**COMMITTEE TO MONITOR CONSEQUENCE MANAGEMENT AT THE DEPARTMENT**

The Portfolio Committee on Justice and Correctional Services heard that the current liabilities of the Department of Correctional Services are exceeding its current assets.

The Office of the Auditor-General said this is indicative of liquidity issues, which means that they may not be able to pay their creditors as payments become due.

The Auditor-General of South Africa (AGSA) appeared before the committee today at Parliament to brief the committee on the audit outcomes of the 2018/19 financial year, annual report and financial statement of the Departments of Correctional Services and Justice and Constitutional Development, and the Office of the Chief Justice.

The committee heard that the department received a qualified audit opinion from the Auditor-General. The areas of qualification include commitments where the department did not maintain accurate and complete records of the contractual information used to determine commitments.

On irregular expenditure, the Auditor-General found that the department did not have an adequate system for identifying all irregular expenditures. According to the Auditor-General, the top five non-compliance areas include management of procurement and contracts, quality of financial statements, prevention of unauthorised, irregular and fruitless and wasteful expenditure, implementation of a system to monitor progress with the annual performance plan, and performance management and consequence management.

According to the presentation, fruitless and wasteful expenditure of the department has declined significantly, from R41 million in 2017/18 to R3 million in 2018/19. Also, irregular expenditure has decreased from R1.8 billion in 2017/18 to R159 million in 2018/19.

The Auditor-General recommended to the department that the department needed to design and implement an action plan to resolve audit findings, management should follow up on the progress with regard to the implementation of the action plan, fill key vacant positions and implement consequence management for incurring fruitless and wasteful expenditure and irregular expenditure and other cases of financial misconduct.

The Auditor-General also recommended that the committee must monitor the implementation of consequence management.

The Acting Chairperson of the committee, Adv Hishaam Mohammed, thanked the Office of the Auditor-General for providing clarity in preparation of the committee’s engagement with Department of Correctional Services.

By Rajaa Azzakani

8 October 2019