**MEDIA STATEMENT**

**SCOPA ODERS FORENSIC INVESTIGATIONS INTO THE FINANCIAL ADMINISTRATION AT THE COMPENSATION FUND**

**Parliament, Wednesday, 19 May 2021** – The Standing Committee on Public Accounts (Scopa) had a briefing today in the form of a hearing with the Compensation Fund (CF) on the entity’s annual report and financial statements, as well as irregular, fruitless and wasteful expenditure for the 2019/20 financial year.

The committee told the Minister of the Department of Employment and Labour, Mr Thulas Nxesi, who led the delegation, that the CF has for the past 10 financial years received worse and unacceptable audit findings that included disclaimers. The committee said that indicates a total collapse of internal controls, no audit action plan and the situation is untenable.

The committee told the Minister and the delegation that the appearance of the CF before it on irregular, fruitless and wasteful expenditure has become a permanent feature. It said the entity has been on the red in spite of the fact that its senior managers have been there for more than five years yet the situation is worsening under their watch.

Minister Nxesi admitted that the fund is rotten to the core and the reason for that arises from a combination of many factors that include deepening corruption and deep structural challenges. He said the only thing that can save the entity from the current quagmire is the institution of forensic investigations and organisational review. He assured the committee about the application of consequence management to the officials who are responsible.

According to the committee, the CF has reached a hell situation and ironically, there are people who are employed and compensated to ensure that it meets its mandate. And there are only seven officials out of more than 80 officials who underwent disciplinary action for corruption that has placed the entity to the appalling situation it is in.

The committee didn’t accept the attribution of the mess to the failure of the system. It said the system is a resource that is used and managed by people, it is the people who have failed to manage it or manipulated it for deliberate nefarious reasons. It said tolerance of the disastrous audit findings for the period of 10 years indicates clearly that the problem is with the people, not the system at the CF.

The committee has ordered the Minister that there must be a full-scale forensic investigation at the CF for the period of 10 years and that all the audit findings-related matters should be central points of reference. It said the Special Investigative Unit (SIU) should be part of the investigations. Given the deterioration of the situation at the CF in the presence of the DG (Director-General) and the Commissioner of the CF, the committee ordered the Minister to assess their performance to establish their competence.

The committee has ordered the Minister to present to it in a period of 30 days a road map regarding how the investigations are going to unfold. It told the Minister that the entity has not presented its annual report to the committee and that is outstanding

**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS, MR MKHULEKO HLENGWA.**