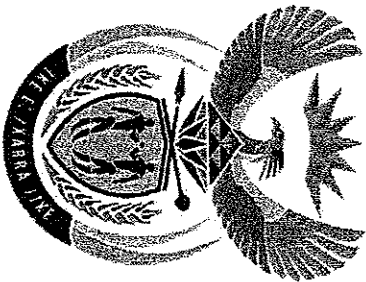


PC correct

16 October 2012



correctional services

Department:
Correctional Services
REPUBLIC OF SOUTH AFRICA

PRESENTATION TO PORTFOLIO COMMITTEE

2011/12 FINANCIAL YEAR ANNUAL REPORT
(FINANCE INPUTS)

16 October 2012

Received on 11/10/2012, 3pm

OUTLINE OF THE PRESENTATION

- **National State of Expenditure for the year ended 31 March 2012**
- **Report of the Auditor-General South Africa (AGSA)**
- **Fruitless and Wasteful Expenditure**
- **Irregular Expenditure**

SUMMARY OF NATIONAL STATE OF EXPENDITURE: **31 MARCH 2012**

Adjusted Budget allocation
 Less: Expenditure

R'000
16,686,925
15,792,980

Total amount available before unauthorised exp
 Percentage spent before unauthorised expenditure
 Less: Unauthorised Expenditure approved without funding
 Total under expenditure after clearing unauthorised expenditure

893,945
94.64%
483,821
410,124
97.54%

Final percentage spent

COMMENTS ON THE FINAL NATIONAL STATE OF EXPENDITURE FOR THE YEAR TO DATE PER PROGRAMME: MARCH 2012

- The final expenditure of the Department as at **31 March 2012** was R15.793 billion (94.6%) against the final appropriation of R16.687 billion resulting in R893.945 million (5.4%) underspending. The unauthorised expenditure incurred in 2008/09 of R483.821 million approved without funding was written off against the R893.945 million resulting in R410.124 million net underspending.
- Factors that contributed to the under/over-spending per programme are as follows:
- **Programme Administration:** The net underspending of R493.346 million is mainly due to savings under Compensation of Employees arising from funded vacant posts. Unauthorised expenditure of R483.821 million incurred in 2008/09 financial year and approved without funding in terms of Finance Act 2012, No. 2 of 2012, was charged against the said underspending.

COMMENTS ON THE FINAL NATIONAL STATE OF EXPENDITURE FOR THE YEAR TO DATE PER PROGRAMME: MARCH 2012

- **Programme Security:** The net underspending of R10 million is mainly due to savings under Machinery and Equipment for the procurement of Body Scanning Equipment not being finalised before the end of the financial year.
- **Programme Corrections:** The net underspending of R40 million is mainly due to savings under Goods and Services for the procurement of Remand Detainees' uniform, arising from the implementation of the Correctional Matters amendment Act No. 5 of 2011 which was effective from 1 March 2012, not being finalised before the end of the financial year.
- **Programme Facilities:** The net underspending of R350.599 million is mainly due to savings under item Building and other Fixed structures on Capital works Projects as a result of challenges with the Department of Public Works (DPW) for slow progress in implementation of planned projects due to poor performance by contractors, delays in procurement processes and deliveries of Materials as well as unconfirmed delivery of goods to DCS facilities for security fencing and services rendered for pre-payments made to Independent Development Trust.

SUMMARY OF NATIONAL STATE OF EXPENDITURE PER PROGRAMME: 31 MARCH 2012

Programme	Budget R'000	Actual exp to date R'000	% Actual	Over/Under- spending R'000
Administration	4,905,229	4,411,883	89.9%	493,346
Security	5,354,799	5,344,799	99.8%	10,000
Corrections	1,636,844	1,596,844	97.6%	40,000
Care	1,728,959	1,728,959	100.0%	0
Development	535,738	535,738	100.0%	0
Social reintegration	568,338	568,338	100.0%	0
Facilities	1,957,018	1,606,419	82.1%	350,599
Total	16,686,925	15,792,980	94.6%	893,945

SUMMARY OF NATIONAL STATE OF EXPENDITURE PER PROGRAMME: 31 MARCH 2012

Programme	Budget R'000	Actual exp to date R'000	% Actual	Over/Under- spending R'000
Administration	4,905,229	4,411,883	89.9%	493,346
Security	5,354,799	5,344,799	99.8%	10,000
Corrections	1,636,844	1,596,844	97.6%	40,000
Care	1,728,959	1,728,959	100.0%	0
Development	535,738	535,738	100.0%	0
Social reintegration	568,338	568,338	100.0%	0
Facilities	1,957,018	1,606,419	82.1%	350,599
Total	16,686,925	15,792,980	94.6%	893,945

COMMENTS ON THE NATIONAL STATE OF EXPENDITURE PER ECONOMIC CLASSIFICATION: 31 MARCH 2012

- **Compensation of Employees:** The net underspending is mainly due to savings arising from funded vacant posts. Unauthorised expenditure of R483.821 million incurred in 2008/09 financial year and approved without funding in terms of the Finance Act 2012, Act No. 2 of 2012, was charged against the said underspending.
- **Goods & Services:** The net underspending is mainly due to savings for the procurement for Remand Detainees' uniform arising from the implementation of Correctional Matters Amendment Act No. 5 of 2011 which was effective from 1 March 2012 not being finalised before the end of the financial year.
- **Payments for Capital Assets:** The net underspending is mainly due to savings under item Building and other Fixed Structures on capital works projects as a result of challenges with DPW for slow progress in implementation of planned projects due to poor performance by contractors, delays in procurement process and deliveries of materials as well as unconfirmed delivery of goods to DCS facilities for security fencing and services rendered for pre-payments made to Independent Development Trust during 2011/12 financial year.

SUMMARY OF NATIONAL STATE OF EXPENDITURE PER ECONOMIC CLASSIFICATION: 31 MARCH 2012

GFS Classification	Budget R'000	Actual exp to date R'000	% Actual	Budg avail R'000
Compensation of Employees	10,861,320	10,367,974	95.5%	493,346
Goods & Services	4,564,603	4,524,603	99.1%	40,000
Thefts and losses	0	0	0.0%	0
Interst & Rent on land	3606	3606	0.0%	0
Transfers & Subsidies	72,457	72,457	100.0%	0
Payment of Capital Assets	1,184,939	824,340	69.6%	360,599
Total	16,686,925	15,792,980	94.6%	893,945

REPORT OF THE AUDITOR-GENERAL SOUTH AFRICA (AGSA)

2011/12 Audit qualification in DCS –

■ Assets management:

- Adjustments made to prior year inter-store transfers were materially misstated by an approximate amount of R47 million. No sufficient audit evidence could be provided to AGSA to support adjustments to the approximate value of R10 million
- Completeness of some major and minor movable tangible assets could not be verified to the approximate value of R13 million and R6 million respectively
- Existence of some major and minor movable tangible assets could not be verified to the approximate value of R33 million and R26 million respectively
- Some major and minor movable tangible assets did not reflect the cost of fair values and consequently these assets were materially misstated by an approximate amount of R34 million and R2 million respectively

REPORT OF THE AUDITOR-GENERAL SOUTH AFRICA (cont...)

2011/12 Emphasis of matters DCS –

- Restatement of corresponding figures
 - Prior year figures for 31 March 2011 have been restated as a result of an error relating to the non-disclosure of accommodation charges made by the department to DPW on state owned properties as operating lease commitments
- Material underspending of the budget
 - The final expenditure of the Department as at 31 March 2012 was R15.793 billion (94.6%) against the final appropriation of R16.687 billion resulting in R893.945 million (5.4%) underspending. The unauthorised expenditure incurred in 2008/09 of R483.821 million approved without funding was written off against the R893.945 million resulting in R410.124 million net underspending (refer to State of Expenditure slide)

FRUITLESS AND WASTEFUL EXPENDITURE

Reconciliation of fruitless and wasteful expenditure	2011/12 R'000	2010/11 R'000
Opening balance	68	87
Fruitless and wasteful expenditure – relating to prior year	-	-
Fruitless and wasteful expenditure – relating to current year	71,311	6
Less: Amounts condoned	-	(25)
Less: Amounts transferred to receivables for recovery	(2)	-
Fruitless and wasteful expenditure awaiting condonement	71,377	68

IRREGULAR EXPENDITURE

Reconciliation of irregular expenditure		2011/12 R'000	2010/11 R'000
Opening balance		1,037	865
Add: Irregular expenditure – relating to prior year		-	92
Add: Irregular expenditure – relating to current year		214,652	994
Less: Amounts condoned		(93)	(914)
Less: Amounts recoverable (not condoned)		-	-
Irregular expenditure awaiting condonement		215,596	1,037



■ **THANK YOU**

■ **STRIVING FOR A SOUTH AFRICA IN WHICH PEOPLE ARE AND FEEL SAFE**