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

**NATIONAL ASSEMBLY QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 2522**

**DATE OF PUBLICATION IN INTERNAL QUESTION PAPER: NOV 2021**

**INTERNAL QUESTION PAPER NUMBER: XX - 2021**

**2522. Mrs G Opperman (DA) to ask the Minister of Social Development:**

(1)What are the details of the position of her department regarding Note 17 of the Department of Social Development in respect of the Fund-Raising Act, Act 107 of 1978;

(2)   In light of the fact that both the SA Social Security Agency and the National Development Agency received findings adverse on compliance with legislation and are not taking effective steps to prevent irregular expenditure, what corrective measures will she and/or her department take to put in place in this regard?                  NW2945E

**REPLY:**

1. The Fund-Raising Amendment Bill, once signed into law, will culminate in the dissolution of the Refugee Relief, Social Relief, State President and Disaster Relief Funds with the exception of South African National Defence Force Fund (in terms of clause 7 of the amendment Bill), The amendment Bill establishes a new Disaster Relief and National Social Development Fund, and in terms of clause 7, transfers all the assets and liabilities of the existing funds to the new Fund. There should thus be no impact on the Funds, as the four funds are being consolidated into one, and all their assets and liabilities will be transferred to the new Fund once the President has signed the Bill into law.
2. (a) **SOCIAL DEVELOPMENT**

The Department has an established an Entity Oversight Forum. This engagement was prompted by the Auditor General’s report that the Department strengthen its oversight on its public entities. The main focus of the Forum is to:

* Built a harmonious relationship with DSD Entities and Associated institutions;
* To address Auditor general’s concerns of oversight;
* To take note of governance issues in all Entities;

The Audit Steering Committee has also been re-established to address all Auditor-General’s findings within the Department and its Entities. The Committee meets on monthly basis to discuss the Audit Implementation Action Plan. Responses to challenges related to audit findings and related implementation plans are managed and overseen as preparations for the scheduled Audit Committee meetings.

**2(b) NATIONAL DEVELOPMENT AGENCY:**

The NDA has put in place the following measures in place to prevent the occurrence of irregular expenditure:

1. **The development a policy and detailed Standard Operating Procedure manual on Irregular Expenditure** -In the 2021 Financial year, the entity developed a policy on Irregular expenditure, guided by the requirements of the Framework for Irregular expenditure that was issued by the National Treasury. The Framework and the policy are intended to institutionalise the processes for the treatment of Irregular expenditure identification, determination of losses and investigation of cases of irregular expenditure. After approval of the policy, awareness workshops were held across all NDA offices where NDA staff were workshopped on the policy.
2. **Establishment of an independent Loss Control Committee to investigate all reported cases of Irregular Expenditure** - The establishment of this committee is informed by the requirement of the Framework on Irregular expenditure that was issued by National Treasury. The Loss Control Committee is expected to investigate all reported cases within 30 days of these instances being reported. This committee will ensure that all cases are dealt with timeously. The process to appoint the Loss Control Committee is s expected to be finalised by end of January 2022.
3. **SASSA**

SASSA takes issues of irregular expenditure very seriously and has focused on the areas listed below;

1. Focus on office accommodation procurement for SASSA:

SASSA recorded additional Irregular expenditure amounting R73 million during the 2020/21 reporting period of which over R43 million relate to occupation of office accommodation with expired lease agreements. The procurement of alternative accommodation by the Department of Public Works and Infrastructure was not concluded by the time a lease expired and SASSA did not request approval to extend the existing lease agreement on time.

Mechanism being put in place are:

* SASSA is currently developing an appropriate procurement strategy to fast track procurement of office accommodation currently occupied by SASSA for which lease agreements already expired. This is being done in consultation with Department of Social Development and Department of Public Works and Infrastructure to be finalised 31 December 2021.
* SASSA with the assistance of Department of Social Development is currently reviewing Immovable Property management policy to be concluded by 31 March 2022.
* Review the Memorandum of Agreement (MOA) entered with DPWI by 28 February 2022.
1. Strengthen internal controls
* Requests for procurement of alternative office accommodation by Department of Public Works and Infrastructure will be sent eighteen (18) months before expiry of any lease agreement.
* Where DPWI has not finalised procurement of requested office accommodation, SASSA will timeously request for the extension of the existing lease agreement before expiry of lease agreement.
* Supply Chain Management Compliance unit performs pre-audit or reviews of all new contracts before an award is made.
* Prioritised Supply Chain Management (SCM) unit capacity (Currently busy with recruitment process to augment current manpower across the agency).
* Re-trained SCM and users at head office on SCM Legislative framework and processes and procedures.
* Reviewed Supply Chain Management Policy and Standard Operating Procedures and work shopped all SCM officials in the Agency on 26 November 2021
* Trained EXCO and officials serving as Bid Adjudication Committee members. The first training took place on 22 October 2021 and the second training should take place during the fourth (4th) quarter of 2021/22.
* Treasury training of all SCM officials in SASSA on 02 June 2021
* Develop and implement a Corporate Audit Action plan to respond to 2020/21 audit findings.
1. Strengthen implementation of disciplinary corrective measures for already incurred irregular expenditure cases:
* Accurate and complete recording of all incurred irregular expenditure including where currently SASSA is in occupation of office accommodation where leases have expired thus continue to incur irregular expenditure.
* A target on financial misconduct cases has been included in 2021/22 Annual Performance Plan (APP) allowing adequate monitoring.
	+ 95% of long outstanding cases to be finalised by 31 March 2022, timeous implementation of disciplinary corrective measure will serve as a deterrent.
* SASSA Head Office to strengthen regional Support
* Outcome of the disciplinary corrective measures will become the basis for consideration of recovery or support for National Treasury to condone Irregular Expenditure where appropriate.