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SOUTH AFRICAN SOCIAL SECURITY AGENCY



Annual Report 2018 - 2019

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SOUTH AFRICAN SOCIAL SECURITY AGENCY

2018/2019

Annual Performance Report



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Part A

General Information

1. Sassa's General Information

The South African Social Security Agency (SASSA)

Physical Address of Head Office

SASSA House
501 Prodinsa Building
Corner Steve Biko and Pretorius Streets
Pretoria

Postal Address of Head Office

Private Bag X55662
Arcadia
Pretoria
0083

Contact Telephone Numbers

Switchboard: 012 400 2000
Toll free: 0800 60 10 11
Email address: GrantEnquiries@sassa.gov.za
Website address: www.sassa.gov.za

External Auditors: Auditor-General South Africa (AGSA)

Bankers' Information and Addresses

Bank	Physical Address	Postal Address
South African Reserve Bank (SARB)	370 Helen Joseph Street Pretoria 0002	PO Box 427 Pretoria 0001
First National Bank (FNB)	4 First Place 6th Floor Bankcity Johannesburg 2001	Commercial Account Services Customers P O Box 1153 Johannesburg 2000



2. List of Abbreviations/Acronyms

AGSA	Auditor-General South Africa
APP	Annual Performance Plan
BAC	Bid Adjudication Committee
BI	Business Intelligence
CDG	Care Dependency Grant
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Information Officer
CPS	Cash Paymaster Services
DG	Disability Grant
DSD	Department of Social Development
EE	Employment Equity
EM	Executive Manager
ENE	Estimates of National Expenditure
EPWP	Expanded Public Works Programme
EXCO	Executive Committee
FCG	Foster Child Grant
FMB	Financial Misconduct Board
GHS	General Households Survey
GIA	Grant-in-Aid
HCM	Human Capital Management
HR	Human Resource
IAM	Identity Access Management

ICROP	Integrated Community Registration Outreach Programme
ICT	Information and Communication Technology
MSA	Master Service Agreement
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NPS	National Payment System
NSFAS	National Student Financial Aid Scheme
OAG	Old Age Grant
PFMA	Public Finance Management Act
REM	Regional Executive Manager
RFP	Request for Proposal
RMC	Risk Management Committee
SAPO	South African Post Office
SARS	South African Revenue Services
SASSA	South African Social Security Agency
SIU	Special Investigating Unit
SCM	Supply Chain Management
SLA	Service Level Agreement
SOCPEN	Social Pensions System
SRD	Social Relief of Distress
SSA	State Security Agency
StatsSA	Statistics South Africa
WVG	War Veteran Grant

3. Foreword by the Minister



The 2018/19 financial year represents the last year of the fifth (5th) government administration since the dawn of democracy in 1994, and also marks the 25th year of democracy. This annual report showcases the performance of SASSA, an agency of the Department of Social Development, over the past year. It also allows us to reflect on the gains and challenges experienced over the 25 years.

The country's 25 year review demonstrates that the social assistance programme has been the most important driver towards poverty alleviation. Over the years the number of social grants paid by government increased from approximately 2 million in 1994 to more than 17.8 million at the end of March 2019. These grants benefit about 31 percent of the country's population. The majority of these grants, approximately 13 million are for children grants, followed by the old age grants just above 3.5 million and the disability grants amounting to just over a million. For the 2018/19 financial year, the South African Government spent R163 billion on the social assistance programme, representing about 3 percent of the country's GDP.

In 1994, we inherited a fragmented and discriminatory social security system that catered for the few along racial lines. While black people were receiving their Old Age Grant pay out every second month, their white counterparts were receiving it monthly. Twenty five years down the line, we have not only eliminated the barriers that excluded the majority of our people, but we have also extended coverage to the most vulnerable in our society. Among key improvements implemented within the social assistance programme is the extension of the child support grant to 18 years and the age equalisation on the older persons' grant that had different eligibility criterion for men (65) and women (60) through legislative and policy reforms led by the Department of Social Development. Similarly, SASSA has enormously improved the turnaround time for processing grant applications, back in 2006, the turnaround time for processing social grants took up to 90 days and even more. Today, majority of these applications are processed within one day, with the exception of the Disability Grant which requires appointments with health practitioners.

I am encouraged to report that the 2018/19 financial year, marked the end of an era where social grants were distributed by a private service provider through a contract that was declared invalid by the Constitutional Court, although its invalidity was suspended. These development ushered a new era where social grant payments are now done by SASSA through SAPO and the banks.

Beneficiaries' continue to receive their social grants through multiple access channels such as SAPO outlets, cash pay points, retail stores and automated teller machines (ATMs). The SASSA and SAPO collaboration was concluded within the parameters of the Inter-Governmental Relations Act and it includes the distribution of the cash payments. We have noted some of the service delivery challenges, SASSA and SAPO are working closely to strengthen internal controls and improve customer service.

We acknowledge that the provision of social grants alone, is not sufficient to lift beneficiaries out of poverty on a sustained basis. One of the realities we need to face as a country is the increasing number of young women of working age who are recipients of the Child Support grant. Our goal is to ensure that the majority of the citizens (especially our young people) are self-sufficient; and that in years to come, the children of the current generation of social grants beneficiaries embark on different pathway to realise their full potential.

As we move into the sixth (6th) administration, we will complement the social assistance programme with comprehensive social protection programmes that aimed at empowering communities toward sustainable livelihoods. To achieve that, the national Department of Social Development, together with SASSA and

the NDA adopted a portfolio approach that are aimed at enhancing our delivery model that will result in greater impact on the communities we serve. This approach will empower our communities to become active citizens. Critical to this intervention will be the partnership with other government departments and state entities to design and implementation of developmental interventions that impact and empower young women to escape poverty. Part of this will be to use government's procurement and investment in the social assistance programme to stimulate local economic development initiatives. Last year alone, over 1 000 cooperatives were linked to economic opportunities to the value of over R110 million through SASSA's SRD programme.

Finally, I take this opportunity to recognize the sterling work of SASSA Management led by Mr. Abraham Mahlangu who accepted the acting role of the CEO during the challenging time of the social assistance payment transition which was successfully completed at the end of September 2018. Similarly, the entire SASSA staff is commended for the commitment provided during this transition. I therefore, welcome, Ms. Totsie Busisiwe Memela, SASSA CEO who joined the Agency in May 2019 and wish her success in her endeavour to move SASSA forward.



Ms Lindiwe Zulu, MP

**Minister of Social
Development**

30 August 2019

4. Chief Executive Officer's Overview



In the financial year, 2018/19, the South African Social Security Agency continued to deliver on its mandate of ensuring an efficient and effective management, administration and payment of social assistance. The social assistance programme makes provision for income support for the older persons, people with disabilities and children. It also provides social relief of distress (SRD) to individuals and households who experienced sudden destitution.

The cumulative high unemployment rate experienced in South Africa which reached 27.6% in the first quarter of 2019 puts a strain in the social assistance programme. This is seen in the number of new applications processed by SASSA year on year. SASSA processed more than 2.1 million in 2017/18 and more than 1.6 million in 2018/19 social grant applications with an additional 443 687 SRD awarded to individuals and households who suffered disastrous situations at a cost of R486 million. By the end of March 2019, the number of social grants in payment increased from 17 509 995 in 2017/18 to 17 811 745 at the end of March 2019. This represents an overall 1.7% growth.

When the 2018/19 financial year commenced, SASSA had an obligation to comply with the Constitutional Court judgement of 23 March 2018 that further suspended the declaration of invalidity of the contract between SASSA and Cash Paymaster Services for a period of six months commencing 01 April – 30 September 2018. The extension was granted on the same terms and conditions as in the original contract between the two parties in relation to payment of the number of social grants beneficiaries who were paid in cash. I am encouraged to report that by 30 September 2018, all the cash beneficiaries were migrated to electronic channels, namely, the South African Post Office (SAPO) and the banks. The Cash Paymaster Services contract was duly terminated on 30 September 2018 as per the Constitutional Court judgement.

In line with the SAPO agreement, SASSA, took a decision not to continue with the procurement of a cash payment contractor but requested SAPO to include cash payments. A progressive approach was implemented for SAPO services at cash pay points and a rigorous card swap project that resulted in more than 7 million SASSA/SAPO cards distributed to existing beneficiaries by end of December 2018. During the period under review, SASSA and SAPO signed a



Master Service and a Service Level Agreements. These agreements outline the services to be rendered and delineate responsibilities accordingly.

Following a detailed analysis of the pay-points which revealed that there were more pay-points within the 5 kilometre radius of the National Payment System (NPS) infrastructure, SASSA took a decision to reduce pay-points that were not optimally utilised due to the availability of alternative payment infrastructure throughout the country. An initial target of 20% was set; however, the achievement of the target had to be accelerated to accommodate such pay points. By the end of March 2019, more than 70% of the pay points were closed or re-aligned. The closure or re-alignment was undertaken in consultation with stakeholders in the spirit of improved service delivery and transparency.

It is worth mentioning that the transition from the outsourced payment of social grants by CPS to the South African Post Office was extremely complex and the time allocated to comply with the Constitutional Court Order. However, it is commendable that SASSA managed to achieve this historic transition within the timelines. This government to government collaborative work has led to a savings of approximately R1 billion to the Fiscus during the period under review. Despite experienced teething challenges the collaborative efforts yielded positive outcomes coupled with this noble achievement is the record of 74% organisational performance score during the same period while confidence by the public in SASSA has recently been rated extremely high as recorded by independent surveys.

For the financial year under review, 2018/19, SASSA received an unqualified audit opinion for both the Annual Financial Statements and the Performance Information. This is considered an improvement compared to the qualified opinion received in 2017/18 financial year.

SASSA's Financial Overview

Economic viability

SASSA's revenue comes mainly from the transfers by the Department of Social Development as appropriated from the National Revenue Fund through the Department's budget Vote. The past few years including the period under review has seen reductions to SASSA's budget to fund other Government priorities. Therefore, the Agency has not received any additional funds but rather had to operate within the available budget. However, the allocated budget has been apportioned in such a manner that SASSA is able to continue with its operations. The apportionment of the budget was underpinned by the following:


- Ensuring alignment of allocations to the Agency's service delivery plans, Annual Performance Plan (APP).
- Contractual obligations are the first charge to the budget as these had to be honoured.
- The allocation process sought to achieve allocative efficiency.
- Being mindful to value for money and economical use of resources
- Being alive to the reality of the "Economic Problem" (Scarce resources) and therefore striving for prioritisation and reprioritisation.

During the period under review SASSA was able to carry out its operations within the allocated budget.

Financial analysis for the year under review

Revenue

The bulk of SASSA's revenue comes mainly from the transfers from the Department of Social Development's Vote. Another portion of revenue,



although insignificant, comes from other sources such as the sale of waste paper, recovery of debts, skills development refund, interest and disposal of assets and parking rental income. Transfers received for the period under review amounted to R7,762,878,000.

Expenditure

SASSA's expenditure is mainly in line with its constitutional mandate of the administration and payment of social grants. The budget was structured to meet SASSA's operational requirements. In this regard spending on compensation of employees accounted for 48% of the total spending while 19% was spent on the cash handling fees paid for the disbursement of social grant benefits. Other operational requirements e.g. office accommodation, security services, cleaning services, etc. accounted for 33% of the spending. During the period under review 84% of the allocated budget was spent. The allocation for compensation of employees recorded an underspending due to funded vacant posts that were not filled. Among these unfilled posts were top management positions such as the post of Chief Executive Officer, Executive Manager: Corporate services, Chief Operations Officer, Regional Executive Managers for Limpopo, Mpumalanga, Northern Cape, Free State, KwaZulu-Natal and Western Cape regions.

The goods and services also recorded under spending owing to a significant reduction of the budget for cash handling fees in respect of the disbursement of social grant benefits. The number of beneficiaries paid through the pay points decreased during the payment transition phase when SASSA contracted the SAPO for the disbursement of grant benefits. This in turn saw an increase in the payment towards bank charges which is a significantly lower charge compared to the cost for payment of beneficiaries at cash pay points.

Thus, during the period under review SASSA boasts significant savings as a result of the collaboration agreement between SASSA and SAPO. To this

end, more beneficiaries chose to access their benefits through the National Payment System (NPS) infrastructure. Furthermore, the beneficiaries that used SASSA/SAPO payment cards attracted R13 transaction fee as opposed to the R16.58 payable to the previous payment contractor. Fewer beneficiaries used over the counter services at SAPO infrastructures and traditional cash pay points which resulted in more savings on handling fees.

Programme Expenditure

SASSA's budget is split between two programmes; namely, Administration and Benefits Administration. The Benefits Administration accounts for 56% of the expenditure. This branch represents the core business of the Agency. The cash spending under this programme includes the cash handling fees which goes towards the disbursement of grant monies to beneficiaries. The Administration programme's spending accounts for 44% of the spending. The programme incorporates all the support functions.

Irregular, Fruitless and Wasteful Expenditure

Irregular Expenditure

SASSA has recorded R67,139,473 irregular expenditure incurred during 2018/19 financial year and further identified R5,430,420 irregular expenditure relating to prior year error and R75,614,609 reversal of irregular expenditure that was condoned but found to have been condoned by inappropriate relevant authority during 2017/18. The reversal was informed by the clarity that was received from National Treasury in September 2018 that stated that SASSA had no authority to condone irregular expenditure incurred as a result of contravention of Supply Chain Management (SCM) legislation and prescripts. Therefore the closing balance of Irregular Expenditure for the year 2018/19 amounted to R1,837,333,927.

Included in the closing balance are the following irregular expenditure material amounts:

- R316, 447,361 was paid to CPS for the bulk enrolment (re-registration) of additional social assistance grants beneficiaries (children and procurators) and extension of re-registration period. This amount was confirmed by National Treasury to be irregular expenditure as was initially disclosed in the 2015/16 Annual Financial Statements as possible irregular expenditure. This transaction is subject to court proceedings between CPS and Corruption Watch, as Corruption Watch contends that SASSA should not have paid CPS this money. The Gauteng High Court in March 2018 ruled that CPS should repay this money to SASSA however, CPS lodged an appeal which was also dismissed by the court. On the 24th of May 2018, CPS petitioned the Supreme Court of Appeal for leave to appeal the previous ruling. As at the end of the financial year 2018/19, the Supreme Court outcome was still pending. The matter will be finalised once the Supreme Court ruling is made.
- R419,611,117 relate to expenditure incurred in respect of physical security for SASSA Head Office and nine regions. The National Treasury reviewed the incurred expenditure since 2012 and confirmed that the subsequent extensions of the physical security contracts entered by SASSA constituted irregular expenditure and was first disclosed in the 2015/16 Annual Financial Statements. SASSA submitted a request for condonation to National Treasury for consideration including additional information that was requested. In August 2018 National Treasury's feedback was that it will consider the request for condonation should SASSA provide information that the irregular expenditure did not involve corrupt practices and fraudulent activities, SASSA to include corrective measures taken against affected officials. SASSA Fraud and Compliance has concluded investigation in December 2018 and reported that there were no fraud elements identified however, labour relation processes are yet to be concluded.
- R358,973,557 relates to five office accommodation leases for SASSA Northern Cape Regional Office and District Offices entered into with Trifecta Trading 434 (Pty) Ltd which were ceded to SASSA by the Northern Cape Provincial Department of Social Development when SASSA was established during 2006/07. It was then found that the procurement of these leases did not comply with Supply Chain Management prescripts. The fifth lease agreement was for SASSA North West Regional Office entered into with Trifecta Trading 434 (Pty) Ltd. This irregular expenditure included the irregular expenditure balance since 2015/16 Annual Financial Statements. Subsequent to the financial year-end, National Treasury has condoned this expenditure on 31 May 2019.
- R75,969,680 relates to forensic investigation services contract where SASSA appointed the service provider which was not the highest scoring bidder in contravention with SCM prescripts. This irregular expenditure was first disclosed in the Annual Financial Statement in the year 2015/16. The highest scoring bidder was aggrieved and challenged this decision in Court. The Court ruled that the contract was invalid but was not set aside. The National Treasury also conducted an investigation on procurement processes SASSA undertook to conclude the award. The investigation report was only made available to SASSA on 08 February 2019. The Labour Relations is considering disciplinary action against affected officials while Legal Services is considering legal processes to be taken in relation to fruitless and wasteful expenditure of R4,093,585.87 (the difference between R75 million contract amount awarded to the second highest scoring bidder and R71 million offered by the highest scoring bidder overlooked) incurred. Once the Labour Relations and Legal Services outcomes are available the matter will be finalised in line with the New Irregular Expenditure Framework issued by Treasury effective from 1 December 2018.

- R43,242,143 was spent by SASSA in respect of services rendered by work stream teams appointed to assist SASSA to implement the Ministerial Advisory Committee report on Future Payment System of Social Grants. This was to ensure that SASSA insource grants payment services accordingly. The irregular expenditure was first disclosed in the 2016/17 Annual Financial Statements. SASSA submitted request for condonation to National Treasury and the response from National Treasury was that SASSA should submit the report on corrective measures taken against the affected officials before the request can be finalised. The Labour Relations is still conducting an investigation; the outcome and corrective measures taken will be submitted to the National Treasury accordingly.
- R16,815,110 relates to the contract for Diagnostic Risk Assessment Heat Maps and was reported in financial year 2015/16. The National Treasury conducted investigation into this irregularity and it has not yet released its investigation report to SASSA. Subsequent to the follow ups with the National Treasury, the latest being 18 January 2019, it emerged that the investigation report has not been concluded. Once the report is made available, the matter will be finalised in line with the National Treasury Irregular Expenditure Framework that took effect on 1 December 2018.
- R18,891,376 relates to extension of the Information and Communication Technology (ICT) contract for support and maintenance of ICT infrastructure. The expenditure was initially disclosed as possible irregular expenditure in the year 2016/17 then confirmed and disclosed as irregular expenditure in 2017/18. SASSA Financial Misconduct Board considered the investigation report conducted by Internal Control and referred the matter for further investigation by Fraud and Compliance

aimed at investigating element of fraud and corruption in the contract. The Fraud and Compliance's assessment did not find any fraudulent activities and the matter was handed over to Labour Relations for the institution of disciplinary process against the affected officials. The matter will be finalised once the disciplinary process is concluded.

- R279,142,812 relates to the Integrated Community Outreach Programme (ICROP) contract. The expenditure was initially disclosed as possible irregular expenditure in the year 2016/17. It was subsequently confirmed and disclosed as irregular expenditure in 2017/18 Annual Financial Statements. The irregularities were confirmed through the audit by Internal Audit and Supply Chain Management review process whose reports are currently under consideration. This contract has been suspended, however, the service provider is litigating against SASSA. The matter will be finalised in consideration once the outcome of litigation process is concluded.
- In September 2018, the National Treasury issued a New Irregular Expenditure Framework effective from 01 December 2018. The Framework requires that irregular expenditure emanating from contravention of SCM legislation and prescripts should be sent to National Treasury for condonation. In March 2019, SASSA submitted two requests for condonation of irregular expenditure amounting to R492,711,388 (i.e. R358,973,557 for lease payments made to Trifecta Trading 434 (Pty) Ltd for Northern Cape and North West offices and R133,737,831 for local content, CIDB and other irregularities). The National Treasury's response had not yet been received as at the end of the financial year under review.

Fruitless and Wasteful Expenditure

SASSA recorded a total amount of R77,776,321 for the year under review with a closing balance of R83,373,399.

The material amounts included in the closing balance comprise of the following:

- R74,786,892 relates to social assistance service fee. During the financial year ended 31 March 2018, CPS invoiced SASSA an amount of R74,786,891.64 for the total number of grants recipients who were directly paid by SASSA through Bankserv Africa. The transaction was recognized in the 2018 audited AFS as social assistance service fees and payable to CPS. In April 2018 SASSA paid CPS the whole amount mentioned above. The amount was paid with the understanding of honouring the grant payment contract SASSA had with CPS. Subsequently, SASSA came to a conclusion that as CPS did not render any service there was no contractual obligation to effect payment and therefore CPS was unjustifiably enriched. The amount is then disclosed as fruitless and wasteful expenditure. The letter of demand and the summons were issued against CPS however, CPS has communicated their intention to defend the matter through court process.
- R1,353,274 relates to cancellation of Mikondzo event that was scheduled to take place on 29 March 2016 in the Western Cape but cancelled on short notice due to the former Minister of Social Development's unforeseen programme change. This expenditure was first disclosed in the Annual Financial Statements in the year 2015/16. The case has been investigated and the preliminary investigation was issued

in 2018/19. The report could not be finalised without affording the two officials from the National Department of Social Development who are implicated. The letters were issued to the Department and the matter will be finalised during 2019/20 financial year.

- R3,499,606 relates to VIP protection services provided to the children of the former Minister of the Department of Social Development and the Chief Director for Communication in the Department of Social Development and her children. SASSA sourced and paid for this service when it should not have been its responsibility. The expenditure was first disclosed in the Annual Financial Statements in the year 2014/15. SASSA engaged in the recovery of this money from the former Minister of Social Development, former Chief Executive Officer of SASSA and Chief Director: Communication in the Department of Social Development. The summons was issued against the three. The former CEO of SASSA and the Chief Director for Communication have filed their plea to defend themselves thus the legal process is underway.
- R2,124,314 was recorded in 2018/19 and it relates to payments for office accommodation leases not occupied mainly for SASSA Free State Regional Office. The Free State Regional Office was to relocate to a new leased building and could not move in due to delays in finalisation of tenant installations. Thus the rental payment had to be made for both the old and new offices due to contractual obligations as the officials could not be relocated to the new office building thus reverted to old building. The matter is still under investigation.



Consequence Management

The Agency takes the issue of non-compliance to SCM legislation, prescripts and policy with the seriousness it requires. In the year under review the Acting Chief Executive Officer and Chief Financial Officer took upon themselves to engage all regional management and head office senior managers to emphasize a need to strengthen internal controls and consequence management to be implemented against any official who failed to prevent irregular, fruitless and wasteful expenditure and/or incur damages and losses. During the period under review there were a number of officials who were taken through disciplinary process as a result of financial misconduct committed.

During 2018/19 financial year, SASSA investigated and finalised 283 cases of financial misconduct. Out of the 283 financial misconduct cases that were finalised, 21 were concluded through labour relations process. The labour relations outcomes were that 7 officials were given final written warning, 12 given written warning, 1 official found not guilty and 1 case was withdrawn. As at 31 March 2019, there were still a number of cases being investigated through Labour Relations unit where some officials are still going through disciplinary hearings.

The financial misconduct policy is currently under review in line with the New National Treasury Irregular Expenditure Framework to strengthen consequence management measures, this policy will be finalised and implemented during the first quarter of 2019/20.

Supply Chain Management

Although the Agency still experienced elements of non-compliance with supply chain management prescripts; improvement from the previous year's irregular expenditure incurred as a result thereof is registered in the reporting

year. Management of already identified and disclosed irregular expenditure was improved by refining business processes and aligning such with the new Irregular Expenditure Framework as issued by the National Treasury. This has improved the turnaround time for the conclusion of financial misconduct cases as the role of line management and Labour Relations unit was strengthened accordingly in finalising existing cases. The intensification of the application of consequence management enforced compliance and also served as a deterrent. The Agency implemented a project to review the existing contracts and ensured that new contracts were reviewed for SCM compliance before they are finalised.

Inventories

The closing balance for the year under review is R14,965,685 compared to R16,539,280 recorded in the previous year. This resulted in a decrease of 9.5%. The Agency continued to apply the First In-First-Out (FIFO) method when valuing inventory, in line with SASSA Accounting Policy.

Discontinued activities or activities to be discontinued

No significant portion of the SASSA's operations was discontinued during the year under review.

Asset Management

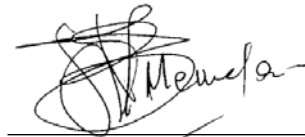
Newly acquired assets (Additions and transfer in) to the value of R54,931,460 of property, plant & equipment were recorded in the fixed asset register. SASSA has implemented the Generally Recognised Accounting Practice (GRAP) standards relevant to the management and accounting of assets to ensure that assets are maintained to a desired level of service which provides value at the lowest cost. Lost and stolen assets were retired from the fixed assets register in the period in which the loss occurred and accounted for in the correct accounting period.

The SASSA's assets as per the General Ledger and the Fixed Asset Register at carrying value inclusive of intangible assets are indicated below:

Opening Balances at carrying value	Additions and transfer in	Disposals	Depreciation and Amortisation	Total Value
R821,795,721	R54,931,460	(R8,800,089)	(R118,227,896)	R749,699,196

I would like to thank all the SASSA staff for their hard work in the fight against poverty, and finally acknowledge the leadership role provided by the Minister

and Deputy Minister of Social Development in ensuring that the poor citizens and those that experienced disastrous situations were supported during such hardships.



Ms. T. B. J. Memela.
Chief Executive Officer
23 August 2019

5. Statement of Responsibility and Confirmation of Accuracy for the Annual Report

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the Annual Report is consistent with the Annual Financial Statements audited by the Auditor-General.

The Annual Report is complete, accurate and is free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on the annual report as issued by the National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the GRAP including any interpretations, guidelines and directives issued by the Accounting Standards Board applicable to the public entity.

The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2019.

Yours faithfully



Ms. T. B. J. Memela.
Chief Executive Officer
23 August 2019

6. Strategic Overview

6.1 Vision

A leader in the delivery of social security services.

6.2 Mission

To administer social security services to eligible children, older persons and people with disabilities.

6.3 Values

SASSA, as a Section 3A Public Entity, subscribes to those values that promote democracy, redress, social cohesion and a culture of respect for human rights underpinned by the following values:

Transparency	SASSA will share information about how it conducts its business with stakeholders.
Equity	SASSA is committed to the fair and impartial treatment of all its stakeholders including the customer.
Integrity	SASSA is committed to being honest, fair and accountable in dealing with its operations, finances and other businesses.
Confidentiality	SASSA will ensure that all stakeholder information will be protected and be made accessible only to those authorised to access it.
Customer Centric	SASSA will take the needs of its customers into consideration by developing user-friendly and quality products and services.

6.4 SASSA Priorities

SASSA's key priorities for the 2014 – 2019 Medium-Term Strategic Framework (MTSF) period are:

Reducing income poverty by providing social assistance to eligible individuals.

- Improving service delivery.
- Improving internal efficiency.
- Institutionalising social grants payment system within SASSA.

6.5 Legislative and other Mandates

Constitutional Mandate

SASSA is a Schedule 3A Public Entity that was established in terms of the South African Social Security Agency Act (SASSA Act, Act 9 of 2004).

SASSA derives its mandate from the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). Section 27(1) (c) of the Constitution states that *“everyone has the right to social security, including if they are unable to support themselves and their dependents, appropriate social assistance.”*

Legislative Mandates

The following laws constitute the legal framework for the operations of SASSA;

South African Social Security Agency Act, (SASSA Act 9 of 2004)

The SASSA Act (2004) provides for the establishment of the SASSA with the objective of ensuring effective and efficient administration, management and payment of social assistance, to provide for the prospective administration and payment of social security including the provision of services related thereto, and to provide for matters connected therewith.

Social Assistance Act (Act 13 of 2004, as amended)

The Social Assistance Act (2004) as amended, provides for the rendering of social assistance to eligible persons; for mechanisms for the rendering of such assistance; and to provide for matters connected therewith.



Policy Mandates

White Paper on Social Development (1998)

The objectives for social security in South Africa are reflected in the Government's 1997 White Paper on Social Development, which states that, *“a social security system is essential for healthy economic development, particularly in a rapidly changing economy, and will contribute actively to the development process. It is important for immediate alleviation of poverty and is a mechanism for active redistribution.”*

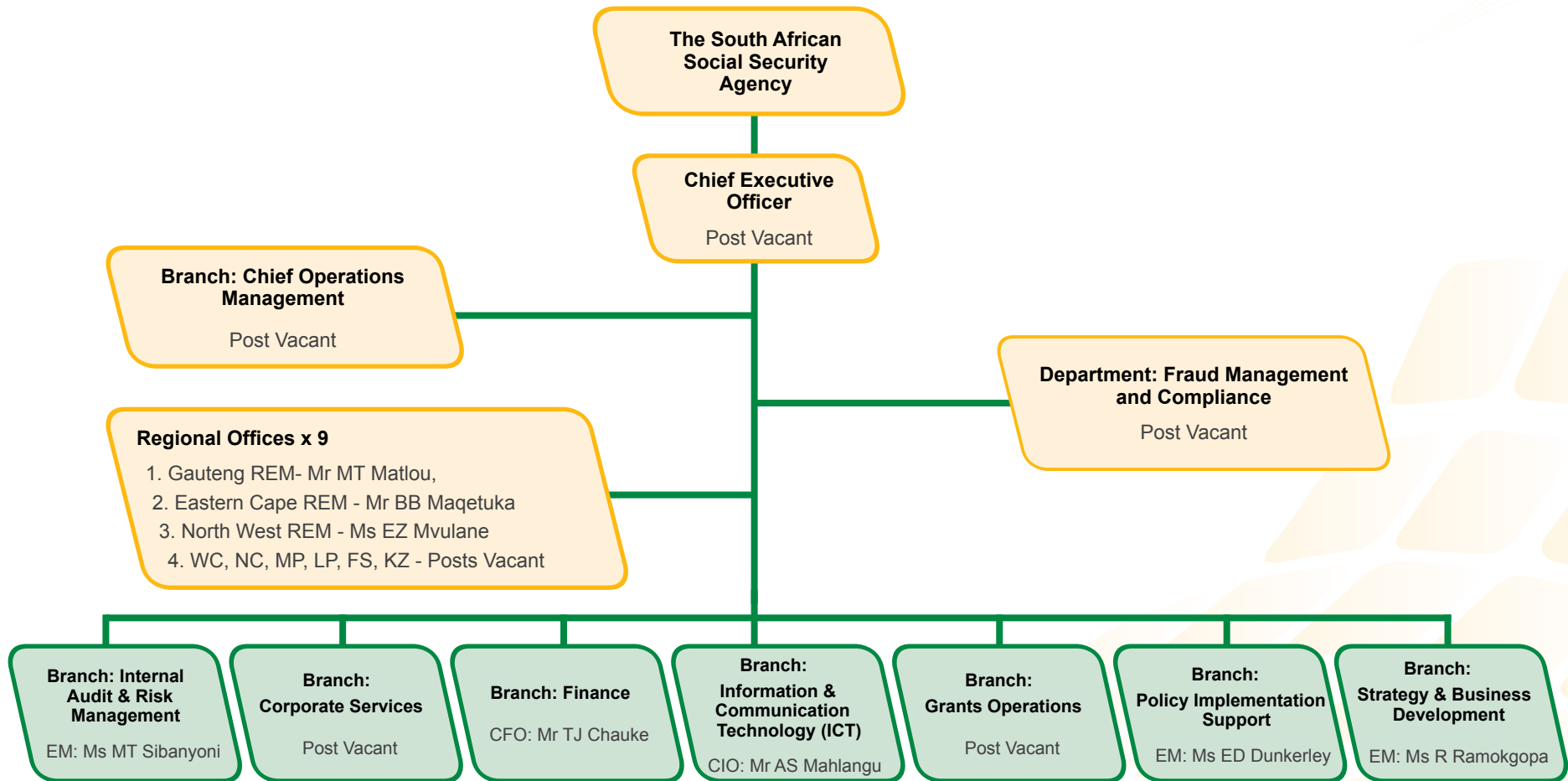
National Development Plan 2030

According to the National Development Plan 2030, South Africa needs to pay careful attention to the design of policies between now and 2030 to ensure that vulnerable groups and citizens are protected from the worst effects of poverty. The proposed social protection measures seek to support those most in need, including children, people with disabilities and the elderly. In addition,

to promote active participation in the economy and society for those who are unemployed and under-employed through labour market activation measures, employment services, income support programmes and other services to sustain and improve quality of life.

The plan acknowledges that the country has built an advanced and comprehensive social protection system with wide reach and coverage, but the system is still fragmented, plagued by administrative bottlenecks and implementation inefficiencies. As a result, the various elements of the social protection system are not operating seamlessly. The priority should be improving efficiency in the delivery of services, addressing exclusions by identifying and reaching those who are entitled to the existing benefits of social protection, reducing the administrative bottlenecks that prevent people accessing benefits.

7. Organisational Structure



NOTES: For the 2018/19 financial year, the following acting arrangements were made:

- Mr AS Mahlangu was appointed Acting CEO.
- Ms MT Sibanyoni was appointed to oversee Branch: Corporate Services for the interim.
- Regional Executive Manager posts in 6 Regional Offices has incumbents acting in the positions.





Part B

Performance Information



1. Auditor's Report: Predetermined Objectives

The Auditor-General South Africa (AGSA) currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against Predetermined Objectives is included in the report to management, with material findings being reported under the *Predetermined*

Objectives heading in the *Report on other legal and regulatory requirements* section of the Auditor's Report.

Refer to page 94 of the Report of the Auditors Report, published as Part E: Financial Information.



2. Situational Analysis

2.1 Service Delivery Environment

The constitutional mandate of SASSA is to administer and pay social assistance to all eligible citizens in South Africa. The social assistance programme makes provision for income support for the older persons, people with disabilities, children and social relief of distress to individuals and households which experience sudden destitution. Social assistance is South Africa's largest safety net against destitution and poverty; and promotes social and financial inclusion.

During the period under review SASSA continued to implement its mandate of providing Social Assistance to the poor and most vulnerable people of South Africa. SASSA was able to increase the number of grants in payment including grants in aid from 17 509 995 at the end of March 2018 to 17 811 745 at the end of March 2019. This represents an overall growth of 1.7%. In addition 443 687 Social Relief of Distress applications were awarded to individuals and households who were affected by disastrous situations at a cost of R486 million. The SRD awards were extended to also cover projects such as the Zero Hunger campaign in response to malnutrition challenges. "*Hidden Hunger in South Africa, Oxfam*" (2014) reported that one in four people in South Africa suffers hunger on a regular basis, while more than half the population live under such precarious circumstances that they are at risk of going hungry.

Although household access to food has improved since 2002, it has remained static since 2011. The Household Food Insecurity Access Scale which is aimed at determining households' access to food showed that the percentage of South African households with inadequate or severely inadequate access to food decreased from 23.6% in 2010 to 21.3% in 2017. According to the report, the extent of food insecurity in South Africa has dire long term consequences for both health and productive capacity of its citizens. Groups who are

particularly vulnerable to food insecurity and hunger include the aged, people with disabilities, children, women, child or youth-headed households, farm workers, seasonal workers and the unemployed. These vulnerable groups become the Government's responsibility and as such they impact the social security net.

South Africa has been experiencing persistent high levels of unemployment for long periods, which in the fourth quarter of 2018 was reported to be 27,1% (Quarterly Labour Force Survey, 2019). The unemployment levels have a direct impact on the demand for social assistance particularly the Child Support Grant and SRD.

South Africa's population was estimated at 56.5 million in 2017 (GHS, 2017), of the total population 30.8% individuals were receiving social assistance in 2017, and the percentage of households receiving social grants increased to 43,8%.

Table 1 below depicts the uptake rates of different grant types in the last 13 years. Between April 2006 and March 2019, the total number of social grants increased from 12 015 059 to 17 811 745. The growth of social grants over this period amounted to 48%. This increase was mainly driven by the Child Support Grant, Old Age Grant and Grant-in-Aid which have shown significant upward trends over the years due to policy changes and improved outreach. The War Veterans Grant and Disability Grant decreased steadily.

Table 2 below depicts the social grants expenditure since 2006/07 financial year to 2018/19.

Table 3 below depicts the number of social grants by grant type and region as at 31 March 2019.

Table 1: Number of social grants per grant type

Grant type	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Old Age	2,195,018	2,229,550	2,390,543	2,546,657	2,678,554	2,750,857
War Veteran	2,340	1,924	1,500	1,216	958	753
Disability	1,422,808	1,408,456	1,286,883	1,264,477	1,200,898	1,198,131
Grant in Aid	31,918	37,343	46,069	53,237	58,413	66,493
Care Dependency	98,631	102,292	107,065	110,731	112,185	114,993
Foster Child	400,503	454,199	474,759	510,760	512,874	536,747
Child Support	7,863,841	8,189,975	8,765,354	9,570,287	10,371,950	10,927,731
Total	12,015,059	12,423,739	13,072,173	14,057,365	14,935,832	15,595,705
Annual Growth		3.40%	5.22%	7.54%	6.25%	4.42%

Grant type	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Old Age	2,873,197	2,969,933	3,086,851	3,194,087	3,302,202	3,423,337	3,553,317
War Veteran	587	429	326	245	176	134	92
Disability	1,164,192	1,120,419	1,112,663	1,085,541	1,067,176	1,061,866	1,048,255
Grant in Aid	73,719	83,059	113,087	137,806	164,349	192,091	221,989
Care Dependency	120,268	120,632	126,777	131,040	144,952	147,467	150,001
Foster Child	532,159	512,055	499,774	470,015	440,295	416,016	386,019
Child Support	11,341,988	11,125,946	11,703,165	11,972,900	12,081,375	12,269,084	12,452,072
Total	16,106,110	15,932,473	16,642,643	16,991,634	17,200,525	17,509,995	17,811,745
Annual Growth	3.27%	-1.08%	4.46%	2.10%	1.23%	1.80%	1.72%

Table 2: Social grant expenditure per grant type

Grant type	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
OAG	21,222,000,000	22,803,047,000	25,933,971,000	29,826,420,000	33,750,600,000	37,129,812,000
WVG	25,000,000	21,845,000	19,692,000	16,644,000	13,976,000	11,848,000
DG	14,261,000,000	15,281,403,000	16,473,425,000	16,566,681,000	16,840,182,000	17,375,021,000
FCG	2,851,000,000	3,414,315,000	3,934,756,000	4,434,346,000	4,616,442,000	5,010,915,000
CDG	1,006,000,000	1,132,102,000	1,292,470,000	1,434,143,000	1,586,452,000	1,736,431,000
CSG	17,559,000,000	19,625,983,000	22,348,556,000	26,669,761,000	30,341,465,000	34,319,636,000
GIA	67,000,000	87,000,000	90,000,000	146,295,000	170,052,000	204,026,000
SRD	41,000,000	106,244,000	623,012,000	165,458,000	173,737,000	185,298,000
Total	R57,032,000,000	R62,471,939,000	R70,715,885,000	R79,259,748,000	R87,492,906,000	R95,972,987,000

Grant type	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
OAG	40,475,021,000	44,064,239,000	49,039,940,000	53,132,206,342	58,320,616,899	64,225,847,005	70 635 272 033,96
WVG	9,543,000	7,657,000	6,157,000	4,843,209	3,849,009	3,032,780	2 391 420,70
DG	17,636,570,000	17,768,631,000	18,741,885,000	19,165,931,340	19,926,030,772	20,886,071,889	22 021 154 882,84
FCG	5,335,049,000	5,332,093,000	5,413,209,000	5,406,785,714	5,326,150,589	4,950,744,160	5 114 210 906,08
CDG	1,877,412,000	1,993,084,000	2,211,583,000	2,394,455,743	2,613,647,264	2,843,336,250	3 068 027 810,19
CSG	38,087,990,000	39,623,748,000	43,718,425,000	47,308,536,379	51,476,941,214	55,906,388,602	60 611 568 132,81
GIA	237,974,000	274,092,000	371,121,000	503,080,357	650,307,803	855,208,997	840 495 340,12
SRD	239,289,000	533,047,000	455,718,000	407,015,691	587,638,983	484,123,076	416 719 553,29
Total	103,898,845,000	R109,596,591,000	R119,958,041,000	128,322,854,776	138,905,182,534	150,154,752,759	162 709 840 079,99

Table 3: Number of social grants per grant type and Region as at 31 March 2019

Region	Care Dependency Grant	Child Support Grant	Disability Grant	Foster Care Grant	Grant-In-Aid	Old Age Grant	War Veteran's Grant	Grand Total
EC	22,783	1,908,650	182,393	90,704	25,214	581,489	14	2,811,247
FS	8,439	693,003	74,047	28,813	6,561	206,444	1	1,017,308
GP	19,834	1,867,017	116,710	45,848	7,286	620,417	33	2,677,145
KZN	39,715	2,838,909	228,743	75,177	65,674	705,290	9	3,953,517
LP	16,012	1,846,762	96,729	44,314	49,971	474,289	3	2,528,080
MP	11,580	1,105,791	78,308	27,768	20,010	257,160	1	1,500,618
NW	9,916	856,779	67,149	29,553	12,446	264,790		1,240,633
NC	5,959	314,069	48,572	11,970	13,006	89,126	3	482,705
WC	15,763	1,021,092	155,604	31,872	21,821	354,312	28	1,600,492
Total	150,001	12,452,072	1,048,255	386,019	221,989	3,553,317	92	17,811,745

2.2 Organisational environment

SASSA's objectives as published in the 2014/15 to 2018/19 Strategic Plan remain unchanged. In its quest to successfully execute its mandate, certain critical positions were filled through movement of the existing Senior Managers. During the period under review, the position of the CEO remained vacant due to the termination of the erstwhile CEO's tenure with SASSA in July 2017.

The Chief Information Officer (CIO) was, with effect from April 2018 appointed Acting CEO and his acting remained in force at the end of March 2019. The Regional Executive positions, for the KwaZulu-Natal and Western Cape regions, became vacant during the financial year. The Western Cape Regional Executive Manager was transferred to the vacant post in the Eastern Cape and the KwaZulu-Natal Regional Executive Manager resigned on 31 October

2018. By the end of March 2019, six of the nine Regional Executive positions were vacant (**see organisational structure on page 20**), however acting arrangements for these regions were put in place to ensure continued service delivery. It has been SASSA's endeavour to ensure that all key positions are filled even if it is by secondment and or acting appointments.

The staff members embarked on a strike action regarding salary negotiations in June/ July 2018, and the matter was finally heard by the Labour Court. Later in October 2018, more than 1 100 (**more than 20% of the front line staff**) embarked on a go-slow for a week and a full blown strike for an average of four working days, which significantly affected service delivery. This particular strike was related to the implementation of the biometric enrolment function by SASSA, a function that was previously performed by an external service provider. The Labour Unions considered biometric enrolment as an additional function to their members' job descriptions and demanded additional compensation. This led to the suspension of the Biometric enrolment function in October 2018 and the matter referred back for consultation. The consultation process resulted in an agreement to develop a project plan, which included the training of affected staff. The project plan will be implemented in phases, commencing with a pilot, during 2019/20 financial year.

During the period under review, a moratorium on the filling of posts was put in place for two main reasons, namely: to improve efficient utilisation of existing staff and to conduct an organisational review. The moratorium was partially lifted on 15 February 2019 to augment capacity in selected critical service delivery areas such as supply chain management and local office grants value chain posts.

SASSA's budget structure for the 2018/19 financial year comprised two programmes, namely:

Programme 1: Administration

The Administration programme provides leadership, as well as management and support services, which include the following sub-programmes: Executive Management; Internal Audit and Risk Management; Communications and Marketing, Corporate Services; Financial Management; Information and Communication Technology; and Strategy and Business Development.

Programme 2: Benefits Administration and Support

The Benefits Administration and Support programme provides a grant administration service and ensures that operations within SASSA are integrated. The programme manages the full function of grant administration from application to approval, as well as beneficiary maintenance.

2.3 Key policy developments and legislative changes

There were no major policy and legislative changes effected in the 2018/19 financial year.

2.4 Strategic Outcome Oriented Goal

Strategic Outcome Oriented Goal	Expand access to social assistance and creating a platform for future payment of social security benefits.
Goal Statement	To render social assistance to eligible beneficiaries.



3. Performance Information by Programme

3.1 Programme 1: Administration

3.1.1 Purpose

To provide leadership, management and support services to SASSA.

3.1.2 Description

This programme aims to ensure effective leadership and administrative support services within SASSA. The programme consists of the following sub-programmes:

- **Executive Management** - this sub-programme comprises the Office of the CEO and related support services including, Fraud and Compliance Management, Communication and Legal Services.
- **Internal Audit and Risk Management** - this sub-programme is responsible for the provision of internal audit assurance and risk management services.
- **Corporate Services** - is mainly responsible for the provision of corporate support services to the entire organisation. It comprises Human Capital Management, Facilities Management, Security Services, and Auxiliary Support Services. In addition, the sub-programme is responsible for office accommodation, which ensures the provision and maintenance of suitable office space, lease administration and cleaning services.
- **Financial Management** - the sub-programme prepares financial plans and monitors national and regional budgets and expenditure. It is also responsible for the management of the Agency's accounting and procurement system.

- **Information and Communication Technology (ICT)** - this sub-programme ensures the development of ICT systems to support key business processes and effective utilisation of related solutions.
- **Strategy and Business Development** - is responsible for effective planning, improves operational efficiency, and oversees the implementation of policies through monitoring and evaluation as well as the development of new products.


3.1.3 Strategic objectives relevant to Programme 1: Administration

- Effective financial management;
- Effective Information and Communication Technology (ICT);
- To uphold good governance;
- To provide human capital management, facilities and auxiliary services; and
- Effective communication.

3.1.4 Key achievements

SASSA had set a 70% target towards investigating alleged cases of fraud and corruption. A total of 662 alleged cases were reported, of which 627 were finalised. This represents a 95% achievement against the 70% set target. The alleged cases involved SCM, fraudulent CSG, DG, OAG, multiple grants and corruption cases.

For the year under review, there were two predetermined indicators contributing towards consequence management, namely: finalisation of labour relations (40% target) and misconduct cases (50% target). Both targets were realised performing at 68% and 54% respectively.



Towards automation of beneficiary records, the Co-sourcing project was introduced and commenced in 2016/17 financial year. SASSA completed the project in 8 regions within 2 years, 2016/17 and 2017/18. In 2018/19 financial year, the remaining region (EC) was prioritised and successfully completed.

SASSA completed the development of a Data Governance Framework which will, among others, ensure personal information of grant beneficiaries, SASSA employees and service providers is safeguarded and used appropriately.

As part of supporting the social grant payment transition, the ICT Network connectivity infrastructure was prioritised for upgrade to improve performance of business systems. For the year under review, 252 offices were upgraded against target of 116, representing a 217% achievement.

3.1.5 Factors that had an impact on the achievement of planned targets

- **Moratorium on the filling of posts;**

During the period under review, a decision was taken to place a moratorium on the filling of posts both at Head Office and Regions. The purpose was to improve efficient utilization of existing staff as well as conduct an organisational review. The moratorium had an effect on the SASSA objectives to have at least 95% of the funded posts filled. This resulted in a 92% achievement. The moratorium was, however, instrumental in identifying duplicate functions and employees who are not efficiently utilised.

- **Reversal of condoned misconduct cases;**

During the final audit of 2017/18 financial year, the AGSA identified cases of irregular expenditure which were condoned by inappropriate authorities. The new National Treasury Irregular Expenditure Framework requires that irregular expenditure cases resulting from contravention of SCM legislation and prescripts should be submitted to National Treasury for condonation after

disciplinary actions have been concluded by a government institution. For this reason, all irregular expenditure cases found to have been condoned by either the Acting CEO or a Regional Executive Manager had to be reversed, reinstated and submitted to National Treasury for consideration and approval. This had an impact on the finalisation of misconduct backlog cases.

- **Suspension of the biometric enrolment project;**

As part of the payment transition process, SASSA took over some functions which were previously executed by external service providers. These include, implementation of the beneficiaries' biometric enrolment (which was done in order to effect payment), management of the Regulation 26A deductions (funeral policy premium deductions), and direct transfers of grants into bank accounts. At the beginning of the financial year under review, SASSA commenced with the implementation of the Biometric function for both systems' users and beneficiaries, however, the Labour Unions challenged the execution of this function by their members citing it as an additional function needing extra compensation. The Labour demands resulted in a dispute between SASSA and the Unions, and eventually, a decision was made to suspend the Biometric project.

The suspension of the Biometric enrolment function as mentioned above also had a knock-on effect on the development of the Capacity Model and the review of the organisational structure. The development of the Capacity Model requires a work study process which must be conducted with the participation of the affected employees. The non-participation of employees due to non-performance of the Biometric function made the completion of the Capacity Model impossible.

Furthermore, the Biometric authentication for SOCPEN user's indicator that contributes towards the reduction of fraud associated with passwords was also affected.



Table 4: Strategic objectives, performance indicators, planned targets and actual achievements: Sub-programme 1.1 Executive Management

Programme 1: Administration																																																																																										
Sub-programme 1.1: Executive Management																																																																																										
Strategic objective: To promote good governance in the management of the Agency																																																																																										
No	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations																																																																																				
1.	Percentage of reported fraud, theft and corruption cases investigated	<p>Achieved.</p> <p>88% (393 of 446) of reported fraud, theft and corruption cases investigated.</p> <p>Performance breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Investigated</th> <th>%</th> </tr> </thead> <tbody> <tr><td>HO</td><td>4</td><td>80</td></tr> <tr><td>EC</td><td>40</td><td>85</td></tr> <tr><td>FS</td><td>28</td><td>88</td></tr> <tr><td>GP</td><td>63</td><td>66</td></tr> <tr><td>KZN</td><td>22</td><td>100</td></tr> <tr><td>LP</td><td>39</td><td>100</td></tr> <tr><td>MP</td><td>54</td><td>100</td></tr> <tr><td>NC</td><td>57</td><td>95</td></tr> <tr><td>NW</td><td>31</td><td>97</td></tr> <tr><td>WC</td><td>55</td><td>93</td></tr> <tr><td>Total</td><td>393</td><td>88</td></tr> </tbody> </table> <p>Majority of the cases involved were:</p> <p>CSG: allegations dominated by non-disclosure of income by beneficiaries.</p> <p>OAG: allegations dominated by fraudulent Identity Documents (IDs) implicating both foreign nationals and South Africans.</p> <p>DG: allegations involve continuous receipt of Temporary Disability Grants without following due renewal processes; and Disability Grants issued to people with no disabilities.</p>	Location	Investigated	%	HO	4	80	EC	40	85	FS	28	88	GP	63	66	KZN	22	100	LP	39	100	MP	54	100	NC	57	95	NW	31	97	WC	55	93	Total	393	88	70% of reported fraud, theft and corruption cases investigated.	<p>Achieved</p> <p>95% (627 out of 662) of reported fraud, theft and corruption cases investigated.</p> <p>Performance breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Cases received</th> <th>Investigated</th> <th>%</th> </tr> </thead> <tbody> <tr><td>EC</td><td>76</td><td>72</td><td>95</td></tr> <tr><td>FS</td><td>64</td><td>58</td><td>91</td></tr> <tr><td>GP</td><td>180</td><td>173</td><td>96</td></tr> <tr><td>KZN</td><td>65</td><td>62</td><td>95</td></tr> <tr><td>LP</td><td>43</td><td>43</td><td>100</td></tr> <tr><td>MP</td><td>32</td><td>30</td><td>94</td></tr> <tr><td>NC</td><td>68</td><td>65</td><td>96</td></tr> <tr><td>NW</td><td>44</td><td>44</td><td>100</td></tr> <tr><td>WC</td><td>70</td><td>60</td><td>86</td></tr> <tr><td>HO</td><td>20</td><td>20</td><td>100</td></tr> <tr><td>Total</td><td>662</td><td>627</td><td>95</td></tr> </tbody> </table> <p>The cases involved were SCM, fraudulent CSG, DG, OAG, multiple grants and corruption cases.</p>	Location	Cases received	Investigated	%	EC	76	72	95	FS	64	58	91	GP	180	173	96	KZN	65	62	95	LP	43	43	100	MP	32	30	94	NC	68	65	96	NW	44	44	100	WC	70	60	86	HO	20	20	100	Total	662	627	95	25%	Over achievement is attributed to effective planning & management of cases, efficient use of human resources and fast-tracking of investigations.
Location	Investigated	%																																																																																								
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Programme 1: Administration

Sub-programme 1.1: Executive Management

Strategic objective: To promote good governance in the management of the Agency

No	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
2.	An updated Strategic Risk Register maintained	<p>Achieved.</p> <p>A Strategic Risk Assessment was conducted. The assessment involves risk identification, rating and development of mitigation plans.</p> <p>Strategic Risk Mitigation Action Plan progress reports were produced and submitted to National Treasury on a quarterly basis together with performance Information.</p>	An updated Strategic Risk Register maintained (<i>elements of an updated register are: progress reporting, risk assessment and mitigation plan for the upcoming financial year</i>).	<p>Not Achieved.</p> <p>One element was achieved, namely: Strategic Risk Mitigation Action Plan Progress Reports which were produced and submitted to National Treasury on a quarterly basis together with performance information.</p> <p>In addition, draft Strategic Risk Assessment and Mitigation Action Plan for 2019/20 were developed.</p>	Adoption of the Strategic Risk Assessment and Mitigation Action Plan for 2019/20 register was pending at the end of the reporting period.	<p>Key stakeholders' consultation took longer than anticipated due to the change in business model, this refers to the collaboration with SAPO.</p> <p>The draft strategic risk register and mitigation plan will be prioritised in the first quarter of 2019/20.</p>

Programme 1: Administration

Sub-programme 1.1: Executive Management

Strategic objective: To promote good governance in the management of the Agency

No	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
3.	Number of internal audit reviews conducted on high risk areas.	<p>Not achieved.</p> <p>28 internal audit reviews were conducted on high risk areas. This represents 93% performance against the planned target.</p> <p>The focus areas were:</p> <ul style="list-style-type: none"> • 2016/17 Annual Performance Information Review. • 2016/17 Annual Financial Statements Audit Review. • WC Lease Management Audit Review. • Quarterly performance information reviews for FS, NW and Head Office. • Grants SIU debtors. • Asset management. • Accounts payable. • Lease Management for NW and FS. • ICT business solutions. • ICT Governance Review. • Irregular, fruitless and wasteful expenditure for KZN, EC and Head Office. • Financial Misconduct Board and loss control for KZN, EC and Head Office. • Software management. • Anti-virus management for NW, KZN and Head Office. 	30 internal audit reviews conducted on high risk areas.	<p>Achieved.</p> <p>30 internal audit reviews conducted on high risk areas. This represents 100% performance against the planned target.</p> <p>The focus areas were:</p> <ul style="list-style-type: none"> • Annual Financial Statements for Head Office • Annual Performance Information for Head Office • Social Relief of Distress for WC • Social Relief of Distress for KZN • Social Relief of Distress for GP • Transition Process for Gauteng • Transition Audit Report on card swap and payment process for GP, NW, MP and LP. • Payment Monitoring (Transition Process) for NC. • Card swap for GP. • Biometric Identity and Access Management. • ICT Third Party Management for EOH Staff Recruitment. • ICT Oracle 1 – Expenses. • Follow-up Report on Audit Action Plan: for Audited Financial Year ended 31 for WC. 	None	None

Programme 1: Administration

Sub-programme 1.1: Executive Management

Strategic objective: To promote good governance in the management of the Agency

No	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
3.	Number of internal audit reviews conducted on high risk areas.	<ul style="list-style-type: none"> Travel management for EC and KZN. Subsistence and travel for KZN, EC and NW. Grant debtors management at Head Office. 		<ul style="list-style-type: none"> Follow-up Report on Audit Action Plan: for Audited Financial Year ended 31 March 2018 for Gauteng. Interim Financial statement for EC. Interim Financial statement for HO. Interim Financial statement for GP. Half year Performance Review for KZN. Half year Performance Review for GP. Half year Performance Review for WC. Follow-up on Audit Action Plan for EC. Internal Audit Report on Interim Financial Statement for EC. Internal Audit Report on Customer Care for LP. Internal Audit Report on Customer Care for WC. Follow-up on Audit Action Plan for Head Office. Internal Audit Report on Interim Financial Statement for KZN. Follow-up on Audit Action Plan for KZN. Internal Audit Report on Half Yearly Performance Information for EC. Internal Audit Report on Supply Chain Management and Account Payables for FS. Internal Audit Report on Supply Chain Management and Account Payables for GP. 		



Table 5: Strategic objectives, performance indicators, planned targets and actual achievements: Sub-programme 1.2: Corporate Services

Programme 1: Administration Sub-programme 1.2: Corporate Services						
Strategic objective: To provide human capital management, facilities and auxiliary services						
No.	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
4.	Organisational structure reviewed and implemented.	*	Interim Organisational structure reviewed.	Not achieved.	<p>The Interim Organisational Structure was not reviewed.</p> <p>The focus of the review was meant to accommodate the beneficiaries' biometric enrolment function.</p>	<p>The target is linked to the Biometric enrolment function that was suspended due to labour disputes.</p> <p>The situation was beyond SASSA's control and the project had to be suspended pending consultation with organized labour.</p>



Programme 1: Administration

Sub-programme 1.2: Corporate Services

Strategic objective: To provide human capital management, facilities and auxiliary services

No.	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
5.	HR Plan reviewed and implemented.	<p>Achieved.</p> <p>The HR Plan was reviewed and approved by the Acting CEO.</p> <p>The review aimed at determining the staffing capacity to address service delivery with regard to Biometrics and enrolments.</p> <p>The review focused on:</p> <ul style="list-style-type: none"> • Business-processes based on steps in the Biometrics were conducted. • Time and motion studies were undertaken to determine standard times for each activity in the enrolment and issuing of SASSA cards. • Norms and standards were developed for each activity in Biometrics. • Organisational structures for 9 regions were developed. 	HR Plan reviewed.	<p>Achieved.</p> <p>The HR Plan was reviewed and approved by the Acting CEO.</p> <p>The review was aimed at determining staffing needs by assessing the current human resource capacity by forecasting the supply and demand of human resources and identifying the gaps in staffing requirements.</p>	None	None
6.	Capacity model reviewed	<p>Achieved.</p> <p>The capacity model was reviewed and approved by the Acting CEO.</p> <p>The capacity model was reviewed to determine the number of posts/staff required at each Local Office based on the standardised and improved business processes.</p>	Capacity model reviewed.	<p>Not achieved.</p> <p>The time and motion studies were conducted at 6 local offices:</p> <ul style="list-style-type: none"> • Eastern Cape 1. • Limpopo 2. • North West 3. 	<p>The Capacity Model was not reviewed.</p> <p>The focus of the review was meant to accommodate the beneficiaries' Biometric enrolment function.</p>	<p>The target is linked to the Biometric enrolment function that was suspended due to labour disputes.</p> <p>A project plan was developed and agreed upon by organised labour for implementation in 2019/20.</p>

Programme 1: Administration

Sub-programme 1.2: Corporate Services

Strategic objective: To provide human capital management, facilities and auxiliary services

No.	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations																																												
7.	Percentage of funded posts filled	<p>Achieved.</p> <p>95% of funded posts filled.</p> <p>Funded posts as at 1 April 2017: = 8 845 (8 558 filled posts + 287 vacant funded posts). Filled posts as at 31 March 2018 = 8 403. $8\ 403 / 8\ 845 = 95\%$</p> <p>Performance breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>% of vacant funded posts filled</th> </tr> </thead> <tbody> <tr><td>EC</td><td>95</td></tr> <tr><td>FS</td><td>96</td></tr> <tr><td>GP</td><td>96</td></tr> <tr><td>KZN</td><td>95</td></tr> <tr><td>LP</td><td>97</td></tr> <tr><td>MP</td><td>96</td></tr> <tr><td>NC</td><td>97</td></tr> <tr><td>NW</td><td>94</td></tr> <tr><td>WC</td><td>93</td></tr> <tr><td>HO</td><td>88</td></tr> </tbody> </table> <p>In addition, there were 397 contract workers comprising of EPWP workers (182), interns (39), and other contracts (176). This brings the total number of employees to 8 800 at the end of March 2018.</p>	Location	% of vacant funded posts filled	EC	95	FS	96	GP	96	KZN	95	LP	97	MP	96	NC	97	NW	94	WC	93	HO	88	95% of funded posts filled.	<p>Not achieved.</p> <p>92% of funded posts filled.</p> <p>Funded posts as at 01 April: = 8890 (8558 filled posts + 332 vacant funded posts).</p> <p>Filled posts as at 31 Mar 2019: = 8136</p> <p>$8136 / 8890 = 91.5\%$.</p> <p>Performance breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>% of vacant funded posts filled</th> </tr> </thead> <tbody> <tr><td>EC</td><td>92</td></tr> <tr><td>FS</td><td>94</td></tr> <tr><td>GP</td><td>94</td></tr> <tr><td>KZN</td><td>90</td></tr> <tr><td>LP</td><td>95</td></tr> <tr><td>MP</td><td>94</td></tr> <tr><td>NC</td><td>94</td></tr> <tr><td>NW</td><td>92</td></tr> <tr><td>WC</td><td>92</td></tr> <tr><td>HO</td><td>83</td></tr> </tbody> </table> <p>In addition, there were 133 contract workers comprising of EPWP workers (16), interns (111), and other contracts (6). This brings the total number of employees to 8 269 at the end of March 2019.</p>	Location	% of vacant funded posts filled	EC	92	FS	94	GP	94	KZN	90	LP	95	MP	94	NC	94	NW	92	WC	92	HO	83	(3%)	<p>Target was affected by the moratorium on the filling of posts within the Agency, the aim of the moratorium was to improve efficient utilisation of existing staff and conduct organisational review.</p> <p>The Moratorium was partially lifted on 15 February 2019 to appoint the following selected categories of posts:</p> <ul style="list-style-type: none"> Supply Chain Management unit; Level 5, 7 and 8 Grant. Administration posts at Local Office level; Call Centre Operations.
Location	% of vacant funded posts filled																																																	
EC	95																																																	
FS	96																																																	
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KZN	95																																																	
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Programme 1: Administration

Sub-programme 1.2: Corporate Services

Strategic objective: To provide human capital management, facilities and auxiliary services

No.	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations																																																
8.	Percentage of labour relations cases finalized. (Misconduct and grievance cases).	*	40% labour relations cases finalized.	Achieved. 68% (224 of 330) labour relations cases finalised.	28%	Most of the cases were informal disciplinary hearings (<i>disciplinary committees not required</i>) handled by the supervisors and affected employees whereby sanctions were issued to correct the behaviours of employees.																																																
				<table border="1"> <thead> <tr> <th>Location</th> <th>Cases reported</th> <th>Achievement</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>HO</td> <td>11</td> <td>8</td> <td>73</td> </tr> <tr> <td>EC</td> <td>86</td> <td>63</td> <td>73</td> </tr> <tr> <td>FS</td> <td>13</td> <td>9</td> <td>69</td> </tr> <tr> <td>GP</td> <td>2</td> <td>2</td> <td>100</td> </tr> <tr> <td>KZN</td> <td>35</td> <td>18</td> <td>51</td> </tr> <tr> <td>LIMP</td> <td>19</td> <td>17</td> <td>89</td> </tr> <tr> <td>MP</td> <td>12</td> <td>10</td> <td>83</td> </tr> <tr> <td>NC</td> <td>61</td> <td>42</td> <td>69</td> </tr> <tr> <td>NW</td> <td>13</td> <td>3</td> <td>23</td> </tr> <tr> <td>WC</td> <td>78</td> <td>52</td> <td>67</td> </tr> <tr> <td>Total</td> <td>330</td> <td>224</td> <td>68</td> </tr> </tbody> </table>	Location		Cases reported	Achievement	%	HO	11	8	73	EC	86	63	73	FS	13	9	69	GP	2	2	100	KZN	35	18	51	LIMP	19	17	89	MP	12	10	83	NC	61	42	69	NW	13	3	23	WC	78	52	67	Total	330	224	68	
Location	Cases reported	Achievement	%																																																			
HO	11	8	73																																																			
EC	86	63	73																																																			
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Total	330	224	68																																																			

Programme 1: Administration

Sub-programme 1.2: Corporate Services

Strategic objective: To provide human capital management, facilities and auxiliary services

No.	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
9.	Automated and digitized Grants Administration System implemented.	<p>Achieved.</p> <p>Co-sourcing of registries (beneficiary record management centres) for MP, LP and NC regions was concluded. This includes:</p> <ul style="list-style-type: none"> • Refurbishment of office space. • Appointment of a security service provider for the premises and warehouse. • Appointment of a cleaning and sanitation service provider. • Files transferred from regions to the new warehouses. 	Co-sourcing (Beneficiary Records Management) for 1 region (EC) concluded.	<p>Achieved.</p> <p>Co-sourcing of the EC Beneficiary Records concluded. This includes:</p> <ul style="list-style-type: none"> • Refurbishment of Offices and ; • ICT Cabling. • Appointment of Security Company. • Appointment of cleaning and sanitation service provider. • Files transfer from the old to new warehouses. • Staff relocation to the new premises. <p>The co-sourcing project has now been concluded for all Beneficiary Records Management centres in the 9 regional offices. The project commenced in 2016/17 financial year.</p>	None	None
10.	Draft SASSA Ten-Year Infrastructure Plan finalized.	*	Draft SASSA Ten-Year Infrastructure Plan finalised.	<p>Achieved.</p> <p>Draft SASSA Ten-Year Infrastructure Plan was finalised. The plan was developed in line with the Government Immovable Asset Management Act (GIAMA), to address the following SASSA Infrastructure challenges:</p> <ul style="list-style-type: none"> • Shortages of suitable facilities; • Upgrading and repairs of existing facilities; • Acquisition plan; • Rehabilitation plan; • Maintenance plan; and • Disposal plan. 	None	None

Table 6: Strategic objectives, performance indicators, planned targets and actual achievements: Sub-programme 1.3 Information and Communication Technology

Programme 1: Administration						
Sub-programme 1.3: Information and Communication Technology (ICT)						
Strategic objective: Effective ICT operations						
No.	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
11.	Biometric Solution for users and beneficiaries acquired and implemented.	<p>Not achieved.</p> <p>Biometric solution -Identity Access Management (IAM) for users procured and configured.</p> <p>72 SOCPEN users were enrolled.</p> <p>In line with the Constitutional Court ruling, Biometric enrolment for beneficiaries was prioritised and the following work was undertaken:</p> <p>IAM solution contract was varied to accommodate the development of beneficiaries' Biometric enrolment.</p> <p>Biometric enrolment of beneficiaries was piloted in 4 Local Offices namely, Mount Fletcher, Worcester, Tonga and Manguzi.</p> <p>1 290 officials were trained on beneficiaries' Biometric enrolment system.</p>	Biometric Identity Access Management System implemented for 6 136 SOCPEN users.	<p>Not Achieved.</p> <p>Biometric Identity and Access Management System implemented, and 3 277 staff members were enrolled.</p> <p>Integration between SOCPEN and Biometric Identity and Access Management System was developed and tested.</p>	Biometric Identity Access Management System was not implemented for 6 136 SOCPEN users.	<p>The implementation of the Biometric enrolment function (<i>both for the users and beneficiaries</i>) was suspended in October 2018 due to labour disputes between SASSA and Labour Unions.</p> <p>The Labour Unions considered Biometric enrolment as an additional function.</p> <p>A project plan was developed and agreed upon with Labour Unions for implementation in 2019/20.</p>

Programme 1: Administration

Sub-programme 1.3: Information and Communication Technology (ICT)

Strategic objective: Effective ICT operations

No.	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations																						
			Biometric solution for beneficiary enrolment deployed nationally (new beneficiaries)	<p>Achieved.</p> <p>Biometric solution for new beneficiaries' enrolment was deployed nationally. 3 459 devices were installed as per table below:</p> <table border="1"> <thead> <tr> <th>Location</th> <th>No. of devices installed</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>606</td> </tr> <tr> <td>FS</td> <td>374</td> </tr> <tr> <td>GP</td> <td>329</td> </tr> <tr> <td>KZN</td> <td>449</td> </tr> <tr> <td>LP</td> <td>288</td> </tr> <tr> <td>MP</td> <td>422</td> </tr> <tr> <td>NC</td> <td>304</td> </tr> <tr> <td>NW</td> <td>360</td> </tr> <tr> <td>WC</td> <td>327</td> </tr> <tr> <td>Total</td> <td>3 459</td> </tr> </tbody> </table> <p>Post deployment stabilisation conducted and ongoing support was provided.</p>	Location	No. of devices installed	EC	606	FS	374	GP	329	KZN	449	LP	288	MP	422	NC	304	NW	360	WC	327	Total	3 459	None	None
Location	No. of devices installed																											
EC	606																											
FS	374																											
GP	329																											
KZN	449																											
LP	288																											
MP	422																											
NC	304																											
NW	360																											
WC	327																											
Total	3 459																											

Programme 1: Administration

Sub-programme 1.3: Information and Communication Technology (ICT)

Strategic objective: Effective ICT operations

No.	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations																						
12.	SASSA network connectivity infrastructure upgraded from 1MB to 2MB for local offices, 1MB to 2MB for district offices, 4MB to 8 MB for Records Management Centres/ registries, Regions and Head Office 4MB to 8 MB.	<p>Not achieved.</p> <p>SASSA network connectivity infrastructure was upgraded for the following offices:</p> <ul style="list-style-type: none"> • Head Office - from 4MB to 20MB. • 9 Regional Offices – from 2MB to 10MB. • 9 Records Centres – from 1MB to 4MB. • 5 District Offices from 512KB to 4MB. • 12 Local Offices from 512KB to 2MB and 1 from 512KB to 1.54MB. <p>In addition, 3G connectivity infrastructure was rolled out to the following fixed offices to ensure connectivity is provided to enable grant application processes:</p> <ul style="list-style-type: none"> • 10 offices – LP. • 5 offices – NC. • 5 offices – NW. • 1 office – GP. • 1 office – EC. 	SASSA network connectivity infrastructure upgraded at 116 Offices.	<p>Achieved.</p> <p>SASSA network connectivity infrastructure upgraded at 252 offices:</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Office upgrades</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>50</td> </tr> <tr> <td>FS</td> <td>11</td> </tr> <tr> <td>GP</td> <td>29</td> </tr> <tr> <td>KZN</td> <td>56</td> </tr> <tr> <td>LP</td> <td>26</td> </tr> <tr> <td>MP</td> <td>23</td> </tr> <tr> <td>NC</td> <td>24</td> </tr> <tr> <td>NW</td> <td>16</td> </tr> <tr> <td>WC</td> <td>17</td> </tr> <tr> <td>Total</td> <td>252</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • 230 Local Offices upgraded from 512KB to 2MB. • 17 District Offices upgraded from 512KB to 2MB. • 5 Service Points upgraded from 512KB to 2MB. 	Location	Office upgrades	EC	50	FS	11	GP	29	KZN	56	LP	26	MP	23	NC	24	NW	16	WC	17	Total	252	136	<p>The project was escalated and gained attention and support internally as well as from Service Providers' Executive Management.</p> <p>In addition, more resources were allocated to the project.</p>
Location	Office upgrades																											
EC	50																											
FS	11																											
GP	29																											
KZN	56																											
LP	26																											
MP	23																											
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NW	16																											
WC	17																											
Total	252																											

Programme 1: Administration

Sub-programme 1.3: Information and Communication Technology (ICT)

Strategic objective: Effective ICT operations

No.	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
13.	Enterprise Business Intelligence Solution developed and implemented for grant payments	Achieved. Enterprise Business Intelligence Solution implemented in the following branches: Finance, Corporate Services and ICT.	Enterprise Business Intelligence Solution implemented for grant payments	Achieved. Enterprise Business Intelligence Solution was implemented for grant payments. The Business Solution enables SASSA to collect data from internal and external source systems, prepare it for analysis and create reports and dashboards. Monthly reports were developed to support the Grant Payment function.	None	None
14	SASSA Data Governance Framework developed	*	SASSA Data Governance Framework developed	Achieved. The SASSA Data Governance Framework was developed. The Framework will, among others ensure personal information of grant beneficiaries, SASSA employees and service providers is safeguarded and used appropriately.	None	None

Table 7: Strategic objectives, performance indicators planned targets and actual achievements: Sub-programme 1.4: Financial Management

Programme 1: Administration						
Sub-programme 1.4: Financial Management						
Strategic objective: Effective Financial Management						
No.	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
15.	Unqualified audit outcome achieved.	<p>Not achieved.</p> <p>Annual Financial Statements for the 2016/17 financial year were developed and presented to the AGSA on 31 May 2017 for audit purposes.</p> <p>Financial statements were presented fairly in all respects with no material misstatements. However, SASSA received a qualified audit outcome for the 2016/17 financial year.</p>	Unqualified audit outcome achieved.	<p>Not achieved.</p> <p>Annual Financial Statements for the 2017/18 financial year were developed and presented to the AGSA on 31 May 2018 for audit purposes.</p> <p>However, SASSA received a qualified audit outcome for the 2017/18 financial year.</p>	<p>SASSA received a qualified audit outcome for 2017/18.</p> <p>The basis for qualification related to completeness of irregular expenditure disclosures. The AGSA found that SASSA did not have an adequate system for identifying irregular expenditure and irregular expenditure amounts that were not condoned by appropriate authority.</p>	<p>SASSA management developed and implemented an Audit Action Plan to respond to the 2017/18 audit factual findings.</p> <p>A project plan was developed and implemented by internal control to validate financial misconduct registers for 2018/19 financial year.</p>

Programme 1: Administration

Sub-programme 1.4: Financial Management

Strategic objective: Effective Financial Management

No.	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations																										
16.	Social assistance payment accounts reconciled monthly	*	Social assistance payment accounts reconciled monthly	<p>Achieved.</p> <ul style="list-style-type: none"> Social assistance payment accounts were reconciled monthly and submitted to National Treasury. The bank accounts reconciled to the debit balance of R138 234 633 million as at 31 March 2019. <table border="1"> <thead> <tr> <th>Month</th> <th>Consolidated cashbook balance</th> </tr> </thead> <tbody> <tr><td>April 2018</td><td>102,235,758.64</td></tr> <tr><td>May 2018</td><td>256,791,757.62</td></tr> <tr><td>June 2018</td><td>- 34,263,438.72</td></tr> <tr><td>July 2018</td><td>320,753,443.72</td></tr> <tr><td>August 2018</td><td>455,723,015.03</td></tr> <tr><td>September 2018</td><td>497,608,609.16</td></tr> <tr><td>October 2018</td><td>460,902,061.91</td></tr> <tr><td>November 2018</td><td>350,106,153.10</td></tr> <tr><td>December 2018</td><td>833,893,617.57</td></tr> <tr><td>January 2019</td><td>826,595,339.64</td></tr> <tr><td>February 2019</td><td>156,530,909.16</td></tr> <tr><td>March 2019</td><td>138,234,633.00</td></tr> </tbody> </table>	Month	Consolidated cashbook balance	April 2018	102,235,758.64	May 2018	256,791,757.62	June 2018	- 34,263,438.72	July 2018	320,753,443.72	August 2018	455,723,015.03	September 2018	497,608,609.16	October 2018	460,902,061.91	November 2018	350,106,153.10	December 2018	833,893,617.57	January 2019	826,595,339.64	February 2019	156,530,909.16	March 2019	138,234,633.00	None	None
Month	Consolidated cashbook balance																															
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Programme 1: Administration

Sub-programme 1.4: Financial Management

Strategic objective: Effective Financial Management

No.	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations																																																																																																																																								
17.	Percentage of eligible suppliers paid within 30 days.	<p>Achieved.</p> <p>99.82% (3 948 of 3 955) suppliers were paid within 30 days.</p> <p>Performance breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Suppliers</th> <th>Within 30 days</th> <th>>30</th> </tr> </thead> <tbody> <tr><td>HO</td><td>291</td><td>290</td><td>1</td></tr> <tr><td>EC</td><td>543</td><td>543</td><td>0</td></tr> <tr><td>FS</td><td>285</td><td>285</td><td>0</td></tr> <tr><td>GP</td><td>395</td><td>392</td><td>3</td></tr> <tr><td>KZN</td><td>546</td><td>546</td><td>0</td></tr> <tr><td>LP</td><td>437</td><td>437</td><td>0</td></tr> <tr><td>MP</td><td>397</td><td>397</td><td>0</td></tr> <tr><td>NC</td><td>284</td><td>282</td><td>2</td></tr> <tr><td>NW</td><td>368</td><td>368</td><td>0</td></tr> <tr><td>WC</td><td>409</td><td>408</td><td>1</td></tr> <tr><td>Total</td><td>3 955</td><td>3 948</td><td>7</td></tr> </tbody> </table>	Location	Suppliers	Within 30 days	>30	HO	291	290	1	EC	543	543	0	FS	285	285	0	GP	395	392	3	KZN	546	546	0	LP	437	437	0	MP	397	397	0	NC	284	282	2	NW	368	368	0	WC	409	408	1	Total	3 955	3 948	7	<p>100% of eligible suppliers paid within 30 days.</p>	<p>Achieved.</p> <p>99.93% (4 293 out of 4 296) of eligible suppliers paid within 30 days.</p> <p>Performance breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Suppliers</th> <th>Within 30 days</th> <th>>30</th> </tr> </thead> <tbody> <tr><td>HO</td><td>294</td><td>293</td><td>1</td></tr> <tr><td></td><td></td><td>99.66%</td><td>0.94%</td></tr> <tr><td>EC</td><td>619</td><td>619</td><td>0</td></tr> <tr><td></td><td></td><td>100%</td><td>0</td></tr> <tr><td>FS</td><td>315</td><td>315</td><td>0</td></tr> <tr><td></td><td></td><td>100%</td><td>0</td></tr> <tr><td>GP</td><td>452</td><td>452</td><td>0</td></tr> <tr><td></td><td></td><td>100%</td><td>0</td></tr> <tr><td>KZN</td><td>558</td><td>558</td><td>0</td></tr> <tr><td></td><td></td><td>100%</td><td>0</td></tr> <tr><td>LP</td><td>518</td><td>518</td><td>0</td></tr> <tr><td></td><td></td><td>100%</td><td>0</td></tr> <tr><td>MP</td><td>384</td><td>383</td><td>1</td></tr> <tr><td></td><td></td><td>100%</td><td>0.26%</td></tr> <tr><td>NC</td><td>334</td><td>333</td><td>1</td></tr> <tr><td></td><td></td><td>99.7%</td><td>0.90%</td></tr> <tr><td>NW</td><td>416</td><td>416</td><td>0</td></tr> <tr><td></td><td></td><td>100%</td><td>0</td></tr> <tr><td>WC</td><td>406</td><td>406</td><td>0</td></tr> <tr><td></td><td></td><td>100%</td><td>0</td></tr> <tr><td>Total</td><td>4 296</td><td>4 293</td><td>3</td></tr> </tbody> </table>	Location	Suppliers	Within 30 days	>30	HO	294	293	1			99.66%	0.94%	EC	619	619	0			100%	0	FS	315	315	0			100%	0	GP	452	452	0			100%	0	KZN	558	558	0			100%	0	LP	518	518	0			100%	0	MP	384	383	1			100%	0.26%	NC	334	333	1			99.7%	0.90%	NW	416	416	0			100%	0	WC	406	406	0			100%	0	Total	4 296	4 293	3	0.08%	None
Location	Suppliers	Within 30 days	>30																																																																																																																																											
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Programme 1: Administration

Sub-programme 1.4: Financial Management

Strategic objective: Effective Financial Management

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18.	Percentage of social assistance debts recovered and/or submitted for a write off.	<p>Achieved.</p> <p>40% (R392, 825,115.35 of R 970,768,143.94) of social assistance debts were recovered and written off.</p> <p>A total amount of R13, 957,782.39 was recovered (1%) and R378, 867,332.96 (39%) representing write offs for three financial years, namely 2015/16, 2016/17 and 2017/18.</p> <p>Performance breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Debt Book (R)</th> <th>Amount collected including write off (R)</th> <th>%</th> </tr> </thead> <tbody> <tr><td>EC</td><td>283 366 271.47</td><td>197 679 954.04</td><td>70</td></tr> <tr><td>FS</td><td>11 348 561.67</td><td>4 097 511.97</td><td>36</td></tr> <tr><td>GP</td><td>24 421 905.14</td><td>7 593 979.25</td><td>31</td></tr> <tr><td>KZN</td><td>599 963 012.88</td><td>166 627 059.96</td><td>28</td></tr> <tr><td>LP</td><td>18 965 411.67</td><td>4 251 722.57</td><td>22</td></tr> <tr><td>MP</td><td>7 378 926.34</td><td>2 037 092.24</td><td>28</td></tr> <tr><td>NC</td><td>5 889 721.80</td><td>1 556 856.24</td><td>26</td></tr> <tr><td>NW</td><td>7 721 230.19</td><td>1 674 337.54</td><td>22</td></tr> <tr><td>WC</td><td>11 713 102.78</td><td>7 306 601.54</td><td>62</td></tr> <tr><td>Total</td><td>970 768 143.9</td><td>392 825 115.35</td><td>40</td></tr> </tbody> </table>	Location	Debt Book (R)	Amount collected including write off (R)	%	EC	283 366 271.47	197 679 954.04	70	FS	11 348 561.67	4 097 511.97	36	GP	24 421 905.14	7 593 979.25	31	KZN	599 963 012.88	166 627 059.96	28	LP	18 965 411.67	4 251 722.57	22	MP	7 378 926.34	2 037 092.24	28	NC	5 889 721.80	1 556 856.24	26	NW	7 721 230.19	1 674 337.54	22	WC	11 713 102.78	7 306 601.54	62	Total	970 768 143.9	392 825 115.35	40	5% of social assistance debts recovered and/or submitted for a write off.	<p>Achieved.</p> <p>22.51% (R171 999 028.80 of R763 954 957.07) of social assistance debts was recovered and/or submitted for a write off.</p> <p>A total amount of R11, 712,964.44 was recovered and R160, 286,064.36 was submitted for write off.</p> <p>Performance breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Debt Book (R)</th> <th>Amount collected including write off (R)</th> <th>%</th> </tr> </thead> <tbody> <tr><td>EC</td><td>109 187378.91</td><td>11 805 740.86</td><td>10.81</td></tr> <tr><td>FS</td><td>9 851 236.42</td><td>1 280 362.18</td><td>13.00</td></tr> <tr><td>GP</td><td>20 164 179.14</td><td>7 305 798.24</td><td>36.23</td></tr> <tr><td>KZN</td><td>568 705171.75</td><td>138 586769.90</td><td>24.37</td></tr> <tr><td>LP</td><td>20 446 485.87</td><td>3 544 796.11</td><td>17.34</td></tr> <tr><td>MP</td><td>7 267 566.20</td><td>607 744.31</td><td>8.36</td></tr> <tr><td>NC</td><td>5 689 233.75</td><td>561 968.74</td><td>9.88</td></tr> <tr><td>NW</td><td>7 927 187.35</td><td>2 787 163.73</td><td>35.16</td></tr> <tr><td>WC</td><td>14 716 517.68</td><td>5 518 684.73</td><td>37.50</td></tr> <tr><td>Total</td><td>763 954,957.07</td><td>171 999 028.80</td><td>22.51</td></tr> </tbody> </table>	Location	Debt Book (R)	Amount collected including write off (R)	%	EC	109 187378.91	11 805 740.86	10.81	FS	9 851 236.42	1 280 362.18	13.00	GP	20 164 179.14	7 305 798.24	36.23	KZN	568 705171.75	138 586769.90	24.37	LP	20 446 485.87	3 544 796.11	17.34	MP	7 267 566.20	607 744.31	8.36	NC	5 689 233.75	561 968.74	9.88	NW	7 927 187.35	2 787 163.73	35.16	WC	14 716 517.68	5 518 684.73	37.50	Total	763 954,957.07	171 999 028.80	22.51	17.51%	<p>The over achievement of 17.51% was as a result of write-offs that were approved during this financial year.</p> <p>A submissions was made to Department of Social Development for consideration and approval after due debt management process undertaken</p>
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Programme 1: Administration

Sub-programme 1.4: Financial Management

Strategic objective: Effective Financial Management

No.	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations																																																
19.	Percentage of financial misconduct cases finalised within 90 days (current)	*	50% of financial misconduct cases finalised within 90 days (current)	<p>Achieved. 54% (93 out of 172) cases finalised within 90 days.</p> <p>Performance breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Total finalised</th> <th>Finalized in 90 days</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>38</td> <td>24</td> <td>63%</td> </tr> <tr> <td>FS</td> <td>35</td> <td>14</td> <td>40%</td> </tr> <tr> <td>GP</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>HO</td> <td>6</td> <td>3</td> <td>50%</td> </tr> <tr> <td>KZN</td> <td>18</td> <td>4</td> <td>22%</td> </tr> <tr> <td>LP</td> <td>11</td> <td>11</td> <td>100%</td> </tr> <tr> <td>MP</td> <td>15</td> <td>3</td> <td>20%</td> </tr> <tr> <td>NC</td> <td>16</td> <td>15</td> <td>94%</td> </tr> <tr> <td>NW</td> <td>18</td> <td>9</td> <td>50%</td> </tr> <tr> <td>WC</td> <td>15</td> <td>10</td> <td>67%</td> </tr> <tr> <td>Total</td> <td>172</td> <td>93</td> <td>54%</td> </tr> </tbody> </table>	Location	Total finalised	Finalized in 90 days	%	EC	38	24	63%	FS	35	14	40%	GP	-	-	-	HO	6	3	50%	KZN	18	4	22%	LP	11	11	100%	MP	15	3	20%	NC	16	15	94%	NW	18	9	50%	WC	15	10	67%	Total	172	93	54%	4%	The overachievement of 4% was as result of increased number of FMLC meetings held; and turnaround time to investigate financial misconduct cases in order to fast-track conclusion of cases.
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Programme 1: Administration

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Strategic objective: Effective Financial Management

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20.	Percentage of financial misconduct cases finalised (backlog)	*	90% of financial misconduct cases finalised (backlog)	<p>Not Achieved. 12% (111 of 894) cases finalised (backlog).</p> <p>Performance breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Total cases</th> <th>Finalized</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>188</td> <td>31</td> <td>16</td> </tr> <tr> <td>FS</td> <td>43</td> <td>8</td> <td>19</td> </tr> <tr> <td>GP</td> <td>48</td> <td>4</td> <td>8</td> </tr> <tr> <td>HO</td> <td>142</td> <td>23</td> <td>16</td> </tr> <tr> <td>KZN</td> <td>239</td> <td>25</td> <td>10</td> </tr> <tr> <td>LP</td> <td>15</td> <td>8</td> <td>53</td> </tr> <tr> <td>MP</td> <td>22</td> <td>6</td> <td>27</td> </tr> <tr> <td>NC</td> <td>33</td> <td>0</td> <td>0</td> </tr> <tr> <td>NW</td> <td>18</td> <td>1</td> <td>6</td> </tr> <tr> <td>WC</td> <td>146</td> <td>5</td> <td>3</td> </tr> <tr> <td>Total</td> <td>894</td> <td>111</td> <td>12%</td> </tr> </tbody> </table>	Location	Total cases	Finalized	%	EC	188	31	16	FS	43	8	19	GP	48	4	8	HO	142	23	16	KZN	239	25	10	LP	15	8	53	MP	22	6	27	NC	33	0	0	NW	18	1	6	WC	146	5	3	Total	894	111	12%	(78%)	<p>Non- achievement is attributed to:</p> <ul style="list-style-type: none"> • Reversal of cases not condoned by appropriate authority. All affected cases have now been submitted to National Treasury for consideration • Baseline increase due to the inclusion of cases identified by AGSA during the 2017/18 final Audit. • Reconciliation of Irregular Expenditure register during the 2018/19 resulting in re-instatement of baseline information.
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Table 8: Strategic objectives, performance indicators planned targets and actual achievements: Sub-programme 1.5 Communications and Marketing

Programme 1: Administration																																																																														
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21.	Integrated Communication and Marketing Strategy implemented	<p>Achieved.</p> <p>1 841 Public awareness programmes conducted. This represents 184% achievement against the target.</p> <p>Performance breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Stakeholder Engagement</th> <th>Media Engagement</th> <th>Total</th> </tr> </thead> <tbody> <tr><td>HO</td><td>1</td><td>506</td><td>507</td></tr> <tr><td>EC</td><td>44</td><td>160</td><td>204</td></tr> <tr><td>FS</td><td>49</td><td>83</td><td>132</td></tr> <tr><td>GP</td><td>95</td><td>159</td><td>254</td></tr> <tr><td>KZN</td><td>63</td><td>70</td><td>133</td></tr> <tr><td>LP</td><td>42</td><td>67</td><td>109</td></tr> <tr><td>MP</td><td>32</td><td>96</td><td>128</td></tr> <tr><td>NC</td><td>87</td><td>33</td><td>120</td></tr> <tr><td>NW</td><td>78</td><td>26</td><td>104</td></tr> <tr><td>WC</td><td>24</td><td>126</td><td>150</td></tr> <tr><td>Total</td><td>515</td><td>1 328</td><td>1 841</td></tr> </tbody> </table>	Location	Stakeholder Engagement	Media Engagement	Total	HO	1	506	507	EC	44	160	204	FS	49	83	132	GP	95	159	254	KZN	63	70	133	LP	42	67	109	MP	32	96	128	NC	87	33	120	NW	78	26	104	WC	24	126	150	Total	515	1 328	1 841	<p>Benefits of receiving social grants through electronic channels communicated to beneficiaries using print and electronic media (commercial and community media)</p>	<p>Achieved.</p> <p>Benefits of receiving social grants through electronic channels were communicated to beneficiaries using both print and electronic media.</p> <p>1 373 engagements were conducted as per details below:</p> <p>Performance breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Number</th> </tr> </thead> <tbody> <tr><td>HO</td><td>155</td></tr> <tr><td>EC</td><td>112</td></tr> <tr><td>FS</td><td>269</td></tr> <tr><td>GP</td><td>72</td></tr> <tr><td>KZN</td><td>145</td></tr> <tr><td>LP</td><td>97</td></tr> <tr><td>MP</td><td>156</td></tr> <tr><td>NC</td><td>84</td></tr> <tr><td>NW</td><td>103</td></tr> <tr><td>WC</td><td>180</td></tr> <tr><td>Total</td><td>1 373</td></tr> </tbody> </table>	Location	Number	HO	155	EC	112	FS	269	GP	72	KZN	145	LP	97	MP	156	NC	84	NW	103	WC	180	Total	1 373	None	None
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Total	1 373																																																																													



Table 8: Strategy to overcome areas of under-performance: Programme 1 Administration

Target	Strategy
An updated Operational Risk Register maintained (Head Office). Interim Organisational structure reviewed. Capacity Model reviewed.	The draft Strategic Risk Register and Mitigation Plan will be prioritised in the first quarter of 2019/20. These targets were affected by the suspension of the Biometric enrolment function and a project plan was developed and agreed upon with Labour Unions for implementation in 2019/20.
Biometric Identity Access Management System implemented for 6 136 SOCPEN users.	The moratorium has been partially uplifted for appointment of the following posts: <ul style="list-style-type: none"> • Supply Chain Management unit; • Level 5, 7 and 8 Grant. Administration posts at Local Office level; • Call Centre Operations
95% of funded posts filled.	Regional visits were conducted by the Acting Chief Executive Officer and CFO to all nine Regions and Head Office to address the irregular expenditure registers. Regional visits by Head Office Internal Control to validate the registers of irregular, fruitless and wasteful expenditure as well as damages and losses were conducted. Audit action plan for 2017/18 financial year was developed and implemented. Finalize the new policy on Financial Misconduct Processes and workshop the region to implement it.
Unqualified audit outcome achieved.	Finalise the development and implementation of the Electronic Financial Misconduct Case Management System. Timeous submission of requests for condonations of irregular expenditure for National treasury's approval.
90% of financial misconduct cases finalised (backlog).	

Changes to planned targets

There were no changes to planned targets.

Table 9: Linking performance with budgets: Programme 1 Administration

Programme/ activity/ objective	2017/18			2018/19		
	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	2,674,604	2,593,560	81,044	3,046,346	2,878,215	168,131
Total	2,674,604	2,593,560	81,044	3,046,346	2,878,215	168,131

3.2 Programme 2: Benefits Administration and Support

3.2.1 Purpose

The Benefits Administration and Support Programme provide a grant administration service and ensures that operations within SASSA are integrated. The programme manages the full function of grant administration from application to approval, as well as beneficiary maintenance.

This programme is responsible for the core business of SASSA and ensures the implementation of the full value chain of grants administration. The functions relating to this programme cut across all levels within the Agency, including the day-to-day interface with clients.

3.2.2 Description

This programme aims to ensure that the Social Assistance Programme is administered in the most effective and efficient manner. The programme consists of the following processes:

- **Application Management:** screening and attesting of each applicant, the enrolment of the applicant on the system, the actual capturing and verification of the application on the system and quality assurance.
- **Payment Management:** the processing of payments, actual payments to beneficiaries and the reconciliation of payments. It should be noted that part of this function was outsourced to a third party, namely CPS. During the year under review the contract with CPS was terminated and payment functions transferred to the South African Post Office. The in-house unit's responsibility is primarily the management of the Service Level Agreement between SASSA and the service providers. The function is further responsible for designation of pay point infrastructure.

- **Beneficiary Maintenance Management:** responsible for the life certification as well as the maintenance of the beneficiary data including grant reviews.
- **Policy Implementation support** includes development of systems and procedures, training and management of business systems that support the grant administration process.
- **Customer Care** is responsible for promoting a customer-centric service offering to clients. It further ensures the deployment of interventions to ensure access to services by clients, especially in the most remote areas of the country as well as ensuring the provision of information to all SASSA's stakeholders.

3.2.3 Strategic objective relevant to Programme 2: Benefits Administration and Support

- To improve the effectiveness and efficiency of the administration of the social assistance programme.

3.2.4 Key achievements

For the period under review, SASSA continued to deliver on its mandate of ensuring an efficient and effective management, administration and payment of social assistance. In doing so, more than 1,6 million new applications were processed. By the end of March 2019, the number of grants in payment including Grant-in-Aid had increased by 1.7 percent compared to 2017/18 financial year (**from 17 509 995 to 17 811 745**). Furthermore, 443 687 social relief of distress applications were awarded to destitute individuals and households at a value of R486 million.

SASSA managed to reduce the number of beneficiaries who were paid through cash payment channel by 91.9% (2 906 094 of 3 160 832).

SASSA and SAPO signed a Master Services Agreement in September 2018 and a Service Level Agreement in November 2018. These agreements confirm a sustainable payment model, outline services to be rendered, and delineate roles and responsibilities.

SASSA's objective on the reduction of cash pay points is to eliminate them over time, SASSA had set a 20% target to reduce the cash pay points for the 2018/19 financial. Following a detailed analysis of the pay-points which revealed that there were more pay-points within the 5km radius of the NPS infrastructure, the target was accelerated. The year commenced with a baseline of **7 963** distinct pay-points (*excluding the double counting for pay points used over 2 or 3 days*). Over the course of the year a total of **5 827** pay-points were closed or re-aligned. This represents a 73% performance against the planned target.

3.2.5 Factors that had an impact on the achievement of planned targets

- **Suspension of the Biometric enrolment project;**

As part of the payment transition process, SASSA took over some functions which were previously executed by external service providers. These include,

implementation of the beneficiaries' Biometric enrolment (which was done in order to effect payment), management of the Regulation 26A deductions (funeral policy premium deductions), and direct transfers of grants into bank accounts. In the beginning of the financial year under review, SASSA commenced with the implementation of the Biometric function for both systems' users and beneficiaries, however, the Labour Unions challenged the execution of this function by their members citing it as an additional function needing extra compensation. The Labour demands resulted in a dispute between SASSA and the Unions, and eventually, a decision was made to suspend the Biometric project. For this programme, the suspension affected the realisation of the objective for SASSA to biometrically enrol new beneficiaries.

- **Appointment of SAPO**

In its quest to insource the payment function, SASSA's vision was to increase the payment platforms through implementation of the alternative pay points model. This was going to be done in collaboration with other government institutions including the Department of Small Business Enterprise. The appointment of SAPO changed the business model and gave the responsibility to identify and implement alternative payment methods to SAPO. For this reason, the implementation of the alternative pay point model was halted to allow SAPO to lead in line with the Master Service Agreement signed in September 2018.

Table 10: Strategic objectives, performance indicators, planned targets and actual achievements: Programme 2: Benefits Administration and Support

Programme 2: Benefits Administration and Support																																																													
Sub-programme 2.1: Benefits Administration																																																													
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No.	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations																																																							
22.	Number of applications for social grants processed.	<p>Achieved.</p> <p>2 130 731 new social grant applications were processed. This represents 141% achievement against the annual target.</p> <p>Performance breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>No of new social grant applications were processed</th> </tr> </thead> <tbody> <tr><td>EC</td><td>279 191</td></tr> <tr><td>FS</td><td>132 958</td></tr> <tr><td>GP</td><td>344 674</td></tr> <tr><td>KZN</td><td>445 368</td></tr> <tr><td>LP</td><td>259 658</td></tr> <tr><td>MP</td><td>176 813</td></tr> <tr><td>NC</td><td>83 947</td></tr> <tr><td>NW</td><td>163 746</td></tr> <tr><td>WC</td><td>244 376</td></tr> <tr><td>Total</td><td>2 130 731</td></tr> </tbody> </table>	Location	No of new social grant applications were processed	EC	279 191	FS	132 958	GP	344 674	KZN	445 368	LP	259 658	MP	176 813	NC	83 947	NW	163 746	WC	244 376	Total	2 130 731	1 600 000 applications for social grants processed.	<p>Achieved.</p> <p>1 636 755 new applications were processed. This represents 102% achievement against the annual target.</p> <p>Performance breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Target</th> <th>No of new social grant applications were processed</th> </tr> </thead> <tbody> <tr><td>EC</td><td>208 000</td><td>228 370</td></tr> <tr><td>FS</td><td>96 000</td><td>96 288</td></tr> <tr><td>GP</td><td>256 000</td><td>260 325</td></tr> <tr><td>KZN</td><td>352 000</td><td>348 291</td></tr> <tr><td>LP</td><td>192 000</td><td>206 729</td></tr> <tr><td>MP</td><td>128 000</td><td>134 434</td></tr> <tr><td>NC</td><td>64 000</td><td>55 957</td></tr> <tr><td>NW</td><td>128 000</td><td>116 672</td></tr> <tr><td>WC</td><td>176 000</td><td>189 689</td></tr> <tr><td>Total</td><td>1 600 000</td><td>1 636 755</td></tr> </tbody> </table>	Location	Target	No of new social grant applications were processed	EC	208 000	228 370	FS	96 000	96 288	GP	256 000	260 325	KZN	352 000	348 291	LP	192 000	206 729	MP	128 000	134 434	NC	64 000	55 957	NW	128 000	116 672	WC	176 000	189 689	Total	1 600 000	1 636 755	36 755	The high levels of poverty and unemployment contributed to the increased demand for social assistance.
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Programme 2: Benefits Administration and Support

Sub-programme 2.1: Benefits Administration

Strategic objective: To improve the effectiveness and efficiency of the administration of the social assistance programme

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23.	Number of grants in payment including Grant-in-Aid.	<p>Not achieved.</p> <p>17 509 995 social grants in payment, including Grant-in-Aid. This represents 99.92% achievement against the annual target.</p> <p>Regional breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>No of social grants in payment including Grant-in-Aid</th> </tr> </thead> <tbody> <tr><td>EC</td><td>2 785 534</td></tr> <tr><td>FS</td><td>1 005 170</td></tr> <tr><td>GP</td><td>2 612 513</td></tr> <tr><td>KZN</td><td>3 887 365</td></tr> <tr><td>LP</td><td>2 477 316</td></tr> <tr><td>MP</td><td>1 472 355</td></tr> <tr><td>NC</td><td>475 414</td></tr> <tr><td>NW</td><td>1 228 597</td></tr> <tr><td>WC</td><td>1 565 731</td></tr> <tr><td>Total</td><td>17 509 995</td></tr> </tbody> </table>	Location	No of social grants in payment including Grant-in-Aid	EC	2 785 534	FS	1 005 170	GP	2 612 513	KZN	3 887 365	LP	2 477 316	MP	1 472 355	NC	475 414	NW	1 228 597	WC	1 565 731	Total	17 509 995	17 733 651 grants in payment including Grant-in-Aid at an estimated cost of R163 billion.	<p>Achieved</p> <p>17 811 745 grants in payment including Grant-in-Aid. This represents 100% achievement against the annual target.</p> <p>Regional breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Target</th> <th>No of social grants in payment including Grant-in-Aid</th> </tr> </thead> <tbody> <tr><td>EC</td><td>2 795 667</td><td>2 811 247</td></tr> <tr><td>FS</td><td>1 022 831</td><td>1 017 308</td></tr> <tr><td>GP</td><td>2 670 865</td><td>2 677 145</td></tr> <tr><td>KZN</td><td>3 917 509</td><td>3 953 517</td></tr> <tr><td>LP</td><td>2 501 441</td><td>2 528 080</td></tr> <tr><td>MP</td><td>1 489 899</td><td>1 500 618</td></tr> <tr><td>NW</td><td>1 244 403</td><td>1 240 633</td></tr> <tr><td>NC</td><td>487 295</td><td>482 705</td></tr> <tr><td>WC</td><td>1 603 741</td><td>1 600 492</td></tr> <tr><td>Total</td><td>17 733 651</td><td>17 811 745</td></tr> </tbody> </table>	Location	Target	No of social grants in payment including Grant-in-Aid	EC	2 795 667	2 811 247	FS	1 022 831	1 017 308	GP	2 670 865	2 677 145	KZN	3 917 509	3 953 517	LP	2 501 441	2 528 080	MP	1 489 899	1 500 618	NW	1 244 403	1 240 633	NC	487 295	482 705	WC	1 603 741	1 600 492	Total	17 733 651	17 811 745	78 094	The high levels of poverty and unemployment contributed to the increased demand for social assistance.
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Programme 2: Benefits Administration and Support

Sub-programme 2.1: Benefits Administration

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24.	Number of Social Relief of Distress (SRD) applications awarded (zero hunger, normal SRD, support for disaster and school uniform)	<p>Achieved.</p> <p>573 196 SRD applications awarded. This represents 115% achievement against the target.</p> <p>Regional breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>No. of SRD applications awarded</th> </tr> </thead> <tbody> <tr><td>EC</td><td>92 493</td></tr> <tr><td>FS</td><td>40 000</td></tr> <tr><td>GP</td><td>90 281</td></tr> <tr><td>KZN</td><td>99 111</td></tr> <tr><td>LP</td><td>96 374</td></tr> <tr><td>MP</td><td>46 610</td></tr> <tr><td>NC</td><td>35 867</td></tr> <tr><td>NW</td><td>34 122</td></tr> <tr><td>WC</td><td>38 338</td></tr> <tr><td>Total</td><td>573 196</td></tr> </tbody> </table> <p>The SRD awards were in a form of:</p> <ul style="list-style-type: none"> Cash - 10 596. Food parcels – 341 852. School uniform – 70 558. Vouchers – 149 400. Other – 790. <p>The total expenditure - R546 million.</p>	Location	No. of SRD applications awarded	EC	92 493	FS	40 000	GP	90 281	KZN	99 111	LP	96 374	MP	46 610	NC	35 867	NW	34 122	WC	38 338	Total	573 196	<p>252 833 SRD applications awarded at a cost of R410 million.</p> <p>Regional breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Target</th> </tr> </thead> <tbody> <tr><td>EC</td><td>40 453</td></tr> <tr><td>FS</td><td>15 170</td></tr> <tr><td>GP</td><td>37 925</td></tr> <tr><td>KZN</td><td>55 623</td></tr> <tr><td>LP</td><td>35 397</td></tr> <tr><td>MP</td><td>20 227</td></tr> <tr><td>NC</td><td>7 585</td></tr> <tr><td>NW</td><td>17 698</td></tr> <tr><td>WC</td><td>22 755</td></tr> <tr><td>Total</td><td>252 833</td></tr> </tbody> </table>	Location	Target	EC	40 453	FS	15 170	GP	37 925	KZN	55 623	LP	35 397	MP	20 227	NC	7 585	NW	17 698	WC	22 755	Total	252 833	<p>Achieved.</p> <p>443 687 SRD applications were awarded at a cost of R485 734 119.00 million. This represents 175% achievement against the annual target.</p> <p>Regional breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Target</th> <th>No. of SRD applications awarded</th> </tr> </thead> <tbody> <tr><td>EC</td><td>40 453</td><td>80 748</td></tr> <tr><td>FS</td><td>15 170</td><td>29 333</td></tr> <tr><td>GP</td><td>37 925</td><td>74 418</td></tr> <tr><td>KZN</td><td>55 623</td><td>78 822</td></tr> <tr><td>LP</td><td>35 397</td><td>82 555</td></tr> <tr><td>MP</td><td>20 227</td><td>32 265</td></tr> <tr><td>NC</td><td>7 585</td><td>17 548</td></tr> <tr><td>NW</td><td>17 698</td><td>23 913</td></tr> <tr><td>WC</td><td>22 755</td><td>24 085</td></tr> <tr><td>Total</td><td>252 833</td><td>443 687</td></tr> </tbody> </table> <p>The SRD awards were awarded as follows:</p> <ul style="list-style-type: none"> Cash - 2 138 Food parcels – 283 896 School uniform – 55 083 Vouchers – 102 570 <p>The total expenditure - R 485 734 119</p>	Location	Target	No. of SRD applications awarded	EC	40 453	80 748	FS	15 170	29 333	GP	37 925	74 418	KZN	55 623	78 822	LP	35 397	82 555	MP	20 227	32 265	NC	7 585	17 548	NW	17 698	23 913	WC	22 755	24 085	Total	252 833	443 687	190 854	<p>During the transition period some beneficiaries could not access their grants and some of the grants were fraudulently withdrawn, which led to undue hardship and this category of eligible beneficiaries increased the numbers requiring SRD.</p> <p>In addition, the numbers of people who were assisted following natural disasters increased the numbers requiring SRD.</p> <p>These numbers cannot be predicted.</p>
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25.	Percentage of total SRD rand value (R410 million) awarded through cooperatives.	*	30% (R123 million) of total SRD rand value awarded through cooperatives.	<p>Not Achieved.</p> <p>26.8% (R110 163 341 of R410 million) of total SRD rand value awarded through cooperatives.</p> <p>Regional breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Rand Value Target (R000)</th> <th>total SRD rand value awarded - (R)</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>19 680</td> <td>25 242 776</td> </tr> <tr> <td>FS</td> <td>7 380</td> <td>10 264 828</td> </tr> <tr> <td>GP</td> <td>18 450</td> <td>18 203 537</td> </tr> <tr> <td>KZN</td> <td>27 060</td> <td>21 502 200</td> </tr> <tr> <td>LP</td> <td>17 220</td> <td>8 666 000</td> </tr> <tr> <td>MP</td> <td>9 840</td> <td>10 066 000</td> </tr> <tr> <td>NC</td> <td>3 690</td> <td>3 666 000</td> </tr> <tr> <td>NW</td> <td>8 610</td> <td>8 646 000</td> </tr> <tr> <td>WC</td> <td>11 070</td> <td>3 906 000</td> </tr> <tr> <td>Total</td> <td>123 000</td> <td>110 163 341</td> </tr> </tbody> </table>	Location	Rand Value Target (R000)	total SRD rand value awarded - (R)	EC	19 680	25 242 776	FS	7 380	10 264 828	GP	18 450	18 203 537	KZN	27 060	21 502 200	LP	17 220	8 666 000	MP	9 840	10 066 000	NC	3 690	3 666 000	NW	8 610	8 646 000	WC	11 070	3 906 000	Total	123 000	110 163 341	(12 836 659)	Some of applications were processed late in the fourth quarter, and expenditure will be accounted for in the first quarter of 2019/20.
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26.	Number of applications for children aged 0-1 processed.	<p>Achieved.</p> <p>665 561 applications for children aged 0-1 processed. This represents 119% achievement against the target.</p> <p>Regional breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>No. of applications for children aged 0-1 processed</th> </tr> </thead> <tbody> <tr><td>EC</td><td>97 015</td></tr> <tr><td>FS</td><td>35 533</td></tr> <tr><td>GP</td><td>100 942</td></tr> <tr><td>KZN</td><td>143 999</td></tr> <tr><td>LP</td><td>112 159</td></tr> <tr><td>MP</td><td>62 894</td></tr> <tr><td>NC</td><td>17 516</td></tr> <tr><td>NW</td><td>46 366</td></tr> <tr><td>WC</td><td>49 137</td></tr> <tr><td>Total</td><td>665 561</td></tr> </tbody> </table>	Location	No. of applications for children aged 0-1 processed	EC	97 015	FS	35 533	GP	100 942	KZN	143 999	LP	112 159	MP	62 894	NC	17 516	NW	46 366	WC	49 137	Total	665 561	<p>560 000 applications for children aged 0-1 processed.</p> <p>Regional breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Target</th> </tr> </thead> <tbody> <tr><td>EC</td><td>83 740</td></tr> <tr><td>FS</td><td>29 787</td></tr> <tr><td>GP</td><td>82 963</td></tr> <tr><td>KZN</td><td>120 454</td></tr> <tr><td>LP</td><td>98 549</td></tr> <tr><td>MP</td><td>52 238</td></tr> <tr><td>NC</td><td>14 424</td></tr> <tr><td>NW</td><td>37 926</td></tr> <tr><td>WC</td><td>39 919</td></tr> <tr><td>Total</td><td>560 000</td></tr> </tbody> </table>	Location	Target	EC	83 740	FS	29 787	GP	82 963	KZN	120 454	LP	98 549	MP	52 238	NC	14 424	NW	37 926	WC	39 919	Total	560 000	<p>Achieved.</p> <p>702 306 applications for children aged 0-1 we processed. This represents 125% achievement against the target.</p> <p>Regional breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>No. of applications for children aged 0-1 processed</th> </tr> </thead> <tbody> <tr><td>EC</td><td>101 910</td></tr> <tr><td>FS</td><td>37 930</td></tr> <tr><td>GP</td><td>98 333</td></tr> <tr><td>KZN</td><td>158 653</td></tr> <tr><td>LP</td><td>117 719</td></tr> <tr><td>MP</td><td>66 440</td></tr> <tr><td>NC</td><td>18 902</td></tr> <tr><td>NW</td><td>52 267</td></tr> <tr><td>WC</td><td>50 152</td></tr> <tr><td>Total</td><td>702 306</td></tr> </tbody> </table>	Location	No. of applications for children aged 0-1 processed	EC	101 910	FS	37 930	GP	98 333	KZN	158 653	LP	117 719	MP	66 440	NC	18 902	NW	52 267	WC	50 152	Total	702 306	142 306	Intensified engagements with key stakeholders such as the Department of Health, Hospitals, clinics and Home Affairs contributed to increased referrals on children in this age bracket for social grant applications.
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Programme 2: Benefits Administration and Support

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No.	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations																																																							
27.	Percentage of grant applications processed within target days.	<p>Not achieved.</p> <p>94% (2 003 997 of 2 130 731) of new grant applications were processed within 10 days.</p> <p>Regional breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Percentage of new grant applications processed within 10 days</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>254 535</td> </tr> <tr> <td>FS</td> <td>119 422</td> </tr> <tr> <td>GP</td> <td>327 353</td> </tr> <tr> <td>KZN</td> <td>425 052</td> </tr> <tr> <td>LP</td> <td>242 686</td> </tr> <tr> <td>MP</td> <td>167 352</td> </tr> <tr> <td>NC</td> <td>80 518</td> </tr> <tr> <td>NW</td> <td>153 399</td> </tr> <tr> <td>WC</td> <td>233 680</td> </tr> <tr> <td>Total</td> <td>2 003 997</td> </tr> </tbody> </table> <p>82% of new grant applications were processed within 1 working day.</p>	Location	Percentage of new grant applications processed within 10 days	EC	254 535	FS	119 422	GP	327 353	KZN	425 052	LP	242 686	MP	167 352	NC	80 518	NW	153 399	WC	233 680	Total	2 003 997	95% of new grant applications processed within 10 days.	<p>Achieved.</p> <p>98.88% (1 618 503 of 1 636 755) new grant applications processed within 10 days.</p> <p>Regional breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>New grant applications</th> <th>Percentage of new grant applications processed within 10 days</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>226 650</td> <td>99</td> </tr> <tr> <td>FS</td> <td>95 223</td> <td>99</td> </tr> <tr> <td>GP</td> <td>254 211</td> <td>98</td> </tr> <tr> <td>KZN</td> <td>346 728</td> <td>100</td> </tr> <tr> <td>LP</td> <td>205 323</td> <td>99</td> </tr> <tr> <td>MP</td> <td>133 369</td> <td>99</td> </tr> <tr> <td>NC</td> <td>55 355</td> <td>99</td> </tr> <tr> <td>NW</td> <td>115 256</td> <td>98</td> </tr> <tr> <td>WC</td> <td>186 388</td> <td>99</td> </tr> <tr> <td>Total</td> <td>1 618 503</td> <td>99</td> </tr> </tbody> </table>	Location	New grant applications	Percentage of new grant applications processed within 10 days	EC	226 650	99	FS	95 223	99	GP	254 211	98	KZN	346 728	100	LP	205 323	99	MP	133 369	99	NC	55 355	99	NW	115 256	98	WC	186 388	99	Total	1 618 503	99	18 252	The overachievement is as a result of the enhancements of SOCPEN for the processing of grant applications whereby the business processes were revised. This revision of business processes eliminated duplicated effort, resulting in a reduction of staff time per application.
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28.	Number of Foster Child Grant reviews processed.	<p>Not achieved.</p> <p>181 305 Foster Child Grant reviews were processed. This represents 78% achievement against the target.</p> <p>Regional breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>No. of FCG reviews processed</th> </tr> </thead> <tbody> <tr><td>EC</td><td>48 389</td></tr> <tr><td>FS</td><td>14 096</td></tr> <tr><td>GP</td><td>19 624</td></tr> <tr><td>KZN</td><td>50 761</td></tr> <tr><td>LP</td><td>12 724</td></tr> <tr><td>MP</td><td>8 049</td></tr> <tr><td>NC</td><td>4 108</td></tr> <tr><td>NW</td><td>11 240</td></tr> <tr><td>WC</td><td>12 314</td></tr> <tr><td>Total</td><td>181 305</td></tr> </tbody> </table>	Location	No. of FCG reviews processed	EC	48 389	FS	14 096	GP	19 624	KZN	50 761	LP	12 724	MP	8 049	NC	4 108	NW	11 240	WC	12 314	Total	181 305	<p>130 976 Foster Child Grant reviews processed.</p> <p>Regional breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Target</th> </tr> </thead> <tbody> <tr><td>EC</td><td>37 992</td></tr> <tr><td>FS</td><td>10 414</td></tr> <tr><td>GP</td><td>15 245</td></tr> <tr><td>KZN</td><td>27 976</td></tr> <tr><td>LP</td><td>8 681</td></tr> <tr><td>MP</td><td>6 075</td></tr> <tr><td>NC</td><td>3 897</td></tr> <tr><td>NW</td><td>8 599</td></tr> <tr><td>WC</td><td>12 097</td></tr> <tr><td>Total</td><td>130 976</td></tr> </tbody> </table>	Location	Target	EC	37 992	FS	10 414	GP	15 245	KZN	27 976	LP	8 681	MP	6 075	NC	3 897	NW	8 599	WC	12 097	Total	130 976	<p>Achieved.</p> <p>131 341 Foster child reviews processed. This represents 100% achievement against the target.</p> <p>Regional breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>No. of FCG reviews processed</th> </tr> </thead> <tbody> <tr><td>EC</td><td>39 724</td></tr> <tr><td>FS</td><td>9 247</td></tr> <tr><td>GP</td><td>13 977</td></tr> <tr><td>KZN</td><td>33 573</td></tr> <tr><td>LP</td><td>7 826</td></tr> <tr><td>MP</td><td>5 947</td></tr> <tr><td>NC</td><td>3 488</td></tr> <tr><td>NW</td><td>6 914</td></tr> <tr><td>WC</td><td>10 645</td></tr> <tr><td>Total</td><td>131 341</td></tr> </tbody> </table>	Location	No. of FCG reviews processed	EC	39 724	FS	9 247	GP	13 977	KZN	33 573	LP	7 826	MP	5 947	NC	3 488	NW	6 914	WC	10 645	Total	131 341	365	Systematic management of foster care cases results in the lapsing of children who are no longer eligible for the grant.
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29.	Number of identified wards having access to social assistance through ICROP.	<p>Achieved.</p> <p>685 identified wards having access to social assistance through ICROP. This represents a 114% achievement against the target.</p> <p>Regional breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>No. of identified wards having access to social assistance through ICROP</th> </tr> </thead> <tbody> <tr><td>EC</td><td>90</td></tr> <tr><td>FS</td><td>53</td></tr> <tr><td>GP</td><td>59</td></tr> <tr><td>KZN</td><td>149</td></tr> <tr><td>LP</td><td>88</td></tr> <tr><td>MP</td><td>71</td></tr> <tr><td>NC</td><td>52</td></tr> <tr><td>NW</td><td>42</td></tr> <tr><td>WC</td><td>81</td></tr> <tr><td>Total</td><td>685</td></tr> </tbody> </table>	Location	No. of identified wards having access to social assistance through ICROP	EC	90	FS	53	GP	59	KZN	149	LP	88	MP	71	NC	52	NW	42	WC	81	Total	685	309 identified wards having access to social assistance through ICROP.	<p>Achieved</p> <p>317 identified wards having access to social assistance through ICROP.</p> <p>This represents a 102% achievement against the target.</p> <p>Regional breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Target</th> <th>No. of identified wards having access to social assistance through ICROP</th> </tr> </thead> <tbody> <tr><td>EC</td><td>43</td><td>44</td></tr> <tr><td>FS</td><td>27</td><td>34</td></tr> <tr><td>GP</td><td>28</td><td>28</td></tr> <tr><td>KZN</td><td>73</td><td>73</td></tr> <tr><td>LP</td><td>25</td><td>25</td></tr> <tr><td>MP</td><td>27</td><td>28</td></tr> <tr><td>NC</td><td>27</td><td>28</td></tr> <tr><td>NW</td><td>22</td><td>22</td></tr> <tr><td>WC</td><td>37</td><td>35</td></tr> <tr><td>Total</td><td>309</td><td>317</td></tr> </tbody> </table>	Location	Target	No. of identified wards having access to social assistance through ICROP	EC	43	44	FS	27	34	GP	28	28	KZN	73	73	LP	25	25	MP	27	28	NC	27	28	NW	22	22	WC	37	35	Total	309	317	8	Additional areas, with extensive social needs were identified and included through engagement with communities.
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30.	Biometric enrolment of beneficiaries implemented by SASSA	*	New beneficiaries Biometrically enrolled by SASSA	<p>Not achieved</p> <p>36% (506 886 of 1 400 811) of new beneficiaries Biometrically enrolled by SASSA.</p> <p>Regional breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Total no. of new beneficiaries</th> <th>Biometrically enrolled</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>207 686</td> <td>72 510</td> <td>35</td> </tr> <tr> <td>FS</td> <td>79 230</td> <td>36 682</td> <td>46</td> </tr> <tr> <td>GP</td> <td>223 000</td> <td>70 915</td> <td>32</td> </tr> <tr> <td>KZN</td> <td>295 209</td> <td>95 366</td> <td>32</td> </tr> <tr> <td>LP</td> <td>186 613</td> <td>88 516</td> <td>47</td> </tr> <tr> <td>MP</td> <td>115 072</td> <td>55 989</td> <td>49</td> </tr> <tr> <td>NC</td> <td>44 686</td> <td>24 033</td> <td>54</td> </tr> <tr> <td>NW</td> <td>95 066</td> <td>30 525</td> <td>32</td> </tr> <tr> <td>WC</td> <td>154 206</td> <td>32 350</td> <td>21</td> </tr> <tr> <td>Unspecified</td> <td>43</td> <td>0</td> <td>0</td> </tr> <tr> <td>Total</td> <td>1 400 811</td> <td>506 886</td> <td>36</td> </tr> </tbody> </table> <p>3 838 of 4 204 Grants Administrators trained on Biometric enrolment.</p>	Location	Total no. of new beneficiaries	Biometrically enrolled	%	EC	207 686	72 510	35	FS	79 230	36 682	46	GP	223 000	70 915	32	KZN	295 209	95 366	32	LP	186 613	88 516	47	MP	115 072	55 989	49	NC	44 686	24 033	54	NW	95 066	30 525	32	WC	154 206	32 350	21	Unspecified	43	0	0	Total	1 400 811	506 886	36	(64%)	<p>The implementation of the Biometric enrolment function (<i>both for the users and beneficiaries</i>) was suspended in October 2018 due to labour disputes between SASSA and Labour Unions. The Labour Unions considered Biometric enrolment as an additional function to their members.</p> <p>A project plan was developed and agreed upon with Labour Unions for implementation in 2019/20</p>
Location	Total no. of new beneficiaries	Biometrically enrolled	%																																																			
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30.	Biometric enrolment of beneficiaries implemented by SASSA			Training provided per region:				
				Location	No. of staff to be trained	No. of staff trained		
				EC	586	548		
				FS	238	193		
				GP	569	513		
				KZN	1054	980		
				LP	637	592		
				MP	247	247		
				NC	248	243		
				NW	253	251		
WC	372	271						
Total		4 204	3 838					

Table 11: Strategic objectives, performance indicators, planned targets and actual achievements: Programme 2: Benefits Administration and Support

Programme 2: Benefits Administration and Support																		
Sub-programme 2.2: Payment Administration																		
Strategic objective: To improve the effectiveness and efficiency of the administration of the social assistance programme																		
No.	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations												
31.	Regulation 26A deductions (funeral deductions) implemented by SASSA	<p>Achieved.</p> <p>Model for the management of Regulation 26A which covers both existing and new mandates was developed and approved.</p> <p>SASSA phased out the CPS services in relation to effecting Regulation 26A deductions.</p> <p>A total of 723 348 beneficiaries had their deductions effected from their grants through Q-Link.</p> <p>✓ 92 292 active mandates were captured in 2017/18</p> <p>Regional breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>No. of Deductions</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>18 185</td> </tr> <tr> <td>GP</td> <td>2 058</td> </tr> <tr> <td>FS</td> <td>1 362</td> </tr> <tr> <td>KZN</td> <td>50 237</td> </tr> <tr> <td>LP</td> <td>2 105</td> </tr> </tbody> </table>	Location	No. of Deductions	EC	18 185	GP	2 058	FS	1 362	KZN	50 237	LP	2 105	<p>Regulation 26A deductions (funeral deductions) implemented by SASSA through management of:</p> <ul style="list-style-type: none"> • Exceptions; • Database of insurers; • Database of beneficiaries. 	<p>Achieved.</p> <p>Regulation 26A deductions were managed by SASSA through:</p> <ul style="list-style-type: none"> • Exceptions: <ul style="list-style-type: none"> • More than 1 deduction per insurer: reduced from 475 to 0; • More than 1 deduction across insurers: reduced from 22 218 to 16 852; • Number of deductions >10%: reduced from 2 353 to 1 973; • Deductions without prescribed mandate: reduced from 624 529 to 506 197. • Database of insurers: <ul style="list-style-type: none"> • Increased from 18 to 19, with one new insurer meeting the criteria for registration and participation. • Database of beneficiaries: <ul style="list-style-type: none"> • Reduced from 695 100 to 648 321 largely as a result of the clean-up of the system – reduction in the exceptions, as well as ensuring that no deductions are effected of any child grants. 	None	None
Location	No. of Deductions																	
EC	18 185																	
GP	2 058																	
FS	1 362																	
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Programme 2: Benefits Administration and Support

Sub-programme 2.2: Payment Administration

Strategic objective: To improve the effectiveness and efficiency of the administration of the social assistance programme

No.	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
32.	Management of service provider/s for social grant payments	<p>Not achieved.</p> <p>Phase-in and phase-out plans developed and approved by SASSA EXCO.</p> <p>SASSA was successful in taking over certain services from the service provider (CPS) which include:</p> <ul style="list-style-type: none"> • Direct transfers to banked beneficiaries. • Regulation 26A. • Biometric enrolment. • Appointment of SAPO. 	Current payment service provider phased out by 30 September 2018	<p>Achieved.</p> <p>CPS services were phased out by 30 September 2018.</p>	None	None
		<p>Not achieved.</p> <p>Phase-in and phase-out plans developed and approved by SASSA EXCO.</p> <p>SASSA signed a government-to-government Protocol Agreement with SAPO for the payment of social grants with effect from 1 April 2018.</p>	New payment service provider/s phased in by 30 September 2018	<p>Achieved.</p> <p>SAPO services phased in by 30 September 2018. This was achieved through the progressive implementation of SAPO services at cash pay points, as well as a concerted card swap project, which saw in excess of 7 million SASSA/SAPO cards distributed to existing beneficiaries over the course of 9 months. By December 2018, the old white SASSA card was no longer receiving deposits of grant money by SASSA.</p> <p>Master Services Agreement, which covers all payment channels including cash, signed with SAPO on 28 September 2018.</p>	None	None

Programme 2: Benefits Administration and Support

Sub-programme 2.2: Payment Administration

Strategic objective: To improve the effectiveness and efficiency of the administration of the social assistance programme

No.	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
32.	Management of service provider/s for social grant payments	*	Management of service provider/s for the payment of social grants	<p>Achieved.</p> <p>For the six (6) months of extension of CPS contract, as determined by the Constitutional Court, the cash payment services were managed in line with the progressive phase out plan and service level agreement.</p> <p>Service provider (SAPO) for the payment of social grants managed:</p> <p>Service Level Agreement (SLA) between SASSA and SAPO was signed in November 2018.</p> <p>SAPO provided SASSA with plans on deliverables as per the SLA</p> <p>Terms of reference for governance structures finalised.</p> <p>Chairpersons of Regional Steering Committees were appointed in writing by the ACEO.</p> <p>Despite the commercial banks not being perceived as service providers, SASSA entered into discussions with the banks and the Banking Association of South Africa (BASA). An MOU was signed with BASA, committing to co-operation and a forum established between SASSA, BASA and the banks. This was done in an effort to improve working relationships, as in excess of 3 million grants are paid through direct deposits into commercial bank accounts.</p>	None	None

Programme 2: Benefits Administration and Support

Sub-programme 2.2: Payment Administration

Strategic objective: To improve the effectiveness and efficiency of the administration of the social assistance programme

No.	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations																																																							
33.	Percentage of cash pay points reduced	*	Cash pay points reduced by 20%.	Achieved.	53%	The over-achievement is attributed to the changes which took place in the payment environment during the year. The changes include the decision not to appoint a service provider for cash payments, but to have SAPO taking the responsibility for all payments, including cash distribution. This resulted in a decision to accelerate the reduction of pay points.																																																							
			<table border="1"> <thead> <tr> <th>Location</th> <th>No. of pay points</th> </tr> </thead> <tbody> <tr><td>EC</td><td>2524</td></tr> <tr><td>FS</td><td>212</td></tr> <tr><td>GP</td><td>144</td></tr> <tr><td>KZN</td><td>1700</td></tr> <tr><td>LP</td><td>1812</td></tr> <tr><td>MP</td><td>386</td></tr> <tr><td>NC</td><td>319</td></tr> <tr><td>NW</td><td>606</td></tr> <tr><td>WC</td><td>260</td></tr> <tr><td>Total</td><td>7963</td></tr> </tbody> </table>	Location	No. of pay points	EC	2524	FS	212	GP	144	KZN	1700	LP	1812	MP	386	NC	319	NW	606	WC	260	Total	7963	<table border="1"> <thead> <tr> <th>Location</th> <th>Cash pay points reduced</th> <th>%</th> </tr> </thead> <tbody> <tr><td>EC</td><td>2108</td><td>84</td></tr> <tr><td>FS</td><td>136</td><td>82</td></tr> <tr><td>GP</td><td>135</td><td>94</td></tr> <tr><td>KZN</td><td>928</td><td>55</td></tr> <tr><td>LP</td><td>1291</td><td>71</td></tr> <tr><td>MP</td><td>224</td><td>58</td></tr> <tr><td>NC</td><td>299</td><td>94</td></tr> <tr><td>NW</td><td>459</td><td>76</td></tr> <tr><td>WC</td><td>247</td><td>95</td></tr> <tr><td>Total</td><td>5827</td><td>73</td></tr> </tbody> </table> <p>Cash pay points were reduced by 73% (5 827 of 7 963).</p>	Location	Cash pay points reduced	%	EC	2108	84	FS	136	82	GP	135	94	KZN	928	55	LP	1291	71	MP	224	58	NC	299	94	NW	459	76	WC	247	95	Total	5827	73		
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Programme 2: Benefits Administration and Support

Sub-programme 2.2: Payment Administration

Strategic objective: To improve the effectiveness and efficiency of the administration of the social assistance programme

No.	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
34.	Alternative pay points model implemented	<p>Achieved.</p> <p>Alternative Pay Point Model was developed and approved by the CEO.</p> <p>Provincial Working Groups (WC, FS, and KZN) were established comprising of stakeholders such as the Departments of Economic Development, Tourism and Environmental Affairs and of Agriculture and Rural Development.</p> <p>Stakeholder meetings were convened.</p>	45 2 nd tier merchants (small locally owned businesses) and Corporative Financial Institutions (CFIs) appointed as alternative pay points and paying social grants	Not achieved	45 2 nd tier merchants (small locally owned businesses) and Corporative Financial Institutions (CFIs) were not appointed as alternative pay points to pay social grants.	<p>The Alternative pay point project was discontinued because SAPO was responsible for the payment of grants at paypoints.</p> <p>SAPO will be responsible for the appointment of alternative paypoints in partnership with SASSA.</p>

Programme 2: Benefits Administration and Support

Sub-programme 2.2: Payment Administration

Strategic objective: To improve the effectiveness and efficiency of the administration of the social assistance programme

No.	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations																																												
35.	Percentage of large cash pay points monitored	<p>Not achieved.</p> <p>99.67% (2 393 of 2 401) of large cash pay-points monitored (paying more than 300 beneficiaries a day).</p> <p>Performance breakdown</p> <table border="1"> <thead> <tr> <th>Location</th> <th>No. of large cash pay-points monitored</th> </tr> </thead> <tbody> <tr><td>EC</td><td>735</td></tr> <tr><td>FS</td><td>140</td></tr> <tr><td>GP</td><td>95</td></tr> <tr><td>KZN</td><td>351</td></tr> <tr><td>LP</td><td>502</td></tr> <tr><td>MP</td><td>228</td></tr> <tr><td>NC</td><td>65</td></tr> <tr><td>NW</td><td>152</td></tr> <tr><td>WC</td><td>125</td></tr> <tr><td>Total</td><td>2 393</td></tr> </tbody> </table>	Location	No. of large cash pay-points monitored	EC	735	FS	140	GP	95	KZN	351	LP	502	MP	228	NC	65	NW	152	WC	125	Total	2 393	100% of large cash pay points monitored monthly (paying more than 300 beneficiaries a day)	<p>Achieved</p> <p>100% (126 of 126) of large cash pay points were monitored monthly.</p> <p>At the beginning of April 2018, SASSA had a baseline of 2 401 large pay points. The baseline was, however, affected by the reduction of pay points project that was implemented parallel to the monitoring and resulted in only 126 pay points serving more than 300 beneficiaries at the end of March 2019.</p> <table border="1"> <thead> <tr> <th>Location</th> <th>No. of large cash pay-points monitored</th> </tr> </thead> <tbody> <tr><td>EC</td><td>10</td></tr> <tr><td>FS</td><td>29</td></tr> <tr><td>GP</td><td>2</td></tr> <tr><td>KZN</td><td>14</td></tr> <tr><td>LP</td><td>1</td></tr> <tr><td>MP</td><td>60</td></tr> <tr><td>NC</td><td>4</td></tr> <tr><td>NW</td><td>6</td></tr> <tr><td>WC</td><td>0</td></tr> <tr><td>Total</td><td>126</td></tr> </tbody> </table>	Location	No. of large cash pay-points monitored	EC	10	FS	29	GP	2	KZN	14	LP	1	MP	60	NC	4	NW	6	WC	0	Total	126	None	None
Location	No. of large cash pay-points monitored																																																	
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WC	0																																																	
Total	126																																																	
36.	Percentage of beneficiaries paid through cash payment channel reduced	*	Beneficiaries paid through cash payment channel reduced by 20%	<p>Achieved</p> <p>Beneficiaries paid through cash payment channel were reduced by 91.9% (2 906 094 of 3 160 832).</p>	71.9%	Target was accelerated to align with the phase out process of the cash payment service provider.																																												

Table 11: Strategy to overcome areas of under-performance: Programme 2 Benefits Administration and Support

Target	Strategy
30% (R123 million) of total SRD rand value awarded through cooperatives.	The SRD policy has been revised to broaden the definition of cooperatives to include small emerging businesses owned by designated groups, as defined by National Treasury. This will afford regions increased options for placing orders for school uniforms, while not deviating from the express intention to support small, local businesses.
New beneficiaries biometrically enrolled by SASSA	The implementation of the Biometric enrolment project was suspended due to labour dispute between SASSA and Labour Unions. A detailed project plan for the progressive roll out of biometrics within SASSA has been agreed to with organised labour. This plan will initially focus on staff biometric access to critical systems, and will then include beneficiary biometric enrolment. It is planned that full implementation will be achieved over the course of the new financial year.
45 2 nd tier merchants (small locally owned businesses) and Corporative Financial Institutions	SASSA and SAPO will jointly explore options to expand the payment channels available to beneficiaries. This will include various Fintech options, as well as empowering spaza shops in communities to be able to participate in the grant payment eco system. The intention is to progressively move away from cash, which is both risky and expensive, to more electronic methods of transacting.

Changes to planned targets

There were no changes to planned targets.

Table 12: Linking performance with budgets: Programme 2 Benefits Administration and Support

Programme/ activity/ objective	2017/18			2018/19		
	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Benefits Administration	4,531,457	4,623,433	(91,977)	4,716,532	3,583,836	1,132,696
Total	4,531,457	4,623,433	(91,977)	4,716,532	3,583,836	1,132,696

4. Revenue Collection

Table 13: Revenue Collection

Sources of revenue	2017/18			2018/19		
	Estimate	Actual Amount Collected	(Over) / Under Collection	Estimate	Actual Amount Collected	(Over) / Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue from exchange transactions	4,066	6,589	(2,523)	4,602	4,382	220
Finance income	347	1,265	(918)	350	1,186	(836)
Government grants	7,206,060	7,206,060	-	7,762,878	7,762,878	-
Interest applied on concessionary loan repayment	-	-	-	-	14 316	(14 316)
Total	7,210,473	7,213,914	(3,441)	7,767,830	7,782,762	(14 932)

5. Capital Investment

SASSA had, during the period under review implemented projects that are aimed at improving operational efficiency and capacity. These projects include the deployment of ICT infrastructure to new offices, computer hardware, laptops and network connectivity upgrade. Other projects which have been prioritised within the administration programme to modernise service delivery for social assistance include the implementation of the biometric enrolment project for both beneficiaries and systems' users aimed at reducing fraud associated with passwords, co-sourcing of registries (*beneficiary records management centres*), and the scanning solution for beneficiary records. The implementation of these projects will continue in the 2019/20 financial year.

It should however, be noted that the co-sourcing of registries was implemented only in the Eastern Cape region as this was the last region following a project that commenced in 2016/17 financial year.





Part C

Governance

1. Introduction

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act (Act 71 of 2008), corporate governance with regard to public entities is applied through the precepts of the PFMA (Act 1 of 1999, as amended) and run in tandem with the principles contained in the King Report on Corporate Governance. Parliament, the Executive and the Accounting Authority as well as management of the public entity are responsible for corporate governance.

2. Portfolio Committees

Committee	Subject	Date
Portfolio Committee on Social Development	Consideration of SASSA's Annual Performance Plan 2018/2019 – 2020/21.	02 May 2018
Portfolio Committee on Social Development	Progress report on the implementation of the Constitutional Court Judgement.	06 June 2018
Portfolio Committee on Social Development	Briefing by SASSA outlining reasons for long queues at pay points and a strategy to deal with this challenge	04 July 2018
Portfolio Committee on Social Development	Progress report on the implementation of the Constitutional Court Judgement.	15 August 2018
Portfolio Committee on Social Development	Consideration of SASSA's 2017/18 Annual Report.	11 October 2018
Portfolio Committee on Social Development	Progress report on the implementation of the Constitutional Court Judgement.	07 November 2018
Select Committee on Social Services	Consideration of SASSA's 2018/19 Annual Performance Plan.	22 May 2018
Select Committee on Social Services	Consideration of SASSA's 2017/18 Annual Report.	06 November 2018
Standing Committee on Public Accounts	Review of SASSA's 2016/17 Annual Report.	22 May 2018

3. Executive Authority

Table 14: Reports submitted to the Executive Authority

Report	Date
SASSA 2018/19 1st Quarterly report.	28 August 2018
Annual Report 2017/18	03 September 2018
SASSA 2018/19 2nd Quarterly report	30 November 2018

4. Risk Management

SASSA has an approved Risk Management Policy and Strategy that includes Fraud Prevention Plan. Strategic and operational risk assessments are conducted annually to identify new and emerging risks for inclusion in the Agency's Risk Register.

SASSA has a Risk Management Committee in place, however due to the Risk Management Committee not being able to convene as required; the Risk Management Unit submits reports to the Audit Committee on the overall system of risk management which includes guidance on risk mitigation strategies of unacceptable levels of risk.

The report of the Risk Management Unit is presented quarterly to the Audit Committee. The Audit Committee provides advice and independently monitors the effectiveness of the systems of risk management.

Currently SASSA has a strategic risks register which include risks mitigation action plans that are monitored quarterly. There has been positive progress reported against the identified strategic risks and the Agency's performance, such progress is presented to SASSA EXCO, SASSA Risk Management Committee, Audit Committee and National Treasury. SASSA head office executives are the responsible owners of the strategic risks.


5. Internal Control Unit

The Internal Control Unit has performed the following activities during the financial year under review

a) Secretariat of the Financial Misconduct Board (FMB)

- In compliance with section 83 to 86 of the PFMA (1999, as amended), SASSA identifies and records all the incidents of financial misconduct, investigate and take appropriate action against responsible officials.

- The Unit performed investigations of financial misconduct cases relating to irregular expenditure, fruitless and wasteful expenditure as well as damages and losses and the reports were presented to FMB for consideration and approval by the Accounting Officer and Authority for implementation.
 - It also facilitated and convened the financial misconduct board meetings; scribed, prepared the board's submissions sent to Accounting Officer and Authority for consideration and approval and informed the officials of the outcome of their cases.
 - The submissions of requests for condonation of irregular expenditure for National Treasury's considerations were also facilitated by Internal Control Unit.
- b) Coordination of the audit
- The Internal Control was responsible for the coordination of the audit conducted by AGSA.
 - The activities involved included making sure that the information requested for audit purposes is submitted to the audit team within the stipulated timeframes, providing advice to other Units regarding matters related to the audit, preparing and keeping accurate registers of the audit information requests and findings as well as making follow up on any outstanding matters in regard to the audit.
 - On finalization of the audit, the Audit Action Plan was developed for implementation by the affected branches and regions ensuring control measures are implemented to avoid the recurrence of the audit findings. The progress report on the Audit Action Plan was updated on monthly



basis and was submitted to the AGSA, Audit Committee and EXCO when required. The Unit coordinates inputs and progress reports on Status of records review report which deals with high risk areas identified and communicated by AGSA through this report and management is required to provide management commitments and interventions to ensure such risks are addressed during the audit and beyond.

- The Internal Control Unit also provided secretariat services to SASSA Audit Steering Committee including record keeping of information deliberated at these meetings.
- c) Monitoring, analysis and follow up on compliance with the policies and relevant legislations such as PFMA, Treasury Regulation and National Treasury's Instruction or Practice Notes
- The Internal Control has visited all regions conducting validation of the financial misconduct registers ensuring the completeness and accuracy in preparation for the Annual Financial Statements. The validation process was undertaken in order to address the audit qualification the Agency received in 2017/18 due to incomplete consolidated irregular expenditure register amongst other issues raised by AGSA.
- The Financial misconduct policy was developed and aligned to the National Treasury Irregular Expenditure Framework issued by National Treasury with effective date of 1 December 2018. However, due to pending clarity required from National Treasury about the process to be undertaken to remove irregular expenditure not condoned the policy was not signed off as at 31 March 2019 therefore it would be finalized once further guidance is received from National Treasury.

Furthermore, Internal Control assesses and monitors the effectiveness of internal controls by analyzing the progress made by various branches and units as stated in the audit action plan against the follow up audits and tests conducted by Internal Audit during the year as well as the interim audit by AGSA.

6. Internal Audit and Audit Committees

The Internal Audit Activity independently reporting to the Accounting Authority administratively and to the Audit Committee functionally.

- Internal Audit provides independent assurance and consulting activities in respect of the Agency's governance risk management and control processes to assist in the Agency in achieving its goals and objectives. The internal audit department, is located at Head Office and provides value adding internal audit services throughout the Agency's regional offices, district offices, local office and pay-points.
- Internal audit assists the Accounting Authority in maintaining effective controls by evaluating those controls to determine their effectiveness and efficiency, by identifying the root causes of those control deficiencies and recommending control enhancement or improvement. Internal audit also reviews the reliability and integrity of financial and operating information as well as the review of performance information to ascertain whether results are consistent with established targets.
- For the year under review Internal Audit conducted a wide range of operational, financial, compliance and information technology audit assignments. Internal audit reviews focused on high-risk areas relating to the following:

- ✓ Social Relief of Distress funding review;
- ✓ Performance Information Management and Reporting;
- ✓ Annual Financial Statement's;
- ✓ Transition Process review;
- ✓ Card swap and payment process review;
- ✓ Payment Monitoring (for the transition process);
- ✓ Biometric Identity and Access Management;
- ✓ ICT Third Party Management for EOH Staff Recruitment;
- ✓ ICT Oracle I – Expense;
- ✓ Follow-up report on Audit Action Plan for Audited Financial Year ended 31 March 2018;
- ✓ Interim Financial Statements review;
- ✓ Customer Care Systems audit review; and
- ✓ Supply Chain Management and Account Payables.

Key activities and objectives of the audit committee

- During the reporting period, the Audit Committee continued to provide independent advice to management and oversaw the functioning of the internal audit activity. The Audit Committee has adopted appropriate formal terms of reference as its Audit Committee Charter, regulated its affairs in compliance with this Charter, and has discharged all its responsibilities as contained therein. The Committee reviewed internal audit plans, activity report as well as management action plans and processes to address areas of weaknesses identified by both internal audit and the Auditor-General South Africa (AGSA). Internal audit also conducted monitoring of the implementation of audit action plans.

- The Committee gave special attention to the activities of the Financial Misconduct Board, including the regional Financial Misconduct and Losses Committee which are structure established to deal with matters of financial misconduct as provided for in section 83 of the Public Finance Management Act (PFMA) of 1999, to ensure that all unauthorised, irregular, fruitless and wasteful expenditure in the Agency is dealt with appropriately.
- The Audit committee effectively executed its functions, which included the following key activities:
- Approved the Annual Internal Audit Plan for 2018/2019.
 - ✓ Considered the Audit Plan of the AGSA for 2018/2019 to avoid unnecessary duplications of audit efforts between AGSA and Internal Audit.
 - ✓ Reviewed the management action plans to ensure that they address audit exceptions and risks identified by the AGSA and internal audit.
 - ✓ Reviewed the 2018/2019 Annual Financial Statements.
 - ✓ Reviewed the Annual Performance report for 2018/2019.
 - ✓ Oversight visits to pay points to ensure a smooth transition new payment process.

7. Compliance with Laws and Regulations

SASSA has developed and implemented various compliant check-lists and delegations of authority ensuring compliance with laws and regulations. These include, but are not limited to, Supply Chain Management, Finance, Human Capital and Facilities.

8. Fraud and Corruption

SASSA has a Fraud Prevention Strategy that was approved in 2015. The Strategy focuses on prevention, detection and response (investigation and referral) to cases of suspected fraud and corruption. SASSA has commenced the process of reviewing the Fraud Prevention Strategy in order to address new fraud trends associated with the transition of grant payments to the South African Post Office and commercial banks.

During the 2018/19 financial year, a total of 662 alleged fraud and corruption cases were registered in the Fraud Case Management system, of which 627 (94.7%) were finalised. There were seventy (70) cases which were referred to law enforcement agencies during the reporting period. These cases involved 52 SASSA officials, 5 former SASSA officials, 6 Public Works officials, 1 CPS official and 73 grant beneficiaries.

Alleged fraud and corruption cases are mainly reported through the National Anti-Corruption Hotline, public walk-ins and management requests. The Fraud Case Management System was upgraded in March 2019 in order to improve its reporting function in line with performance targets. There were 56 users trained on the upgraded system during March 2019.

Fraud and corruption awareness workshops were conducted as part of measures to assist in the prevention, detection and reporting of fraud and corruption by improving the levels of awareness among SASSA officials.

9. Minimising Conflict of Interest

The SASSA Act (Act No 9 of 2004) states that a member of staff of the Agency, must, on appointment, submit to the Agency a written statement in which it is declared whether or not that member has any direct or indirect interest,

financially or otherwise which may constitute a conflict of interest in respect of his or her functions as an official of the Agency or which could reasonably be expected to compromise the Agency in the performance of its functions.

To effect the provisions of the Act, the SASSA's Code of Conduct, Gifts and Favours Policy and Integrity Policy are in place. Although the Gifts and Favours Policy provide for gifts to be received and be registered in the gift register by staff of the Agency, the Integrity Policy prohibits employees from soliciting or accepting gifts or gratuities from whomever. It is standard procedure that all members of the Bid Evaluation Committee and Bid Adjudication Committee sign declaration of interest in every sitting to establish and manage any conflict of interest. Integrity Policy provides that all organisations doing business with SASSA must disclose particulars of their immediate family members working for SASSA. To this effect all bidders are required to complete a returnable SBD 4 form which is a declaration of interest for all suppliers submitting a bid or quotation. In accordance with the provisions of the Integrity Policy, SASSA employees, their spouses or partners, immediate and extended family members from doing business with SASSA.

To have control and oversight on the required declarations, SASSA has entered into an Agreement with the Company and Intellectual Property Commission (CIPC) for SASSA to access the CIPC companies' database for purposes of verifying the information disclosed by employees through the financial disclosure process to ensure that employees fully disclose their interests. Violation of and non-compliance with provisions of the Act, Code of Conduct and any of the policies referred to, including failure to declare conflict of interest, constitutes misconduct and is dealt with through the Agency's disciplinary procedures.

10. Code of Conduct

SASSA has an approved Code of Conduct which is in line with Chapter 2 of the Public Service Regulations (PSR) 2016, in particular Part 2 of the chapter. The Code promotes ethical conduct and makes provisions for management of employees conduct in line with SASSA values and rules. SASSA new employees were trained on Code of Conduct, compliance, anti-fraud and other developments. Attendance registers and training reports are kept as evidence for training conducted.

SASSA managers are required to ensure that all current and new employees under their control receive a copy of the Code, are fully conversant with it, sign a commitment form and continue to sign it annually, thereafter; all employees complete the Declaration of Private Interest Form, and submit to Human Capital Management for safe keeping. The Code forms part of the induction programme, and all matters are appropriately dealt with. The employees also have the responsibility to keep a copy of the Code and familiarize themselves with it, ignorance of the Code is not an excuse for non-compliance, and to report any breaches to their respective supervisors or use any other channel provided by SASSA, direct all enquiries to supervisors, and, where they cannot be resolved, to the next higher level.

11. Health Safety and Environmental Issues

SASSA views proper working environment as key to service delivery. Therefore SASSA has an approved Occupational Health and Safety (OHS) Policy and Strategy that guides management of the health and safety matters. The strategy makes provision for the establishment of the National and

Regional Occupational Health and Safety Committees to ensure compliance with the OHS Act 1993 (Act 85 of 1993). Based on this provision, SASSA has appointed OHS Committees at Head Office and Regional Offices. In addition, OHS representatives have been appointed to identify hazards within SASSA offices. In areas where hazards were identified, corrective measures were implemented jointly with landlords to ensure that health and safety standards were not compromised.

Depending on the terms and conditions of the lease agreements of individual offices, landlords continued to improve and maintain offices to ensure that they are habitable and that services are rendered in a conducive environment. To ensure compliance to the OHS Act (1993) and the SASSA Occupational Health and Safety Policy and Strategy, monitoring and inspections were conducted and reports developed.

12. Audit Committee Report

The Audit Committee reports that it has complied with its responsibilities arising from section 51(1) (a) of the PFMA and Treasury Regulation 27.1. the Audit Committee herewith presents its report for the financial year ended 31 March 2019. The Audit Committee is independent and consisted of four independent non-executive members including the chairperson. One member's contract expired during this reporting period. The Audit Committee met seven (7) times for the year under review and their attendance is reflected in the table below:

Table 15: Relevant Information on the Audit Committee members and meeting attendance

Name	Qualifications	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Adv. MB Madumise	B Proc LLB MBA Graduate Diploma in International Trade Law	Not applicable	1 January 2015 – (31 December 2017) 01 January 2018 (Contract renewed as a Chairperson)	Not applicable	7 out of 7
Ms N Siwahla Madiba	Diploma HRM B Com Acc B Com Hons MSc Financial Management- Post Graduate Certificate - Advanced Taxation Chartered Director (IoDSA)	Not applicable	4 January 2016	Not applicable	4 out of 7
Mr S Mbalekwa	Bankers Diploma B Com B Com Honours MBL	Not applicable	01 January 2018	Not applicable	7 out of 7
Adv JF Nalane	B Proc LLB LLM Practicing Attorney	Not applicable	01 January 2018	Not applicable	5 out of 7
Ms T Mazwai	Diploma in Human Resources B Com MBA	Not applicable	1 May 2015	Contract ended 30 April 2018	-

Audit Committee responsibility

The Audit Committee reports that it has adopted appropriate formal terms of reference in its Audit Committee Charter and has discharged its duties as contained therein, in line with the statutory requirements of section 51(1)(a) (ii) of the PFMA and Treasury Regulation 27.1. The Committee carried out its functions through Audit Committee meetings and discussions with Executive Management, Internal Audit, the Auditor General of South Africa and oversight visits to regional offices and pay-points.

Internal Audit

The Committee provided oversight and guidance to the Internal Audit Function and accordingly approved the annual Internal Audit Plan and considered Internal Audit reports as presented on a quarterly basis. The Internal Audit reports provided the Audit Committee with an assessment of its governance, risk management and control processes. The Committee raised concerns with management regarding the lack of implementation of recommendations emanating from Internal Audit reports, such that some of findings reported

by Internal Audit found their way into the report of the Auditor-General. The Committee was also concerned about the inadequate capacity within the Internal Audit Function, which impacted on the finalisation of some of the audit assignments.

Effectiveness of internal control

From the reports of Internal Audit and the Auditor General SA, the Committee noted and remained concerned with the amount of irregular, fruitless and wasteful expenditure. The Committee's biggest concern is the ever increasing irregular expenditure in the KwaZulu- Natal, Eastern Cape regions and at head office. The Committee took the initiative to engage with management both at head office and in all the regions with the intent to understand the root cause of irregular, fruitless and wasteful expenditure. The conclusion drawn from this engagement was that there was generally lack of consequence management within the Agency. In spite of the poor consequence management, the Committee noted the concerted effort by some regions to finalise the cases relating to financial misconduct.

Risk management

The Audit Committee also provided oversight over the Agency's enterprise risk management activities. The Committee noted the inadequacies in terms of the Agency's risk management processes largely as a result of lack of capacity in the Risk Management Function. The Agency has not been able to increase this capacity in spite of the numerous requests by the Committee. The lack of risk management capacity negatively impacted on management's ability to adequately manage, amongst others, fraud risks resulting from the SASSA / South African Post Office (SAPO) collaboration.

The quality of management and quarterly reports submitted in terms of the PFMA

During the year under review the Audit Committee was presented with quarterly management reports. The Committee is however, concerned with the monitoring and reporting in respect of certain grants payment service as detailed in the SASSA/ SAPO Master Service Agreement. The Committee noted the Agency's compliance with the Constitutional Court judgement of March 2018 and the transfer of social grants payment processes from the service provider, CPS, to the South African Post Office despite the many challenges.

Evaluation of the Annual Financial Statements

The Committee considered the annual financial statement and performance information as submitted by management. In this regard, what is of concern are the significant audit adjustments to the AFS as reported by the AGSA. The Committee noted with a heavy heart the disclosure regarding litigation matters between the agency and its former service provider, CPS, as some of this could have been prevented if management applied due diligence in the execution of its responsibilities.



Advocate Brenda Madumise
Audit Committee Chairperson
23 August 2019





Part D

Human Resource Management

1. Introduction

SASSA has addressed the alignment of service delivery initiatives by embarking on human resource planning to outline the capacity requirements based on the revised grants value chain staffing requirements. This was to optimally improve the utilization of staff to augment job profiling and enhancing organisational efficiency.

To ensure that there is capacity to meet service delivery requirements, 93% of funded permanent posts were filled (8 136), including 43 internal promotions. Furthermore the Agency has contributed towards the reduction of unemployment by appointing 133 contract workers, bringing the total number of permanent and contract employees to 8 269. These appointments had a positive bearing in addressing capacity challenges which has a direct impact in the attainment of SASSA strategic objectives.

The contract employees were appointed in the following categories:

- Expanded Public Works Programme (EPWP) - 16
- Interns – 111; and
- Other contract appointments – six

The nature of SASSA business requires adequate capacity to administer grants on daily basis, which can be achieved through an effective leave administration system. As a result, SASSA has successfully implemented online leave for all SASSA employees to ensure effective and efficient leave management. In order to keep up with the Skills Development requirements, SASSA has identified a number of training interventions for 2018/2019 financial year and a total of 2391 employees received training in various fields.

The Agency is committed in creating and maintaining a conducive working environment through sound employee relations. During the period under review (2018/2019), the Agency has managed to finalise 99 grievances lodged by the officials within the Agency, and has dismissed 21 officials for various categories of misconduct. The Organisation has further managed to ensure that Management and Organised Labour engage on issues pertinent to the employees' conditions of employment through the SASSA National Bargaining Forum. Biometric enrolment as agreed to at the SNBF is successfully implemented in 4 regions as a pilot project. In 2020, it will be rolled out across the Country.

Monitoring of the Employment Equity Plan was conducted through the EE Forum and EE Compliance Analysis in 9 Regions and Head Office. The EE Annual report was successfully submitted as mandated by the Employment Equity Act and endorsed by Department of Labour. Employees and Managers were supported through a comprehensive (24 hours / 7 days a week/365 days) Employee Wellness Program. Participation in the Programme has resulted in the implementation of targeted intervention such as Financial Wellness, Health Screening, Relationship and Stress Management sessions. Through these the Agency has a resilient workforce to deliver on its mandate. The services of Occupational Therapist has been secured to advice on effective implementation of reasonable accommodation for Employees with Disabilities. The annual International Day for People with Disabilities was commemorated and attended by 19 Employees.

2. Human Resource Oversight Statistics

Table 16: Personnel Cost by Programme

Programme	Total Expenditure for the entity R	Personnel Expenditure R	Personnel exp. as a % of total expenditure R	No. of employees	Average personnel cost per employee R
1. ADMINISTRATION					
Corporate Services	1 294 973 653	297 557 390	23%	639	465 661
Executive Management	163 823 244	93 172 640	57%	146	638 169
Finance	723 161 021	414 841 395	58%	1 123	369 405
Internal Audit	52 428 827	44 351 679	85%	96	461 997
Strategy & Business Development	38 486 140	23 879 021	62%	27	884 408
Information & Communication Technology	605 342 491	78 406 855	13%	113	693 866
2. GRANTS ADMINISTRATION					
	3 583 836 306	2 221 190 407	62%	7 727	287 458
Total	6 462 051 684**	3 173 399 385	49%	9 871*	321 487

Table 17: Personnel Cost by location

Programme/Activity/ Objective	Total Expenditure for the entity R	Personnel Expenditure R	Personnel exp. as a % of total expenditure	No. of employees	Average personnel cost per employee R
Head Office	2 169 149 050	247 493 660	11%	411	602 174
Eastern Cape	698 132 241	495 719 423	71%	1 570	315 745
Free State	337 586 060	224 151 509	66%	654	342 739
Gauteng	493 628 179	333 682 487	68%	1 028	324 594
Kwa-Zulu Natal	790 627 972	556 479 224	70%	2 080	267 538
Limpopo	480 159 531	343 631 609	72%	1 027	334 597
Mpumalanga	339 897 015	224 367 844	66%	714	314 241
Northern Cape	315 700 648	202 367 493	64%	726	278 743
North West	397 551 009	251 608 095	63%	763	329 762
Western Cape	439 619 979	293 898 042	67%	898	327 281
Total	6 462 051 684**	3 173 399 385	49%	9 871	321 487

* Represents all employees who were paid during the year including contracts that expired prior to year end

** Includes loss on disposal of assets

Table 18: Personnel cost by Salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	14 534 440	0,5%	9	1 614 938
Senior Management	214 673 537	6,8%	195	1 100 890
Professional Qualified	432 159 311	13,6%	513	842 416
Skilled	1 167 123 670	36,8%	2 695	433 070
Semi-Skilled	1 317 859 671	41,5%	5 277	249 737
Unskilled	27 048 757	0,9%	1 182	22 884
Total	3 173 399 385	100%	9 871*	321 487

Table 19: Performance Rewards by Salary band

Salary band	Number of Employees	Personnel Expenditure in Rand	Performance Rewards in Rand	Performance rewards as a % of Total Personnel Cost
Top Management	0	14 534 440	-	0%
Senior Management	6	214 673 537	323 120	0%
Professional Qualified	112	432 159 311	4 231 181	1%
Skilled	810	1 167 123 670	14 365 055	1%
Semi - Skilled	1 386	1 317 859 671	13 887 616	1%
Unskilled	13	27 048 757	80 362	0%
Total	2 327	3 173 399 385	32 887 337	1%

* Represents all employees who were paid during the year including contracts that expired prior to year end

Table 20: Training Costs by Branch/Region/Department

Programme/activity/ objective	Personnel Expenditure (R'000)	Training Expenditure R'000	Training Expenditure as a % of Personnel Cost.	No. of Employees trained	Avg Training cost per employee
Corporate Services	65 278 635	378 712	1%	26	14 566
Finance	55 513 648	169 532	0%	21	8 073
Grants Administration	26 104 774	-	0%	0	-
Grant Benefit Transfers	7 566 300	-	0%	0	-
Internal Audit & Risk Management	17 440 441	7 812	0%	1	7 812
Information & Communications Technology	33 638 132	249 050	1%	10	24 905
Office Of The CEO	18 072 709	9 650	0%	0	-
Strategy & Business Development	23 879 021	-	0%	0	-
Eastern Cape	495 719 423	2 236 658	0%	330	6 778
Free State	224 151 509	1 705 572	1%	113	15 094
Gauteng	333 682 487	1 317 862	0%	312	4 224
Kwa-Zulu Natal	556 479 224	4 616 504	1%	591	7 811
Limpopo	343 631 609	1 138 753	0%	207	5 501
Mpumalanga	224 367 844	1 376 519	1%	300	4 588
Northern Cape	202 367 493	470 179	0%	77	6 106
North West	251 608 095	665 402	0%	285	2 335
Western Cape	293 898 042	465 460	0%	102	4 563
Total	3 173 399 385	14 807 665	0%	2 375	6 234

Table 21: Employment and Vacancies

Programme/Activity/Objective	2017/2018 No. of Employees	2018/2019 Approved Posts	2018/2019 No. of Employees	2018/2019 Vacancies	% of Vacancies
The South African Social Security Agency	1	2	1	1	50,0%
Fraud & Compliance	13	40	13	27	67,5%
Chief Operations Management	19	73	19	54	74,0
Internal Audit & Risk Management	33	55	21	34	61,8%
Corporate Services	111	230	105	125	54,3%
Finance	94	182	89	93	51,1%
Information & Communications Technology	42	110	38	72	65,5%
Grants Operations	54	83	54	29	34,9%
Policy Implementation Support	8	19	7	12	63,2%
Strategy & Business Development	27	117	26	91	77,8%
Gauteng	938	2 003	911	1 092	54,5%
Western Cape	821	1 354	794	560	41,4%
Kwa-Zulu Natal	1 731	3 278	1 610	1 668	50,9%
Mpumalanga	692	1 419	567	852	60,0%
Free State	615	1 797	571	1 226	68,2%
Limpopo	923	1 780	880	900	50,6%
Eastern Cape	1 392	3 318	1 335	1 963	59,2%
Northern Cape	569	1 300	523	777	59,8%
North West	717	1 586	685	901	56,8%
Total	8 800	18 746	8 269***	10 477	55.9

*** Represents all employees (both permanent and contracts) in service as at 31 March 2019

SASSA's Vacancy Rate is 55.9% in 2018/2019, which is based on the total posts on the establishment, which includes both funded and unfunded posts. During 2018/2019 financial year, the Agency had 8 269 filled funded posts and 10 477 vacant posts on the establishment. The total number of 8 269 employees reflected on the table above, accounts for both permanent (8 136) and contract (133) employees in the Agency. Only 332 of 10 477 vacant posts were funded on the establishment which implies that 10 145 vacant posts are not funded and cannot be filled. The Agency will require additional funding to reduce the vacancy rate.

Table 22: Employment and Vacancies by salary band

Programme/Activity/Objective	2017/2018 No. of Employees	2018/2019 Approved Posts	2018/2019 No. of Employees	2018/2019 Vacancies	% of Vacancies
Top Management	9	18	8	10	55,6
Senior Management	187	305	175	130	42,6
Professional Qualified	507	896	479	417	46,5
Skilled	2 632	6 792	2 533	4 259	62,7
Semi - Skilled	5 248	10 641	5 025	5 616	52,8
Unskilled	217	94	49	45	47,9
Total	8 800	18 746	8 269***	10 477	55,9

Table 23: Employment changes by salary band

Programme/Activity/Objective	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	9	0	1	8
Senior Management	190	1	16	175
Professional Qualified	502	2	25	479
Skilled	2 635	7	109	2 533
Semi - Skilled	5 076	133	184	5 025
Unskilled	224	962	1 137	49
Total	8 636	1 105	1 472	8 269***

Table 24: Reason for staff leaving

Reason	Number	% of total no. of staff leaving
Death	43	2.9
Resignation	228	15.5
Dismissal	21	1.4
Retirement	60	4.1
Ill Health	4	0.3
Expiry Of Contract	1 103	74.9
Other - Transfer	13	0.9
Total	1 472	100

*** Represents all employees (both permanent and contracts) in service as at 31 March 2019

The highest number of people who exited the Agency were appointed on fixed-term contract for specific projects. Their contracts expired at the end of the term after the completion of respective projects this category includes EPWP workers and Interns who were appointed to get workplace experience. The Agency has a Voluntary Attrition Rate of 2.9% which is less than the acceptable norm of 5%. Voluntary Attritions Rate is calculated by adding 228 Resignations + 13 Transfers Out of the Agency, which is 241 divide by 8 269 total employees.

Table 25: Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	8
Written Warning	58
Final Written Warning	46
Dismissal	21
Suspension Without Pay	8
Total	141

Table 26: Equity Target and Employment Equity Status

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	4	6	0	1	0	0	0	2
Senior Management	76	107	10	5	4	4	4	26
Professional Qualified	233	328	28	38	13	21	14	72
Skilled	911	2 158	91	276	31	126	17	361
Semi - Skilled	1 671	3 312	183	549	15	125	14	541
Unskilled	23	530	1	141	0	30	0	103
Total	2 918	6 441	313	1 010	63	306	49	1 105

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	3	6	0	1	0	0	1	1
Senior Management	68	135	4	11	4	12	5	22
Professional Qualified	165	325	8	41	5	16	13	58
Skilled	1 273	2 923	125	370	30	150	55	448
Semi - Skilled	2 814	4 903	252	565	25	136	51	675
Unskilled	20	688	5	192	0	25	0	118
Total	4 343	8 980	394	1 180	64	339	125	1 322

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	1	2	1	4
Professional Qualified	5	9	3	9
Skilled	18	58	15	78
Semi - Skilled	47	87	61	129
Unskilled	1	17	1	20
Total	72	173	81	240

SASSA EE targets were set based on the overall posts establishment with 2% target of disability however not all posts were funded. In addition to this the moratorium of non-filling of posts had an impact on the achievement of the general EE target, as a result 1.9% of disability was achieved. The successive EE Plan will be based on funded position.





Part E

Financial Information

Report of the auditor-general to Parliament on the South African Social Security Agency

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the South African Social Security Agency set out on pages 100 to 162, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget with actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the South African Social Security Agency as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of*

Ethics for Professional Accountants and parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Contingencies

7. With reference to note 25 to the financial statements, the entity is the defendant in various claims and lawsuits and is opposing these claims. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.
8. With reference to note 25 to the financial statements, the entity also disclosed a contingent asset whereby the service provider for grants distribution was ordered by the High Court to refund the entity a sum of R316,4 million with interest from June 2014. The service provider has lodged a petition with the Supreme Court of Appeal.



Responsibilities of the accounting authority for the financial statements

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the accounting authority is responsible for assessing the South African Social Security Agency's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

11. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

13. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
14. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the entity for the year ended 31 March 2019:

Programme	Pages in the annual performance report
Programme 2 – benefit administration and support	52 – 70

16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

17. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programme.

Other matter

18. I draw attention to the matter below.

Achievement of planned targets

19. The annual performance report on pages 29 to 71 sets out information on the achievement of planned targets for the year and explanations provided for the under and over-achievement of a significant number of targets.

Report on the audit of compliance with legislation

Introduction and scope

20. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

21. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

22. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA. Material misstatements of social assistance service fees, the cash flow statement, accounting policies and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records provided, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

23. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R67,1 million, as disclosed in note 30 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure resulted from extensions and deviations of contracts and lease agreements that were not approved.

24. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R77,8 million, as disclosed in note 29 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the fruitless and wasteful expenditure resulted from payments for services not utilised or rendered.

Other information

25. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

26. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
27. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
28. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
30. Leadership did not implement effective controls to ensure accurate financial reporting nor did they exercise adequate oversight responsibility over compliance with applicable legislation, which resulted in material adjustments made to the financial statements as well as instances of irregular and fruitless and wasteful expenditure not being prevented.

Other reports

31. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

Investigations

32. The entity's fraud and compliance unit conducted various investigations related to fraud and corruption as well as non-compliance with supply chain management legislation. Seventy-one cases were referred to the South African Police Service (SAPS) during the year for investigation. The SAPS completed investigating two cases for the year under review and 11 suspects were arrested for being in the unlawful possession of beneficiary cards.
33. The Hawks is currently performing investigations into social assistance grant fraud. The investigations are ongoing.

Auditor-General

Pretoria
21 August 2019



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the entity’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
 - conclude on the appropriateness of the accounting authority’s use of the going concern basis of accounting in the preparation of the financial

statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the South African Social Security Agency’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause an entity to cease continuing as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

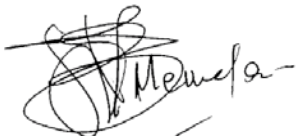
3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

Index

The reports and statements set out below comprise the annual financial statements presented to the executive authority and parliament:

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The annual financial statements set out on pages 100-162, which have been prepared on the going concern basis, were approved by the accounting authority on 16 August 2019 and were signed on its behalf by:



Ms. T. B. J. Memela.

**Chief Executive Officer
and Accounting Authority**

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2019

Statement of Financial Position as at 31 March 2019

Figures in Rand	Note(s)	2019	2018
Assets			
Current Assets			
Inventories	3	14 965 685	16 539 280
Receivables from exchange transactions	4	9 065 245	9 742 967
Prepayments	5	5 872 214	16 884 092
Short-term portion of concessionary loan granted to SAPO	32	83 895 859	-
Cash and cash equivalents	6	1 927 186 421	509 168 203
		2 040 985 424	552 334 542
Non-Current Assets			
Property, plant and equipment	7	714 397 076	781 940 132
Intangible assets	8	35 302 120	39 855 589
Concessionary loan granted to SAPO	32	328 016 248	-
		1 077 715 444	821 795 721
Total Assets		3 118 700 868	1 374 130 263
Liabilities			
Current Liabilities			
Finance lease obligation	9	207 028	208 850
Operating lease liability	10	18 660 935	9 139 567
Payables from exchange transactions	11	832 267 082	325 981 403
Provisions	12	289 014 901	292 687 765
		1 140 149 946	628 017 585
Non-Current Liabilities			
Finance lease obligation	9	1 895	162 701
Total Liabilities		1 140 151 841	628 180 286
Net Assets			
Accumulated surplus		1 978 549 027	745 949 977
		1 978 549 031	745 949 982

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2019

Statement of Financial Performance

Figures in Rand	Note(s)	2019	2018
Revenue			
Revenue from exchange transactions	13	4 381 595	6 588 755
Revenue from non-exchange transactions	14	7 762 878 000	7 206 060 000
Interest applied on concessionary loan repayments	32	14 316 290	-
Finance income	16	1 186 140	1 264 937
Total revenue		7 782 762 025	7 213 913 692
Expenditure			
Finance costs	18	35 439	11 916
Debt impairment	4	1 444 769	732 518
Repairs and maintenance	7	29 565 875	25 040 670
Depreciation and amortisation	7&8	118 227 849	121 898 923
Administrative expenses	19	1 834 641 278	1 919 767 438
Social assistance service fees	20	1 304 737 089	2 112 455 337
Personnel costs	17	3 173 399 385	3 027 303 707
Total expenditure		6 462 051 684	7 207 210 509
Surplus for the year from continuing operations			
Loss on disposal of assets		(7 941 219)	(9 782 417)
Social benefit on concessionary loan granted to SAPO	32	(80 170 073)	-
Surplus/(deficit) for the year		1 232 599 049	(3 079 234)



South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2019

Statement of Changes in Net Assets

Figures in Rands	Accumulated surplus/ (Deficit)	Total net assets
Balance at 01 April 2017	981 644 865	981 644 865
Changes in net assets		
Deficit for the year	(3 079 234)	(3 079 234)
Cash surplus surrendered to National Treasury	(232 615 649)	(232 615 649)
Total changes	(235 694 883)	(235 694 883)
Opening balance as previously reported	745 949 982	745 949 982
Balance at 01 April 2018	745 949 982	745 949 982
Changes in net assets (Deficit)/Surplus for the year	1 232 599 049	1 232 599 049
Total changes	1 232 599 049	1 232 599 049
Balance at 31 March 2019	1 978 549 031	1 978 549 031

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2019

Cash Flow Statement

Figures in Rand	Note(s)	2019	2018
Cash flows from operating activities			
Receipts			
Cash receipts		7 766 492 548	7 212 684 694
Payments			
Cash paid to suppliers and employees		(5 754 389 325)	(7 147 741 080)
Net cash flows from operating activities	23	2 012 103 223	64 943 614
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(46 615 548)	(78 756 922)
Purchase of intangible assets	8	(8 315 912)	(24 075 775)
Proceeds from sale of assets		858 385	1 093 303
Concessionary loan granted to SAPO		(541 000 003)	-
Interest Income		1 186 140	1 264 937
Net cash flows from investing activities		(593 886 938)	(100 474 457)
Cash flows from financing activities			
Cash surplus surrendered to National Treasury		-	(232 615 649)
Finance lease payments		(162 628)	(55 545)
Finance costs		(35 439)	(11 916)
Net cash flows from financing activities		(198 067)	(232 683 110)
Net (decrease)/increase in cash and cash equivalents		1 418 018 218	(268 213 953)
Cash and cash equivalents at the beginning of the year		509 168 203	777 382 156
Cash and cash equivalents at the end of the year	6	1 927 186 421	509 168 203

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Miscellaneous other revenue	-	-	-	4 381 595	4 381 595	
Interest applied on concessionary loan repayments	-	-	-	14 316 290	14 316 290	
Finance income	-	-	-	1 186 140	1 186 140	
Total revenue from exchange transactions	-	-	-	19 884 025	19 884 025	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	7 762 878 000	-	7 762 878 000	7 762 878 000	-	
Total revenue	7 762 878 000	-	7 762 878 000	7 782 762 025	19 884 025	
Expenditure						
Personnel	(3 406 464 640)	-	(3 406 464 640)	(3 173 399 385)	233 065 255	34
Finance costs	-	-	-	(35 439)	(35 439)	
Repairs and maintenance	(31 015 737)	-	(31 015 737)	(29 565 875)	1 449 862	
Social assistance service fee	(2 290 041 000)	-	(2 290 041 000)	(1 304 737 089)	985 303 911	34
Administrative expenses	(2 035 356 623)	-	(2 035 356 623)	(1 834 641 278)	200 715 345	34
Total expenditure	(7 762 878 000)	-	(7 762 878 000)	(6 342 379 066)	1 420 498 934	
Surplus before taxation	-	-	-	1 440 382 959	1 440 382 959	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	1 440 382 959	1 440 382 959	

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 89(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

Comparative information

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. 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 sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual 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 annual financial statements. Significant judgements include:

Receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus 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 trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss 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 loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Accounting Policies

Receivables (continued)

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 - Provisions. Provisions are measured at 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.

Useful lives and residual values

The entity reassesses the useful lives and residual values of property, plant and equipment on an annual basis. In reassessing 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 period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured 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 management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Accounting Policies

1.2 Property, plant and equipment (continued)

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Accounting Policies

1.2 Property, plant and equipment (continued)

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	20 - 50 years
Finance lease assets	Straight line	lesser of the useful life or the lease agreement term
Machinery and equipment	Straight line	2 - 15 years
Furniture and fixtures	Straight line	5 - 15 years
Motor vehicles	Straight line	4 - 10 years
Office equipment	Straight line	5 - 15 years
IT equipment	Straight line	3 - 10 years
Leasehold improvements	Straight line	lesser of the useful life or the lease agreement term
Communication equipment	Straight line	2 - 15 years

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

1.2 Property, plant and equipment (continued)

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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 from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 7).

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 7).

Accounting Policies

1.3 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

1.3 Intangible assets (continued)

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, internally generated	Straight line	3 - 10 years
Computer software, other	Straight line	3 - 10 years

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 8).

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Accounting Policies

1.4 Financial instruments (continued)

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of

GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

1.4 Financial instruments (continued)

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Accounting Policies

1.4 Financial instruments (continued)

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Receivables from exchange transactions

Receivables are classified as receivables and subsequently measured at amortised cost using the effective interest method.

Payables from exchange transactions

Payables are subsequently measured at amortised cost, using the effective interest method.

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

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 asset or liability.

Accounting Policies

1.6 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.7 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

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Accounting Policies

1.7 Impairment of cash-generating assets (continued)

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

1.8 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 and sick 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.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Accounting Policies

1.9 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and

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Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

1.9 Provisions and contingencies (continued)

- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 25.

1.10 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.11 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Accounting Policies

1.12 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the

obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Government grants

An inflow of resources from a non-exchange transactions other than services rendered, that meet the definition of an asset is recognised as an asset when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the amount of the revenue can be measured reliably.

The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying agencies in accordance with an agreed program may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Conditions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no condition on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

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Accounting Policies

1.13 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.14 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.15 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law.

Accounting Policies

1.15 Irregular expenditure (continued)

Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.16 Budget information

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note 34.

Comparative information is not required.

1.17 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

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Accounting Policies

1.17 Related parties (continued)

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.18 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2019 or later periods:

GRAP 104 (revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the amendment is not yet set by the Minister of Finance.

The entity expects to adopt the amendment for the first time when the Minister sets the effective date for the amendment.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 34: Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

It furthermore covers Definitions, Preparation of separate financial statements, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

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GRAP 34: Separate Financial Statements (continued)

The entity expects to adopt the standard for the first time in the 2020/2021 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 35: Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

To meet this objective, the Standard:

- requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- defines the principle of control, and establishes control as the basis for consolidation;
- sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;
- sets out the accounting requirements for the preparation of consolidated financial statements; and
- defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers Definitions, Control, Accounting requirements, Investment entities: Fair value requirement, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

The entity expects to adopt the standard for the first time in the 2020/2021 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 36: Investments in Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

It furthermore covers Definitions, Significant influence, Equity method, Application of the equity method, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

The entity expects to adopt the standard for the first time in the 2020/2021 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 37: Joint Arrangements

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

It furthermore covers Definitions, Joint arrangements, Financial statements and parties to a joint arrangement, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020

The entity expects to adopt the standard for the first time in the 2020/2021 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 38: Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers Definitions, Disclosing information about interests in other entities, Significant judgements and assumptions, Investment entity status, Interests in controlled entities, Interests in joint arrangements and associates, Interests in structured entities that are not consolidated, Non-qualitative ownership interests, Controlling interests acquired with the intention of disposal, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

The entity expects to adopt the standard for the first time in the 2020/2021 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

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GRAP 110 (as amended 2016): Living and Non-living Resources

The objective of this Standard is to prescribe the:

- recognition, measurement, presentation and disclosure requirements for living resources; and
- disclosure requirements for non-living resources

It furthermore covers Definitions, Recognition, Measurement, Depreciation, Impairment, Compensation for impairment, Transfers, Derecognition, Disclosure, Transitional provisions and Effective date.

The subsequent amendments to the Standard of GRAP on Living and Non-living Resources resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- **General improvements:** To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23; and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets
- **IPSASB amendments:** To clarify the revaluation methodology of the carrying amount and accumulated depreciation when a living resource is revalued; To clarify acceptable methods of depreciating assets; and To define a bearer plant and include bearer plants within the scope of GRAP 17 or GRAP 110, while the produce growing on bearer plants will remain within the scope of GRAP 27

The effective date of the standard is for years beginning on or after 01 April 2020.

The entity expects to adopt the standard for the first time in the 2020/2021 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
3. Inventories		
Stationery and consumables	14 060 804	15 528 645
Postage/franking machine	904 881	1 010 635
	14 965 685	16 539 280
4. Receivables from exchange transactions		
Staff debtors	6 094 496	6 595 631
Other debtors	1 097 847	241 107
Inter-departmental claims	1 872 902	2 906 229
	9 065 245	9 742 967
Receivables pledged as security		
Receivables were not pledged as security for any financial liability		
Credit quality of receivables		
The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:		
Fair value of receivables		
Trade and other receivables at carrying value	11 257 257	11 114 162
Provision for doubtful debts	(2 192 012)	(1 371 195)
	9 065 245	9 742 967
The fair value of receivables approximates the carrying value amount due to their short term nature		
Reconciliation of provision for impairment of receivables		
Opening balance	1 371 195	1 752 330
Provision for impairment	1 444 769	732 518
Amounts written off as uncollectible	(623 952)	(1 113 653)
	2 192 012	1 371 195

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Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements



Figures in Rand

2019

2018

5. Prepayments

Prepaid annual consulting, support and subscription fees

Opening balance

16 884 092

17 095 299

Amount realised as an expense

(24 877 270)

(24 717 778)

Increased for the period

13 865 392

24 506 571

5 872 214

16 884 092

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Petty cash

105 000

105 000

Bank balances

1 927 081 421

509 063 203

1 927 186 421

509 168 203

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

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates.

The vast majority of the entity's funds are not held within a commercial bank, therefore the entity is not exposed to credit risk.

South African Social Security Agency

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Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	519 500	-	519 500	519 500	-	519 500
Buildings	254 257 566	(43 376 082)	210 881 484	252 585 948	(33 759 216)	218 826 732
Leasehold property	1 896 036	(1 564 138)	331 898	1 855 461	(1 058 764)	796 697
Work in progress	6 796 484	-	6 796 484	2 978 933	-	2 978 933
Furniture and fixtures	182 599 413	(85 101 096)	97 498 317	184 149 069	(75 706 281)	108 442 788
Motor vehicles	289 979 353	(156 723 604)	133 255 749	288 573 470	(134 592 888)	153 980 582
Office equipment	11 733 584	(6 695 718)	5 037 866	12 955 154	(7 049 594)	5 905 560
IT equipment	462 759 041	(255 940 781)	206 818 260	453 158 646	(222 657 678)	230 500 968
Finance lease assets	522 255	(345 229)	177 026	467 153	(117 763)	349 390
Machinery and equipment	97 597 132	(46 751 471)	50 845 661	97 340 443	(40 481 673)	56 858 770
Communication equipment	14 052 696	(11 817 865)	2 234 831	14 776 960	(11 996 748)	2 780 212
Total	1 322 713 060	(608 315 984)	714 397 076	1 309 360 737	(527 420 605)	781 940 132

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Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	519 500	-	-	-	-	519 500
Buildings	218 826 732	1 568 417	-	163 200	(9 676 865)	210 881 484
Leasehold property	796 697	40 580	-	-	(505 379)	331 898
Work in progress	2 978 933	3 980 751	-	(163 200)	-	6 796 484
Furniture and fixtures	108 442 788	4 286 700	(2 783 160)	-	(12 448 011)	97 498 317
Motor vehicles	153 980 582	6 532 795	(1 726 268)	-	(25 531 360)	133 255 749
Office equipment	5 905 560	423 135	(439 872)	-	(850 957)	5 037 866
IT equipment	230 500 968	26 851 269	(3 039 761)	-	(47 494 216)	206 818 260
Finance lease assets	349 390	114 726	(10 793)	-	(276 297)	177 026
Machinery and equipment	56 858 770	2 763 026	(712 590)	-	(8 063 545)	50 845 661
Communication equipment	2 780 212	54 149	(85 631)	-	(513 899)	2 234 831
	781 940 132	46 615 548	(8 798 075)	-	(105 360 529)	714 397 076

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	519 500	-	-	-	-	519 500
Buildings	221 148 173	7 280 192	(392 096)	360 145	(9 569 682)	218 826 732
Leasehold property	1 503 745	58 027	-	-	(765 075)	796 697
Work in progress	822 982	2 516 096	-	(360 145)	-	2 978 933
Furniture and fixtures	115 582 605	12 504 161	(6 895 374)	(2 296)	(12 746 308)	108 442 788
Motor vehicles	181 364 087	1 121 358	(2 559 039)	-	(25 945 824)	153 980 582
Office equipment	6 814 942	499 225	(304 234)	(8 202)	(1 096 171)	5 905 560
IT equipment	235 451 381	51 221 564	(5 707 448)	2 296	(50 466 825)	230 500 968
Finance lease assets	-	427 096	-	-	(77 706)	349 390
Machinery and equipment	63 106 903	3 112 699	(959 721)	8 202	(8 409 313)	56 858 770
Communication equipment	3 070 222	443 627	(161 304)	-	(572 333)	2 780 212
	829 384 540	79 184 045	(16 979 216)	-	(109 649 237)	781 940 132

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7. Property, plant and equipment (continued)		
Assets subject to finance lease (Net carrying amount)		
Leasehold property	331 898	796 697
Details of properties		
Land - Limpopo Region: Portion 4 of ERF 655 Warmbaths		
Terms and conditions		
- Purchase price: 13 May 2016	519 500	519 500
Expenditure incurred to repair and maintain property, plant and equipment		
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Contracted services	24 562 105	11 374 973
General expenses	5 003 770	13 665 697
	29 565 875	25 040 670

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8. Intangible assets

	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	139 340 440	(104 038 320)	35 302 120	119 672 787	(91 177 394)	28 495 393
Intangible assets under development	-	-	-	11 360 196	-	11 360 196
Total	139 340 440	(104 038 320)	35 302 120	131 032 983	(91 177 394)	39 855 589

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Disposals	Reclassifications	Amortisation	Total
Computer software	28 495 393	8 315 912	(2 014)	11 360 196	(12 867 367)	35 302 120
Intangible assets under development	11 360 196	-	-	(11 360 196)	-	-
	39 855 589	8 315 912	(2 014)	-	(12 867 367)	35 302 120

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	28 873 343	12 715 579	(843 844)	(12 249 685)	28 495 393
Intangible assets under development	-	11 360 196	-	-	11 360 196
	28 873 343	24 075 775	(843 844)	(12 249 685)	39 855 589

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9. Finance lease obligation		
Minimum lease payments due		
- within one year	211 377	237 058
- in second to fifth year inclusive	6 784	169 658
	218 161	406 716
less: future finance charges	(9 237)	(35 165)
Present value of minimum lease payments	208 924	371 551
Present value of minimum lease payments due		
- within one year	207 029	208 850
- in second to fifth year inclusive	1 895	162 701
	208 924	371 551
Non-current liabilities	1 895	162 701
Current liabilities	207 028	208 850
	208 923	371 551

The average lease term is between 2-5 years and the average effective borrowing rate is linked to the prime rate as determined by the South African Reserve Bank. Interest rates are fixed at the contract date. All the leases have fixed repayment terms. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

The agency 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.

The agency's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 7.

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10. Operating lease liability		
Contractual payments	(103 429 772)	(140 489 374)
Straight line basis expense	122 090 707	149 628 941
	18 660 935	9 139 567
Operating leases - as lessee (expense - Minimum lease payments due)		
Within one year	96 701 560	102 694 569
In second to fifth year inclusive	87 388 497	127 494 624
Later than five years	-	5 683 638
	184 090 057	235 872 831

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 have been recognised as an operating lease liability.

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 10%. The operating lease liability at the end of the period is R18,660,935 (2018: R9,139,567).

11. Payables from exchange transactions

Trade payables	503 916 884	111 010 470
Inter-departmental claims	387 575	100
Payroll - Third-party	80 410 543	51 198
Accrued service bonus	92 701 264	89 106 409
Accrued expenses	144 307 179	125 813 226
Operating lease payables - Office buildings	10 543 637	-
	832 267 082	325 981 403

The fair value of payables approximate the carrying amount due to their short term nature.

Fair value of trade and other payables

Trade payables	503 916 884	111 010 470
Inter-departmental claims	387 575	100
Payroll - Third-party	80 410 543	51 198
Accrued service bonus	92 701 264	89 106 409
Accrued expenses	144 307 179	125 813 226
Operating lease payables - Office buildings	10 543 637	-
	832 267 082	325 981 403

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12. Provisions

Reconciliation of provisions - 2019

	Opening Balance	Additions	Utilised during the year	Total
Provision for legal fees	-	1 634 245	-	1 634 245
Provisions for shared services and other third-party	9 460 086	11 965 854	(10 152 420)	11 273 520
Provision for leave pay	238 376 593	229 457 006	(238 376 593)	229 457 006
Provision for performance bonus	44 851 086	34 641 560	(32 842 516)	46 650 130
	292 687 765	277 698 665	(281 371 529)	289 014 901

Reconciliation of provisions - 2018

	Opening Balance	Additions	Utilised during the year	Total
Provisions for shared services and other third-party	13 695 219	8 216 334	(12 451 467)	9 460 086
Provision for leave pay	234 181 376	238 376 593	(234 181 376)	238 376 593
Provision for performance bonus	42 592 023	32 842 516	(30 583 453)	44 851 086
	290 468 618	279 435 443	(277 216 296)	292 687 765

The provision for performance bonus represents the estimated liability in respect of performance bonus to be paid out.

The provision for leave pay includes both capped and uncapped leave entitlement to employees. The agency policy rate used in the calculation for the provision for leave pay is the same for both capped and uncapped entitled leave.

The provision for shared services and other third-party represents shared services and other third-party incurred by the agency still outstanding at year end.

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13. Revenue from exchange transactions

Sale of waste papers and others	88 539	50 064
Commission received	172 595	154 549
Rental income - parking	416 957	409 470
Recovery of previous year revenue	3 703 504	4 757 246
Skills development refund	-	1 217 426
	4 381 595	6 588 755

14. Revenue from non-exchange transactions

Operating grants

Government grant	7 762 878 000	7 206 060 000
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No amount of government grant received during the year was conditional, resulting in the full amount received being recognised as revenue.

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15. Operating surplus (deficit)

Operating surplus (deficit) for the year is stated after accounting for the following:

Operating lease charges

Lease rentals on operating lease

- Straight lining of operating leases

Consulting and professional fees

Social assistance service fees

Computer expenses

Security

Travel local

Motor vehicle expense

Telephone and fax

Loss on disposal of assets

Personnel costs

Depreciation on property, plant and equipment

Amortisation on intangible assets

122 090 707

149 628 941

176 354 537

277 634 472

1 304 737 089

2 112 455 337

347 470 590

338 235 510

278 492 220

278 458 899

98 553 544

101 002 931

74 970 318

73 953 196

24 120 581

24 236 639

7 941 219

9 782 417

3 173 399 385

3 027 303 707

105 360 507

109 649 238

12 867 342

12 249 685

16. Interest revenue

Bank interest received

Interest on other receivables

11 789

9 320

1 174 351

1 255 617

1 186 140

1 264 937

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17. Personnel costs		
Basic	2 206 812 912	2 124 033 765
Service and performance bonuses	222 341 757	205 520 323
Medical aid - company contributions	193 682 976	179 654 089
Bargain council	265 136	270 819
Defined contribution plans	284 289 952	270 651 721
Overtime payments	33 219 162	11 614 786
Housing benefits and allowances	123 768 064	119 784 910
Serviced based remuneration	2 508 630	3 022 213
Circumstantial compensation	6 087 756	3 895 537
Non pensionable benefits	100 423 040	100 476 249
Termination benefits - Mr TW Magwaza *	-	8 379 295
	3 173 399 385	3 027 303 707

*In 2017/18, SASSA paid a settlement amount of R8,379,925 to the former CEO; Mr TW Magwaza; in lieu of termination of his employment contract.

18. Finance costs

Finance charge incurred on finance leases	35 439	11 916
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19. Administrative expenses

Advertising	27 918 541	26 081 220
Auditors remuneration	21 554 232	21 269 993
Bank charges	4 241 980	6 545 877
Cleaning	95 059 363	86 348 723
Computer expenses	347 470 590	338 235 510
Consulting and professional fees	176 354 537	277 634 472
Consumables	3 560 026	4 939 181
Entertainment	18 803 188	12 809 705
Medical expenses	93 150 441	94 752 347
Motor vehicle expenses	74 970 318	73 953 196
Postage and courier	8 250 802	24 782 150
Printing and stationery	64 125 074	64 116 051
Security	278 492 220	278 458 899
Cellphone, telephone and fax expenses	37 568 836	35 277 174
Training and staff development	14 808 933	12 310 781
Travel - local	98 553 544	101 002 931
Travel - overseas	452 988	55 097
Staff bereavement	215 000	185 110
Other administrative expenses	27 218 658	22 538 604
Assets expensed	1 858 835	471 562
Utilities - Municipal services	62 232 048	53 976 295
Uniforms	70 654	261 782
Communication licences	6 659 608	1 314 278
Resettlement cost	1 153 713	7 444 275
Skills development levy	25 413 535	24 694 612
Rentals	199 223 624	180 906 943
Venue expenses	18 337 219	14 819 966
Staff Bursaries	4 832 064	4 951 763
Straight-lining on operating lease	122 090 707	149 628 941
	1 834 641 278	1 919 767 438

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20. Social assistance service fees

Social assistance service fee

1 111 085 645

2 112 455 337

Grant payment bank charges

193 651 444

-

1 304 737 089

2 112 455 337

Fees paid to the service provider for cash handling and payment of social assistance to beneficiaries.

21. Taxation

Reconciliation of the tax expense

No provision has been made for 2019 tax as the Agency is exempt from income tax in terms of section 10(1)(cA)(i) of the Tax Act, 1962.

22. Auditors' remuneration

Fees for audit services rendered

21 554 232

21 269 993

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23. Cash generated from operations

Surplus/(Deficit)	1 232 599 049	(3 079 234)
Adjustments for:		
Depreciation and amortisation	118 227 849	121 898 923
Loss on disposal of assets	7 941 219	9 782 417
Provision for impairment on capital assets	-	6 947 309
Finance costs - Finance leases	35 439	11 916
Recoveries on concessionary loan granted to SAPO	63 234 113	-
Interest income	(1 186 140)	(1 264 937)
Movements in operating lease	9 521 368	(5 614 409)
Movements in provisions	(3 672 864)	2 219 147
Social Benefit on concessionary loan	80 170 073	-
Interest applied on concessionary loan	(14 316 290)	-
Changes in working capital:		
Inventories	1 573 595	(1 039 185)
Receivables from exchange transactions	677 722	768 457
Prepayments	11 011 878	211 207
Payables from exchange transactions	506 286 212	(65 897 997)
	2 012 103 223	64 943 614

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24. Commitments

Authorised capital expenditure

Total capital commitments

Already contracted for but not provided for

4 961 364

48 948 478

Authorised operational expenditure

Total operational commitments

Already contracted for but not provided for

1 073 053 387

1 283 970 360

Not yet contracted for and authorised by SASSA

15 994 877

104 996 736

1 089 048 264

1 388 967 096

Total commitments

Authorised capital expenditure

4 961 364

48 948 478

Authorised operational expenditure

1 089 048 264

1 388 967 096

1 094 009 628

1 437 915 574

25. Contingencies

SIU

36 344 659

36 344 659

Various claims

204 863 430

21 757 713

Upgrade of salary levels

150 053 304

46 330 971

CPS deprivation of an opportunity to earn full service fees (2006 - 2010)

792 853 000

792 853 000

CPS outstanding invoices

236 005 209

-

1 420 119 602

897 286 343

Various claims includes:

Labour related claims

28 085 902

17 275 932

Motor vehicle claims

662 332

783 078

Grant deductions claims

5 056

5 056

Contractual claims

176 110 140

3 693 648

204 863 430

21 757 714



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25. Contingencies (continued)

SIU

SASSA entered into a service level agreement with SIU from 01 April 2011 to 31 March 2012 and concurrently there were proclamations issued and extended. The latest proclamation (R27 of 2010) was issued by the Presidency on 08 June 2010 without an end date. No further proclamation was issued beyond this; however, on 22 July 2014 the Presidency issued a status report update on the Special Investigation Unit proclamations wherein it was pointed out that there had been some investigative work still undertaken in relation to proclamation R27 of 2010. SASSA is not able to verify services or the amount in relation to this proclamation, hence the claim is regarded contingent pending the finalisation of the investigation.

Upgrade of salary levels

Based on Resolution 3 of 2009 and Resolution 1 of 2012, various directives were developed by the Department of Public Service and Administration (DPSA) that outlined the implementation of latter mentioned resolutions. The Agency followed a prescribed phased approach to upgrade posts centered on the said directives and communicate by the latter mentioned department. All incumbents (core and support) on salary level 9 and 11 that were appointed before 31 July 2012, was automatically upgraded to salary level 10 and 12 respectively. Incumbents performing the support functions that were appointed from 01 August 2012 had to be consulted with DPSA on their respective salary levels. The incumbents performing core functions were upgraded with circumspect and based on the outcomes of a job evaluation process.

The implementation of the said directives resulted in numerous labour disputes regarding salary disparities within the entire public service sector. The matter was before the Labour Court, and SASSA implemented the outcome accordingly. Incumbents in core function were upgraded from salary level 9 and 11 to salary level 10 and 12 respectively at the local office tier only, based on the outcome of the job evaluation process that was conducted during 2016.

A contingency liability was raised to address support and outstanding core incumbents (as at 01 August 2012), that were not previously upgraded pending the award and judgment issued by the dispute resolution institutions (CCMA and Labour Court).

CPS` alleged deprivation of an opportunity to earn full service fees (2006 - 2010)

CPS has previously lodged arbitration proceedings against SASSA, claiming payment of a sum of R1,362,429,942 for, inter alia, alleged deprivation of an opportunity to earn full service fees as a result of "contracts" concluded between SASSA and SAPO, as well as certain banking institutions during the period prior to 2010. SASSA has defended these claims on, inter alia, the basis that the contracts concluded with CPS; which were subsequently transferred to SASSA from the Provincial Departments; do not afford CPS exclusive rights to disburse payments to social grant beneficiaries. CPS withdrew other arbitration matters against SASSA to the value of R466,853,000 and only pursued the arbitrations in respect of the North West and Limpopo Provinces to the value of R792,853,000.

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25. Contingencies (continued)

CPS` alleged deprivation of an opportunity to earn full service fees (2006 - 2010) (continued)

Evidence and arguments in respect of the arbitration proceedings were presented before the arbitrator during April 2019, and finalised in May 2019. The arbitrator has pronounced the ruling on 16 June 2019 against CPS by dismissing the claim and ordering that the cost of the arbitration be borne by CPS. CPS has, on 16 July 2019, filed a notice of appeal against the whole award by the arbitrator. SASSA is opposing the appeal against the arbitrator`s award.

Azande Consulting CC

Azande is claiming R170,000,000 for an alleged termination of the contract it concluded with SASSA for the provisioning of Integrated Community Registration Outreach Programme (ICROP) services. SASSA's stance is that the contract was not terminated but suspended in order to investigate the allegations that Azande has misrepresented its experience regarding the provision of action research services for the SASSA's North West Regional Office. It transpired that such services were not rendered as Azande claimed.

SASSA is defending this matter. A special plea was filed arguing that the matter is premature since the contract was not terminated but suspended.

Azande filed a replication (replying to SASSA`s plea) on 30 April 2019. A court date for the special hearing has been applied for, waiting a date to be allocated.

Retention of surplus for the year

The entity has realised an operating surplus for the year under review. According to section 53(3) of the Public Finance Management Act, 1999 (PFMA), public entities may not accumulate surpluses unless the prior written approval of the National Treasury has been obtained. The entity is intending to retain the operating surplus subject to National Treasury approval. In the event that National Treasury does not approve; the entity will have to surrender the operating surplus.

CPS outstanding invoices

The Constitutional Court, in its order dated 23 March 2018 ordered that the declaration of invalidity of the contract between SASSA and CPS, in relation to the beneficiaries who receive their grants in cash, is further suspended for a six months period from 1 April 2018 to 30 September 2018. SASSA and CPS must ensure that for the period of six months from 1 April 2018 to 30 September 2018 payment of social grants be made to beneficiaries who are paid in cash on the same terms and conditions as to those in the current contract between them. The Constitutional Court further ordered that, CPS may, in writing request National Treasury during the six months period to investigate and make a recommendation regarding the price to be paid for the services it is to render in terms of paragraph 4 of the order. CPS did approach National Treasury for a fee increase. National Treasury recommended to the Constitutional Court the following transaction fees: an amount of R51 per recipient per month for traditional cash pay points; an amount of R19.48 per recipient per month for other biometric payments.

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25. Contingencies (continued)

CPS outstanding invoices

CPS requested that SASSA accede to reimburse these services in line with these recommendation, however SASSA agreed to accept these rates for the period July to September 2018. CPS submitted invoices amounting to R223,441,486 in line with the rates recommended by National Treasury however SASSA believes that for the period April to June 2018 the already paid fees at R16.58 per recipient per month should remain unchanged as CPS did not provide National Treasury with material information requested for purposes of determining revised transaction fees. This position is line with the recommendation made by the Auditor-General and Panel of Experts appointed by the Constitutional Court in their 10th report to the Court.

The invoices for July, August and September 2018 for the grant service fees included a charge of R19.58 per beneficiary in respect of 644,955 other biometric beneficiaries. The total charge amounted to R12,563,723 is still under dispute.

Black Sash and Others // SASSA and Others

On 27 September 2018 the Constitutional Court of South Africa (the court) made a judgement on Case CCT 48/17, the matter between BLACK SASH TRUST (Applicant), Freedom Under Law (Intervening Party); and Minister of Social Development Ms Bathabile Olive Dlamini (First Respondent), Chief Executive Officer of the South African Social Security Agency (SASSA) (Second Respondent) South African Social Security Agency (Third Respondent) and others.

The court made the order that; the first, second and third respondents are to pay 80% of the costs of Black Sash Trust and Freedom Under Law in the application, including the costs of two counsel. As at 31 March 2019, Black Sash Trust and Freedom Under Law have not submitted a bill for the costs emanating from this specific order, and therefore the amount of costs to be paid by SASSA were not yet determined.

Contingent assets

On 15 June 2012 SASSA and Cash Payment Services (Pty) Ltd (CPS) entered into a Variation Agreement which resulted into a payment made in June 2014 to CPS in the sum of R316,447,361 note 31. Corruption Watch made an application to THE HIGH COURT to review this decision by SASSA and CPS.

On 23 March 2018 the court made judgment and granted the following order, that:

The Variation Agreement between SASSA and CPS made on 15 June 2012, and the resultant payment made in the sum of R316,447,361 are reviewed and set aside; CPS is ordered to refund the said amount of R316,447,361 to SASSA, with interest from June 2014 to date of payment.

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25. Contingencies (continued)

Contingent assets (continued)

On 04 April 2015, CPS filed an application for leave to appeal, which application was recently not granted by the Court; however, subsequent to the dismissal of the application for leave to appeal, CPS lodged a petition with the Supreme Court of Appeal, which process, in essence interrupts the operation of the above judgment pending the determination thereon. If the petition is granted; and CPS succeeds on its appeal, the current judgment may be set aside and result in SASSA not recovering the amount or a portion thereof. Therefore at the end of the reporting period the SASSA has not realised the award amount in the accompanying financial statement since it is not certain of the verdict of the appellants court. Subsequent to that, the Supreme Court of Appeal has requested the entity to file an explanatory affidavit on the merits of the matter and the entity has obliged and filed the affidavit on 02 August 2019.

26. Risk management

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments.

All the payable balances reflected at year end are payable within 30 days.

Credit risk

The entity does not sell any goods or charge money for any of its services. Debtors relate to employees that have loans with the agency. Management evaluates credit risk relating to debtors on an ongoing basis.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows: Receivables: R9,065,245 (2018: R9,742,967)

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27. Going concern

We draw attention to the fact that at 31 March 2019, the entity had an accumulated surplus of R1,978,549,031 and that the entity's total assets exceed its liabilities by R1,978,549,031.

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.

28. Damages and losses

Damages and losses

5 270 377

3 231 839

The entity has incurred damages and losses of R5.2 million in 2018/19 which mainly relates to repairs and maintenance due to motor vehicles accidents and theft and losses of items such as computer equipment, etc. The transactions once investigated, the amount could either be written off or recovered from affected officials in case they are found negligent and liable.

29. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure- opening balance

6 077 558

6 549 107

Add: Fruitless and wasteful expenditure - current year

77 776 321

277 577

Less: Fruitless and wasteful expenditure - write-off

(355 186)

(86 526)

Less: transferred to receivables for recovery

(162 953)

(177 690)

Less: Finalised in prior-year

(13 342)

-

Less: Amounts found not to be fruitless and wasteful

-

(626 948)

Add: Correction of prior-year error

51 000

142 038

83 373 398

6 077 558

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29. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure - current year

Interest and penalties	26 903	14 402
Hotel no-shows	57 973	67 579
Training	641 004	-
Other matters	132 356	64 954
Travel claims	6 879	-
Rentals for services not utilised	2 124 314	130 642
Social assistance service fees	74 786 892	-
	77 776 321	277 577

Social assistance service fees

R74,786,892 relates to social assistance service fee. During the financial year ended 31 March 2018, CPS invoiced SASSA an amount of R74,786,891 for the total number of grants recipients who were directly paid by SASSA through Bankserv Africa. The transaction was recognized in the 2018 audited AFS as social assistance service fees and payable to CPS. In April 2018 SASSA paid CPS the whole amount mentioned above. The amount was paid with the understanding of honouring the grant payment contract SASSA had with CPS. Subsequently, SASSA came to a conclusion that as CPS did not render any service there was no contractual obligation to effect payment and therefore CPS was unjustifiably enriched. The amount is then disclosed as fruitless and wasteful expenditure. The letter of demand and the summons were issued against CPS however CPS has communicated their intention to defend the matter through court process.

Correction of prior-year error

The R51,000 relating to correction of the prior error relates to re-binding of the diaries which occurred in the previous financial year.

VIP protection services

The R83 million closing balance is inclusive of R3.5 million relating to VIP protection services of which SASSA is engaged in a litigation process against the former Minister, former CEO of SASSA and Chief Director for Communication in the Department of Social Development. The summons were issued against the three. The former CEO of SASSA and the Chief Director for Communication have filed their plea to defend themselves which is still under consideration by SASSA's legal representative.

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30. Irregular expenditure		
Opening balance	1 711 531 819	1 404 621 602
Add: Irregular Expenditure - current year	67 139 473	224 574 137
Add: irregular expenditure relating to prior-year	5 430 420	190 444 771
Add: Irregular expenditure reversed due to condonation by inappropriate authority	75 614 609	-
Less: amounts condoned	-	(75 614 609)
Less: amounts found not to be irregular	(22 382 394)	(30 801 262)
Less: irregular condoned in the prior-year	-	(1 692 525)
Less: transferred to debtors	-	(295)
	1 837 333 927	1 711 531 819

The Agency consulted with National Treasury on the issue of whether the CEO of SASSA (Accounting Officer and Authority) has relevant authority to condone irregular expenditure as per Treasury guidelines on Irregular expenditure. This was after AGSA raised a finding that the Agency is not the appropriate relevant authority to condone such expenditure. The National Treasury's response said that the Accounting Officer/Authority of SASSA does not have the authority to condone irregular expenditure. This resulted in a total of R75 million of irregular expenditure that was condoned internally being reversed. The request for condonation will be sent to National Treasury for consideration and approval.

The request for condonation of R492.7 million was submitted to National Treasury in March 2019 for consideration and approval. The Agency has subsequently on the 31 May 2019 received condonation of R358 million relating to lease payments.

Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Extension of other contracts and lease payments	Internal investigations are still in process	45 534 008
CIDB non-compliance	Internal investigations are still in process	434 388
Local content non-compliance	Internal investigations are still in process	764 000
Medical assessments	Internal investigations are still in process	3 135 336
Communication contract	Internal investigations are still in process	12 459 804
Other matters	Internal investigations are still in process	4 811 937
		67 139 473

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30. Irregular expenditure

Details of irregular expenditure – prior year

	Disciplinary steps taken/criminal proceedings	2019	2018
Extension of other contracts and lease payments	Internal investigations are still in process		27 578 264
CIDB non-compliance	Internal investigations are still in process		2 869 877
Local content non-compliance	Internal investigations are still in process		8 732 092
Extension of IT contract	Referred to national treasury for condonation		1 573 362
ICROP contract	Internal investigations are still in process		162 795 718
Medical assessments	Internal investigations are still in process		2 346 924
Other matters	Internal investigations are still in process		18 677 900
			224 574 137

Possible irregular expenditure

Opening balance	-	150 055 158
Less: ICROP contract reclassified as irregular expenditure	-	(115 922 034)
Less: Extension of ICT contract reclassified as irregular expenditure	-	(17 318 014)
Less: Diagnostic Risk Assessment contract reclassified as irregular expenditure	-	(16 815 110)
	-	-

Details of irregular expenditure relating to prior-year and reversed

ICROP contract 2016/17	-	115 922 034
Diagnosis Risk Assessment contract 2012/13 to 2014/15	-	16 815 110
Leases	5 205 338	-
Extension of ICT contract 2016/17	-	17 318 014
Other (Bid splitting, local content, CIDB, etc)	225 082	40 389 613
	5 430 420	190 444 771

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31. Financial instruments disclosure

Categories of financial instruments

2019

Financial assets

Loans to economic entities
Receivables before impairment
Impaired receivables
Cash and cash equivalents

At amortised
cost

411 912 107
10 510 014
(1 444 769)
1 927 186 421

2 348 163 773

Total

411 912 107
10 510 014
(1 444 769)
1 927 186 421

2 348 163 773

Financial liabilities

Trade and other payables from exchange transactions

At amortised
cost

832 267 082

Total

832 267 082

2018

Financial assets

Receivables before impairment
Impaired receivables
Cash and cash equivalents

At amortised
cost

10 475 485
(732 518)
509 168 203

518 911 170

Total

10 475 485
(732 518)
509 168 203

518 911 170

Financial liabilities

Trade and other payables from exchange transactions

At amortised
cost

325 981 403

Total

325 981 403

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32. Concessionary loan granted to SAPO		
Concessionary loan granted		
Actual concessionary loan granted to SAPO	541 000 003	-
Social benefit portion	(80 170 073)	-
Current portion on concessionary loan	(83 895 859)	-
Current year repayments	(63 234 113)	-
Interest applied on concessionary loan repayments	14 316 290	-
	328 016 248	-

Valuation methodologies used to value financial instruments include:

The fair values of interest of the loan is calculated as the present value of expected future cash flows based on the adjusted South Reserve Bank repo rate of 6.5%.

Techniques, including discounted cash flow analysis, are used to determine the fair values of financial instruments.

Risks

While SAPO is an Entity of government, there are risks in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering another financial asset.

Liquidity risk

The loan repayment is through deductions of 10% from the monthly service fees payable to SAPO. Service fees are charged by SAPO at the rate in accordance with the Access Channels utilised by a Grant Recipient in possession of SAPO (Postbank) cards account, however the beneficiary has option to open an account with any other commercial bank in SA.

SAPO may encounter liquidity risk in the event a significant number of beneficiaries exercise this right and move to other banks; their service fee they charge may significantly be reduced to the extent that they experience difficulty in meeting the payment obligations.

Credit risk

SASSA and SAPO Master Service Agreement makes a termination provision, in which event SAPO may fail to discharge its payment obligation and cause a financial loss to SASSA.

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33. Statement of gifts, donations and sponsorships

Statement of gifts, donations and sponsorships received

In cash

In kind

Western Cape - Donation towards service excellence awards

Kwazulu Natal - Book: Novel

Kwazulu Natal - Serving Tray

10 000	-
100	-
100	-
10 200	-

34. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net surplus (deficit) per the statement of financial performance

Adjusted for:

Depreciation and amortisation

Debt impairment

Loss on disposal of assets

Social benefit on concessionary loan granted to SAPO

Net surplus per approved budget

1 232 599 049	(3 079 234)
118 227 849	121 898 923
1 444 769	732 518
7 941 219	9 782 417
80 170 073	-
1 440 382 959	129 334 624

Actual amount on comparable basis

Basis difference

Operating activities	Investing activities	Financing activities	Total
1 439 232 258	1 186 140	(35 439)	1 440 382 959
572 870 965	(595 073 078)	(162 628)	(22 364 741)
2 012 103 223	(593 886 938)	(198 067)	1 418 018 218

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34. Reconciliation between budget and statement of financial performance (continued)

Personnel costs:

The underspending on personnel costs is mainly due to funded vacant posts that were not filled. Among these unfilled posts were top management positions such as the post of; Chief Executive Officer, Executive Manager: Corporate services, Chief Operations Officer, Regional Executive Managers for Limpopo, Mpumalanga, Northern Cape, Free State, KwaZulu-Natal and Western Cape regions. The moratorium on filling posts also contributed to the underspending.

Social assistance services fee:

Spending on social assistance services fee was significantly lower than the expected level of spending. Spending mainly went towards the ACB charges while the balance is attributed to the payments towards the service providers (CPS and SAPO) in respect of the disbursement of grants monies. There are still payments to be made as SASSA is negotiating to pay CPS an amount of approximately R338 million in respect of the months of July, August and September 2019 thereby giving effect to the tariff adjustment (R16.58 to R51) as proposed by the National Treasury to the Constitutional Court. The amount to be approved by National Treasury which may not be more than R338 million. The number of beneficiaries paid through the paypoints payment channel decreased during the payment transition phase when SASSA contracted the South African Post Office for the disbursement of grant monies. This in turn saw an increase in the payment towards bank charges which is significantly a lower charge and thereby reduced expenditure for the disbursement of grant monies.

Other administrative expenses

The underspending on other administrative expenses were mainly attributed to allocation for fraud investigation due to the fact that activities were insourced rather than contracting external service providers. On communication it was attributed to the suspension of the RT15 contract for procurement of cellphones while on lease of office buildings the budgeted offices could not be occupied as planned.

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35. Related parties

Relationships

Inter-governmental trading

Members of technical committee

South African Post Office Limited

Mr SJA Jehoma

Mr SK Shezi

Ms TBJ Memela-Khambula

Ms MA Nchwe Ms ED Peters Ms ZP Manase

Adv Vusi Madonsela

Inter-governmental trading

SASSA is a government agency set up to ensure the efficient and effective management, administration and payment of social assistance. Section 4(2)(a) of the SASSA Act, (Act No. 9 of 2004) requires the Agency to: “with the concurrence of the Minister enter into an agreement with any persons to ensure effective payments to beneficiaries” In order to give effect to this section of the SASSA Act, SASSA has entered into an agreement with the South African Post Office.

SASSA gave notice; in the government gazette dated 11 May 2018; that the method of payment determined by SASSA is the payment of social grants through an integrated social grant payment system, into the special disbursement accounts held with the South African Post Office, in line with the Implementation Protocol signed on 17 November 2017 and the Services Agreement signed on 08 December 2017.

Related party balances

Loan accounts - Owning (to) by related parties

South African Post Office Limited

477 765 890

-

In terms of transitional agreement between SAPO and SASSA; SASSA made an advance payment to SAPO in the amount of R541,000,003 for SAPO infrastructure development. This amount (R541 million) shall be repaid through 10% (ten percent) deduction from the service charges payable to SAPO under each monthly invoice issued to SASSA pursuant to this agreement as from 01 October 2018, until such time that the advance payment is repaid in full.

The balance of the loan as at 31 March 2019 is R477,765,890, having recovered R63,234,113 through 10% deduction from invoices payable to SAPO from October 2018 as per the agreement.

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35. Related parties (continued)

Amounts included in Trade receivable (Trade Payable) regarding related parties

South African Post Office Limited

(416 964 563)

-

As at 31 March 2019; SASSA had outstanding invoices amounting to R416,964,563 in lieu of service fees.

Related party transactions

Administration fees paid to (received from) related parties

South African Post Office Limited

525 304 126

-

SASSA paid South African Post Office R525,304,126 for service fees for the payment of social grants through an integrated social grant payment system, into the special disbursement accounts held with the South African Post Office.

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35. Related parties (continued)

Remuneration of management

Technical committee

2019

Committee members

Mr SJA Jehoma

Mr SK Shezi

Ms TBJ Memela Khambula

Ms MA Nchwe

Mrs ED Peters

Ms ZP Manase

	Fees for services as a member of technical committee	Total
Mr SJA Jehoma	492 016	492 016
Mr SK Shezi	820 050	820 050
Ms TBJ Memela Khambula	235 592	235 592
Ms MA Nchwe	571 600	571 600
Mrs ED Peters	553 703	553 703
Ms ZP Manase	444 740	444 740
	3 117 701	3 117 701

Minister of Social Development and the Chief Executive Officer of SASSA appointed a dedicated Technical Committee with an expectation to investigate, enquire into and to recommend:

- State of readiness of SASSA and SAPO to ensure payments beyond the six months extension;
- Identify gaps and risks in the current plan(s) or roadmap and develop a risk mitigation plan;
- Develop an integrated 6 month road map and align it to the future plan.
- Ensure the roadmap/plan is implementable and
- Should advise the Minister of Social Development and Chief Executive Officer of SASSA on any need for legislative and regulatory frameworks amendments which may be required to ensure effective payments of social grants.

Adv. Vusi Madonsela is currently a public servant as Director-General of the Department of Justice and constitutional Development and former Director-General of the Department of Social Development. No claims were received from nor paid to Adv. Vusi Madonsela as at 31 March 2019.

Ms TBJ Memela-Khambula has been appointed as the Chief Executive Officer of SASSA effective from 20 May 2019.

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35. Related parties (continued)

Other related parties

Due to the entity being a National Public entity, all other entities within the national sphere of government are deemed to be related parties. Most notably, the entity is related to the Department of Social Development, the Minister being the entity's Executive Authority. The entity and National Development entity are schedule 3A public entities under Department of Social Development.

The entity receives from, and is dependent on the Department of Social Development for funding, and this has been disclosed as grant revenue received in note 14.

The entity holds nine bank accounts with First National Bank on behalf of the department of social development. These bank accounts are used as a facility to accept cash payments from debtors whereas cash payments cannot be made directly to the paymaster general account or South African Reserve Bank; which is the official Government banker. The transactions in these bank accounts are swept (transferred) on a daily basis to the paymaster general accounts with a two days turn around time. These amounts are disclosed in the annual financial statements of the Department of Social Development.

The following funds also fall under the Executive Authority of the Department of Social Development:

- State President Fund;
- Social Relief Fund;
- Refugee Relief Fund; and
- Disaster Relief Fund

Management remuneration - executives

SASSA is governed by a team of executive members who are appointed in concurrence with the Minister of the Department of Social Development. These executive members, together with the CEO are responsible for planning, directing, and controlling the activities of the entity. During the year, the following remuneration was paid to these members of management.

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35. Related parties (continued)

2019

	Emoluments	Service bonus	Car allowance	Other benefits	Total
Mr AS Mahlangu (Acting CEO)	1 360 717	98 902	108 000	631 412	2 199 031
Mr TJ Chauke (CFO)	977 609	81 467	24 000	694 977	1 778 053
Mr JC Makondo (Acting CIO)	719 571	65 025	93 500	358 140	1 236 236
Ms R Ramokgopa (EM-Strategy)	1 107 082	92 257	80 000	398 277	1 677 616
Ms MT Sibanyoni (EM-Internal Audit)	977 609	81 467	75 996	620 039	1 755 111
Ms DE Dunkerley (EM-Policy implementation)	1 043 068	86 922	60 000	334 356	1 524 346
Mr BB Maqetuka (REM-EC)	977 609	81 467	239 640	490 496	1 789 212
Ms MT Makhetha (Acting REM-NC)	921 719	67 929	102 000	528 862	1 620 510
Mr MT Matlou (REM-GP)	1 027 654	85 638	156 000	283 067	1 552 359
Mr MS Nhlangothi (Acting REM-KZN)	56 367	-	9 333	40 780	106 480
Ms MM Mamabolo (Acting REM-LP)	941 444	63 117	120 000	554 681	1 679 242
Ms EZ Mvulane (Project Manager-HO)	894 058	74 505	108 000	413 534	1 490 097
Mr AF Sethokga (Acting REM-NW)	724 311	60 359	96 000	505 571	1 386 241
Mr MB Tsosane (Acting REM-FS)	711 720	62 183	45 000	477 722	1 296 625
Ms SM Setlaba (Acting REM-FS)	248 904	72 986	18 000	72 673	412 563
Ms GSK Mathebula (Acting REM-MP)	977 088	62 184	160 000	519 220	1 718 492
Ms PS Bengu (REM-KZN Resigned)	680 018	95 045	42 000	424 755	1 241 818
Mr HJ De Grass (Acting REM_WC)	906 156	69 015	48 000	468 043	1 491 214
Ms Z Mpeta (Acting REM-KZN)	401 460	60 359	25 000	191 744	678 563
	15 654 164	1 360 827	1 610 469	8 008 349	26 633 809

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35. Related parties (continued)

2018

	Emoluments	Service bonus	Car allowance	Other benefits	Total
Ms PS Bengu (Acting CEO)	1 248 425	90 090	72 000	315 878	1 726 393
Mr TW Magwaza (CEO-resigned)	415 960	77 779	-	8 659 431	9 153 170
Mr TJ Chauke (CFO)	926 644	77 220	24 000	594 251	1 622 115
Mr AS Mahlangu (CIO)	1 124 955	93 746	108 000	405 811	1 732 512
Ms R Ramokgopa (EM-Strategy)	1 049 368	87 447	80 000	342 637	1 559 452
Ms PD Ndlovu (Acting EM-Corporate Service)	842 881	68 549	18 000	539 741	1 469 171
Ms MT Sibanyoni (EM-Internal Audit)	926 644	77 220	75 996	466 647	1 546 507
Ms ED Dunkerley (EM-Policy Implementation)	988 691	82 391	60 000	327 101	1 458 183
Mr SP Yawa (REM-NC)	141 827	1 561	28 564	74 732	246 684
Mr BB Maqetuka (REM-FS)	926 644	77 220	239 640	475 536	1 719 040
Ms MT Makhetha (Acting REM-NC)	612 022	5 014	68 000	293 162	978 198
Mr MT Matlou (REM-GP)	974 079	81 173	156 000	279 338	1 490 590
Mr MS Nhlangothi (Acting REM-KZN)	462 688	-	74 664	329 495	866 847
Ms SM Setlaba (Acting REM-FS)	1 019 752	72 986	72 000	279 148	1 443 886
Ms MM Mamabolo (Acting REM-LP)	888 574	59 826	120 000	563 350	1 631 750
Mr MM Mogane (REM-MP)	849 423	147 882	193 039	643 648	1 833 992
Ms Z Mpetla (REM-EC)	909 333	57 213	60 000	506 855	1 533 401
Ms EZ Mvulane (REM-NW)	847 449	70 621	108 000	493 028	1 519 098
Mr AF Sethokga (Acting REM-NW)	740 276	57 213	96 000	499 868	1 393 357
Mr MN Rasmussen (Acting REM-EC)	152 675	2 045	22 450	40 376	217 546
Ms GSK Mathebula (Acting REM-MP)	58 071	-	13 333	39 219	110 623
	16 106 381	1 287 196	1 689 686	16 169 252	35 252 515

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35. Related parties (continued)

Emoluments

Service bonus

Car allowance

Other benefits

15 654 164

1 360 827

1 610 469

8 008 349

26 633 809

16 106 381

1 287 196

1 689 686

16 169 252

35 252 515

These emoluments have been included in Note 17 Personnel cost.

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