

# **SAPS Quarterly Expenditure**

**4<sup>th</sup> Quarter of 2012/13 & 1<sup>st</sup> Quarter of 2013/14**

**17 September 2013**



**PARLIAMENT**  
OF SOUTH AFRICA



South African Police Service

# Expenditure at the end of the 4<sup>th</sup> Quarter of the 2012/13 FY

March 2013



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# Adjusted Estimates for 2012/13 FY

4<sup>th</sup> Quarter of 2012/13

- Main Appropriation Budget increased by R903.330 million – from R62.485 billion to R63.388 billion
- Economic Classification:
  - Current Payments increased by R1.251 billion
  - Transfers and Subsidies increased by R1.675 million
  - Payments for financial assets decreased by R349.435 million
- Roll-overs
  - An amount of R200.565 million has been rolled-over from the *Machinery and equipment* account for the implementation of projects related to the Criminal Justice Review programme – strict Treasury Regulations – Which projects?
- Virements and shifts

## Programme 1: Administration

- R267.330 million was shifted for the permanent appointment of security guards.

# Adjusted Estimates for 2012/13 FY cont.

4<sup>th</sup> Quarter of 2012/13

## Virements and shifts...cont.

- R250 million was shifted from Buildings and other fixed structures to Compensation of Employees (Visible Policing)
  - Shift from Buildings and other fixed structures against Section 43 of the PFMA – approval was obtained
- Also: Declared saving of R300 million on Buildings and other fixed structures, thus a total amount of R550 million was unspent on *Buildings and other fixed structures* at the end of the 2012/13 FY.

## Programme 3: Detective Services

- R130 million was reprioritised from funds from the Criminal Justice Sector revamp in the Goods and Services account towards Compensation of employees for the appointment of additional personnel in FSL.
- This virement from CJS funds is against the regulations set out by the PFMA. As these constitute ring-fenced/earmarked funds, it may only be approved by the legislature in terms of the PFMA. Members of the Committee should request a clear explanation on this virement.

# Overall expenditure for 2012/13 FY

End of the 4<sup>th</sup> Quarter of the 2012/13 FY

- Spent R 63.156 billion of R63.388 billion
- Equates 99.6% spent compared to 98.9% in 2011/12
- Programmes -
  - Programme 1: Administration: 97.7%
  - Programme 2: Visible Policing: 100.0%
  - Programme 3: Detective Services: 101.1%
  - Programme 4: Crime Intelligence: 99.2%
  - Programme 5: Protection and Security Services: 99.4%
- Economic Classification
  - Current payments: 98.8%
    - Goods and Services: 94.7%
  - Transfers and subsidies: 114.6%
  - Payments for capital assets: 113.4%
    - Buildings and other fixed structures: 87.0% (2011/12 FY: 53.3%)
    - Machinery and equipment: 128.8%
    - Biological Assets: 128.8% (2011/12 FY: 671.1%)

# Programme 1: Administration

Expenditure at the end of the 4<sup>th</sup> Quarter of the 2012/13 FY

- Adjusted Appropriation of R15.933 billion – spent R15.570 billion (97.7%)
  - Sub-programmes
    - Ministry: 86.6% (significant under-spending a continual trend – at the end of 2011/12 FY spent only 80.5%)
    - Management: 95.5%
    - Corporate Services: 97.7%
    - Office Accommodation: 98.2%

Under-spending on the entire Administration Programme continual trend (2010/11: 98.%; 2011/12: 94.6%)

## ☐ Economic classification

- Payments for Capital Assets (90.3%)/under-expenditure
- Transfers and subsidies (159.1%)/over-expenditure



## Programme 2: Visible Policing

Expenditure at the end of the 4<sup>th</sup> Quarter of the 2012/13 FY

- Adjusted Appropriation of R29.515 billion– spent R29.527 billion (100.0%)
  - Sub-programmes
    - Crime prevention: 99.5%
    - Border security: 98.2%
    - Specialised interventions: 107.7%
- Economic Classification
  - Current Payments (101.0%)
  - Transfers and Subsidies (89.7%)
  - Payments for Capital Assets (75.5%)

# Programme 3: Detective Services

Expenditure at the end of the 4<sup>th</sup> Quarter of the 2012/13 FY

- Adjusted Appropriation of R13.542 billion– spent R13.693 billion (101.1%)
  - Sub-programmes
    - Crime investigation: 105.5%
    - Criminal Record Centre: 93.1%
    - Forensic Science Laboratories: 94.9%
    - Specialised investigations: 98.7%

Significantly higher than expected expenditure occurred in *Payments for capital assets* which was recorded at 218.7% against the adjusted appropriation at the end of the financial year. The Programme also had a rolled-over amount of R200.565 million for the implementation of projects related to the Criminal Justice Review Programme.



# Programme 4: Crime Intelligence

Expenditure at the end of the 4<sup>th</sup> Quarter of the 2012/13 FY

- Adjusted Appropriation of R2.590 billion– spent R2.570 billion (99.2%)
  - Sub-programmes
    - Crime Intelligence Operations: 98.3%
    - Intelligence and Information Management: 99.8%

## □ Economic Classification

- Current Payments (99.4%)
  - Goods and services (101.4%)
- Transfers and subsidies (183%)
  - Transfers to Provinces and municipalities (108.8%)
  - Transfers to households (190.1%)
- Payments for capital assets
  - Machinery and equipment (70.3%)/under-expenditure

# Programme 5: Protection and Security Services

Expenditure at the end of the 4<sup>th</sup> Quarter of the 2012/13 FY

- Adjusted Appropriation of R1.806 billion – spent R1.795 billion (99.4%)

## – Sub-programmes

- VIP Protection Services: 107.7%
- Static and mobile security: 93.3%
- Government Security Regulator: 106.1%
- Operational Support: 93.2%

## □ Economic classification

- Current payments (98.8%)
  - Goods and Services (115.9%)
- Transfers and subsidies (61.5%)
  - Transfers to provinces and municipalities (114.8)
  - Transfers to households (53.6%)
- Payments for capital assets (66.4%)
  - Machinery and equipment (66.4%)

# Economic Classification

Expenditure at the end of the 4<sup>th</sup> Quarter of the 2012/13 FY

- Compensation of employees: 100%
  - End of March 2013: R46.8 billion. Marginally lower than the planned expenditure occurred on Programmes: Administration, Crime Intelligence and Protection and Security Services (99.7 per cent, 99.2 per cent and 99.3 per cent against the adjusted appropriation, respectively).
- Goods and Services: 94.7%
  - Advertising: 55.7%; Bursaries for employees: 162.2%; Catering: 135.2%; Consultants: 140.8%; Venues and facilities: 167.4%
- Buildings and other fixed structures: 87.0%
  - Main appropriation was R1.344 billion, R550 million was shifted away to leave a total adjusted appropriation of R794.557 million. (If virement and saving not made, the Department would have only spent 51.4% of budget)
  - Visible Policing and Detective Services Programmes expense against no budgetary allocation.
- Machinery and equipment: 123.3%
  - Administration: 99.7%; VISPOL: 75.4%; Detective Services: 218.7%; Crime Intelligence: 70.3%; and PSS: 66.4%

# Conclusion

Expenditure at the end of the 4<sup>th</sup> Quarter of the 2012/13 FY

- The Committee should focus on the key areas of concern raised above on departmental spending, especially on the effective use of earmarked funds with specific focus on the implementation of modernisation projects (IJS & CJS).
- Department expenditure must be improved on the *Goods and Services and Buildings and other fixed structures accounts*.
  - Explain expenditure on Buildings in Detective Services and Crime Intelligence
- Year-end expenditure of the Administration programme
- Virements and shifts between programmes. Shifts from earmarked funds for Criminal Justice System Revamp and modernisation should be interrogated.
  - Minister of Finance: Unable to cap virements on Rand value without amending PFMA. Department reducing the % shifts over the past years. Never more than the 8% limit.
- Department should explain the over-expenditure on *Transfers and subsidies* at the end of the FY.



South African Police Service

# Expenditure at the end of the 1<sup>st</sup> Quarter of the 2013/14 FY

June 2013



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# Overall Expenditure

Expenditure at the end of the 1<sup>st</sup> Quarter of the 2013/14 FY

- Main Appropriation of R67.917 billion – spent R16.191 billion (23.8%)
  - Sub-programmes
    - Administration: 21.2%
    - Visible Policing: 25.0%
    - Detective Services: 24.1%
    - Crime Intelligence: 24.6%
    - Protection and Security Services: 25.8%
  - Economic Classification
    - Current payments: 24.4%
      - Goods and Services: 19.5%
    - Transfers and Subsidies: 31.2%
    - Payments for Capital Assets: 11.0%
      - Buildings and other fixed structures: 10.8%
      - Machinery and equipment: 11.1%

# Programme 1: Administration

Expenditure at the end of the 1<sup>st</sup> Quarter of the 2013/14 FY

- R17.348 billion – spent R3.678 billion (21.2%)
  - Sub-programmes
    - Ministry: 17.8%
    - Management: 22.6%
    - Corporate Services: 21.2%
    - Office Accommodation: 21.3%

## □ Economic Classification

- Payments for capital assets: 11.2% (significant under-expenditure)
  - Buildings and other fixed structures: 10.7%
  - Machinery and equipment: 13.3%
- Transfers and subsidies: 35.5% (significant over-expenditure)

# Programme 2: Visible Policing

Expenditure at the end of the 1<sup>st</sup> Quarter of the 2013/14 FY

- Main appropriation of R31.539 billion– spent R7.881 billion (25.0%)
  - Sub-programmes
    - Crime prevention: 25.7%
    - Border Security: 24.8%
    - Specialised interventions: 24.8%
- Economic classification
  - Transfers and subsidies: 23.8%
  - Machinery and equipment: 2.8% (significant under-expenditure)
  - Unplanned expenditure on Buildings and other fixed structures of R579 thousand, while no budgetary allocation was made for this item.



# Programme 3: Detective Services

Expenditure at the end of the 1<sup>st</sup> Quarter of the 2013/14 FY

- Main appropriation R14.348 billion – spent R3.462 billion (24.1%) – slightly ahead of spending (0.5%)

- Sub-programmes

- Crime Investigations: 25.2%
- Criminal Record Centre: 21.9%
- Forensic Science Laboratories: 21.1%
- Specialised Investigations: 23.5%

## □ Economic classification

- Goods and Services: 17.8%
- Payments for capital assets: 27.7%
  - Machinery and equipment: 12.7%
  - Buildings and other fixed structures: R391 thousand spent against no budgetary allocation.
- Transfers to provinces and municipalities: 28.9% (trend)
- Transfers to households: 30.8% (trend)

# Programme 4: Crime Intelligence

Expenditure at the end of the 1<sup>st</sup> Quarter of the 2013/14 FY

- Main appropriation of R2.715 billion – spent R661 million (24.4%)
  - Sub-programmes
    - Crime Intelligence Operations: 24.5%
    - Intelligence and Information Management: 24.3%
- Economic Classification
  - Transfers and subsidies (46.1%)
    - Significant over-expenditure: trend from last FY
      - Transfers to provinces and municipalities: 28.5%
      - Transfer to households: 47.7%
  - Machinery and equipment: 0.2% against 9.5% target

# Programme 5: Protection and Security Services

Expenditure at the end of the 1<sup>st</sup> Quarter of the 2013/14 FY

- Main appropriation of R1.964 billion – spent R507 million (25.8%)
  - Sub-programmes
    - VIP Protection: 28.1%
    - Static and mobile security: 24.7%
    - Government Security Regulator: 23.9%
    - Operational Support: 22.4%
- Economic classification
  - Current Payments: 26.2%
  - Payments for capital assets (Machinery and equipment: 6.1%)
    - Significant under-expenditure

# Economic Classification

Expenditure at the end of the 1<sup>st</sup> Quarter of the 2013/14 FY

- Compensation of employees
  - R12.9 billion (25.7%) – 1.1% above the approved drawings
- Goods and Services
  - R2.7 billion spent – R288 million (2.1%) behind the approved budget.
    - Problematic spending:
      - Consultants: Business and Advisory (34.6% against )
      - **Consultants: Laboratory Services (238.6% against 21.2% projected)**
      - Consultants: Legal Costs (78.0% against 30.0% projected)
      - Consultants: Infrastructure and planning (0.4% against 10.5% projected)
      - Catering: Dept. Activities (20.8% against 12.1% projected)
      - Inventory: Food Supplies (7.1% against 41.6% projected)
      - Inventory: Medical Supplied (0.9% against 18.6% projected)
      - Operating payments (15.7% against 25.9%)
  - Payments for capital assets
    - Machinery and equipment (11.1%) – 9.1%/R183.4 million lower than approved projection
    - Buildings and other fixed structures (10.8%)



# Earmarked funds

Expenditure at the end of the 1<sup>st</sup> Quarter of the 2013/14 FY

- Devolved funds from NDPW
  - A total of R644.9 million (or 26.4 per cent) of the earmarked amount was spent on the *Devolution of funds from DPW* by end of June 2013 on municipal services, leases and accommodation charges. This spending pattern is slightly ahead that of the same period of the previous year (24%).
- Construction and upgrading of police stations
  - Actual expenditure on the *Construction and upgrading of police stations* was R110.6 million which is only 17.2% of the earmarked amount; this is higher than the same period of the previous financial year (8.1%).
- Criminal Justice Sector Revamp and Modernisation Programme
  - A total of R305.4 million (14.8%) of the earmarked amount was spent on the *CJS revamp and modernisation programme* by end of June 2013. The spending is lower than the previous year spending at the end of June 2012 (18.5%).

# Conclusion

Expenditure at the end of the 1<sup>st</sup> Quarter of the 2013/14 FY

The expenditure recorded at the end of the first quarter of the 2013/14 financial year strongly resemble that of the previous financial year with similar trends, especially in terms of the following:

- (1) Earmarked funds with specific focus on the implementation of modernisation projects (IJS & CJS);
- (2) Buildings and other fixed structures;
- (3) Goods and services; and
- (4) Machinery and equipment.

The Committee should strongly interrogate recorded spending on Consultants within the Goods and services account of the Department.

- At the end of the first quarter, the Department has already spent 238.6 per cent of the approved drawings on Consultants and professional services: Laboratory Services against a projected expenditure of 21.2%.
- The Department has also already spent 78.0% of their approved drawings for Consultants and professional services: Legal costs at the end of the first quarter against a projected expenditure of 30.0%.

# Thank you ~ Questions

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