



11 November 2008

Department Correctional of Services Annual Report for the 2007/08 financial year

1. Introduction

The mandate of the Department of Correctional Services is to contribute to maintaining and protecting a just, peaceful and safe society, by enforcing court-imposed sentences, detaining prisoners in safe custody whilst maintaining their human dignity and developing their sense of social responsibility, and promoting the general development of all inmates and persons subject to community corrections¹. The purpose of this paper is to summarise the key findings of the Auditor-General's (AG) Report and analyse the financial statements of the Correctional Services Department.

2. Summary of Auditor-General (AG) Report

During the 2007/08 financial year the AG expressed a qualified audit opinion for the financial statements of the Correctional Services Department. The AG noted that as a result of issues raised, relating to tangible capital assets and inadequate records, he was unable to carry out all auditing procedures necessary to confirm the accuracy, completeness and valuation regarding assets. The AG further noted the following matters:

- Internal controls
 - Control environment
 - Risk management
 - Control activities
 - Information and communication
 - Monitoring
- Non-compliance with applicable legislation
- Matters of governance
 - Audit Committee
 - Internal Audit
 - Other matters of governance

¹ Correctional Services Annual Report
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3. Budget information

The adjusted appropriation of the Department for the 2007/08 financial year was R11, 4 billion. The department's appropriation was divided among seven key programmes. These are Administration, Security, Corrections, Care, Development, Social Integration and Facilities. The table below provides a comparative outline of programme appropriations to the Department of Correctional Services for 2007/8 & 2006/07 financial years.

Table 1: PROGRAMME APPROPRIATION FOR 2006/07 & 2007/08 FINANCIAL YEAR

APPROPRIATION PER PROGRAMME				
	2006/2007	2007/2008	R Increase or Decrease	% Change
Programmes	R'000	R'000	R'000	
Admin	R 2,573,946	R 2,874,543	R 300,597	11.68
Security	R 3,062,928	R 3,444,847	R 381,919	12.47
Corrections	R 766,914	R 1,091,580	R 324,666	42.33
Care	R 1,180,755	R 1,291,561	R 110,806	9.38
Development	R 394,343	R 394,348	R 5	0.00
Social Reintegration	R 323,894	R 371,356	R 47,462	14.65
Facilities	R 1,528,732	R 1,916,174	R 387,442	25.34
Total	R 9,831,512	R 11,384,409	R 1,552,897	15.80

Source: The Department of Correctional Services and Adjusted ENE, 2007

The Department's appropriated budget for the 2007/08 financial year increased by R11.4 billion, which represent 15.8 per cent increase from the 2006/07 appropriation. The Corrections programme received the largest increase of 42.3 per cent, followed by Facilities, which received 25.3 percent increase from the 2006/07 budget. The Development Programme budget stayed the same in the 2007/08 financial year.

3.1 Budget performance

For the year under review the Correctional Services Budget was allocated to seven programmes as indicated in Table 1 above. Table 2 below indicates an overview of spending and total virements per programme.



Table 2: Overview of spending and total virements per programme

Programmes	2007/2008 Financial Year Expenditure and Virements				
	R'000	Adjusted Appropriation	Virements	Final Appropriation	Actual Expenditure
Admin	R 2,874,543	(16733)	R 2,857,810	R2,857,713	100.00
Security	R 3,444,847	287430	R 3,732,277	R3,732,277	100.00
Corrections	R 1,091,580	(182021)	R 909,559	R909,327	99.97
Care	R 1,291,561	(27675)	R 1,263,886	R1,263,820	99.99
Development	R 394,348	(28414)	R 365,934	R365,934	100.00
Social Reintegration	R 371,356	(544)	R 370,812	R370,812	100.00
Facilities	R 1,916,174	(32043)	R 1,884,131	R1,622,496	86.11
Totals	R 11,384,409		R 11,384,409	R11,122,379	97.70

The Department of Correctional Services spent 97.7 percent of its budget during the 2007/08 financial year. The Facilities programme has a 13.9 per cent variance on expenditure followed by Care and Correction programmes at 0.03 and 0.01 per cent respectively. The R262, 000 variance of the main appropriation was mainly due to the under-spending of the Facilities programme.

3.1.1 Virements between programmes

Section 43 of the Public Finance Management Act (PFMA)² and the Treasury Regulation 6.3³ provides the guidelines for the virement of funds between programmes. During the 2007/08 financial year, virements amongst programmes amounted to R 287 million, and were effected largely due to fund the shortfall under compensation of employees resulting from the implementation of Public Services Coordinating Bargaining Chamber Number 1 of 2007. The Bargaining Chamber agreement made provisions for extra remuneration for the work done on Saturdays, Sundays and Public Holidays without the option of granting time off as was the agreement between labour and the department.

² Public Finance Management Act, Act 32 of 1999

³ National Treasury Regulation, 2005



4. Issue for Committee Consideration

- Progress on the implementation of SCOPA resolution of the fifth report of 2008 (pg 87)
- The report of the Accounting Officer (page 80, no 2) notes that Virements were approved and copies were forwarded to National Treasury. The Committee should establish whether Treasury approved the virement of funds for the 2007/2008 financial year.
- The Auditor-General noted that correctional centres remain overcrowded, resulting in the Department not complying with Section 7 of the Correctional Services Act⁴. The Committee should request more details on why there was under spending on the Facilities Programme with R32 million being moved to the Security Programme. (Page 80, no 2.7)
- The Committee should request an explanation on the disallowance damages and losses amount of R15 million recorded under receivables (Private enterprises page 127, no 13.1)

5. References

- The Correctional Services Annual Report 2007/08
- Public Finance Management Act (Act 32 of 1999)
- National Treasury Regulation, 2005

⁴ Correctional Services Act, 1998 (Act No. 111 of 1998)