**4. BUDGETARY REVIEW AND RECOMMENDATIONS REPORT OF THE PORTFOLIO COMMITTEE ON JUSTICE AND CORRECTIONAL SERVICES ON THE DEPARTMENT OF CORRECTIONAL SERVICES’ PERFORMANCE IN 2016/17, DATED 18 OCTOBER 2017**

The Portfolio Committee on Justice and Correctional Services, having considered the performance of the Department of Correctional Services, reports as follows:

1. **INTRODUCTION**

1.1. Section 5(2) of the Money Bills Amendment Procedure and Related Matters Act, Act 9 of 2009, requires the National Assembly, through its committees, to submit budgetary review and recommendation reports (BRRR) on the performance of national departments accountable to Parliament. The BRR report is generally informed by a committee’s interrogation of, amongst others, national departments’ estimates of national expenditure, strategic priorities, measurable objectives and forward-funding needs; National Treasury-published expenditure reports; the relevant annual reports and financial statements; the Auditor General of South Africa’s (AGSA) audit findings; as well as observations made during all other oversight activities.

1.2 The Portfolio Committee on Justice and Correctional Services (the Committee) oversees the Department of Correctional Services (DCS) and the Judicial Inspectorate for Correctional Services (JICS) and their efforts to deliver on their respective mandates. To this end, the Committee monitors the implementation of, and adherence to policies such as the white papers on Corrections and Remand Detention; compliance with applicable legislation; adherence to principles of good governance, and sound financial management; and service delivery in line with their mandates, strategic objectives, and government policies and priorities.

1.3 The Committee drew on, amongst others, previous reports and recommendations related to the DCS’s service delivery and financial performance; the DCS’s 2016/17 Annual Report and Financial Statements, the briefing by the Minister of Justice and Correctional Services, the DCS and the Auditor General of South Africa (AGSA).

1.4 The report should be read with our reports on the DCS’s 2016/17 and 2017/18 Budget Votes.

1.5 The Committee could not interrogate JICS’s Annual Report as it was not tabled on time.

**DEPARTMENT OF CORRECTIONAL SERVICES’ PERFORMANCE IN 2016/17**

**2. STRATEGIC GOALS IN THE YEAR UNDER REVIEW**

**2.1 2016/17 Financial Year**

* + 1. According to its 2015/16 to 2019/20 strategic plan, the DCS’s mission is to contribute to a just, peaceful and safer South Africa through the effective and humane incarceration of inmates, and the rehabilitation and social reintegration of offenders. The DCS is expected to contribute to ensure that the MTSF and the NDP’s strategic outcomes are achieved. The overarching goal is to build a safer South Africa where all people are and feel safe.
    2. In the 2015/16 to 2019/20 period, the DCS aims to develop and implement the following policies: Policy on the Provision of Palliative Care; Policy on Correctional Sentence Plans and programmes for offenders incarcerated for 24 months or less and; Policy on Electronic Monitoring, which deals with the placement of eligible accused persons and sentenced offenders under electronic tagging.
    3. The DCS’s main objectives for the period are: increasing the percentage of sentenced offenders participating in correctional programmes from 68 percent in 2015/16 to 80 percent in 2019/20; reducing parole violations from 5 percent in 2015/16 to 3 percent in 2019/20; and reducing the number of probation violations from 6 percent in 2015/16 to 3 percent in 2019/20.

**3. FINANCIAL PERFORMANCE**

3.1 The DCS received a final appropriation of R21 580 billion in the 2016/17 financial year. As in the previous years, the largest component of its budget (R14 821 billion) went towards compensation of employees. It spent 99.8% (R21 542 billion) of its budget, leading to an under-expenditure of R38 million. This under-expenditure occurred under the Incarceration (R35 852 million) and Rehabilitation (R2 165 million) programmes.

3.2 On compensation of employees, the DCS only spent 97.27% (R14 417 billion) of the allocated R14 821 billion, underspending by R404 million as a result of unfilled funded posts. The Department had 2 735 vacant funded posts at the end of the financial year, leading to a vacancy rate of 6.5%. Salaries took R9 349 billion of the total personnel costs. Payment on performance bonuses increased from R2 425 million in 2015/16 to R86 969 million in 2016/17 and medical aid contributions increased from R1 252 673 billion to R1 263 394 billion.

3.3 On goods and services, the DCS overspent by R384 million. It received a final appropriation of R5 727 billion and spent R6 111 billion due mainly to accruals and payables from the 2015/16 financial year which were defrayed against the 2016/17 budget and inflationary increases, particularly on food. The bulk of the money (R1 668 1994 billion) was spent on outsourced services and on property payments, with an ever increasing bill for municipal services under the Incarceration Programme (R1 320 325 billion). The amount spent on consultant services decreased from R29 078 million (2015/16) to R11 870 million. Catering also saw a significant decrease from R36 149 million (2015/16) to R15 839 million.

3.4 The DCS did not report any unauthorized expenditure in 2016/17.

3.5 Irregular expenditure increased from R219 333 million in 2015/16 to R836 347 million in 2016/17. Most of this money (R707 387 million) was spent on a contract which was not properly approved, R95 million was on a contract variation which was not adequately approved and R21 million was as a result of non-compliance with the State Information Technology Agency Act, No. 88 of 1998.

3.6 Fruitless and wasteful expenditure has decreased from R1, 7 million in 2015/16 to R920 000 in 2016/17. R307 000 of this went to travel cancellations.

3.7 The DCS collected revenue from its sale of goods and services and, among others, fines, penalties, sale of capital assets (scrapped assets), and rental income from letting of residential accommodation to personnel as well as collection of monies from debtors. The revenue collected increased to R147 485 million in 2016/17 from R129 317 million in 2015/16. This increase was mainly attributed to sale of capital assets.

3.8 Claims (contingent liabilities) against the DCS increased in the 2016/17 financial year to R140 265 million, leading to R253 692 million when combined with claims from previous years. They include claims for damages (R4 387 million), bodily injury/assaults (R24 700 million), rape (R25 692 million), and unlawful detention (R5 296 million. Claims of R25 667 million against the Department were paid/cancelled/ reduced.

1. **PERFORMANCE ACROSS PROGRAMMES**

**4.1 Programme 1: Administration**

4.1.1 The *Administration*programmecomprises the *Management, Finance, Corporate Services/ Human Resources, Information Technology, JICS, Ministry, Internal Audit, Office and Residential Accommodation* sub-programmes. It received a final appropriation of R3 879 billion and spent it all. The programme had a total of 13 targets and only 8 (62 percent) were achieved.

4.1.2 The targets that were not achieved include: zero audit qualifications, the percentage of officials charged and found guilty of corrupt activities, percentage of management areas where IEHW programme is rolled out, rolling out of LAN infrastructure to 50 percent of correctional facilities and community corrections offices, and the percentage of cases against the DCS successfully defended.

4.1.3 The DCS aimed to successfully defend 76 percent of cases against it, but only succeeded on 62 percent. The issue of capacity in assessing and screening cases continues to persist owing to vacant posts. The Department envisages to fill these vacant posts in 2017/18.

4.1.4 While for the first time since 1994, the DCS achieved an unqualified audit outcome in 2015/16, it has fallen back again, earning itself a qualified audit opinion on capital works-in-progress, with various emphasis of matter. These are elaborated in paragraphs 6.1.1 to 6.6.2 below.

4.1.5 The table below shows the performance indicators and their achievement.

|  |  |  |
| --- | --- | --- |
| **Sub-programme** | **Achieved** | **Not achieved** |
| **Management** | * percentage of surveyed people rating correctional services performance positively; * development and implementation of an integrated communication and marketing strategy; | * percentage of finalised legal cases successfully defended; * percentage of officials found guilty of corrupt activities; |
| **Corporate Services** | * number of officials trained in line with the Workplace Skills Plan (WSP); * percentage of posts filled per financial year. | * percentage of management areas to which the Integrated Employee Health and Wellness (IEHW) programme has been rolled-out. |
| **Information Technology** | * percentage of correctional facilities and community corrections offices to which the IIMS was rolled out * percentage of Annual Performance Plan Indicators automated | * percentage of correctional facilities and community corrections offices where Local Area Network (LAN) is rolled out. |
| **Finance** | * Percentage of allocated budget spent per year | * zero audit qualifications |
| **JICS** | * percentage of correctional facilities (and PPPs) inspected on the conditions and treatment of inmates by JICS |  |

**Table 1: Programme 1: summary of performance targets**

**4.2 Programme 2: Incarceration**

4.2.1 The *Incarceration*programmecomprises the *Security Operations, Facilities, Remand Detention,* and *Offender Management* sub-programmes. This programme spent 99.7% of the R13 425 billion allocated to it, leading to an under-expenditure of R35 852 million. In 2016/17, the Incarceration programme had 8 targets of which only 3 (38 percent) were achieved; a slight improvement to the 35 percent achievement in 2015/16.

4.2.2 The Department managed to achieve its target on reducing the percentage of unnatural deaths in its centres to below 0.033 percent, an improvement from last year. It said that the major cause of unnatural deaths were suicides, mainly by hanging, medication overdose and use poisonous substances. It failed to reduce the percentage of escapes and injuries from assault. These failures were attributed to poor infrastructure, overcrowding and increased gang related activities. The Department also failed to create the planned 435 new bed spaces, the planned 925 additional bed spaces, and to reduce the percentage of overcrowding. The failure to achieve the latter targets was attributed to the liquidation of contractors.

4.2.3 The DCS had aimed to reduce the percentage of unnatural deaths in its facilities to less than 0,034. It did not achieve this target as 62 (0.038%) out of a total of 161 984 inmates died of unnatural causes in its centres in the year under review. The main causes of unnatural deaths were suicides through hanging and overdose. Twenty-five of the sixty-two unnatural deaths reported were due to suicide, ten were due to inmate-on-inmate assaults and one was caused by an official assaulting an inmate.

4.2.4 The table below lists the performance indicators.

|  |  |  |
| --- | --- | --- |
| **Sub-programme** | **Achieved** | **Not achieved** |
| **Security Operations** | * percentage of unnatural deaths in correctional and remand detention facilities per year. | * percentage of inmates who escape from correctional and remand detention facilities per year; * percentage of inmates injured as a result of reported assaults in correctional and remand detention facilities per year. |
| **Remand Detention** | * Percentage of remand detention facilities to which the Continuous Risk Assessment (CRA) was rolled out | * None |
| **Offender Management** | * Percentage of offender’s profiles submitted by the Case Management Committees (CMCs) that were considered by CSPBs. | * reduction in the percentage of overcrowding in correctional centres and remand detention facilities |
| **Facilities** | * None | * Number of new bed spaces created through construction of new facilities. * Number of new bed-spaces created by upgrading of existing facilities. |

**Table 2: Programme 2: summary of performance targets**

* 1. **Programme 3: Rehabilitation**

4.3.1 The *Rehabilitation*programme comprises of the *Correctional Programmes*, *Offender Development*, and the *Psychological, Social and Spiritual Services* sub-programmes. This programme spent 99.8 percent of its final appropriation of R1 187 billion, leading to an under-spending of R2 165 million. It had nine targets and seven (78 percent) were achieved.

4.3.2 The targets that were not achieved are the ‘percentage of incarcerated offenders and those sentenced to correctional supervision who are involved in social work services per year’, and the ‘percentage of offenders who participate in skills development and those who participate in educational programmes (Adult Education and Training (AET))’. For the former, the underachievement was attributed to vacant posts of social workers. The Department has committed that, going forward, it will ensure that all social work vacant posts will be filled. The failure to achieve the anticipated participation in AET programmes was, according to the DCS, due to the accreditation of Ekuseni (in KwaZulu-Natal) and Rustenburg (North West) Youth Centres on condition that they discontinued the AET programme for youth and offer mainstream education (Grades 8 to 12). This decreased the number of youths who participate in AET programmes.

4.3.3 The table below shows the performance indicators.

|  |  |  |
| --- | --- | --- |
| **Sub-programme** | **Achieved** | **Not achieved** |
| **Correctional**  **Programmes** | * percentage of sentenced offenders provided with correctional programmes per year | None |
| **Offender Development** | * Grade 12 pass rate obtained per academic year * Number of offenders who participate in Educational programmes per the Daily Attendance Register per academic year (FET) * Percentage of offenders who participate in skills development programmes measured against the list of offenders registered for participation as per the enrolment registers.(Skills Training and TVET College) | * Number of offenders who participate in Educational programmes per the Daily Attendance Register per academic year (AET) |
| **Psychological,**  **Social and Spiritual**  **Services** | * percentage of inmates involved in psychological services; * percentage of inmates who benefit from spiritual services | * percentage of incarcerated offenders and those sentenced to correctional supervision who are involved in social work programmes per year |

**Table 3: Programme 3: summary of performance targets**

* 1. **Programme 4: Care**

4.4.1 The *Care* programme comprises of the *Nutrition Services*, *Hygiene Services*, and *Health Services* sub-programmes. This programme spent all its appropriation.

4.4.2 Two (50 percent) of the four targets were met under this programme. The DCS did not succeed in meeting its target of providing fifteen percent of inmates with therapeutic diets. It also did not achieve its targeted TB (new pulmonary) cure rate.

4.4.3 The table below shows the performance indicators.

|  |  |  |
| --- | --- | --- |
| **Sub-programme** | **Achieved** | **Not achieved** |
| **Health Services** | * percentage of inmates currently on Antiretroviral Therapy (ART); * percentage of inmates tested for HIV who know their results | * tuberculosis (new pulmonary) cure rate of offenders |
| **Nutritional**  **Services** | * None | * percentage of therapeutic diets prescribed to inmates |
| **Hygiene Services** | * None | * None |

**Table 4: Programme 4: summary of performance targets**

**4.5 Programme 5: Social Reintegration**

4.5.1 The *Social Reintegration* programme comprises the *Supervision*, *Community Reintegration*, and *Office Accommodation: Community Corrections* sub-programmes. As in the previous financial year, the DCS succeeded in spending 100 percent of the final appropriation of R853 727 million.

4.5.2 The DCS met four (67 percent) of the six targets of this programme. The target for the number of victims and offenders who participated in restorative justice programmes was not met.

4.5.3 The table below lists the performance indicators.

|  |  |  |
| --- | --- | --- |
| **Sub-programme** | **Achieved** | **Not achieved** |
| **Supervision** | * percentage of parolees without violations per annum; * percentage of probationers without violations per annum * number of persons (parolees, probationers and awaiting trial persons) placed under the electronic monitoring system |  |
| **Community**  **Reintegration** | * None | * number of victims, offended, offender, parolees and probationers who participated in Restorative Justice programmes (Victim Offender Mediation, and Victim Offender Dialogue) * percentage of parolees and probationers reintegrated into communities through the halfway house partnership |
| **Office Accommodation** | * number of new service points established in community corrections | * None |

**Table 5: Programme 5: summary of performance targets**

**5. AUDIT COMMITTEE FINDINGS**

**5.1 Background**

5.1.1 Audit committees are established in accordance with provisions of the Public Finance Management Act and Treasury Regulations. As an oversight body they provide independent oversight of departmental governance, risk management and control processes.

**5.2 Findings**

5.2.1 The Audit Committee indicated that it remained concerned about the overall status of key controls within the Department of Correctional Services.

5.2.2 The Audit Committee expressed concerns on the Department’s internal controls. Based on its assessments it raised concerns about: the inadequate implementation of audit action plans as there were repeated audit findings noted by the Auditor General, the inadequate disciplinary processes which resulted in prolonged suspensions with pay, the long outstanding investigations on irregular, fruitless and wasteful expenditure, the non- alignment of achievement of performance targets with budget, the inadequate progress made to improve the Information Technology General Controls environment, the inadequate and ineffective controls over the management of assets, the implementation of IT projects without following the project management methods, the increase in accruals and payables compared to the previous year, the inadequacy and incapacity for the risk management process and function, lack of compliance with laws and regulations, the slow improvement in the management of debtors, the conditions and security in correctional facilities, the slow progress made in filling the vacant positions at SMS level.

5.2.3. The Audit Committee further said that the Internal Audit unit did not fully implement the approved annual audit plan as approved by the due to leadership instability, staff competencies and capacity constraints.

5.2.4. It also said that it was not satisfied with the content and quality of quarterly performance information and financial reports of the DCS.

**6. FINDINGS OF THE AUDITOR GENERAL OF SOUTH AFRICA**

**6.1 Opinion**

6.1.1 After achieving the first unqualified audit after 22 years in 2015/16, the DCS has again regressed in 2016/17 with a qualified audit opinion on immovable capital works-in-progress. The AGSA said that the Department did not disclose in its Annual Financial Statements the immovable capital works-in-progress as required by paragraph 101 of the Modified Cash Standards (MCS) of the Treasury Regulations. The AG was therefore unable to determine the full extent of the understatement of immovable tangible capital assets as it was impractical to do so.

**6.2 Pre-determined objectives**

6.2.1 With regard to the DCS’s pre-determined objectives on Programme 2 (Incarceration), the AG could not obtain sufficient appropriate evidence for the reported achievement of targets due to the management’s inability to provide all the required information to substantiate such.

**6.3 Emphasis of matter**

6.3.1 The AG said there were significant uncertainties relating to future outcome of exceptional litigation. The Department is a defendant in various lawsuits whose outcomes could not be determined and of which no provision for any liability had been made in the financial statements.

6.3.2 The AG said that Accruals and Payables which exceeded the payment term of 30 days and the voted funds would have constituted unauthorised expenditure of had the amounts due (R336 196 million) been paid on time.

6.3.3 There was restatement of corresponding figures for 31 March 2016 as a result of an error in the financial statements of the Department at 31 March of 2017.

**6.4 Expenditure Management**

6.4.1 The AG reported that effective steps were not taken to prevent irregular expenditure. The majority of expenditure was reportedly caused by extensions made without obtaining approval or following proper approval procedures. Money was also spent on a contract without the approval of properly authorized official as required by Treasury Regulation 8.2.1.

6.4.2 Contractual obligations and/or money owed by the Department were not met on time or settled within 30 days, as required by section 38(1)(f) of the PFMA and Treasury Regulations.

**6.5 Financial and performance management**

6.5.1 The AG found that the Management of DCS did not prepare regular, accurate and complete financial and performance reports that were supported by reliable evidence.

6.5.2 The AG also found that the Management of DCS did not adequately review and monitor compliance with applicable laws and regulations.

**6.6 Procurement and contract management**

6.6.1 The AG could not obtain sufficient appropriate audit evidence that some contracts were awarded in accordance with the legislative requirements as some bidding documents could not be provided for selected contracts audited.

6.6.2 The AG also found that:

* + Some goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulation 16A6.1.
  + Some contracts were extended without the approval of a properly delegated official as required by Treasury Regulation 8.2.2 and section 44 of the PFMA.

6.7 **Proclaimed Investigations**

6.7.1 The President has proclaimed the following investigations for the Special Investigations Unit:

* + Proclamation R. 18 of 2016 to investigate irregularities in the procurement of an electronic monitoring system between 1 June 2011 and 15 April 2016
  + Proclamation R. 20 of 2016 to investigate the appointment of a service provider to render project management services and condition assessment in respect of correctional facilities between 10 May 2013 and 15 April 2015.

**PART B: OBSERVATIONS AND RECOMMENDATIONS**

7.1The Committee notes the performance of the DCS, particularly its impressive performance on spending at 99.8%. The Committee also notes the DCS’s performance on its service delivery targets, which has not changed from the previous years’ 62%. The Committee believes that this performance is not good enough. There is still a huge room for improvement, especially in ensuring that service delivery targets are aligned with financial performance.

7.2 The Committee notes that the largest misalignment between expenditure and service delivery was on Programme 2: Incarceration, where only 38% of the targets were achieved against the expenditure 99.7%. Taking into account all the complexities and challenges associated with the correctional services environment, this performance is unacceptable, especially given that the AG could not be supplied with sufficient audit evidence to confirm the claimed performance of 38%.

7.3 The Committee notes the finding of the AGSA. We regret the regression of the DCS from an unqualified audit opinion in 2015/16 to a qualified audit opinion 2016/17 on immovable capital works-in-progress. The Committee has always raised concerns about the DCS’s capital works projects. While recognizing that the implementing agent for the DCS is the Department of Public Works (and the IDT), that does not absolve the DCS of accountability. We also note the Cash Management Standards that the Department was found wanting on by the AG have been in place for the past four years, thus allowing the Department adequate time to adjust and comply.

7.4 The Committee notes the Minister’s concerns on the DPW’s failure to monitor expenditure processes of invoicing, accountability, infrastructural rollout arrangements and facilities management. We welcome the appointment of the six facilities directors in each of the DCS regions to provide better control over the DCS’s relationship with the DPW. The Committee will invite the Minister and his counterpart in the DPW to try and find more lasting solutions on the delayed capital works projects. We are concerned that despite the meeting hosted by the Committee 2 years ago, there still seems to be some cooperation gaps between the two Departments.

7.5 The Committee notes the findings by the AG on contingent liabilities. In our DCS Budget Vote Report of 16 May 2017, we requested the Department to supply the Committee with a full report of pending civil claims, detailing all contingent liabilities, particularly in respect of civil claims against the Department. This report was not received by the Committee. We also note that the quantum of the claims are on unlawful detention, assault/bodily injury and rape. We believe that this attests to, among others, the security environment and conditions of incarceration/detention in DCS facilities. We urge the Minister to attend to this issue and ensure that the Department complies with requirements in respect of contingent liabilities, going forward. It would greatly assist the Department to capacitate its legal services division to enable it to perform all its functions optimally, particularly in maintaining an inventory and properly assessing the claims made against the DCS.

7.6 The Committee is disappointed that JICS failed to submit its planning documents at the beginning of the year and has failed to submit its annual report. While we understand the capacity constraints and challenges, we believe that its failure to comply with basics is untenable. We urge the Minister and the Inspecting Judge, Justice Van Der Westhuizen, to intervene in this regard to ensure that this does not happen again and that JICS plays its statutory functions and is accountable. The Committee will invite JICS to present its annual report before the end of this quarter.

7.7 The Committee notes the adjustment of material misstatements on programmes Incarceration and Social Reintegration. We further note that information systems to enable the DCS to monitor the achievement of performance goals, targets and objective were not adequately implemented. We further note that the financial statements submitted by the DCS for auditing were not prepared in accordance with the prescribed financial reporting framework. We note further that: the Department did not take steps to prevent irregular expenditure; money was spent on a contract without proper approval; and the Department did not comply with some of its contractual obligation and did not pay invoices to suppliers within 30 days leading to substantial accruals and payables. We note further that: sufficient audit evidence could not be obtained that some audited contracts were awarded in line with SCM policies and procedures; in some instances, competitive bids were not invited when procuring goods and services and, some contracts were extended without proper approval or going out to tender (evergreen contracts). We also note that the Accounting Officer did not adequately exercise oversight of financial and performance reporting and ensure compliance with laws. In this regard, we urge the Minister to heighten his oversight over the implementation of audit action plans, ensure that investigations into these issues are expedited, ensure that there is corrective action and, ensure that there are consequence for officials found to have violated the law. We further emphasize our belief that this will happen effectively and efficiently once the investigative unit is fully capacitated.

7.8 The Committee notes concerns by the Audit Committee and the AG that the Internal Control and Audit units are not operating optimally as they lack capacity to satisfactory perform their functions. Our view is that the DCS is unlikely to resolve its audit outcomes on issues raised by the AG if the internal audit and control function is weak. The Audit Committee and DCS management rely on the Internal Audit and Control in order to improve the DCS’s audit outcomes. As we have recommended before, serious consideration should be given into making Internal Audit a fully-fledged subprogramme under the Administration Programme, with clear performance indicators and measurable quarterly and annual targets so that there could be more focused oversight on its work. The Committee urges the Minister to ensure that the Internal Audit and Control units are fully capacitated to perform all their functions to ensure the improvement of the DCS’s audit outcomes.

7.9 The Committee notes the two Presidential Proclamations gazetted for investigation by the SIU into irregularities in the procurement of EMS and the appointment of service providers to render project management and condition assessments in correctional facilities. We also note that the IIMS tender is still subject to litigation. The Committee expects to receive a report on these matters as soon as they are finalized. The Committee needs to understand how the IIMS targets are being implemented by the DCS if the matter is still under litigation. It also needs to understand if this will not result in irregular expenditure and whether the R707 million in irregular expenditure relates to the IIMS as this is not clear in the Annual Report. The Committee will await the outcomes of the investigation and the Department should include progress reports on these investigations in its quarterly reports to Parliament.

7.10 The Committee notes the findings of the AG on accruals and payables from 2015/16 which were defrayed against the 2016/17 budget. This puts the DCSs budget in a very precarious position going forward, as it suggests that, among other things, it has to violate Treasury Regulations of paying suppliers within 30 days in order to pre-empt unauthorized expenditure. We note that if the Department had paid all outstanding invoices within 30 days, it would have incurred an unauthorised expenditure of R336 million. We note that these accruals and payables were mainly with regards to the escalating municipal bills, which puts pressure on municipalities which receive payments late. The Committee believes that it is unacceptable to delay paying suppliers, especially small and medium businesses as this ultimately leads to their financial hardships and subsequent liquidation. A balance needs to be found on this issue and we urge the Minister to engage the National Treasury on possible solutions.

7.11 The Committee notes with concern the increase in irregular expenditure from R219 million (2015/16) to R836 million (2016/17). The Committee requires detailed information on the R 707 million of irregular expenditure spent on one contract which was not properly approved, the R95 million spent on a contract variation and the R21 million spent in contravention of SITA regulations. We request that this detailed information is included in the next quarterly report of the Department.

7.12 The Committee notes the persistent issue of overcrowding in correctional facilities. It also notes the impact of the Saldana judgment of December 2016, regarding the Pollsmoor detention facility and the unintended consequences of inmates being transferred to centres which are far away from their families and next of kin. The Committee received many complaints on this from inmates in the Eastern Cape, who claimed to have been transferred from Pollsmoor without consultation. We fully understand the challenges and dilemmas of the DCS in this regard and recommend that the transfer of inmates should at least be kept within the provinces where they have family in order to facilitate inmate’s visitation rights. We urge the Department to explore solutions to this and report to the Committee.

7.13 As we have said in our previous reports with regards to overcrowding, Although the DCS cannot control the number of persons sentenced or remanded in custody, it has some measure of control over the speedy delivery of infrastructural projects, the handling of maintenance work, the application of bail protocol at centre level, the implementation of section 49G of the Correctional Services Act, the use of EMS, and proactively ensuring the spread of the inmate across its centres. We continue to encourage the Department to implement all the tools available to down-manage the inmate population in conjunction with other sister departments within the criminal justice cluster.

7.14 The Committee notes and welcomes the addressing of the long-standing issue of Occupational Specific Dispensation (OSD). The Committee should be updated on the progress in settling this issue and its practical implications on the resources of the DCS in the 2017/18 financial period. This information should be included in the next quarterly report.

7.15 We are concerned that the Human Resource Plan forecasts that a significant number of funded posts will be reduced, thus affecting the 2017/18 Annual Performance Plans. The Committee has long urged to DCS to fill its vacant funded posts and to ensure that front-line service delivery is not negatively impacted by the government-wide austerity measures. We are therefore concerned that funded posts will be reduced by about 2 000 over the MTEF and the implications that this will have on service delivery. The Committee is further concerned about the state of vacancies on critical posts- Pharmacists (19.2%), Educationists (14.2%), Professional Nurses (13.4%), Psychologists and Vocational Councillors (11.7%) and urges the Department to fill them expeditiously. The Committee is against the reduction of funded posts and recommends that the funded vacant posts should be filled and discourages the use of internships to fill vacant posts.

7.16 The Committee notes resource pressures on the DCS due to the rising costs of municipal services and food. We believe that these pressures reflect the economic situation in which our country finds itself. This therefore calls for prudent financial management on the part of the Department in ensuring that it achieves more with less. We continue to urge the Department to explore alternative energy sources, particularly for electricity as a long term solution.

7.17 Given the DCS’s inadequate: financial management performance; contracts management; adherence and compliance with procurement laws and achievement of performance targets, it is difficult for the Committee to support requests for any additional funding. The reduction of the capital works expenditure for municipal services is supported. We believe that better coordination between the DCS and the DPW can go far in eliminating cost over-runs on delayed capital works projects and ensure that the DCS’s allocated budget is put to maximum use.

Report to be considered.