**Portfolio Committee on Corrections Services’ Budgetary Review and Recommendation Report on the Department of Correctional Services’ Performance in 2012/13, and the First Quarter of the Current Financial Year, dated 23 October 2013**

**1.    INTRODUCTION**

1.1   The Money Bills Amendment Procedure and Related Matters Act (Act 9 of 2009) provides for, amongst others, a parliamentary procedure to amend Money Bills, thus granting parliamentary committees greater opportunity to influence the allocation of funds to the departments they oversee. Section 5 of the Act compels the National Assembly, through its Committees to submit annual Budgetary Review and Recommendation (BRR) reports on the financial performance of departments accountable to them. The BRR report must be informed by a Committee’s interrogation of, amongst others, national departments’ estimates of national expenditure, strategic priorities and measurable objectives, National Treasury-published expenditure reports, annual reports and financial statements, and all other oversight activities undertaken in the period under review. Essentially, the BRR report is a committee’s assessment of a department’s service delivery performance given its available resources, as well as the effectiveness and efficiency with which its programmes are implemented. Committees should adopt their BRR reports after the adoption of the Appropriations Bill and prior the adoption of reports on the Medium Term Budget Policy Statement (MTBPS).

1.2.  According to Section 2 of the Correctional Services’ Act (Act 111 of 1998), the Department of Correctional Services (DCS) is mandated to contribute towards maintaining and protecting a just, peaceful, and safe society, by enforcing court-imposed sentences in the manner prescribed by the CSA, detaining inmates in safe custody while promoting social responsibility and the human development of all offenders and persons subject to community corrections.

1.3.  The Portfolio Committee on Correctional Services (“the Committee”) is mandated to, amongst its other statutory obligations, support the DCS in delivering on its mandate through rigorous monitoring of the implementation of, and adherence to, DCS-specific policies such as the White Paper on Corrections (“White Paper”) and legislation such as the CSA and Correctional Matters Amendment Act (Act 5 of 2011). The Committee furthermore oversees the delivery of services to all inmates incarcerated in South Africa’s state-owned and privately-operated correctional centres.

1.4.  At the start of its term in May 2009, the Committee had agreed to six focal areas that have since then informed its oversight activities. Most importantly the Committee agreed to intensify oversight of the DCS’ administration and financial management, as weaknesses in that area impact negatively on, amongst others, the implementation of the rehabilitation and reintegration objectives contained in the White Paper and, ultimately, the DCS’ ability to ensure that those released from its care do not re-offend. To this end, the Committee receives quarterly financial and administrative reports from the DCS, which are closely scrutinised, in order to timeously detect weaknesses and recommend remedies. The Committee’s oversight must therefore be driven by its commitment to ensuring service delivery to both sentenced offenders and remand detainees i.e. humane conditions of incarceration, effective rehabilitation and reintegration programmes, and adequate care and development. The successful delivery of these programmes will ensure that by the time an inmate is released his or her offending behaviour has been “corrected”, thus ensuring successful reintegration of offenders, and ultimately increased safety and security.

1.5.  According to section 91 of the CSA, the DCS is responsible for the payment of all the Judicial Inspectorate for Correctional Services’ (JICS’) expenses. The ‘Money Bills’ legislation is silent on oversight over entities, but the Committee believes that, although the JICS does not receive its allocation directly from National Treasury, but instead, and in line with the legislative provisions referred to above, from the DCS, the JICS’ performance too should be considered quarterly, to culminate in a final assessment during the BRR process in October each year. This report should therefore be read along with our report on the JICS’ financial performance during the 2012/13, and the first quarter of the current financial year.

1.6.  In preparing to report on the DCS’ financial and service delivery performance for the period under review the Committee considered, amongst others, all previous reports and recommendations related to the DCS’ service delivery and financial performance, the 2012/13 Annual Report and Financial Statements, National Treasury-published expenditure reports, reports of the Standing Committee on Public Accounts (SCOPA), Standing Committee on Appropriations and the Auditor-General of South Africa (AGSA), briefings by the DCS and other government entities, reports relevant to the DCS, as well as stakeholder-input on the DCS’ performance.

1.7. The Committee values stakeholder participation in the BRR process, as it ensures that our observations and recommendations are as well-informed and balanced as possible. It should be noted however that the very limited time between the deadline for the tabling of annual reports, and reporting on the MTBPS places serious limitations on such participation.

1.8   It is important to indicate at the outset that the Committee is concerned about the very limited progress the DCS has made over the past five years not only in relation to its financial management, but in its overall service delivery to sentenced offenders especially with regard to ensuring a safe and secure correctional environment. Much of what had been identified as areas of serious concern in 2011/12 have remained unchanged in 2012/13. Stakeholders have also observed that practically all recommendations made by the Committee have been ignored, as little evidence can be found that they have been considered, and where possible implemented.

**2.    FINANCIAL INFORMATION**

**2.1   Financial Performance: 1 April 2012 to 31 March 2013**

2.1.1   The DCS received R17,7 billion in the 2012/13 financial year, of which it spent 97,2%. It underspent on all but the Incarceration programme. Most of the under-expenditure was ascribed to delays in the filling of funded posts. In the previous financial year it had underspent by 5,4%, and in 2010/11 by 4,7%. While the improvement in spending between 2011/12 and 2012/13 is noted, it is also noted with concern that the DCS’ spending appears to fluctuate unpredictably, and that in the period between 2010/11 and 2012/13 the Department had failed to spend just over R2 billion of what it had been allocated.

2.1.2   Most of the R386,7 million under-expenditure occurred in relation to the Rehabilitation and Social Reintegration programmes which are integral to the DCS’ service delivery. The under-spending on these programmes was also ascribed to delays in the filling of funded vacancies.

2.1.3   The DCS’ fruitless and wasteful expenditure had decreased from R71,3 million in 2011/12 to R1,6 million in 2012/13. The 2012/13 fruitless expenditure, which was still under investigation at the time of reporting, was the result of value added tax (VAT) having been paid to non-VAT vendors, and to R189 000 in interest paid for office-space occupied.

2.1.4   Irregular expenditure has increased from R214,65 million in 2011/12 to R363,79 in 2012/13. An amount of R579,329 million, which included an amount dating back to 2011/12, was still awaiting condonation at the time of reporting. The irregular expenditure was reportedly caused by the DCS’ non-adherence to procurement procedures, and the absence of service level agreements with amongst others, the Departments of Public Works (DPW) and Department of Justice and Constitutional Development (DoJCD).

2.1.5   The Administration programme received a final appropriation of R4,77 billion of which only 97,6% was spent. The under-expenditure was ascribed to delays in procurement for the establishment of cabling and local area network (LAN) equipment, and delays in the filling of funded vacant posts.

2.1.6   The Rehabilitation programme received a final appropriation of R967,5 million of which only 87% was spent. The under-expenditure was ascribed to delays in the filling of funded vacant posts.

2.1.7   The Incarceration programme received a final appropriation of R9,498 billion of which 99,8% was spent.

2.1.8   The Care programme received a final appropriation R1, 724 billion of which 96,8% was spent. The under-expenditure was ascribed to delays in the filling of funded vacant posts, and savings accrued when the nutritional services contract, which the DCS had anticipated would not be renewed, was extended.

2.1.9   The Social Reintegration programme received a final appropriation of R739,2 million, of which 90,4% was spent. As in the case of the Care programme, the DCS ascribed the under-expenditure to delays in the filling of funded vacancies only.

**2.2   Financial performance: 1 April to 30 June 2013**

2.2.1   At the end of the first quarter the DCS had spent 22,7% of the R18,7% billion allocated it in the 2013/14 financial year. This is 0,6% less than projected. At the end of the same period in the previous financial year, underspending on this programme stood at 2,33%.

2.2.2   At the end of June 2013, the DCS had spent 1,1% less than what was anticipated on the Administration programme. The under-expenditure affected sub-programmes Corporate Services, Internal Audit, Office Accommodation and Management, while higher than anticipated spending occurred in relation to sub-programmes Finance, Residential Accommodation and Ministry.

2.2.3   The Incarceration programme was ahead on planned spending, and had spent 1,1% more than the projected 23,1%. Higher than planned expenditure had occurred on all items, with the most notable variance observed in relation to item: Transfers and Subsidies. Significantly higher than planned expenditure occurred on item: Households.

2.2.4   A 7,7% lower than planned expenditure was reported in relation to the Rehabilitation programme. This is almost R30 million lower than at the end of June 2012. All sub-programmes reflected significantly lower than planned expenditure, the most notable variance being in relation to sub-porgramme Correctional Programmes.

2.2.5   A 3% lower than planned expenditure was reported in relation to Programme Care. Although all sub-programmes were affected by the under-expenditure, the most significant variance occurred in relation to sub-programme Hygiene Services.

2.2.6   A 3,3% lower than planned expenditure was reported in relation to programme Social Reintegration. Although significantly higher than planned expenditure occurred in relation to sub-programme: Community Reintegration, sub-programmes Supervision, Parole Administration and Office Accommodation: Community Corrections reflected lower than expected expenditure.

2.2.7   It is noted with concern that at the end of the first quarter of the 2013/14 financial year, the most prominent under-spending was in relation to the Rehabilitation, Care and Social Reintegration programmes. In August 2013 the DCS ascribed the under-expenditure to, amongst others, delays in the filling of vacancies, late and/or incorrect billing by some of its service providers, challenges as far as reconciling inventories, and systemic challenges related to the BAS, PERSAL and LOGIS transversal systems.

2.2.8   All programmes reflected a much higher than planned expenditure on items Transfers and Subsidies, and Households, in response to which National Treasury recommended that sufficient funds should be budgeted towards the payment of leave gratuities to employees who terminate their service during the remainder of 2013/14. It was also felt that the conservative approach followed by only budgeting modestly for transfers to the household services item was not favourable and required urgent attention if spending was to stabilise.

2.2.9     Deviations from the DCS’ original spending plan were evident in April, May and June 2013. Deviations of up to only 8% were allowed, and therefore the -16,9% and 15,3% deviations recorded in April and May were of concern. The DCS’ PMG balances at the end of June 2013 represented only 2,4% of what had actually been drawn from the National Revenue Fund.

2.2.10   At the end of June 2013 the DCS had a 4,3% vacancy rate, affecting salary levels 3-5, 6-8 and 9-12 in the main. Natural attrition and the length of time it took to finalise recruitment processes contributed to the increased vacancy rate.

2.2.11   National Treasury welcomed reduced spending on advertising; agency support services; catering and entertainment; travel subsistence; and venues and facilities, but thought increased expenditure on computer services, consultants and contractors over the same period ‘’rather excessive’’ and advised that “explicit cost-containment initiatives” to curb such expenditure should be implemented.

**3.    PROGRAMME PERFORMANCE**

**1 April 2012 to 30 June 2013**

3.1   In 2011/12 the DCS succeeded in meeting only 47% of the 127 targets it had set. In 2012/13 targets were reduced to 102, of which the DCS succeeded in achieving 66%. The same explanation that had been provided for the under-performance in 2011/12 was provided for the under-performance in 2012/13 too: that the targets set for the period under review ought not to have been listed as targets as they were unattainable for various reasons not taken into consideration when the strategic and annual performance plans were drafted. At that time too, assurances were given that targets would reviewed to ensure that only those for which the DCS could reasonably take responsibility would be included. No explanation was given as to why this strategy was implemented after the weaknesses so as to avoid the weaknesses in 2012/13.

3.2   The AGSA found that the targets set by the DCS for 2012/13 were not specific, measurable, achievable, relevant or time-bound (SMART), and that technical descriptions had not been prepared as required by the National Treasury Framework. This, in combination with the overall assessment by the Committee and stakeholders who commented on the DCS’ annual report, made it difficult to, based on the information contained in the Annual Report, assess the DCS’ actual performance for the period under review.

3.3   The Committee also notes that the DCS ignored its Audit Committee’s recommendation that performance information should be submitted to its Internal Audit Unit for review on a quarterly basis. The fact that this had not been done, draws into question the reliability of the quarterly reports submitted to the Committee.

3.4   The Committee’s main areas of concerns related to the DCS’ performance across programmes, are outlined below.

**3.5   Administration programme**

3.5.1   The Administration programme provides administrative; management; financial; information, communication and technology; research; policy co-ordination and good governance support functions necessary for service delivery, good governance and accountability to oversight institutions.

3.5.2   The DCS’ vacancy rate showed an increase from 3,3% in 2011/12 to 4,1% in 2012/13. The highest number of vacancies were reported in relation to psychologists, social work and related professions, educationists and professional nurses. Of concern is that after resignations, retirement and expired contracts were the biggest contributors to the high number of vacancies. The Audit Committee had also raised serious concerns about long standing vacancies particularly in relation to the internal audit unit: at the time of reporting both the Deputy Commissioner: Internal Control Compliance, and the Chief Audit Executive posts had been vacant, the latter for longer than five months.

3.5.3   Of serious concern too is the leadership instability brought about by high staff turnover at senior management level. At the time of reporting the Chief Financial Officer and Chief Deputy Commissioner: Strategic Management posts had been vacant for approximately 12 months; and the National Commissioner post had also become vacant at the end of August 2013.

3.5.4   Despite numerous calls that vetting should be treated with the necessary urgency, and despite government departments having been implored to prioritise the vetting of those in supply chain management, the DCS’ Annual Report is silent as far as its performance in this regard.

3.5.5   The DCS reports that it had exceeded its target for convictions in fraud, corruption and serious maladministration matters by 3,39%, but unfortunately the detail related to the reported success was not included, nor could it be provided during the interrogation of the Annual Report. What is provided is that in the period under review the DCS had opened 358 cases and 299 enquiries for investigation. Of the 146 cases that were finalised, 19 were referred for disciplinary action, and 127 could not be pursued for lack of evidence. At the time of reporting 212 cases and 257 enquiries were still open for investigation. The DCS provided little information on how long it took resolve these matters, or the types of sanctions imposed on those found guilty of such transgressions.

3.5.6   Although, according to the Annual Report, the target for the number of person days lost due to suspensions had been exceeded by 2 925 days, the Committee reiterates that the DCS’ prolonged disciplinary processes and long suspensions remained a major challenge, particularly given the DCS’ already acute staff shortages.

3.5.7   The Committee notes with concern that the DCS again failed to meet the target in relation to ‘interoperability’ between its own and other Justice Crime Prevention and Security-cluster departments’ core business systems. The lack of progress was ascribed to the Remand Detention and Offender Management System (RDOMS) having had to be put on hold owing to delays caused by the service provider. The Committee recognises the importance of the RDOMS system, and first raised its concern about the delays in the finalisation of the project in 2012. Despite frequent interactions with both the DCS and the State Information and Technology Agency (SITA), little if any progress as far as resolving the deadlock reached with the service provider, was reported. The Committee also notes with concern that despite it being a critical information, communication and technology (ICT) roadmap, the ICT Strategic Plan, requested by the Audit Committee, was not provided it.

3.5.8   The DCS has for the past several years been battling a number of serious human resource-related challenges. These include the establishment of shift systems that would make the successful implementation of the Seven Day Establishment possible, the implementation of the second phase of the occupational specific dispensation, payment of backdated overtime, and the management of disciplinary matters. The Committee had welcomed the establishment, in February 2013, of a Ministerial Consultative Forum (MCF). It had been hoped that the Ministerial Task Team that formed part of the MCF, and which comprised labour unions and DCS senior managers, would be able to amicably and within a reasonable timeframe conclude negotiations on how the ongoing challenges may be resolved. The Committee has noted with concern that despite the intervention being in its final stages, labour unions were expressing extreme frustration about the lack of progress, and about their apparent exclusion from some aspects of the process.

3.5.9   An organisational restructuring proposal was submitted to the former Minister of Correctional Services in 2011/12. According to the 2011/12 annual report the proposed restructuring was aimed at addressing “serious functional misalignments”, the accounting officer’s “unmanageable span of command” and to correctly align strategic and operations management functions. The phased implementation of the restructuring commenced at the most senior level on 1 June 2012. The most notable change in the DCS’ structure is the creation of a chief operations officer (COO) post. The COO reports directly to the National Commissioner, and is responsible for the management of the six regions. Labour unions raised serious concerns about the expanded organisational structure which is due for implementation in the 2013/14 financial year, but on which labour unions had not been consulted.

**3.6        Incarceration programme**

3.6.1   The Incarceration programme provides for services and well-maintained physical infrastructure that support safe and secure conditions of detention consistent with human dignity. It also provides for the profiling and compilation of correctional sentence plans, administration and interventions. In addition to the Remand Detention and Offender Management sub-programmes, it comprises the Security Operations and Facilities sub-programmes.

3.6.2   The DCS reported an increase in the number of assaults from 5 284 in 2011/12 to 6 884 in 2012/13. The increase is ascribed to an increase in the reporting of such incidents, and not necessarily to an increase in actual assaults.

3.6.3   In addition, the number of gang-related incidents had also increased by 55,38%. This increase was also ascribed to improved reporting, and therefore the DCS views it as an indication that the gang management strategy it employed is functioning well.

3.6.4   The DCS failed to achieve its targets in relation to unnatural deaths too. It had undertaken to reduce such deaths to 44, but 57 such deaths were reported. The report states that 29 of the unnatural deaths were suicides. Of concern is that the JICS reported only 19 such deaths for the same period.

3.6.5   Although the adoption of the Policy Framework to Address Sexual Abuse of Inmates in DCS Facilities, points to an acknowledgement that such assaults are prevalent enough to warrant a dedicated policy and strategy, recommendations that assaults should be disaggregated to isolate sexual assault cases, have once again not been implemented.

3.6.6   In October 2011, after much debate about the true value of utilising a public private partnership (PPP)-funding model to procure more correctional centres, the DCS announced that it would not proceed with the process of procuring the additional four correctional centres that would have been procured through the PPP- funding model.

3.6.7   At the time of reporting labour unrest had compromised security at the Mangaung PPP Correctional Centre, forcing its management to call on the DCS to intervene, and temporarily take over management of the facility. The Committee has not yet been briefed on what had led to the situation, however the incident validates our serious concerns about the cost and appropriateness of ‘outsourcing’ national security services. These concerns are shared by the Chairperson of the South African Human Rights Commission (SAHRC).

3.6.8   Despite the obvious pressure on infrastructure exerted by overcrowding, the DCS had again failed to meet its targets in relation to creating additional bedspaces. Major and long outstanding construction projects, which ought to have provided 1 045 new bedspaces have suffered serious delays. The DCS has indicated that the DPW and/or SITA have been responsible for the delays. Unfortunately the DCS’ management have not been able to provide adequate evidence of efforts it has made to ensure that the necessary pressure was exerted to ensure that projects were completed, if not by original deadlines, then within reasonable time.

**3.7        Rehabilitation programme**

3.7.1   The Rehabilitation programme provides needs-based programmes and interventions to facilitate rehabilitation and enable social-reintegration. The programme comprises the Offender Development, Psychological, Social and Spiritual Services and the Corrections sub-programmes.

3.7.2   Despite this programme being one of those that had been underspent on, the DCS managed to exceed its target for participation in skills development activities by 225. The DCS had under-performed in relation to this target in the 2011/12 financial year, but in 2012/13 it reports that it had, regardless of the artisan shortage, and the impact this has had on the productivity of workshops, exceeded its targets.

3.7.3   As in 2011/12, the DCS again failed to meet most of its agriculture production-related targets. The non-achievement of targets was ascribed to amongst others, the special remission which had resulted in fewer eligible inmates being able to participate in agricultural programmes, dilapidated irrigation systems, machinery and equipment at some centres, and in the Free State/Northern Cape regions poor infrastructure and management of piggeries.

3.7.4   Despite having underspent on the programme, the DCS exceeded its targets for social work, and spiritual services. No clear targets were set for psychological services however, and therefore performance in this regard could not be measured. Of interest is how the DCS had managed to exceed its social work-related targets, despite a 14,7% social worker-vacancy rate, and despite its centres being severely overcrowded.

3.8        Care programme

3.8.1   The Care programme provides for needs-based programmes and services aimed at maintaining the personal well-being of incarcerated offenders by facilitating physical fitness, social functioning, health care, thereby ensuring their spiritual, moral and psychological well-being. The programme comprises the following three sub-programmes: Nutrition, Health and Hygiene Services.

3.8.2   According to the Annual Report the DCS had managed to exceed most of its targets in relation to this programme. Of greatest interest to the Committee is the management of mental illness, and communicable diseases. The DCS reports that in the case of mental illness, 98,78% of those diagnosed received medical treatment. The target related to the treatment of communicable diseases, hypertension and diabetes could however not be met most likely owing to the DCS’ acute nurses-shortage.

3.9        Social Reintegration programme

3.9.1   The Rehabilitation programme provides needs-based programmes and interventions to facilitate rehabilitation and enable social-reintegration. The programme comprises the Offender Development, Psychological, Social and Spiritual Services and the Corrections sub-programmes

3.9.2   A number of targets under this programme were achieved. Of concern is the failure to improve on the correctional supervision and parole (CSPBs) consideration of eligible offenders. CSPBs rely on case management committees (CMC) to provide them with complete case files for each inmate who has reached his or her minimum sentence period, and therefore qualifies for parole consideration. The CSPBs poor performance was ascribed to CMCs not being adequately capacitated, and therefore being unable to manage caseloads, which resulted in backlogs.

3.9.3   It was not possible to establish whether the DCS had indeed met its targets related to the processing and release of inmates on medical parole. Of serious concern is that 14 inmates had passed away while awaiting the outcome of their medical parole applications.

3.9.4   Although 136 parolees had benefited from electronic monitoring, and the target set had been met, it is felt that given that the electronic monitoring system has been on the agenda for a number of years, and given the potential it has to reduce the number of incarcerated persons, and restore the judiciary’s confidence in the DCS’ ability to monitor those sentenced to non-custodial sentences, greater effort should be made to expand the use of the system.

3.9.5   The Committee notes that although the number of consultants in the DCS’ employ had been reduced, payments to consultants had increased from R678 million in 2011/12 to R825 million in 2012/13. This increased expenditure is of concern, particularly given the findings of the AGSA’s 2012 audit of the use of consultants by certain government departments between 2008/9 and 2010/11. The DCS disputed some of the findings, but failed to provide the Committee with reports to the contrary.

3.9.6   The Victim Offender Dialogues (VODs) were launched in November 2012, and are aimed at promoting restorative justice through the fostering of dialogue between victims and offenders. Since the launch, 85 VODs have taken place. While the VODs are welcomed, there is concern about the manner in which they have been conducted. Stakeholders are concerned about whether fundamental restorative justice practices have been adequately applied, and about whether sufficient consultation had taken place prior the programme’s implementation. The Committee shares the view that victim participation being a condition for parole, was unfair to both victims and offenders.

**4     2012/13 AUDIT OUTCOME**

4.1        Report of the Auditor General of South Africa

4.1.1   The DCS received a qualified audit opinion owing to its failure to comply with section 40(1)(a)-(b) of the Public Finance Management Act which requires that an accounting officer “must keep full and proper records of the financial affairs of the department…” and “must prepare financial statements for each financial year in accordance with generally recognised accounting practice”. The DCS’ poor performance related to inadequate oversight and monitoring by senior management, a number of human resource-related challenges, and weak internal controls.

4.1.2   The DCS’ audit qualification was again based on its inadequate asset management. It had understated movable tangible capital assets to the approximate value of R88 million as these could not be physically traced to the asset register; movable tangible capital assets were overstated to the approximate value of R36 million and could not be physically verified; and, movable tangible capital assets were understated to the approximate value if R16 million and did not reflect appropriate costs or fair values.

4.1.3   The DCS’ under-expenditure in relation to its Administration, Rehabilitation, Care and Social Reintegration warranted significant emphasis.

4.1.4   The AGSA ascribed the DCS’ failure to achieve a number of pre-determined objectives to its failure to prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information; and to the DCS senior management’s failure to ensure oversight over such reporting.

4.1.5   In relation to supply chain management too, the AGSA found that the DCS had failed to prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information, that lack of oversight had resulted in non-compliance with laws and regulations related to internal controls, and that the DCS’ management had failed to adequately review and monitor compliance with applicable practice notes and National Treasury regulations.

4.1.6   The DCS had failed to effectively communicate policies and procedures to enable and support, understanding and execution of internal control objectives, processes and responsibilities; and to ensure effective human resource management so that adequate and sufficiently-skilled resources were in place and available at all times. In addition, the National Commissioner did not exercise his oversight responsibility regarding financial and performance reporting, and compliance with related internal controls. These human resource-related weaknesses had contributed to the DCS’ poor performance.

4.1.7   In 2012 the Committee had reported that it was “pleased that the Minister of Correctional Services undertook to drive the process of reporting to the AGSA on a quarterly basis with regard to the deficiencies identified”. Unfortunately, the 2012/13 audit outcome revealed that commitments made during the 2012/13 financial year were not honoured. In 2012 the Committee reported that upon interrogation of the DCS’ 2011/12 Annual Report and Audit outcome, the DCS’ senior management appeared reluctant to acknowledge their part in the department’s continued poor performance. As was the case then, and despite the DCS senior management’s statements to the contrary, the Committee remains concerned about the DCS’ senior management’s capacity to implement the necessary strategies to ensure a better audit outcome, better service delivery, and the DCS contribution to achieving the government priorities outlined above.

**4.2        Report of the Audit Committee**

4.2.1   The Audit Committee agreed with the AGSA’s findings, and assured the Committee that it had proposed various interventions to address the challenges identified, but that the DCS had failed to implement them. The Audit Committee chairperson confirmed that had these been implemented, the 2012/13 audit outcome would have been markedly different.

4.2.2   The following Audit Committee recommendations were not implemented: little was done to ensure that correctional centres, areas and regions implemented appropriate systems to ensure greater reliability of the information provided to national management, the internal audit unit was not able to review performance information on a quarterly basis; there was no consequence management for those who provided incorrect information; and annual performance plans were not aligned to the DCS strategic plan, budget and/or core functions.

4.2.3   The DCS’ perceived resistance to independent oversight is evidenced by the relationship it has had with its audit committees. In the past three years, the DCS has had four audit committee chairpersons, two of whom were removed as chairpersons without consultation and/or prior notice. At present the Audit Committee comprises three members only, and sorely requires additional members with human resource-, legal- and operational expertise.

4.2.4   The Committee has noted with concern, that despite communication in 2012 from the then Chief Audit Executive, and the affected audit committee members, about the termination of the Chairperson and Vice Chairperson’s contracts in July of that year, the annual report indicated that they had resigned. The terminations had occurred shortly after the Committee had received reports from the then Audit Committee that detailed challenges identified in relation to the continued IT-challenges, inaccurate reporting on performance information, poor risk management, and failure by the DCS to properly remedy challenges identified by AGSA. It is noted that the very concerns raised by the those members of the audit committee whose contracts had been terminated, are the ones that had resulted in the DCS poor audit outcome in 2012/13.

4.2.5   Following its 2011/12 audit, the AGSA had identified 451 matters that required attention, and for which an audit action plan had to be developed. The final audit action plan was not submitted to the Audit Committee, supposedly because the Deputy Commissioner: ICC had resigned.

4.2.6   As stated above the DCS’ Audit Committee concurred with the AGSA’s assessment of the DCS 2012/13 performance. In a written submission to the Committee, the Audit Committee reiterated that the DCS had to change its attitude towards external and internal audit, and that it had to foster a organisational culture that recognised that internal control was a department-wide responsibility, and not only that of its finance unit.

**5.    RECOMMENDATIONS**

The Committee requests that the Minister of Correctional Services (the Minister) ensures that the following recommendations are considered, and where possible, implemented. It should be noted that the concerns raised in previous Committee oversight, and BRR reports, have in the main not been addressed and therefore remain.

**5.1        Quality of reporting**

5.1.1   The Committee must again express its dissatisfaction that, as was the case with the preceding three annual reports, the credibility of the information contained in the Annual Report remains questionable. The DCS should remain cognisant of the fact that they have a responsibility to ensure that all information submitted to Parliament is accurate. Failure to do so may be interpreted as deliberate attempts to mislead Parliament, and thwart effective oversight, and ultimately service delivery.

5.1.2   As in previous years, the AGSA reported that there was no clear link between the indicators and targets contained in the strategic plan, and that this made definitive assessments of the DCS’ success in meeting targets impossible. *As stated in previous reports the DCS should ensure that indicators and targets contained in its strategic plan, annual performance plans and annual performance reports are properly aligned.*

**5.2        Accountability and Cooperative Governance**

5.2.1   The Committee attempted to employ principles of cooperative governance to persuade the DCS to take its recommendations and accounting responsibility seriously, but these have borne little fruit. The Committee believes that an urgent intervention is required to ensure that combined efforts to create a correctional environment built on good governance, accountability and a shared commitment to rehabilitating offenders, are successful.

**5.3        Leadership instability**

5.3.1   The DCS must put in place measures for ensuring compliance with all relevant legislation, policies and National Treasury guidelines as a matter of urgency. As was indicated in previous reports a turnaround strategy was developed in 2010, but judging from the non-compliance, internal audit capacity constraints and weaknesses, and poor quality of reporting highlighted above, this strategy has either not been implemented or is inadequate. The Committee had in the past recommended, and reiterates that a credible turnaround strategy should contain clear performance indicators, should clearly define responsibilities and consequences for non performance. The Committee again requests that the turnaround strategy, as well as the above-mentioned new organizational structure should be provided to the Committee.

5.3.2   The DCS’ attempts at realising the rehabilitation and reintegration objectives contained in the White Paper are undermined by its continued administrative challenges, and the poor leadership already referred to by the Auditor General. As indicated in previous reports, leadership instability, lack of discipline and financial mismanagement seriously impede service delivery and must be addressed as a matter of urgency. The DCS intention to resort to head-hunting to fill some senior management posts is noted, however the Committee recommends that all head-hunting processes be closely monitored to ensure their credibility is not drawn into question.

**5.4        Human Resource Management**

5.4.1   The MCF and its Ministerial Task Team referred to above, which were established to address, amongst others, the human resource-related matters referred to in this report, are acknowledged. The Committee looks forward to the outcome of the intervention, and urges the Minister to, on consideration of the Ministerial Task Team’s report, ensure the implementation of agreed to recommendations.

5.4.2   The Committee had for the past four years advocated for the use of alternative recruitment strategies to the ones the DCS has been using with little meaningful success. Despite reports that such strategies would be explored in 2012/13, there has been no meaningful improvement. The Committee remains convinced that the DCS’ poor reputation as an employer, is a major contributing factor to its inability to attract and retain professionals especially. The Committee had in 2012 registered its concern about the DCS management’s inability to instill confidence in potential employees, and to create an environment conducive to professional development. This concern remains.

5.4.3   The DCS’ inability to fill even its most critical vacancies remains a major cause for concern. This failure to attract and retain employees seriously impedes service delivery, and limits the DCS contribution to South Africa’s economic growth. Furthermore, the high vacancy levels reported in financial and related areas can only have a negative impact on compliance with relevant legislative and good governance requirements, and will make it virtually impossible to address internal control deficiencies. *It is recommended that the DCS should redouble its efforts to fill all vacancies especially those in its finance and internal audit units, and that all avenues to attract, develop and retain graduates in professional fields should be explored.*

**5.5        Alignment of the DCS budget and strategic objectives**

5.5.1   The Committee notes that the DCS and National Treasury had developed a revised budget programme structure which was implemented from 1 April 2012, and which is more reflective of the Department’s core functions.

5.5.2   National Treasury’s commitment to encouraging the DCS to reprioritise funds towards its Care, Rehabilitation and Social Reintegration programmes notwithstanding, the Committee continues to be concerned about the small allocations made towards programmes responsible for the welfare and rehabilitation of offenders. The high rate of repeat-offending is indicative of the DCS’ limited success in the area of social reintegration. If a significant improvement is to be made, a radical shift in the budget allocation to the Rehabilitation, Care and Social Reintegration programmes would have to be effected.

5.5.3 *As recommended in previous reports on the DCS’ budget allocation, the budget must be aligned with its rehabilitation and reintegration objectives. The DCS must reconsider and increase its targets for developmental interventions and make the requisite allocations to its Care, Rehabilitation and Social Reintegration programmes.*These programmes are integral to the reduction of recidivism, which is the only measure for determining the DCS’ success in “correcting” offending behaviour and rehabilitating offenders.

**6.    CONCLUSION**

6.1   The Committee, having considered the DCS’ performance in the 2012/13 financial year, and the first quarter of the current financial year, acknowledges progress made, but remains concerned about the DCS’ financial management, service delivery performance, poor monitoring and internal control, and severe staffing constraints. It is believed that its poor performance is closely linked to its leadership instability, and extremely poor forward planning.

6.2   Given the recurrent nature of many of the concerns raised, the Committee is not convinced that the DCS will, without the necessary intervention, be able to responsibly manage its budget to ensure that its available resources are adequately managed, and that core functions are adequately resourced.

Report to be considered