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SOUTH AFRICAN SOCIAL SECURITY AGENCY

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Annual Report 2009/2010

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SOUTH AFRICAN SOCIAL SECURITY AGENCY

Annual Report

2009 / 2010

[*paying the right social grant, to the right person,*
at the right time and place. NJALO!

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SOUTH AFRICAN SOCIAL SECURITY AGENCY

sassa annual report 2009/2010

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SOUTH AFRICAN SOCIAL SECURITY AGENCY

Abbreviations and Acronyms

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ACB	Automated Clearing Bureau
AoD	Acknowledgement of Debt
APN	Access Point Name
AV	Audio Visual
BAS	Basic Accounting System
BCP	Business Continuity Plan
CEO	Chief Executive Officer
CRM	Client Relationship Management
CSG	Child Support Grant
CVM	Contract and Vendor Management
DHA	Department of Home Affairs
DSD	Department of Social Development
DQM	Data Quality Management
ECM	Enterprise Content Management
ERP	Enterprise Resource Plan
EXCO	Executive Management Committee
GCCN	Government Common Core Network
GEPF	Government Employees Pension Fund
GPRS	General Packet Radio Service
GRAP	Generally Recognised Accounting Practice
GSSC	Gauteng Shared Services Centre
ICT	Information and Communication Technology
ICROP	Integrated Community Registration Outreach Programme
IDM	Internet Download Manager
IGAP	Improved Grant Administration Process
IMST	Information Management System and Technology
ISRDP	Integrated Sustainable Rural Development Programme
IT	Information Technology
ITIL	Information Technology Infrastructure Library
LOGIS	Logistical Information System
MANCO	Management Committee
MEC	Member of Executive Council
MIS	Management Information System
MISP	Master Information Systems Plan
MoU	Memorandum of Understanding
MTSF	Medium Term Strategic Framework
NDA	National Development Agency
OAG	Older Persons Grant
PDoSD	Provincial Departments of Social Development
PERSAL	Personnel and Salary System
PERSOL	Personnel System for Soldiers
PFMA	Public Finance Management Act (Act no. 1 of 1999)
PMO	Project Management Office
SASSA	South African Social Security Agency
SIU	Special Investigating Unit
SITA	State Information Technology Agency
SLA	Service Level Agreement
SOCPEN	Social Pension
SOP	Standard Operation Procedures
SRD	Social Relief of Distress
SRDF	Social Responsibility Development Funds
SUI	Single User Interface
UIF	Unemployment Insurance Fund
URP	Urban Renewal Programme
VPN	Virtual Private Network
VSAT	Very Small Aperture Terminal

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SOUTH AFRICAN SOCIAL SECURITY AGENCY

Foreword by The Minister

Foreword by the Minister

During the Financial Year 2009/10, the process of establishing, consolidating and integrating the delivery of social assistance programmes in South Africa, which began in 2005, was placed under serious self-scrutiny. We present the 2009 Annual Report to highlight major achievements, setbacks and interventions that have occurred along with the transition from nine provincial departments to a single social assistance Agency.

The year 2009 is a crucial hallmark in the road to a single Agency as it heralds the final stage to be completed in 2010. The transition has not been easy, given the fact that we live in a time of great change, of protest, and of revolution. Interestingly, within the realm of our Social Assistance Programme things have evolved dramatically over the past five years, with pleasing results for which I acknowledge the Agency. The art of changing the wheel whilst the vehicle is moving has found a better expression because the Agency has managed the transition and simultaneously channelled more poor people into the Social Assistance Programme. In this way the fight against poverty is ongoing but is being won.

Driven by the global negative socio-economic environment that has given rise to increased numbers of South Africans living below the poverty line, the Agency embraced His Excellency, the President's call to increase the pace of service delivery and adopt a business-unusual approach. As we table this Annual Report, we take cognisance of the fact that our economy is coming out of a global economic recession only now. This recession resulted in thousands of employees being retrenched and needing our services.

The latest figures indicate that 4.3 million people remain unemployed in South Africa, approximately 25.3% of the eligible working population. In the first quarter of the financial year, some 171 000 people lost their jobs while in the second quarter employment contracted by 0,5% or 61 000 jobs. The implications for social assistance relief are obvious in times of economic hardships. However, we remain positive that we can continue to provide social protection to poor South Africans in these difficult economic times. The social assistance safety net is growing wider by the day and we have to work even harder to respond ever so quickly to changing circumstances.

The one thing we are absolutely certain about is that grants make a big difference in the lives of the poor. A study commissioned by the FinMark Trust to research the effectiveness and use of social grants in South Africa has found that social grants go a long a way to improving the lives of beneficiaries, their families and their communities. Recipients of social grants typically have better nutrition and attend school more regularly. The same conclusion was also arrived at through research conducted in 2009 by the Children's Institute of the University of Cape Town, the Black Sash, and Acess. Currently grants are paid out to more than 14 million beneficiaries.

The Budget Speech by the Honourable Minister of Finance was, once again, reflective of the challenges associated with the global financial crisis. Being acutely aware of these challenges, we realise the need to work more cost effectively so that the costs of doing business are significantly reduced. A key reason for the establishment of the Agency was to effect efficiencies in the management and administration of grant disbursements. Efficiencies have not yet been realised in line with our expectations, but it is my belief that the finalisation of the business process reengineering project being undertaken currently will yield the desired efficiencies.

The design of a new operating and organisational model is essential to improve on cost efficiencies and improve professional standards among the Agency's staff. This model will encompass three stages: the design of a new service delivery model; the development of a supporting organisational design; and the placement of people based on the principle of the right person for the right job. More importantly there will be an improvement in the turnaround time for the processing of grant applications.

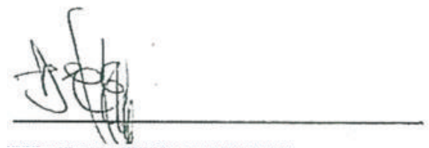
In response to the fact that over two million children over the age of 15 years still remained trapped in poverty, Cabinet approved in October 2009 the phased extension of the Child Support Grant over the medium term expenditure framework. Consequently I stated in my budget speech last year that we intended to register an additional 200 000 children under the age of 15 by the end of August 2009. I am pleased to announce that we have exceeded that target. The extension of the Child Support Grant will be phased in to cover 2.1 million eligible children under the age of 18 by 2011/12. For the first time, once a child is registered for the Child Support Grant, such a child will receive it until the age of 18.

This extension signifies government's commitment to alleviate the plight of the impoverished majority of our people, especially children. I also alluded in my budget speech to the implementation of the policy on Age Equalisation. The plan to bring parity between men and women who qualify for the Older Persons Grant was successfully implemented. As of January 2010 all men and women aged 60 became eligible to receive their Older Persons Grants provided they satisfied the means test.

The fight against fraud and corruption is ongoing and will be intensified in the year ahead. In the year under review through the signing of acknowledgements of debts by suspected fraudsters, a saving of over R51 million will be realised. In addition, 3 797 cases were brought before the court and by the end of the financial year 3 345 convictions had been made. A zero tolerance approach to fraud and corruption will be a defining feature of the coming financial year.

Towards meeting government's objective of comprehensive social security, a number of activities have been undertaken. While other processes have been completed, others have just started and others will only commence in the new financial year. In addition to the Consolidated Government Document on Social Security Reform, detailed reform policy proposals have been developed and these will inform implementation over the Medium Term Strategic Framework (MTSF).

The challenges facing our society are many and varied, but the struggle for social justice, complete liberation, equality and fraternity continue to inspire us all as South Africans. In the year ahead, the Agency will fast track access to social assistance but at the same time support self-sufficiency through participation in employment, education, training, and community development projects.



Minister B.E.E Molewa
Minister of Social Development
Date: 26 August 2010

Overview by the Acting Chief Executive Officer

This Annual Report, apart from ensuring accountability for public expenditure, is an important vehicle for reporting on our achievements over the past financial year, and gives us an opportunity to identify areas in which we need to strengthen our efforts in order to deliver even better services.

Since its establishment in 2006, the Agency has grown in stature and continues to enhance its reputation as an effective and efficient service delivery agent. Our energy in the past year was focused on improving efficiencies in all areas of our grant administration processes, stabilising the Agency's financial position, rediscovering the Agency's slogan, "*Paying the right social grant, to the right person, at the right time and place*," and promoting sustained high-quality service delivery.

Over the past four years, the landscape for demand and service delivery has changed. We know that the poor and vulnerable expect the Agency to be focused on them and that it is tailored and targeted to meet their needs and circumstances. In the final analysis, our beneficiaries expect access to efficient and high-quality services in an uncomplicated and customer-friendly way.

Highlights of the Year Under Review

During the year under review, the Agency embarked on a reform agenda focusing on modernising its business processes and, in so doing, attempting to comply with international best practices. The reform agenda focused on the following three priorities:

- A customer-care centred benefits administration and management system;
- Improved organisational capacity, and
- Comprehensive and integrated social security administration and management services.

The abovementioned priorities for the Agency were obviously informed by government priorities and policies, including the extension of the child support grant (CSG) and age equalisation for old age pension. By 31 March 2010, a total of 196,009 men aged between 61 and 64 years were receiving grants. In addition, 19,562 men aged 60 were converted from disability grant to grants for older persons with effect from 01 April 2010. It is worth noting that the total number of grants paid grew by 28% from 10,974,076 at the end of March 2006 to 14,057,365 by 31 March 2010.

The new policy on CSGs, which allows for all children born after 31 December 1993 to receive a child support grant, was successfully implemented and is a point of pride in our achievements. By 31 March 2010, a total of 530,454 children over the age of 14 years were in payment, with 143,099 children aged 15 years in receipt of child support grants, while a further 685 children aged 16 were in payment. The total number of children over the age of 14 years in payment as at 31 March 2010 was 674,238 which is 70% of the target we had set for ourselves. The target for grant reviews was exceeded by 170,120 which resulted in significant savings for the Agency.

A very successful component of the grant review project was the pilot on dormant accounts. Beneficiary bank accounts, which had seen no activity over a consecutive period of three months, were identified and reviewed. This resulted in 26,588 grants lapsing owing to non-response to the request for review, realising an annual saving of R312 million. Over R1 million in overpayments to deceased beneficiaries was returned to the Agency.

Prior to the establishment of the Agency, social assistance services were rendered by provincial departments and these services were not informed by a common set of norms and standards, resulting in uneven application of the standards of service delivery. On taking over the grant administration function from the provincial administrations, the Agency pursued a vigorous but focused goal of achieving standardisation in all of its business processes. Although this goal has not yet been fully realised, it is the aim of the Agency to do so by the end of the next financial year.

The Agency played a vital role in the implementation of the War on Poverty Campaign led by the Presidency through the Integrated Community Registration Outreach Program (ICROP), which required partnerships with other key government departments and stakeholders. In implementing this programme, the Agency was able to afford access to beneficiaries living in many rural and semi-rural areas. I am pleased to announce that the ICROP resulted in an additional 42,194 beneficiaries being taken on payment in the year under review. Moreover, some 3,824 households received assistance in the form of social relief of distress (SRD) initiatives through outreach programmes.

During the year under review, expenditure on SRD, a key poverty alleviation initiative, did not exceed the available budget of R184,412,000. An amount of R169,291,313 was disbursed, constituting 92% of the available budget. In excess of 115,000 adults and 6,000 children received support through the SRD intervention in the 2009/10 financial year.

The Agency has adopted a zero-tolerance approach to grants fraud and corruption. Persons who defrauded the system were investigated and brought to book. A total of 8,383 Acknowledgements of Debts (AoDs) with a total value of R51,210,266 were signed by those owing money to the Agency. In addition, the Agency also managed to secure 3,345 convictions.

Towards reducing the costs of grant payments, a national programme was embarked upon to migrate beneficiaries from cash payment contractors to post offices and banks. The Agency encouraged beneficiaries to switch to the ACB mode of payment but they were under no compulsion to do so. The Agency is committed to reviewing the current payment system and to develop a new payment strategy that will be customer focused while at the same time reducing the costs of doing business.

The Year Ahead

I believe the Agency is well prepared to meet the challenges that lie ahead, given the ongoing commitment, professionalism and inventiveness of its staff. The performance and achievements thus far provide a sound platform for enhanced performance in 2010/11.

The financial constraints imposed on the Agency as a consequence of the global economic downturn reflected negatively on the ability of the Agency to be creative and innovative. The Agency will be faced with making some informed choices, and trade-offs will be the order of the day, given intensifying financial constraints. Going forward, we must be inspired to do more with less.

In response to the reality of shrinking budgets and human resources constraints, the Agency has identified a need for developing a coherent service delivery model that will ensure long-term sustainability and maximum benefit for the poor and marginalised groups. The new service delivery model must, out of necessity, also inform organisational interventions, thereby defining an optimal functional structure for the Agency. The placement of people based on the principle of "*the right person for the right job*" is now long overdue. More importantly, the implementation of a successful business reengineering programme will result in improved turnaround times in the processing of grant applications. Central to strengthening our internal processes and increasing our capacity is the need to ensure that the designed interventions are both affordable and necessary.

Another area of focus for the Agency will be the strengthening of individual and institutional performance management systems, and mechanisms will be put in place to address non-performance, corruption and inefficiencies. Appropriate action will be taken against those guilty of non-compliance.

Improving access to grants in the most rural of our communities will also enjoy priority attention in the coming year. Working in partnership with community organisations and other government agencies and making use of some innovative ideas, we need to reach the poorest of the poor in the most remote areas of our country, thus supporting people in vulnerable circumstances. In our ongoing attempts to eradicate the scourges of fraud and corruption, including from within other key stakeholders, we need the assistance of other government departments. Collaborative and robust relationships with other government departments will be established that are crucial to our efforts towards minimising fraud and corruption.

In conclusion, I wish to acknowledge the key contributions of the Minister and Deputy Minister of Social Development, the Director General and officials of Social Development, and the Agency's Senior Management for their unstinting support and encouragement. Last but not least, I extend a big "thank you" to all staff for an inspiring and enriching experience.

Mr. C Pakade

Acting Chief Executive Officer

Date: 15 July 2010

The Hon Mrs. Edna Molewa (MP)

Minister of Social Development

Private Bag X 855

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Honourable Minister

ANNUAL REPORT FOR THE YEAR ENDING 31 MARCH 2010

I have the honour of submitting to your office the 2009/10 Annual Report of the South African Social Security Agency for the period 01 April 2009 to 31 March 2010.

The Annual Report has been prepared in terms of Section 40 (1) (d) of the Public Finance Management Act, 1999 (Act 1 of 1999) as amended.

Acting Chief Executive Officer

Date: 18 October 2010

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SOUTH AFRICAN SOCIAL SECURITY AGENCY

Part 1
General Information

General Information

1.1. Mandate

The mandate of the Agency is to ensure the provision of comprehensive social security services against vulnerability and poverty within the constitutional and legislative framework.

1.2. Vision

A comprehensive social security service that assists people in being self-sufficient and supporting those in need.

1.3. Mission

To manage quality social security services, to eligible and potential beneficiaries, effectively and efficiently.

1.4. Strategic Objective

The Agency's main objective is to build a high performance institution, which manifests itself by compliance to good governance principles, while striving for operational excellence via continued service delivery improvements to beneficiaries.

1.5. Values

The Agency, as a public entity, subscribes to values that promote democracy and a culture of respect for human rights.

(a) Social Cohesion

The Agency is committed to building unity and good relations among its internal and external stakeholders. This will be achieved via the promotion of a shared vision, shared values, the pursuit of common goals, and the management of diversity. A deliberate effort will be made to focus on the needs of employees, so as to encourage increasing levels of productivity and creativity. Employees need support in their endeavours to develop personally and professionally. All employees should feel proud to act as brand ambassadors for the Agency.

The Agency's management should communicate the strategic direction of the organisation to all stakeholders. Behavioural norms and expectations still need to be developed and communicated.

(b) Transparency

As a public institution, the Agency will keep stakeholders informed of its decisions and operations. Transparency also implies that the public has a right to access specific information relating to decisions concerning them. The Agency therefore provides for the right of stakeholders and the public to be informed about pertinent matters in respect of governance. The Agency also allows diverse views and multiple perspectives to influence its policy decisions.

(c) Equity

Equity implies fairness to all parties, as circumscribed by reason and conscience. It relates to the justness of actions that are free of favouritism, self-interest, bias and/or deception. Equity also has a redistributive objective, which is a particular social mechanism that is used for bringing about changes in holdings over time. The Agency is committed to the fair and impartial treatment of all its stakeholders and business partners.

(d) Integrity

Integrity refers to basing one's actions on an internally consistent framework of principles that one determinedly adheres to. It implies honesty as well as fair dealings with regard to the operations, finances and other business of the Agency. Acting with integrity is vital to maintaining public trust.

(e) Confidentiality

Confidentiality entails ensuring that information is accessible only to those parties authorised to have access to it. It is based on the principle that certain information is privileged and may not be discussed with, or divulged to third parties.

The Agency has an obligation to protect all information pertaining to its operations, beneficiaries, employees and service providers. Keeping information confidential is therefore among the most fundamental ethical obligations binding on all employees. Employees shall not use information acquired during the course of performing professional services for personal gain, or to the advantage of a third party.

(f) Customer-care centred approach

A customer-care centred approach to service delivery takes the needs of customers into consideration by developing user-friendly and high-quality products and services. The Agency commits itself to designing social security solutions based on customer needs, both internally and externally.

1.6. The Agency's slogan

"*Paying the right social grant, to the right person, at the right time and place. NJALO!*"

1.7. Legislative mandate

The Agency functions within a legislative mandate which governs the way it manages and conducts its operations. The following legislative Acts inform the mandate of the Agency:

(a) The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), as amended

The Constitution of the Republic of South Africa, 1996 as amended, provides that everyone has the right to have access to social security, including, if they are unable to support themselves and their dependants, appropriate social assistance, and obliges the State to take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of these rights.

(b) Social Assistance Act, 2004 (Act No.13 of 2004)

The Social Assistance Act, 2004 provides for the rendering of social assistance transfers to qualifying persons, a mechanism for the rendering of such assistance and the establishment of an inspectorate for social assistance.

(c) South African Social Security Agency Act, 2004 (Act No. 9 of 2004)

The South African Social Security Agency Act, 2004 provides for the establishment of the South African Social Security Agency as an agent for the administration and payment of social assistance transfers, the administration and payment of social security by the Agency, and the provision of services related and connected thereto.

(d) Children's Act, 2005 (Act No. 38 of 2005)

The Children's Act, 2005 seeks to promote the preservation and strengthening of families to give due effect to the constitutional rights of children, such as family, parental or appropriate alternative care when removed from the family environment; social services; protection from maltreatment, neglect, abuse or degradation; and ensuring that the best interests of children are a primary concern in all relevant matters.

(e) Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000)

The Promotion of Administrative Justice Act, 2000 gives effect to the public's right to administrative action that is lawful, reasonable and procedurally fair, and to the right to written reasons for administrative action as contemplated in Section 33 of the Constitution of the Republic of South Africa. The Act also aims to promote a good code of administration.

(f) Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)

The Promotion of Access to Information Act, 2000 provides for the constitutional right to access information held by any public or private body that is required for the exercise or protection of any rights. The Act details the procedures to be followed when making such a request for information held by either a public or private body.

(g) Public Finance Management Act, 1999 (Act No.1 of 1999) as amended

The Public Finance Management Act, 1999 and its amendments make provision for the regulation of national and provincial governments' financial management to ensure effective and efficient administration of revenue, expenditure, assets and liabilities and to secure transparency, accountability and sound management.

1.8. Other legislation

Other legislation that regulates the Agency's activities is mentioned below. Owing to its generic nature, i.e. being applicable to all government institutions and agencies, it is not described in much detail.

(a) Public Service Act, 1994 (Act No. 103 of 1994) as amended

The Public Service Act, 1994 as amended, provides for the organisation and administration of the public service of the Republic as well as the regulation of the conditions of employment, terms of office, discipline, retirement and discharge of members of the public service.

(b) Basic Conditions of Employment Act, 1997 (Act No.75 of 1997)

The Basic Conditions of Employment Act, 1997 applies to all employers and workers. It regulates leave, working hours, employment contracts, deductions, pay slips and terminations.

(c) Employment Equity Act, 1998 (Act No. 55 of 1998)

The Employment Equity Act, 1998 makes provision for the redress of past inequalities in favour of previously disadvantaged individuals. It also aims to enhance representation in terms of race, gender and disability in the work place.

(d) Labour Relations Act, 1995 (Act No. 66 of 1995) as amended

The Labour Relations Act, 1995 applies to all workers and employers and aims to advance economic development, social justice, labour peace and democracy in the workplace.

(e) Occupational Health and Safety Act, 1993 (Act No.85 of 1993)

The Occupational Health and Safety Act, 1993 aims to provide and regulate health and safety at the workplace for all workers.

(f) Skills Development Act, 1998 (Act No. 97 of 1998)

The Skills Development Act, 1998 aims to develop and improve the skill levels within the South African workforce.

(g) Skills Development Levies Act, 1999 (Act No. 9 of 1999)

The Skills Development Levies Act, 1999 prescribes employers' contributions to the National Skills Fund.

(h) Unemployment Insurance Contributions Act, 2002 (Act No. 4 of 2002)

The Unemployment Insurance Contributions Act, 2002 prescribes how employers are to contribute to the Unemployment Insurance Fund (UIF).

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SOUTH AFRICAN SOCIAL SECURITY AGENCY

Part 2

The Agency's Performance

2.1. Revenue and expenditure analysis

The table below details the total revenue and operating expenditure including finance costs

Table1: Revenue and expenditure analysis

	Total Revenue R000s	Total Operating Expenses and Finance Costs R000s	Total Deficit R000s	
South African Social Security Agency	R5,182,029	R5,672,907	R490,878	
Responsible Minister	Minister of the Department of Social Development			
Administering Agency	South African Social Security Agency (SASSA)			
Accounting Authority	Chief Executive Officer of the South African Social Security Agency			

2.2. Aim of the appropriation

The aim of the appropriation is to reduce poverty and vulnerability through social security transfers to the poorest of the poor.

2.3. Strategic objective, structure and performance of the Agency

2.3.1. Strategic objective

To build a high-performance institution that manifests itself through compliance with good governance principles, while striving for operational excellence via continued service delivery improvements to beneficiaries.

2.3.2. Structure of the Agency

The Agency comprises the office of the CEO and six branches, each of which is further divided into departments. A description of each branch follows:

Office of the CEO

This office is responsible for providing strategic leadership and overall management regarding the administration and payment of social grants in South Africa.

Branch 1: Strategy and Business Development

This branch is responsible for the development of innovative strategies and mechanisms to improve service delivery through:

- Effective and efficient business integration services;
- Establishment of new business partnerships and maintenance of current ones;
- Effective budget planning services;
- Effective strategic planning services; and
- Effective monitoring and evaluation services.

Branch 2: Internal Audit and Risk Management

This branch seeks to enhance good corporate governance within the Agency, especially in reducing fraud and corruption in the grants administration process through effective and efficient risk management and internal auditing practices.

Branch 3: Corporate Services

This branch is responsible for:

- Effective and efficient management and development of human capital;
- Auxiliary support services;
- Legal and contract management services; and
- Strategic communication and marketing services.

Branch 4: Office of the Chief Financial Officer

This branch is responsible for providing financial management and accounting services through:

- Ensuring an integrated budget planning and expenditure monitoring service;
- Ensuring the development and implementation of a comprehensive set of financial control mechanisms to facilitate accountability, compliance and reporting;
- Ensuring the provisioning of a financial support system; and
- Ensuring the provisioning of an integrated financial administration and supply-chain management service.

Branch 5: Information and Communication Technology

This branch is responsible for providing information and communication technology services through:

- Management of special ICT projects;
- Managing information for planning, operational and management purposes;
- Developing business solutions to support operations in line with the Agency's development standards and principles;
- Developing and implementing a governance model and IMST architecture;
- Achieving operational excellence in optimising ICT systems and processes required by business; and
- Ensuring high availability and high integrity of information and systems.

Branch 6: Grants Administration and Customer Services

This branch is responsible for ensuring a coordinated and integrated grant administration and payment service by providing strategic guidance to head office and the regions in respect of:

- Operations management;
- Beneficiary management;
- Disability management;
- Customer care; and
- Vendor payment and service point management.

2.3.3. Overview of the service delivery environment

In its strategic plan for 2009/10 – 2011/12, the Agency identified the following three important MTEF priorities:

- A customer-care centred benefits administration and management system;
- Improved organisational capacity; and
- Comprehensive and integrated social security administration and management services.

Priority 1: A customer-care centred benefits administration and management system

To implement a customer-care centred benefits administration and management system, the Agency recognised a need for a paradigm shift in the way it delivers its services to beneficiaries. This paradigm shift required innovative ways of delivering services to customers and promoting a new culture and ethos among staff. Towards this end, the Agency committed itself to:

- An accessible and dignified customer-friendly environment that also caters for disabled and older persons;
- Availability of appropriate information technology that will accelerate improved benefits administration and allow beneficiaries access to social grants anywhere in the country; and
- Appropriate payment systems and services that are cost effective and affordable for both the Agency and beneficiaries.

Continued implementation of policies on social assistance

During the current reporting period, the amended regulations with reference to age equalisation and child support grant extension were effected. The Agency extensively marketed these policy changes to raise awareness among key stakeholders throughout the nine regions. Table 2 reflects by region the number of people benefitting from the age equalisation and CSG extension policies in the 2009/10 financial year.

Table 2: Approvals of age equalisation for older persons grants and child support grants

Region	Age Equalisation	CSG Extension
Eastern Cape	17,599	122,770
Limpopo	35,602	88,768
Gauteng	27,565	69,995
Mpumalanga	4,727	6,141
North West	9,392	9,446
Northern Cape	4,325	12,312
Free State	6,678	35,478
Western Cape	9,751	24,336
KwaZulu - Natal	12,552	50,519
Total	**128,191**	**419,765**

The following age equalisation statistics should be noted:

- A total of 128,191 men aged 61 to 64 years are now in receipt of grants for older persons;
- 19,562 men aged 60 were converted from disability grants to grants for older persons;
- The target for men aged 61 – 64 years was 256,039; and
- The Limpopo region had the highest number of age equalisation beneficiaries totalling 35,602, while Northern Cape had the lowest number at 4,325 beneficiaries.

CSG extensions

Policy changes to the extension of the child support grant, which enabled children born after 31 December 1993 to access the grant, were successfully implemented.

- A total of 530,454 children over the age of 14 years are in receipt of CSGs;
- 143,099 children aged 15 years are in receipt of child support grants;
- 685 children aged 16 are also in receipt of child support grants;
- The total number of children over the age of 14 years receiving CSGs as at 31 March 2010 is 674,238 representing 70% of the target; and
- The Eastern Cape region had the highest number of children (122,770) approved for CSG Extension, while Mpumalanga had the lowest at 6,141.

The migration from cash payment to ACBs

During the 2009/10 financial year, the Agency implemented a national programme to migrate beneficiaries from cash payment contractors to post offices and banks. Accordingly, the Agency embarked on a vigorous marketing campaign, directed especially at new social assistance applicants. The Agency continues to encourage beneficiaries to receive their grants through ACBs without exerting undue pressure to choose the ACB mode of payment. The number of beneficiaries paid through cash payment contractors for the period under review decreased from 6,307,575 to 4,831,548 a 23.4% decrease.

Overall, the Agency achieved a 99% increase in the number of beneficiaries receiving their grants through banks. The number of ACB payments almost doubled from 1,934,174 on 01 April 2009 to 3,843,051 on 31 March 2010.

The Agency is committed to reviewing the current payment system and to developing a new payment strategy that will be customer focused while at the same time reducing business costs.

Automated core business system

Over the reporting period, the Agency recognised the need for automating core business processes in order to:

- Fast-track grant applications;
- Restrict access to the Social Pension (SOCPEN) system so as to minimise fraud and corruption;
- Allow for systems interfacing; and
- Provide management information for decision-making and accountability.

To this end, officials were given training on the Management Information System (MIS) registry module in seven of the Agency's regions. A readiness assessment was conducted in KwaZulu-Natal and Limpopo. It is envisaged that once all the MIS modules are rolled out and implemented in all the regions, social grants will be paid to eligible beneficiaries in a timely manner. The MIS will also be able to assist with the identification of grants that are due for review or due to lapse, and will further enhance the efficiency and effectiveness of the life certification process for Older Persons Grant (OAG) and CSG.

The Improved Grant Application Process (IGAP), which is aimed at the reduction of turnaround times for grant approvals, was partially rolled out in the Free State. A complete rollout could not be realised owing to severe budgetary constraints. It is anticipated that the full implementation of IGAP will result in further improvements in the quality of services being rendered by the Agency as it advocates a three-step process, compared to the current five-step model. The readiness assessment for implementation of IGAP was conducted in the Limpopo, North West, Eastern Cape and Northern Cape regions.

Disability management model

During the reporting period, the disability management model was developed to standardise the medical assessment processes in all the regions. The new model was piloted in the Eastern Cape, Free State and KwaZulu-Natal regions. The prioritised elements of the disability management model that the Agency implemented in six regions are:

- Gate-keeping and national booking procedure, a system aimed at saving the Agency money as it detects rejected applicants who reapply within days of rejection and not after three months, as stipulated;
- Medical assessment process; and
- Medical form management.

The implementation of the gate-keeping and medical assessment modules resulted in significant savings for the Agency. A substantial decrease in temporary disability grant applications was also evident in most of the regions owing to the three month waiting period that was required for reapplication. This measure resulted in improved cost efficiencies because of a reduction in unnecessary reapplications.

Towards minimising fraud within the processing of disability grants, the Agency introduced a new medical assessment form (M20) that has serial numbers linked to the MIS in all of the regions. The efficient management of medical forms is expected to minimise fraud within the Agency.

Priority 2: Improved organisational capacity

Improved organisational capacity depends largely on available resources and efficient management, which includes strategic leadership and effective programme and process management. Although the Agency was encumbered by a number of challenges, it also recorded several noteworthy achievements. The Agency strove to enhance its organisational capacity through the development and implementation of key strategic documents vital for the transformation of the Agency's culture, and through strengthening peoples' capabilities.

Some of the key achievements for the period under review are the development and approval of the:

- Corporate compliance and integrity model;
- Transport management strategy; and
- Framework on legislation compliance.

In addition, the Agency implemented the M&E framework and produced a number of M&E reports. In compliance with Treasury Regulations, all performance reports were produced and submitted to the Minister. Furthermore, with a view to improving the performance of the Agency, the acting CEO had oversight meetings with all executive managers, both at head office and at the regions.

Priority 3: Comprehensive and integrated social security administration and management services

In light of Government having not yet pronounced on the form and shape of a future comprehensive social security system, the Agency was not able to deliver fully on this priority. However, the Agency continued to work closely with other relevant government departments to expand its reach to the poorest of the poor.

The success of the integrated community outreach programme (ICROP) can be attributed to effective partnerships for integrated service delivery. In implementing this programme, the Agency was able to reach out to beneficiaries in the many rural areas. As a result of ICROP the beneficiary numbers increased by 42,194, and 3,824 beneficiaries were assisted with social relief of distress.

Social grants performance trends

Table 3: Number of grants and growth over a five-year period by grant type (31 March 2006 – 31 March 2010)

Grant type/Period	2005/06	2006/07	2007/08	2008/09	2009/10
Old age	2,146,344	2,195,018	2,229,550	2,390,543	2,546,657
War veteran	2,817	2,340	1,924	1,500	1,216
Disability	1,315,143	1,422,808	1,408,456	1,286,883	1,264,477
Grant-in-aid	26,960	31,918	37,343	46,069	53,237
Foster child	317,434	400,503	454,199	474,759	510,760
Care dependency	90,112	98,631	102,292	107,065	110,731
Child support	7,075,266	7,863,841	8,189,975	8,765,354	9,570,287
Total	**10,974,076**	**12,015,059**	**12,423,739**	**13,072,173**	**14,057,365**
Annual growth		**9.5%**	**3.4%**	**5.2%**	**7.5%**

Table 3 shows the fluctuating growth trend of social grants between 2005/06 and 2009/10. In 2006/07 social grants grew by 9.5%, followed by only 3.4% growth in 2006/07, slightly increased to 5.2% in 2008/09, and a further increase to 7.5% in 2009/10. The table also shows that overall there has been a gradual increase year-on-year in the total number of grants. The total number of grants grew from 10,974,076 at the end of March 2006 to 14,057,365 by 31 March 2010, a total increase of 28.1% over the four periods.

Table 4: Total number and growth rate of grant recipient by grant type

Grant type/Period	2008/09	2009/10	Difference	% growth
Old age	2,390,543	2,546,657	156,114	6.5%
War veteran	1,500	1,216	-284	-18.9%
Disability	1,286,883	1,264,477	-22,406	-1.7%
Grant-in-aid	46,069	53,237	7,168	15.6%
Foster child	474,759	510,760	36,001	7.6%
Care dependency	107,065	110,731	3,666	3.4%
Child support	8,765,354	9,570,287	804,933	9.2%

Table 4 shows the uptake of social grants for the financial year 2009/10 as compared to the preceding 2008/09 financial year. All grants have increased with the exception of war veteran grants, which decreased by 18.9%, and disability grants, which decreased by 1.7%. The highest uptake increase was in Grants-in-aid, which grew by 15.6%, followed by Child support grants, which grew by 9.2%. Foster child grants grew by 7.6%, and the Old age grants grew by 6.5%. The least growth, at 3.4%, was seen in Care dependency grants.

Table 5: Number of grant recipients by grant type and region as at 31 March 2010

Region	Grant type							Total
	OAG	WVG	DG	GIA	FCG	CDG	CSG	
EC	469,573	154	201,361	7,134	100,810	18,915	1,668,408	**2,466,355**
FS	154,034	27	97,364	842	44,478	4,577	527,077	**828,399**
GP	326,409	317	128,371	815	62,023	13,248	1,153,481	**1,684,664**
KZN	536,260	173	364,266	23,029	141,404	33,866	2,439,781	**3,538,779**
LIM	389,804	109	106,673	7,014	54,314	12,844	1,460,328	**2,031,086**
MP	175,991	49	76,571	1,126	26,164	5,877	750,661	**1,036,439**
NW	215,359	34	94,908	1,923	38,656	8,553	715,997	**1,075,430**
NC	67,260	49	46,553	3,530	14,716	3,952	224,346	**360,406**
WC	211,967	304	148,410	7,824	28,195	8,899	630,208	**1,035,807**
Total	**2,546,657**	**1,216**	**1,264,477**	**53,237**	**510,760**	**110,731**	**9,570,287**	**14,057,365**

Table 5 shows that the total number of grant recipients by the end of the financial year was 14,057,365. KwaZulu-Natal has the highest number of grants, followed by the Eastern Cape and Limpopo regions, respectively. Northern Cape has the lowest number of grants at 360,406. Child support grants account for the largest number of grants at 9,570,287 (68.1% of the total), followed by Old age grant (18.1%) and Disability grants (9.0%), respectively. War veteran grants stand at 1,216 representing the lowest uptake.

2.3.4. Overview of the organisational environment

The 2009/10 financial year marked the first term of office for the new Minister of Social Development. The Minister inherited an evolving Agency, one still in the process of consolidation, integration and optimisation. The Agency continued to deliver services with much success while at the same time embarking on processes of consolidation and integration.

Challenges ranging from organisational expansion to structural alignment negatively affected efficient planning and organisational development. These challenges have necessitated a review of the organisational configuration and structural alignment through the business process reengineering (BPR) initiative, which is envisaged to improve the efficiency of the Agency and to effect savings.

The Agency continued to migrate beneficiaries to the Post Office to reduce the cost of grant payments. Payment at post offices additionally ensures that beneficiaries receive their grant monies under more humane conditions.

The Agency, together with the Special Investigating Unit (SIU), continued its fight against fraud and corruption in the grant administration system. A zero-tolerance approach to fraud and corruption has resulted in the conviction of public servants and other individuals who were found to have defrauded the grant system. In keeping with her constitutional obligations, the Minister of Social Development has initiated a process of dealing with appeals through the appointment of an Appeals Tribunal to enhance administrative justice, thereby ensuring fairness in the social security administration process. To this extent, the Appeals Tribunal has dealt with over 20,000 appeals.

Human resource capacity constraints still remain a challenge for the Agency. On the one hand, there are a number of vacant positions that have not yet been filled because of the moratorium on post-filling, while on the other, key personnel continued to leave the Agency, among them an executive manager and the CEO. Such resignations have resulted in a 59.3% vacancy rate over the financial year. The acting CEO nevertheless provided the necessary strategic leadership and overall management of the Agency.

The introduction of necessary austerity measures negatively affected the Agency's operations. Budgetary constraints required that some planned targets had to be either abandoned or reprioritised in line with the available budget.

Delays in the finalisation of the service delivery model posed a challenge to the standardisation of processes, to structural alignment, and to the elimination of fraud and corruption.

The implementation of policy and legislative changes with respect to old age grant equalisation and to extension of the child support grant was not without capacity challenges of its own. In many instances, staff had to be redeployed to meet the demand for its services.

The Agency's migration from a cash-based accounting system to an accrual accounting system was completed. However, there remain many challenges to overcome before the system can be considered to be operating optimally.

2.4. The Agency's revenue, expenditure and other specific topics

2.4.1. Collection of revenue

The Agency collected a total amount of R12,628,155 during the financial year. The amount is disclosed in the Statement of Financial Performance:

2.4.2. Revenue and expenditure

The Agency total revenue amounted to R5,1 billion and operating expenses amounted to R5,6 billion which resulted in operating deficit of R453,1 million. The total deficit for the period amounted to R490,8 million due to operating deficit of R453,1 million plus finance costs of R37,9 million less interest received of R277,4 thousands.

Owing to the budgetary constraints facing the Agency, bilateral agreements were entered into with both the National Department of Social Development and the National Treasury. The Agency then developed a turnaround strategy to deal with an approximately R1 billion overdraft. The strategy focuses on the following areas:

- Implementation of austerity measures across the Agency; and
- Migration of beneficiaries to Post Bank and the commercial banks with a view to reducing exorbitant handling fees charged by the cash payment contractors.

2.4.3. Assets Management

The Agency has implemented the ORACLE asset register module as of 1 April 2009 to ensure a centralised asset register.

One building is 90% complete in Limpopo and the current cost status of the project is as shown in Table 6 below.

Table 6: Cost status of Limpopo project

Project name	Budgeted cost	Actual cost as at 31/3/2010
Jane Furse: Makhuduthamaga District	R13,300,607	R10,564,188

2.4.4. Transferred assets

There were no assets transferred during the year under review.

Performance Information

Table 7: Priority 1 – Customer-care centred benefits administration and management system

Output	Performance indicator	Actual performance against target	
		2009/10 annual target	Actual achievement
Policy and legislation on social assistance implemented	Percentage of men between the ages of 60 and 64 benefitting from social grants as a result of policy and legislative changes on age equalisation.	100% of all men aged 61 and 62 by 31 March 2010.	A total of 100,358 men aged 61 to 62 years were in receipt of grants for older persons by 31 March 2010, or 77,4% of the target of 129,662.
	Percentage of children benefitting from social grants as a result of policy and legislative changes on CSG extension.	100% of all eligible children.	A total of 673,553 children older than 14 years were in receipt of child support grants as at 31 March 2010, representing 69.4% of the target of 970,369. The CSG extension targets were affected by a change in legislation. When the regulations were published on 31 December 2009, the age extension applied only to children born on or after 1 October 1994. This significantly reduced the number of eligible children. The change in regulations published on 12 March 2010 resulted in a slower-than-expected uptake for the first three months of the year.
Automated core business system implemented	Number of regions implementing IGAP.	IGAP implemented in five regions.	IGAP is running live in only one office in the Free State. Implementation in more offices was delayed by negotiations with labour unions that had to be concluded prior to the rollout. However, readiness assessments have been completed for the remaining eight regions.
	MIS registry module implemented in all regions	MIS registry modules implemented in all regions.	Achieved.

Output	Performance indicator	Actual performance against target	
		2009/10 annual target	Actual achievement
	MIS interfaced with other government institutions' systems.	MIS interfaced with SOCPEN.	Not achieved due to poor stakeholder co-operation.
	Percentage ERP implementation.	ERP fully implemented.	Achieved.
	Percentage functional and technical support managed for the ERP system.	60% functional ERP system support managed.	Achieved. 99.89% of the functional support of the ERP system managed.
		90% technical ERP system support managed.	Achieved. 95% of the technical support of the ERP system managed.
	Phased implementation of the integrated reporting solution.	Implementation of the first phase of the integrated reporting solution.	Achieved.
	Number of regions with i-modules rolled out.	One region with i-modules rolled out.	Not achieved due to region not being ready to implement.
Case management system implemented (linking social security services to other social services)	Shared-services model developed, approved and implemented.	Shared service model developed and approved.	Not achieved. Legislative requirements were finalised only late in the financial year because of public consultations.
Beneficiary maintenance framework implemented	Percentage of all beneficiaries notified of administrative actions.	10% of all beneficiaries notified of administrative actions.	97.9% achieved. The model of implementation was changed. The management of lapsing of grants was removed from the nine diferrent regions and centralised at head office, thereby reducing the time delays and eliminating the nine regional capacity problems. Centralisation also enable the process of notification to be automated.

Output	Performance indicator	Actual performance against target	
		2009/10 annual target	Actual achievement
	Computerised data quality management system developed, approved and implemented.	Computerised data quality management system designed.	Not achieved due to lack of required skills.
	Number of regions with dispute mechanism implemented.	Dispute mechanism implemented in three regions.	Not achieved owing to delays in approval of legislation.
Comprehensive payment management system implemented	Finalised and implemented comprehensive payment management framework.	Comprehensive payment management framework developed, approved and implemented.	Not achieved because of capacity constraints.
Disability management model implemented	Number of regions implementing disability management model.	Six regions having implemented prioritized elements of the disability management model.	Achieved. All six targeted regions have implemented the prioritised elements of the disability management model.
		Customer Relations Management Strategy developed and approved	Not achieved . The target was revised for approval to be made in the new financial year.
Customer relations management strategy implemented	Customer relations management strategy developed, approved and implemented.	Prioritised elements of the customer relations management strategy implemented.	Achieved. The following prioritised elements of the customer relations management strategy were implemented:– • Enquiry management; • Customer care charter; • Customer satisfaction survey; • Capacity building; and • Batho Pele principles.

Output	Performance indicator	Actual performance against target	
		2009/10 annual target	Actual achievement
ICROP strategy implemented	ICROP strategy developed, approved and implemented in prioritised poverty pockets, as identified by Stats SA	ICROP strategy developed and approved.	Not achieved. Approval will only be realised in the new financial year (2010/11) since consultation with other key stakeholders has not been completed.
		ICROP strategy implemented in prioritised poverty pockets, as identified by Stats SA.	Achieved.
Service delivery model implemented	Service delivery model developed, approved and implemented.	Service delivery model developed.	Not achieved as a result of capacity constraints.

Table 9: Priority 2 – Improved organisational capacity

Output	Performance indicator	Actual performance against target	
		2009/10 annual target	Actual achievement
Corporate compliance and integrity model implemented	Corporate compliance and integrity model developed, approved and implemented.	Corporate compliance and integrity model developed and approved.	Partially achieved. Corporate compliance and integrity model developed but approval was not achieved because of the outstanding integrity policy, which has been developed and is being consulted on.
	Number of regions with the corporate compliance and integrity model implemented.	Corporate compliance model implemented in three regions.	Achieved with 91 inspections having been conducted in six regions.
Legal services model implemented	Litigation management strategy approved and implemented.	Litigation management strategy approved.	Achieved.

Output	Performance indicator	Actual performance against target	
		2009/10 annual target	Actual achievement
		Litigation management strategy implemented in all regions.	Achieved.
	Framework for legislation compliance approved and implemented.	Framework for Legislation Compliance approved	Achieved.
		Framework for Legislation Compliance fully implemented	Achieved.
	Number of regions with contract management framework implemented.	Contract management framework implemented fully in nine regions.	Achieved.
Corporate governance framework implemented	Corporate governance framework implemented.	Prioritised elements of corporate governance framework implemented.	Achieved. The following prioritised elements implemented: • Protocol guidelines; • Policy development guidelines; and • Financial disclosure framework.
	Ethics programme developed and fully implemented.	Ethics programme developed.	Achieved.
		Ethics programme fully implemented.	Achieved with both an ethics survey and an ethics audit having been conducted at head office.
	Number of regions with the integrity model implemented.	Integrity model implemented in three regions.	Achieved. Integrity model implemented in 9 regions. 734 grant beneficiary files were verified and 3,986 grant investigations were completed.
Integrated talent management framework implemented	Integrated talent management framework developed, approved and implemented.	Integrated talent management framework and implementation plan developed and approved.	Not achieved as a result of organisational reprioritisations.

Output	Performance indicator	Actual performance against target	
		2009/10 annual target	Actual achievement
Knowledge management strategy implemented	Knowledge management strategy implemented	Prioritised elements of the knowledge management strategy implemented.	Achieved.
Integrated financial management system implemented	Percentage compliance with budget guidelines.	100% compliance with budget guidelines.	Achieved.
	Percentage compliance with SCM regulations.	100% compliance with SCM regulations.	98% achieved with irregular expenditures having been drastically reduced.
Integrated risk management framework Implemented	Risk Management Strategy implemented	Prioritised elements of the Risk Management Strategy implemented	Achieved.
	Security management strategy developed, approved and implemented.	Security management strategy developed and approved.	Not achieved, awaiting stakeholder inputs.
		Prioritised elements of the security management strategy implemented.	Achieved.
	Business continuity plan developed, approved and implemented.	Business continuity plan developed and approved.	Partially achieved. Business continuity plan developed but approval not achieved.
		Business continuity plan fully implemented.	Partially achieved. The following elements of the plan have been implemented: • Alternative office accommodation plan; • Records management risk management tool; • Physical loss prevention measures for Records • Management facilities; and • Transport loss prevention and response measures.

Output	Performance indicator	Actual performance against target	
		2009/10 annual target	Actual achievement
	Disaster recovery plan developed, approved and implemented.	Disaster recovery plan developed and approved.	Partially achieved. ICT and facilities disaster recovery plans developed but approval was not achieved.
		Disaster recovery plan fully implemented.	Not achieved. Disaster recovery plan not approved.
	Number of fraud cases investigated.	3,000 prioritised fraud cases investigated.	Achieved. 3,454 investigations, 223 inspections and 1,260 grant verifications completed.
	Percentage of the annual internal audit plan implemented.	100% implementation of the annual internal audit plan.	Achieved.
	Occupational health and safety plan developed, approved and implemented.	Occupational health and safety plan developed and approved.	Achieved.
		Prioritised elements of the occupational health and safety plan implemented.	Achieved.
Buildings infrastructure strategy implemented	Buildings infrastructure strategy developed, approved and implemented.	Buildings infrastructure strategy developed and approved.	Partially achieved. Buildings infrastructure strategy developed but approval not achieved.
Transport management strategy implemented	Transport management strategy developed, approved and implemented.	Transport management strategy developed and approved.	Achieved.
Records management (paper-based) system implemented	Number of regions with paper-based records management system implemented.	Paper-based records management system implemented in nine regions.	Achieved.
Integrated communication and marketing strategy	Integrated communication and marketing strategy developed, approved and implemented.	Integrated communication and marketing strategy developed and approved.	Not achieved. Awaiting stakeholder inputs.

Output	Performance indicator	Actual performance against target	
		2009/10 annual target	Actual achievement
implemented		Prioritised elements of the integrated communication and marketing strategy implemented.	Achieved.
Change management strategy implemented	Change management strategy developed, approved and implemented.	Change management strategy developed and approved.	Not achieved. Lack of capacity
		Prioritised elements of the change management strategy implemented.	Not achieved. The change management strategy was not developed or approved.
Integrated monitoring and evaluation framework implemented	Integrated monitoring and evaluation framework implemented.	Prioritised elements of the integrated monitoring and evaluation framework implemented.	Achieved.
Framework for strategic planning, operational planning and reporting implemented	Percentage implementation of the framework for strategic and operational planning and reporting.	100% of the framework for strategic and operational planning, and reporting implemented.	Achieved.
Integrated research and development strategy implemented	Integrated R&D strategy developed, approved and implemented.	Integrated R&D strategy developed and approved.	Not achieved. Awaiting stakeholder inputs.
		Prioritised elements of the integrated R&D strategy implemented.	Not achieved. Awaiting stakeholder inputs.
Micro-simulation and macroeconomic models implemented	Percentage implementation of the micro-simulation and macroeconomic models.	100% of the micro-simulation and macroeconomic models implemented.	Achieved.

Output	Performance indicator	Actual performance against target	
		2009/10 annual target	Actual achievement
EPMO governance model implemented	Percentage implementation of the EPMO governance model.	100% of the EPMO governance model implemented.	Not achieved. Awaiting stakeholder inputs.
Maintaining ICT systems availability	Prioritised elements of ITIL processes implemented.	Identified ITIL processes implemented: • Service level management report; • Availability management report; and • Capacity management report.	Achieved.

Table 9: Priority 3 – Comprehensive integrated social security administration and management services

Output	Performance Indicator	Actual performance against target	
		2009/10 Annual Target	Actual Achievement
Institutional and governance model on social security implemented	Framework on institutional and governance model developed, approved and implemented.	Framework on governance model developed and approved.	Not achieved. Awaiting directive from government on comprehensive social security.

2.6 Deviations from the strategic plan 2009/10

- A number of the planned audit reviews had to be put on hold due to budgetary constraints and insufficient human capital;
- Service delivery model was not developed due to capacity constraints;
- I-Modules not implemented due to financial constraints; and
- Comprehensive payment management framework not developed due to capacity constraints.

2.7 Key challenges, actions and responses

Table 10: Key challenges, actions and responses

Key Challenges	Actions/Responses
Time frames for the submission of performance reports not complied with	Keep impressing on EXCO and MANCO members to recognise the value of adhering to set time frames.
Inadequate budgets	Request more funding from Treasury.
Fraud hotline system not fully effective	Agency to take over management of the fraud hotline from SITA.
Inadequate human resource capacity	Establish partnerships for service delivery. Conduct training and development. Multi skilling of staff.
Overreliance on SIU creates a dependency syndrome and undermines the implementation of a proactive fraud management approach	Clustering of regions and capacity building to reduce reliance on SIU.
Inadequate ICT rollout of Symentec Anti-Virus Suite version 11 at district and local offices	Rollout to be outsourced at district and local offices.
Full implementation of IGAP	Negotiations with organised labour (national) initiated in November 2009.

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SOUTH AFRICAN SOCIAL SECURITY AGENCY

Part 3

Report of the Audit Committee

Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2010.

Audit Committee Members and Attendance:

The Audit Committee consists of the members listed hereunder and meets four times per annum as per its approved terms of reference.

Name of Member	Number of Meetings Attended
Mr. B Mahlangu (Chairperson)	4
Dr. D P van der Nest	2
Ms. J Joni	3
Mr. V Twala	2
Prof. J. Kleynhans	4

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from **section 51(1)(a) of the PFMA** and **Treasury Regulation 3.1.13**.

The Audit Committee also reports that it has revised and adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal control was not entirely effective for the year under review, as compliance with prescribed policies and procedures were lacking in certain instances. From the various reports of the Internal Auditors, non compliance was identified that resulted from a breakdown in the functioning of key controls, the most critical being in the area of grants administration and procurement.

The Financial Misconduct Board (the committee established to deal with financial irregularities) is functional. Although there has been a decline in cases of irregular expenditure reported during 2009/2010, the delay in the resolution of cases of irregular expenditure relating to the 2008/2009 financial year is a matter of concern for the committee.

The quality of in year management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act

The Audit Committee is of the view that the contents of the monthly and quarterly reports of the Agency are satisfactory. What is of concern to the Audit Committee is that the accumulated deficit has increased, as costs continue to exceed the revenue. We are informed by Management that a revenue/cost structure model has been submitted to Treasury, and the proposed model will ensure that costs do not exceed the revenue in a given year.

Evaluation of Financial Statements

The Audit Committee has reviewed and discussed the annual financial statements to be included in the annual report with the Auditor-General South Africa's report and the Accounting Authority for submission to the Auditor-General South Africa. The Audit Committee noted with concern the late submission of the Financial Statements to the Auditor-General, even though the Committee understood that this was as a result of challenges experienced with the implementation of the new financial system (Oracle) and the conversion from cash to accrual accounting.

The Audit Committee has reviewed the Auditor-General South Africa's management report and management responses thereto as well as the significant adjustments resulting from the audit. The Audit Committee is greatly concerned that the Auditor-General South Africa issued a disclaimer of opinion on the annual financial statements of the Agency, especially since the Auditor-General South Africa issued an unmodified report in the previous year. A turnaround strategy to address shortcomings in order to improve financial management and administration including the presentation of financial information needs to be put in place by management as a matter of urgency.

The Audit Committee concurs with and accepts the Auditor-General South Africa's report on the annual financial statements for the year ended 31 March 2010. The Committee is of the opinion that the audited Annual Financial Statements should be accepted and read together with the report of the Auditor-General South Africa.

....

Chairperson of the Audit Committee

20 August 2010

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SOUTH AFRICAN SOCIAL SECURITY AGENCY

Part 4

Annual Financial Statements for the period ended 31 March 2010

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4. Accounting Authority's Responsibilities and Approval

4.1 General Review of the State of Financial Affairs

4.1.1 Following the pronouncements in the State of the Nation Address, SASSA's key strategic objective aimed at reducing poverty and vulnerability is:

"To build a high-performance institution, which manifests itself by compliance to good governance principles, while striving for operational excellence via continued service delivery improvements to beneficiaries"

4.1.2 Migration from Cash Basis of Accounting to Accrual Basis

In terms of Section 55 (b) of the PFMA, (Act no. 1 of 1999 as amended), the Agency as a public entity is required to prepare its Annual Financial Statements in line with Generally Recognised Accounting Practice (GRAP). However, since its establishment in 2006, the Agency has been reporting on the Cash Basis of Accounting based on an exemption granted by the National Treasury. This was considering the fact that although the Agency is a Public Entity, at its inception it had to amalgamate nine provincial social assistance functions, operating on a cash basis of accounting, into one national function. The complexities surrounding the establishment of a new Agency necessitated the adoption of legacy systems, namely; BAS, LOGIS and PERSAL as an interim measure to ensure continuation of services. The Exemption granted by National Treasury expired in March 2009 and that necessitated the Agency to migrate to the ORACLE system, which facilitates reporting on Accrual Basis of Accounting and compliance to GRAP and International Financial Reporting Standards (IFRS).

The journey has not been without challenges, as it involved two major changes and/or projects running parallel at the same time. Numerous challenges were experienced, which ultimately impacted on the deadline for the submission of Annual Financial Statements as required by the PFMA. To this end, the Agency took the necessary steps to ensure submission of quality Annual Financial Statements (AFS) to the National Treasury and Auditor-General South Africa (AGSA).

Going forward, the Agency will concentrate on maintaining the system. It will further strengthen the ORACLE Business Support Centre to ensure that it operates in an efficient and effective manner as well as re-skilling the labour force within the Finance environment and in the rest of the organization. Change Management is one of the key focus areas for the ensuing year.

4.1.3 The Agency had during the year under review, recorded the following key achievements:

- Reviewed and implemented internal financial controls, procedures, policies and delegations of authority in line with the GRAP standards to ensure full compliance with the legislative frameworks and related prescripts;
- Policy changes on age equalization and extension of child support grant were successfully implemented;
- Implemented Enterprise Resource Planning (ERP) system;
- Beneficiary bank accounts which had no activity over three consecutive months were identified, beneficiaries reviewed and a recovery of R312 million in this regard is projected;
- 41,409 medical reviews were completed against an annual target of 30,000;
- 3,797 social grant fraud cases were brought before courts, 3,491 were finalised and 3,345 convictions made;
- 8,383 persons signed acknowledgment of debt (AoD) as agreement to repay the grant money fraudulently received, with the total value of R51,22 million;
- Successfully identified and terminated a total of 28,000 fraudulent grants from the system; and
- Annual Internal Audit Coverage Plan for 2009/10 was developed, approved and implemented.

4.1.4 The following projects were undertaken during the year under review:

- Integrated Community Registration Outreach Programme (ICROP) aimed at improving access to services by rural and peri-urban beneficiaries;
- Social Relief of Distress (SRD);
- Roll-out and implementation of the

Enterprise Resource Planning system (ERP) i.e. system development, process mapping, policy development and training of personnel;

- Management of special ICT projects;
- Improved Grants Administration Process (IGAP) aimed at improving efficiencies in the grant application process, implemented in one office in the Free State.
- Revised Service Delivery Model developed;
- Review of costing and implementation of the payment arrangements in respect of the new payment contractors; and
- Updated web-based financial projecting module and reporting tool for social assistance.

4.1.5 Revenue and expenditure

The Agency total revenue amounted to R5,1 billion and operating expenses amounted to R5,6 billion which resulted in operating deficit of R453,1 million. The total deficit for the period amounted to R490,8 million due to operating deficit of R453, 1 million plus finance costs of R37,9 million less interest received of R277,4 thousand.

It is important to mention that when the Agency was established, the priority was to ensure effective delivery of services in the face of an already increasing number of grant beneficiaries. The establishment phase did not happen without any teething problems. In this regard, a number of factors contributed to the budgetary constraints facing the Agency and are explained hereunder:

(i) Establishment costs

The Agency was established to administer, manage and pay social grants to eligible beneficiaries. Before the Agency's establishment, social assistance was managed and administered by the nine Provincial Departments of Social Development. The establishment of the Agency necessitated the separation of both the function and operations from these Departments. This entailed acquisition of the necessary infrastructure and capacity in order to successfully deliver on its mandate. In addition, expansion at both regional, district and local office levels as well as the implementation of new procedures and systems of operation that support the Agency to deliver a world class service to beneficiaries necessitated the enhancement of systems to support service delivery improvement. All these required optimal funding and were not fully funded.

(ii) Shared Services

As mentioned above, at its inception, the Agency still continued operating within the Provincial Departments of Social Development (PDoSD), and as such was required to start paying for the services that were shared with these Departments. Some offices, especially at district and local levels, still share resources with the Provincial Departments of Social Development. The shared resources include office accommodation, telephones, office equipment, cleaning, security etc. The arrangement in most regions is that expenses are split on a 50/50 basis between the Agency and the PDoSD. This meant that as the separation process continues, the Agency has to pay for these shared services.

(iii) Personnel costs

The post establishment approved by Cabinet at the Agency's inception was based on a "norms and standards" exercise which used the grant application to approval process as a basis. In this regard a total number of 4,000 employees were to be transferred from the ten Departments of Social Development to the Agency. Since the number was based on the grant application to approval process, it did not necessarily factor in other support functions forming part of the entire value chain. Ultimately, a total of 6,258 staff members were transferred to the Agency with effect from 1 April 2006. This in effect means that an additional 2, 258 staff members, who were not funded in the initial baseline allocation, were transferred to the Agency. The result was that the baseline allocation could not accommodate costs related to these additional personnel.

(iv) Legal costs

When the social assistance function was transferred to the Agency, all assets, liabilities and associated risks were also transferred with the function. The liabilities included legal costs accumulated by the Provincial Departments of Social Development. The funding relating to these costs was unfortunately not sufficient. These costs contributed to the dire financial situation facing the Agency.

Cash-Flow Stabilisation Strategy

The financial challenges described above clearly indicates that the Agency had to devise strategies to improve efficiencies and contain spending. Consequently the Agency developed a cash-flow stabilisation strategy, which was reported on in the previous Annual Financial Statements. The following is a brief outline of progress made with the implementation of the cost containment strategy:

(i) Implementation of Austerity measures across the Agency.

Since implementing these targeted cost containment measures the Agency has seen a marked improvement with regards to efficiency in spending. This was achieved by scaling down on the budget allocations for specific operational expense items such as travel and subsistence. In this regard the impact of these austerity measures can be demonstrated by a comparison between 2008/09 and the period under review which shows a drastic decrease in expenditure on travel from R109, 114 million to R77, 445 million. This translates into a 29 per cent decrease year-on-year. Apart from this there was also a decrease in expenditure on other operational expenses.

(ii) Migration of beneficiaries to banks with a view to reduce exorbitant disbursement fees charged by Cash Payment Contractors

The Agency initiated the process of accelerating efficiencies within its operations with regard to the disbursement of social grants by advising beneficiaries of different types of payment methods and their right to choose their preferred method. This was done with a view of enabling the Agency to facilitate administrative cost savings as a result of changes within payment methods. The Agency has, through this strategy, been able to migrate approximately 7% of beneficiaries registered with cash payment contractors to automated banking payments during the 2009/10 financial year.

Furthermore, as part of this strategy, the Agency focused on renegotiating lower prices as well as the standardization of conditions of the various contracts with payment contractors to ensure other cost-effective ways of realizing savings in this regard. The average cost of administering social assistance has reduced from R32.58 to R31.88 per beneficiary as a result. Given the strategy, the Agency also realized a saving of R107 million on transaction costs for the 2009/10 financial year. Further savings, which is expected to exceed the savings of 2009/10, in a continuation of this strategy, is expected for the 2010/11 financial year.

(iv) Recovery of grants monies paid into dormant beneficiary accounts

In line with its slogan of paying the right social grant to the right person, the Agency was able to identify beneficiary accounts that lay dormant for three consecutive months. These accounts were targeted as they may be held by either syndicates, people who did not qualify or have died and ceased to qualify. The intention was to recover the grant monies where the beneficiary was found to be ineligible. In this regard, the Agency is collaborating with law enforcement agencies with an aim of ensuring that authority is granted to recover these monies. The Agency has won the test cases presented before the court and has embarked on the process of recovering these monies. Overall, approximately R10 million has been collected.

(v) Overdraft repayment plan

An agreement was reached with the National Treasury on how the Agency's overdraft should be repaid. The Agency had to cut the budget allocation to various expenditure items, thereby ensuring that the apportionment is less than the approved allocated budget. This was done to ensure that the unallocated funds cover the amount needed to pay back the overdraft in terms of the payment plan as follows:

2010/11 - R 74,516 million
2011/12 - R403,384 million
2012/13 - R341,471 million

4.1.6 Irregular and fruitless and wasteful expenditure

The Agency recorded irregular, wasteful and fruitless expenditure to the tune of R69 million in the previous financial year. A comprehensive internal investigation under the guidance of the Financial Misconduct Board has been commissioned to determine the cause and liability for the R1, 2 million fruitless and wasteful expenditure on Mobile Trucks as previously reported. A project plan was developed to finalise the investigations by the end of August 2010.

A detailed project plan was developed to address all irregular expenditure incurred, and hundred and forty (140) cases of irregular expenditure are still being investigated.

4.1.7 SRD Funds

The Social Responsibility Development Funds (SRDF) emanated from Service Level Agreements entered into between respective provinces and Payment Contractors. Prior to the establishment of the Agency, these funds were transferred to the respective Provincial Treasuries.

The State Law Advisor advised that these funds should be regarded as public funds and also be accounted for in accordance with the requirements of the PFMA. However, the legal advice that the Agency received indicates that these are private funds. This is corroborated by the service providers who have always accounted for these funds in their books as their own. The discussions with the National Treasury are ongoing to find a common a solution that is acceptable to both parties.

4.2 Services Rendered by the Agency

The South African Social Security Agency was established in terms of the SASSA Act, 2004 with the primary purpose of being the sole entity responsible for the payment of social grants to over 13 million beneficiaries throughout the country for the different grant types, namely;

- Old Age Grant;
- War Veterans Grant;
- Child Support Grant;
- Care Dependency Grant ;
- Foster Child Grant;
- Disability Grant; and
- Grant-in-Aid.

In addition to the above mentioned grant types, the Agency also administers the Social Relief of Distress (SRD) programme, an intervention aimed at providing temporary relief to a family which faces undue hardship.

4.3 Inventories

The inventory policy was reviewed and amended to be in line with GRAP 12. The conversion from cash to accrual accounting necessitated the loading of opening balances on Oracle and ensuring that the balance as at the reporting date are reflected accurately on the statement of financial position. The inventory on cash basis went through the statements of financial position when it was paid for, and on accrual basis it is reflected accurately on the statement of financial position when it is utilised. The Agency changed its method of costing its inventory from weighted average to First In First Out (FIFO) method; it further transpired that the FIFO valuation method, which the Agency initially opted for, is more relevant to the manufacturing plant.

4.4 Corporate Governance Arrangements

The Agency subscribes to the belief that good governance is the cornerstone of its success as an organization. It understands good governance to mean the checks and balances implemented to ensure proper planning, efficient and effective programme implementation as well as monitoring and accounting for public funds. To this end, the Agency has implemented a number of processes to promote day to day management, developed a three-year strategic plan to work towards realization of its vision, monitored delivery of service as well as accounted for the allocated budget.

4.4.1 Shareholder's Compact (Performance Agreement)

The Treasury Regulations issued in terms of the Public Finance Management Act, 1999 requires the Chief Executive Officer (CEO) to annually agree with the Executive Authority on the key performance objectives, performance indicators as well as targets. This shareholder's compact was critical in ensuring understanding and concurrence on what should be delivered on and by when. It also provided the Executive Authority with the means to measure the performance of the Agency as a whole.

4.4.2 Internal Audit and the Audit Committee

The Audit Committee continued to independently provide advice on risk management, internal control as well as governance processes. Its independence and objective state of mind enabled it to objectively evaluate activities of the Agency and recommend corrective action. The direction provided by the Audit Committee enabled the internal audit function to provide assurance on efficiency and effectiveness of management controls to ensure achievement of objectives. The internal audit reviews conducted were instrumental in identifying areas of weakness and recommended actions for improvements. The professional working relationship between the Audit Committee and the Agency's senior management enabled the Agency to afford the Audit Committee's advice positive consideration, which yielded good results.

4.4.3 Risk Management

Management is responsible for identifying risks that may impact the achievement of objectives and establish appropriate controls to mitigate against such risks. A strategic risk assessment was conducted to identify and confirm strategic and high level operational risks. Awareness and orientation sessions were provided to business units in order to align the operational risk assessments with the operational planning process. The Risk Management Committee was fully operational during the reporting period and played a key role in building a culture of risk management within the Agency. The draft business continuity plan was also developed as part of the risk management strategy to ensure continuity of services in the event of unforeseen circumstances that could disrupt the service delivery capability of the Agency.

4.4.4 Compliance and Fraud Management

The nature of the Agency's business renders it vulnerable to fraud and corruption. To this end, the Agency has developed and implemented a number of fraud prevention and detection strategies. These include pre-employment screening of new staff members, development of a draft Compliance Framework to inculcate a culture of compliance as well as strengthening compliance enforcement through inspections. The Agency further intensified its efforts to fight fraud and corruption in the social grants administration process through investigations. The partnership with the Special Investigating Unit (SIU) led to the prosecution of over three thousand people who received social grants illegally. The continuous application of detection mechanisms also led to the identification of internal irregularities, and action was taken against the perpetrators.

The Agency also revised its fraud management strategy to focus more on enhancing the integrity of its systems, processes and staff members. To this end, the Agency has developed an integrity policy which aims to build a culture of doing the right thing as opposed to doing things right. The Agency believes that its success depends heavily on the attitude of its staff members as the users of its systems and processes. If correctly applied, the policy will cultivate a culture of good governance and reduce cases of unethical conduct that may undermine service delivery and tarnish the reputation of the Agency.

4.4.5 Code of Conduct and Ethics

The Agency has come to the realization that it is people who ensure the proper functioning of systems and processes. It thus, decided to embark on a change management programme to change the attitude and behaviour of its staff members. In its effort to achieve this, the Agency developed the Protocol Guidelines to enhance its already implemented Code of Conduct and Ethics. Furthermore, a review of the Financial Disclosure Framework was undertaken to determine its adequacy and effectiveness. The Agency deemed it necessary to determine the level of compliance with the Code of Conduct and Ethics since its implementation in the previous reporting period, by way of an ethics audit and an ethics survey. The survey was also used to gain an understanding of staff perceptions relating to the level of ethics at all levels. The results of the audit and survey will inform the ethics programme of the Agency.

4.4.6 Delegations of authority

The Agency revised and approved its delegation of authority to empower management to execute its management functions. The delegations deal with, amongst others, approvals for budgets and payments, appointment of staff, and the acquisition of goods and services. They also define the different authorization levels in relation to organizational positions. Relevant internal controls were also implemented to ensure compliance with the delegations.

4.4.7 Employee participation and representation

The Agency believes its employees can be its greatest asset if they are empowered to do so. The need for employees to be heard cannot be over emphasized. Thus far, the Agency has built a relationship with organized labour to ensure employee participation in matters pertaining to them. Negotiations with organized labour to establish a bargaining structure are at an advanced stage and will be finalized during the new financial year.

4.4.8 Governance structures

Regular dialogue is important to share ideas, communicate plans as well as account for agreed upon targets. To facilitate this, a formal structure was established between the Ministry of Social Development, the Department of Social Development (DSD), the National Development Agency (NDA) and the Agency. The meetings were held at least quarterly to facilitate information sharing, identification of areas of cooperation and accounting for agreed upon targets.

The Agency has established formal governance structures to facilitate communication and informed decision-making. The Executive Management Committee (EXCO) is the highest decision making structure, whose primary responsibility is to make policy pronunciations on all matters of the Agency. The Agency recognized the importance of consultation on issues relating to implementation of policy. Another structure, referred to as the Management Committee (MANCO) was therefore established to consult on policy issues. A number of other structures were also operational to facilitate communication between head office and the Agency's regional offices.

4.5 Discontinued Activities or Activities to be Discontinued

No activities were discontinued during the year under review.

4.6 Asset Management

Property, Plant and Equipment Policy was reviewed and amended to be in line with GRAP 17. The Agency implemented the ORACLE system as of 1 April 2009. A fixed asset module was implemented to ensure a centralised Agency ledger and decentralized Asset Register. Assets that were previously on the BAUD asset register were loaded on the ORACLE asset register for the financial years namely, 2005-2008, 2008/2009 and 2009/2010 and deprecation for the financial years were implemented. Fair value prices were determined for donated assets and revaluation was applied on assets to reflect the correct cost, depreciation and net book value for all reporting periods. New asset categories were developed on ORACLE fixed asset register to include the classes of assets. Useful life spans were allocated to each asset which were used to calculate the depreciation for each period. Useful life spans will be assessed on an annual basis.

Land and Buildings: Limpopo

A total of 11 buildings were constructed, of which, one (1) building is 90% complete. The other ten (10) is 100% complete and was taken onto the asset register. In order to comply to GRAP 17 the land was taken onto the Fixed Asset Register and capitalized in the general ledger. Valuators were appointed to value the land and buildings in April 2010. At the time of the compilation of the AFS the Valuers did not submit valuation certificates hence the figures for the valuation of the land and buildings could not be disclosed. The disclosed figures for the land that appear on the Fixed Asset Register are estimated figures of the cost of the size of the land per square metre provided by the valuers.

Once the valuation for these buildings is completed adjustments will be made to the Fixed Asset Register in the 2010 /11 financial year. The Agency has sought the guidance of National Public Works for the possibility of registering these properties in the name of the Agency.

4.7 Social Relief Distress (SRD)

Expenditure on social relief of distress for the 2009/10 financial year did not exceed the available budget of R184,412,000 available. An amount of R169,291,313 was disbursed which constituted 92% of the budget. A request for the condonement of an amount of R6,744,137 for social relief expenditure on disaster relief was forwarded to the Department of Social Development as the funds were distributed without an individual application form for every person affected by the disaster, as required by legislation.

In excess of 115 000 adults and 6 000 children received support through the social relief programme in the 2009/10 financial year.

4.8 Performance Information

The Agency is currently using a manual system for collating and compiling performance reports. The Strategic Planning Unit is responsible for the production of the Agency's progress performance reports that are submitted to the Minister.

Performance information for the year ended 31 March 2010 was compiled through consolidating information contained in a variety of reports produced on a quarterly, half-yearly, and nine monthly basis by different programmes. The reports are reviewed, analysed and quality assured before the content can be used for compiling the Agency's report. Verification of achievements is done with individual programme managers.

4.9 Scopa Resolutions

None.

4.10 Exemptions Received from the National Treasury

None.

4.11 Approval

The Annual Financial Statements set out on page 56 to 95 have been approved by the Accounting Authority

C. Pakade

Acting Chief Executive Officer

ACCOUNTING AUTHORITY

Date: **18 October 2010**

Report of the Auditor-General to Parliament on the Financial Statements of the South African Social Security Agency for the Year Ended 31 March 2010

Report on the Financial Statements

Introduction

I have audited the accompanying financial statements of the South African Social Security Agency, which comprise the statement of financial position as at 31 March 2010, and the statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the accounting authority's report as set out on pages 56 to 92.

Accounting Authority's responsibility for the financial statements

The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Public Finance Management Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa and section 11 of the South African Social Security Agency Act, my responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the International Standards on Auditing and General Notice 1570 of 2009 issued in Government Gazette 32758 of 27 November 2009. Because of the matters described in the Basis for disclaimer of opinion paragraphs, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Payables

I was unable to satisfy myself as to the existence, completeness, valuation and allocation to the value of R178.1 million of payables stated at R 879.2 million in note 13 to the financial statements due to the limitations placed on the scope of my work as sufficient and appropriate evidence was not made available for my audit.

Furthermore, I was unable to satisfy myself as to the existence of payments to the value of R 35.1 million included in payables stated at R 879.2 million in note 13 to the financial statements as I was not provided with sufficient and appropriate evidence for my audit.

The Agency's records did not permit the application of alternative audit procedures regarding the payables.

Consequently, I did not obtain all the information and explanations I considered necessary to satisfy myself as to the existence, completeness, valuation and allocation of the payables.

Bank overdraft

I was unable to satisfy myself as to the existence of payments to the value of R 35.1 million included in bank overdraft stated at R 345.5 million in note 10 to the financial statements as I was not provided with sufficient and appropriate evidence for my audit.

The Agency's records did not permit the application of alternative audit procedures regarding the bank overdraft.

Consequently, I did not obtain all the information and explanations I considered necessary to satisfy myself as to the existence of these payments included in the bank overdraft.

Receivables

I was unable to satisfy myself as to the existence, completeness, valuation and allocation to the value of R45 million of receivables stated at R86.5 million in note 7 to the financial statements due to the limitations placed on the scope of my work as sufficient and appropriate evidence was not made available for my audit.

The Agency's records did not permit the application of alternative audit procedures regarding the receivables.

Consequently, I did not obtain all the information and explanations I considered necessary to satisfy myself as to the existence, completeness, valuation and allocation of the receivables.

Inventory

I was unable to satisfy myself as to the existence, completeness, valuation and allocation to the value of R24.5 million of inventory stated at R24.5 million in note 6 to the financial statements due to the limitations placed on the scope of my work as sufficient and appropriate evidence was not made available for my audit.

The Agency's records did not permit the application of alternative audit procedures regarding the inventory.

Consequently, I did not obtain all the information and explanations I considered necessary to satisfy myself as to the existence, completeness, valuation and allocation of the inventory.

Accumulated deficit

I was unable to satisfy myself as to the existence, completeness, valuation and allocation to the value of R13.7 million of the accumulated deficit stated at R 884.1 million in the statement of changes in net assets due to the limitations placed on the scope of my work as sufficient and appropriate evidence was not made available for my audit.

The Agency's records did not permit the application of alternative audit procedures regarding the accumulated deficit. Consequently, I did not obtain all the information and explanations I considered necessary to satisfy myself as to the existence, completeness, valuation and allocation of the accumulated deficit.

Intangible assets

I was unable to satisfy myself as to the valuation of intangible assets stated at R 32.7 million in note 4 to the financial statements due to the limitations placed on the scope of my work as sufficient and appropriate evidence was not made available for my audit.

The Agency did not capitalise all development costs as required by the applicable reporting framework and could not provide the requested supporting documentation thereto.

The Agency's records did not permit the application of alternative audit procedures regarding the intangible assets.

Consequently, I did not obtain all the information and explanations I considered necessary to satisfy myself as to the valuation of the intangible assets.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Emphasis of matter

I draw attention to the matters below. My opinion is not modified in respect of these matters:

Basis of accounting

As stated in notes 1 and 25 of the financial statements, SASSA applied Generally Recognised Accounting Practice (GRAP), as required by section 55(b) of the Public Finance Management Act,1999 (Act No.1 of 1999). SASSA applied the entity specific basis of accounting during previous financial years.

Significant uncertainties

As disclosed in note 22 to the financial statements on Contingent Liabilities, SASSA is currently defending multiple lawsuits.

The outcome of these lawsuits cannot be determined at present and therefore no provision has been made for any liability that may result.

Additional matters

I draw attention to the matters below. My opinion is not modified in respect of these matters:

Unaudited supplementary schedules

The supplementary information set out on pages 93 to 95 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

Report on Other Legal and Regulatory Requirements

In terms of the PAA of South Africa and *General notice 1570 of 2009,* issued in *Government Gazette No. 32758 of 27 November 2009* I include below my findings on the report on predetermined objectives, compliance with the PFMA and the SASSA Act and financial management (internal control).

Findings

Predetermined objectives

- Reliability of information
  Reported targets were not reliable as no supporting source information was provided.

Compliance with laws and regulations

- Public Finance Management Act
  Non-adherence – Late submission of the annual financial statements

  The Annual Financial Statements were submitted to the Auditor-General on 10 August 2010, and not within the legislated requirement of 31 May 2010, resulting in the Agency not complying with section 55(1)(c) of the PFMA.

Internal Control

I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the PFMA and the SASSA Act, but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the deficiencies identified during the audit.

- **Leadership**

Oversight responsibility over reporting

The Agency did not have sufficient monitoring controls to ensure the proper implementation of the overall process of reporting.

Adequacy and competence of personnel responsible for reporting

The Agency migrated from an entity specific basis of accounting to Generally Recognised Accounting Practice (GRAP). Financial managers and staff did not display sufficient accounting knowledge to apply the GRAP standards of accounting. The Agency appointed consultants to perform financial functions during the year under review.

Implementation of appropriate key controls

Policies and procedures were designed and implemented for the new ERP system and to be in line with GRAP, however most of these policies were only approved after the financial year-end and was therefore not in place during the period under review.

- **Financial and performance management**

Adequacy of systems preparation of the financial statements and the report on predetermined objectives.

The ORACLE system implementation did cause problems during the financial year under review. Sub-modules were implemented at different stages during the financial year and in some cases only after year-end. This resulted in controls that were expected to be in place for the whole year, not being put in place at all. Reconciliations between the sub-modules and the general ledger could not be performed for most of the year. Manual / alternative controls were however not implemented by management to mitigate risk.

Accounting discipline

Accounts are not reconciled and cleared in a timely manner.

- **Governance**

Risk identification and management

Risk relating to the financial system and weaknesses in the financial section were not considered and addressed appropriately during the year.

Auditor-General

Pretoria

10 October 2010

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Statement of Financial Position as at 31 March 2010

Figures in Rand	Note(s)	2010	2009
Assets			
Non-Current Assets			
Property, plant and equipment	3	399,273,145	435,429,205
Intangible assets	4	32,792,984	36,915,496
		432,066,129	**472,344,701**
Current Assets			
Inventories	6	24,589,860	6,214,118
Trade and other receivables - non-exchange transactions	7	86,506,106	63,780,229
Prepayments	8	8,492,259	3,976,231
Cash and cash equivalents	10	9,246,678	2,285,823
		128,834,903	**76,256,401**
Total Assets		**560,901,032**	**548,601,102**
Net Assets and Liabilities			
Net Assets			
Accumulated deficit		(884,181,139)	(393,303,204)
Liabilities			
Non-Current Liabilities			
Finance lease obligation	9	1,368,315	1,583,845
Current Liabilities			
Reserve Bank overdraft	10	345,581,090	410,011,254
Finance lease obligation	9	1,541,382	2,436,155
Operating lease obligation	11	51,935,121	44,838,492
Provisions	12	159,292,543	154,086,564
Trade and other payables - non-exchange transactions		6,162,049	98,677
Trade and other payables - exchange transactions	13	879,201,671	328,849,319
		1,443,713,856	**940,320,461**
Total Liabilities		**1,445,082,171**	**941,904,306**
Total Net Assets and Liabilities		**560,901,032**	**548,601,102**

Statement of Financial Performance for the period ended 31 March 2010

Figures in Rand	Note(s)	2010	2009
Revenue	15	5,181,751,977	4,640,993,868
Operating expenses		(5,634,949,482)	(5,437,371,120)
Operating deficit	16	**(453,197,505)**	**(796,377,252)**
Interest received	17	277,484	350,866
Finance costs	18	(37,957,914)	(43,365,129)
Deficit for the period		**(490,877,935)**	**(839,391,515)**

Statement of Changes in Net Assets for the period ended 31 March 2010

Figures in Rand	2010	2009

Figures in Rand	Accumulated deficit
Opening balance as previously reported	(26,998,000)
Adjustments	
Change in accounting policy	473,086,311
Balance at 01 April 2008 as restated	**446,088,311**
Changes in net assets	
Deficit for the period	(839,391,515)
Total changes	(839,391, 515)
Opening balance as previously reported	(419,035,221)
Adjustments	
Change in accounting policy	25,732,017
Balance at 01 April 2009 as restated	**(393,303,204)**
Changes in net assets	
Deficit for the period	(490,877,935)
Total changes	(490,877,935)
Balance at 31 March 2010	**(884,181,139)**

Statement of Cash Flows for the period ended 31 March 2010

Figures in Rand	Note(s)	2010	2009
Cash flows from operating activities			
Cash receipts		5,139,449,779	4,668,428,527
Cash paid to suppliers and employees		(5,014,088,177)	(4,738,105,273)
Cash generated from (used in) operations	21	125,361,602	(69,676,746)
Interest income		277,484	350,866
Finance Costs		(35,267,320)	(41,039,509)
Net cash from operating activities		**90,371,766**	**(110,365,389)**
Cash flows from investing activities			
Purchase of Property, plant and equipment	3	(16,305,788)	(214,788,262)
Sale of Property, plant and equipment	3	1,125,938	145,317
Purchase of other Intangible assets	4	-	(35,225,120)
Net cash from investing activities		**(15,179,850)**	**(249,868,065)**
Cash flows from financing activities			
Finance lease payments		(5,142,641)	(6,441,216)
Loans raised from finance leases		1,341,744	2,807,239
Net cash from financing activities		**(3,800,897)**	**(3,633,977)**
Total cash movement for the period		**71,391,019**	**(363,867,431)**
Cash at the beginning of the period		(407,725,431)	(43,858,000)
Total cash at end of the period	10	**(336,334,412)**	**(407,725,431)**

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. These annual financial statements have been prepared in accordance with Statements of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 55 of the Public Finance Management Act (Act no. 1 of 1999), the Treasury Regulations issued in terms of the Act, and the Division of Revenue Act (Act No. 2 of 2006).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenues and expenses have not been offset except where offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Presentation currency

These financial statements are presented in South African Rand, which is the functional currency of the Agency. Unless otherwise stated all financial figures have been rounded to the nearest Rand.

Going concern assumption

These annual financial statements have been prepared on the assumption that the Agency will continue to operate as a going concern for at least the next 12 months.

Comparative information

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.1 Significant judgements and estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Loans and Receivables

The Agency assesses its loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the Statement of Financial Performance, the Agency makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for loans and receivables is calculated on a portfolio basis, based on historical deficit ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual deficit ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for -sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Agency is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The Agency uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long- term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

Impairment testing

The Agency reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment (i.e. carrying amount is less than recoverable amount) may have occurred, estimates are prepared of expected future cash flows for each group of assets. The recoverable amounts or recoverable service amount of cash -generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of the estimates applied in the measurement of provisions is included in provisions note. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Retirement contributions

The Agency provides retirement benefits for its employees and has no obligation to pay future benefits to employees other than to pay the contributions as they fall due. The plan is a defined contribution plan and the contributions to fund obligations for the payment of retirement benefits are expensed in the year they become payable.

Effective interest rate and deferred payment terms

The Agency uses an appropriate interest rate, taking into account guidance provided in the accounting standards, and applying professional judgement to the specific circumstances, to discount future cash flows.

Appropriate adjustments have been made to compensate for the effect of deferred settlement terms that materially impact on the fair value of financial instruments, revenue and expenses at initial recognition. The adjustments require a degree of estimation around the discount rates and periods used.

Useful lives and residual values

The Agency re-assesses the useful lives and residual values of property, plant and equipment on an annual basis. In re-assessing the useful lives and residual values of Property, plant and equipment management considers the condition and use of the individual assets, to determine the remaining period over which the asset can and will be used.

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Agency. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of Property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of Property, plant and equipment.

Where an asset is acquired by the Agency for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Agency replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Depreciation commences when the asset is ready for its intended use. The annual depreciation rates are based on the following estimated average asset lives:

Item	Useful life
Land	indefinite
Dwellings, wendy houses buildings	20 years
Owner occupied buildings	50 years
Furniture & fittings	15 years
Office equipment	10 years
Printers and PC's	8 years
Laptops	6 years
Main frames & networks	10 years
Passenger vehicles	8 years
Utility vehicles	8 years
Trailers & accessories	8 years
Audio-visual equipment	10 years
Communication equipment	10 years
Electrical appliances	10 years
Plant & machinery	10 years
Security equipment	10 years
Paintings & artworks (heritage assets)	Indefinite
Leasehold assets	Over the lease agreement term

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The Agency tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

A previously recognised impairment loss is reversed when there is an indication that it may no longer exist or may have decreased, however not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment been recognised in prior years.

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of Property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance in the year the asset is derecognised.

1.3 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The Agency recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Agency and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- The Agency intends to complete the intangible asset for use or sale;
- It is technically feasible to complete the intangible asset;
- The Agency has the resources to complete the project;
- It is probable that the Agency will receive future economic benefits or service potential out of the intangible asset;
- The Agency has the ability to use or sell the intangible asset;
- The Agency has the ability to reliably measure the expenditure attributable to the intangible asset.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the Agency for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation commences when the asset is ready for its intended use. The annual amortisation rates are based on the following estimated average asset lives:

Item	Useful life
Application software	10 years
Development costs	10 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The Agency tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

A previously recognised impairment loss is reversed when there is an indication that it may no longer exist or may have decreased, however not to an amount higher than the carrying amount that would have been determined (net of amortisation) had no impairment been recognised in prior years.

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance in the year the asset is derecognised.

1.4 Financial instruments

Financial instruments are initially recognised at fair value.

Financial assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale.

Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

The credit quality of a financial asset or group of financial assets that is neither past due nor impaired is assessed / monitored by reference to historical information about counterparty default rates. The following are the criteria and indicators that are applied to assess whether or not the financial asset or group of financial assets may be impaired:

- Counterparty has evidenced a trend of defaults that indicates that the recoverability of the outstanding balance of the financial asset or group of financial assets is doubtful; and
- Financial difficulties identified from an analysis of the counterparty's financial position that would indicate that the recoverability of the outstanding balance of financial asset or group of financial assets is doubtful.

A financial asset is derecognised only when:

- The right to receive cash flows from the asset have expired;
- The Agency retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without delay to a third party under a 'pass through' arrangement;
- The Agency has transferred its rights to receive cash flows from the asset and either:
  (a) has transferred substantially all the risks and rewards of the asset or
  (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same customer on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

Trade and other receivables

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

Trade payables

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, which are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The Agency categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.5 Leases

Finance leases – lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Agency.

Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, The Agency uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

Contingent rentals are recognised as expenses in the period in which they are incurred and are not included in the straight-line lease expense.

1.6 Inventories

Inventories comprise current assets held for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

Where inventory is acquired by the Agency for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Inventories, consisting of consumable stores, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the first-in, first-out method.

1.7 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.8 Impairment of assets

The Agency assesses at least at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, The Agency estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately as an expense in the Statement of Financial Performance.

The Agency assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.10 Provisions and contingencies

Provisions are recognised when the Agency has a present or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value of the future cash flows or expenditures expected to be required to settle the obligation, using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Agency does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

1.11 Revenue

Revenue from exchange transactions

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Agency has transferred to the buyer the significant risks and rewards of ownership of the goods
- the Agency retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the Agency and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the Agency
- the stage of completion of the transaction at the Statement of Financial Position date can be measured reliably and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue from exchange transactions refers to revenue that accrued to the Agency directly in return for services rendered / goods sold, the fair value of which approximates the consideration received or receivable.

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business.

Interest revenue is recognised on a time proportion basis.

Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the Agency received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transctions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Public Finance Management Act (Act No.1 of 1999) and is recognised when the recovery thereof from the responsible officials is virtually certain.

Transfer revenue received or receivable are recognised when the Agency gains control of resources that meet the definition of an asset and satisfy the recognition criteria. A corresponding liability is raised to the extent that the transfer revenue is conditional. The liability is transferred revenue as and when the conditions attached to the grant are met. Transfer revenue without any conditions attached are recognised as revenue when the asset is recognised.

1.12 Budget information

Comparison of budget and actual amounts are presented in separate additional financial statement: Statement of Comparison of Budget and Actual Amounts.

The entity only presents the final approved budget amounts.

Differences (variances) between the actual amounts and budget amounts are presented.

The financial statements and budget are not presented on the same basis as the financial statements are prepared on accrual basis and the budget on cash basis of accounting. A reconciliation between the surplus/(deficit) for the period as per Statement of Financial Performance and budgeted surplus/(deficit) is included in the Statement of Comparison of Budget and Actual Amounts.

1.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Agency ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale e complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

1.14 Unauthorised fruitless and wasteful and Irregular expenditure

Unauthorised expenditure

Unauthorised expenditure is expenditure incurred in contravention with the Agency' applicable financial delegatons.

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular Expenditure

Irregular expenditure is expenditure, other than unauthorised expenditure incurred in contravention of or that is not in accordance of a requirement of any applicable legislation, including:

- The PFMA or
- The State Tender Board Act 1968 (Act No. 86 o 1968), or any regulations made in that Actor
- Any provincial legislation providing for procurement procedures.

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance

1.15 Related parties

The Agency operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of The Agency. We regard all individuals from the level of Chief Executive Officer and Executive Managers as key management per the definition of the financial reporting standard.

Close family members of key management personnel are considered to be those family members who may be expected to influence, or be influenced by key management individuals, in their dealings with the Agency.

Related party disclosures for transactions between government entities that took place on terms and conditions that are considered ‘at arms-length’ and ‘in the ordinary course of business’ are not disclosed in accordance with IPSAS 20 - 'Related Party Disclosures’.

2. Standards adopted and statements and interpretations not yet effective

The following standards and interpretations have been adopted during the period under review:

GRAP 1	*Presentation of financial statements*
GRAP 2	*Cash flow statements*
GRAP 3	*Accounting policies, changes in accounting estimates and errors*
GRAP 4	*Effects of changes in foreign exchange rates*
GRAP 5	*Borrowing costs*
GRAP 6	*Consolidated and separate financial statements*
GRAP 7	*Investments in associates*
GRAP 8	*Interest in joint ventures*
GRAP 9	*Revenue from exchange transactions*
GRAP 10	*Financial reporting in hyperinflationary economies*
GRAP 11	*Construction contracts*
GRAP 12	*Inventories*
GRAP 13	*Leases*
GRAP 14	*Events after reporting dates*
GRAP 16	*Investment property*
GRAP 17	*Property, plant and equipment*
GRAP 19	*Provisions, contingent liabilities and contingent assets*
GRAP 100	*Non-current assets held for sale and discontinued operations*
GRAP 101	*Agriculture*
GRAP 102	*Intangible assets*
Directive 1	*Repeal of existing transitional provisions in, and consequential amendments to, standards of GRAP*
Directive 2	*Transitional provisions for the adoption of standards of GRAP by public entities, municipal entities and constitutional institutions*
Directive 5	*Determining the GRAP reporting framework*
IPSAS 20	*Related party disclosures*

* Refer to note on changes in accounting policy for effects on the financial statements due to the abovementioned standards and interpretations adopted.

The following standards, amendments to standards and interpretations, with their estimated effect on the Financial Statements, have been issued but are not yet effective as at 31 March 2010:

The following standards, amendments to standards and interpretations, with their estimated effect on the Financial Statements, have been issued but are not yet effective as at 31 March 2010:

2. Standards adopted and statements and interpretations not yet effective (Continued)

Amendment to

IFRS 3(AC 140) Business Combinations

APB Issue date: February 2008

Effective date: 1 July 2009

Amendments to accounting for business combinations. This standard is expected to be implemented by the entity in the next financial year in accordance with its effective date. The impact of implementing this standard is expected to be immaterial in the context of this entity's operations

Revised

***IFRS 3(AC 140) Business Combinations*
IASB Issue date: August 2009
APB Issue date: N/A Effective date: 1 July 2010

- Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS
- Measurement of non-controlling interests
- Un-replaced and voluntarily replaced share-based payment awards.

This standard is expected to be implemented by the entity in the next financial year in accordance with its effective date. The impact of implementing this standard is expected to be immaterial in the context of this entity's operations

Amendment to

IAS 32(AC 125) Financial Instruments: Presentation
APB Issue date: January 2010
Effective date: 1 February 2010

Rights issues (rights, options or warrants) to acquire a fixed number of the entity's own equity instruments for a fixed amount, which is denominated in a currency other than the functional currency of the issuer will be accounted for as equity instruments.

This standard is expected to be implemented by the entity in the next financial year in accordance with its effective date. The impact of implementing this standard is expected to be immaterial in the context of this entity's operations

Amendment to

IAS 39(AC 133) Financial Instruments: Recognition and Measurement
APB Issue date: March 2009

Notes to the Annual Financial Statements

2. Standards adopted and statements and interpretations not yet effective (Continued)

Effective date: 1 July 2009
Clarifies two hedge accounting issues:
- Inflation in a financial hedged item
- A one-sided risk in a hedged item.
This standard is expected to be implemented by the entity in the next financial year in accordance with its effective date. The impact of implementing this standard is expected to be immaterial in the context of this entity's operations

Amendment to

IAS 39(AC 133) Financial Instruments: Recognition and Measurement
APB Issue date: April 2009
Effective date: 1 July 2009
Amendments for embedded derivatives when reclassifying financial instruments
This standard is expected to be implemented by the entity in the next financial year in accordance with its effective date. The impact of implementing this standard is expected to be immaterial in the context of this entity's operations

Revised

**IAS 39(AC 133) Financial Instruments: Recognition and Measurement*
APB Issue date: May 2009
Effective date: 1 January 2010
- Treating loan prepayment penalties as closely related embedded derivatives
- Scope exemption for business combination contracts
- Cash flow hedge accounting.
This standard is expected to be implemented by the entity in the next financial year in accordance with its effective date. The impact of implementing this standard is expected to be immaterial in the context of this entity's operations

**IFRIC 9(AC 442) Reassessment of Embedded Derivatives*
APB Issue date: May 2009
Effective date: 1 July 2009
This standard is expected to be implemented by the entity in the next financial year in accordance with its effective date. The impact of implementing this standard is expected to be immaterial in the context of this entity's operations

***IFRIC 13(AC 446) Customer Loyalty Programmes (Fair value of award credit)*
IASB Issue date: August 2009
APB Issue date: N/A
Effective date: 1 January 2011
This standard is expected to be implemented by the entity in the next financial year in accordance with its effective date. The impact of implementing this standard is expected to be immaterial in the context of this entity's operations

Notes to the Annual Financial Statements

2. Standards adopted and statements and interpretations not yet effective (Continued)

IFRIC 14(AC 447) The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Prepayments of a minimum funding requirement)
APB Issue date: January 2010
Effective date: 1 January 2011
This standard is expected to be implemented by the entity in the next financial year in accordance with its effective date. The impact of implementing this standard is expected to be immaterial in the context of this entity's operations

**IFRIC 16(AC 449) Hedges of a Net Investment in a Foreign Operation*
APB Issue date: May 2009
Effective date: 1 July 2009
This standard is expected to be implemented by the entity in the next financial year in accordance with its effective date. The impact of implementing this standard is expected to be immaterial in the context of this entity's operations

*Standards and interpretations affected by the Improvements to IFRS

**Standards and interpretations affected by the Improvements to IFRS issued in an exposure draft as ED 272 – Improvements to IFRSs: Proposed amendments to International Financial Reporting Standards

The following GRAP standards have been approved but are not yet effective:

GRAP 18 - Segment Reporting
ASB Issue date: March 2005
Effective date: To be determined by the Minister
New standard of GRAP: Establishes principles for reporting financial information by segments. The impact of implementing this standard is expected to be immaterial in the context of this entity's operations

GRAP 21 - Impairment of Non-cash-generating Assets
ASB Issue date: March 2009
Effective date: To be determined by the Minister
New standard of GRAP: Prescribes the procedures that an entity applies to determine whether a non-cash-generating asset is impaired and to ensure that impairment losses are recognised. The standard also specifies when an entity would reverse an impairment loss and prescribes disclosures. The impact of implementing this standard is expected to be immaterial in the context of this entity's operations

GRAP 23 - Revenue from Non-exchange Transactions (Taxes and Transfers)
ASB Issue date: February 2008
Effective date: To be determined by the Minister
New standard of GRAP: Prescribes requirements for the financial reporting of revenue arising from non-exchange transactions, other than non-exchange transactions that give rise to an entity combination. The standard deals with issues that need to be considered in recognising and measuring revenue from non -exchange transactions, including the identification of contributions from owners. The impact of implementing this standard is expected to be immaterial in the context of this entity's operations

Notes to the Annual Financial Statements

2. Standards adopted and statements and interpretations not yet effective (Continued)

GRAP 24 - Presentation of Budget Information in Financial Statements
ASB Issue date: November 2007
Effective date: To be determined by the Minister
New standard of GRAP dealing with the presentation and disclosure of budget information as required by GRAP 1. The impact of implementing this standard is expected to be immaterial in the context of this entity's operations

GRAP 25 - Employee Benefits
ASB Issue date: November 2009
Effective date: To be determined by the Minister
New standard of GRAP dealing with the requirements around accounting and disclosure of employee benefits including short term, long term and post retirement employee benefits. The impact of implementing this standard is expected to be immaterial in the context of this entity's operations

GRAP 26 - Impairment of Cash-generating Assets
ASB Issue date: March 2009
Effective date: To be determined by the Minister
New standard of GRAP: Prescribes the procedures that an entity applies to determine whether a cash-generating asset is impaired and to ensure that impairment losses are recognised. The standard also specifies when an entity would reverse an impairment loss and prescribes disclosures. The impact of implementing this standard is expected to be immaterial in the context of this entity's operations

GRAP 103 - Heritage Assets
APB Issue date: July 2008
Effective date: To be determined by the Minister
New standard of GRAP: Prescribes the accounting treatment for heritage assets and related disclosure requirements. The impact of implementing this standard is expected to be immaterial in the context of this entity's operations

GRAP 104 - Financial Instruments
ASB Issue date: October 2009
Effective date: To be determined by the Minister
New standard of GRAP dealing with the recognition, measurement, presentation and disclosure of financial instruments. The impact of implementing this standard is expected to be immaterial in the context of this entity's operations

****Improvements to standards of GRAP*
ASB Issue date: N/A
Effective date: Proposed: 1 April 2011
Improvements are proposed to the following standards of GRAP: GRAP 1-4, 9 -14, 16-17, 19 and 100 as part of the ASB's improvement project. The impact of implementing this standard is expected to be immaterial in the context of this entity's operations

***Standards affected by the Improvements Project of the ASB issued in an exposure draft as ED 63 - Improvements to the Standards of GRAP

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

3. Property, plant and equipment

	2010			2009		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	3,366,566	-	3,366,566	2,691,450	-	2,691,450
Buildings	88,747,945	(2,555,064)	86,192,881	88,747,945	(776,978)	87,970,967
Plant and machinery	39,306,575	(12,517,631)	26,788,944	38,755,943	(8,612,802)	30,143,141
Furniture and fixtures	135,732,459	(31,237,422)	104,495,037	131,033,454	(21,789,625)	109,243,829
Motor vehicles	93,258,725	(32,306,545)	60,952,180	93,258,725	(20,653,300)	72,605,425
Computer equipment	186,885,047	(70,953,892)	115,931,155	179,407,745	(48,904,681)	130,503,064
Leasehold assets	9,553,360	(8,006,978)	1,546,382	8,882,834	(6,611,505)	2,271,329
Total	**556,850,677**	**(157,577,532)**	**399,273,145**	**542,778,096**	**(107,348,891)**	**435,429,205**

Reconciliation of property, plant and equipment - 2010

	Opening Balance	Additions	Disposals	Depreciation	Total
Land	2,691,450	675,116	-	-	3,366,566
Buildings	87,970,967	-	-	(1,516,172)	86,192,881
Plant and machinery	30,143,141	597,444	(34,688)	(3,916,953)	26,788,944
Furniture and fixtures	109,243,829	4,973,191	(198,079)	(9,523,904)	104,495,037
Motor vehicles	72,605,425	-	-	(11,653,245)	60,952,180
Computer equipment	130,503,064	9,403,314	(1,079,391)	(22,895,832)	115,931,155
Leasehold assets	2,271,329	656,723	-	(1,381,670)	1,546,382
	435,429,205	**16,305,788**	**(1,312,158)**	**(51,149,690)**	**399,273,145**

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2009

	Opening Balance	Additions	Disposals	Depreciation	Total
Land	2,691,450	-	-	-	2,691,450
Buildings	31,114,298	57,580,537	-	(723,868)	87,970,967
Plant and machinery	27,957,419	5,966,642	(60,147)	(3,720,773)	30,143,141
Furniture and fixtures	77,094,804	42,412,351	(1,559,672)	(8,703,654)	109,243,829
Motor vehicles	48,221,287	34,736,880	(738,030)	(9,614,712)	72,605,425
Computer equipment	77,083,940	73,781,437	(1,122,429)	(19,239,884)	130,503,064
Leasehold assets	4,317,864	310,415	-	(2,356,950)	2,271,329
	268,481,062	**214,788,262**	**(3,480,278)**	**(44,359,841)**	**435,429,205**

Pledged as security

No assets are pledged as security.

Assets subject to finance lease at cost: (Refer to note 9)

	2010	2009
Photocopiers, 3G cards and cell phones	9,553,360	8,882,834

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

4. Intangible assets

	2010			2009		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	41,225,120	(8,432,136)	32,792,984	41,225,120	(4,309,624)	36,915,496

Reconciliation of intangible assets2010

	Opening Balance	Amortisation	Total
Computer software	36,915,496	(4,122,512)	32,792,984

Reconciliation of intangible assets - 2009

	Opening Balance	Additions	Amortisation	Total
Computer software	5,350,000	35,225,120	(3,659,624)	36,915,496

Pledged as security

None of the intangible assets are pledged as security.

5. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2010

	Loans and receivables	Fair value through surplus or deficit - held for trading	Fair value through surplus or deficit - designated	Held to maturity	Available for sale	Total
Prepayments	8,492,259	-	-	-	-	8,492,259
Trade and other receivables	86,506,106	-	-	-	-	86,506,106
Cash and cash equivalents	9,246,678	-	-	-	-	9,246,678
	104,245,043	**-**	**-**	**-**	**-**	**104,245,043**

2009

	Loans and receivables	Fair value through surplus or deficit - held for trading	Fair value through surplus or deficit - designated	Held to maturity	Available for sale	Total
Prepayments	3,976,231	-	-	-	-	3,976,231
Trade and other receivables	63,780,229	-	-	-	-	63,780,229
Cash and cash equivalents	2,285,823	-	-	-	-	2,285,823
	70,042,283	**-**	**-**	**-**	**-**	**70,042,283**

6. Inventories

	2010	2009
Stationery and consumables	24,589,860	6,214,118

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

7. Trade and other receivables - non-exchange transactions

Debtors	8,677,775	628,558
Deposits	15,000	15,000
Other receivables	77,813,331	63,136,671
	86,506,106	**63,780,229**

Trade and other receivables pledged as security

The trade and other receivables was not pledged as security for any financial liability.

Credit quality of trade and other receivables

Management considers that all the above financial assets are of good credit quality. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

Certain of the trade and other receivables defaulted in the year under review. These receivables were impaired accordingly.

None of the financial assets that are fully performing have been renegotiated in the last year.

Trade and other receivables impaired

As of 31 March 2010, trade and other receivables of R 31,485,596 (2009: R 2,461,116) were impaired and provided for.

The ageing of these loans is as follows:

Less than 1 year	-	646,869
More than 1 year	31,485,596	1,994,247

Reconciliation of provision for impairment of trade and other receivables

Opening balance	2,641,116	-
Provision for impairment	28,844,480	2,641,116
	31,485,596	**2,641,116**

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

The creation and release of provision for impaired receivables have been included in operating expenses in the Statement of Financial Performance (note 16). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Trade and other receivables are carried at fair value.

8. Prepayments

Prepayments consist of prepaid expenses to suppliers and advances to regions for subsistance and travel.

Closing balance	8,492,259	3,976,231

9. Finance lease obligation

Minimum lease payments due		
- within one year	3,516,515	3,562,355
- in second to fifth year inclusive	5,438,946	1,847,589
	8,955,461	5,409,944
less: future finance charges	(6,045,764)	(1,389,944)
Present value of minimum lease payments	**2,909,697**	**4,020,000**
Present value of minimum lease payments due		
- within one year	1,541,382	2,436,155
- in second to fifth year inclusive	1,368,315	1,583,845
	2,909,697	**4,020,000**
Non-current liabilities	1,368,315	1,583,845
Current liabilities	1,541,382	2,436,155
	2,909,697	**4,020,000**

The average lease term is between 2-5 years and the average effective borrowing rate is linked to the prime rate. Interest rates are fixed at the contract date. Some leases have fixed repayment terms and others escalate between 8% and 15% per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset. Refer to note 3.

The entity did not default on any interest or capital portions on any of the finance leases.

None of the terms attached to the finance leases were renegotiated in the period under review.

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Petty cash	50,686	61,117
Commercial banks	9,195,992	2,224,706
Reserve Bank overdraft	(345,581,090)	(410,011,254)
	(336,334,412)	**(407,725,431)**
Current assets	9,246,678	2,285,823
Current liabilities	(345,581,090)	(410,011,254)
	(336,334,412)	**(407,725,431)**

All cash and cash equivalents held by the entity are available for use.

Credit quality of cash at bank and short term deposits, excluding cash on hand

Management considers that all the above cash and cash equivalent categories are of good quality. The maximum exposure to credit risk at the reporting date is the fair value of each class of cash and cash equivalent mentioned above.

The cash and cash equivalents was not pledged as security for any financial liabilities.

11. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due		
- within one year	135,579,004	138,020,501
- in second to fifth year inclusive	296,062,929	391,543,250
- later than five years	93,133,176	133,231,859
	524,775,109	**662,795,610**

Operating lease payments represent rentals payable by the Agency for certain of its office properties and equipment. Leases are negotiated for periods ranging from 12 months to 120 months. The leases escalate on average between 5% and 11%. The operating lease liability at the end of the period is R51,935,121 (2009: R44,838,492)

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

12. Provisions

Reconciliation of provisions - 2010

	Opening Balance	Additions	Utilised during the period	Total
Provision for service bonus	136,894,564	-	(10,021)	136,884,543
Provision for performance bonus	17,192,000	5,216,000	-	22,408,000
	154,086,564	**5,216,000**	**(10,021)**	**159,292,543**

Reconciliation of provisions - 2009

	Opening Balance	Additions	Utilised during the period	Total
Provision for service bonus	-	136,894,564	-	136,894,564
Provision for performance bonus	15,896,000	15,518,092	(14,222,092)	17,192,000
	15,896,000	**152,412,656**	**(14,222,092)**	**154,086,564**

The bonus pay provision represents the potential liability in respect of bonus to be paid out. The performance bonus is estimated at 1.5% of the budget.

13. Trade and other payables - exchange transactions

	2010	2009
Trade payables	358,549,033	72,269,735
Goods and services accruals	420,550,241	210,974,959
Payroll accrual	47,426,617	5,575,625
13th Cheque accruals	52,675,780	40,029,000
	879,201,671	**328,849,319**

The entity did not default on interest or capital on any trade and other payables.

None of the terms attached to the trade and other payables were renegotiated in the period under review.

The leave accrual includes both capped leave and leave entitlement. The Agency policy rate used in the calculation for leave accrual is the same for both capped and entitled leave.

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

14. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2010

	Financial liabilities at amortised cost	Fair value through surplus or deficit - held for trading	Fair value through surplus or deficit - designated	Total
Finance lease obligation	2,909,697	-	-	2,909,697
Trade and other payables	879,201,671	-	-	879,201,671
Reserve Bank overdraft	345,581,090	-	-	345,581,090
	1,227,692,458	**-**	**-**	**1,227,692,458**

2009

	Financial liabilities at amortised cost	Fair value through surplus or deficit - held for trading	Fair value through surplus or deficit - designated	Total
Finance lease obligation	4,020,000	-	-	4,020,000
Trade and other payables	328,849,319	-	-	328,849,319
Reserve Bank overdraft	410,011,254	-	-	410,011,254
	742,880,573	**-**	**-**	**742,880,573**

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
15. Revenue		
Transfer revenue - Revenue from non-exchange transactions	5,168,896,000	4,630,292,000
Other income - Revenue from exchange transactions	12,855,977	10,701,868
	5,181,751,977	**4,640,993,868**
16. Operating deficit		
Operating deficit for the period is stated after accounting for the following:		
Loss on disposal of property, plant and equipment	186,219	3,334,961
Amortisation on intangible assets	4,122,512	3,659,624
Depreciation on property, plant and equipment	51,149,690	44,359,841
Employee costs	1,499,091,168	1,396,846,852
17. Interest received		
Bank (financial asset - loan and receivable)	20,346	112,173
Interest charged on trade and other receivables (financial asset - loan and receivable)	257,138	238,693
	277,484	**350,866**
18. Finance costs		
Finance leases	37,957,914	43,365,129

19. Taxation

No provision has been made for 2010 tax as the Agency is exempted from income tax in terms of Section 10(1)(cA)(i) of the Income Tax Act, 1962.

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

20. Auditors' remuneration

External audit fees	9,445,884	9,395,773

21. Cash generated from (used in) operations

Operating deficit	(490,877,935)	(839,391,515)
Adjustments for:		
Depreciation and amortisation	55,272,202	48,019,465
Loss on sale of assets	186,219	3,334,961
Interest received	(277,484)	(350,866)
Finance costs	37,957,914	43,365,129
Movements in operating lease assets and accruals	7,096,629	44,838,492
Movements in provisions	5,205,979	17,192,000
Impairment of trade receivables	34,126,712	2,641,116
Changes in working capital:		
Inventories	(18,375,742)	(6,214,118)
Trade and other receivables - non-exchange transactions	(56,830,803)	(63,780,229)
Prepayments	(4,516,028)	(3,976,231)
Trade and other payables - exchange transactions	550,352,352	684,546,373
Trade and other payables - non-exchange transactions	6,041,587	98,677
	125,361,602	**(69,676,746)**

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

22. Contingencies

The Agency have contingencies and the reasons for these contingent liabilities are as follows:

- Claims for interests and shortfalls as a result of breach of the terms incorporated into the SLA for Kwazulu Natal and North West CPS.
- Court applications for the review of the decisions taken by the Agency in the procurement of services and the decision to withdraw the finalization of the procurement process for SAPO/CPS.
- Vetting of social grants tender specifications and other related services by a Senior Advocate.
- Litigation initiated by 300 beneficiaries of social grants in North West Region.
- Litigation initiated by 60 beneficiaries of social grants in Western Cape Region.
- Social grant and labour cases in Kwazulu Natal Region payable to the State Attorney for costs incurred.
- Motor Vehicle accidents cases in Kwazulu Natal Region payable to the Plaintiff.

All these estimated liabilities will, upon occurance thereof, be due and payable to the state attorney, cash paymaster services, beneficiaries and Cheadle Thompson and Haysom. The reason for the existance of these contingincies is that these matters are still pending finalisation and/or court judgements.

23. Related parties

Relationships	
Owner with significant influence	National Treasury
	Department of Social Development
Members of key management	Minister of Social Development
	Compensation to key management, refer to note 24.

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

24. Key management emoluments

Total key management emoluments

	2010	2009
Basic salary	7,976,334	5,919,468
Bonuses and performance payments	537,674	482,762
Travel allowance	1,824,717	1,387,800
Other benefits	1,516,796	1,355,803
	11,855,521	**9,145,833**

Executive

2010	Salary	Bonus and performance payments	Travel allowances	Other benefits	Total
Makiwane E.B.	738,254	-	150,000	241,557	1,129,811
Mofokeng M.J.	626,366	51,879	132,000	132,493	942,738
Chauke T.J.	452,186	37,309	96,000	98,006	683,501
Keyise L.	628,416	53,189	96,000	182,091	959,696
Links S.B.	478,946	37,309	99,228	46,384	661,867
Maqetuka B.B.	603,701	52,559	239,640	4,058	899,988
Mogane M.M.	597,525	49,612	248,052	4,058	899,247
Mvulane E.Z.	566,807	23,089	99,000	146,285	835,181
Ngidi N.V.E.	483,010	-	203,000	22,573	708,583
Rees G.T.	558,159	46,053	127,333	104,653	836,198
Roberts G.L.	558,159	48,486	49,992	184,103	840,740
Sibanyoni M.T.	558,159	46,053	75,996	70,001	750,209
Terblanche W.	558,159	46,053	30,000	204,725	838,937
Yawa S.P.	568,487	46,053	178,476	75,809	868,825
	7,976,334	**537,674**	**1,824,717**	**1,516,796**	**11,855,521**

2009	Salary	Bonus and performance payments	Travel allowances	Other benefits	Total
Makiwane E.B.	721,329	49,584	150,000	237,113	1,158,026
Mofokeng M.J.	565,778	47,148	132,000	124,486	869,412
Keyise L.	592,785	49,399	96,000	172,729	910,913
Segabutla M.R.K	485,028	40,419	189,828	30,052	745,327
Maqetuka B.B.	522,374	43,531	183,996	52,814	802,715
Mogane M.M.	522,374	43,531	207,516	29,294	802,715
Rees G.T.	513,247	42,771	93,996	138,676	788,690
Roberts G.L.	485,028	40,419	49,992	169,888	745,327
Sibanyoni M.T.	513,248	42,771	75,996	156,676	788,691
Terblanche W.	485,028	40,419	30,000	189,880	745,327
Yawa S.P.	513,247	42,771	178,476	54,196	788,690
	5,919,466	**482,763**	**1,387,800**	**1,355,804**	**9,145,833**

An amount of R 651,871 was paid to the acting CEO for the period 1 September 2009 to 31 March 2010. The amount relates to a claim received from the Department of Social Development as a secondment to act as CEO of SASSA.

25. Change in accounting policy

As from 1 April 2009, SASSA is preparing its annual financial statements in accordance with the GRAP reporting framework, refer to note 3 for standards adopted during the current reporting period. The effect of the adoption of the new standards and any resulting change in accounting policies are set out below:

Reconciliation of equity at 31 March 2009

	As reported under previous cash basis	Generally Recognised Accounting Practice	Effect of transition to Generally Recognised Accounting Practice
Property, plant and equipment	-	435,429,205	435,429,205
Intangible assets	-	36,915,496	36,915,496
Total non-current assets	**-**	**472,344,701**	**472,344,701**
Trade and other receivables	65,506,000	63,780,229	(1,725,771)
Inventories	-	6,214,118	6,214,118
Prepayments	3,991,000	3,976,231	(14,769)
Cash and cash equivalents	2,285,823	2,285,823	-
Total current assets	**71,782,823**	**76,256,401**	**4,473,578**
Finance lease liability	-	(4,020,000)	(4,020,000)
Trade and other payables	(79,339,000)	(328,947,996)	(249,608,996)
Operating lease liability	-	(44,838,492)	(44,838,492)
Provisions	-	(154,086,564)	(154,086,564)
Total liabilities	**(79,339,000)**	**(531,893,052)**	**(452,554,052)**
Total assets less total liabilities	**151,121,823**	**1,080,494,154**	**929,372,331**
Accumulated deficit	419,035,221	393,303,204	(25,732,017)

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

25. Change in accounting policy (continued)

Reconciliation of profit or loss for 2009

	As reported under previous cash basis	Generally Recognised Accounting Practice	Effect of transition to Generally Recognised Accounting Practice
Revenue	(10,096,000)	(10,144,054)	(48,054)
Grants received	(4,630,292,000)	(4,630,292,000)	-
Interest received	-	(350,866)	(350,866)
Assets for no consideration	-	(557,814)	(557,814)
Employee cost	1,339,441,000	1,396,846,852	57,405,852
Finance charges	517,000	43,365,129	42,848,129
Machinery and equipment	70,214,000	-	(70,214,000)
Intangible assets	5,050,000	-	(5,050,000)
Goods and services	3,615,752,000	3,986,528,726	370,776,726
Depreciation and amortisation	-	48,019,465	48,019,465
Loss on the sale of assets	-	3,334,961	3,334,961
Impairment of trade and other receivables	-	2,641,116	2,641,116
Total expenditure	5,030,974,000	5,480,736,249	449,762,249
Deficit for the period	**390,586,000**	**839,391,515**	**448,805,515**

Notes to the Annual Financial Statements

26. Risk management

The Agency's activities expose it to a variety of financial risks:

Liquidity risk

The Agency is not exposed to liquidity risk as their expenditure is determined by the approved budget. The Agency continuously review their expenditure against the budget through an ongoing review of future commitments and available funds where the budget has been exceeded the Agency will have to seek prior approval from National Treasury and Department of Social Development to exceed the budget.

The table below analysis the Agency's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2010	Less than 1 year	Between 2 and 5 years inclusive	Over 5 years
Trade and other payables	879,201,671	-	-
Finance leases	1,541,382	1,368,315	-
Bank overdraft	345,581,090	-	-

At 31 March 2009	Less than 1 year	Between 2 and 5 years inclusive	Over 5 years
Trade and other payables	328,849,319	-	-
Finance leases	2,436,155	1,583,845	-
Bank Overdraft	410,011,254	-	-

Notes to the Annual Financial Statements

Interest rate risk

At 31 March 2010, if interest rates on Rand-denominated borrowings had been 1% higher/lower with all other variables held constant, deficit for the period would have been R7,443,234 (2009: R5,267,739) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, staff overpayments and trade debtors. The Agency only utilises their account with National Treasury and is therefore not exposed to credit risk from cash and cash equivalents deposits.

The Agency has advances to employees through salary overpayments, payment for asset losses and repayments for bursaries.

Foreign exchange risk

The Agency does not hedge foreign exchange fluctuations. The Agency does not have any foreign account receivables, foreign accounts payables or derivative market instruments.

Price risk

Due to the nature and extent of the Agency's activities, the Agency is not exposed to price risks.

27. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Refer to accounting authority letter for more details. The Agency is established in terms of the South African Social Security Agency Act, No. 9 of 2004.

28. Post reporting date events

There were no events after reporting date that requires reporting or disclosure in the annual financial statements.

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

29. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure		
Fruitless and wasteful expenditure current year	1,923,480	517,000
Approved by Board members or condoned	-	(517,000)
Fruitless and wasteful expenditure awaiting condonement	**1,923,480**	**-**

30. Irregular expenditure

Opening balance	88,580	5,503,000
Irregular expenditure current year	2,519,570	69,895,580
Approved by Board members or condoned	(2,608,150)	(75,310,000)
Irregular expenditure awaiting condonement	**-**	**88,580**

31. World Cup expenditure

For the year ending 31st March 2010, the Agency did not incur any World Cup 2010 related expenditure.

Detailed Statement of Financial Performance for the period ended 31 March 2010

Figures in Rand	Note(s)	2010	2009
Revenue			
Revenue	15	12,855,977	10,144,054
Assets for no consideration		-	557,814
Interest received	17	277,484	350,866
Transfer revenue	15	5,168,896,000	4,630,292,000
		5,182,029,461	**4,641,344,734**
Operating expenses			
Auditors remuneration	20	9,445,884	9,395,773
Depreciation, amortisation and impairments		55,272,202	48,019,465
Employee costs		1,499,091,168	1,396,846,852
Administrative expenses		1,491,912,223	1,297,528,624
Contractor handling fees		2,535,019,683	2,525,267,627
Transfer fees and subsidies		12,536,507	154,336,702
Provision for impairment		31,485,596	2,641,116
Loss on disposal of assets		186,219	3,334,961
		5,634,949,482	**5,437,371,120**
Operating deficit	16	**(452,920,021)**	**(796,026,386)**
Finance costs	18	(37,957,914)	(43,365,129)
Deficit for the period		**(490,877,935)**	**(839,391,515)**

Supplementary information

Figures in Rand	2010	2009

1. Reconciliation between actual amounts on comparable basis and actual amounts in Statement of Financial Performance

Budget on Cash Basis		**Notes to material deviations from budget**
Net deficit per Statement of Financial Performance	(490,877,9356)	
Adjusted for:		
Fair value adjustments	7,462,586	
Profit/loss on sale of assets	186,217	
Depreciation and amortisation	55,272,202	
Provisions	5,216,000	
Accruals and other	230,620,263	-
Variance between budget and actual:		
Interest received	(276,564)	
Sales/Commercial	(12,086,820)	
Miscellaneous	(189,622)	
Rent	3,959,852	1
Municipal services	273,345	2
Telephone and fax	43,865,086	3
Postal and courier	(1,238,185)	4
Building maintenance	696,428	5
Advertising	(2,790,065)	6
Catering	(536,950)	7
Stationery and other	(10,204,185)	8
Venues and facilities	(11,860)	9
Training and staff development	(7,949,826)	10
Consultancies and professional	22,962,320	11
SITA	14,163,460	12
External computer services	21,990,908	13
Handling fees	96,681,559	14
Rentals	7,588,623	15
Travel and subsistance	6,450,539	16
Health and welfare	(5,013,279)	17
Repairs and maintenance	6,983,760	18
Other operating expenses	157,795,824	19
Salaries	15,527,178	
Interest paid	27,037	20
Audit fees	(2,790,065)	21
Bank charges	528,831	22
Net surplus per revised budget (excluding capital expenditure)	**114,947,943**	

The supplementary information presented does not form part of the annual financial statements and is unaudited

Supplementary information

The budget is approved on a cash basis by nature classification. The approved budget covers the fiscal period from 1 April 2009 to 31 March 2010.

The financial statements differ from the budget, which is approved on the cash basis.

The amounts in the financial statements were recast from the accrual basis to the cash basis to be on the same basis as the final approved budget.

A reconciliation between the actual amounts on a comparable basis as presented and the actual amounts in the Statement of Financial Performance for the period ended 31 March 2010 is presented above. The financial statements and budget documents are prepared for the same period.

Notes to material deviations from budget:

1. At beginning of the 2009/10 financial year accruals relating to shared services from the foregoing financial year had to be taken into account and were ultimately paid.
2. Accruals were paid in respect of foregoing financial year.
3. In a bid to address the prevalent budgetary constraints the Agency implemented cost containment measures. This resulted in the budget allocation being drastically cut at the time of apportioning the budget. However, the budget was exceeded since the telephone management system had not yet been implemented to ensure that expenditure is capped to the allocated budget.
4. Additional funds were allocated to this item in the latter part of the financial year and as such not all the funds were spent.
5. Overspending results from expenditure on unforeseen and unplanned maintenance work carried out.
6. The main contributing factor to the surplus is due to the austerity measures which the Agency had implemented which included a moratorium on the filling of vacant posts thus leading to a halt on advertising of posts.
7. Restrictions were placed on catering following the implementation of austerity measures and thus a surplus on this item.
8. The surplus is due to budget allocated for grant application forms which were not already procured.
9. The major contributing factor to a surplus is the implementation austerity measures as staff was encouraged to use internal facilities for meetings.
10. A refund from the SETA was received in the last quarter of the financial year and was earmarked for management training course across the Agency. The order could not be paid in full due to the fact that the course was to extend to the next financial year leading to a surplus on this item.
11. At beginning of the 2009/10 financial year accruals relating to shared services from the foregoing financial year had to be taken into account and were ultimately paid.
12. At beginning of the 2009/10 financial year accruals relating to shared services from the foregoing financial year had to be taken into account and were ultimately paid.
13. At beginning of the 2009/10 financial year accruals relating to shared services from the foregoing financial year had to be taken into account and were ultimately paid.
14. Due the serious budgetary constraints some items were funded through shifting of funds from this item and this led to a shortfall. In addition, accruals from the foregoing financial year were paid during the period under review.
15. At beginning of the 2009/10 financial year accruals relating to shared services from the foregoing financial year had to be taken into account and were ultimately paid.

The supplementary information presented does not form part of the annual financial statements and is unaudited

Supplementary information

16. In a bid to address the prevalent budgetary constraints the Agency implemented cost containment measures. This resulted in the budget allocation being drastically cut at the time of apportioning the budget. However, the budget was exceeded as expenditure could not be capped to the allocated budget due to the activities that were undertaken to carry out the mandate of the Agency.

17. The surplus is due to the refund received from the H & W SETA which was not necessarily fully spent.

18. Over expenditure is attributable to accruals from shared services.

19. The budget overshoot on other operating expenses result from the budgetary constraints facing the Agency.

20. The movement of grant beneficiaries to the banks contributed to higher bank verification costs as well as the one day banking services to pay employees and creditors on the ORACLE system.

21. This is interest paid on overdue accounts which were not provided for on the budget.

22. Expenditure is for audits already performed.

2. Statement of gifts, donations and sponsorships received

In cash	Nature	2010	2009
W. Samaai	Appreciation	50	-
Various donors	Various	30,000	-
		30,050	**-**

3. Statement of gifts, donations and sponsorships received

In kind	Nature	2010	2009
Various donors	Various	499	57,000
Various donors	Various	1,998	-
Various donors	Various	28,036	-
		30,533	**57,000**

The supplementary information presented does not form part of the annual financial statements and is unaudited

SOUTH AFRICAN SOCIAL SECURITY AGENCY

Part 5

Human Capital Management Oversight Report

HR OVERSIGHT–APRIL 2009 to MARCH 2010 – South African Social Security Agency

TABLE 1.1 - Personnel costs by programme

Programme	Total voted expenditure (R000s)	Compensation of employees expenditure (R000s)	Training expenditure (R000s)	Professional and special services (R000s)	Compensation of employees as percentage of total expenditure	Average compensation of employees cost per employee (R000s)	Employment
SASSA	5,168,896	1,499,091	13,547	2,656,836	29%	205,845	7,510

TABLE 1.2 - Personnel costs by salary band

Salary bands	Compensation of employees Cost (R000s)	Percentage of total personnel cost for department	Average compensation cost per employee (R)	Total personnel cost for department including goods and transfers (R000s)	Number of employees
Lower skilled (levels 1-2)	1,097	0,07	91	1,113	12
Skilled (levels 3-5)	546,947	35,38	128	552,654	4269
Highly skilled production (levels 6-8)	389,041	25,17	205	391,582	1901
Highly skilled supervision (levels 9-12)	409,889	26,51	423	411,185	970
Senior management (levels 13 - 16)	166,397	10,76	743	166,696	224

Salary bands	Compensation of employees Cost (R000s)	Percentage of total personnel cost for department	Average compensation cost per employee (R)	Total personnel cost for department including goods and transfers (R000s)	Number of employees
Contract (levels 1-2)	242	0,02	4	314	54
Contract (levels 3-5)	12,844	0,83	192	12,933	67
Contract (levels 6-8)	6,529	0,42	3,264	6,531	2
Contract (levels 9-12)	6,254	0,40	695	6,266	9
Contract (levels 13-16)	2,888	0,19	1,444	2,891	2
Periodical remuneration	0	0,00	0	0	0
Abnormal appointment	3,766	0,24	0	3,766	0
TOTAL	**1,545,894**	**100,0**	**205,845**	**1,555,933**	**7510**

TABLE 1.3 - Salaries, overtime, home owner's allowance and medical aid by programme

Programme	Salaries (R000s)	Salaries as percentage of personnel cost	Overtime (R000s)	Overtime as percentage of personnel cost	HOA (R000s)	HOA as percentage of personnel cost	Medical assn. (R000s)	Medical assn. as percentage of Personnel cost	Total personnel cost per programme (R000s)
South African Social Security Agency	1,308,387.662	90.5	16,441.26549	1.1	5,820.18358	0.4	115,384.559	8	1,446,033.67
TOTAL	**1,308,387.662**	**90.5**	**16,441.26549**	**1.1**	**5,820.18358**	**0.4**	**115,384.559**	**8**	**1,446,033.67**

Critical occupations	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Middle managers: administrative related, permanent	347	96	72.3	0
Middle managers: comm. and information related, permanent	80	34	57.5	0
Middle managers: engineering sciences related, permanent	9	9	0	0
Middle managers: health sciences related, permanent	3	0	100	0
Middle managers: human resources related, permanent	446	157	64.8	0
Middle managers: information technology related, permanent	149	59	60.4	2
Middle managers: legal related, permanent	33	16	51.5	1
Middle managers: social sciences related, permanent	4,787	1,560	67.4	4
Natural sciences related, permanent	0	0	0	0
Other administration & related clerks and organisers, permanent	1,140	174	84.7	82
Other administrative policy and related officers, permanent	462	36	92.2	0
Other information technology personnel, permanent	29	16	44.8	0
Other occupations, permanent	0	0	0	0
Risk management and security services, permanent	98	41	58.2	0
Secretaries & other keyboard operating clerks, permanent	232	100	56.9	3
Security officers, permanent	105	16	84.8	0
Senior managers, permanent	292	224	23.3	2
Social sciences related, permanent	0	0	0	0
Social sciences supplementary workers, permanent	7,922	3,976	49.8	42
Social work and related professionals, permanent	20	5	75	0
Statisticians and related professionals, permanent	0	0	0	0
TOTAL	**18,470**	**7,510**	**59.3**	**162**

TABLE 1.4 - Salaries, overtime, home owner's allowance and medical aid by salary band

Salary bands	Salaries (R000s)	Salaries as percentage of personnel cost	Overtime (R000s)	Overtime as percentage of personnel cost	HOA (R000s)	HOA as percentage of personnel cost	Medical assn. (R000s)	Medical assn. as percentage of personnel cost	Total personnel cost per salary band (R000s)
Lower skilled (levels 1-2)	759	69.18%	0	0%	12	1.09%	136	12.45%	907
Skilled (levels 3-5)	458,465	83.82%	3,377	0.62%	1,282	0.23%	65,871	12.04%	528,995
Highly skilled production (levels 6-8)	332,367	85.43%	2,243	0.58%	3,506	0.90%	29,254	7.52%	367,370
Highly skilled supervision (levels 9-12)	366,057	89.31%	6,793	1.66%	1,021	0.25%	16,153	3.94%	390,024
Senior management (levels 13-16)	137,837	82.84%	3,591	2.16%	0	0%	3,596	2.16%	145,024
Contract (levels 1-2)	176	72.83%	0	0%	0	0.00%	8	3.22%	184
Contract (levels 3-5)	2,729	21.25%	83	0.65%	0	0.00%	183	1.43%	2,995
Contract (levels 6-8)	2,641	40.45%	131	2.00%	0	0.00%	147	2.26%	2,919
Contract (levels 9-12)	3,422	54.71%	42	0.67%	0	0.00%	16	0.25%	3,479
Contract (levels 13-16)	3,872	134.04%	181	6.27%	0	0.00%	20	0.71%	4,073
Periodical remuneration	0	0.00%	0	0%	0	0.00%	0	0%	0
Abnormal appointment	63	1.67%	0	0%	0	0.00%	0	0%	63
TOTAL	**1,308,387**	**90.5**	**16,441**	**1.1**	**5,820**	**0.4**	**115,384.559**	**8**	**1,446,034.148**

TABLE 2.1- Employment and vacancies by programme at end of period

Programme	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
South African Social Security Agency, permanent	18,470	7,510	59.6	162
TOTAL	**18,470**	**7,510**	**59.6**	**162**

TABLE 2.2 - Employment and vacancies by salary band at end of period

Salary band	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Lower skilled (levels 1-2), permanent	32	12	62.5	0
Skilled (levels 3-5), permanent	10,500	4,269	59.3	0
Highly skilled production (levels 6-8), permanent	5,424	1,901	65	0
Highly skilled supervision (levels 9-12), permanent	2,186	970	55.6	0
Senior management (levels 13-16), permanent	328	224	31.7	0
Contract (levels 1-2), permanent	0	54	0	71
Contract (levels 3-5), permanent	0	67	0	69
Contract (levels 6-8), permanent	0	2	0	12
Contract (levels 9-12), permanent	0	9	0	7
Contract (levels 13-16), permanent	0	2	0	3
TOTAL	**18,470**	**7,510**	**59.3**	**162**

TABLE 2.3 - Employment and vacancies by critical occupation at end of period

Critical occupations	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Administrative related, permanent	0	0	0	0
Auxiliary and related workers, permanent	22	2	90.9	0
Civil engineering technicians, permanent	0	0	0	0
Cleaners in offices, workshops, hospitals, etc., permanent	14	14	0	4
Client information clerks, permanent	8	5	37.5	0
Communication and information related, permanent	0	0	0	0
Computer system designers and analysts, permanent	0	0	0	0
Engineering sciences related, permanent	0	0	0	0
Finance and economics related, permanent	0	0	0	0
Financial and related professionals, permanent	410	218	46.8	1
Financial clerks and credit controllers, permanent	279	113	59.5	7
Food services aids and waiters, permanent	0	0	0	0
Handymen	1	1	0	0
Head of department/chief executive officer, permanent	1	1	0	0
Human res., org. dev. and related professions, permanent	7	3	57.1	0

TABLE 3.1 - Job evaluation

	Number of posts	Number of jobs evaluated	Percentage of posts evaluated	Number of posts upgraded	Percentage of upgraded posts evaluated	Number of posts downgraded	Percentage of downgraded posts evaluated
Lower skilled (levels 1-2)	32	0	0	0	0	0	0
Contract (levels 1-2)	0	0	0	0	0	0	0
Contract (levels 3-5)	0	0	0	0	0	0	0
Contract (levels 6-8)	0	0	0	0	0	0	0
Contract (levels 9-12)	0	0	0	0	0	0	0
Contract (band A)	0	0	0	0	0	0	0
Contract (band B)	0	0	0	0	0	0	0
Skilled (levels 3-5)	10,500	7	0.1	4	100	0	0
Highly skilled production (levels 6-8)	5,424	2	0	0	0	0	0
Highly skilled supervision (levels 9-12)	2,186	10	0.5	0	0	0	0
Senior management service band A	257	3	1.2	0	0	2	100
Senior management service band B	54	1	1.9	0	0	0	0
Senior management service band C	16	0	0	0	0	0	0
Senior management service band D	1	0	0	0	0	0	0
TOTAL	**18,470**	**23**	**0.1**	**4**	**100**	**2**	**100**

TABLE 3.2 - Profile of employees whose positions were upgraded following their posts being upgraded

Beneficiaries	African	Asian	Coloured	White	Total
Female	10	0	0	0	10
Male	5	0	0	0	5
Disabled	0	0	0	0	0
TOTAL	**15**	**0**	**0**	**0**	**15**

TABLE 3.3 - Employees whose salary level exceed the grade determined by job evaluation in terms of PSR 1.V.C.3

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation	No of employees in department
Administrative related, permanent	0	0	0		0
Auxiliary & related workers, permanent	0	0	0		2
Civil eng. technicians, permanent	0	0	0		0
Cleaners in offices, workshops, hospitals, etc., permanent	1	2	4	Rank and leg promotion	14
Client information clerks, permanent	0	0	0		5
Comm. and info. related, permanent	0	0	0		0
Computer system designers and analysts, permanent	0	0	0		0
Engineering sciences related, permanent	0	0	0		0
Finance and economics related, permanent	0	0	0		0
Financial and related professionals, permanent	1	8	10	Retention	218
Financial clerks and credit controllers, permanent	9	5	6	Rank and leg promotion	113
Food services aides and waiters, permanent	0	0	0		0
Handymen	0	0	0		1
Head of department/chief executive officer, permanent	0	0	0		1
Human res., org. dev & related professions, permanent	0	0	0		3
Human resources clerks, permanent	1	5	8	Retention	74
Human resources related, permanent	0	0	0		0
Information technology related, permanent	0	0	0		0
Legal related, permanent	0	0	0		0

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation	No of employees in department
Library, mail and related clerks, permanent	18	5	6	Rank and leg promotion	321
Library, mail and related clerks, permanent	3	5	7	Salary regularisation	0
Library, mail and related clerks, permanent	2	7	8	Salary regularisation	0
Library, mail and related clerks, permanent	1	5	8	Salary regularisation	0
Logistical support personnel, permanent	0	0	0		143
Material recording and transport clerks, permanent	9	5	6	Rank and leg promotion	94
Medical specialists, permanent	0	0	0		0
Messengers, porters and deliverers, permanent	0	0	0		2
Middle managers: administrative related, permanent	1	8	10	Retention	96
Middle managers: comm. and info. related, permanent	0	0	0		34
Middle managers: engineering sciences related, permanent	0	0	0		9
Middle managers: health sciences related, permanent	0	0	0		0
Middle managers: human resources related, permanent	0	0	0		157
Middle managers: information technology related, permanent	0	0	0		59
Middle managers: legal related, permanent	0	0	0		16
Middle managers: social sciences related, permanent	3	10	12	Retention	1,560
Middle managers: social sciences related, permanent	3	5	6	Rank and leg promotion	0
Middle managers: social sciences related, permanent	19	7	8	Rank and leg promotion	0

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation	No of employees in department
Middle managers: social sciences related, permanent	1	8	9	Retention	0
Middle managers: social sciences related, permanent	1	8	10	Retention	0
Middle managers: social sciences related, permanent	1	12	13	Post not job evaluated before and incumbent matched and placed in post from another branch	0
Natural sciences related, permanent	0	0	0		0
Other admin. & related clerks and organisers, permanent	6	5	6	Retention	174
Other admin. & related clerks and organisers, permanent	2	5	7	Rank and leg promotion	0
Other admin. & related clerks and organisers, permanent	2	5	8	Retention	0
Other admin. & related clerks and organisers, permanent	0	0	0		36
Other information technology personnel, permanent	0	0	0		16
Other occupations, permanent	0	0	0		0
Risk management and security services, permanent	0	0	0		41
Secretaries & other keyboard operating clerks, permanent	1	11	12	Retention	100
	2	8	9	Retention	0
Security officers, permanent	0	0	0		16
Senior managers, permanent	0	0	0		224
Social sciences related, permanent	0	0	0		0
Social sciences supplementary workers, permanent	308	5	6	Rank and leg promotion	3,976
Social sciences supplementary workers, permanent	50	5	7	Salary regularisation	0
Social sciences supplementary workers, permanent	7	5	8	Salary regularisation	0
Social work and related professionals, permanent	0	0	0		5
Statisticians and related professionals, permanent	0	0	0		0
TOTAL	**452**				**7,510**
Percentage of total employment	6.02				

TABLE 3.4 - Profile of employees whose salary level exceeded the grade determined by job evaluation in terms of PSR 1.V.C.3

Beneficiaries	African	Asian	Coloured	White	Total
Female	135	27	43	59	264
Male	113	22	40	13	188
Disabled	0	0	0	0	0
TOTAL	**248**	**49**	**83**	**72**	**452**

TABLE 4.1 - Annual turnover rates by salary band

Salary band	Employment at beginning of period (April 2009)	Appointments	Terminations	Turnover rate (%)
Lower skilled (levels 1-2), permanent	13	0	0	0
Skilled (levels 3-5), permanent	4,286	29	135	3.1
Highly skilled production (levels 6-8), permanent	1,908	16	104	5.5
Highly skilled supervision (levels 9-12), permanent	1,015	6	76	7.5
Senior management service band A, permanent	178	3	13	7.3
Senior management service band B, permanent	44	0	4	9.1
Senior management service band C, permanent	10	1	1	10
Senior management service band D, permanent	1	0	0	0
Contract (levels 1-2), permanent	4	28	57	1425
Contract (levels 3-5), permanent	303	10	114	37.6
Contract (levels 6-8), permanent	62	0	23	37.1
Contract (levels 9-12), permanent	19	1	4	21.1
Contract (band A), permanent	5	0	3	60
Contract (band B), permanent	0	0	1	0
TOTAL	**7,848**	**94**	**535**	**6.8**

TABLE 4.2 - Annual turnover rates by critical occupation

Occupation	Employment at beginning of period (April 2009)	Appointments	Terminations	Turnover rate (%)
Administrative related, permanent	81	0	0	0
Auxiliary and related workers, permanent	5	0	1	20
Civil engineering technicians, permanent	5	0	0	0
Cleaners in offices, workshops, hospitals etc., permanent	12	0	6	50
Client information clerks (switchboard, reception, info. clerks), permanent	0	2	0	0
Comm. and info. related, permanent	38	0	0	0
Community development workers, permanent	0	0	0	0
Computer programmers, permanent	2	0	0	0
Custodian personnel, permanent	0	0	0	0
Economists, permanent	0	0	0	0
Engineering sciences related, permanent	9	0	0	0
Finance and economics related, permanent	2	0	0	0
Financial and related professionals, permanent	221	3	15	6.8
Financial clerks and credit controllers, permanent	107	11	20	18.7
Food services aides and waiters, permanent	4	0	0	0
Head of department/chief executive officer, permanent	1	0	0	0
Health sciences related, permanent	0	0	0	0
Household and laundry workers, permanent	0	0	0	0
Human res., org. dev. & related professions, permanent	2	0	0	0
Human resources clerks, permanent	79	1	15	19
Human resources related, permanent	172	0	0	0
Information technology related, permanent	75	0	0	0

Occupation	Employment at beginning of period (April 2009)	Appointments	Terminations	Turnover rate (%)
Language practitioners, interpreters and other communications, permanent	0	0	0	0
Legal related, permanent	21	0	0	0
Library, mail and related clerks, permanent	441	0	70	15.9
Logistical support personnel, permanent	172	4	33	19.2
Material recording and transport clerks, permanent	95	12	16	16.8
Medical practitioners, permanent	2	0	0	0
Messengers, porters and deliverers, permanent	3	0	0	0
Middle managers: administrative related, permanent	0	2	15	0
Middle managers: communication and information related, permanent	0	0	2	0
Middle managers: health sciences related, permanent	0	0	2	0
Middle managers: human resources related, permanent	0	3	19	0
Middle managers: information technology related, permanent	0	0	8	0
Middle managers: legal related, permanent	0	1	3	0
Middle managers: social sciences related, permanent	0	6	57	0
Other administration & related clerks and organisers, permanent	114	27	76	66.7
Other administrative policy and related officers, permanent	50	0	5	10
Other information technology personnel, permanent	21	0	1	4.8
Other occupations, permanent	0	0	0	0
Risk management and security services, permanent	42	0	3	7.1
Secretaries & other keyboard operating clerks, permanent	115	4	15	13
Security officers, permanent	10	0	0	0
Senior managers, permanent	238	3	20	8.4
Social sciences related, permanent	1,588	0	0	0
Social sciences supplementary workers, permanent	4,105	15	132	3.2
Social work and related professionals, permanent	13	0	1	7.7
Statisticians and related professionals, permanent	3	0	0	0
TOTAL	**7,848**	**94**	**535**	**6.8**

TABLE 4.3 - Reasons for leaving the department

Termination type	Number	Percentage of total resignations	Percentage of total employment	Total	Total employment
Death, permanent	43	8.04	0.5	43	0
Resignation, permanent	255	47.66	3.4	255	0
Expiry of contract, permanent	191	35.70	2.5	191	0
Discharged due to ill health, permanent	3	0.56	0.04	3	0
Dismissal-misconduct, permanent	17	3.18	0.2	17	0
Retirement, permanent	26	4.86	0.3	26	0
TOTAL	**535**	**100**	**7.1**	**535**	**7,510**

Resignations as percentage of employment	**3.4**

TABLE 4.4 - Promotions by critical occupation

Occupation	Employment at beginning of period (April 2009)	Promotions to another salary level	Salary level promotions as a percentage of employment	Progressions to another notch within salary level	Notch progressions as a percentage of employment
Administrative related, permanent	81	0	0	0	0
Auxiliary and related workers, permanent	5	0	0	1	20
Civil engineering technicians, permanent	5	0	0	0	0
Cleaners in offices, workshops, hospitals etc., permanent	12	0	0	7	58.3
Client information clerks (switchboard, reception, information clerks), permanent	0	0	0	4	0
Communication and information related, permanent	38	0	0	0	0
Community development workers, permanent	0	0	0	0	0
Computer programmers, permanent	2	0	0	0	0
Custodian personnel, permanent	0	0	0	0	0
Economists, permanent	0	0	0	0	0
Engineering sciences related, permanent	9	0	0	0	0
Finance and economics related, permanent	2	0	0	0	0
Financial and related professionals, permanent	221	5	0.06	178	80.5
Financial clerks and credit controllers, permanent	107	0	0	86	80.4
Food services aides and waiters, permanent	4	0	0	0	0
Handymen	0	0	0	1	0
Head of department/chief executive officer, permanent	1	0	0	0	0
Health sciences related, permanent	0	0	0	0	0
Household and laundry workers, permanent	0	0	0	0	0
Human res. and org. dev. & related professions, permanent	2	0	0	2	100

Occupation	Employment at beginning of period (April 2009)	Promotions to another salary level	Salary level promotions as a percentage of employment	Progressions to another notch within salary level	Notch progressions as a percentage of employment
Human resources clerks, permanent	79	0	0	48	60.8
Human resources related, permanent	172	0	0	0	0
Information technology related, permanent	75	0	0	0	0
Language practitioners, interpreters & other comm., permanent	0	0	0	0	0
Legal related, permanent	21	0	0	0	0
Library, mail and related clerks, permanent	441	1	0.01	227	51.5
Logistical support personnel, permanent	172	1	0.01	112	65.1
Material recording and transport clerks, permanent	95	0	0	55	57.9
Medical practitioners, permanent	2	0	0	0	0
Messengers, porters and deliverers, permanent	3	0	0	2	66.7
Middle managers: administrative related, permanent	0	2	0	67	0
Middle managers: communication and information related, permanent	0	0	0	29	0
Middle managers: health sciences related, permanent	0	0	0	9	0
Middle managers: human resources related, permanent	0	2	0	121	0
Middle managers: information technology related, permanent	0	0	0	42	0
Middle managers: legal related, permanent	0	0	0	7	0
Middle managers: social sciences related, permanent	0	24	0	1,246	0
Other administration & related clerks and organisers, permanent	114	0	0	87	76.3
Other administrative policy and related officers, permanent	50	0	0	21	42
Other information technology personnel, permanent	21	0	0	13	61.9
Other occupations, permanent	0	0	0	0	0

Occupation	Employment at beginning of period (April 2009)	Promotions to another salary level	Salary level promotions as a percentage of employment	Progressions to another notch within salary level	Notch progressions as a percentage of employment
Risk management and security services, permanent	42	0	0	30	71.4
Secretaries & other keyboard operating clerks, permanent	115	7	0.09	55	47.8
Security officers, permanent	10	0	0	2	20
Senior managers, permanent	238	3	0.04	0	0
Social sciences related, permanent	1,588	0	0	0	0
Social sciences supplementary workers, permanent	4,105	6	0.08	3,543	86.3
Social work and related professionals, permanent	13	0	0	5	38.5
Statisticians and related professionals, permanent	3	0	0	0	0
TOTAL	**7,848**	**51**	**0.65**	**6,000**	**76.5**

TABLE 4.5 - Promotions by salary band

Salary band	Employment at beginning of period (April 2009)	Promotions to another salary level	Salary level promotions as a percentage of employment	Progressions to another notch within salary level	Notch progressions as a percentage of employment
Lower skilled (levels 1-2), permanent	13	0	0	6	46.2
Skilled (levels 3-5), permanent	4,286	3	0.04	3,768	87.9
Highly skilled production (levels 6-8), permanent	1,908	32	0.41	1,476	77.4
Highly skilled supervision (levels 9-12), permanent	1,015	13	0.17	750	73.9
Senior management (levels 13-16), permanent	233	3	0.04	0	0
Contract (levels 1-2), permanent	4	0	0	0	0
Contract (levels 3-5), permanent	303	0	0	0	0
Contract (levels 6-8), permanent	62	0	0	0	0
Contract (levels 9-12), permanent	19	0	0	0	0
Contract (levels 13-16), permanent	5	0	0	0	0
TOTAL	**7,848**	**51**	**0.65**	**6,000**	**76.5**

TABLE 5.1 - Total number of employees (incl. employees with disabilities) per occupational category (SASCO)

Occupational categories	Male, African	Male, coloured	Male, Indian	Male, total blacks	Male, white	Female, African	Female, coloured	Female, Indian	Female, total blacks	Female, white	Total
Legislators, senior officials and managers, permanent	915	107	53	1,075	58	812	81	32	925	81	2139
Professionals, permanent	96	8	5	109	7	99	12	2	113	13	242
Technicians and associate professionals, permanent	97	10	3	110	5	92	7	3	102	3	220
Clerks, permanent	280	24	3	307	3	487	49	6	542	30	882
Service and sales workers, permanent	1,258	180	27	1,465	27	2162	249	36	2447	71	4010
Elementary occupations, permanent	7	0	0	7	0	9	0	0	9	0	16
Plant and machine operators and assemblers	1	0	0	1	0	0	0	0	0	0	1
TOTAL	**2,654**	**329**	**91**	**3,074**	**100**	**3,661**	**398**	**79**	**4,138**	**198**	**7,510**

	Male, African	Male, coloured	Male, Indian	Male, total blacks	Male, white	Female, African	Female, coloured	Female, Indian	Female, total blacks	Female, white	Total
Disabled	49	5	2	56	3	56	5	1	62	10	131

TABLE 5.2 - Total number of employees (incl. employees with disabilities) per occupational band

Occupational bands	Male, African	Male, coloured	Male, Indian	Male, total blacks	Male, white	Female, African	Female, coloured	Female, Indian	Female, total blacks	Female, white	Total
Top management, permanent	7	0	0	7	3	2	0	0	2	0	12
Senior management, permanent	96	13	6	115	7	67	5	6	78	10	210
Professionally qualified and experienced specialists and mid-management, permanent	450	44	26	520	34	333	32	13	378	39	971
Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	666	107	49	822	40	773	111	46	930	110	1,902
Semi-skilled and discretionary decision-making, permanent	1,377	158	10	1,545	16	2,418	238	14	2,670	38	4,269
Unskilled and defined decision-making, permanent	2	0	0	2	0	10	0	0	10	0	12
Contract (senior management), permanent	0	0	0	0	0	1	0	0	1	1	2
Contract (professionally qualified), permanent	4	0	0	4	0	5	0	0	5	0	9
Contract (skilled technical), permanent	0	0	0	0	0	2	0	0	2	0	2
Contract (semi-skilled), permanent	48	7	0	55	0	50	12	0	62	0	117
Contract (unskilled), permanent	4	0	0	4	0	0	0	0	0	0	4
TOTAL	**2,654**	**329**	**91**	**3,074**	**100**	**3,661**	**398**	**79**	**4,138**	**198**	**7,510**

TABLE 5.3 - Recruitment

Occupational bands	Male, African	Male, coloured	Male, Indian	Male, total blacks	Male, white	Female, African	Female, coloured	Female, Indian	Female, total blacks	Female, white	Total
Top management, permanent	0	0	0	0	0	1	0	0	1	0	1
Senior management, permanent	2	0	0	2	0	1	0	0	1	0	3
Professionally qualified and experienced specialists and mid-management, permanent	3	0	0	3	0	3	0	0	3	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	4	0	0	4	0	12	0	0	12	0	16
Semi-skilled and discretionary decision-making, permanent	14	1	0	15	0	13	1	0	14	0	29
Unskilled and defined decision-making, permanent	0	0	0	0	0	0	0	0	0	0	0
Contract (senior management), permanent	0	0	0	0	0	0	0	0	0	0	0
Contract (professionally qualified), permanent	0	0	0	0	0	1	0	0	1	0	1
Contract (skilled technical), permanent	15	3	0	18	0	19	1	0	20	0	38
Contract (semi-skilled), permanent	0	0	0	0	0	0	0	0	0	0	0
Contract (unskilled), permanent	0	0	0	0	0	0	0	0	0	0	0
TOTAL	**38**	**4**	**0**	**42**	**0**	**50**	**2**	**0**	**52**	**0**	**94**

TABLE 5.4 - Promotions

Occupational bands	Male, African	Male, coloured	Male, Indian	Male, total blacks	Male, white	Female, African	Female, coloured	Female, Indian	Female, total blacks	Female, white	Total
Top management, permanent	0	0	0	0	0	0	0	0	0	0	0
Senior management, permanent	2	0	0	2	0	1	0	0	1	0	3
Professionally qualified and experienced specialists and mid-management, permanent	6	0	0	6	0	7	0	0	7	0	13
Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	13	2	0	15	0	13	2	0	15	2	32
Semi-skilled and discretionary decision-making, permanent	0	2	0	2	0	0	1	0	1	0	3
TOTAL	**21**	**4**	**0**	**25**	**0**	**21**	**3**	**0**	**24**	**2**	**51**

TABLE 5.5 - Terminations

Occupational bands	Male, African	Male, coloured	Male, Indian	Male, total blacks	Male, white	Female, African	Female, coloured	Female, Indian	Female, total blacks	Female, white	Total
Top management, permanent	0	0	0	0	0	1	0	0	1	0	1
Senior management, permanent	8	0	0	8	1	7	0	0	7	1	17
Professionally qualified and experienced specialists and mid-management, permanent	39	4	0	43	4	23	2	1	26	3	76
Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	39	4	1	44	5	45	5	0	50	5	104
Semi-skilled and discretionary decision-making, permanent	60	6	2	68	0	58	5	3	66	0	134
Unskilled and defined decision-making, permanent	0	0	0	0	0	1	0	0	1	0	1
Contract (senior management), permanent	2	0	0	2	1	1	0	0	1	0	4
Contract (professionally qualified), permanent	2	0	0	2	1	1	0	0	1	0	4
Contract (skilled technical), permanent	5	0	0	5	0	18	0	0	18	0	23
Contract (semi-skilled), permanent	69	5	0	74	1	77	14	0	91	0	166
Contract (unskilled), permanent	5	0	0	5	0	0	0	0	0	0	5
TOTAL	**229**	**19**	**3**	**251**	**13**	**232**	**26**	**4**	**262**	**9**	**535**

TABLE 5.6 - Disciplinary actions

Disciplinary action	Male, African	Male, coloured	Male, Indian	Male, total blacks	Male, white	Female, African	Female, coloured	Female, Indian	Female, total blacks	Female, white	Total
Dismissals	9	1	0	10	1	2	0	0	2	0	13
Suspension without pay	10	0	0	10	1	1	0	0	1	0	12
Final written warnings	11	4	0	15	0	4	8	0	12	0	27
Written warnings	29	19	0	48	1	2	4	1	7	0	56
Verbal warnings	10	27	0	37	0	6	3	0	9	0	46
Counselling	5	7	0	12	2	1	2	0	3	0	17
Case dismissed by chairperson / withdrawn	5	0	0	5	0	11	0	0	11	1	17
Resignation	1	0	0	1	0	2	0	0	2	0	3
TOTAL	**80**	**58**	**0**	**138**	**5**	**29**	**17**	**1**	**47**	**1**	**191**

TABLE 5.7 - Skills Development

Occupational categories	Male, African	Male, coloured	Male, Indian	Male, total blacks	Male, white	Female, African	Female, coloured	Female, Indian	Female, total blacks	Female, white	Total
Legislators, senior officials and managers	198	11	44	253	18	111	9	43	163	19	453
Professionals	91	26	6	123	12	84	19	6	109	7	251
Technicians and associate professionals	35	4	3	42	0	20	12	3	35	2	79
Clerks	940	53	74	1,067	34	1,130	4	105	1,239	1	2,341
Service and sales workers	2	0	0	2	0	0	0	0	0	0	2
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0	0	0
Elementary occupations	30	44	0	74	8	49	13	9	71	0	153
TOTAL	**1,296**	**138**	**127**	**1,561**	**72**	1,394	**57**	**166**	**1,617**	**29**	**3,279**
Disabled	4	1	0	5	0	0	3	0	3	0	8

TABLE 6.1 - Performance rewards by race, gender and disability

Demographics	Number of beneficiaries	Total employment	Percentage of total employment	Cost	Average cost per beneficiary (R)
African, female	948	3,661	25.8	6,798,793.75	7,172
African, male	759	2,654	28.6	7,429,344.03	9,788
Asian, female	28	79	35.4	430,595.71	15,378
Asian, male	40	91	43.9	724,186.29	18,105
Coloured, female	143	398	35.9	1,129,380.46	7,898
Coloured, male	100	329	30.4	1,032,036.66	10,320
Total blacks, female	1,119	4,138	27	8,358,769.92	7,470
Total blacks, male	899	3,074	29.2	9,185,566.98	10,218
White, female	113	198	57	892,345.68	7,897
White, male	36	100	36	435,468.98	12,096
Disabled	0	131	0	0.00	0
TOTAL	**2,167**	**7,510**	**28.8**	**18,872,151.56**	**8,709**

TABLE 6.2 - Performance rewards by salary band for personnel below senior management service

Salary band	Number of beneficiaries	Total employment	Percentage of total employment	Cost	Average cost per beneficiary (R)
Lower skilled (levels 1-2)	3	12	25	7,145.34	2381.78
Skilled (levels 3-5)	1,096	4,269	25.7	4,905,264.24	4475.61
Highly skilled production (levels 6-8)	612	1,901	32.2	5,145,957.47	8408.43
Highly skilled supervision (levels 9-12)	446	970	46	8,541,860.50	19152.15
Contract (levels 1-12)	0	54	0	0	0.00
Contract (levels 3-5)	0	67	0	0	0.00
Contract (levels 6-8)	0	2	0	0	0.00
Contract (levels 9-12)	0	9	0	0	0.00
TOTAL	**2,157**	**7,284**	**29.6**	**18,600,227.55**	**8,623.19**

TABLE 6.3 - Performance rewards by critical occupation

Critical occupations	Number of beneficiaries	Total employment	Percentage of total employment	Cost	Average cost per beneficiary (R)
Administrative related, permanent	0	0	0	0.00	0.00
Auxiliary and related workers, permanent	0	2	0	0.00	0.00
Civil engineering technicians, permanent	0	0	0	0.00	0.00
Cleaners in offices, workshops, hospitals, etc., permanent	2	14	14.3	4,161.48	2,080.74
Client information clerks, permanent	1	5	20	11,053.80	11,053.80
Communication and information related, permanent	0	0	0	0.00	0.00
Computer system designers and analysts, permanent	0	0	0	0.00	0.00
Engineering sciences related, permanent	0	0	0	0.00	0.00
Finance and economics related, permanent	0	0	0	0.00	0.00
Financial and related professionals, permanent	124	218	56.9	1,709,670.62	13,787.67
Financial clerks and credit controllers, permanent	44	113	38.9	201,111.01	4,570.70
Food services aides and waiters, permanent	0	0	0	0.00	0.00
Handymen	0	1	0	0.00	0.00
Head of department/chief executive officer, permanent	0	1	0	0.00	0.00
Human res. & org. dev. & related professions, permanent	2	3	66.7	41,036.98	20,518.49
Human resources clerks, permanent	37	74	50	177,930.59	4,808.93
Human resources related, permanent	0	0	0	0.00	0.00
Information technology related, permanent	0	0	0	0.00	0.00
Legal related, permanent	0	0	0	0.00	0.00
Library, mail and related clerks, permanent	111	321	34.6	590,039.31	5,315.67
Logistical support personnel, permanent	56	143	39.2	634,065.51	11,323.00
Material recording and transport clerks, permanent	20	94	21.3	98,706.88	4,935.34
Medical specialists, permanent	0	0	0	0.00	0.00

Critical occupations	Number of beneficiaries	Total employment	Percentage of total employment	Cost	Average cost per beneficiary (R)
Messengers, porters and deliverers, permanent	2	2	100	6,446.98	3,223.49
Middle managers: administrative related, permanent	36	96	37.5	699,385.93	19,427.39
Middle managers: communication and information related, permanent	14	34	41.2	208,445.46	14,888.96
Middle managers: engineering sciences related, permanent	4	9	44.4	75,818.14	18,955.00
Middle managers: health sciences related, permanent	0	0	0	0.00	0.00
Middle managers: human resources related, permanent	75	157	47.8	1,159,032.77	15,453.77
Middle managers: information technology related, permanent	23	59	39	416,675.73	18,116.34
Middle managers: legal related, permanent	7	16	43.8	113,132.62	16,161.80
Middle managers: social sciences related, permanent	537	1,560	34.4	7,037,616.35	13,105.43
Natural sciences related, permanent	0	0	0	0.00	0.00
Other administration & related clerks and organisers, permanent	31	174	17.8	152,323.75	4,913.67
Other administrative policy and related officers, permanent	7	36	19.4	72,102.53	10,300.36
Other information technology personnel, permanent	11	16	68.8	98,531.00	8,957.36
Other occupations, permanent	0	0	0	0.00	0.00
Risk management and security services, permanent	17	41	41.4	193,003.54	11,353.15
Secretaries & other keyboard operating clerks, permanent	32	100	32	353,6 74.90	11,052.34
Security officers, permanent	0	16	0	0.00	0.00
Senior managers, permanent	10	224	4.5	280,467.56	28,046.76
Social sciences related, permanent	0	0	0	0.00	0.00
Social sciences supplementary workers, permanent	961	3,976	24.2	4,484,921.94	4,666.93
Social work and related professionals, permanent	3	5	60	52,796.18	17,598.73
Statisticians and related professionals, permanent	0	0	0	0.00	0.00
TOTAL	**2,167**	**7,510**	**28.8**	**18,872,151.56**	**8,708.88**

TABLE 6.4 - Performance related rewards (Cash Bonus) by salary band for senior management service (SMS)

SMS band	Number of beneficiaries	Total employment	Percentage of total employment	Cost	Average cost per beneficiary (R)	percentage of SMS wage bill
Band A	6	168	3.57	132,430.01	22,071.67	0.1
Band B	4	43	9.30	139,494.00	34,873.50	0.5
Band C	0	12	0.00	0.00	0.00	0
Band D	0	1	0.00	0.00	0.00	0
TOTAL	**10**	**224**	**4.50**	**271,924.01**	**27,192.40**	**0.6**

TABLE 7.1 - Foreign workers by salary band

Salary Band	Employment at beginning period	Percentage of total	Employment at end of period	Percentage of total	Change in employment	Percentage of total	Total employment at beginning of period	Total employment at end of period	Total change in employment
Skilled (levels 3-5)	0	0	0	0	0	0	0	0	0
Highly skilled production (levels 6-8)	0	0	0	0	0	0	0	0	0
Highly skilled supervision (levels 9-12)	1	50	2	50	1	25	1	2	1
Senior management (levels 13-16)	0	0	0	0	0	0	0	0	0
Contract (levels 9-12)	1	50	2	50	1	25	1	2	1
Contract (levels 13-16)	0	0	0	0	0	0	0	0	0
TOTAL	**2**	**100**	**4**	**100**	**2**	**50**	**2**	**4**	**2**

TABLE 7.2- Foreign workers by major occupation

Major occupation	Employment at beginning period	Percentage of total	Employment at end of period	Percentage of total	Change in employment	Percentage of total	Total employment at beginning of period	Total employment at end of period	Total change in employment
Administrative office workers	0	0	0	0	0	0	0	0	0
Other occupations	0	0	0	0	0	0	0	0	0
Professionals and managers	2	100	4	100	2	50	2	4	2
Social, natural, technical and medical sciences & support	0	0	0	0	0	0	0	0	0
TOTAL	**2**	**100**	**4**	**100**	**2**	**50**	**2**	**4**	**2**

TABLE 8.1 - Sick leave for January 2009 to December 2009

Salary band	Total days	Percentage days with medical certificate	Number of employees using sick leave	Percentage of total employees using sick leave	Average days per employee	Estimated cost (R000s)	Total number of employees using sick leave	Total number of days with medical certificate
Lower skilled (levels 1-2)	0	0	0	0	0	0	0	0
Skilled (levels 3-5)	89	86.9	17	0.3	5	30,451	17	73
Highly skilled production (levels 6-8)	28,755	84.12	3,988	71.28	7	16,302	3,988	24,763
Highly skilled supervision (levels 9-12)	7,454	83.53	1,053	18.82	7	10,096	1,053	6,226
Senior management (levels 13-16)	3,427	83.48	536	9.58	6	8,797	536	2,861
Contract (levels 1-2)	0	0	0	0	0	0	0	0
Contract (levels 3-5)	0	0	0	0	0	0	0	0
Contract (levels 6-8)	2	0	1	0.02	2	1.1	1	0
Contract (levels 9-12)	0	0	0	0	0	0	0	0
Contract (levels 13-16)	0	0	0	0	0	0	0	0
TOTAL	**39,727**	**85.39**	**5,595**	**79.6**	**7**	**65,647**	**5,595**	**33,923**

TABLE 8.2 - Disability leave (temporary and permanent) for January 2009 to December 2009

Salary band	Total days	Percentage days with medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated cost (R000s)	Total number of days with medical certificate	Total number of employees using disability leave
Skilled (levels 3-5)	381	100	27	42.86	14	120	381	27
Highly skilled production (levels 6-8)	487	100	29	46.03	17	167	487	29
Highly skilled supervision (levels 9-12)	77	100	6	9.52	13	32	77	6
Senior management (levels 13-16)	4	100	1	1.59	4	1	4	1
TOTAL	**949**	**100**	**63**	**100**	**15**	**320**	**949**	**63**

TABLE 8.3 - Annual leave for January 2009 to December 2009

Salary band	Total days taken	Average days per employee	Number of employees who took leave
Lower skilled (levels 1-2)	672	22	30
Skilled (levels 3-5)	108,825	21	5,129
Highly skilled production (levels 6-8)	15,084	23	666
Highly skilled supervision (levels 9-12)	30,738	23	1,357
Senior management (levels 13-16)	1,210	23	53
Contract (levels 1-2)	0	0	0
Contract (levels 3-5)	0	0	0
Contract (levels 6-8)	764	13	57
Contract (levels 9-12)	236	16	15
Contract (levels 13-16)	55	11	5
TOTAL	**157,584**	**22**	**7,312**

TABLE 9.1 - Details of health promotion and HIV/AIDS programmes [tick Yes/No and provide required information]

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Ms Lebuwe Motaung - Senior Manager: Employee Wellness Unit
2. Does the department have a dedicated unit or have you designated specific staff members to promote health and wellbeing of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		There is a dedicated unit, consisting of six staff members at head office and nine coordinators at regional level. The annual budget for the programme is R2 million.
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	X		The following services are rendered through the Employee Wellness Programme (EWP): 24-hour telephone counselling, face-to-face counselling, aftercare, managerial consultancy and training, psychological support, HIV and AIDS management, life management services, employee education and awareness, first aid training and management and critical incident management

Question	Yes	No	Details, if yes
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		EWP advisory committee members: Peter Mohlala, Rajen Venkiah, Shaun Kraut, Clint Titus, Carin Koster, Lebuwe Motaung, Lynn Swanepoel, Nkosie Shongwe, Ndivhuho Ndou, Sakhile Gabuza, Nomphelo Cata, Justice Skei, Randall Snyders, Lindo Makhonza, Rose Lephondo, Ntombikayise Kobeli, Thami Modisane, Mmamolato Kganyago and Sthemba Moatshe.
5. Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.		X	
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		HIV/AIDS workplace policy, education for managers/supervisors on HIV/AIDS management in the workplace, provision of reasonable accommodation and disclosure management. Programmes to promote openness, acceptance and non-discrimination. Access to counselling services, home-based care information, family assistance programmes, support on developing positive lifestyle, prevention programmes, information sharing through wellness champions.

Question	Yes	No	Details, if yes
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		Individual consultations on positive living (how to live long & healthy with HIV/AIDS). Sessions empowering employees to care for the infected. Sessions for managers on managing HIV/AIDS disclosure were conducted.
8. Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.	X		Monitoring of the programmes takes place on a quarterly basis. EWP advisory committee is also responsible for monitoring the implementation of the programme. Indicators and measures used to monitor the programme include: Number of condoms distributed; number of awareness campaigns conducted; number of disclosures and referrals made to Employee Wellness or community-based services; and annual evaluation on staff turn-over analysis.

TABLE 10.1 - Misconduct and disciplinary hearings finalised

Outcomes of disciplinary hearings	Number	Percentage of total	Total
Case dismissed by chairperson / withdrawn	17	8.9	17
Counselling	17	8.9	17
Verbal warnings	46	24	46
Written warnings	56	29.3	56
Final written warnings	27	14.1	27
Suspensions without pay	12	6.2	12
Resignation	3	1.5	3
Dismissals	13	6.8	13
TOTAL	**191**	**100**	**191**

TABLE 10.2 - Types of misconduct addressed and disciplinary hearings

Type of misconduct	Number	Percentage of total	Total
Negligence (driving state vehicle / processing grants)	13	6.80	13
Receiving grants unlawfully	2	1.00	2
Unlawful industrial action	7	3.70	7
Non-compliance and policies / procedures	5	2.60	5
Absenteeism	23	12.00	23
Misuse of state vehicle	21	11.00	21
Tardiness / leaving early	17	8.90	17
Substance abuse	4	2.10	4
Bringing the Agency into disrepute	3	1.60	3
Assault / attempted assault	7	3.70	7
Nepotism / favouritism	1	0.50	1
Fruitless and wasteful expenditure	2	1.00	2
Bribery / corruption	1	0.50	1
Fraud: social grants	14	7.60	14
Loss of state property	2	1.00	2
Unauthorised possession of state property	2	1.00	2
Misrepresentation	3	1.60	3
Misappropriation of state funds	1	0.50	1
Falsification of records	2	1.00	2
Sexual harassment	1	0.50	1
Theft	2	1.00	2
Insubordination	42	22.00	42
Dereliction of duty	3	1.60	3
Unbecoming conduct	5	2.60	5
Abscondment	4	2.10	4
Dishonesty	4	2.10	4
TOTAL	**191**	**100.00**	**191**

TABLE 10.3 - Grievances lodged

Number of grievances addressed	Number	Percentage of total	Total
TOTAL	**99**	**100**	**99**

TABLE 10.4 - Disputes lodged

Number of disputes addressed	Number	% of total
Upheld	0	0
Dismissed	12	100
Total	**12**	**100**

TABLE 10.5 - Strike actions

Strike actions	_
Total number of person working days lost	0
Total cost (R000s) of working days lost	0
Amount (R000s) recovered as a result of no-work-no-pay	0

TABLE 10.6 - Precautionary suspensions

Precautionary suspensions	_
Number of people suspended	22
Number of people whose suspension exceeded 30 days	10
Average number of days suspended	98
Cost (R000s) of suspensions	2,218,590.47

TABLE 11.1 - Training needs identified

Occupational categories	Gender	Employment	Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	1,006	0	269	0	269
	Male	1,133	0	432	0	432
Professionals	Female	126	0	43	0	43
	Male	116	0	50	0	50
Technicians and associate professionals	Female	105	0	57	0	57
	Male	115	0	33	0	33
Clerks	Female	572	0	1,044	0	1,044
	Male	310	0	701	0	701
Service and sales workers	Female	2,518	0	0	0	0
	Male	1,492	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	1	0	0	0	0
Elementary occupations	Female	9	0	0	0	0
	Male	7	0	0	0	0
Gender subtotals	Female	4,336	0	1,413	0	1,413
	Male	3,174	0	1,216	0	1,216
Total		**7,510**	**0**	**2,629**	**0**	**2,629**

TABLE 11.2 - Training provided

Occupational categories	Gender	Employment	Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	1,006	0	182	0	182
	Male	1,133	0	271	0	271
Professionals	Female	126	0	116	0	116
	Male	116	0	135	0	135
Technicians and associate professionals	Female	105	0	37	0	37
	Male	115	0	42	0	42
Clerks	Female	572	0	1,240	0	1,240
	Male	310	0	1,101	0	1,101
Service and sales workers	Female	2,518	0	0	0	0
	Male	1,492	0	2	0	2
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	1	0	0	0	0
Elementary occupations	Female	9	0	71	0	71
	Male	7	0	82	0	82
Gender subtotals	Female	4,336	0	1,646	0	1,646
	Male	3,174	0	1,633	0	1,633
Total		**7,510**	**0**	**3,279**	**0**	**3,279**

TABLE 12.1 - Injuries on duty

Nature of injury on duty	Number	% of total
Required basic medical attention only	14	100
Temporary total disablement	0	0
Permanent disablement	0	0
Fatal	0	0
Total	**14**	**100**

Notes

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