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Administering social grants: Process and People

STUDENT NAME: THOBEKA MBONAMBI

CLUSTER: SOCIAL DEVELOPMENT

NATIONAL TREASURY

SAVINGS@WORK
GOVERNMENT SPENDING REVIEWS

1. Introduction

One of the major socio-economic challenges facing South Africa is poverty. Social assistance programmes in the form of grants are viewed as one of the measures to combat poverty. They are meant to boost the income of the poor households, which bear the burden of persistent unemployment and poverty. Approximately 30% South Africans receive social grants (mainly those in poor communities). This makes this a vital programme which needs careful attention as it affects the lives of the poor citizens. Administration of these grants is the role of the South African Social Security Agency (SASSA), however there is still a number of challenges with the way the agency is administering these grants, these include the long application processes that applicants have to go through, the long waiting period between application and approval stages and the long queuing time elders have to go through before receiving assistance. It is highlighted in the agency's annual performance plan 2015 that there have been quite a number of poor service delivery cases reported.

The objective of this PER is to provide an analysis of SASSA's administration expenditure, identify gaps, wasteful expenditure and savings areas in order to achieve better service delivery. The main focus is to analyse the administration of social assistance conducted by the agency, it's spending/budget, current management and processes in social grant administration as well as future plans for improving service delivery. The following assumptions regarding service delivery improvement have been made:

- Staff monitoring and availability improvement will eliminate long application/reviewing queues and also eliminate the number of applicants/beneficiaries sent home without receiving assistance.
- Automated IT system as compared to the manual process will improve and speed up the application and grants and/or pension application review processes.

The costing model seeks to answer the following questions:

- How much will the implementation of the IT system cost?
- How much will the training cost?
- Are there any savings that could be achieved?

1.1 Methodology

This analysis has been conducted based on the agency's annual reports, annual performance plans, and strategic plan for different years and 2015 statistical reports. Due to unavailability of data; the expenditure analysis is based on a single financial year (2014/15) and has been conducted using the agency's 2015 accrual ledger and trial balance.

2. What is SASSA administration all about?

The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), as amended gives everyone the right to access social security. This includes access to appropriate social assistance to those who are unable to support themselves and their dependants. SASSA was established in terms of the South African Social Security Agency Act, 2004 (Act no.9 of 2004) to administer social assistance. It is a national entity with provincial and regional offices in each province, as well as district and local offices. SASSA receives its funding from the social grants administration programme of the social development vote. This funding

goes towards SASSA operational costs for administering social grants including the agency's own operations, the management information system and the reimbursement of the payment contractors. The social grant administration programme is governed by the Social Assistance Act and is responsible for the transfer payment of social grants, processing social grant applications and conducting outreach programmes. The agency is regulated by law to administer social assistance in terms of Chapter 3 of the Social Assistance Act,2004, and perform any function delegated to it under that Act, collect, collate, maintain and administer such information as is necessary for the payment of social security and for the central reconciliation and management of payment of transfer funds, in a national data base of all applicants for and beneficiaries of social assistance; establish a compliance and fraud mechanism to ensure that the integrity of the social security system is maintained and render any service in accordance with an agreement or a provision of any applicable law as contemplated in subsection (4).

In 2012/13 the agency appointed a single cash contractor which proved significantly cost effective as it reduced cost of paying out social grants from an average of R32 to a standard fee of R16 and transformed how social grants are paid out. Since then all beneficiaries are now provided with a biometric and pin enabled bank card which they can use to withdraw their social grants from ATMs and at points of sale such as local supermarkets. They are no longer required to collect their social grants in cash from a pay point.

3. What are the Challenges faced by agency in administering grants?

- **Pensioners suffer because of poor service**

  As highlighted in the agency's strategic plan; poor service delivery has been reported on several occasions, where senior citizens experience mistreatment by the agency's staff members. For example they wait in long queues to apply for or to review their grants, only to be told that the systems are down or that it was "closing time." They are then forced to return the following day. This is unacceptable, given that these are poor people who travel long distances and some might have used their last money taxi/bus fare. The minister of social development has also received reports of poor services, "my office has received numerous reports of pensioners spending the night outside the agency's offices" said the minister.

- **Manual processes are slow and open to corruption**

  The agency uses a manual system which limits the number of applications that are processed in a day, and contributes to data losses where you find that there are some missing applicants' files. In addition to these the use of manual processes is time inefficient, application to approval of grants takes longer with the manual system. Manual processes are sometimes manipulated by officials subjecting the Agency to increased exposure to fraud and corruption as a result. There is a great need for the automation of the system in order to speed-up the application process.

4. The agency's proposed strategies to address the challenges

This analysis also evaluates the feasibility of achieving the following strategies proposed by SASSA in its annual performance plan as an attempt to address challenges.

- **Service delivery improvement**

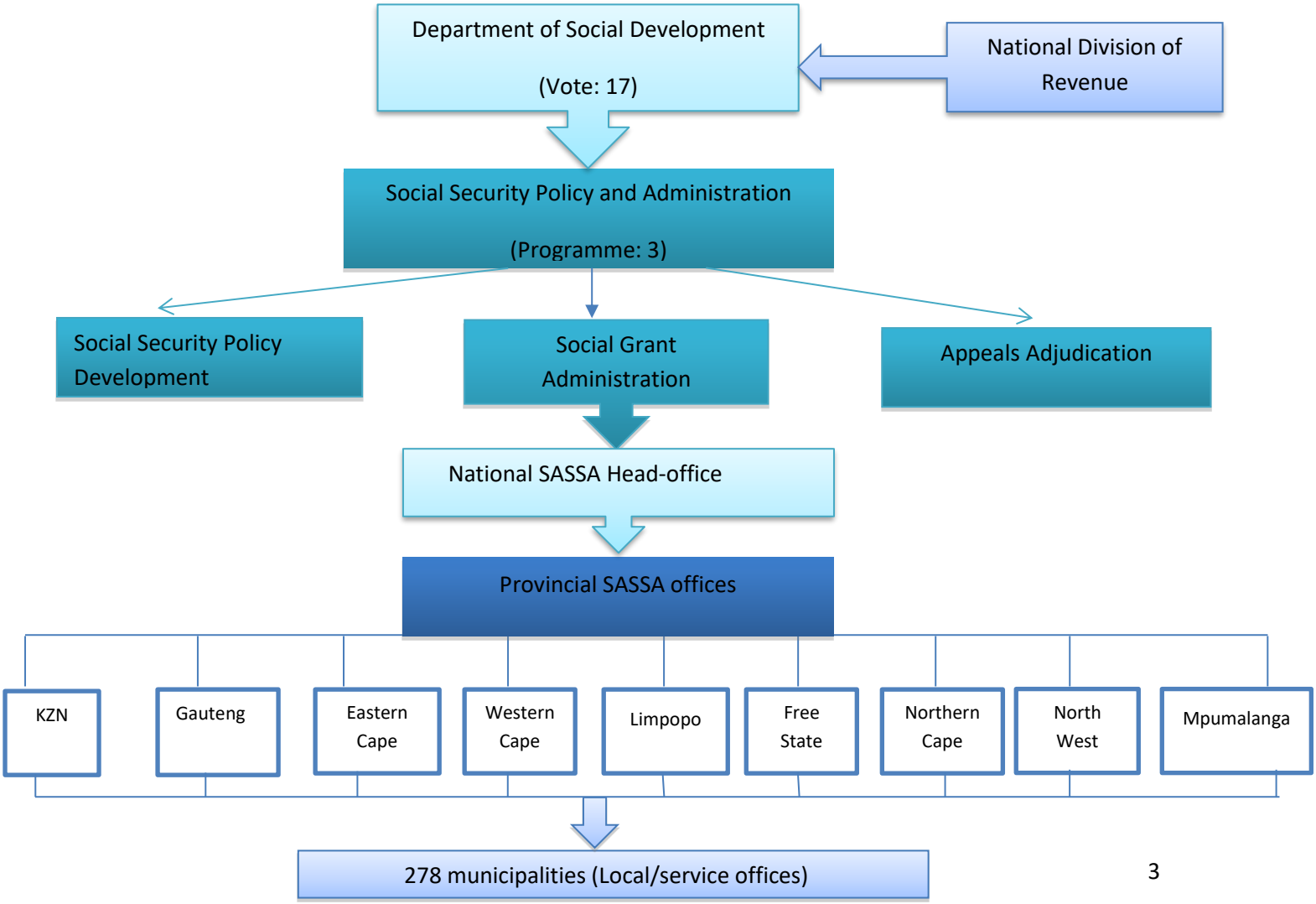
The agency has prioritised service delivery improvement in its strategic plans. According to SASSA CEO Ms Virginia Petersen a customer care centred benefits administration system will begin to enjoy greater priority within the Agency. She then outlined the importance of this as a demonstration that the Agency cares about its customers and that adequate provision will be made to improve the conditions under which beneficiaries are serviced. However it is important that while the agency strives to ensure service efficiency and effectiveness, this must not be done at the expense of beneficiaries. Caring for customers must still be cost-effective and efficient. The hallmark of a customer-centric system is clean, friendly and accessible local and district offices. This includes efficient mobile service delivery networks and clearly identifiable personnel who are not only knowledgeable about the various social assistance grants, but also act in a friendly manner towards beneficiaries and stakeholders.

- **Automation of business processes**

The challenges experienced using the manual system have paved the way for automated information technology. Innovative technology to deliver and improve the Agency's services has been put in place to improve service delivery to customers. It is therefore imperative that all the Agency's business processes are fully automated, thus ensuring that the Agency responds effectively and efficiently to increasing demands for its services.

5. How is SASSA administration funded?

Figure 5.1



South African Social Security Agency receives its funding from the Department of Social Development which receives its funding from the division of national revenue. Social grants administration is a sub programme of the department of social development (vote 17) and provides for the agency's operational costs for administering social grants, including the agency's operations, the management information system and the compensation of payment contractors. Funding flows from the national head office all the way to the local offices at a municipal level. The agency has a large footprint across the country, with nine regional offices, 44 district offices, 367 local offices, 917 service points and 9 900 pay points. Expenditure on social grants have been increasing, above 90% of the department of social development's total budget have been disbursed to social grants from 2011/12 -2015/16 financial years. Transfer to SASSA makes up to 98% of the social security policy and administration programme which funds the administration and distribution of social grants.

6. The process map

The major impact desired is better service delivery through automated IT system and the elimination of long application processes and queues through staff availability improvement and staff monitoring. The programme focuses on two aspects of service delivery improvement: automated IT system and staffing presented in two separate logical frameworks.

Good and/or bad service delivery is mostly visible at local/site offices/service points. However strategies to improve service delivery involve all the agency's offices beginning at the national head-offices where the initial planning and policy development begins and then flows all the way down to the local offices where the final functional strategies are put in place as depicted in figure 6.1.

- **Improving the application process**

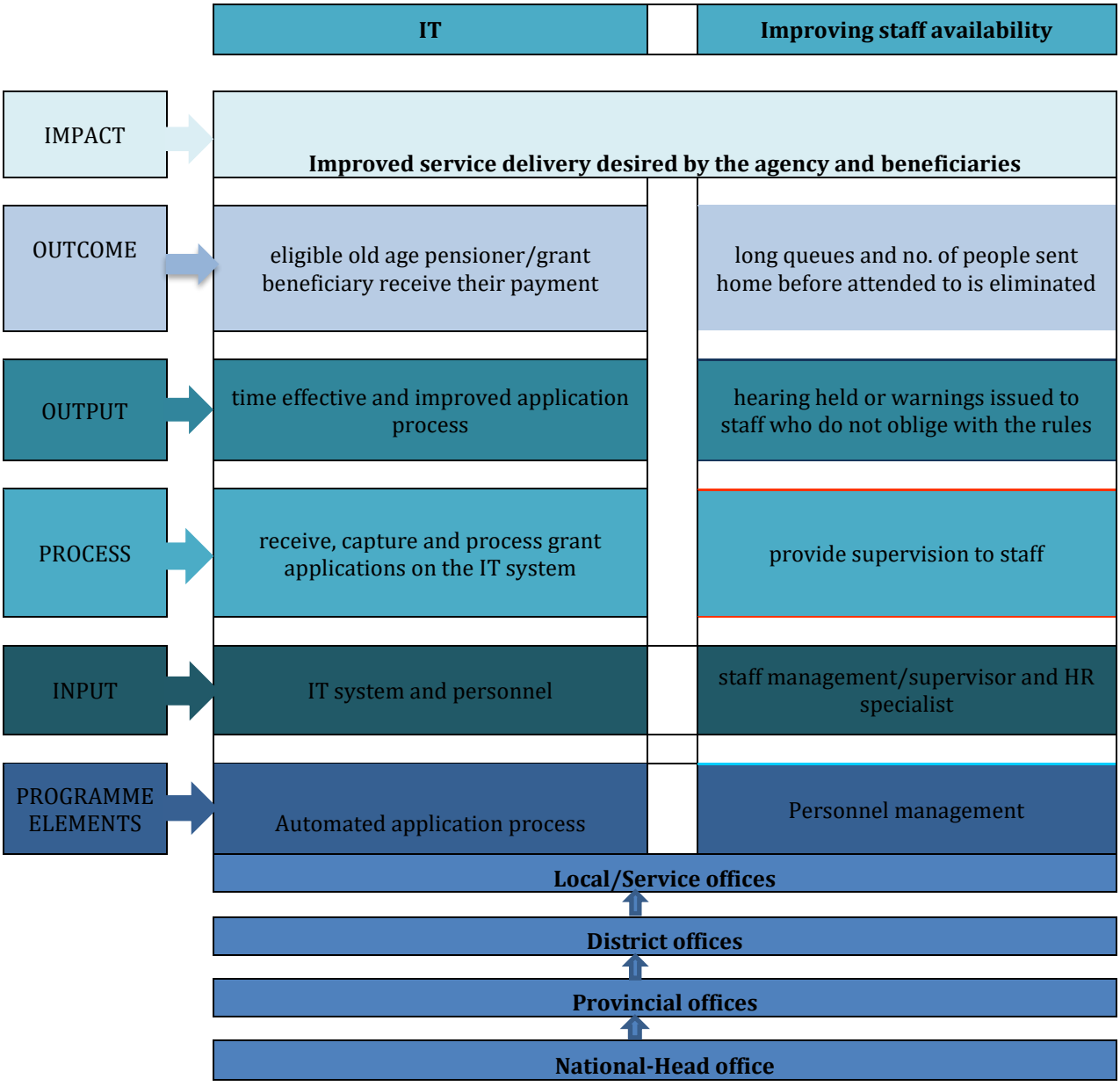
Automated IT system logical framework indicates that the system will improve and speed up the application and grants and/or pension review processes. Challenges with the manual system have paved a way for the automated IT system. However the manual system will not be phased-out completely as it is still needed at some level of applications. IT Policy development, planning on how the project is phased in, project management which include designing and testing of the actual system, staffing which includes acquiring the relevant personnel and monitoring and evaluation plan is done at national head-office to ensure that at the end, a well-functioning and time effective IT system is produced. At provincial offices after the policies have been approved, the implementation strategy is put into place, a plan to install and phase in the automated IT system is put in place and finally monitoring and review plan. At district level where direct service delivery to the people begins relevant personnel need to be trained on the functioning of the new system to ensure that well-functioning system is complemented by productive and effective personnel. Finally at the site level where good or poor service delivery is seen or experienced by the customers, workstations or desks are set up, the system is put in place and the actual application process through the automated IT system will begin.

- **Time effective and efficient service delivery**

One of the key elements to improve regarding staff is availability; at national head- office planning is conducted to address conduct in the work place. At provincial offices relevant

personnel is placed in relevant workstations and monitoring and evaluation service delivery will improve. At district level, training for the appointed staff is conducted. Lastly at site/local level staff availability is monitored, misbehaving staff will be disciplined. As mentioned above the manual system will not be completely phased out. Applications received through the manual system will be captured and processed. All these functions and steps work to achieve the ultimate outcome which is to eliminate long queues during the application Process.

Table 6.1 Title?



7.1 How is performance measured?

Table 7.1

Strategic objective	Performance indicator	Target
reducing queuing time for beneficiaries and applicants	number of beneficiaries/applicants assisted per desk/workstation/counter in 30 minutes	6 beneficiaries/applicants (≤ 5 minutes per beneficiary/applicant)
	queuing time (in minutes) per beneficiary/applicant	≤ 20minutes
reducing waiting period between application and approval stage	no. of applications received per week /no. of applications captured per week	100%
	% of applications received, checked and processed	100% (for those with complete documents and information)
	no. of days waiting period	≤ 30 days
improving staff availability in order to eliminate long queues	no. of staff absent without notification	0
	%. of staff available to attend to applicants/beneficiaries during mornings	100%
	%. of staff available to attend to beneficiaries/applicants during the day	≥ 80%
	%. of staff available to attend to beneficiaries/applicants after lunch time	100%
	no. of staff on lunch per 30minute during busy days out of 10	1
	no. of people sent home without receiving assistance per day	0
improving overall service delivery	no. of reported cases of applicants sent home without receiving assistance	0
	no. of reported cases of applicants' complains regarding poor service delivery	0

Setting performance targets is one of the best ways to evaluate and measure organisational performance. The above strategic objectives all aim to achieve one organisational goal: providing better service to SASSA customers as a result the first three strategic objectives in the above all forms a prerequisite for the last strategic objective. The main strategic objective is that after all has been done, better service delivery should be achieved. This will be measured by the number of complaints received and the number of bad reports against the organisation. The assumption is that if people are not happy with the service they receive they will generally find ways to report it.

8. How much is SASSA spending across different provinces?

Due to data unavailability for 2015/16; expenditure analysis has been conducted using 2014/15 financial year data.

Table 8.1

Province	Number of beneficiaries	Expenditure	Expenditure per beneficiary
Eastern Cape	2620284	R 383 701 194	R 146
Free State	934766	R 134 132 281	R 143
Gauteng	2184193	R 219 849 824	R 101
KwaZulu-Natal	3761662	R 388 796 367	R 103
Limpopo	2222730	R 328 272 086	R 148
Mpumalanga	1325217	R 171 388 629	R 129
Northern Cape	424815	R 163 272 105	R 384
North West	1120034	R 232 848 145	R 208
Western Cape	1338772	R 222 596 529	R 166
Total	15932473	R 2 244 857 162	
National average expenditure			**R 249 428 574**
National average per beneficiary expenditure			**R 170**

Table 8.1 above shows some interesting results. Northern Cape has the least number of beneficiaries (424 815) but has the expenditure per beneficiary (R384) which is more than double the national average per beneficiary expenditure. Also North West has the 3rd lowest number of beneficiaries however the province has the second highest per beneficiary expenditure (R208) which is also more than the average expenditure. It is interesting to see that KwaZulu-Natal which has the largest number of beneficiaries (3 761 662) has the second lowest expenditure per beneficiary and that Gauteng (2184193) has the fourth largest number of beneficiaries however the province has the lowest expenditure per beneficiary (R101). According to the above analysis nationally on average the agency spends R170 per beneficiary across all provinces.

Figure 8.1

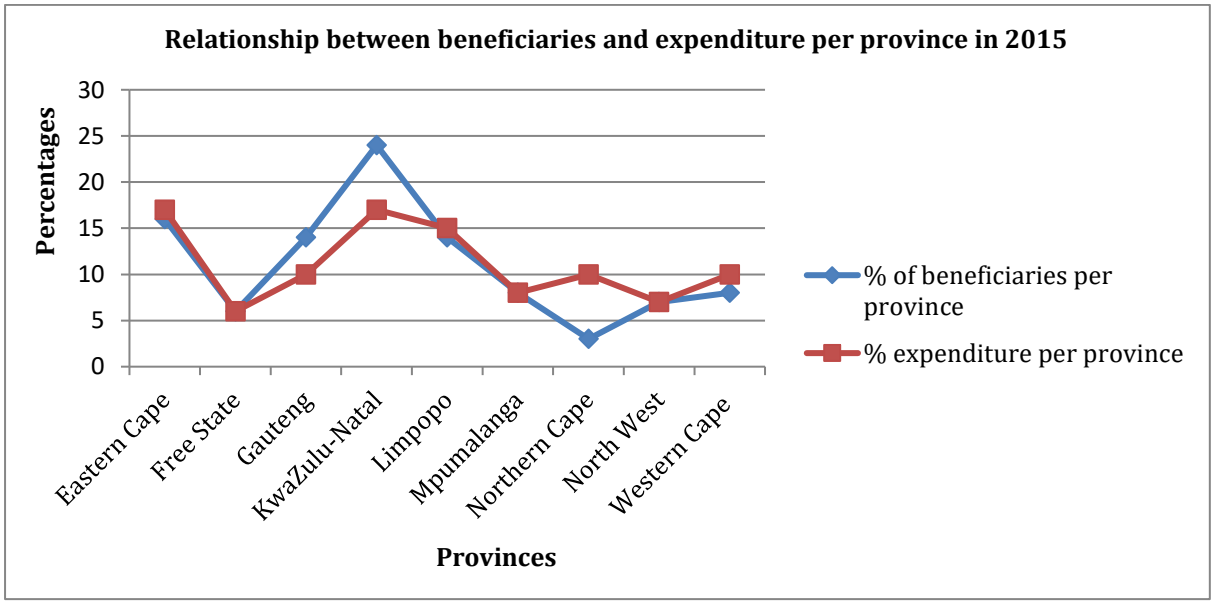


Table 8.2

Correlation: expenditure and beneficiaries per province				
Province	**No. of beneficiaries**	**Expenditure**	**% beneficiaries**	**% expenditure**
Eastern Cape	2 740 145	R 383 701 194	16	17
Free State	972 979	R 134 132 281	6	6
Gauteng	2 379 549	R 219 849 824	14	10
KwaZulu-Natal	3 919 871	R 388 796 367	23	17
Limpopo	2 353 110	R 328 272 086	14	15
Mpumalanga	1 400 877	R 171 388 629	8	8
Northern Cape	453 942	R 163 272 105	3	7
North West	1 184 514	R 232 848 145	7	10
Western Cape	1 462 907	R 222 596 529	9	10
Total	**16 867 894**	**R 2 244 857 162**	**100**	**100**

Figure 8.1 and table 8.2 above indicates that the relationship between the number of beneficiaries and the expenditure per province is not easy to determine as being positive or negative. For example, the highest number of social grant beneficiaries is in KwaZulu-Natal (23%). Accordingly, the province has the highest share of expenditure. It is also interesting to note that the Eastern Cape which has fewer beneficiaries (16%) also has the same percentage share of expenditure as KwaZulu-Natal (17%) and that Gauteng and Limpopo have the same percentage of beneficiaries (14%) but there is a large variance (5%) in expenditure between the two provinces. Another interesting point to note is that Gauteng has (5%) and (7%) more beneficiaries than Western Cape and North west respectively; however the three provinces have the same percentage (10%) share of expenditure. Another concern is that Northern Cape has fewer beneficiaries (3%) than Free State (6%); however it's spending (7%) is higher than that of Free State (6%). This indicates that beneficiary percentage per province/number of beneficiaries per province should not be the only variable considered in allocating funds across provinces.

Figure 8.2

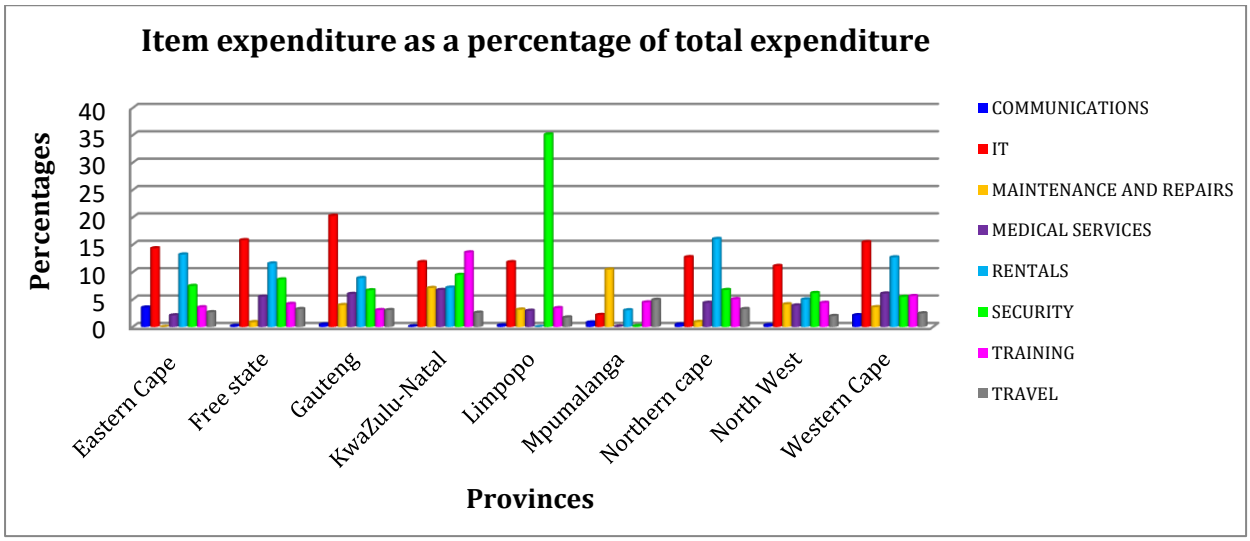


Figure 8.2 above shows expenditure on selected items varies across provinces; some provinces spend more on security, some more on training, some more on rentals, some more on maintenance. It is also interesting to note that most provinces spend more on IT as compared to other items. Medical services, travelling as well as communications are similar across. All provinces spend less than (10%) on medical services, less than (6%) on travelling and less than (5%) on communications with 6 0of the provinces spending close to 0% on communications. IT expenditure is similar across provinces accounting for 11% - 20% of total expenditure for most provinces with the exception of Mpumalanga which only spends 2% on IT. KwaZulu-Natal spends more on training (14%) compared to other items and provinces, the rest of the provinces spend less than half of what KwaZulu-Natal is spending on training. Limpopo spends more on security (35%) than other items which is also significantly 3 times larger than what the other provinces are spending on security. It is also interesting to note that Northern Cape spends more on rentals compared to other items.

Table 8.3

	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	Mpumalanga	Northern Cape	North West	Western Cape
Maintenance and repairs as a percentage of equipment	0.1	2.9	27.2	47.9	94.1	24.8	4.9	37.0	34.5
Theft and Losses as a percentage of losses	1.0	11.6	13.6	2.6	2.7	2806.7	2.6	4.2	4.3
Employee compensation as a percentage of IT	3.5	2.9	10.0	3.5	2.2	9.0	3.3	11.2	5.4
Goods and services as a percentage of total expenditure	1.6	2.4	1.1	0.8	4.0	3.5	3.6	23.1	0.6

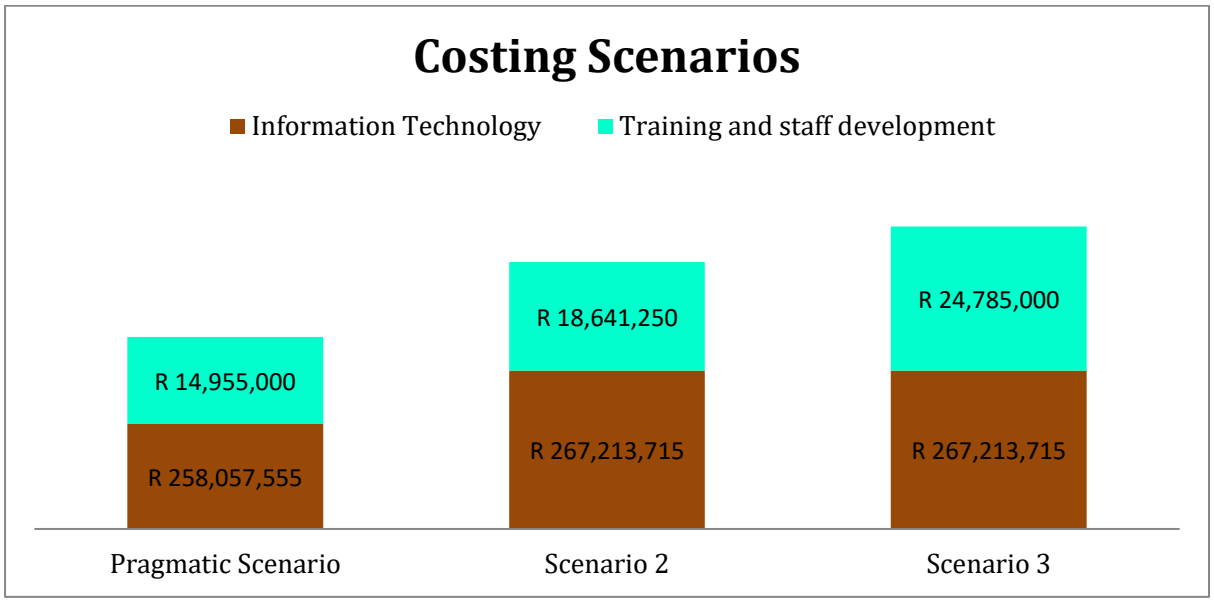
Table 8.3 above shows the ratios for different expenditure items. Employee compensation as a percentage of IT is similar across provinces (2.2%-11.2%) showing that all provinces spend more on IT than on employee compensation. Goods and service as a ratio of total expenditure (less than 5%) is also similar with an exception of North West with a ratio of 23.1%. lastly Maintenance and repairs as a percentage of equipment varies significantly across provinces with Eastern Cape, Free State and Northern cape less than 5%. Mpumalanga and Gauteng above 20% but less than 30%, North West and western Cape above 30% but less than 40%, KZN 48% and Limpopo 94%. Lastly it is of concern to note that Mpumalanga's ratio of theft and losses to security (2806.7%) is way above 100%. the above table and the supporting expenditure data also shows that Mpumalanga spends R7 622 609 more on theft and losses than on security while other provinces spend more on security and less on theft and losses. This is evidence that Mpumalanga need to spend more on security in order to reduce theft and losses occurrences.

9. How much does IT and training cost across 367 Local offices?

Table 9.1

Number of training days: Pragmatic Scenario = 12 days	Pragmatic Scenario	Full Cost Scenario 1(with MTEF)			Scenario 2	Scenario 3
	2016/17	2016/2017	2017/2018	2018/2019	2016/17	2016/17
Additional cost relative to pragmatic scenario-Information Technology					R 9 156 160	R 9 156 160
Additional cost relative to pragmatic scenario-Training and staff development					R 3 686 250	R 9 830 000
Total	R 273 012 555	R 323 639 000	R 279 310 000	R 291 310 000	R 285 854 965	R 291 998 715
Information Technology	R 258 057 555	R 310 390 000	R 263 639 000	R 274 171 000	R 267 213 715	R 267 213 715
Training and Staff Development	R 14 955 000	R 13 249 000	R 15 671 000	R 17 139 000	R 18 641 250	R 24 785 000
Cost to SASSA	R 273 012 555	R 323 639 000	R 279 310 000	R 291 310 000	R 285 854 965	R 291 998 715
Number of training days allocated to employees per year:					15	20

Figure 9.1



The costing model is based on the Information Technology and training for 367 local offices across the country. Table 9.1 and figure 9.1 show the costing results. Assuming that in each of the 367 offices, 5 employees will be trained resulting in 1835 employees being trained overall. The pragmatic scenario assumes that 12 training days will be enough, scenario 2 assumes that at least 15 days should be enough while scenario 3 assumes that employees need more days (20 days) to be trained. The above figure and table depicts that changing the number of training days only affects training and has no effect on IT. Most of the training inputs are highly dependent on the number of days including accommodation, catering and facilitators cost. As the number of training days increases, the cost of training also increases. However in scenario 2 and 3 IT cost has increased to reflect the effect of 6.2% inflation anticipation on computer prices.

10. Savings, trade-offs and constraints

Table 10.1

Number of training days: Pragmatic Scenario = 12 days

	Pragmatic Scenario	Scenario 2	Scenario 3
	2016/17	2016/17	2016/17
Additional cost relative to pragmatic scenario-Information Technology		R 9 156 160	R 9 156 160
Additional cost relative to pragmatic scenario-Training and staff development		R 3 686 250	R 6 143 750
Total	R 273 012 555	R 285 854 965	R 291 998 715
Information Technology	R 258 057 555	R 267 213 715	R 267 213 715
Training and Staff Development	R 14 955 000	R 18 641 250	R 24 785 000
SASSA	R 273 012 555	R 285 854 965	R 291 998 715
Number of training days allocated to employees per year:		15	20

Savings Scenario: 1

20% Reduction in the number of trainees (training days constant)

	Pragmatic Scenario	Scenario 2	Scenario 3
	2016/17	2016/17	2016/17
Additional cost relative to pragmatic scenario-Information Technology		R 9 156 160	R 9 156 160
Additional cost relative to pragmatic scenario-Training and staff development		R 108 000	R 5 059 000
Total	R 273 012 555	R 282 276 715	R 287 227 715
Information Technology	R 258 057 555	R 267 213 715	R 267 213 715
Training and Staff Development	R 14 955 000	R 15 063 000	R 20 014 000
SASSA	R 273 012 555	R 282 276 715	R 287 227 715
Number of training days allocated to employees per year:		15	20

Savings Scenario: 2

20% Reduction in the number of training days

	Pragmatic Scenario	Scenario 2	Scenario 3
	2016/17	2016/17	2016/17
Additional cost relative to pragmatic scenario-Information Technology		R 9 156 160	R 9 156 160
Additional cost relative to pragmatic scenario-Training and staff development		R 0	R 4 915 000
Total	R 273 012 555	R 282 168 715	R 287 083 715
Information Technology	R 258 057 555	R 267 213 715	R 267 213 715
Training and Staff Development	R 14 955 000	R 14 955 000	R 19 870 000
SASSA	R 273 012 555	R 282 168 715	R 287 083 715
Number of training days allocated to employees per year:		12	16

Savings Scenario: 3

8% Reduction in computer cost + 20% reduction in training days

	Pragmatic Scenario	Scenario 2	Scenario 3
	2016/17	2016/17	2016/17
Additional cost relative to pragmatic scenario-Information Technology		-R 3 390 733	-R 3 390 733
Additional cost relative to pragmatic scenario-Training and staff development		R 0	R 4 915 000
Total	R 273 012 555	R 269 621 822	R 274 536 822
Information Technology	R 258 057 555	R 254 666 822	R 254 666 822
Training and Staff Development	R 14 955 000	R 14 955 000	R 19 870 000
SASSA	R 273 012 555	R 269 621 822	R 274 536 822
Number of training days allocated to employees per year:		12	16

Table 10.1 above depicts three savings scenarios. In the first scenario the number of trainees has been reduced by 20% (from 1835 to 1468 trainees) Reduction results in the

overall cost of training reduction. Additional funds relative to pragmatic scenario has also declined. However this reduction could negatively affect service delivery since training more employees is assumed to result in more labour productivity which leads to quality service delivery. In the second savings scenario the number of training days is reduced by 20%. Based on the assumption that: employees have the background on using computers since they have been in operation for a long time. The training required is on the new automated system. This also reduces additional cost. In scenario: 3 reducing the number of training days by 20% accompanied by a reduction in IT cost (by 8%) through the purchase of cheaper but quality brand of computers results in a huge savings relative to the pragmatic scenario. The agency would save R3 390 733 on IT and the additional cost of training declines by R1 228 750 compared to the scenario of no savings.

Conclusion

In spite of the challenges faced concerning data accessibility, a costing model was developed, on the basis of which it is now possible to estimate what it would cost to implement the automated IT system and provide training for employees. The PER estimates that the agency needs to spend about R273 million on the automated IT system in 367 local offices. In which 94% is the proposed spending on IT and 5% is the proposed spending on training.