both for programme performance and political sustainability as well as to ensure quality control and assurance. | Yes:The SASSA has a monitoring and evaluation system in place though the following structures: * SASSA/ SAPO Steering Committee
* Joint Steering Committee at a ministerial level between Minister of the DSD and Minister of Communication and Digital Technologies
* Joint EXCO DSD/(DCDT), SASSA & SAPO.
 |  | This process is ongoing, because the committees meet on a regular basis to monitor and evaluate progress.  |
| 7. Financial Inclusion: The current payment plan excludes financial integration for beneficiaries. Increasing financial access to the poor and allowing transfers into an account for beneficiaries enable households to save for future needs. |  | No:This is due to the high number of deductions on the CPS card; unauthorised deductions such as: airtime, data, enticing people to take more than one funeral policy and loans.Discussion were held with the oversight structures that the SAPO card will be restricted. Beneficiaries will only be allowed to have one funeral policy deducted and no other unauthorised deductions will be allowed on their SAPO card.  |  |

**Workstreams**: For SASSA to be able to effectively insource its core functions (grant administration and distribution) it had to undertake an extensive change programme spanning over 5 years with key functional components and sub-components that required:

* new and up-skilled workforce,
* improved business processes, and
* technology investments.

Therefore, 11 programmes were developed by the workstreams to ensure that a careful and tightly integrated orchestration of activities can be set into motion to ensure that, in parallel to sourcing new payment service providers, that SASSA is able to undertake a number of change and readiness exercises.

It was recommended that in year one (1), a new service provider/s can commence with an on-schedule transfer of functions to SASSA in a phased “transition and integration” towards strategic insource completion.

|  |  |  |
| --- | --- | --- |
| Recommendations | Implemented | Not implemented |
| **CPS phase-out** – Build-Operate- Transfer (BOT) model has been recommended - transitioning strategic functions to SASSA in two phases, every two years in duration, thus resulting in a three-year contract with a two-year extension or ultimately a five year contract. | CPS is no longer rendering any contracted services for SASSA. Inter-Governmental Partnership in place - SAPO/Postbank services comprising:* card issuance
* over-the-counter payment
* cash disbursement at pay points.

. | The Built-Operate-Transfer model (BOT) as part of the payment review process – the SASSA / SAPO agreement was based on BOT arrangement, but unfortunately due to other complications within SAPO and how some of their contracts with service providers were structured, it was not feasible for SASSA to continue on a BOT arrangement, Hence SASSA opted to go through a BPR process. |
| **New payment infrastructure programme -** strategic business processes are insourced and other payment functions co-sourced.* Core Banking and Payments
* Electronic payment
* Alternative pay points
 |  | As far as card issuance and payments are concerned – SASSA is currently engaging South African Reserve Bank (SARB) to establish possibilities for participation in the National Payment System (NPS) space as a non-bank organisation.The engagements are at an early stage. In the same note, there is a project which is at a conceptual stage to look at implementation dynamics for a number of disbursement options in an effort to get the recommendation by the work-streams to life. The first report of this team was presented to SASSA EXCO in April 2022 and the team is currently packaging the terms of reference of the project, including finalisation of the appointment of team members.  |
| SAPO/Postbank is responsible for - Card Body Production, Card Issuing, Account Issuing and transaction processing. |
| Insourced service: A cash send payment option has been introduced, although currently used only by COVID 19SRD R350 grant recipients. |
| Merchants network established and selected Retailers are now part of the Grant Payment eco-system. Various banks offer payments services including a wide range of ATMs. |  |
| **Identity and Access management programme -** integrated multi-factor authentication and access control capability.* User Biometric Access for internal staff

  | * Biometric and Smart Card, as the central identity database and authorization for frontline staff project started in 2019. The project was stopped as a result of COVID-19. However, by the end of the 2020/2021 grants value chain officials have been registered and are making full use of the system.
 | Beneficiary Biometric project was halted due to disagreements with organised labour in 2019/2020 financial year. The issues of dispute have since been resolved. For the 2022/23 financial year, the beneficiary biometrics project will be piloted in 4 local offices in line with the agreement with the organised labour. |
| **Fraud, risk management and cyber assurance** - ensure a more robust integrated risk management process to adequately address* Fraud & Risk Management System
* Cyber Assurance & Risk Analytics Service
 |  | Introduction of Signature pads – this has not been done as yet but this is part of the SASSA Automation Strategy which goes beyond the Signature but focuses on their ICT and service offering to support business operations.  |
| **Web enabled platform** - build a single web enabled platform to host all applications the user can access to process grants* Applications for deductions to manage Regulation 26 are internally performed.
 | The web enabled platform is being implemented. The Online Grants Application System is being rolled out and is stabilising.Regulation 26A deduction has been insourced with the assistance of QLink.  |  |
| **Biometric enrolled programme** - SASSA to biometrically enrol beneficiaries and recipients of grants. * High performance one-to-many matching server and integration to Home Affairs for identity verification.
 | SASSA has completed the rollout of Biometrics for Socpen Users access. A non-repudiation capability is built into the authentication process and this has significantly reduced user identity swaps and/or stealing to perform unauthorised access to the system or perform fraudulent transactions.SASSA performs beneficiary validation and verification with Department of Home Affairs systematically before payment is run.  | The one-to-many biometric server has not been implemented. |
| **Integrated customer care and support** - improve beneficiary experience through quality of service delivery | Electronic Queue Management system – Piloted in Benoni Office and work is in progress to roll-it out to an additional 18 offices during 2022/23 financial year. |  |
| **Alternative pay points and Local Economic Development** * Cashless environment where beneficiaries can utilize the SASSA payment card to purchase goods electronically.
 |  | SASSA to fast track some of the changes that were envisaged over time. These changes included automation of the application process; opening of multiple application channels, and introduction of an additional payment channel. SASSA is extending these lessons to cover the normal social grant process. |
| **Date service integration*** An integration layer must be built to support integration of data and the system between SASSA’s internal systems and external partners (government and non-governmental).

  | SASSA is able to conduct real-time personal information verification (ID numbers, name match etc.) of beneficiaries through the Department of Home Affairs.Other departments and entities that SASSA has a system interface with and where such information is currently utilised for the COVID 19 SRD R350 grant applications with the intention of progressively introduced for main-stream grants applications process and these are:* SARS,
* Department of Labour (UIF)
* National Student Financial Aid Scheme
* Correctional Services
* PERSAL and PERSOL
* Department of Public Service and Administration
* Government Employees Pension Fund
* Pensions database from National Treasury.
 |  |
| **SASSA readiness change management** **office -** Project Management framework developed to govern evolution of projects and programmes* Establish Programme and Project management office to support the change management
 | Projects management office has been established. Change management – culture and ability audit conducted and the entity is currently implementing recommendations from the survey. |  |
| **Supply Chain Management readiness** * SASSA’s capacity and capability to manage external partners including merchants in the payment value chain
 |  | Only manual monitoring is conducted at merchants as part of the customer care programme. |