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

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 346**

**DATE OF PUBLICATION IN INTERNAL QUESTION PAPER: 17 FEBRUARY 2023**

**INTERNAL QUESTION PAPER NUMBER: 2 - 2023**

**346. Ms L H Arries (EFF) to ask the Minister of Social Development:**

What current control procedures exist among (a) her department, (b) the SA Social Security Agency and (c) the Postbank to guarantee the prompt payment of social grants? NW361E

**REPLY:**

**(a)**

* The National Treasury allocates funding for Social Assistance Grants to the National Department of Social Development on an annual basis as “specifically and appropriated funds”, which means it may not be used for any other purposes.
* Annually, the Department request approval from the National Treasury to disburse the Social Assistance grants funds on a monthly cashflow requirement linked to the annual budget allocation.
* National Treasury also approves the monthly payment dates of the social assistance grants
* Monthly, the National Department of Social Development submits a payment schedule instruction to National Treasury to approve payments to be released to the nine (9) SASSA regions for the payment to social assistance beneficiaries as per agreed payment dates and amounts.
* The Department ensures that payments to SASSA are approved within four (4) days of the scheduled payment dates. Once payments have been made, SASSA is required to submit expenditure reports on a monthly basis to reflect all payments made. This is used as a monitoring mechanism.
* The Department participates in the review of the agreement with the Post-Office to ensure that the arrangement ensures timely and accurate payments.
* The Department also has an oversight forum which reviews SASSAs performance reports which includes targets relating to approval and payments to eligible beneficiaries.

**(b)**

SASSA has developed a schedule and follows it rigorously for processes leading to pre–payment files extraction, as well as actual payment extraction. These processes include (but are not limited to) the following:

* The schedule covers a process to verify new and changed bank accounts/cellphones and is performed daily, to ensure that there is no backlog of unverified accounts at the time of payment file extraction. Where an account is on unverified status for more than 5 days, such account is re-extracted and re-submitted for verification through National Treasury with the banks.
* The schedule covers the process to verify new and existing applications against external databases and where the datasets are not received in time, internal control processes are implemented to ensure that verification and payment processes are not delayed.
* The schedule, which covers processes to means test new and existing applications with the banks, has been formalized and is scheduled in advance leading to the extraction of the payment file.
* For bulk payments of social grants, a payment schedule is compiled and agreed to with the banks and retailers to ensure enough cash is supplied and in circulation during payment periods.
* The payment dates for social grants and COVID-19 SRD have been staggered in a manner that ensures that there is no disruption within the financial sector.
* The workflow for the extraction and authorization of payment files has been automated to ensure seamless processing.
* Constant client directed (via SMS) and public communication is done throughout all communication channels to ensure that clients are kept up to date regarding payment dates, as well as, any changes in payment dates or processes.
* Biometric authentication for staff has been implemented – especially in the payment environment - to ensure enhanced controls are in place and observed.
* Reconciliations are performed with all banks to ensure correct payments were effected and to detect payments which were not effected (EF70 codes – where client accounts were closed / not FICA’d etc. post payment.) In these cases, the money is returned and reconciled with SASSA, whereafter SASSA engages the clients for updated information.

**(c)**

The Grants Payments System used by Postbank to facilitate social grants payments has been migrated to a more stable environment from in January 2023. This was done to immediately address the infrastructure-related performance issue. The migration to the cloud platform also provided improved security in the Grants Payments System and reduced downtime, given that most of the payments challenges were Information Technology system related