**Media Statement**

**AG IS UNABLE TO AUDIT COMPENSATION FUND FOR FIFTH YEAR IN A ROW, COMMITTEE HEARS**

Members of the Portfolio Committee on Employment and Labour expressed their frustration with the lack of improvement in the Compensation Fund’s audit opinion, which has not improved in five consecutive years.

The committee was briefed yesterday by the Auditor General (AG) on audit outcomes for the Unemployment Insurance Fund (UIF) and the Compensation Fund (CF). It was also briefed by the Department of Employment and Labour on its plan to include the expanded employment creation mandate.

During the briefing, the AG said that any figure provided by the Compensation Fund was difficult to support with performance evidence. In some instances, it appeared that even the internal audit function, which is a statutory requirement, did not get information or if it did, it got it late. “The internal audit function is then hampered,” said the AG’s representative, Ms Kgabo Komape.

Committee member Ms Khosi Mkhonto said there seemed to be a lack of will at the Compensation Fund to resolve its audit issues, which have besieged the fund since 2017. “We will never get out of this situation; there is no will at all. This is a disservice; for the AG not to be appraised with the record keeping can only be done intentionally.”

Ms Mkhonto noted that it appears that some things are hidden from the internal audit and the audit committee. She said the evidence of wasteful and irregular expenditure is withheld intentionally, and is then followed up with a failure to act. “This is stagnant train; there is not even a need for a forensic investigation in this entity. Those who have stolen should just go to jail.”

The committee was also concerned about other issues, including the reliability of information presented to it. Committee member Ms Heloise Denner said withholding correct data from the committee concerned her, as it compromises the committee’s oversight role.

Another committee member, Mr Sibusiso Mdabe, agreed, saying that if the withholding is done intentionally that constitutes a crime. “This renders oversight structures ineffective and useless; this is a serious concern.” The committee should deliberate on the matter, he said, as urgent measures were needed to deal with the problem.

Committee members also asked if the Public Audit Act assisted the AG in holding entities accountable. They wanted to know if the AG had conducted a skills audit at the Compensation Fund and if the fund is adequately skilled to carry out its functions.

The AG representative responded by saying that skills audits are a function of senior management. However, if issues are picked up during an audit these will be raised. “To determine whether the Compensation Fund is well-skilled that is within the management to do, but the AG highlights if there is a disjuncture between the advertisement for a certain position and the qualification of a person who is eventually hired,” said Ms Komape.

The committee also received a briefing from the department on its expanded employment creation mandate.

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