

**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER: 1651 [NW1868E]**  
**DATE OF PUBLICATION: 8 MAY 2015**

**1651. Mr C D Matsepe (DA) to ask the Minister of Finance:**

What is his position with reference to the provisions of the Public Finance Management Act, Act 1 of 1999 and the National Treasury regulations in respect of the Minister of Social Development's reply to question 290 on 28 April 2015 with regard to an additional payment that was made to Cash Paymaster Services which does not require reporting to the National Treasury?

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**REPLY:**

- (i) The National Treasury Instruction Note in respect of enhancing compliance monitoring and improving transparency and accountability in Supply Chain Management issued on 31 May 2011, determines in par 3.9.3 that contracts may be expanded or varied by not more than 20% or R20 million (including all applicable taxes) for construction related goods, works and/or services and 15% or R15 million (including all applicable taxes) for all other goods and/or services of the original value of the contract, whichever is the lower amount. Par 3.9.5 determines that the contents of paragraph 3.9.3 are not applicable to transversal term contracts facilitated by the relevant treasuries and specific term contracts as in such contracts, orders are placed as and when commodities are required and that at the time of awarding the contract, required quantities are not known. In such instances, the accounting authority need not obtain approval from the relevant treasury.
  
- (ii) The SA Social Security Agency (SASSA) was unable to accurately determine the exact number of beneficiaries to be re-registered at the time of the award of the contract. Due to the additional beneficiaries involved in the re-registration process, SASSA incurred a further amount of R316 447 361.41 (including VAT). If the cost of the re-registration of additional beneficiaries was charged at the tariff stipulated at the award of the contract, the additional quantities will not be regarded as a deviation. Should the tariff for the re-registration of additional beneficiaries have increased, the transaction would represent a deviation and require to be reported to National Treasury. SASSA's accounting authority did not regard the additional cost as a deviation and did not report the matter to National Treasury. National Treasury has not reviewed the transaction.

- (iii) The Auditor-General will in terms of the Public Audit Act perform an annual regularity audit on the accounts of SASSA. During the audit, verification of the transaction will be performed and reported on if applicable.