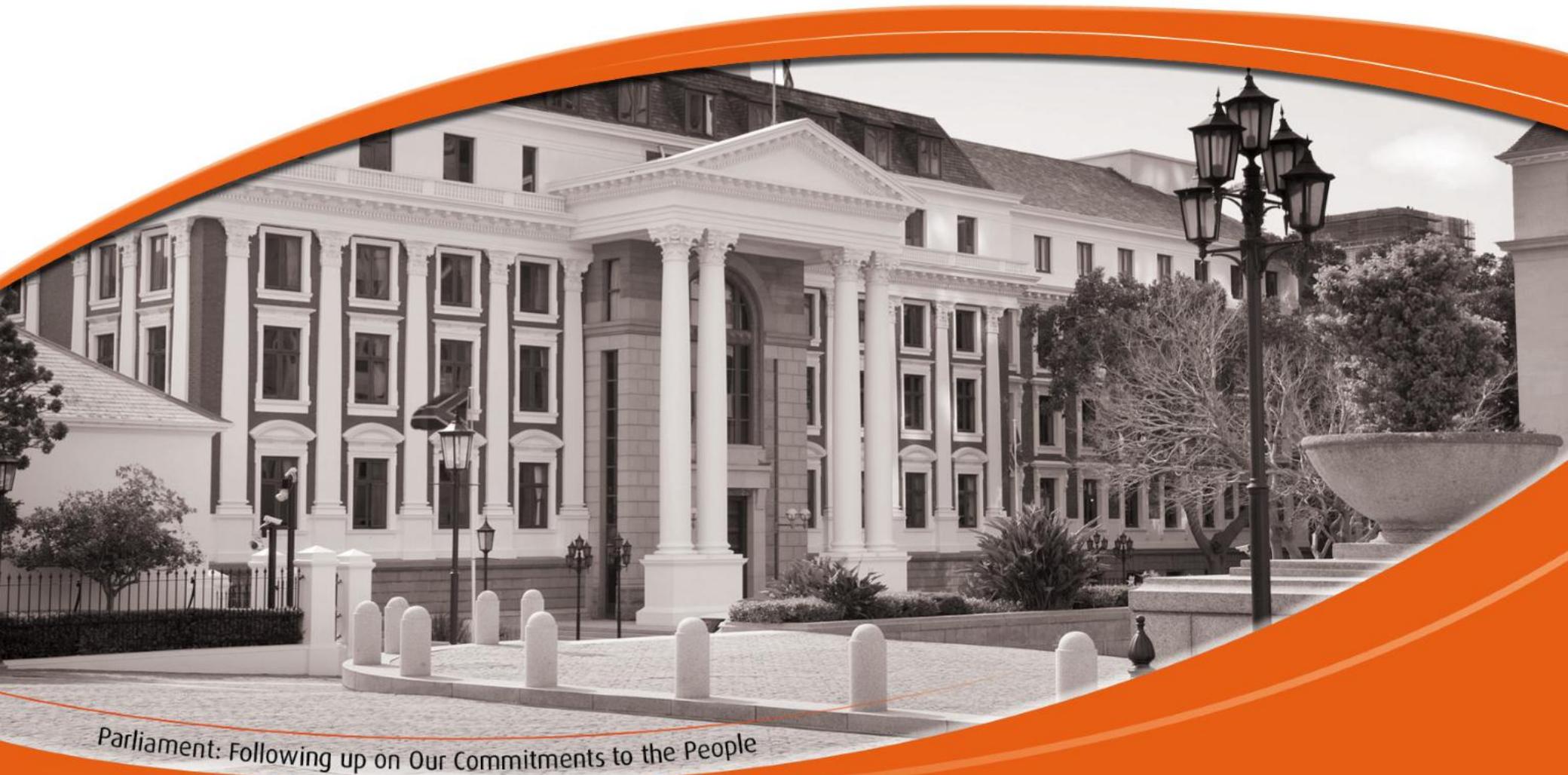




PARLIAMENT
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Parliament: Following up on Our Commitments to the People

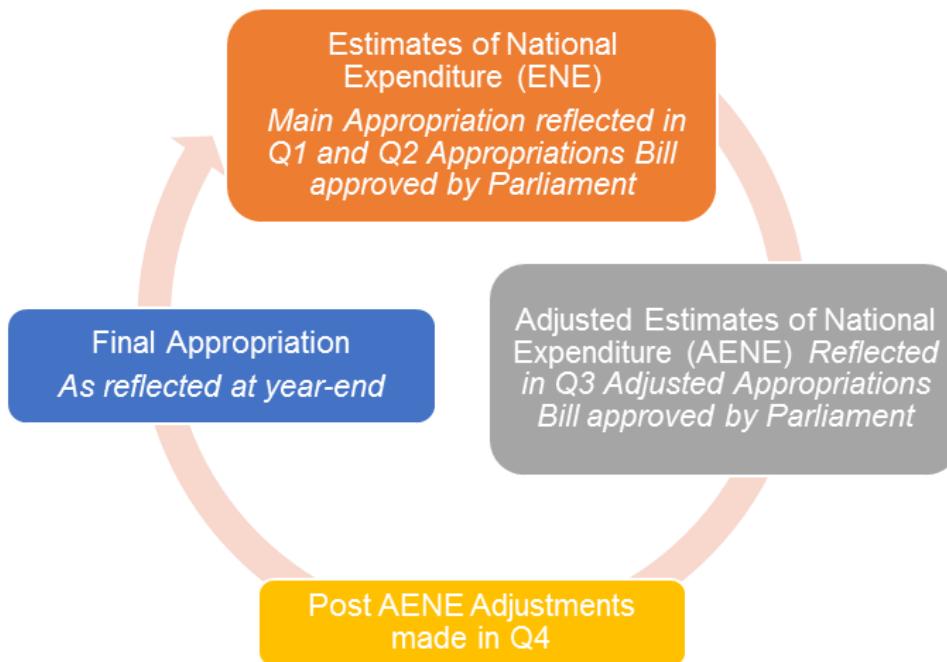
SAPS Quarterly Expenditure

31 August 2016

Introduction

- When conducting fiscal oversight over departmental budgets, it is important for the Committee to scrutinise the entire budget progression from the Main Appropriation at the beginning of the 2015/16 financial year to the Final Appropriation at the end of the financial year, taking into accounts adjustments made to the budget. This allows the Committee to compose a comprehensive view of how voted funds were utilised by the Department during the financial year.
- The Department of Police showed positive expenditure at the end of the 2015/16 financial year (FY) and managed to spent 99.9 per cent of its allocated budget of R76 billion, leaving an insignificant amount of R47 000.00 unspent.
- However, a 100 per cent expenditure at year-end is not necessarily good, when considering the manner in which it is attained. The Department made various adjustments to the 2015/16 budget through shifts and virements during the adjustments period, as reflected in the Adjusted Estimates of National Expenditure (AENE), coupled with post-AENE adjustments to budget allocations in Q4.
- Important to note that the adjustments made to the appropriated budget are in-line with legislative requirements of the PFMA, 1999.
- Concern that there could be a misalignment between initial budget allocations and performance priorities and/or expenditure trends, which could impact negatively on service delivery.

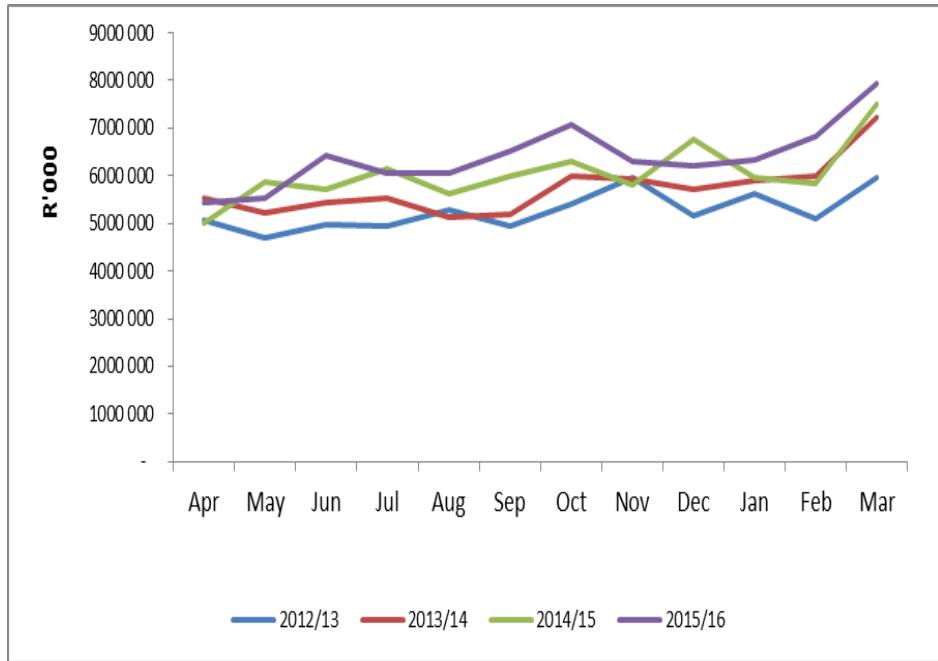
Budget cycle: In-year monitoring



- Main Appropriation stated in the Estimates of National Expenditure (ENE)
- Section 43 of the PFMA, 1999 provides two opportunities to adjust the main appropriated budget to utilise a saving under a main division towards the defrayment of excess expenditure under a main division within the same Vote.
- First opportunity comes after the second quarter (Q2) and is known as the Adjusted Estimates of National Expenditure (AENE)
- Second opportunity in Q4, known as post-AENE adjustments
- Final Appropriation

- » SAPS reports fourth quarter expenditure based on Adjusted Appropriation (as per Q3) and not the Final Appropriation
- » The post-AENE adjustments are not reflected by the SAPS, which results in different expenditure percentages at year-end.

Fourth Quarter 2015/16: March spike



- Accelerated spending in Q4
- Average monthly expenditure of R6.2 billion between April 2015 and February 2016
- March 2016 spent R8.1 billion / 10.5% of the total appropriated budget
- Reduced underspending significantly to R47 thousand
- Average monthly spending on *computer services* was R197 million – in March it was R628 million, which is a 316% increase
- Spent 15.4% (R500.6 million) of R3.3 billion budget on vehicle fleet at end Feb 2016, the rest was spent in March 2016.

- Significant amounts were shifted away mainly from the Visible Policing Programme's *compensation of employees* budget to *computer services* in the Admin Programme. Savings were realised as a result of vacancies within the Vispol Programme.
- The Committee should engage the Department and seek clarity on this trend. The procurements of consumable products like computer services and vehicles should be based on identified needs that are budgeted for at the beginning of a financial year and not based on available funding / savings on other items.

Fourth Quarter 2015/16

In total, the budget allocation of the SAPS shifted as follows during the 2015/16 financial year:

- The budget of the **Administration Programme** increased by R672 million overall during the 2015/16 financial year. After the second quarter, the Department increased the Administration Programme's budget by R345.1 million, and increased the allocation again by R326.9 million in the fourth quarter.
- The budget of the **Visible Policing Programme** decreased by R533.8 million overall during the 2015/16 financial year. After the second quarter, the Department decreased the Vispol Programme's budget by R410.5 million and reduced it again by R123.2 million in the fourth quarter.
- The budget of the **Detective Services Programme** increased by R131.2 million overall during the 2015/16 financial year. After the second quarter, the Department increased the Detective Services budget by R276.4 million, but reduced it again by R145.1 million in the fourth quarter leaving a net increase.
- The budget of the **Crime Intelligence Programme** decreased by R8.3 million overall during the 2015/16 financial year. After the second quarter, the Department increased the budget allocation of the Crime Intelligence Programme by R36.5 million, but reduced it again in the fourth quarter by R44.8 million leaving a net decrease.
- The budget of the **Protection and Security Services** increased by R82.5 million overall during the 2015/16 financial year. After the second quarter, the Department increased the PSS Programme's budget by R96.2 million, but reduced it again by R13.6 million in the fourth quarter leaving a net increase.

First Quarter 2016/17

- As at the end of the first quarter of 2016/17, the Department had spent R19.4 billion or 24 per cent of its main appropriation budget of R81 billion.
- Overall, spending is in-line with projections as well as the 25% linear benchmark set by Treasury
- Higher than planned spending in the *Administration* and *Crime Intelligence* programmes, which was mainly driven by higher than planned spending on goods and services, specifically on the items: computer services (R392.2 million deviation), legal services (R13.4 million deviation) and agency and support services (R25.2 million deviation).
- Underspending on the Criminal Justice System Revamp and Modernisation Programme in the Administration and Detective Services Programmes.
- In the Visible Policing Programme, spending on compensation for employees was higher than planned by R279.6 million during the period under review. Despite the high spending recorded on compensation of employees, 3 302 posts remained vacant in the programme as at the end of the quarter.
- There is an overall misalignment between spending on *compensation of employees* and the number of vacant posts in the Department. The Department recorded spending on *compensation of employees* that is higher than projections by R279.5 million. However, despite the high spending on *compensation of employees*, there were 5 247 vacant posts as at the end of the first quarter, mainly in the two core service delivery programmes, Vispol (3 302) and Detective Services (1 281).
- Given the expenditure ceiling set on compensation of employees for the 2016/17 financial year, the Department should ensure that only critical posts for service delivery are filled.

QUESTIONS OF CLARITY WELCOME

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Thank you | *Enkosi* | Ngiyabonga | *Dankie*