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SOUTH AFRICAN SOCIAL SECURITY AGENCY



2019|20 ANNUAL REPORT

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social development
Department
Social Development
REPUBLIC OF SOUTH AFRICA





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2019|20 ANNUAL REPORT



RP417/2020

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PART A GENERAL INFORMATION



SASSA'S GENERAL INFORMATION

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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

LIST OF ABBREVIATIONS/ACRONYMS

ACEO	Acting Chief Executive Officer	ICT	Information and Communication Technology
AGSA	Auditor-General South Africa	IGPS	Integrated Grants Payments System
APP	Annual Performance Plan	KZN	KwaZulu-Natal
ATM	Automated Teller Machine	LP	Limpopo Province
BAC	Bid Adjudication Committee	MoU	Memorandum of Understanding
BPR	Business Process Re-engineering	MP	Mpumalanga Province
CDG	Care Dependency Grant	MTEF	Medium Term Expenditure Framework
CEO	Chief Executive Officer	MTSF	Medium Term Strategic Framework
CFO	Chief Financial Officer	NC	Northern Cape
CIO	Chief Information Officer	NPS	National Payment System
CPS	Cash Paymaster Services	NW	North West
CSG	Child Support Grant	OAG	Old Age Grant
DG	Disability Grant	OHS	Occupational Health and Safety
DSD	Department of Social Development	PFMA	Public Finance Management Act
EC	Eastern Cape	REM	Regional Executive Manager
EE	Employment Equity	RFQ	Request For Quotations
EM	Executive Manager	SAPO	South African Post Office
EXCO	Executive Committee	SASSA	South African Social Security Agency
FCG	Foster Child Grant	SCM	Supply Chain Management
FS	Free State	SLA	Service Level Agreement
GIA	Grant-in-Aid	SMME	Small, Medium or Micro Enterprise
GP	Gauteng Province	SOCPEN	Social Pensions System
GRAP	Generally Recognised Accounting Practice	SRD	Social Relief of Distress
HCM	Human Capital Management	ToR	Terms of Reference
HO	Head Office	WC	Western Cape
HR	Human Resource	WVG	War Veterans' Grant
IAM	Identity Access Management		
ICROP	Integrated Community Outreach Programme		





MINISTER'S FOREWORD

MS. LINDIWE ZULU

Social assistance is by far, one of the most effective pro-poor programmes that has and continues to keep vulnerable people from falling into abject poverty. By the end of the period under review, the South African Social Security Agency (SASSA) was providing income support to over 18 million vulnerable individuals and households throughout the country. For more than 10 years, SASSA has without fail administered monthly income support that has contributed to substantial progress in reducing child and adult poverty. This is constitutional mandate that SASSA continues to execute with zeal and great pride.

Our commitment to the fight against the triple challenges of poverty, unemployment and inequality remains unwavering. The social assistance programme is still the largest single area of expenditure in the DSD Portfolio as can be seen by the amount of financial resources we have invested in the programme over the years. For the period under review, a total of R189 640 billion was incurred. Similarly, the number of active social grants continue to grow steadily, increasing from 17 811 745 at the end of March 2019 to 18 290 592 at the end of March this year, which represents a growth of about 2.7%.

At the time of preparing this report, the world as we know it has dramatically changed due to the outbreak of the novel coronavirus disease and no country, South Africa included, has been spared the unprecedented socio-economic impact of this global pandemic. South Africa has recorded over seven hundred thousand COVID-19 infections and over eighteen thousand deaths. Prior to the outbreak of the pandemic, the country was already battling high levels of unemployment occasioned by a steady economic decline. With more people expected to lose their sources of income and livelihoods, the pandemic has brought to the fore the need for a coordinated national response and to strengthen our social protection system, with focus on the most vulnerable population groups.

While the outbreak of the pandemic did not impact negatively on the work of the Agency for the period under review, its effect will be felt in the new financial year as more and more people are likely to experience unprecedented distress and look up to government to provide relief measures to those most in need.

We are grateful to the National Coronavirus Command Council under the leadership of President Cyril Ramaphosa for providing courageous leadership at the most challenging time in the history of our country. When President Cyril Ramaphosa announced the Special COVID-19 Social Relief of Distress Grant for persons aged 18-59 who were unemployed and without any source of income support, the responsibility for its disbursement fell on SASSA. This was no easy, considering that this category of citizens has never benefitted from the social assistance programme before and as such none of the government institutions had a database for this group. It became necessary for the Department of Social Development to work closely with SASSA to determine the criteria and systems to reach out to this group.

Though this has been a difficult exercise, I am pleased that by end of September 2020 more than nine million citizens had applied for the grant and more than six million applications approved. Those rejected were also provided a platform to launch their appeals for further consideration. The 2020/21 SASSA annual report will cover in detail the work done on this area.

Local Economic Development: As part of the Portfolio approach among the Department of Social Development, the National Development Agency and SASSA, we continue to empower our small businesses and cooperatives particularly those owned by women, people with disabilities and the youth. A total investment of R132 million was committed at the end of March 2020 through the SASSA SRD programme.



Payment of Social Grants: the SASSA\SAPO agreement remains in force for the payment of social grants. The agreement is reviewed regularly to ensure compliance and consideration of other developments within the payment space. Various governance structures have been set up in the different operational areas, namely, District, Regional and National. It is encouraging to note that by end of March 2020, a total of 8 066 895 (71%) beneficiaries were accessing their social grants through the SASSA card, issued in terms of the contract with SAPO. The remaining 3 231 484 (29%) were receiving their grants directly into their personal bank accounts.

Given the major disruptions brought about by COVID-19, the year ahead will present significant challenges not least in the manner in which we deliver our services as we are required to adapt to the “new normal”. We will need to find innovative and creative solutions that are responsive to the felt needs of our people.

None of the achievements in this report would have been possible without hard-working dedicated personnel. Finally, let me congratulate the SASSA Management team led by the CEO, Ms Totsie Busisiwe Memela and the entire staff for your courageous spirit during this COVID-19 period in ensuring that social assistance benefits continue to be ***paid to the right person at the right time and place, NJALO.***



Ms Lindiwe Zulu, MP
Minister of Social Development



CHIEF EXECUTIVE OFFICER'S OVERVIEW

MS. T.B.J. MEMELA

I am pleased to present the 2019/20 Annual Report of the South African Social Security Agency (SASSA). As an Agency of the Department of Social Development (DSD), SASSA is entrusted with the responsibility of administering, managing and paying social assistance to South Africans who are unable to support themselves and their dependants. This is done towards the ultimate goal of poverty alleviation. The social assistance programme makes provision for income support for older persons, people with disabilities and children. It also provides Social Relief of Distress (SRD) to individuals and households in disastrous situations.

The Annual Report is being compiled in the midst of the global COVID-19 pandemic that has waged health war impacting both social and economic environments. The advent of COVID-19 compelled the South African government to declare a national state of disaster, followed by a national lockdown, to contain the spread of the virus. This gave birth to additional responsibilities for SASSA. These have been incorporated into the revised SASSA 2020/21 Annual Performance Plan (APP) for immediate implementation. They include payment of social grant top-ups, measures to ensure that temporary disability and care dependency grants are extended to cover the government-prescribed six month period and payment of the newly-introduced COVID-19 special social relief grant (R350.00) for individuals aged 18 to 59 who are unemployed and have no income.

Alongside COVID-19, South Africa has continued to record high levels of unemployment, reaching 29.1% in the fourth quarter of 2019. Unemployment has a direct impact on the social assistance programme. The evidence is seen in the number of applications processed, which exceeded 1.7 million in the 2019/20 financial year. In addition, 344 482 SRD applications were awarded at a cost of R440 million. These were awarded to families who experienced undue hardships, individuals awaiting grants and to assist families where a breadwinner had died. In the financial year under review, SASSA recorded an approximately

2.7% increase (from 17 811 745 to 18 290 592) in social grants paid, including grants-in-aid.

Payment of social grants continued to be carried out through the SASSA/South African Post Office (SAPO) agreement. Both parties engaged in a process to review the Service Level Agreement (SLA), focusing on a range of elements including the payment tariffs. During the period under review, a number of challenges were identified and tackled by different governance structures at technical and political level.

SASSA received an unqualified audit opinion from the Auditor-General of South Africa (AGSA) in the 2019/20 financial year for both financial and performance information. The AGSA did, however, raise matters which were considered and included in the audit action plan for improved audit results.

SASSA'S FINANCIAL OVERVIEW

ECONOMIC VIABILITY

SASSA derives its revenue mainly from transfers by DSD as appropriated from the National Revenue Fund through the Department's budget Vote. Although insignificant, SASSA also receives some own revenue such as from the sale of waste paper and from charges for parking.

The budget allocation was reduced by R573 957 million from R8 195 729 billion to R7 621 773 billion; this was an 8% reduction. There was a decline of 2% year-on-year between 2018/19 and 2019/20. There was a further reduction of R60 million as funds were made available as part of the establishment of DSD's Gender-Based Violence Command Centre. The budget was then reduced to R7 561 773 000. This indicates that SASSA has not received any additional funding and that all operations had to be funded within the approved budget. The allocated budget was apportioned in such a manner that SASSA was able to continue with its operations.



“The Annual Report is being compiled in the midst of the global COVID-19 pandemic that has waged health war impacting both social and economic environments.”

FINANCIAL ANALYSIS FOR THE YEAR UNDER REVIEW

REVENUE

The bulk of SASSA's revenue comes from transfers from DSD'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, disposal of assets and parking rental income. Transfers received for the period under review amounted to R7 561 773 000.

EXPENDITURE

SASSA's expenditure is in line with its constitutional mandate to administer and pay social grants. The budget during the reporting year was structured to meet SASSA's operational requirements. Preliminary expenditure reached 90%; this was a 10% underspend. There was underspending on compensation of employees due to funded positions that were not filled by the end of the financial year. Funded Senior Management positions such as that of Executive Manager: Corporate Services, Chief Operations Officer and Regional Executive Managers for the Limpopo, KwaZulu-Natal, Mpumalanga, Northern Cape, Free State and Western Cape regions are among the positions not filled and thus contributing to the underspending.

Expenditure on goods and services was mainly influenced by spending on social assistance service fees which account for the bulk of the goods and services budget. Expenditure on social assistance fees fluctuated during the reporting period due to the open choice of payment channels that beneficiaries are allowed to use and associated costs. Beneficiaries may choose to receive their grants from Automated Teller Machines (ATM), Merchants' Points of Sale (POS) and pay points or over the counter at SAPO outlets. A trend during the reporting period showed that the majority of grant recipients opted for ATMs and POS devices. These payment channels cost less than over the counter at SAPO outlets or at cash pay points.

Spending on communications was lower than budgeted, especially on telephones, since expenditure on this item is driven by the extent of telephone usage which is managed by the telephone management system. Expenditure on travel is influenced by the extent of travel for work purposes. Cost containment measures, including convening virtual Executive Committee (EXCO) meetings, contributed to cost savings and led to lower than budgeted expenditure on travel. This trend will continue to make a positive contribution in the reduction of expenditure on travel costs.

PROGRAMME EXPENDITURE

SASSA's budget is split between two programmes: Administration and Benefits Administration. Benefits Administration represents the core business of the Agency and accounts for 60% of expenditure. Spending under this programme includes the cash handling fee which is allocated for disbursement of grant monies to beneficiaries. The Administration programme's expenditure accounts for 40% of the spend. The programme incorporates all the support functions.

IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

IRREGULAR EXPENDITURE

SASSA closed the financial year under review with a total of R1 227 924 605 in irregular expenditure. This included R102 409 302 of irregular expenditure incurred during 2019/20. The National Treasury condoned irregular expenditure amounting to R388 242 061. An amount of R324 704 653 was found not to be irregular; however, a major item amounting to R316 447 361 was reclassified as fruitless and wasteful expenditure thereafter transferred to receivables. This relates to a Cash Paymaster Services (CPS) payment made in June 2012 for re-registration of social grants beneficiaries. The Gauteng High Court ruled



that CPS was not eligible for this money and therefore should repay it to SASSA. CPS's appeal and leave to appeal were dismissed by the Supreme Court of Appeal and the Constitutional Court. SASSA is pursuing debt recovery from CPS; however, CPS is currently being liquidated after an application for business rescue was not accepted by the court.

Included in the closing balance of R1 227 924 605 are the following major cases from previous years but not yet finalised:

- R419 611 117 relates to expenditure incurred in respect of physical security for SASSA's Head Office and its nine regional offices which was in the Annual Financial Statements since 2015/16. The Agency is undertaking a disciplinary process and has instructed the State Attorney to procure the services of two senior counsel to serve as chairperson and initiator of the disciplinary process.
- R71 876 094 relates to a forensic investigation services contract in terms of which SASSA appointed a service provider which was not the highest scoring bidder; this was in contravention of Supply Chain Management (SCM) prescripts. The National Treasury investigated the matter and made the report available on 8 February 2019. The difference of R4 093 585 between the awarded bidder and the highest scoring bidder has been reclassified as fruitless and wasteful expenditure. SASSA has initiated a process to recover the amount of R4 million from the former officials (former Chief Executive Officer and General Manager: Fraud & Compliance Management) as the bid was awarded in contravention of SCM prescripts. Summons have been issued against the two former employees and disciplinary action is underway against officials still in the employ of SASSA who were involved in the procurement process.
- R44 166 448 was spent by SASSA in respect of services rendered by work stream teams appointed to assist the Agency to implement the Ministerial Advisory Committee report on the future payment system of social grants. The Agency procured the services of two counsels to review all available information and advice on any corrective steps to be instituted, if any, against officials still in its employment who were involved in the procurement process. The review exonerated the affected officials. However it should be noted that the circumstances for the acquisition of these services

were also considered by the Constitutional Court on 27 September 2018 based on the Inquiry Report in terms of Section 38 of the Superior Courts Act 10 of 2013: Referee Ngoepe JP; the former Minister, in her personal capacity, was ordered to pay a portion of legal costs on the Black Sash Trust (Freedom Under Law Intervening) v Minister of Social Development and Others [2018] ZACC 36 matter. This expenditure will now be referred to National Treasury for consideration during 2020/21.

- R16 815 110 relates to a contract for Diagnostic Risk Assessment Heat Maps. The National Treasury has been conducting investigation into this irregularity; the investigation report has not yet been concluded. However, while waiting for the National Treasury's investigation report the Agency is undertaking internal processes in order to finalise the matter.
- R18 891 376 relates to an extension of the Information and Communication Technology (ICT) contract for support and maintenance of the ICT infrastructure. Internal investigation reports by the Fraud and Compliance and Labour Relations units have been concluded. The Agency is undertaking disciplinary action against officials still in its employ who were involved in the procurement process.
- R281 173 743 relates to the Integrated Community Outreach Programme (ICROP) contract. Upon investigation of irregularity, the contract was suspended; however, the service provider initiated a court action against SASSA claiming R170 million in damages. The Agency is defending this court action and it is internally undertaking disciplinary action against officials who are still in its employ who were involved in the procurement process.
- R12 459 804 relates to a payment for communication and marketing services rendered without approval of the delegated authority. Internal Audit has concluded the audit of the irregularities and the affected officials were requested to provide written representations on their roles in the matter thereafter financial misconduct charges were issued to the affected officials. The case will be finalised once the disciplinary processes are concluded.

In the total condonation of R388 242 061 referred to above, there is R29 268 504 condoned by National Treasury in September 2020. The amount is part of condonation request SASSA submitted to National



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Treasury in March 2019 to the value of R133 737 831 for local content, Construction Industry Development Board (CIDB) and others. The Agency is attending to concerns raised by National Treasury in order to conclude on the remaining balance. During the financial year under review, SASSA also submitted other requests for irregular expenditure condonation amounting to R10 680 509; as at 31 March 2020, National Treasury’s feedback remained outstanding.

The Agency is investigating possible irregular expenditure of R7 298 504 resulting from allegations of non-compliance to SCM quotation process as well as National Treasury Instruction Notes on COVID-19 procurement for Personnel Protective Equipment’s (PPEs).

FRUITLESS AND WASTEFUL EXPENDITURE

SASSA closed the financial year under review with R86 429 571 of fruitless and wasteful expenditure. This includes R150 877 incurred during the year under review as well as R4 136 732 of fruitless and wasteful expenditure identified in the current year but incurred in the prior year. Upon finalisation of investigation of some of the cases, cases amounting to R878 067 were cleared or absorbed as affected officials were exonerated from negligence. An amount of R316 447 361 relating to payment made to CPS relating to a grants re-registration project classified as Irregular Expenditure in the prior years was reclassified as fruitless and wasteful expenditure during the reporting period then transferred to receivable as the Court did rule that CPS should repay the Agency.

The material amounts included in the closing balance consist of the following cases from previous years and not yet finalised:

- R74 786 892 relates to payment of the social assistance service fee. During the financial year ended 31 March 2018, CPS invoiced SASSA R74 786 891.64 for the number of grants recipients directly paid by SASSA through BankservAfrica. The amount was paid with the understanding of honouring the grant payment contract that SASSA had with CPS; however, it was later concluded that the transaction was made in error in that CPS did not render the service and there was no contractual obligation to effect payment. A recovery process was initiated. CPS is defending the matter, claiming that it was entitled to the payment. CPS is to be liquidated after the court’s ruling against the application for the company to be placed under business rescue.
- R3 499 606 relates to VIP protection services provided to the children of the former Minister of Social Development and the Chief Director for Communication in the DSD and her children. SASSA sourced and paid for this service when it should not have been its responsibility. The Agency issued summons to the former Minister of Social Development, the former CEO of SASSA and the Chief Director: Communication in the DSD who in turn filed notices to defend the action.
- R1 399 014 relates to Mikondzo event scheduled to take place on 29 March 2016 in the Western Cape but cancelled at short notice because the former Minister of Social Development had an unforeseen programme change. This case was investigated and a preliminary report issued. Finalisation of the investigation report is at an advanced stage and the matter will be finalised during 2020/21.
- R2 124 314 relates to payments for leases of office accommodation not occupied, mainly for the SASSA Free State Regional Office. This office was to



relocate to a new leased building but could not move in because of delays in finalising tenant installations. Due to contractual obligations, rental payment had to be made for the old and new offices; as the officials could not be relocated to the new office building, they reverted to the old building. As at the end of the financial year under review, the investigation had not been completed.

- R4 093 585 is the amount recorded in 2019/20 as fruitless and wasteful expenditure and emanates from the irregular expenditure of R71 876 094 mentioned above. The fruitless portion of such irregular expenditure is the difference between the pricing lodged by the two bidders. The second highest scoring bidder was awarded the bid at R75 969 679.26 whilst the highest scoring bidder who was overlooked offered R71 876 094. SASSA is claiming R4 093 585 against the former CEO and former General Manager for awarding the bid in contravention of SCM prescripts.

CONSEQUENCE MANAGEMENT

During the 2019/20 financial year, the Agency concluded consequence management in relation to 282 financial misconduct cases as follows:

- Verbal warning (3 officials)
- Written warning (21 officials)
- Dismissals (1 official)
- Not guilty (13 officials)
- Resignation (14 officials)
- Training (41 officials)

NB: *The number of instances of consequence management implemented as reflected above does not equal the number of cases as there were instances where an official was linked to multiple cases and the consequence management outcome relate to consolidated cases.*

With regard to the remaining cases, during the fourth quarter of the financial year under review SASSA appointed a specialist in labour relations to focus on finalising the labour matters. SCM is also in the process of finalising the appointment of a panel of investigators to assist with investigations and disciplinary processes. To build internal capacity to preside over labour matters,

a pool of managers are being trained per region. The trained managers will take over from the panel when they become familiar with the processes of representing the employer and presiding over matters.

SUPPLY CHAIN MANAGEMENT

The Agency experienced instances of non-compliance with SCM prescripts during the reporting year and this will be a focus area going forward. Management did identify and disclosed irregular expenditure due to improvement in detection measures implemented. This required refining of business processes and aligning them with the new Irregular Expenditure Framework issued by the National Treasury. As from the middle of the third quarter the Agency experienced some improvement on conclusion of financial misconduct cases as the role of line management and the Labour Relations unit in finalising existing cases was strengthened. Going forward the Agency will continue to intensify application of consequence management as a measure to enforce compliance and serve as a deterrent.

INVENTORIES

SASSA valuates inventory under the First-in-First-Out (FIFO) method. The value of inventory as at 31 March 2020 was R17 429 989 compared with R14 965 685 in the previous year. This represents an increase of 16.5%.

DISCONTINUED ACTIVITIES OR ACTIVITIES TO BE DISCONTINUED

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

ASSETS MANAGEMENT

SASSA invested in new assets, including furniture, equipment and intangible assets, to the value of R67 429 978 and recorded them in the Fixed Assets Register. The Agency reported a restatement adjustment of the intangible assets portfolio and it complies with the requirements of the Generally Recognised Accounting Practice (GRAP) standards.



OPENING BALANCES AT CARRYING VALUE	ADDITIONS AND TRANSFER IN	DISPOSALS	DEPRECIATION AND AMORTISATION	TOTAL VALUE
R801 218 165	R67 429 978	(R3 509 838)	(R108 188 912)	R756 949 393

The carrying value of the Agency's assets portfolio is indicated in the table above (this includes the intangible assets portfolio).

Finally, I take this opportunity to acknowledge and commend the efforts by the SASSA staff in the fight against poverty, endangering their lives during the COVID-19 pandemic. Sadly, some lost the battle and succumbed to the pandemic. I also recognise the leadership role provided by the Minister and Deputy Minister of Social Development in ensuring that South African citizens who

are vulnerable and who are living in poor conditions are supported in the quest to improve their lives.



Ms TBJ Memela
Chief Executive Officer
29 October 2020

1.1 STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

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

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

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

The Annual Report has been prepared in accordance with the Guidelines on Annual Reports as issued by the National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the GRAP standards 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, performance information, human resources information and financial affairs of the public entity for the financial year ended 31 March 2020.



Ms TBJ Memela
Chief Executive Officer
29 October 2020



1.2 STRATEGIC OVERVIEW

1.2.1 VISION

A leader in the delivery of social security services.

1.2.2 MISSION

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

1.2.3 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 with stakeholders information about how it conducts its business.
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.

1.2.4 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.

1.2.5 LEGISLATIVE AND OTHER MANDATES

CONSTITUTIONAL MANDATE

SASSA is a Schedule 3A Public Entity 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 dependants, appropriate social assistance."

LEGISLATIVE MANDATES

The following laws constitute the legal framework for SASSA's operations.

SOUTH AFRICAN SOCIAL SECURITY AGENCY ACT, (SASSA ACT 9 OF 2004)

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





POLICY MANDATES

WHITE PAPER ON SOCIAL DEVELOPMENT (1998)

The objectives for social security in South Africa are reflected in the 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.”

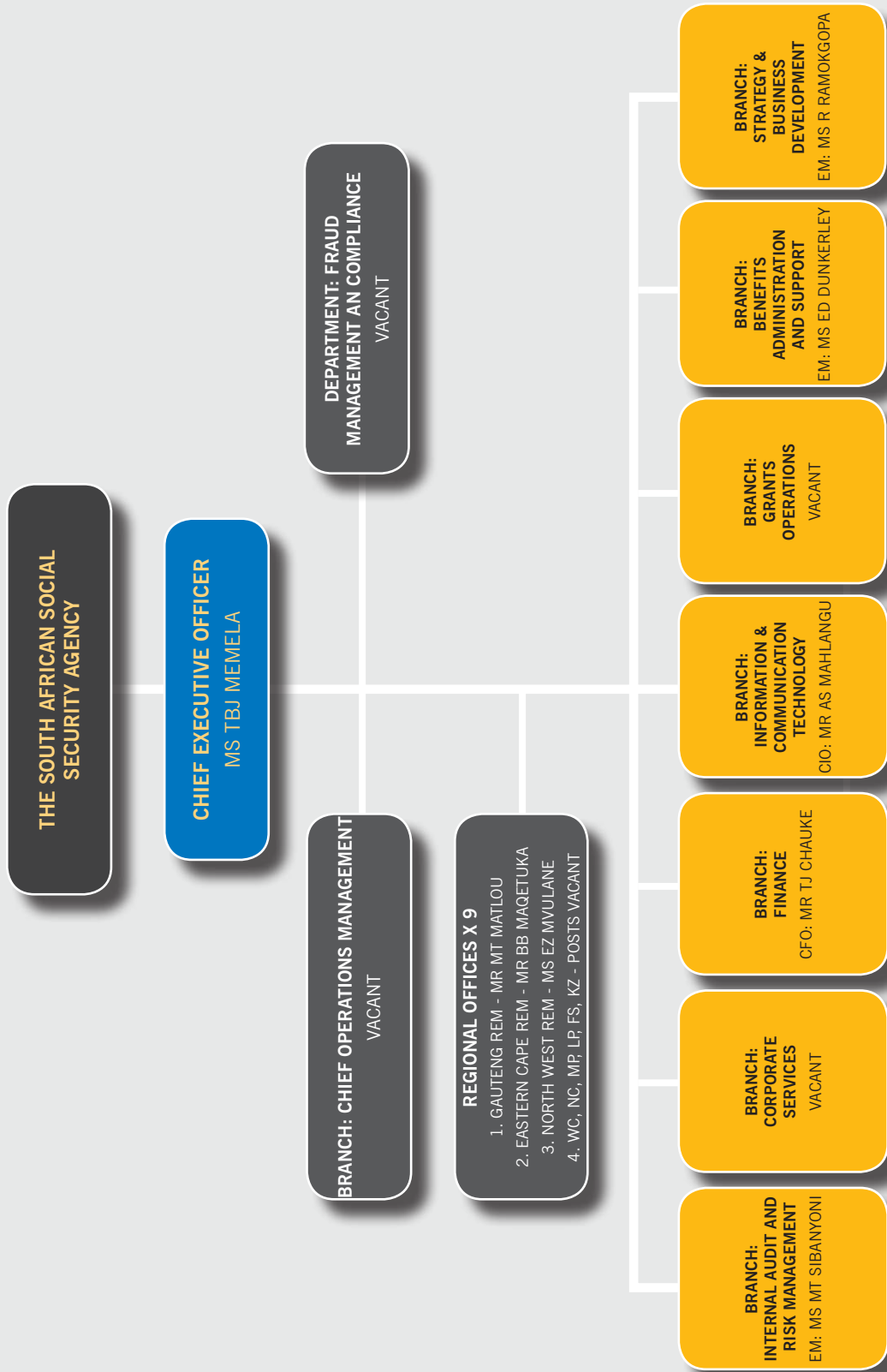
NATIONAL DEVELOPMENT PLAN 2030

According to the National Development Plan 2030, South Africa needs to pay careful attention to the design of policies leading up to 2030 to ensure that vulnerable groups and citizens are protected from the worst effects

of poverty. The proposed social protection measures aim to support those most in need including children, people with disabilities and the elderly; and to promote active participation in the economy and society for the unemployed and under-employed through labour market activation measures, employment services, income support programmes and other services to sustain and improve the quality of life.

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

1.3 ORGANISATIONAL STRUCTURE



1.4 SASSA TEAM



CHIEF EXECUTIVE OFFICER
Busisiwe Jacquiline Memela



CHIEF INFORMATION OFFICER
Abraham Mahlangu



CHIEF FINANCIAL OFFICER
Tsakeriwa Chauke



GM - HUMAN CAPITAL
MANAGEMENT
Sizeni Malora



GM - COMMUNICATIONS
AND MARKETING
Paseka Letsatsi



GM - INFORMATION
MANAGEMENT
Caesar Vundule



EM - INTERNAL AUDIT
AND RISK MANAGEMENT
Thandi Sibanyoni



EM - BENEFITS ADMINISTRATION
AND SUPPORT
Dianne Dunkerley



EM - STRATEGY AND BUSINESS
DEVELOPMENT
Raphaahle Ramokgopa



REM - NORTH WEST
Zodwa Mvulane



REM - EASTERN CAPE
Bandille Maqetuka



REM - GAUTENG
Themba Matlou



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 76 to 80 of the Report of the Auditor's Report, published as Part E: Financial Information.



2. SITUATIONAL ANALYSIS

2.1 SERVICE DELIVERY ENVIRONMENT

SASSA's constitutional mandate is to administer, manage and pay social grants to all eligible citizens in South Africa. The social assistance programme makes provision for income support for older persons, people with disabilities and children and for social relief of distress to individuals and households experiencing 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 to provide social assistance to the poor and the most vulnerable people of South Africa. SASSA was able to respond to the growing economic hardships experienced by the poor by increasing the number of grants in payment, including grants-in-aid, from 17 811 745 at the end of March 2019 to 18 290 592 at the end of March 2020, an increase of 2.68%.

In addition, 344 482 SRD applications were awarded at a cost of R440 million. These were awarded to families experiencing undue hardship, individuals awaiting grants and families where a breadwinner had died. SRD awards were extended to cover projects such as the Zero Hunger campaign which responds to malnutrition challenges. Statistics South Africa, in its recent study "Towards measuring the extent of food security in South Africa: An examination of hunger and food inadequacy" recorded that, in 2017, 6,8 million South Africans experienced hunger and that while the number had dropped from 13,5 million in 2002 hunger still affects 1,7 million households across the country.

The Household Food Insecurity Access Scale 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 the country has dire long-term consequences for the 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- and youth-headed households, farmworkers, seasonal workers and the unemployed. These vulnerable groups become the Government's responsibility and as such they impact the social security net.

South Africa continued to experience persistent high levels of unemployment, rising from 27.1% in the fourth quarter

of 2018 to 29.1% in the same quarter of 2019 (Quarterly Labour Force Survey, 2020). Unemployment levels have a direct impact on the demand for social assistance and particularly for the Child Support Grant (CSG) and SRD. This is evident from the fact that, out of an estimated population of 56.5 million (General Household Survey, 2017), 31% of individuals were receiving social assistance in 2018 with 44.3% of households receiving social grants.

2.2 ORGANISATIONAL ENVIRONMENT

The 2019/20 financial year marked the final year of implementation of the Medium Term Strategic Framework (2014-2019). SASSA developed a strategic plan articulating four outcomes for the MTSF period: Reduced levels of poverty; Economic Transformation – empowered individuals and sustainable communities; Improved Customer Experience; and Improved Organisational Efficiencies.

In May 2019, the position of CEO was filled. This appointment is considered critical for stabilisation of the organisation. Six of the nine Regional Executive positions continued to be vacant (see the organisational structure on page 18). However, acting arrangements for these regions were put in place to ensure continued service delivery until the end of March 2020.

Following the development of the 2020-2025 Strategic Plan, SASSA's Operating Model and high level organisational structure were reviewed. The Operating Model proposes the clustering of SASSA's nine regions into three. The three Regional Executive Managers (REMs) who are in permanent positions will lead the clusters. The review of the high level structure effectively amended the planned review of the organisational structure.

SASSA is configured into two programmes as follows:

PROGRAMME 1: ADMINISTRATION

The Administration programme provides leadership as well as management and support services. These 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 the 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.

Table 1 below shows the uptake rates of different grant types over the past 14 years. Between April 2006 and March 2020, the number of social grants increased from 12 015 059 to 18 290 592. This was a 52.23% increase over the period and was mainly driven by the CSG, the Old Age Grant (OAG) and grants-in-aid which showed significant upward trends over these years due to policy changes and an improved outreach programme. Uptake of the War Veterans Grant (WVG) and the Disability Grant (DG) decreased steadily.

Table 1: Number of social grants per grant type, 2006/07-2019/20

GRANT TYPE	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Old Age	2 195 018	2 229 550	2 390 543	2 546 657	2 678 554	2 750 857	2 873 197
War Veterans	2 340	1 924	1 500	1 216	958	753	587
Disability	1 422 808	1 408 456	1 286 883	1 264 477	1 200 898	1 198 131	1 164 192
Grant in Aid	31 918	37 343	46 069	53 237	58 413	66 493	73 719
Care Dependency	98 631	102 292	107 065	110 731	112 185	114 993	120 268
Foster Child	400 503	454 199	474 759	510 760	512 874	536 747	532 159
Child Support	7 863 841	8 189 975	8 765 354	9 570 287	10 371 950	10 927 731	11 341 988
Total	12 015 059	12 423 739	13 072 173	14 057 365	14 935 832	15 595 705	16 106 110
Annual Growth		3.40%	5.22%	7.54%	6.25%	4.42%	3.27%

GRANT TYPE	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Old Age	2 969 933	3 086 851	3 194 087	3 302 202	3 423 337	3 553 317	3 676 791
War Veterans	429	326	245	176	134	92	62
Disability	1 120 419	1 112 663	1 085 541	1 067 176	1 061 866	1 048 255	1 042 025
Grant in Aid	83 059	113 087	137 806	164 349	192 091	221 989	273 922
Care Dependency	120 632	126 777	131 040	144 952	147 467	150 001	154 735
Foster Child	512 055	499 774	470 015	440 295	416 016	386 019	355 609
Child Support	11 125 946	11 703 165	11 972 900	12 081 375	12 269 084	12 452 072	12 787 448
Total	15 932 473	16 642 643	16 991 634	17 200 525	17 509 995	17 811 745	18 290 592
Annual Growth	-1.08%	4.46%	2.10%	1.23%	1.80%	1.72%	2.69%

Table 2: Social grant expenditure per grant type (R'000), 2006/07-2019/20

GRANT TYPE	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
OAG	21 222 000 000	22 803 047	25 933 971	29 826 420	33 750 600	37 129 812	40 475 021
WVG	25 000 000	21 845	19 692	16 644	13 976	11 848	9 543
DG	14 261 000 000	15 281 403	16 473 425	16 566 681	16 840 182	17 375 021	17 636 570
FCG	2 851 000 000	3 414 315	3 934 756	4 434 346	4 616 442	5 010 915	5 335 049
CDG	1 006 000 000	1 132 102	1 292 470	1 434 143	1 586 452	1 736 431	1 877 412
CSG	17 559 000 000	19 625 983	22 348 556	26 669 761	30 341 465	34 319 636	38 087 990
GIA	67 000 000	87 000	90 000	146 295	170 052	204 026	237 974
SRD	41 000 000	106 244	623 012	165 458	173 737	185 298	239 289
Total	57 032 000 000	62 471 939	70 715 885	79 259 748	87 492 906	95 972 987	103 898 845

Table 2: Social grant expenditure per grant type (R'000), 2006/07-2019/20 (continued)

GRANT TYPE	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
OAG	44 064 239	49 039 940	53 132 206	58 320 617	64 225 847	70 635 272	83 488 253
WVG	7 657	6 157	4 843	3 849	3 033	2 391	1 762
DG	17 768 631	18 741 885	19 165 931	19 926 031	20 886 072	22 021 155	25 110 506
FCG	5 332 093	5 413 209	5 406 785	5 326 151	4 950 744	5 114 211	5 389 888
CDG	1 993 084	2 211 583	2 394 455	2 613 647	2 843 336	3 068 028	3 596 766
CSG	39 623 748	43 718 425	47 308 536	51 476 941	55 906 389	60 611 568	70 651 231
GIA	274 092	371 121	503 080	650 308	855 209	840 495	1 400 089
SRD	533 047	455 718	407 015	587 639	484 123	416 719	402 346
Total	109 596 591	119 958 041	128 322 851	138 905 1823	150 154 753	162 709 839	190 289 381

Table 3: Number of social grants per grant type and region as at 31 March 2020

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	23 652	1 942 541	179 453	81 128	32 296	594 585	12	2 853 667
FS	8 896	706 208	74 810	26 116	9 904	213 002		1 038 936
GP	20 947	1 944 247	119 582	43 354	9 105	659 215	21	2 796 471
KZN	40 107	2 912 799	226 891	66 722	82 783	726 994	6	4 056 302
LP	16 603	1 896 974	97 188	42 317	56 679	483 976	2	2 593 739
MP	11 866	1 133 288	78 010	24 512	23 987	263 950	1	1 535 614
NC	6 042	321 597	46 675	11 211	17 267	91 826	1	494 619
NW	10 045	880 963	65 357	28 495	16 760	273 753	1	1 275 374
WC	16 577	1 048 831	154 059	31 754	25 141	369 490	18	1 645 870
Total	154 735	12 787 448	1 042 025	355 609	273 922	3 676 791	62	18 290 592

2.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

There were no major policy or legislative changes in the 2019/20 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 Marketing and Legal Services.
- Internal Audit and Risk Management: this sub-programme is responsible for providing internal audit assurance and risk management services.
- Corporate Services: the main responsibility of this sub-programme is to provide corporate support services to the organisation. It comprises Human Capital Management, Facilities Management, Security Services and Auxiliary Support Services. The sub-programme is also responsible for ensuring 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 managing 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: this sub-programme is responsible for effective planning, improving operational efficiency and overseeing 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
- Uphold good governance
- To provide human capital management, facilities and auxiliary services
- Effective communication.

3.1.4 KEY ACHIEVEMENTS

Programme 1 had 22 targets planned for this financial year, of which 19 (86%) were achieved.

With the aim of enhancing the efficiency and effectiveness of fraud prevention, detection, investigation and resolution within the Agency, SASSA reviewed its Fraud Management Strategy. A total of 473 cases of fraud and corruption were reported during the reporting period. SASSA investigated and finalised 95% (450 of 473) of these cases against a target of 70%. Fifty-six of the investigated fraud cases were referred to law enforcement agencies. Most of the cases related to grants administration and SCM.

During the period under review, the number of beneficiaries who reported through SAPO that they were defrauded peaked at 5 344 during May 2019. Working with a range of stakeholders (the South African Reserve Bank, SAPO, National Treasury, the Payments Association of South Africa, The Banking Association South Africa, the South African Banking Risk Information Centre and various commercial banks), SASSA implemented a number of controls leading to a decline 344 cases by end of March 2020. The controls include:

- Active monitoring of bank account changes by staff at local offices
- Implementation of bank account verification in August 2019
- Implementation of biometrics for staff in pilot sites
- Strengthening card stock management within the SAPO environment
- Close collaboration between SASSA and SAPO anti-fraud units.



During the year under review, Internal Audit and Risk Management conducted 20 audit reviews focusing on high risk areas, verifying internal controls such as operating effectiveness, risk mitigation controls and compliance with relevant laws. Implementation of the recommendations assisted to improve internal controls to ensure improved accountability and attainment of objectives.

Towards implementing consequence management, 350 labour relations cases were finalised, with sanctions as follows: 134 written warnings, 45 final written warnings, 21 dismissals, 14 suspensions without pay, 1 demotion and 12 verbal warnings. Furthermore, 78% (233 of 297) financial misconduct cases were finalised. SASSA's intention is to instil a culture of discipline and accountability. Effective consequence management serves as a deterrent to prevent further misdemeanours.

In relation to automation of systems, the following interventions were implemented: 33 offices in four regions were piloted for access to Biometric Identity Management for the system's users. Interfaces were established with SAPO and BankservAfrica to share information on payment of social grants. In addition, an interface was established with DSD to facilitate sharing of information about beneficiaries whose grant applications have been declined. A queue management system was piloted to improve the time that beneficiaries spend in SASSA offices. As part of SASSA's digitisation programme and to reduce handling of paper when processing social grants, a scanning solution was implemented in 53 offices. SASSA plans to implement the solution in all local offices and to roll out electronic grant application forms to minimise the use of paper and improve efficiency in the administration and management of social grants.

For the period under review, SASSA received an unqualified audit outcome from AGSA.

3.1.5 FACTORS THAT HAD AN IMPACT ON ACHIEVEMENT OF THE PLANNED TARGETS

BUSINESS PROCESS RE-ENGINEERING (BPR) AND THE REVIEW OF THE INTERIM ORGANISATIONAL STRUCTURE

During the period under review, a decision was taken to prioritise the review of the Strategic Plan, the Operating Model and the high level structure before starting the BPR. The 2020-2025 Strategic Plan and the high level structure were developed and the Operating Model review undertaken. The Strategic Plan and the Operating Model are the building blocks for the BPR; therefore starting with them made sense. The resources planned for the BPR were thus diverted to the three deliverables mentioned above. The BPR is prioritised in the 2020/21 MTEF period.

SASSA NETWORK CONNECTIVITY INFRASTRUCTURE

SASSA's network connectivity depends on availability of fibre infrastructure; this is currently a challenge in certain parts of the country. However, the service provider will continue to grow its fibre infrastructure footprint. All affected offices will be upgraded by 31 December 2020. SASSA will use Quality of Service (a technical setting) to ensure that core business applications such as the Social Pensions System (SOCPEN) and Biometrics are given priority on the existing capacity.

FINANCIAL MISCONDUCT CASES: BACKLOG

From the previous financial year (2018/19), SASSA submitted cases of irregular expenditure to National Treasury for condonation; some were granted and others are awaiting feedback. In the year under review, the Agency submitted additional requests for condonation to National Treasury; feedback remained pending as at the end of March 2020. Other cases were pending finalisation by the Labour Relations unit to institute consequence management. The challenge has been the capacity to investigate misconduct cases, a critical process in resolving any case of misconduct.



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 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020																																																																																																
1.	Percentage of reported fraud and corruption cases investigated and completed.	<p>Achieved. 95% (627 of 662) of reported fraud, theft and corruption cases investigated.</p> <p>Performance breakdown:</p> <table><tr><th>REGION</th><th>RECEIVED</th><th>INVESTIGATED</th><th>%</th></tr><tr><td>HO</td><td>20</td><td>20</td><td>100</td></tr><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>Total</td><td>662</td><td>627</td><td>95</td></tr></table> <p>The cases involved were SCM, fraudulent CSG, DG, OAG, multiple grants and corruption.</p>	REGION	RECEIVED	INVESTIGATED	%	HO	20	20	100	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	Total	662	627	95	<p>70% of reported fraud and corruption cases investigated and completed.</p>	<p>Achieved. 95% (450 of 473) reported fraud and corruption cases investigated.</p> <p>Performance breakdown:</p> <table><tr><th>REGION</th><th>RECEIVED CASES</th><th>INVESTIGATED CASES</th><th>%</th></tr><tr><td>HO</td><td>10</td><td>9</td><td>90</td></tr><tr><td>EC</td><td>64</td><td>61</td><td>95</td></tr><tr><td>FS</td><td>38</td><td>38</td><td>100</td></tr><tr><td>GP</td><td>121</td><td>109</td><td>90</td></tr><tr><td>KZN</td><td>59</td><td>55</td><td>93</td></tr><tr><td>LP</td><td>29</td><td>29</td><td>100</td></tr><tr><td>MP</td><td>41</td><td>41</td><td>100</td></tr><tr><td>NC</td><td>34</td><td>33</td><td>97</td></tr><tr><td>NW</td><td>16</td><td>15</td><td>94</td></tr><tr><td>WC</td><td>61</td><td>60</td><td>98</td></tr><tr><td>Total</td><td>473</td><td>450</td><td>95</td></tr></table> <p>The cases involved were fraudulent CSG, DG, OAG, multiple grants, corruption and financial misconduct. 56 cases were reported to law enforcement agencies.</p>	REGION	RECEIVED CASES	INVESTIGATED CASES	%	HO	10	9	90	EC	64	61	95	FS	38	38	100	GP	121	109	90	KZN	59	55	93	LP	29	29	100	MP	41	41	100	NC	34	33	97	NW	16	15	94	WC	61	60	98	Total	473	450	95	25%
REGION	RECEIVED	INVESTIGATED	%																																																																																																		
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					Over-achievement is attributed to effective planning and management of cases, efficient use of human resources and fast-tracking of investigations.																																																																																																

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

STRATEGIC OBJECTIVE: TO PROMOTE GOOD GOVERNANCE IN THE MANAGEMENT OF THE AGENCY (CONTINUED)					
NO	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020
2.	Fraud Management Strategy reviewed.	*	Fraud Management Strategy reviewed.	<p>Achieved</p> <p>The Fraud Management strategy was reviewed and approved by the CEO.</p> <p>The focus of the review was:</p> <ul style="list-style-type: none"> To strengthen preventive elements by focusing on fraud risk management as identified by AGSA, Internal Audit and compliance inspections. To use Business Intelligence capabilities for fraud detection. 	None
3.	Strategic Risk Register maintained	<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, a draft Strategic Risk Assessment and a Mitigation Action Plan for 2019/20 were developed.</p>	Strategic Risk Register maintained.	<p>Achieved</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> <p>Amongst the risks identified and managed were:</p> <ul style="list-style-type: none"> Unavailability of business systems or network leading to failure to deliver on critical services. Inability to procure suitable and OHS- compliant office space. Adverse audit outcome due to ineffective implementation of SCM processes. Labour disputes. Fraud and corruption. <p>A number of measures were put in place to minimise the impact of the identified risks. These included upgrading the SASSA network connectivity infrastructure in 98 offices; lodging an application with the National Treasury to allow the Agency to extend the lease agreement where SASSA occupies offices that are still suitable and meet its service delivery requirements; training staff on SCM policies and related processes; and engagement with organised labour on implementation of the beneficiaries biometric solution.</p>	None

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

STRATEGIC OBJECTIVE: TO PROMOTE GOOD GOVERNANCE IN THE MANAGEMENT OF THE AGENCY (CONTINUED)					
NO	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020
				Strategic Risk Assessment was conducted and adopted by the SASSA Executive Committee. The new Strategic Risk Register has eight identified risks. The register has been included in both the SASSA Strategic Plan and APP for the upcoming MTEF and MTSF periods.	
4.	Number of 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 March 2018 for WC • Follow-up Report on Audit Action Plan: for Audited Financial Year ended 31 March 2018 for Gauteng 	20 internal audit reviews conducted on high risk areas.	<p>Achieved</p> <p>20 internal audit reviews were conducted. This represents 100% performance against the planned target. The focus areas were:</p> <ul style="list-style-type: none"> • Assets and Inventory Management – in 3 Regions (LP, MP and NC) • Grant Debtors - in 3 Regions (LP, MP and NC) • 2018/19 Annual Financial Statements - Head Office • 2018/19 Annual Performance Information review – Head Office • Communication and Marketing Services – Head Office • Oracle Property Manager Module • Performance Management and Development System • SRD: Mpumalanga • Biometric Identity and Access Management Non-Repudiation Deployment Review • Social Grants Large Amounts • Phase-in of SAPO • Budget Planning • Contract Management • Follow-up on AGSA findings • Fleet Management • Supply Chain Management 	None
					None

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

STRATEGIC OBJECTIVE: TO PROMOTE GOOD GOVERNANCE IN THE MANAGEMENT OF THE AGENCY (CONTINUED)					
NO	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020
		<ul style="list-style-type: none"> 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 Accounts Payable for FS Internal Audit Report on Supply Chain Management and Accounts Payable for GP. 		<ul style="list-style-type: none"> E-Leave Management Half-year performance Interim Financials Accreditation of suppliers (WC) <p>These reviews (particularly Annual Financial Statements and Annual Performance Information) contributed to SASSA receiving an unqualified audit for the 2018/19 financial year.</p>	

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 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020
5.	SASSA Business Process Re-engineering (BPR) conducted	*	BPR Terms of Reference finalised and service provider appointed.	<p>Not achieved.</p> <p>Draft BPR Terms of Reference (ToR) and Business Case were developed. However:</p> <ul style="list-style-type: none"> • After twelve years of existence, it became apparent that a need existed for SASSA to review its Operating Model for relevance and efficiency. • A decision was taken to prioritise the review of SASSA's Operating Model and high level structure in relation to its new Strategic Plan. • The deliverable then became the Strategic Plan, the Operating Model and the high level organisational structure. 	<p>The service provider for the BPR was not appointed.</p> <p>The BPR will be conducted in the 2020/21 financial year now that the critical building blocks are in place. These deliverables were critical to enable a focused and informed BPR; hence the reprioritisation.</p>
6.	Organisational Structure reviewed and implemented	<p>Not achieved.</p> <p>The Interim Organisational Structure was not reviewed.</p>	Interim Organisational Structure reviewed.	<p>Achieved</p> <p>The interim Organisational Structure was reviewed and the focus was on the high level structure towards alignment with the reviewed Strategic Plan and Operating Model.</p>	None

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

STRATEGIC OBJECTIVE: TO PROVIDE HUMAN CAPITAL MANAGEMENT, FACILITIES AND AUXILIARY SERVICES (CONTINUED)																																																																																																					
NO	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020																																																																																																
7.	Percentage of labour relations cases finalised (misconduct and grievance cases).	<p>Achieved. 68% (224 of 330) of labour relations cases were finalised.</p> <p>Performance breakdown:</p> <table><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>LIP</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	LIP	19	17	89	MP	12	10	83	NC	61	42	69	NW	13	3	23	WC	78	52	67	Total	330	224	68	60% of labour relations cases finalised.	<p>Achieved. 68% (350 of 516) of labour relations cases were finalised.</p> <p>Performance breakdown:</p> <table><thead><tr><th>NONE</th><th>RECEIVED</th><th>FINALISED</th><th>%</th></tr></thead><tbody><tr><td>HO</td><td>10</td><td>8</td><td>80</td></tr><tr><td>EC</td><td>108</td><td>104</td><td>96</td></tr><tr><td>FS</td><td>19</td><td>12</td><td>63</td></tr><tr><td>GP</td><td>26</td><td>8</td><td>31</td></tr><tr><td>KZN</td><td>137</td><td>38</td><td>28</td></tr><tr><td>LP</td><td>16</td><td>8</td><td>50</td></tr><tr><td>MP</td><td>67</td><td>63</td><td>94</td></tr><tr><td>NC</td><td>75</td><td>65</td><td>87</td></tr><tr><td>NW</td><td>16</td><td>6</td><td>38</td></tr><tr><td>WC</td><td>42</td><td>38</td><td>90</td></tr><tr><td>Total</td><td>516</td><td>350</td><td>68</td></tr></tbody></table>	NONE	RECEIVED	FINALISED	%	HO	10	8	80	EC	108	104	96	FS	19	12	63	GP	26	8	31	KZN	137	38	28	LP	16	8	50	MP	67	63	94	NC	75	65	87	NW	16	6	38	WC	42	38	90	Total	516	350	68	8%
LOCATION	CASES REPORTED	ACHIEVEMENT	%																																																																																																		
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WC	42	38	90																																																																																																		
Total	516	350	68																																																																																																		
				<p>Sanctions issued:</p> <ul style="list-style-type: none">• Written warning – 134• Final written warning – 45• Suspension without pay – 14• Dismissal – 21• Demotion – 1• Counselling – 5• Verbal warning – 12 <p>NB: Outcomes of grievances are not included in the list cited above; they are dealt with at different levels.</p>	Most of the cases were informal disciplinary hearings (disciplinary committees not required) handled by the supervisors and affected employees, with sanctions issued to correct the behaviour of employees.																																																																																																

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

STRATEGIC OBJECTIVE: TO PROVIDE HUMAN CAPITAL MANAGEMENT, FACILITIES AND AUXILIARY SERVICES (CONTINUED)					
NO	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020
8.	SASSA Ten-Year Building Infrastructure Plan approved	Achieved. 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: <ul style="list-style-type: none"> • Shortages of suitable facilities; • Upgrading and repairs of existing facilities; 	SASSA Ten-Year Building Infrastructure Plan approved.	Achieved. SASSA Ten-Year Infrastructure Plan was finalised and approved by the CEO. The plan was developed in line with the Government Immovable Asset Management Act (GIAMA), to address the following SASSA Infrastructure challenges: <ul style="list-style-type: none"> • Shortages of suitable facilities; • Upgrading and repairs of existing facilities; 	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: AUTOMATION OF SYSTEMS AND EFFECTIVE ICT OPERATIONS															
NO	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020										
9.	Biometric solution for users and beneficiaries acquired and implemented	Not achieved. Biometric Identity and Access Management system implemented; 3 277 staff members were enrolled. Integration between SOCPEN and Biometric Identity and Access Management system was developed and tested.	Biometric Identity Access Management System piloted for SOCPEN users in 4 Regions (GP, KZN, EC & MP) – 11 offices.	Achieved. Biometric Identity Access Management System was piloted for SOCPEN users in 4 Regions (GP, KZN, EC and MP) – 33 offices. Performance Breakdown <table><tr><th>REGION</th><th>OFFICE</th></tr><tr><td>EC</td><td>Cofimvaba, Idutywa, King Williams Town, Alice, Fort Beaufort, Zwelitsha, Ngqamakwe, Elliotdale, Mdantsane, Peddie, Cradock, Cala, Graaff-Reinet, Grahamstown, Lady Frere, Queenstown, Uitenhage, Bethelsdorp, Ngqeleni, Libode, Mthatha, Bizana, Mt Ayliff, Matatiele and EC Regional Office</td></tr><tr><td>GP</td><td>Dobsonville, Soshanguve and Soweto</td></tr><tr><td>MP</td><td>Emalahleni and Tonga</td></tr><tr><td>KZN</td><td>Manguzi, Pinetown and Vundlilela</td></tr></table>	REGION	OFFICE	EC	Cofimvaba, Idutywa, King Williams Town, Alice, Fort Beaufort, Zwelitsha, Ngqamakwe, Elliotdale, Mdantsane, Peddie, Cradock, Cala, Graaff-Reinet, Grahamstown, Lady Frere, Queenstown, Uitenhage, Bethelsdorp, Ngqeleni, Libode, Mthatha, Bizana, Mt Ayliff, Matatiele and EC Regional Office	GP	Dobsonville, Soshanguve and Soweto	MP	Emalahleni and Tonga	KZN	Manguzi, Pinetown and Vundlilela	22 additional offices were included. Additional offices were identified in the Eastern Cape region due to the high number of fraud cases and associated risks.
REGION	OFFICE														
EC	Cofimvaba, Idutywa, King Williams Town, Alice, Fort Beaufort, Zwelitsha, Ngqamakwe, Elliotdale, Mdantsane, Peddie, Cradock, Cala, Graaff-Reinet, Grahamstown, Lady Frere, Queenstown, Uitenhage, Bethelsdorp, Ngqeleni, Libode, Mthatha, Bizana, Mt Ayliff, Matatiele and EC Regional Office														
GP	Dobsonville, Soshanguve and Soweto														
MP	Emalahleni and Tonga														
KZN	Manguzi, Pinetown and Vundlilela														

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

STRATEGIC OBJECTIVE: AUTOMATION OF SYSTEMS AND EFFECTIVE ICT OPERATIONS (CONTINUED)																																																	
NO	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020																																												
10.	SASSA network connectivity infrastructure upgraded from 1MB to 2 MB for offices.	<p>Achieved.</p> <p>SASSA network connectivity infrastructure upgraded in 252 offices:</p> <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. <p>Performance Breakdown</p> <table><tr><th>LOCATION</th><th>NO. OF OFFICES UPGRADED</th></tr><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></table>	LOCATION	NO. OF OFFICES UPGRADED	EC	50	FS	11	GP	29	KZN	56	LP	26	MP	23	NC	24	NW	16	WC	17	Total	252	SASSA network connectivity infrastructure upgraded (140 offices).	<p>Not achieved.</p> <p>SASSA's network connectivity infrastructure was upgraded from 512KB to 2MB in 98 offices. The upgrades were undertaken in the following offices:</p> <p>Performance Breakdown</p> <table><tr><th>LOCATION</th><th>NO. OF OFFICES UPGRADED</th></tr><tr><td>EC</td><td>9</td></tr><tr><td>FS</td><td>8</td></tr><tr><td>GP</td><td>5</td></tr><tr><td>KZN</td><td>19</td></tr><tr><td>LP</td><td>14</td></tr><tr><td>MP</td><td>17</td></tr><tr><td>NC</td><td>10</td></tr><tr><td>NW</td><td>12</td></tr><tr><td>WC</td><td>4</td></tr><tr><td>Total</td><td>98</td></tr></table>	LOCATION	NO. OF OFFICES UPGRADED	EC	9	FS	8	GP	5	KZN	19	LP	14	MP	17	NC	10	NW	12	WC	4	Total	98	(42)
LOCATION	NO. OF OFFICES UPGRADED																																																
EC	50																																																
FS	11																																																
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WC	4																																																
Total	98																																																
The target was affected by the lack of fibre infrastructure in certain parts of the country. In some areas, approval from municipalities to dig required trenches took far longer than expected. SASSA will therefore use Quality of Service (a technical setting) including microwave links to ensure that core business applications like SOCPEN and Biometrics for staff are given priority on the existing capacity.																																																	

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

STRATEGIC OBJECTIVE: AUTOMATION OF SYSTEMS AND EFFECTIVE ICT OPERATIONS (CONTINUED)					
NO	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020
11.	Business data service integrated.	*	Interfaces with SAPO, BankservAfrica and DSD established.	Achieved. <ul style="list-style-type: none"> Interfaces with SAPO, BankservAfrica and DSD have been established to facilitate exchange of data. Interface with SAPO will assist SASSA to access payment information for reconciliation purposes. BankservAfrica interface will provide a platform for exchange of payment information. DSD interface: exchange of beneficiaries' details particularly during appeals processes. 	None
12.	Automated and digitised Grants Administration system implemented 12.1 Grants payment reports automated.	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 Grants Payment function.	Grants payment reports automated.	Achieved The grants payments reporting requirements were reviewed, mainly to incorporate the payment aspect of SAPO. Grants payments reports were automated and shared with relevant stakeholders on a monthly basis.	None
	12.2 Electronic queue management system	*	Electronic queue management system piloted in 1 office.	Achieved Electronic queue management system was piloted at Benoni Local Office (GP) with the following capabilities: <ul style="list-style-type: none"> Capturing of services and customers information (Customer ID, service, priority and ticket number) Customer Queuing (system assigns the customer to a service) Monitor services Display of serviced tickets. The queue management system is anticipated to improve the time spent by beneficiaries in the SASSA office. This is the second pilot in the same office with improved capabilities.	None

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

STRATEGIC OBJECTIVE: AUTOMATION OF SYSTEMS AND EFFECTIVE ICT OPERATIONS (CONTINUED)																			
NO	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020														
	12.3 Scanning solution	*	Scanning solution implemented in 45 local offices.	<p>Achieved. The scanning solution was implemented in 53 offices in the following regions:</p> <p>Performance breakdown</p> <table><tr><th>REGION</th><th>NUMBER OF OFFICES</th></tr><tr><td>FS</td><td>9</td></tr><tr><td>GP</td><td>15</td></tr><tr><td>MP</td><td>13</td></tr><tr><td>NW</td><td>11</td></tr><tr><td>WC</td><td>5</td></tr><tr><td>Total</td><td>53</td></tr></table> <p>The scanning solution is aimed at improving beneficiaries records management by storing records electronically for ease of retrieval, minimal loss of critical documents and to provide a backup of all physical files.</p>	REGION	NUMBER OF OFFICES	FS	9	GP	15	MP	13	NW	11	WC	5	Total	53	8
REGION	NUMBER OF OFFICES																		
FS	9																		
GP	15																		
MP	13																		
NW	11																		
WC	5																		
Total	53																		
				Telkom updated data lines in the third quarter, allowing SASSA to finalise outstanding work including completion of additional sites.															
	12.4 Grants E-forms	*	Requirements analysis for grants E-forms applications completed.	<p>Achieved The functional specifications for grants E-forms were completed based on the User Requirements. The scope of the business requirements is to develop the electronic forms focusing on the grants application and disability management process. Automation of the application form is aimed at reducing the use of paper and contributing to cost effectiveness.</p>	None														
				None	None														

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

STRATEGIC OBJECTIVE: AUTOMATION OF SYSTEMS AND EFFECTIVE ICT OPERATIONS (CONTINUED)					
NO	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020
13	SASSA Data Governance Framework developed and implemented	<p>Achieved</p> <p>The SASSA Data Governance Framework was developed.</p> <p>The Framework will, among others ensure personal information of grant beneficiaries, SASSA employees and service providers is safeguarded and used appropriately.</p>	SASSA Data Governance Framework implemented focusing on establishment of governance structures, policies and procedures.	<p>Achieved</p> <p>The Data Governance procedure was developed and approved.</p> <p>The SASSA ICT policy, Minimum Information Security policy (MISS) and ICT Data Governance were reviewed to assess their adequacy for supporting data governance within the Agency.</p> <p>The Data Governance Framework ensures that personal information of grant beneficiaries, SASSA employees and service providers is safeguarded and used appropriately.</p>	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 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020
14.	Unqualified audit outcome achieved	<p>Not achieved.</p> <p>Annual Financial Statements for the 2017/18 financial year were developed and presented to AGSA and National Treasury on 31 May 2018 for audit purposes. However, SASSA received a qualified audit outcome for the 2017/18 financial year.</p>	Unqualified audit outcome achieved	<p>Achieved</p> <p>SASSA's Annual Financial Statements were compiled and submitted to AGSA and National Treasury on 31 May 2019 for audit purposes. SASSA received an unqualified audit opinion for the 2018/19 financial year.</p>	None

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

STRATEGIC OBJECTIVE: EFFECTIVE FINANCIAL MANAGEMENT (CONTINUED)																																																																																																																																																																																						
NO	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020	COMMENT ON DEVIATIONS																																																																																																																																																																																
15.	Percentage of eligible suppliers paid within 30 days	<div>Achieved. 99.93% (4 293 of 4 296) of eligible suppliers were paid within 30 days</div> <div>Performance breakdown:</div> <table><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>LP</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>KZN</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>99.74%</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	LP	558	558	0			100%	0	KZN	518	518	0			100%	0	MP	384	383	1			99.74%	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	100% of eligible suppliers paid within 30 days	<div>Achieved. 100% (3 988 of 3 988) eligible suppliers were paid within 30 days</div> <div>Performance breakdown:</div> <table><thead><tr><th>NONE</th><th>RECEIVED</th><th>FINALISED</th><th>%</th></tr></thead><tbody><tr><td>HO</td><td>220</td><td>220</td><td>0</td></tr><tr><td></td><td></td><td>100%</td><td></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></td></tr><tr><td>FS</td><td>326</td><td>326</td><td>0</td></tr><tr><td></td><td></td><td>100%</td><td></td></tr><tr><td>GP</td><td>386</td><td>386</td><td>0</td></tr><tr><td></td><td></td><td>100%</td><td></td></tr><tr><td>LP</td><td>480</td><td>480</td><td>0</td></tr><tr><td></td><td></td><td>100%</td><td></td></tr><tr><td>KZN</td><td>552</td><td>552</td><td>0</td></tr><tr><td></td><td></td><td>100%</td><td></td></tr><tr><td>MP</td><td>322</td><td>322</td><td>0</td></tr><tr><td></td><td></td><td>100%</td><td></td></tr><tr><td>NC</td><td>299</td><td>299</td><td>0</td></tr><tr><td></td><td></td><td>100%</td><td></td></tr><tr><td>NW</td><td>441</td><td>441</td><td>0</td></tr><tr><td></td><td></td><td>100%</td><td></td></tr><tr><td>WC</td><td>343</td><td>343</td><td>0</td></tr><tr><td></td><td></td><td>100%</td><td></td></tr><tr><td>Total</td><td>3 988</td><td>3 988</td><td>0</td></tr></tbody></table>	NONE	RECEIVED	FINALISED	%	HO	220	220	0			100%		EC	619	619	0			100%		FS	326	326	0			100%		GP	386	386	0			100%		LP	480	480	0			100%		KZN	552	552	0			100%		MP	322	322	0			100%		NC	299	299	0			100%		NW	441	441	0			100%		WC	343	343	0			100%		Total	3 988	3 988	0	None	None
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Table 7: Strategic objectives, performance indicators, planned targets and actual achievements: Sub-programme 1.4: Financial Management (continued)

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16.	Percentage of social assistance debts recovered and/or written off	<p>Achieved. 22.51% (R171 999 028.80 of R 763 954 957.07) of social assistance debts were recovered and/or submitted for write off. 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><tr><th>LOCATION</th><th>DEBT BOOK</th><th>AMOUNT COLLECTED INCLUDING WRITE OFF (R)</th><th>%</th></tr><tr><td>EC</td><td>109 187 378.91</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>568 705 171.75</td><td>138 586 769.90</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></table>	LOCATION	DEBT BOOK	AMOUNT COLLECTED INCLUDING WRITE OFF (R)	%	EC	109 187 378.91	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	568 705 171.75	138 586 769.90	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	5% of social assistance debts recovered and/or written off	<p>Achieved. 31.42% (R259 089 851.79 of R 824 595 269.28) of social assistance debts were recovered and written off. R 10 600 047.28 was recovered and R 248 489 804.51 was written off.</p> <p>Performance breakdown:</p> <table><tr><th>LOCATION</th><th>DEBT BOOK</th><th>AMOUNT COLLECTED INCLUDING WRITE OFF (R)</th><th>%</th></tr><tr><td>EC</td><td>111 568 820.15</td><td>24 532 121.48</td><td>21.99</td></tr><tr><td>FS</td><td>13 340 389.07</td><td>3 196 459.93</td><td>23.96</td></tr><tr><td>GP</td><td>25 282 623.88</td><td>12 470 449.97</td><td>49.32</td></tr><tr><td>KZN</td><td>606 757 749.30</td><td>193 907 653.58</td><td>31.95</td></tr><tr><td>LP</td><td>22 523 685.74</td><td>6 205 044.32</td><td>27.55</td></tr><tr><td>MP</td><td>8 441 812.07</td><td>1 040 737.12</td><td>12.33</td></tr><tr><td>NC</td><td>6 711 974.69</td><td>1 412 727.04</td><td>21.05</td></tr><tr><td>NW</td><td>9 427 592.86</td><td>2 044 777.32</td><td>21.69</td></tr><tr><td>WC</td><td>20 540 621.52</td><td>4 279 881.03</td><td>20.83</td></tr><tr><td>Total</td><td>824 595 269.28</td><td>259 089 851.79</td><td>31.42</td></tr></table>	LOCATION	DEBT BOOK	AMOUNT COLLECTED INCLUDING WRITE OFF (R)	%	EC	111 568 820.15	24 532 121.48	21.99	FS	13 340 389.07	3 196 459.93	23.96	GP	25 282 623.88	12 470 449.97	49.32	KZN	606 757 749.30	193 907 653.58	31.95	LP	22 523 685.74	6 205 044.32	27.55	MP	8 441 812.07	1 040 737.12	12.33	NC	6 711 974.69	1 412 727.04	21.05	NW	9 427 592.86	2 044 777.32	21.69	WC	20 540 621.52	4 279 881.03	20.83	Total	824 595 269.28	259 089 851.79	31.42	26.42%
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Table 7: Strategic objectives, performance indicators, planned targets and actual achievements: Sub-programme 1.4: Financial Management (continued)

STRATEGIC OBJECTIVE: EFFECTIVE FINANCIAL MANAGEMENT (CONTINUED)																																																																																																				
NO	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020																																																																																																
17.	Percentage of misconduct cases (current) finalised within 120 days	<p>Achieved. 54% (93 out 172) cases finalised within 90 days.</p> <p>Performance breakdown</p> <table><tr><th>LOCATION</th><th>TOTAL FINALISED</th><th>FINALISED IN 90 DAYS</th><th>%</th></tr><tr><td>HO</td><td>6</td><td>3</td><td>50</td></tr><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>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></table>	LOCATION	TOTAL FINALISED	FINALISED IN 90 DAYS	%	HO	6	3	50	EC	38	24	63	FS	35	14	40	GP	-	-	-	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	60% of financial misconduct cases (current) finalised within 120 days	<p>Achieved. 78.45% (233 of 297) cases were finalised within 120 days.</p> <p>Performance breakdown</p> <table><tr><th>LOCATION</th><th>REPORTED</th><th>FINALISED</th><th>%</th></tr><tr><td>HO</td><td>3</td><td>2</td><td>67</td></tr><tr><td>EC</td><td>107</td><td>71</td><td>66</td></tr><tr><td>FS</td><td>25</td><td>25</td><td>100</td></tr><tr><td>GP</td><td>0</td><td>0</td><td>N/A</td></tr><tr><td>KZN</td><td>28</td><td>25</td><td>90</td></tr><tr><td>LP</td><td>17</td><td>14</td><td>82</td></tr><tr><td>MP</td><td>18</td><td>16</td><td>89</td></tr><tr><td>NC</td><td>9</td><td>5</td><td>56</td></tr><tr><td>NW</td><td>28</td><td>26</td><td>93</td></tr><tr><td>WC</td><td>62</td><td>49</td><td>79</td></tr><tr><td>Total</td><td>297</td><td>233</td><td>78</td></tr></table>	LOCATION	REPORTED	FINALISED	%	HO	3	2	67	EC	107	71	66	FS	25	25	100	GP	0	0	N/A	KZN	28	25	90	LP	17	14	82	MP	18	16	89	NC	9	5	56	NW	28	26	93	WC	62	49	79	Total	297	233	78
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STRATEGIC OBJECTIVE: EFFECTIVE FINANCIAL MANAGEMENT (CONTINUED)																																																																																																					
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18.	Percentage of financial misconduct cases (backlog) finalised	<p>Not achieved. 12% (111 of 894) cases finalised (backlog). Performance breakdown:</p> <table><tr><th>LOCATION</th><th>TOTAL CASES</th><th>FINALISED</th><th>%</th></tr><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></table>	LOCATION	TOTAL CASES	FINALISED	%	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%	95% of financial misconduct cases (backlog) finalised	<p>Not achieved. 24% (285 of 1 178) cases were finalised. Performance breakdown:</p> <table><tr><th>LOCATION</th><th>REPORTED</th><th>FINALISED</th><th>%</th></tr><tr><td>HO</td><td>123</td><td>16</td><td>13</td></tr><tr><td>EC</td><td>206</td><td>33</td><td>16</td></tr><tr><td>FS</td><td>134</td><td>60</td><td>45</td></tr><tr><td>GP</td><td>72</td><td>10</td><td>14</td></tr><tr><td>KZN</td><td>263</td><td>47</td><td>18</td></tr><tr><td>LP</td><td>12</td><td>4</td><td>33</td></tr><tr><td>MP</td><td>20</td><td>2</td><td>10</td></tr><tr><td>NC</td><td>74</td><td>5</td><td>7</td></tr><tr><td>NW</td><td>26</td><td>9</td><td>35</td></tr><tr><td>WC</td><td>248</td><td>99</td><td>40</td></tr><tr><td>Total</td><td>1 178</td><td>285</td><td>24%</td></tr></table>	LOCATION	REPORTED	FINALISED	%	HO	123	16	13	EC	206	33	16	FS	134	60	45	GP	72	10	14	KZN	263	47	18	LP	12	4	33	MP	20	2	10	NC	74	5	7	NW	26	9	35	WC	248	99	40	Total	1 178	285	24%	(71%)
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					Under achievement relates to irregular expenditure cases submitted to National Treasury for condonation; and others are still being considered through labour relations processes to institute consequence management.																																																																																																
					<ul style="list-style-type: none">• Of the total misconduct cases, 832 were irregular expenditure cases.• 536 irregular expenditure cases were referred to National Treasury for condonation; feedback remained outstanding at the end of March 2020.• The balance of 357 cases were still being considered through labour relations processes to institute consequence management.																																																																																																

Table 8: Strategic objectives, performance indicators, planned targets and actual achievements: Communications and Marketing

PROGRAMME 1: ADMINISTRATION
SUB-PROGRAMME 1.5: COMMUNICATIONS AND MARKETING

STRATEGIC OBJECTIVE: SOUND AND PROMPT COMMUNICATION																																																																													
NO	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020																																																																								
19.	Integrated Communication and Marketing Strategy implemented	<p>Achieved. Benefits of receiving social grants through electronic channels were communicated to beneficiaries using both print and electronic media. 1 373 engagements were conducted</p> <p>Performance breakdown:</p> <table><tr><th>LOCATION</th><th>NO. OF OFFICES</th></tr><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></table>	LOCATION	NO. OF OFFICES	HO	155	EC	112	FS	269	GP	72	KZN	145	LP	97	MP	156	NC	84	NW	103	WC	180	Total	1 373	<p>Integrated Communication and Marketing Strategy implemented focusing on Internal (369 programmes) and External (1 201 programmes) Communication</p> <table><tr><th>LOCATION</th><th>SUPPLIERS</th></tr><tr><td>HO</td><td>34</td></tr><tr><td>EC</td><td>48</td></tr><tr><td>FS</td><td>36</td></tr><tr><td>GP</td><td>40</td></tr><tr><td>KZN</td><td>36</td></tr><tr><td>LP</td><td>36</td></tr><tr><td>MP</td><td>32</td></tr><tr><td>NC</td><td>33</td></tr><tr><td>NW</td><td>38</td></tr><tr><td>WC</td><td>36</td></tr><tr><td>Total</td><td>369</td></tr></table>	LOCATION	SUPPLIERS	HO	34	EC	48	FS	36	GP	40	KZN	36	LP	36	MP	32	NC	33	NW	38	WC	36	Total	369	<p>Achieved. 454 Internal Communication programmes were conducted including fraud, non-payment of beneficiaries, development of the new Strategic Plan and APP and the CEO's staff engagement on the revised SASSA operating model and high level structure.</p> <p>Performance breakdown:</p> <table><tr><th>LOCATION</th><th>MEDIA ENGAGEMENTS</th></tr><tr><td>HO</td><td>50</td></tr><tr><td>EC</td><td>50</td></tr><tr><td>FS</td><td>47</td></tr><tr><td>GP</td><td>52</td></tr><tr><td>KZN</td><td>43</td></tr><tr><td>LP</td><td>48</td></tr><tr><td>MP</td><td>44</td></tr><tr><td>NC</td><td>35</td></tr><tr><td>NW</td><td>43</td></tr><tr><td>WC</td><td>42</td></tr><tr><td>Total</td><td>454</td></tr></table>	LOCATION	MEDIA ENGAGEMENTS	HO	50	EC	50	FS	47	GP	52	KZN	43	LP	48	MP	44	NC	35	NW	43	WC	42	Total	454	85
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					Over achievement is attributed to the need to communicate issues that have been prevalent in the organisation.																																																																								
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Table 8: Strategic objectives, performance indicators, planned targets and actual achievements: Communications and Marketing (continued)

STRATEGIC OBJECTIVE: EFFECTIVE COMMUNICATION						
NO	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020	COMMENT ON DEVIATIONS



Table 9: Strategy to overcome areas of under-performance: Programme 1 Administration

TARGET	STRATEGY
BPR Terms of Reference finalised and service provider appointed.	The BPR will be conducted in the 2020/21 financial year now that the critical building blocks (Strategic Plan, Operating Model and High level structure) are in place.
SASSA network connectivity infrastructure upgraded from 1MB to 2 MB in 140 offices.	The target was affected by the lack of fibre infrastructure in certain parts of the country. In some areas, approval from municipalities to dig required trenches took far longer than expected. SASSA will therefore use Quality of Service (a technical setting) including Microwave Links to ensure that core business applications like SOCPEN and Biometrics for staff are given priority on the existing capacity.
Financial misconduct cases (backlog) finalised.	<ul style="list-style-type: none"> Follow up on the finalisation of 536 cases of irregular expenditure submitted to National Treasury for condonation. Accelerate internal processes (labour relations) to ensure timeous implementation of consequence management where it is due.

CHANGES TO PLANNED TARGETS

There were no changes to planned targets.

Table 10: Linking performance with budgets: Programme 1 Administration

PROGRAMME	2018/19			2019/20		
	FINAL APPROPRIATION	ACTUAL	(OVER)/UNDER EXPENDITURE	FINAL APPROPRIATION	ACTUAL	(OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	3 038 253	2 759 988	278 265	2 962 903	2 598 598	364 305
Add: Non-cash items	8 093	120 035	(111 942)	47 494	111 583	(64 089)
Total	3 046 346	2 880 023	166 323	3 010 397	2 710 181	300 216

Table 10 reconciles to both the statement of financial performance and the statement of comparison of budget and actual amounts. The figure of R2 598 598 reports on cash only while the total figure of R2 710 181 includes non-cash items.





EXECUTIVE MANAGER **BENEFITS ADMINISTRATION AND SUPPORT**

MS. D. DUNKERLEY

3.2 PROGRAMME 2: BENEFITS ADMINISTRATION AND SUPPORT

3.2.1 PURPOSE

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.

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

The continued need for this programme should be seen against the persistently high levels of unemployment, poverty and inequality in the country.

3.2.2 DESCRIPTION

The 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; enrolment of the applicant on the system; capturing and verification of the application on the system; and quality assurance. This is done to ensure that only qualifying citizens benefit from the programme.
- **Payment Management:** processing of payments; payments to beneficiaries; and reconciliation of payments. During the year under review, distribution of social grants was done through a contract with SAPO. Approximately 30% of grants were paid directly into beneficiaries' personal bank accounts. The in-house unit's responsibility is primarily the management of the SLA between SASSA and SAPO. It also manages the relationships between SASSA and the banks and retailers which all form an integral part of the social grant distribution network. The

function is also responsible for designation of the pay point infrastructure.

- **Beneficiary Maintenance Management:** responsible for life certification as well as maintenance of beneficiary data, including grant reviews. The primary purpose of this unit is to ensure integrity of data within the SASSA environment through the management of identified exceptions, as well as to ensure beneficiaries' continued eligibility once grants are in payment.
- **Policy Implementation Support:** includes continuous development and improvement of systems and procedures, training and management of business systems that support the grant administration process.
- **Customer Care:** responsible for promoting a customer-centric service offering to clients. It also ensures deployment of interventions to ensure that clients can access services, especially in the most remote areas of the country; and ensures provision of information to all SASSA's stakeholders. A primary driver of all of SASSA's interventions is to promote improved customer experience.

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 PROGRAMME 2: KEY ACHIEVEMENTS

The Benefits Administration and Support programme had 13 targets planned for this financial year of which seven (54%) were achieved.

For the period under review, SASSA planned to reach 1.6 million new social grant applicants; applications processed exceeded the projection by 125 761. In total, 1 725 761 applications were processed. The main objective was to provide social assistance to qualifying/eligible South Africans.

The number of social grants in payment including grant-in-aid increased from 17 811 745 at the end of March 2019 to 18 290 592 at the end of March 2020, an increase of about 2.7%. Total expenditure for the 2019/20 financial year was R189 640 billion.

In relation to SRD, the target was to award 252 833 applications at a cost of R410 million. Due to high demand, 344 482 applications were awarded at a cost of R440 million. This represents 136% over-achievement in SRD applications awarded. The money was granted largely to families experiencing undue hardship, to individuals awaiting grants and to families where a breadwinner had died.

SRD comprises a number of sub-programmes: short term relief for citizens experiencing a crisis situation of relatively short term duration (so-called “normal” social relief), which also includes temporary material assistance to those who have applied for a social grant but have not yet received payment and need support to tide them over the period until payment is made; the Zero Hunger programme implemented in conjunction with the Department of Health and which targets food insecure children in poor households; school uniforms provided to identified needy children in conjunction with the Department of Basic Education; and humanitarian assistance to people affected by natural and other disasters.

In addressing the service delivery improvement objective, 99% of new applications were processed within 10 days; 86.3% of these were processed within 1 working day. The improved turnaround time is attributed to the revised grant value chain. Revision of business processes has eliminated duplicated effort, resulting in reduced staff time per application.

The management of SAPO as a service provider for the payment of social grants has been closely monitored through the signed SLA and quarterly monitoring reports. Identified challenges/non-compliance issues are dealt with through joint governance structures at district, regional and national levels. The Executive Authorities for the two entities (SASSA and SAPO) are part of the highest national structure that makes decisions on remedial actions.

3.2.5 FACTORS THAT HAD AN IMPACT ON THE ACHIEVEMENT OF PLANNED TARGETS

ICROP IMPACT ASSESSMENT PLAN

During the year under review, SASSA requested support from DSD’s Monitoring and Evaluation unit on the ICROP

Impact Assessment since they had previously carried out an assessment of Project Mikondzo. The aim was to save costs and to benefit from the alignment between the projects, as both are aimed at taking services to communities. While the initial intention was to do this assessment in-house, it was felt that the findings would be more objective and relevant if completed by an external party. This required a procurement process which was unfortunately not concluded within the financial year.

BIOMETRIC ENROLMENT OF BENEFICIARIES IMPLEMENTED BY SASSA

The biometric project within SASSA had a number of components including biometric access enabling SASSA staff to access SOCPEN, the core system used to process all applications and grant payments; biometric enrolment of applicants and beneficiaries to positively confirm the identity of each person in the system and ensure that everyone is in the system only once; and human capital issues related to these, including updating job descriptions and job weights for front-line staff as well as the norms and standards used to inform staffing structures and performance.

Implementation of all aspects of the biometric project is intended to provide safeguards for staff working on the system and to limit opportunities for fraudulent activities. While the targets set for biometric access by staff was achieved, biometric enrolment of beneficiaries and applicants was not achieved.

Biometric identity access management was piloted for SOCPEN users in four regions: GP, KZN, EC and MP and in thirty additional sites in EC. The additional offices in EC were included in the pilot phase to address the high rate of fraudulent activities which had been experienced; this had a positive effect.

The biometric enrolment of applicants and beneficiaries in the four identified regions was reviewed, based on the findings from the pilot. A plan for roll-out of the system was developed in consultation with the labour unions and supported. However, there have been challenges with the system as a result of a combination of factors including network instability, the need for ongoing user training and support, continuous engagement and involvement with organised labour and other technical challenges which directly affected service delivery. This meant that more time was needed for system development and enhancement. Because of the impact on timelines, implementation could not be achieved.



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 2.1: BENEFITS ADMINISTRATION

STRATEGIC OBJECTIVE: TO IMPROVE THE EFFECTIVENESS AND EFFICIENCY OF THE ADMINISTRATION OF THE SOCIAL ASSISTANCE PROGRAMME																																																																							
NO	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020																																																																		
20.	Number of new applications for social grants processed	<p>Achieved. 1 636 755 new applications were processed. This represents 102% achievement against the annual target.</p> <p>Performance breakdown:</p> <table><thead><tr><th>LOCATION</th><th>TARGET</th><th>NO OF NEW SOCIAL GRANT APPLICATIONS 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 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	1 600 000 new applications for social grants processed	<p>Achieved. 1 725 761 applications for social grants processed. This represents 108% achievement against the annual target.</p> <p>Performance breakdown:</p> <table><thead><tr><th>LOCATION</th><th>TARGET</th><th>NO OF NEW SOCIAL GRANT APPLICATIONS PROCESSED</th></tr></thead><tbody><tr><td>EC</td><td>208 000</td><td>225 683</td></tr><tr><td>FS</td><td>96 000</td><td>100 511</td></tr><tr><td>GP</td><td>256 000</td><td>291 524</td></tr><tr><td>KZN</td><td>352 000</td><td>371 733</td></tr><tr><td>LP</td><td>192 000</td><td>212 783</td></tr><tr><td>MP</td><td>128 000</td><td>136 556</td></tr><tr><td>NC</td><td>64 000</td><td>59 229</td></tr><tr><td>NW</td><td>128 000</td><td>127 902</td></tr><tr><td>WC</td><td>176 000</td><td>199 840</td></tr><tr><td>Total</td><td>1 600 000</td><td>1 725 761</td></tr></tbody></table> <p>Approved applications: 1 561 975 Declined with various reasons: 163 786.</p>	LOCATION	TARGET	NO OF NEW SOCIAL GRANT APPLICATIONS PROCESSED	EC	208 000	225 683	FS	96 000	100 511	GP	256 000	291 524	KZN	352 000	371 733	LP	192 000	212 783	MP	128 000	136 556	NC	64 000	59 229	NW	128 000	127 902	WC	176 000	199 840	Total	1 600 000	1 725 761	125 761
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					The unemployment rate rose to 29.1% in the last quarter of 2019/20. This had a direct impact on applications for social grants as more citizens required support.																																																																		

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

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21.	Number of grants in payment including Grant-in-Aid	<p>Achieved 17 811 745 grants in payment including Grant-in-Aid. This represents 100% achievement against the annual target.</p> <p>Performance breakdown</p> <table><tr><th>LOCATION</th><th>TARGET</th><th>NO. OF SOCIAL GRANTS IN PAYMENT INCLUDING GRANT-IN-AID</th></tr><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></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	<p>18 166 860 grants in payment including Grant-in-Aid at an estimated cost of R175 156 billion</p> <table><tr><th>GRANT TYPE</th><th>TARGET</th></tr><tr><td>OAG</td><td>3 663 605</td></tr><tr><td>WVG</td><td>78</td></tr><tr><td>GIA</td><td>246 910</td></tr><tr><td>DG</td><td>1 052 241</td></tr><tr><td>FCG</td><td>351 418</td></tr><tr><td>CDG</td><td>154 498</td></tr><tr><td>CSG</td><td>12 698 111</td></tr><tr><td>Total</td><td>18 166 860</td></tr></table>	GRANT TYPE	TARGET	OAG	3 663 605	WVG	78	GIA	246 910	DG	1 052 241	FCG	351 418	CDG	154 498	CSG	12 698 111	Total	18 166 860	<p>Achieved 18 290 592 grants including Grant-in-Aid were in payment at a cost of R189 640 billion. This represents 101% achievement against the target.</p> <p>Performance breakdown per grant type:</p> <table><tr><th>GRANT TYPE</th><th>NO. OF SOCIAL GRANTS IN PAYMENT INCLUDING GRANT-IN-AID</th></tr><tr><td>OAG</td><td>3 676 791</td></tr><tr><td>WVG</td><td>62</td></tr><tr><td>GIA</td><td>273 922</td></tr><tr><td>DG</td><td>1 042 025</td></tr><tr><td>FCG</td><td>355 609</td></tr><tr><td>CDG</td><td>154 735</td></tr><tr><td>CSG</td><td>12 787 448</td></tr><tr><td>Total</td><td>18 290 592</td></tr></table>	GRANT TYPE	NO. OF SOCIAL GRANTS IN PAYMENT INCLUDING GRANT-IN-AID	OAG	3 676 791	WVG	62	GIA	273 922	DG	1 042 025	FCG	355 609	CDG	154 735	CSG	12 787 448	Total	18 290 592	123 732
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					<p>The unemployment rate rose to 29.1% in the last quarter of 2019/20. This had a direct impact on applications for social grants as more citizens required support.</p> <p>The additional amount spent on social grants (R189 billion against a budget of R175 billion) was as a result of the early payment of grants for April, where the R15 billion was accounted for in the 2019/20 financial year.</p>																																																																					

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

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22.	Number of Social Relief of Distress (SRD) applications awarded (Zero Hunger, normal SRD, support for disaster and school uniform)	<p>Achieved 443 687 SRD applications were awarded at a cost of R485 734 119 million. This represents 175% achievement against the annual target</p> <p>Performance breakdown</p> <table><tr><th>LOCATION</th><th>TARGET</th><th>NO. OF SRD APPLICATIONS AWARDED</th></tr><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></table> <p>The SRD awards were awarded as follows: Cash – 2 318 Food parcels – 283 896 Uniforms – 55 083 Vouchers – 102 570 Total expenditure: R485 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	<p>252 833 SRD applications awarded at a cost of R410 million</p> <table><tr><th>LOCATION</th><th>TARGET</th></tr><tr><td>EC</td><td>40 453</td></tr><tr><td>FS</td><td>15 171</td></tr><tr><td>GP</td><td>37 925</td></tr><tr><td>KZN</td><td>55 624</td></tr><tr><td>LP</td><td>35 397</td></tr><tr><td>MP</td><td>20 226</td></tr><tr><td>NC</td><td>7 584</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></table> <p>The SRD awards were awarded as follows: Cash – 2 315 Food parcels – 194 397 Uniforms – 65 933 Vouchers – 81 837 Total expenditure: A total of R440 138 105 was committed at the end of March 2020. However, actual expenditure as at 31 March 2020 stood at R402 346 000. SRD is provided to individuals and families experiencing undue hardships to ensure their basics needs are met.</p>	LOCATION	TARGET	EC	40 453	FS	15 171	GP	37 925	KZN	55 624	LP	35 397	MP	20 226	NC	7 584	NW	17 698	WC	22 755	Total	252 833	<p>Achieved 344 482 SRD applications were awarded. This represents 136% achievement against the planned target.</p> <p>Performance breakdown per grant type:</p> <table><tr><th>GRANT TYPE</th><th>NO. OF SRD APPLICATIONS AWARDED</th></tr><tr><td>EC</td><td>71 279</td></tr><tr><td>FS</td><td>18 305</td></tr><tr><td>GP</td><td>58 196</td></tr><tr><td>KZN</td><td>80 729</td></tr><tr><td>LP</td><td>39 588</td></tr><tr><td>MP</td><td>21 818</td></tr><tr><td>NC</td><td>8 224</td></tr><tr><td>NW</td><td>18 242</td></tr><tr><td>WC</td><td>28 101</td></tr><tr><td>Total</td><td>344 482</td></tr></table> <p>The SRD awards were awarded as follows: Cash – 2 315 Food parcels – 194 397 Uniforms – 65 933 Vouchers – 81 837 Total expenditure: A total of R440 138 105 was committed at the end of March 2020. However, actual expenditure as at 31 March 2020 stood at R402 346 000. SRD is provided to individuals and families experiencing undue hardships to ensure their basics needs are met.</p>	GRANT TYPE	NO. OF SRD APPLICATIONS AWARDED	EC	71 279	FS	18 305	GP	58 196	KZN	80 729	LP	39 588	MP	21 818	NC	8 224	NW	18 242	WC	28 101	Total	344 482	<p>91 649</p> <p>SRD is driven by needs. The over-achievement is a result of high demand due to depressed socio-economic conditions, increased levels of poverty and unemployment in local areas which led to applicants meeting the qualifying criteria. Implementation of the Zero Hunger project in response to malnutrition challenges and close monitoring of the programme, including adherence to revised spending plans, played a significant role. An additional R30 million was obtained through shifting funds from savings of other social grants to balance SRD demand with resources.</p>
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23.	Percentage of total SRD rand value (R410 million) awarded through cooperatives and SMMEs	<p>Not achieved. 26.8% (R110 163 341 of R410 million) of total SRD rand value awarded through cooperatives.</p> <p>Performance breakdown</p> <table><tr><th>LOCATION</th><th>RAND VALUE TARGET (R000)</th><th>TOTAL SRD RAND VALUE AWARDED - (R)</th></tr><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></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	30% (R123 million) of total SRD rand value awarded through cooperatives and SMMEs	<p>Not achieved 19% (R78 181 528 of R402 346 000) of total SRD rand value was awarded through cooperatives and SMMEs. A further R53 679 374 was committed at the end of March 2020.</p> <p>Performance breakdown</p> <table><tr><th>LOCATION</th><th>RAND VALUE TARGET (R000)</th><th>ACTUAL AMOUNT PAID TO COOPERATIVES AND SMMEs (R)</th></tr><tr><td>EC</td><td>19 680</td><td>18 353 192</td></tr><tr><td>FS</td><td>7 380</td><td>5 941 959</td></tr><tr><td>GP</td><td>18 450</td><td>10 705 902</td></tr><tr><td>KZN</td><td>27 060</td><td>12 432 447</td></tr><tr><td>LP</td><td>17 220</td><td>6 598 723</td></tr><tr><td>MP</td><td>9 840</td><td>7 286 438</td></tr><tr><td>NC</td><td>3 690</td><td>977 097</td></tr><tr><td>NW</td><td>8 610</td><td>8 930 471</td></tr><tr><td>WC</td><td>11 070</td><td>6 955 293</td></tr><tr><td>Total</td><td>123 000</td><td>78 181 528</td></tr></table>	LOCATION	RAND VALUE TARGET (R000)	ACTUAL AMOUNT PAID TO COOPERATIVES AND SMMEs (R)	EC	19 680	18 353 192	FS	7 380	5 941 959	GP	18 450	10 705 902	KZN	27 060	12 432 447	LP	17 220	6 598 723	MP	9 840	7 286 438	NC	3 690	977 097	NW	8 610	8 930 471	WC	11 070	6 955 293	Total	123 000	78 181 528	-11%
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					The target chases actual invoices paid to cooperatives and SMMEs at the end of a reporting period; therefore, the underachievement is attributed to invoices received late in March or yet to be received at the end of the reporting period.																																																																		

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

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24.	Number of applications for children aged 0-1 processed	<p>Achieved. 702 306 applications for children aged 0-1 were processed. This represents 125% achievement against the target.</p> <p>Performance breakdown</p> <table><tr><th>LOCATION</th><th>NO. OF APPLICATIONS FOR CHILDREN AGED 0-1 PROCESSED</th></tr><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></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	<p>560 000 applications for children aged 0-1 processed.</p> <p>Performance breakdown</p> <table><tr><th>LOCATION</th><th>TARGET</th></tr><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></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 745 010 applications for children aged 0 – 1 were processed. This represents 133% achievement against the target. By end of March 2020, 54.33% of eligible children within this age group were in receipt of social grants.</p> <p>Performance breakdown</p> <table><tr><th>LOCATION</th><th>APPLICATIONS FOR CHILDREN AGED 0-1 PROCESSED</th></tr><tr><td>EC</td><td>104 051</td></tr><tr><td>FS</td><td>39 500</td></tr><tr><td>GP</td><td>112 682</td></tr><tr><td>KZN</td><td>171 205</td></tr><tr><td>LP</td><td>123 088</td></tr><tr><td>MP</td><td>68 304</td></tr><tr><td>NC</td><td>19 260</td></tr><tr><td>NW</td><td>54 224</td></tr><tr><td>WC</td><td>52 696</td></tr><tr><td>Total</td><td>745 010</td></tr></table> <p>The inclusion of children in the social grant programme as early as possible has been shown to contribute positively to long term benefits such as cognitive development and physical growth. For this reason, SASSA will continue its efforts to assist care givers to apply for support as soon after the birth of the child as possible.</p>	LOCATION	APPLICATIONS FOR CHILDREN AGED 0-1 PROCESSED	EC	104 051	FS	39 500	GP	112 682	KZN	171 205	LP	123 088	MP	68 304	NC	19 260	NW	54 224	WC	52 696	Total	745 010	185 010	Intensified engagements with key stakeholders such as the Department of Health, hospitals, clinics and the Department of Home Affairs contributed to increased referrals of children in this age bracket for social grant applications.
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25.	Percentage of grant applications processed within target days	<p>Achieved. 98.88 % (1 618 503 of 1 636 755) of new grant applications were processed within 10 days.</p> <p>Performance breakdown</p> <table><tr><th>LOCATION</th><th>NEW GRANT APPLICATIONS</th><th>% OF NEW GRANT APPLICATIONS PROCESSED WITHIN 10 DAYS</th></tr><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></table>	LOCATION	NEW GRANT APPLICATIONS	% 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	<p>95% of new grant applications processed within 10 days.</p> <table><tr><th>LOCATION</th><th>TARGET</th></tr><tr><td>EC</td><td>225 682</td></tr><tr><td>FS</td><td>100 511</td></tr><tr><td>GP</td><td>291 524</td></tr><tr><td>KZN</td><td>371 733</td></tr><tr><td>LP</td><td>212 783</td></tr><tr><td>MP</td><td>136 556</td></tr><tr><td>NC</td><td>59 228</td></tr><tr><td>NW</td><td>127 902</td></tr><tr><td>WC</td><td>199 840</td></tr><tr><td>Total</td><td>1 725 761</td></tr></table>	LOCATION	TARGET	EC	225 682	FS	100 511	GP	291 524	KZN	371 733	LP	212 783	MP	136 556	NC	59 228	NW	127 902	WC	199 840	Total	1 725 761	<p>Achieved 99% (1 713 151 of 1 725 761) of new grant applications were processed within 10 days.</p> <p>Performance breakdown</p> <table><tr><th>LOCATION</th><th>NEW APPLICATIONS</th><th>% OF NEW GRANT APPLICATIONS PROCESSED WITHIN 10 DAYS</th></tr><tr><td>EC</td><td>223 303</td><td>98.9</td></tr><tr><td>FS</td><td>99 716</td><td>99.2</td></tr><tr><td>GP</td><td>286 898</td><td>98.4</td></tr><tr><td>KZN</td><td>370 953</td><td>99.8</td></tr><tr><td>LP</td><td>212 410</td><td>99.8</td></tr><tr><td>MP</td><td>136 007</td><td>99.5</td></tr><tr><td>NC</td><td>58 900</td><td>99.4</td></tr><tr><td>NW</td><td>127 098</td><td>99.3</td></tr><tr><td>WC</td><td>197 866</td><td>99</td></tr><tr><td>Total</td><td>1 713 151</td><td>99</td></tr></table>	LOCATION	NEW APPLICATIONS	% OF NEW GRANT APPLICATIONS PROCESSED WITHIN 10 DAYS	EC	223 303	98.9	FS	99 716	99.2	GP	286 898	98.4	KZN	370 953	99.8	LP	212 410	99.8	MP	136 007	99.5	NC	58 900	99.4	NW	127 098	99.3	WC	197 866	99	Total	1 713 151	99	4%	Improved business systems enabled rapid processing of applications while embedding quality assurance in the process.
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					<p>86.30% (1 489 346 of 1 725 761) new grant applications were processed in 1 day.</p> <p>Achievement of this target contributes to positive customer experience, which is a key driver of SASSA's services.</p>																																																																																									

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

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26.	Percentage of received orders processed within 10 days (FCG)	<p>Achieved. 131 341 foster child reviews processed. This represents 100% achievement against the target</p> <p>Performance breakdown</p> <table><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	100% of received orders processed within 10 days.	<p>Achieved 100% (98 587 of 98 587) of received FCG orders were processed within 10 days.</p> <p>Performance breakdown</p> <table><thead><tr><th>LOCATION</th><th>NO. OF FCG REVIEWS RECEIVED AND PROCESSED</th><th>% OF REVIEWS PROCESSED WITHIN 10 DAYS</th></tr></thead><tbody><tr><td>EC</td><td>23 439</td><td>100</td></tr><tr><td>FS</td><td>8 193</td><td>100</td></tr><tr><td>GP</td><td>9 606</td><td>100</td></tr><tr><td>KZN</td><td>20 455</td><td>100</td></tr><tr><td>LP</td><td>11 495</td><td>100</td></tr><tr><td>MP</td><td>4 653</td><td>100</td></tr><tr><td>NC</td><td>3 364</td><td>100</td></tr><tr><td>NW</td><td>4 291</td><td>100</td></tr><tr><td>WC</td><td>13 091</td><td>100</td></tr><tr><td>Total</td><td>98 587</td><td>100</td></tr></tbody></table> <p>Review of the FCG is managed in collaboration with DSD and is critical to ensuring that the backlog in foster care is addressed.</p>	LOCATION	NO. OF FCG REVIEWS RECEIVED AND PROCESSED	% OF REVIEWS PROCESSED WITHIN 10 DAYS	EC	23 439	100	FS	8 193	100	GP	9 606	100	KZN	20 455	100	LP	11 495	100	MP	4 653	100	NC	3 364	100	NW	4 291	100	WC	13 091	100	Total	98 587	100	None
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Table 11: Strategic objectives, performance indicators, planned targets and actual achievements: Programme 2: Benefits Administration and Support (continued)

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27.	Percentage of reviews processed as per Review Policy (administrative and medical)	*	10% of reviews processed as per Review Policy.	<div><div>Not achieved</div><div>9.8% (66 354 of 673 697) of reviews were processed as per Review Policy.</div><div>Performance breakdown</div><table><thead><tr><th>LOCATION</th><th>REVIEWS PROCESSED</th><th>%</th></tr></thead><tbody><tr><td>EC</td><td>15 007</td><td>9.8</td></tr><tr><td>FS</td><td>4 386</td><td>9.9</td></tr><tr><td>GP</td><td>9 808</td><td>9.8</td></tr><tr><td>KZN</td><td>9 374</td><td>9.8</td></tr><tr><td>LP</td><td>6 837</td><td>9.9</td></tr><tr><td>MP</td><td>3 825</td><td>9.7</td></tr><tr><td>NC</td><td>2 284</td><td>9.9</td></tr><tr><td>NW</td><td>4 829</td><td>9.8</td></tr><tr><td>WC</td><td>10 004</td><td>9.9</td></tr><tr><td>Total</td><td>66 354</td><td>9.8</td></tr></tbody></table></div>	LOCATION	REVIEWS PROCESSED	%	EC	15 007	9.8	FS	4 386	9.9	GP	9 808	9.8	KZN	9 374	9.8	LP	6 837	9.9	MP	3 825	9.7	NC	2 284	9.9	NW	4 829	9.8	WC	10 004	9.9	Total	66 354	9.8	0.2%
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				The difference relates to clients who could not be informed of the need to review. Clients who do not have postal addresses have to be traced manually in order to deliver the notification of review. Any delay in informing clients impacts on the ability to finalise the project as the timelines for the actions required are legislated.																																		

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

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28.	Number of identified wards having access to social assistance through ICROP	<p>Achieved</p> <p>317 identified wards had access to social assistance through ICROP. This represents a 102% achievement against the target.</p> <p>Performance breakdown</p> <table><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	<p>400 identified wards having access to social assistance through ICROP.</p> <table><thead><tr><th>LOCATION</th><th>TARGET</th></tr></thead><tbody><tr><td>EC</td><td>56</td></tr><tr><td>FS</td><td>35</td></tr><tr><td>GP</td><td>36</td></tr><tr><td>KZN</td><td>94</td></tr><tr><td>LP</td><td>32</td></tr><tr><td>MP</td><td>35</td></tr><tr><td>NC</td><td>32</td></tr><tr><td>NW</td><td>30</td></tr><tr><td>WC</td><td>50</td></tr><tr><td>Total</td><td>400</td></tr></tbody></table>	LOCATION	TARGET	EC	56	FS	35	GP	36	KZN	94	LP	32	MP	35	NC	32	NW	30	WC	50	Total	400	<p>Not achieved</p> <p>399 identified wards had access to social assistance through ICROP.</p> <p>This represents a 99.8% achievement against the target.</p> <p>Performance breakdown</p> <table><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>56</td></tr><tr><td>FS</td><td>35</td></tr><tr><td>GP</td><td>34</td></tr><tr><td>KZN</td><td>94</td></tr><tr><td>LP</td><td>32</td></tr><tr><td>MP</td><td>35</td></tr><tr><td>NC</td><td>32</td></tr><tr><td>NW</td><td>31</td></tr><tr><td>WC</td><td>50</td></tr><tr><td>Total</td><td>399</td></tr></tbody></table>	LOCATION	NO. OF IDENTIFIED WARDS HAVING ACCESS TO SOCIAL ASSISTANCE THROUGH ICROP	EC	56	FS	35	GP	34	KZN	94	LP	32	MP	35	NC	32	NW	31	WC	50	Total	399	(1)
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					The President announced a national State of Disaster as a result of the COVID-19 pandemic on 15 March 2020. As a result, two ICROP outreach events in Gauteng which had been planned for 20 and 27 March in Tembisa and Daggafontein respectively were cancelled because of the need to limit large gatherings of people. However, NW had conducted one additional ICROP event which reduced the number of unachieved ICROPs to only one.																																																																													
				ICROP increases access to government services associated with the provision of social assistance to the most vulnerable wards.																																																																														

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

STRATEGIC OBJECTIVE: TO IMPROVE THE EFFECTIVENESS AND EFFICIENCY OF THE ADMINISTRATION OF THE SOCIAL ASSISTANCE PROGRAMME					
NO	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020
29.		*	Impact assessment conducted on ICROP project	Not achieved Draft ToR and concept paper were developed.	Impact assessment of the ICROP project not conducted The initial intention was to do the ICROP assessment in-house between DSD and SASSA. However, after developing the ToR and concept paper, it was felt that it would be best done by an external service provider. This required a procurement process to be followed; this could not be concluded on time.
30.	Biometric enrolment of beneficiaries implemented by SASSA.	Not achieved 36% (506 886 of 1 400 811) of new beneficiaries biometrically enrolled by SASSA.	Approved project plan for beneficiary biometric enrolment implemented.	Not achieved	Approved project plan for beneficiary biometric enrolment not implemented Despite on-going engagements with organised labour, system challenges were identified which impacted on staff ability to perform beneficiaries biometric enrolment. These delayed implementation in accordance with the project plan at the identified pilot sites.

Table 12: Strategic objectives, performance indicators, planned targets and actual achievements: 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 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020
31.	Management of service provider for social grant payments	<p>Achieved. For the six months of the extension of the CPS contract, as determined by the Constitutional Court, cash payment services were managed in line with the progressive phase-out plan and SLA.</p> <ul style="list-style-type: none"> • Service provider (SAPO) for payment of social grants managed. • The SLA between SASSA and SAPO was signed in November 2018. SAPO provided SASSA with plans on deliverables as per the SLA. <p>ToR for governance structures were finalised. 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 was 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>	Management of service provider for social grant payments	<p>Achieved. SAPO, the service provider for social grant payments was managed through monitoring of the signed SLA. Monitoring reports were compiled.</p> <p>By March 2020, a total of 8 066 895 (71%) beneficiaries were accessing their social grants through the SASSA card, issued in terms of the contract with SAPO. The remaining 3 231 484 (29%) were receiving their grants directly into their personal bank accounts.</p> <p>Through the monitoring undertaken, issues related to non-compliance and challenges affecting implementation of the SLA were dealt with at different levels by joint stakeholders.</p> <p>Challenges experienced included:</p> <ul style="list-style-type: none"> • Instability of the IGPS • Slow and/or absent connectivity at remote payment sites • Fraud • Late arrival of cash at pay points leading to late start of payments • Reconciliations 	None
					None

Table 12: Strategic objectives, performance indicators, planned targets and actual achievements: Programme 2: Benefits Administration and Support Sub-programme 2.2: Payment Administration (continued)

STRATEGIC OBJECTIVE: TO IMPROVE THE EFFECTIVENESS AND EFFICIENCY OF THE ADMINISTRATION OF THE SOCIAL ASSISTANCE PROGRAMME																																																													
NO	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020	COMMENT ON DEVIATIONS																																																							
32.	Percentage of active cash pay points monitored	<p>Achieved 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> <p>Performance breakdown:</p> <table><tr><th>LOCATION</th><th>BASELINE</th><th>NO. OF LARGE CASH PAY-POINTS MONITORED</th></tr><tr><td>EC</td><td>574</td><td>10</td></tr><tr><td>FS</td><td>30</td><td>29</td></tr><tr><td>GP</td><td>3</td><td>2</td></tr><tr><td>KZ</td><td>63</td><td>14</td></tr><tr><td>LP</td><td>128</td><td>1</td></tr><tr><td>MP</td><td>60</td><td>60</td></tr><tr><td>NC</td><td>4</td><td>4</td></tr><tr><td>NW</td><td>42</td><td>6</td></tr><tr><td>WC</td><td>1</td><td>0</td></tr><tr><td>Total</td><td>905</td><td>126</td></tr></table>	LOCATION	BASELINE	NO. OF LARGE CASH PAY-POINTS MONITORED	EC	574	10	FS	30	29	GP	3	2	KZ	63	14	LP	128	1	MP	60	60	NC	4	4	NW	42	6	WC	1	0	Total	905	126	100% of active cash pay points monitored	<p>Not achieved. 99.8% (1 625 of 1 629) of active cash pay points were monitored.</p> <p>The number of cash points is not constant. They are continuously monitored, with pay points being closed where they are no longer supported by community members and where alternative access channels are available.</p> <p>In the course of the 2019/20 financial year, requests were received from community leaders to re-open some of the previously closed pay points while others were relocated to more suitable facilities</p> <p>In terms of the SLA, all cash pay points are required to have a SASSA presence to monitor the services provided by SAPO; monitor compliance with the service standards; address challenges experienced by clients; and respond to enquiries.</p> <p>Performance breakdown:</p> <table><tr><th>LOCATION</th><th>NO OF ACTIVE CASH PAY POINTS MONITORED</th></tr><tr><td>EC</td><td>498</td></tr><tr><td>FS</td><td>38</td></tr><tr><td>GP</td><td>9</td></tr><tr><td>KZN</td><td>342</td></tr><tr><td>LP</td><td>498</td></tr><tr><td>MP</td><td>60</td></tr><tr><td>NC</td><td>25</td></tr><tr><td>NW</td><td>146</td></tr><tr><td>WC</td><td>13</td></tr><tr><td>Total</td><td>1 629</td></tr></table>	LOCATION	NO OF ACTIVE CASH PAY POINTS MONITORED	EC	498	FS	38	GP	9	KZN	342	LP	498	MP	60	NC	25	NW	146	WC	13	Total	1 629	0.2%	Four of the added pay points in NW were not monitored due to resource constraints.
LOCATION	BASELINE	NO. OF LARGE CASH PAY-POINTS MONITORED																																																											
EC	574	10																																																											
FS	30	29																																																											
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Total	1 629																																																												

Table 13: Strategy to overcome areas of under-performance: Programme 2: Benefits Administration and Support

TARGET	STRATEGY
Reviews processed as per Review Policy	Follow policy guidelines as set for reviews. Non-compliance results in suspension of grants. Non-postable letters must be followed up by home visits to ensure that notifications are delivered to clients identified for review.
Identified wards having access to social assistance through ICROP	Due to the COVID-19 pandemic, the ICROP programme as has been rendered will not continue. The focus will move to the utilisation of volunteers to extend services, in line with the framework developed.
Impact assessment conducted on the ICROP project	The impact assessment of the ICROP project will be conducted by DSD in 2020/21 to ensure an independent evaluation.
Approved project plan for beneficiary biometric enrolment implemented	Discussions with organised labour will continue and alternative means sought to implement the project. Due to COVID-19, beneficiaries biometric enrolment was suspended for the 2020/21 financial year but remains a priority in the MTEF period.
Active cash pay points monitored	Improved resource planning will be done to ensure capacity to monitor cash pay points. Monitoring of pay points is an ongoing function and will continue in the 2020/21 financial year.

CHANGES TO PLANNED TARGETS

There were no changes to planned targets.

Table 14: Linking performance with budgets: Programme 2: Benefits Administration and Support

PROGRAMME	2018/19			2019/20		
	FINAL APPROPRIATION	ACTUAL	(OVER)/UNDER EXPENDITURE	FINAL APPROPRIATION	ACTUAL	(OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Benefits Administration (Cash)	4 716 532	3 583 836	1 132 696	4 551 376	4 241 385	309 991
Add: Non-cash items	-	80 170	(80 170)	-	601 975	(601 975)
Total	4 716 532	3 664 006	1 052 526	4 551 376	4 843 360	(291 984)

Table 14 reconciles to both the statement of financial performance and the statement of comparison of budget and actual amounts. The figure of R4 241 385 reports on cash only while the total figure of R4 843 360 includes non-cash items.

4. REVENUE COLLECTION

Table 15: Revenue Collection

TARGET	2018/19			2019/20		
	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	4 602	4 382	220	5 957	9 075	(3 118)
Finance income	350	1 186	(836)	738	286 103	(279 737)
Government grants	7 762 878	7 762 878	-	7 561 773	7 561 773	-
Interest applied on concessionary loan repayment	-	14 316	14 316	-	23 334	(12 651)
Debt income	-	-	-	-	316 447	(316 447)
Recovery from payables	-	-	-	-	101 203	(101 203)
Total	7 767 830	7 782 762	(14 932)	7 568 468	8 297 935	(729 467)

5. CAPITAL INVESTMENT

Capital investment during the period under review included deployment of ICT infrastructure to offices, computer hardware, laptops and network connectivity upgrade as well as the vehicle fleet. It also included projects aimed at modernising service delivery for social assistance; the biometric enrolment project for beneficiaries and systems users aimed at reducing fraud associated with passwords; the scanning solution for beneficiary records; and the purchase of handheld scanners.



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 Public Finance Management Act (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 the management of the public entity are responsible for corporate governance. Listed below are the Governance Structures at which SASSA reports to, and the dates at which the reporting was done.

2. PORTFOLIO COMMITTEES TO WHICH SASSA REPORTED: 2019/20

COMMITTEE	SUBJECT	DATE
Portfolio Committee on Social Development	Tabling of SASSA Annual Performance and Strategic Plans to Parliament	28 July 2019
Portfolio Committee on Social Development	Social Development audit outcomes 2018/19; DSD-SASSA-SAPO financial relationship: AGSA briefing	08 Oct 2019
Portfolio Committee on Social Development	DSD, National Development Agency & SASSA 2018/19 Annual Reports: with Minister	09 Oct 2019
Portfolio Committee on Social Development	Auditor General's audit findings for 2018/19 Annual Report & BRRR (Budgetary Review and Recommendations Report) SASSA & NDA action plan	06 November 2019
Portfolio Committee on Social Development	Social Assistance Amendment Bill: summary of submissions; SASSA Quarters 1 - 3 performance	19 Feb 2020
Select Committee on Health and Social Services	Briefing by SASSA on the 2018/19 Annual Report	26 November 2019

3. EXECUTIVE AUTHORITY

Table 16: Reports submitted to the Executive Authority

REPORT	DATE
SASSA 2019/20 1st Quarterly report.	30 August 2019
Annual Report 2019/20	31 August 2019
SASSA 2019/20 2nd Quarterly report	12 November 2019
SASSA 2019/20 3rd Quarterly report	12 February 2020

4. RISK MANAGEMENT

SASSA has an approved Risk Management Policy and Strategy which guide the identification and assessment of risk at all levels within the organisation. As per the norm, strategic and operational risk assessments are conducted annually to identify new and emerging risks for inclusion in the Agency's Risk Register.

A new Committee was appointed during the reporting period and is composed of external and internal members drawn from different functions within the Agency. The Risk Management Committee's reports outlining the risks identified; assessment of them; mitigation action plans; and the extent to which the risk action plans were implemented were submitted to the Audit Committee on a quarterly basis. The purpose of the reports was to provide the Audit Committee with information about levels of risk to enable it to provide independent advice on the effectiveness of the systems of risk management for SASSA.

The following is a summary of the risks, amongst others, identified and managed and affecting the achievement of SASSA's objectives:

- Unavailability of business systems or network leading to failure to deliver on critical services
- Inability to procure suitable and OHS-compliant office space
- Adverse audit outcome due to ineffective implementation of SCM processes
- Labour disputes
- Fraud and corruption.

A number of measures were put in place to minimise the potential impact of the identified risks. These included upgrading the network connectivity infrastructure in 98

offices; lodging an application with National Treasury to allow the Agency to extend lease agreements where SASSA occupies offices that are still suitable and meet its service delivery requirements; and training staff on SCM policies and related processes. The Agency experienced some challenges in managing the risk of labour disputes which had an impact on implementing the beneficiaries biometric solution; however, ongoing consultation and negotiations with organised labour unions resulted in an agreement, albeit almost at the end of the reporting period. Due to COVID-19, implementation of the beneficiaries biometric solution will be further delayed by another year owing to the risk associated with sharing devices among beneficiaries.

5. INTERNAL CONTROL UNIT

The Internal Control Unit carried out the following activities during the financial year under review:

a) Secretariat of the Loss Control committee (LCC)

- In compliance with sections 83 to 86 of the PFMA (1999, as amended), SASSA identifies and records all incidences of financial misconduct and investigates and takes appropriate action against responsible officials.
- The Unit performed investigations of financial misconduct cases relating to irregular expenditure; fruitless and wasteful expenditure; and damages and losses. The outcome reports were considered and approved by the delegated authority for implementation.
- The Unit also facilitated and convened Loss Control Committee meetings; scribed; and prepared the committee's submissions for consideration by the delegated authority in line with delegation of authority for approval of investigation reports related to financial misconduct cases.
- The Unit facilitated submission of requests to National Treasury for condonation of irregular expenditure.

b) Coordination of the audit

- The Internal Control Unit was responsible for coordinating the audit conducted by AGSA. This involved ensuring that information requested for audit purposes was submitted to the audit team within

stipulated timeframes; providing advice to other units on matters related to the audit; preparing and keeping accurate registers of audit information requests and findings; and following up on any outstanding matters in regard to the audit.

- On finalisation of the audit, the Audit Action Plan was developed for implementation by the affected branches and regions, ensuring that control measures are implemented to avoid recurrence of the audit findings. The progress report on the Audit Action Plan was updated monthly and submitted to AGSA, the Audit Committee and EXCO when required. The Unit coordinated inputs and progress reports on the status of records review report which deals with high risk areas identified and communicated by AGSA through these reports. Management is required to provide commitments and interventions to ensure that such risks are addressed during the audit and beyond.
- The Unit provided secretariat services to SASSA's Audit Steering Committee, including record keeping of information deliberated at the committee's meetings.
- c) Monitoring, analysis and follow-up on compliance with policies and relevant legislation such as the PFMA, Treasury Regulations and National Treasury's Instruction or Practice Notes.
 - The Financial Misconduct policy was developed and aligned with the Irregular Expenditure Framework issued by National Treasury in May 2019 (this was a revision of the framework effective from 1 December 2018). The policy was approved by the accounting authority in July 2019 and implemented from 1 August 2019. The Internal Control Unit held a workshop in September 2019 in which key Finance and Labour Relations staff members were trained on policy and on their roles and responsibilities contained in the policy. In the same month, Loss Control Committee members from all nine regions and Head Office were workshopped on their roles and responsibilities related to implementation of the Financial Misconduct policy.
 - To ensure that SASSA has an effective and efficient financial misconduct management system, the Internal Control Unit undertook the process of developing an electronic financial misconduct system on Oracle. As at the end of the financial year, development was at an advanced stage. Envisaged for implementation in 2020/21, the system aims to ensure a complete and



“SASSA has an approved Risk Management Policy and Strategy which guide the identification and assessment of risk at all levels within the organisation.”

accurate financial misconduct register and related information for better management of cases and easier reporting.

The Internal Control Unit also assesses and monitors the effectiveness of internal controls by analysing progress made by various branches and units, as stated in the Audit Action Plan, against the follow-up audits and tests conducted by the Unit during the year as well as the interim audit by AGSA.

6. INTERNAL AUDIT AND AUDIT COMMITTEES

Internal Audit continued to provide an independent assurance and consulting service to the Agency. Its administrative reporting line to the Accounting Authority and functional reporting to the Audit Committee enhanced its independence which is imperative for its effectiveness.

KEY ACTIVITIES AND OBJECTIVES OF INTERNAL AUDIT AND SUMMARY OF WORK DONE

- The Internal Audit Department provided independent assurance and consulting services on the governance, risk management and control processes of the Agency to assist with achieving its goals and objectives. The Department, although located at Head Office, provides value-adding internal audit services to the Agency's regional offices.
- Internal Audit assisted the Accounting Authority to maintain effective controls by evaluating those controls to determine their effectiveness and efficiency; identifying the root causes of control deficiencies; and recommending control enhancements or improvements. Internal Audit also reviewed the reliability and integrity of financial and operating information as well as reviewing 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. In addition to planned audits, the Department also responded to a number of ad hoc management requests and assignments. Internal Audit's reviews focused on high risk areas relating to the following:
 - 2018/19 Annual Performance Information
 - 2018/19 Annual Financial Statements
 - Asset management
 - Grant debt management
 - Contract management
 - Supply Chain Management
 - Fleet management
 - Biometric Identity and Access Management Non-Repudiation Development
 - E-leave Management
 - Property Manager Module.
- Key activities of the Audit Committee
 - The Audit Committee continued to provide independent advice to management and oversaw the functioning of the internal audit activity. The contracts of two members of the Committee expired on 31 May 2019 and three additional members were appointed. An orientation session was held for the new members and the formal terms of reference were adopted as the Audit Committee Charter to guide the functioning of the Audit Committee.
 - The Committee reviewed internal audit reports, quarterly performance reports as well as management action plans and processes to address areas of weaknesses identified by both Internal Audit and the AGSA. Quarterly monitoring of the implementation plans was conducted in accordance with its Charter.



Table 17: Relevant information on the Audit Committee Members and meeting attendance

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	IF INTERNAL, POSITION IN THE PUBLIC ENTITY	DATE APPOINTED	DATE RESIGNED	NO. OF MEETINGS ATTENDED
Adv. MB Madumise	<ul style="list-style-type: none"> B. Proc. Bachelor of Law (LLB) MBA Graduate Diploma in International Trade Law 	External	Not applicable	01 January 2020	Not applicable	6
Ms N Siwahla-Madiba	<ul style="list-style-type: none"> Chartered Directorship (IoDSA) MSc Financial Management – Part 1 (Post Graduate Diploma) B. Compt. Honours B.Com. Acc Post Graduate Certificate: Advanced Taxation Diploma: HRM 	External	Not applicable	04 January 2016	31 July 2019	2
Mr S Mbalekwa	<ul style="list-style-type: none"> MBL Bankers Diploma B. Com. B. Com. Honours 	External	Not applicable	01 January 2018	Not applicable	5
Adv. J Nalane	<ul style="list-style-type: none"> B. Proc. LLB LLM Practicing Attorney 	External	Not applicable	01 January 2018	13 May 2019	02
Mr Z Fihlani	<ul style="list-style-type: none"> CA (SA) M. Com. (Tax) Higher Diploma in Tax Law B. Compt. Honours B. Com. in Accounting 	External	Not applicable	30 May 2019	Not applicable	4
Ms S Mzizi	<ul style="list-style-type: none"> CSSA Post Graduate Diploma in Corporate Law Post Graduate Certificate in Corporate Governance CIMA B. Com. Honours Certificate in Accountancy BTech. Cost and Management Accounting Higher Diploma in Education (Economic Sciences) 	External	Not applicable	30 May 2019	Not applicable	3
Ms M Tonjeni	<ul style="list-style-type: none"> CA (SA) B. Com. B. Com. Honours Transition to General Management Mining Tax Post Graduate Diploma Banking Post Graduate Diploma 	External	Not applicable	30 May 2019	Not applicable	4
Mr T Magare	<ul style="list-style-type: none"> SAICA CA (SA) Certificate in the Theory of Accounting Post Graduate Certificate in Financial Accounting 	External	Not applicable	30 May 2019	Not applicable	3

- The Committee took note of the activities of the Financial Misconduct Board, which is a governance structure established to deal with matters of financial misconduct as provided for in section 83 of the PFMA (1999 as amended) to ensure that all unauthorised, irregular, fruitless and wasteful expenditure is dealt with appropriately.
- The Committee continued to hold management accountable for the significant amount of irregular expenditure. The Committee undertook regional visits to directly engage with regional management to obtain a deeper understanding of the causes of the irregular expenditure and to establish the reasons for lack of consequence management against officials who contributed to same.
- Some of the irregular expenditure as indicated above related to the social relief of distress programme of SASSA and procurement of communication services. The Committee, after considering both the internal audit reports and the report of the AGSA, commissioned investigations into some of the identified weaknesses that pointed to possible fraud and corruptions. The investigation reports in this regard were still outstanding as at the end of the reporting period.
- The Committee also identified a number of weaknesses regarding the management of the service level agreement (SLA) between the South African Post Office (SAPO) and SASSA, which threatened the payment of social grants. Robust discussions were held with management and independent advice provided on controls to be implemented to ensure effective management of the SLA.

The Audit Committee effectively executed its functions which included the following:

- Approving the 2019/20 Annual Internal Audit Plan.
- Considering the AGSA 2019/20 Audit Plan to avoid unnecessary duplication of audit efforts between AGSA and Internal Audit.
- Reviewing the quarterly performance reports and providing advice on actions to be taken to ensure achievement of targets.
- Reviewing management action plans to ensure that they address audit exceptions and risks identified during the audit.
- Reviewing the 2019/20 Annual Financial Statements.
- Reviewing the 2019/20 Annual Performance Report.

7. COMPLIANCE WITH LAWS AND REGULATIONS

To ensure compliance with applicable laws and regulations, SASSA has developed and implemented various compliance check-lists and delegations of authority. 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 March 2020. The strategy focuses on prevention, detection and response (investigation and referral) to cases of suspected fraud and corruption. The reviewed Fraud Prevention Strategy and Plan addresses new fraud trends associated with the transition of grant payments to SAPO and commercial banks.

A total of 473 alleged fraud and corruption cases were registered in the Fraud Case Management system of which 450 (95.1%) were finalised. 56 cases were referred to law enforcement agencies during the period 1 April 2019 to 31 March 2020. These involved 16 SASSA officials, 7 members of the public and 83 grant beneficiaries.

During the first half of 2019, the monthly number of grant beneficiaries reporting that they did not receive their grants peaked at 5 334 in May 2019; the number decreased to 344 in March 2020. The decrease is largely due to the various data interrogation techniques employed to detect fraud and to the implementation of a range of internal controls, and in particular bank account verification, that started in August 2019.

Alleged fraud and corruption cases are mainly reported through the National Anti-Corruption Hotline, public walk-ins and management requests.

A total of 160 compliance inspections were conducted during the 2019/20 financial year. Compliance inspections mainly focus on fraud risk areas and assist the Agency to prevent fraud and to detect areas of weakness in systems and internal controls.



As part of measures to prevent, detect and report fraud and corruption by improving levels of awareness among SASSA officials, 24 fraud and corruption awareness workshops were conducted during the year. They focused mainly on key identified fraud risks:

- Electronic transfer of grant money into bank accounts that do not belong to the rightful grant beneficiaries.
- Changing of beneficiaries' bank account details without the beneficiary's knowledge.
- Inadequate controls in managing large amount payments.
- Payment of grants to non-eligible persons.

The Fraud and Compliance department worked closely with the relevant business units to identify the controls necessary to address identified fraud risks.

9. MINIMISING CONFLICT OF INTEREST

As part of the SCM value chain, every official involved in any transaction, including the user, is required to declare his/her interest (if any) by completing a declaration form. Then the service provider will be requested to also populate Declaration of Interest form for access by all role players to verify against the names and declare their interest. There is also a register to record declarations that have been made, if any.

Declaration of interest is a standard practice in all sessions of the Bid Evaluation Committee and the Bid Adjudication Committee (BAC); records are kept (declaration of interest forms) and the BAC minutes reflect that the process is undertaken as an agenda item. Additionally Segregation of functions is maintained to ensure that officials who capture transactions do not also approve them. Equally, the same official cannot nominate suppliers, issue RFQs, receive quotations, evaluate them and issue orders. These business processes are streamlined so that there is segregation of duties. Where there is a shortage of personnel, it is ensured that the approver is different from the official who sourced quotations and the capturer is different from the approver of the transaction on the system.

All officials in the SCM environment are made aware of the SCM Code of Conduct for SCM Practitioners (Treasury

Practice Note 4 of 2003) and are required to declare in writing that they are aware of the contents of the Code. The file for such declarations is kept for reference.

The compliance checklist, against which all SCM transactions are subjected approval by a delegated authority, also checks if the Declaration of Interest form has been duly completed. The compliance checklist is an internal control mechanism to prevent irregular expenditure and is fully aligned with all applicable legislation, instructions and regulations that govern the SCM environment.

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 and in particular with Part 2 of the chapter. The Code promotes ethical conduct and provides for management of employees' conduct in line with SASSA's values and rules. New SASSA employees are trained on the Code of Conduct, compliance, anti-fraud and other developments. Attendance registers and training reports are kept as evidence of 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. All employees also complete the Declaration of Private Interest Form which is submitted to HCM for safe keeping. The Code forms part of the induction programme. Employees are responsible for keeping a copy of the Code and familiarising themselves with it; ignorance of the Code is not an excuse for non-compliance. They are also responsible for reporting any breaches to their respective supervisors or by any other channel provided by SASSA; where the matter cannot be resolved by the supervisor, it is to be reported to the next highest level.

PROCESSES FOLLOWED FOR BREACH OF THE CODE OF CONDUCT

Section A1.5 of the Code of Conduct stipulates that the Code is intended to serve as a foundation for disciplinary action. Part D of the Code makes provision for compliance



with the Code and sanctions for violations. It states that management will take disciplinary action, as envisaged in the code of disciplinary action, policies and procedures, for violation of the Code and will impose sanctions and/or penalties. Decisions and sanctions imposed are binding on the employee; and violations are reinforced through training.

11. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

SASSA regards a proper working environment as key to service delivery. It therefore has an approved OHS Policy and Strategy that guide the management of health and safety matters. The strategy provides for the establishment of national and regional OHS 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.

OHS representatives have also been appointed to identify hazards within SASSA offices. Where they are identified, corrective measures are implemented jointly with landlords to ensure that health and safety standards are not compromised. These OHS representatives are playing a key role in ensuring that employees comply with the COVID-19 protocols aimed at protecting them against the virus.

Depending on the terms and conditions of the lease agreements of individual offices, landlords have continued to improve and maintain offices to ensure that they are habitable and that services are rendered in a suitable environment.

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2020.

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from Section 77 of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also 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.

THE EFFECTIVENESS OF INTERNAL CONTROL

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the public entity revealed certain weaknesses, which were then raised with the public entity. The slow pace of implementing recommendations on findings of the Internal Audit reviews and investigations caused much disquiet among members of the committee.

The Committee continuously engage with Executive Management both at head office and in all regions for the purpose of ensuring that weaknesses identified by all assurance providers are dealt with and recommendations are implemented. However, the Committee is disturbed about the delays in implementation of recommendations as per the forensic audit conducted by Deloitte in KwaZulu-Natal Region and lack of consequence management within the Agency for the enablers of irregular expenditure.

The Committee has noted the report of the AGSA and is satisfied with the audit outcome of an unqualified audit opinion. However, the Committee committed to focus its energies to the areas of weakness as reported by the AGSA in the current financial year.

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 Committee continuously engages with Executive Management both at head office and in all regions for the purpose of ensuring that weaknesses identified by all assurance providers are dealt with and recommendations are implemented.”

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 noted the Agency’s efforts in monitoring grant payment services by SAPO in line with the SASSA/SAPO Master Service Agreement.

The Audit Committee concurs and accepts the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor.

EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The Committee considered the annual financial statement and performance information as submitted by management and provided guidance on actions to be taken to ensure achievement of targets.



Advocate Brenda Madumise
Audit Committee Chairperson
29 October 2020

13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the requirements of the Broad-Based Black Economic Empowerment Amendment Act (B-BBEE Act) of 2013 and as determined by the Department of Trade and Industry.

HAS THE DEPARTMENT/PUBLIC ENTITY APPLIED ANY RELEVANT CODE OF GOOD PRACTICE (B-BBEE CERTIFICATE LEVELS 1 – 8) WITH REGARDS TO THE FOLLOWING:		
CRITERIA	RESPONSE YES/NO	DISCUSSION
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	N/A	N/A
Developing and implementing a preferential procurement policy?	No	SASSA's policy is fully aligned with Treasury Regulations and National Treasury Instructions. It does not develop its own policies but implements the Preferential Procurement Policy Framework Act and its Regulations as per the Preferential Procurement Regulations User Guide, 2017.
Determining qualification criteria for the sale of state-owned enterprises?	N/A	N/A
Developing criteria for entering into partnerships with the private sector?	No	The nature of the partnerships envisaged in this instance is collaborative with no procurement involved.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	N/A	N/A



PART D

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

To ensure that there is capacity to meet service delivery requirements, 96% of funded permanent posts were filled (8 011), including 100 internal promotions. The Agency has contributed to reducing unemployment by appointing 171 interns and strengthened its capacity by appointing eight contract workers to perform critical functions, bringing the number of permanent and contract employees to 8 242.

These appointments had a positive bearing on addressing capacity challenges and on enabling SASSA to achieve its strategic objectives. The contract employees were appointed in the following categories:

- Interns: 171
- Clerks: Facilities Management and Support: 4
- Managers: Facilities Management and Auxiliary Support: 2
- Senior Managers at Head Office (Legal Services and Office of the CEO): 2

To keep up with skills development requirements, SASSA identified a number of training interventions for the 2019/2020 financial year, with a total of 2319 employees receiving training in various fields.

SASSA is committed to creating and maintaining a conducive working environment through sound employee relations. During the period under review, it finalised 107 grievances lodged by officials within the Agency and dismissed 21 officials for various categories of misconduct. Through the SASSA National Bargaining Forum, it ensured that management and organised labour engaged on issues relevant to employees' conditions of employment.

SASSA has an Employment Equity (EE) successive plan for the three-year period from 1 April 2019 to 31 March 2022. One of the key functions of the EE Consultative Forum is to monitor implementation of the EE plan; an annual report was submitted to the Department of Labour as mandated by the Employment Equity Act.

Through the comprehensive Employee Wellness Programme, employees are provided with psychosocial support, including for their immediate family members. Training and educational awareness programmes implemented included health screening, Healthy Lifestyle, Financial Wellness, Weight Management, Work-life Balance, Employment Equity, Sexual Harassment, Domestic Violence and Disability Management.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Table 18: Personnel Cost by Programme

PROGRAMME	TOTAL EXPENDITURE FOR THE ENTITY R	PERSONNEL EXPENDITURE R	PERSONNEL EXPENDITURE AS A % OF TOTAL EXPENDITURE R	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE R
1. ADMINISTRATION					
Corporate Services	1 360 551 860	304 428 151	22%	632	481 690
Executive Management	137 095 694	91 328 443	67%	138	661 800
Finance	506 532 525	430 745 262	85%	1 043	412 987
Internal Audit	60 072 143	43 513 601	72%	84	518 019
Strategy & Business Development	29 079 018	26 023 679	89%	27	963 840
Information & Communication Technology	616 849 875	78 383 166	13%	115	681 593
2. GRANTS ADMINISTRATION	4 843 359 443	2 288 673 658	47%	6 604	346 559
Total	7 553 540 558	3 263 095 960	43%	8 643	377 542



Table 19: Personnel Cost by location

PROGRAMME/ACTIVITY/ OBJECTIVE	TOTAL EXPENDITURE FOR THE ENTITY R	PERSONNEL EXPENDITURE R	PERSONNEL EXPENDITURE AS A % OF TOTAL EXPENDITURE R	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE R
Head Office	3 166 493 644	250 103 172	8%	410	610 008
Eastern Cape	711 379 887	504 111 199	71%	1 396	361 111
Free State	323 878 899	230 166 709	71%	625	368 267
Gauteng	511 213 921	350 236 157	69%	932	375 790
KwaZulu-Natal	815 855 534	574 816 678	70%	1 700	338 127
Limpopo	494 454 973	357 403 173	72%	906	394 485
Mpumalanga	347 604 794	229 548 548	66%	574	399 910
Northern Cape	320 766 607	207 304 879	65%	542	382 481
North West	417 471 254	260 880 334	62%	692	376 995
Western Cape	444 421 044	298 525 110	67%	866	344 717
Total	7 553 540 558	3 263 095 960	43%	8 643	377 542

*Represents all employees paid during the year, including contracts that expired prior to year-end.

**Includes loss on disposal of assets.

Table 20: Personnel Cost by Salary band

LEVEL	PERSONNEL EXPENDITURE (R'000)	% OF PERSONNEL EXPENDITURE TO TOTAL PERSONNEL COST (R'000)	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top Management	16 419 949	0,5%	9	1 824 439
Senior Management	207 887 600	6,4%	186	1 117 675
Professional Qualified	463 131 077	14,2%	490	945 165
Skilled	1 204 393 274	36,9%	2 636	456 902
Semi-skilled	1 365 790 411	41,9%	5 241	260 597
Unskilled	5 473 648	0,2%	81	67 576
Total	3 263 095 960	100,0%	8 643	377 542

Table 21: Performance Rewards by Salary band

SALARY BAND	NUMBER OF EMPLOYEES	PERFORMANCE REWARDS IN RAND	PERSONNEL EXPENDITURE IN RAND	PERFORMANCE REWARDS AS A % OF TOTAL PERSONNEL COST
Top Management	0	0.00	16 419 949	0,0%
Senior Management	4	466 937.47	207 887 600	0.2%
Professional Qualified	105	3 627 527.31	463 131 077	0.8%
Skilled	852	14 593 471.58	1 204 393 274	1.2%
Semi-skilled	1 403	13 821 234.75	1 365 790 411	1%
Unskilled	8	48 046.77	5 473 648	0.9%
Total	2 372	32 557 217.88	3 263 095 960	1%

*Represents all employees paid during the year, including contracts that expired prior to year-end.

Table 22: 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
Executive Management	20 670 584	-	0%	-	0
Internal Audit & Risk Management	16 610 669	70 700	0%	2	35 350
Corporate Services	64 992 350	421 744	1%	107	3 942
Finance	57 174 288	135 000	0%	31	4 355
Information & Communications Technology	33 546 347	421 740	1%	22	19 170
Grants Administration	31 085 254	-	0%	-	0
Strategy & Business Development	26 023 679	12 400	0%	-	0
Gauteng	350 236 157	2 894 441	1%	237	12 213
Western Cape	298 525 110	683 947	0%	56	12 213
KwaZulu-Natal	574 816 678	4 365 076	1%	240	18 188
Mpumalanga	229 548 548	1 566 687	1%	261	6 003
Free State	230 166 709	1 136 175	0%	405	2 805
Limpopo	357 403 173	1 918 015	1%	150	12 787
Eastern Cape	504 111 199	1 662 810	0%	320	5 196
Northern Cape	207 304 879	1 031 048	0%	285	3 618
North West	260 880 334	1 553 410	1%	203	7 652
TOTAL	3 263 095 960	17 873 192	1%	2 319	7 707

Table 23: Employment and Vacancies

PROGRAMME/ACTIVITY/ OBJECTIVE	2018/2019 NO. OF EMPLOYEES	2019/2020 APPROVED POSTS	2019/2020 NO. OF EMPLOYEES	2018/2019 VACANCIES	% OF VACANCIES
South African Social Security Agency	1	2	2	0	0,0
Fraud & Compliance	13	40	10	30	75,0
Chief Operations Management	19	73	18	55	75,3
Internal Audit & Risk Management	21	58	24	34	58,6
Corporate Services	105	231	103	128	55,4
Finance	89	184	93	91	49,5
Information & Communications Technology (ICT)	38	114	40	74	64,9
Grants Operations	54	87	51	36	41,4
Policy Implementation Support	7	19	6	13	68,4
Strategy & Business Development	26	118	27	91	77,1
Gauteng	911	2 008	898	1 110	55,3
Western Cape	794	1 395	819	576	41,3
KwaZulu-Natal	1 610	3 269	1 590	1 679	51,4
Mpumalanga	567	1 418	555	863	60,9
Free State	571	1 835	602	1 233	67,2
Limpopo	880	1 788	872	916	51,2
Eastern Cape	1 335	3 316	1 342	1 974	59,5
Northern Cape	523	1 299	520	779	60,0
North West	685	1 586	670	916	57,8
Total	8 269	18 840	8 242***	10 598	56,3

***Represents all employees (permanent and contract) in service as at 31 March 2020



SASSA's vacancy rate was 56.3% in 2019/2020; this is based on the total posts on the establishment and includes funded and unfunded posts. During the 2019/2020 financial year, the Agency had 8 242 filled funded posts and 10 598 vacant posts on the establishment. The total number of 8 242 employees reflected in the table above accounts for permanent (8 011) and all contract (231) employees in the Agency. Only 775 of the 10 598 vacant posts were funded on the establishment, which implies that 9 823 vacant posts are not funded and cannot be filled. The Agency will require additional funding to reduce the vacancy rate.

Table 24: Employment and Vacancies by Salary band

PROGRAMME/ACTIVITY/ OBJECTIVE	2018/2019 NO. OF EMPLOYEES	2019/2020 APPROVED POSTS	2019/2020 NO. OF EMPLOYEES	2018/2019 VACANCIES	% OF VACANCIES
Top Management	8	18	9	9	50,0
Senior Management	175	305	174	131	43,0
Professional Qualified	479	898	466	432	48,1
Skilled	2 533	6 790	2 505	4 285	63,1
Semi-skilled	5 025	10 752	5 064	5 688	52,9
Unskilled	49	77	24	53	68,8
Total	8 269	18 840	8 242***	10 598	56,3

Table 25: Employment changes by Salary band

PROGRAMME/ACTIVITY/ OBJECTIVE	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top Management	8	1	0	9
Senior Management	176	6	8	174
Professional Qualified	486	2	22	466
Skilled	2 598	2	94	2 506
Semi-skilled	4 972	294	202	5 064
Unskilled	31	3	10	24
Total	8 271	308	336	8 242***

*** Represents all employees (permanent and contract) in service as at 31 March 2020

Table 26: Reasons for staff leaving

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Death	35	10,4
Resignation	165	49,1
Dismissal	27	8,0
Retirement	53	15,8
Ill health	1	0,3
Expiry of contract	36	10,7
Other - Transfer	19	5,7
Total	336	100%

Resignation is the reason for the largest number of people exiting SASSA. The Agency has a voluntary attrition rate of 2.2% which is below the acceptable norm of 5%. The voluntary attrition rate is calculated by adding resignations (165) and transfers (19) out of the Agency (total: 184) and dividing by 8 242 total employees.

Table 27: Labour Relations: Misconduct and disciplinary actions

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal Warning	12
Written Warning	134
Final Written Warning	45
Dismissal	21
Suspension Without Pay	14
Total	226

The variance of six in table 26 and table 27 is caused by the appeal backlog during the 2018/2019 period, which were finalised in the 2019/2020 period, and terminations were implemented after finalisation of appeals, whereas the Labour Relations' database dismissals had already been captured under the 2018/2019 reporting period.

Table 28: 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	0
Senior Management	75	87	9	12	4	4	4	8
Professional Qualified	226	234	29	24	12	16	12	16
Skilled	892	983	84	101	31	37	17	60
Semi-skilled	1 677	1 752	180	192	14	28	14	48
Unskilled	17	54	0	2	0	1	0	3
Total	2 891	3 116	302	332	61	86	47	135

LEVELS	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	4	5	0	1	0	0	1	1
Senior Management	70	76	4	7	3	3	5	7
Professional Qualified	162	182	8	14	5	6	12	16
Skilled	1 279	1 258	121	124	29	29	52	65
Semi-skilled	2 858	2 746	252	246	23	28	46	71
Unskilled	5	94	2	3	0	1	0	2
Total	4 378	4 361	387	395	60	67	116	162

LEVELS	PERSONS WITH DISABILITY			
	MALE		FEMALE	
	CURRENT	TARGET	CURRENT	TARGET
Top Management	0	0	0	0
Senior Management	2	2	0	3
Professional Qualified	4	6	3	6
Skilled	21	31	16	29
Semi-skilled	64	67	66	65
Unskilled	0	3	0	2
Total	91	109	85	105

The overall EE targets were not achieved due to the moratorium on filling some vacant positions. EE targets for Disability are set at 2% of the total funded positions across occupational levels. At the end of March 2020, SASSA had 8 242 employees including 176 employees with disabilities. SASSA's disability employment quota therefore stood at 2.1% at the end of the reporting year.

We Care



sassa

SOUTH AFRICA

giving the right social grant, to the right person,
at the right time and in the right way

yaya DIALLO

PART E

ANNUAL FINANCIAL STATEMENTS

Old Age Grant
Disability Grant
War Veterans'

REPORT OF THE AUDITOR-GENERAL

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 82 to 132 which comprise the statement of financial position as at 31 March 2020, 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 2020, 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 Code of ethics for professional accountants and parts 1 and 3 of the International code of ethics for professional accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (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.

PROVISION FOR IMPAIRMENT

7. As disclosed in note 5 to the financial statements, the entity has made an impairment provision of R602 million against a total debt owed by a previous service provider on the social assistance fees. The previous service provider has applied for business rescue, which the entity opposes and alternatively applied for the winding up of that service provider.

CONTINGENCIES

8. With reference to note 26 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.

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 entity'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 on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

14. My procedures address the usefulness and reliability of 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 do not examine whether the actions taken by the entity enabled service delivery. My procedures also do 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 2020:

PROGRAMME	PAGES IN THE ANNUAL PERFORMANCE REPORT
Programme 2 – benefits administration and support	45 – 59

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 identify 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. Refer to the annual performance report on pages 25 to 59 for information on the achievement of planned targets for the year and explanations provided for the under- or overachievement 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 entity's compliance 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:

EXPENDITURE MANAGEMENT

22. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R102,4 million, as disclosed in note 31 to the financial statements, as required by section 51(1)(b)(ii) of the PFMA. Most of the irregular expenditure resulted from extensions and deviations of contracts and lease agreements that were not approved.

PROCUREMENT AND CONTRACT MANAGEMENT

23. Some of the prices of emergency goods or services procured through quotations in response to the National State of Disaster declared on 15 March 2020 were above the prices negotiated by the National Treasury in terms of paragraph 3.7.6(ii) of National Treasury Instruction No. 8 of 2019-20. In addition, some of the specifications of emergency goods or services procured through quotations in response to the National State of Disaster declared on 15 March

2020 were not in accordance with the specifications determined by the national Department of Health as required by paragraph 3.7.6(i) of National Treasury Instruction No. 8 of 2019-20.

24. Some goods and services with a transaction value above R500 000 were procured without inviting competitive bids and deviations were approved by the accounting officer despite it being practical to invite competitive bids, contrary to treasury regulations 16A6.1 and 16A6.4.
25. Some contracts were extended or modified without the approval of a properly delegated official, contrary to section 56 of the PFMA.
26. Some goods and services for social relief of distress relating to food parcel distribution to be procured on behalf of the Department of Social Development with a transaction value above and below R500 000 were awarded without inviting competitive bids and deviations were approved by the accounting authority despite it being practical to invite competitive bids, contrary to treasury regulations 16A6.1 and 16A6.4.

CONSEQUENCE MANAGEMENT

27. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure, as required by section 51(1)(e)(iii) of the PFMA. This was due to proper and complete records not being maintained as evidence to support the investigations into irregular expenditure.

OTHER INFORMATION

28. The accounting authority is responsible for the other information. The other information comprises the information included in the annual 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.



29. 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.
30. 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.
31. 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

32. 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.
33. Leadership did not exercise adequate oversight responsibility over compliance with applicable legislation, which resulted in instances of irregular expenditure not being prevented.
34. Management did not properly review and monitor compliance to prevent non-compliance with legislation.

OTHER REPORTS

35. I draw attention to the following engagements conducted by various parties which 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 compliance with legislation.
36. The entity's fraud and compliance unit conducted various investigations related to fraud and corruption as well as non-compliance with procurement and contract management legislation. Fifty-eight cases were referred to the South African Police Service (SAPS) during the year for investigation, with two cases being completed. The SAPS has not provided the entity with the detailed reports on the concluded cases.
37. The Hawks are currently performing investigations into two cases. The first relates to procurement and contract management fraud where a payment was made to a supplier who did not provide a service. The other case relates to social assistance grant fraud. The investigations are ongoing.

Auditor-General

Pretoria
29 October 2020



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 relating to events or conditions that may cast significant doubt on the ability of the entity 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 my 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 operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine 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, actions taken to eliminate threats or safeguards applied.



ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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 82-132, which have been prepared on the going concern basis, were approved by the accounting authority on 29 October 2020 and were signed on its behalf by:



Ms. T. B. J. Memela

Chief Executive Officer and Accounting Authority



STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2020

	NOTES	2020 R	2019 Restated* R
ASSETS			
CURRENT ASSETS			
Inventories	3	17 429 990	14 965 685
Short-term portion on concessionary loan granted	33	140 233 864	83 895 859
Receivables from exchange transactions	4	10 009 565	9 065 245
Prepayments	6	1 822 017	5 872 214
Cash and cash equivalents	7	2 923 226 196	1 927 186 421
		3 092 721 632	2 040 985 424
NON-CURRENT ASSETS			
Property, plant and equipment	8	675 108 594	714 397 076
Intangible assets	9	81 840 799	86 821 089
Long-term portion on concessionary loan granted	33	154 778 039	328 016 248
		911 727 432	1 129 234 413
Total Assets		4 004 449 064	3 170 219 837
LIABILITIES			
CURRENT LIABILITIES			
Finance lease obligation	10	208 985	207 028
Operating lease liability	11	12 903 507	18 660 935
Payables from exchange transactions	12	883 260 482	832 267 082
Provisions	13	333 478 193	289 014 901
		1 229 851 167	1 140 149 946
NON-CURRENT LIABILITIES			
Finance lease obligation	10	135 058	1 895
Total Liabilities		1 229 986 225	1 140 151 841
Net Assets		2 774 462 839	2 030 067 996
Accumulated surplus		2 774 462 843	2 030 067 996

* See Note 34



STATEMENT OF FINANCIAL PERFORMANCE

AS AT 31 MARCH 2020

	NOTES	2020 R	2019 Restated* R
REVENUE			
REVENUE FROM EXCHANGE TRANSACTIONS			
Miscellaneous revenue	14	426 725 260	4 381 595
Interest applied on concessionary loan repayments	33	23 333 860	14 316 290
Finance income	17	286 103 281	1 186 140
Total revenue from exchange transactions		736 162 401	19 884 025
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
TRANSFER REVENUE			
Government grants & subsidies	15	7 561 773 000	7 762 878 000
Total revenue		8 297 935 401	7 782 762 025
EXPENDITURE			
Personnel costs	18	3 263 095 960	3 173 399 385
Depreciation and amortisation	8&9	108 188 916	112 093 874
Finance costs	19	24 460	35 439
Social assistance service fees	21	1 726 940 432	1 304 737 089
Debt Impairment	4&5	602 696 391	1 444 769
Repairs and maintenance	8	21 229 557	29 565 875
Administrative expenses	20	1 828 691 411	1 834 641 278
Total expenditure		7 550 867 127	6 455 917 709
Surplus for the year from continuing operations		747 068 274	1 326 844 316
Loss on disposal of assets		(2 673 431)	(7 941 219)
Social benefit on concessionary loan granted to SAPO		-	(80 170 073)
Surplus/(deficit) for the year		744 394 843	1 238 733 024

* See Note 34

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2020

	Accumulated surplus/ (Deficit) R	Total net assets R
Opening balance as previously reported	745 949 982	745 949 982
<i>Adjustments</i>		
Prior year restatement	45 384 947	45 384 947
Balance at 01 April 2018 as restated*	791 334 929	791 334 929
<i>Changes in net assets</i>		
Surplus for the year	1 232 599 049	1 232 599 049
Correction of prior-year error	6 134 018	6 134 018
Total changes	1 238 733 067	1 238 733 067
Opening balance as previously reported	1 978 549 031	1 978 549 031
<i>Adjustments</i>		
Prior year adjustments (see note 34)	51 518 969	51 518 969
Restated* Balance at 01 April 2019	2 030 068 000	2 030 068 000
<i>Changes in net assets</i>		
(Deficit)/Surplus for the year	744 394 843	744 394 843
Total changes	744 394 843	744 394 843
Balance at 31 March 2020	2 774 462 843	2 774 462 843

* See Note 34



CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

	NOTES	2020 R	2019 Restated* R
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Cash receipts		7 567 374 802	7 766 492 548
PAYMENTS			
Cash paid to suppliers and employees		(6 505 427 573)	(5 754 389 325)
Net cash flows from operating activities	24	1 061 947 229	2 012 103 223
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	(65 420 936)	(46 615 548)
Purchase of intangible assets	9	(2 009 042)	(8 315 912)
Proceeds from sale of assets		836 407	858 385
Concessionary loan granted to SAPO		-	(541 000 003)
Interest Income		575 461	1 186 140
Net cash flows from investing activities		(66 018 110)	(593 886 938)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease payments		135 120	(162 628)
Finance costs		(24 460)	(35 439)
Net cash flows from financing activities		110 660	(198 067)
Net (decrease)/increase in cash and cash equivalents		996 039 779	1 418 018 218
Cash and cash equivalents at the beginning of the year		1 927 186 421	509 168 203
Cash and cash equivalents at the end of the year	7	2 923 226 200	1 927 186 421

* See Note 34

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

BUDGET ON CASH BASIS	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference
STATEMENT OF FINANCIAL PERFORMANCE						
REVENUE						
REVENUE FROM EXCHANGE TRANSACTIONS						
Miscellaneous other revenue	-	-	-	426 725 260	426 725 260	
Interest on concessionary loan	-	-	-	23 333 860	23 333 860	
Finance income	-	-	-	286 103 281	286 103 281	
Total revenue from exchange transactions	-	-	-	736 162 401	736 162 401	
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
TRANSFER REVENUE						
Government grants & subsidies	7 561 773 000	-	7 561 773 000	7 561 773 000	-	
Total revenue	7 561 773 000	-	7 561 773 000	8 297 935 401	736 162 401	
EXPENDITURE						
Personnel	(3 632 800 825)	-	(3 632 800 825)	(3 263 095 960)	369 704 865	35
Finance costs	-	-	-	(24 460)	(24 460)	
Repairs and maintenance	(23 393 467)	-	(23 393 467)	(21 229 557)	2 163 910	
Social assistance service fee	(1 875 352 000)	60 000 000	(1 815 352 000)	(1 726 940 432)	88 411 568	35
Administrative expenses	(2 045 951 742)	-	(2 045 951 742)	(1 828 691 411)	217 260 331	35
Capital Expenditure	(44 274 966)	-	(44 274 966)	-	44 274 966	35
Total expenditure	(7 621 773 000)	60 000 000	(7 561 773 000)	(6 839 981 820)	721 791 180	
Surplus before taxation	(60 000 000)	60 000 000	-	1 457 953 581	1 457 953 581	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(60 000 000)	60 000 000	-	1 457 953 581	1 457 953 581	



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.

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.

ACCOUNTING POLICIES

1.1 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

ACCRUED EXPENSES

Accrued expenses are payables for which goods and services are received and invoices are not received at year end.

Accrued expenses are recognised when they are measurable in the accounting period in which those transactions, events, or conditions occur.

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

1.2 PROPERTY, PLANT AND EQUIPMENT

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

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, its 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.



ACCOUNTING POLICIES

1.2 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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.

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.



ACCOUNTING POLICIES

1.2 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 - 17 years
Furniture and fixtures	Straight line	5 - 17 years
Motor vehicles	Straight line	4 - 10 years
Office equipment	Straight line	5 - 17 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 - 17 years

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.



ACCOUNTING POLICIES

1.2 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 8).

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

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.

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

ACCOUNTING POLICIES

1.3 INTANGIBLE ASSETS (CONTINUED)

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 - 20 years
Computer software, other	Straight line	3 - 20 years

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

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.

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.



ACCOUNTING POLICIES

1.4 FINANCIAL INSTRUMENTS (CONTINUED)

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.

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.



ACCOUNTING POLICIES

1.4 FINANCIAL INSTRUMENTS (CONTINUED)

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.

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.



ACCOUNTING POLICIES

1.4 FINANCIAL INSTRUMENTS (CONTINUED)

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

1.5 STATUTORY RECEIVABLES

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

1.6 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.



ACCOUNTING POLICIES

1.6 LEASES (CONTINUED)

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.

1.7 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.



ACCOUNTING POLICIES

1.7 INVENTORIES (CONTINUED)

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.

1.8 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.

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.



ACCOUNTING POLICIES

1.9 EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave 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.

1.10 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.



ACCOUNTING POLICIES

1.10 PROVISIONS AND CONTINGENCIES (CONTINUED)

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
- 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 26.

1.11 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.

ACCOUNTING POLICIES

1.12 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 entity 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.

1.13 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.



ACCOUNTING POLICIES

1.13 REVENUE FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

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.

1.14 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.

1.15 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.

ACCOUNTING POLICIES

1.16 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. 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.

1.17 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 35.

Comparative information is not required.

1.18 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.

ACCOUNTING POLICIES

1.18 RELATED PARTIES (CONTINUED)

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.

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.

1.19 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.



NOTES TO THE ANNUAL 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 2020 or later periods:

GRAP 104 (AMENDED): 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 1 (AMENDED): PRESENTATION OF FINANCIAL STATEMENTS

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1.

Summary of amendments are:

- Materiality and aggregation

The amendments clarify that:

- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

Statement of financial position and statement of financial performance

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

Notes structure

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

Disclosure of accounting policies

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

An entity applies judgement based on past experience and current facts and circumstances. The effective date of this amendment is for years beginning on or after 01 April 2020.

The entity expects to adopt the interpretation for the first time in the 2020/2021 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.

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;

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

- 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. INVENTORIES

	2020 R	2019 R
Stationery and consumables	16 207 714	14 060 804
Postage/franking machine	1 222 276	904 881
	17 429 990	14 965 685

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Staff debtors	7 408 725	6 094 496
Other debtors	503 512	1 097 847
Inter-departmental claims	2 097 328	1 872 902
	10 009 565	9 065 245

RECEIVABLES PLEDGED AS SECURITY

Trade and other 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	12 672 173	11 257 257
Provision for doubtful debts	(2 662 608)	(2 192 012)
	10 009 565	9 065 245

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	2 192 012	1 371 195
Provision for impairment	721 209	1 444 769
Amounts written off as uncollectible	(250 613)	(623 952)
	2 662 608	2 192 012



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5. RECEIVABLES RESULTING FROM COURT JUDGEMENT

2020
R

2019
R

FAIR VALUE OF RECEIVABLES RESULTING FROM COURT JUDGEMENT

Receivables resulting from court judgement

601 975 181

-

Provision for impairment

(601 975 181)

-

CREDIT QUALITY OF RECEIVABLES RESULTING FROM COURT JUDGEMENT

The credit quality of other receivables resulting from court judgement 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:

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 High Court ruled in favour of Corruption Watch and ordered CPS to repay R316 447 361 to SASSA with interest from June 2014 to date of payment. The interest was calculated at the then applicable prescribed rate of 15.5% from 4 June 2014, this being the date on which payment was made and thus CPS owes SASSA R601 975 181 inclusive of interest as at the end of March 2020.

Despite numerous demands, CPS has failed to effect payment of this amount and instead CPS has initiated the business rescue process (BR). SASSA, based on the view, inter alia, that the BR may disadvantage its position to the recovery of the amount, made an application and obtained an order terminating the BR and subjecting CPS to winding-up process (liquidation). The recoverable amount can only be determined at the conclusion of the liquidation process.

These events provide an evident impairment that occurred after initial recognition of the assets.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5. RECEIVABLES RESULTING FROM COURT JUDGEMENT (CONTINUED)

2020
R

2019
R

RECEIVABLES RESULTING FROM COURT JUDGEMENT IMPAIRED

As of 31 March 2020, receivables resulting from court judgement of R601 975 181 (2019: R-) were impaired and provided for.

The amount of the provision was R601 975 181 as of 31 March 2020 (2019: R-).

The ageing of these receivables is as follows:

Over 6 months	601 975 181	-
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6. PREPAYMENTS

PREPAID ANNUAL CONSULTING, SUPPORT AND SUBSCRIPTION FEES

Opening balance	5 872 214	16 884 092
Amount realised as an expense	(16 539 416)	(24 877 270)
Increased for the period	12 489 219	13 865 392
	1 822 017	5 872 214

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Petty cash	105 000	105 000
Bank balances	2 923 121 196	1 927 081 421
	2 923 226 196	1 927 186 421

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8. PROPERTY, PLANT AND EQUIPMENT

	2020			2019		
	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	261 528 495	(53 117 555)	208 410 940	261 125 400	(43 447 432)	217 677 968
Leasehold property	524 574	(391 209)	133 365	1 896 036	(1 564 138)	331 898
Furniture and fixtures	184 894 264	(96 107 479)	88 786 785	182 599 413	(85 101 096)	97 498 317
Motor vehicles	322 453 849	(181 515 387)	140 938 462	289 979 353	(156 723 604)	133 255 749
Office equipment	8 180 187	(4 942 592)	3 237 595	11 733 584	(6 695 718)	5 037 866
IT equipment	475 677 081	(295 296 536)	180 380 545	462 759 041	(255 940 781)	206 818 260
Finance lease assets	919 055	(592 193)	326 862	522 255	(345 229)	177 026
Machinery and equipment	101 850 919	(54 694 295)	47 156 624	97 597 132	(46 751 471)	50 845 661
Communication equipment	16 997 858	(11 779 942)	5 217 916	14 052 696	(11 817 865)	2 234 831
Total	1 373 545 782	(698 437 188)	675 108 594	1 322 784 410	(608 387 334)	714 397 076

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2020

	Opening balance R	Additions R	Disposals R	Transfers R	Depreciation R	Total R
Land	519 500	-	-	-	-	519 500
Buildings	217 677 968	865 967	(462 872)	-	(9 670 123)	208 410 940
Leasehold property	331 898	-	-	-	(198 533)	133 365
Furniture and fixtures	97 498 317	4 403 485	(671 239)	(533 886)	(11 909 892)	88 786 785
Motor vehicles	133 255 749	34 412 254	(829 448)	-	(25 900 093)	140 938 462
Office equipment	5 037 866	343 462	(67 980)	(1 213 119)	(862 634)	3 237 595
IT equipment	206 818 260	19 075 406	(1 331 569)	83 651	(44 265 203)	180 380 545
Finance lease assets	177 026	418 941	(826)	-	(268 279)	326 862
Machinery and equipment	50 845 661	2 408 271	(126 398)	1 658 552	(7 629 462)	47 156 624
Communication equipment	2 234 831	3 493 150	(19 506)	4 802	(495 361)	5 217 916
	714 397 076	65 420 936	(3 509 838)	-	(101 199 580)	675 108 594

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2019

	Opening balance R	Additions R	Disposals R	Transfers R	Depreciation R	Total R
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

ASSETS SUBJECT TO FINANCE LEASE (NET CARRYING AMOUNT)

	2020 R	2019 R
Leasehold property	133 365	331 898

DETAILS OF PROPERTIES

Land - Limpopo Region: Portion 4 of ERF 655 Warmbaths
Terms and conditions
- Purchase price: 13 May 2016

	519 500	519 500

RECONCILIATION OF WORK-IN-PROGRESS 2020

BUILDING CLASS	Opening balance R	Movement R	Total R
Dithakong local office	3 184 748	49 942	3 234 690
Churchill local office	2 321 081	61 952	2 383 033
Battharos local office	827 782	74 282	902 064
	6 333 611	186 176	6 519 787

Work in progress balances are included in the building category in the reconciliation of property; plant and equipment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

RECONCILIATION OF WORK-IN-PROGRESS 2019

BUILDING CLASS	Opening balance R	Movement R	Total R
Dithakong local office	709 406	2 475 342	3 184 748
Churchill local office	815 628	1 505 453	2 321 081
Battharos local office	827 782	-	827 782
	2 352 816	3 980 795	6 333 611

EXPENDITURE INCURRED TO REPAIR AND MAINTAIN PROPERTY, PLANT AND EQUIPMENT

	2020 R	2019 R
Contracted services	13 817 420	24 562 105
General expenses	7 408 737	5 003 770
	21 226 157	29 565 875

CHANGE IN ESTIMATE

The useful lives of property, plant and equipment were reassessed and resulted in change of estimated lives of certain assets. Due to the inaccounting estimate regarding the useful life of assets, the depreciation is reported at R20 613 784 whereby with the previous useful if it would have been R21 038 380.

The change of R424 596 will be reflected in future periods.

ASSET CLASS	Old useful life	Amount	New useful life	Amount	Effect
Office equipment	5 - 15 Years	611 117	5 - 17 Years	596 998	14 119
Furniture and fittings	5 - 15 Years	12 062 416	5 - 17 Years	11 817 285	245 131
Machinery and equipment	2 - 15 Years	7 939 434	2 - 17 Years	7 787 417	152 017
Communication equipment	2 - 15 Years	425 413	2 - 17 Years	412 084	13 329
		21 038 380		20 613 784	424 596

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

9. INTANGIBLE ASSETS

	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	141 349 482	(59 508 683)	81 840 799	139 340 440	(52 519 351)	86 821 089

RECONCILIATION OF INTANGIBLE ASSETS - 2020

	Opening balance R	Additions R	Amortisation R	Total R
Computer software	86 821 089	2 009 042	(6 989 332)	81 840 799

RECONCILIATION OF INTANGIBLE ASSETS - 2019

	Opening balance R	Additions R	Amortisation R	Opening balance R	Additions R	Amortisation R	Total R
Computer software	28 495 393	8 315 912	(2 014)	11 360 196	45 384 947	(6 733 345)	86 821 089
Intangible assets under development	11 360 196	-	-	(11 360 196)	-	-	-
	39 855 589	8 315 912	(2 014)	-	45 384 947	(6 733 345)	86 821 089

ASSET CLASS

	Old useful life	Amount	New useful life	Amount	Effect
Intangible assets	3 - 10 Years	12 867 367	3 - 20 Years	6 989 332	5 878 035

10. FINANCE LEASE OBLIGATION

MINIMUM LEASE PAYMENTS DUE

- within one year
- in second to fifth year inclusive

less: future finance charges

Present value of minimum lease payments

PRESENT VALUE OF MINIMUM LEASE PAYMENTS DUE

- within one year
- in second to fifth year inclusive

Non-current liabilities

Current liabilities

	2020 R	2019 R
	234 018	211 377
	139 630	6 784
	373 648	218 161
	(29 605)	(9 237)
	344 043	208 924
	208 985	207 029
	135 058	1 895
	344 043	208 924
	135 058	1 895
	208 985	207 028
	344 043	208 923

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

10. FINANCE LEASE OBLIGATION (CONTINUED)

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 8.

11. OPERATING LEASE LIABILITY

	2020 R	2019 R
Contractual payments	(120 437 933)	(103 429 772)
Straight line basis expense	133 341 440	122 090 707
	12 903 507	18 660 935

OPERATING LEASES - AS LESSEE (EXPENSE - MINIMUM LEASE PAYMENTS DUE)

Within one year	109 639 552	96 701 560
In second to fifth year inclusive	211 586 161	87 388 497
Later than five years	1 698 833	-
	322 924 546	184 090 057

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 R12 903 507 (2019: R18 660 935).

12. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	779 472	503 916 884
Inter-departmental claims	-	387 575
Payroll - Third-party	1 330 437	80 410 543
Accrued service bonus	97 701 843	92 701 264
Accrued expenses	774 927 316	144 307 179
Operating lease payables - Office buildings	8 521 414	10 543 637
	883 260 482	832 267 082

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

12. PAYABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

	2020 R	2019 R
FAIR VALUE OF TRADE AND OTHER PAYABLES		
Trade payables	779 472	503 916 884
Inter-departmental claims payable	-	387 575
Payroll: third-party	1 330 437	80 410 543
Accrued service bonus	97 701 843	92 701 264
Accrued expense	774 927 316	144 307 179
Operating lease payables - office buildings	8 521 414	10 543 637
	883 260 482	832 267 082

13. PROVISIONS

RECONCILIATION OF PROVISIONS - 2020	Opening balance R	Additions R	Utilised during the year R	Total R
Provision for legal fees	1 634 245	753 588	(1 634 245)	753 588
Provisions for shared services and other third-party	11 273 520	6 735 339	(4 566 727)	13 442 132
Provision for contractors	-	48 200 238	-	48 200 238
Provision for leave pay	229 457 006	246 854 957	(229 457 006)	246 854 957
Provision for performance bonus	46 650 130	-	(22 422 852)	24 227 278
	289 014 901	302 544 122	(258 080 830)	333 478 193
RECONCILIATION OF PROVISIONS - 2019	Opening balance R	Additions R	Utilised during the year R	Total R
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

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

14. REVENUE FROM EXCHANGE TRANSACTIONS

	2020 R	2019 R
Sale of waste papers and others	72 877	88 539
Commission received	153 003	172 595
Rental income - parking	414 626	416 957
Recovery of bursary debt and other revenue	3 169 376	3 703 504
Skills development refund	5 265 472	-
	9 075 354	4 381 595

The amount included in revenue arising from CPS contractual debts are as follows:

Write-offs of accounts payable	101 202 545	-
Court judgement debt income	316 447 361	-
	417 649 906	-

15. REVENUE FROM NON-EXCHANGE TRANSACTIONS

OPERATING GRANTS

Government grant	7 561 773 000	7 762 878 000
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16. OPERATING SURPLUS

Operating surplus for the year is stated after accounting for the following:

OPERATING LEASE CHARGES

LEASE RENTALS ON OPERATING LEASE

- Straight-lining of operating leases	133 341 440	122 090 707
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Social assistance service fees	1 726 940 432	1 304 737 089
Consulting and professional fees	159 308 652	176 354 537
Computer expenses	362 732 721	347 470 590
Security	298 857 177	278 492 220
Travel - local	96 370 637	98 553 544
Motor vehicle expense	68 668 011	74 970 318
Cellphone, Telephone and fax	35 633 569	37 568 836
Loss on disposal of assets	2 673 431	7 941 219
Personnel costs	3 263 095 960	3 173 399 385
Depreciation on property, plant and equipment	101 199 584	105 360 507
Amortisation on intangible assets	6 989 332	6 733 345

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

17. INTEREST REVENUE

	2020 R	2019 R
Bank interest received	11 861	11 789
Interest on other receivables	563 600	1 174 351
Interest charged on court judgement debt income	285 527 820	-
	286 103 281	1 186 140

The amount included in interest revenue arising from exchange transactions amounted to R575 461. The amount included in interest revenue arising from court judgement debts amounted to R285 527 820.

18. PERSONNEL COSTS

Basic	2 300 006 659	2 206 812 912
Service and performance bonuses	201 428 076	222 341 757
Medical aid - company contributions	212 496 771	193 682 976
Bargain council	247 948	265 136
Defined contribution plans	294 770 929	284 289 952
Overtime payments	13 974 113	33 219 162
Housing benefits and allowances	128 005 657	123 768 064
Serviced based remuneration	3 270 201	2 508 630
Circumstantial compensation	10 891 219	6 087 756
Non pensionable benefits	98 004 387	100 423 040
	3 263 095 960	3 173 399 385

19. FINANCE COSTS

Finance charge incurred on finance leases	24 460	35 439
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

20. ADMINISTRATIVE EXPENSES	2020 R	2019 R
Advertising	9 157 527	27 918 541
Auditors remuneration	21 975 379	21 554 232
Bank charges	3 889 750	4 241 980
Cleaning	101 558 531	95 059 363
Computer expenses	362 732 721	347 470 590
Consulting and professional fees	159 308 652	176 354 537
Consumables	3 049 338	3 560 026
Entertainment	17 903 133	18 803 188
Straight-lining on operating lease	133 341 440	122 090 707
Medical expenses	108 038 168	93 150 441
Motor vehicle expenses	68 668 011	74 970 318
Postage and courier	10 403 857	8 250 802
Printing and stationery	58 222 317	64 125 074
Skills development levy refund	26 456 951	25 413 535
Security	298 857 177	278 492 220
Cellphone, telephone and fax expenses	35 633 569	37 568 836
Training and staff development	17 873 192	14 808 933
Travel - local	96 370 637	98 553 544
Travel - overseas	590 060	452 988
Staff bereavement	180 000	215 000
Other administrative expenses	13 925 996	27 218 658
Assets expensed	1 759 295	1 858 835
Utilities - Municipal services	56 628 070	62 232 048
Uniforms	3 968 051	70 654
Communication licences	8 420 715	6 659 608
Resettlement cost	2 690 750	1 153 713
Rentals	184 795 325	199 223 624
Venue expenses	15 649 197	18 337 219
Staff Bursaries	6 643 602	4 832 064
	1 828 691 411	1 834 641 278

21. SOCIAL ASSISTANCE SERVICE FEES

Social assistance service fee	1 450 605 655	1 111 085 645
Grant payment bank charges	276 334 777	193 651 444
	1 726 940 432	1 304 737 089

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

22. TAXATION

No provision has been made for 2020 tax as the agency is exempted from income tax in terms of section 10(1)(cA(i) of the Tax Act, 1962.

23. AUDITORS' REMUNERATION

	2020 R	2019 R
Fees for audit services rendered	21 975 379	21 554 232

24. CASH GENERATED FROM OPERATIONS

Surplus/(Deficit)	744 394 843	1 238 733 024
<i>Adjustments for:</i>		
Depreciation and amortisation	108 188 916	112 093 874
Loss on disposal of assets	2 673 431	7 941 219
Social benefit on concessionary loan	-	80 170 073
Finance costs - Finance leases	24 460	35 439
Recoveries on concessionary loan granted to SAPO	140 234 064	63 234 113
Finance income	(575 461)	(1 186 140)
Interest applied on concessionary loan repayments	(23 333 860)	(14 316 290)
Movements in operating lease	(5 757 428)	9 521 368
Movements in provisions	44 463 292	(3 672 864)
<i>Changes in working capital:</i>		
Inventories	(2 464 305)	1 573 595
Receivables from exchange transactions	(944 320)	677 722
Prepayments	4 050 197	11 011 878
Payables from exchange transactions	50 993 400	506 286 212
	1 061 947 229	2 012 103 223

25. COMMITMENTS

AUTHORISED CAPITAL EXPENDITURE

ALREADY CONTRACTED FOR BUT NOT PROVIDED FOR

- within one year	109 944 077	4 961 364
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NOT YET CONTRACTED FOR BUT AUTHORISED BY MEMBERS

- within one year	-	-
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TOTAL CAPITAL COMMITMENTS

Already contracted for but not provided for	109 944 077	4 961 364
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AUTHORISED OPERATIONAL EXPENDITURE

ALREADY CONTRACTED FOR BUT NOT PROVIDED FOR

- within one year	786 789 404	1 073 053 387
- in second to fifth year	972 161 553	-
	1 758 950 957	1 073 053 387

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

25. COMMITMENTS (CONTINUED)

	2020 R	2019 R
NOT YET CONTRACTED FOR BUT AUTHORISED BY MEMBERS		
- within one year	35 614 370	15 994 877
- in second to fifth year	73 607 637	-
	109 222 007	15 994 877
TOTAL OPERATIONAL COMMITMENTS		
Already contracted for but not provided for	1 758 950 957	1 073 053 387
Not yet contracted for but authorised by members	109 222 007	15 994 877
	1 868 172 964	1 089 048 264
TOTAL COMMITMENTS		
TOTAL COMMITMENTS		
Authorised capital expenditure	109 944 077	4 961 364
Authorised operational expenditure	1 868 172 964	1 089 048 264
	1 978 117 041	1 094 009 628

26. CONTINGENCIES

SIU	36 344 659	36 344 659
Various claims	32 509 298	34 863 430
Upgrade of salary levels	150 053 304	150 053 304
CPS deprivation of an opportunity to earn full service fees (2006 - 2010)	-	792 853 000
CPS outstanding invoices	358 196 928	236 005 209
Azande Consulting	170 000 000	170 000 000
	747 104 189	1 420 119 602
Various claims includes:		
Labour related claims	25 702 688	28 085 902
Motor vehicle claims	791 414	662 332
Grant deductions claims	5 056	5 056
Contractual claims	6 010 140	6 110 140
	32 509 298	34 863 430

SIU

SASSA entered into a service level agreement with the SIU from 01 April 2011 to 31 March 2012 and concurrently there were proclamations issued and extended during the same period. The latest proclamation (R27 of 2010) was issued by the Presidency on 08 June 2010 without an end date, and no further proclamation was issued beyond this. However the SIU is claiming, as per their statement of account, that it had rendered services to SASSA for the period 31 March 2013 to 21 September 2017 for the amount of R36 344 659. SASSA disputed the liability to the claim and accordingly advised the SIU to initiate mediation process.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

26. CONTINGENCIES (CONTINUED)

UPGRADE OF SALARY LEVELS

The Department of Public Service and Administration (DPSA) developed various directives on Resolution 3 of 2009 and Resolution 1 of 2012, that outlined the implementation thereof. 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, were 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 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 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. This amount was, at the arbitration proceedings, reduced by CPS to R462 860 000. 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 currently working on the court application to have the notice of appeal reviewed and set aside.

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 and currently amending its plea to include a prayer for the reviewing and setting aside of the contract concluded with Azande.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

26. CONTINGENCIES (CONTINUED)

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. 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 transaction fees of R51 per recipient per month for traditional cash pay points; an amount of R19.48 per recipient per month for other biometric payments. CPS requested that SASSA accede to reimburse these services in line with these recommendations however SASSA agreed to accept these rates for the period July to September 2018. CPS instituted a claim against SASSA for the adjusted fees for the period April 2018 to September 2018 in the sum of R358 196 928. SASSA is defending the claim on the basis that, inter alia, 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.

27. 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: R10 009 565 (2019: R9 065 245)



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

28. GOING CONCERN

We draw attention to the fact that at 31 March 2020, the entity had an accumulated surplus of R2 774 462 843 and that the entity's total assets exceed its liabilities by R2 774 462 843.

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.

29. DAMAGES AND LOSSES

	2020 R	2019 R
Opening balance	5 641 565	4 436 351
Add: Damages and losses expenditure - current year	4 515 780	4 882 934
Add: Incurred in the previous year recorded in the current year	106 149	373 423
Less: Damages and losses - finalised in the prior year	-	(353 410)
Less: Damages and losses - absorbed and removal	(2 704 166)	(2 022 916)
Less: Damages and losses transferred to receivables	(3 561 962)	(1 672 075)
Less: Damages and losses - credit note received	(5 690)	(2 742)
	3 991 676	5 641 565

The entity has incurred damages and losses of R4.5 million in 2019/20 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.

DETAILS OF DAMAGES AND LOSSES EXPENDITURE - CURRENT YEAR

Damages on motor vehicles	2 805 076
Damages and loss of laptops	463 036
Other matters*	1 247 668
	4 515 780

*Other matters include damages and losses of office equipment and desktop computers.

30. FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance as previously reported	83 373 399	6 077 559
Correction of prior period error	(47 502)	51 000
Opening balance as restated	83 325 897	6 128 559
Add: Fruitless and wasteful expenditure - current year	150 877	77 776 321
Add: Fruitless and wasteful expenditure - identified in the current year but incurred in the prior year	4 136 732	-
Add: Fruitless and wasteful expenditure - relating to prior year cases	4 115	-
Add: Reclassification of a case from irregular expenditure to fruitless and wasteful expenditure	316 447 361	-
Less: Fruitless and wasteful expenditure transferred to receivables	(316 757 344)	(162 953)
Less: Fruitless and wasteful expenditure - cleared	(878 067)	(355 186)
Less: Finalised in prior-year	-	(13 342)
Closing balance	86 429 571	83 373 399

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

30. FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

	2020 R	2019 R
Expenditure identified in the current year include those listed below:		
Interest and penalties	1 055	26 903
Hotel - No shows	53 845	57 973
Training	47 726	641 004
Travel claims	-	6 879
Rentals for services not utilised	-	2 124 314
Social assistance service fees	-	74 786 892
Other matters	48 251	132 356
	150 877	77 776 321

The amount of R47 502 relates to correction of expenditure after further investigation revealed some amounts not to have been fruitless and wasteful expenditure.

The amount of R4 115 relates to cases which were under investigation in the 2018/19 financial year of which were corrected in the 2019/20 financial year.

In the amount of R316 757 344 there is R316 447 361 relating to Grants re-registration project (refer to irregular expenditure note) where the Gauteng High Court ruled on 23 March 2018 that the involved service provider must repay the Agency. The service provider's appeal and leave to appeal were dismissed by both the Supreme Court of Appeal and the Constitutional Court. It must be noted that the service provider has since engaged in the business rescue process and therefore the recoverability of the said amount may be unlikely.

Included in R4 136 732 of fruitless and wasteful expenditure identified in the current year but incurred in prior years, is R4 093 585 relating to contract where the second highest scoring bidder was awarded a bid instead of the Highest bidder and therefore the difference between the two bidders' prices is fruitless and wasteful expenditure.

POSSIBLE FRUITLESS AND WASTEFUL EXPENDITURE

Payment for training alleged to have not taken place	266 760	-
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The service provider issued the Agency with the invoice which was paid however it was later alleged that the service was not rendered. The Agency is conducting assessment as required by National Treasury Framework on fruitless and wasteful expenditure. The litigation process of recovering the money has been initiated against the service provider.

31. IRREGULAR EXPENDITURE

Opening balance as previously reported	1 837 333 926	1 711 531 819
Opening balance as restated	1 837 333 926	1 711 531 819
Add: Irregular Expenditure - current	102 409 302	67 139 472
Add: Irregular Expenditure - prior period	1 128 091	5 430 420
Less: Irregular expenditure condoned	(388 242 061)	-
Less: amounts found not to be irregular expenditure	(324 704 653)	(22 382 394)
Add: irregular expenditure reversed due to condonation by inappropriate authority	-	75 614 609
Closing balance	1 227 924 605	1 837 333 926

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31. IRREGULAR EXPENDITURE (CONTINUED)

In the R324 704 653 there is an amount of R316 447 361 relating to Grants re-registration project which was recorded as irregular expenditure since 2015/16. This matter went through court process and in 23 March 2018 the Gauteng High Court ruled that the service provider involved was not legible for the payment and the amount must be paid back for SASSA. The service provider appealed the judgement which was dismissed by the Supreme Court of Appeal of 30 September 2019 and leave to appeal was also dismissed by the Constitutional Court. Therefore this expenditure is transferred to Fruitless and wasteful expenditure as the Agency did not derive any value. The remaining balance relates to cases investigated and found not to be irregular expenditure.

The condonation of R388 242 061 relates to lease payments of four SASSA office in Northern Cape Region and one in North West Region. The affected lease contracts were entered into with the service provider at the time of the establishment of the Agency. This expenditure has been recorded as irregular expenditure since 2016/17 and only condoned by National Treasury on 31 May 2019. In September 2020; National Treasury condoned irregular expenditure amounting to R29 million and was provided as adjusting event.

Incidents/cases identified in the current year include those listed below:

	DISCIPLINARY STEPS TAKEN/ CRIMINAL PROCEEDINGS	2020 R	2019 R
Extension of other contracts and lease payments	Internal investigations are in process	57 692 896	45 534 008
CIDB non-compliance	Internal investigations are in process	3 900	434 388
Local content non-compliance	Internal investigations are in process	241 816	764 000
Medical assessments	Internal investigations are in process	13 962 807	3 135 336
Expired Telkom contract	Internal investigations are in process	26 767 789	-
Communications contract	Internal investigations are in process	-	12 459 804
COVID-19 procurement	Internal investigations are in process	2 279 210	-
Other matters	Internal investigations are in process	1 460 884	4 811 937
		102 409 302	67 139 473

DETAILS OF IRREGULAR EXPENDITURE RELATING TO PRIOR YEAR

Leases	-	5 205 338
Other (Bid splitting, local content, CIDB, etc)	1 128 091	225 082
	1 128 091	5 430 420

POSSIBLE IRREGULAR EXPENDITURE

Non-compliance to quotation process	3 050 763	-
Non-compliance to COVID-19 National Treasury instruction Note	4 247 741	-
	7 298 504	-

The agency is conducting assessment in terms of National Treasury Framework on Irregular Expenditure to confirm if indeed irregularity has occurred.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS DISCLOSURE

CATEGORIES OF FINANCIAL INSTRUMENTS

2020

Financial assets	At amortised cost R	Total R
Loans to economic entities	295 011 903	295 011 903
Receivables before impairment	10 730 774	10 730 774
impaired receivables	(721 209)	(721 209)
Cash and cash equivalents	2 923 226 196	2 923 226 196
	3 228 247 664	3 228 247 664

Financial liabilities	At amortised cost R	Total R
Trade and other payables from exchange transactions	883 260 482	883 260 482

2019

Financial assets	At amortised cost R	Total R
Loans to economic entities	411 912 107	411 912 107
Receivables before impairment	10 510 014	10 510 014
Impaired receivables	(1 444 769)	(1 444 769)
Cash and cash equivalents	1 927 186 421	1 927 186 421
	2 348 163 773	2 348 163 773

Financial liabilities	At amortised cost R	Total R
Trade and other payables from exchange transactions	832 267 082	832 267 082

33. CONCESSIONARY LOAN GRANTED

LONG-TERM PORTION ON CONCESSIONARY LOAN GRANTED

	2020 R	2019 R
Opening balance	328 016 248	541 000 003
Social benefit portion	-	(80 170 073)
Adjustment to short-term portion on concessionary loan	(196 572 069)	(83 895 859)
Current year repayments	-	(63 234 113)
Interest applied on concessionary loan repayments	23 333 860	14 316 290
	154 778 039	328 016 248

SHORT-TERM PORTION ON CONCESSIONARY LOAN GRANTED

Opening balance	83 895 859	-
Current year repayments	(140 234 064)	-
Short-term portion adjusted	196 572 069	83 895 859
	140 233 864	83 895 859

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

33. CONCESSIONARY LOAN GRANTED (CONTINUED)

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.

34. PRIOR-YEAR ADJUSTMENTS

The intangible assets have been depreciating over 10 year's useful life GRAP104 states that the amortisation period and the amortisation method for an intangible asset with a finite useful life shall be reviewed at least at each reporting date. If the expected useful life of the asset is different from previous estimates, the amortisation period shall be changed accordingly to reflect pattern of consumption of the future service potential embodied in the asset.

Management came to realisation that in the prior years during the life of intangible asset, it become apparent that the estimate of its useful life is inappropriate, and that the life of an intangible asset may be very long more than it was initially assessed. This oversight is considered as an error and as a results misstatements in the entity's financial statements for one or more prior periods.

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

STATEMENT OF FINANCIAL POSITION: 2019		Note	As previously reported R	Correction of error R	Restated R
Intangible assets		12	35 302 120	51 518 969	86 821 089
STATEMENT OF FINANCIAL PERFORMANCE: 2019		Note	As previously reported R	Correction of error R	Restated R
Depreciations and amortisation		9	118 227 849	(6 133 975)	112 093 874

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

35. RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE

2020
R

2019
R

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

Net surplus per the statement of financial performance	744 394 843	1 238 733 024
<i>Adjusted for:</i>		
Depreciation and amortisation	108 188 916	112 093 874
Debt impairment	602 696 391	1 444 769
Loss on disposal of assets	2 673 431	7 941 219
Social benefit on concessionary loan granted to SAPO	-	80 170 073
Net surplus per approved budget	1 457 953 581	1 440 382 959

	Operating activities R	Investing activities R	Financing activities R	Total R
Actual amount on comparable basis	1 524 571 614	(66 593 573)	(24 460)	1 457 953 581
Basis difference	(462 624 385)	575 463	135 120	(461 913 802)
	1 061 947 229	(66 018 110)	110 660	996 039 779

ADJUSTMENT TO THE BUDGET

SASSA's budget was adjusted downward by an amount of R60 000 000 from R7 621 772 000 to R7 561 773 000 during the reporting period. The adjustment came about during the adjustment period of the budget cycle and was effected by the National Treasury. The funds were reprioritised towards funding the Government's initiative that deals with Gender-based Violence which is located at Department of Social Development.

PERSONNEL COSTS

Personnel Cost: The underspending on this item is due to funded positions that were not filled by the end of the financial year. Senior Management positions such as Executive Manage Corporate Services, Chief Operations Officer and Regional Executive Managers for Limpopo, KwaZulu-Natal, Mpumalanga, Northern Cape, Free State and Western Cape region were not filled and thus contributing to the underspending.

SOCIAL ASSISTANCE SERVICES FEE

The contractual pricing structure between SASSA & SAPO distinguishes the service fees charged per channel used by grant recipients when they withdraw their monies. The grant recipient may elect to be paid either from – National Payment System (NPS) i.e. from the ATM or merchants, Over the Counter at SAPO outlets, or at the Cash pay-points. The trend in this financial year shows that majority of recipient opted for the NPS which attracted the lowest fees, while a provision was also made for the other two channels and thus the underspending.

OTHER ADMINISTRATIVE EXPENSES

Administrative expenses includes items other than personnel and social assistance service fees items. These include communication, consultants, travel, computer services, training, staff development etc. which are vital for the operations of the agency. The items that contributed to the underspending under administrative expenses, in the main, were communication as a result of the control mechanism put in place in the form of a telephone management system which manages telephone usage within the agency, consultants as a result of internalizing the fraud investigations which was previously outsourced, and travel due to the cost containment measures which included a shift from conventional venue meetings requiring travel and accommodation to virtual meetings especially for the Executive Committee meetings.

CAPITAL EXPENDITURE

SASSA obtained approval from the National Treasury to utilise the retained cash surplus from the 2018/19 financial year. The allocation thereof was mainly for investment in infrastructure. During the reporting period SASSA procured additional fleet for use at its nine regions through the utilisation of the cash surplus.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

36. RELATED PARTIES

RELATIONSHIPS

Inter-governmental trading

South African Post Office Limited

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 - OWING (TO) BY RELATED PARTIES

South African Post Office Limited

2020 R	2019 R
337 532 026	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 (R541million) shall be repaid through 10% (ten percent) deduction from the service charges payable to SAPO under each monthly invoice issued to SASSA pursuant 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 2020 is R337 532 026 having recovered R140 232 974 through 10% deduction from invoices payable to SAPO during the period under review.

AMOUNTS INCLUDED IN TRADE RECEIVABLE (TRADE PAYABLE) REGARDING RELATED PARTIES

South African Post Office Limited

(725 053 295)	(416 964 563)
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RELATED PARTY TRANSACTIONS

ADMINISTRATION FEES PAID TO (RECEIVED FROM) RELATED PARTIES

South African Post Office Limited

1 044 345 681	525 304 126
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SASSA paid South African Post Office R1 044 345 681 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

36. RELATED PARTIES (CONTINUED)

REMUNERATION OF MANAGEMENT

MANAGEMENT CLASS: EXECUTIVE MANAGEMENT: 2020

Executive Member	Emoluments R	Service bonus R	Car allowance R	Other benefits R	Total R
Ms TBJ Memela (CEO)	1 606 820	38 963	48 000	793 165	2 486 948
Mr TJ Chauke (CFO)	1 028 444	85 704	24 000	704 740	1 842 888
Mr AS Mahlangu (CIO)	1 279 420	104 045	108 000	446 134	1 937 599
Mr JC Makondo (Acting CIO)	130 049	-	17 000	65 379	212 428
Ms R Ramokgopa (EM-Strategy)	1 249 061	104 088	80 000	420 659	1 853 808
Ms MT Sibanyoni (EM-Internal Audit)	1 028 444	85 704	75 996	559 829	1 749 973
Ms DE Dunkerley (EM-Policy Implementation)	1 176 848	98 071	60 000	372 856	1 707 775
Mr BB Maqetuka (REM-EC)	1 028 444	85 704	239 640	519 384	1 873 172
Ms EZ Mvulane (REM-NW)	940 549	78 379	108 000	532 493	1 659 421
Mr MT Matlou (REM-GP)	1 220 726	101 727	156 000	312 499	1 790 952
Ms MT Makhetha (Acting REM-NC)	961 400	72 536	102 000	586 568	1 722 504
Ms Z Mpeta (Acting REM-KZN)	1 054 008	71 699	60 000	604 691	1 790 398
Mr HJ De Grass (Acting REM-WC)	940 762	72 604	48 000	489 771	1 551 137
Ms MM Mamabolo (Acting REM-LP)	1 008 008	71 211	120 000	596 894	1 796 113
Ms GSK Mathebula (Acting REM-MP)	998 253	65 417	160 000	514 698	1 738 368
Mr MB Tsosane (Acting REM-FS)	998 253	65 417	60 000	527 800	1 651 470
Mr AF Sethokga (Acting REM-NW)	156 564	2 683	16 000	118 525	293 772
	16 806 053	1 203 952	1 482 636	8 166 085	27 658 726

MANAGEMENT CLASS: EXECUTIVE MANAGEMENT: 2019

Executive Member	Emoluments R	Service bonus R	Car allowance R	Other benefits R	Total R
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 (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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

36. RELATED PARTIES (CONTINUED)

	2020 R	2019 R
Emoluments	16 806 053	15 654 164
Service bonus	1 203 952	1 360 827
Car allowance	1 482 636	1 610 469
Other benefits	8 166 085	8 008 349
	27 658 726	26 633 809

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 above emoluments were paid to these members of management.

Ms TBJ Memela has been appointed as the Chief Executive Officer of SASSA effective from 20 May 2019. These emoluments have been included in Note 18 Personnel cost.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

37. EVENTS AFTER THE REPORTING DATE: NON-ADJUSTING

Following the National State of Disaster due to COVID-19 pandemic, the agency's business has been impacted as follows:

- SASSA is implementing online grants application process (IT based solution) for Special COVID-19 Social Relief of Distress grant. The procured services and infrastructure are for screening and on-boarding of applicants of the said grant. The provision of this grant is expected to end on 31 January 2021 should no extension be promulgated in terms of National State of Disaster legislation.
- The Special COVID-19 Social Relief of Distress grant also resulted in an increased social assistance service fees that is not budget however the funding thereof is made from the reprioritisation of the budget baseline as well as R531 million of the 2018/19 retained surplus. SASSA like all other entities both private and public is affected by the COVID-19 pandemic and SASSA has to procure personnel protective equipments (PPEs) which may further constrain the Agency's finance.

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