**MEDIA STATEMENT**

**COMMITTEE COMPLAINS ABOUT LACK OF CONSEQUENCE MANAGEMENT AND PERSISTENCE OF NON-COMPLIANCE AT THE DOD**

**Parliament, Thursday, 29 September 2022** – The Portfolio Committee on Defence and Military Veterans received a briefing from the Office of the Auditor-General (AGSA) on the findings and audit outcomes on the financial and non-financial performance of the Department of Defence (DOD), Department of Military Veterans, Armscor and Castle Control Board for the 2021/22 financial year.

The AG told the committee that they noted irregular expenditure due to non-compliance with procurement legislations. The DOD’s Internal Audit Division (IAD) was also tasked to assist the department’s finance division in updating irregular expenditure issues. However, due to capacity challenges, the IAD managed to provide assistance only to 11 out of 73 procurement centres under the DOD.

The audit outcomes presented by the AG also highlighted the poor state in which the department manages its assets and it could not verify the existence of some of the movable assets. Furthermore, the management of the department could not indicate where these assets were located.

The AG informed the committee that its findings were that,the total cost of project Thusano is considered to be an irregular expenditure, and therefore all future expenditures on the project will therefore automatically become irregular.

 The committee was also informed that during the procurement of Heberon drug, supply chain management processes were not followed in terms of section 217 of the Constitution by the department.

The AG also highlighted the issue of military benefits to military veterans. The audit outcomes found that the Department of Military Veterans took longer to register individuals into the database and that due to the lengthy registration process individuals who qualified and are eligible, discovered that they do not have direct access to their benefits.

The Chairperson of the committee, Mr Cyril Xaba said: “The Accounting Officer must apply consequence management without delay, must finalise the outstanding investigations and strengthen the controls to prevent further irregular, wasteful and fruitless expenditure.”

Minister Tandi Modise who led the delegation that appeared before the committee, also concurred with the committee that the DOD needs to pull-up its socks with issues of compliance in the department. The committee appreciated the fact that the CCB received unqualified audit opinion with no findings for the three consecutive financial years and congratulated the entity for that.

**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE PORTFOLIO COMMITTEE ON DEFENCE AND MILITARY VETERANS, MR CYRIL XABA**

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