

Technical Committee for Payments of Grants and SASSA Governance

1st Report to Minister of Social Development

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1. Introduction

The purpose of this report is provide the Minister of Social Development and the Acting CEO of SASSA with an assessment of the status of transition to the grants payment under the management of SAPO. This document is for discussion with the Minister and the ACEO and cannot be used, or the content quoted or distributed without the written approval of the Technical Committee appointed by the Minister.

The Minister of Social Development, Ms S Shabangu, established a Technical Committee that will support and report to the Minister on matters relating to SASSA and the South African Post Office transition of the social grants payment system.

The Technical Committee is expected to work together with SASSA Management to develop and monitor the implementation of a 6-months road map geared towards ensuring smooth transition of payments of social grants in compliance with the Constitutional Court Order(s). A second part for the brief is to determine the appropriate governance and institutional oversight requirements for SASSA.

The purpose of this Report is to provide the Minister with an assessment of the Technical Committee's findings during the course of the 1st month of its appointment.

The Report's outline is based on the *critical milestones identified in* the SASSA and SAPO implementation plan and the request by the Minister that a trial run be done in the month of June so that we can refine processes to ensure delivery long before August which is the dead line date.

Section 2 of the Report lists the key considerations that must be prioritised to immediately address key implementation challenges.

Section 3 briefly sets the context of the Technical Committee's appointment, the initial tasks the Committee executed and list some of the challenges the Committee faced during the course of the 1st month, which challenges it continues to face.

In Section 4, the Committee summarises the observations made during interactions, site visits and review of documentation during the reporting period and lists a set of proposals.

Section 5 presents an assessment of progress on critical milestones that are outlined in the project plan and Section 6 concludes.

2. Recommendations

On the basis of the Committee's findings during the course of its first month of operation, the following is recommended:

Project Support for the Committee

The Technical Committee is aware of capacity constraints in SASSA, but firmly believes that

- Project support could help to fast track the work of the Committee;
- Tools of the trade, facilities and other requirements must be made available.

Aligned leadership between SASSA and SAPO

- There must be more visible and on the ground decisive leadership of the project at the level of engagement by both SASSA, and SAPO,
 - Ensure that people on the ground get the support required to deliver value to the clients who are vulnerable groups;
- Reporting and decision making between SASSA/SAPO must be aligned and tuned in the interest of the delivery of service to SASSA clients – Customer Centricity and ensuring that our people are treated with dignity;

Technological and People support:

- Both SASSA and SAPO must have enough personnel with sufficient information tools at first point of contact with beneficiaries to provide guidance and security guards,
- SAPO's need for financial and capacity resources need to be addressed, with support from SASSA, DSD and National Treasury
- Securing the funding may require speedy interaction between the Ministers of Social Development, Department of Telecommunications and Postal Services, National Treasury, as well as top management in the three departments

Establishment of a Nerve Centre/Situation room at SASSA to track performance

Desperate and urgent need to the establishment of the War Room in SASSA that brings the key managers together on a daily basis in consultation with people on the ground (RM). The objective of the Nerve Centre Room/Situation Room is to record daily incidents and alert both the leadership of SASSA/SAPO to provide guidance and resolution

That the ability to have reconciliation between SASSA/SAPO and Bank Serve on delivery of the numbers is actioned as high priority.

Communication

Communications strategy must have synergy of both SASSA/SAPO, be seen to be delivering a post office/bank that is developmental in approach and can deliver in the short to medium term whilst developing futuristic plans in support of what needs to be done in the long term/ The messaging has to be targeted, clearly communicated and consistent and all levels.

- There should be continuous assessment of communication impact as well as readiness to update the features of communication strategy.

3. Technical Committee's work

3.1 The Rationale for Establishing Technical Committee

The Technical Committee will work with SASSA Executives and the Minister's office to:

- Facilitate the state of readiness of SASSA and SAPO to ensure payments within the Constitutional Court prescribed period beyond the six months extension;
- Identify but not limited to the administrative, legislative, governance, financial modelling and business case, human resource gaps and risks in the current plan(s) or roadmap and develop a risk mitigation plan;
- Develop an integrated 6 month road map and align it to the future plan

Ensure the roadmap/plan is implementable - through costing and ensuring availability of funds, infrastructure and staff in both SASSA and SAPO. This should include assessing the most efficient and cost effective method of ensuring the payment of social assistance benefits in terms of the Social Assistance Act, 2004 (Act No. 13 of 2004) and the South African Social Security Agency Act, 2004 (Act No. 9 of 2004);

Advise on any required legislative and regulatory frameworks and amendments to existing legislation which may be necessary to ensure effective payments of social grants.

Ensure that the payment method determined contains adequate safeguards to guarantee that the personal data of beneficiaries obtained in the payment process remains private and may not be

used for any purpose other than payment of the grants or any purpose sanctioned by the Minister in terms of section 20(30) and (4) of the Social Assistance Act, and preclude a contracting party from inviting beneficiaries to "opt in" to the sharing of confidential information for the marketing of goods and services.

Determine associated governance and oversight requirements for SASSA and provide recommendations in reviewing current legislative framework.

Provide a framework within which the State will be able to take full control of the social grants payment value chain with SAPO as the preferred government service provider.

3.2 Technical Committee work

The Committee at its 1st meeting planned to interrogate the work that was undertaken in the execution of the Constitutional Court Order and progress achieved with a view to make an assessment of the state of affairs at the time, in order to provide the Minister with a set of key findings. During the course of the month the committee held weekly meetings, reviewed documentation, including SASSA's reports, the Panel of Expert's reports and the feasibility of the project plan for the transition to a new payment regime.

During the course of the first month of appointment, the TC met with key and critical SASSA Executive Managers, the SAPO CEO and COO, paid visits to pay-points and places where card swapping took place and also met with the SAPO Chief Information Officer responsible for card swapping function.

3.3 Challenges faced by the Committee

During the first week of appointment of the Technical Committee (TC), a number of commitments were made that would enable the TC to execute the scope of its work. These commitments include among others: project management support, tools of trade (office equipment, laptops, etc.), access cards to the SASSA building, compensation for work undertaken and general requirements.

The TC has been left disappointed that these commitments have not been met and this has limited the rate of progress that the TC envisaged. In order to provide the project management support, SASSA seconded three staff members to a project office for the committee. All three of the staff

members have been on leave and the TC has not had the benefit of initial interactions with the project support staff.

4. Summary of Observations

4.1 The Shortcomings identified by the TC

The Technical committee acknowledges and appreciate the collaboration between SASSA and SAPO. However insufficient progress has been made to give the Minister assurances of a smooth and successful transition of the payment system. The shortcomings that the TC identified are among others:

Lack of a dashboard on all deliverables to ensure delivery of all targets set in the project plan,

Delays in procurement of technical equipment, services and recruitment of personnel have resulted in the non-achievement of *critical milestones*,

Limited identification of many of the potential risks and proposals to mitigate against the risks,

The project agreement makes SASSA and SAPO jointly responsible and hence there is no objective oversight and arms-length monitoring of the progress,

SASSA executive managers are divided on what has to be done and this poses a threat to the need for a shared vision,

There is a lack of project management capacity and capability within the project management team where all targets are being achieved;

The swapping of SASSA cards with those of SASSA-SAPO cards are far behind schedule,

The proposed deployment of SAPO staff to support the project has not been achieved,

Deployment of the information technology architecture and network capabilities does not meet the business requirements of the project,

The communications is far from effective and require alignment with work to improve access to appropriate information for beneficiaries,

There is no plan for the cash payments to beneficiaries who are beyond 10kms of the national payment system,

The lack of decisive action by SASSA officials to prevent CPS employees from intimidating SAPO employees is a problem.

4.2 The Technical Committee's Proposals

In the context of the initial assessments, the Committee proposes that

That there be clearer delineation between the responsibilities of SASSA and SAPO is established through a revised SLA to improve accountability,

Consideration must be given to setting up a separate monitoring structure to oversee both SASSA and SAPO,

There is an urgent need to:

Establish a war room/situation room within SASSA;

Enhance project management capacity and capability within the project management team;

Increase both human resources and equipment capacity and capability to quadruple the swapping of CPS cards with those of SASSA-SAPO cards;

Immediately improve information technology and network capabilities;

Improve communications in respect of all facets such as media, call centre, face to face, knock and drive etc.

Develop a detailed plan for the cash payments to beneficiaries who will be far from the national payment system;

Significantly improve the conditions and customer care approach under which beneficiaries are required to have the card swapping done;

Address the conduct of CPS employees through both management and legal means;

Develop a detailed contingency plan, which will mitigate against the total failure of the plans;

There is also a need for more decisive central leadership of the project within SASSA.

5. Assessment of Progress on Critical Activities

5.1 Project Management and Leadership

The Committee notes that the project team from SASSA comprise of managers from various components within the organisation and have come across managers who are dedicated to implement the task at hand. The SASSA team meets with the SAPO team on a daily basis, for two hours.

The Committee is however concerned that there are major differences amongst the executive team and managers at lower tier on the project approach, fundamental implementation matters such as the card swapping and executive managers presented contradictory information to the Committee in one another's presence.

Consequently, the Committee observed that there is no decisive, cohesive and collective approach to the project. SASSA management do not act in unison, make individual decisions indicating division among the executive management.

Certain aspects of the project are only ideas that have not been firmed up, and decisions are made that changes the nature of the project without it being recorded. There is no detailed narrative project plan that enables the team to have a common understanding of the project thus resulting in differences of interpretation and communication.

The above is reflective of the lack of project management capabilities within SASSA. There is an urgent need to set up a project management office or war room, with stronger project management capabilities and appropriate tools and for the project team to meet on a daily basis to assess progress and make decisions or interventions.

5.2 Oversight and monitoring

The nature of the SASSA/SAPO contract in some respects allocates responsibilities to the two parties but in the main is problematic in that both parties are deemed responsible for delivery. The implication is that SASSA management cannot exercise oversight as it is a player and this creates the problem of accountability. Lack of independent monitoring of performance by both SASSA and SAPO is thus a weakness of the project and the Ministers do not get unbiased objective reporting.

5.3 SAPO Capacity and Capability

The government's intention to transfer the social assistance payment system is in line with its strategic objective to build the capacity of a developmental State. Over the years, the investment in the infrastructure of SAPO has been below desirable levels. This may have been compounded by the outsourcing of the functions of the Post Office. This decision provides an opportunity to reverse the consequences of outsourcing which literally stripped SAPO of its delivery capacity and modernisation which enables it to play a supportive role to the delivery of basic services to our people.

Due to agencification and outsourcing, SAPO has not been able to deliver on the expectation to establish 2,610 service points (staff and equipment to date) at SASSA pay-points for the card swap programme. This inability to deliver is exacerbated by the limited timeline set for the transition to a new payment system.

There is no indication that SAPO has begun or made progress on the upgrading of 862 branch office infrastructure. There is no indication that SAPO has meaningfully increased the number of branch tellers from the current 2,600 to 5,000. There is also no indication of where SAPO will externally draw institutional resources to meet the milestones set for the project.

5.4 Card Swapping

The swapping of the CPS payment card with the SAPO-SASSA card is critical for the migration to a new payment regime. This critical milestone is being undermined by the gross underestimation of the task to meet government's and the President's public commitment to meet the Constitutional Court directive. The SAPO team appears to have over-committed in all aspects of this project. They initiated the process with limited technology capability, insufficient staff, and an inadequate quantity of technical equipment. Implementation is further compromised by poor communication, or communication that is not aligned to the task at hand. As a result, cash payment beneficiaries are not prioritised, neither are areas without a footprint of the national payment system being given attention.

Key areas of project and operations management team weaknesses include

- The lack of making a proper geographical and spatial analysis and assessments and the deployment of resources are the direct cause for misalignment to critical priority areas of intervention at this juncture,

- The lack of capability to ensure continuous and uninterrupted online support for card swapping,
- The lack of firm and conclusive guarantee that issued cards have their accounts activated,
- Lack of a consistent and structured operational collaboration with the South African Police Services to stop the intimidation of SAPO personnel by CPS,
- No distinct and quantifiable indication of the extent to which the current roll out of cards has been effectively achieved in rural areas where formidable challenges could be faced come 1st September,
- The off-line processing of cards may be aimed at expediting the card swapping process and it has undeniable done so, but due to the fact that the actual activation of the account is done in the back-office and not instantly on-site where the card swapping process is undertaken, there is a risk that the large number of cards that have been swapped do not reflect the number of accounts for beneficiaries that have been activated and therefore in a ready state to transact come the payment date.
- The inability to make meaningful progress with swapping is also compounded by the fact the CPS's payment schedule created a situation where in some areas community hall facilities have been already pre-booked for CPS occupation leaving SAPO at a considerable disadvantage,
- Lack of common understanding on the ground, between SAPO and SASSA managers regarding the cause of their inability to deliver on the targets initially set for the project,
- Manual swapping which is not underpinned by systematic validation and monitoring of whether cards are active may result in disappointment for many beneficiaries if on the day of payment, they are unable to transact with their newly issued SAPO cards and therefore left in limbo.

5.5 Procurement of Mobile ATM's and POS

In terms of the project plan, SAPO will procure mobile ATM's and POS to be ready by the end of October 2018. It is not clear why this milestone is set so late in the life of the project. The committee is informed that SAPO only procured 9 ATMs for cash payment services. It does defy logic why such an inadequate quantity has been procured when over 1.9 million beneficiaries fall beyond a 10 km radius of the foot print of the national payment system, and are distributed across more than 1000 pay points currently in operation.

The committee is seriously concerned about the inability to deliver to the poor elderly in the most remote rural areas of our country come 1st September of this year. In our interface with the SAPO and SASSA regional offices, there hasn't emerged a convincing plan indicating that the rural areas have been given priority they deserve.

5.6 Commissioning of Online Retail Postal Agencies

The Committee has not been informed whether SAPO has commissioned the 30 online retail postal agencies. Given the magnitude of the payment task, every point will count when the service must be rendered in September.

5.7 Communication

Communication is a necessary support function in the project of this magnitude and complexity. The Committee is of the view that SASSA has not received value for money spent on communication. There is also a lack of synergy between the project implementation on the communication media and the messaging.

The TC has requested, but has not been provided with the communication strategy.

5.8 Implementation

To avoid a disaster of non-payment or only partial payment, the Minister has directed that a trial run or pilot be conducted in July payment. This will enable SASSA-SAPO to identify potential challenges, gaps and exceptions and enable them to address these before 1st September 2018. There is no indication that there is a plan to implement this directive.

Chances of eventual successful implementation as from 1st of September 2018 could be significantly compromised. The delay by SAPO to secure fixed sites coupled with the fact that CPS has already pre-booked community hall facilities, and its payment schedule has been made in advance, hence leaving the SAPO-SASSA team with little prospect of securing community hall facilities accounts for the current backlog in the card swapping process which could be disruptive to the effort to meet the September 2018 deadline.

6. Conclusion and Recommendation

The Minister of Social Development appointed the Technical Committee to recommend on payment options and appropriate governance arrangements in SASSA. In the Report the TC requests urgent project support and tools of trade. It also proposes an alignment of leadership between SASSA and SAPO and more coherent and decisive leadership that holds the project more firmly together. Project implementation could benefit greatly from the establishment of a Nerve Centre/Situation room at SASSA to track performance and provide support to those in regions and local areas of delivery. Effective communication for a project as complex as this one is missing and requires more synergy with implementation.

The Report lists and challenges, summarises more detailed recommendations and elaborate on the critical milestones and the TC trust that while it is frank in its assessment, the proposals, recommendations will be speedily implemented by SASSA-SAPO.