



**PUBLIC FINANCE
NATIONAL TREASURY**

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TO: STANDING COMMITTEE ON PUBLIC ACCOUNTS

VOTE 21: CORRECTIONAL SERVICES: 2008/09 UNAUTHORISED EXPENDITURE

PURPOSE

1. To provide the Standing Committee on Public Accounts (SCOPA) with recommendations in relation to the unauthorised expenditure incurred by the Department of Correctional Services during the 2008/09 financial year.


BACKGROUND

2. According to the Correctional Services 2008/09 Annual Report, the department overspent its budget by R483.821 million, owing to the implementation of the Public Service Coordinating Bargaining Council Resolution 1 of 2007, which made it obligatory for the department to compensate overtime in monetary terms, rather than through time-off (refer to **Annexure A**). Prior to the implementation of the resolution, the department compensated officials for work performed on weekends and public holidays through time-off.
3. An analysis of events that led to the unauthorised expenditure shows that the department could have prevented its occurrence. The huge spending of R1.2 billion on overtime in 2008/09 was mainly due to delays in the implementation of the "seven-day establishment". This was funded with effect from 2007/08, with a view to recruit additional staff and phase out overtime. The department only implemented the "seven-day establishment" from July 2009, linking it to the occupational specific dispensation for correctional officers.
4. Throughout the 2008/09 financial year, National Treasury carefully monitored the department's monthly expenditure trends, and advised the department accordingly, to avoid unauthorised expenditure. However, as highlighted in the notes on the financial statements of the 2008/09 Annual Report and the letter from the department (**Annexure B**), the focus of the department was on obtaining additional funding from National Treasury, to clear the increased expenditure on overtime. If the department had made an effort to implement cost containment measures and reprioritise accordingly, the overspending could have been prevented.
5. In terms of additional funding for personnel, several allocations were made for 2008/09. During the 2007 MTEF process, a total of R222 million was allocated to increase the 2008/09 personnel budget (R221.998 million to appoint additional personnel for implementation of the seven-day establishment and R15 million for inflation adjustment). During the 2008 MTEF process the department received a total of R223.7 million additional


personnel budget for 2008/09 (R165.243 million for implementation of PSCBC Resolution 1 of 2007 and R58.457 million for inflation adjustment). During the 2008/09 Adjusted Estimates process, the department received R460.484 million additional funding, to boost its personnel budget.

RECOMMENDATION


- 6. In line with the provision of section 34 of the Public Finance Management Act No. 1 of 1999, as amended by Act 29 of 1999, the National Treasury recommends that the Standing Committee on Public Accounts approves the R483.821 million unauthorised expenditure as a charge against the budget of the Department of Correctional Services.

Rachel Mujuru 
Director: Correctional Services
Date: 21/06/2011


Recommended/~~Not recommended~~


Yelile Mbethe
Chief Director: Justice and Protection Services
Date: 24/06/2011

Recommended/~~Not recommended~~


Andrew Donaldson
Deputy Director-General: Public Finance
Date: 23/6/11

Recommended/~~Not recommended~~


Lungisa Fuzile
Director-General: National Treasury
Date: 21/7/2011