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**NATIONAL ASSEMBLY QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 2523**

**DATE OF PUBLICATION IN INTERNAL QUESTION PAPER: 19 NOVEMBER 2021**

**INTERNAL QUESTION PAPER NUMBER: 27 - 2021**

**2523. Mrs G Opperman (DA) to ask** **the Minister of Social Development:**

(1) In light of the fact that the National Development Agency paid R29 million in stipends to volunteers which were not approved by a delegated official, (a) who paid and (b)(i) who did not sign and (ii) what were the reasons;

(2) with regard to the fruitless and wasteful expenditure of (a) R1,9 million in car damages and (b) R1 million in hotel no-shows, (i) who are the responsible persons and (ii) what consequences have been instituted? NW2946E

**REPLY:**

1. Following President Cyril Ramaphosa’s declaration of the state of emergency in 2020, the volunteers were recruited as part of the NDA’s response to control the further spread and mitigation of the COVID-19 pandemic through community education, identification and registration of individuals/households for SRD application, including the Special COVID-19 SRD Grant, distribution of food parcels to eligible individuals/households provided by the Social Development Portfolio and providing queue management at SAPO and SASSA pay points, amongst others.

The programme plan and costing of the volunteer programme was presented to the NDA for approval and it was granted by the NDA Board as per their delegated authority. The NDA administratively, executed the programme through the NDA Grant Funding Policy. However, the processing and appointment of the CSOs that were appointed did not go through the structures required in the grant funding policy. This was declared during the audit as irregular expenditure.

When President Ramaphosa extended Special COVID-19 SRD Grant earlier this year, the NDA was requested to render services alluded to earlier. As a result, the volunteer programme was extended with an additional 3 (three) months (January-March 2021). However, the Accounting Officer implemented the extension of the volunteer programme without the approval of the NDA Board.

1 (a) The R29 million that the Honourable Member is referring to is not entirely related to the NDA volunteer programme, the total sum of irregular expenditure for the Agency for the financial year 2020/2021. The total is inclusive of the following irregular expenditure reported in the NDA annual financial report:

|  |  |
| --- | --- |
| **Nature of Irregular Expenditure** | **Amount** |
| Tender not approved in accordance with NDA Delegations | R 1 182 735 |
| Competitive process not followed for price quotations | R 1 214 943 |
| Price charged by supplier for PPE no in line with Treasury guidelines | R 21 710 |
| Award made prior to approval | R 59 112 |
| *Extension of extension of Volunteer Programme not in accordance with Delegations of Authority* | *R 4 522 025* |
| *Volunteer programme approved without following Grant funding policy* | *R 22 471 235* |
| **TOTAL IRREGULAR EXPENDITURE - NOTE 29 OF ANNUAL REPORT** | **R 29 471 760** |

1 (b)(i) The NDA Board duly approved the programme budget, but not the expenditure of R22 471 235 which was incurred under this programme as it did not comply with the NDA Grant Funding Policy.

1 (ii) Refer to 1 and 1 (a) above

**SASSA**

2(a) The reported R1 million fruitless and wasteful expenditure disclosed in SASSA’s 2020/21 Annual Report is not only for the hotel no shows. Of the total amount, only R8, 908 is relates to hotel no shows. SASSA recorded the R1 million fruitless and wasteful expenditure. The fruitless and wasteful expenditure breakdown of the R1, 083, 218 as reported by AGSA is made up of the following (Refer to note no. 30 of SASSA Annual Report):

* Interest and penalties R61, 147 which include a material amount of R58, 136.99 (R50, 000 with interest) paid to an official for the unfair disciplinary process and defamation of character as per the court judgement made on a matter employee vs SASSA. There were penalties and interest levied by municipalities relating to car renewals and accounts payments cycle negatively impacted by the pandemic making the balance of the amount.
* Hotel no shows amounted to R8, 908 sometimes officials are booked and due to circumstances related to Covid-19 the accommodation could not be utilised. An amount of R 3,303.06 associated to a SASSA appointed medical doctor for purposes of disability assessment. The amount was then deemed recoverable from the relevant doctor. Hotel no shows does not make a major portion of the fruitless and wasteful expenditure. All the cases have been finalised, four were finalised in the previous financial year (2020/21) and last one was finalised during the current financial year (2021/22). Three cases were written off and two are being recovered.
* Payment made to a service provider R266, 760 (the service provider did not render the service but claimed the money, a case of fraud has been opened). The corrective disciplinary process was undertaken and the affected official who has since left the agency was cleared due to insufficient evidence of wrong doing. The agency awaits the outcome of the criminal case.
* Other matters R746, 403 made out of the following amounts:
  + R 549,942.75 salary paid to an official from KZN who was not at work, when SASSA requested the alleged sick notes could not get any. The employee has since been dismissed. We are currently trying to recover funds, she does not have adequate pensions benefits as she started work the past two years. SASSA is following a due legal process to recover the amount paid.
  + R187,920.53 relate to salary paid to an official in Gauteng region together with legal costs (There is currently a disciplinary process underway to deal with this matter). Only once the corrective disciplinary process is finalised will the matter be finalised in line with the outcome.
  + R8, 381.20 a KZN official did not attend arranged training. The circumstances are still being investigated.
  + R158.52, a beneficiary was booked for medical assessment in the month the grant was still valid.

(b) (i) who are the responsible persons and (ii) what consequences have been instituted?

From the stated information hotel no shows does not make a major portion of the fruitless and wasteful expenditure recorded in 2020/21. The hotel no shows cases have been finalised, four were finalised in the previous financial year (2020/21) and last one was finalised during the current financial year (2021/22). Three cases were written off and two are being recovered.

**DSD**

(2)(a)

With regards to fruitless and wasteful expenditure, the National Department of Social Development had R1,132 million related to car damages. 51 cases were recorded as car damages.

(2)(a)(i)

The Loss Control Committee recommended that 35 cases (R674 437, 04) be recovered from officials and the Travel Agent. The cases have been referred to the Finance to commence with the recovery process. 12 cases (R170 624, 55) were written off on the basis that the officials were not negligent; and

(2)(a)(ii)

4 cases (R286 298, 47) were referred to Labour Relation for further investigation and if the officials are found to be liable for the expenditure, it will be recovered and disciplinary processes will commence.

(2)(b)

In terms of R 1 million in hotel no-shows, only R21 638.96 has been recorded in the Annual Report for Social Development as “Hotel no-shows” and not R1 million as indicated.

14 Cases were recorded during the 2020/21 financial year 2020/2021 for “Hotel No-Show”. Eight (8) cases has already been recommended to be recovered from the officials and the Travel Agent to the amount of R11 714,52 and these cases have already been referred to commence with the recovery process.

1 case (R1 200, 00) was written off and the official was not liable due to travel restrictions imposed and the late cancellation of an event as a result of Covid-19 restrictions

The remaining 5 cases (R8 724.44) has been investigated and will be finalised by the Loss Control Committee in due course.