AN ASSESSMENT OF FINANCIAL ACCOUNTABILITY ON SOCIAL GRANTS AT THE SOUTH AFRICAN SOCIAL SECURITY AGENCY (SASSA), 2011-2012

By

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ABSTRACT

This research assesses the nature and extent of financial accountability on social grants at the South African Social Security Agency (SASSA). With respect to public funds, strategies and mechanisms, including the effectiveness of these strategies, were analysed to ensure whether SASSA was accountable to both the people and the government. Rabrenovic (2009:22) describes financial accountability as an obligation of the government to assure the citizens that money is spent in the best possible and most effective way. The government has to provide answers and justification for its action and regularly inform the public on how it spends the public funds. The extent to which the public-private partnership model adopted by SASSA for social grant management has enhanced financial accountability and yielded the desired outcome has also been tested. Some of the findings were that the problems facing SASSA were the financial constraints that entailed reduction in new programmes, halting infrastructures and the acquisition and filling only of funded posts from the Auditor General of South Africa (AGSA) and the high costs of administering social grants. This study used the qualitative research approach. The researcher used official document reviews because of the sensitivity of the research problem and opted for a desktop research. The documentary sources include SASSA's annual reports for the period 2011/12. The recommendations were that people should be trained in financial and performance skills and in terms of accountability the accounting officers should account for lack of transgressions and poor performance.

DECLARATION

I, **Xolile GCAZA,** hereby declare that this research study entitled **"An Assessment of Financial Accountability on Social Grants at the South African Social Security Agency (SASSA), 2011-2012"**, submitted to the University of Fort Hare in partial-fulfilment of the requirements for the degree of Master of Public Administration (MPA), has never been submitted by me for a degree at this or any other university, that this is my own work in design and execution and that all material referred to herein has been duly acknowledged by way of references.

Signature   Date

…………………………..   25 April 2014.

Xolile Gcaza

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DEDICATION

I dedicate this work to my wonderful wife, Nosiphiwo. Your faith in me, your support and your encouragement meant a lot to me. You are indeed God's gift in my life. You are the best.

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CHAPTER ONE

1. INTRODUCTION: OVERVIEW AND DERMACATION OF THE STUDY FIELD

1.1 INTRODUCTION

The provision of social assistance in the form of social grants has contributed immensely in the war against poverty. Consequently social grants are yardsticks of financial accountability to the vulnerable, poverty stricken, the sick, the elderly and unemployed South Africans. Rabrenovic (2009:22) defines financial accountability as an obligation of the government to assure the citizens that money is spent in the best possible and effective way. The government has to provide answers and justification for its action and regularly inform the public on how public funds are spent. Therefore government has put in place plans and programmes to mitigate the negative impact of inequality, poverty and unemployment. Hence the RSA Constitution, 1996 commits government to take reasonable measures within its available resources, to ensure that all South Africans have access to adequate housing, healthcare, education, food, water and social security The purpose of this chapter is to outline the focus of the study, its rationale, the main and secondary research problems, the research questions, significance of the study, research aims and objectives.

1.2 BACKGROUND AND REASON FOR THE STUDY

The South African Social Security Agency (SASSA) was created to administer the application, approval and payment of social grants in South Africa. It was also designed to reallocate the function of social security from South Africa's provinces, the departments of Social Welfare, to the national sphere of government (South African Social Security Agency) and is to be accountable to the Ministry of Social Development. The South African Social Security Agency (SASSA) is a section 3A public entity. The institution is responsible for ensuring that government pays the right grant, to the right person, at a

location which is most convenient to that person. This is in accordance with its mandate derived from the Bill of Rights contained in the Republic of South Africa (RSA) Constitution, 1996, section 27 which prescribes the right for everyone to have access to social security, including appropriate social assistance if they are unable to support themselves and their dependents. The strategic objective of the main core business of SASSA, namely grant administration, is to improve the effectiveness and the efficiency of the administration of the social assistance programme which talks to Chapter 10 (section195) (1) (b) and (f) of the RSA Constitution (1996) on Public Administration. This section provides that efficient, economic and effective use of resources must be promoted and Public Administration must be accountable.

Public Administration is described by Ijeoma, Nzewi and Sibanda (2013:22) as a discipline that engages in a systematic examination of what happens in the practice of public administration (e.g. policy making, organising, financing and human resources management determination of work procedures and control). McRae and Pitt, as cited by Ijeoma, Nzewi and Sibanda (2013:23) define administration as "the co-ordination of men and materials within organisations for the accomplishment of identifiable purposes". The South African Social Security Agency as a government institution was given a mandate to provide prospective administration and payment of social security through the SASSA Act No. 9 of 2004. Ijeoma (2013:15) is of the view that "public administration exists within a political context; and in lieu of this, public administration is what government does". This implies that public administrators attend to government business.

Administratively SASSA started operating independently in April 2006 under the Minister of Social Development, Dr. Skweyiya. The six generic administrative functions, namely policy making, organising, staffing, financing, determining work procedures and controlling are performed mainly by the institution, including the official responsibility for the implementation of directives such as Acts, ordinances, regulations, proclamations, instructions and other policy directives which constitute enabling legislative policies. Ijeoma (2010:12) refers to public policy as government intentions designed to deal with various social challenges, such as those related to foreign policy environmental protection, crime, unemployment, and numerous other functions and problems of

government. For instance the White Paper on Transforming Public Service Delivery (Batho Pele) (1997) was designed as a social welfare policy reform, guiding social welfare service delivery.

Organising includes the staffing function; legislatures are not in a position to perform the staffing function so they arrange this function to be performed by executive functionaries. For example SASSA performed all these generic functions whilst they were given a mandate to pay out social assistance benefits in December 2006 to South Africans from nine (9) provinces under one national department. Staffing of public institutions is done once the legislation has been passed to give effect to a specific policy, the organisational arrangements have been completed and money has been made available. Generic administrative functions enable an organisation to be in a position to appoint personnel (human resource) to put the institution's mandate into operation. Cloete (1993:37) posits that staffing is essential and that its function is to source and utilize personnel for policy implementation in the public sector offices/divisions, administrative executive institutions such as state departments and provincial administrations.

Financing is one of the critical elements in the public sector institutions, especially in South Africa. This could be attributed to the fact that the majority of previously disadvantaged, marginalised black South Africans prior 1994 are still in dire need of government services. This statement is supported by Ijeoma (2013:160) who argues that Public Finance Management is one of the most critical and vital phenomena in the 21st century civilisation. In South Africa a lot of grey areas still exist in the manner in which public funds are being spent.

Control is a critical component of public finance and it incorporates accountability in respect of all activities of every public institution. Cloete (1993:74) defines control as a measure to ensure that the personnel work is being performed efficiently and effectively, in accordance with prescribed policy and work procedures. The researcher is of the opinion that accountability under control is described as in the sense that functionaries at each level of the hierarchy will have to give account to their supervisors for what has been done. For example, in workplaces employees submit reports on a daily, weekly, monthly, quarterly and annual basis for control purposes.

The link between public finance and accountability is that monies are provided by government as stated in chapter 2 section 2 of SASSA Act of 2004. The Agency is subject to the Public Finance Management Act 1999, (Act No 1 of 1999) which places emphasis on accountability. The South African Social Security Agency Act, 2004 in chapter 4 further states that the funds of the Agency consist of money appropriated by Parliament, grants made to the Agency by a designated institution and so forth. Chapter 2 section 4 of Social Assistance Act 2004, (Act No. 13 of 2004) stipulates that the Minister, with the concurrence of the Minister of Finance, make available the monies appropriated by Parliament to pay social grants. This therefore means that financial accountability in social grants is anticipated in view of the fact that these are public funds.

To enhance accountability in the administration of social grants, the South African Social Security Agency came out with a new model which required re-registration of social grants recipients. The re-registration process was not a new application or review of a grant, but a measure to enrol the social grants beneficiaries and recipients onto the new SASSA payment system (SASSA: 2012:4). This process involves capturing personal data and biometric information of beneficiaries (including 10 fingerprints and a photograph) and issuing of a SASSA card, in order to ensure that the grant is paid to the right person and to minimise fraud and corruption (DSD Briefing on Zero Hunger Campaign dated 06 June 2012). The Minister highlighted an expected huge savings by SASSA of up to R800m a month in using Cash Payment Master (CPS) as the only partner in paying out the social grants (SASSA 2011/12). The new vision is to minimise fraud, have in the data all the beneficiaries in the Agency and pay the right social grant to the right person.

According to Lawrence and Littman (2003:4) as cited by Ijeoma and Nwaodu (2013:226) there exists a link between privatisation and Public-Private-Partnership (PPP's). Public-Private Partnerships (PPP's) "presents new perspectives on the challenges faced by government to more effectively, efficiently and creatively partner with the private sector to develop and implement new models of contracting to meet the increasing demand for better quality and more innovative service delivery". Public-Private Partnerships (PPP's) have been defined as, "an arrangement of roles and relationships in which two or more public and private entities coordinate/combine complementary resources to achieve their

separate objectives through joint pursuit of one or more common objectives" (Lawther, 2002) as cited in (Ijeoma & Nwaodu , 2013: 227). It is worth mentioning that in this study SASSA opted for the Joint Venture type of Public Private Partnership with Cash Paymaster Services (CPS) by awarding it R10 billion tender and in return the company would re-register approximately fifteen (15) million beneficiaries and pay-out of grants (SASSA Annual Report, 2012:1) The PPP was further extended to retail shops like Shoprite, Pick 'n' Pay, Boxer and Checkers whereby beneficiaries can access all their monies without buying from the stores.

The legal framework enabling social security in the Republic of South Africa include: the Constitution of the Republic of South Africa, 1996, the South African Social Security Act, (Act No 9 of 2004), the Social Assistance Act, (Act No 13 of 2004), the Public Finance Management Act, (Act No 1 of 1999) and the White Paper on Social Welfare of 1997. The Constitution of the Republic of South Africa, 1996 is regarded by Cloete (1998) as the basis of public policy. Chapter 2 section 33 (3) (c) states that National legislation must be enacted to give effect to rights and must promote an efficient administration. The need for an efficient public administration is further given prominence in Chapter 10 section 195 (1) which propounds nine basic values and principles governing public administration. Further to this the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) (as amended by Act No. 29 of 1999) promotes the objective of good and sound financial management in order to maximise service delivery through the effective and efficient use of the limited resources This seems to be the vision envisaged by SASSA when it opted for the Joint Venture type of Public-Private Partnership with Cash Paymaster Services (CPS).

1.3 STATEMENT OF THE PROBLEM

The South African Social Security Agency's Budget and Strategic Plans for fiscal years 2010/11 to 2012/2013 highlight financial constraints that entailed reduction in new programmes, reducing outreach, halting infrastructure acquisition and the filling of some posts. With the question of filling of posts people were advised to fill only funded posts especially if it was a transfer. The high costs of administering social grants were a burning

issue. The need to curb fraud and the need to ensure greater compliance with government prescripts, policies and procedures were also listed as challenges confronting SASSA. The researcher is of the opinion that in view of the challenges faced by SASSA as well as problems relating to proper control by supervisors, employer and employee relations which result in fraud and unsatisfactory service delivery gaps were identified.

On the 2nd of September 2013 during the inauguration of the Advisory Committee on the future of payment of grants in South Africa, the Minister of Social Development in her speech at Soshanguve highlighted some challenges that were and are still facing SASSA which started as early 1994 where the function and administration of payment of social grants was the responsibility of nine provinces before the establishment of SASSA. It was observed that previously services were fragmented, for example the whites, coloureds, and black communities had different welfare departments and the rest were the homelands. The budgets and services were totally different. This practice created uncontrolled fraud within the system and there was no uniformity in norms and standards in the administration and payment of social grants (SASSA, 2011/2012). It was the onus of the nine provinces to choose outsourced payment contractors for payment of social grants. In spite of the aforementioned challenges for the Agency, the Agency also experienced the sharing of SASSA offices with the Department of Social Development.

1.4 RESEARCH QUESTIONS

1.4.1. Main research question

What is the nature and extent of financial accountability on social grants at SASSA?

1.4.2 Secondary research question

What strategies have been put in place to enhance financial accountability on social grants at SASSA?

1.4.3 Research Questions

The sub-research questions of this study are:

(1) What mechanisms and strategies are used by SASSA management to improve financial accountability on social grants?

(2) To what extent do financial accountability strategies being used by SASSA benefit the recipients?

(3) What is the nature of the Public-Private-Partnership model adopted by SASSA for social grant management and to what extent has it enhanced financial accountability and yielded the desired outcome?

1.4 STUDY AIM AND RESEARCH OBJECTIVES

The aim of the study is to assess the nature and extent of financial accountability at selected SASSA offices in the Eastern Cape Province. The main objectives of the study therefore, are to:

(1) Establish the mechanisms and strategies used to improve financial accountability on social grants at selected SASSA offices in the Eastern Cape Province.

(2) Establish the extent to which the financial accountability strategies used by SASSA on social grants benefit the recipients.

(3) Evaluate the nature of and extent to which the Public-Private –Partnership model adopted by SASSA for social grant management has enhanced financial accountability and yielded the desired outcome.

1.5 THE SIGNIFICANCE OF THE STUDY

This study is significant in that it sheds light on the challenges, responsibilities and accountability concerning social grants as stated in the Constitution of South Africa, 1996, SASSA Act, No. 9 of 2004, Social Assistance Act 13 of 2004 and Public Finance Management Act, No.1 of 1999. In 2012 a policy on re-registration was planned to be implemented whereby a biometric system was going to be used to register all social

grants beneficiaries, record their voice and have thumb prints so that social grants could be paid to the right beneficiaries and minimise fraud. On the 2nd of September 2013 on National Television the Minister of Social Development announced that an advisory committee had been formed to seek ways of addressing better ways of paying out social grants to beneficiaries, for example she stated that Social Relief of Distress can be paid out with vouchers instead of food parcels. Therefore the statement by the Minister indicates that the department is still in a process of searching for the best way of being financially accountable in paying out social grants.

1.6 LIMITATIONS OF THE STUDY

The study could have been more valuable if the organisation in which the researcher intended to conduct research had not denied the issuing out of research questionnaires. The researcher was aware of the following disadvantages of document study: Bias – since documents were not anticipated for research purposes, there are features that can influence the objectivity of documents. For example, annual reports of SASSA may be formulated to manipulate consumers completely. They may be compiled to satisfy the affected parties and for compliance purposes.

1.8 DEFINITION OF THE KEY CONCEPTS

The following definitions are given in the context of this study:

1.8.1 Auditor-General

In government, the Auditor-General, in terms of Public Audit Act, 25 of 2004, is responsible for financial management and control in all spheres of government. The main function of the Auditor-General is to ensure that correct accounting procedures and standards are followed with regard to expenditure and revenue reported. The Auditor General of South Africa (AGSA) plays a major role in auditing and reporting on the accounts, financial statements and financial management of all national and provincial state departments and administration, all municipalities and any other institution or

accounting entity required by national or provincial legislation to be audited by the Auditor General (Constitution of the Republic of South Africa, 1996, section 216 (1)).

The researcher can describe the Auditor-General as a 'watchdog' on behalf of the government. A 'watchdog' is a guardian, a defender against theft or illegal waste and practices. The AGSA therefore, recommends corrective action where non-compliance is reported or where departments require help. If an accounting officer is found guilty of wilful or gross negligence, he or she can face a fine or imprisonment.

1.8.2 Financial Accountability

Rabrenovic (2009:22) defines financial accountability as an essence of an obligation of the government to assure the citizens that money is spent in the best possible and effective way. The government has to provide answers and justification for its action and regularly inform the public on how it spends the public funds. Financial accountability deals with the control and monitoring of the resources that fuel the administrative machinery of government. The focus is upon ensuring that resources are used for intended purposes according to proper and transparent procedures. Kettle, (2002: 491) as cited by Forrer, Kee, Newcomer and Boyer (2010:477) asserts that accountability has long been recognised as the cornerstone of successful public management and that government's performance is only as good as its ability to manage its tools and to hold its tool users accountable. The researcher perceives financial accountability as a tool to use public monies responsibly with the intention to render service delivery to citizens and improve developmental programmes in communities.

1.8.3 Accountability

The essence of accountability is answerability: being accountable means having the obligation to answer questions regarding decisions and or actions. This is the kind of accountability that goes beyond reporting of facts and figures, and asks for explanations and justifications: that is, it enquires not just what was done but why (Van Wyk, Van der Molen and Van Rooyen 2002: 294). Accountability is both internal and external and will be discussed below:

1.8.3.1 Internal Accountability

Internal accountability is when subordinates are accountable to their superiors within a department. For example when the accounting officers are accountable to the Member of the Executive council (MEC) then there is internal accountability. AGSA is also responsible for effecting internal accountability usually through systems audit and also performance audits.

1.8.3.2 External accountability

External accountability is when a department has to account to the legislature or when the MEC has to account to the community or the electorate on the department's performance and on the use of taxpayers' money. The AGSA has to report to the legislature on the performance of the department hence external accountability will be affected.

Fruitless and wasteful expenditure

It means the expenditure which was made in vain and would have been avoided had reasonable care been exercised. The concept of fruitless and wasteful expenditure is founded on public administration and accountability principles, to promote "efficient, economic and effective use of resources and the attainment of value for money" (National Treasury- MFMA Circular No.68).

1.8.4 Generally Recognised Accounting Practice

Section 216(1) of the Constitution of the Republic of South Africa, 1996 requires national legislation to establish a national treasury and prescribe measures to ensure transparency and expenditure control in each sphere of government, by introducing Generally Recognised Accounting Practice (GRAP). It means an accounting practice complying in material respects with standards issued by the Accounting Standard Board.

1.8.5 National Public Entity

The Public Finance Management Act 1999, (No. 1 of 1999) describes the national public entity as: a national government business   enterprise, a board, commission, Company Corporation, fund or other entity (other than a national government business enterprise) which is –

(i)   Established in terms of national legislation;

(ii)   Fully or substantially funded either from the national revenue fund, or by way of a tax, levy or other money imposed in terms of national legislation, and

(iii)   Accountable to parliament.

1.8.7 Public Administration

Public Administration is described by Ijeoma, Nzewi and Sibanda (2013:22) as a discipline that engages in a systematic examination of what happens in the practice of public administration (e.g. workplace organising, financing and human resources).

1.8.8 Public Audit Act 2004 (Act 25 of 2004)

The Public Audit Act 2004 was established to:

I.   give effect to the provisions of the Constitution establishing and assigning functions to an Auditor-General;
II.   provide for the auditing of institutions in the public sector;
III. provide for accountability arrangements of the Auditor-General to repeal certain obsolete legislation; and
IV.   provide for matters connected therewith.

1.8.9 Public Finance Management Act

Public Finance Management Act 1 of 1999 (PFMA) regulates financial management in the national and provincial government and further ensures that all revenues, assets, liabilities and expenditure of those governments are managed efficiently and effectively. PFMA is about public accountability and responsibility to persons in public management. The Public Finance Management Act, 1999 (Act No. 1 of 1999) affords the Auditor

General's powers and duties to enforce accountability on accounting officers. The PFMA is regarded as tool that promotes the objective the objective of good financial management in order to maximise service delivery through the efficient and effective use of limited resources. The PFMA extends the Auditor General's mandate not only to monitoring and reporting on the accounting for funds used, but also to the efficiency and effectiveness with which such funds are used as well as adherence to prescribed rules and procedures.

1.8.10 South African Social Security Agency (SASSA)

According to the Southern African Legal Information Institute (SAFLII) (2010:3), SASSA is a juristic person established under section 2(1) of the South African Social Security Agency No.9 of 2004("the SASSA Act"). In terms of the SASSA Act, SASSA must administer the provision of social assistance throughout South Africa. Its duties include administering social security payments (also known as grants) and rendering such services as may be required to ensure effective and lawful payments to social welfare beneficiaries. The South African Social Security Agency (SASSA) is a section 3A public entity, the focused institution responsible to ensure that government pays the right grant, to the right person, at a location which is most convenient to that person.

1.8.11 Social Grant

According to the South African Social Security Agency's business plan for implementation of Regulation 10 (6) (2008:22) the types of social grants which are provided are: grant for older persons, disability grant, war veteran grant, grant in aid, care dependency grant, foster child grant and child support grant.

1.9 CONCLUSION

This chapter has presented the purpose of the study which is to assess the nature and extent of social grants financial accountability at SASSA, The chapter also discussed the study rationale, the main and secondary research problems, the research questions, significance of the study, its research aims and objectives as well as the definition key concepts and limitations of the study. The following chapter deals with the review of

literature, focusing on: the concepts of public administration, the legislative framework, the place of social service provision in public administration, financial accountability as a public value and SASSA and the administration of social grants.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1 INTRODUCTION

Welman et al (2005:38) defines literature review as review of research findings on a particular topic that has already been published, which helps the researcher to become aware of inconsistencies and gaps that may justify further research. The chapter begins by giving the definition of the concepts administration, Public Administration, public administration and the origin of Public Administration as a discipline. It then follows with a discussion on social grants financial accountability. Lastly, the chapter provides a summary of how financial accountability affects social grants in the South African Social Security Agency.

2.2 THE CONCEPT OF ADMINISTRATION, PUBLIC ADMINISTRATION AND public administration

A definition of concepts administration, Public Administration and public administration can be viewed from the perspective of divergent viewpoints in different circumstances. Dwight Waldo, as cited by Shafritz and Hyde (1987:231), describes public administration as "the organisation and management of men and materials to achieve the purposes of government and also as an art and science of management as applied to affairs of state".

2.2.1 The concept of administration

Dunsire (1973:229), as cited by Ijeoma, Nzewi and Sibanda (2013:24), define administration as "work of bookkeeping, registration, accounting and other internal communication of records and clerical work. He further describes administration as "an ingredient of all social activities and therefore, universal operating…wherever a few persons are associated to achieve some objective". Cloete (1981:1), as cited by Ijeoma (2013:14), supported Dunsire to the fact that administration is found wherever two or more people take joint action to achieve an objective. McRae and Pitt, as cited by Ijeoma, Nzewi and Sibanda (2013: 23), define administration as "the co-ordination of men and materials within organisations for the accomplishment of identifiable purposes". Ijeoma *et.al (2013:23)* further mentioned Cutchin (1981:6), who views administration as the implementation of public affairs, by different people in a joint mission and in working towards common goals. Morrow (1980:1), as cited by Ijeoma (2013:14), supports Cutchin by referring to administration as all processes that contribute to the efficient implementation of a predetermined goal or policy. Gladden (1972:4) argues that administration cannot be confined to a particular definition, but should rather be seen as a totality of all those activities that are undertaken by members of an organised unit to achieve goals. The writer can thus define administration as running the organisation by converting the resources, policies, skills and experiences as input in the government into service delivery as output to serve communities.

2.2.2 Public Administration

Public Administration is described by Ijeoma, Nzewi and Sibanda (2013:22) as a discipline that engages in a systematic examination of what happens in the practice of public administration. Shafritz, Russell and Borick (2007:6-27), as cited by Ijeoma (2013:15), classified Public Administration into four categories: political, legal, managerial and occupational. Moyo (2011:1), as cited by Zhou (2012:1), defined public administration as the hub of every government. He further described it as central institutional machinery through which national socioeconomic growth and development is facilitated. He further views it as the "essence of any modern society…its structured and organised response to

public problems. Zhou (2012:1) further cited Waldo (1955:2) in his definition of public administration as a mental paralysis rather than enlightenment and stimulation. Nigro and Nigro (1984:3), as cited by Zhou (2012:1), alluded to the "imprecise delimitation of the boundaries" of public administration whose frontiers continue to expand in response to emerging societal problems. The earlier scholar and founder of Public Administration, Woodrow Wilson, as cited by Blessan (2010:1), alluded that there was maladministration due to rampant political corruption that was introduced by President Andrew Jackson who advocated that under his system only the political supporters of the party were appointed to administrative posts. Unqualified people entered the public service and contributed to the increasing inefficiency of public administration. Woodrow saw a need to separate politics from administration. Within that context Public Administration is essentially about enforcing laws and policies passed by the legislature.

2.2.3 public administration

According to Cloete (1993: 1) public administration is a distinctive field of activity which consists of all the functions undertaken by officials in public institutions to provide the community with public services and goods. Ijeoma (2013: 15) argues that "public administration exists within the political context; and in lieu of this, public administration is what government does. Thornhill and Van Dijk (2010:101) refer to public administration as the phenomena practiced at satisfying societal needs as demanded at that specific time in the political atmosphere and concerned with the activities of government. Sheeran (1993), as cited by Zhou (2012:1), defines effective public administration as a concept that thrives where effective internal bureaucratic controls, audit checks, legislative oversight and well defined ethical frameworks are in place. Heady (1991:2), as cited by Zhou (2012:2), further alluded that public administration animates that sector of administration which is found in a political setting.

The functions of public administration should also be viewed beyond policy implementation. In addition to that, good public administration should be transparent, be responsive to the ever-changing needs, priorities and values of its citizens and stakeholders. Public administrative institutions have to be innovative, flexible,

communicative and proactive in their daily conduct of public business. For example SASSA was reprimanded by the Acting Judge President Lusindiso Pakade, as cited by the Daily Dispatch dated 21 February 2013, in the Eastern Cape, concerning social grants litigation cases stating that

"It had taken the agency two years to process an application for a care dependency grant". Given the Eastern Cape's high poverty levels and the reliance of more than a third of its population on grants, it is unthinkable that administrative bungling or unfair tendering procedures might lead to this safety net being lost to anyone. The South African Social Security Agency needs to avoid a relapse into bad administrative habits and instead build on its successes".

2.3 LEGISLATIVE FRAMEWORK

The South African democracy of 1994 has taken positive improvements to transform state structures, laws and processes to develop public policy, funding choices and enable accountability. Listed below is legislation that administers and controls social grants financial accountability.

2.3.1 The Constitution of the Republic of South Africa, 1996

According to Ijeoma (2013:325) the constitution of South Africa is the highest law of the Republic of South Africa. It offers the legal groundwork for the survival of the Republic of South Africa and sets out the rights and duties of the citizens of South Africa. Chapter 2 (section 27) of the Constitution of South Africa, 1996 stipulates that the people of South Africa have the right to food, water, health care and social assistance, which the state must progressively realise within the limits of its resources. The Minister of Social Development supported this statement in the Ministerial Committee on the review of the White Paper for social welfare dated 01 September 2013, that the Constitution of South Africa, 1996 prescribes the right of everyone to have access to social security, including appropriate social assistance if they are unable to support themselves and their dependants. Chapter 10 (section 195) (1) of the Constitution of South Africa, 1996 deals with Public Administration and stipulates the basic principles that govern public

administration. It is affirmed that public administration must be governed by the democratic values and principles enshrined in the constitution, including the principle that a high standard of professional ethics needs to be maintained and upheld.

The government intended to improve the standard of service delivery through the White Paper on Transforming Public Service Delivery, 1997 as the country ruled by the majority of South Africans took root in 1994 and developed Batho Pele principles. It encapsulated a creative framework for the delivery of public services which treats citizens more like customers and enables the citizens to hold public servants to account for the service. The Public Service Commission (2002:17) (section 4.2.3) in the manual on the code of conduct for the public service highlighted that an employee needed to be polite, helpful and reasonably accessible in his/her dealings with the public, at all times treating members of the public as customers who are entitled to receive a high standard of service.

The White Paper on Transforming Public Service Delivery, 1997 describes service standard as the extent to which citizens should be told what level and quality of public service they will receive so that they are aware of what to expect. It further stated that with regard to openness and transparency the citizens should be told how national and provincial departments are run, how much they cost and who is in charge. The other principles that are also important concerning accountability in chapter 10 of the constitution are that public administration should be accountable, transparent and development- oriented; that resources should be utilized efficiently, economically and effectively and that services should be provided impartially, fairly, equitably and without bias.

2.3.2 South African Social Security Agency (SASSA), Act No. 9 of 2004

According to the Southern African Legal Information Institute (SAFLII) (2010:3) the South African Social Security Agency (SASSA), is a juristic person established under section 2(1) of the South African Social Security Agency No. 9 of 2004 ("the SASSA Act"). In terms of the SASSA Act, SASSA must administer the provision of social assistance throughout South Africa. Its duties include administering social security payments (also

known as grants) and rendering such services as may be required to ensure effective and lawful payments to social welfare beneficiaries.

The SASSA Act, No 9 of 2004 is based on chapter 2, the Bill of Rights of the South African Constitution, which enshrines that everyone has the right to have access to social security, including the right to social assistance, if they are unable to support themselves and their dependants. The Act further elaborates that effectiveness in the provision of social security services requires uniform norms and standards, standardised delivery mechanisms and a national policy for the efficient, effective and economic use of limited resources available to the State for social security.

The South African Social Security Agency is a section 3A public entity, responsible for ensuring that government pays the right grant, to the right person, at a location which is most convenient to that person. According to SASSA Act, No 9 of 2004 (chapter 2) (2) (2) SASSA's establishment is subject to the Public Finance Management Act, 1999 (Act No. 1 of 1999.

2.3.3 Social Assistance Act No. 13 of 2004

The South African Social Assistance Act (SAA) was enacted on 6 May 1992, but only came into operation on 1 March 1996. Section 22 of this same Act provided that it would come into operation on a date fixed by the President by proclamation in the *Gazette*. The SAA repealed and replaced several statutes which had provided for the payment of grants to people in need and to welfare organisations that cared for them and consolidated them into a single Act. However, interestingly, prior to coming into operation, the SAA was amended several times. The sequence of this was such that, the proclamation (R7) was promulgated on 23 February 1996, shortly before the SAA came into operation. It purported to amend the SAA and to assign the administration of certain provisions to the provinces from the date it came into operation. The assignment was purportedly made in terms of section 235(8) of the interim Constitution.

The Social Assistance Act, 2004 provides for the rendering of social assistance transfers to qualifying persons; a mechanism for the rendering of such assistance and the

establishment of an inspectorate for social assistance. The social Assistance Act, 2004 chapter 3 deals with the administration of social assistance in the sense that it guides on how to apply for social assistance, the appointment of a procurator, what should be done if a beneficiary is overpaid or the misuse of social grants. The Act also gives the Agency power to investigate. Social Assistance Act, 2004 Chapter 4 deals with the inspectorate for social assistance, its independence, the functions of inspectorate and its power to request information and to subpoena. South African Social Security Agency created an Internal Audit and Risk Management branch and this function seeks to enhance good corporate governance, especially the reduction of fraud and corruption in the grants administration.

2.3.4 Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA)

The Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) makes provision for the regulation of national and provincial government's financial management to ensure effective and efficient administration of revenue, expenditure, assets and liabilities, and to secure transparency, accountability and sound management. The Public Finance Management Act, 1999 (PFMA) affords the Auditor General powers and duties to enforce accountability on accounting officers. The PFMA is regarded as a tool that promotes the objective for good financial management in order to maximise service delivery through the efficient and effective use of limited resources. The PFMA extends the Auditor-General's mandate not only to monitoring and reporting on the accounting for funds used, but also to the efficiency and effectiveness with which such funds are used as well as adherence to prescribed rules and procedures.

2.3.5 The Children's Act 2005 (Act No. 38 of 2005)

The Children's Act 2005 (Act No. 38 of 2005) seeks to promote the preservation and strengthening of families to give due effect to the constitutional rights of children, such as family, parental, or appropriate alternative care when removed from the family environment; social services; protection from maltreatment, neglect, abuse or

degradation, and ensuring that the best interests of children are a primary concern in all relevant matters.

2.4 THE PLACE OF SOCIAL SERVICE PROVISION IN PUBLIC ADMINISTRATION

According to Ijeoma *et.al* (2013:203) a community is a group of interacting people, characterised by shared and common values, living together in a shared geographical locale (closeness) and it is a social unit larger than a household. Ijeoma *et.al* (2013:203) further define a community as "a group of people living in a common geographical location, where there is a high level of social cohesion, which is most often owed to common origin, shared values, culture and tradition, common interest needs and aspiration, happiness and sufferings."

The place of social service according to Ijeoma, Nzewi and Sibanda (2013:203) is in the communities. According to Ijeoma et al. (2013:203) to provide social services and achieve good governance at community level, government is expected to use the instruments of public administration to carry out the following functions, namely "…developing human resources, protecting human rights and basic freedoms, mobilising financial resources for development, creating partnerships with the private sector for service delivery, providing social amenities and promoting the general welfare of the people." Ijeoma *et al'* s *(2013) view is* supported by Chapter 10 section 195 (1) (b) which states that efficient, economic and effective use of resources must be promoted, in terms of the basic values and principles governing public administration in the Constitution, 1996.

The Economic Policy Research Institute (EPRI) (2004:59) emphasises the importance of public and private transfers in reducing poverty. It analysed the relationship between different incomes and results showed that households that receive private transfers and those that receive public pensions both have higher expenditure shares on food and education and lower expenditure on alcohol, tobacco and entertainment than other households. Empirical studies have also demonstrated the powerful impact of the State Old Age Pension (SOAP) as an instrument of poverty reduction (EPRI, 2004:59). Maitra and Ray (2004: 64) cited evidence from the statistical analysis of Statistics South Africa's Income and Expenditure Survey 2000 and Labour Force Survey documents which

showed the impact of social grants on school attendance. Poverty and its associated consequences erode the opportunities for children and youth to attend school, fomenting a vicious cycle of destitution by undermining the household's capacity to accumulate the human capital necessary to break the poverty trap.

The findings of UNICEF (2009:1) pointed to the fact that the Child Support Grant generates positive developmental impacts that multiply its benefits in terms of directly and indirectly reducing poverty and vulnerability. Early enrolment in the Child Support Grant programme substantially strengthens its impacts. Against this background, this study is of the view that public administration must be strengthened especially at the community level if government is to perform the functions required to promote socio-economic and political development. This implies the need for citizen's empowerment, combating of abject poverty and creating enabling policies for the people to participate in governance. For example Social Development (2006:2) confirmed that over the past twelve years, government has implemented a myriad of poverty alleviation measures, with social assistance being the biggest of them all, aimed at achieving the goal of a better life for all.

The social assistance programme was not specifically designed with exit strategies for beneficiaries, other than a change in their living circumstances and income levels, unlike other government poverty alleviation measures. Another example is that in the Eastern Cape which is covered by villages and locations, whenever there is a project to review social grants collaboration with Community Development Workers (CDW) or traditional leaders like chiefs is maintained. In this province the department of Local Government and Traditional Affairs appointed administrators in the office of the traditional leaders in villages and Community Development Workers (CDW's) in the locations, to make it easier for SASSA officials to do home visits and convey official messages to speed up service delivery. These officials who are appointed by the department of Local Government and Traditional Affairs are part of the communities and they know the members of the communities. They are given a list of beneficiaries who need attention and set a date and invite all those concerned in a community hall and the project will be implemented faster. Another example is when there is a disaster like floods in communities where people still live in shacks. Community leaders together with SASSA management, Disaster

Management from the municipality and the Department of Social Development work together to identify the affected families, supply them with food parcels, blankets and other essentials.

Mase (2008:52) for example sought to find out the monthly requirements and needs of the child such as food, medication, accommodation and educational expenses. One finding of interest was that that the primary care givers were often illiterate and unemployed and this caused the children to be impoverished. Mase also further found out that inadequate feeding resulted in poor school performance resulting from lack of resources by beneficiaries who were unable to feed their children. The care-givers who took part in the study as reported by Mase (2008:52) argued that the feeding scheme needed to be re-introduced in schools. Transport expenses were found to be contributing to poverty because children needed to travel to and from school every day and taxi fares were expensive.

Rondelli (1995) as cited by Ijeoma *et al* (2013:204) argues that governments re-invent themselves in order to satisfy citizens' demands and meet the challenging needs of the people. In the above scenario good governance at community level requires developing human resources, that is, the administrators in the offices of traditional leaders, the Community Development Workers (CDW) in villages. Partnership has been created with Disaster Management from the municipality, the Department of Social development and the community leaders. The general welfare of the people has been promoted by offering Food Parcels (SRD) and Blankets.

Zhou (2012:2) argued that public administrative institution serves as front offices and official faces of every government, articulating, marketing and defending government policy positions within local and global context. For example the structure of government is such that there are different departments public and private like the Department of Public Roads and Work, meaning that this department is accountable to the public in every task that is associated with the said public services. The Department of Social Development (in other provinces like Gauteng and Limpopo this department is known as the Department of Health and Social Development) covers every aspect that is connected with their tasks and be accountable to the public.

2.5 THEORETICAL FRAMEWORK

This study is informed, though not completely guided by the Public Choice Theory, Social Equity Theory and the Commander Theory. The variables used in this study include social grants and financial accountability. Public choice theory and social equity theories are defined by Buchanan and Tullock (1962:11) and Frederickson (1987:424) as relating to providing insight into how public decision making occurs and that social equity in the New Public Administration redresses the deprivation of minorities. The commander theory on the other hand concentrates on providing a strategic posture toward financial report disclosure activities and assists in developing an understanding of the relative power of report preparers on levels of financial report disclosure (Goldberg, 1965:166). South African Social Security Agency is a 3A public entity meaning that it receives funds from Parliament through taxpayers' monies and is accountable to the public.

2.5.1 Public Choice Theory

Harmon and Mayer (1986:244) define public choice theory as "the economic study of non-market decision-making or simply as the application of economics to political science." There are two principal works on public choice theory, Buchanan and Tullock's Calculus of Consent and Ostrom's Intellectual Crisis in American Public Administration. The concept of public choice was introduced to effectively deal with problems that were considered to be limited to service delivery. The Public choice theory emerged in the early 1950s, as a subfield of the Economics and Public Administration disciplines which focused on the study of taxation and public spending as government's responsibility (Buchanan and Tullock, 1962:15).

Buchanan and Tullock (1962:11), as cited by Harmon and Mayer (1986:244), posit that Public Choice theory provides insight into how public decision making occurs, and it analyses the (constitutional) rules that guide the collective decision-making process. Public choice theoreticians make the same assumption—that although people acting in the political marketplace have some concern for others, their main motive, whether they are voters, politicians, or bureaucrats, is self-interest" (Buchanan and Tullock, 1962:15;

Shaw, 1996:5). Social grants and financial accountability are two components of Public Administration which emphasise on management control, administration control and accounting control. Public choice theory would enable public sector organisations to be competitive and productive. The argument is that "the type of goods and services provided by government departments could be financed through government but the provision of these services would be contracted out to the private sector. Further South African Social Security Agency (SASSA) formed partnership with Cash Paymaster Services (CPS), a private sector organisation in order to pay out social grants nationally on its behalf for a period of five years.

Scholars of both Public Administration and Economics believe that the public choice theory is used to "analyse people's actions in the market place and government's institutions where policy decisions are made as a means to study their actions in collective decision making processes" (Shaw, 1996:4). This theory is more suitable for policy development and implementation. South African Social Security Agency (SASSA) is subject to the Public Finance Management Act 1999, (Act No 1 of 1999) which places emphasis on accountability .Further SASSA developed an Integrity policy which seeks to strengthen the Code of Conduct and Ethics, while also serving as a stop-gap mechanism to address weaknesses identified in other policies that aim to regulate the conduct of staff.

Buchanan and Tullock (1962:15) write that this theory attempts to explain or describe the "means through which conflicting interests are reconciled" to bring velocity to the process of improving sustainable livelihoods of the local inhabitants through economic development and provision of quality public services. It explains how policy-makers and decision-makers have to make choices on what should constitute the content of the policy and what options there are for the policy to be effective. In return, consumers could make choices on which services are better suitable for their individual consumption and affordability. One of the founders of the public choice theory, James Buchanan, puts this simply: "In one sense, all public choice or the economic theory of politics may be summarised as the 'discovering or re-discovering that people should be treated as

rational utility maximisers in all of their behavioural capacities'" (Howlet and Ramesh, 2003:22; Habermas, 1999).

Howlett and Ramesh present weaknesses of this theory, some of which are Marxist-orientated. According to them, public choice theory is (i) based on an oversimplification of human psychology and behaviour that does not accord with reality. (ii) as a result, the theory has poor predictive capacity. (iii) it has a faulty empirical foundation or dimension which is caused by the fact that the theory originated in the USA and is based on that country's pattern of electoral competition between two parties, which forces voters to choose between two clear alternatives. In conclusion, it is important that the collective decision-making process be just. This means that it must be a decision in the public interest so that the outcomes of those decisions are ones that the majority of citizens would be likely to support. The limitation of this theory is that it is not clear "how the dividing line between collective action and private action shall be drawn", (Buchanan and Tullock, 1962: 25). The next paragraph will discuss Social Equity Theory.

2.5.2 Social Equity Theory

George Frederickson, in 1968, came up with a theory of social equity and put it forward as the third pillar of public administration. He perceived that those citizens in public administration were the same and ignored that there were social and economic conditions. His goal was to balance the status of social equity, economy and efficiency as values or principles to which public administration should adhere.

George Frederickson, as cited by Shafritz and Hyde (1987:424) in his essay, "Toward a New Public Administration" alluded that new public administration adds social equity to the classic objectives and rationale. New Public Administration enhances social equity. He further mentioned that social equity in the New Public Administration will try to redress the deprivation of minorities. Frederickson, as cited by Shafritz and Hyde (1987:426), pointed out that for a variety of reasons, probably the most important being committee legislatures, entrenched bureaucracies. Non-democratised political party procedures and inequitable revenue-raising capacity in the lesser governments of the federal system operate in a way that either fails or only gradually attempts to reverse systematic

discrimination against disadvantaged minorities. Social equity includes activities designed to enhance the political power and economic well-being of these minorities. The social equity theory is in line with the formation of social assistance which covers the poor and vulnerable disadvantaged people of different communities by paying out social grants so that poverty could be minimised. A fundamental commitment to social equity means that New Public Administration attempts to come to grips with Dwight Waldo's contention that the field has never satisfactorily accommodated the theoretical implications of involvement in politics and policy involvement (Shafritz and Hyde 1987:426).

The gap is that the policy administration scale is more accurate empirically but simply begs the theoretical question. Frederickson, as cited by Shafritz and Hyde (1987:426), pointed out that "the administrators should be committed to both good management and social equity as values, things to be achieved, or rationale. He further stated that "the New Public Administration seeks to change those policies and structures that systematically inhibit social equity. A commitment to social equity not only involves the pursuit of change but attempts to find organisational and political forms which exhibit a capacity for continued flexibility. Hamilton, as quoted by Frederickson (1970:426), indicated that New Public Administration's commitment to social equity implies a strong administrative or executive government which can be called "energy in the executive". The energy in the executive can assist greatly in access as cited in Batho Pele, where service delivery needed to be taken to most rural and disadvantaged people.

2.5.3 Commander theory

Commander theory as posited by Goldberg (1965:162-7) rests on the assumption that although an owner of resources may also be the controller of those resources, ownership and control are separate notions. That is, ownership is a legal condition, but control is a function that can only be exercised by human beings. Ownership of resources is sometimes but not always accompanied by effective economic control of those resources and this function of controlling or managing resources can be thought of as distinct from the legal or even social ownership of them (Goldberg 1965:162). Goldberg (1965:166) defines control over resources as a command and, in respect to government, identifies

Parliamentary Ministers as commanders at the top level of a hierarchical system of command. Invoking commander theory, if resources of the state are allocated to specific government organisations or for certain activities and functions, they are ultimately controlled by an individual commander who is a Minister and who is also responsible and accountable for those resources. To support a commander theory the South African Social Security Agency (SASSA) is a section 3A public entity, responsible for ensuring that government pays the right grant, to the right person, at a location which is most convenient to that person. Further, according to SASSA Act, No 9 of 2004 (chapter 2) (2) (2) SASSA's establishment is subject to the Public Finance Management Act, 1999 (Act No. 1 of 1999.

Commander theory forms a theoretical foundation in which to analyse the impact of a cross-sector transfer of accounting principles and rules to the public sector. It provides a strategic posture toward financial report disclosure activities and assists in developing an understanding of the relative power of ‖repo‖rt preparers" on levels of financial report disclosure". This theoretical framework can be used to help explain whether certain environmental artefacts constitute significant impediments to the cross-sector transfer of the consolidated financial reporting practice to the public sector. Specifically, it provides an examination of the beliefs of the top-level and lower-level commanders as to the usefulness of consolidated financial reports for accountability purposes. Since South African Social Security Agency (SASSA) is a section 3A entity, the Agency is accountable to both Parliament and the public.

Goldberg's top-level commanders use consolidated financial reports to discharge their accountability for government resources under their control. They constitute the primary financial report user group in this study and will be described as „user-commanders". Heads of Departments are authoritative public sector policy-makers in respect to guidance for financial report content and preparation. They are described as „dominant preparer-commanders" in this study. Public sector officials responsible for the compilation and exercise of judgment in the preparation of such reports, and the Auditors-General responsible for monitoring the reporting process and the output of that process are described as "subordinate preparer-commanders".

Some researchers in this field have implied that this is partly due to the poor conceptualisation of the nature of accountability and the weak theoretical foundation of the consolidated financial reporting literature (Walker, 1976:114). The accounting regulators clearly link the concepts of control and accountability and view control as the appropriate criterion for determining the components of the whole-of-government entity for the purposes of providing useful financial information. However, what appears to be lacking are models of accountability and of consolidated financial reporting that can be viewed as superior or that are generally favoured in the literature.

2.6 FINANCIAL ACCOUNTABILITY AS A PUBLIC VALUE

The word 'accountability' is Anglo-Norman, not Anglo-Saxon, in origin. Historically and semantically, it is closely related to accounting, in its literal sense of bookkeeping. According to Dubnick and Romzek (2002:7-9), the roots of the contemporary concept can be traced to the reign of William I, in the decades after the 1066 Norman conquest of England. In 1085 William required all the property holders in his realm to render *a* count of what they possessed. These possessions were assessed and listed by royal agents in the so-called Domesday Books. This census was not held for taxation purposes alone; it also served as a means to establish the foundations of royal governance. The Domesday Books listed what was in the king's realm; moreover, the landowners were all required to swear oaths of fealty to the crown. By the early twelfth century, this had evolved into a highly centralized administrative kingship that was ruled through centralized auditing and semi-annual account-giving (Bovens, 2005:1)

In the centuries since the reign of William I of England, accountability has slowly wrestled free from its original bondage with accounting. In contemporary political discourse, 'accountability' and 'accountable' no longer convey a conventional image of bookkeeping and financial administration, but they hold strong promises of fair and equitable governance (Bovens, 2005:1). Ijeoma *et al.* (2013:286) define accountability as a responsibility to report and answer for actions and activities in the process of carrying out a defined set of functions/tasks based on standards and principles attached to such posts. Leek (2013:5) is of the view that public financial accountability can be used as a

platform to balance economy of a country as input on the one hand as against service delivery on the other hand, taking into consideration the efficient and effective administration of public monies. They further highlighted the importance of developmental programmes to improve the conditions and general welfare of communities. For example, Eskom is busy with a programme that takes two years; the selected community members are expected after finishing that course to install electricity in rural areas in the province for a period of five years. Another example is that the Department of Sport and Culture in its annual budget develops some codes of sport, be it financial or not, and the primary goal is to develop sport in communities.

DeRosia (2010:1) supports Leek in his argument that accountability denotes adhering to a standard of professionalism in the workplace. It also means to understand that professional activities are being funded by the citizens of the country; as such public employees are held responsible by citizens for upholding the mission of the organisation. It reminds individuals that while they are employed by a professional organisation they will be held responsible for their actions. Van Wyk (2002:294), as cited by Khumalo (2007:20), supports Ijeoma *et.al (*2013:286) by referring to accountability as answerability. Thus being accountable means having the obligation to answer questions regarding decisions and or actions. This is the kind of accountability that goes beyond reporting of facts and figures, and asks for explanations and justifications: that is, it enquires not just what was done but why it was also done.

Financial Accountability according to Khumalo (2007:21) is defined as the control and monitoring of the resources that fuel the administrative machinery of government. The focus is upon ensuring that resources are used for intended purposes. One of the foundations of representative democracy is that the legislature as custodian of public money, be held accountable by the electorate. The legislature has to ensure that mechanism and procedures are in place to facilitate public accountability. Effective public financial accountability in South Africa, as with any other modern democracy, is dependent on the success with which the elected representatives in parliament enforce accountability on those who have a responsibility of handling public funds.

Rabrenovic (2009:23) is of the view that it is important to stress that financial accountability mechanisms are not isolated phenomena, but interrelated elements, which are in the process of constant interaction, mutually supporting their structures and functions. For this reason, the concept of a financial accountability system was introduced, which consists of different mutually related elements/ mechanisms of financial accountability. The effectiveness of financial accountability as a system depends mostly on the existence of a proper balance between its different supporting mechanisms, so that weaknesses in one form of financial accountability can be compensated for by controls through other mechanisms. Lewis (2003), as cited by Xaba and Ngubane (2010:142), describes financial accountability as the systems and procedures that are used to keep track of financial and monetary transactions inside an organisation and therefore it is a system of recording, classifying and summarising information for various purposes. According to IDASA (2004), financial accountability refers to producing regular financial reports to those with an interest and a right to know, proving that leadership has control over financial decisions and accounting for funds by producing documentary proof of receipts and payments.

The South African Social Security Agency had a disclaimer according to the 2009/10 report of the Auditor General of South Africa (AGSA) as reflected on the accounting authority's report as set out on pages 56 to 92. The accounting authority is responsible for the preparation and fair presentation of financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP). According to AGSA (SASSA: 2009/10) "a basis of a disclaimer of opinion were that SASSA applied Generally Recognised Accounting Practice (GRAP), as required by section 55 (b) of PFMA, 1999 whereas during previous financial years, SASSA applied the entity specific basis of accounting. SASSA was also defending multiple lawsuits". The findings of AGSA indicated that reported targets were not reliable as no supporting source information was provided. The Annual Financial Statements were submitted to the Auditor-General on 10 August 2010 and not within the legislated requirement of 31 May 2010, resulting in the Agency not complying with section 55(1) (c) of the PFMA. Critical

documents were also missing and some files needed to be transferred from within provinces in the republic.

Barberton (2004:4), as cited by Khumalo (2007:12), argues that frequent auditing of the executive and the bureaucracy is an indispensable mechanism for achieving transparency on how public funds have been used and what value was obtained from the use of such funds. There are two types of government auditors, the internal auditor who is employed by the government/Agency and the external auditor who is the Auditor-General and is appointed by parliament. The South African Social Security Agency responded to show accountability by appointing consultants in order to put the records in a sound manner but the Auditor General again complained that SASSA is wasting a lot of money by appointing consultants. Ijeoma (2013:160) argued that financing is one of the critical elements in the public sector in that many public institutions especially in South Africa; much expenditure is used on personnel. The reason may be that of previously disadvantaged, marginalised black South Africans prior 1994. On the report for 2010/11 SASSA spent approximately R15 million in order to appoint new financial staff in the head office and in all nine provinces and this resulted in unqualified report. Ijeoma *et al.* (2013:287) further describe Public Finance Management (PFM) as what government does to collect resources (usually money from the economy. e.g. tax) and to allocate those resources for public good.Public accountability implies the rendering of account for matters of public interest, i.e. an accounting that is performed with a view to the judgement to be passed by the citizens. In general, one could say that public accountability is accountability in and about the public domain (Bovens, 2005:9).

2.7 THE SOUTH AFRICAN SOCIAL SECURITY AGENCY AND THE ADMINISTRATION OF SOCIAL GRANTS

According to Rambau (2004:4) the International Labour Organisation (ILO) defines social security as: the protection which society provides for its members, through a series of public measures, against the economic and social distress that otherwise will be caused by the stoppage or substantial reduction of earnings resulting from sickness, maternity, employment injury, unemployment, invalidity, old age and death. Pieters (1993:2), as

cited by Rambau (2004:1), describes social security as a "perceived body of arrangements shaping the solidarity with people facing the lack of income from paid labour or facing particular costs". The South African definition of social security differs from the view that social security system must necessarily be set up by legislation and a public body should administer the system. The White Paper's definition also includes private measures. Social Security is one of the means by which people circumvent destitution by meeting their intrinsic needs when their income stream has ceased, has been disrupted or has not developed sufficiently. The concept has been defined as the "body of arrangements shaping then solidarity with people facing (the threat of) a lack of income from paid labour or facing particular costs". The issue of social security has developed rapidly since the latter part of the 20th century. In most democratic countries, the obligation to provide social security is entrenched in their constitution. Before it was entrenched it was up to the individual and the family to provide adequate protection for their families, but today things have changed (Rambau: 2004:1).

During the initial stages the Committee of Inquiry into a Comprehensive System of Social security for South Africa has suggested that the social security system should address the underlying structural and material basis of social exclusion as well as multi-dimensional poverty, and that the adopted concept of comprehensive social protection should seek to give effect to this goal (Rambau, 2004:6).In the wake of the realisation of an estimated loss of about R1, 5 billion a year through corruption (and maladministration) in the delivery of social grants, the DSD recently went on a major anti-corruption drive. The Department of Social Development (DSD) was galvanised into action in 2003, as reflected in a range of initiatives including, most prominently, its co-operation with the Special Investigating Unit (SIU) and other departments and the establishment of the South African Social Security Agency (SASSA) (Reddy and Sokomani,2008:1).South African Social Security Agency has been operational since 1 April 2006 and has taken over the social assistance functions from the provinces, ostensibly to minimise costs, improve delivery and reduce fraud and corruption (Reddy and Sokomani, 2008: 4). According to Social Pension (SOCPEN) as at 31 December 2012 the total number of grants payable in South Africa was as tabulated below:

Table 1: Total number of social grants by grant type and region as at 31 December 2012

Region	Grant type							
	OAG	WVG	DG	GIA	CDG	FCG	CSG	Total
EC	503,810	78	185,913	9,064	18,359	109,034	1,852,147	2,678,405
FS	169,336	9	88,040	1,132	5,765	38,050	631,210	933,542
GP	416,222	151	123,915	1,548	15,615	56,736	1,559,585	2,173,772
KZN	585,986	88	319,171	28,897	35,913	132,916	2,766,951	3,869,922
LP	391,019	49	88,859	10,629	11,657	53,686	1,570,065	2,125,964
MP	224,968	28	82,200	2,749	8,517	33,598	1,049,136	1,401,196
NW	215,140	18	87,216	3,970	8,291	39,727	746,299	1,100,661
NC	74,023	18	49,795	4,203	4,445	13,408	274,073	419,965
WC	258,117	167	154,954	9,437	10,654	27,738	854,473	1,315,540
Total	2,838,621	606	1,180,063	71,629	119,216	504,893	11,303,939	16,018,967

Source: SOCPEN system (SASSA Issue, 2012:12)

The Minister of Finance Mr. Pravin Gordhan in his2012/13 budget speech pointed out that the state provided social grants to almost a third of the population. He further alluded that currently, almost 16 million South Africans, including more than 10 million children, receive social grants in one form or another, compared to just 2.5 million in 1998. He assured South Africans that expenditure on social grants will grow from R105-billion in 2013 to an expected R122-billion in 2014-15. But, by about 2006, the Social Development Department acknowledged it was losing about R1.5-billion a year through corruption and maladministration in the delivery of social grants. Litigation due to the poor administration of grants also cost the departments millions. Its arbitrary cancellation of grants and apparent inability, particularly in the Eastern Cape, to process social grant applications within a reasonable time turned out to be very costly indeed. In 2006 the department created the South African Social Security Agency (SASSA) to provide a comprehensive social security service. In 2008 matters had improved, but it was still facing about 15000 court cases a year and was forking out some R40-million in litigation costs. Many of these were from the Eastern Cape.

2.7.1 The Strategies and Mechanisms used by SASSA management to improve financial accountability on social grants.
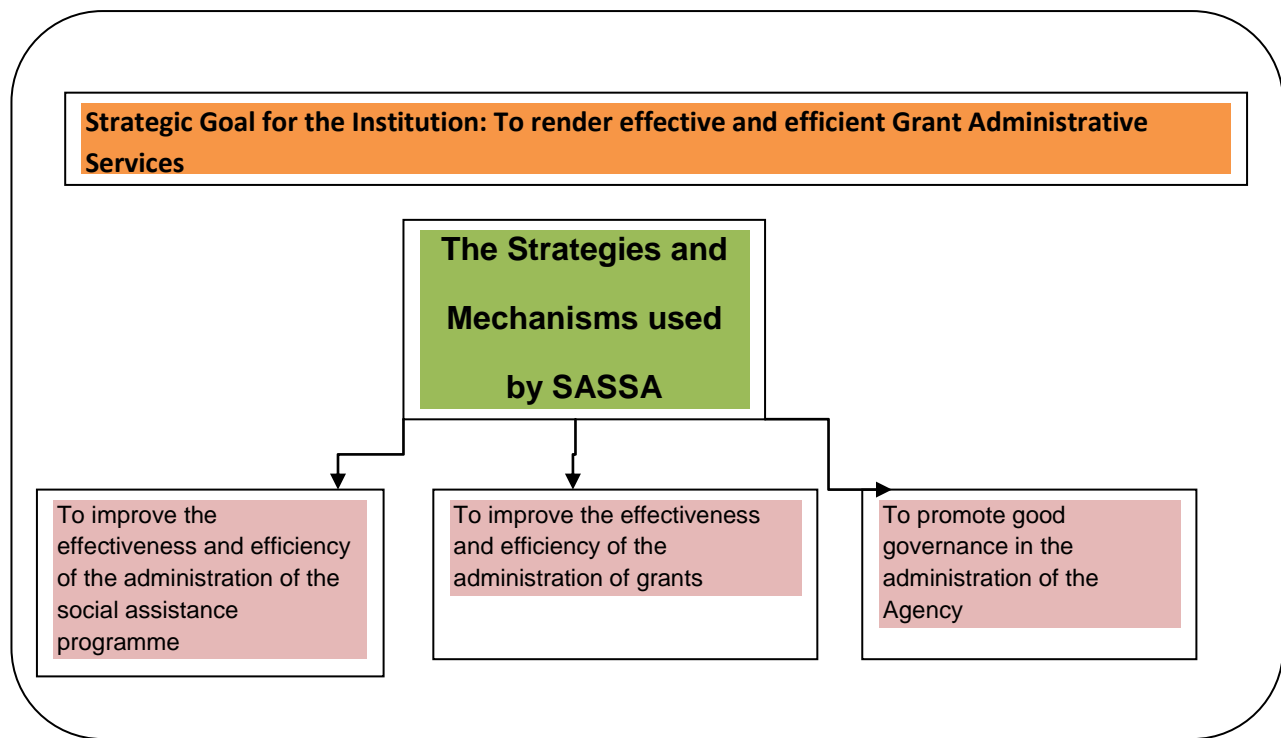

Figure 1: Summary of strategies and mechanisms used by SASSA

The South Africa Social Security Agency is divided into six branches, namely Grants Administration, Strategy and Business Development, Information and Communication Technology, Corporate Services, Finance and Internal Audit and Risk Management. Three branches, namely Grant Administration, Strategic and Business Development, and Information and Communication Technology based their strategy in improving the effectiveness and efficiency of the administration of the social assistance programme. On the other hand the Finance branch based its strategy on improving the effectiveness and efficiency of the administration of grants. Lastly Corporate Services and Internal Audit and Risk Management's strategy was based on promoting good governance in the administration of SASSA. The following section addresses the strategies and mechanisms used by SASSA to improve the financial accountability on social grants.

2.7.1.1 Improvement of the effectiveness and efficiency of the administration of the social assistance programme.

The strategies were simplified into key performance areas (KRA's), which defines the overall scope of activities, not always focusing on the result an individual or unit has to perform being on the job . Some of these tasks were performed in projects which will be discussed.

2.7.1.1.1 Policy and legislation on social assistance

The performance indicator was determined by the impact of policy changes, including normal growth and the projected number of grants in payment and also the number of beneficiaries receiving social grants in order to assess the progress made in different grant types (SASSA Annual Report 2012:23). Rambau (2004:1) pointed out that the past apartheid policies promoted separate development and inevitably affected the economic and social growth of the majority of South African population and this resulted in the poor and vulnerable disadvantaged group of people in the country. The Republic of South Africa Constitution, 1996 section 27, prescribes the right for everyone to have access to social security, including appropriate social assistance if they are unable to support themselves and their dependents. Social Relief of Distress (SRD) in cases where there were natural disasters should accommodate the approved budget in accordance with approved guidelines.

The Promotion of Access to Information Act, 2000 (Act No. 2 of 2000) allows voluntary and mandatory mechanism or procedure to give effect to that right to obtain access to records swiftly, inexpensively and effortlessly. The South African Social Security Agency applies that right by issuing an approval or rejection letter to beneficiaries whenever they apply for a grant and those rejected can appeal through the Internal Reconsideration Mechanism (IRM). The IRM was supposed to be developed by the unit.

2.7.1.1.2 The improvement of grant application process

The need to address turnaround time has been a challenge at SASSA in the sense that the turnaround time was 90 days initially and the Agency was suffering in terms of litigation and beneficiaries were also suffering because they are poor and vulnerable. The South African Social Security Agency Strategic Plan for the years (2009 -2012:7) pointed out that SASSA had started piloting in the Free State Region, a three-step Improved Grants Application Process (IGAP), which was aimed at the reduction of turnaround times with regard to the processing of applications. This pilot project related mainly to the provision and automation of ICT infrastructure, which enabled the processing (from application to approval) of grant applications to be finalised in one day. On the Strategic plan (2011/12: 7) the Acting CEO, Mr. Pakade perceived that the Agency has maintained a consistent provision of monthly income support to a significant number of South Africans and implemented measures to reduce the turnaround times for the processing of grant applications. He further alluded that on average, the turnaround time has decreased from 21 to 9 days. The Agency has worked tirelessly to improve services to beneficiaries with regard to, among other things, the turnaround time from application to the approval of grants and to this end , 89% of all new applications for 2012 were processed within 21 days in all the regions (SASSA Annual Report 201:20).

2.7.1.1.3 Effective and efficient management of beneficiaries.

The effective and efficient management of beneficiaries is through notification of administrative decisions, reviews, life certificates and beneficiaries whose social grants were to lapse. The percentages for beneficiary records in the registry with backlogs which cover transfer of files, missing files, file destruction and loose correspondence used as performance were checked. In relations to management, paypoints needed to be improved. Monies recovered from dormant accounts were supposed to assist too in improving paypoints (SASSA Annual report, 2012:25). New Disability Grant assessment was supposed to be assured as an improved management of Disability Grant services.

The Minister of Social Development in the SASSA Annual report for the year 2010/11 pointed out the number of benefits in payment during 2006/07was 12 015 059 and in 2011/12 it grew to 14 935 832 and the growth in the number of benefits grew by 36.10 % since the establishment of the SASSA, especially the growth in child support grants by 46.6% since SASSA's establishment. In 2006/07 CSG stood at 7 863 841 and presently there are 10 371 950 benefits in payment. The OAG grew from 2 195 018 in 2006/07 to 2 678 554 grants in payment in 2010/11, representing a 22% growth. All of these statistics seek to confirm my view that the Agency is fulfilling its mandate to a large extent and making a difference in the lives of the poorest of the poor (Minister, SASSA Annual Report, 2010/11:5).

2.7.1.1.4 Integrated Community Registration Outreach Programme (ICROP) Strategy.

The Integrated Community Registration Outreach Programme (ICROP) is a ministerial campaign aimed at intensifying the fight against poverty and contributing towards the achievement of the Millennium Development Goal of halving poverty by 2014. It is in line with the government's priority to drastically reduce poverty through, among others, the provision of social assistance to the most needy of our communities. This programme seeks to improve access to service delivery especially in the deep rural areas. Moreover, it is specifically geared at bringing all government services under one roof and closer to rural communities utilizing Mobile Office Trucks (SASSA.gov.za).

Integrated Community Registration Outreach Programme (ICROP) is a vehicle to restore the public confidence in government's commitment to better their living conditions. Through ICROP, SASSA will be able to fulfil its promise of providing world class social security services even in the most rural areas of the country where government services would ordinarily be difficult to access. South African Social Security Agency (SASSA) Strategic Plan (2009-12:7) indicated that the outcome of ICROP was that new applicants, who would otherwise not even have been considered, were being brought into the system. This programme was also supported by the Ministerial Izimbizo that was held in various regions (SASSA.gov.za). The role-players of ICROP are The South African Social

Security Agency (SASSA), the Department of Health, the Department of Education, the Department of Social Development, the Department of Home Affairs, the South African Police Services, various municipalities, Traditional Leaders, Non-Governmental Organisations (NGO's) and Church Formations. The unit for 2011/12 as a performance indicator needed to   identify the accessed beneficiaries in the rural wards having accessed social assistance through ICROP and also the identified rural wards (SASSA Annual Report 2012:26)

2.7.1.1.5 Customer Relations Management Strategy

A customer-centred approach to service delivery takes the needs of customers into consideration by developing user-friendly and high-quality products and services. The Agency commits itself to designing social security solutions based on customer needs, both internally and externally (SASSA Annual Report, 2010/10).One of the values of SASSA is customer centric so customer relations management is of importance. The percentages of complaints and enquiries can be taken as measures of accountability to the stakeholders and the vulnerable beneficiaries (SASSA Annual Report 2012:26).

The Chief Executive Officer (CEO) postulates that a major challenge for the Agency was to ensure that its services were customer-centric. Long queues and lack of basic facilities, like protective shelters against inclement weather, clean water and ablution facilities, were still prevalent at many of the Agency's service points and pay points. In some cases, beneficiaries were exposed to security and health risks, as well as exploitation by loan sharks (SASSA's Annual Report 2012/13:6).

2.7.1.1.6 Information and Communication Technology business application systems

This branch is responsible for providing information and communication technology services through: Management of special Information and Communication Technology (ICT) projects; managing information for planning, operational and management purposes; developing business solutions to support operations in line with the Agency's development standards and principles; developing and implementing a governance

model and Information Management System and Technology (IMST) architecture; Achieving Operational Excellence in optimising ICT systems and processes required by business; and ensuring high availability and high integrity of information and systems (SASSA Annual report 2010/11:21).

2.7.1.1.7 Revised Norms and Standards for Social Assistance

According to South African Social Security Agency 118th Edition e-newsletter (2013:1), SASSA finalised its revised Norms and Standards for social assistance service delivery. These Norms and standards were approved by the CEO Ms Virginia Petersen on 17 May 2013 for immediate implementation. This is the second version for SASSA since the first publication by the Department of Social Development in 2003.Since the establishment of SASSA the social assistance business has evolved and the version published by Social Development was outdated and had to be reviewed to be in line with the latest developments in the social assistance service delivery. These norms and standards serve as promises made to the community of what will be delivered by SASSA, within what time frames, and according to what quality.

- **Difference between Norms and Standards**

To ensure a common understanding among the stakeholders, it is imperative to define norms and standards. Norm is something that all parties agree upon to act in a particular manner, a set of agreed principles and procedures. Standards are minimum measures or levels at which we have to operate these measures have a time, cost, quality, equity or quantity dimension (SASSA's 118th Edition e-newsletter (2013:1).

The main area of focus of the norms and standards is on Grants Administration and Payment as the core business of SASSA. This covers the application processes, customer care, disability management, beneficiary maintenance and payment management. The norms and standards are intended to measure SASSA internal business operations and services provided to the public. It is the mechanism that internal and external stakeholders can use to assess SASSA business and hold SASSA to account on the standards set in the document. The implementation of the standardised business process model and the new payment system introduced elements that needed

to be measured to ensure that SASSA implement improved business processes and customer services. To ensure compliance to these norms and standards, self-monitoring mechanisms for both Grants Administration and Payments are in place, and monitoring will be done on a regular basis. The other units within SASSA such as Service Delivery Monitoring will provide independent monitoring to measure compliance.

Some of the areas where SASSA has committed itself in terms of service delivery standards include: completion of the application process from start to finish, will not take longer than 55 minutes per application, finalisation of applications taken from service points to be done within 21 working days, medical assessment should be done within 30 days from the date of booking, Counter service points served by mobile team/s should be available to respond to social assistance needs in communities where a SASSA office does not exist, complaints or queries received should be resolved on the same day. Where a complaint or query is referred, it should be resolved within 5 working days from the date of receipt, 100% of applications for internal reconsideration finalised within 90 days, All pay points shall have basic facilities such as seating, toilets, water, medical first aid kits, wheelchairs, and shelter during payment times, the number of machines at a pay point must be deployed according to number of beneficiaries to be paid within the set time from 8:00 – 16:00 and the files to progress from back office to Record Management Centre within 5 days.

The Chief Executive Officer (CEO) of SASSA (SASSA's Annual report, 2012/13:6) pointed out that "standardisation and uniformity of business processes is still very problematic and much pronounced at local office levels. While some business processes were standardised, there were many others that were not. The lack of uniform business processes across the Agency not only projects a negative image of the Agency, but also results in the rendering of uneven levels of services."The CEO of SASSA (SASSA's Annual report, 2012:4) indicated that a key initiative in the year under review was the implementation of the Service Delivery Model (SDM), which the Agency developed in 2010/11. The major focus during the period under review was the implementation of a project related to the standardisation of business processes. The amalgamation of nine

provincial departments of social development in 2006 meant that the Agency had inherited vastly disparate systems of operation. This standardisation project will continue into the 2012/13 financial year until such time as all local offices are implementing standardised business processes.

2.7.1.1.8 Automation of core business system

South African Social Security Agency in the SASSA's Annual report (2010/11:20) SASSA recognised a need for automating core business process in order to:

- Provide management information for decision-making and accountability.
- Allow for systems interfacing.
- Fast-tracking of grant applications.
- Restrict access to the Social Pension (SOCPEN) system so as to minimise fraud and corruption.

The Chief Executive Officer (CEO) of SASSA (SASSA's Annual report, 2012/13:6) pointed out that "using innovative technology to deliver and improve the Agency's services will be key to service delivery improvement. 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." According to the SASSA's Annual Performance Plan (2013/14:9) the Agency has in place various information and communication technology (ICT) systems, for example, the Social Pension (SOCPEN) and management information system (MIS), that were not integrated, thus making the Agency vulnerable to fraud and corruption. The process of integrating ICT systems had begun, but with limited success. Going forward, the Agency ensured that an integrated end-to end ICT solution was developed to combat fraud and corruption. The anticipated ICT solution resulted in the following: effective interfaces with other government systems (those of the Department of Home Affairs and the South African Revenue Service (SARS) and improved user access through biometric implementation and the automation of the business process through the Improved Grant Application Process (IGAP).

2.7.1.2 Promotion of good governance in the administration of the Agency.

Carrington, DeBuse and Lee (2008:1) refer to governance as a group decision-making that addresses shared problems. Governance is more about the process through which a decision is made, rather than the substance of the decision itself. In other words, governance is not necessarily about making an international organization stronger; rather, governance describes an international organization's rules and procedures that the organization uses to fulfil its goals. Whatever ends an international organization may decide to pursue, governance describes the mechanisms through which the organization implements its policies.

SASSA was faced with the challenge of standardising the implementation of the social assistance legislation and policies across the nine regions as a result of inheriting different systems, procedures and processes from nine Provincial Departments of Social Development. To date a number of policies, procedures and guidelines have been developed towards standardising service delivery across SASSA (SASSA's Annual Report (2008/09:25). According to O'Rellie (2009:2) the definition of governance is the way organisations are directed and controlled to ensure that they are effective in achieving their objectives.

2.7.1.2.1 Integrity Policy

According to SASSA's Annual report (2012:16), the Integrity Policy seeks to strengthen the Code of Conduct and Ethics, while also serving as a stop-gap mechanism to address weaknesses identified in other policies that aim to regulate the conduct of staff. The Agency believes that good governance is its foundation for the delivery of quality services and being accountable. In ensuring good corporate governance, a number of initiatives were embarked upon that were geared towards building a culture that is conducive to high standards, ethical conduct and service delivery. These included the development of the Ethics Programme, Ethics Survey and Ethics Audit, as well as the conducting of follow-up reviews. Findings on the level of compliance of senior officials in disclosing their

financial interests, which were reported in the Ethics Audit that was conducted during the 2010/11 financial year, were followed up on.

The nature of the Agency's business which involves cash payment to beneficiaries, positions it as a possible target for fraud and corruption. The Agency has realised that proactive measures are the best way to fight fraud and corruption in the process of grants administration. The integrity model therefore seeks to address weaknesses that lead to the Agency being susceptible to irregular practices by both its employees and the public. This model introduces a paradigm shift, from focusing on detection and investigations to validation of the eligibility of beneficiaries for social grants including life verification and to confirm the existence of the beneficiaries. he researcher perceived that these strategies formed the basis of the present strategies since SASSA started operating in 2006 and they are improved on a regular basis. Sound financial management across the Agency. The Minister of Social development in the SASSA Annual report (2010/11:9) committed herself that   on sound financial management prescripts were strictly complied with. To provide independent assurance on the adequacy, effectiveness and efficiency of management implemented controls.

2.7.2 The Effectiveness of SASSA's used strategies on social grants

2.7.2.1The achievements of re-registration of social grants

According to the SASSA Annual Performance Plan (2013/14:12) the South African Social Security Agency has developed a new payment solution, comprising a new biometric-based payment system for social grants that will be used to verify the eligibility of beneficiaries and introduces cost efficiencies in the payment of grants.

Figure 2: Beneficiaries queuing for re-registration

The Minister of Social Development in the media briefing in 2012 pointed out that conducive environment was created for SASSA to have a solid database of all beneficiaries which can enable it to pay grants on behalf of government in the future. Beneficiaries were able to be enrolled within close proximity of the communities where they lived. It allowed life certification of beneficiaries monthly.

Figure 3: Beneficiaries waiting for voice recording and fingerprints

2.7.2.3 Achievements of Biometric-Based Payment Solution

The Minister of Social Development appointed a Ministerial Advisory Committee on the 02 September 2013 as a financial accounting measure to investigate and advise her on the best payment option for Social Security. The Committee was tasked with the responsibility to explore the existing market for a suitable payment model that will make SASSA pay out social grants in-house (Media briefing, Minister: 2013). An internal SASSA Communication dated 25 October 2013 was circulated confirming that SASSA will host the 1st annual Anti-Corruption Conference on the 04 November 2013. SABC 3 announced on the 05 November 2013 that SASSA holds its 1st Annual SASSA Anti-Corruption Conference under the theme "Closing the fraud and corruption gap in the social grants administration process" (SASSA, CEO SABC 3: 2013). "In this financial year alone, 7 734 frauds and corruption cases have been reported. 52 employees have been suspended and 25 dismissed, while 7 have been fired before or during disciplinary proceedings.

2.7.3 The nature and effectiveness of Private-Public Partnership (PPP) model in managing social grants.

2.7.3.1 Public-Private Partnership

The National Treasury on PPP's asserted that in April 1997, the South African Cabinet approved the appointment of an inter-departmental task team to develop a package of policy, legislative and institutional reforms **t**o create an enabling environment for PPPs. Pioneering PPP projects were undertaken between 1997 to 2000 by the SA National Roads Agency for the N3 and N4 toll road. National Treasury further described Public Private Partnership (PPP's) according to the South African law as a contract between a public sector institution/municipality and a private party, in which the private party assumes substantial financial, technical and operational risk in the design, financing, building and operation of a project (www.treasury.gov.za).

Figure 4: Beneficiaries and children re-register

Public-Private Partnership (PPP) can be described as a contractual relationship where a private party takes responsibility for all or part of a government's (SASSA) functions. In essence, it is a contractual arrangement between the public sector agency and the private sector concern, whereby resources and risks are shared for the purpose of delivering a public service, or for delivering infrastructure. Various measures, like outsourcing, privatisation, etc., have been used by government to enhance PPP. The extent of the role and responsibilities of both public and private sectors could vary in different PPP projects. However, the public sector retains responsibility for deciding on the nature of services to be provided, the quality and performance standards of these services to be attained, and taking corrective measures if performance falls below expectation (Hardcastle and Boothroyd).

Sogoni (2011:15) defines PPP's as a contemporary methodology employed by public and private entities to achieve, through symbiotic relations, set objectives of improvement of service delivery and increased profit margins. According to the International Monetary Fund (IMF, 2006:3) through the PPP's, the private party enters operational zones of providing services that were traditionally delivered by government. The Organisation of Economic Co-operation and Development (OECD, 2008:12) supports this assertion and states that PPP's is an agreement between government and a private entity aimed at strengthening government's service delivery capacity. Forrer, Kee and Newcomer

(2010:475) pointed out that Public–Private Partnerships have existed worldwide at least since the time of the Roman Empire (e.g., the use of private tax and toll road collectors) and in the United States since it's founding. During the Revolutionary War, the Continental Congress authorized the use of privateers to harass the British navy. Later, much of the West was developed through a variety of PPPs, including the cross-continental railway (Bain 1999).

Lawrence and Littman (2003: 4), as cited by Ijeoma and Nwaodu (2013:226) see a link between privatisation and Public-Private-Partnership (PPP's). Public-Private Partnerships (PPP's) "present new perspectives on the challenges faced by government to more effectively, efficiently and creatively partner with the private sector to develop and implement new models of contracting to meet the increasing demand for better quality and more innovative service delivery". Sogoni (2011:6) concluded PPP's represent a commercial transaction between public entities and private partner(s). The private party performs an institutional function on behalf of the public institution. In doing so, the private party assumes substantial financial, technical and operational risks, and in return, the private party receives a benefit for performing the institutional function. Public-Private Partnership is a network of cooperative arrangements between government and private entities intended to ensure that government focuses on core business, whilst subletting the private parties to address the non-core functions that are aimed at stimulating quantitative and qualitative service delivery (Sogoni, 2011:6).

2.8 CONCLUSION

The review of literature on assessing financial accountability, and PPP's as a mechanism for financial accountability validated the responsibility and commitment of government to the people. Choosing the partner in business with the relevant skill and potential will bring one closer to the organisational objectives. It is acknowledged that social grants reduced poverty especially among the poor and vulnerable. In addition, the review also highlights the importance of PPP's, especially the role of the private sector in the area of biometric payment solution, carries on   the argument that PPP's should be chased in order to weight ideas, capabilities and resources to achieve public service goals. SASSA is a 3A

entity meaning that funds (Social Grants) are provided by Parliament and these funds are controlled under PFMA, 1 of 1999 which is about responsibility and accountability. It is vital that financial accountability be applied on social grants. The focus on the next chapter will discuss the research design and methodology.

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

This chapter presents the research design and methodology that were used in this study. The chapter further presents the methods that were used. The methodology on the other hand summarises the research approach and instruments that were used to collect data correspondingly. The research design aided the researcher to use data collection techniques that suited the research problem.

3.2 RESEARCH APPROACH TO THE STUDY

Blumberg (2008:295) identifies qualitative approaches as content analysis, narrative analysis, ethnography, action research and grounded theory. Content analysis is described as a technique based on the manual or automated coding of transcripts, documents, (newspaper) articles or even audio and video material. The primary objective of content analysis is to condense the often bountiful information to a convenient amount. Narrative analysis is also described as a qualitative research method which allowed in depth investigation. Action research focuses on another objective, namely social change or the creation of socially pleasing outcomes and it mainly relies heavily on continuous interaction between researchers, participants and practitioners. Grounded theory is described as an approach which starts with the data and not with the theory and uses this data in an iterative process of coding, categorising and comparing to formulate a new theory.

Heidelberg, (2011:305) cited Professor Luton as a scholar who provides a general guidebook to qualitative inquiry. Professor Luton mentioned four most common qualitative approaches, namely interviewing, narrative inquiry, ethnographic approaches and case study approaches. Luton as cited by Heidelberg (2011:306), describes ethnographic

approaches as satisfactorily outlines technical challenges, such as acquiring access to subjects, defining the scope of the project and allowing the project to evolve with the inquiry. Maree (2007:101) asserts that research approaches are hermeneutics, content analysis, conversation analysis, discourse analysis and narrative analysis. The scholar further points out that hermeneutics provide the philosophical grounding for interpretive content analysis. It analyses things such as books, written documents and reports, conversation analysis for the study of talk, discourse analysis focuses on the meaning of the spoken and written word and the reasons why it is the way it is. Narrative analysis is the collection and the analysis of stories of participants. Content analysis research approach was used in this study since it analysed written documents and reports.

3.3 RESEARCH DESIGN

Babbie and Mouton (2001:72) posit that research design has two major aspects namely, first one needs to specify as clearly as possible what one intends to find out, secondly, one needs to determine the best way to do it. Secondary data was further described by Babbie and Mouton (2001:76) as census data or documents and texts that were used previously by researchers as existing data. This study followed the descriptive qualitative research approach for the reason that document analysis was used. Strauss and Corbin (1990:17) assert that qualitative research means "any kind of research that produces findings not arrived at by means of statistical procedures or other means of quantification". However, both qualitative and quantitative researchers need to test and demonstrate that their studies are credible. While the credibility in quantitative research depends on instrument construction, in qualitative research, "the researcher is the instrument" (Patton, 2001:14). Maree (2007:70) illustrates that in the research literature "six types of qualitative research designs are often discussed: conceptual studies, historical research, action research, case study research, ethnography and grounded theory. Conceptual study is defined as a study that is largely based on secondary sources that it critically engages with the understanding of concepts and it aims to add to the existing body of knowledge understanding. Conceptual study is about document analysis study (Maree, 2007:71).

Creswell and Clark (2011:7) argued that there are times when qualitative research may be best, because the researcher aims to explore a problem, honour the voices of participants, map the complexity of the situation, and convey multiple perspectives of participants. According to Babbie and Mouton (2001:646), the goal of qualitative research is to describe and understand rather than posit prediction and explanation. Van Maanen (1979:520), as cited by Welman *et al.* (2005:188), supports Babbie and Mouton in that qualitative research is an umbrella phrase, covering an array of interpretive techniques, which seeks to describe, decode, translate and otherwise come to terms with the meaning of naturally occurring phenomena in the social world.

The researcher opted to use qualitative research approach because SASSA rejected the conducting of this research, stating verbally that research studies that are connected with fraud, corruption and financial accountability are usually not accepted by the Agency. Welman *et al.* (2005:188) concluded that the qualitative approach is also fundamentally a descriptive form of research. According to Brynard and Hanekom ((1997:29) qualitative methodology refers to research which produces descriptive data. Creswell (2007) as cited by Maree (2007:259) speculated that qualitative research is an inquiry process of understanding where a researcher develops a complex, holistic picture, analyses words, reports detailed views of informants, and conducts the study in a natural setting. Creswell and Clark (2011:211) argued that in qualitative research, there is more of a focus on validity than reliability to determine whether the account provided by the researcher and the participant is accurate, can be trusted, and is credible.

3.4 DATA COLLECTION TECHNIQUES

Layder (1993: 54) categorises a number of instruments that can be used to gather data. Among these are interviews, intake forms, questionnaires and surveys, attendance records and documents. The researcher used official documents because of the sensitivity of the research topic. The South African Social Security Agency Annual reports, AGSA reports and SASSA's Annual Performance Plan focus on all types of written communication that shed light on the phenomenon that the researcher investigated. Punch (2005:184) supported Layder that a range of documents might be

used as references by the scholars, and these include SASSA's annual reports, Auditor General's reports, PFMA 2012/3 Consolidated general report, Audit outcomes of Ministerial Portfolios as well as SASSA's Annual Performance Plan 2013-16. Maree (2007:82) posits that the official documents like a letter in a company report in which the researcher has gathered from the participants or organisation directly (e.g. minutes of a meeting, reports, correspondence) are the original source documents.

The researcher opted for a desktop research. Primary data was collected by reviewing the following official documentary sources:

- The 2011 to 2012 SASSA Annual Reports.
- Audit outcomes of Ministerial Portfolios 2009 to 2012.
- Auditor General South Africa (AGSA) Consolidation General Report on the national and provincial audit outcomes – PFMA 2012-13.
- South African Social Security Agency's Annual Performance Plan 2012/13 – 2015/16
- South African Social Security Agency Act , no. 9 of 2004
- Public Finance Management Act, no 1 of 1999
- South African Social Security Agency Re-registration process including benefits and challenges : 2012

The Auditor General's reports, SASSA reports, empirical research findings conducted by UNICEF in partnership with the Department of Social Development, 2008 and other government documents, were regarded as reliable and valid. These documents were useful because they contained the relevant information needed for the research project. The documents included letters, e-mail messages and other official document that provided information which was relevant to this research.

3.5 VALIDITY AND RELIABILITY

To understand the meaning of reliability and validity, it is necessary to present the various definitions of reliability and validity given by many qualitative researchers from different perspectives. Although reliability and validity are treated separately in quantitative studies, these terms are not viewed separately in qualitative research. Instead, terminology that encompasses both, such as credibility, transferability, and trustworthiness is used Golafshani (2003:600).

3.5.1 VALIDITY

Davies and Dodd, 2002, Lincoln and Guba, 1985,Mishler, 2000, Seale, 1999 and Stenbacka, (2001), as cited by Golafshani (2003:602), assert that many researchers have developed their own concepts of validity and have often generated or adopted what they consider to be more appropriate terms, such as, quality, rigor and trustworthiness. Golafshani (2003:602) further pointed out that "the idea of discovering truth through measures of reliability and validity is replaced by the idea of trustworthiness (Mishler, 2000), which is "defensible" (Johnson 1997:282) and establishing confidence in the findings (Lincoln and Guba, 1985)"

3.5.2 RELIABILITY

A good qualitative study can help the researchers to "understand a situation that would otherwise be mysterious or puzzling". If the researchers sees the idea of testing as a way of bringing forth the information then the most important test of any qualitative study is its quality (Eisner, 1991:58), (Lincoln and Guba, 1985), as cited by Golafshani (2003:601), seeks to understand that the terms reliability and validity are essential criteria for quality in quantitative paradigms; in qualitative paradigms the terms credibility, neutrality or conformability, consistency or dependability and applicability or transferability are to be the essential criteria for quality. "To ensure reliability in qualitative research, examination of trustworthiness is crucial while establishing good quality studies through reliability and

validity in qualitative research, states that the "trustworthiness of a research report lies at the heart of issues conventionally discussed as validity and reliability" (Seale, 1999:266).The researcher tested the validity and reliability of this study by using SASSA's Annual reports, the Auditor-General of South Africa reports and Public Finance Management Act No1 of 1999, as these documents were the primary sources as stated by Maree (2007:82). The results were credible and defensive since the validity and trustworthiness were tested (Johnson, 1997:283).

3.6 ETHICAL CONSIDERATION

Cooper and Schindler (2006:120) define ethics as norms or standards of behaviour that guide choices about behaviour and relationships with others. Ethics are a set of moral principles which offer behavioural expectations and rules about the most correct conduct towards respondents and experimental subjects, sponsors, employers and other researchers, (De Vos, Strydom and Fouche, 2005:57). Strydom (2002:30) contemplated that anyone involved in research needs to be aware of the general agreements about what is proper and improper in scientific research.

The researcher agrees with Bak (2004:28) that any research that involves people must show an awareness of the ethical considerations, and there should be an agreement to conduct the research in accordance with ethical procedures. Ethics were considered in this study by practicing honesty and confidentiality in reporting of results. The information gathered from official documents was used for academic purposes only.

Govan Mbeki Research Development Centre (GMRDC), 2014 forwarded an e-mail dated 22 January 2014 informing all post graduate students that conducting "desktop research or Lab based research that does not involve collecting data from humans and animals need not apply for Ethical Clearance Certificate even though they are strongly urged to observe good ethical conduct when using information by others".

3.7 DATA ANALYSIS TECHNIQUES

Welman *et al.* (2005:213) defined data as conversion of raw, meaningless information into meaningful data that can be analysed and meaningful decisions be based upon. According to Patton (2002), as cited by Schutt (2006:321), qualitative analysis transforms data into findings. Qualitative data focuses on text rather than numbers.

It is further stated that good qualitative data analyses are also distinguished by their focus on the interrelated aspects of the setting, group, or person under investigation. Maree (2011:99) argues that qualitative data analysis is usually based on an interpretative philosophy that is aimed at examining meaningful and symbolic content of qualitative data. Schutt (2006:325) described the techniques of qualitative data analysis as documentation of the data and the process of data collection, organisation /categorization of the data into concepts, connection of the data to show how one concept may influence another; corroboration, by evaluating alternative explanation, disconfirming evidence, and searching for the negative cases and representing the account (reporting the findings).

The researcher analysed the qualitative data by understanding the official documents and reported the findings.

3.8 CONCLUDING REMARKS

This chapter has provided a clarification of the research methodology exercised in this study. The researcher opted for the qualitative approach, given the sensitive nature of the research topic and the response from the organisation in which the researcher intended to conduct the study. Conceptual study as described by (Maree, 2007:71) as one of the qualitative designs was used which is a document analysis study. The data was collected from official documentary sources the researcher deemed as having the required information. Ethical guidelines were observed and highlighted in the study. The chapter concluded by detailing how the mass of collected data were analysed using document analysis. The next chapter will focus on the presentation, analysis and interpretation of the data collected using the methodology described in this chapter. The objectives of this study included the mechanisms established and the strategies used to improve financial

accountability on social grants at SASSA, the effectiveness of the strategies used to benefit the recipient and to evaluate the nature and extent to which the Public-Private Partnership model adopted by SASSA for social grant management has enhanced financial accountability and yielded the desired outcome.

CHAPTER FOUR

4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 INTRODUCTION

The findings of the study will be outlined in a clear, concise and comprehensive manner in this chapter. Some researchers view analysis of a text as a way of understand what participants "really" thought, felt, or did in some situation or at some point in time(Morrill *et al*, 2000:321). The data to be analysed is text rather than numbers. The data collected from official documents will be analysed using the content analysis. The objectives of this study are to establish the mechanisms and strategies used to improve financial accountability in social grants at SASSA, the study of the effectiveness of these strategies in benefiting the recipients and evaluating the nature of and extent which the Public-Private Partnership model adopted by SASSA for social grant management has enhanced financial accountability and yielded the desired outcome. In this chapter the researcher will present the data, analyse and interpret it as per the objectives.

4.2 TO ESTABLISH THE MECHANISMS AND STRATEGIES USED TO IMPROVE FINANCIAL ACCOUNTABILITY ON SOCIAL GRANTS AT SASSA.

4.2.1 DATA PRESENTATION, ANALYSIS AND INTERPRETATION

The data that will be presented in this study is a primary data which included South African Social Security Agency's 2011/12 annual reports, Auditor General's reports, Public Finance Management Act, No 1 of1999 (2012/13) Consolidated general report, Audit outcomes of Ministerial Portfolios as well as SASSA's Annual Performance Plan 2013-16. Maree (2007:82) asserts that the official documents like a letter in a company report in which the researcher has gathered from the participants or organisation directly (e.g. minutes of a meeting, reports, correspondence) are the original source documents. Different strategies were used by six branches of SASSA, namely Grants Administration,

Strategy and Business Development, Information and Communication Technology, Corporate Services, Internal Audit and Risk Management and Finance and are listed below. Finance branch based its strategy on improving the effectiveness and efficiency of the administration of grants. Corporate Services and Internal Audit and Risk Management's strategy was based on promoting good governance. Three branches namely Grant Administration, Strategic and Business Development, and Information and Communication Technology based their strategies in improving the effectiveness and efficiency of the administration of the social assistance programme which will be presented in the next paragraph.

4.2.1.1 TO IMPROVE THE EFFECTIVENESS AND EFFICIENCY OF THE ADMINISTRATION OF THE SOCIAL ASSISTANCE PROGRAMME

The South African Social Security Agency' s top management focuses on bringing out new strategies that will talk to the vision and objectives of the Agency. The middle management, the lower management and the workers are the implementers of these strategies. Grant Administration is the core business of SASSA. Grants Management provides grant administration service to beneficiaries. This includes operations management, customer-care, disability management, beneficiary management, payment and contract management (SASSA, 2011-2012). The following were the key strategic issues that guided and informed the work of SASSA during 2011 and 2012.

4.2.1.1.1 Policy and legislation on social assistance

For accountability to be effective and efficient in these five branches, performance as a tool to assess the staff's commitment to the organisation's objectives is of paramount importance. According to the South African Social Security Agency (2012:23) the performance indicator was determined by the impact of policy changes including normal growth and the projected number of grants in payment and also the number of beneficiaries receiving social grants in order to assess the progress made in different grant types (SASSA Annual Report, 2012:22).

The other aspects include projected number of beneficiaries receiving grants who were impacted by the policy changes, the development and implementation of Internal Reconsideration Mechanism and the Social relief of Distress percentages disbursed in accordance with approved guidelines. According to the South African Social Security Agency Annual Report (2012:24) only 60% of internal reconsideration requests were adjudicated within 90 days. Some beneficiaries applied for Social grants and through means test and other reasons their grants were rejected, some grant payment were reduced. The waiting period for those beneficiaries who appealed was 90 days and was too long (SASSA Annual Report, 2012:15). Some of the beneficiaries, by the time their reconsideration requests were adjudicated, were late or changed their dwelling places and were unknown because to some beneficiaries cell phones were luxuries because they needed to be maintained and loaded with airtime now and again. Minister on the SASSA Annual report (2010/11:4) cited the declaration of the President when he stated that "the world was feeling the effects of the recession which brought about previously unimagined levels of poverty on a global scale including the Republic of South Africa". She further supported this statement by pointing out that National Planning Commission indicated that "per capital income and employment fell about 4% and 1million formal and informal jobs were lost between the last quarter of 2008 and 2009".Thus targets needed to be improved or more staff was required to be employed because South Africa dealt with the poorest of the poor and the vulnerable people.

4.2.1.1.2 The improvement of grant application process

The improvement in the reduction in turnaround time from 90 days nationally to 21 days in the regions also acts as a tool to assess the improvement of grant application process and as a performance indicator (SASSA's Annual Report, 2012:24).Improved Grant Application Process (IGAP) was a tool that was used for automation of the business process. The researcher commended SASSA for IGAP because during that period the application for a grant took up to 90 days from application to approval so that the beneficiary could get the social grant approval or rejection letter (SASSA, 2010/11:7). This strategy was effective because the turnaround time was shortened.   The turnaround time was now seven days nationally. Presently the 3 Step Process programme is used in

the local offices and the turnaround time is 1-21 days nationally and one day in the local offices (Annual Performance Plan, 2013/14:14). It means that technology is improving every day.

4.2.1.1.3 Effective and efficient management of beneficiaries.

According to South African Social Security Agency's Annual Report (2012:24) for the effectiveness and efficient management of beneficiaries a number of beneficiaries were notified of administrative decisions, social grants reviews, life certification, percentages of grants to be lapsed were notified. For example a disability grant is either rejected or approved for either six months, twelve months or on a permanent basis. A number of files were unattended in the registry. For example backlogs of file transfers, files to be destroyed, missing files and loose documents which were supposed to be completed. According to SASSA Annual Report (2012:25) only 32% of beneficiary records with backlogs in the registry were completed. The other aspects are the number of beneficiary's records with exceptions like incorrect identity numbers, incorrect grant types, incorrect addresses, incorrect banking details, unrecorded deaths and dormant accounts, for example monies from the bank accounts which were not withdrawn for more than three months were supposed to be identified and the amount of money recovered from these accounts. The number of improved pay points as part of effective and efficient management of grant payments is vital (SASSA, 2012:25).

The conditions at pay points were in a bad state and the challenges were that a large number of pay points where beneficiaries received their cash payments did not meet the norms and standards with regard to providing humane basic facilities. In some cases beneficiaries were exposed to security and health risk. Most rural pay points required urgent infrastructural attention and prevention of exploitation of beneficiaries by merchants and money lenders (SASSA's Strategic Plan, 2011/12:15). According to SASSA's strategic plan (2012/13:5) the conditions under which beneficiaries received their grants at some pay points were far from satisfactory. A large number of pay points did not meet the norms and standards applicable to humane basic facilities. Occupational Health and Safety Act, No 85 of 1993 as amended (sections 8 to 13) stipulates that "the

employer or SASSA has got a responsibility to ensure that activities do not have an adverse effect on the general public". Therefore Health and Safety officials needed to visit those sites and reprimand SASSA for negligence. The researcher supported the Minister when she indicated that merchants and money lenders needed to be addressed (SASSA's Strategic Plan 2012/13:5) because the intended purpose of giving out social grants to support these families was not fulfilled.

4.2.1.1.4 Integrated Community Registration Outreach Programme (ICROP) Strategy.

South African Social Security Agency seeks to identify through this program the number of rural wards being accessed and the number of beneficiaries who accessed the social assistance programme. A total number of 65 500 beneficiaries was targeted (SASSA's Annual Report, 2012:26). The Chief Executive Officer supported this statement by concluding that increased access to social assistance was further enhanced by the implementation of the Improved Community Registration Outreach Programme (ICROP). The ICROP was established to improve access to and equity in services by beneficiaries residing in rural and semi-rural areas. It was a major success, largely as a result of effective partnerships with key stakeholders, such as government departments, non-governmental organisations, faith-based organisations, traditional leaders and ward councillors.

During the period under review, the ICROP targeted 44 rural wards for the provision of social assistance. However, 495 rural wards benefitted through special ICROP requests. A total of 98 472 beneficiaries had access to social assistance grants through the ICROP. This exceeded the target of 65 500 beneficiaries for the year under review (SASSA's Annual report, 2012:3). Accessing social assistance grants to the rural and needy beneficiaries reveals that SASSA applied the principle of access in Batho Pele.

4.2.1.1.5 Customer Relations Management Strategy

The Customer care charter which was piloted in three regions was implemented and this was a result of attended complaints and enquiries within an observed period of five days (SASSA's Annual Report, 2012:26). This was also a yardstick of financial accountability on social grants. Some of the South African Social Security Agency officials were not committed customer centric approach as claimed on the SASSA values where it was stated that "SASSA will take the needs of the customers into consideration by developing user-friendly and quality products and services". This statement was supported by the Minister when she received "reports of the aged waiting 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." These senior citizens then have to return the following day. This is unacceptable, given that these are poor people who have travelled long distances, only to be turned away. Moreover, they have to find additional money for transport fares, which is an extra burden on them as they are already struggling financially'.

4.2.1.1.6 Information and Communication Technology business application systems

Information and Communication Technology controls and ensures the confidentiality, integrity and availability of state information which enables service delivery and promotes national security (PFMA, 2012/13:47). Financial accountability on ICT looks at the percentages of available and accessible systems, the development and implementation of technology road map and the implementation of automated core business systems. This business system was supposed to encompass business, information, data application technology and infrastructure architectures covering the SASSA core business value chain. During this period ICT delayed in the procurement process for the appointment of an enterprise architecture service provider. The service provider was appointed in February 2012. There was also a delay in the procurement process to secure suppliers for providing the biometric solution to the Agency. SITA was appointed in February 2012 to implement the biometric solution for SOCPEN users SASSA Annual report (2012:33).

Since the Information and Communication Technology (ICT) failed to provide ICT services relating to information management, enterprise architecture, business solutions development and ICT operations management (SASSA's Annual report, 2012:14), it is essential that the activities of ICT be monitored and controlled.

4.2.1.1.7 Revised Norms and Standards for Social Assistance

The amalgamation of nine provincial departments of Social Development in 2006 meant that the Agency had inherited vastly disparate systems of operations. The standardisation project was supposed to continue into the 2012/13 financial year until such time as all local offices implemented standardised business processes (Annual Performance Report, 2013/14:12).

Some of the areas where SASSA has committed itself in terms of service delivery standards included**:**

- Completion of the application process from start to finish, will not take longer than 55 minutes per application;
- Finalisation of applications taken from service points to be done within 21 working days;
- Medical assessment should be done within 30 days from the date of booking;
- Counter service points served by mobile team/s should be available to respond to social assistance needs in communities where a SASSA office does not exist;
- Complaints or queries received should be resolved on the same day. Where a complaint or query is referred, it should be resolved within 5 working days from the date of receipt;
- 100% of applications for internal reconsideration finalized within 90 days;
- All pay points shall have basic facilities such as seating, toilets, water, medical first aid kits, wheelchairs, and shelter during payment times;

- The number of machines at a pay point must be deployed according to number of beneficiaries to be paid within the set time from 8:00 – 16:00;
- Files to progress from back office to Record Management Centre within 5 days.

 Prior to 2006 there was no proper standard of service delivery in the provinces. Each office hired its service provider, for example some provinces were using All Pay others were using Cash Payment Services etc. and it cost the department a lot of money. South African Social Security Agency has taken over the social assistance functions from the provinces, supposedly to minimise costs, improve delivery and reduce fraud and corruption (Reddy and Sokomani (2008:4).The Social Assistance Act No.13 of 2004 section 3 (a) stipulated that the objects of the Act are to ensure that minimum norms and standards are prescribed for the delivery of social assistance. According to SASSA's Annual Report, (2012:17) SASSA embarked on the standardisation of staffing in local offices which included, time and motion studies, which led to the development of staffing norms for all the standardised operations in local offices, the development of a capacity model, which included the job profiling of positions in line with the standardisation processes and the Western Cape skills audit, which identified areas of skill development and accessing which training interventions were required.

4.2.2 TO IMPROVE THE EFFECTIVENESS AND EFFICIENCY OF THE ADMINISTRATION OF GRANTS

The second strategy by the Finance branch based its strategy on improving the effectiveness and efficiency of the administration of grants; the data will be presented in the next paragraph.

4.2.2.1 Provision of effective, efficient and economical financial management *services.*

The expected output in this branch was to apply a sound financial management across the Agency, which included reduction in irregular expenditure, compliance with inventory management and also to comply with asset management (SASSA Annual Report,

2012:32).According to SASSA Annual Report (2007/08:8) the Chief Executive Officer, Mr Makiwane listed the interventions and strategies that were planned to be followed after the identified financial management weaknesses in the SASSA's Annual report 2006/07:

- Development of policies, procedures, techniques and mechanisms in addressing SASSA activities.
- Proper documentation, accounting and reporting of irregular, fruitless and wasteful expenses.
- Deployment of proper controls to secure and safeguard SASSA's assets (for asset management)
- Establishment of documents management system to ensure that there is no scope limitation for auditors.
- Development and implementation of procurement and financial delegations.
- Financial transactions and other significant events properly documented.
- Documentation of Internal Control and other significant events (for accruals, commitments etc.) were put in place.
- Proper system was put in place to ensure that all disclosure items to the financial statement are accounted for.

On-going challenges relating to fraud included the following: The lack of intergovernmental collaboration and inadequate intergovernmental system interfaces resulted in an environment in which fraud flourished. The cost of bringing fraudsters to book far outweighed the benefits and value for money. System deficiencies and leakages resulted in the perpetuation of fraud. Fraud perpetuated by staff became endemic in some regions (SASSA's Strategic Plan, 2011/12:14). Anguinis, (2005:1) asserts that performance management is a continuous process of identifying, measuring and developing performance in organisations by linking each individual's performance and objectives to the organisation's overall mission and goals. Noe, Hollenbeck, Gerhart and Wright (2008:343) support Anguinis in describing performance management as the process through which managers ensure the employee's activities and outputs are congruent with the organisation's goals. The researcher is of the opinion that performance

is one of the pillars of financial accountability especially in the public sector. A lack of control measures in performance can be identified, which caused fraud to flourish and the discovery of experiencing that the cost of bringing fraudsters to book far outweighed the benefits and value for money system deficiencies and leakages resulted in the perpetuation of fraud which became endemic in some regions. According to the Social Assistance Act no 13 of 2004 section 30(b) it is stated that a person is guilty of an offence if he or she refuses or fails to comply with a requirement or request which the Agency or an employee of the Inspectorate has lawfully set or made in the performance of his or her functions in terms of this Act.

4.2.2.2 The Grant Payment System

Prior 1994 the country was divided into the republic, the self governing states and the homelands and each group operated differently from one another in the manner in which the payments of grants were managed. In 1994, there were nine provinces, each province had its own service provider and beneficiaries were paid in a cash form.

Now SASSA introduced this grant payment system strategy where Cash Paymaster Services (CPS) was the only service provider nationally to pay out social grants. This motion was supported by SASSA Act no.9 of 2004 (4) (2) (a) where the Agency may with the concurrence of the Minister enter into agreement with any person to ensure effective payments to beneficiaries, and such an agreement must include provisions contemplated in subsection (3).The provisions contemplated in subsection (3) include the effective , efficient and economical use of funds designated for payment to beneficiaries of social security, honest, fair, impartial and equitable service delivery, financial penalties for non-compliance with the provision of the agreement, the protection of confidential information held by the Agency and the protection and promotion of human dignity of applicants and beneficiaries of social security (SASSA Act No. 9 of 2004). Having separate service providers in different provinces led to fraud and corruption and lack of proper control by management. This mechanism of improving financial accountability was not fully effective since fraud and corruption were ripe during that period.

4.2. 2.3 Clean Audit

The system previously allowed the beneficiaries to get their social grants in their respective pay points then, SASSA negotiated with commercial banks together with the Post Offices. This resulted in the migration of beneficiaries from cash to an accrual basis of accounting marred by a number of challenges, which resulted in a disclaimer audit opinion by the Auditor General of South Africa. The Agency pledged that it would implement all measures that work towards a clean audit report. The Minister of Social Development Ms Bathabile Dlamini on the SASSA Issue (2012:1) dated 03 August 2012 described SASSA as heading towards the right direction. She further indicated that the Department's history of unsatisfactory audit opinion was caused by the poor management of grants beneficiaries records which were among the main reasons for the department's continuous qualified reports in the previous years. She expressed publicly that the Department together with its Agency the South African Social Security Agency were at the moment devoted to achieving a clean audit opinion before 2014. The researcher perceived this statement from the Minister as a pledge from the side of SASSA that they will be accountable and will comply with PFMA, 1999 in the future.

The Annual Performance Plan (2013/14 -2015/16:9) reported that through the dedicated efforts of staff, the Agency received a clean audit opinion in the 2011/12 financial year. However, it was worth mentioning that much work still needed to be done if the Agency wished to continue in this fashion. The Agency pledged that there would be no compromise on the effective implementation of internal controls. Correct procedures and guidelines will have to be implemented to conform to legislative mandates. The Public Service Commission (2002:8) Section 195 (1) (a) of the Constitution requires that "a high standard of professional ethics be promoted and maintained in public administration generally". In terms of the collective agreement (Public Service Co-coordinating Bargaining Council Resolution 2 of 1999) all the employees in the public service have the responsibility to comply with the prescribed code of conduct as this forms the main basis on which proactive , corrective and even disciplinary action rests. Therefore any official who did not comply with ethics which resulted in a disclaimer opinion from AGSA was

supposed to be disciplined because there were standard rules that were set by PFMA in terms of compliance in order to get clean audit.

4.2.3 TO PROMOTE GOOD GOVERNANCE IN THE ADMINISTRATION OF THE AGENCY

The third strategy by Corporate Services and Internal Audit and Risk Management was based on promoting good governance in the administration of SASSA. CIPFA (2004:7) defines good governance as the function of governance to ensure that an organisation or partnership fulfils its overall purpose, achieves its intended outcomes for citizens and service users, and operates in an effective, efficient and ethical manner.

4.2.3.1 Integrity Policy

The Integrity Policy seeks to strengthen the Code of Conduct and Ethics, while also serving as a stop-gap mechanism to address weaknesses identified in other policies that aim to regulate the conduct of staff (SASSA's Annual Report, 2012:16). The performance indicator as pointed out by SASSA's Annual Report (2012:28) was the implementation of the Integrity Policy which focused on the number of social grants that were verified for validity, to monitor the regions implementing the Ethics programme. The other aspects that were looked at were the percentages of fraud cases identified and referred to law enforcement agencies, the number of internal reviews needed to be checked. The Integrated Fraud Prevention Strategy which was supposed to bring people before the courts needed to be developed. An Integrity model was to respond to fraud and corruption, focusing on verification of beneficiaries. 132 603 beneficiaries were verified for eligibility and existence, and there were found to be 7133 fraudulent cases. An Integrity Policy was approved and implemented (SASSA, 2012:28). According to SASSA's Annual Report (2012:28) this strategy and mechanism met the annual target. The researcher was of the opinion that the intentions for this strategy was to monitor whether all the provinces did implement this program as it was piloted to check whether will it would be effective or not.

4.2.3.2 Effective and efficient management and development of human capital.

This strategy looked at the optimal utilization of staff, the development and the implementation of stakeholder Management Strategy and the Audit report on the status of the building infrastructure as reflected in the SASSA Building Infrastructure Improvement Plan. The strategic leadership and management competencies (including reporting and accountability) were largely centralised, the social assistance and administration services were delivered through various regional, district, and local offices. The other challenge was the filling of vacant funded posts which had an adverse effect on service delivery. Some regions were still sharing offices with the Department of Social Development and the implications were that there was equal sharing of running costs, suitable office space, job satisfaction and service delivery (SASSA's Strategic Plan, 2011/12:15).

The adverse effect on service delivery was as a result of the challenge of the filling of the funded posts. It was also indicated that only critical posts were filled. The failure in the service delivery may be caused by the vacant posts of officials who resigned or passed away and the rejection of straight transfers. These posts were frozen and the budget was used for another project. The CEO earlier on the SASSA Issue (2012:1) dated 26 October 2012 indicated that the beneficiaries were steadily increasing and so was the workload of employees. This gave room for fraud and corruption to whoever saw the opportunity. The Chief Executive Officer of SASSA further pointed out that in terms of section 4(1)(c) of the SASSA Act , 9 of 2004, a compliance and fraud mechanism needed to be established to ensure that the integrity of the social security system was maintained. She further highlighted that SASSA was serving more than 14 million beneficiaries of social grants with a total budget of R100 billion, so it was important that measures be put in place to detect cases of possible fraud and corruption. A Management Committee needed to account for not predicting this predicament. The researcher supported the idea that whenever beneficiaries grew in number, the staff was supposed to grow and it created a problem when the unfunded vacancy posts were redundant and resulted in overburdening the loyal staff.

4.2.3.3 The Service Delivery Model

The Service Delivery Model (SDM) was supposed to be implemented but was not implemented due to time constraint and the Agency's concentration on the implementation of prioritised projects (SASSA, 2011/12:27). The SDM structure was established but the Integrated SDM business plan was not achieved. This model was supposed to lead to the provision of better services and directed the organisation's energy towards achieving synergy between the various business units and was based on sound business principles. The SDM was intended to enable the Agency to deliver improved, standardised and coordinated services by multi-skilled staff, to its customers, to bridge the gap between the reality and the envisaged end-state, to ensure a more customer-focused organisation, to provide an opportunity, as well as solutions, to achieve the strategic objectives aimed at exceeding stakeholder expectations and overcoming major challenges and to provide a baseline of operational standards on which the agency could improve continuously, while adapting to an ever-changing environment(Strategic Plan, 2011/12:17).

The SDM was strategically pitched as it integrated the work of the organisation into a single coherent whole. It called for the automation of business processes to minimise delays in the approval of social grants. It improved the integrity of beneficiary data and improved uniformity in the provision of social assistance services. It also called for a payment model that would ensure cost effectiveness and easy and convenient access to social grants by beneficiaries as well as to provide the Agency with information to facilitate accountability (Strategic Plan, 2011/12:8).

The major focus during the period under review was the implementation of a project related to the standardisation of business processes at local offices, where the Agency interacted with citizens. By the end of the financial year, 4 154 staff at operational level had been trained and 123 local offices were implementing standardised business processes. This project was intended to continue until such time that all 331 local offices implemented the standardised business processes. This strategy was on track but

according to SASSA's Annual report (2012:27) the comprehensive integrated SDM business plan failed to be developed and approved due to time constraint.

4.2.5 REPORT OF THE AUDIT COMMITTEE

The South African Social Security Agency's Audit Committee highlighted the following challenges that faced the Agency during the financial year ending 31 March 2012.

4.2.5.1 The effectiveness of internal control

The Audit Committee pointed out that compliance with prescribed policies and procedures was lacking in certain instances so the system of internal control was not entirely effective. In so much that grants administration was the most critical component in regard to the missing files and critical documents (SASSA, 2012:37).The Internal Audit and Risk Management provided internal audit and risk management services. There was inadequate discipline regarding credible monthly reporting on financial, performance and compliance matters (SASSA, 2012:43). South African Social Security Agency's internal audit function was not fully staffed and was therefore unable to perform a full audit on the financial, performance and compliance matters of SASSA itself. Therefore Internal Audit was unable to report sufficiently to the Audit committee (AGSA, 2011/12:308).

4.2.5.2 General Review of the State of Financial Affairs at SASSA

The following financial statements reflect the irregularities that were noted by the Auditor Committee at SASSA and they were irregular, fruitless and wasteful expenditure. Irregular, fruitless and wasteful expenditure will be defined.

4.2.5.2.1 Irregular, fruitless and wasteful expenditure

Irregular expenditure is defined in section 1 of the Municipality Finance Management Act (MFMA) as follows:

"Irregular expenditure", in relation to a municipality or municipal entity, means—

- o expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;

- o expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;

- o expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or

- o expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure" (MFMA Circular No 68:5).

In the case of SASSA during the financial period 2011/12 an amount of R17 412 124 incurred was discovered as irregular expenditure of which R1 481 162 was due to delays and challenges relating to the lease agreements on buildings used by the Agency. Also included in the total amount of irregular expenditure was an amount of R4 499 867 relating to the delays in the signing of the service level agreement between the Agency and Sita in regard to the fraud hotline used by the Agency (SASSA's Annual Report, 2012:42). According to section 76 of PFMA, Act No. 29 of 1999 as amended, one of the four key responsibilities of the Accounting Officers was that the operation of basic financial management systems, including internal controls in departments and any entities they control. Paragraph (d) stipulates that the Accounting Officers who were negligent and made no effort to comply with these responsibilities would face strict disciplinary sanctions including dismissal.

4.2.5.2.2 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure is defined in section 1 of the Municipal Finance Management Act, 2003 (MFMA) (Act No. 56 of 2003) as follows: "fruitless and wasteful expenditure" means expenditure that was made in vain and would have been avoided had reasonable care been exercised. The concept of fruitless and wasteful expenditure is founded on public administration and accountability principles, to promote "efficient, economic and effective use of resources and the attainment of value for money" (National Treasury- MFMA Circular No.68). The Auditor General of South Africa highlighted that SASSA used an amount of R209 570.85 as at 31 March 2012 which was made out of traffic fines and was classified as fruitless and wasteful expenditure. There was also an amount of R115 300 that related to costs for the use of an exhibition stand (SASSA's Annual report, 2012:42).

The researcher supported the consequences of paragraph (d) of PFMA, 1999 in the sense that irregular expenditure of R1 481 162 that was caused by the delays and challenges relating to lease agreements on buildings used by SASSA and the amount of R209 570.85 which was classified as fruitless and wasteful expenditure for paying out traffic fines reflected negligence and a lack of financial accountability to the objectives of the Agency by the management so action should be taken to avoid this malpractice in the future.   The findings of the PFMA consolidated general report (2012-13:35)pointed out that unauthorised, irregular as well as fruitless and wasteful expenditure was not prevented or adequately dealt with. Further section 81(1) of the PFMA states that an accounting officer for a department commits an act of financial misconduct if he/she wilfully or negligently makes or permits an unauthorised expenditure, an irregular or fruitless and wasteful expenditure.

4.2.6 REPORT OF THE AUDITOR GENERAL PRESENTED TO PARLIAMENT ON THE ACTIVITIES OF SASSA.

4.2.6.1 Leadership

According to Batho Pele of Kwazulu Natal good leadership is one of the most critical ingredients for successful organisations. Organisations who do well in serving their customers can demonstrate that they have leaders who lead by example, who set the vision, and ensure that the strategy for achieving the vision is owned by all and properly deployed throughout the organisation. They take an active role in the organisation's success. The report of AGSA was that there was a lack of oversight responsibility regarding performance reporting and related internal controls. Policies and procedures were not established to enable and support understanding and execution of internal control objectives, processes and responsibilities regarding accurate, valid and complete performance reporting (SASSA's Annual Report, 2012:49). This therefore indicated that the leadership of SASSA neglected what is contained in Batho Pele and led to a lack of financial accountability on social grants as a core business of grant administration and action needed to be done for not complying with the objectives of the organisation.

4.2.6.2 Financial and performance management

Proper record keeping and related internal controls were not implemented in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support performance reporting. Regular, accurate and complete performance reports that were supported and evidenced by reliable information were not prepared in all instances (SASSA, 2012:49). The report that has been given by AGSA reflected that SASSA was one of the public entities that did not have audit committees in place, and where these were in place no review of internal controls, internal audit function, compliance with legislation and financial reporting was performed (PFMA general report,2012/13:35)

4.2.6.3 Governance

The internal audit unit was not adequately resourceful and functioning to ensure that internal control deficiencies regarding performance reporting were identified in a timely manner and to recommend corrective action effectively (SASSA, 2012:49). According to Carrington, DeBuse and Lee (2008:2) governance refers to group decision-making that addresses shared problems. They (2008:14) further pointed out that governance and accountability are flip sides of the same coin because governance and accountability ensure that internal policies and procedures are lawful and reflect the best interests of its stakeholders. The South African Social Security Agency believed that good governance is its foundation for the delivery of quality services and being accountable. In ensuring good corporate governance, a number of initiatives were embarked upon that were geared towards building a culture that is conducive to high standards, ethical conduct and service delivery. These included the development of the Ethics Programme, Ethics Survey and Ethics Audit, as well as the conducting of follow-up reviews.

4.3 THE EFFECTIVENESS OF STRATEGIES USED BY SASSA ON SOCIAL GRANTS

4.3.1 The achievements of re-registration of social grants

Social grant payments benefitted a total number of 16 018 967 South Africans, the Child Support Grant was the highest number of beneficiaries (11 303 939) followed by the Old-age Grant (2 838 621) and Disability Grant (1 180 063). The majority of beneficiaries were children, with between 500 000and 750 000 children. Out of 951 697 social grants applications processed in the first and second quarter, 820 286 were approved within21 days, representing an 86 % achievement. At the end of December 2012, 31 082 grants were suspended due to the beneficiaries' failure to review and 26 061 grants were suspended due to the beneficiaries' failure to be life-certified. It is also evident that females in all the regions account for the highest number of social grant beneficiaries, in

comparison to their male counterparts. With regard to Social Relief of Distress, R140 million was disbursed, constituting 85% of the annual budget for the half-year.

During Phase 2 of the project (from 1 April to 31 May 2012), all cash beneficiaries exchanged their old cards for new SASSA cards. During Phase 3 (from 1 June to 31 December 2012), the re-enrolment of all existing beneficiaries including banked beneficiaries and children, will begin. A total of 1 506 817 beneficiaries registered with one fingerprint and were issued with a temporary SASSA payment cards. Phase 3 commenced on 1 June 2012 for cash beneficiaries in the nine provinces, targeting one pay point per district per province. Statistics as at 22 October 2012 revealed that a total of 5 072 590 people were registered biometrically by capturing their fingerprints and photographs (SASSA Annual Performance Plan, 2013/14:12). Figure 2 illustrates the very long queues that were experienced during the period of re-registration of grants. Some challenges were experienced, for example parents, old and disabled beneficiaries travelled from rural villages very early in the morning with school going children. The Minister indicated that children should be brought after school and the elderly were going to be visited in the respective homes and it was a challenge because there was a shortage of staff and transport (Media Report 2012:3).

4.3.2 Benefits of Biometric Payments

4.3.2.1. A New Payment method Model

The elderly, the sick and poor and vulnerable people previously were supposed to get their social grants in their respective pay points. If the beneficiary was in Cape Town visiting the children because of ill health, around the payday he/she would have to take a bus or taxi back home so that the beneficiary could not miss the pay date. It means a lot of money being wasted. Another example was a woman whose hands and feet were amputated at Ilitha Township near Berlin.

The vision for the Agency was that it should be the paymaster in the future. The Agency contracted Cash Paymaster Services (CPS) for payment of social assistance grant to beneficiaries and is currently not the most effective method of doing business. The

challenge of ensuring an effective and cost efficient administration was made difficult by the fact that overall administration costs were still relatively high and this resulted in the new payment model. The Agency seeks to use this new payment solution to eliminate fraud and corruption and to enable it to have a solid database of all beneficiaries (Media briefing, 2012:1).

A new payment model allows the beneficiaries to get their social grants as from the 1st day of the month, irrespective of the area where the beneficiaries live and this count as one of their advantages. The challenges that were encountered by beneficiaries were that customer care for CPS queries and the bank for SASSA are in Gauteng Province only. Some beneficiaries are elderly, sick, illiterate and some live very far from town where they can use public Telkom phones for free. They end up visiting the SASSA offices for help and waste a lot of money. This cost them a lot of money because they travelled from far away villages and townships.

The researcher suggests that SASSA, together with CPS, should hold workshops where they invite beneficiaries in the closest locations to teach them the do's and don'ts when using the SASSA smart card.

4.3.2.2 Mass Beneficiary enrolment

The Agency appointed a service provider to manage the payment of social assistance to beneficiaries for five years. The provider was also expected to enrol all beneficiaries and recipients using biometrics. The aim was to assist with the identification of fraudulent grants and ensure the integrity of the beneficiary's data on the Agency's system (SASSA.s Annual report, 2012:1))

The mass beneficiary enrolment worked interchangeably with a new payment solution. The common goal was to eliminate fraud and corruption, and to enable a solid database of all beneficiaries through the new biometric-based payment system. The first phase started on 1 March 2012 with new beneficiaries being enrolled on to this system upon application. The Minister pointed out that on 01 March 2012 a total number of enrolled new beneficiaries was 60 000. As at 31 March 2012 a total number of Sekulula

beneficiaries were 878 000 who were enrolled. As part of the process, Sekulula beneficiaries were also enrolled and issued with a new payment biometric–based card. This mass beneficiary enrolment was divided into two phases, the first one is the one the researcher has just mentioned including those beneficiaries who were using pay points.

The second phase was from 01 June 2012 to 31 December 2012. This phase covered existing eligible beneficiaries, including bank beneficiaries and children were enrolled at SASSA pay points, local offices and designated sites. South African Social Security Services (SASSA) paid social grant benefits to over 15, 3 million South Africans, 10.3 million of whom were children (SASSA's Annual report, 2012:1).

The benefits of the new system were:

➢ Beneficiaries were able to use their SASSA branded cards anywhere in the country.
➢ It allowed life certification of beneficiaries monthly.
➢ Beneficiaries were enrolled within close proximity of the communities where they live.
➢ The improved biometric-based payment system minimised fraud and corruption.
➢ The system provided a service of R16, 44 (inclusive of vat) which translated into R2 billion per annum – a saving of R800 million per annum from the previous contracts.
➢ The system allowed the right person to be paid the right amount (Media briefing, 2012:3).

These benefits were some of the achievements that were predicted by SASSA which proved that Private-Public Partnership was effective and this partnership improved social grants financial accountability. This mass beneficiary enrolment was based in the South African Social Security Agency, Act No. 9 of 2004 chapter 2(4) (b) where it was asserted that one of the functions of the Agency was to collect, collate, maintain and administer such information as is necessary for the payment of social security, as well as 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.

4.3.3 Achievements of Biometric-Based Payment Solution

In a financial report for the year 2012/13, the Minister confirmed that the new biometric payment solution resulted in the voluntary cancellation of 15 000 grants consequently savings amounting to R150 million per annum was restored. The report further stated that the new payment system has given the beneficiaries the flexibility to withdraw their monies at any place in the country (SASSA, 2012/3). It also provided the Agency with the business intelligence to monitor payment patterns and track fraudulent activities. During the financial year 2012/13, about seven thousand seven hundred (7700) fraud cases were registered and more than fifty five percent of these cases have been finalised and closed. Fifty two officials were suspended from duty, including the Eastern Cape, and twenty five officials have been dismissed. The monetary value related to cases finalised as per the said report amounted to R59.4 million.

The Minister indicated that over the years, the Auditor-General raised concerns about the manual system that SASSA was using because it opened room for fraud and corruption (Media briefing, 2012: 1). The voluntary cancellation of 15000 social grants, the registered 7700 fraud cases and the fifty two officials that were suspended in the Eastern Cape at SASSA and the dismissal of twenty five officials were a sign that fraud and corruption at SASSA was still a problem but the strategies used by SASSA on social grants were effective.

4.4 THE NATURE AND EFFECTIVENESS OF PRIVATE-PUBLIC PARTNERSHIP (PPP) MODEL IN MANAGING SOCIAL GRANTS.

A new service provider was appointed in January 2012 to pay social grants on behalf of the Agency for the next five years. South African Social Security Agency (SASSA) embarked on a preparatory process to facilitate migration of beneficiaries from old contractors to new payment providers. At the end of the financial year, approximately 10.3m recipients were benefiting from the social assistance programme and the number of benefits stood at 16,018,967. Sogoni's (2011:61) findings on PPP's viewed them as very useful in leveraging private sector resources (funding and expertise) for capacity

development in the department. He further found out that the PPP's model of capacity development was mostly suitable for those departments where the private sector had a direct interest.

According to SASSA's Annual report (2007/08:17) the achievements of SASSA in the Private-Public Partnership in relation with ICROP can be attributed to SASSA's critical coordination of inter-governmental activities and its key role in ensuring that other government services were delivered in an integrated manner. Key strategic partners such as the Department of Home Affairs, the Department of Justice and Constitutional Development, the Department of Labour and the South African Police Service also played a critical role in ensuring that integrated services were brought to the doors of potential beneficiaries living in very remote areas of the country. Intergovernmental collaboration not only cemented SASSA's relationship with other government departments but also raised awareness about the services that SASSA offered.

South African Social Security Agency formed partnership with Cash Paymaster Services for the payment of social grants and Special Investigating Unit (SIU) which investigate and prosecute fraud cases. Through the SIU, the Agency continued to investigate and prosecute a total of 2 488 persons who were brought before the courts in the year under review and the reason for their prosecution and convictions was the result of fraud and corruption at SASSA. Of these 2 258 were convicted (SASSA, 2011/2012). The Public-Private Partnerships between South African Social Security Agency (SASSA), Special Investigating Unit (SIU) Cash Payment Services (CPS), the Department of Home Affairs, commercial banks and the South African Banking Risk Information Centre (SABRIC) co-operated and assisted in the fight against social grant fraud (SASSA Annual Report 2012:44).

This partnership resulted in some achievements which were observed but this was not enough. Cash Payment Services registered a total of 1 506 817 beneficiaries registered with one fingerprint and were issued with a temporary SASSA payment cards. Phase 3 commenced on 1 June 2012 for cash beneficiaries in the nine provinces, targeting one pay point per district per province. Statistics as at 22 October 2012 revealed that a total of

5 072 590 people were registered biometrically by capturing their finger prints and photographs (SASSA Annual Performance Plan, 2013/14:12).

The output that was expected from this branch was that the grant payment system should be developed. It was supposed to be standardised. The Grant payment contracts were issued in January 2012. The challenge the Agency faced still has the continued application of a manual system to manage and administer its business. The Agency pledged that in the years to come it will undertake a robust overhaul of its systems to improve service delivery to its customers. The continued use of manual systems has been a contributor to fraud and corruption in the social system (SASSA's Strategic Plan, 2011/12:5). The Agency promised to continue to collaborate with other government departments and law enforcement agencies to reduce fraud and corruption in the social grant system (SASSA's Strategic Plan, 2011/12:5)).

Re-registration model of social grants was as a result of a joint venture between South African Social Security Agency in partnership with Cash Paymaster Services (CPS) to pay out social assistance grant to eligible beneficiaries in the country. Re-registration meant the biometric registration of all beneficiaries, primary care givers and their children as well as all procurators. A statistical summary of social grants in South Africa, according to SASSA fact sheet: Issue no.10 of 2013 – 31 October 2013, indicated that the total number of beneficiaries was 15 240 126.. This collaboration with these departments together with Cash Paymaster Services therefore implied that the PPP's at SASSA brought positive results by allowing access as contained in Batho Pele that access was about taking services to customers who live far from main centres. It is about providing flawless access to services for all.

4.5 CONCLUSION

From the above analysis it is clear that the South African Social Security Agency is still encountering a lack of financial accountability on social grants nationally and whereas there were some achievements much still needs to done. The outcome of this analysis was based from SASSA.'s 2012 annual report, PFMA 2012/13 Consolidated General report, Audit outcomes of Ministerial Portfolios 2009 to 2012 and SASSA's Annual Performance Plan 2012/13 – 2015/16. It included the failures of the Agency in that there was a lack of intergovernmental collaboration and inadequate intergovernmental system interfaces resulting in an environment in which fraud flourished. The cost of bringing fraudsters to book far outweighed the benefits and value for money. System deficiencies and leakages resulted in the perpetuation of fraud.

The National Planning Commission indicated that "per capital income and employment fell about 4% and 1million formal and informal jobs were lost between the last quarter of 2008 and 2009".Thus targets needed to be improved or more staff was required to be employed because unemployment increases the number of applications for social grants and SASSA was reluctant to employ more staff and this gave a gap for fraud and corruption. Hence the Auditor-General and the Audit Committee's findings were pointing at the leadership's failure, unauthorised irregular as well as fruitless and wasteful expenditure and governance. The next chapter will give an account of the conclusions and recommendations deriving from the findings of this study.

CHAPTER FIVE

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter presents the conclusions and recommendations based on the research findings. The primary objectives of this study were: to establish the mechanisms and strategies used to improve financial accountability on social grants at SASSA such as the improvement of the effectiveness and efficiency of the administration of the social assistance programme, for example, policies, legislation and Integrity policy. To examine the extent to which the financial accountability strategies used by SASSA on social grants benefitted the recipients. For example, the achievements of re-registration of social grants and to evaluate the nature and the extent to which the Public-Private Partnership model adopted by SASSA for social grant management has enhanced financial accountability and yielded the desired outcome.

5.2 CONCLUSIONS

The following conclusions were based on the study's major findings derived from the analysis of the 2011/12 South African Social Security Agency (SASSA) Annual Report; Auditor General of South Africa (AGSA) Consolidation General Report on the national and provincial audit outcomes- PFMA 2012-12, South African Social Security Agency Act, No 9 of 2004, PFMA Act No 1 of 1999 and SASSA Re-registration process including benefits and challenges, 2012.The conclusion also seeks to verify if SASSA at various levels, implemented these strategies, policies and efforts to improve financial accountability on social grants, the capacity and will to implement them and the extent to which these policies and measures were enforced, monitored and evaluated.

  ➢ South African Social Security Services received a disclaimer of opinion from AGSA for period 2010-2011 due to 209 302 missing critical documents, 545 508 missing

files, 159 302 items of loose correspondence that still had to be placed in files and captured on the Management Information System (MIS).Clean Audit strategy was also used by SASSA to assure Social Development Minister after several disclaimer reports from AGSA. It succeeded because in the 2012/13 annual report AGSA indicated that SASSA was complying as stated in the PFMA (SASSA, 2012/12). This therefore meant that in order to get clean audit Public Finance Management Act 1999, consolidated general report 2012/13 specified that to avoid disclaimer opinion and get clean audit the accounting officer should ensure proper record-keeping so that complete, relevant and accurate information is accessible and available to support financial and performance reporting, implement controls over daily and monthly processing and reconciling of transactions and prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

➤ The Service Delivery Improvement strategy was supposed to be customer care centred as it is one of the values of SASSA, It was failing in terms of taking care of the elderly when they visited the pay points or service offices to get services as it was highlighted by the Minister of Social development. This service delivery improvement as the strategy under Grant Administration Branch did not consider that it was dealing with the vulnerable, elderly and sick people.

➤ A New Payment Model strategy was preparing SASSA to be the paymaster in the future. The challenges faced by the beneficiaries was that customer service of the present service provider (CPS) was centralised so that elderly and sick beneficiaries were supposed to call their toll free number for queries related to their social grants. Cash Paymaster Services should deploy the customer care staff and the officials must be able to speak the local language and be patient to the elderly and sick beneficiaries.

➤ The Automation of business processes strategy was to improve service delivery and use innovative technology to deliver and improve the Agency services. This strategy is working as technology is improving every day. The turnaround time was

21 days for processing grant from application to approval but now nationally it is seven days. In the local offices it is one day.

- The Mass Beneficiary enrolment strategy was in line with re-registration of social grants. This was made possible by the partnership with Cash Payment Services, the Public- Private Partnership. The beneficiaries during that period were 10 million. It was done on two phases; the first one was for new applicants, beneficiaries who were getting their social grants at the pay points and the Sekulula beneficiaries. In March only they were 878 who enrolled. The second phase was for the beneficiaries who were using the commercial banks and the Post Offices. It was successful but with very long and tiring queues. Currently a statistical summary of social grants as at 31 October 2013 was 15 240 126.The success of this project of re-registration demonstrated the effectiveness of the strategies used by SASSA to benefit the recipients.

- The Public-Private Partnership between South African Social Security Agency and Cash Payment Services on social grants and SASSA and Special Investigation Unit (SIU) for investigation of fraud and corruption showed that private specialists do the job better and save time. This is in accordance with Social Security Agency Act No. 9 of 2004 chapter 2(4) (2) (a) and (c) which emphasize that the Agency may with the concurrence of the Minister enter into an agreement with any person to ensure effective payments to beneficiaries, and such an agreement must include provisions contemplated in subsection (3), which say that the objective of the Agency is to act, eventually, as the sole agent that will ensure the efficient and effective management, administration and payment of social assistance and render services relating to such payments.

- Management Committee (MANCO) meeting indicated that key risk areas were poor strategic planning and fraud and corruption in the Agency. It is recommended that training and development of officials is imperative and control measures must be applied. The Management Committee as a central strategic forum is failing the Agency by not monitoring the structures that were ineffective and were becoming a burden to the organisation. In order to improve the performance and the productivity of staff, the leadership should set the correct tone by implementing

sound performance management processes, evaluating and monitoring performance, and consistently demonstrate that poor performance has consequences (PFMA report, 2012/13: 47).

➢ The Grant Payment System is still improving. This fraud and corruption was manifested during the apartheid era where there were several Social Development departments not only in the Republic of South Africa but also in the Transkei, Bophuthatswana, Venda and Ciskei homelands and the self-governing states like Kwazulu Natal, Ka-Ngwane, Lebowa, and so forth. It is recommended that better ways of grant payment systems be implemented, for example the minister recommended that vouchers be issued to beneficiaries when paying out Social Relief of Distress (SRD) instead of giving beneficiaries food parcels.

➢ The Service Delivery Model is about integrating the work of the organisation into a single coherent whole. During the review period the comprehensive integrated SDM business plan target which was supposed to be developed and approved, was not achieved due to time constraint (SASSA's Annual Report, 2012:27)

➢ The Integration of Monitoring and Evaluation Framework was reported by MANCO as ineffective and was identified as one of the key risks areas. It is recommended that this framework be effective and not be a key risk area because some beneficiaries live in the regions that are in deep rural areas and the environment is important. The South African Social Security Agency's strategic plan (2011/12:15) specified the challenges that were experienced in pay points. For example in some cases beneficiaries were exposed to security and health risks, most rural pay points required urgent infrastructural attention and a large number of pay points where beneficiaries received their cash payments did not meet the norms and standards with regard to provide humane basic facilities. The pay points should be in good conditions.

➢ The Agency's Business Process was supposed to be optimised. It was reported that macros-audit of current business processes were not reviewed and documented. Monitoring and evaluation in the business process is important and progress reports have to be submitted.

- Internal Audit and Risk Management: it was reported by AGSA that there was inadequate discipline regarding credible monthly reporting on financial performance and compliance matters (SASSA, 2012:43).

- It was further noted that SASSA's internal audit function was not fully staffed and was therefore unable to perform a full audit on the financial performance and compliance matters. It is recommended that more competed staff should be employed as was highlighted by AGSA (AGSA, 2011/12:308).

- Integrated Policy was a stop gap mechanism to address weaknesses identified in all other SASSA policies that aim to regulate the conduct of the staff. It was approved and implemented (SASSA, 2012:44).

- Automated Core Business System was a technology roadmap to encompass business information, data application technology and infrastructure architectures covering SASSA. The challenge facing Grants Administration system was that it was largely operated on a manual basis which had serious implications for turnaround times. It is recommended that the IT governance should be effective to ensure that the organisation's IT control environment functions well and enables service delivery (Strategic Plan. 2011/12:8)

- The late appointment of Sita resulted in backlogs in implementing MIS registry module that was supposed to be integrated in all regions. Close monitoring is recommended using the performance plan.

- The performance environment was not satisfactory as reported by AGSA for the period 2009/10 financial year and the Agency was given as recommended disclaimer opinion report because of discrepancies caused. These results committed SASSA management to pledge that they will look at complying with PFMA so that Social Development may again get unqualified audit report (SASSA's Strategic Plan, 2012/13:8).

- The grant administration functions were integrated at both regional and head office levels and the conditions of pay points were in a bad state.

- The strategic leadership and management competencies (including reporting and accountability) were largely centralised. The leadership lacked oversight responsibility regarding performance reporting and related internal controls. In

financial and performance management proper record keeping and related internal controls were not implemented in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support performance reporting.

➤ In terms of effectiveness in the internal control of the Agency, the system was not entirely effective in grants administration. This was caused by the missing critical documents that were not even captured, the missing files and the loose documents.

➤ An amount of R209 570.85 was made out of traffic fines; it was not shown and was classified as fruitless and wasteful expenditure as at 31 March 2012. An amount of R115 300 that was related to costs for the use of an exhibition stand was also classified as wasteful expenditure. The Finance Branch experienced irregular and fruitless and wasteful expenditure during 2011/12 financial period and R4 499 867 was related to the delays in the signing of service level agreement between the Agency and Sita. In accordance with legislation, the failure to comply with legislated obligations and responsibilities, and the occurrence of unauthorised, irregular, and fruitless and wasteful expenditure (UIFW) should be investigated as it could constitute financial misconduct by accounting officers or officials.

➤ Policies and procedures were not established to enable and support understanding and execution of internal control objectives, processes and responsibilities regarding accurate, valid and complete performance reporting

➤ Concerning governance the audit unit was not adequately resourceful and functioning to ensure that internal control deficiencies regarding performance reporting were identified in a timely manner and to recommend corrective action effectively.

➤ The ICT and the Integration of Monitoring and Evaluation Framework were ineffective according to a report from AGSA. The Internal Audit was understaffed and was not able to be effective. Consideration of only funded vacant posts was another challenge and all these factors contributed to fraud and corruption in the Agency. The nature and effectiveness of Private-Public Partnership (PPP) model, adopted by SASSA in improving the financial accountability in the administration of

social grants has improved but there are challenges at hand. There were two partnerships that were mentioned in the report with SASSA (SASSA, 2012:17). It was Cash Paymaster Services (CPS) and Special Investigation Unit (SIU). At SASSA the mass beneficiary enrolment was effective whilst CPS was given a tender of R10 billion to re-register and manage payment of social grants (SASSA, 2012:15). The total number of beneficiaries during that period was 14 935 832. On the 01st March 2012 in the first phase the total number of new beneficiaries that were enrolled were 60 000 and the beneficiaries for Sekulula was 878 000 for the first phase. The second phase was for those beneficiaries who were using the commercial banks including the Post Office. Rigorous information campaign was conducted to educate and mobilise beneficiaries through the media. The challenges with CPS in particular were the centralisation of customer-care, money laundering to mention but a few and scarcity of transport for the employees (Media briefing, 2012:2). According to the statement by the Minister on the 17 May 2012 she highlighted some of the benefits in this partnership which included R800 million savings per annum, the improved biometric-based payment system which minimised fraud and corruption and so forth.

In conclusion the researcher discovered that good strategies and mechanisms were used by SASSA to improve financial accountability in social grants. The strategies used during this period 2011/12 were Service Delivery Improvement, New Payment Model Automation of business processes, Mass Beneficiary enrolment, Clean Audit, The Grant Payment System, The Service Delivery Model, The Integration of Monitoring and Evaluation Framework, The Agency's Business Processes, Integrated Policy, Automated Core Business System, Performance Framework and Organisational Framework.

Some of the challenges faced by SASSA during that period were disclaimer opinions during 2009/10 where a lot of files and, critical documents were missing and not captured, loose correspondence not filed. Service Delivery Improvement was not customer-centred because the Minister received a report that at pay points and local offices the elderly beneficiaries were not assisted in a humane way, they were told that the systems were offline and sometimes they were told that it was time to knock

off. It was not considered that these beneficiaries were living far away and they borrow the transport fare (Strategic Plan, 2012/13:5).

The Chief Executive Officer applauded the partnership between SASSA and SIU on the SASSA Njalo (2012:1) dated 27 July 2012. She highlighted that SIU contributed to huge savings for the government. Over 17 411 including public servants and members of the public were convicted of social grants fraud since the partnership began. An amount of R112 million was recovered from the acknowledgement of debts signed by 44 874 people who received social grants fraudulently. She further stated that the total value of acknowledgements was R306 million and it included 37 SASSA officials. The objectives of this study pointed out the strategies and mechanisms used by SASSA to improve financial accountability in social grants. It also exposed whether SASSA's use of its strategy were effectiveness or not and whether they benefitted the recipients. The last objective was seeking the nature and effectiveness of private-public partnership model adopted by SASSA in improving the financial accountability in the administration of social grants. Reddy and Sokomani (2008:1) pointed out that the root cause of the formation of SASSA was the discovery of an estimated loss of about R1.5 billion a year through corruption and maladministration in the delivery of social grants. It was further discovered that there were inappropriate policies, a lack of implementation of policies, lack of capacity, and mismanagement and corruption (Reddy and Sokomani, 2008:2).

The conviction of more than 17 411 people including civil servants and the recovery of R112 million implied that the strategies and mechanisms used by SASSA brought change in minimising fraud and corruption. The effectiveness to which strategy benefits the recipients was that beneficiaries were able to use their SASSA branded card anywhere in the country, the system allowed the right person to be paid the right amount, the system allowed life certification of beneficiaries monthly, the system provided a service of R16.44 (inclusive of VAT) which translated into R2 billion per annum, the improved biometric-based payment system minimised fraud and corruption and beneficiaries were enrolled within close proximity of the communities where they lived (Media briefing by the Minister, 2012:3). The nature of private-public partnership model adopted by SASSA improved relations the Department of Home Affairs by verifying the beneficiary in the population

register and indicated the deceased beneficiaries, the database of the South African Receiver of Revenue and that of the Government Employee Pensions funds in order to check whether a means test will qualify a beneficiary or not (Media briefing by the Minister, 2012:2).

The researcher believed that the bottom line in this study was to check whether the strategies, mechanisms used by SASSA, the effectiveness of strategies benefiting recipients and the Private-Public Partnership did minimise fraud and corruption and improve service delivery through financial accountability. The researcher also felt that the desktop research got to the bottom of the study as compared to the expected perceived report from the respondents. The official documents and literature pointed out the comprehensive details that were not possible to be revealed by the selected group of people if it was a quantitative study through the questionnaires.

5.3 RECOMMENDATIONS

The following recommendations are supported by the conclusions.

➢ The comments of the AGSA must be attended to as quickly as possible.

➢ It is recommended that to avoid disclaimer opinion and get clean audit the accounting officer should ensure proper record-keeping so that complete, relevant and accurate information is accessible and available to support financial and performance reporting, implement controls over daily and monthly processing and reconciling of transactions and prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

➢ It is recommended that the leadership should set the correct tone by implementing sound performance management processes, evaluating and monitoring performance, and consistently demonstrating that poor performance has consequences.

➢ It is also recommended that the financial constraints that entailed reduction in new programmes, halting infrastructures and the acquisition from the Auditor General of South Africa (AGSA) and the high costs of administering social grants be given attention as these anomalies allowed SASSA to lack service delivery.

➢ The researcher recommends that AGSA should monitor SASSA very closely and the accounting officer be accountable if the organisation gets disclaimer opinion again.

➢ A budget should be increased to employ more staff in order to fill the vacant posts whether they are funded or not in order to avoid bad reports from AGSA.

➢ The Service Delivery Improvement strategy was supposed to be customer care centred as it is one of the values of SASSA. Further the South African Social Security Agency (SASSA) and CPS should hold workshops to educate the beneficiaries in the handling of their SASSA smart cards and other important issues that affect them. Regions like Eastern Cape, Kwazulu Natal and Limpopo have rural areas that need educational workshops.

➢ It is recommended that Management Committee (MANCO) focuses on the key risk areas such as poor strategic planning and fraud and corruption in the Agency and

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further training and development of officials is imperative and control measures should be applied.

➤ The pay points must be upgraded and be in good condition.

➤ Unauthorised, irregular, and fruitless and wasteful expenditure must be avoided and the accounting officers must account for the malpractice since it shows a lack in financial accountability on social grants.

➤ It is recommended that more staff be employed in the Internal Audit so that it can be effective.

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Tables

Table 1: Total number of social grants by grant type and region as at 31 December 2012

Figures

Figure 1: The Strategies and Mechanisms used by SASSA management to improve financial accountability on social grants.

Figure 2 : Beneficiaries queuing for re-registration

Figure 3 : Beneficiaries waiting for voice recording and fingerprints

Figure 4 : Beneficiaries and children re-register

APPENDICES

APPENDIX A   PERMISSION LETTER

University of Fort Hare

DEPARTMENT OF PUBLIC ADMINISTRATION

Office of the Chair & Head of Department:

Professor Edwin Ijeoma
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University of Fort Hare
Together in Excellence

11 December 2013

TO WHOM IT MAY CONCERN

RE: REQUEST FOR CONDUCTING AN ACADEMIC RESEARCH

PROGRAMME	:	**MASTER OF PUBLIC ADMINISTRATION (MPA)**
NAME	:	**Mr Xolile Gcaza**
STUDENT NUMBER	:	**201013077**

The above named is a registered student of the university of Forte Hare. As part of the requirements for completing his MPA degree, the student is expected to conduct a research and submit its findings accordingly.

We hereby request you to allow the student conduct a research in your institution and to interact with relevant selected office-bearers and officials. We have instructed the student to observe professionalism and ethical considerations by maintaining anonymity of the participants concerned.   The student has also been advised to maintain strict confidentiality in his interaction with respondents.

Once the research is completed, it may be availed to your institution on request. We hope that the findings of the research will benefit your institution in particular and South Africa in general.

Please extend every assistance he stands in need.

Regards

EOC Ijeoma

Excellence in Public Administration & Community Service

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APPENDIX B   PROOF READING LETTER

TO WHOM IT MAY CONCERN

LETTER OF ATTESTATION

I, Dr. K. E. Monyai, hereby certify that I received and edited the Masters Mini Dissertation of Xolile Gcaza (201013077), entitled "AN ASSESSMENT OF FINANCIAL ACCOUNTABILITY ON SOCIAL GRANTS AT THE SOUTH AFRICAN SOCIAL SECURITY AGENCY (SASSA), 2011-2012".

Director/ Editor/ Educator

Dr. K. E. Monyai (Ph D)

PARLONS LA LANGUE – LET US SPEAK THE LANGUAGE cc 2005/072166/23

Tax Clearance Certificate Number: 0007/1/2013/0005402856

Diplôme d'études de la langue française (Ministère de l'Education Nationale, Paris)

Post Graduate Diploma RE (Corpus Christi College, London)

B Th (Urbaniana, Rome), B Phil (University of Hull, England), M Th (UNISA), Ph D (NWU, Tlokwe-Potchefstroom Campus)

P.O. Fort Beaufort, 5720

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Date: 23 April 2014

APPENDIX C LIST OF OFFICIAL DOCUMENTS USED AS SOURCES

i.   The 2011 to 2012 SASSA Annual Reports.

ii. Audit outcomes of Ministerial Portfolios 2009 to 2012.

iii. Auditor General South Africa (AGSA) Consolidation General Report on the national and provincial audit outcomes – PFMA 2012-13.

iv. South African Social Security Agency's Annual Performance Plan 2012/13 – 2015/16