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SOUTH AFRICAN SOCIAL SECURITY AGENCY

# Technical Committee for Payments of Grants and SASSA Governance

3<sup>rd</sup> Report to Minister of Social Development

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## Abbreviation

IGPS	Integrated Grants Payments System
ACEO	Acting Chief Executive Officer
FAG	Focus Area Groups
MoA	Memorandum of Agreement
NPS	National Payment System
Socpen	Social Pensions System
SAPO	South African Post Office
TC	Technical Committee
SASSA	South African Social Security Agency
CFO	Chief Financial Officer
IT	Information Technology
DPSA	Department of Public Service and Administration
MIS	Management Information System
BASA	Banking Association South Africa

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## 1. Introduction

This document is the Technical Committee (TC)'s third Report and covers issues from the previous month as well as matters related to developments for the period 01 – 31 August 2018. This Report is structured along the line of the TC's experience within the SASSA institutional context and its Terms of Reference (ToR). As such, the report discusses first the embedding of the TC into SASSA and matters related to its mandate before proceeding to report to the Minister on matters related to tasks assigned to the TC.

Following the introduction and background, Section 3 that follows summarises key issues that reflect a need to enhance the state of readiness while Section 4 presents Key Recommendations that require urgent attention. Section 5 provides a brief background to the Committee's establishment.

The penultimate section discusses issues of institutional reform as they relate to strategic planning, the core business process (registration of beneficiaries to reconciliation of payment), human resources, information technology, financial management, and so on, with a view to initiate the development of a framework for introducing a new delivery model within the SASSA.

Section 6 presents the assessments made by the TC on matters of substance related to SASSA and SAPO readiness to ensure smooth transition and presents comments in respect of the short-term cash payment plan.

## 2. Background

In March 2017, The Constitutional court granted an extension to allow Cash Paymaster Services (CPS) to continue distributing social grants in spite of the invalidity of the payments contract. Following SASSA's failure to implement the court order, the Constitutional court granted a further six months extension in March 2018, with the implication that CPS should not be the payment contractor to SASSA as from the beginning of October 2018. The Minister of Social Development, Ms S. Shabangu, in May 2018 established a SASSA Technical Committee (TC) to overlook the implementation of a new social grant payment contract, awarded to the South African

Post Office (SAPO) in terms of the Intergovernmental Relations Framework Act, 2005 (Act no 13 of 2005).

Pursuant to the second extension in March 2018, the Minister for Social Development established a Technical Committee for Grants Payments and SASSA Governance. The Technical Committee, in accordance with its Terms of Reference (TOR), submits this Report to the Minister for Social Development.

### 3. Summary of Issues

#### 3.1. State of Readiness of SASSA and SAPO

- The lack of a business case or firm plan for SASSA which would be used as a guide for the implementation of the social grant payment solution. This is a critical strategic tool for successful implementation of the transition process.
- The contract management regime for the transition process to maximize operational performance still lacking in order for SASSA to effectively manage the transition contract. This can easily translate to unachieved terms and low or no compliance with any consequence management.
- The failure for both SASSA and SAPO to provide the TC with a comprehensive HR plan which should contain crucial goals and responsibilities for the transition process in order to address tactical and strategic needs of SASSA/SAPO. The TC engaged on the draft HR plan which was provided and contributed the TC perspectives which were to be amalgamated in order to produce a comprehensive HR plan.
- The inadequacies of the payment system remain questionable but were improved and the testing was done on the improvements made. Prior which the TC convened a meeting with the Chief Information Officers (CIO) of both SASSA and SAPO to address the concerns of the system whereby there were concurrences on the importance of improving efficiency of the system. *(The minutes of the meeting attached for reference.)*
- The intervention of the TC led to improvement on the Communication plan following a vigorous interaction with the Communications Unit within SASSA. The communication plan was intensified with targeted communication necessary to ensure messages filter down to communities and beneficiaries.

### 3.2. Short term payment plan

- There is a need to enhance project management capacity within both SASSA and SAPO as a result of the lack of essential elements to achieve a successful outcome of the project. Hence the payment plan thwarted with challenges, issues and problems. These elements include proper strategic planning for establishing SMART objectives; the product development not linked to meeting defined organizational objectives; poor communication to beneficiaries as they will be affected during the project or by the project's final outcome; adequate HR plan; and the identification of key stakeholders who will drive or assist in driving the project and help make it a success.
- Crucial engagement with the Banking Association South Africa (BASA) is required as the representative of the banking sector whereby discussions should ensue pertaining to the negotiations of a special bank account with no charges for beneficiaries using commercial banks.
- The cash payment plan needs to incorporate parameters of accessibility which relates to the cost incurred by beneficiaries, the appropriateness, beneficiary rights and dignity; and robustness to ensure a reliable delivery of the payment on set dates that are predefined, communicated and adhered to.
- There is a need for dedicated, focused project *financial management capacity* within SASSA in order assist in managing project resources properly and achieving the objectives of the social grant payment transition process.
- The proposed approach to automatic card swapping for the remaining cash beneficiaries makes logical sense. The cash payment of those beneficiaries will be made from 01 September 2018 and will be reported in the next report.
- The cash payment plan proposes redirecting resources to pay points but without an appropriate HR plan to support its goals and objective. The HR plan would help to analyse the current resources and determine how the targeted redirecting of resources would be achieved.
- There is a need to assess the variability of connectivity for the cash payment plan since connectivity remains part of the elementary issues.



- The security risks identified during the previous cash payment cycle triggered the interaction with the Security Cluster in order to find resolution regarding cash disbursement to the pay points. The TC together with the Security Cluster came up with a Security Strategy to deal with these risks.
- The provision of security at pay points and cash in transit to be improved to curb the aforementioned risk. These will only be available after October.

### **3.3. Long term payment plan**

The TC has begun to consider options for the long-term payment plan model and these options relate to the following:

- The TC will begin to interrogate the degree to which the NPS system will be able to enhance the transition process and to investigate what needs to be improved and reinforced with the NPS system in the manner that talks to the overall strategic objective of this transition process including the social economic development issues that underpin it and the ability to ensure that there is an exit strategy for the social grant beneficiaries. The NPS system needs to be an enabler for the transition process in its totality.
- Look into the issues of institutionalization in terms of how this transition process will be institutionalized within SASSA and from the institutional point of view begin to determine what defines the dynamic interface between SAPO and SASSA. This will look closely at issues of ownership in terms of IP, source code and pay code; and whether the location will be in SASSA and SAPO. This will also include at looking into the issue of the corporate account.
- Reconsideration of the decommissioning of pay points in terms of cash distribution and payments at points within and beyond a 5 km radius. The TC has commissioned a rapid assessment on the perspectives of the social grant beneficiaries and other stakeholders in relation to the decommissioning of pay points and to identify the effects on the socio-economic development in communities. The results will be documented and recorded in the next report; and this would have predicated by deliberation with both SASSA and SAPO top or executive management.

- In order to improve the social grant payment journey to excellence and enrich customer experience; the TC is considering the cost effectiveness and digital transformation of the process.
- The improvement of a strengthened contract management capacity within SASSA to create heightened efficiencies in the way the SAPO contract and other contracts within SASSA are managed;
- In addition to addressing Management Information System's needs, other capabilities of support functions such as human resources, financial management, communications and customer care also need to be reviewed.

### **3.4. Governance**

- Review the DPSA policies relating to the macro-organisation of government. An immediate interface with DPSA to start engaging on conducting the work study looking at all the various components that constitutes the organizational form of SASSA.
- Conduct a comprehensive review of SASSA legislation, regulations, mandates and the oversight role of DSD within the context of the proposed DSD Advisory Council which has not been gazzetted and currently with Department of Justice and the State Attorney. This proposed Advisory Council will determine the interface with SASSA.

### **3.5. Institutional Reforms**

In line with the Terms of Reference of the TC, the following areas will be investigated as from October 2018:

- Proposed benchmark visits led by the Minister of Social Development to developing and developed countries to provide SASSA with an opportunity to explore social grant payment model and how they have been accomplished. The proposal in this regard has been routed to the Minister of Social Development for consideration.
- Review the service delivery model of SASSA taking cognizance the current service delivery challenges.

- Interface with DPSA in terms of conducting a work study in order to identify the current Human resources capacity and suitability of skills assessments for improved opportunities.
- Ensure effective financial management of SASSA during the transition to guarantee that activities are carried out accordingly and strictly in-line with the Public Financial Management Act (PFMA).
- Ensure improvement of Management Information System to produce regular reports
- Review the communication strategy and ensure effective beneficiary education
- Improvement of the Service Delivery Infrastructure:
  - Review the decommissioning of pay points
  - Assessment of the Post Office Infrastructure ensuring compliance with the social grant norms and standards
  - Assessment of the banking in terms its appropriateness to support and enhance effectively the delivery to social grant beneficiaries
  - The role of Cooperatives should complement the delivery to social grant beneficiaries
  - Look into a process of Economic Development for improving economic and social well-being of the local communities through the payment of social grants.
  - Create the SASSA service desk with the feedback mechanism of picking the queries for beneficiaries and resolve them in order to ensure effective and efficient beneficiary interface at the pay points. The TC would ensure that this functionality is in place for SASSA/SAPO.

## 4. Recommendations

The following lists the Recommendations for consideration by the Minister of Social Development and ACEO of SASSA:

### 4.1. State of Readiness of SAPO and SASSA

In light of the concerns raised by both the TC and Panel of Experts, it is recommended that the Minister of Social Development consider the following:

- SASSA requires a development of a business case or firm plan to be used as a guide for implementation of the social grant payment solution by SAPO. Following which a Readiness Checklist would then be presented to SAPO for response;
- Ensuring proper Contract Management Plan accompanied with performance indicators and penalties. Ensure that a Service Level Agreement between SASSA and SAPO is in place, as well as Accountability Framework which will enable SASSA to hold SAPO to account as a service provider.
- A need for a comprehensive HR plan in order for SASSA and SAPO to realistically and incrementally align the resource requirements (human, equipment, technology and logistics) with the payment transition project;
- Note the interventions by the TC in dealing with systems and communication issues.

#### **4.2. The short-term payment plan**

SASSA and SAPO have developed a short term cash payment plan which incorrectly it refers to as a contingency cash payment plan, since there is no original cash payment plan. It is recommended that:

- The enhancement of project management capacity within both SASSA and SAPO; and to address the key elements to achieve a successful outcome.
- The TC convenes a discussion with the Banking Association South Africa (BASA) to negotiate for a special bank account with no charges for beneficiaries using commercial banks.
- Augment the cash payment plan to incorporate the parameters of accessibility which relates to the cost incurred by beneficiaries, the appropriateness, beneficiary rights and dignity; and robustness to ensure a reliable delivery of the payment on set dates that are predefined, communicated and adhered to.
- A focused project *financial management capacity* within SASSA is appointed to manage project financial resources.
- An appropriate HR plan to be modified so that it supports the cash payment transition's goals and objectives.
- Note the intervention of the TC in the provision of a Security Strategy to deal with the security risks during social grants payment days.

- SAPO should have a grants payment dedicated service/call centre number and not use the general call centre line set up for other SAPO services; or the improvement and integration of call centres.
- To immediately assess the variability of connectivity;
- There must be the tracking through daily statistics of the “on-boarding” of beneficiaries beyond the 10km radius as they are likely to suffer most if project milestones of card swapping are not met.

### **4.3. Long term payment plan**

In respect of the long-term payment plan, the TC has developed the Terms of Reference, attached as an annexure. The TC would like to recommend the following to the Minister of Social Development:

- The commencement of negotiations aiming to acquiring the ownership of the system in terms of IP, source code and pay code;
- As well as looking into the issue of the corporate account.
- Note the rapid assessment exercised commissioned by the TC on the perspectives of the social grant beneficiaries and other stakeholders in relation to the decommissioning of pay points and to identify the effects on the socio-economic development in communities.
- Support the TC to explore the transformation of social grant processes to fundamentally changing the service delivery to beneficiaries.
- Support the TC to improve contract management capacity within SASSA.

### **4.4. Governance**

The TC will over the next month develop Terms of Reference for the reform of the governance structure of SASSA and make appropriate recommendations to the Minister of Social Development:

- The review of the DPSA policies relating to the macro-organisation of government. An immediate interface with DPSA to start engaging on conducting the work study looking at all the various components that constitutes the organizational form of SASSA.

- A comprehensive review of SASSA legislation, regulations, mandates and the oversight role of DSD within the context of the proposed DSD Advisory Council.

#### **4.5. Institutional Reform**

Prior to and during SASSA's establishment, various blueprints that draw on best international practices were developed. The TC's assessment is that many of the blueprint proposals, which cost millions of Rands, were not implemented as institutional memory and focus on the key mandates, given by Cabinet and legislation, were lost as the institution became dysfunctional.

The TC recommends to the Minister of Social Development:

- The TC review of the above-mentioned blueprints,
- A benchmark visits led by the Minister of Social development to provide SASSA with an opportunity to explore social grants payment models of the developed and developing countries
- The reviewing of the service delivery model of SASSA taking cognizance the current service delivery challenges.
- An interface with DPSA in terms of conducting a work study for SASSA.
- Effective financial management of SASSA during the transition.
- An improvement of Management Information System to produce regular reports.
- The reviewing of the decommissioning of pay points.
- A process of reengineering the mode of an approach to the social grant payment system in order to contribute towards the stimulation of local Economic Development, strengthen the local revenue base, as part of the development of sustainable local government, local economic participation and active reinforcement of women and youth.
- An integrated SASSA service desk with the feedback mechanism for beneficiaries to ensure effective and efficient interface at the pay points.

## 5. The Appointment of the Technical Committee

### 5.1. The Memorandum of Agreement

#### 5.1.1. The key provisions

Following the appointment of the TC, the TC members were presented with a MoA that require of the TC to:

- Develop the five-month payment plan;
- Ensure the plan cover all three groups: ACB payments, SAPO electronic payments and Cash pay point payments – alternative pay points, for SASSA to set up a treasury function from existing human resources to:
  - ✓ Manage successful transfers to the cost-effective payment channel for grant recipients;
  - ✓ Provide monthly reports on progress to the CEO and the Minister;
- Develop a risk register with mitigation measures;
- Implement any other directives within the scope of the work.

#### 5.1.2. Comments regarding the Memorandum of Agreement

As reflected in our opinion regarding the TOR, the TC's intervention in a five-month plan could at best be limited to advice and set of recommendations in so far as it would cover the three, already defined groups (banking, SAPO electronic and cash payments at pay points). The phrasing of the predefined groups limits the TC in exploring options and excludes the exploration of multiple payment options.

The requirement of the TC to manage the transfer is beyond the ordinary role of a Ministerial Committee as provided for in legislation. Such a requirement would entail the TC members to plan, coordinate, organise and exercise control of the successful transfers to the "cost-effective payment channel for grant recipients". It is difficult not to come to the conclusion that the TC is given a task, with a *mala fide* intent that sets it up for failure since it does not have any executive, delegated and implementable powers or authority to manage the transfer.

These requirements are inappropriate, unjust and irregular of an advisory committee. If *mala fide* is not the motive or the intention, then the assumption can only be made that the drafter(s) of the MoA has done so without the understanding of the role of an advisory committee to the Minister.

### 5.1.3. Remuneration of the TC Members

There is a need to address the contradiction between the Letters of Appointment of the TC, which proposes fixed monthly salaries and the subsequent proposed MoA.

Since the proposed MoA proposes a consultancy regime, which according to a DPSA source may not be correct, as opposed to a salaried employee arrangement, there is a need to review the dispensation proposed in the letters of appointment, and to adjust the rates in order to arrive at appropriate levels of compensation for TC members, whose seniority is being undermined in the proposed MoA. A senior manager from the DPSA has advised that the Minister consult with the Minister of Finance for a determination which is fair and just.

On the basis of the aforementioned, there may be a need for the MoA to be reviewed.

## **5.2. Technical Committee work done**

During the reporting period up to 31<sup>st</sup> August 2018, members of the TC met on a weekly basis to assess progress in respect of the implementation of the short-term payment plan. The following represents the TC actions and findings:

- Engagements were held with representatives from FinMark Trust with the purpose of exploring available expertise in global payment systems;
- The TC members visited payment sites and details are provided in Annexures.
- The TC also held a meeting with Black Sash as the key stakeholder to get their perspective of the social grant payment transition; the meeting took place on 31 August 2018 and was regarded as an agenda setting meeting for a continuous engagement between TC and Black Sash; most importantly to restore the relations that existed between Black Sash and DSD on their main aim of fighting for the plight of the poorest of the poor.



- The TC has begun to explore the concept of alternative pay points (presentation made to TC is attached).
- In order to get clarification on the auto-migration that was proposed by SASSA/SAPO, for all those beneficiaries who did not voluntarily perform card swap to be automatically migrated to the new SASSA/SAPO cards, the TC assembled the SASSA Transition Project Manager to describe the process in detail;
- Additionally SASSA Acting CIO and SAPO CIO together with the Head of PMO were invited to apprise the TC regarding significant systems issues raised by the Panel of Experts in the Eighth Report to the Constitutional Court (minutes of the meeting attached hereto);
- The TC provided substantial inputs to the existing communication plan for refinement in order for communication on the transition process to be intensified;
- In terms of stakeholder involvement, a standard letter was prepared to all SASSA local offices to distribute to all churches/faith/religious structures in the communities with regards to the card swaps for all remaining cash beneficiaries;
- A rapid assessment study to understand the experiences of an array of stakeholders, including beneficiaries, in relation to the decommissioning of social grant cash pay points was commissioned by the TC in conjunction with DSD. The result/recommendations of which would be presented to the Minister of Social Development on the impact that the decommissioning of pay points has made;
- Black Sash was enlightened of the rapid assessment exercise during the meeting held on 31 August 2018 and they revealed their interest in participation by providing whatever information in their possession regarding the experiences of beneficiaries on the decommissioning of pay points to support the study;
- There was an interaction with DSD International Relations Unit on the analysis of previous as well as upcoming international undertakings by the DSD in relation to social security provision; with the purpose of ensuring that SASSA and DSD have collaborative planning in terms of future international study tours led by one Minister; a proposal in this regard will be forwarded to the Ministry of Social Development for consideration;
- The attaining of the SASSA and SAPO HR plans remained a great challenge since the required information could not be provided. An assurance was made that the

HR plans would be made available to the TC and that those plans would have taken into consideration the current business case of SASSA, respond to challenges experienced during the card swap and August social grant payment; that of human resources as well as the infrastructural requirements to service the transformation. The revised plans were also expected to take on-board the views emphasized by the TC.

- The request by the TC for invitation to IMC meetings and access to IMC reports was honored and the TC was invited to the last IMC meeting held on 22 August 2018;
- The intentions of conducting case studies in all Regions similar to that of Soshanguve were advanced to the ACEO and the REMs. Consequently a memorandum was disseminated to the Regions to nominate Regional officials to assist in the study. To date a consolidated regional list is still awaited;
- A request was made to the ACEO to provide the TC with previous documents and studies that were undertaken in order to both study effective institutionalization of SASSA in accordance to best international practise, in order to response to optimal execution of this mandate. Moreover financial implications in terms of developing those documents were requested in order to determine the amount utilized to develop these documents which have not been implemented;
- The TC were alerted of transit robberies and those that took place in certain SAPO branches and the TC convened a meeting with Police Crime Intelligence to assist in curbing the robberies for the upcoming payment cycle;

### **5.3. Summary of Observations**

The TC members visited pilot sites and pay points in the regions during the August payment cycle. The observations and experiences at the pay points are listed below:

- The connectivity and the slowness of the system remained a challenge which led to manual payment of social grants at the pilot sites;
- Lack of proper knowledge in terms of the SASSA business case remained a challenge;
- The inadequate infrastructure to service the cash payment plan;
- The negative impact of unavailability of cash dispensing and accounting resulting in beneficiaries experiencing short payments. Beneficiaries experiencing shortage of

cash as a result of improper manual counting of cash, social grants more than the limit set, unknown subtraction in the social grant amount (SOCPEN amount not the same as amount in SAPO account), amounts less than R10 and some instances less than R100;

- In terms of the amounts less than R10 and those less than R100, the TC was notified that at some cash pay points there were no coins (less than R10) and no below R100 notes (less than R100). SAPO to ensure that this does not happen during the next payment cycle since beneficiaries requires up to the last cent of their social grant money;
- Lack of a dedicated grants payments service desk helpline for SAPO Managers or staff to assist.
- SAPO IT staff has twice failed to translate Socpen beneficiary data into information that ensures that the right grant amount is deposited into the accounts of beneficiaries;
- There is a need to revisit the approach of the closure of pay points including the impact on micro-economic enterprises at the cash pay points;
- The norms and standards for secondary pay points which includes merchants, have been compromised as a result of accessibility, adequate space, ablution facilities, queue management and full cash back;
- A need to assist beneficiaries to access social grant money without using a PIN. In this case, make provision for biometrics in all SAPO outlets and cash pay points; since the PIN reset process had its own inadequacies;
- The payment method was not standard at pilot sites whereby other sites were manual (offline) and other were electronic (online). The offline process was not standardized. The TC urges for standardization of manual/offline payment and to have a Standard of Operating Procedure manual for this process;
- The transportation of cash by officials was considered as an extremely dangerous practise endangering the lives of officials and exposing to transit robberies.
- The lack of visible policing at the pilot sites and certain pay points was also considered as another factor to endanger the lives of officials, communities and beneficiaries; exposing to robberies at pay points;

## 6. Technical Committee Assessment

### 6.1. The State of Readiness of SASSA and SAPO

This section discusses the State of Readiness of SASSA and SAPO in respect of the extent to which it meets the criteria necessary for the social grant payment system and the *electronic and cash payment plan* for such a payment system; within the Constitutional Court's prescribed period and beyond the six months extension period.

Against this background, the TC was not convinced that SASSA, and SAPO as the service provider, had reached a stage of readiness to ensure a smooth transfer, and ensure cost-effective and efficient payment regime.

The statistics from Bankserve reveal significant failure in the capacity of SAPO to successfully implement electronic payments.

Table 1: ATM Payments

ISS	Date	total	Success	FAIL	Success %	R68	R91	AVGTime
SAP3	630	172248	43431	128507	25.21%	110908	17570	10102.2
SAP3	701	419042	169177	249246	40.37%	182541	66568	7322.2
SAPO	702	615597	393434	220337	63.91%	206339	12583	6319.3
SAPO	703	502469	256243	245069	51.00%	181677	63375	7098.2
SAPO	704	335972	288687	46141	85.93%	16112	25994	795.4
SAPO	705	219110	215405	3005	98.31%	2932	11	273.5

### 6.2. The short-term Payment Plan

SAPO piloted cash payments at 18 sites, using offline and online payment facilities, the use of offline payment was as a result that online facilities failed. It was envisaged that the cash payment system will then be implemented in three provinces in September and be rolled out in the remaining 6 provinces during October 2018.

#### 6.2.1. The assessment of the system

The Cash payment plan requires meeting the following requirements:

### 6.2.1.1. Accessibility

The criteria for accessibility relates to the cost incurred by beneficiaries, the appropriateness, beneficiary rights and dignity.

#### *i. Cost of access*

SASSA has over the years built up the most extensive footprint to provide payments to beneficiaries. The proposed Contingency Cash plan seeks to reorganise the pay point footprint in respect of beneficiaries outside of the 10km radius but with no explicit rationale for how it will be done. That said, there is a need to look at an optimal distribution of pay points as the current configuration may not be the most optimal. In addition, the plan needs to indicate the implications and how it will identify potential risks factors and deal with the risks.

The current plan allows for pay points of all beneficiaries located in a 10km radius of a South African bank service provider. The proposal to have beneficiaries served through the National Payment system within the 10km radius will in the short term be a significant compromise in terms of the norms and standards and will cause significant effort on beneficiaries within the 10km radius, especially the elderly. However, this should be seen as an interim intervention in the contexts of capacity constraints. This arrangement will increase the cost of access to payment for many beneficiaries both directly and indirectly. Direct cost may include transportation costs and indirect costs include collection and travel time.

One of the most effective ways to reduce cost of access is to ensure that there are sufficient payment points to allow beneficiaries to collect their benefit close to respective homes or workplaces. With regards to the SAPO branch payments, the direct cost of distance is considered in the plan and sufficient pay points are allocated. However, the indirect cost is not mentioned for instance the time beneficiaries need to spend in lines to collect their money. The time they spend in lines could have kept them away from work, their small business or other income generating activities. There is no indication in the plan that SASSA or SAPO needs to be held accountable for the optimal distribution of pay points.

There is a need to present a more cogent rationale for the method used to identify the cash pay points for beneficiaries.

The TC is unable to gain a sense of the cost to SASSA and SAPO; hence the Panel of Experts may have a legitimate claim that the SAPO model may have significant implications for the fiscus.

**ii. Appropriateness**

Appropriate payment mechanisms allows for accessibility of all beneficiaries including vulnerable groups such as the elderly, illiterate, women and disabled people. Based on the observation of payment at the SAPO on the 1<sup>st</sup> of August 2018, limited support and information was available to ensure sufficient support services at the SAPO offices with no indication of clear communication to the beneficiaries. At the SAPO branch and the cash payment point, no information boards were available to indicate where individuals can turn to for support. Lastly, no SAPO staff were allocated to a signed designated space to provide support or information.

Additionally, training and transparency regarding the new system is limited or altogether non-existent. The plan proposes to move toward SAPO and other service providers such as ATMs and Checkers. The plan refers to:

*“Distribution of beneficiary education pamphlets at the pay points and card swap sites – coupled with word of mouth during the distribution.”*

No information pamphlets were distributed or visible at SAPO branches and cash payment sites during the payment period of August 2018.

**iii. Rights and dignity**

In order to provide rights and dignity to beneficiaries, a suitable complaints and appeal system needs to be in place. The complaints and appeal system will include a process to collect issues. The plan to move to SAPO, as well as the introduction of the cash payment mobile system, provides limited indication or details on the grievance or redress mechanisms that will be in place. This lack of grievance mechanisms was

witnessed at the Olievenhoutbosh Mall where hundreds of beneficiaries faced challenges and there was no helpdesk in sight. When the area had a pay point at the clinic, SASSA officials were present.

Therefore a great need of an appropriately structured call centre operation system of reporting issues, tracking and monitoring progress and provide outcomes of the complaints or issues.

The payment plan does not provide for the appropriate monitoring and reporting of issues and no indication is made for a pre-determined standard set of issues to be monitored or enforced. The service provider needs to account and report the issues, challenges, complains and redress as well as provide response in how issues were solved. The plan need to accommodate for reporting on a regular basis to SASSA.

#### 6.2.1.2. Robustness

##### *i. Reliability*

A crucial part of cash payment is to ensure a reliable delivery of the payment based on set dates that are predefined, communicated and adhered to. Based on the current cash payment rollout the dates are communicated, however, the time of payment is delayed which increases the indirect cost for the beneficiaries. The lack of accountability leads to leakages or exposure to fiduciary risks in the form of error, fraud, and corruption.

Reliable payments are dependent on a clear and understandable flow of funds from the service provider to the beneficiaries. The existing flow process in the plan shows no indication of which staff are responsible and accountable for meeting those timelines and fundamentals. One crucial question is the process of the identification of the cash pay points. The cash payment module in the plan refers to:

*“Installing the relevant systems into a laptop with necessary peripherals required for cash payment, operated by SAPO staff and supported by the CIT Company that will transport cash and make it available for disbursement to beneficiaries”.*

The above implies that the responsibility lies with the SAPO staff to identify the location of cash payment based on the peripheral requirements entered into the laptop. This provides multiple challenges because the SAPO field staff should not determine the area of payment, they should only deliver payment. The optimal pay points need to be identified by qualified staff before SAPO is deployed to the specified location. If the identification of pay points are not consistent it will lead to unreliability.

Furthermore, no indication is made regarding monitoring and reporting of monthly payments of the cash payments outside the 10km or of SAPO. Further risks which are not mentioned in the plan are the system adequacy for reporting and auditing purposes.

### **6.2.2. Replacement or Enhancement of SOCPEN**

The SOCPEN system must be replaced with modern and agile application architecture. The new architecture must ensure that grant administration systems are secure, can be changed with ease and speed, offer customer-centric user interface and enhanced *user experience* and to be able to seamlessly integrate with other systems across the SASSA administration value chain.

For this to happen, a strong business case needs to be developed to make the case for government to replace the SOCPEN system.

### **6.2.3. Project Plan Consideration for a Cash Payment Plan**

#### **6.2.3.1. Project justification and stakeholder needs**

One of the major shortcomings of the cash payment plan is that there is no identification of the different stakeholder's needs related to the payment plan. The following stakeholders' needs are excluded from the plan:

- **Beneficiaries:** based on the needs of the beneficiaries there is a lack of support and information facilities specified in the plan. The plan does not indicate how the new system at SAPO will provide information and client support on sites. In addition to the above, client services need to be provided to the mobile payment. The plan does not specify how the mobile pilot system will incorporate for grievance and redress or complaints. The client services needs to allow beneficiaries with services



such as statement of account, confirmation that the correct amount has been paid, and so on. There is a need to spell out certain norms and standards

- **Post office:** the post office requires trained and vetted staff to provide sufficient and effective service delivery, support to beneficiary, deliver payments in a timely and effective manner, security services provided (included in current plan), clearly defined roles and responsibilities of staff, sufficient staff provided with sufficient training and equipment. The needs and expectations of the post office is not provided in the current plan.
- **SASSA:** The needs of SASSA should be incorporated into the plan. These needs may include the following: receiving monthly reconciliation of payments made per locations, provided with monthly reports on payments per SAPO branch and respective cash payments, monitoring and progress on challenges and issues reported and related response.
- **Informal Traders:** The roles of informal traders providing services to beneficiaries/communities needs to be identified and specified.

In addition to the lack of identifying relevant stakeholders and their needs, the payment plan does not provide justification to the type of method used to identify the cash payment points located outside of the 10km radius of the banking system. As part of the justification, the plan requires clear objectives in order to be measurable. Thus, clear objectives for the various stakeholders ensure evaluation processes can be implemented to measure the outcomes.

#### 6.2.3.2. List of requirements and project objectives

An essential part of any project plan is to ensure specific objectives are in place to achieve the needs of the stakeholder. The payment plan does not specify the objectives, this creates confusion and error. Although the payment plan does not provide any objectives, the following is proposed:

- **Financial:** direct and indirect cost of access for SASSA/SAPO or the cost of access to beneficiaries need to be mentioned and considered;

- **Quality:** SAPO needs to provide quality service to the beneficiaries and transparency and regular reporting to SASSA;
- **Technical:** ensure that the SAPO technology is sufficient, secure and updated to meet the demand of monthly payments and that staff are trained to work on the respective technology;
- **Performance:** provide clear performance measurements of all levels of the service delivery;
- **Compliance:** compliance of all SAPO staff to set regulations and internal rules;
- **Business:** compliance to the ethics of a cash payment system.

In addition to the objectives above, the TC advises that the project plan incorporate enough detail in the objectives.

#### 6.2.3.3. Project scope statement

The section “Purpose” in the project plan needs to be expanded and include the following:

*“The payment plan will provide a clear and measurable scope to which the service provider (SAPO) and SASSA will use as reference to ensure quality and effective services to beneficiaries and deliver services to as little as possible cost to the beneficiary and SASSA”.*

The current plan is vague with no clear defined project scope. As a consequence, this leads to misinterpretation and miscommunication regarding responsibility and accountability. An important aspect of a project plan is to provide details of the project from the planning, logistics and resource mobilisation specifics with regards to each location, possible geographical and technological challenges per province or location.

## 7. Conclusion

The TC has since its establishment made progress in the execution of its mandate. Some organisational challenges slowed down the TC’s work, however these are being

addressed while other areas require intervention. The recommendations cover the key areas of the mandate of the TC, namely the short term payment plan and institutional assessment of readiness and roadmap, as well as the long term plan for governance and institutional reforms. The recommendations are listed in Section 4 for emphasis, with the annexures providing details in respect of a number of matters, which do not have to be detailed in the body of the Report.