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SOUTH AFRICAN SOCIAL SECURITY AGENCY

ANNUAL REPORT 2015/16



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social development

Department:
Social Development
REPUBLIC OF SOUTH AFRICA





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SOUTH AFRICAN SOCIAL SECURITY AGENCY

ANNUAL REPORT 2015/16



social development

Department:
Social Development
REPUBLIC OF SOUTH AFRICA



NDA
National
Development
Agency



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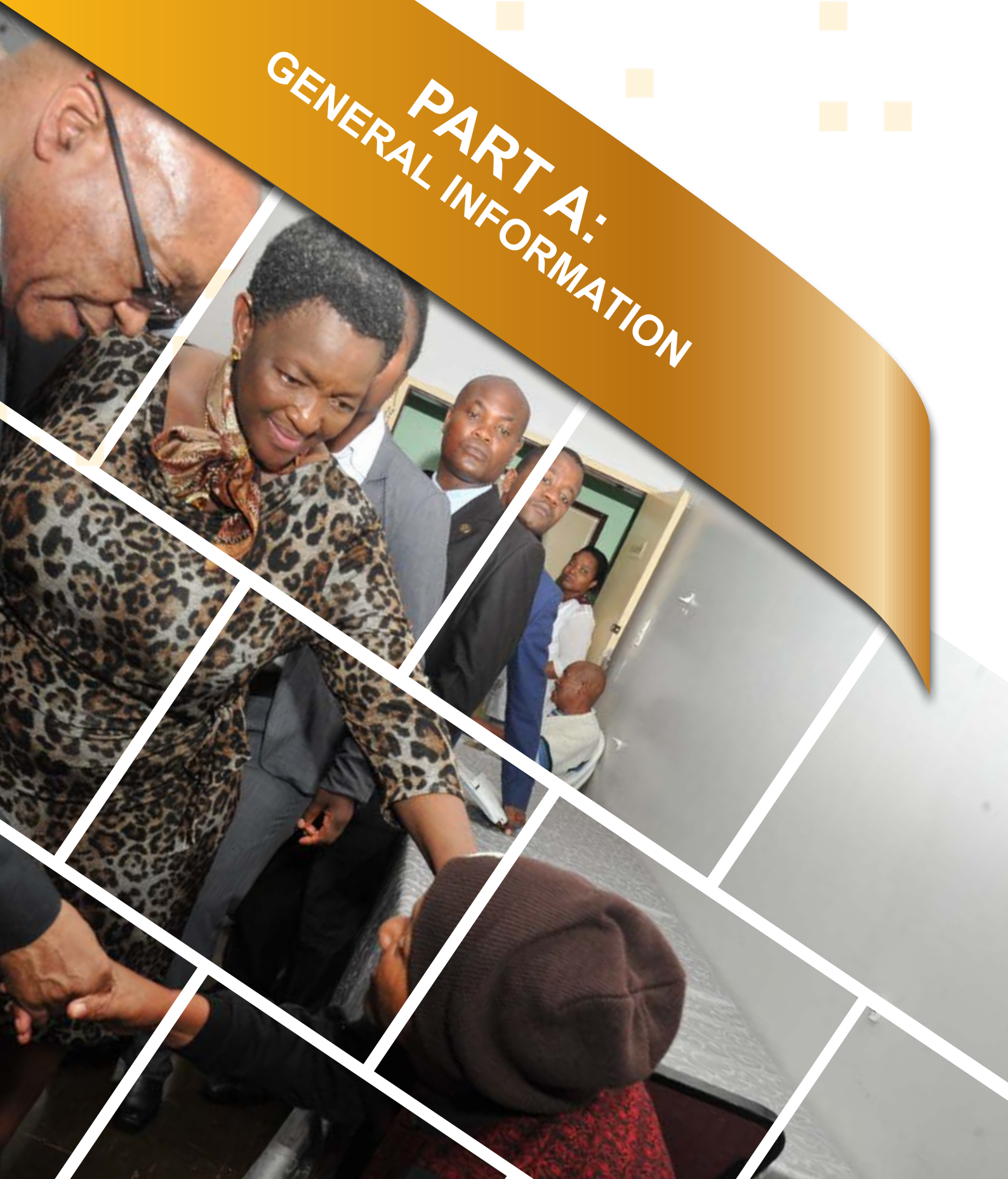
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PART A: GENERAL INFORMATION



1. SASSA'S

GENERAL INFORMATION

The South African Social Security Agency (SASSA)

Physical address of Head Office

Head Office Address:

SASSA House

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 or CPS 0800 60 01 60

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
AFS	Annual Financial Statements
APP	Annual Performance Plan
BAC	Bid Adjudication Committee
BI	Business Intelligence
CCMA	Commission for Conciliation, Mediation and Arbitration
CDG	Care Dependency Grant
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Information Officer
CPS	Cash Paymaster Services
CSG	Child Support Grant
DG	Disability Grant
DHA	Department of Home Affairs
DSD	Department of Social Development
EE	Employment Equity
EPWP	Expanded Public Works Programmes
EXCO	Executive Committee
FCG	Foster Child Grant
FMB	Financial Misconduct Board
GHS	General Households Survey
GIA	Grant-in-Aid
GRAP	Generally Recognised Accounting Practice
HCM	Human Capital Management
HR	Human Resource
ICROP	Integrated Community Outreach Programme
ICT	Information and Communication Technology
IRM	Internal Reconsideration Mechanism
MANCO	Management Committee
MPSS	Minimum Physical Security Standard
MTEF	Medium Term Expenditure Framework
NACH	National Anti-Corruption Hotline
OAG	Old Age Grant
OHSA	Occupational Health and Safety Act
PFMA	Public Finance Management Act
PSC	Public Service Commission
REM	Regional Executive Manager
RFP	Request for Proposal
SASSA	South African Social Security Agency
SCM	Supply Chain Management
SLA	Service Level Agreement
SOCPEN	Social Pensions System
SRD	Social Relief of Distress
SSA	State Security Agency
StatsSA	Statistics South Africa
ToR	Terms of Reference
TR	Treasury Regulations
WVG	War Veteran Grant



Honourable Bathabile O. Dlamini
Minister of Social Development



Henrietta Bogopane-Zulu
Deputy Minister of Social Development



Ms Raphaahle Ramokgopa
**Chief Executive Officer, SASSA
(Acting)**

3. FOREWORD

BY THE MINISTER



Ms BO Dlamini, MP
Minister of Social Development



This year marks a major milestone in the South African Social Security Agency's (SASSA) history- the celebration of ten years of fighting poverty and providing hope and restoring the dignity of millions of poor and vulnerable members of our society-children, persons with disabilities and older persons. Charged with a clear mandate to administer and manage the payment of social grants as per the provision of the Constitution of the Republic of South Africa, which places an obligation on the State to provide social security to those who cannot provide for themselves including their dependents.

If we look back over the years, we can say confidently that there is every reason to celebrate. With each passing year, SASSA has grown by leaps and bounds in executing its mandate, registering impressive progress in reaching out to eligible beneficiaries and expanding its footprint into the hinterlands of our country. To date, the social protection remains our Government's key initiative in tackling poverty and in increasing investment in health, education and nutrition among the most vulnerable groups.

The review of our country's progress shows that Government's social assistance programme remains the single most important driver of the decline in poverty over the past 22 years. From 2,5 million beneficiaries in 1999 to over 16 million as at the end of this reporting period, social grants represent Government's largest form of support to the poor. Of these grants, the Child Support Grant (CSG) is the largest by number, totalling just below 12 million, which

represents approximately 31% of the South African population. The various social grants recorded an average of 55% growth in value since 2006, for example, the Old Age Grant grew from R820.00 to R1 500.00 in 2016. South Africa now spends close to 3% of GDP on social assistance to the value of R128 billion in 2015/16 financial year.

A key measure of the customer service that SASSA provides is the timeliness of the grant application process. I am pleased that the Agency's focus on timeliness has resulted in reduced waiting times for many beneficiaries. Ten years ago, the turnaround time for processing social grants took up to 90 days. Today, this process takes one day, with the exception of the Disability Grant which requires appointments with health practitioners.

We will continue with the implementation of our service delivery initiatives- Project Mikondzo and the Integrated Community Registration Outreach Programme (ICROP) to improve the sector's services and to increase access to social assistance for the impoverished communities. For the period under review, 570 ICROPs and 78 Project Mikondzo interventions were conducted in poor wards identified as a priority by Cabinet. With regard to local economic development, we will continue to intensify the implementation of the Capacity Building programme to ensure that cooperatives benefit from Government's procurement process as directed by President Jacob Zuma.

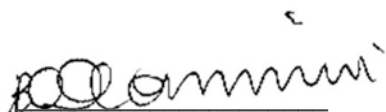
On the legislative front, we will strengthen the protection of social grant beneficiaries against the unscrupulous and immoral business practices which prey on vulnerable members of our society. To this end, we have introduced the amendments to the regulations to the Social Assistance Act, 2004 to specifically protect social grant beneficiaries from unauthorised deductions from the accounts of social grants beneficiaries. In terms of these amendments, no unauthorised deductions will be allowed from the SASSA payment cards, except for premiums for funeral policies not exceeding 10% of the value of the grant. There will be no deductions permitted off children's grants or grants which are temporary in nature.

As we mark this important milestone for SASSA, we have an opportunity to reflect on our long journey from where we began to where we are today and the progress we have made so far. Whatever the challenges that we may face, we have every reason to be proud of our accomplishments; we have every reason to remain proud and optimistic. The way ahead is clear and preparations are underway to set up an effective organisation

that will manage the entire value chain process for the efficient and effective management of the of social grants payment system in South Africa. During the 2015/16 financial year, we focused on strengthening the work streams to support and coordinate key components aspects aimed at building state of the art institution that is equal to this task.

We take this opportunity to thank my predecessors, Dr Zola Skweyiya and Minister Edna Molewa who provided astute political leadership during the critical period of the Agency's existence. My final words are to record my personal appreciation to the former SASSA CEOs, Mr Fezile Makiwane who guided the Agency through its early years. We are equally grateful to Dr Virginia Petersen, who stepped down in May this year after leading the Agency very ably with pride, passion and insight as CEO. We wish her the very best in her future endeavors. We are also very grateful to Ms Raphaahle Ramokgopa, who led the Agency as Acting CEO, the entire SASSA Executive Management and staff for their invaluable contribution and unwavering support to the work of the Agency.

”



Ms. BO Dlamini, MP

Minister of Social Development

Republic Of South Africa

Date: 29 August 2016

4. OVERVIEW

CHIEF EXECUTIVE OFFICER



Ms Raphaahle Ramokgopa
Chief Executive Officer (Acting)



The 2015/16 financial year marked the second year of implementation towards realization of our strategic plan targets and our Annual Performance Plan remained congruent with the strategic plan. During this particular financial year, SASSA managed to increase the number of social grants in payment by 2% from 16 642 643 at the end of 2014/15 to 16 991 634 at the end of 2015/16 financial year. The majority of these grants are children's grants totalling 12 573 955, representing a 1.99% growth from the 2014/15 financial year total of 12 329 716.

SASSA continued to improve the turnaround time for processing social grants applications from 21 working days in 2014/15 to 15 working days during the reporting period. It is worth noting that of all applications processed within 15 days, 83% of the new social grant applications were processed within 1 working day. Majority of social grants processed outside the 15 working days relate to Disability grants requiring attention of health professionals.

A total of 479 238 SRD applications were awarded during this financial year.

This number includes 112 469 awards for people who were assisted in time of disasters. The awards were issued in various forms ranging from vouchers, school uniform, cash and food parcels. Most of the SRD awards were food parcels 171 120, followed by vouchers 156 142.

In line with our goal to improve the conditions under which beneficiaries are served, SASSA converted 262 open pay points to fixed structures across all nine regions and continues to convert as and when the need arises. This number includes both steel structures constructed and migration to community structures, such as churches and community halls.

SASSA implemented its fraud prevention strategy and anti-corruption policy towards curbing incidences of fraud and corruption. This was done through awareness campaigns conducted in all regions. The rewards of these campaigns were evident in the 16% reduction of reported cases from 1 328 in 2014/15 to 1 122 in 2015/16. SASSA investigated 83% of the reported cases with various sanctions imposed to affected individuals.

Similarly, SASSA has established a process to deal with financial misconduct cases emanating from Supply chain management process covering expenditure relating to irregular, fruitless and wasteful as well as that which relates to non-compliance. This has been formalized in the form of a Financial Misconduct Board operating at Head Office level and Financial Misconduct and Loss Committee at regional level. Through this process SASSA managed to finalize 925 of the 1 316 financial misconduct cases. The finalized cases resulted in R1,616,016 being condoned and

R2,462,817 raised as recoverable. A plan is in place to ensure the remaining cases are finalized within reasonable time.

In collaboration with the Department of Social Development, SASSA processed 250 643 foster child grant reviews to enable eligible recipients to remain in the register and continue to receive their benefits. This number combines both backlog and current reviews completed in the financial year.

The Integrated Community Registration Outreach Programme (ICROP) and Mikondzo were used as vehicles to reach out to impoverished communities. During the period under review, 570 ICROP and 78 Mikondzo interventions were conducted. These interventions create awareness on the various grants and bring services closer to the people as shown by the increase in the number of new applications.

SASSA continued to receive unqualified audit reports since 2011/12 financial year, it must however be noted that there were internal control deficiencies identified in these years. These deficiencies are addressed through implementation of audit action plans.

SASSA's Financial Overview

Economic viability

SASSA derives its revenue mainly from the funds appropriated through the Department of Social Development's Vote. The funds are transferred monthly. The South African Social Security Agency has adequate resources to continue its operations in the foreseeable future.

Financial analysis for the year under review

Revenue

The total transfers (budget) for the reporting period amounted to R6,642 billion which initially was R6,657 billion at the beginning of the financial year before being adjusted downwards by an amount of R15 million during the 2015 Adjusted Estimates of National Expenditure process. SASSA had an accumulated retained surplus amounting to R1,321 billion for the 2014/15 financial year;

the retained surplus funding was to be used to fund once off projects deemed critical for the operations of the agency. This meant that the agency would necessarily overspend its budget to access the cash reserves available; the projected over expenditure for the year under review was R620 million however the actual over expenditure realised was R226 million. The plan to use the available retained surplus was duly approved by National Treasury.

Another revenue, although insignificant, is derived from own non-tax revenue. Own revenue for the reporting period includes an amount of R23 million, the bulk of which (R16 million) was a refund from the Health and Welfare SETA services in respect of the skills development levy. Another amount of R6 million is related to the bad debts written off in the previous years was recovered.

Expenditure

The budget is split on two programmes namely Administration and Benefits Administration. The majority of the budget (62%) was on the Benefits Administration programme since this programme deals with the primary or core activities of the Agency whilst the Administration undertakes support activities.

The agency is responsible for the implementation of the social assistance programme which requires human capital and financial resources. Therefore, the bulk of expenditure (R2,650 billion) incurred during the period under review was on compensation of employees (COE). Another significant portion (R2,025 billion) was incurred on cash handling fees which are paid to the contractor who disburses grant monies to the beneficiaries. These two items made up about 40% and 30% of the total revenue and expenditure respectively.

The balance of revenue was spent on other administrative requirements which include leases of office accommodation, property expenses, communication, travel and medical assessment fees for beneficiaries applying for any disability related grant.

Programme Expenditure

Programme	2015/16			2014/15		
	Final Appropriation R'000	Actual Expenditure R'000	(Over) / under Expenditure	Final Appropriation R'000	Actual Expenditure R'000	Over / under Expenditure R'000
P1: Administration	2,463,766	2,656,852	(193,086)	2,481,562	2,261,094	220,467
P2: Benefits Administration	4,179,204	4,247,277	(68,073)	4,036,473	4,026,598	9,428
Total	6,642,970	6,904,129	(261,159)	6,517,588	6,287,694	229,895

Irregular, Fruitless and Wasteful

Expenditure

Irregular Expenditure

For the year under review SASSA recorded Irregular expenditure amounting R1,047,411,308 mainly resulting from which R614,516,942 related to expenditure that was previously recorded as possible irregular expenditure but now being confirmed as irregular expenditure. i.e:

- R316 million for Re-registration of grants beneficiaries previously disclosed as possible Irregular expenditure in the year 2014/15. A payable amounting to R316 million was raised in the financial year 2013/2014, although the creditor was paid during 2014/2015 subject to independent verification of the payment. The payment was for the enrollment of additional social grant beneficiaries, children and procurators. A company was appointed to review this payment accordingly. Though, Corruption watch has instituted legal action against SASSA and has requested the Court to review and set aside the decision of the Chief executive Officer of SASSA to approve the said payment National Treasury was requested to review and advice on the correct treatment given the nature of the transaction and this led to this transaction classified as irregular expenditure. National Treasury condoned the expenditure, however this condonation was subsequently withdrawn on 02 August 2016.
- As it was reported in the year 2014/2015, the Office of the Accountant-General did review all stages of the procurement process followed by the Agency to appoint a service provider for Forensic Investigations for a period of three (3) years relating to a contract whereby

R74, 603,183 was paid to date. This expenditure has been disclosed as irregular expenditure after the High court found that the supply chain management processes were contravened and set aside the award. It must also be noted that final report has been presented to the Executive Authority for due consideration.

- The lease payments amounting to R223,466,398 were paid to a landlord for leases ceded to the Agency by the Provincial Department of Social Development during the period 2006 to 2009 in which adequate acquisition documents are not available. The first phase of this matter is finalized, however sentencing is still awaited. This expenditure has been disclosed as irregular expenditure after the Agency obtained National Treasury's advice on the correct treatment thereof.

In addition to the above, the Agency has recorded R414,050,165 irregular expenditure. This expenditure was incurred for physical security services rendered for both Head Office and Nine (9) Regions. The contracts were initially for a period of Six (6) months but extended many times due to non-responsive bids which were viewed by National Treasury as unacceptable and declared it irregular. However the Agency has different view on the matter as National Treasury has not provided substantiating facts. The written presentation has been submitted to National Treasury to review its decision and the outcomes are still awaited.

The amount that still remain as possible irregular expenditure relate to the contract for Diagnostic Risk Assessment Heat Maps. The review of all stages of the procurement process followed by the Agency to appoint a service provider for Diagnostic

Risk Assessment Heat Maps, Implementation plans and pay points risk assessment with a total payment of R16,815,110 has not been finalized by the Office of the Accountant-General.

Fruitless and Wasteful Expenditure

A total amount of R10,911,019 was classified as fruitless and wasteful expenditure as at 31 March 2016. This amount is made of an opening balance amounting to R8,650,447 which represents amongst others, claims in respect of damages to hired vehicles, travel and hotel related no shows, interest on late payments and other losses. A total amount of R1,616,016 was condoned and R2,462,817 was raised as recoverable.

Supply Chain Management

The challenge experienced was relating to finalisation of new Payment tender process in accordance with the Constitutional Court ruling. The tender process was undertaken however it was not awarded as bids were found non-responsive. The contract between SASSA and CPS will therefore subsist until its expiry at the end of March 2017. The report on progress was presented to the Constitutional Court, and pursuant to receipt of the report, the Constitutional Court decided to discharge its supervisory jurisdiction on the matter.

Other challenge relates to non-compliance to supply chain management prescripts by the Agency and these are referred to the Financial Misconduct Board for further handling.



Inventories

The closing balance for the year under review was R16,9 million compared to R23,4 million recorded in the previous year. The significant decrease inventory was due to distribution of officials' uniform which was formed part of inventory in the previous financial year. The Agency applies weighted average method of valuing inventory in line with the Accounting Policy.

SASSA	Inventory General Ledger Closing Balance 31 March 2016	Inventory General Ledger Opening Balance
Total	R16,956,005	R23,369,721

Discontinued activities or activities to be discontinued

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

Asset Management

Newly acquired assets (Additions and transfer in) to the value of R172 million of property, plant & equipment; and intangible assets to the value of R87 thousand were added in the fixed asset register. SASSA has implemented the GRAP standards relevant to the management and accounting of assets to ensure that assets are maintained to a desired level of service whereby assets should provide service at the lowest life cycle cost. The internal controls in compliance with the asset management policy and the treasury guidelines for the period under review were implemented. SASSA embarked on a massive half year and annual asset verification project 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 SASSA's assets as per the General Ledger and the Fixed Asset Register at carrying value inclusive of intangible assets:

Opening Balances at carrying value	Additions and transfer in	Disposals	Depreciation and Amortisation	Total Value
R 780,595,789	R171,899,866	(R20,691,366)	(R114,964,495)	R816,839,794

Institutionalization of the payment system

SASSA has continued in its quest to take responsibility for the full function, as contained in the Social Assistance Act, 2004, namely the administration, management and payment of social assistance.

This is planned for implementation in four phases. Phase 0: was the Advisory Committee investigation that took place against the backdrop of the Cash Paymaster Services (CPS) that ends in March 2017. Phase 1, will be led by the Work stream Leaders appointed with the concurrence of the Minister to guide the successful implementation of the recommendations of the Advisory Committee for the smooth transition of SASSA towards effectively and efficiently incorporating its payment role to the current in-house functions. Phase 2 and 3 entailing the transition and full roll out respectively; will be implemented during the period April 2017 – March 2019.

This process will require SASSA to recruit staff with specific skills, particularly in the finance and payment fields. This will see the staff complement of SASSA progressively increasing to the numbers originally indicated on the organisational structure.

Strengthening accountability structures in the organisation remains a priority, as is the continued

development of business processes which are responsive to our customers.

The investment in the organisation, both from a systems and technology aspect will continue to take centre stage as we progress towards realization of this priority.

While we are busy with the future of the organisation, we continue to manage the existing contract, and attend to challenges in the current payment field.

A continued challenge remains the unlawful deductions. However, legislative changes which will be introduced early in the new financial year will assist SASSA in dealing with this challenge, which threatens to undo all the good that has been achieved through the re-registration process, as well as the effort made in growing the SASSA brand.

I would like to thank the Acting Director-General of the Department of Social Development, SASSA management and the entire staff for the unwavering support throughout the year.

I conclude by applauding the leadership role provided by the Minister and Deputy Minister of Social Development in ensuring that the poor citizens and those engulfed by disasters are assisted during such hardships. ”



Ms. R. Ramokgopa

Chief Executive Officer (Acting)

Date: 15 August 2016

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 Generally Recognised Accounting Practice (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 judgments 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 2016.

Yours Faithfully



Ms. R. Ramokgopa

Chief Executive Officer (Acting)

Date: 15 August 2016

6. STRATEGIC

OVERVIEW

6.1 Vision

A leader in the delivery of social security services

6.2 Mission

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

6.3 Values

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

Transparency	SASSA will share information with stakeholders 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 key priorities for 2015/16 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 derives its mandate from the Constitution of the Republic of South Africa, 1996 (Act No.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 the South African Social Security Agency.

Social Assistance Act, 2004 (Act No.13 of 2004) as amended

The Social Assistance Act, 2004 (Act No.13 of 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, 2004 (Act No 9 of 2004)

The South African Social Security Agency Act, 2004 (Act No 9 of 2004) provides for the establishment of the South African Social Security Agency (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.

7.3 Policy Mandates

White Paper on Social Development (1997)

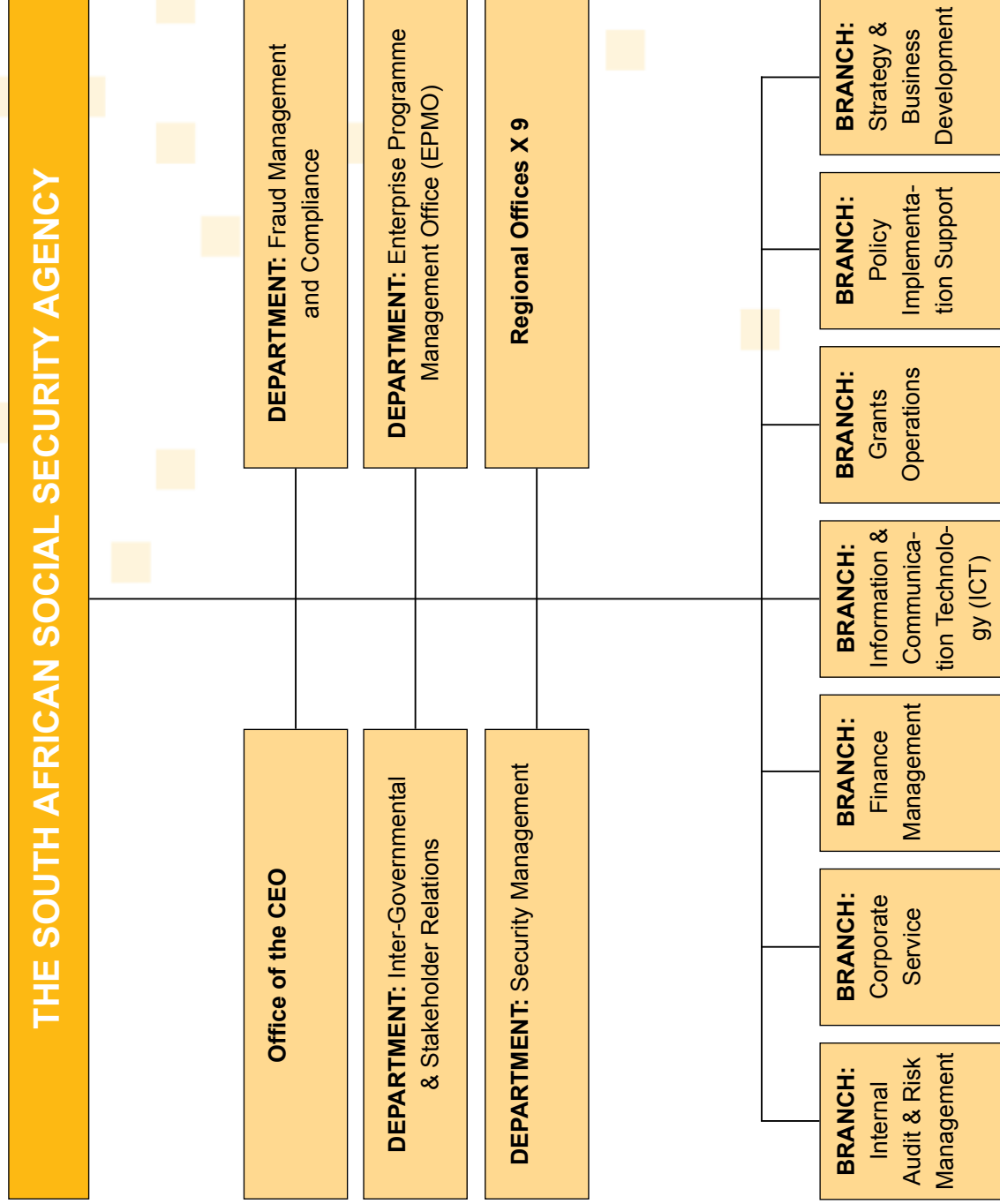
The objectives for social security in South Africa are reflected in the Government’s 1997 White Paper on Social Development, which states that “a social security system is essential for healthy economic development, particularly in a rapidly changing economy, and will contribute actively to the development 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 and 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



PART B: PERFORMANCE INFORMATION



1. Auditor's Report: Predetermined Objectives

The AGSA/auditor 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 audit report, 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 67 of the Report of the Auditors Report, published as Part E: Financial Information.



2. Situational Analysis

2.1 Service Delivery Environment

The mandate of the South African Social Security Agency is to deliver social assistance to all eligible beneficiaries. The social assistance programme makes provision for income support for the older persons, people with disabilities and children. 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 54.96 million in 2015 (StatsSA, 2015). The General Households Survey (GHS) (2014) reported that the number of households that receive at least one social grant increased from 29% in 2013 to 44.5% in 2014.

South Africa has been experiencing persistent high levels of unemployment for long periods and economic climate was especially turbulent in the last quarters of 2015/16. The unemployment levels have a direct impact on the demand for the Child Support Grant, the Old Age Pension and Social Relief of Distress that grew by 2.3%, 3.47% and 3.7% respectively. At the end of the financial year under review the Agency paid an average of 16,991,634 social grants per month. The number of social grants in payment grew by 2.10% or 348,991 from the previous financial year.

In addition to the social grants, 479 238 awards of social relief of distress was made to individuals and households to rescue them from destitution, undue hardship and disasters. "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. According to the report, the extent of food insecurity in South Africa has dire long term, consequences for both the health and productive capacity of its citizens. Groups who are particularly vulnerable to food insecurity and hunger include the aged, people with disabilities, children, women, child or youth-headed households, farm workers, seasonal workers and the unemployed. The demand for social relief of distress has been increasing over the years. In response to the increasing challenges and demands, government increased the budget allocation for social relief of distress by R250 million to R451 million. In line with the Social Assistance Act, 2004 (Act No. 13 of 2004), the funds will be used for an immediate

response to crisis situations. Priority will be given to South African citizens, permanent residents and refugees with insufficient means. Primarily the focus will be on social assistance applicants awaiting payment of an approved grant; individuals who have been assessed as medically unfit to undertake remunerative work for a period of less than six months; families/individuals of whom the breadwinner has died or has been admitted to a state institution; and families/individuals affected by disasters.

Whilst evidence demonstrates that SASSA is highly effective in targeting the poor for social assistance with a coverage rate of 82.48% amongst the highest in the world, the estimated 1.83 million children excluded from support has been the Agency's priority in the period under review. The highest levels of exclusion were reported amongst the youngest with only 56.7% infants under 1 year accessing the Child Support Grant. The urgency to enable full inclusion of all eligible infants to reduce the infant mortality rate and loss of productive years due to developmental lags had resulted in the Agency employing additional staff to conduct outreach programmes and home visits to promote early enrollment of infants.

Table 1 below depicts the uptake rates of different grant types in the last 10 years. Between April 2006 and March 2016, the total number of social grants increased from 12 015 059 to 16 991 634 grants, and the growth of social grants over this period was 41%. 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, whilst the War Veterans Grant and Disability Grant decreased steadily. When tracking the annual percentage growth, the picture is one of declining percentage uptake between 2010/11 and 2013/14 financial years largely due to the anti-fraud and corruption measures being implemented. In 2013/14 the decline was driven by the re-registration campaign. There was a national growth of 4.46% social grants in 2014/15. During the 2015/16 financial year, the national growth has declined to 2.1%. The War Veterans, Foster Child and Disability Grants decreased from 2014/15 by -24.85%, -5.95% and -2.44% respectively. Table 2 depicts the social grants expenditure since 2006/07 financial year.

Table 1: Number of social grant 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
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
War Veteran	2,340	1,924	1,500	1,216	958	753	587	429	326	245
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
Grant in Aid	31,918	37,343	46,069	53,237	58,413	66,493	73,719	83,059	113,087	137,806
Care Dependency	98,631	102,292	107,065	110,731	112,185	114,993	120,268	120,632	126,777	131,040
Foster Child	400,503	454,199	474,759	510,760	512,874	536,747	532,159	512,055	499,774	470,015
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
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
Annual Growth		3.40%	5.20%	7.50%	6.20%	4.42%	3.27%	-1.08%	4.46%	2.1%

Source: SOCOPEN System

NB: The table above excludes Social Relief of Distress grant

Table 2: Social Grant Expenditure per Grant type over nine year period

Grant Type	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
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	40,475,021,000	44,064,239,000	49,039,940,000	53,132,206,342
WVG	25,000,000	21,845,000	19,692,000	16,644,000	13,976,000	11,848,000	9,543,000	7,657,000	6,157,000	4,843,209
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	17,636,570,000	17,768,631,000	18,741,885,000	19,165,931,340
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	5,335,049,000	5,332,093,000	5,413,209,000	5,406,785,714
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	1,877,412,000	1,993,084,000	2,211,583,000	2,394,455,743
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	38,087,990,000	39,623,748,000	43,718,425,000	47,308,536,379
GIA	67,000,000	87,000,000	90,000,000	146,295,000	170,052,000	204,026,000	237,974,000	274,092,000	371,121,000	503,080,357
SRD	41,000,000	106,244,000	623,012,000	165,458,000	173,737,000	185,298,000	239,289,000	533,047,000	455,718,000	407,015,691
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	R103,898,845,000	R109,596,591,000	R119,958,041,000	R128,322,854,776

Source: SOCOPEN System

Table 3: Number of Social Grants by Grant Type and Region as at 31 March 2016

Region	OAG	WVG	DG	GIA	CDG	FCG	CSG	Total	% of total
EC	537,250	40	181,263	18,671	19,671	110,007	1,875,603	2,742,505	16%
FS	187,887	2	73,915	2,777	6,759	35,426	669,854	976,620	6%
GP	514,733	66	111,438	4,358	16,916	51,568	1,727,620	2,426,699	14%
KZN	649,094	30	262,512	47,109	37,148	106,755	2,815,815	3,918,463	23%
LP	441,175	14	95,658	28,349	13,850	52,272	1,749,230	2,380,548	14%
MP	234,576	13	77,577	7,121	9,928	33,735	1,053,716	1,416,666	8%
NW	240,084	6	82,305	8,134	9,122	36,001	817,437	1,193,089	7%
NC	81,241	8	49,580	7,311	5,020	14,075	297,280	454,515	3%
WC	308,047	66	151,293	13,976	12,626	30,176	966,345	1,482,529	9%
Total	3,194,087	245	1,085,541	137,806	131,040	470,015	11,972,900	16,991,634	100.00%
% total	18.80%	0.00%	6.39%	0.81%	0.77%	2.77%	70.46%	100.00%	

Source: SOCPEN System

Table 3 shows that KwaZulu-Natal has the highest number of social grants (3 918 463), followed by Eastern Cape (2 742 505), Gauteng (2 426 699) and Limpopo (2 380 548). Northern Cape had the lowest number of social grants of 454 515. The Child Support Grant accounts for the largest number of social grants of 11 972 900, followed by Old Age Grant 3 194 087 and Disability Grant of 1 085 541. War Veteran Grant has the lowest at 245.

2.2 Organisational environment

SASSA's objectives published in the 2014/15 to 2018/19 Strategic Plan remain unchanged. In its quest to successfully execute its mandate, SASSA had to revise its leadership deployment. Certain critical positions were filled through movement of the existing senior managers and new appointments. The positions of the CFO and CIO were filled to strengthen both financial and ICT support. Regional Executive Managers from Gauteng, North West and Free State were moved to Head Office to strengthen capacity ahead of the institutionalisation of the payment system in April 2017. Acting arrangements were put in place to ensure continued service delivery.

SASSA's budget structure for the 2015/16 financial year comprised of 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; Corporate Services; Financial Management; Information & Communication Technology; Strategy and Business Development; and Office Accommodation.

Programme 2: Benefits Administration and Support

The Benefits Administration and Support Programme provide an efficient and effective grant administration service to implement social protection floors. The programme manages the full function of grant administration from application to approval, as well as beneficiary maintenance,

benefit payment, customer care, strategic direction and guidance pertaining to grant operations. It monitors and evaluates improvements, innovations and service delivery networks. It also offers strategic guidance and support to ensure that an effective and efficient social security customer care service is provided to beneficiaries in a dignified manner. It furthermore provides payment vendor and service-point management; it formulates grant projections to ensure adequate availability of funds to be transferred to beneficiaries; and it is also responsible for disability administration and management.

2.3 Key policy developments and legislative changes

Amendments to the Regulations of the Social Assistance Act, 2004 were made in July 2015 introducing the following:

- Definition of "card" for purposes of grant payments.
- Regulated the cluster foster care scheme, to bring the Social Assistance Act in line with the Children's Act, and make payment of grants (SRD and FCG) to a cluster foster care scheme possible.
- Change the qualifying criteria for SRD to allow for households and not individuals to qualify for support in times of a disaster, take out the criteria related to receipt of private maintenance, and allow for provision of SRD off lists supplied by the local disaster management response unit in times of disaster.
- Strengthen the prohibition of credit service providers at any SASSA offices or pay points.

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

Purpose

To provide leadership, management and support services to SASSA.

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 is comprised of the Office of the CEO and related support services including Internal Audit, Fraud and Compliance Management, Communication and Legal Services.
- **Corporate Services**, main responsibility for this sub-programme is the provision of corporate support services to the entire organisation. It comprises of 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 the 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 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 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16	Comment on deviations
1.	Unqualified audit outcome.	Unqualified audit outcome.	Unqualified audit outcome 2014/15.	Achieved. SASSA received an unqualified audit outcome for the 2014/15 financial year.	None.	None.
2.	Number of internal audit reviews conducted on high-risk areas.	36 internal audit reviews conducted on high-risk areas.	40 internal audit reviews conducted on high-risk areas.	Not achieved. 34 out of 40 planned internal audit reviews conducted on high-risk areas such as: SRD, Disability Management, Fleet Management, Performance Information and Payment tender. This represent 85% achievement against the annual target.	-6	Ad-hoc management audit requests were prioritised. These took longer than anticipated, hence the under achievement on planned targets.
3.	Percentage of reported fraud, theft and corruption cases investigated.	42 fraud, theft and corruption awareness programme conducted.	70% of reported fraud, theft and corruption cases investigated.	Achieved. 83% (927 out of 1 122) of reported fraud, and corruption cases were investigated. In addition to the 2015/16 cases received and investigated, 839 backlog cases were dealt with. This brings the total number of cases investigated in the financial year to 1 766.	13%	Additional capacity was sourced in a form of a service provider.

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 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16	Comment on deviations
4.	Percentage of letters of demand received that were responded to within the prescribed time-frames.	100% (999 of 999) letters of demand (received) responded to upon agreed time frames.	100% of letters of demand received that were responded to within the prescribed time frames.	Not achieved. 93% (269 out of 289) letters of demand received responded to within prescribed time frames. 20 of the letters of demand were, due to the need for further information and research, responded to outside the prescribed time frame. However, these letters of demand were responded to following receipt of the necessary information. Most of the letters of demand relate to demands for decision or information on internal reconsideration processes for social grant.	-7%	The need for further investigations and research contributed to the non-adherence to the prescribed timeframes.
5.	Legal opinions drafted within 10 days.	*	Legal opinions drafted within 10 days.	Achieved. 99.56% (980 out of 984) of legal opinions drafted within 10 days upon receipt of all documents. 4 of the legal opinions were, due to the need for further information and research, drafted outside 10 days. However, these legal opinions were drafted following receipt of the necessary information. Most of the legal opinions relate to social grant processes and contractual relationships.	-0.44%	None.

Programme 1: Administration Sub-programme 1.1: Executive Management						
Strategic objective: To promote good governance in the management of the Agency						
No.	Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16	Comment on deviations
6.	Contracts drafted within 7 days of being awarded.	100% (914 of 914) Contracts were vetted within 10 days.	Contracts drafted within 7 days of being awarded.	Achieved. 99.74% (756 out of 758) of contracts drafted within 7 days of referral and receipt of all necessary documents 2 of the contracts were, due to the need for further information and research, drafted outside 7 days. However, these contracts were drafted following receipt of the necessary information. Most of the contracts relate to information communication technology and lease agreements. This represents 99% achievements against the annual target.	-0.26 %	None.
7.	Number of staff capacity building workshops on high litigation areas conducted.	*	20 staff capacity-building workshops on high litigation areas conducted.	Achieved. 75 staff capacity building workshops were conducted on high litigation areas. This is a 375% achievement against the annual target.	55	A need to conduct more trainings was identified due to the high level of litigation that was anticipated in relation to the implementation of the Promotion of Administrative Justice Act in relation to supply chain matters and internal reconsideration processes.
8.	Dispute Resolution Framework developed and implemented.	*	Dispute Resolution Framework developed and implemented.	Achieved. Dispute Resolution Framework developed and implemented The Dispute Resolution Framework has, by providing guidelines and processes to resolve disputes, enhanced capacity/ skills within the Agency on the best approach in handling Labour disputes from their point of departure and in the Commission for Conciliation, Mediation and Arbitration (CCMA).	None.	None.

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 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16	Comment on deviations
1.	Human Resources (HR) plan reviewed.	Terms of Reference for organisational review were developed and consulted.	HR plan reviewed.	Achieved. SASSA's HR plan was reviewed. The review focused on the following aspects: <ul style="list-style-type: none">• the local office configuration;• capacity model beneficiary records management;• the clean-up of existing organisational structures; and• addressing trend analysis in human capital management.	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 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16	Comment on deviations
2.	Percentage of funded posts filled.	*	95% of funded posts filled.	<p>Achieved.</p> <p>96 % of funded posts were filled. Funded posts as at 01 April 2015 were 8776 (8126 Filled posts + 650 vacant funded posts).</p> <p>Appointments = 705</p> <p>Exits = 410</p> <p>$8126 + 705 - 410 = 8421/8776 = 96\%$</p> <p>In addition, SASSA had 1311 contract employees (1063 new contracts and 248 rolled over contracts) bringing the total number of employees to 9732.</p>	None.	None.
3.	Number of local offices audited.	48 local offices audited in line with MPSS.	367 local offices audited.	<p>Not achieved.</p> <p>Terms of Reference for the auditing of local offices developed and presented to the Bid Adjudication Committee (BAC).</p> <p>The Terms of Reference were however not approved due to lack of specifics.</p>	367 local offices not audited.	The BAC comments were considered and the project will be implemented in the 2016/17 financial year.

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 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16	Comment on deviations																																		
4.	Number of open pay points converted to fixed structures.	144 pay points improved.	300 open pay points converted to fixed structures.	Not achieved. 262 Open pay points were converted to fixed structures. There were 91 steel structures constructed and 171 were migration to community structures. This represents 87% achievement against the annual target. Breakdown per region <table><tr><th colspan="2">Steel structures constructed per region</th></tr><tr><td>EC</td><td>33</td></tr><tr><td>FS</td><td>10</td></tr><tr><td>KZN</td><td>7</td></tr><tr><td>LP</td><td>16</td></tr><tr><td>MP</td><td>2</td></tr><tr><td>NC</td><td>7</td></tr><tr><td>NW</td><td>16</td></tr><tr><td>TOTAL</td><td>91</td></tr><tr><th colspan="2">Migration to community structures per region</th></tr><tr><td>GP</td><td>2</td></tr><tr><td>KZN</td><td>7</td></tr><tr><td>LP</td><td>146</td></tr><tr><td>MP</td><td>3</td></tr><tr><td>NC</td><td>6</td></tr><tr><td>NW</td><td>7</td></tr><tr><td>Total</td><td>171</td></tr></table>	Steel structures constructed per region		EC	33	FS	10	KZN	7	LP	16	MP	2	NC	7	NW	16	TOTAL	91	Migration to community structures per region		GP	2	KZN	7	LP	146	MP	3	NC	6	NW	7	Total	171	-38	Non responsive bids resulting in re-advertisements. Some Bids had to be broken down to three different commodities to ensure responsiveness, i.e. fencing, ablation facilities and steel structure.
Steel structures constructed per region																																								
EC	33																																							
FS	10																																							
KZN	7																																							
LP	16																																							
MP	2																																							
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Migration to community structures per region																																								
GP	2																																							
KZN	7																																							
LP	146																																							
MP	3																																							
NC	6																																							
NW	7																																							
Total	171																																							
5.	Vetting process institutionalised within SASSA.	*	Vetting unit established within SASSA.	Achieved. Vetting Unit established within the SASSA's organizational structure and job evaluations conducted.	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 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16	Comment on deviations
1.	Biometric access systems implemented.	The Biometrics bid was cancelled. Thereafter, Terms of Reference were reviewed and the bid was re-advertised. The evaluation process commenced but was not finalized.	Biometric access to grant system for 5000 users implemented.	Not achieved. The Request for Proposal (RFP) for the procurement of the Biometric Access Solution for staff was withdrawn due to insufficient definition of requirements that led to ambiguity of evaluation criteria.	Biometric Access Solution to Social Grant system for 5000 users was not implemented.	Terms of Reference were not consistent with the set evaluation criteria as a result the RFP had to be withdrawn to avoid potential disputes and litigations.
2.	Novell system migrated to Microsoft platform.	*	3500 users migrated to Microsoft platform.	Not achieved. 253 Users were migrated to Microsoft platform.	-3 247 users not migrated.	There was a delay in obtaining approvals to dig trenches for the laying of fibre infrastructure required for the implementation of the project. This further had a negative impact on the finalisation of the integrated programme roll out plan which covers all 9 regions of SASSA. The teething problems and lessons learned will ensure successful roll out of the remainder of the migration programme in the 2016/17 financial year.
3.	Enterprise Business Intelligence (BI) solution developed and implemented.	*	Enterprise BI solution procured and data warehouse designed.	Achieved. The Enterprise BI Solution was procured and the design of the Data Warehouse was completed.	None.	None.
4.	Enterprise Content Management System developed and implemented.	The Terms of Reference for the digitised document storage system were finalised. The bid was advertised and the evaluation of the bids was in progress.	Scanning solution implemented.	Achieved. The scanning Solution for Social Grants Administration was procured. The process of establishing Scanning Bureaus (Scanning Operations Centres) in the regions has commenced with pilot projects in two regions viz. North West and Limpopo.	None.	None.

Programme 1: Administration Sub-programme 1.3: Information and Communication Technology (ICT)						
Strategic objective: Effective ICT operations						
No.	Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16	Comment on deviations
5.	Integrated end-to-end system developed and implemented.	*	ToR developed and approved.	Not achieved. Terms of Reference (ToR) for the procurement of the solution were developed.	Terms of Reference not approved pending incorporation of the additional Business Requirements.	Additional requirements emanating from the in sourcing of Grant Payment system into SASSA delayed the finalization and approval processes. Consultation with other stakeholders and incorporation of additional Business Requirements had commenced at the end of the period under review.
			Interim application for the management of SRD and disability management procured.	Not achieved. The design phase for SRD on SOCPEN enhancement was completed.	The disability portion of the SRD Solution could not be integrated on the current SOCPEN platform due to incompatibility of the technologies. (SOCPEN is running on an old platform).	In-house development was pursued due to lack of funding to source a complete solution.
			Electronic queue management system implemented.	Not achieved. In-house Interim Queue Management system was developed based on the current business processes and requirements. Pilot roll out was run in Benoni Local Office. During the pilot phase in Benoni more user requirements were identified leading to addition of scope and refinement of configured solution.	The interim solution supports the current 4 step process and need to be adapted to support the proposed 2-step process.	Identified user specification being refined to address the identified gaps.

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 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16	Comment on deviations
1.	Percentage of eligible suppliers paid within 30 days.	Out of a total of 6 216 suppliers, 5 137 were paid within 30 days. This represents 82.64% of total suppliers as at 30 March 2015.	100% of eligible suppliers paid within 30 days.	Not achieved. 91.63% (5253 of 5733) of eligible suppliers were paid within 30 days.	-8.37% (480)	Non-payment of suppliers within the 30 day period is attributed to unresolved disputes with service providers.
2.	Percentage of social assistance debts recovered and/or written off.	12.65% (R32 584 573 out of R257 491 298.94 (debt book) of social assistance debts was recovered and/or written off to the value of R32 584 573.00. Out of R32 584 573.00 reported, R 26 936 762. Relates to debt write-offs and the annual debt recovery amounted to R 5 647 810.04.	10% of social assistance debts recovered and/or written off.	Not achieved. 1.2% of social assistance debts was recovered to the value of R7,217,550.36. R42, 642,957 was submitted to the Department of Social Development (DSD) for write off.	-8.8%	The increase in number of new debtors resulted in split of resources.
3.	Percentage implementation of the Audit Action Plan.	*	100% implementation of Audit Action Plan.	Achieved. 100% (102 out of 102) audit action plan interventions implemented in financial management.	None.	None.

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

Target	Strategy
40 internal audit reviews conducted on high-risk areas.	<ul style="list-style-type: none"> A panel of audit firms will be appointed to assist with audit assignments.
100% of letters of demand received that were responded to within the prescribed time frames.	<ul style="list-style-type: none"> Affected business units within the Agency will be requested to provide adequate instructions (information, contents of file and other relevant documentation) within a reasonable time frame.
367 local offices audited.	<ul style="list-style-type: none"> Project has been included in the 2016/17 APP.
300 open pay points converted to fixed structures.	<ul style="list-style-type: none"> Migration of open pay points to community structures will be prioritised.
Biometric access systems implemented.	<ul style="list-style-type: none"> The Business Requirements will be clarified with all key stakeholders and the ToR will be reviewed by Subject Matter Experts before publication of the Bid.
Novell system migrated to Microsoft platform.	<ul style="list-style-type: none"> The implementation programme will be scaled up and the project deliverables and the SLA will be tightly and pro actively monitored.
Enterprise Content Management System developed and implemented.	<ul style="list-style-type: none"> The implementation programme will be scaled up and the project deliverables and the SLA will be tightly and pro actively monitored.
Integrated end-to-end system developed and implemented.	<ul style="list-style-type: none"> Consultation with other stakeholders and incorporation of additional Business Requirements will be expedited. The implementation project plan will be developed and monitored with tight management of deliverables as per SLA.
100% of eligible suppliers paid within 30 days.	<ul style="list-style-type: none"> Focus on improving internal controls.
10% of social assistance debts recovered and/or written off.	<ul style="list-style-type: none"> Regions appointed debts clerks and family finders to improve collection.

Changes to planned targets

None

Table 9: Linking performance with budgets: Programme 1

Programme/activity/ objective	2014/2015		2015/2016	
	Budget	(Over)/Under Expenditure	Budget	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000
Administration	2,481,562	2,261,094	2,463,766	2,656,852
Total	2,481,562	2,261,094	2,463,766	2,656,852
				(193,086)
				(193,086)

3.2 Programme 2: Benefits Administration and Support

Programme 2: Benefits Administration and Support

Purpose

The purpose of programme 2 is to provide for effective administration and implementation of the social assistance programme. The programme covers the administration and payment of Old Age Grant (OAG), Disability Grant (DG), Care Dependency Grant (CDG), Foster Child Grant (FCG), Child Support Grant (CSG), War Veteran Grant (WVG) and Grant-in-Aid (GIA). In addition, the programme also administers and manages the provision of Social Relief of Distress (SRD).

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 organisation, including the day-to-day interface with the beneficiaries and clients.

Description

This programme aims to ensure that 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 enrollment 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 is outsourced to a third party, namely Cash Paymaster Services (CPS). The in-house unit's responsibility is primarily the management of the Service Level Agreement (SLA) between SASSA and the service provider. The function is further responsible for designation and sourcing of pay point infrastructure.
- Beneficiary Maintenance Management: 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; and
- Customer care is responsible for promoting a customer-centric service offering to the beneficiaries and 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

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 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16	Comment on deviations																				
1.	Number of new social grant applications captured.	The total number of new social grants applications processed as at 31 March 2015 is 1 379 253. This represents a 25% over-achievement against the annual target.	1 300 000	Achieved. 1 767 639 new social grant applications were processed. This represents 136% achievement against the annual target. Regional breakdown <table><tr><td>EC</td><td>227 223</td></tr><tr><td>FS</td><td>101 075</td></tr><tr><td>GP</td><td>288 352</td></tr><tr><td>KZN</td><td>389 288</td></tr><tr><td>LP</td><td>216 388</td></tr><tr><td>MP</td><td>147 523</td></tr><tr><td>NC</td><td>65 187</td></tr><tr><td>NW</td><td>133 901</td></tr><tr><td>WC</td><td>198 702</td></tr><tr><td>Total</td><td>1 767 639</td></tr></table>	EC	227 223	FS	101 075	GP	288 352	KZN	389 288	LP	216 388	MP	147 523	NC	65 187	NW	133 901	WC	198 702	Total	1 767 639	467 639	Increased demand for services due to awareness campaigns and outreach programmes conducted.
EC	227 223																									
FS	101 075																									
GP	288 352																									
KZN	389 288																									
LP	216 388																									
MP	147 523																									
NC	65 187																									
NW	133 901																									
WC	198 702																									
Total	1 767 639																									
2	Projected total number of grants in payment (including grant-in-aid).	The projected number of social grants in payment as at 31 March 2015 is 16 642 643. This represents a 3.7% over-achievement against the annual target.	17 007 169	Not achieved. 16 991 634 social assistance benefits were in payment as at end of financial year. This represents 99.9% achievement against the annual target. Regional breakdown <table><tr><td>EC</td><td>2 742 505</td></tr><tr><td>FS</td><td>976 620</td></tr><tr><td>GP</td><td>2 426 699</td></tr><tr><td>KZN</td><td>3 918 463</td></tr><tr><td>LP</td><td>2 380 548</td></tr><tr><td>MP</td><td>1 416 666</td></tr><tr><td>NC</td><td>454 515</td></tr><tr><td>NW</td><td>1 193 089</td></tr><tr><td>WC</td><td>1 482 529</td></tr><tr><td>Total</td><td>16 991 634</td></tr></table>	EC	2 742 505	FS	976 620	GP	2 426 699	KZN	3 918 463	LP	2 380 548	MP	1 416 666	NC	454 515	NW	1 193 089	WC	1 482 529	Total	16 991 634	-15 535	The lapsing of a significant number of FCG at the end of December affected the numbers in payment.
EC	2 742 505																									
FS	976 620																									
GP	2 426 699																									
KZN	3 918 463																									
LP	2 380 548																									
MP	1 416 666																									
NC	454 515																									
NW	1 193 089																									
WC	1 482 529																									
Total	16 991 634																									

Programme 2: Benefits Administration and Support

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 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16	Comment on deviations																																								
3.	Number of Social Relief of Distress (SRD) applications awarded.	The projected number of social relief of distress applications awarded was 353 678. This represents a 121% over- achievement against the annual target.	400 000 SRD applications awarded.	Achieved. 479 238 SRD applications were awarded. This number includes 112 469 people who were assisted with SRD in response to disasters. This represents 119,8% achievement against the target. The regional breakdown of the 366 769 SRD applications processed on Socpen is as follows: <table><tr><td>EC</td><td>65 284</td></tr><tr><td>FS</td><td>8 521</td></tr><tr><td>GP</td><td>65 273</td></tr><tr><td>KZN</td><td>18 897</td></tr><tr><td>LP</td><td>61 210</td></tr><tr><td>MP</td><td>30 971</td></tr><tr><td>NC</td><td>32 821</td></tr><tr><td>NW</td><td>52 248</td></tr><tr><td>WC</td><td>31 544</td></tr><tr><td>Total</td><td>366 769</td></tr></table> 8 897 SRD disbursed in a form of cash. 171 120 SRD disbursed in a form of food parcels. 156 142 SRD disbursed in a form of vouchers. 30 610 SRD disbursed in a form of school uniform. 112 469 SRD awards in response to disaster per region <table><tr><td>EC</td><td>1 808</td></tr><tr><td>FS</td><td>628</td></tr><tr><td>GP</td><td>357</td></tr><tr><td>KZN</td><td>2 076</td></tr><tr><td>LP</td><td>1 885</td></tr><tr><td>MP</td><td>1 996</td></tr><tr><td>NC</td><td>0</td></tr><tr><td>NW</td><td>477</td></tr><tr><td>WC</td><td>103 242</td></tr><tr><td>Total</td><td>112 469</td></tr></table> Humanitarian relief (immediate assistance) 100 084. Food parcels 1 922. Food vouchers 2 781. Cash 7 682.	EC	65 284	FS	8 521	GP	65 273	KZN	18 897	LP	61 210	MP	30 971	NC	32 821	NW	52 248	WC	31 544	Total	366 769	EC	1 808	FS	628	GP	357	KZN	2 076	LP	1 885	MP	1 996	NC	0	NW	477	WC	103 242	Total	112 469	79 238	The number of people affected by disaster contributed to the over achievement.
EC	65 284																																													
FS	8 521																																													
GP	65 273																																													
KZN	18 897																																													
LP	61 210																																													
MP	30 971																																													
NC	32 821																																													
NW	52 248																																													
WC	31 544																																													
Total	366 769																																													
EC	1 808																																													
FS	628																																													
GP	357																																													
KZN	2 076																																													
LP	1 885																																													
MP	1 996																																													
NC	0																																													
NW	477																																													
WC	103 242																																													
Total	112 469																																													

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 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16	Comment on deviations																				
4.	Increase in the number of children aged 0 to 1 years in receipt of child support grants.	596 920 of child grants for those below 1 year were in payment as at 31 March 2015. This represents a take-up rate of 30.21% of the children in this age category. There was an increase of 138 632 from the 2013/14 financial year (458 827).	Increase the number of children aged 0 to 1 years in receipt of CSG by 50 000.	Not achieved. An overall increase of 2.30% in the numbers of CSG in payment was recorded. However, there was a decrease from 596 920 to 499 257 children aged 0 – 1 in payment at the end of March 2016. This represents a decrease of 97 663 from the previous financial year.	-97 663	There was an overall increase of 2.30% in the number of children in receipt of CSG for the year. In addition, the study by EPRI confirms that the exclusion rate for children aged 0 – 1 year has in fact decreased since 2011. Despite this, the exclusion rate for children aged 0 – 1 year is 16 percentage higher than the next highest exclusion rate, which is for children aged 17 years.																				
5.	Percentage of new grant applications processed within 15 working days	A total of (99.6%) 1 373 768 of new grant applications were processed within 21 working days as at 31 March 2015. This is a 9.6% over-achievement against the annual target.	95% of new grant applications processed within 15 working days.	Achieved. 97% (1 717 011 of 1 767 639) of new grant applications processed within 15 working days. 83% new grant application processed within 1 working day. Majority of social grants processed outside the 15 working days are Disability grants.	None.	Improved standardisation process and system led to adherence to turn around time including norms and standard on the capturing of the applications.																				
6.	Number of foster child grant reviews processed (Backlog)	*	125 214 of foster child grant reviews processed.	Not achieved. 70 634 foster child grant reviews were processed. This represents 56% achievement against the annual target. Regional breakdown <table><tr><td>EC</td><td>6,668</td></tr><tr><td>FS</td><td>4,982</td></tr><tr><td>GAU</td><td>9,237</td></tr><tr><td>KZN</td><td>26,847</td></tr><tr><td>LIM</td><td>12,367</td></tr><tr><td>MP</td><td>4,409</td></tr><tr><td>NC</td><td>76</td></tr><tr><td>NW</td><td>3,750</td></tr><tr><td>WC</td><td>2,298</td></tr><tr><td>TOTAL</td><td>70,634</td></tr></table>	EC	6,668	FS	4,982	GAU	9,237	KZN	26,847	LIM	12,367	MP	4,409	NC	76	NW	3,750	WC	2,298	TOTAL	70,634	While the target for the backlog processing of FCG was not achieved, the remaining backlog as at 31 March 2016 is only 21 460. This is as a result of many factors, including some children in the backlog turning 18 years of age, and not requiring extensions, as well as discharges from the provisions of the Children's Act.	The updating of FCG orders has a dependency on social workers in the Department of Social Development. As much as SASSA can provide support, the provision of the order remains a DSD responsibility. There has also been fairly wide scale fraud in the foster care system uncovered in KwaZulu-Natal. As a result, stop payments for 6 223 of the backlog cases will be implemented in 2016/17. These are for the foster cases where there has been no response to all the efforts made to trace the foster parents, including engagement with the local leadership, community meetings and home visits to the last known addresses.
EC	6,668																									
FS	4,982																									
GAU	9,237																									
KZN	26,847																									
LIM	12,367																									
MP	4,409																									
NC	76																									
NW	3,750																									
WC	2,298																									
TOTAL	70,634																									

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 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16	Comment on deviations																						
7.	Number of foster child grant reviews processed.	231 275 Foster Care Grant reviews conducted. This represents 54% over-achievement against the annual target.	170 869 foster child grant reviews processed.	Achieved. 180 009 foster child grant reviews processed. This represents 105% achievement against the annual target. Regional breakdown <table><tr><td>EC</td><td>51,723</td></tr><tr><td>FS</td><td>16,602</td></tr><tr><td>GP</td><td>15,306</td></tr><tr><td>KZN</td><td>35,963</td></tr><tr><td>LP</td><td>16,956</td></tr><tr><td>MP</td><td>10,427</td></tr><tr><td>NC</td><td>7,293</td></tr><tr><td>NW</td><td>13,389</td></tr><tr><td>WC</td><td>12,350</td></tr><tr><td>TOTAL</td><td>180,009</td></tr></table>	EC	51,723	FS	16,602	GP	15,306	KZN	35,963	LP	16,956	MP	10,427	NC	7,293	NW	13,389	WC	12,350	TOTAL	180,009	9 140	Additional capacity was sourced through the appointment of family finders.		
EC	51,723																											
FS	16,602																											
GP	15,306																											
KZN	35,963																											
LP	16,956																											
MP	10,427																											
NC	7,293																											
NW	13,389																											
WC	12,350																											
TOTAL	180,009																											
8.	Number of outreach programmes (ICROP) conducted.	714 outreach programmes inclusive of Mikondzo conducted. This represents a 70% over-achievement against the annual target.	420 outreach programmes (ICROP) conducted	Achieved. 570 out of planned 420 outreach programmes (ICROP) conducted. This represents 136% achievement against the annual target. Regional breakdown <table><tr><th>Region</th><th>Wards</th></tr><tr><td>EC</td><td>89</td></tr><tr><td>FS</td><td>48</td></tr><tr><td>GP</td><td>49</td></tr><tr><td>KZN</td><td>124</td></tr><tr><td>LP</td><td>39</td></tr><tr><td>MP</td><td>55</td></tr><tr><td>NC</td><td>44</td></tr><tr><td>NW</td><td>77</td></tr><tr><td>WC</td><td>45</td></tr><tr><td>Total</td><td>570</td></tr></table>	Region	Wards	EC	89	FS	48	GP	49	KZN	124	LP	39	MP	55	NC	44	NW	77	WC	45	Total	570	150	Rising challenges in many wards due to beneficiaries' complaints and disputes on deductions and air times led to increased interventions on beneficiary education through ICROPs.
Region	Wards																											
EC	89																											
FS	48																											
GP	49																											
KZN	124																											
LP	39																											
MP	55																											
NC	44																											
NW	77																											
WC	45																											
Total	570																											

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 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16
9.	Number of Mikondzo service delivery interventions conducted.		36 Mikondzo service delivery interventions conducted.	Achieved. 78 Mikondzo interventions were conducted, of the 78, 34 were in a form of major events and 44 build-up community engagements. This represents 217% achievement against the annual target.	42 Rising social ills identified through community engagements necessitated further follow-up interventions hence the over achievement.
10.	Number of public and beneficiary education awareness programmes conducted.		200 public and beneficiary education awareness programmes conducted.	Achieved. 759 beneficiary education programmes conducted focusing on <ul style="list-style-type: none"> • fraud, theft and corruption awareness, • protection of SASSA cards, • Regulation 26A mandates, • Grants awareness focusing on SRD, grant-in-aid, and CSG (0-1). This represents 380% achievement against the annual target.	559 Rising challenges in many wards due to beneficiaries' complaints and disputes on deductions and air times led to increased interventions on beneficiary education through ICROPs. Participation of SASSA in interventions initiated by key stakeholders in the regions in terms of beneficiary education about SASSA services.

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 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16
11.	Verified/authenticated biometric dataset operationalised.	Biometric Data clean up including investigations conducted.	Biometric data clean up Duplicates: fingerprints for adults and children Cleaned up: 81 981.	Not achieved. Although 81 981 fingerprints for adults and children were not cleaned up, 72 fingerprints for children were re-captured. A decision was taken to conduct a full clean-up of the records through a review process. System changes were effected to SOCPEN to accommodate review/re-enrollment of duplicates/matching fingerprints. Database of the duplicates/matching fingerprints provided to regions for implementation.	-81 981
			Fingerprint exceptions from DHA (Red & Amber) 723 415 cleaned up.	Not achieved. 723 415 fingerprints exceptions from DHA not cleaned up.	-723 415
			Biometric enrollment and identification system developed and implemented.	Not achieved. Biometric enrollment and identification system specification document has been submitted and adopted by the Agency. The Procurement process has been initiated. The Agency operational preparations will commence in the new financial year.	Biometric enrollment and identification system not developed and implemented.
					The analysis of the data proved more intensive and cumbersome than anticipated and resulted in the delay in implementation of the clean-up.
					Analysis of the data by the service provider is dependent on DHA input. Engagements between SASSA and DHA are underway to identify, agree on areas of collaboration and secure prioritization of SASSA cases by DHA.
					Development of specification took longer than expected as it had to be interfaced with planned biometric access and Home Affairs systems (DNA).

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 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16
12	Number of mandates with regard to the management of Regulation 26A (direct deductions) obtained.	*	585 981 mandates with regard to the management of Regulation 26A (direct deductions) obtained (current cases).	Not achieved. 55 232 mandates with regard to the management of Regulation 26A (direct deductions) obtained. This represent 9.4% achievement against the annual target. The Agency received 551 disputes against funeral policy deductions which remained under investigation at the end of the financial year. Affected beneficiaries were notified in December 2015. The Agency developed a dispute resolution mechanism to address the challenges of unauthorised deductions. The Ministerial Task Team provide monthly intervention plans on collected mandates to improve recourse mechanism. Regions were trained on the business process and processing of the mandates.	-530 749 Consultations with key stakeholders took longer than anticipated hence the project was implemented in the third quarter of the financial year.
13.	Percentage of new mandates received dealt with.	*	100% of new mandates received dealt with.	Achieved. 100% (416 of 416) mandates received and dealt with.	None. None.

Table 11: Strategy to overcome areas of under-performance: Programme 2

Target	Strategy
Increase the number of children aged 0 to 1 years in receipt of CSG by 50 000.	<ul style="list-style-type: none"> Intensify community engagement through public and beneficiary education programme. Reinforce biometric enrollment for all including newborns.
125 214 of foster child grant reviews processed (backlog).	<ul style="list-style-type: none"> Family finders have been appointed on a contractual basis to assist in dealing with capacity challenges. Intensify the implementation of the FCG project.
Biometric enrollment and identification system developed and implemented.	<ul style="list-style-type: none"> Biometric specification completed and project will be implemented in 2016/17 financial year.
585 981 mandates with regard to the management of Regulation 26A (direct deductions) obtained (current cases).	<ul style="list-style-type: none"> Although there is a pending litigation process, regions have been capacitated to implement.
Duplicates of fingerprints for adults and children clean up: 81 981.	<ul style="list-style-type: none"> Data clean up completed and sent to regions to conduct home visits and door-to-door. Engagements between SASSA and DHA are underway to identify, agree on areas of collaboration and secure prioritization of SASSA cases by DHA.
Fingerprint exceptions from DHA (Red & Amber) cleaned up: 723 415.	<ul style="list-style-type: none"> Engagements between SASSA and DHA are underway to identify, agree on areas of collaboration and secure prioritization of SASSA cases by DHA.

Changes to planned targets

None

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

Programme/activity/objective	2014/2015		2015/2016		(Over)/Under Expenditure
	Budget	Actual Expenditure	Budget	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000
Benefits Administration	4,036,473	4,026,598	4,179,204	4,247,277	(68,073)
Total	4,036,473	4,026,598	4,179,204	4,247,277	(68,073)

4. Revenue Collection

Table 13: Revenue Collection

Sources of revenue	2014/2015		2015/2016		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected
	R'000	R'000	R'000	R'000	R'000
Revenue from exchange transactions	3,864	3,904	(40)	3,987	23,785
Finance income	830	321	509	14	311
Government grants	6,517,589	6,517,589	-	6,642,970	6,642,962
Total	6,522,283	6,521,814	469	6,646,971	6,667,058
					(20,087)

The Agency derives its revenue mainly from the transfers appropriated through voted funds. The transfers are made by the Department of Social Development. Therefore the Agency is not own revenue driven and depends on the transfers as own revenue is less significant compared to the transfers.

Planning on the outputs is framed within the appropriated funds and these funds are apportioned accordingly in line with the strategy.

4.1 Capital Investment

The Agency has over the past two years implemented projects that are aimed at improving the conditions of the facilities under which citizens are provided services. These are the Local Office Improvement project which entailed renovating facilities to match the set standard and Eradication of Open Pay Points project which included the erection/purchase of steel structures. These structures were erected in designated pay points particularly in rural areas where there is no requisite infrastructure to serve the grant beneficiaries in humane conditions. The spending on the structures is capitalised.

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, corporate governance with regard to public entities is applied through the prescripts of the Public

Finance Management Act (PFMA) and run in tandem with the principles contained in the King's 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

There were 3 briefings before Portfolio and Select committees during the financial year under review where SASSA presented the quarterly

financial and performance report as well as annual performance report. The following are the details of these engagements:

Table 14: Portfolio and Select Committees Engagements

Committee	Subject	Date
Portfolio Committee on Social Development	Quarterly Financial and Performance Report for 2013/14 (October – December 2014)	03 June 2015
Portfolio Committee on Social Development	2014/15 Annual Performance Report	15 October 2015
Select Committee on Social Services	2014/15 Annual Performance Report	16 February 2016

3. Executive Authority

During the period under review the following reports were submitted to the Executive Authority on the dates indicated below. In addition, there have been

on-going engagements between the Executive Authority and SASSA's top management.

Table 15: Reports submitted to the Executive Authority

Report	Date
4 th Quarter Performance Report 2014	02 June 2015
1 st Quarter Performance Report 2015	28 August 2015
Annual Performance Report 2014/15	29 September 2015
2 nd Quarter Performance Report 2015	30 October 2015
3rd Quarter Performance Report 2015	29 January 2016

4. Risk Management

SASSA has an approved risk management policy and strategy that includes fraud prevention plan. Strategic and operational risk assessments are conducted annually, identified new and emerging risks are included in the risk register. SASSA has appointed a risk management committee that advises management on the overall system of risk management which includes guidance on 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 include 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 2016.

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

- In compliance with sections 83 to 86, of the Public Finance Management Act (PFMA), 1999 (Act No.1 of 1999) (as amended), SASSA identifies and records all the incidences of financial misconduct, investigates and takes 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. For the year 2015/2016, six (6) meetings were held.
- Investigation reports were presented at the meetings of the FMB for deliberation and to provide recommendations to the Chief Executive Officer (CEO) on the appropriate action to be instituted against responsible officials.

b) **Coordination of audit projects**

- The Internal Control Unit was responsible for the coordination of audit projects conducted by the AGSA.

- The activities involved include making sure that the information requested for audit is submitted to the audit team within the stipulated time frames, providing advice to all 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 following up on any outstanding matters in regard to the audit.
- On finalization of the audit, developed the audit action plan 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 during 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 (PFMA, Treasury Regulations etc)**

- The Internal Control Unit is also required to assist with regard to the monitoring of compliance with policies and procedures of SASSA, as well as applicable legislative prescripts.
- In keeping with the above requirement, the Internal Control Unit has kept registers of incidences of financial misconduct committed by officials during the financial year.
- The unit has also assisted in the preparation and consolidation of

reports on irregular, fruitless and wasteful expenditure for presentation to the AGSA, the Audit Committee and other relevant stakeholders through disclosure notes in the annual financial statements.

- The cases were investigated, discussed with the relevant policy owners and the affected officials. The investigation reports were presented to the FMB for deliberation.
- Lessons learned from all investigated incidences were used to update the policies and to develop procedure manuals to advise officials on the appropriate conduct.

6. Internal Audit and Audit Committees

Internal Audit and Audit Committees

Independently reporting to the accounting authority administratively and to the Audit Committee functionally 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 provides 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 assists the accounting authority in maintaining effective controls by evaluating those controls to determine their effectiveness and efficiency, by identifying the root causes of those control deficiencies and recommending control enhancement or improvement. Internal audit also reviews the reliability and integrity of financial and operating information as well as the review of performance information to ascertain whether results are consistent with established targets.

For the year under review internal audit conducted a wide range of operational, financial, compliance and information technology audit assignments. 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:

- a. Grant application and payment process;
- b. Lease management;
- c. Supply chain management;
- d. Performance information management and reporting;
- e. Fleet management;
- f. Consequence management process (financial misconduct board FMB);
- g. Follow up on burnt beneficiary files reconstructed;
- h. Ad-hoc audit on additional payment made to Cash Payment Services;
- i. Information technology reviews completed on SOCPEN application control and document management.

Internal audit has requested for deviation from compliance with Treasury Regulations 27.2.6 given that more time was required to prepare Internal Audit (IIA) for the external assessment.

The request in question sought to deviate from conducting IAA in line with standard 1312 of the Standard for the Professional Practice of Internal Auditing which states that external assessments must be conducted at least once every five years by a qualified and independent reviewer.

The Office of the Accountant General has granted this deviation and Internal Audit will in the forthcoming year work diligently to ensure compliance with this requirement.

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 report as well as management action plans and processes to address areas of weaknesses identified by both internal audit and the Auditor-General South Africa (AGSA). 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 Public Finance Management Act (PFMA) of 1999, 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 2015/2016.
- Considered the Audit Plan of the AGSA for 2015/2016 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 2014/2015 Annual Financial Statements.
- Reviewed the Annual report for 2014/2015.
- Reviewed the reports of the Financial Misconduct Board and Risk Management Committee.

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 Morar	Chartered Accountant	External	Not applicable	1 May 2015	Not applicable	3 out of 4
Ms L Khumalo	B. Proc, Bachelor of Law (LLB)	External	Not applicable	4 January 2016	Not applicable	4 out of 4
Adv. MB Madumise	B. Proc, Bachelor of Law (LLB), MBA, Graduate Diploma in International Trade Law	External	Not applicable	1 January 2015	Not applicable	4 out of 4
Ms N Siwahla Madiba	Hon BCompt, BCom (Acc), Post Graduate Diploma in Financial Management	External	Not applicable	4 January 2016	Not applicable	2 out of 4
Ms T Ndabankulu	BCom General, Diploma in Human Resources, MBA	External	Not applicable	1 May 2015	Not applicable	2 out of 4
Mr S Simelane	BCom , B Com Hons, MBA	External	Not applicable	4 January 2016	Not applicable	1 out of 4
Mr J Minnie	B. Proc	External	Not applicable	1 November 2012	Contract ended on 31 October 2015	2 out of 4
Mr O Latiff	Chartered Accountant	External	Not applicable	1 May 2015	Deceased Sept 2015	2 out of 4

7. Compliance with Laws and Regulations

SASSA has established various governance structures to ensure compliance with laws and regulations. These structures include the Executive Committee as the decision making body, Audit Committee that provides oversight role both on financial and non-financial matters,

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. A total of 75 fraud, theft and corruption awareness programmes were conducted during the financial year under review.

The campaigns targeted officials in the regional, district and local offices. As at the end of the financial year, a total of 3, 596 officials had been trained. In addition presentations are done on a continuous basis on the prevention, detection, investigation and resolution processes in partnership with Human Capital Management Department during induction sessions.

Alleged cases of fraud and corruption are reported through the National Anti-Corruption Hotline (NACH) which allows for members of the public as well as SASSA employees to anonymously

Risk Management Committee that advises management on how to mitigate against identified risks, Financial Misconduct board that deals with financial misconduct cases. SASSA continuously review policies and procedures in line with latest developments.

report known or suspected fraudulent and corrupt activities.

During the 2015/16 financial year, a total of 1,122 fraud cases were received, 90 cases were finalised, 837 were closed and 195 were still under investigations. The monetary value of the finalised cases is R2,429,519 of which R179,392 had been recovered.

In addition to the cases received, finalized and closed in respect of the financial year 2015/16, 839 backlog cases were investigated.

Fifteen (15) fraud and corruption cases have been referred to Law Enforcement Agencies, involving 337 officials, 9 beneficiaries, 5 Doctors, 5 private persons and 3 former officials. During 2015/16, two SASSA officials were dismissed, 24 suspended and 5 convicted. The 5 convicted former SASSA employees are serving 7 years imprisonment.

9. Minimising Conflict of Interest

The South African Social Security Agency 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 requires all Supply Chain Management officials to sign a code of conduct annually; it must be indicated that all 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 outside the Agency is required as per policy to apply for permission to do business outside the Agency and only when such an approval is granted would an official do business outside the Agency. All Senior Managers are required to complete financial disclosure forms on an annual basis.

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 constitute financial misconduct and it is dealt with through the 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 those trained. 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 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, 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 are not compromised.

12. Audit Committee Report

Audit Committee Report for the Year Ended 31 March 2016

The Audit Committee herewith presents its report for the financial year ended 31 March 2016.

The Audit Committee comprises of 6 members including the chairperson. During the financial year ended 31 March 2016, the Audit Committee met on 4 occasions and the attendance is shown in the table below:

Table 17: Attendance of Audit Committee Meetings

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Mr Morar	Chartered Accountant	External	Not applicable	1 May 2015	Not applicable	3 out of 4
Ms L Khumalo	B. Proc, Bachelor of Law (LLB)	External	Not applicable	4 January 2016	Not applicable	4 out of 4
Adv. MB Madumise	B. Proc, Bachelor of Law (LLB), MBA, Graduate Diploma in International Trade Law	External	Not applicable	1 January 2015	Not applicable	4 out of 4
Ms N Siwahla Madiba	Hon BCompt, BCom (Acc), Post Graduate Diploma in Financial Management	External	Not applicable	4 January 2016	Not applicable	2 out of 4
Ms T Ndabankulu	BCom General, Diploma in Human Resources, MBA	External	Not applicable	1 May 2015	Not applicable	2 out of 4
Mr S Simelane	BCom, B Com Hons, MBA	External	Not applicable	4 January 2016	Not applicable	1 out of 4
Mr J Minnie	B. Proc	External	Not applicable	1 November 2012	Contract ended on 31 October 2015	2 out of 4
Mr O Latiff	Chartered Accountant	External	Not applicable	1 May 2015	Deceased Sept 2015	2 out of 4

Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 51 (1) (a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1. The Audit Committee reports that it has adopted appropriate formal terms of reference in its Audit Committee Charter and has discharged its responsibilities as contained therein.

Internal Audit

Internal Audit is tasked with providing the Audit Committee and Management with assurance that the internal controls are adequate and effective. The Internal Audit unit operated for a portion of the year with a capacity that was less than optimal. Subsequently this concern was addressed; the critical vacancy was appropriately filled and a co-sourcing arrangement was initiated in the latter part of the year. The under resourcing of the information technology audit function is noted and steps to address the situation are noted. There is room for improvement in respect of regional, district, local offices and pay points coverage by internal audit in their audit engagements. The Committee notes the deviation granted by the Office of the Accountant General for the Internal Audit from complying with Treasury Regulations 27.2.6 and will monitor progress thereof.

Effectiveness of internal control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the public entity revealed certain weaknesses, which were then raised with the public entity.

The following internal audit work was completed during the year under review:

- a. Grant application and payment process;
- b. Lease management;
- c. Supply chain management;
- d. Performance information management and reporting;
- e. Fleet management;

- f. Consequence management process (financial misconduct board FMB);
- g. Follow up on burnt beneficiary files reconstructed;
- h. Ad-hoc audit on additional payment made to Cash Payment Services;
- i. Information technology reviews completed on SOCPEN application control and document management.

The following were areas of concern:

From the reports by internal audit and the Auditor General of South Africa, it was noted that certain reported matters indicate deficiencies in the system of internal control and require improvement. Management has committed that effective corrective actions are being implemented in respect of internal control weaknesses identified and the Audit Committee will continue monitoring these corrective actions. The establishment of the internal control unit will assist in ensuring that consequence management is upheld.

Risk management

The Audit Committee is responsible for the oversight of the risk management activities. A risk assessment for the year under review was conducted, and a Risk Management Committee was established that also reports to the Audit Committee on the management of risks in the Agency. A risk management policy and plan has been developed and approved; however no risk monitoring activities were conducted as the risk management function was not fully operational. The Audit Committee has reviewed the risk register and was not entirely satisfied with the risk identification and assessment process and has recommended certain improvements to be made. Moreover a culture of risk management needs to be embedded in the daily activities of the Agency to ensure effective enterprise wide risk management.

The Audit Committee will monitor progress with regard to this. The Committee notes that the Agency's transition brings greater complexity which creates new emerging significant risk which the risk management department and internal audit needs to be equipped for; and ensure appropriate risk management strategies are in place to guard against any catastrophes.

In-Year Management and Monthly/ Quarterly Report

The audit committee reports that, during the year under review, they were presented with regular monthly and quarterly management reports.

The Audit Committee has engaged with management to remedy shortcomings relating to performance information reports and progress is being made in the improvement of the quality of these reports. The Audit Committee will monitor progress made by management on the quarterly performance information reports.

Evaluation of the Annual Financial Statements

We have reviewed the annual financial statements prepared by SASSA for the year ended 31 March 2016 focusing on:

- Significant financial reporting judgments and estimates contained in the annual financial statements;
- Clarity and completeness of disclosure and whether disclosures made have been set properly in context;
- Quality and acceptability of, and any changes in accounting policies and practices;
- Compliance with accounting standards and legal requirements;
- Significant adjustments and/or unadjusted differences resulting from the audit;


- Reflection of unusual circumstances or events and management's explanation for the accounting treatment adopted;
- Reasons for major year-on-year fluctuations;
- Asset valuations and revaluations;
- Calculation and levels of general and specific provisions; and
- Write-offs, surpluses, reserves and transfers.

Auditor's Report

We have reviewed the entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved except for the following:

- The Committee acknowledges the effort by management to clear previous year's irregular expenditure which was taken through the process of condonation. Notwithstanding the subsequent event whereby the condonation was reversed. Management has been engaged by the Committee and appropriate action will be pursued to ensure that any irregular expenditure is cleared. The Committee will monitor progress in the 2016/17 financial year.

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.



Mr. R Morar

Chairperson of the Audit Committee - SASSA

Date: 26 August 2016

PART D: HUMAN RESOURCE MANAGEMENT



1. Introduction

The Organizational Structure of SASSA provides for an approved establishment of 19 988 employees inclusive of contract employees. The structure made provision for the entire SASSA value chain, i.e. from beneficiary enrollment into the system to the actual payment of social grants. In addition to the core business posts, provision was also made for support services posts; namely, corporate support services, finance and human capital management. However, the actual payment of social grants is currently outsourced to a third party.

SASSA considered the approved establishment against current operations requirements and funded only 8 776 permanent posts which at the end of the period under review 96% were filled. In addition 1 311 contract positions were filled bringing the total number of employees to 9 732. The funded positions will gradually increase in the process of insourcing the payment system.

SASSA continues to promote effective and efficient management and development of its human capital to ensure achievement of its strategic goals and objectives in line with its mandate. A number of HCM strategic support and interventions were deployed to respond to SASSA's intention to continue to provide a customer centric service to its clients. These were aligned to the HR priorities.

SASSA continued to implement its performance management and development policy to communicate the expected level of performance and assess the individual performance of its employees. The performance assessments and moderation of all lower levels for the previous year was completed during the reporting period.

Local Office structures and staff establishment were revised and approved as a result of the implementation of a standardised four (4) step grant administration business process. This led to the revision of capacity models and job profiles of local office management positions. Two new districts offices (Buffalo City in the Eastern Cape and Umkhanyakude Municipality in KwaZulu-Natal) have been established to improve service delivery as well as to align SASSA districts to municipal boundaries.

A Beneficiary Records Management Project was initiated to address the inefficiencies and to investigate the possibilities of co-sourcing certain activities within the Records Management Centre. HCM provided strategic support through the development of capacity models and an alternative utilisation strategy. A skills audit was also conducted to determine the skills gap within this environment.

2. Human Resource Oversight Statistics

Table 18: Personnel Cost by Branch/Department/Region

Programme/ Activity/Objective	Total Expenditure for the entity in Rand	Personnel Expenditure in Rand	Personnel exp. As a % of total exp.	No. of employees	Average personnel cost per employee in Rand
Head Office	2 834 084 352	215 385 078	8%	403	534 454
Eastern Cape Region	710 050 373	415 074 149	58%	1554	267 100
Free State Region	266 173 591	180 148 079	68%	648	278 006
Gauteng Region	431 567 390	285 545 287	66%	1080	264 394
KwaZulu-Natal Region	781 780 017	462 869 081	59%	2065	224 150
Limpopo Region	414 602 588	283 789 248	68%	1002	283 223
Mpumalanga Region	288 636 217	190 215 608	66%	744	255 666
Northern Cape Region	257 992 328	159 082 334	62%	581	273 808
North West Region	380 277 878	212 255 890	56%	780	272 123
Western Cape Region	367 117 489	238 801 725	65%	919	259 850
CAPEX	171 846 782		0%		
SASSA	6 904 129 007*	2 643 166 479**	38%	9776***	2 912 774

* Includes prior period error adjustment of R45,804,074 (note 34) and additions of asset of R171,846,782 (notes 7 & 8).

Table 19: Personnel cost by salary band

Level	Personnel Expenditure in Rand	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee in Rand
Top Management	24 896 444	0.94%	13	1 915 111
Senior Management	197 656 359	7.48%	202	978 497
Professional Qualified	586 476 333	22.19%	960	610 913
Skilled	789 335 179	29.86%	2414	326 982
Semi - Skilled	1 037 617 236	39.26%	5318	195 114
Unskilled	7 184 928	0.27%	869	8 268
Total	2 643 166 479**	100%	9776***	270 373

*** Represents all employees including contracts that have expired prior to year end.

Table 20: Performance Rewards

Level	Number of Employees	Performance Rewards in Rand	Personnel Expenditure in Rand	% of performance rewards to total personnel cost
Top Management	0	-	24 896 444	0.00%
Senior Management	9	329 129	197 656 359	0.17%
Professional Qualified	168	5 516 312	586 476 333	0.94%
Skilled	555	11 267 324	789 335 179	1.42%
Semi - Skilled	914	11 938 949	1 037 617 236	1.15%
Unskilled	2	11 204	7 184 928	0.16%
Total	1 648	29 062 918	2 643 166 479**	1.10%

** Excludes payments for bursaries and transfers of R7,3 million reported differently (note 17).

Table 21: Training Costs

Programme// activity/ Objective	Personnel Expenditure in Rand	Training Expenditure in Rand	Training Expenditure as a % of Personnel Cost	No. of Employees trained	Avg Training cost per employee in Rand
Office of The CEO	3 327 713	65 278	1.96%	2	32 639
Fraud & Compliance	17 514 399	-	0.00%	24	-
Intergovernmental & Stakeholder Relations	908 059	-	0.00%	0	-
Enterprise Programme Management Office	-	-	0.00%	0	-
Security Management	4 328 742	2 508	0.06%	0	-
Internal Audit & Risk Management	15 157 470	1 121 581	7.40%	47	23 863
Corporate Services	54 732 886	1 112 320	2.03%	63	17 656
Finance	42 750 436	565 616	1.32%	46	12 296
Information & Communications Technology	25 383 328	249 025	0.98%	13	19 156
Grants Administration	11 079 159	-	0.00%	0	-
Grant Benefit Transfers	17 138 650	-	0.00%	0	-
Strategy & Business Development	23 064 236	425 750	1.85%	20	21 287
Gauteng	285 545 287	1 876 356	0.66%	459	4 088
Western Cape	238 801 725	843 526	0.35%	202	4 176
Kwazulu-Natal	462 869 081	5 745 277	1.24%	652	8 816
Mpumalanga	190 215 608	1 070 131	0.56%	374	2 861
Free State	180 148 079	1 412 424	0.78%	306	4 616
Limpopo	283 789 248	2 928 861	1.03%	215	13 623
Eastern Cape	415 074 149	4 610 778	1.11%	916	5 034
Northern Cape	159 082 334	411 465	0.26%	95	4 331
North West	212 255 890	1 577 503	0.74%	241	6 546
Total	2 643 166 479**	24 018 397	0.91%	3675	6 536

** Excludes payments for bursaries and transfers of R7,3 million reported differently (note 17).

Table 22: Employment and Vacancies

Branch/ Department/ Region	2014/2015 No. of Employees	2015/2016 Approved Posts	2015/2016 No. of Employees	2015/2016 Vacancies	% of Vacancies
Office of The CEO	12	21	9	12	57.1%
Fraud & Compliance	18	40	15	25	62.5%
Intergovernmental & Stakeholder Relations	1	21	1	20	95.2%
Enterprise Programme Management Office	0	0	0	0	00.0%
Security Management	15	34	11	23	67.6%
Internal Audit & Risk Management	26	56	26	30	53.6%
Corporate Services	112	236	115	121	51.3%
Finance	79	184	86	98	53.3%
Information & Communications Technology	38	114	41	73	64.0%
Grants Administration	18	49	18	31	63.3%
Grant Benefit Transfers	67	91	49	42	46.2%
Strategy & Business Development	31	117	30	87	74.4%
Gauteng	1 184	2 092	1 071	1 021	48.8%
Western Cape	1 047	1 433	914	519	36.2%
Kwazulu-Natal	2 266	3 685	2 045	1 640	44.5%
Mpumalanga	843	1 593	736	857	53.8%
Free State	703	1 894	648	1 246	65.8%
Limpopo	1 050	1 872	1 006	866	46.3%
Eastern Cape	1 672	3 446	1 562	1 884	54.7%
Northern Cape	646	1 362	575	787	57.8%
North West	914	1 648	774	874	53.0%
Total	10 742	19 988	9 732[#]	10 256	51.3%

Although SASSA has total of 19 988 approved posts on the establishment only 8 776 posts were permanent funded posts (filled and critical posts). Of the permanent funded posts 8 421 posts were filled representing a 4% vacancy rate.

Level	2014/2015 No. of Employees	2015/2016 Approved Posts	2015/2016 No. of Employees	2015/2016 Vacancies	% of Vacancies
Top Management	12	17	13	4	23.5%
Senior Management	200	310	200	110	35.5%
Professional Qualified	945	2 062	896	1 166	56.5%
Skilled	2 210	5 713	2 259	3 454	60.5%
Semi - Skilled	5 335	11 113	5 612	5 501	49.5%
Unskilled	2 040	773	752	21	2.7%
Total	10 742	19 988	9 732[#]	10 256	51.3%

[#] Represents employees (both permanent and contracts) in service as at 31 March 2016.

Table 23: Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	13	1	1	13
Senior Management	209	11	20	200
Professional Qualified	922	39	65	896
Skilled	2 398	52	191	2 259
Semi - Skilled	5 133	1 006	527	5 612
Unskilled	663	659	570	752
Total	9 338	1 768	1 374	9 732

Table 24: Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	59	4.3
Resignation	323	23.5
Dismissal	37	2.7
Retirement	68	4.9
Ill Health	2	0.1
Expiry Of Contract	818	59.5
Other - Transfer	67	4.9
Total	1 374	100%

Table 25: Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	10
Written Warning	51
Final Written Warning	34
Dismissal	37
Total	132

Equity Target and Employment Equity Status

SASSA has, during the reporting period, experienced challenges with regards to attracting people with disabilities and White people particularly at the semi-skilled post class where they are mostly underrepresented. The Employment Equity target clause has been incorporated in the adverts to attract the target groups in line with the Agency's EE Plan. Progress has been made in terms of ensuring equitable representation of employees in Top and Senior Management echelon. However the Agency still needs to recruit females at identified occupational dispensations.

Table 26: Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	6	5	0	2	0	0	1	1
Senior Management	89	94	10	8	3	5	5	14
Professional Qualified	408	273	52	33	20	17	22	41
Skilled	782	1402	72	169	34	74	20	162
Semi – Skilled	1 848	2345	200	340	18	64	17	229
Unskilled	326	395	15	76	1	12	0	41
Total	3 459	4514	349	628	76	172	65	488

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	4	5	1	1	0	0	1	1
Senior Management	74	95	7	8	6	8	6	12
Professional Qualified	320	211	33	26	12	10	29	33
Skilled	1 149	1869	120	223	25	77	57	223
Semi - Skilled	3 176	3644	271	401	28	75	54	316
Unskilled	374	566	35	107	1	11	0	47
Total	5 097	6390	467	766	72	181	147	632

Levels	Staff with disabilities			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	1	2	1	2
Professional Qualified	3	7	1	4
Skilled	11	33	12	44
Semi - Skilled	34	48	37	68
Unskilled	2	7	2	9
Total	51	97	53	127

PART E: FINANCIAL INFORMATION



Report of the Auditor-General to Parliament on the South African Social Security Agency

Report on the financial statements

Introduction

1. I have audited the financial statements of the South African Social Security Agency (SASSA) set out on pages 71 to 108, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, and reconciliation between budget and statement of financial performance for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The accounting authority, is responsible for the preparation and fair presentation of these financial statements 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) and the South African Social Security Agency Act, 2004 (Act No. 9 of 2004), 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.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the South African Social Security Agency as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA.

Additional matter

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

Report on other legal and regulatory requirements

8. 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 findings on the reported performance information against predetermined objectives of selected programmes presented in the

annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

9. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2016:
 - Programme 1: Administration, on pages 30 to 38
 - Programme 2: Benefits administration and support, on pages 41 to 47
10. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).
11. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
12. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
 - Programme 1: Administration
 - Programme 2: Benefits administration and support

Additional matter

13. Although I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matter:

Achievement of planned targets

14. Refer to the annual performance report on pages 30 to 38 and 41 to 47 for information on the achievement of the planned targets for the year.

Compliance with legislation

15. I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My material finding on compliance with specific matter in key legislation, as set out in the general notice issued in terms of the PAA, is as follows:

Expenditure management

16. Effective steps were not taken to prevent irregular expenditure of R1,140,306,898 and fruitless expenditure of R10,911,019 as disclosed in notes 31 and 30 of the annual financial statements respectively, as required by section 51(1)(b)(ii) of the PFMA.

Internal control

17. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in a finding on compliance with legislation included in this report.

Leadership

18. The accounting authority did not exercise sufficient review and oversight to ensure compliance to applicable legislation.

Financial and performance management

19. Proper record keeping, monitoring and review processes were not implemented in a timely manner to ensure compliance with applicable legislation.

Investigations

20. Investigations were conducted by the fraud management and compliance unit of SASSA and the special investigation unit on request of the agency. The investigations were initiated based on:

- non-compliance with the supply chain management policy and procedures resulting in possible fraudulent actions and possible irregular and fruitless expenditure.
21. The National Treasury investigated two cases relating to the awarding of two bids. For one investigation the report was submitted to the minister for further action. The second investigation was still with the National Treasury. The impact on the financial disclosures was still unknown at the time of this report.

Auditor - General

Pretoria

24 August 2016



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNUAL FINANCIAL STATEMENTS



South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2016

Index

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

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The annual financial statements set out on pages 72 to 108, which have been prepared on the going concern basis, were approved by the accounting authority on 15 August 2016 and were signed on its behalf by:



Ms. R Ramokgopa

Chief Executive Officer and Accounting Authority (Acting)

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2016

Statement of Financial Position as at 31 March 2016

Figures in Rand	Note(s)	2016	2015
Assets			
Current Assets			
Inventories	3	16,956,005	23,369,721
Receivables from exchange transactions	4	9,886,594	6,490,223
Prepayments	5	14,548,250	12,657,720
Cash and cash equivalents	6	1,227,259,084	1,163,740,459
		1,268,649,933	1,206,258,123
Non-Current Assets			
Property, plant and equipment	7	776,752,754	729,305,991
Intangible assets	8	40,087,040	51,289,798
		816,839,794	780,595,789
Total Assets		2,085,489,727	1,986,853,912
Liabilities			
Current Liabilities			
Finance lease obligation	9	198,445	273,983
Operating lease liability	10	25,813,791	36,042,338
Payables from exchange transactions	11	494,336,170	299,291,520
Provisions	12	280,841,624	284,208,946
		801,190,030	619,816,787
Non-Current Liabilities			
Finance lease obligation	9	-	198,444
Total Liabilities		801,190,030	620,015,231
Net Assets			
Accumulated surplus		1,284,299,697	1,366,838,681

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2016

Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015
Revenue			
Revenue from exchange transactions	13	23,784,714	3,903,679
Finance income	16	310,777	320,507
Revenue from non-exchange transactions	14	6,642,962,000	6,517,589,000
Total revenue		6,667,057,491	6,521,813,186
Expenditure			
Personnel costs	17	2,650,550,678	2,491,206,805
Depreciation and amortisation	7&8	114,964,496	106,791,552
Finance costs	18	300,289	463,082
Debt Impairment	4	164,721	446,486
Sponsorships, Gifts and Donations	35	2,750	-
Repairs and maintenance		141,277,112	157,491,442
Administrative expenses	19	1,753,659,284	1,573,707,374
Social assistance service fee	20	2,025,558,821	1,957,587,025
Total expenditure		6,686,478,151	6,287,693,766
Operating (deficit) surplus	15	(19,420,660)	234,119,420
Loss on disposal of assets		(17,314,250)	(8,005,725)
(Deficit) surplus for the year		(36,734,910)	226,113,695

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2016

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / (Deficit)	Total net assets
Balance at 01 April 2014	1,140,724,986	1,140,724,986
Changes in net assets		
Surplus for the year	226,113,695	226,113,695
Total changes	226,113,695	226,113,695
Opening balance as previously reported Adjustments	1,366,838,681	1,366,838,681
Prior year adjustments (see note 34)	(45,804,074)	(45,804,074)
Balance at 01 April 2015 (Restated)	1,321,034,607	1,321,034,607
Changes in net assets		
(Deficit) / Surplus for the year	(36,734,910)	(36,734,910)
Total changes	(36,734,910)	(36,734,910)
Balance at 31 March 2016	1,284,299,697	1,284,299,697

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2016

Cash Flow Statement

Figures in Rand	Note(s)	2016	2015
Cash flows from operating activities			
Receipts			
Cash receipts		6,663,185,623	6,518,546,624
Payments			
Cash paid to suppliers and employees		(6,430,880,751)	(6,728,732,056)
Net cash flows from operating activities	23	232,304,872	(210,185,432)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(171,759,693)	(263,815,473)
Purchase of intangible assets	8	(87,089)	(683,204)
Proceeds from sale of assets		3,377,117	6,048,171
Interest Income		310,777	320,508
Net cash flows from investing activities		(168,158,888)	(258,129,998)
Cash flows from financing activities			
Finance lease payments		(327,069)	(822,802)
Finance costs	18	(300,289)	(463,082)
Net cash flows from financing activities		(627,358)	(1,285,884)
Net (decrease)/increase in cash and cash equivalents		63,518,626	(469,601,314)
Cash and cash equivalents at the beginning of the year		1,163,740,459	1,633,341,775
Cash and cash equivalents at the end of the year	6	1,227,259,085	1,163,740,461

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2016

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 below.

These accounting policies are consistent with the previous year, unless stated otherwise.

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.

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 agency 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 agency'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 annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

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

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.

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty *(continued)*

Useful lives and residual values

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

1.2 Property, plant and equipment

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

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.

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1.2 Property, plant and equipment (continued)

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

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

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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.

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.

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1.2 Property, plant and equipment (continued)

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 vehicle	Straight line	4 - 10 years
Office equipment	Straight line	5 - 15 years
IT equipment	Straight line	3 - 10 years
Communication equipment	Straight line	2 - 15 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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 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.

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.

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1.3 Intangible assets (*continued*)

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

An intangible asset is recognised when:

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

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

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

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

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

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.

- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential.

Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1.3 Intangible assets (*continued*)

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

1.4 Financial instruments

Initial recognition and measurement

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

The agency 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.

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 agency'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

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1.5 Leases (continued)

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 agency incurs to acquire the asset on the reporting date.

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects 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 agency.

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.

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1.7 Employee benefits (*continued*)

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 agency'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 agency 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 agency settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

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

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

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

If the agency 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 agency:

- 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.

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1.8 Provisions and contingencies (continued)

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 agency

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

1.9 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 agency 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 agency assets yielding interest is recognised when:

- it is probable that the economic benefits or

service potential associated with the transaction will flow to the agency; and

- the amount of the revenue can be measured reliably.

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

1.10 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the agency receives value from another agency 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 agency; and
- the amount of the revenue can be measured reliably.

The agency 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

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1.10 Revenue from non-exchange transactions (continued)

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

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

1.11 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.

1.12 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.

1.13 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.

1.14 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively

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Accounting Policies

1.14 Segment information *(continued)*

an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

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.

1.16 Related parties

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

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the agency. The agency 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 agency.

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

South African Social Security Agency

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Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards issued but not yet effective

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

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.

The entity has 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 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 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.

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

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

2.1 Standards issued but not yet effective (*continued*)

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 standard is not yet set by the Minister of Finance.

The entity has 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 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.

South African Social Security Agency

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Notes to the Annual Financial Statements

2.1 Standards issued but not yet effective *(continued)*

- 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);
 - 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 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.

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Notes to the Annual Financial Statements

Figures in Rand	2016	2015
3. Inventories		
Stationery and consumables	13,786,932	19,928,661
Postage/franking machine	3,169,073	3,441,060
	16,956,005	23,369,721
4. Receivables from exchange transactions		
Staff debtors	2,003,672	1,774,462
Other debtors	336,589	1,049,564
Inter-departmental claims	7,546,333	3,666,197
	9,886,594	6,490,223
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	11,957,556	12,069,174
Provision for doubtful	(2,070,962)	(5,578,951)
	9,886,594	6,490,223
Reconciliation of provision for impairment of receivables		
Opening balance	5,578,951	5,235,424
Provision for impairment	164,721	446,487
Amounts written off as uncollectible	(3,672,710)	(102,960)
	2,070,962	5,578,951
5. Prepayments		
Prepaid annual consulting, support and subscription fees		
Opening balance	12,657,719	7,823,385
Amount realised as an expense	(94,478,798)	(76,838,249)
Increased for the period	96,369,329	81,672,583
	14,548,250	12,657,719

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Figures in Rand	2016	2015
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Petty cash	105,000	90,000
Bank balances	1,227,154,084	1,163,650,459
	1,227,259,084	1,163,740,459

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 agency's funds are not held within a commercial bank, therefore the agency is not exposed to credit risk.

South African Social Security Agency

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

7. Property, plant and equipment

Figures in Rand	2016			2015		
	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	172,351,953	(16,734,841)	155,617,112	111,446,290	(12,710,473)	98,735,817
Leasehold property	53,085	(39,813)	13,272	-	-	-
Work in progress	6,018,677	-	6,018,677	14,996,244	-	14,996,244
Furniture and fixtures	174,214,240	(61,967,902)	112,246,338	173,500,281	(57,586,952)	115,913,329
Motor vehicles	299,404,031	(103,220,928)	196,183,103	311,564,046	(78,417,781)	233,146,265
Office equipment	14,269,533	(6,265,030)	8,004,503	12,551,472	(6,087,862)	6,463,610
IT equipment	392,245,932	(154,485,475)	237,760,457	347,455,277	(124,163,678)	223,291,599
Finance lease assets	535,215	(444,110)	91,105	782,613	(463,623)	318,990
Machinery and equipment	82,078,460	(25,746,865)	56,331,595	53,749,240	(23,020,059)	30,729,181
Communication equipment	15,887,830	(11,920,738)	3,967,092	17,074,535	(11,883,079)	5,191,456
Total	1,157,578,456	(380,825,702)	776,752,754	1,043,639,498	(314,333,507)	729,305,991

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Re-classifications	Depreciation	Carrying value
Land	519,500	-	-	-	-	519,500
Buildings	98,735,817	53,969,077	-	6,936,586	(4,024,368)	155,617,112
Leasehold property	-	53,085	-	-	(39,813)	13,272
Work in progress	14,996,244	-	-	(8,977,567)	-	6,018,677
Furniture and fixtures	115,913,329	14,955,725	(6,687,291)	-	(11,935,425)	112,246,338
Motor vehicles	233,146,265	1,998,067	(5,131,600)	-	(33,829,629)	196,183,103
Office equipment	6,463,610	2,961,579	(241,801)	-	(1,178,885)	8,004,503
IT equipment	223,291,599	66,445,909	(7,300,440)	-	(44,676,611)	237,760,457
Finance lease assets	318,990	-	(6,873)	-	(221,012)	91,105
Machinery and equipment	30,729,181	30,807,281	(1,004,686)	2,040,981	(6,241,162)	56,331,595
Communication equipment	5,191,456	622,055	(254,925)	-	(1,591,494)	3,967,092
	729,305,991	171,812,778	(20,627,616)	-	(103,738,399)	776,752,754

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Re-classifications	Depreciation	Carrying value
Land	3,210,950	-	(2,691,450)	-	-	519,500
Buildings	89,368,801	11,704,264	-	-	(2,337,248)	98,735,817
Work in progress	-	14,996,244	-	-	-	14,996,244
Furniture and fixtures	106,985,212	23,119,020	(3,135,492)	(5,735)	(11,049,676)	115,913,329
Motor vehicles	166,284,939	107,367,495	(3,996,870)	(30,715)	(36,478,584)	233,146,265
Office equipment	6,743,630	1,225,875	(140,507)	(131,487)	(1,233,901)	6,463,610
IT equipment	168,933,859	94,942,713	(3,539,466)	154,633	(37,200,140)	223,291,599
Finance lease assets	966,767	-	(1,744)	(49,695)	(596,338)	318,990
Machinery and equipment	25,745,209	10,038,701	(279,410)	16,552	(4,791,871)	30,729,181
Communication equipment	6,558,298	421,161	(92,070)	46,447	(1,742,380)	5,191,456
	574,797,665	263,815,473	(13,877,009)	-	(95,430,138)	729,305,991

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Notes to the Annual Financial Statements

Figures in Rand	2016	2015
7. Property, plant and equipment (continued)		
Assets subject to finance lease (Net carrying amount)		
Lease hold property	13,272	-
Finance lease assets	91,105	318,990
	104,377	318,990

These assets serve as security for the lease obligation under Note 9.

Reconciliation of Work-in-Progress 2016

	Included within Other PPE	Total
Opening balance	14,996,244	14,996,244
Capital expenditure	70,789,304	70,789,304
Transferred to completed items	(79,766,871)	(79,766,871)
	6,018,677	6,018,677

Reconciliation of Work-in-Progress 2015

	Included within Other PPE	Total
Capital expenditure	14,996,244	14,996,244

Reclassification of categories

Certain categories of Property, plant and equipment have been reclassified to enhance fair presentation, none of the reclassifications are considered material to warrant individual disclosure of the amounts concerned.

8. Intangible assets

	2016			2015		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	112,130,295	(72,043,255)	40,087,040	112,193,207	(60,903,409)	51,289,798

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Disposals	Amortisation	Carrying value
Computer software	51,289,798	87,088	(63,750)	(11,226,096)	40,087,040

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Disposals	Amortisation	Carrying value
Computer software	62,144,905	683,204	(177,600)	(11,360,711)	51,289,798

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Figures in Rand	2016	2015
9. Finance lease obligation		
Minimum lease payments due		
- within one year	268,458	574,272
- in second to fifth year inclusive	-	268,457
	268,458	842,729
less: future finance charges	(70,013)	(370,302)
Present value of minimum lease payments	198,445	472,427
Present value of minimum lease payments due		
- within one year	198,445	273,983
- in second to fifth year inclusive	-	198,444
	198,445	472,427
Non-current liabilities	-	198,444
Current liabilities	198,445	273,983
	198,445	472,427

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

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

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

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

10. Operating lease liability

Contractual payments	138,560,085	158,057,627
Straight line basis expense	164,373,876	194,099,964
	25,813,791	36,042,337
Operating leases-as lessee (expense - Minimum lease payments due)		
Within one year	175,459,152	184,018,800
In second to fifth year inclusive	111,954,097	147,924,852
later than five years	5,430	242,574
	287,418,679	332,186,226

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 R25,813,791 (2015: R36,042,338).

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Notes to the Annual Financial Statements

Figures in Rand	2016	2015
11. Payables from exchange transactions		
Trade payables	273,611,024	67,431,169
Inter-departmental claims	672,364	1,475,371
Payroll -Third-party	32,676	4,187,800
Housing Accrual	15,607,500	
Accrued service bonus	80,167,297	74,515,588
Accrued expenses	124,245,309	151,681,592
	494,336,170	299,291,520
Fair value of trade and other payables		
Trade payables	273,611,024	67,431,169
Inter-departmental claims	672,364	1,475,371
Payroll -Third-party	32,676	4,187,800
Housing Accrual	15,607,500	-
Accrued service bonus	80,167,297	74,515,588
Accrued expenses	124,245,309	151,681,592
	494,336,170	299,291,520

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

12. Provisions

Reconciliation of provisions - 2016

	Opening balance	Additions	Utilised during the year	Total
Provisions for shared services and other third-party	23,981,579	7,132,222	(17,167,684)	13,946,117
Provision for leave pay	223,454,415	260,406,416	(255,874,791)	227,986,040
	36,772,952	36,772,952	(34,636,437)	38,909,467
	284,208,946	304,311,590	(307,678,912)	280,841,624

Reconciliation of provisions - 2015

	Opening balance	Additions	Utilised during the year	Total
Provision for legal fees	3,480,745	-	(3,480,745)	-
Provisions for shared services and other third-party	34,489,521	11,745,579	(22,253,521)	23,981,579
Provision for leave pay	222,987,069	239,699,406	(239,232,060)	223,454,415
Provision for performance bonus	33,107,205	32,329,476	(28,663,729)	36,772,952
	294,064,540	283,774,461	(293,630,055)	284,208,946

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

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

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

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Figures in Rand	2016	2015
13. Revenue from exchange transactions		
Tender documentation, waste papers and others	60,068	464,750
Commission received	281,425	340,243
Rental income-Parking	349,850	329,536
Recovery of bad debts written off	6,632,334	2,769,150
Skills development refund	16,461,037	-
	23,784,714	3,903,679
14. Revenue from non-exchange transactions		
Government grant	6,642,962,000	6,517,589,000
No amount of government grant received during the year was conditional, resulting in the full amount received being recognised as revenue.		
15. Operating (deficit) surplus		
Operating (deficit) surplus 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	164,373,876	194,099,966
Loss on sale of property, plant and equipment	17,314,250	8,005,725
Motor vehicles expenses	6,457,755	5,708,313
Consulting and professional fees	108,220,038	104,701,667
Amortisation on intangible assets	11,226,096	11,360,711
Travel-local	127,429,821	122,609,555
Social assistance service fees	2,025,558,821	1,957,587,025
Telephone and fax	40,497,707	34,950,897
Depreciation on property, plant and equipment	103,738,400	95,430,841
Computer expenses	312,844,099	298,486,440
Personnel costs	2,650,550,678	2,491,206,805
Security	181,590,269	165,528,761
16. Interest revenue		
Bank interest received	8,086	61,257
Interest on other receivables	302,691	259,250
	310,777	320,507

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Figures in Rand	2016	2015
17. Personnel costs		
Basic	1,841,289,729	1,753,611,644
Service and performance bonuses	185,411,829	179,941,336
Medical aid - company contributions	148,129,802	129,633,008
Bursaries	7,054,012	6,065,218
Bargain council	357,539	310,287
Defined contribution plans	229,348,850	211,591,343
Overtime payments	22,635,406	19,705,564
Housing benefits and allowances	88,974,407	74,678,278
Serviced based remuneration	1,560,494	1,599,805
Circumstantial compensation	5,252,815	6,047,638
Capital remuneration	-	458,427
Non pensionable allowance*	120,410,795	107,564,257
Staff Bereavement	125,000	-
	2,650,550,678	2,491,206,805
*Included in the non-pensionable allowance is an amount of R6.7 million as an out of court settlement paid to a former CEO.		
18. Finance costs		
Finance charge incurred on finance leases	300,289	463,082
19. Administrative expenses		
Advertising	91,472,302	68,155,418
Auditors remuneration	17,929,605	17,460,550
Bank charges	1,705,761	1,408,452
Cleaning	82,745,892	75,073,192
Computer expenses	312,844,099	298,486,440
Consulting and professional fees	108,220,038	104,701,667
Consumables	17,618,216	9,636,455
Entertainment	24,282,981	20,331,432
Medical expenses	86,442,800	87,601,861
Motor vehicle expenses	6,457,755	5,708,313
Postage and courier	14,528,139	10,293,607
Printing and stationery	66,926,250	63,254,658
Security	181,590,269	165,528,761
Cellphone, telephone and fax expenses	51,626,933	46,448,754
Training	24,018,398	23,676,212
Travel-local	127,429,821	122,609,555
Travel-overseas	778,252	1,202,705
Other administrative expenses	18,611,864	21,361,542
Assets expensed	3,269,834	2,175,899
Utilities-Municipal services	48,291,867	40,750,294
Uniforms	8,072,193	5,761,099
Communication licences	3,328,083	5,625,020
Resettlement cost	8,902,020	10,303,096
Health and wellness expenses	21,903,170	20,245,345
Rentals	168,529,498	92,207,482
Venue expenses	91,759,367	59,599,599
Lease rentals on operating lease	164,373,877	194,099,966
	1,753,659,284	1,573,707,374

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Figures in Rand	2016	2015
20. Social assistance service fee		
Social assistance service fee	2,025,558,821	1,957,587,025
Fees paid to the service provider for cash handling and payment of social assistance to beneficiaries.		
21. Taxation		
No provision has been made for 2016 tax as the Agency is exempt from income tax in terms of section 10(1)(cA)(i) of the Tax Act, 1962.		
22. Auditor's remuneration		
Fees for audit services rendered	17,929,605	17,460,550
23. Cash generated from (used in) operations		
(Deficit) surplus	(36,734,910)	226,113,695
Adjustments for:		
Depreciation and amortisation	114,964,496	106,791,552
Loss on disposal of assets	17,314,250	8,005,725
Finance costs-Finance leases	300,289	463,082
Interest income	(310,777)	(320,507)
Provision for impairment	-	446,487
Movements in operating lease	(10,228,547)	(3,793,283)
Movements in provisions	(3,367,322)	(9,855,594)
Prior period error	(45,804,074)	-
Other non-cash items	-	(446,468)
Changes in working capital:		
Inventories	6,413,716	(6,904,013)
Receivables from exchange transactions	(3,396,371)	(2,499,567)
Prepayments	(1,890,530)	(4,834,335)
Payables from exchange transactions	195,044,652	(523,352,206)
	232,304,872	(210,185,432)
24. Commitments		
Authorised capital expenditure		
Total capital commitments		
Already contracted for but not provided for	70,836,924	11,860,962
Not yet contracted for and authorised by members	636,462,629	126,053,072
	707,299,553	137,914,034
Authorised operational expenditure		
Total operational commitments		
Already contracted for but not provided for	572,503,046	372,271,443
Total commitments		
Total commitments		
Authorised capital expenditure	707,299,553	137,914,034
Authorised operational expenditure	572,503,046	372,271,443
	1,279,802,599	510,185,477

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Figures in Rand	2016	2015
25. Contingencies		
Contingent liabilities		
SITA	-	10,035,264
SIU	36,333,949	36,333,949
Various Claims	21,564,919	12,701,652
Upgrade of salary levels 9 and 11 to 10 and 12 respectively (Resolution 3 of 2009) - Case no: PSCBC88-13/14	37,315,571	34,972,419
	95,214,439	94,043,284

The reason for these contingent liabilities are as follows:

- SITA**

From 2006 - 2010 SASSA shared network connectivity with Department of Social Development (DSD) for offices in Eastern Cape, Limpopo, North West and KwaZulu-Natal. From February 2010 SASSA moved away from shared services to its own Virtual Private Network (VPN). SASSA informed SITA about this movement from the shared network costs. SITA stopped billing SASSA for those shared network services in all regions (Eastern Cape, Limpopo and North West) except for KwaZulu-Natal. This is the basis of SASSA dispute that SITA never provided services to all other regions including KwaZulu-Natal for shared network costs. SITA issued credit notes to SASSA to settle the matter.

- SIU**

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

- Various Claims**

Claims by SASSA employees for allegedly wrongful and unlawful suspensions - R6,000,000 as at 31 March 2016. Claim for unpaid amount in respect of shared services from Western Cape Department of Social Development R75,841 as at 31 March 2016.

Motor vehicle accident claims from third parties is R347,672 as at 31 March 2016, the liability has not been determined.

Claims from GEPI in respect of former members of the fund amounting to R360,484 as at 31 March 2016.

Claims for compensation award, employment benefits and allowances, and unjustified termination of contract and damages amounting to R811,511 as at 31 March 2016

Claim for payment of a capital amount stemming from a contract R6,929,829 as at 31 March 2016.

Claims for personal injuries and damages to private property amounting to R2,489,582 as at 31 March 2016. Defamation of Character claims against SASSA; its employees and Semele amounting to R4,550,000 as at 31 March 2016.

- Upgrade of salary levels**

In 2012 a resolution was taken to upgrade level 9 and 11 to level 10 and 12 respectively. Implementation of upgrade of salary levels from level 9 and 11 to level 10 and 12 respectively for phase 2 has been placed on hold pending the determination from the Minister of Public Service and Administration.

- Social Grants Payment Tender**

The matter relating to Social Grants Payment Tender is finalized and no capital liability has emanated from the outcome thereof. SASSA has initiated a new tender process in accordance with the Constitutional Court ruling; however the tender was, based on certain reasons, not awarded. The contract between SASSA and CPS will therefore subsist until its expiry at the end of March 2017. The report on progress was presented to the Constitutional Court, and pursuant to receipt of the report, the Constitutional Court decided to discharge its supervisory jurisdiction on the matter.

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26. Related parties

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

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

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

- State President Fund;
- Social Relief Fund;
- National Development Agency;
- Refugee Relief Fund; and
- Disaster Relief Fund.

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27. Key management emoluments - Executives

2016	Emoluments	Service bonus	Car allowance	Other benefits	Total
Dr VL Petersen (CEO)	1,159,633	104,689	150,000	489,347	1,903,669
Mr TJ Chauke (CFO)	821,394	62,322	22,000	447,083	1,352,799
Mr AS Mahlangu (CIO)	173,383	-	6,766	53,093	233,242
Ms R Ramokgopa (EM-Strategy)	980,427	81,702	80,000	281,735	1,423,864
Ms ED Dunkerley (EM-Policy Implementation)	887,464	73,955	55,000	250,627	1,267,046
Ms MT Sibanyoni (EM-Internal Audit)	911,381	75,948	75,996	463,521	1,526,846
Mr F Earl (EM-Benefits Transfers-Resigned)	380,342	-	110,600	151,441	642,383
Ms PD Ndlovu (Acting EM-Corporate Services)	454,825	63,390	10,500	262,344	791,059
Mr C Vundule (Acting CIO)	642,802	62,322	70,000	309,288	1,084,412
Mr Z Mpeta (REM-NC)	369,367	-	25,000	136,721	531,088
Mr BB Maqetuka (REM-FS)	891,011	74,251	229,670	302,116	1,497,048
Mr SP Yawa (REM-EC)	871,576	72,632	176,103	368,617	1,488,928
Mr W Terblanche (REM-WC)	1,062,850	88,607	30,000	350,187	1,531,644
Ms EZ Mvulane (REM-NW)	783,679	65,307	108,000	349,146	1,306,132
Mr MM Mogane (REM-MP)	913,882	76,157	210,588	342,087	1,542,714
Ms PS Bengu (REM-KZN)	999,730	83,311	72,000	284,443	1,439,484
Mr MT Matlou (REM-GP)	913,393	76,116	156,000	172,866	1,318,375
Ms MT Makhetha (Acting REM-GP)	260,797	-	34,000	106,258	401,055
Mr AF Sethokga (Acting REM-NW)	425,403	-	35,500	168,656	629,559
Ms MM Mamabolo (Acting REM-LP)	831,754	54,507	120,000	285,546	1,291,807
Ms TE Ntabeni (Acting REM-GP)	181,646	-	15,000	87,944	284,590
	14,916,739	1,115,216	1,792,723	5,663,066	23,487,744

2015	Emoluments	Service bonus	Car allowance	Other benefits	Total
Ms V Petersen (CEO)	1,099,178	91,598	-	575,207	1,765,983
Mr CA Appel (CFO-Resigned)	595,217	74,402	-	225,121	894,740
Ms Ramokgopa (EM-Strategy)	866,628	72,219	80,000	237,630	1,256,477
Mr TC Dubazama (Acting REM-LP)	448,152	52,226	30,000	97,599	627,977
Mr BB Maqetuka (REM-FS)	800,240	66,687	239,640	253,764	1,360,331
Mr SP Yawa (REM-EC)	731,842	60,987	178,476	264,223	1,235,528
Mr W Terblanche (REM-WC)	892,826	74,402	30,000	290,578	1,287,806
Ms EZ Mvulane (REM-NW)	742,824	61,902	108,000	325,314	1,238,040
Mr F Earl (EM-Benefits Transfers)	714,968	-	102,000	402,849	1,219,817
Mr MM Mogane (REM-MP)	788,411	65,701	210,588	263,618	1,328,318
Mr JC Makondo (Acting CIO)	391,097	-	51,000	143,711	585,808
Ms ED Dunkerley (EM-Policy Implementation)	843,964	70,100	60,000	240,925	1,214,989
Ms MT Sibanyoni (EM-Internal Audit)	765,279	63,773	75,996	383,205	1,288,253
Ms PS Bengu (REM-KZN)	947,612	78,968	66,000	275,297	1,367,877
Ms K Lubelwana (REM-NC)	818,423	-	132,000	228,421	1,178,844
Mr MT Matlou (REM-GP)	841,199	70,100	156,000	145,873	1,213,172
Ms C Koster (Acting CIO)	310,529	-	-	163,098	473,627
Mr TJ Chauke (Acting CFO)	800,842	52,288	68,000	318,813	1,239,943
Ms MM Mamabolo (Acting REM-LP)	397,250	-	60,000	127,756	585,006
	13,796,481	955,353	1,647,700	4,963,002	21,362,536

Total key management emoluments

	2016	2015
Basic Salary	14,916,739	13,796,481
Service bonus	1,115,216	955,353
Car allowance	1,792,723	1,647,700
Other allowance	5,663,066	4,963,002
Total	23,487,744	21,362,536

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27. Key management emoluments *(continued)*

These emoluments have been included in Note 17 Personnel cost.

28. Risk management

Liquidity risk

The agency's liquidity risk is a result of the funds available to cover future commitments. The agency 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 agency does not sell any goods or charge money for any of its services. Debtors relate to employees that have loans with the agency. Management evaluates credit risk relating to debtors on an ongoing basis.

Credit risk consists mainly of cash deposits and cash equivalents.

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

Receivables: R9,886,594 (2015: R6,490,223)

Foreign exchange risk

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

Price risk

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

29. Going concern

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

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Figures in Rand	2016	2015
30. Fruitless and wasteful expenditure		
Fruitless and wasteful expenditure- opening balance	7,085,159	4,025,911
Fruitless and wasteful expenditure - current year	6,339,405	5,302,223
Fruitless and wasteful expenditure -write-off	(1,616,016)	(1,860,872)
Transferred to receivables for recovery	(2,462,817)	(382,103)
Correction of prior year error	1,565,288	-
	10,911,019	7,085,159
Details of fruitless and wasteful expenditure - current year		
Expenditure on repairs for damaged vehicles hired from rental companies		4,074,352
Interest and penalties		20,749
Cancellation of Mikondzo Event		1,123,858
Hotel-no shows		188,710
Damages and losses of assets		433,320
Other matters		498,416
		6,339,405

The correction of prior year relates to errors committed through the duplication of amounts written-off, and those transferred to accounts receivable during the 2015/2016 financial period.

Fruitless and wasteful expenditure was incurred by various regional offices and head office which consists mainly of repairs cost on damaged rental vehicles, lost laptops and accommodation booked but not utilised (no shows). Details of all incidents are recorded in the agency's fruitless and wasteful expenditure register. Of the fruitless and wasteful expenditure cases investigated and finalised amounting to R2,4 million is recoverable from the officials found to be liable for their misconducts and R1.6 million is written off as officials were not found negligent.

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Figures in Rand	2016	2015
31. Irregular expenditure		
Opening balance	93,074,738	53,145,130
Add: Irregular expenditure - current year	1,047,411,308	40,787,746
Less: Amounts condoned - Prior year expenditure on Mikondzo Projects	-	(858,138)
Adjustment - condoned in the prior year	(179,148)	-
	1,140,306,898	93,074,738
Details of irregular expenditure - current year		
	<u>Disciplinary steps taken/criminal proceedings</u>	
Extension of physical security contracts	Internal investigations are still in process	414,050,165
Lease payments	Internal investigations are still in process	223,466,398
Forensic Investigations	Internal investigations are still in process	74,603,183
Re-registration of grants beneficiaries	Referred to National Treasury for condonation	316,447,361
Other matters	Internal investigations are still in process	18,844,201
		1,047,411,308
<p>Irregular expenditure relates mainly to non-adherence to procurement and supply chain management policies and procedures by various regional offices and head office. Examples of non-compliance include payments after the expiry of lease contracts for office buildings and paypoints. Other types of irregular expenditure incurred include the issuing of purchase orders after the services were rendered by the suppliers, and incomplete bidding documentation .</p> <p>The irregular expenditure of R316 million for Re-registration of beneficiaries was referred to National Treasury on 20 March 2016 for condonation. This was condoned on 06 June 2016 and the financial statements were authorised for issue on 29 July 2016. Subsequent to this, National Treasury withdrew the condonation on 02 August 2016 and the agency is awaiting the final outcome on the matter.</p> <p>Irregular expenditure for R28 million for Mikondzo Projects was condoned by National Treasury after the reporting period.</p>		
Possible Irregular expenditure		
Opening balance	579,230,398	200,979,324
Lease payments	(196,403,492)	22,306,365
Diagnostic Risk Assessment	-	2,520,000
Forensic Investigations	(49,564,435)	36,977,348
Re-registration of beneficiaries	(316,447,361)	316,447,361
	16,815,110	579,230,398

The remaining possible irregular expenditure of R16,8 million relates to Diagnostics Risk Assessment and it is still under investigation.

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Figures in Rand

2016

2015

32. Financial assets by category

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

2016

Receivables before impairment
Impaired receivables
Cash and cash equivalents

Receivables

10,051,315
(164,721)
1,227,259,084
1,237,145,678

Total

10,051,315
(164,721)
1,227,259,084
1,237,145,678

2015

Receivables before impairment
Impaired Receivables
Cash and cash equivalents

Receivables

6,936,710
(446,487)
1,163,740,459
1,170,230,682

Total

6,936,710
(446,487)
1,163,740,459
1,170,230,682

Receivable's age analysis as at 31 March 2016

Description	0-3 Months	3-6 Months	6-12 Months	12 Months+	Total
Staff debtors	614,464	117,205	785,603	486,400	2,003,672
Inter-departmental claims	4,410,099	60,452	-	3,075,782	7,546,333
Other debtors	54,968	-	-	281,621	336,589
	5,079,531	177,657	785,603	3,843,803	9,886,594

33. Financial liabilities by category

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

2016

Payables
Finance lease obligation

Financial liabilities at amortised cost

494,130,978
198,445
494,329,423

Total

494,130,978
198,445
494,329,423

2015

Payables
Finance lease obligation

Financial liabilities at amortised cost

299,291,520
273,983
299,565,503

Total

299,291,520
273,983
299,565,503

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Figures in Rand	2016	2015
34. Prior period errors		
The correction of the error results in adjustments as follows:		
Statement of financial position		
Trade and other payables - non-exchange transactions	(45,804,074)	-
Opening Accumulated Surplus	45,804,074	-
SASSA has entered into an operating lease agreement with the Department of Public Works (DPW). DPW has recently embarked on a debt clean up project and discovered that they omitted to bill SASSA for some of the lease; as a result SASSA could not recognise the expenditure with the corresponding liability in the prior financial period. This omission was corrected in the opening balance of accumulated surplus in the year under review.		
35. Statement of gifts, donations and sponsorships paid		
In cash		
Wheelchair	2,750	-
In Kind		
Coca Cola	5,000	-
All Sure Boutique and Salon	9,150	-
	16,900	-

SASSA donated a wheelchair to the value of R2,750 to one of its beneficiaries Mr Cashwell Mangonyana.

Coca Cola and All Sure Boutique and Salon sponsored SASSA with cold drinks and neck and shoulder massages, respectively, during Eden district office employee wellness sport day event.

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Figures in Rand	2016	2015	
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	(36,734,910)	226,113,695	
Adjusted for:			
Depreciation and amortisation	114,964,496	106,791,552	
Debt Impairment	164,721	446,486	
Loss on disposal of assets	17,314,250	8,005,725	
Net surplus per approved budget	95,708,557	341,357,458	
36.2 Reconciliation of budget on cash basis with statement of financial performance on accrual basis:			
Budget on cash basis	Final approved budget	Actual amounts on comparable basis	Difference between final budget and actual
Receipts			
Revenue from exchange transactions	-	23,784,714	23,784,714
Finance income	-	310,777	310,777
Government grants	(6,642,970,000)	6,642,962,000	(8,000)
Payments			
Employee cost	2,791,277,109	(2,650,550,678)	140,726,431
Finance cost	-	(300,289)	(300,289)
Sponsorships, gifts and donations	2,750	(2,750)	-
Reparis and maintenance	76,062,593	(141,277,112)	(65,214,519)
Social assistance	2,062,628,000	(2,025,558,821)	37,069,179
Administrative expenses	1,622,191,148	(1,753,659,284)	(131,468,136)
Capital expenditure	90,808,400	-	90,808,400
Net receipts / (payments)	-	95,708,557	95,708,557

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Reconciliation between budget and cash flow statement

	Operating activities	Financing activities	Investing activities	Total
Actual amount on comparable basis	95,698,069	(300,289)	310,777	95,708,557
Basis difference	136,606,803	(327,069)	(168,469,665)	(32,189,931)
	232,304,872	(627,358)	(168,158,888)	63,518,626

1. Repairs and Maintenance

The Agency has over the past two years implemented projects that are aimed at improving the conditions of the facilities under which citizens are provided services. These are the Local Office Improvement and Eradication of Open Pay Points projects. Since the National Treasury has approved the retention of the cash surplus as shown in the statement of financial position a strategic decision was taken to fund some of the once-off value-add projects, including the afore mentioned, through the retained cash surplus. This strategy essentially means that the Agency had to overspend its baseline budget by the amount allocated towards these projects and thus effectively reducing the amount of the surplus by the overspent amount. Therefore the overspending on maintenance and repairs is as a result of the funding of the Local Office Improvement and Eradication of Open Pay Points projects from the retained cash surplus.

2. Social Assistance

Since contracting the function of disbursing the grant monies to a single contractor the Agency has realised some savings on the cost of disbursing grant monies particularly as the cost per beneficiary was capped. The saving on this item is a positive spin-off from the reduced cost of disbursing grant monies to beneficiaries.

3. Administrative expenses

The overspending on this item also arose from funding some of the projects through the retained cash surplus. The projects in this regard include the Integrated Community Outreach Programme (ICROP), Mikondzo, and File reconstruction project in KwaZulu-Natal. The bulk of the overspending relates to the following items: venues and facilities, catering, marketing and the rental of tents and other outdoor facilities.

4. Capital expenditure

The Eradication of Open Pay Points project, which was funded from the surplus, involved the purchase of steel structures which were capitalised and thus the overspending on this item.





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