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SOUTH AFRICAN SOCIAL SECURITY AGENCY

ANNUAL REPORT 2017/18



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at the right time and place. NJALO!]*

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SOUTH AFRICAN SOCIAL SECURITY AGENCY

ANNUAL REPORT 2017/2018



Table of Contents

PART A: GENERAL INFORMATION

1.	SASSA's General Information	6
2.	List of Abbreviations/Acronyms	7
3.	Foreword by the Minister	8
4.	Chief Executive Officer's Overview	10
5.	Statement of Responsibility and Confirmation of Accuracy for the Annual Report	15
6.	Strategic Overview	16
6.1.	Vision	16
6.2.	Mission	16
6.3.	Values	16
6.4.	SASSA priorities	16
7.	Legislative and Other Mandates	16
8.	Organisational Structure	18

PART B: PERFORMANCE INFORMATION

1.	Auditor's Report: Predetermined Objectives	20
2.	Situational Analysis	20
2.1.	Service Delivery Environment	20
2.2.	Organisational Environment	22
2.3.	Key Policy Developments and Legislative Changes	22
2.4.	Strategic Outcome Oriented Goal	22
3.	Performance Information by Programme	23
3.1.	Programme 1: Administration	23
3.2.	Programme 2: Benefits Administration and Support	38
4.	Revenue Collection	52
4.1.	Capital Investment	52

PART C: GOVERNANCE

1. Introduction	54
2. Portfolio Committees	54
3. Executive Authority	55
4. Risk Management	55
5. Internal Control Unit	55
6. Internal Audit and Audit Committees	56
7. Compliance with Laws and Regulations	58
8. Fraud and Corruption	58
9. Minimising Conflict of Interest	58
10. Code of Conduct	59
11. Health, Safety and Environmental Issues	59
12. Audit Committee Report	59

PART D: HUMAN RESOURCE MANAGEMENT

1. Introduction	64
2. Human Resource (HR) Oversight Statistics	65

PART E: FINANCIALS STATEMENTS

1. Report of the External Auditor	72
2. Annual Financial Statements	80





List of Tables

Table 1:	Number of social grants by grant type	21
Table 2:	Social grant expenditure per grant type	21
Table 3:	Number of social grants by grant type and region as at 31 March 2018	22
Table 4:	Strategic objectives, performance indicators planned targets and actual achievements: Sub-programme 1.1 Executive Management	24
Table 5:	Strategic objectives, performance indicators planned targets and actual achievements: Sub-programme 1.2: Corporate Services	29
Table 6:	Strategic objectives, performance indicators planned targets and actual achievements: Sub-programme 1.3 Information and Communication Technology	32
Table 7:	Strategic objectives, performance indicators planned targets and actual achievements: Sub-programme 1.4: Financial Management	36
Table 8:	Strategy to overcome areas of under-performance: Programme 1 Administration	38
Table 9:	Linking performance with budgets: Programme 1 Administration	38

Table 10:	Strategic objectives, performance indicators planned targets and actual achievements: Programme 2: Benefits Administration and Support	39
Table 11:	Strategy to overcome areas of under-performance: Programme 2 Benefits Administration and Support	47
Table 12:	Linking performance with budgets: Programme 2 Benefits Administration and Support	52
Table 13:	Revenue collection	52
Table 14:	Portfolio and select committees engagements	54
Table 15:	Reports submitted to the Executive Authority	55
Table 16:	Relevant information on the Audit Committee members	57
Table 17:	Attendance of Audit Committee meetings	60
Table 18:	Personnel cost by programme	65
Table 19:	Personnel cost by location	65
Table 20:	Personnel cost by salary band	65
Table 21:	Performance rewards by salary band	66
Table 22:	Training costs by branch/region/Department	66
Table 23:	Employment and vacancies	67
Table 24:	Employment and vacancies by salary band	67
Table 25:	Employment changes by salary band	68
Table 26:	Reason for staff leaving	68
Table 27:	Labour relations: misconduct and disciplinary action	68
Table 28:	Equity target and Employment Equity (EE) status	69



PART A: GENERAL INFORMATION

1. SASSA'S GENERAL INFORMATION

The South African Social Security Agency (SASSA)

Physical address of Head Office

Head Office Address:

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501 Prodinsa Building

Cnr Steve Biko and Pretorius Streets

Pretoria

Postal Address of Head Office

Private Bag X55662

Arcadia

Pretoria

0083

Contact telephone numbers

Switch Board: 012 400 2000

Toll free: 0800 60 10 11

Email address: GrantEnquiries@sassa.gov.za

Website address: www.sassa.gov.za

External Auditors: Auditor-General South Africa (AGSA)

**Bankers: South African Reserve Bank (SARB) and
First National Bank (FNB)**



2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor-General of South Africa	LOIP	Local Office Improvement Plan
AFS	Annual Financial Statements	MANCO	Management Committee
AoD	Acknowledgement of Debt	M&E	Monitoring and Evaluation
APP	Annual Performance Plan	MIS	Management Information System
BAC	Bid Adjudication Committee	MISS	Minimum Information Security Standard
BI	Business Intelligence	MPSS	Minimum Physical Security Standard
CCMA	Commission for Conciliation, Mediation and Arbitration	MTEF	Medium-Term Expenditure Framework
CDG	Care Dependency Grant	MTSF	Medium-Term Strategic Framework
CEO	Chief Executive Officer	NACH	National Anti-Corruption Hotline
CFO	Chief Financial Officer	NPR	National Population Register
CIO	The Chief Information Officer	NSFAS	National Student Financial Aid Scheme
CPS	Cash Paymaster Services	OAG	Old Age Grant
CSG	Child Support Grant	OHSA	Occupational Health and Safety Act
DBE	Department of Basic Education	PMDS	Performance Management and Development System
DG	Disability Grant	PFMA	Public Finance Management Act
DHA	Department of Home Affairs	PSC	Public Service Commission
DSD	Department of Social Development	REM	Regional Executive Manager
EE	Employment Equity	RFP	Request for Proposal
ENE	Estimates of National Expenditure	RMC	Risk Management Committee
EPWP	Expanded Public Works Programme	SAPO	South African Post Office
EXCO	Executive Committee	SARS	South African Revenue Services
FCG	Foster Child Grant	SASSA	South African Social Security Agency
FMB	Financial Misconduct Board	SIU	Special Investigating Unit
GHS	General Households Survey	SCM	Supply Chain Management
GIA	Grant-in-Aid	SLA	Service Level Agreement
GRAP	Generally Recognised Accounting Practice	SOCPEN	Social Pensions System
HANIS	Home Affairs National Identification System	SRD	Social Relief of Distress
HCM	Human Capital Management	SSA	State Security Agency
HR	Human Resource	StatsSA	Statistics South Africa
IAM	Identity Access Management	ToR	Terms of Reference
ICROP	Integrated Community Outreach Programme	TR	Treasury Regulations
ICT	Information and Communication Technology	UNICEF	United Nation Children's Fund
IRM	Internal Reconsideration Mechanism	WVG	War Veteran Grant



Ms S Shabangu, MP
Minister of Social Development

3. FOREWORD BY THE MINISTER

The 2017/18 Annual Report reflects on strategies and plans that SASSA has implemented in response to directives and orders from the Constitutional Court. These were executed with the objective to remain true to our commitment of paying the right social grant, to the right person, at the right time and place. NJALO!. In the period under review, we have managed to ensure that there were no interruptions to social grants payment processes.

Work done in the period under review took place against the backdrop of the Constitutional Court Judgement of 17 March 2017, which effectively extended the declaration of the invalidity of the contract between SASSA and Cash Paymaster Services (CPS) for a period of 12 months from 1 April 2017 to 31 March 2018. The extension by the Court affirmed the constitutional mandate carried out by SASSA, within the parameters of Section 27 of the Constitution of the Republic of South Africa (Act 108 of 1996), which provides for

everyone the right to access social security, including the right to social assistance, if they are unable to support themselves and their dependents.

In the course of implementing the Constitutional Court orders, it was established that cash as a method of paying grant beneficiaries would not be entirely phased out by end of March 2018 – and these observations were reported to the Constitutional Court accordingly. The Constitutional Court considered our reports and extended the payment contract with CPS for cash beneficiaries from 01 April to 30 September 2018. During this period, SASSA will develop and fully implement a migration plan for all the cash beneficiaries to an alternative service provider.

There is consensus that in the past 24-years, the South African government has developed programmes to alleviate poverty and to improve livelihoods for the impoverished majority of its population. Amongst such programmes, the provision of social grants to the indigent has been the most effective avenue through which millions of beneficiaries received means for sustenance.

Successes of social grants disbursements to the infirm; to the aged and to indigent children have become models for government-driven poverty alleviation programme the world over. However, as the programme grew over time, there have been challenges to its systematic implementation which we acknowledge. Amongst others, these challenges include addressing the prevalence of fraud through ghost beneficiaries; system exploitation for private benefits and overall management of a programme so successful but not envisaged to reach its current size and value.

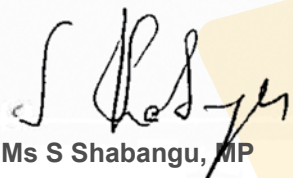
In the last few months as Minister of Social Development, I have learned valuable lessons– lessons which have enlightened me to the primacy of constant vigilance of the social grants payment efficiencies to ensure government provides certainty of uninterrupted social grants payment to the most vulnerable.

It is heart-warming to report that through the Inter-Ministerial Committee (IMC) on Comprehensive Social Security, under the chairpersonship of the Department of Planning, Monitoring and Evaluation, the government's desire has been realized. During the period under review, the IMC presided over government-to-government collaboration between SASSA and the South African Post Office (SAPO) for the payment of social grants.

By end of March 2018, the grants in payment increased by 1.8% compared to 2016/17 financial year. Child Support Grant remains the highest with more than 12, 5 million grants followed by the old age grant just above 3, 3 million.

The envisaged payments of social grants under SAPO is intended to restore much-needed dignity to all our people, free from illegal deductions that have exploited vulnerabilities of beneficiaries.

I wish to thank SASSA executives and their dedicated staff for their invaluable support of this critical government programme towards the fight against poverty.



Ms S Shabangu, MP

Minister of Social Development

31 August 2018



Mr Abraham Mahlangu
Acting Chief Executive Officer (CEO)

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

The South African Social Security Agency (SASSA) continues to fulfil its constitutional mandate of providing social assistance to the most vulnerable people and those who find themselves destitute. The 2017/2018 financial year was also characterised by a number of institutional challenges that threatened SASSA's ability to deliver the most needed income support to its beneficiaries, some of whom live far below the poverty line.

In spite of all the challenges, SASSA continued to administer and pay social grants to more than 17 million beneficiaries. It is with great pride that I report that a total of 2.1 million new grant applications were processed during the year under review, while 573 196 Social Relief of Distress (SRD) were awarded to the destitute at a cost of R546 million.

SASSA also continued with its endeavour to the delivery of quality services to current and potential beneficiaries. To this end, a number

of initiatives and projects were undertaken during the reporting period to improve its operational efficiencies and ensure value for money in the delivery of services.

SASSA previously experienced challenges with data management, as some of the beneficiary data was in the custody of a service provider. This had unintended consequences. To minimise this risk, SASSA successfully transferred beneficiary data from the service provider to SASSA to facilitate the phasing out of Cash Paymaster Services (CPS) as a service provider for grant payments. Furthermore, SASSA implemented data integration system through collaboration with external partners including other government departments and entities. This provided SASSA with access to the Persons Identification Verification System (PIVA) through the Integrated Justice System (IJS) to verify the identity of grant applicants. These efforts enabled SASSA to identify applicants who do not qualify for social grants, either because they are not South African citizens or they are already receiving State support through other means such as the Unemployment Insurance Fund (UIF).

In its quest to become more efficient in the management of social grants, SASSA collaborated with other departments to maximise its service offerings. The partnership between SASSA and the Departments of Basic Education and of Social Development as well as the National Student Financial Aid Scheme (NSFAS) through data exchange resulted in 14 177 social grant beneficiaries receiving NSFAS funding in 2017, while 34 051 were awaiting evaluation in 2018.

The 2017/18 financial year also presented an opportunity for SASSA to phase out the services of the CPS and commenced with the process to implement an in-house payment system in accordance with its legislative mandate. Activities of year took place against the backdrop of the Constitutional Court judgement of 17 March 2017, which extended the declaration of the invalidity of the contract between SASSA and Cash Paymaster Services for a period of 12 months to ensure continued payment of social grants to grant beneficiaries from 1 April 2017 to 31 March 2018.

It is worth mentioning that the 17 March 2017 court order came after the Annual Performance Plan (APP) was tabled in Parliament; a situation that required SASSA to table an addendum to the 2017/18 APP to cater for targets that specifically facilitated the implementation of the court order. The addendum was tabled to the

Portfolio Committee on Social Development. This report therefore reflects the performance of the Agency in line with both the APP and the addendum.

I am pleased to report that SASSA complied with the reporting requirements as per the court order, particularly on the steps that were taken to ensure that there was no interruption of the payment of social grants from 1 April 2018. SASSA was also able to achieve a number of milestones during the reporting period. The key milestone was the government-to-government collaboration between SASSA and the South African Post Office (SAPO) to pay social grants which resulted in the signing of a Protocol Agreement informed by the Inter-Governmental Relations Framework Act (Act 13 of 2005).

Furthermore, SASSA was successful in implementing the process of taking over certain services that were previously rendered by CPS. These services include effecting direct transfers to banked beneficiaries, implementation of the Regulation 26A deductions (funeral deductions) and the biometric enrolment of the staff and beneficiaries. The initial intention was to procure a solution to enable employees of SASSA to use biometrics to access key corporate systems as a fraud management mechanism. However, the need to take over the biometric enrolment function from CPS required SASSA to vary the contract and utilise the same system to do enrolment of beneficiaries during the application process. The procurement of the solution and training of staff was concluded during the reporting period while the implementation commenced in April 2018.

SASSA realised that it would not be able to finalise the procurement of a cash payment service provider by the end of March 2018, and therefore approached the Constitutional Court in February 2018 to request a further extension of the contract with CPS for the cash payment component of the contract that was expiring at the end of March 2018. The court issued its order on 23 March 2018, extending the declaration of the invalidity of the contract between SASSA and CPS for cash payment services only for a period of six months, ending on 30 September 2018.

SASSA's application to the court was based on the strength that the card life of the existing SASSA card had already been extended to function until 31 December 2018 and that over seven million beneficiaries were already using the national payment system, i.e. banks, automated teller machines (ATMs) and merchants to access their grants. The extension of the contract with CPS would therefore

cater for the beneficiaries who consistently received their grants in cash using biometric identification and were never issued with personal identification numbers (PINs).

The maintenance of critical governance structures within SASSA was instrumental in enhancing compliance to policies and applicable prescripts. The Bid Adjudication and Budget Advisory Committees were fully functional during the reporting period. The Audit Committee provided independent review and advice on governance, risk management and control. The leadership it provided to the Internal Audit and Risk Management function is worth mentioning.

It is unfortunate that SASSA received a qualified audit opinion for the period ended 31 March 2017. SASSA has, however identified all critical areas that led to this audit outcome and an Audit Action Plan was developed in line with the recommendations of the Auditor-General to remediate the shortcomings that led to the qualification.

SASSA'S FINANCIAL OVERVIEW

Economic viability

SASSA derives its revenue mainly from the funds appropriated from the National Revenue Fund through the Department of Social Development's Vote. Although SASSA's baseline has been reducing due to budget cuts implemented to fund other government priorities, the allocated budget has been apportioned in such a manner that SASSA is able to continue with its operations. During the period under review, SASSA was able to carry out its operations within the allocated budget.

FINANCIAL ANALYSIS FOR THE YEAR UNDER REVIEW

Revenue

The bulk of SASSA's revenue comes mainly from the transfers from the Department of Social Development's (DSD's) Vote. An insignificant portion of revenue comes from other sources such as the sale of waste paper, recovery of debts, skills development refunds, interest and disposal of assets and parking rental income. Transfers received for the period under review amounted to R7, 206,060,000.

Expenditure

In line with its constitutional mandate, SASSA continued with the administration and payment of social grants. The budget was structured to meet SASSA's operational requirements. To this end, 42% of the spending went towards compensation of employees, while 29% was spent on cash handling fees paid for the disbursement of social grant benefits and 29% went towards other operational requirements e.g. office accommodation, security services, cleaning services, etc.

Programme Expenditure

SASSA's budget is split between two programmes; namely, Administration and Benefits Administration. The Administration allocation amounts to R2,674,604,000 as compared to the R2,437,495,000 in the 2016/2017 year. This represented an increase of R237,109,000. The expenditure in this year amounted to R2,593,560,000.

The Benefits Administration programme's allocation amounted to R4,531,457,000 as compared to the R4,471,436,000 in the 2016/2017 financial year, with the expenditure totalling R4,623,433,000

IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Irregular Expenditure

SASSA has recorded R224,574,137 of irregular expenditure incurred during the 2017/18 year as well as identifying an amount of R190,444,771 of irregular expenditure relating to the prior year of which R150,055,158 was classified as possible irregular expenditure in the 2016/17 year. The closing balance for irregular expenditure for 2017/18 is R1,711,531,819.

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

- R316,447,361 paid to CPS for the bulk enrolment (re-registration) of additional social assistance grants beneficiaries (children and procurators). This amount was found by National Treasury to constitute irregular expenditure and was disclosed as such in the 2015/16 Annual Financial Statements. This transaction was the subject of a court process between CPS and Corruption Watch where Corruption Watch felt that SASSA should have not paid CPS this money. The Gauteng High Court

made judgement on 23 March 2018 that CPS should repay the money back to SASSA. CPS appealed the judgment but lost, however decided to petition the Supreme Court of Appeal for a leave to appeal. The request for condonation from National Treasury or the recovery process will be finalised once the verdict of the Supreme Court of Appeal on this matter is received and considered accordingly.

- R419,611,117 was spent on the extension of contracts for physical security services. The National Treasury found the extension of these contracts to constitute irregular expenditure. Of this irregular expenditure, a sum of R414,050,165 was disclosed in the 2015/16 Annual Financial Statements; R5,560,952 was paid in 2017/18 due to outstanding annual escalation adjustments and is recorded in the 2017/18 Annual Financial Statements. The matter was submitted to National Treasury for condonation and the engagement is not finalized.
- R358,973,557 relates to office accommodation leases. R223,466,398 was recorded in the 2015/16 Annual Financial Statements and was adjusted with R135,507,159 mainly relating to a Trifecta lease in the North West region, which was discovered during the reconciliation process. The expenditure largely relates to office accommodation leases payments recorded in the previous years. Some of these leases were ceded to the Agency by the Provincial DSD when SASSA was established during 2006/07 without a due diligence exercise being undertaken. The matter is still under consideration.
- R75,969,680 relates to a forensic investigation services contract. R74,521,041 relates to 2015/16 while R1,448,639 was reported in 2016/17 as irregular expenditure. The Accountant-General reviewed all stages of the procurement processes followed by the Agency in the appointment of a service provider for forensic investigations for a period of three years. This matter was also taken to court (Case no. 14708/15) by the aggrieved bidder and the court ruled that the contract was invalid but was not set aside. The matter is still under consideration.
- R43,242,143 was spent by SASSA in respect of services rendered by work streams appointed to assist SASSA to implement the Ministerial Advisory Committee Report. This was to ensure that SASSA insources grant payment services

accordingly. The request for condonation has been submitted to National Treasury and the matter is still being reviewed. The expenditure was reported in 2016/17 as irregular.

- R16,815,110 relates to the contract for Diagnostic Risk Assessment Heat Maps. The contract has been considered and reviewed by the Office of Accountant General at National Treasury and the assessment report is yet to be received from National Treasury. The matter has been reported since the 2015/16 as possible irregular expenditure and has since been reclassified as irregular.
- R278,717,752 relates to the Integrated Community Outreach Programme (ICROP) contract. The initial expenditure on this contract was previously recorded in 2016/17 financial year as possible irregular expenditure however has since been reclassified as irregular. The expenditure that was recorded as possible irregular in 2016/17 Annual Financial Statement was R115,922,034. In 2017/18, SASSA incurred R162,795,718 on this contract.
- R27,578,264 relates to extension of leases for office accommodation (due processes not followed).
- R18,891,376 relates to extension of an Information and Communication (ICT) contract for support and maintenance of ICT infrastructure (due processes not followed). The contract was previously recorded in 2016/17 financial year as possible irregular expenditure however has since been reclassified as irregular. The expenditure that was recorded as possible irregular in 2016/17 Annual Financial Statement was R17,318,014. The amount of R1,573,362 was incurred in the year under review.

Fruitless and Wasteful Expenditure

SASSA recorded a total amount of R277,577 for the year under review with a closing balance of R6,077,558. The material amount in the balance relates to cancelled Mikondzo event (R1.3 million) and VIP close protection services (R3.5 million) that was recorded in the previous years for which investigations were not yet concluded. Other cases relate to hotel-no shows, penalties and interest. These cases are investigated accordingly and all appropriate corrective steps are taken against third parties and any official responsible for incurring fruitless and wasteful expenditure. When taking disciplinary steps

in terms of section 51(1)(e)(iii) of the Public Finance Management Act (PFMA, Act 1 of 1999, as amended), the Agency takes into consideration the circumstances of the transgression, the extent of the expenditure involved and the nature and seriousness of the transgression.

Consequence Management

Due to repeated nature of some of the occurrences in the categories of irregular and fruitless and wasteful expenditure in the organisation, extraordinary measures are being put in place to deal with the scourge of non-compliance across the organisation in this regard.

Supply Chain Management

The Agency experienced some elements of non-compliance with supply chain management (SCM) prescripts; such expenditure was classified and recorded as irregular expenditure and dealt with through the Financial Misconduct Board in terms of section 83 of the PFMA (1999). The application of consequence management enforced compliance and also served as a deterrent.

Inventories

The closing balance for the year under review was R16,539,280 compared to R15,500,095 recorded in the previous year. This resulted in an increase of 6.2%.

The Agency continued to apply the First In-First-Out (FIFO) method when valuing inventory, in line with the Accounting Policy.

Discontinued activities or activities to be discontinued

No significant portion of the SASSA's operations was discontinued during the year under review instead the following functions were insourced:

Asset Management

Newly-acquired assets (additions and transfer in) of property, plant, equipment and intangible assets to the value of R103,259,820 were recorded in the Fixed Asset Register. SASSA has implemented the Generally Recognised Accounting Procedures (GRAP) standards relevant to the management and accounting of assets to ensure that assets are maintained to the desired level of service, whereby assets should provide value at the lowest cost. The internal controls were strengthened to ensure compliance with the Asset Management

Policy and the Treasury guidelines for the period under review. Lost and stolen assets were retired from the Fixed Assets Register in the period in which the loss occurred and accounted for in the correct accounting period. The asset register clean-up project was developed and implemented to ensure a credible asset register.

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

Opening Balances at carrying value	Additions and transfer in	Disposals	Depreciation and Amortisation	Total Value
R 858 257 883	R103 259 820	(R17 823 059)	(R121 898 923)	R821 795 721

I would like to take this opportunity to express my appreciation to the Minister and the Deputy Minister of Social Development as well as the Portfolio Committee on Social Development for their leadership and continued guidance of the Agency.

I would also like to express SASSA's sincere appreciation to the IMC on Social Security and the Constitutional Court appointed Panel of Experts for their guidance in the implementation of the court order.

Finally, I would also like to thank all the hardworking SASSA and Department of Planning, Monitoring and Evaluation (DPME) staff for their commitment in ensuring that SASSA pays the right social grant, to the right person, at the right time and place...NJALO!



Mr Abraham Mahlangu
Chief Executive Officer (Acting)
31 July 2018



5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

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

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

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

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


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

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

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

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2018.

Yours faithfully



Mr. A. Mahlangu

Chief Executive Officer (Acting)

31 July 2018

6. STRATEGIC OVERVIEW

6.1. VISION

A leader in the delivery of social security services.

6.2. MISSION

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

6.3. VALUES

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

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

6.4. SASSA PRIORITIES

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

- Reducing income poverty by providing social assistance to eligible individuals.
- Improving service delivery.
- Improving internal efficiency.
- Institutionalising social grants payment system within SASSA.

7. LEGISLATIVE AND OTHER MANDATES

7.1 CONSTITUTIONAL MANDATE

SASSA is a Schedule 3A Public Entity that was established in terms of the South African Social Security Agency Act (SASSA Act, Act 9 of 2004) in April 2006.

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

7.2 LEGISLATIVE MANDATES

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

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

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

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

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

1.3 POLICY MANDATES

White Paper on Social Development (1998)

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

National Development Plan 2030

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

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

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

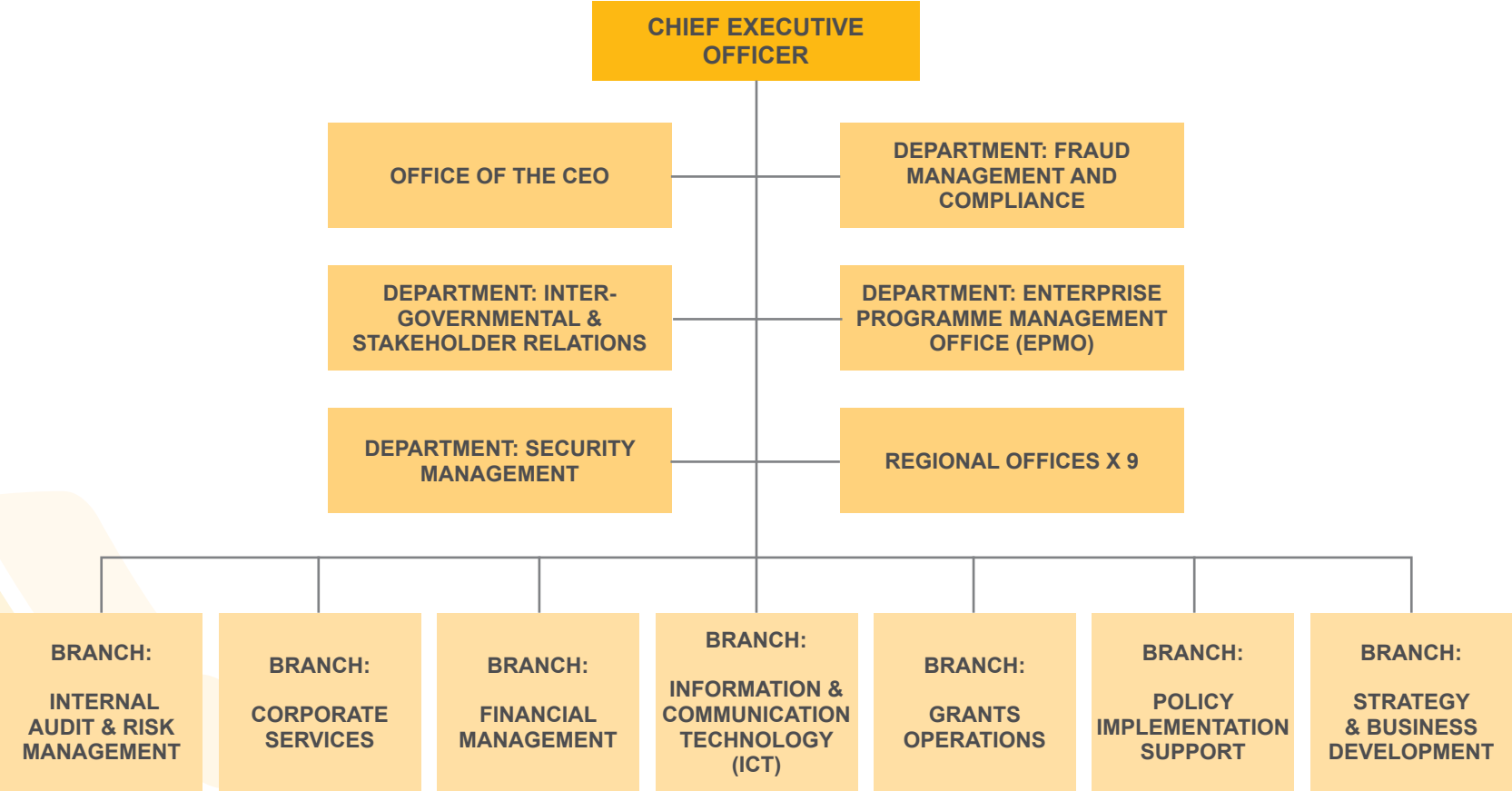


8. ORGANISATIONAL STRUCTURE



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SOUTH AFRICAN SOCIAL SECURITY AGENCY





PART B: PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 72 of the Report of the Auditors Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1. SERVICE DELIVERY ENVIRONMENT

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

South Africa's population was estimated at 56.52 million in 2017 (Statistics South Africa, 2017). The General Household Survey (GHS, 2016) reported that the percentage of individuals that benefited from social grants consistently increased from 12,7% in 2003 to 29,9% in 2016. Simultaneously, the percentage of households that received at least one grant increased from 29,9% to 44,8% in 2016. More than one-third of individuals in Eastern Cape (40,8%), Limpopo (37,6%), Northern Cape (37,1%) and KwaZulu-Natal (36,0%) were grant beneficiaries, compared to 16,9% in Gauteng and 22,0% in Western Cape. More than one-third of black African individuals (32,9%) received a social grant, compared to 27,2% of coloured individuals, 11,5% of Indian/Asian individuals and 6,2% of the white population.

South Africa has been experiencing persistent high levels of unemployment for long periods, which in the first quarter of 2017 was reported to be 26.5%. The unemployment levels have a direct

impact on the demand for the Child Support Grant and Social Relief of Distress (SRD) that grew by 1.38% and 26% respectively. By the end of March 2018, there were 17 509 995 social grants in payment, including the Grant-in-Aid. The number of social grants in payment grew by 1.80% from the previous financial year.

The demand for SRD has been increasing over the years. In response to the increasing challenges and demands, 573 196 SRD awards were made to individuals and households to rescue them from destitution, undue hardship and disasters. A total amount of R546 million was spent in 2017/18 financial year. The SRD awards were extended to also cover projects such as the Zero Hunger campaign in response to malnutrition challenges. *"Hidden Hunger in South Africa, Oxfam"* (2014) reported that one in four people in South Africa suffers hunger on a regular basis, while more than half the population live under such precarious circumstances that they are at risk of going hungry.

Although household access to food has improved since 2002, it has remained static since 2011. The Household Food Insecurity Access Scale which is aimed at determining households' access to food showed that the percentage of South African households with inadequate or severely inadequate access to food decreased from 23,9% in 2010 to 22,3% in 2016. According to the report, the extent of food insecurity in South Africa has dire long term consequences for both health and productive capacity of its citizens. Groups who are particularly vulnerable to food insecurity and hunger include the aged, people with disabilities, children, women, child or youth-headed households, farmworkers, seasonal workers and the unemployed. These vulnerable groups become the Government's responsibility and as such they impact the social security net.

While evidence demonstrated that SASSA was highly effective in targeting the poor for social assistance with a coverage rate of 90% of the eligible citizens, rated amongst the best coverage in the world, an estimated 1 million and less children excluded from financial assistance continues to be SASSA's priority.

Table 1 below depicts the uptake rates of different grant types in the last 12 years. Between April 2006 and March 2018, the total number of social grants increased from 12 015 059 to 17,509,995. The growth of social grants over this period amounted to 46%. This increase was mainly driven by the Child Support Grant, Old Age Grant and Grant-in-Aid which have shown significant upward trends over the years due to policy changes and improved outreach. The

War Veterans Grant and Disability Grant decreased steadily.

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

Table 3 below depicts the number of social grants by grant type and region as at 31 March 2018.

Table 1: Number of social grants by grant type

Grant type	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Old Age	2,195,018	2,229,550	2,390,543	2,546,657	2,678,554	2,750,857	2,873,197	2,969,933	3,086,851	3,194,087	3,302,202	3,423,337
War Veteran	2,340	1,924	1,500	1,216	958	753	587	429	326	245	176	134
Disability	1,422,808	1,408,456	1,286,883	1,264,477	1,200,898	1,198,131	1,164,192	1,120,419	1,112,663	1,085,541	1,067,176	1,061,866
Grant in Aid	31,918	37,343	46,069	53,237	58,413	66,493	73,719	83,059	113,087	137,806	164,349	192,091
Care Dependency	98,631	102,292	107,065	110,731	112,185	114,993	120,268	120,632	126,777	131,040	144,952	147,467
Foster Child	400,503	454,199	474,759	510,760	512,874	536,747	532,159	512,055	499,774	470,015	440,295	416,016
Child Support	7,863,841	8,189,975	8,765,354	9,570,287	10,371,950	10,927,731	11,341,988	11,125,946	11,703,165	11,972,900	12,081,375	12,269,084
Total	12,015,059	12,423,739	13,072,173	14,057,365	14,935,832	15,595,705	16,106,110	15,932,473	16,642,643	16,991,634	17,200,525	17,509,995
Annual Growth		3.40%	5.22%	7.54%	6.25%	4.42%	3.27%	-1.08%	4.46%	2.10%	1.23%	1.80%

Source: SOCPEN System

Table 2: Social grant expenditure per grant type

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

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

Source: SOCPEN System

Table 3: Number of social grants by grant type and region as at 31 March 2018

Region	OAG	WVG	DG	GIA	CDG	FCG	CSG	Total	% of total
EC	563,424	21	181,856	22,013	22,454	99,033	1,896,733	2,785,534	15.91%
FS	199,775	1	74,635	5,758	8,147	30,991	685,863	1,005,170	5.74%
GP	585,280	47	117,069	6,585	19,369	48,132	1,836,031	2,612,513	14.92%
KZN	680,826	15	235,297	56,314	39,518	83,525	2,791,870	3,887,365	22.20%
LP	462,498	3	96,020	44,496	15,436	46,341	1,812,522	2,477,316	14.15%
MP	249,651	3	78,251	16,162	11,345	30,351	1,086,592	1,472,355	8.41%
NC	86,409	3	50,369	10,715	6,004	12,880	309,034	475,414	2.72%
NW	256,415	2	73,535	11,110	10,047	33,094	844,394	1,228,597	7.02%
WC	339,059	39	154,834	18,938	15,147	31,669	1,006,045	1,565,731	8.94%
Total	3,423,337	134	1,061,866	192,091	147,467	416,016	12,269,084	17,509,995	100.00%
% total	19.55%	0.00%	6.06%	1.10%	0.84%	2.38%	70.07%	100.00%	

Source: SOCPEN System

2.2. ORGANISATIONAL ENVIRONMENT

SASSA's objectives, as published in the 2014/15 to 2018/19 Strategic Plans, remain unchanged. In its quest to successfully execute its mandate, certain critical positions were filled through movement of the existing senior managers. Due to the termination of the erstwhile Chief Executive Officer's (CEO's) tenure with SASSA; the CEO's position became vacant in July 2017. The Regional Executive Manager of KwaZulu-Natal was, with effect from 19 July 2017, appointed Acting CEO for the remainder of the financial year. Two Regional Executive positions, for the Eastern Cape and Mpumalanga regions, also became vacant during the financial year. The Executive Manager for the North West region, who was seconded to the Head Office in the course of the 2015/16 financial year for the purpose of leading the payment transition programme, continued to subsist to date; however acting arrangements for the said regions (KwaZulu-Natal, Eastern Cape, Mpumalanga and North West) were put in place to ensure continued service delivery.

It has been SASSA's endeavour to ensure that all key positions are filled even if it is by secondment and/or acting positions.

SASSA's budget structure for the 2017/18 financial year comprised two programmes, namely:

Programme 1: Administration

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

Programme 2: Benefits Administration and Support

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

2.3. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

There were no major policy and legislative changes effected in the 2017/18 financial year.

2.4. STRATEGIC OUTCOME ORIENTED GOAL

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

3. PERFORMANCE INFORMATION BY PROGRAMME

3.1. PROGRAMME 1: ADMINISTRATION

3.1.1 Purpose

To provide leadership, management and support services to SASSA.

3.1.2 Description

This programme aims to ensure effective leadership and administrative support services within SASSA.

The programme consists of the following sub-programmes:

- **Executive Management** - this sub-programme comprises the Office of the CEO and related support services including, Fraud and Compliance Management, Communication and Legal Services.
- **Internal Audit and Risk Management** - this sub-programme is responsible for the provision of internal audit assurance and risk management services.

- **Corporate Services** is mainly responsible for the provision of corporate support services to the entire organisation. It comprises Human Capital Management, Facilities Management, Security Services, and Auxiliary Support Services. In addition, the sub-programme is responsible for office accommodation, which ensures the provision and maintenance of suitable office space, lease administration and cleaning services.
- **Financial Management** - the sub-programme prepares financial plans and monitors national and regional budgets and expenditure. It is also responsible for the management of the Agency's accounting and procurement system.
- **Information and Communication Technology (ICT)** - this sub-programme ensures the development of ICT systems to support key business processes and effective utilisation of related solutions.
- **Strategy and Business Development**, is responsible for effective planning, improves operational efficiency, and oversees the implementation of policies through monitoring and evaluation as well as the development of new products.



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

Programme 1: Administration Sub-programme 1.1: Executive Management						
Strategic objective: To promote good governance in the management of the Agency						
No.	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
1.	Number of internal audit reviews conducted on high risk areas.	23 internal audit reviews conducted on high-risk areas.	30 internal audit reviews conducted on high risk areas.	<p>Not achieved.</p> <p>28 internal audit reviews were conducted on high risk areas. This represents 93% performance against the planned target.</p> <p>The focus areas were:</p> <ul style="list-style-type: none"> • 2016/17 Annual Performance Information Review. • 2016/17 Annual Financial Statements Audit Review. • WC Lease Management Audit Review. • Quarterly Performance Information Reviews for FS, NW and Head Office. • Grants SIU Debtors. • Asset Management. • Accounts Payable. • Lease Management for NW and FS. • ICT Business Solutions. • ICT Governance Review. • Irregular, fruitless and wasteful expenditure for KZN, EC and Head Office. • Financial Misconduct Board and Loss Control for KZN, EC and Head Office. • Software Management. • Anti-virus Management for NW, KZN and Head Office. • Travel Management for EC and KZN. • Subsistence and Travel for KZN, EC and NW. • Grant Debtors Management at Head Office. 	(2)	The variance is attributed to 2 regional audits which were conducted but could not be finalised pending management's comments and sign-off.

Programme 1: Administration																																																																										
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No.	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations																																																																				
2.	Number of fraud, theft and corruption awareness programmes conducted.	72 fraud, theft and corruption awareness programmes conducted. Performance breakdown <table><tr><th>Location</th><th>No. of awareness programmes conducted</th></tr><tr><td>EC</td><td>13</td></tr><tr><td>FS</td><td>7</td></tr><tr><td>GP</td><td>9</td></tr><tr><td>KZN</td><td>8</td></tr><tr><td>LP</td><td>3</td></tr><tr><td>MP</td><td>9</td></tr><tr><td>NC</td><td>6</td></tr><tr><td>NW</td><td>8</td></tr><tr><td>WC</td><td>7</td></tr><tr><td>HO</td><td>2</td></tr><tr><td>Total</td><td>72</td></tr></table>	Location	No. of awareness programmes conducted	EC	13	FS	7	GP	9	KZN	8	LP	3	MP	9	NC	6	NW	8	WC	7	HO	2	Total	72	72 fraud, theft and corruption awareness programmes conducted. Regional breakdown <table><tr><th>Location</th><th>Target</th></tr><tr><td>EC</td><td>8</td></tr><tr><td>FS</td><td>8</td></tr><tr><td>GP</td><td>8</td></tr><tr><td>KZN</td><td>8</td></tr><tr><td>LP</td><td>8</td></tr><tr><td>MP</td><td>8</td></tr><tr><td>NC</td><td>8</td></tr><tr><td>NW</td><td>8</td></tr><tr><td>WC</td><td>8</td></tr><tr><td>Total</td><td>72</td></tr></table>	Location	Target	EC	8	FS	8	GP	8	KZN	8	LP	8	MP	8	NC	8	NW	8	WC	8	Total	72	Achieved. 87 fraud, theft and corruption awareness programmes conducted across 9 regions. This represents 121% performance against planned target. Performance breakdown <table><tr><th>Location</th><th>No. of awareness programmes conducted</th></tr><tr><td>EC</td><td>11</td></tr><tr><td>FS</td><td>10</td></tr><tr><td>GP</td><td>11</td></tr><tr><td>KZN</td><td>8</td></tr><tr><td>LP</td><td>14</td></tr><tr><td>MP</td><td>10</td></tr><tr><td>NC</td><td>8</td></tr><tr><td>NW</td><td>8</td></tr><tr><td>WC</td><td>7</td></tr><tr><td>Total</td><td>87</td></tr></table>	Location	No. of awareness programmes conducted	EC	11	FS	10	GP	11	KZN	8	LP	14	MP	10	NC	8	NW	8	WC	7	Total	87	15	Additional awareness campaigns were conducted as per requests by regions.
Location	No. of awareness programmes conducted																																																																									
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Programme 1: Administration
Sub-programme 1.1: Executive Management
Strategic objective: To promote good governance in the management of the Agency

No.	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations																																																																																																
3.	Percentage of reported fraud, theft and corruption cases investigated.	<p>65% (262 of 405) of reported fraud, theft and corruption cases investigated within 90 days of receipt.</p> <p>Performance breakdown</p> <table><tr><th>Lo- ca- tion</th><th>Cases investi- gated</th><th>%</th></tr><tr><td>EC</td><td>36</td><td>72</td></tr><tr><td>FS</td><td>3</td><td>12</td></tr><tr><td>GP</td><td>53</td><td>76</td></tr><tr><td>KZN</td><td>80</td><td>78</td></tr><tr><td>LP</td><td>13</td><td>65</td></tr><tr><td>MP</td><td>17</td><td>45</td></tr><tr><td>NC</td><td>3</td><td>38</td></tr><tr><td>NW</td><td>11</td><td>42</td></tr><tr><td>WC</td><td>46</td><td>73</td></tr><tr><td>HO</td><td>-</td><td>-</td></tr><tr><td>Total</td><td>262</td><td>65</td></tr></table>	Lo- ca- tion	Cases investi- gated	%	EC	36	72	FS	3	12	GP	53	76	KZN	80	78	LP	13	65	MP	17	45	NC	3	38	NW	11	42	WC	46	73	HO	-	-	Total	262	65	<p>70% of reported fraud, theft and corruption cases investigated.</p> <p>Target breakdown</p> <table><tr><th>Location</th><th>Received cases</th></tr><tr><td>HO</td><td>5</td></tr><tr><td>EC</td><td>47</td></tr><tr><td>FS</td><td>32</td></tr><tr><td>GP</td><td>96</td></tr><tr><td>KZN</td><td>22</td></tr><tr><td>LP</td><td>39</td></tr><tr><td>MP</td><td>54</td></tr><tr><td>NC</td><td>60</td></tr><tr><td>NW</td><td>32</td></tr><tr><td>WC</td><td>59</td></tr><tr><td>Total</td><td>446</td></tr></table>	Location	Received cases	HO	5	EC	47	FS	32	GP	96	KZN	22	LP	39	MP	54	NC	60	NW	32	WC	59	Total	446	<p>Achieved.</p> <p>88% (393 of 446) of reported fraud, theft and corruption cases investigated.</p> <p>Performance breakdown</p> <table><tr><th>Location</th><th>Cases investigated</th><th>%</th></tr><tr><td>HO</td><td>4</td><td>80</td></tr><tr><td>EC</td><td>40</td><td>85</td></tr><tr><td>FS</td><td>28</td><td>88</td></tr><tr><td>GP</td><td>63</td><td>66</td></tr><tr><td>KZN</td><td>22</td><td>100</td></tr><tr><td>LP</td><td>39</td><td>100</td></tr><tr><td>MP</td><td>54</td><td>100</td></tr><tr><td>NC</td><td>57</td><td>95</td></tr><tr><td>NW</td><td>31</td><td>97</td></tr><tr><td>WC</td><td>55</td><td>93</td></tr><tr><td>Total</td><td>393</td><td>88</td></tr></table> <p>Majority of the cases involved were:</p> <p>CSG: allegations dominated by non-disclosure of income by beneficiaries.</p> <p>OAG: allegations dominated by fraudulent Identity Documents (IDs) implicating both foreign nationals and South Africans.</p> <p>DG: allegations involve continuous receipt of Temporary Disability Grants without following due renewal processes; and Disability Grants issued to people with no disabilities.</p>	Location	Cases investigated	%	HO	4	80	EC	40	85	FS	28	88	GP	63	66	KZN	22	100	LP	39	100	MP	54	100	NC	57	95	NW	31	97	WC	55	93	Total	393	88	18%	Overachievement is attributed to additional resources sourced through establishment of project teams.
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4.	Percentage of fraud, theft and corruption cases investigated (backlog).	81% (933 of 1 147) of fraud, theft and corruption cases investigated (backlog).	100% of fraud, theft and corruption cases investigated (backlog).	Not achieved. 93% (317 of 341) of fraud, theft and corruption cases investigated (backlog).	(7%)	Most backlog cases consist of syndicate cases which take a long time to finalise due to the complexity of these cases.																																																																																																
		Performance breakdown	Target breakdown	Performance breakdown																																																																																																		
		<table><tr><th>Lo-ca-tion</th><th>Cases inves-tigated</th><th>%</th></tr><tr><td>HO</td><td>-</td><td>-</td></tr><tr><td>EC</td><td>45</td><td>63</td></tr><tr><td>FS</td><td>68</td><td>73</td></tr><tr><td>GP</td><td>81</td><td>76</td></tr><tr><td>KZN</td><td>630</td><td>88</td></tr><tr><td>LP</td><td>9</td><td>150</td></tr><tr><td>MP</td><td>22</td><td>88</td></tr><tr><td>NC</td><td>8</td><td>73</td></tr><tr><td>NW</td><td>38</td><td>83</td></tr><tr><td>WC</td><td>32</td><td>80</td></tr><tr><td>Total</td><td>933</td><td>81</td></tr></table>	Lo-ca-tion	Cases inves-tigated			%	HO	-	-	EC	45	63	FS	68	73	GP	81	76	KZN	630	88	LP	9	150	MP	22	88	NC	8	73	NW	38	83	WC	32	80	Total	933	81	<table><tr><th>Location</th><th>Backlog</th></tr><tr><td>HO</td><td>28</td></tr><tr><td>EC</td><td>64</td></tr><tr><td>FS</td><td>34</td></tr><tr><td>GP</td><td>35</td></tr><tr><td>KZN</td><td>131</td></tr><tr><td>LP</td><td>0</td></tr><tr><td>MP</td><td>9</td></tr><tr><td>NC</td><td>10</td></tr><tr><td>NW</td><td>12</td></tr><tr><td>WC</td><td>18</td></tr><tr><td>Total</td><td>341</td></tr></table>	Location	Backlog	HO	28	EC	64	FS	34	GP	35	KZN	131	LP	0	MP	9	NC	10	NW	12	WC	18	Total	341	<table><tr><th>Location</th><th>Cases investigated</th><th>%</th></tr><tr><td>HO</td><td>16</td><td>57</td></tr><tr><td>EC</td><td>63</td><td>98</td></tr><tr><td>FS</td><td>35</td><td>103</td></tr><tr><td>GP</td><td>24</td><td>69</td></tr><tr><td>KZN</td><td>132</td><td>101</td></tr><tr><td>LP</td><td>0</td><td>-</td></tr><tr><td>MP</td><td>9</td><td>100</td></tr><tr><td>NC</td><td>11</td><td>110</td></tr><tr><td>NW</td><td>9</td><td>75</td></tr><tr><td>WC</td><td>18</td><td>100</td></tr><tr><td>Total</td><td>317</td><td>93</td></tr></table>	Location	Cases investigated	%	HO	16	57	EC	63	98	FS	35	103	GP	24	69	KZN	132	101	LP	0	-	MP	9	100	NC	11	110	NW	9	75	WC	18	100	Total	317	93
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Total	317	93																																																																																																				
<i>FS, KZN and NC finalised more cases than planned, this was as a result of the following:</i>																																																																																																						
<ul style="list-style-type: none">• Transferred case from WC to KZN region.• Re-opened and finalised cases by FS and NC.																																																																																																						
SASSA reported 101 cases to Law Enforcement Agencies; majority of the referred cases were related to SRD, syndicates and money lenders.																																																																																																						

Programme 1: Administration
Sub-programme 1.1: Executive Management
Strategic objective: To promote good governance in the management of the Agency

No.	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
5.	An updated Strategic Risk Register maintained. (Head Office)	*	An updated Strategic Risk Register maintained (Head Office).	Achieved. A Strategic Risk Assessment was conducted. The assessment involves risk identification, rating and development of mitigation plans. Strategic Risk Mitigation Action Plan progress reports were produced and submitted to National Treasury on a quarterly basis together with performance Information.	None.	None.
6.	An updated Operational Risk Register maintained (Head Office)	*	An updated Operational Risk Register maintained (Head Office).	Not achieved. Operational risk assessments for the following branches were completed: <ul style="list-style-type: none">• ICT.• Fraud and Compliance.• Corporate Services.• Communication and Marketing.• Internal Audit & Risk Management.• Grants Administration. Partially completed assessments: <ul style="list-style-type: none">• Financial Management.• Strategy & Business Development. Operational Risk Mitigation Action Plan progress reports produced for the following branches: <ul style="list-style-type: none">• Grant Administration.• ICT.• Communication and Marketing.• Fraud Management and Compliance.	Two branches could not complete their risk assessments thus affecting the reporting cycle.	Risk management is a continuous process and the outstanding assessments will be prioritised in the 2018/19 financial year.

* Indicator/target did not exist in 2016/17

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

Programme 1: Administration						
Sub-programme 1.2: Corporate Services						
Strategic objective: To provide human capital management, facilities and auxiliary services						
No.	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
1.	HR Plan reviewed (focusing on the payment systems).	HR Plan was reviewed to accommodate the outcome of the capacity model on enrollment function within the grant process.	HR Plan reviewed (focusing on the revised grant value chain).	<p>Achieved.</p> <p>The HR Plan was reviewed and approved by the Acting CEO.</p> <p>The review aimed at determining the staffing capacity to address service delivery with regard to biometrics and enrolments.</p> <p>The review focused on:</p> <ul style="list-style-type: none"> • Business-processes based on steps in the biometrics were conducted. • Time and motion studies were undertaken to determine standard times for each activity in the enrolment and issuing of SASSA cards. • Norms and standards were developed for each activity in biometrics. • Organisational structures for 9 regions were developed. 	None.	None.
2.	Capacity model reviewed (focusing on the payment systems).	<p>Capacity model was reviewed.</p> <p>The model looked at the enrolment function as it is currently done; including card issuance, maintenance as well as biometrics. Based on these transactions, capacity requirements to perform the enrolment function within the grant process are estimated at 640 staff across the country.</p>	Capacity model reviewed (focusing on the revised grant value chain).	<p>Achieved.</p> <p>The capacity model was reviewed and approved by the Acting CEO.</p> <p>The capacity model was reviewed to determine the number of posts/staff required at each Local Office based on the standardised and improved business processes.</p>	None.	None.

Programme 1: Administration
Sub-programme 1.2: Corporate Services
Strategic objective: To provide human capital management, facilities and auxiliary services

No.	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations																																														
3.	Percentage of funded posts filled.	<p>96% of funded posts filled.</p> <ul style="list-style-type: none">Funded posts as at 1 April: = 8 943 (8 460 filled posts + 483 vacant funded posts).Filled posts as at 31 March 2017: = 8 544 <p>8 544/ 8 943 = 96%.</p> <p>Performance Breakdown</p> <table><tr><th>Location</th><th>% of vacant funded posts filled</th></tr><tr><td>EC</td><td>94</td></tr><tr><td>FS</td><td>97</td></tr><tr><td>GP</td><td>96</td></tr><tr><td>KZN</td><td>98</td></tr><tr><td>LP</td><td>94</td></tr><tr><td>MP</td><td>96</td></tr><tr><td>NC</td><td>97</td></tr><tr><td>NW</td><td>99</td></tr><tr><td>WC</td><td>93</td></tr><tr><td>HO</td><td>92</td></tr><tr><td>Total</td><td>96</td></tr></table> <p>In addition, there are 805 contract workers comprising Expanded Public Works Programme (EPWP) workers (496), interns (60), and other contracts (249). This brings the total number of employees to 9 349 at the end of March 2017.</p>	Location	% of vacant funded posts filled	EC	94	FS	97	GP	96	KZN	98	LP	94	MP	96	NC	97	NW	99	WC	93	HO	92	Total	96	95% of funded posts filled.	<p>Achieved.</p> <p>95% of funded posts filled.</p> <p>Funded posts as at 1 April 2017: = 8 845 (8 558 filled posts + 287 vacant funded posts). Filled posts as at 31 March 2018 = 8 403.</p> <p>8 403 / 8 845 = 95%</p> <p>Performance breakdown</p> <table><tr><th>Location</th><th>% of vacant funded posts filled</th></tr><tr><td>EC</td><td>95</td></tr><tr><td>FS</td><td>96</td></tr><tr><td>GP</td><td>96</td></tr><tr><td>KZN</td><td>95</td></tr><tr><td>LP</td><td>97</td></tr><tr><td>MP</td><td>96</td></tr><tr><td>NC</td><td>97</td></tr><tr><td>NW</td><td>94</td></tr><tr><td>WC</td><td>93</td></tr><tr><td>HO</td><td>88</td></tr></table> <p>In addition, there were 397 contract workers comprising of EPWP workers (182), interns (39), and other contracts (176). This brings the total number of employees to 8 800 at the end of March 2018.</p>	Location	% of vacant funded posts filled	EC	95	FS	96	GP	96	KZN	95	LP	97	MP	96	NC	97	NW	94	WC	93	HO	88	None.	None.
Location	% of vacant funded posts filled																																																			
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Programme 1: Administration						
Sub-programme 1.2: Corporate Services						
Strategic objective: To provide human capital management, facilities and auxiliary services						
No.	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
4.	Automated and Digitised Grants Administration System implemented.	Co-sourcing of registries (beneficiary record management centres) for 5 regions (NW, WC, GP, KZN and FS) concluded. This includes conclusion of contracts and migration of beneficiary files.	Co-sourcing for 3 regions concluded.	<p>Achieved.</p> <p>Co-sourcing of registries (beneficiary record management centres) for MP, LP and NC regions was concluded. This includes</p> <ul style="list-style-type: none"> • Refurbishment of office space. • Appointment of a security service provider for the premises and warehouse. • Appointment of a cleaning and sanitation service provider. • Files transferred from regions to the new warehouses. 	None.	None.

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

Programme 1: Administration Sub-programme 1.3: Information and Communication Technology (ICT)						
Strategic objective: Effective ICT operations						
No.	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
1.	Biometric Solution for users and beneficiaries procured and implemented.	Terms of Reference were concluded. The Request for Proposal (RFP) was advertised.	Biometric solution for users procured and implemented.	<p>Not achieved.</p> <p>Biometric solution -Identity Access Management (IAM) for users procured and configured.</p> <p>72 SOCPEN users were enrolled.</p> <p>In line with the Constitutional Court ruling, biometric enrolment for beneficiaries was prioritised and the following work was undertaken:</p> <p>IAM solution contract was varied to accommodate the development of beneficiaries' biometric enrolment.</p> <p>Biometric enrolment of beneficiaries was piloted in 4 Local Offices namely, Mount Fletcher, Worcester, Tonga and Manguzi.</p> <p>1 290 officials were trained on beneficiaries' biometric enrolment system.</p>	Biometric access for user implementation could not be completed.	Biometric enrolment for beneficiaries was brought forward to 2017/18 from the initial plan to align with the payment transition.
2.	Fraud, Risk & Cyber Assurance solution acquired and implemented.	*	Implementation of the Governance Risk and Compliance Solution.	<p>Not achieved.</p> <p>Business case for ICT Governance Framework developed.</p> <p>TOR for procurement was finalised.</p>	Governance Risk and Compliance Solution not procured and implemented.	SASSA decided to first consider the capability of existing Audit Compliance software (ACL tool) to deal with the requirements for governance, risk and compliance in the Enterprise Resource Plan. There will be further engagements to explore the possibility of expanding the tool to also address other matters.

* Indicator/target did not exist in 2016/17

Programme 1: Administration						
Sub-programme 1.3: Information and Communication Technology (ICT)						
Strategic objective: Effective ICT operations						
No.	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
3.	SASSA network connectivity infrastructure upgraded from 1MB to 4MB for Local and District Offices and 4MB to 8 MB for Records Centres, Head Office and Regional Offices.	Mpumalanga registry and Eastern Cape regional office were upgraded.	SASSA network connectivity infrastructure upgraded (Head Office, Regional Offices; Records Centres, District Offices and 50 Local Offices).	<p>Not achieved.</p> <p>SASSA network connectivity infrastructure was upgraded for the following offices:</p> <ul style="list-style-type: none"> • Head Office - from 4MB to 20MB. • 9 Regional Offices – from 2MB to 10MB. • 9 Records Centres – from 1MB to 4MB. • 5 District Offices from 512KB to 4MB. • 12 Local Offices from 512KB to 2MB and 1 from 512KB to 1.54MB. <p>In addition, 3G connectivity infrastructure was rolled out to the following fixed offices to ensure connectivity is provided to enable grant application processes:</p> <ul style="list-style-type: none"> • 10 offices – LP. • 5 offices – NC. • 5 offices – NW. • 1 office – GP. • 1 office – EC. 	41 District Offices and 38 Local Offices were not upgraded.	<p>This project is dependent on a number of external parties, namely; Telkom, landlords and municipalities. Therefore, the timelines for the approval wayleave, request of occupation and the digging of trenches cannot be guaranteed. The lead time of 60 to 90 days by Telkom could not be honoured; lead times for the reporting period exceeded 90 days.</p> <p>Project is prioritised in the 2018/19 MTEF period.</p>

Programme 1: Administration**Sub-programme 1.3: Information and Communication Technology (ICT)****Strategic objective: Effective ICT operations**

No.	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
4.	Business data service integrated.	*	Data service solution procured and implemented.	<p>Achieved.</p> <p>Data integration was implemented through collaboration with external parties who also provided infrastructure.</p> <p>SASSA is using the Persons Identification Verification System (PIVA) through the Integrated Justice System (IJS) to verify the identity of staff and grant applicants.</p> <p>In addition, data exchanges between SASSA and the Departments of Basic Education and of Social Development as well as the NSFAS were implemented, resulting in 14 177 social grant beneficiaries receiving NSFAS funding in 2017 and 34 051 were awaiting evaluation in 2018.</p>	None.	None.
5.	Automated and digitised Grants Administration System implemented.	<p>The back scanning solution was implemented in 4 regions (NW, LP, WC and NC).</p> <p>At the end of the financial year, work had commenced in 3 other regions (GP, KZN and MP) and shall be completed in April 2017.</p>	Back scanning solution implemented in 6 regional records centres.	<p>Achieved.</p> <p>Back scanning solution has been implemented in five regional records centres (GP, KZN, MP, FS and EC).</p> <p>The back scanning solution in the NC region was implemented prior to the start of the financial year.</p> <p>464 308 files were scanned by 31 March 2018.</p>	None.	None.

* Indicator/target did not exist in 2016/17

Programme 1: Administration						
Sub-programme 1.3: Information and Communication Technology (ICT)						
Strategic objective: Effective ICT operations						
No.	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
5.	Automated and digitised Grants Administration System implemented.	The solution was built and tested in two Local Offices in the WC.	Ongoing scanning implemented in 50 Local Offices.	Not achieved. Ongoing scanning solution was tested in four Local Offices in Gauteng. All Regional Management Center officials trained in all regions.	Ongoing scanning not implemented in 50 Local Offices.	The SASSA network connectivity infrastructure upgrade is a pre-requisite for the implementation of the ongoing scanning solution. The non-realisation of the network connectivity upgrade has affected this target. The solution will be rolled out once capacity of the local offices has been built.
		The Grants Administration reporting solution was developed and implemented.	Enterprise Business Intelligence Solution implemented in all branches (Finance, Corporate Services, ICT, Strategy and Business Development).	Achieved. Enterprise Business Intelligence Solution implemented in branches: Finance, Corporate Services and ICT.	Strategy and Business Development solution was not developed because it does not have a transactional/ source system from which the BI system can pull data.	Strategy is the custodian of reporting for SASSA. The branch will be the main user of the system in terms of refining information and reporting on behalf of the SASSA.
		Web-interface solution was not procured and implemented.	Web-interface solution procured and configured.	Achieved. Integrated Grants Payment System was procured and configured by South African Post Office (SAPO) as part of the agreement between SAPO/ SASSA for the Transition Payment Project.	None.	SASSA had to align the solution to the Transition Project for the overall insourcing of payment of grants through government-to-government collaboration with SAPO to avoid duplication.

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

Programme 1: Administration Sub-programme 1.4: Financial Management						
Strategic objective: Effective Financial Management						
No.	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
1.	Unqualified audit outcome achieved.	SASSA received an unqualified audit outcome for the 2015/16 financial year.	Unqualified audit outcome achieved.	<p>Not achieved.</p> <p>Annual Financial Statements for the 2016/17 financial year were developed and presented to the AGSA on 31 May 2017 for audit purposes. Financial statements were presented fairly in all respects with no material misstatements. However, SASSA received a qualified audit outcome for the 2016/17 financial year.</p>	<p>The basis of the qualification was related to irregular expenditure – AGSA found that SASSA did not have an adequate system for identifying irregular expenditure resulting from procurement and contract management and there were no satisfactory alternative procedures that AGSA could perform to obtain reasonable assurance that all irregular expenditure had been properly recorded.</p>	<p>SASSA management developed and implemented an Audit Action Plan to respond to the 2016/17 audit factual findings.</p>

Programme 1: Administration																																																																																																									
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2.	Percentage of eligible suppliers paid within 30 days.	96% of (4 603 of 4 781) eligible suppliers paid within 30 days. Performance breakdown <table><tr><th>Location</th><th>Suppliers</th><th>Within 30 days</th><th>>30</th></tr><tr><td>HO</td><td>387</td><td>367</td><td>20</td></tr><tr><td>EC</td><td>710</td><td>705</td><td>5</td></tr><tr><td>FS</td><td>326</td><td>314</td><td>12</td></tr><tr><td>GP</td><td>346</td><td>333</td><td>13</td></tr><tr><td>KZN</td><td>739</td><td>739</td><td>-</td></tr><tr><td>LP</td><td>490</td><td>480</td><td>10</td></tr><tr><td>MP</td><td>401</td><td>397</td><td>4</td></tr><tr><td>NC</td><td>384</td><td>370</td><td>14</td></tr><tr><td>NW</td><td>503</td><td>442</td><td>61</td></tr><tr><td>WC</td><td>495</td><td>456</td><td>39</td></tr><tr><td>Total</td><td>4 781</td><td>4 603</td><td>178</td></tr></table>				Location	Suppliers	Within 30 days	>30	HO	387	367	20	EC	710	705	5	FS	326	314	12	GP	346	333	13	KZN	739	739	-	LP	490	480	10	MP	401	397	4	NC	384	370	14	NW	503	442	61	WC	495	456	39	Total	4 781	4 603	178	100% eligible suppliers paid within 30 days.	Achieved. 99.82% (3 948 of 3 955) suppliers were paid within 30 days. Performance breakdown <table><tr><th>Location</th><th>Suppliers</th><th>Within 30 days</th><th>>30</th></tr><tr><td>HO</td><td>291</td><td>290</td><td>1</td></tr><tr><td>EC</td><td>543</td><td>543</td><td>0</td></tr><tr><td>FS</td><td>285</td><td>285</td><td>0</td></tr><tr><td>GP</td><td>395</td><td>392</td><td>3</td></tr><tr><td>KZN</td><td>546</td><td>546</td><td>0</td></tr><tr><td>LP</td><td>437</td><td>437</td><td>0</td></tr><tr><td>MP</td><td>397</td><td>397</td><td>0</td></tr><tr><td>NC</td><td>284</td><td>282</td><td>2</td></tr><tr><td>NW</td><td>368</td><td>368</td><td>0</td></tr><tr><td>WC</td><td>409</td><td>408</td><td>1</td></tr><tr><td>Total</td><td>3 955</td><td>3 948</td><td>7</td></tr></table>	Location	Suppliers	Within 30 days	>30	HO	291	290	1	EC	543	543	0	FS	285	285	0	GP	395	392	3	KZN	546	546	0	LP	437	437	0	MP	397	397	0	NC	284	282	2	NW	368	368	0	WC	409	408	1	Total	3 955	3 948	7	(0.18).	None.
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WC	409	408	1																																																																																																						
Total	3 955	3 948	7																																																																																																						
3.	Percentage of social assistance debts recovered and/or written off.	2% of social assistance recovered to the value of R12 907 916.43. (Debt book =R814 359 863.19 Value of 5% target =R40 717 993.16). Performance breakdown <table><tr><th>Loca- tion</th><th>Debt Book (R)</th><th>Amount collected including write off (R)</th><th>%</th></tr><tr><td>EC</td><td>265,621,364.67</td><td>3,939,176.85</td><td>1</td></tr><tr><td>FS</td><td>8,580,868.14</td><td>748,766.33</td><td>9</td></tr><tr><td>GP</td><td>21,035,667.95</td><td>910,575.19</td><td>4</td></tr><tr><td>KZN</td><td>480,900,726.65</td><td>2,717,112.43</td><td>1</td></tr><tr><td>LP</td><td>16,081,650.57</td><td>2,094,866.62</td><td>13</td></tr><tr><td>MP</td><td>5,220,808.30</td><td>697,467.31</td><td>13</td></tr><tr><td>NC</td><td>3,796,691.36</td><td>511,333.68</td><td>13</td></tr><tr><td>NW</td><td>7,334,051.65</td><td>1,069,190.52</td><td>15</td></tr><tr><td>WC</td><td>5,788,033.90</td><td>219,427.50</td><td>4</td></tr><tr><td>Total</td><td>814,359,863.19</td><td>12,907,916.43</td><td>2</td></tr></table>				Loca- tion	Debt Book (R)	Amount collected including write off (R)	%	EC	265,621,364.67	3,939,176.85	1	FS	8,580,868.14	748,766.33	9	GP	21,035,667.95	910,575.19	4	KZN	480,900,726.65	2,717,112.43	1	LP	16,081,650.57	2,094,866.62	13	MP	5,220,808.30	697,467.31	13	NC	3,796,691.36	511,333.68	13	NW	7,334,051.65	1,069,190.52	15	WC	5,788,033.90	219,427.50	4	Total	814,359,863.19	12,907,916.43	2	5% of social assistance debts recovered.	Achieved. 40% (R392,825,115.35 of R 970,768,143.94) of social assistance debts were recovered and written off. A total amount of R13,957,782.39 was recovered (1%) and R378,867,332.96 (39%) representing write offs for three financial years, namely 2015/16, 2016/17 and 2017/18. Performance breakdown <table><tr><th>Loca- tion</th><th>Debt Book (R)</th><th>Amount collect- ed including write off (R)</th><th>%</th></tr><tr><td>EC</td><td>283,366,271.47</td><td>197,679,954.04</td><td>70</td></tr><tr><td>FS</td><td>11,348,561.67</td><td>4,097,511.97</td><td>36</td></tr><tr><td>GP</td><td>24,421,905.14</td><td>7,593,979.25</td><td>31</td></tr><tr><td>KZN</td><td>599,963,012.88</td><td>166,627,059.96</td><td>28</td></tr><tr><td>LP</td><td>18,965,411.67</td><td>4,251,722.57</td><td>22</td></tr><tr><td>MP</td><td>7,378,926.34</td><td>2,037,092.24</td><td>28</td></tr><tr><td>NC</td><td>5,889,721.80</td><td>1,556,856.24</td><td>26</td></tr><tr><td>NW</td><td>7,721,230.19</td><td>1,674,337.54</td><td>22</td></tr><tr><td>WC</td><td>11,713,102.78</td><td>7,306,601.54</td><td>62</td></tr><tr><td>Total</td><td>970,768,143.94</td><td>392,825,115.35</td><td>40</td></tr></table>	Loca- tion	Debt Book (R)	Amount collect- ed including write off (R)	%	EC	283,366,271.47	197,679,954.04	70	FS	11,348,561.67	4,097,511.97	36	GP	24,421,905.14	7,593,979.25	31	KZN	599,963,012.88	166,627,059.96	28	LP	18,965,411.67	4,251,722.57	22	MP	7,378,926.34	2,037,092.24	28	NC	5,889,721.80	1,556,856.24	26	NW	7,721,230.19	1,674,337.54	22	WC	11,713,102.78	7,306,601.54	62	Total	970,768,143.94	392,825,115.35	40	35%.	The over achievement of 35% was as a result of ap- proval granted for write-offs of three financial years, name- ly 2015/16, 2016/17 and 2017/18.								
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Table 8: Strategy to overcome areas of under-performance: Programme 1 Administration

Target	Strategy 2018/2019
30 internal audit reviews conducted on high risk areas.	Outstanding reviews will be finalised in the first quarter of 2018/19 financial year.
100% of fraud, theft and corruption cases investigated (backlog).	Establish intervention teams to accelerate investigations of syndicate cases.
An updated Operational Risk Register maintained (Head Office).	Outstanding risk assessments and progress reports will be prioritised in the 2018/19 financial year.
Biometric solution for users procured and implemented.	Biometric solution was procured and configured - however, due to reprioritisation of beneficiaries' biometric enrollment to support payment transition, implementation could not be fully realised and has been prioritised for 2018/19 financial year.
Implementation of the Governance Risk and Compliance Solution.	Possibilities of expanding existing Audit Compliance software (ACL tool) tool to also address other matters including Governance Risk and Compliance Solution will be explored.
SASSA network connectivity infrastructure upgraded (Head Office, Regional Offices; Records Centres).	SASSA network connectivity infrastructure upgrade is prioritised in the 2018/19 Medium-Term Expenditure Framework (MTEF) plan.
Ongoing scanning implemented in 50 Local Offices.	The solution will be rolled out once capacity of the local offices has been built.
Unqualified audit outcome achieved.	Intensify implementation of the Audit Action Plan, including strengthening internal controls.

Changes to planned targets

None.

Table 9: Linking performance with budgets: Programme 1 Administration

Programme/ activity/ objective	2016/17			2017/18		
	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	2,437,495	2,582,891	(145,396)	2,674,604	2, 593,560	81,044
Total	2,437,495	2,582,891	(145,396)	2,674,604	2, 593,560	81,044

3.2. PROGRAMME 2: BENEFITS ADMINISTRATION AND SUPPORT

3.2.1 Purpose

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

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

3.2.2 Description

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

- Application Management: screening and attesting of each applicant, the enrolment of the applicant on the system, the

actual capturing and verification of the application on the system and quality assurance.

- Payment Management: the processing of payments, actual payments to beneficiaries and the reconciliation of payments. It should be noted that part of this function was outsourced to a third party, namely CPS. The in-house unit's responsibility is primarily the management of the Service Level Agreement between SASSA and the service provider. The function is further responsible for designation of pay point infrastructure.
- Beneficiary Maintenance Management: responsible for the life certification as well as the maintenance of the beneficiary data including grant reviews.
- Policy Implementation Support includes development of systems and procedures, training and management business systems that support the grant administration process.
- Customer Care is responsible for promoting a customer-centric service offering to clients. It further ensures the deployment of interventions to ensure access to services by clients, especially in the most remote areas of the country as well as ensuring the provision of information to all SASSA's stakeholders

Table 10: Strategic objectives, performance indicators, planned targets and actual achievements:
Programme 2: Benefits Administration and Support
Sub-programme 2.1: Benefits Administration

Programme 2: Benefits Administration and Support																																																		
Strategic objective: To improve the effectiveness and efficiency of the administration of the social assistance programme																																																		
No.	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations																																												
1.	Number of new social grant applications processed.	2 062 453 new social grant applications processed. This represents 147% achievement against the annual target. Performance breakdown <table><tr><th>Location</th><th>No of new social grant applications were processed.</th></tr><tr><td>EC</td><td>272 867</td></tr><tr><td>FS</td><td>129 753</td></tr><tr><td>GP</td><td>326 811</td></tr><tr><td>KZN</td><td>437 446</td></tr><tr><td>LP</td><td>252 399</td></tr><tr><td>MP</td><td>165 298</td></tr><tr><td>NC</td><td>82 814</td></tr><tr><td>NW</td><td>161 163</td></tr><tr><td>WC</td><td>233 902</td></tr><tr><td>Total</td><td>2 062 453</td></tr></table>	Location	No of new social grant applications were processed.	EC	272 867	FS	129 753	GP	326 811	KZN	437 446	LP	252 399	MP	165 298	NC	82 814	NW	161 163	WC	233 902	Total	2 062 453	1 512 000.	Achieved. 2 130 731 new social grant applications processed. This represents 141% achievement against the annual target. Performance breakdown <table><tr><th>Location</th><th>No of new social grant applications were processed.</th></tr><tr><td>EC</td><td>279 191</td></tr><tr><td>FS</td><td>132 958</td></tr><tr><td>GP</td><td>344 674</td></tr><tr><td>KZN</td><td>445 368</td></tr><tr><td>LP</td><td>259 658</td></tr><tr><td>MP</td><td>176 813</td></tr><tr><td>NC</td><td>83 947</td></tr><tr><td>NW</td><td>163 746</td></tr><tr><td>WC</td><td>244 376</td></tr><tr><td>Total</td><td>2 130 731</td></tr></table>	Location	No of new social grant applications were processed.	EC	279 191	FS	132 958	GP	344 674	KZN	445 368	LP	259 658	MP	176 813	NC	83 947	NW	163 746	WC	244 376	Total	2 130 731	618 731	Awareness campaigns conducted regarding eligibility contributed to overachievement of the target. The high levels of poverty and unemployment contributed to the increased demand for applications for social grants.
Location	No of new social grant applications were processed.																																																	
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Programme 2: Benefits Administration and Support
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No.	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations																																																																		
2.	Number of grants in payment including Grant-in-Aid.	17 200 525 social assistance benefits were in payment as at end of financial year. This represents 98% achievement. Performance breakdown <table><tr><th>Location</th><th>No. of social grants in payment including Grant-in-Aid</th></tr><tr><td>EC</td><td>2 754 621</td></tr><tr><td>FS</td><td>989 959</td></tr><tr><td>GP</td><td>2 513 193</td></tr><tr><td>KZN</td><td>3 878 217</td></tr><tr><td>LP</td><td>2 426 212</td></tr><tr><td>MP</td><td>1 438 779</td></tr><tr><td>NC</td><td>465 908</td></tr><tr><td>NW</td><td>1 209 657</td></tr><tr><td>WC</td><td>1 523 979</td></tr><tr><td>Total</td><td>17 200 525</td></tr></table>	Location	No. of social grants in payment including Grant-in-Aid	EC	2 754 621	FS	989 959	GP	2 513 193	KZN	3 878 217	LP	2 426 212	MP	1 438 779	NC	465 908	NW	1 209 657	WC	1 523 979	Total	17 200 525	17 523 737. Regional breakdown <table><tr><th>Location</th><th>Target</th></tr><tr><td>EC</td><td>2 774 935</td></tr><tr><td>FS</td><td>1 007 128</td></tr><tr><td>GP</td><td>2 559 124</td></tr><tr><td>KZN</td><td>3 985 761</td></tr><tr><td>LP</td><td>2 465 276</td></tr><tr><td>MP</td><td>1 466 436</td></tr><tr><td>NC</td><td>1 234 779</td></tr><tr><td>NW</td><td>476 768</td></tr><tr><td>WC</td><td>1 553 530</td></tr><tr><td>Total</td><td>17 523 737</td></tr></table>	Location	Target	EC	2 774 935	FS	1 007 128	GP	2 559 124	KZN	3 985 761	LP	2 465 276	MP	1 466 436	NC	1 234 779	NW	476 768	WC	1 553 530	Total	17 523 737	Not achieved. 17 509 995 social grants in payment, including Grant-in-Aid. This represents 99.92% achievement against the annual target. Performance breakdown <table><tr><th>Location</th><th>No. of social grants in payment including Grant-in-Aid</th></tr><tr><td>EC</td><td>2 785 534</td></tr><tr><td>FS</td><td>1 005 170</td></tr><tr><td>GP</td><td>2 612 513</td></tr><tr><td>KZN</td><td>3 887 365</td></tr><tr><td>LP</td><td>2 477 316</td></tr><tr><td>MP</td><td>1 472 355</td></tr><tr><td>NC</td><td>475 414</td></tr><tr><td>NW</td><td>1 228 597</td></tr><tr><td>WC</td><td>1 565 731</td></tr><tr><td>Total</td><td>17 509 995</td></tr></table>	Location	No. of social grants in payment including Grant-in-Aid	EC	2 785 534	FS	1 005 170	GP	2 612 513	KZN	3 887 365	LP	2 477 316	MP	1 472 355	NC	475 414	NW	1 228 597	WC	1 565 731	Total	17 509 995	(13 742)	Attrition (deaths, cancellation of grants) and lapsing of temporary awarded grants contributed to non- achievement of this target. However, it should be noted that a variance of 5% is accepted internationally when assessing achievements against projections.
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No.	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations																																																																		
3.	Number of Social Relief of Distress (SRD) applications awarded.	<p>461 750 SRD applications awarded. This represents 115% achievement against the target.</p> <p>Performance breakdown</p> <table><tr><th>Location</th><th>No. of SRD applications awarded</th></tr><tr><td>EC</td><td>83 027</td></tr><tr><td>FS</td><td>30 943</td></tr><tr><td>GP</td><td>65 276</td></tr><tr><td>KZN</td><td>78 857</td></tr><tr><td>LP</td><td>90 043</td></tr><tr><td>MP</td><td>38 088</td></tr><tr><td>NC</td><td>20 132</td></tr><tr><td>NW</td><td>32 872</td></tr><tr><td>WC</td><td>22 512</td></tr><tr><td>Total</td><td>461 750</td></tr></table> <p>The SRD awards were in a form of:</p> <ul style="list-style-type: none">• food parcels – 265 208.• school uniform – 128 304.• cash awards – 10 296.• voucher – 56 847.• other – 1 095. <p>The total expenditure - R587 million.</p>	Location	No. of SRD applications awarded	EC	83 027	FS	30 943	GP	65 276	KZN	78 857	LP	90 043	MP	38 088	NC	20 132	NW	32 872	WC	22 512	Total	461 750	<p>500 000 SRD applications awarded.</p> <p>Regional breakdown</p> <table><tr><th>Location</th><th>Target</th></tr><tr><td>EC</td><td>80 000</td></tr><tr><td>FS</td><td>30 000</td></tr><tr><td>GP</td><td>75 000</td></tr><tr><td>KZN</td><td>110 000</td></tr><tr><td>LP</td><td>70 000</td></tr><tr><td>MP</td><td>40 000</td></tr><tr><td>NC</td><td>15 000</td></tr><tr><td>NW</td><td>35 000</td></tr><tr><td>WC</td><td>45 000</td></tr><tr><td>Total</td><td>500 000</td></tr></table>	Location	Target	EC	80 000	FS	30 000	GP	75 000	KZN	110 000	LP	70 000	MP	40 000	NC	15 000	NW	35 000	WC	45 000	Total	500 000	<p>Achieved.</p> <p>573 196 SRD applications awarded. This represents 115% achievement against the target.</p> <p>Performance breakdown</p> <table><tr><th>Location</th><th>No. of SRD applications awarded</th></tr><tr><td>EC</td><td>92 493</td></tr><tr><td>FS</td><td>40 000</td></tr><tr><td>GP</td><td>90 281</td></tr><tr><td>KZN</td><td>99 111</td></tr><tr><td>LP</td><td>96 374</td></tr><tr><td>MP</td><td>46 610</td></tr><tr><td>NC</td><td>35 867</td></tr><tr><td>NW</td><td>34 122</td></tr><tr><td>WC</td><td>38 338</td></tr><tr><td>Total</td><td>573 196</td></tr></table> <p>The SRD awards were in a form of:</p> <ul style="list-style-type: none">• Cash - 10 596.• Food parcels – 341 852.• School uniform – 70 558.• Vouchers – 149 400.• Other – 790. <p>The total expenditure - R546 million.</p>	Location	No. of SRD applications awarded	EC	92 493	FS	40 000	GP	90 281	KZN	99 111	LP	96 374	MP	46 610	NC	35 867	NW	34 122	WC	38 338	Total	573 196	73 196	<p>SRD is driven by needs. The over-achievement is as a result of depressed socio-economic conditions, increased levels of poverty and unemployment in local areas which led to applicants meeting the qualifying criteria.</p> <p>The implementation of the Zero Hunger project in response to malnutrition challenges, close monitoring of the programme including adherence to revised spending plans played a significant role.</p> <p>Improved collaboration with key stakeholders such as DSD, Education, Health, Municipalities, and Early Childhood Development contributed towards the over-achievement.</p>
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Strategic Objective to improve the effectiveness and efficiency of the administration of the social assistance programme																																																																								
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4.	Number of applications for children aged 0-1 processed.	<p>41% (494 723 out of 1 206 306) of children aged 0-1 years in receipt of new social grants.</p> <p>Performance breakdown</p> <table><tr><th>Region</th><th>No. of children aged 0 -1 in receipts of social grants</th></tr><tr><td>EC</td><td>74 350</td></tr><tr><td>FS</td><td>26 400</td></tr><tr><td>GP</td><td>70 841</td></tr><tr><td>KZN</td><td>108 147</td></tr><tr><td>LP</td><td>88 306</td></tr><tr><td>MP</td><td>46 128</td></tr><tr><td>NC</td><td>12 855</td></tr><tr><td>NW</td><td>34 004</td></tr><tr><td>WC</td><td>33 692</td></tr><tr><td>Total</td><td>494 723</td></tr></table>	Region	No. of children aged 0 -1 in receipts of social grants	EC	74 350	FS	26 400	GP	70 841	KZN	108 147	LP	88 306	MP	46 128	NC	12 855	NW	34 004	WC	33 692	Total	494 723	<p>560 000 applications for children aged 0-1 processed.</p> <p>Regional breakdown</p> <table><tr><th>Location</th><th>Target</th></tr><tr><td>EC</td><td>66 821</td></tr><tr><td>FS</td><td>29 491</td></tr><tr><td>GP</td><td>118 304</td></tr><tr><td>KZN</td><td>114 332</td></tr><tr><td>LP</td><td>72 914</td></tr><tr><td>MP</td><td>45 733</td></tr><tr><td>NC</td><td>14 621</td></tr><tr><td>NW</td><td>39 967</td></tr><tr><td>WC</td><td>57 817</td></tr><tr><td>Total</td><td>560 000</td></tr></table>	Location	Target	EC	66 821	FS	29 491	GP	118 304	KZN	114 332	LP	72 914	MP	45 733	NC	14 621	NW	39 967	WC	57 817	Total	560 000	<p>Achieved.</p> <p>665 561 applications for children aged 0-1 processed. This represents 119% achievement against the target.</p> <p>Performance breakdown</p> <table><tr><th>Location</th><th>No. of applications for children aged 0-1 processed</th></tr><tr><td>EC</td><td>97 015</td></tr><tr><td>FS</td><td>35 533</td></tr><tr><td>GP</td><td>100 942</td></tr><tr><td>KZN</td><td>143 999</td></tr><tr><td>LP</td><td>112 159</td></tr><tr><td>MP</td><td>62 894</td></tr><tr><td>NC</td><td>17 516</td></tr><tr><td>NW</td><td>46 366</td></tr><tr><td>WC</td><td>49 137</td></tr><tr><td>Total</td><td>665 561</td></tr></table>	Location	No. of applications for children aged 0-1 processed	EC	97 015	FS	35 533	GP	100 942	KZN	143 999	LP	112 159	MP	62 894	NC	17 516	NW	46 366	WC	49 137	Total	665 561	105 551.	Established working relationships with the key stakeholders such as the Department of Health with regard to access to birth statistics per district and local municipalities including clinics.
Region	No. of children aged 0 -1 in receipts of social grants																																																																							
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Programme 2: Benefits Administration and Support																																																																																			
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No.	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations																																																																													
5.	Percentage of new grant applications processed within target days.	90% (1 864 437 of 2 062 452) of new grant applications were processed within 10 days. Performance breakdown <table><tr><th>Location</th><th>Percentage of new grant applications processed within 10 days</th><th>%</th></tr><tr><td>EC</td><td>238 988</td><td>88</td></tr><tr><td>FS</td><td>109 228</td><td>84</td></tr><tr><td>GP</td><td>303 394</td><td>93</td></tr><tr><td>KZN</td><td>404 069</td><td>92</td></tr><tr><td>LP</td><td>224 713</td><td>89</td></tr><tr><td>MP</td><td>153 301</td><td>93</td></tr><tr><td>NC</td><td>76 775</td><td>93</td></tr><tr><td>NW</td><td>136 662</td><td>85</td></tr><tr><td>WC</td><td>217 307</td><td>86</td></tr><tr><td>Total</td><td>1 864 437</td><td>90</td></tr></table>	Location	Percentage of new grant applications processed within 10 days	%	EC	238 988	88	FS	109 228	84	GP	303 394	93	KZN	404 069	92	LP	224 713	89	MP	153 301	93	NC	76 775	93	NW	136 662	85	WC	217 307	86	Total	1 864 437	90	95% of new social grant applications processed within 10 days.	Not achieved. 94% (2 003 997 of 2 130 731) of new grant applications were processed within 10 days. Performance breakdown <table><tr><th>Location</th><th>Percentage of new grant applications processed within 10 days</th><th>%</th></tr><tr><td>EC</td><td>254 535</td><td>91</td></tr><tr><td>FS</td><td>119 422</td><td>90</td></tr><tr><td>GP</td><td>327 353</td><td>95</td></tr><tr><td>KZN</td><td>425 052</td><td>95</td></tr><tr><td>LP</td><td>242 686</td><td>94</td></tr><tr><td>MP</td><td>167 352</td><td>95</td></tr><tr><td>NC</td><td>80 518</td><td>96</td></tr><tr><td>NW</td><td>153 399</td><td>94</td></tr><tr><td>WC</td><td>233 680</td><td>96</td></tr><tr><td>Total</td><td>2 003 997</td><td>94</td></tr></table> 82% of new grant applications were processed within 1 working day.	Location	Percentage of new grant applications processed within 10 days	%	EC	254 535	91	FS	119 422	90	GP	327 353	95	KZN	425 052	95	LP	242 686	94	MP	167 352	95	NC	80 518	96	NW	153 399	94	WC	233 680	96	Total	2 003 997	94	(1%)	The enhancements of SOCPEN for the processing of grant applications through the revised business processes affected productivity, as staff had to familiarise themselves with the system changes. Connectivity downtimes due to power outages in some offices affected the target.											
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EC	238 988	88																																																																																	
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Total	2 003 997	94																																																																																	
6.	Number of Foster Child Grant reviews processed.	164 610 Foster Child Grant reviews processed. Performance breakdown <table><tr><th>Location</th><th>No. of FCG reviews processed</th></tr><tr><td>EC</td><td>51 111</td></tr><tr><td>FS</td><td>12 710</td></tr><tr><td>GP</td><td>19 355</td></tr><tr><td>KZN</td><td>36 856</td></tr><tr><td>LP</td><td>9 816</td></tr><tr><td>MP</td><td>6 368</td></tr><tr><td>NC</td><td>4 268</td></tr><tr><td>NW</td><td>12 040</td></tr><tr><td>WC</td><td>12 086</td></tr><tr><td>Total</td><td>164 610</td></tr></table>	Location	No. of FCG reviews processed	EC	51 111	FS	12 710	GP	19 355	KZN	36 856	LP	9 816	MP	6 368	NC	4 268	NW	12 040	WC	12 086	Total	164 610	232 757 Foster Child Grant reviews processed. Regional breakdown <table><tr><th>Location</th><th>Target</th></tr><tr><td>EC</td><td>51 005</td></tr><tr><td>FS</td><td>18 831</td></tr><tr><td>GP</td><td>28 122</td></tr><tr><td>KZN</td><td>66 584</td></tr><tr><td>LP</td><td>21 656</td></tr><tr><td>MP</td><td>9 478</td></tr><tr><td>NC</td><td>4 946</td></tr><tr><td>NW</td><td>16 231</td></tr><tr><td>WC</td><td>15 904</td></tr><tr><td>Total</td><td>232 757</td></tr></table>	Location	Target	EC	51 005	FS	18 831	GP	28 122	KZN	66 584	LP	21 656	MP	9 478	NC	4 946	NW	16 231	WC	15 904	Total	232 757	Not achieved. 181 305 Foster Child Grant reviews were processed. This represents 78% achievement against the target. Performance breakdown <table><tr><th>Location</th><th>No. of FCG reviews processed</th><th>%</th></tr><tr><td>EC</td><td>48 389</td><td>95</td></tr><tr><td>FS</td><td>14 096</td><td>75</td></tr><tr><td>GP</td><td>19 624</td><td>70</td></tr><tr><td>KZN</td><td>50 761</td><td>76</td></tr><tr><td>LP</td><td>12 724</td><td>59</td></tr><tr><td>MP</td><td>8 049</td><td>85</td></tr><tr><td>NC</td><td>4 108</td><td>83</td></tr><tr><td>NW</td><td>11 240</td><td>69</td></tr><tr><td>WC</td><td>12 314</td><td>77</td></tr><tr><td>Total</td><td>181 305</td><td>78</td></tr></table>	Location	No. of FCG reviews processed	%	EC	48 389	95	FS	14 096	75	GP	19 624	70	KZN	50 761	76	LP	12 724	59	MP	8 049	85	NC	4 108	83	NW	11 240	69	WC	12 314	77	Total	181 305	78	51 452	There is significant dependency on DSD and magistrates for the completion of extended court orders. DSD and DoJ&CD both have considerable resource challenges, impacting on their ability to provide court orders as required.
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Programme 2: Benefits Administration and Support

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

No.	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations																																																																		
7.	Number of identified wards having access to social assistance through ICROP.	<p>631 identified wards having access to social assistance through ICROP.</p> <p>Performance breakdown</p> <table><tr><th>Location</th><th>No. of identified wards having access to social assistance through ICROP</th></tr><tr><td>EC</td><td>65</td></tr><tr><td>FS</td><td>87</td></tr><tr><td>GP</td><td>71</td></tr><tr><td>KZN</td><td>114</td></tr><tr><td>LP</td><td>67</td></tr><tr><td>MP</td><td>54</td></tr><tr><td>NC</td><td>50</td></tr><tr><td>NW</td><td>39</td></tr><tr><td>WC</td><td>84</td></tr><tr><td>Total</td><td>631</td></tr></table>	Location	No. of identified wards having access to social assistance through ICROP	EC	65	FS	87	GP	71	KZN	114	LP	67	MP	54	NC	50	NW	39	WC	84	Total	631	<p>600 identified wards having access to social assistance through ICROP.</p> <p>Regional breakdown</p> <table><tr><th>Location</th><th>Target</th></tr><tr><td>EC</td><td>82</td></tr><tr><td>FS</td><td>54</td></tr><tr><td>GP</td><td>55</td></tr><tr><td>KZN</td><td>142</td></tr><tr><td>LP</td><td>49</td></tr><tr><td>MP</td><td>52</td></tr><tr><td>NC</td><td>52</td></tr><tr><td>NW</td><td>42</td></tr><tr><td>WC</td><td>72</td></tr><tr><td>Total</td><td>600</td></tr></table>	Location	Target	EC	82	FS	54	GP	55	KZN	142	LP	49	MP	52	NC	52	NW	42	WC	72	Total	600	<p>Achieved.</p> <p>685 identified wards having access to social assistance through ICROP. This represents a 114% achievement against the target.</p> <p>Performance breakdown</p> <table><tr><th>Location</th><th>No. of identified wards having access to social assistance through ICROP</th></tr><tr><td>EC</td><td>90</td></tr><tr><td>FS</td><td>53</td></tr><tr><td>GP</td><td>59</td></tr><tr><td>KZN</td><td>149</td></tr><tr><td>LP</td><td>88</td></tr><tr><td>MP</td><td>71</td></tr><tr><td>NC</td><td>52</td></tr><tr><td>NW</td><td>42</td></tr><tr><td>WC</td><td>81</td></tr><tr><td>Total</td><td>685</td></tr></table>	Location	No. of identified wards having access to social assistance through ICROP	EC	90	FS	53	GP	59	KZN	149	LP	88	MP	71	NC	52	NW	42	WC	81	Total	685	85	ICROP is targeted at wards identified as the poorest in the country. Additional wards, with extensive social needs were identified and included through engagement with communities.
Location	No. of identified wards having access to social assistance through ICROP																																																																							
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Total	685																																																																							
8.	Number of beneficiary education programmes conducted	*	<p>600 beneficiary education programmes conducted.</p> <p>Regional breakdown</p> <table><tr><th>Location</th><th>Target</th></tr><tr><td>EC</td><td>82</td></tr><tr><td>FS</td><td>54</td></tr><tr><td>GP</td><td>55</td></tr><tr><td>KZN</td><td>142</td></tr><tr><td>LP</td><td>49</td></tr><tr><td>MP</td><td>52</td></tr><tr><td>NC</td><td>52</td></tr><tr><td>NW</td><td>42</td></tr><tr><td>WC</td><td>72</td></tr><tr><td>Total</td><td>600</td></tr></table>	Location	Target	EC	82	FS	54	GP	55	KZN	142	LP	49	MP	52	NC	52	NW	42	WC	72	Total	600	<p>Not achieved.</p> <p>544 beneficiary education programmes conducted. This represents 91% achievement against the target.</p> <p>Performance breakdown</p> <table><tr><th>Location</th><th>No. beneficiary education programmes conducted</th></tr><tr><td>EC</td><td>77</td></tr><tr><td>FS</td><td>36</td></tr><tr><td>GP</td><td>57</td></tr><tr><td>KZN</td><td>142</td></tr><tr><td>LP</td><td>48</td></tr><tr><td>MP</td><td>50</td></tr><tr><td>NC</td><td>50</td></tr><tr><td>NW</td><td>43</td></tr><tr><td>WC</td><td>41</td></tr><tr><td>Total</td><td>544</td></tr></table>	Location	No. beneficiary education programmes conducted	EC	77	FS	36	GP	57	KZN	142	LP	48	MP	50	NC	50	NW	43	WC	41	Total	544	56	The target is linked to ICROP however, the calculation methods are different, i.e. ICROP measures the number of wards while beneficiary education measures the number of education sessions conducted. Beneficiary education programmes will be delinked from ICROP to allow for independent measurements.																						
Location	Target																																																																							
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* Indicator/target did not exist in 2016/17

Programme 2: Benefits Administration and Support																																																						
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9.	Number of Mikondzo service delivery interventions conducted.	31 Mikondzo service delivery Interventions conducted. Performance breakdown <table><tr><th>Region</th><th>No. of interventions conducted</th></tr><tr><td>EC</td><td>3</td></tr><tr><td>FS</td><td>1</td></tr><tr><td>GP</td><td>1</td></tr><tr><td>KZN</td><td>16</td></tr><tr><td>LP</td><td>1</td></tr><tr><td>MP</td><td>3</td></tr><tr><td>NC</td><td>1</td></tr><tr><td>NW</td><td>1</td></tr><tr><td>WC</td><td>4</td></tr><tr><td>Total</td><td>31</td></tr></table>	Region	No. of interventions conducted	EC	3	FS	1	GP	1	KZN	16	LP	1	MP	3	NC	1	NW	1	WC	4	Total	31	40 Mikondzo service delivery interventions conducted.	Achieved. 42 Mikondzo service delivery interventions conducted. This represents 103% of the planned target. Performance breakdown <table><tr><th>Region</th><th>No. of interventions conducted</th></tr><tr><td>EC</td><td>4</td></tr><tr><td>FS</td><td>6</td></tr><tr><td>GP</td><td>4</td></tr><tr><td>KZN</td><td>7</td></tr><tr><td>LP</td><td>4</td></tr><tr><td>MP</td><td>4</td></tr><tr><td>NC</td><td>3</td></tr><tr><td>NW</td><td>6</td></tr><tr><td>WC</td><td>4</td></tr><tr><td>Total</td><td>42</td></tr></table>	Region	No. of interventions conducted	EC	4	FS	6	GP	4	KZN	7	LP	4	MP	4	NC	3	NW	6	WC	4	Total	42	2	Additional areas, with extensive social needs were identified and included through engagement with communities.				
Region	No. of interventions conducted																																																					
EC	3																																																					
FS	1																																																					
GP	1																																																					
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WC	4																																																					
Total	42																																																					
10.	Percentage of enquiries resolved within 5 days as per SASSA's Customer Care Charter.	*	80% of enquiries resolved within 5 days as per SASSA's Customer Care Charter.	Achieved. 89% (504 754 of 565 566) of enquiries resolved within 5 days as per SASSA's Customer Care Charter. Performance breakdown <table><tr><th>Location</th><th>No. of enquiries received</th><th>Resolved</th><th>%</th></tr><tr><td>EC</td><td>76 820</td><td>72 302</td><td>94</td></tr><tr><td>GP</td><td>106 117</td><td>89 362</td><td>84</td></tr><tr><td>FS</td><td>26 045</td><td>22 864</td><td>88</td></tr><tr><td>KZN</td><td>28 179</td><td>25 845</td><td>92</td></tr><tr><td>LP</td><td>78 485</td><td>71 573</td><td>91</td></tr><tr><td>MP</td><td>22431</td><td>21 238</td><td>95</td></tr><tr><td>NC</td><td>9 019</td><td>8 322</td><td>92</td></tr><tr><td>NW</td><td>56 411</td><td>42 383</td><td>75</td></tr><tr><td>WC</td><td>67 785</td><td>62 305</td><td>92</td></tr><tr><td>HO</td><td>94 274</td><td>88 560</td><td>94</td></tr><tr><td>Total</td><td>565 566</td><td>504 754</td><td>89</td></tr></table>	Location	No. of enquiries received	Resolved	%	EC	76 820	72 302	94	GP	106 117	89 362	84	FS	26 045	22 864	88	KZN	28 179	25 845	92	LP	78 485	71 573	91	MP	22431	21 238	95	NC	9 019	8 322	92	NW	56 411	42 383	75	WC	67 785	62 305	92	HO	94 274	88 560	94	Total	565 566	504 754	89	9%	A high number of enquiries were easy to resolve and had less or no dependency.
Location	No. of enquiries received	Resolved	%																																																			
EC	76 820	72 302	94																																																			
GP	106 117	89 362	84																																																			
FS	26 045	22 864	88																																																			
KZN	28 179	25 845	92																																																			
LP	78 485	71 573	91																																																			
MP	22431	21 238	95																																																			
NC	9 019	8 322	92																																																			
NW	56 411	42 383	75																																																			
WC	67 785	62 305	92																																																			
HO	94 274	88 560	94																																																			
Total	565 566	504 754	89																																																			

* Indicator/target did not exist in 2016/17

Programme 2: Benefits Administration and Support
Strategic objective: To improve the effectiveness and efficiency of the administration of the social assistance programme

Strategic Objective: To improve the effectiveness and efficiency of the administration of the social assistance programme																																																						
No.	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations																																																
11.	Number of public awareness programmes conducted.	828 public and beneficiary awareness programmes were conducted.	1 000 public awareness programmes conducted.	<p>Achieved.</p> <p>1 841 public awareness programmes conducted. This represents 184% achievement against the target.</p> <p>Performance breakdown</p> <table><tr><th>Location</th><th>Stakeholder Engagement</th><th>Media Engagement</th><th>Total</th></tr><tr><td>H/O</td><td>1</td><td>506</td><td>507</td></tr><tr><td>EC</td><td>44</td><td>160</td><td>204</td></tr><tr><td>FS</td><td>49</td><td>83</td><td>132</td></tr><tr><td>GP</td><td>95</td><td>159</td><td>254</td></tr><tr><td>KZN</td><td>63</td><td>70</td><td>133</td></tr><tr><td>LP</td><td>42</td><td>67</td><td>109</td></tr><tr><td>MP</td><td>32</td><td>96</td><td>128</td></tr><tr><td>NC</td><td>87</td><td>33</td><td>120</td></tr><tr><td>NW</td><td>78</td><td>26</td><td>104</td></tr><tr><td>WC</td><td>24</td><td>126</td><td>150</td></tr><tr><td>Total</td><td>515</td><td>1 328</td><td>1 841</td></tr></table>	Location	Stakeholder Engagement	Media Engagement	Total	H/O	1	506	507	EC	44	160	204	FS	49	83	132	GP	95	159	254	KZN	63	70	133	LP	42	67	109	MP	32	96	128	NC	87	33	120	NW	78	26	104	WC	24	126	150	Total	515	1 328	1 841	841	Increased awareness was necessary due to payment transition, SASSA card life span, the deductions and the promotion of electronic payment methods.
Location	Stakeholder Engagement	Media Engagement	Total																																																			
H/O	1	506	507																																																			
EC	44	160	204																																																			
FS	49	83	132																																																			
GP	95	159	254																																																			
KZN	63	70	133																																																			
LP	42	67	109																																																			
MP	32	96	128																																																			
NC	87	33	120																																																			
NW	78	26	104																																																			
WC	24	126	150																																																			
Total	515	1 328	1 841																																																			

Table 11: Strategic objectives, performance indicators planned targets and actual achievements:
Sub-programme 2.2: Payment Administration

Sub-programme 2.1:Payment Administration																																																		
Strategic objective: To improve the effectiveness and efficiency of the administration of the social assistance programme																																																		
No.	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations																																												
12.	Percentage of large cash pay-points monitored (paying more than 300 beneficiaries a day).	*	100% of large cash pay-points monitored (paying more than 300 beneficiaries a day). Regional breakdown <table><tr><th>Location</th><th>Target</th></tr><tr><td>EC</td><td>735</td></tr><tr><td>FS</td><td>140</td></tr><tr><td>GP</td><td>95</td></tr><tr><td>KZN</td><td>358</td></tr><tr><td>LP</td><td>502</td></tr><tr><td>MP</td><td>228</td></tr><tr><td>NC</td><td>65</td></tr><tr><td>NW</td><td>153</td></tr><tr><td>WC</td><td>125</td></tr><tr><td>Total</td><td>2 401</td></tr></table>	Location	Target	EC	735	FS	140	GP	95	KZN	358	LP	502	MP	228	NC	65	NW	153	WC	125	Total	2 401	Not achieved. 99.67% (2 393 of 2 401) of large cash pay-points monitored (paying more than 300 beneficiaries a day). Performance breakdown <table><tr><th>Location</th><th>No. of large cash pay-points monitored</th></tr><tr><td>EC</td><td>735</td></tr><tr><td>FS</td><td>140</td></tr><tr><td>GP</td><td>95</td></tr><tr><td>KZN</td><td>351</td></tr><tr><td>LP</td><td>502</td></tr><tr><td>MP</td><td>228</td></tr><tr><td>NC</td><td>65</td></tr><tr><td>NW</td><td>152</td></tr><tr><td>WC</td><td>125</td></tr><tr><td>Total</td><td>2 393</td></tr></table>	Location	No. of large cash pay-points monitored	EC	735	FS	140	GP	95	KZN	351	LP	502	MP	228	NC	65	NW	152	WC	125	Total	2 393	(0.33%)	Under achievement is attributed to service delivery protests and employee strike actions which were later resolved.
Location	Target																																																	
EC	735																																																	
FS	140																																																	
GP	95																																																	
KZN	358																																																	
LP	502																																																	
MP	228																																																	
NC	65																																																	
NW	153																																																	
WC	125																																																	
Total	2 401																																																	
Location	No. of large cash pay-points monitored																																																	
EC	735																																																	
FS	140																																																	
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KZN	351																																																	
LP	502																																																	
MP	228																																																	
NC	65																																																	
NW	152																																																	
WC	125																																																	
Total	2 393																																																	
13.	Average cost of administering social assistance (R/ beneficiary) per year.	*	R44.00	Achieved. Average cost of administering social assistance for 2017/18 was R34 per beneficiary. This amount has considered the total amount of social grants (benefits) at the end of March 2018.	R10.00	Lower spending on administration budget.																																												
14.	Administration cost as a percentage of social assistance transfers budget.	*	5.1%	Achieved. The administration cost of the social assistance transfer budget was 5% of the total social grants budget. The formula applied: SASSA total expenditure (R7,207,210,509) divide by total social grants budget (R151,230,232,000) multiply by 100.	None.	None.																																												

* Indicator/target did not exist in 2016/17

Sub-programme 2.1:Payment Administration																																																		
Strategic objective: To improve the effectiveness and efficiency of the administration of the social assistance programme																																																		
No.	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations																																												
15.	Insourcing of Regulation 26A.	<p>15% (1 035 of 7 090) of regulation 26A mandates processed manually.</p> <p>93 296 Regulation 26A backlog mandates processed</p> <p>This represents 60% achievement.</p> <p>Performance breakdown</p> <table><tr><th>Location</th><th>Regulation 26A backlog mandates pro-cessed</th></tr><tr><td>EC</td><td>17 771</td></tr><tr><td>FS</td><td>3 157</td></tr><tr><td>GP</td><td>8 915</td></tr><tr><td>KZN</td><td>31 430</td></tr><tr><td>LP</td><td>12 849</td></tr><tr><td>MP</td><td>8 361</td></tr><tr><td>NC</td><td>3 752</td></tr><tr><td>NW</td><td>5 748</td></tr><tr><td>WC</td><td>1 313</td></tr><tr><td>Total</td><td>93 296</td></tr></table>	Location	Regulation 26A backlog mandates pro-cessed	EC	17 771	FS	3 157	GP	8 915	KZN	31 430	LP	12 849	MP	8 361	NC	3 752	NW	5 748	WC	1 313	Total	93 296	Model for management of Regulation 26A deductions, which covers both existing and new mandates, developed and implemented.	<p>Achieved.</p> <p>Model for the management of Regulation 26A which covers both existing and new mandates was developed and approved.</p> <p>SASSA phased out the CPS services in relation to effecting Regulation 26A deductions.</p> <p>A total of 723 348 beneficiaries had their deductions effected from their grants through Q-Link.</p> <ul style="list-style-type: none">92 292 active mandates were captured in 2017/18. <p>Performance breakdown</p> <table><tr><th>Location</th><th>No. of active mandates captured</th></tr><tr><td>EC</td><td>18 185</td></tr><tr><td>GP</td><td>2 058</td></tr><tr><td>FS</td><td>1 362</td></tr><tr><td>KZN</td><td>50 237</td></tr><tr><td>LP</td><td>2 105</td></tr><tr><td>MP</td><td>4 566</td></tr><tr><td>NC</td><td>5 839</td></tr><tr><td>NW</td><td>6 081</td></tr><tr><td>WC</td><td>1 859</td></tr><tr><td>Total</td><td>92 292</td></tr></table>	Location	No. of active mandates captured	EC	18 185	GP	2 058	FS	1 362	KZN	50 237	LP	2 105	MP	4 566	NC	5 839	NW	6 081	WC	1 859	Total	92 292	None.	None.
Location	Regulation 26A backlog mandates pro-cessed																																																	
EC	17 771																																																	
FS	3 157																																																	
GP	8 915																																																	
KZN	31 430																																																	
LP	12 849																																																	
MP	8 361																																																	
NC	3 752																																																	
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WC	1 313																																																	
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EC	18 185																																																	
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NC	5 839																																																	
NW	6 081																																																	
WC	1 859																																																	
Total	92 292																																																	
16	SASSA corporate account for the management of social grants set up and operational.	*	SASSA corporate account for the management of social grants set up and operational.	<p>Achieved.</p> <p>The Paymaster-General account at the SA Reserve Bank was approved on 17 October 2017 by National Treasury and is operational. The account has been used since January 2018 to process the ACB direct transfers.</p>	None.	None.																																												

* Indicator/target did not exist in 2016/17

Sub-programme 2.1: Payment Administration						
Strategic objective: To improve the effectiveness and efficiency of the administration of the social assistance programme						
No.	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
17.	Current payment service provider (CPS) services phased out.	*	Current payment service provider (CPS) services phased out.	<p>Not achieved.</p> <p>Phase-in and phase-out plans developed and approved by SASSA EXCO.</p> <p>SASSA was successful in taking over certain services from the service provider (CPS) which include:</p> <ul style="list-style-type: none"> • Direct transfers to banked beneficiaries. • Regulation 26A. • Biometric enrolment. • Appointment of SAPO. 	<p>Cash payment services could not be taken over.</p> <p>SASSA approached the Constitutional Court in February 2018 to request extension of the CPS contract.</p>	<p>Payment of cash services will be implemented by CPS as per the Constitutional Court order of 23 March 2018 for a period of six months while SASSA is developing a long-term solution.</p>
		<p>Biometric data for existing beneficiaries was collected monthly from the service provider for storage purposes.</p> <p>The data will be migrated into the SASSA biometric system once procurement process has been finalised.</p>	Data migrated from CPS to SASSA.	<p>Achieved.</p> <p>Relevant biometric and payment data was received from CPS.</p> <p>The data has been loaded on the SASSA Biometric Solution (IAM).</p> <p>The process to verify the biometric data received against SOCPEN is in progress as follows:</p> <p>Total number of both active and inactive beneficiaries: 19 319 919.</p> <p>Total number of active beneficiaries: 10 877 799.</p> <p>Active beneficiaries with prints: 8 862 612 (81.47%).</p> <p>All the 'green' data has been shared with SAPO for loading as the information will be used for card swaps.</p>	None.	None.

* Indicator/target did not exist in 2016/17

Sub-programme 2.1: Payment Administration						
Strategic objective: To improve the effectiveness and efficiency of the administration of the social assistance programme						
No.	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
18.	Phasing in new service provider/s for social grant payments.	*	Phasing in new service provider/s for social grant payments.	<p>Not achieved.</p> <p>Phase-in and phase-out plans developed and approved by SASSA EXCO.</p> <p>SASSA signed a government-to-government Protocol Agreement with SAPO for the payment of social grants with effect from 1 April 2018.</p>	Implementation of the new payment solution could not be realised at end of March 2018.	In line with the protocol agreement, the new service provider (SAPO) will take over payment of social grants in the 2018/19 financial year.
19.	Quarterly Reports (Affidavits) submitted to the Constitutional Court in compliance with Constitutional Court Order.	*	Quarterly Reports (Affidavits) submitted to the Constitutional Court in compliance with Constitutional Court Order.	<p>Achieved.</p> <p>4 Quarterly Reports (Affidavits) submitted to the Constitutional Court in compliance with Constitutional Court Order on the following dates:</p> <ul style="list-style-type: none"> • 19 June 2017. • 15 September 2017. • 15 December 2017. • 17 March 2018. <p>In addition, the Constitutional Court gave two directions in November 2017 (9 & 29 November 2017) which required SASSA to report on a monthly basis on the implementation.</p> <p>Accordingly, SASSA filed affidavits on a monthly basis as follows:</p> <ul style="list-style-type: none"> • 8 December 2017. • 8 January 2018. • 15 January 2018. • 8 February 2018. • 8 March 2018. 	None.	None.

* Indicator/target did not exist in 2016/17

Sub-programme 2.1: Payment Administration						
Strategic objective: To improve the effectiveness and efficiency of the administration of the social assistance programme						
No.	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
20.	Alternative Pay Point Model developed and implemented.	Suitability assessments were conducted. List of suitable vendors compiled.	Alternative Pay Point Model developed and approved.	Achieved. Alternative Pay Point Model was developed and approved by the CEO. Provincial Working Groups (WC, FS, and KZN) were established comprising of stakeholders such as the Departments of Economic Development, of Tourism and Environmental Affairs and of Agriculture and Rural Development. Stakeholder meetings were convened.	None.	None.

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

Target	Strategy
17 523 737 social grants in payment including Grant-in-Aid.	SASSA will continue to review the projections jointly with the National Treasury and the Department of Social Development.
95% of new social grant applications processed within 10 days.	3G network infrastructure will be rolled out to fixed offices to boost connectivity and enable processing of social grant applications.
100% of large cash pay points monitored.	SASSA will implement a plan to migrate cash beneficiaries to electronic methods. This will drastically reduce the number of cash pay points.
232 757 Foster Child Grant reviews processed.	Intensify engagements with critical stakeholders to fast-track issuing of relevant documentation.
600 beneficiary education programmes conducted.	Beneficiary education programmes will, in the 2018/19 financial year, be incorporated into ICROP.
Current payment service provider (CPS) phased out.	Current payment service provider (CPS) will be phased out in September 2018 in line with the current Constitutional Court judgement.
Phasing in of new service provider/s for social grant payments.	The intergovernmental protocol agreement signed between SASSA and SAPO will be implemented as of 1 April 2018.

Additions to planned targets

SASSA added six indicators to the APP 2017/18 in order to address the Constitutional Court Order of 17 March 2017. This was done through an addendum to the APP and the Addendum is included in the Annual Performance Report.

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

Programme/ activity/ objective	2016/17			2017/18		
	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Benefits Administration	4,471,436	4,643,633	(172,197)	4,531,457	4,623,433	(91,977)
Total	4,471,436	4,643,633	(172,197)	4,531,457	4,623,433	(91,977)

4. REVENUE COLLECTION

Table 13: Revenue Collection

Sources of revenue	2016/17			2017/18		
	Estimate	Actual Amount Collected	(Over)/ Under Collection	Estimate	Actual Amount Collected	(Over)/ Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue from exchange transactions	-	12,518	(12,518)	4,066	6,589	(2,523)
Finance income	-	527	(527)	347	1 265	(918)
Government grants	6,908,931	6,908,932	(1)	7,206,060	7,206,060	-
Donations	-	361	(361)	-	-	-
Total	6,908,931	6,922,338	(13,407)	7,210,473	7,213,914	(3,441)

4.1. CAPITAL INVESTMENT

The plan to bring the payment function in-house in the medium - to long-term is a work in progress, and will remain a major cost driver over the medium term. A number of projects have been prioritised in the administration programme to modernise service delivery models for social assistance. These projects include the automation of social grant registries, which involves the scanning of millions of beneficiary files into an electronic system and the implementation of a biometric authentication system aimed at reducing fraud and improving compliance with applicable legislation.



PART C: GOVERNANCE

1. INTRODUCTION

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

2. PORTFOLIO COMMITTEES

During the period under review, SASSA management appeared before several Parliamentary Committees. These were the Portfolio Committee on Social Development, the Select Committee on Social Services and Standing Committee on Public Accounts (SCOPA). The appearances were for considerations of both APP and Annual Report for SASSA as well as the institutionalisation of the payment system.

Table 14: Portfolio and Select Committees Engagements

Committee	Subject	Date
Portfolio Committee on Social Development	Consideration of SASSA's Annual Performance Plan for the 2017/18 – 2019/20 MTEF period.	17 May 2017 19 May 2017
Portfolio Committee on Social Development	Report back by SASSA on their engagement with SAPO regarding payment of grants.	31 May 2017
Portfolio Committee on Social Development	Progress report on the implementation plan by SASSA on the Constitutional Court judgement.	6 September 2017
Portfolio Committee on Social Development	Consideration of SASSA's 2016/17 Annual Report.	05 October 2017
Portfolio Committee on Social Development	Progress report on the implementation plan by SASSA on the Constitutional Court judgement.	18 October 2017
Portfolio Committee on Social Development	Progress report on the implementation plan by SASSA on the Constitutional Court Judgement.	31 October 2017
Portfolio Committee on Social Development	Progress report on the implementation plan by SASSA on the Constitutional Court judgement.	14 February 2018
Portfolio Committee on Social Development	Briefing by SASSA Internal Audit on the finances of the Agency.	7 March 2018
Portfolio Committee on Social Development	Progress report on the implementation plan by SASSA on the Constitutional Court judgement.	14 March 2018
Portfolio Committee on Social Development	Progress report on the implementation plan by SASSA on the Constitutional Court judgement, report on acting positions and cost implications.	28 March 2018
Select Committee on Social Services	Consideration of SASSA's Annual Performance Plan for the 2017/18 – 2019/20 MTEF period.	27 June 2017
Select Committee on Social Services	Consideration of SASSA's 2016/17 Annual Report.	21 November 2017
Standing Committee on Public Accounts	Briefing regarding CPS contract.	16 May 2017
Standing Committee on Public Accounts	Briefing regarding progress made with SAPO regarding CPS contract.	25 July 2017
Standing Committee on Public Accounts	Briefing regarding progress made with SAPO regarding CPS contract.	15 August 2017
Standing Committee on Public Accounts	Briefing regarding progress made with SAPO regarding payment services.	5 September 2017
Standing Committee on Public Accounts	Oversight visit to SASSA.	14-15 September 2017
Standing Committee on Public Accounts	Briefing regarding progress made with SAPO regarding CPS contract.	24 October 2017
Standing Committee on Public Accounts	Briefing regarding progress made with SAPO regarding payment services.	31 October 2017
Standing Committee on Public Accounts	Briefing regarding progress made with SAPO regarding payment services.	1 November 2017
Standing Committee on Public Accounts	Briefing regarding progress made with SAPO regarding payment services.	8 November 2017

3. EXECUTIVE AUTHORITY

During the period under review, the following reports were submitted to the Executive Authority on the dates detailed below. In addition, there have been on-going engagements between the Executive Authority and SASSA's top management.

Table 15: Report submitted to the Executive Authority

Report	Date
Annual Report 2016/17	28 September 2017

4. RISK MANAGEMENT

SASSA has an approved Risk Management Policy and Strategy that includes a Fraud Prevention Plan. Strategic and operational risk assessments are conducted annually to identify new and emerging risks for inclusion in the risk register. SASSA has a Risk Management Committee in place that advises management on the overall system of risk management which includes guidance on the risk mitigation strategy.

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

Currently, SASSA has a Strategic Risks Register which includes risks mitigation action plans that are monitored quarterly. There has been positive progress reported against the identified strategic risks, such progress is presented to SASSA Risk Management Committee, SASSA EXCO and Audit Committee. SASSA Head Office executives are the responsible owners of the strategic risks.

5. INTERNAL CONTROL UNIT

The Internal Control Unit performed the following activities during the financial year ended on 31 March 2018.

a) Secretariat of the Financial Misconduct Board (FMB) of SASSA

- In compliance with sections 83 to 86, of the PFMA (1999, as amended), SASSA identifies and records all the incidences of financial misconduct, investigates and take appropriate action against responsible officials.
- The Internal Control Unit has served as the secretariat of the Financial Misconduct Board (FMB) and assisted in the investigation and collation of the information relating to the incidences of financial misconduct. The regions also established Financial Misconduct and Loss Control Committees (FMLCs) which consider regional cases.
- Investigation reports were presented at the meetings of the FMB and FMLCs for deliberation and to provide recommendation to the CEO and/or the Regional Executive Managers (in case of regional cases) on the appropriate action to be instituted against responsible officials.

b) Coordination of audit

- The Internal Control Unit was responsible for the coordination of the audit conducted by the AGSA.
- The activities involved included making sure that the information requested for audit is submitted to the audit team within the stipulated timeframes, providing advice to other units regarding matters related to the audit, preparing and keeping accurate registers of audit findings and requests for information from the audit team as well as making follow up on any outstanding matters in regard to the audit.
- On finalisation of the audit, the Audit Action Plan was developed for implementation by the affected branches and units within SASSA, ensuring corrective measures are implemented to avoid recurring of the audit findings. The progress report on the Audit Action Plan was updated on a monthly basis and submitted to the AGSA, SASSA Audit Committee and EXCO.

- The unit also provided secretariat services to the Audit Steering Committee of SASSA; serving as the scribe in meetings between the AGSA and SASSA; keeping record of all audits related information such as copies of management letters, audit engagement letters and other reports pertaining to the audit information as may be required.
- c) **Monitor, analyse and follow up on the compliance with the policies of SASSA and relevant legislation such as the PFMA (1999, as amended), Treasury Regulations, etc)**
- The Internal Control Unit is also required to assist with regard to the monitoring of the compliance with policies and procedures of SASSA, as well as applicable legislative prescripts.
- This monitoring is done through the development of an internal development plan. The outcome of the plan as well as the lessons learned from investigation of financial misconduct incidences are continuously used to update the policies and procedure manuals for implementations by officials.

6. INTERNAL AUDIT AND AUDIT COMMITTEES

Internal Audit continues to provide an independent assurance and consulting service to the Agency. Its administrative reporting line to the accounting authority and functional reporting line to the Audit Committee offers internal audit independence, which is imperative for the success of any internal audit activity.

Key activities and objectives of the Internal Audit function and summary of audit work done

- Internal Audit provided independent assurance and consulting services on governance, risk management and control processes of the Agency to assist in achieving its goals and objectives. The Internal Audit Department, though located at Head Office, provides value adding internal audit services to the Agency's regional offices.
- Internal Audit assisted the Accounting Authority in maintaining effective controls by evaluating those controls to determine their effectiveness and efficiency, by identifying the root causes of those control deficiencies and recommending control enhancement or improvement. Internal Audit also reviews the reliability and integrity of financial and operating information as well as the review of performance information to ascertain

whether results are consistent with established targets. For the year under review, Internal Audit conducted a wide range of operational, financial, compliance and information technology audit assignments. In addition to planned audits, the unit also attended to certain management requested (ad-hoc) audit assignments. Internal audit reviews focused on high-risk areas relating to the following:

- ✓ 2016/17 Annual Performance Information Review.
- ✓ 2016/17 Annual Financial Statements Audit Review.
- ✓ Lease Management Audit Review.
- ✓ Quarterly Performance Information Reviews.
- ✓ Grants SIU Debtors.
- ✓ Asset Management.
- ✓ Accounts Payables.
- ✓ Lease Management.
- ✓ Irregular, Fruitless and Wasteful Expenditure.
- ✓ Financial Misconduct Board and Loss Control.
- ✓ Information Technology audit reviews included:
 - ICT Business Solutions.
 - ICT Governance Review.
 - Software Management.
 - Anti-virus Management.
- After receiving condonation from the Office of the Accountant General regarding compliance with Treasury Regulation 27.2.6 in respect of the Institute of Internal Audit Standard 1300 on Quality Assurance and improvement programmes, Internal Audit, guided by both an obligation to meet customer expectations, as well as professional responsibilities inherent in conforming to the Institute of Internal Audit Standards, modified its method of operation.
- The Information Systems Audit capacity has been boosted by two additional members to enable wider coverage of the Agency's ICT audit reviews.
- Internal Audit, by increasingly relying on software tools to guide its performance of activities has employed Computer Assisted Audit Techniques (CAATs) to provide automated methods of extracting and analysing large amounts of data. This has prompted significant changes to internal audit methodology. The assignation of continuous auditing and monitoring techniques

enabled Internal Audit to provide management with near real-time audit results on the effectiveness and efficiency of key controls on related transactions. As such, continuous audits significantly enhanced the internal control processes within the Agency. Internal Audit will continue to provide continuous auditing capability for the Agency.

Key activities and objectives of the audit committee

- During the reporting period, the Audit Committee continued to provide independent advice to management and oversaw the functioning of the internal audit activity. The Audit Committee has adopted appropriate formal terms of reference as its Audit Committee Charter, regulated its affairs in compliance with this Charter, and has discharged all its responsibilities as contained therein. Committee reviewed internal Audit Plans, activity reports as well as Management Action Plans and processes to address areas of weaknesses identified by both Internal Audit and the AGSA. Monitoring of the implementation of audit action plans was conducted.
- The Committee took note of the activities of the Financial Misconduct Board, which is a governance structure established to deal with matters of financial misconduct as provided for in section 83 of the PFMA, (1999, as amended) to ensure that all unauthorised, irregular, fruitless and wasteful expenditure is dealt with appropriately.
- The Audit Committee effectively executed its functions, which included the following key activities:
 - ✓ Approved the Annual Internal Audit Plan for 2017/2018.
 - ✓ Considered the Audit Plan of the AGSA for 2017/2018 to avoid unnecessary duplications of audit efforts between AGSA and Internal Audit.
 - ✓ Reviewed the management action plans to ensure that they address audit exceptions and risks identified by the AGSA and internal audit.
 - ✓ Reviewed the 2017/2018 Annual Financial Statements.
 - ✓ Reviewed the Annual Performance Report for 2017/2018.
 - ✓ Oversight visits to pay points to ensure a smooth transition new payment process.

Table 16: Relevant information on the Audit Committee members

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Mr R Morar (Chairperson)	B Com B Com Honours Chartered Accountant	External	Not applicable	1 May 2015	13 July 2017	3
Adv. MB Madumise	B. Proc Bachelor of Law (LLB) MBA, Graduate Diploma in International Trade Law	External	Not applicable	1 January 2015 – (31 December 17) 01 January 2018 (Contract renewed as a Chairperson)	Not applicable	7 out of 7
Ms N Siwahla Madiba	Chartered Directorship (IoDSA) MSc Financial Management-Part 1 (Post Graduate Diploma) Hons BCompt B.Com Acc Post Graduate Certificate : Advanced Taxation Diploma: HRM	External	Not applicable	4 January 2016	Not applicable	5 out of 7
Ms T Mazwai	Diploma in Human Resources B Com MBA	External	Not applicable	1 May 2015	Not applicable	6 out of 7

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Mr S Simelane	Bankers Diploma B Com B Com Honours MBA	External	Not applicable	4 January 2016	6 June 2017	3
Mr S Mbalekwa	MBL Bankers Diploma B Com B Com Honours	External	Not applicable	1 January 2018	Not applicable	2
Adv. J Nalane	B Proc LLB LLM Practicing Attorney	External	Not applicable	1 January 2018	Not applicable	1

7. COMPLIANCE WITH LAWS AND REGULATIONS

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

8. FRAUD AND CORRUPTION

SASSA has an approved Fraud Prevention Plan that is aligned to the Risk Management Strategy. The implementation of the plan is done through the fraud awareness campaigns on the prevention side. During the 2017/18 financial year, a total of 87 fraud, theft and corruption awareness programmes were conducted by the regions and 4 by Head Office. The campaigns targeted officials in the regional, district and local offices. As at 31 March 2018, 3,309 officials were trained. In addition, presentations were done on a continuous basis on the prevention, detection, investigation and resolution processes in partnership with Human Capital Management Department during implementation of the Induction Programme for the newly-appointed personnel.

For the financial year 2017/18, a total of 446 alleged fraud and corruption cases were registered on the fraud case management system, of which 393 cases were finalised (88%). Fifty-three cases are still under investigation. In addition to these cases received and finalised in respect of the financial year 2017/18, 317 out of 341 (93%) of the backlog cases were also investigated and finalised. There

were 101 fraud and corruption cases referred to Law Enforcement Agencies during the financial year 2017/18, involving 195 officials, 38 beneficiaries, 53 money lenders, 7 private persons and 1 CPS official, with the monetary value of R 6,265,874.23.

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

9. MINIMISING CONFLICT OF INTEREST

The SASSA Act (2004) requires that a member of staff of the Agency must, on appointment, submit to the Agency a written statement in which it is declared whether or not that member has any direct or indirect interest, financially or otherwise which may constitute a conflict of interest in respect of his or her functions as an official of the Agency. The Agency compels all SCM officials to sign a Code of Conduct annually; it must be indicated that any staff of the Agency do sign a Code of Conduct and ethics commitment form which assist to control and manage any potential conflict of interest.

It is standard procedure that all members of the Bid Evaluation Committee and Bid Adjudication Committee sign declaration of interest in every sitting to establish and manage any conflict of interest. All bidders are required to complete a returnable SBD 4 form which is a declaration of interest for all suppliers submitting a bid or quotation. Any official doing business with any government institution is required as per policy to apply for permission to do so. It is only when such permission is granted that an official would

be allowed to undertake such business. All senior managers are required to complete financial disclosure forms annually.

Any member of staff that is conflicted is required to declare and excuse him or herself from any procurement process or information related to such acquisition process. Any identified conflict of interest not declared constitutes financial misconduct and it is dealt with through Agency disciplinary procedures.

10. CODE OF CONDUCT

SASSA has an approved Code of Conduct which is in line with the general public service code of conduct. The code regulates ethical conduct in line with SASSA values and rules. Annually, SASSA employees are trained on the Code of Conduct and other relevant developments. Attendance registers are kept as evidence for training conducted. Breaching of the Code of Conduct is considered an offence and disciplinary processes are instituted against offenders.

11. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

SASSA has an approved the Occupational Health and Safety (OHS) Policy and Strategy that guides implementation of health and safety matters. The strategy makes provision for the establishment of National and Regional Occupational Health and Safety Committees to ensure compliance with the OHS Act (Act 85 of 1993). Based on this provision, SASSA has appointed OHS Committees both at Head Office and Regional Offices. In addition, OHS representatives have been appointed to identify hazards within SASSA offices. In areas where hazards were identified, corrective measures were implemented jointly with landlords to ensure health and safety standards were not compromised.

During the year under review, the offices were properly maintained to ensure that they comply with OHS Act (1993) and the SASSA Occupational Health and Safety Policy and Strategy. The maintenance of offices consisted of general maintenance, including cleaning, fumigation, construction and improvement of access ramps for the disabled, repairs to ablution facilities, signage, and compliance to fire safety.

Depending on the terms and conditions of the lease agreements of individual offices, landlords continued to improve and maintain offices to ensure that they are habitable and SASSA continued to render services in a dignified manner. Three Beneficiary Records Management Centres were improved and all necessary furniture was installed.

To ensure compliance to the OHS Act (1993) and the SASSA Occupational Health and Safety Policy and Strategy, monitoring and inspections were conducted and reports developed.

Based on the findings of the monitoring and inspection reports, regions will continue to maintain offices to ensure compliance to the OHS Act (1993) and SASSA Occupational Health and Safety Policy and Strategy. Challenges are, however, experienced from time to time, whether due to unavailability of funds or other issues beyond our control.

12. AUDIT COMMITTEE REPORT

The Audit Committee reports that it has complied with its responsibilities arising from section 51(1)(a) of the PFMA and Treasury Regulation 27.1.

The Audit Committee herewith presents its report for the financial year ended 31 March 2018. The Audit Committee is independent and consists of five independent non-executive members including the chairperson. Two members (one a non-executive member and the Chairperson) resigned during this reporting period. The Audit Committee met seven times for the year under review and their attendance is shown in the table below:

Table 17: Attendance of Audit Committee Meetings

Name	Qualifications	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Mr R Morar (Chairperson)	B Com B Com Hons Chartered Accountant	Not applicable	1 May 2015	13 July 2017	3
Adv MB Madumise	B. Proc LLB MBA Graduate Diploma in International Trade Law	Not applicable	1 January 2015 – (31 December 2017) 01 January 2018 (Contract renewed as a Chairperson)	Not applicable	7 out of 7
Ms N Siwahla Madiba	Chartered Directorship (IoDSA) MSc Financial Management-Part 1 (Post Graduate Diploma) Hons BCompt B.Com Acc Post Graduate Certificate: Advanced Taxation Diploma: HRM	Not applicable	4 January 2016	Not applicable	5 out of 7
Ms T Mazwai	B. Com General Diploma in Human Resources MBA	Not applicable	1 May 2015	Not applicable	6 out of 7
Mr S Simelane	B Com B Com Hons MBA	Not applicable	4 January 2016	06 June 2017	3
Mr S Mbalekwa	MBL Bankers Diploma B Com B Com Honours	Not applicable	01 January 2018	Not applicable	2
Adv J Nalane	B Proc LLB LLM Practicing Attorney	Not applicable	01 January 2018	Not applicable	1

Audit Committee responsibility

The Audit Committee reports that it has adopted appropriate formal terms of reference in its Audit Committee Charter and has discharged its duties as contained therein, in line with the statutory requirements of section 51(1)(a)(ii) of the PFMA (1999, as amended) and Treasury Regulation 27.1. The Audit Committee carried out its functions through Audit Committee meetings and discussions with executive management, internal audit, the Auditor-General of South Africa and oversight visits to regional offices and pay-points.

Internal audit

The Committee provides oversight on the adequacy of the internal control environment across the Agency's operations and accordingly approved the annual Internal Audit Plan and considered internal audit reports as presented on a quarterly basis. On the other hand, Internal Audit provides the Audit Committee with reasonable assurance that governance, risk management and control processes are adequate and effective to achieve the Agency's objectives. The Committee notes improvement in respect of regional, district, local

offices by internal audit engagements including information systems audit reviews in the internal audit coverage plan. The Committee will continue to monitor the internal quality assessment and quality improvement programme as a build up to the external quality assurance review of the Internal Audit activity in an endeavour to comply with the standards set by the Institute of Internal Auditors.

Effectiveness of internal control

From the reports by internal audit and the Auditor General of South Africa, the Committee noted that certain reported matters indicate deficiencies in the Agency's system of internal control and the regions contribute to this state of affairs. Not enough is being done by management through the Financial Misconduct Board (FMB), which preside over financial misconduct cases. The Committee is, emphatically, not satisfied with management's consequence management processes, as the FMB reports are inadequate in this aspect. Management is aware of the concern and has committed that effective consequence management will be implemented, the Committee will continue to monitor progress there-to.

Risk management

The Audit Committee also provides oversight over the Agency's enterprise-wide risk management activities. The Committee notes the regress in terms of the Agency's risk management processes and is still not satisfied with the capacity of the Risk Management Unit to be better equipped to identify, assess and manage Agency's risks to an acceptable level more-so as it is transitioning towards taking over some of the payment functions which were previously outsourced.

The quality of management and quarterly reports submitted in terms of the PFMA (1999, as amended)

The Audit Committee reports that, during the year under review, it was presented with quarterly management reports. The Committee is however, concerned with the planning and reporting in respect of the take-over of certain processes from the grants payment service provider, CPS. The inadequate reporting by the Agency in this regard made it difficult for the Committee to oversee the takeover plans, and was thus not in a position to effectively advise. The Committee is also concerned about the increase in the Agency's irregular expenditure, as well as the non-finalisation of the R316 million irregular expenditure for re-registration of beneficiaries which

was previously condoned and reversed by National Treasury as reported by SASSA in 2015/16.

Evaluation of the Annual Financial Statements

The Audit Committee wishes to indicate that it performed a review on the financial statements for the year ended 31 March 2018 and also discussed with the Auditor-General and the Chief Executive Officer.

The following were also reviewed:

- The Auditor-General's management report and management's response thereto;
- The entity's compliance with legal and regulatory provisions;
- Information on predetermined objectives to be included in the annual report;
- Any significant adjustments resulting from the audit;
- The quality and timeliness of the financial information availed to the audit committee for oversight purposes during the year including interim financial statements.
- The Audit Committee has met with the Auditor-General South Africa to ensure that there are no unresolved issues.
- The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.



Advocate Brenda Madumise

Audit Committee Chairperson

31 July 2018





PART D: HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

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

To ensure that there is capacity to meet service delivery requirements, 95% of funded permanent posts were filled. Furthermore, the Agency has contributed towards the reduction of unemployment by appointing 182 EPWP workers, 39 interns, 220 internal promotions and 176 other contract appointments. These appointments had a positive bearing in addressing capacity challenges which has a direct impact in the attainment of SASSA strategic objectives.

The nature of SASSA's business requires adequate capacity to administer grants on a daily basis, which can be achieved through an effective leave administration system. As a result, SASSA has successfully implemented online leave for all SASSA employees to ensure effective and efficient leave management.

In order to keep up with skills development requirements, SASSA has identified a number of training interventions for 2017/2018 financial year and a total of 1 850 employees received training in various fields. The total number of 1 850 employees includes 350 employees trained in sign language.

The Agency is committed to creating and maintaining a conducive working environment through sound employee relations. During the period under review (2017/2018), the Agency managed to finalise 26 grievances lodged by the officials. The Agency also recognises the importance of discipline and consequence management in cases of transgression. During the year under review, 59 officials were dismissed for fraud and other categories of misconduct. The Agency has further managed to ensure that senior management and organised labour engage on issues pertinent to the employees' conditions of employment through the SASSA National Bargaining Forum. The Labour Relations Case Management System was successfully rolled out to nine regions and Head office.

The monitoring and implementation of the Employment Equity (EE) Plan is done quarterly through the EE Forum. The Employee Wellness Programme was implemented through a holistic approach (24 hours/7 days a week) that addresses physical, emotional, intellectual, social and financial balance. Information, advice and education on HIV/AIDS and legal and financial services were provided to assist employees make informed decisions on their wellbeing. 18 employees with disabilities attended the annual International Disability Day for People with Disabilities hosted by the Agency. The focus was on disability, diversity and being a change champion in the workplace.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Table 18: Personnel Cost by Programme

Programme	Total Expenditure for the entity R	Personnel Expenditure R	Personnel exp. as a % of total expenditure R	No. of employees	Average personnel cost per employee R
1. ADMINISTRATION	2,593,559,922	948,004,544	36.55	2 191	432,681
Corporate Services	1,234,974,024	291,508,541	23.60	616	473,228
Executive Management	190,353,460	103,564,727	54.41	227	456,232
Finance	520,394,191	412,715,906	79.31	1 094	377,254
Information & Communication Technology	551,485,208	74,815,607	13.57	121	618,311
Internal Audit	56,018,172	42,853,100	76.50	106	404,275
Strategy & Business Development	40,334,867	22,546,663	55.90	27	835,062
2. GRANTS ADMINISTRATION	4,623,433,004	2,079,299,163	44.97	7 520	276,503
TOTAL	7,216,992,926**	3,027,303,707	41.95	9 711*	311,740

Table 19: Personnel Cost by location

Programme/Activity/Objective	Total Expenditure for the entity R	Personnel Expenditure R	Personnel exp. as a % of total expenditure	No. of employees	Average personnel cost per employee R
HEAD OFFICE	3,102,377,625	250,863,937	8.09	432	580,704
EASTERN CAPE	466,317,386	315,707,597	67.70	1 079	292,593
FREE STATE	417,476,103	275,769,785	66.06	904	305,055
GAUTENG	774,054,938	535,949,323	69.24	1 968	272,332
KWAZULU NATAL	332,599,867	216,705,323	65.15	745	290,880
LIMPOPO	308,429,751	206,206,525	66.86	651	316,753
MPUMALANGA	463,268,192	326,914,888	70.57	1 007	324,642
NORTHERN CAPE	669,625,925	465,186,687	69.47	1 543	301,482
NORTH WEST	292,815,114	190,914,109	65.20	616	309,926
WESTERN CAPE	390,028,025	243,085,533	62.33	766	317,344
TOTAL	7,216,992,926**	3,027,303,707	41.95	9 711*	311,740

Table 20: Personnel cost by Salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
TOP MANAGEMENT	25,319,951	0.8	12	2,109,996
SENIOR MANAGEMENT	211,702,978	7.0	209	1,012,933
PROFESSIONAL QUALIFIED	414,915,705	13.7	535	775,543
SKILLED	1,100,900,280	36.4	2 816	390,945
SEMI-SKILLED	1,256,039,519	41.5	5 547	226,436
UNSKILLED	18,425,273	0.6	592	31,124
TOTAL	3,027,303,707	100	9 711*	311,740

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

** Includes loss on disposal of assets

Table 21: Performance Rewards by Salary band

Salary band	Number of Employees	Personnel Expenditure in Rands	Performance Rewards in Rands	Performance rewards as a % of Total Personnel Cost
TOP MANAGEMENT	-	25,319,951	-	0%
SENIOR MANAGEMENT	5	211,702,978	276,423	0%
PROFESSIONAL QUALIFIED	90	414,915,705	3,388,887	0%
SKILLED	787	1,100,900,280	13,897,379	0%
SEMI - SKILLED	1,404	1,255,938,872	15,235,256	1%
UNSKILLED	6	18,525,921	44,571	0%
TOTAL	2,292	3,027,303,707	32,842,515	1%

Table 22: Training Costs by Branch/Region/Department

BRANCH / REGION / DEPARTMENT	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of Employees trained	Avg Training cost per employee
Policy Implementation Support	21,963,409	-	-	-	-
Corporate Services	64,043,099	4,759,205	-	374	12,725
Finance	52,292,825	152,877	-	5	30,575
Grants Operations	12,854,860	-	-	-	-
Information & Communications Technology	32,842,287	768,113	-	71	10,818
Internal Audit & Risk Management	17,999,084	65,244	-	1	65,244
Strategy & Business Development	22,546,663	20,121	-	5	4,024
Fraud & Compliance	7,992,669	42,180	-	2	21,090
Office of the CEO	13,380,799	-	-	-	-
Security Management	4,945,244	-	-	-	-
Eastern Cape	465,186,687	295,621	-	196	1,508
Free State	206,206,525	608,365	-	237	2,567
Gauteng	315,707,597	1,220,637	-	176	6,935
KwaZulu-Natal	535,949,323	1,299,454	-	-	-
Limpopo	326,914,888	520,963	-	-	-
Mpumalanga	216,705,323	1,014,135	-	103	9,846
North West	190,914,109	332,996	-	193	1,725
Northern Cape	243,085,533	233,631	-	185	1,263
Western Cape	275,769,785	977,239	-	302	3,236
TOTAL	3,027,303,707	12,310,781	-	1,850	171,558

Table 23: Employment and Vacancies

BRANCH/REGION/ DEPARTMENT	2016/2017 No. of Employees	2017/2018 Approved Posts	2017/2018 No. of Employees	2017/2018 Vacancies	% of Vacancies
Office of the CEO	2	2	1	1	50,0
Fraud & Compliance	14	40	13	27	67,5
Chief Operations Management	17	73	19	54	74,0
Internal Audit & Risk Management	29	67	33	34	50,7
Corporate Services	121	230	111	119	51,7
Finance	89	182	94	88	48,4
Information & Communications Technology (ICT)	41	112	42	70	62,5
Grants Operations	62	79	54	25	31,6
Policy Implementation Support	8	19	8	11	57,9
Strategy & Business Development	27	117	27	90	76,9
Gauteng	1 057	2 008	938	1 070	53,3
Western Cape	871	1 362	821	541	39,7
KwaZulu-Natal	1 885	3 324	1 731	1 593	47,9
Mpumalanga	653	1 528	692	836	54,7
Free State	645	1 828	615	1 213	66,4
Limpopo	981	1 796	923	873	48,6
Eastern Cape	1 509	3 306	1 392	1 914	57,9
Northern Cape	578	1 334	569	765	57,3
North West	760	1 599	717	882	55,2
TOTAL	9 349	19 006	8 800***	10 206	53,7

SASSA's staff establishment comprises a total of 19 006 posts, which were created before SASSA was established. These posts include contract positions which were created additional to the establishment. The staff compliment was based on a staff ratio of 1:800 i.e. one staff member for every 800 beneficiaries. In relation to the total staff establishment, SASSA's vacancy rate is 53.7% in 2017/2018, which is based on the total posts on the establishment, which includes both funded and unfunded posts. During the 2017/2018 financial year, the Agency had 8 800 filled funded posts and 10 206 vacant posts on the establishment. The total number of 8 800 employees reflected in the table above, accounts for both permanent (8 403) and contract (397) employees in the Agency. Only 287 of 10 206 vacant posts were funded on the establishment which implies that 9919 vacant posts are not funded and cannot be filled.

Table 24: Employment and Vacancies by salary band

Salary band	2016/2017 No. of Employees	2017/2018 Approved Posts	2017/2018 No. of Employees	2017/2018 Vacancies	% of Vacancies
TOP MANAGEMENT	12	18	9	9	50,0
SENIOR MANAGEMENT	199	305	187	118	38,7
PROFESSIONAL QUALIFIED	920	899	507	392	43,6
SKILLED	2 242	6 798	2 632	4 166	0,0
SEMI-SKILLED	5 430	10 724	5 248	5 476	51,1
UNSKILLED	546	262	217	45	17,2
TOTAL	9 349	19 006	8 800***	10 206	53,7

*** Represents all employees (both permanent and contracts) in service as at 31 March 2018.

Table 25: Employment changes by salary band

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
TOP MANAGEMENT	12	0	3	9
SENIOR MANAGEMENT	201	5	19	187
PROFESSIONAL QUALIFIED	524	13	30	507
SKILLED	2 752	22	142	2 632
SEMI - SKILLED	5 394	288	434	5 248
UNSKILLED	513	178	474	217
TOTAL	9 396	506	1 102	8 800***

*** Represents all employees (both permanent and contracts) in service as at 31 March 2018.

Table 26: Reason for staff leaving

Reason	Number	% of total no. of staff leaving
DEATH	45	4,1
RESIGNATION	200	18,1
DISMISSAL	59	5,4
RETIREMENT	72	6,5
ILL HEALTH	5	0,5
EXPIRY OF CONTRACT	697	63,2
OTHER - TRANSFER	24	2,2
TOTAL	1 102	100

The highest number of people who exited the Agency were appointed on fixed-term contracts for specific projects. Their contracts expired at the end of the term after the completion of their respective projects; this category includes EPWP workers and interns who were appointed to acquire workplace experience. SASSA has a voluntary attrition rate of 2.5% which is less than the acceptable norm of 5%.

Table 27: Labour Relations: Misconduct and disciplinary action

Nature of disciplinary action	Number
VERBAL WARNING	15
WRITTEN WARNING	39
FINAL WRITTEN WARNING	11
DISMISSAL	59
TOTAL	124

Equity Target and Employment Equity Status

Table 28: Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
TOP MANAGEMENT	4	6	0	1	0	0	0	2
SENIOR MANAGEMENT	81	107	11	5	4	4	4	26
PROFESSIONAL QUALIFIED	254	328	29	38	13	21	14	72
SKILLED	953	2 158	97	276	35	126	20	361
SEMI - SKILLED	1 747	3 312	187	549	18	125	14	541
UNSKILLED	82	530	5	141	0	30	0	103
TOTAL	3 121	6 441	329	1 010	70	306	52	1 105

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
TOP MANAGEMENT	4	6	0	1	0	0	1	1
SENIOR MANAGEMENT	71	135	5	11	5	12	6	22
PROFESSIONAL QUALIFIED	171	325	10	41	5	16	13	58
SKILLED	1 323	2 923	136	370	30	150	69	448
SEMI - SKILLED	2 923	4 903	254	565	26	136	46	675
UNSKILLED	121	688	9	192	0	25	0	118
TOTAL	4 613	8 980	414	1 180	66	339	135	1 322

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
TOP MANAGEMENT	0	0	0	0
SENIOR MANAGEMENT	2	2	1	4
PROFESSIONAL QUALIFIED	5	9	3	9
SKILLED	21	58	25	78
SEMI - SKILLED	52	87	50	129
UNSKILLED	0	17	0	20
TOTAL	80	173	79	240

It should be noted that the EE Plan was based on the SASSA establishment, which included unfunded posts, which had an impact on the EE target. A Guideline on the Management of EE Numerical Goals is in place to ensure that the filling of posts is line with the Agency's EE Plan.





PART E: FINANCIALS

Report of the Auditor-General

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SOUTH AFRICAN SOCIAL SECURITY AGENCY

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the South African Social Security Agency (Sassa) set out on pages 80 to 126, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget with actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effect of the matters described in the basis for qualified opinion section of this report, the financial statements present fairly, in all material respects, the financial position of the South African Social Security Agency as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for qualified opinion

Irregular expenditure

3. Included in the condonation amount shown in the irregular expenditure note 31 of the financial statements are amounts that were not condoned by the appropriate authority. In addition, not all irregular expenditure identified was disclosed in note 31, as required by section 55(2)(b)(i) of the PFMA. This was because the entity did not have an adequate system for identifying all irregular expenditure. There were no satisfactory alternative procedures that I could perform to obtain reasonable assurance that all irregular expenditure had been properly recorded in note 31 to the financial statements. Consequently, I was unable to determine whether any adjustment was necessary to the balance of irregular expenditure stated at R1,712 billion in the financial statements.

Context for the opinion

4. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
5. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Report of the Auditor-General

Contingencies

8. With reference to note 25 to the financial statements, the entity is the defendant in various claims as well as an arbitration claim by the service provider of distribution of grants for deprivation of opportunity to earn full service fees for the periods prior to 2010.
9. With reference to note 25 to the financial statement, the entity also disclosed a contingent asset whereby the service provider for grants distribution was ordered by the high court to refund the entity a sum of R316,4 million with interest from June 2014, resulting from a variation agreement between the entity and the service provider. The service provider has lodged a petition with the supreme court of appeal.

Responsibilities of the accounting authority for the financial statements

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

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

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

Report on the audit of the annual performance report

Introduction and scope

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

Report of the Auditor-General

16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the entity for the year ended 31 March 2018:

Programme	Pages in the annual performance report
Programme 2 - Benefits Administration and Support	38 - 52

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. The material findings are in respect of the reliability of the certain indicators of the selected programmes as follows:

Percentage of enquiries resolved within five days as per Sassa's customer care charter

19. The reported achievement of 89% for the percentage of enquiries resolved within five days as per the Sassa's customer care charter is not reliable, as the entity did not have an adequate performance management system to maintain records to enable reliable reporting on the achievement of targets. As a result, I was unable to obtain sufficient appropriate audit evidence in some instances, while in other cases the supporting evidence provided did not agree with the reported achievement. Furthermore, I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievement.

Other matters

20. I draw attention to the matters below.

Achievement of planned targets

21. Refer to the annual performance report on pages 23 to 52 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a significant number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 19 of this report.

Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of the benefits administration and support programme. As management subsequently corrected only some of the misstatements, I raised material findings on the reliability of the reported performance information. Those that were not corrected are reported above.

Report of the Auditor-General

Report on the audit of compliance with legislation

Introduction and scope

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

Expenditure management

25. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. As reported in the basis for the qualified opinion, the full extent of the irregular expenditure could not be quantified. The majority of the irregular expenditure disclosed in the financial statements was caused by non-compliance with prescripts regulating procurement and contract management.

Procurement and contract management

26. Some goods and services with a transaction value over R500 000 were procured without inviting competitive bids, as required by treasury regulation 16A6.1 and 16A6.4. Similar findings were identified in the previous year.
27. Some goods purchased for social relief for distress, with a transaction value below R500 000, were procured without obtaining a deviation approval from the accounting authority, as required by treasury regulation 16A6.1; 16A6.4 and paragraph 8.2 of the National Treasury's supply chain management instruction note 3 of 2016-17.
28. Some construction contracts were awarded to contractors that were not registered with the Construction Industry Development Board (CIDB) and/or did not qualify for the contract in accordance with section 18(1) of the CIDB Act and CIDB regulations 17 and 25(7A). Similar findings were identified in the previous year.
29. Bid documentation, for the procurement of commodities designated for local content and production, did not meet the stipulated minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8 (2).

Consequence management

30. Disciplinary steps were not taken against some officials who had incurred and/or permitted irregular expenditure, as required by section 51(1)(e)(iii) of the PFMA.

Other information

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

Report of the Auditor-General

32. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
33. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
34. The other information I obtained prior to the date of this auditor's report is the draft annual report, and the final annual report is expected to be made available to me after 31 July 2018.
35. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.
36. After I receive and read the final annual report, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

76

Internal control deficiencies

37. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the reported performance information and the findings on compliance with legislation included in this report.

Leadership

38. The leadership did not oversee compliance with procurement and contract management regulations, as well as related internal controls.

Financial and performance management

39. Monitoring and review processes on the completeness of irregular expenditure amounts were inadequate.
40. Management did not properly review and monitor compliance to prevent non-compliance with legislation.
41. Review and monitoring processes on performance reporting on the customer care system were inadequate.

Other reports

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

Report of the Auditor-General

Investigations

43. The entity actively pursues the prevention and detection of fraud and is currently investigating such cases regarding social assistance grants and non-compliance with the supply chain management policy.

Auditor-General

Pretoria

31 July 2018



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE - AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
 - conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the South African Social Security Agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

South African Social Security Agency
Annual Financial Statements for the year ended March 31, 2018

INDEX

PAGE

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

Statement of Financial Position	80
Statement of Financial Performance	81
Statement of Changes in Net Assets	82
Cash Flow Statement	83
Statement of Comparison of Budget and Actual Amounts	84
Accounting Policies	85 - 101
Notes to the Annual Financial Statements	102 - 126

The annual financial statements set out on pages 80 to 126, which have been prepared on the going concern basis, were approved by the accounting authority on July 31, 2018 and were signed on its behalf by:



Mr A Mahlangu

Chief Executive Officer (Acting) and Accounting Authority

South African Social Security Agency

Annual Financial Statements for the year ended March 31, 2018

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

Figures in Rand	Note(s)	2018	2017
Assets			
Current Assets			
Inventories	3	16,539,280	15,500,095
Receivables from exchange transactions	4	9,742,967	10,511,424
Prepayments	5	16,884,092	17,095,299
Cash and cash equivalents	6	509,168,203	777,382,156
		552,334,542	820,488,974
Non-Current Assets			
Property, plant and equipment	7	781,940,132	829,384,540
Intangible assets	8	39,855,589	28,873,343
		821,795,721	858,257,883
Total Assets		1,374,130,263	1,678,746,857
Liabilities			
Current Liabilities			
Finance lease obligation	9	208,850	-
Operating lease liability	10	9,139,567	14,753,976
Payables from exchange transactions	11	325,981,398	391,879,398
Provisions	12	292,687,765	290,468,618
		628,017,580	697,101,992
Non-Current Liabilities			
Finance lease obligation	9	162,701	-
Total Liabilities		628,180,281	697,101,992
Net Assets		745,949,982	981,644,865
Accumulated surplus		745,949,982	981,644,865

South African Social Security Agency
Annual Financial Statements for the year ended March 31, 2018

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2018	2017
Revenue			
Donations received	35	-	361,078
Finance income	16	1,264,937	527,263
Revenue from exchange transactions	13	6,588,755	12,518,162
Revenue from non-exchange transactions	14	7,206,060,000	6,908,932,000
Total revenue		7,213,913,692	6,922,338,503
Expenditure			
Finance costs	18	11,916	70,013
Debt Impairment	4	732,518	204,260
Repairs and maintenance		25,040,670	21,407,623
Depreciation and amortisation	7&8	121,898,923	113,964,135
Social assistance service fees	20	2,112,455,337	2,062,877,697
Administrative expenses	19	1,919,767,438	2,121,439,944
Personnel costs	17	3,027,303,707	2,895,698,815
Total expenditure		7,207,210,509	7,215,662,487
Operating surplus/(deficit)	15	6,703,183	(293,323,984)
Loss on disposal of assets		(9,782,417)	(9,330,871)
Surplus/(deficit) for the year		(3,079,234)	(302,654,855)

South African Social Security Agency
Annual Financial Statements for the year ended March 31, 2018

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand	Accumulated surplus/ (Deficit)	Total net assets
Balance at 01 April 2016	1,284,299,720	1,284,299,720
Changes in net assets		
Surplus for the year	(302,654,855)	(302,654,855)
Total changes	(302,654,855)	(302,654,855)
Opening balance as previously reported	981,644,865	981,644,865
Balance at 01 April 2017	981,644,865	981,644,865
Changes in net assets		
(Deficit)/Surplus for the year	(3,079,234)	(3,079,234)
Cash surplus surrendered to National Treasury (note 36)	(232,615,649)	(232,615,649)
Total changes	(235,694,883)	(235,694,883)
Balance at 31 March 2018	745,949,982	745,949,982

South African Social Security Agency
Annual Financial Statements for the year ended March 31, 2018

CASH FLOW STATEMENT

Figures in Rand	Note(s)	2018	2017
Cash flows from operating activities			
Receipts			
Cash receipts		7,212,684,694	6,920,982,150
Payments			
Cash paid to suppliers and employees		(7,147,741,080)	(7,206,404,812)
Net cash flows from operating activities	23	64,943,614	(285,422,662)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(78,756,922)	(166,240,490)
Purchase of intangible assets	8	(24,075,775)	-
Proceeds from sale of assets		1,093,303	1,527,419
Interest Income	16	1,264,937	527,263
Net cash flows from investing activities		(100,474,457)	(164,185,808)
Cash flows from financing activities			
Cash surplus surrendered to National Treasury		(232,615,649)	-
Finance lease payments		(55,545)	(198,445)
Finance costs	18	(11,916)	(70,013)
Net cash flows from financing activities		(232,683,110)	(268,458)
Net (decrease)/increase in cash and cash equivalents		(268,213,953)	(449,876,928)
Cash and cash equivalents at the beginning of the year		777,382,156	1,227,259,084
Cash and cash equivalents at the end of the year	6	509,168,203	777,382,156

South African Social Security Agency

Annual Financial Statements for the year ended March 31, 2018

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Note references - Note 35
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Miscellaneous other revenue	-	-	-	6,588,755	6,588,755	
Finance income	-	-	-	1,264,937	1,264,937	
Total revenue from exchange transactions	-	-	-	7,853,692	7,853,692	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	7,206,060,000	-	7,206,060,000	7,206,060,000	-	
Total revenue	7,206,060,000	-	7,206,060,000	7,213,913,692	7,853,692	
Expenditure						
Personnel	(3,183,398,000)	-	(3,183,398,000)	(3,027,303,707)	156,094,293	36.2.1
Finance costs	-	-	-	(11,916)	(11,916)	
Repairs and maintenance	(21,499,000)	-	(21,499,000)	(25,040,670)	(3,541,670)	36.2.2
Social assistance service fee	(2,219,657,000)	-	(2,219,657,000)	(2,112,455,337)	107,201,663	36.2.3
Administrative expenses	(1,735,883,000)	-	(1,735,883,000)	(1,919,767,438)	(183,884,438)	36.2.4
Capital Expenditure	(19,977,000)	-	(19,977,000)	-	19,977,000	
Transfers and subsidies	(25,646,000)	-	(25,646,000)	-	25,646,000	
Total expenditure	(7,206,060,000)	-	(7,206,060,000)	(7,084,579,068)	121,480,932	
Surplus before taxation	-	-	-	129,334,624	129,334,624	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	129,334,624	129,334,624	

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

Comparative information

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

1.1 Significant judgements and sources of estimation uncertainty

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

Receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity's management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

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

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

ACCOUNTING POLICIES

Provisions

Provisions are raised and management determined estimates are based on the information available. Additional disclosure of these estimates of provisions are included in note 12. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Useful lives and residual values

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

1.2 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

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

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

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

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

ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ACCOUNTING POLICIES

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

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

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

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

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

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

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

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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

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

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

ACCOUNTING POLICIES

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

1.3 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

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

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

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

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

ACCOUNTING POLICIES

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Useful life
Computer software, internally generated	3 - 10 years
Computer software, other	3 - 10 years

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

1.4 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Inter-departmental claims payable or receivable represent amounts owing in respect of employee transfers between government departments.

Receivables from exchange transactions

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

Payables from exchange transactions

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

Cash and cash equivalents - classification and subsequent measurement

Cash and cash equivalents comprise cash on hand and demand deposits after payments processed but not cleared by the bank, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value and are classified as receivables.

ACCOUNTING POLICIES

Bank overdraft and borrowings - classification and subsequent measurement

Bank overdrafts and borrowings are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the entity's accounting policy for borrowing costs.

1.5 Leases

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

Finance leases - lessee

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

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

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

Any contingent rent is expensed in the period in which they are incurred.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.6 Inventories

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

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

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

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

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

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

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

ACCOUNTING POLICIES

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

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

1.7 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

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

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

1.8 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

ACCOUNTING POLICIES

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

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

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

Provisions shall not be recognised for deficits from future operating activities.

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

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

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

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

1.9 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

ACCOUNTING POLICIES

1.10 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

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

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

Measurement

Revenue is measured at the fair value of the consideration received or receivable.

Interest

Revenue arising from the use by others of entity assets yielding interest is recognised when:

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

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

1.11 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Recognition and measurement

Revenue from non-exchange transactions (including government grants) is recognised to the extent that the asset received qualifies for recognition, and there is no corresponding liability due to conditions associated with the transfer. Revenue is measured at the fair value of the consideration received or receivable.

Government grants

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

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

The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An

ACCOUNTING POLICIES

announcement at the beginning of a financial year that grants may be available for qualifying agencies in accordance with an agreed program may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

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

1.12 Borrowing costs

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

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

1.13 Fruitless and wasteful expenditure

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

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

1.14 Irregular expenditure

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

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

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

1.15 Budget information

The annual financial statements and budget are not presented on the same basis as the financial statements are prepared on accrual basis and the budget on a cash basis of accounting. A reconciliation between the surplus/(deficit) for the period as per statement of financial performance and budgeted surplus/(deficit) is included in the statement of comparison of budget and actual amounts. Refer to note 36.

Comparative information is not required.

1.16 Related parties

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

ACCOUNTING POLICIES

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

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

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

2. New standards and interpretations

2.1 Standards issued but not yet effective

The entity has chosen to early adopt the following standards and interpretations:

GRAP 18 (as amended 2016): Segment Reporting

Amendments to the Standard of GRAP on Segment Reporting resulted from editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.

The most significant changes to the Standard are:

- General improvements: An appendix with illustrative segment disclosures has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the amendment is for years beginning on or after April 1, 2019

The entity has early adopted the amendment for the first time when the Minister sets the effective date for the amendment.

The impact of the amendment is not material.

Guideline: Accounting for Arrangements Undertaken i.t.o the National Housing Programme

The objective of this guideline: Entities in the public sector are frequently involved in the construction of houses as part of government's housing policy, implemented through the national housing programme, which is aimed at developing sustainable human settlements. The Housing Act, Act No. 107 of 1997 provides information about the housing programmes that fall within the scope of the national housing programme. Concerns were raised by preparers about the inconsistent accounting applied to housing arrangements undertaken by entities under the national housing programme. Different accounting may be appropriate where there are differences between the terms and conditions of arrangements concluded by entities. However, under housing arrangements that are undertaken in terms of the national housing programme, there are common features and issues that need to be considered. As a result, the Board agreed to develop high-level guidance for arrangements undertaken in terms of the national housing programme.

It covers: Background to arrangements undertaken in terms of the national housing programme, Transactions that affect the accounting of housing arrangements, Consider whether the municipality undertakes transactions with third parties on behalf of another party, Accounting by municipalities appointed as project manager, Disclosure requirements, Accounting by municipalities appointed as project developer, Accounting

ACCOUNTING POLICIES

for the accreditation fee, commission, administration or transaction fee received, Land and infrastructure, Conclusion and Application of this Guideline to existing arrangements.

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

The entity has early adopted the guideline for the first time when the Minister sets the effective date for the guideline.

The impact of the guideline is not material.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);

ACCOUNTING POLICIES

- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
- both entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
- the entity is controlled or jointly controlled by a person identified in (a); and
- a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

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

The entity has early adopted the standard for the first time when the Minister sets the effective date for the standard.

The impact of the standard is not material.

GRAP 32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

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

ACCOUNTING POLICIES

The entity has early adopted the standard for the first time when the Minister sets the effective date for the standard.

The impact of the standard is not material.

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

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

The entity has early adopted the standard for the first time when the Minister sets the effective date for the standard.

The impact of the standard is not material.

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

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

The entity has early adopted the standard for the first time when the Minister sets the effective date for the standard.

The impact of the standard is not material.

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

ACCOUNTING POLICIES

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

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

The entity has early adopted the interpretation for the first time when the Minister sets the effective date for the interpretation.

The impact of the interpretation is not material.

IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land

This Interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

When an entity concludes that it controls the land after applying the principles in this Interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this Interpretation of the Standards of GRAP.

In accordance with the principles in the Standards of GRAP, buildings and other structures on the land are accounted for separately. These assets are accounted for separately as the future economic benefits or service potential embodied in the land differs from those included in buildings and other structures. The recognition and derecognition of buildings and other structures are not addressed in this Interpretation of the Standards of GRAP.

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

The entity has early adopted the interpretation for the first time in the 2018 annual financial statements.

The impact of the interpretation is not material.

IGRAP 19: Liabilities to Pay Levies

This Interpretation of the Standards of GRAP provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

To clarify the accounting for a liability to pay a levy, this Interpretation of the Standards of GRAP addresses the following issues:

- What is the obligating event that gives rise to the recognition of a liability to pay a levy?

ACCOUNTING POLICIES

- Does economic compulsion to continue to operate in a future period create a constructive obligation to pay a levy that will be triggered by operating in that future period?
- Does the going concern assumption imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period?
- Does the recognition of a liability to pay a levy arise at a point in time or does it, in some circumstances, arise progressively over time?
- What is the obligating event that gives rise to the recognition of a liability to pay a levy that is triggered if a minimum threshold is reached?

Consensus reached in this interpretation:

- The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation;
- An entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period;
- The preparation of financial statements under the going concern assumption does not imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period;
- The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time;
- If an obligation to pay a levy is triggered when a minimum threshold is reached, the accounting for the liability that arises from that obligation shall be consistent with the principles established in this Interpretation of the Standards of GRAP; and
- An entity shall recognise an asset, in accordance with the relevant Standard of GRAP, if it has prepaid a levy but does not yet have a present obligation to pay that levy.

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

The entity has early adopted the interpretation for the first time when the Minister sets the effective date for the interpretation.

The impact of the interpretation is not material.

South African Social Security Agency
Annual Financial Statements for the year ended March 31, 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2018	2017
3. Inventories		
Stationery and consumables	15,528,645	13,869,773
Postage/franking machine	1,010,635	1,630,322
	16,539,280	15,500,095
4. Receivables from exchange transactions		
Staff debtors	6,595,631	7,220,706
Other debtors	241,107	163,579
Inter-departmental claims	2,906,229	3,127,139
	9,742,967	10,511,424
Receivables pledged as security		
Receivables were not pledged as security for any financial liability.		
Credit quality of receivables		
The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates.		
Fair value of receivables		
The fair value of receivables approximates the carrying amount due to their short term nature.		
Carrying value	11,114,162	12,263,754
Provision for doubtful	(1,371,195)	(1,752,330)
	9,742,967	10,511,424
Reconciliation of provision for impairment of receivables		
Opening balance	1,752,330	2,070,962
Provision for impairment	732,518	204,260
Amounts written off as uncollectible	(1,113,653)	(522,892)
	1,371,195	1,752,330
5. Prepayments		
Prepaid annual consulting, support and subscription fees		
Opening balance	17,095,299	14,548,250
Amount realised as an expense	(24,717,778)	(78,620,138)
Increased for the period	24,506,571	81,167,187
	16,884,092	17,095,299

South African Social Security Agency
Annual Financial Statements for the year ended March 31, 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2018	2017
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6. Cash and cash equivalents

Cash and cash equivalents consist of:

Petty cash	105,000	105,000
Bank balances	509,063,203	777,277,156
	509,168,203	777,382,156

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

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

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

South African Social Security Agency
Annual Financial Statements for the year ended March 31, 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2018

2017

7. Property, plant and equipment

	2018			2017		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	519,500	-	519,500	519,500	-	519,500
Buildings	252,585,948	(33,759,216)	218,826,732	245,620,730	(24,472,557)	221,148,173
Leasehold property	1,855,461	(1,058,764)	796,697	2,097,067	(593,322)	1,503,745
Work in progress	2,978,933	-	2,978,933	822,982	-	822,982
Furniture and fixtures	184,149,069	(75,706,281)	108,442,788	184,160,113	(68,577,508)	115,582,605
Motor vehicles	288,573,470	(134,592,888)	153,980,582	293,146,647	(111,782,560)	181,364,087
Office equipment	12,955,154	(7,049,594)	5,905,560	13,420,541	(6,605,599)	6,814,942
IT equipment	453,158,646	(222,657,678)	230,500,968	424,873,321	(189,421,940)	235,451,381
Finance lease assets	467,153	(117,763)	349,390	169,651	(169,651)	-
Machinery and equipment	97,340,443	(40,481,673)	56,858,770	96,962,081	(33,855,178)	63,106,903
Communication equipment	14,776,960	(11,996,748)	2,780,212	15,042,463	(11,972,241)	3,070,222
Total	1,309,360,737	(527,420,605)	781,940,132	1,276,835,096	(447,450,556)	829,384,540

Reconciliation of property, plant and equipment - 2018

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

South African Social Security Agency
Annual Financial Statements for the year ended March 31, 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2018

2017

7. Property, plant and equipment (continue)

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals Re - classifications	Depreciation	Carrying value	
Land	519,500	-	-	-	-	519,500
Buildings	155,617,112	68,174,544	-	5,105,632	(7,749,115)	221,148,173
Leasehold property	13,272	2,043,983	-	(5)	(553,505)	1,503,745
Work in progress	6,018,677	131,547	-	(5,327,242)	-	822,982
Furniture and fixtures	112,246,338	20,620,939	(2,972,712)	(22,151)	(14,289,809)	115,582,605
Motor vehicles	196,183,103	2,946,148	(2,846,833)	-	(14,918,331)	181,364,087
Office equipment	8,004,503	695,260	(485,687)	6,756	(1,405,890)	6,814,942
IT equipment	237,760,457	54,321,321	(3,886,454)	3,142	(52,747,085)	235,451,381
Finance lease assets	91,105	-	-	5	(91,110)	-
Machinery and equipment	56,331,595	17,080,161	(602,937)	233,863	(9,935,779)	63,106,903
Communication equipment	3,967,092	226,587	(63,599)	-	(1,059,858)	3,070,222
	776,752,754	166,240,490	(10,858,222)	-	(102,750,482)	829,384,540

South African Social Security Agency
Annual Financial Statements for the year ended March 31, 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

8. Intangible assets

	2018			2017		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	119,672,787	(91,177,394)	28,495,393	112,130,295	(83,256,952)	28,873,343
Intangible assets under development	11,360,196	-	11,360,196	-	-	-
Total	131,032,983	(91,177,394)	39,855,589	112,130,295	(83,256,952)	28,873,343

Reconciliation of intangible assets - 2018

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

Reconciliation of intangible assets - 2017

	Opening balance	Amortisation	Carrying value
Computer software	40,087,040	(11,213,697)	28,873,343

South African Social Security Agency
Annual Financial Statements for the year ended March 31, 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2018	2017
9. Finance lease obligation		
Minimum lease payments due		
- within one year	237,058	-
- in second to fifth year inclusive	169,658	-
	406,716	-
less: future finance charges	(35,165)	-
Present value of minimum lease payments	371,551	-
Present value of minimum lease payments due		
- within one year	208,850	-
- in second to fifth year inclusive	162,701	-
	371,551	-
Non-current liabilities	162,701	-
Current liabilities	208,850	-
	371,551	-

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

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

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

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

South African Social Security Agency
Annual Financial Statements for the year ended March 31, 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2018	2017
10. Operating lease liability		
Contractual payments	(140,489,374)	(178,037,541)
Straight line basis expense	149,628,941	192,791,517
	9,139,567	14,753,976
Operating lease - as lessee (expense - Minimum lease payments due)		
Within one year	102,694,569	138,512,116
In second year to fifth year inclusive	127,494,624	132,684,628
Later than five years	5,683,638	5,823,360
	235,872,831	277,020,104

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments have been recognised as an operating lease liability.

Operating lease payments represent rentals payable by the agency for certain of its office properties and equipment. Leases are negotiated for periods ranging from 12 months to 120 months. The leases escalate on average between 5% and 10%. The operating lease liability at the end of the period is R9,139,567 (2017: R14,753,976).

11. Payables from exchange transactions

Trade payables	111,010,465	200,521,458
Inter-departmental claims	100	279,518
Payroll - Third-party	51,198	26,539
Accrued service bonus	89,106,409	85,743,562
Accrued expenses	125,813,226	05,308,321
	325,981,398	391,879,398
Fair value of trade and other payables		
Trade payables	111,010,465	200,521,458
Inter-departmental claims	100	279,518
Payroll - Third-party	51,198	26,539
Accrued service bonus	89,106,409	85,743,562
Accrued expenses	125,813,226	105,308,321
	325,981,398	391,879,398

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

South African Social Security Agency
Annual Financial Statements for the year ended March 31, 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2018	2017
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12. Provisions

Reconciliation of provisions - 2018

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

Reconciliation of provisions - 2017

	Opening Balance	Additions	Utilised during the year	Total
Provisions for shared services and other third-party	13,946,117	7,938,554	(8,189,452)	13,695,219
Provision for leave pay	227,986,040	283,794,378	(277,599,042)	234,181,376
Provision for performance bonus	38,909,467	37,665,563	(33,983,007)	42,592,023
	280,841,624	329,398,495	(319,771,501)	290,468,618

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

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

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

13. Revenue from exchange transactions

Tender documentation, waste papers and others	50,064	60,104
Commission received	154,549	202,991
Rental income - parking	409,470	379,384
Recovery of previous year revenue	4,757,246	7,198,835
Skills development refund	1,217,426	4,676,848
	6,588,755	12,518,162

South African Social Security Agency
Annual Financial Statements for the year ended March 31, 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2018

2017

14. Revenue from non-exchange transactions

Government grant	7,206,060,000	6,908,932,000
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No amount of government grant received during the year was conditional, resulting in the full amount received being recognised as revenue.

15. Operating deficit

Operating deficit for the year is stated after accounting for the following material items:

Operating lease charges

Lease rentals on operating lease

• Straight lining of operating leases	149,628,941	192,791,517
Personnel costs	3,027,303,707	2,895,698,815
Social assistance service fees	2,112,455,337	2,062,877,697
Computer expenses	338,235,510	330,280,544
Security	278,458,899	268,792,597
Consulting and professional fees	277,634,472	239,759,057
Travel - local	101,002,931	122,062,834
Depreciation on property, plant and equipment	109,649,238	102,750,436
Motor vehicle expense	73,953,196	71,015,145
Telephone and fax	24,236,639	39,781,430
Amortisation on intangible assets	12,249,685	11,213,699
Loss on sale of property, plant and equipment	9,782,417	9,330,871

16. Interest revenue

Bank interest received	9,320	6,951
Interest on other receivables	1,255,617	520,312
	1,264,937	527,263

South African Social Security Agency
Annual Financial Statements for the year ended March 31, 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2018	2017
17. Personnel costs		
Basic	2,124,033,765	2,021,838,074
Service and performance bonuses	205,520,323	204,855,250
Medical aid - company contributions	179,654,089	165,914,592
Bargain council	270,819	278,932
Defined contribution plans	270,651,721	252,408,590
Overtime payments	11,614,786	15,751,593
Housing benefits and allowances	119,784,910	103,858,972
Serviced based remuneration	3,022,213	2,223,574
Circumstantial compensation	3,895,537	7,309,045
Non pensionable benefits	100,476,249	121,260,193
Termination benefits - Mr TW Magwaza *	8,379,295	-
	3,027,303,707	2,895,698,815

* The agency paid a settlement amount of R8,379,295 to the former CEO, Mr TW Magwaza, in lieu of termination of his employment contract.

18. Finance costs

Finance charge incurred on finance leases	11,916	70,013
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South African Social Security Agency
Annual Financial Statements for the year ended March 31, 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2018	2017
19. Administrative expenses		
Advertising	26,081,220	120,598,979
Auditors remuneration	21,269,993	17,701,555
Bank charges	6,545,877	1,753,502
Cleaning	86,348,723	82,052,839
Computer expenses	338,235,510	330,280,544
Consulting and professional fees	277,634,472	239,759,057
Consumables	4,939,181	10,245,919
Entertainment	12,809,705	26,285,168
Medical expenses	94,752,347	94,643,766
Motor vehicle expenses	73,953,196	71,015,145
Postage and courier	24,782,150	40,434,864
Printing and stationery	64,116,051	66,625,629
Security	278,458,899	268,792,597
Cellphone, telephone and fax expenses	35,277,174	49,460,533
Training	12,310,781	17,279,117
Travel - local	101,002,931	122,062,834
Travel - overseas	55,097	519,340
Staff bereavement	185,110	145,000
Other administrative expenses	22,538,604	58,151,165
Assets expensed	471,562	2,035,412
Utilities - Municipal services	53,976,295	49,902,085
Uniforms	261,782	405,847
Communication licences	1,314,278	2,303,257
Resettlement cost	7,444,275	8,470,404
Health and wellness expenses	24,694,612	23,592,410
Rentals	180,906,943	176,431,336
Venue expenses	14,819,966	42,708,870
Staff Bursaries	4,951,763	4,991,253
Straight-lining on operating lease	149,628,941	192,791,517
	1,919,767,438	2,121,439,944

South African Social Security Agency
Annual Financial Statements for the year ended March 31, 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2018	2017
20. Social assistance service fee		
Social assistance service fee	2,112,455,337	2,062,877,697
Fees paid to the service provider for cash handling and payment of social assistance to beneficiaries.		
21. Taxation		
No provision has been made for 2018 tax as the entity is exempt from income tax in terms of section 10(1)(cA)(i) of the Tax Act, 1962.		
22. Auditors' remuneration		
Fees for audit services rendered	21,269,993	17,701,555
23. Cash generated from (used in) operations		
Deficit	(3,079,234)	(302,654,855)
Adjustments for:		
Depreciation and amortisation	121,898,923	113,964,135
Loss on disposal of assets	9,782,417	9,330,871
Provision for impairment on capital assets	6,947,309	-
Finance costs - Finance leases	11,916	70,013
Interest income	(1,264,937)	(527,263)
Movements in operating lease	(5,614,409)	(11,059,815)
Movements in provisions	2,219,147	9,626,994
Changes in working capital:		
Inventories	(1,039,185)	1,455,910
Receivables from exchange transactions	768,457	(624,830)
Prepayments	211,207	(2,547,049)
Payables from exchange transactions	(65,897,997)	(102,456,773)
	64,943,614	(285,422,662)

South African Social Security Agency
Annual Financial Statements for the year ended March 31, 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

24. Commitments

Authorised capital expenditure

Total capital commitments

Already contracted for but not provided for

Not yet contracted for and authorised by member

48,948,478

30,708,457

-

1,012,970

48,948,478

31,721,427

Authorised operational expenditure

Total operational commitments

Already contracted for but not provided for

Not yet contracted for and authorised by member

1,283,970,360

1,829,058,323

104,996,736

2,401,680

1,388,967,096

1,831,460,003

Total commitments

Total commitments

Authorised capital expenditure

Authorised operational expenditure

48,948,478

31,721,427

1,388,967,096

1,831,460,003

1,437,915,574

1,863,181,430

South African Social Security Agency
Annual Financial Statements for the year ended March 31, 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2018	2017
25. Contingencies		
Contingent liabilities		
SIU	36,344,659	36,333,949
Various claims	21,757,713	23,201,055
Upgrade of salary levels (Resolution 3 of 2009) - Case no. PSCBC 88-13/14	46,330,971	39,927,661
Retention of 2015/16 cash surplus not yet approved	-	95,708,557
	104,433,343	195,171,222
Various claims includes:		
Labour related claims	17,275,932	16,612,258
Motor vehicle claims	783,078	553,986
Grant deductions claims	5,056	-
Contractual claims	3,693,648	6,034,811
	21,757,714	23,201,055

CPS has previously lodged arbitration proceedings against SASSA, claiming payment of a sum of R1,362,429,942 for, inter alia, alleged deprivation of an opportunity to earn full service fees as a result of “contracts” concluded between SASSA and SAPO, as well as certain banking institutions during the period prior 2010. SASSA has defended these claims on, inter alia, the basis that the contracts concluded with CPS; which were subsequently transferred to SASSA from the Provincial Departments; do not afford CPS exclusive rights to disburse payments to social grant beneficiaries. CPS has recently withdrew other arbitration matters against SASSA to the value of R569,576,942 and only pursuing the arbitrations in respect of the North West and Limpopo Provinces to the value of R792,853,000. The parties are currently in a process of setting the matter down for arbitration. Note that SASSA is opposing both merits and quantum.

Contingent assets

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

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

The Variation Agreement between SASSA and CPS made on 15 June 2012, and the resultant payment made in the sum of R316,447,361 are reviewed and set aside;

CPS is ordered to refund the said amount of R316,447,361 to SASSA, with interest from June 2014 to date of payment.

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

South African Social Security Agency
Annual Financial Statements for the year ended March 31, 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2018	2017
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26. Related parties

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

The entity receives from, and is dependent on the Department of Social Development for funding, and this has been disclosed as grant revenue received in note 14. In accordance with IPSAS 20: Related Parties, disclosure of related party transactions and balances are only required where these took place on terms that are not usual in the sector or generally available to the broader public.

Inter-departmental claims are generally based on arms length transactions. Refer to note 27 for key management emoluments. The entity has made provision for services received from other related parties as part of its general accruals and consequently considers these transactions to be at arms length.

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

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

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

South African Social Security Agency
Annual Financial Statements for the year ended March 31, 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2018

2017

27. Key management emoluments - executives

2018

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

South African Social Security Agency

Annual Financial Statements for the year ended March 31, 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2018

2017

2017

	Emoluments	Service bonus	Car allowance	Other benefits	Total
Mr TW Magwaza (CEO)	492,844	98,569	-	240,555	831,968
Mr TJ Chauke (CFO)	883,691	73,195	24,000	491,486	1,472,372
Dr VL Petersen (CEO- Contract ended)	288,207	13,079	18,253	231,597	551,136
Mr AS Mahlangu (CIO)	1,070,643	110,770	113,617	256,010	1,551,040
Ms Ramokgopa (EM-Strategy)	1,154,166	87,173	80,000	284,248	1,605,587
Ms PD Ndlovu (Acting EM-Corporate services)	804,068	64,975	18,000	439,599	1,326,642
Ms MT Sibanyoni (EM-Internal Audit)	883,612	73,195	75,996	461,738	1,494,541
Ms ED Dunkerley (EM-Policy Implementation)	968,707	82,133	60,000	274,269	1,385,109
Mr MB Tsosane	769,129	53,428	50,000	345,917	1,218,474
Mr SP Yawa (REM-EC)	868,630	73,665	178,476	328,225	1,448,996
Mr BB Maqetuka (REM-FS)	883,691	74,980	239,640	343,226	1,541,537
Mr MT Matlou (REM-GP)	928,927	76,941	156,000	164,701	1,326,569
Mr AR Malope (Acting REM-MP)	746,234	-	137,500	161,211	1,044,945
Ms MSM Setlaba (Acting REM-FS)	959,066	67,151	72,000	207,893	1,306,110
Ms PS Bengu (REM-KZN)	1,030,973	85,394	72,000	283,931	1,472,298
Ms MM Mamabolo (Acting REM-LP)	837,494	56,707	120,000	365,053	1,379,254
Mr MM Mogane (REM-MP)	883,691	73,195	210,588	304,898	1,472,372
Ms Z Mpeta (REM-NC)	869,630	54,230	60,000	321,924	1,305,784
Ms EZ Mvulane (REM-NW)	808,168	66,939	108,000	363,431	1,346,538
Mr AF Sethokga (Acting REM-NW)	876,355	58,150	96,000	286,107	1,316,612
Mr W Terblanche (REM-WC)	547,377	87,791	15,000	665,666	1,315,834
	17,555,303	1,431,660	1,905,070	6,821,685	27,713,718

Total key management emoluments

Emoluments	16,106,381	17,555,303
Service Bonus	1,287,196	1,431,660
Car Allowance	1,689,686	1,905,070
Other Benefits	16,169,252	6,821,685
Total	35,252,515	27,713,718

These emoluments have been included in Note 17 Personnel cost.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

28. Risk management

Liquidity risk

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

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

Credit risk

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

Credit risk consists mainly of cash deposits and cash equivalents.

Financial assets exposed to credit risk at year end were as follows:

Receivables: R9,742,967 (2017: R10,511,424)

Foreign exchange risk

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

Price risk

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

29. Going concern

We draw attention to the fact that at March 31, 2018, the entity had an accumulated surplus/(deficit) of R 745,949,982 and that the entity's total assets exceed its liabilities by R 745,949,982.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

South African Social Security Agency
Annual Financial Statements for the year ended March 31, 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2018	2017
30. Fruitless and wasteful expenditure		
Fruitless and wasteful expenditure- opening balance	6,549,107	10,911,019
Add: Fruitless and wasteful expenditure - current year	277,577	1,453,781
Less: Fruitless and wasteful expenditure - write-off	(86,526)	(420,207)
Less: Transferred to receivables for recovery	(177,690)	(377,753)
Less: Amounts found not to be fruitless and wasteful	(626,948)	-
Add: Correction of prior year error	142,038	(5,017,731)
	6,077,558	6,549,109

Details of fruitless and wasteful expenditure – current year

Interest and penalties	14,402
Hotel-no shows	67,579
Other matters	64,954
Rentals for services not utilised	130,642
	277,577

Narrations on fruitless and wasteful expenditure

Correction of prior year error consist of the following:

A sum of R142,037 relating to correction of duplicates which were included in the Mikondzo cancelled event and cases that were already concluded at end of 2016/2017 financial year which were not accounted for.

South African Social Security Agency
Annual Financial Statements for the year ended March 31, 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2018	2017
31. Irregular expenditure		
Opening balance	1,404,621,602	1,140,306,898
Add: Irregular expenditure - current year	224,574,137	326,159,810
Add: Irregular expenditure relating to prior year	190,444,771	-
Less: Amounts condoned	(75,614,609)	(42,532,975)
Less: Amounts found not to be irregular	(30,801,262)	(18,456,901)
Less: Irregular expenditure condoned in the prior year	(1,692,525)	(815,561)
Less: Transferred to debtors	(295)	(39,669)
	1,711,531,819	1,404,621,602

The opening balance includes R316 million relating to payment made to CPS for re-registration of beneficiaries. SASSA previously requested condonation from National Treasury, and later advised Treasury to suspend processing of the condonation pending the outcome of CPS appeal. The Gauteng High Court made judgment on 23 March 2018 that CPS must pay this money back to SASSA. SASSA subsequently wrote to CPS to repay the money as per Court order. CPS responded that they have appealed the Court order but the appeal was dismissed then petitioned the Supreme Court of Appeal for leave to appeal the judgement on 24 May 2018.

The Agency has reviewed ICROP and Diagnostic Risk Assessment contracts and found them to be irregular, and were therefore reclassified from possible irregular expenditure to irregular expenditure.

Details of irregular expenditure – current year

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

South African Social Security Agency
Annual Financial Statements for the year ended March 31, 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

Details of irregular expenditure – prior year

	2018	2017
Details of irregular expenditure – prior year		
CIDB non-compliance		
Extension of other contracts and lease payments		
Local Content non-compliance		
Lease payments		
Forensic investigations - SAB&T		
Medical assessments		
Work Streams		
Other matters		
Disciplinary steps taken/criminal proceedings		
Internal investigations are still in process		24,622,910
Internal investigations are still in process		29,298,598
Internal investigations are still in process		60,266,637
Referred to national treasury for condonation		135,507,159
Currently with internal audit to review the deliverables		1,448,639
Internal investigations are still in process		3,336,155
Agency in communication with national treasury		43,242,143
Internal investigations are still in process		28,437,569
		326,159,810

Possible irregular expenditure

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

Details of irregular expenditure relating to prior year:

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

South African Social Security Agency
Annual Financial Statements for the year ended March 31, 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2018

2017

32. Financial assets by category

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

2018

	Financial assets at amortised cost	Total
Receivables before impairment	10,475,485	10,475,485
Impaired receivables	(772,208)	(772,208)
Cash and cash equivalents	509,168,203	509,168,203
	518,871,480	518,871,480

2017

	Financial assets at amortised cost	Total
Receivables before impairment	10,715,684	10,715,684
Impaired Receivables	(204,260)	(204,260)
Cash and cash equivalents	777,382,156	777,382,156
	787,893,580	787,893,580

Receivables from exchange transactions - age analysis as at 31 March 2018

Description	0-3 Months	3-6 Months	6-12 Months	12 Months +	Total
Staff debtors	1,026,685	714,085	703,514	4,151,347	6,595,631
Inter-departmental claims	2,881,333	24,032	-	864	2,906,229
Other debtors	6,644	-	-	234,463	241,107
	3,914,662	738,117	703,514	4,386,674	9,742,967

33. Financial liabilities by category

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

2018

	Financial liabilities at amortised cost	Total
Payables	325,981,396	325,981,396

2017

	Financial liabilities at amortised cost	Total
Payables	391,879,398	391,879,398

South African Social Security Agency

Annual Financial Statements for the year ended March 31, 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2018

2017

34. Events after the reporting date: non-adjusting

Subsequent to 31 March 2018; The agency entered into a transitional agreement with South African Post Office (SAPO). This transitional agreement is aimed at phasing in SAPO as the service provider for paying social grants with effect from 01 October 2018. The agency is required by SAPO to make an advance payment in the amount of R541 million incl. VAT, over a period of three months for infrastructure development; as per the transitional agreement.

The advance payment in the amount of R541 million shall be repaid through 10% deduction from the service charges payable to SAPO under each monthly invoice issued to SASSA pursuant to this Agreement as from 01 October 2018, until such time that the advance payment is repaid in full.

35. Statement of gifts, donations and sponsorships

Statement of gifts, donations and sponsorships paid

In Cash

Metropolitan	-	1,000
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In kind

Wheelchairs	-	16,364
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Radios and fans	-	1,935
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	-	19,299
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Statement of gifts, donations and sponsorships received - In kind

Hewlett Packard Enterprise	-	361,078
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South African Social Security Agency
Annual Financial Statements for the year ended March 31, 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2018	2017
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36. Reconciliation between budget and statement of financial performance

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

Net surplus/(deficit) per the statement of financial performance	(3,079,234)	(302,654,855)
Adjusted for:		
Depreciation and amortisation	121,898,923	113,964,135
Debt Impairment	732,518	204,260
Loss on disposal of assets	9,782,417	9,330,871
Donations received	-	(361,078)
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	129,334,624	(179,516,667)

Reconciliation between budget and cash flow statement:

	Operating activities	Financing activities	Investing activities	Total
Actual amount on comparable basis	128,081,603	(11,916)	1,264,937	129,334,624
Basis difference	(63,137,989)	(232,671,194)	(101,739,394)	(397,548,577)
	64,943,614	(232,683,110)	(100,474,457)	(268,213,953)

36.2.1 Employee costs

The underspending on compensation of employees results from the funded positions that were not filled at financial year-end. Among these positions are senior management of the Chief Executive Officer, Chief Operations Officer, Executive Manager for Corporate Service and Executive Managers for Limpopo, Northern Cape, Free State, Mpumalanga and Western Cape regions.

36.2.2 Repairs and maintenance

The overspending is due to the funding from the retained cash surplus of the refurbishment to a building acquired for office accommodation.

36.2.3 Social assistance

The payment towards the disbursement of grant monies was based on a flat tariff of R16.44. This resulted in a lower spending in this regard due to the increase in beneficiary intake not being very high.

36.2.4 Administrative expenses

The overspending is mainly due to the programmes and projects that were funded from the retained cash surplus. These include Mikondzo, ICROP and implementation of the Biometrics, scanning solution and the activities related to the Transition project. The funding of these projects from the retained cash surplus meant that the spending would be more or over and above the transfers received.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

37. Surrendered Cash Surplus

	2018
Surrendered cash surplus for the financial year 2015/16	
Cash surrendered to national treasury	(232,615,649)
Accumulated surplus before adjustment	989,719,607
	757,103,958

In 2015/16 the Agency reported a deficit for the year (Statement of Financial Performance) and did not apply to retain a surplus. However, based on the calculation as per National Treasury instruction note 3 of 2015/16, a surplus was shown on which the Agency engaged with National Treasury to review the calculations of the retained surplus. Whilst the Agency engaged the National Treasury on cash surplus calculation; the Agency was of the view that the request for retention of cash surplus will be approved based on the fact that approval was granted in previous years.

National Treasury didn't grant approval to the Agency to retain the 2015/16 cash surplus of R232m, as calculated per National Treasury instruction note 3 of 2015/16, and therefore required that the retained surplus be surrendered to the Revenue Fund. Subsequently, the 2015/16 cash surplus was surrendered and charged directly against the accumulated surplus.

The agency disclosed contingent liability relating to the pending application of cash surplus retention in the 2016/17 Annual Financial Statements. In the current reporting period the payment of R232 million for retention of cash surplus for 2015/16 was made in line with section (53)3 of the PFMA and it was charged directly to the accumulated surplus.



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