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**Memorandum from the Parliamentary Office**

**NATIONAL ASSEMBLY**

**FOR WRITTEN REPLY**

**QUESTION 275**

**DATE OF PUBLICATION OF INTERNAL QUESTION PAPER: 16/02/2018**

**(INTERNAL QUESTION PAPER NO 2 OF 2018)**

**Ms H Bucwa (DA) to ask the Minister of Higher Education and Training:**

(1) With reference to her reply to question 3572 on 2 January 2018, what (a) are the reasons for the high number and relatively high percentage of invoices that are unpaid for more than 120 days by AgriSeta, W&R Seta, Services, the National Student Financial Aid Scheme and the SA Qualification Authority, (b) steps have been taken since her reply to address the issues leading to the delays and (c) is the current age analysis of unpaid invoices for each of the specified entities;

(2) Whether she will take any steps to ensure that all future invoices of the entities will be paid within 30 days; if not, why not; if so, what are the relevant details?

**NW296E**

**REPLY:**

Public entities mentioned below have provided the following responses to the questions posed.

1. (a) **Wholesale and Retail Sector Education Training Authority (W&RSETA)** Service providers and stakeholders submit non-compliant invoices in terms of the contract deliverables. W&RSETA currently has a backlog on certificates, which is one of the deliverables to prove completion of training. This is impacting negatively on the processing of tranche payments (final payments) on projects as the Chief Executive Officer (CEO) is the only individual who can sign these certificates. An acting CEO was appointed in January 2018 and the certificate backlog is being addressed. In terms of the payment process, there must also be a monitoring and evaluation phase before the service provider can submit an invoice. A number of service providers simply submit invoices before the monitoring and evaluation phase is completed, thereby rendering the invoices non-compliant.

(b) An acting CEO was appointed in January 2018; this will assist in ensuring that the backlog on certification is addressed. Stakeholder sessions were conducted to further explain and capacitate stakeholders on the contracting, invoicing and payment processes of W&RSETA. There are quarterly progress reports to the Board and stakeholders through the Board meetings and stakeholder forums.

(c) The current age analysis for unpaid invoices is provided below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Description** | **0 to 30 days** | **31 to 60 days** | **61 to 90 days** | **91 to 120 days** | **Over 120 days** |
| Number | 180 | 2 | 1 | 5 | 20 |
| Amount | R12 357 277 | R123 000 | R750 | R28 743 | R896 393 |

1. **National Student Financial Aid Scheme -** Accounts older than 120 days are the result of verification processes that need to be completed before invoices can be settled. Most accounts are settled within a period of less than 120 days. The verification process includes:

Confirmation of banking details;

Users need to confirm that goods received or services delivered are in good order; and

Invoice(s) need to be matched to approved purchase orders.

1. Accounts older than 120 days are being monitored on a weekly basis and followed up with users and suppliers to resolve issues that could delay payments.
2. The current age analysis for unpaid invoices is provided below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Description** | **0 to 30 days** | **31 to 60 days** | **61 to 90 days** | **91 to 120 days** | **Over 120 days** |
| Amount | R1 094 922 | R1 999 710 | R1 253 294 | R88 113 | R686 941 |

1. **Services SETA -** To ensure accountability of public funds, Services SETA adopted a performance based payment model. If invoices are submitted without the following documents, they are declared non-compliant:

Approved budget;

Commencement letter; and

Supporting documents for claims.

1. Services SETA regularly follows up on non-compliant invoices, conductingcapacitation workshops and has published the payment guidelines on its website. Despite these efforts, training providers continue to submit non-compliant invoices. The majority of these non-compliant invoices are submitted during the start-up phases of the projects, subsequent to new allocations and with some providers submitting documentation without actual training having being provided.
2. The current age analysis for unpaid invoices is provided below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **31 to 60 days** | **61 to 90 days** | **91 to 120 days** | **Over 120 days** |
| Number | 133 | 140 | 54 | 167 |
| Amount | R7 490 891.16 | R5 309 333.17 | R3 486 408.30 | R23 912 187.70 |

1. **South African Qualifications Authority (SAQA) -** The outstanding balances for more than 30 to over 120 days relate to funds that were paid to clients that utilise the Foreign Qualifications Evaluations and Advisory Services. These refunds were processed for payment but were rejected by the bank and returned to SAQA due to invalid account details or closed banking accounts. These refunds remain on the age analysis until the client is traced and correct banking details are submitted to SAQA for effecting the payment.
2. Efforts are made to trace these clients on a regular basis using the contact details provided at the application stage. It becomes difficult when the client(s) have left the country or changed their contact details. SAQA has also assigned additional staff to deal with the tracing of these clients.
3. The current age analysis for unpaid invoices are provided below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Description** | **0 to 30 days** | **31 to 60 days** | **61 to 90 days** | **91 to 120 days** | **Over 120 days** |
| Number | 3 | 6 | 14 | 4 | 191 |
| Amount | R28 569 | R5 468 | R16 233.34 | R3 863 | R159 999.60 |

1. **Agricultural Sector Education and Training Authority (AgriSETA) -** Project invoices with queries that were not resolved by suppliers / employers on time include the following:

Outstanding supporting documents.

Accruals that were not ready to be paid due to outstanding supporting documents.

Invoices that were submitted to AgriSETA with old invoice dates. These invoices were recognised retrospectively.

Invoices that were delivered late by hotels to Travel With Flair and Club Travel for submission to AgriSETA.

Some of invoices were subsequently replaced with corrected invoices and old invoices were cancelled. These include invoices that were duplicated.

1. AgriSETA took a resolution to in-source invoice capturing and payments to ensure early detection and correction of discrepancies.
2. The current age analysis for unpaid invoices is provided below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **31 to 60 days** | **61 to 90 days** | **91 to 120 days** | **Over 120 days** |
| Number | 3 | 1 | 1 | 54 |
| Amount | R72 571.31 | R100 464.00 | R94 329.00 | R1 659 985.62 |

1. It is important to note that each Council / Board of a public entity in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) is accountable for the operations of the entity.

The Department will issue a circular addressed to all public entities reporting to it to put measures in place to prevent the delay of payments for valid invoices by no later than 30 days. Public entities will also be requested to provide an age analysis of outstanding invoices together with their respective quarterly reports.