

Portfolio Committee on Social Development Budget Review and Recommendation Report (BRRR), 2021/2022, Dated 19 October 2022

1. INTRODUCTION

The Portfolio Committee on Social Development considered the financial and non-financial performance of the Department of Social Development, South African Social Security Agency (hereafter SASSA or the Agency), and the National Development Agency (hereafter the NDA or Agency) on 12 October 2022. It also received briefings from the Auditor-General of South Africa on the same day. The Committee reports as follows:

The Committee's mandate as prescribed by the Constitution of South Africa and the Rules of Parliament is to build an oversight process that ensures a quality process of scrutinising and overseeing the department's action, that is driven by the ideal of realising a better quality of life for all people of South Africa. It is also required to facilitate public participation, monitoring and oversight over the legislative processes relating to social development and also to confer with relevant governmental and civil society organs on social development matters.

The Committee also enhances and develops the capacity of its members to exercise effective oversight over the Executive Authority in social development. It monitors whether the Department of Social Development fulfils its mandate according to priorities.

The Committee also has a mandate to perform the following:

- Considers legislation referred to it;
- Conducts oversight of any organ (s) of the state and constitutional institution(s) falling within its portfolio;
- Facilitates appointment of candidates to entities;
- Considers international agreements; and
- Considers budget of department and entities falling within its portfolio.

For the current medium term (2019 – 2024), the Committee's oversight focuses on the department and its entities performance with regard to the implementation of the priorities set in the National Development Plan and in the Medium Term Strategic Framework (MTSF). The Committee also conducts oversight over the department's performance in implementing the priorities of the State of the Nation Address (SONA).

National Development Plan (NDP)

These are the priorities of the NDP that the Committee focuses on:

- establishment of a social floor which outlines an acceptable or decent standard of living,
- bringing the informal sector into the mandatory contributory scheme,
- expanding social welfare system,
- reviewing funding to not-for-profit organisations,
- training more welfare professionals and community workers,
- expanding public employment programmes,
- promoting opportunities for youth employment.
- use of social audits to enhance accountability in the welfare system, and
- the integration of all databases of people who receive different forms of social security services.

Medium Term Expenditure Framework (MTEF) Priorities – 2019/2024

- Priority 1: A Capable, Ethical and Developmental State
- Priority 2: Economic Transformation and Job Creation
- Priority 3: Education, skills and Health
- Priority 4: Consolidating Integration, Human Settlement and Local Government
- Priority 5: Spatial Integration, Human Settlement and Local Government
- Priority 6: Social Cohesion and Safe Communities
- Priority 7: A better Africa and World

State of the Nation Address (SONA), February 2021

The 2021 SONAs outlined the following policy objectives that have a bearing on social development sector:

- **Ending gender-based violence (GBV):** The President noted that "ending gender-based violence is imperative if we lay claim to being a society rooted in equality and non-sexism". He made mention of

the National Strategic Plan on Gender-based Violence and plans to strengthen the criminal justice system through the introduction of legislation, as well as reducing the backlog of gender-based violence cases. Over the next 3 years Government will allocate approximately R12 billion to implement the various components of the National Strategic Plan.

- **Extension of the Special COVID-19 Grant:** SONA 2021 stated that COVID-19 has contributed to rising poverty and deepening inequality, with the country's economy 6 percent smaller in the third quarter of 2020 compared with the last quarter of 2019. Furthermore, there were approximately 1.7 million fewer people employed, and unemployment stood at 30.8 percent. Government's social and economic relief package, introduced in April 2020, had identified R500-billion (10 percent of GDP) in measures to provide cash to poor households, provide wage support and provide relief to struggling businesses. As a result, a third of South Africa's population, 18 million people, received additional grant payments, lifting more than 5 million above the poverty line. In this regard, the President announced that the period for Special COVID-19 Grant would be extended by a further three months.
- **Persons with disabilities:** Government would forge ahead with providing greater opportunities for persons with disabilities to participate in the economy and in society in general.
- **Services aimed at children:** SONA 2021 stated that attention must be given to issues affecting children, including Early Childhood Development (ECD) planning and funding, protection against preventable diseases, and policy reform around child welfare and reducing violence against children.

2. PURPOSE OF THE BRRR

As part of exercising its oversight work, the Committee considered the 2021/2022 annual reports of the department and its entities. This BRRR reports on the financial and non-financial performance of the department and its entities.

In terms of Section 5 of the Money Bills Amendment Procedures and Related Matters Act, No. of 2009, the National Assembly (NA) through its committees must annually assess the performance of each national department. Portfolio Committees must thus annually submit Budget Reviews and Recommendation Reports (BRRRs) for tabling in the NA in order for Parliament to compile a report for the Medium Term Budget Policy Statement.

The Money Bills Amendment Procedure and Related Matters Act therefore make it obligatory for Parliament to assess the department's budgetary needs and shortfalls vis-à-vis the department's operational efficiency and performance.

Most importantly, the budget review process enables the Committee to amend the budget allocation of the department through the recommendations it makes. Its recommendations are considered during the consideration of the Medium Term Budget Policy Statement (MTBPS).

The budget review process also enables the Committee to make recommendations to the Minister of Social Development on issues pertaining to service delivery. This therefore means that the analysis contained in the BRRR is both backward and forward looking.

Methodology

The BRRR culminated from a very intense and thorough analysis and interaction with the Department of Social Development, the South African Social Security Agency (SASSA) and the National Development Agency (NDA). These included briefings from the department and its entities on their quarterly reports and briefings on their annual reports. The Committee also received a briefing from the Office of the Auditor-General on the audit outcomes of the department and its entities financial and non-financial performance for the year under review (2021/2022).

THE DEPARTMENT OF SOCIAL DEVELOPMENT (DSD)

3. COMMITTEE OVERSIGHT

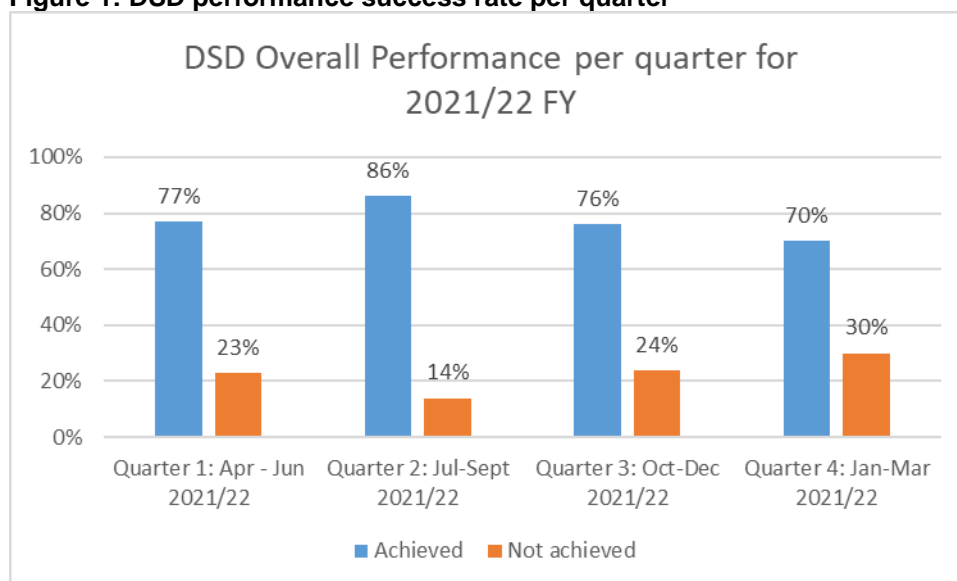
3.1 ANALYSIS OF FINANCIAL EXPENDITURE AND TARGETS ACHIEVED PER QUARTER FOR 2021/2022 FINANCIAL YEAR

The Committee received quarterly expenditure and non-financial performance report for the four quarters of the 2021/2022 financial year. Table 1 and Figure 1 below show the expenditure and performance reports of the Department per quarter.

Table 1: DSD Budget expenditure per quarter

Programme	Adjusted Budget allocation	Expenditure per quarter				Total spending	Percentage
		Quarter 1 April – June 2020 R'000	Quarter 2 July – Sep 2020 R'000	Quarter 3 Oct - Dec 2020 R'000	Quarter 4 Jan March 2021 R'000		
1: Administration	R474 797	R114 182	R111 239	R122 774	R124 075	R472 269	99.47%
2. Social Assistance	R224 542 226	R52 121 387	R50 396 326	R61 160 508	R59 039 676	R222 717 897	99.19%
3. Social Security Policy and Administration	R8 072 401	R1 851 387	R1 862 887	R1 867 567	R2 470 407	R8 052 807	99.76%
4. Welfare Services Policy Development and Implementation support	R1 516 316	R299 061	R324 803	R390 806	R490 538	R1 505 208	99.27%
5. Social Policy and Integrated Service Delivery	R366 378	R156 469	R24 444	R150 056	R29 782	360 751	98.46%
Total	R234 972 118	R54 543 044	R52 719 700	R63 691 711	R62 154 478	233 108 932	99.21%

Figure 1: DSD performance success rate per quarter



Quarter 1 – 3 (April - December) of 2021: The overall, departmental expenditure for this period amounted to R170 954 billion (73.64%) compared to R176.2 billion (76%) in 2020/2021 financial year.

In 2019/2020 financial year, during the same period, it spent R 137.6 billion (74%). This demonstrates a consistent expenditure pattern for the period under review, even in 2020/2021 financial year there was a slight increase. Quarterly (2021/2022), the department had a highest spending in quarter 3 of R63. 691 million compared to R52. 719 million and R54 543 million in quarters 2 and 1, respectively.

With regard to non-financial performance, the department managed to achieve 76% of its planned targets for quarter 3, compared to 86% and 77% in quarter 2 and 1, respectively. During the third quarter in 2020/2021 financial year, it had only managed to achieve 67% but had a highest performance in the second quarter of 81%. In 2019/2020, it had the lowest performance of 60% in the third quarter, 62% and 64% in the second and first quarters.

Quarter 4 (Jan – March of 2022): The overall departmental expenditure by the end of quarter 4 amounted to R62 154 billion. With the combined expenditure for the previous three quarters, the Department spent R233 108 billion (99.21%) of its allocated of R234 972 billion for 2021/2022 financial year. The department had planned to achieve 64 targets but it managed to achieve 45 (70%) targets. Compared to the previous three quarters, the Department had the lowest performance in quarter 4, with lowest performance in Programme 1 and Programme 4. Both Programmes had 58% and 64% performance, respectively. The fourth quarter performance gives an indication of the annual performance of the Department. That means some targets that were not met during this quarter could not be achieved for the year.

COMMITTEE OBSERVATIONS

Detailed Committee observations, deliberations and responses from the Department are contained in its reports on Section 32 reports (quarterly reports) on the non-financial and financial performance of the Department for 2021/2022 financial year. However, it is important to highlight some of the key observations it made that it was seriously concerned about and require urgent department's action. They are as follows:

- The high number (5 111) of NPOs not registered, monitoring and evaluation conducted on the impact of the NPOs to assess value for money, timeframes attached to the duration of the funding of the non-profit organisations (NPOs) and clarity on what happened to the NPOs that were not registered within the targeted 2 months?
- Safety of the Department's firewall in the wake of the hacking of the IT system of the Department of Justice and Correctional Services.
- The R4 million monthly charges for the TELKOM TOLL FREE LINE, which is billed to the Department even though the line was mainly used for SASSA services – SRD grant application queries.
- Status on the payment of the Presidential ECD Employment Stimulus Relief Fund in the aftermath of the ECD migration to the Department of Basic Education (DBE). Will National Treasury roll over unspent funds to the new financial year?
- Lack of availability of the approved policies on the Department's website. It emphasised that these policies should be made easily available to the Committee.
- Delays in the finalisation and submission of the Policy on Social Development Services to Persons with Disabilities to Cabinet.
- Targets to develop and submit to Cabinet draft Bills (the Social Service Practitioners Bill and the Victim Support Services Bill) not achieved due to delayed response from Office of the Chief State Law Advisor (OCSLA), with regard to the former, and delayed responses from the Department to the comments and recommendations made by OCSLA, with regard to the latter.

4. AUDITOR – GENERAL SOUTH AFRICA (AGSA) FINDINGS FOR 2021/2022

The Department received an unqualified audit report with findings for the year under review. The findings related to the following areas:

- AGSA not able to obtain sufficient appropriate evidence to audit the reliability of the achievement of 57.7% reported for children who have access to quality ECD services during the 2021/2022 financial year. This was due to the inadequate system to track the achievement of targets for ECD services. This had an impact on the quality of ECD services being provided and whether funds were spent correctly for those services rendered.
- Key targets linked to the medium term strategic framework were not achieved. These included implementing policies and legislation improving social security coverage and obtain approval on the Policy and Draft Bill on Social Development Services to People with Disabilities.
- If an accrual basis of accounting is implemented the Department's total liabilities will exceed its total assets and this will impact on its solvency in the future.

- The unauthorized expenditure balance from the prior years has not yet been authorized and as a result the net bank balance remains in an overdraft of R15 billion. This relates to the early payments of social grants in March 2020 instead of April 2020 as a measure to assist beneficiaries cope with the economic impact of the Covid 19 pandemic. The Standing Committee on Public Accounts (SCOPA) is yet to finalise a report regularising this expenditure.
- Uncompetitive and unfair procurement processes, prohibited awards to other state officials and limitations on audit of awards selected for testing.
- Irregular expenditure of R14.67 million was incurred and contributors included – R1.55 million for no value for money, R9.81 million for breach of five pillars of procurement (equitable, fairness, cost effectiveness, transparency and competitiveness and R2 million due to non-justifiable reasons to deviate on contract awarded.
- A total of R19.35 million for irregular expenditure not dealt with.

The South African Social Security Agency (SASSA) also received an unqualified audit report with findings. The findings related to the following areas:

- The actual achievement reported for the percentage of new grant applications processed within stipulated timeframes differed from the supporting evidence provided for audit, as a result the accuracy of the reported achievement for that indicator could not be confirmed. In-accurate systems to track application turnaround times has a direct impact to the service delivery due to some undetected delays in providing social assistance to citizens. This is also aligned to public outcry on delays of processing of their applications by SASSA.
- Key targets linked to medium term strategic framework were not achieved. These included targets on the number of children below the age of 1 in receipt of the children's grant, number of social relief of distress applications awarded and percentage of COVID-19 Special Relief grant applications processed.
- Identified Material Irregularities (MIs) of R74 million over the payment for social services not rendered, R316 million payments made where no goods and services were received and payment of SRD grant to ineligible beneficiaries. SASSA Accounting Authority had taken actions to address the MIs.
- Non-compliance with key legislation that resulted in irregular, unauthorized and fruitless and wasteful expenditure.
- Uncompetitive and unfair procurement processes.
- A total of R54.62 million of irregular expenditure made of R54.45 million for no value for money and R176.552 due to awards not approved by delegated officials and expenditure incurred without purchase orders.
- A total of R993.66 million irregular expenditure not dealt with.

The National Development Agency (NDA) also received an unqualified audit report with findings with regard to non-compliance with key legislation, particularly in relation to procurement and contract management as well as uncompetitive and unfair procurement processes.

4.1 Recommendations to the Portfolio Committee

AGSA made the following recommendations to the Committee:

- Monitors the accountability ecosystem to ensure that all role players/assurance providers effectively exercise their roles to improve audit outcomes and ensure service delivery is provided by the social development portfolio.
- Actively engages with all role players within the accountability ecosystem to ensure that appropriate measures to resolve the MIs (Material Irregularities) are effectively implemented.
- Obtains a progress report from SASSA Accounting Authority regarding the status of investigations and if finalized the actions taken to address MIs through implementation of relevant actions taken against all implicated officials and recoveries where appropriate.
- Requests SASSA Accounting Authority to present a plan of action regarding the implementation of all recommendations AGSA made as included in the audit report for the R350 grants MI to ensure that such actions are implemented within the due date as stipulated.
- Follows up on the implementation of consequence management for long outstanding cases.
- Follows up on the process that SASSA is following to obtain all relevant databases to validate payments to only valid beneficiaries for the SRD grant.
- Follows up on the action to recover payments from invalid beneficiaries and further action taken for claiming benefits that are not due to the individual.

Recommendations to the Portfolio Committee

- The Committee should obtain progress from the Accounting Authority regarding the status of investigations and if finalised the actions taken to address MIs through implementation of relevant actions taken against all implicated officials and recoveries where appropriate.
- It should also monitor the utilisation of the preventative control guides as developed by the AGSA to assist other oversight functions to ask relevant questions during their oversight.
- The Committee should request the Accounting Authority to present a plan of action regarding the implementation of all recommendations as included in the audit report for the R350 grants MI to ensure that such actions are implemented within the due date as stipulated.
- The Committee should follow up on the implementation of consequence management of long outstanding cases.
- It should also follow up on the process that SASSA is following to obtain all relevant databases to validate payments to only valid beneficiaries for the SRD 350 grant.
- It should also follow up on the action to recover payments from invalid beneficiaries.
- It should also monitor the accountability ecosystem to ensure that all role players/assurance providers effectively exercise their roles to improve audit outcomes and ensure service delivery is provided by the portfolio.

4.2 Committee Observations

- **Performance information:** The Committee noted with concern AGSA's finding on SASSA and DSD not able to achieve key targets that relate to the medium term strategic framework of the social development portfolio. On SASSA not achieving its target on the number of children below the age of 1 in receipt of the children's grants, the Committee wanted to know what is the AGSA's opinion on its recommendation that SASSA enters into a similar arrangement to that of the Department of Home Affairs and the Department of Health to register new born babies at health care facilities.

The Committee also noted with concern AGSA's finding that some of the targets reported on by the Department and SASSA could not be verified. It wanted to know if there was any possibility that this could be the same with other programmes as well. It has always been a problem of the Committee that what is reported on paper is not evident on the ground. Is it possible for the AGSA during the year to receive a progress report on the implementation of the targets?

With regard to the recommendation for SASSA to have a similar registration system as that of the Department of Home Affairs and the Department of Health, the AGSA was of the opinion the suggestion might be a plausible solution but it is up to SASSA to explore it with the Department of Health.

The AGSA explained that it only audited programme 4 and there may be a concern that reported targets not verifiable can be found in other programmes as well. It is important to note that most of the programme are implemented by provincial departments and it is up to the national department to verify the reported performance from the provinces.

- **Repeat audit findings:** The Committee noted with serious concern the repeat audit findings on lack of consequence management in the social development portfolio. As a matter of urgency it would need to get progress reports on actions taken against officials responsible for financial mismanagement. The AGSA's has also over the past years expressed its concern about vacancies in critical posts. The Committee wanted to know if AGSA was of the opinion that there were any improvements in filling of vacant posts across the social development portfolio?

The AG explained that the overall vacancy rate is 28.2% within the Department and most of it is within senior management and this is a serious concern because these positions have been vacant for more than 12 months.

- **SRD database:** The Committee wanted to know if the AGSA was of the opinion that SASSA has made any attempts to resolve challenges pertaining to the databases for SRD grant applications.

The AGSA explained that SASSA is depended on various institutions and it is important that it has its own mechanisms to verify applications. The accuracy of information on the state databases is not in control of SASSA and when it requests updated databases it is not always provided on time. This requires a government wide intervention to assist SASSA.

- **Elimination of fraud and corruption:** With the persistent fraud and corruption in the administration and payments of social grants, the Committee wanted to know if the AGSA was of the opinion that SASSA's fraud unit has the power to eliminate fraud. The AGSA advised the Committee to engage with fraud unit of SASSA to provide it with a more detailed information regarding fraud and corruption in the payment of grants and

existing internal controls. Payment of social grants is also done through the South African Post Office (SAPO) and so it is not always easy to determine where weaknesses are.

- **Implementation of AG's recommendations:** The Committee wanted to know how many recommendations AGSA made that were implemented and not implemented by the Department for the 2020/2021 financial year.
The AGSA promised to forward the Committee with this information at a later stage.
- **Parallel investigations:** The Committee wanted to know if it was possible for investigations by state institutions run parallel with the Department's or entities' investigations to avoid delays in consequence management, especially in the long standing cases of financial misconduct.
The AGSA explained that investigations on irregular expenditure should be conducted as soon as they are identified. Unfortunately, the long standing cases were not investigated. Only when the mandate of the AGSA was extended to include Material Irregularities (MIs) these investigations were conducted. The Department or its entities do not need to wait for the investigations by the state institutions to be finalized before they can implement consequence management.
- **Findings on performance targets:** The Committee appreciated AGSA's linking of its findings on performance targets with the impact on service delivery. This is an area that it had raised with the Department and its entities a number of times.
- **Committee oversight on AGSA findings:** The Committee noted that AGSA's recurring findings, especially on irregular expenditure, highlight the need for the Committee to conduct real time oversight over the social development sector.

5. OVERVIEW OF THE ANNUAL FINANCIAL AND NON-FINANCIAL PERFORMANCE OF THE DEPARTMENT FOR 2021/2022 FINANCIAL YEAR

The core mandate of the Department of Social Development (DSD) originates from the Constitution of the Republic of South Africa, 1996, as well as the White Paper on Welfare (1998) and other applicable legislation. Section 27(1) (c) of the Constitution provides for the right of access to appropriate social assistance to those unable to support themselves and their dependants. Section 28(1) sets out the rights of children with regard to among others, appropriate care, basic nutrition, shelter, healthcare and social services. Furthermore, Schedule 4 of the Constitution identifies welfare services, population development and disaster management as functional areas of concurrent national and provincial legislative competence. The Department executes its mandate and performance in line with guided the National Development Plan (NDP), Medium Term Strategic Framework (MTSF), State of Nation Address (SONA) and sector plans.

The South African social development sector delivers its services in an environment marked by high levels of poverty, unemployment and inequality. However, the Department continues to lead government efforts to forge partnerships through which vulnerable individuals, groups and communities can become capable and self-reliant participants. The United Nations (UN) defines self-reliance as the social and economic ability of an individual, a household or a community to meet essential needs (including protection, food, water, shelter, personal safety, health and education) in a sustainable manner and with dignity. It further states that self-reliance, as a programme approach, refers to developing and strengthening livelihoods of persons of concern, and reducing their vulnerability and long-term reliance on humanitarian/external assistance.

The overarching context in terms of which budgets were allocated for the 2021/22 financial year is that of budget cuts. The 2021/22 budget cuts affected health, social grants, and basic education. In the 2021 *Estimates of National Expenditure (ENE)*, it was indicated that, over the medium term, the social grants budget will decrease by R36 billion, resulting in a real decrease in income for millions of social grants recipients. This could simply suggest that the COVID special grant will be phased out again over time. Therefore, the Department's performance should be viewed under the above-mentioned conditions.

In terms of the financial performance for 2021/22, the DSD's audit outcome regressed from an unqualified audit opinion without findings (clean audit) to an unqualified audit opinion with findings on performance information.

The Department managed to spend 99.2% of its adjusted budget with an under spending of R1.863 billion for the financial year. In terms of planned targets for 2021/22 financial year, the Department only achieved 81% of its set targets (57 out of 67), which is the same compared to its target performance in the previous financial year (2020/21).

5.1 Financial Performance

The DSD was allocated an adjustment budget of R234.97 billion in 2021/22. The biggest component of this budget (R234.04 billion) was channelled towards transfers and subsidies. This means that the Department was left with an operational budget of R463.1 million for the 2021/22 financial year. The Department managed to spend 99.21% (R233.1 billion), which translated to an under-expenditure of R1.86 billion.

Table 2: Financial Performance

R'000	2021/22			2020/21		
	Adjusted Budget	Actual Expenditure	%	Final Budget	Actual expenditure	%
Programme 1	474 797	472 269	99.47%	426 560	391 451	91.8%
Programme 2	224 542 226	222 717 897	99.19%	220 606 557	218 945 760	99.2%
Programme 3	8 072 401	8 052 807	99.76%	7 585 831	7 548 537	99.5%
Programme 4	1 516 316	1 505 208	99.27%	1 842 277	1 718 632	93.3%
Programme 5	366 378	360 751	98.46%	346 073	318 322	92%
TOTAL	234 972 118	233 108 932	99.21%	230 807 298	228 922 702	99.18%

The main contributors to the under-expenditure of R1.86 billion for the 2021/22 financial year are as follows:

- Social Assistance programme (R1.824 billion),
- Social Security Policy and Administration (R19.59 million),
- Welfare Services Policy Development and Implementation (R11.1 million), and
- Social Policy and Integrated Service Delivery (R5.63 million).

The Department applied the following virement:

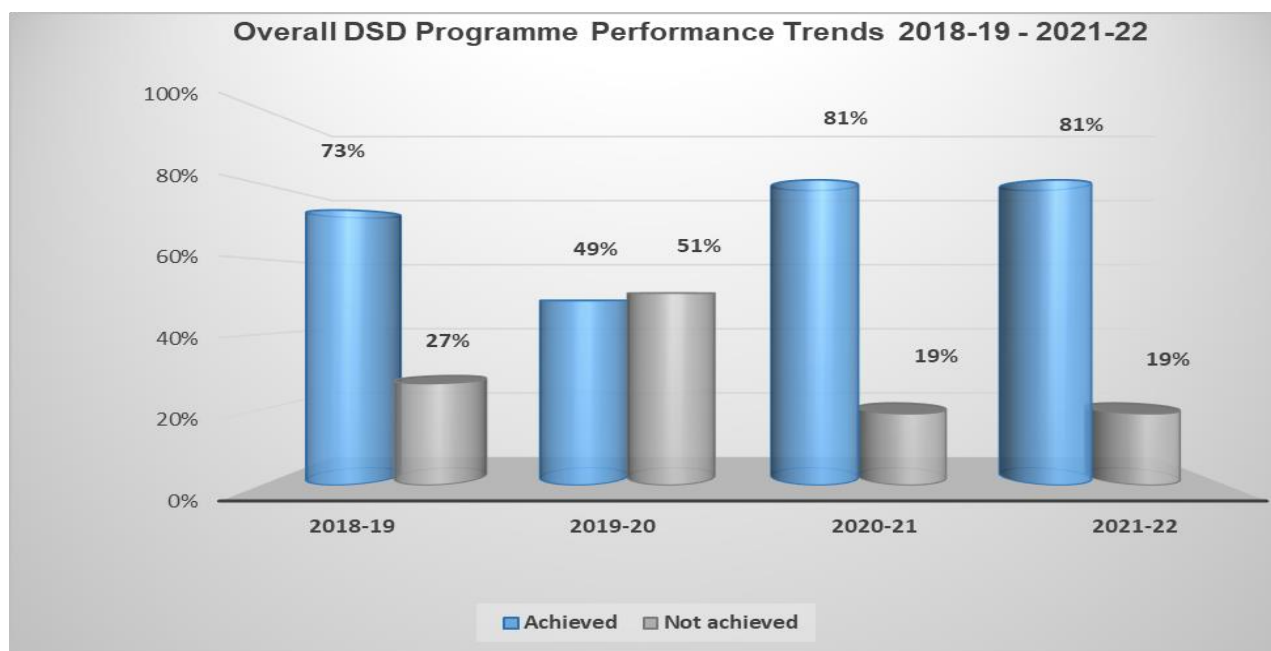
Programme	Explanatory notes
Programme 1: Administration	An amount of R56.885 million was approved to be shifted from Programme 3,4 and 5 to Programme 1 to fund the increased expenditure related to the increased payments of the Telkom Toll-Free line as a result of the extension of the SRD R350 Grant for the 2021/22 financial year as well as centralized payment of the information technology (IT) refresh in the procurement of two hundred and seventy-six (276) laptops for social development employees.
Programme 3: Social Security Policy and Administration	An amount of R5.059 million was approved to be shifted from Programme 3 to Programme 1: Administration for increased spending programmes during the 2021/22 financial year.
Programme 4: Welfare Service Policy Development & Implementation Support	An amount of R32.318 million was approved to be shifted from Programme 4 to Programme 1: Administration for increased spending programmes during the 2021/22 financial year
Programme 5: Social Policy and Integrated Service Delivery	An amount of R19.508 million was approved to be shifted from Programme 5 to Programme 1: Administration for increased spending programmes during the 2021/22 financial year.

5.2 Programme performance

5.2.1 Overall performance

The figure below represents a comparison of annual target performance of the Department from 2018/19 to 2021/22 financial year.

Figure 2: Comparative analysis of programme performance



As the figure above illustrates, the Department was able to achieve 81% 2021/2022 of its set targets which shows a significant improvement in achievement of targets as compared to 73% and 49% in the 2018/19 and 2019/2020 financial years, respectively.

The achievement for 2021/22 mirrors that of the previous financial year. achievement. This is an indication that the Department may be starting to turn the corner in its performance, as was in 2017/18 financial year. However, there is room for improvement.

5.2.2 Performance per programme

Programme 1: Administration

The purposed of this programme is to provide leadership, management and support services to the Department and the Social Sector.

The following table highlights expenditure and performance for the Administration Programme in 2021/22:

Table 3: Financial and performance for Programme 1

Final appropriation	Total budget spent	Under/Over Expenditure	Expenditure rate
R474.797 million	R472.269 million	R2.528 million	99.46%
No. targets	No. targets achieved	Targets not achieved	Success rate (%)
13	10	3	77%%

The programme spent 99.46% against a budget of R474.7 million. The underspending relates to staff turnover and operational savings during the financial year. It achieved 10 out of the 13 planned performance

targets for 2021/22 financial year, indicating a 77% success rate. This is a slight improvement compared to the 75% success rate from the 2020/21 financial year.

The targets that were not achieved included:

- The Department planned to reduce irregular expenditure by 3%, but it increased from R3.046 million in 2020/21 to R14.667 million in 2021/22, which is 381% increase. The increase in irregular expenditure is in relation to non-compliance with SCM processes identified by AG during the 2021/22 audit of the Department.
- The annual target to develop and implement Shareholder Compacts in order to implement the Entity Governance and Oversight Framework was not achieved.
- The Development of the Substance Abuse System into Social Development Integrated Case Management System and the Development of the Alternative Care Management System into Social Development Integrated Case Management System (SDICMS) was not achieved as planned. This is attributed to the delayed procurement processes and crafting of the contract led to delays in development of the system hence it was not finalised according to plan.

Programme 2: Social Assistance

This programme provides social assistance to eligible beneficiaries in terms of the Social Assistance Act 13 of 2004, and its regulations. The following table highlights expenditure for the Administration Programme in 2021/22:

Table 4: Financial and performance for Programme 2

Final appropriation	Total budget spent	Under/Over Expenditure	Expenditure rate
R224.542 billion	R222.717 billion	R1.824 billion	99.19%
No. targets	No. targets achieved	Targets not achieved	Success rate (%)
1	1	0	100%

The Programme's initial (voted) allocation was R195.516 billion. However, the Department received an additional R2.8 billion through the Special Appropriations Act, and R26.2 billion in the 2021 Adjusted Estimates of National Expenditure for the payment of the SRD R350 grant until March 2022. Therefore, the Programme received a final appropriation of R224.542 billion, and spent R222.717 billion. It underspent its allocated budget by R1.824 billion. The under spending related to the Old Age and Child Support grants for which less than expected beneficiaries have applied during the financial year.

During the reporting period, the Department continued to expand access to social security through availing funds to the South African Social Security Agency (SASSA) monthly for the provision of social grants to eligible beneficiaries.

Programme 3: Social Security Policy and Administration

The purpose of this programme is to provide for social security policy development, administrative justice, the administration of social grants, and the reduction of incorrect benefit payments. The table below highlights expenditure for the Administration Programme in 2021/22:

Table 5: Financial and performance for Programme 3

Final appropriation	Total budget spent	Under/Over Expenditure	Expenditure rate
R8.072 billion	R8.052 billion	R19.5 million	99.75%
No. targets	No. targets achieved	Targets not achieved	Success rate (%)
10	7	3	70%

The programme had a final appropriation of R8.072.4 billion and spent 99.75%. Underspending of R19.5 million was mainly due to the net effect of the non-establishment of the Inspectorate for Social Assistance as a result of the delay in the approval of the Social Assistance Bill in Cabinet during the 3rd quarter of the

2021/22 financial year. It achieved 7 of the 10 planned performance targets for 2021/22 financial year. This translate into 70% success rate.

The targets that were not achieved include:

- The Department planned produce a consultation report on Green Paper on Comprehensive Social Security. However, the Green Paper was withdrawn in the second quarter of 2021/22 to allow for further refinements to the contentious issues. Some of the proposals were misrepresented.
- The Department planned to develop and publish draft Regulations on the amended Fund-Raising legislation for public comments. This could not take place during the 2021/22 financial year because scheduled hearings on the Bill were postponed owing to local government elections.
- The Department planned to publish social budget bulletin (Edition 3). However, the Department reported that delays were encountered in obtaining some COVID-19 related data such as general budget, private pensions, long-term insurance, private health medical schemes, public health, PIC investments, tax expenditure, social assistance, social insurance schemes, demography, and GDP.

Programme 4: Welfare Services Policy Development and Implementation

The purpose of this programme is to create an enabling environment for the delivery of equitable developmental welfare services through the formulation of policies, norms and standards and best practices, and support implementing agencies.

The following table highlights expenditure for the Administration Programme in 2021/22:

Table 6: Financial and performance for Programme 4

Final appropriation	Total budget spent	Under/Over Expenditure	Expenditure rate
R1 516.3 billion	R1 505.2 billion	R11.1 million	99.26%
No. targets	No. targets achieved	Targets not achieved	Success rate (%)
23	19	4	85%

The programme had a final appropriation of R1.516 billion and managed to spend 99.26% of the total allocation. It underspent by R11.108 million. Underspending relates to the result of COVID-19 restrictions resulting in less travelling, accommodation and outreach programs for the financial year as well as payments to National Councils denied as a result of non-compliance. This programme achieved 19 of the 23 planned targets for 2021/22 financial year. This represented a success rate of 85%.

The targets that were not achieved include:

- The DSD planned to submit the Social Service Practitioners Bill to Cabinet. The Bill was not submitted to the Cabinet. The Department indicated that the SEIAS report was developed and submitted to the Department of Planning, Monitoring and Evaluation for certification.
- The Department planned to amend the Older Persons Bill. However, the Bill could not be tabled in Parliament before it was gazetted. The Department indicated that the Bill was only gazetted in March 2022.
- The Department planned to submit the Victim Support Services (VSS) Bill to Cabinet for approval. This was not achieved during the 2021/22 financial year.
- The Policy on Social Development Services to Persons with Disabilities was not submitted to Cabinet for approval as envisaged. The Department indicated that this policy was not finalised and therefore not submitted to Cabinet for approval.

Programme 5: Social Policy and Integrated Service Delivery

The purpose of this programme is to support community development and promote evidence-based policy making in the Department of Social Development Sector.

The table below highlights expenditure for the Administration Programme in 2021/22:

Table 7: Financial and performance for Programme 4

Final appropriation	Total budget spent	Under/Over Expenditure	Expenditure rate
R366.378 million	R360.751 million	R5.627 million	98.46%
No. targets	No. targets achieved	Targets not achieved	Success rate (%)
20	17	3	80%

The Social Policy and Integrated Service Delivery Programme had a final appropriation of R366.378 million and spent 98.46%. It underspent by R5.627 million. The underspending related to operational savings on events and outreach programmes scheduled during the financial year as a result of COVID-19 restrictions. The Social Policy and Integrated Service Delivery programme had a total of 20 targets for the 2021/22 financial year, of which it achieved 17 (or 80%).

The targets that were not achieved included:

- The envisaged training of 92 municipalities on the Integrating of Migration issues into the IDP was not achieved.
- The capacitation of 9 provinces on the implementation of the integration of Population Policy into the District Development Model was not achieved as planned.
- The Department planned to table the non-profit organisation Amendment Bill to Parliament. This target was not achieved during the 2021/22 financial year.

5.3 Human Resources

The Department set a target of reviewing its vacancy rate from the 10% in 2020/21 financial year to 8% in 2021/22 financial year. It reported that the target of 8% was met during the 2021/22 financial year, notwithstanding all the demand to focus on areas affected by the COVID-19 pandemic.

The filling of posts in the Department was largely influenced by the process it engaged on to review its strategy informed by various roundtable discussions, current policy and research. The Department indicated that it had to fill critical posts due to the reduction in its compensation budget. In so doing had to continuously embark on a prioritisation process to ensure that the compensation budget ceiling is adhered to and that there was no overspending.

During the 2021/22 financial year, the Department reported the employment of 3 348 Social Workers on contract by the provincial departments to continue providing psycho-social support to those affected and infected by COVID-19. It requested additional funding for the employment of 2000 Social Workers for a period of ten (10) months. However, the funding was only made available in October 2021. This meant that the appointments could only be made for a period of four (4) months, whilst required to spend an allocation for ten (10) months.

Employment and Vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

Table 8: Employment and vacancies by programme as on 31 March 2022

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
P1: Administration	422	326	27	54
P3: Social Security Policy & Administration	93	68	29	0
P4: Welfare Service Policy Development & Implementation Support	339	261	20	20
P5: Social Policy & Integrated Service Delivery	126	100	24	7
Total	980	755	23%	85

According to the table above, as reported on the 2021/22 annual report of the Department, the vacancy rate stood at 23%. However, the Department argues that the actual vacancy rate in the Department is 8% based on its costing model. The Department reported that the total number of approved posts is 766, of which there are 706 filled posts. It argues that there are unfunded posts on PERSAL which creates a skewed vacancy rate of 23%. These posts are on PERSAL to inform the prioritisation process the Department follows when filling critical posts. It would be easier to fill posts when they are prioritised rather than recreating them if abolished.

Department's employment equity

Table 9: Total number of employees (including employees with disabilities)

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	35	1	3	4	34	2	3	5	87
Professionals	78	1	0	2	160	7	2	6	256
Technicians and associate professionals	36	0	1	4	62	2	1	3	107
Clerks	84	0	1	2	175	4	2	5	273
Service and sales workers	7	0	0	0	7	0	0	0	14
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	1	0	0	0	0	0	0	0	1
Labourers and related workers	7	0	0	0	10	0	0	0	17
Total	248	2	5	10	448	15	8	19	755
Employees with disabilities	5	0	0	1	7	0	0	0	13

The table above highlights the number of DSD employees by race and gender, as well as employees with disabilities. Of the 755 employees of the Department, 265 were males and 490 females. Breakdown of 265 male employees: 258 African, 2 Coloured, 5 Indians, and 10 whites. Breakdown of 490 females in the employ of the Department: 448 Africans, 15 Coloured, 8 Indians, and 19 whites.

The Department employed about 13 employees with disabilities. Of these, are 5 African males and 7 African females. There is only 1 White male. The number of employees with disabilities in the Department only increase by 1 compared to the previous financial year, wherein the Department had a total of 12 employees with disabilities.

7. THE SOUTH AFRICA SOCIAL SECURITY AGENCY (SASSA)

The mandate for the South African Social Security Agency (SASSA) is to ensure the provision of comprehensive social security services against vulnerability and poverty within the constitutional and legislative framework. As per this mandate, SASSA is primarily responsible for implementing the Medium Term Strategic Framework's (2020 – 2025) Priority 3: Consolidating the Social Wage through Reliable and Quality Basic Services. It continues to improve the coverage of the social assistance programme including for eligible refugees. For the year under review, SASSA increased the coverage of the social assistance programme from 18 440 572 to 18 677 339.

SASSA also has a role to play in the implementation of the National Development Plan (NDP) priorities for the social sector. It implements the following priorities:

- Creating a comprehensive social protection system to support those most in need, including children, people with disabilities and the elderly.
- Protection of vulnerable groups and citizens against worst effects of poverty by 2030.

- Active participation in the economy and society for those who are unemployed and under-employed through labour market activation measures, employment services, income support programmes and other services to sustain and improve quality of life.
- Improving efficiency in the delivery of services, addressing exclusions by identifying and reaching those who are entitled to the existing benefits of social protection, reducing the administrative bottlenecks that prevent people from accessing benefits.

Furthermore, SASSA has a critical role to play in implementing the annual priorities identified in the State of the Nation Addresses (SONA), mentioned earlier in the report.

Since the outbreak of the Covid 19 pandemic in 2020, SASSA was tasked with administration and payment of the Special Covid 19 Social Relief of Distress Grant (SRD grant) to the unemployed South Africans of working age, 18 – 59 years. Amidst all the challenges of implementing this grant, by the end of March 2022 more than 10.2 million beneficiaries were in receipt of the grant.

7.1 OVERVIEW OF FINANCIAL AND NON-FINANCIAL PERFORMANCE OF THE SOUTH AFRICAN SOCIAL SECURITY AGENCY (SASSA) FOR 2020/2021 FINANCIAL YEAR

7.1.1 Financial Performance

SASSA functions through two main programmes, namely, *Programme 1: Administration* and *Programme 2: Benefits Administration & Support*.

Table 10 below shows that the overall budget of SASSA for the period under review was R7 963 901 billion, which was an increase from R7 488 782 billion in 2020/2021 financial year. The table also shows that both programmes underspent by R628 945 million, resulting in overall 92% annual expenditure of the Agency. Compared to 2020/2021 financial year, the Agency had a significant underspending in Programme 2 in 2021/2022 financial year, which was 90% (99% in 2020/2021).

Table 10: Budget expenditure per programme, 2021/2022

	2021/22				2020/21
Programme	Final Appropriation	Actual Expenditure	Variance	% Expenditure	% Expenditure
R'000	R'000	R'000	R'000		
Administration	2 990 666	2 875 203	-115 463	96%	93%
Benefits Administration & Support	4 973 235	4 459 753	-513 482	90%	99%
Total	7 963 901	7 334 956	-628 945	92%	96%

Underspending was attributed to the item, Compensation of Employees (CoE) mainly due to the funded vacant positions that could not be filled or filled in the latter part of the financial year. Out of a total of 247 funded vacant posts which were planned to be filled in 2021/22, a total of 192 posts were filled representing 77%. The average monthly spending for the year on Compensation of Employees was R274 673 990.

It was also attributed to the item, Goods and Services on cash handling fees as the majority of the beneficiaries opted to receive their benefits through ATMs and the merchants' point of sale (POS) and thus reducing the cost of paying the grants. Secondly, there was an upward adjustment of the budget emanating from the additional R500 million received through the Adjusted Appropriation Bill process which could not be utilised fully. Expenditure on Goods and Services reached 92% which was 9% below the level of expected level of spending.

There was also underspending of 72% on communication and this was due to the expenditure on bulk messaging which was part of the cost of implementing the COVID-19 special relief grant (R350), this item was adjusted with additional funding, however, the budget was not fully utilised. The expenditure on telephones decreased due to the COVID-19 pandemic, consequently the convergence of ICT

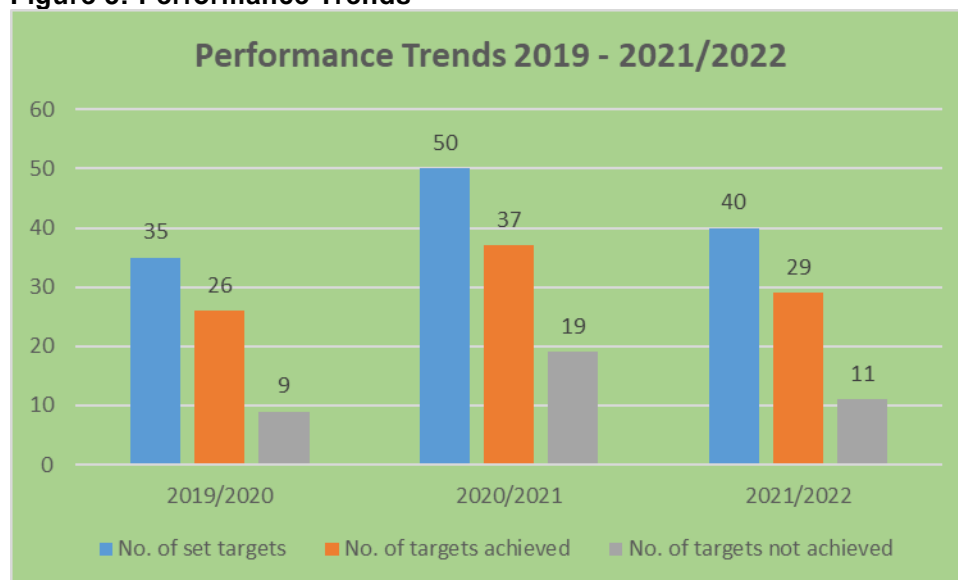
infrastructure whereby calls between SASSA offices were using data infrastructure and were zero-rated. However, mobile data (3G/4G/5G) costs increased as digital workspace (remote work and online meetings) is the “new normal” due to remote work and online meetings.

The Agency also had underspending on funds that were earmarked for fraud investigations that were not fully utilised as it realised efficiency in utilizing its internal capacity related to fraud prevention, detection, and investigation unlike in the previous financial years when third parties were brought on board. There was low spending on fleet, maintenance and repairs, travel, training and staff development, and venues and facilities which resulted from the impact of the COVID-19 pandemic on the activities associated with these items.

7.1.2 Non-financial performance

Figure 3 below shows SASSA's performance trends between 2019/21 and 2021/2022 financial years. For both the 2019/2020 and 2020/2021 financial years, SASSA had 74% achievement of targets compared to 73% in 2021/2022 financial year. Programme 1 had a total of 26 set targets and managed to achieve 19 targets, marking 73% achievement rate. Programme 2 managed to achieve 10 targets out of 14 set targets, marking 71% achievement rate.

Figure 3: Performance Trends



7.1.3 Performance information by programme

Analysis of the Agency's performance will be based on the achievement of the priorities of the NDP and the MTEF mentioned earlier as well as the 2021 State of the Nation Address priorities.

Programme 1: Administration

The purpose of this programme is to provide leadership, management and support services to SASSA.

Table 11: Programme 1 targets and financial performance

Total targets in Annual Report	26
Targets achieved in Annual Report	19
Targets not achieved	7
Performance success rate	73.0%
Total budget spent	R2 875 203 billion
Financial expenditure rate	96%

Under this programme, SASSA had planned to achieve 26 targets and it managed to achieve 19 targets (73%). The overall expenditure for the programme stood at 96%.

This programme mainly contributes to the following NDP targets:

- **Improving efficiency in the delivery of services, addressing exclusions by identifying and reaching those who are entitled to the existing benefits of social protection, reducing the administrative bottlenecks that prevent people from accessing benefits.**

The key targets achieved related to this priority include 100% payment of eligible suppliers within 30 days as per Treasury Regulation 8.2. 3; implementation of organisational transformation interventions through Change Management and Culture Survey; referral of the database of all grant beneficiaries (559 646) who were registered for Matric in 2021 to National Student Financial Aid Scheme (NSFAS) and to the Department of Social Development to ensure that these beneficiaries are not subjected to further means test when applying for financial aid to study further; implementation of the online grants application solution in all nine regional SASSA offices for the Child Support Grant (CSG), Foster Child Grant (FCG), Old Age Grant (OAG) and the Social Relief of Distress grant (SRD) and implementation of the online booking system for medical assessments for the Temporary Disability Grant (TDG).

Key to the improving efficiency in the service delivery involves elimination of fraud and corruption as well as irregular expenditure. SASSA has over the years had serious challenge of high levels of fraud and corruption in the administration and payment of social grants. It also continues to high levels of irregular expenditure dating back to 2012/2013 financial year (backlog cases) and annual irregular expenditure. For the year under review, it achieved its target of detecting suspected fraud cases and referring them to stakeholders – Grant Administration, South African Post Office (SAPO) and Banks, for corrective action. It over achieved its target of investigating and finalising 70% of reported cases of fraud and corruption by reaching 95% performance rate. It also over achieved its target of finalising 60% of labour relations cases by reaching 80.27% performance rate. It also had an over achievement on its target to finalise 75% of financial misconduct cases within 120 days by finalising 91.74%.

The Agency however did not achieve its target of reducing irregular expenditure by 75%. It only reduced it by 55%. In 2020/2021 financial year it incurred R20.3 million irregular expenditure and R2.025 million in 2021/2022 financial year. Combined with historical irregular expenditure, SASSA's irregular expenditure amounted to R993 661 million.

Further related to improving efficiency of service delivery is SASSA's capability to recover and/or write off social assistance debts. A target of recovering and/or writing off 5% of social assistance debts was not achieved. Only 1.07% (R7 942 million out of R741 778 million) of debts was recovered.

Programme 2: Benefits Administration and Administration and Support

The purpose of this programme is provide a grant administration service and ensures that operations within SASSA are integrated. It also ensures implementation of the full value chain of grants administration.

Table 12: Programme 2 targets and financial performance

Total targets in Annual Report	14
Targets achieved in Annual Report	10
Targets not achieved	4
Performance success rate	71%
Total budget spent	R4 459 753 billion
Financial expenditure rate	90%

For the year under review SASSA had set to achieve 14 targets under this programme. It managed to achieve 10 targets (71%). It spent 90% of its allocated budget. This Programme contributes towards achievement of the following government priorities (encompassing SONA and NDP priorities):

- **Protection of vulnerable groups and citizens against worst effects of poverty by 2030.**

The Social Assistance Programme continues to play an important role in the protection of vulnerable groups from the effects of food insecurity and hunger. Of the total grants in payment, 83.06% (10 622 million) are women, 32.5% (4 165 million) are youth and 7.85% (1 million) are people with disabilities.

The Agency had set some targets for the year under review that contribute towards the achievement of the NDP priority mentioned above. One of them, even though not achieved, related to having 580 000 children below the age of 1 receiving children's grants. It only managed to reach 544 237 children, marking 93.83% achievement rate. Northern Cape and Western Cape had the lowest numbers, 14 205 and 21 796, respectively.

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

SASSA through the Social Relief of Distress (SRD) programme contributes towards local economic development by awarding SRD rand value to cooperatives and SMMEs. Even though the target to award 30% (R117 million) of total SRD rand value through cooperatives and SMMEs was not achieved, SASSA managed to award 21.50% (84 million of R391 million).

With the introduction of the Special Covid 19 SRD grant, government aimed to provide income support to the unemployed 18-59 year olds (working age). SASSA was tasked to administer and pay the grant. For the year under review, it did not meet its target of processing 100% of the SRD grant. A total of 126 685 460 cumulative applications were received and 124 204 429 were processed, representing 98.04% of applications received. This figure included asylum seekers and special permit holders. SASSA reported that the 126 685 470 cumulative applications received, consisted of 10 000 663 for April 2021 and an additional 116 684 807 for August 2021 to March 2022. All COVID-19 Special Relief grant (R350) applications received by SASSA on a monthly basis, including existing, ones were considered as new and subjected to a verification process. This resulted in 126 685 470 cumulative applications received and 124 204 429 of those were processed. The target was therefore not achieved because applications that were referred for further investigation could not be finalized. On the finalized applications, SASSA paid 83 708 988 (97.61%) beneficiaries by the end of March 2022.

- **Improving efficiency in the delivery of services, addressing exclusions by identifying and reaching those who are entitled to the existing benefits of social protection, reducing the administrative bottlenecks that prevent people from accessing benefits.**

SASSA set 5 targets under this programme that contributes towards achievement of this priority. It set and achieved a target to interface with the Department of Labour and Employment (UIF), Government Pension Administration Agency (GPAA), NSFAS and the Department of Correctional Services to verify income means. For the year under review the focus was on signing Memorandum of Understanding (MOU's) with these institutions and sharing of the information that was used to validate Covid 19 SRD grants applications.

It also set and achieved a target to process 95% of new grant applications within 10 days. A total of 1 706 158 out of 1 740 896 applications were processed, marking 98.08% performance rate. It further set and achieved a target to resolve 90% of enquiries within 10 days. It resolved 551 430 out of 562 366 received enquiries, representing 98.06% achievement rate. It over achieved the target to resolve 60% of disputes within 14 days. It resolved 21 378 out of 22 649 disputes, representing 94.39% achievement rate. Most importantly, a target to monitor social grants payments on a monthly basis across all payment platforms was achieved. This was an important target as in the past there were a number of instances where beneficiaries were either not paid their grants, not paid in time or double payments were made to the same beneficiary.

To improve customer care to people with disabilities, the Agency achieved its target of reviewing its Disability Management Model. This is an important target because people with disabilities in most times feel marginalized and their needs not taken care off.

7.3 Human Resources

Vacancies

For the year under review SASSA had a vacancy rate of 58.7% (10 983 vacancies), which was based on the total posts on the establishment. This number included both funded and unfunded posts. SASSA planned to fill 247 vacant funded posts but managed to fill 192 posts representing 77% achievement. The highest vacancies at the Head Office were in Fraud and Compliance (77.5%), Strategy and Business Development (77.1%) and Chief Operations Management (73.3%). With regard to vacancies per occupational group, Skilled group had the highest vacancy rate of 64.6%, followed by Semi-Skilled at 56.3% then Top Management at 55.6%

Employment Equity (EE)

The Overall EE targets were not achieved due to reprioritisation of vacant funded positions and organizational reengineering. Disability targets were set at 3% of the total funded positions across occupational levels, the total current workforce is 7 742 inclusive of 188 employees with disabilities, which means 2.4% of the disability target was achieved during this reporting period.

8. THE NATIONAL DEVELOPMENT AGENCY (NDA)

MANDATE

The National Development Agency (NDA) is mandated to contribute towards the eradication of poverty through supporting civil society organisations (CSOs) by funding them to implement development projects in poor communities, as well as strengthening their institutional capacity. However, the triple challenges of poverty, inequality and unemployment continue to ravage South Africa; more so during the COVID-19 pandemic.

National Development Plan

The NDA, as a public entity, reporting to the Department of Social Development, has aligned its strategy to respond mainly to chapter 11 of the NDP on social protection. The NDP vision 2030 has a long-term perspective to eliminate poverty, reduce inequality and unemployment by 2030. The alignment is informed by the NDA mandate of contributing towards the eradication of poverty in poor communities.

Medium Term Strategic Framework (MTSF)

The NDA has adopted MTSF that focuses on civil society organisations in the most deprived and prioritised districts in South Africa, and its main contribution will be building capacity at these organisations. The strategy is based on the NDA integrating its work with the social development sector, municipalities, and other public and private agencies that work with communities and civil society organisations.

During the 2021/22, the NDA created 750 job opportunities, which were mainly accessed by the unemployed in the deprived communities. Furthermore, during this year, the NDA reported that caregivers were linked to economic opportunities and this increased their development prospects. This allowed children within the ECD centre to access ECD services that meets the norms and standards of the sector.

The NDA raised R54.5 million against an annual target of R20 million during 2021/2022 financial year. This was achieved, despite the poor economic challenges occasioned by the COVID-19 pandemic. This extra ordinary performance was achieved largely as a result of building beneficial partnerships with corporates such Harmony Gold, Anglo American (Kolomela and Assmang mine), as well the Eskom Foundation and the National Treasury.

Sustainable Development Goals

South Africa is a signatory to the United Nations (UN) Sustainable Development Goals (SDGs). The 2030 Agenda acknowledges that eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development. SDG1 aims at ending poverty in all its forms. Its seven associated targets aims, among others, to eradicate extreme poverty for all people everywhere, reduce at least by half the proportion of men, women and children of all ages living in poverty, implement nationally appropriate social protection systems and measures for all, and by 2030 achieve substantial coverage of the poor and the vulnerable.

The NDA priorities are aligned to the strategic objectives of the SDGs, especially in the area of grant funding for struggling CSOs. Such funding enables CSOs to implement poverty relief programmes. The NDA funded a total of 88 CSOs to the value of R13.3 million, from its own funding during the 2021/22 financial year, enabling CSOs to address poverty relief to the vulnerable and poor in society.

State of the Nation Address 2021

The NDA also contributes to the 2021 SONA priorities outlined earlier in the report. During 2021/22 financial year, the NDA successfully submitted a request for condonation of R98.8 million by National Treasury. This followed a vigorous process that started in the 2020/21 financial year and culminated in the subsequent removal of this historical irregular expenditure, during the year under review.

The NDA, through the DSD or CARA Victim Empowerment Programme, continued to disburse funds to CSOs involved in Gender-Based Violence and Femicide (GBVF) in order to continue services in communities. During 2021/22, R24.6 million was disbursed to CSOs participating in these programmes.

8.1 OVERVIEW OF FINANCIAL AND NON-FINANCIAL PERFORMANCE OF THE NATIONAL DEVELOPMENT AGENCY (NDA) 2021/2022 FINANCIAL YEAR

8.1.1 Financial Performance

Table 13: Appropriation statement

Programme R'000	2021/22			2020/21		
	Final Budget	Actual Spending	Under/Over spending	Final Budget	Actual Spending	Over/under spending
Governance and Administration	123 719	106 219	17 500	102 682	90 284	12 398
CSO Development	138 740	116 007	22 733	224 883	165 587	59 296
Research and Development	10 987	7 496	3 491	7 228	6 499	729
TOTAL	273 446	229 722	43 724	334 793	262 370	72 423

The NDA secured a final appropriation amounting to R273.5 million for 2021/22. Expenditure amounted to R229.7 million, resulting in under-expenditure of R43.7 million. Although overall expenditure for 2021/22 stands at 84%, it is a significant improvement from the 78.4% attained the previous year (2020/21). Spending for both the Governance and CSO Development programmes were in the mid 80%'s, while the Research and Development programme spent only 68.2% of its allocation – compared to 89.9% previously.

The CSO Development programme is critical in the fulfilment of the NDA primary mandate. This programme contributes directly to the NDP aspiration of eliminating poverty and reducing inequality by 2030. While its spending increased with 10% from the previous year, given its critical mandate, the attainment of 83.7% for 2021/22 requires closer monitoring.

Table 14: Statement of Financial Position as at 31 March 2022

	2021/22	2020/21
--	---------	---------

ASSETS

Current Assets	150,248,825	127 319,835
Non-current Assets	8,356,833	10,434,565
Total Assets	158,605,658	137,754,400
LIABILITIES		
Current Liabilities	79,118,916	104,133,616
Total Liabilities	79,118,916	104,133,616
Net Assets	79,486,742	33,620,784
Accumulated Surplus	79,486,742	33,620,784

There was a significant decrease in the entity's liabilities of R79.1 million (compared to R104.1 million previously). This was due to a decline in deferred income (or funds from third parties that remain unutilised by end of financial year) received by the entity. Deferred income for 2021/22 related to, amongst others, funds received from the DSD for CARA funding for CSO involved in GBVF (R26.8 million), COVID-19 stipends earned by learners for UIF before the March 2020 lockdown and thus unable to attend lectures for a 3-month period (R5 million), etc.

Current assets increased to R150.3 million from R127.3 million, in the previously financial year. The increase in current assets included cash and cash equivalents for funds already committed to projects, cash balances held on behalf of third parties (deferred income), and funds committed to the operations of the entity.

The NDA ended the 2020/21 financial year with an accumulated surplus of R79.4 million, compared to R33.6 million at the end of the previous financial year (Table 14 above).

Table 15: Statement of Financial Performance as at 31 March 2022

Revenue	2021/22	2020/21
Non-exchange revenue	270,803,243	271,102,295
Exchange revenue	4,775,364	6,361,209
Total revenue	275,578,607	277,463,504
EXPENDITURE		
Mandate expenses	(123,502,439)	(172,085,801)
Administration expenses	(106,219,184)	(90,283,907)
Total expenditure	(229,721,623)	(262,369,708)
Surplus (Deficit)	45,856,984	15,093,796

Revenue remained steady though revenue from exchange revenue declined from R6.4 million in 2020/21 to R4.8 million (approximately 25 percent year on year). Expenditure declined from R262.4 million to R229.7 million (approximately 12.4 percent). The decline in the entity's expenditure for the financial year related mainly to spending for training third parties (venue and related expenses, as well as UIF COVID-19 stipends for attendees). This resulted in the surplus growing from R15.1 million to R45.9 million; a threefold increase.

8.1.2 Non-financial performance

The NDA set itself a total of 12 targets in its APP 2021/22. It managed to fully achieve 10 targets (83%), while 2 (17%) targets were not achieved. The below section illustrates the NDA's target performance per programme for the 2021/22 financial year.

Programme 1: Governance and Administration

Table 16: Programme 1: Achievement of targets

Total targets set on Revised Annual Performance Plan (APP)	5
Total targets reflecting on the Annual Report	5
Targets achieved in Annual Report	3 (60% success rate)
Targets not achieved	2
Total budget spent	R 106.2 million

The NDA had set to achieve 5 targets under this Programme and managed to achieve 3 targets with an actual expenditure of R106.2 million during 2021/22 financial year. The two (2) performance targets that were not achieved under the programme during the year under review included:

- Achievement of 56.3% instead of 80% reduction in irregular, fruitless and wasteful expenditure.
- Development of integrated portal for CSOs. This activity again had to be delayed due to the expected impact of the turnaround strategy on NDA CSOs development programme and IT systems designs.

Despite the above-mentioned performance, the NDA managed to achieve three of the most important targets. These include:

- The NDA set itself a target of implementing 30% skills audit recommendations and exceeded this target by implementing 38%. This was due to availability of budget and human resources (HR) capacity to help.
- The NDA revised strategy was approved by the Interim Accounting Authority in line with the Turnaround Strategy.
- State and CSO Partnership Model was developed and approved by the Interim Accounting Authority.

Programme 2: CSO Development

Table 17: Programme 2: Achievement of targets

Total targets set on Revised Annual Performance Plan (APP)	4
Total targets reflecting on the Annual Report	4
Targets achieved in Annual Report	4 (100% success rate)
Targets not achieved	0
Total budget spent	R116. million

The programme had a good performance wherein all 4 targets were achieved or over achieved in 2021/22. Some of the important targets achieved:

- In terms of Resources Mobilisation NDA, managed to overachieved its planned target of raising R20 million by raising a total amount of R54.6 million. This has allowed the NDA to fund the CSOs' development interventions.
- The other important targets (which relate to the NDP) achieved include 750 (as opposed to 500 planned target) work opportunities created as a result of CSOs development interventions and 2558 (as opposed to 1800 planned target) CSOs capacitated to strengthen its institutional capacity.

Programme 3: Research and Development Management

Table 18: Programme 2: Achievement of targets

Total targets set on Revised Annual Performance Plan (APP)	3
Total targets reflecting on the Annual Report	3
Targets achieved in Annual Report	3 (100% success rate)

Targets not achieved	0
Total budget spent	R7.496 million

NDA achieved all targets set for this programme in 2021/22. Most importantly, the NDA completed three (3) research publications undertaken to provide a basis for development policy. The NDP affirms the importance of social cohesion in order for the country to achieve unity among its citizens.

8.3 Human Resources

The NDA has five divisions that implement both the primary and secondary mandates. These are:

- Development Management & Research,
- Finance,
- Office of the COO,
- Office of the CEO, and
- Corporate Services Support.

Table 19: Personnel cost by programme

Programme	Total spending for the entity (R'000)	Staff spend (R'000)	Staff spend as % of total spend	No. of staff	Average cost per staff member (R'000)
Governance and Administration	106 219	54 575	24%	64	853
CSO Development	116 007	71 959	31%	116	620
Research and Development Management	7 496	5 737	3%	7	820
TOTAL	229 722	132 271	58%	187	707 000

- Personnel spending constituted 58% of the overall NDA budget for 2021/22.
- Spending of personnel rated cost was R132.3 million in 2021/22.
- The entity employed about 187 staff members, the majority of which are located in the CSO Development programme (which also yields the lowest spending per employee- of all three programmes).
- The average cost per employee was highest in the Governance and Administration programme.

9. COMMITTEE OBSERVATIONS ON THE SOCIAL DEVELOPMENT PORTFOLIO

9.1. Department of Social Development

- **Financial performance:** The Committee noted with concern the drastic increase in irregular expenditure from R3. 046 million in 2020/2021 financial year to R14.7 million in 2021/2022 financial year. It wanted to know the reasons behind this sharp increase and how the Department aims to address this.

It also noted with concern the Auditor-General's concern on the financial viability of the Department due to its total liabilities exceeding its total assets. Meaning that the Department may not have enough cash to cover its liabilities. The Committee wanted to know if the Department has any concerns regarding its financial viability?

It also observed the drastic increase on spending or transfer to SASSA in the months of February and March 2022 for the administration and payment of social grants beneficiaries. In the prior months, total transfers ranged around R16 billion. For the months in question transfers increased to R29 billion. It wanted to know the reasons behind this sharp increase.

The Committee questioned the Department's expenditure of 99% even though it did not achieve all of its set targets in 4 of its programmes. Related to this, the Committee also questioned the shifting of funds from 4 Programmes to Programme 1 to fund the increased expenditure related to the increased payments for the Telkom Toll Free line and for the procurement of 276 laptops for the

social development employees. Programme 4 had the highest amount of R32.218 million shifted, despite it being core Programme of the Department. It wanted to know why the funds were not shifted from Households economic classification?

With regard to irregular, fruitless and wasteful expenditure due to non-compliance to the Public Finance Management Act (PFMA), the Committee felt strongly that the implicated employees should be named. It wanted to know the process involved in recovering the funds?

With regard to increase in irregular expenditure, the Department reported that it procured a batch of 276 laptops through a SITA transversal contract, SITA 2005-2015, which started in late 2020. This required a tender process to be followed since the amount was more than R1 million. Unfortunately, that transversal contract ended on the 30 April 2021 and the Department had already started with the procurement prior to the valid contract. The Department could only appoint a service provider in August 2021 due to the large number of laptops required to provide this requirement, when the contract had already expired. At the time of appointment there was a new SITA RFB 740 transversal contract. The AGSA classified the procurement as irregular due to the fact that at the time of appointment, the contract had already expired. As a result of the urgent procurement, the Department could not re-start the process based on the new transversal contract. AGSA has found this appointment as "Irregular Expenditure" since contract was awarded on an expired contract. All the laptops were received by the Department prior to the payment. There was no financial loss suffered by the Department as no expenditure was made for services not received

The Department is not worried about its financial viability as it is financially viable. The R15 billion overdraft was as a result of an instruction the Department was given to pay social grants a month earlier (30 March 2020) before the start of the 2021 financial year. It then had to pay from the overdraft. This was approved by National Treasury. This matter was about an accounting entry that needs to be corrected by National Treasury.

With regard to shifting of funds between programmes, the Department explained that according to National Treasury regulations the departments cannot shift funds from Households, Capital or Compensation of Employees economic classifications.

Pertaining to disjuncture between financial expenditure and achievement of targets, the Department explained that the majority of targets that were not met were policy related matters. Work was done and money was spent towards meeting those targets.

- **Consequence management:** The Committee reiterated its concern over the lack of consequence management for financial misconduct cases – irregular, wasteful and fruitless expenditure. This is a recurring audit finding over the past financial years. There have been no reports of arrests of implicated officials. The Committee wanted to know what the Department was doing to foster the culture of consequence management in the social development portfolio.
- **Auditor-General (AG) findings and recommendations:** The Committee wanted to know the number of AGSA's recommendations that were implemented and not implemented by the Department. In its future annual performance reports it should include responses to the findings of AGSA and recommendations. The Committee also wanted to know how many state officials were found to be doing business with the Department?

The Department reported that there were three (3) officials who did business with the state, one passed away.

NPO sector: The Committee raised a number of concerns regarding funding and compliance of the NPO sector to the Nonprofit Organisation Act (NPO Act). There is a large number of NPOs that are not complying. What monitoring and evaluation mechanism is in place to ensure that these NPOs do their work and spend the allocated funds on the services they are supposed to render. This is important considering the latest reports of NPOs involved in money laundering.

The Committee noted with concern that there was only 89% spending on Non-Profit Institutions economic classification and wanted to know reasons behind that. It also noted that R4 000 million was returned to National Treasury because of NPOs that were not funded. Funding of NPOs and their compliance require the Committee's serious oversight because they render essential services on behalf of the Department.

With regard to the Department's decision to withdraw funding of the non-compliant NPOs, the Committee felt that there is not enough focus on the impact of this decision. It wanted to know how does the Department make sure that the services these NPOs were rendering continue to be delivered?

The Committee noted the development of the NPO payment system to assist NPOs and Provinces to transfer funds in time but wanted to know if there is a mechanism in the system that prevents it from just being a tick box exercise. How does the Department make sure that quality work was done?

The Department explained that the issue of NPO compliance means that it registers all NPOs across government departments according to the NPO Act and it keeps a database. There are 256 212 registered NPOs and 148 000 of them are not in compliance. Ninety-two thousand (92 000) of them within the social service sector are not funded. Thirty thousand (30 000) NPOs are funded. The Act states in section 17 and 18 that NPOs are required to report to the Director at national DSD. They are given 30 days to respond to the Department in cases of non-compliance. The Department has been running an awareness campaign, "Know your status" to alert the NPOs on importance of compliance. There are 56 000 dormant NPOs (never reported) that will be deregistered.

NPOs are supposed to report on quarterly bases before they are funded. In the absence of the quarterly reports, the provincial department cannot transfer funds. The Department uses officials, such as Social Workers and Community Development Workers, to conduct site visits to the NPOs to verify that they do their work. Thus the Department conducts verification in two phases, when NPOs apply for funding they are verified to ascertain if they are registered or not and thereafter their compliance is monitored on a quarterly basis.

- **Performance information:** The Committee expressed a serious concern that Programme 4 did not achieve all of its set targets and wanted to know the reasons for that. The Committee pointed out that, it does not only conduct oversight over the performance of the Department through its committee meetings but also through its constituency work. Through the latter, Members always find that what is presented to the Committee is not what is happening on the ground. There is no impact of the implementation of programmes and services. The environment at the ground is quiet combustible and that concerns the Members. The Committee has also found that the provincial service desks are not functioning and wanted to know what interventions have been put in place to address this.

The Department explained that targets that were not achieved in Programme 4 were targets that were beyond the control of the sub-directorate. These were targets related to the Bills that depend on other organs of state. Targets linked to service delivery were all achieved. It however, acknowledged that what is on paper does not always become immediately evident on the ground. The Department needs to work on its impact assessment but in some instances it takes time for the impact to be realised.

- **ICT and technology:** There were significant investments that were made in 2020/21 on ICT and technology. The Committee wanted to know how much were these investments in rand value?
- **Vacancies:** The Committee sought clarity on the reported 23% vacancy rate in the annual report and by AGSA, whilst its argument is that the vacancy rate is at 8%. It further wanted know progress made in filling the vacant posts in senior management, which stands at 36%. It also wanted to know the reasons the timeframes that were given to the Committee previously to fill key vacant posts were not met.

The Department maintained that the vacancy rate is 8%. The position of Director-General was advertised and the recruitment process is underway. With the budget cuts the Department had to prioritise the filling of some of the vacant posts.

- **SRD grant payment:** The Committee sought clarity on the actual number of beneficiaries in receipt of the SRD grant. The Minister had previously reported that there were 7.2 million beneficiaries receiving the grant but the presentation reported on 10.9 million. The Committee also queried the R150 million worth of the SRD grant that was paid to people who were already in the employment of the Department of Basic Education. It wanted to know how this money was going to be recouped.

The Department reported that there were 7.2 million SRD grant beneficiaries and the target was to reach 10 million beneficiaries, however SASSA is in a better position to provide the accurate statistics.

- **Legislation and policies:** The Committee wanted to know the current status of the Victim Support Bill since the Department received feedback and recommendations from the Office of the Chief State Law Advisor (OCSLA) and if it will be finalised in 2023/2024 financial year. The Committee also wanted to know the current status of the Green Paper on Comprehensive Social Security and the reason it was withdrawn.

The Department explained that the finalisation of the Victim Support Bill was delayed because there was a lot of consultation that needed to be made. The Green Paper made some recommendation around introduction of mandatory contributions and this attracted a lot of controversy. This suggested that there was a lack of understanding on the intentions of the proposals. The Paper was then withdrawn in order to clarify the proposals made and the relationship between monetary contributions and taxes. The proposed National Social Development Fund will also have far reaching implications that also needed to be clarified. These are proposals that members of the public will need to be engaged on as some may be reluctant to make contributions due to their financial hardships.

- **Monitoring and evaluation and performance reporting:** The Committee questioned the report that the electronic monitoring and evaluation (M&E) system is a three (3) year process. This contradicts what the minister had previously told the Committee that she believed the Department needs a strong M&E system.

The Department explained that it has always had a monitoring and evaluation system. The new system provides real time electronic monitoring and is integrated with the provincial departments. This will result in a centralised database for real time reporting. The Department had to complete the business processes and consultations. The system was developed and from end of October 2022 it will be piloted in KwaZulu-Natal, Gauteng Province and Eastern Cape. It will be fully implemented by the end of 2022/2023 financial year.

- **Employment of Social Workers:** With the additional funding for social workers, the Committee wanted to know if there is a plan to make their employment permanent.
- **ECD:** The Committee queried the accuracy and true reflection of the reported 1.4 million children receiving ECD services especially that a number of ECDs closed down during Covid 19 lockdown and a number of children did not return.
- **Parliament oversight role:** The Committee noted with concern that there seems to be a lack of understanding or wilful ignorance by provincial officials, especially in the Western Cape, of the constitutional oversight role of Parliament. This was demonstrated by the failure to respond to queries or deliberate stonewalling. The Department was advised to address this with its provincial departments.
- **Central Drug Authority (CDA):** The Committee sought clarity on how the work of the CDA is reported?

The Department explained that the CDA is an independent body and reports to the Minister but submits its annual report to Parliament.

- **Updated database for SRD grant applications:** The Department has a responsibility to conduct oversight over its entities, is it going to oversee SASSA to ensure that it receives updated databases?

9.2 South African Social Security Agency

- **SRD grant:** The Committee asked various questions in relation to the SRD grant. They included use of smartphones to access the grant; outstanding appeals, backlog in the payment of the grant; short and long term interventions to address the backlog, lessons learnt in the implementation of the grant; recovery of monies paid to ineligible beneficiaries through the SRD grant; number of state officials who received the grant and delays experienced due to outdated databases and how this is going to be addressed.

SASSA explained that beneficiaries who do not have smartphones, their grants are deposited directly into their bank accounts and the vast majority choose this method. Those who do not have bank accounts, their social grants are paid through Postbank and can be withdrawn from the merchants.

With regard to public servant who benefitted from the SRD grant, SASSA explained that it follows a three-pronged approach - disciplinary actions, loss recovery and criminal prosecution. SASSA has contacted all the affected departments and requested them to institute loss recovery and institute disciplinary hearings. Thus for disciplinary hearings and loss recovery SASSA depends on the affected departments. A total of 628 cases were referred for criminal investigations because they had criminal elements. SASSA also works in partnership with the National Prosecuting Authority (NPA) and the South African Police Service (SAPS) to ensure successful prosecution.

SASSA has in recent years been meeting its target of processing 95% of social grant applications within five (5) days. The challenge has been migration to the new electronic system since Covid 19, particularly for SRD grant application processes. It has been facing challenges of delayed submission of the database by the Unemployment Insurance Fund (UIF). For instance, an updated database has not been forwarded since June 2022. This has caused delays in the payments for September month. SASSA has now taken a decision to continue using the existing UIF database for September payments, even though this may result in an audit query.

The challenge has been that there is no up to date and fully accurate record of UIF membership because some employers do not timeously update their employment records. The same applies with the Department of Home Affairs database on marital status of beneficiaries. Some of them do not inform the Department when they have divorced. However, it can be said that the databases are almost 95% accurate. This indicates that these databases cannot be fully accurate but SASSA will have to make the best use of the available data. To collect all the databases, make sure they are accurate and conduct verifications before the monthly payment of all grants, may lead to complete non-payment, because these processes take time. Similarly, it will also take time to pursue government employees who benefitted from SRD grant because they are in different departments and to take them through the court process will take time and cause congestion within the court system.

The key lesson learnt in the administration and payment of the SRD grant is that it is very difficult to build systems and have them running within a short period of time. If the SRD grant was to be extended again, it will be beneficial for SASSA to be given at least a 6 months' notice because it involves billions of money and entering into partnerships with stakeholders, such as banks.

- **Awareness initiatives around CSG Top Up:** The Committee wanted to know what awareness initiatives have been conducted to encourage caregivers to apply for this grant.

SASSA explained that the uptake on this grant is still slow because it is a new grant. Most regional offices have been conducting campaigns through radio stations and community leaders. SASSA is also using DSD and Department of Health records of orphaned children. SASSA is also looking at its own database to identify orphans living with relatives. It is also looking at working with the Department of Home Affairs.

- **Number of migrants and asylum seekers receiving grants:** The Committee made reference to recent report that 6 800 SASSA cards were found with foreigner nationals and wanted to know the number migrants and asylum seekers receiving social grants.

SASSA explained that normal social grants are not paid to migrants and asylum seekers but to refugees. There are 6 500 refugees in receipt of grants. It is only SRD grant that is available to asylum seekers and there are 15 300 asylum seekers receiving the grant. Their applications are processed the same way as South African citizens are processed. SASSA relies on the Department of Home Affairs to determine their legal status.

- **Increase in levels of fraud:** The Committee also asked some questions in relation to the high levels of fraud in the grants administration and payments. They related to progress report on the electronic fraud detector system and the number of fraud and corruption cases that were successfully resolved and referred to court for prosecution.

SASSA explained that South Africa has high levels of crime and so fraud will always be a problem for SASSA as it handles large amounts of money. It is up to it to build strong systems to deter it. The challenge is that the more security is put in place the more service delivery may be compromised or difficult for people to qualify. It will not always be feasible to subject people to all the fraud checks. There is always a need to find a balance

Before the fraud detection system could be procured SASSA needed to conduct a fraud pattern review and it found that fraud detection can be done through the in-house business intelligence system which has been very effective. For instance, 37 cases of fraud were detected in Eastern Cape. No external system was then procured.

- **Criminal charges against former employees:** The Committee wanted to know the reason criminal charges were not laid against former employees. SASSA reported that criminal charges are instituted when there are criminal elements involved and when SASSA suffered losses.
- **Underachievement on lease agreements:** The Committee raised a concern regarding this matter and wanted to know why SASSA not transfer all lease agreements to the Department Public Works and Infrastructure. It also wanted to know what monitoring measures are in place to better managed lease agreements.

SASSA explained that irregular expenditure as a result of expired lease agreements was from leases within its management. It has prioritized the procurement of leases, improving contract management issues, implementing the Immovable Property Acquisition Strategy and affording the Department of Public Works and Infrastructure time to finalise its procurement processes.

- **AGSA recommendations:** The Committee wanted to know the number of recommendations made AGSA for 2020/2021 financial year and how many were implemented.

SASSA reported that there were 71 recommendations made and 66 were finalised. Five (5) were still work in process and one (1) was for a long standing irregular expenditure. The challenge has been that some of the long standing cases are complex and it has taken time to investigate. For recommendations related to wasteful expenditure SASSA managed to implement 60% of them. Some cases are with the courts. There was also a delay in the getting an external service provider to review the internal audit unit as per the requirement. Bids for an external service provider were unresponsive and SASSA approached National Treasury to assist in obtaining an external service provider.

- **Foster culture of consequence management:** The Committee further wanted to know what has SASSA done to foster the culture of consequence management.

SASSA reported to that improve the turnaround time in finalising cases of financial misconduct it has implemented preventative measures. It has already started reviewing its Supply Chain Management (SCM) policy and procedure. It conducts pre-audit of tender awards and conducts training of employees on policies and procedures.

Also related to consequence management, the Committee wanted to know in relation to the long standing cases of irregular expenditure, the reason implicated employees were not suspended while investigations are ongoing.

SASSA reported that forensic investigation on the two long standing cases of irregular, cases involving R316 million and R74 million Material Irregularities (MIs), were at an advanced stage. The case of R316 million irregular expenditure is subjected to court procedures. Consequence management instituted will then depend on the outcome of the reports.

9.3 National Development Agency

- **Consequence management:** The Committee wanted to know action taken against implicated employees; AGSA finding that the NDA leadership did not sufficiently monitor the implementation of action plans to prevent the recurring non-compliance with SCM prescripts when procuring and what the NDA is doing to foster the culture of consequence management. It also raised a concern on the suspended employee who was reinstated without following proper procedures. It requested the NDA to provide with a detailed report on this matter.
- **Financial performance:** The Committee wanted to know the reasons the Gauteng DSD fund of R3.8 million was returned.

The NDA explained that the funds were made available by the Gauteng DSD for it to implement a farming programme. After the Service Level Agreement was signed there were challenges identified on the conditions attached to it and the province could not resolve some of the issues raised by the NDA. Some of the conditions would have made NDA found wanting in terms of adhering to its grand funding guidelines. An amicable agreement was then reached that the funds should be returned to the provincial department.

- **Labour relations matters:** The Committee sought clarity on the reported R5.9 million set aside for salary increases and bonuses.

The Agency explained that it budgets for salary increases and bonuses in accordance to National Treasury guidelines and negotiations with organised labour. Increase in staff costs was due to salary adjustments and filling of some vacancies. The R5.9 million was a provision for the payment of bonuses. However, because of the absence of the Board, staff performance assessments have not been finalised. Thus the amount is a provision should the Board approve the payment of bonuses.

- **List of CSOs that secured grant funding:** The Committee wanted to know the number of CSOs that received grant funding.

The Agency reported that it funded 88 CSOs in 2021/2022 – 25 in KwaZulu-Natal, 12 in Eastern Cape, 11 in Free State, 10 in Limpopo, 8 in North West, 6 in Mpumalanga, 5 in Western Cape and 5 in Gauteng.

- **Number of community members that received skills development:** The Committee also wanted to know the number of community members that received skills development.

The Agency reported that 558 community members were capacitated throughout the country. Training focused on project management, compliance to legislation, financial management.

- **Track of targets in provinces:** The Committee wanted to know how the NDA tracks implementation of targets in the provinces.

The NDA explained that provincial offices submit quarterly and annual reports. Officials from the national office also conduct site visits as well as quarterly review sessions.

- **Turnaround strategy:** The Committee wanted to know the latest progress in the implementation of the turnaround strategy.

The Agency reported that it had already started implementing it and its Annual Performance Plan (APP) included four (4) deliverables – reconfiguration of the NDA in line with business model and service delivery model, digital strategy of the NDA, pilot implementation of the turnaround strategy in 9 districts and a partnership strategy to seek common development programmes with stakeholders.

- **Implementation of AGSA recommendations:** The Committee wanted to know the number of recommendations made by AGSA and how many were implemented.

The Agency reported that it had received 38 recommendations in 2020/2021 financial year and management monitored their implementation. All the recommendations were implemented. For 2022/2023 financial year, the NDA had received 12 recommendations and they already had been implemented.

- **Investigations on financial mismanagement:** The Committee requested for a feedback on the status of investigations on financial misconduct cases.

The Agency reported that investigation related to financial misconduct on Unemployment Insurance Fund (UIF) case was completed and report was submitted. The investigation on financial misconduct on the Volunteer Programme was about to be concluded. If the investigations find any elements of criminalities, the cases will be referred to the law enforcement agencies. Non-criminal matters will be considered through internal policies such as recovery of financial losses, or through a disciplinary process.

- **Board appointment:** The Committee wanted to know how far the processes of appointing Chief Executive Officer and a board were. This issue is long outstanding and needs to be urgently finalized.

The Agency reported that the appointment of the board was almost at the concluding stage. Once the board is in place, recruitment for CEO will commence.

10. RECOMMENDATIONS

10.1 Department of Social Development

- The Minister should ensure that the Department during the 2022/2023 financial year strengthens its impact analysis of its policies, programmes and targets and reports on it on its quarterly and annual reports to Parliament. The reports should also outline a direct link on the impact of non-achievement of targets on service delivery (people on the ground).

- The Minister should also ensure that the Department during the 2022/2023 financial year strengthens its performance reporting controls across all five programmes, to ensure that all reported targets are verifiable.
- The Minister should also ensure that the Department from the 2022/2023 financial year going forward, incorporates its responses and/or implementation of the AGSA's findings and recommendations in its quarterly and annual performance reports.
- The Minister should also ensure that the Department during the 2022/2023 financial year addresses the Auditor-General's repeat findings on non-compliance with legislation on procurement and contract management.
- The Minister should ensure that the Department develops mechanisms to address the challenge of dependencies to other stakeholders that result in it not achieving some of the key targets, particularly those linked to the medium term strategic framework. These dependencies affect service delivery and compromise ethical governance and accountability.
- The Minister should also ensure that the Department implements the Committee's recommendation it made in 2019/2020 Budget Review and Recommendations Report (BRRR) that the long standing vacancies, particularly at senior management level are filled during the 2022/2023 financial year.
- The Minister should ensure that the Department trains and clearly communicates to provincial departments the constitutional oversight role of Parliament. It is important that queries or requests for information by Members of Parliament are responded to. Failure to do so implies dereliction of duty.
- The Minister should also ensure that the Department during the 2022/2023 financial year tables to Parliament its action plan on the employment of social workers and the Sector Strategy on the employment of social workers.
- The Minister should also ensure that the Department during the 2022/2023 financial year tables a report on financial misconduct cases and consequence management taken across the social development portfolio. The report should also include actions taken to recoup SRD grant monies paid to ineligible beneficiaries and any other consequence management taken. The report should further report on actions taken against all implicated officials who are still in the employment of the sector.

10.2 South African Social Security Agency (NDA)

- The Minister should ensure that SASSA during the 2022/2023 financial year explores the Committee's recommendation of engaging with the Department of Health to implement a registration system for children's grants at health care facilities as a possible solution to reaching all eligible children below the age of 1.
- The Minister should also ensure that the Department as part of its oversight role works with SASSA and engage with organs of state supplying SASSA with databases with the aim of ensuring that SASSA receives databases on time. This is to ensure that delays in the payment of the SRD grant are eliminated. This is particularly important as the Department is currently working on reforms towards development of a comprehensive social security, which includes introduction of the Basic Income Grant.
- Similarly, the Minister at an inter-ministerial level and the Department at an inter-departmental level should accelerate discussions on the development of an integrated database system to enable SASSA to obtain real time data needed for the processing and payment of social grants.
- The Minister should also ensure that at an inter-ministerial level discussions and decisions are prioritised on the recovery of monies paid through the SRD grant to ineligible state officials as well as consequence management to be taken.
- The Minister should also ensure that SASSA from the 2022/2023 financial year incorporates its responses and/or implementation of the AGSA's findings and recommendations in its quarterly and annual performance reports.
- The Minister should ensure that SASSA during the 2022/2023 financial year addresses the Auditor-General's repeat findings on non-compliance with legislation on procurement and contract management.
- The Minister should also ensure that SASSA during the 2022/2023 financial year tables in Parliament a detailed action plan to address fraud and corruption in the administration and payment of social grants.

10.3 National Development Agency (NDA)

- The Minister should ensure that the NDA from the 2022/2023 financial year incorporates its responses and/or implementation of the AGSA's findings and recommendations in its quarterly and annual performance reports.

- The Minister should also ensure that the NDA during the 2022/2023 financial year addresses the Auditor-General's repeat findings on non-compliance with legislation on procurement and contract management.
 - The Minister should also ensure that during the 2022/2023 the long standing appointments of the NDA board and the Chief Executive Office are finalized.
 - The Minister should also ensure that the NDA during the 2022/2023 financial year submits a report to Parliament on the reinstatement of a suspended official without following proper procedures.
-

Report to be considered