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ANNUAL REPORT ANALYSIS: CIVILIAN SECRETARIAT FOR POLICE (CSP) 2015/16

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1. INTRODUCTION

The Portfolio Committee on Police, through the mandate of the National Assembly, is constitutionally obligated to scrutinize and oversee the performance of departments and



entities falling within its portfolio. In fulfilling this obligation, the Committee engaged intensely with the Civilian Secretariat for Police (CSP) on its service delivery performance during the 2015/16 financial year. During the financial year under review, the Committee had a total of 34 engagements with the Department of Police on a variety of critical issues influencing the policing environment.

The most powerful mechanism of oversight used by Committees is the consideration of statutory obligated documents that Departments must produce during a financial year, which include a Strategic Plan, Annual Performance Plan (APP), Budget, In Year Monitoring (IYM) Reports and Annual Report. In April 2016, the Committee considered the 2016/17 Budget of the Secretariat together with its 2016/17 APP, which set out what the Secretariat intends to do during the 2016/17 financial year and the manner in which the funds will be spent to achieve the service delivery targets set in the APP.

The Secretariat is legally obligated to submit its Annual Report before Parliament at the end of September in order to account for its actual service delivery performance during the past financial year. As such, in the upcoming engagement with the CSP, the Committee will scrutinize the extent to which the CSP has delivered on the service delivery promises they made in their 2015/16 APP and which the Committee agreed to finance by appropriating public funds through the approval of its 2015/16 Budget (and Adjusted Appropriated Budget).¹ This role in overseeing annual reports is crucial to closing the accountability loop of planning, budgeting, implementation, reporting, auditing and finally, oversight.

During the 2015/16 financial year, the CSP faced several challenges which affected its ability to achieve many of its service delivery targets. Key amongst these challenges are the continuing management instability, the inability of the CSP to capacitate its core service delivery programmes and insufficient financial controls.

This paper highlights the legislative framework for Parliament's oversight mandate, the expenditure of the Department as at the end of the 2015/16 financial year and its service delivery achievements against the targets set in the Department's 2015/16 APP.

2. KEY ISSUES FOR CONSIDERATION BY PARLIAMENT

Submission and quality of Annual Report: The Secretariat submitted its 2015/16 Annual Report on 30 September 2016, which was within the statutory deadline. The Annual Report is of average quality and in line with the prescribed format. The layout of the Report facilitates an understanding of the information, which is communicated simply and clearly. All the measurable objectives specified in the Strategic Plan and Annual Performance Plan of 2015/16 are reported on in the Annual Report. However, the Annual Report glosses over the problem of underperformance and does not account sufficiently for the Secretariat's underperformance during the 2015/16 financial year.

Qualified audit opinion: The second consecutive qualified audit opinion from the Auditor General (AG) is a cause for serious concern. Many of the challenges raised by the AG and Portfolio Committee on Police during the previous year's engagements with the Secretariat

¹ National Treasury (2005).



have not been resolved. In 2015/16, the financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 40(1) (a) and (b) of the Public Finance Management Act. Additionally, material misstatements of expenditure for capital assets, employee benefit, irregular expenditure, key management personnel and commitments identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion. This problem can be attributed to an attempt to merely comply with the need to submit financial statements rather than ensuring that those financial statements are accurate.

Overall performance: The overall performance of the Secretariat falls outside acceptable norms and standards at 48% achievement for 2015/16. This coupled with the significant material findings made by the AG on the usefulness and reliability of the performance information reported by the Secretariat, means that even those few targets that were achieved are questionable.

Governance: Actions are not taken in a timely manner to address the risks related to the achievement of complete and accurate financial and performance reporting as well as compliance with laws and regulations. The Strategic Risk Register has been reduced from 18 to 13 risks, which was not monitored by management. The LOGIS and PERSAL systems are not implemented effectively with some information missing on the systems. Additionally, the DPSA Performance Management System is not implemented.

Vacancies: The vacancy rate of the Secretariat is high at 12.26%. The acceptable vacancy rate is approximately 10 per cent, which means that the Secretariat is above the acceptable rate of government departments.

Cost containment: The higher than projected expenditure on *goods and services* (103%), especially in terms of *venues and facilities* and *advertising* is against Treasury Note 1 of 2013/14 on Cost Containment. This is especially in term of the significantly higher than planned spending on *machinery and equipment* (169 per cent) should be a cause for concern to the Committee.

Accelerated spending: The Secretariat has recorded accelerated spending in 2015/16 compared to the previous financial year. Although the continuous underspending has been identified as a concern by the Committee in previous years, the spending of the Secretariat is currently erratic and should be controlled more effectively. The Secretariat received a qualified audit opinion in 2014/15 mainly based on its lack of financial controls, which was repeated in 2015/16. It does not seem that these challenges have been sufficiently addressed by the Secretariat.

Variance in subprogramme expenditure: The variation in expenditure between the subprogrammes within the main budget programmes of the Secretariat suggest a misalignment between the budget projections/allocations and the strategic priorities of the programmes.



Supply Chain Management (SCM): Various non-compliance issues were identified by the AG in terms of SCM. A major risk for the Secretariat is the lack of a fully implemented Logistical Information System (LOGIS). LOGIS is currently the most commonly used procurement management system by government departments, as it has the capability to procure, control and regulate optimal stock levels. The Secretariat is making use of a manual register. Further, the AG identified several instances of non-compliance to Treasury Regulation on Procurement as well as the Preferential Procurement Policy Framework Act, 2000. Due to a lack of proper SCM procedures, the Secretariat did not control their assets.

Merger of the Audit Committee and Risk Committee: The Committee was wary of the proposed merger of the Audit and Risk Committee as the two committees should ideally be separated. The suspicions of the Committee were realised as the Risk Management Policy was not reviewed and signed off in the 2015/16 financial year due to the merger, but deferred to the 2016/17 financial year. The Committee should ensure that the Risk Management Policy is reviewed, signed and implemented (as the 2016/17 financial year is almost half way).

Internal Audit: The Internal Audit has a significant shortage of staff, which exacerbates the lack of strategic risk identification and the fact that these risks are not addressed timeously.

Previous recommendations from the Portfolio Committee on Police: The Secretariat did not seem to implement the recommendations made by the Committee during the previous BRRR, which is a serious concern. The Secretariat should account for their failure to adhere to resolutions adopted by the National Assembly.

Establishment of Provincial Secretariats: One of the key component of the work of the Secretariat relates to the establishment of the Provincial Secretariats. Whilst the legislation sets out the role the National Secretariat plays in the establishment, functioning and reporting of the provincial secretariats, in practice financial and personnel constraints are a major challenge to fulfilling these functions, as the National Secretariat has no jurisdiction over the management of Provincial Secretariats. The Secretariat rightfully points out that the management of intergovernmental relations and different reporting lines also creates confusion and at times duplication in the work of the Secretariat. Currently, the establishment of Provincial Secretariats have not been effective, but should be aided by the publishing of the CSP Act Regulations.

3. LEGISLATIVE FRAMEWORK: PERFORMANCE ASSESSMENT

3.1. Oversight mandate of the Committee

The Constitution vests the National Assembly with the power of oversight over their respective executives, in addition to their legislative and other powers. Section 55(2) outlines the oversight powers of the National Assembly, by requiring that it *“must provide for mechanisms to ensure that all executive organs of state in the national sphere of government are accountable to it; and to maintain oversight of the exercise by the national executive authority, including the implementation of legislation, and any organ of state.”*



The National Assembly is also empowered with the power of “scrutinizing and overseeing executive action” by section 42(3) of the Constitution. In order to facilitate Parliament’s oversight of the national executive organs of state, section 92(3)(b) of the Constitution requires that “Members of Cabinet must provide Parliament with full and regular reports concerning matters under their control.” The oversight powers of the National Assembly are particularly important for the process of considering annual reports, as they are the ‘regular reports’ referred to above.

The **Money Bills Amendment Procedure and Related Matters Act, 2009 (Act 9 of 2009)** provides for procedures to amend money Bills before Parliament and for norms and standards for amending money Bills before provincial legislatures and related matters. The Act stipulates the procedure to be followed by Parliament prior to the introduction of the national budget. Section 5(1) states that the National Assembly, through its committees, must annually assess the performance of each national department, with reference to the following:

- ✓ The medium term estimates of expenditure of each national department, its strategic priorities and measurable objectives (APP), as tabled in the National Assembly with the national budget (ENE);
- ✓ prevailing strategic plans;
- ✓ the expenditure report relating to such department published by the National Treasury in terms of section 32 of the Public Finance Management Act (quarterly expenditure);
- ✓ the financial statements and annual report of such department (Annual Report);
- ✓ the reports of the Committee on Public Accounts relating to a department; and
- ✓ any other information requested by or presented to a House or Parliament.

The Committee has complied with the requirements in terms of section 5(1) of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act 9 of 2009) throughout the 2015/16 financial year. The Committee on Public Accounts (SCOPA) did not published any resolutions on the Civilian Secretariat for Police during 2015/16.

To give effect to its oversight role, the Committees should consider the Annual Report of the CSP through focussing on:²

- 1) The technical quality of the Annual Report;
- 2) Whether the CSP reports on each and every performance target specified in their APP;
- 3) The quality of the performance information as highlighted by any audit of performance information which the Auditor-General may perform, or in the light of any other information that comes to the Committee’s attention;
- 4) The economy, efficiency and effectiveness of service delivery as measured by the performance indicators presented in the Annual Report;
- 5) The equity of service delivery;
- 6) The implementation of the CSP’s Service Delivery Improvement (SDI) programme;
- 7) Evaluating management’s explanations as to why the CSP’s service delivery performance did not attain the targets set in the APP and budget; and
- 8) Investigating the circumstances that led to under- or over-expenditure of the Directorate’s budget, the impact this had on service delivery and the measures taken by management to comply with the Budget.

² National Treasury (2005).



3.2. Budgetary Review and Recommendations Report (BRRR)

The outcome of the performance assessment process followed by Committees is to annually submit a **budgetary review and recommendation reports (BRRR)** for tabling in the National Assembly, as per Section 5(2) of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act 9 of 2009). It further stipulates that a BRRR -

- Must provide an assessment of the department's service delivery performance given available resources;
- Must provide an assessment on the effectiveness and efficiency of the departments use and forward allocation of available resources; and
- May include recommendations on the forward use of resources.

The Committee should keep the above mentioned outcomes of the BRRR in mind during its deliberations with the CSP on its Annual Report in order to deliver a substantial BRRR and adhere to section 5(2) of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act 9 of 2009).

3.2.1. Recommendations by the Committee: 2015 BRRR

The Committee made a total of 13 recommendations in its 2015 BRRR, including:

- 1) The Secretariat must immediately implement all the recommendations from the AG and provide the Committee with monthly progress reports.
- 2) The Secretariat must put action steps in place to make sure that the Department does not receive another qualified audit opinion and report.
- 3) The CFO must be appointed with immediate effect and a contingency plan is developed in the event the appointment is not taken up.
- 4) The Secretary of Police must start to shape his management team with capable, skilled and experienced individuals who will assist in taking the department forward. A full report should reach the Committee by the end of November 2015.
- 5) The Acting Secretary of Police must sign off on all completed, but unsigned policies which is required on policies and legislation. A full report is to be made available to the Committee within a month.
- 6) The Acting Secretary leads the initiative to re-establish the Consultative Forum with the IPID and a report is to be made available to the Committee within one month.
- 7) The Secretariat must elevate all instances of non-cooperation from Heads of Provincial Departments to the MinMec meeting so that proactive steps can be taken.
- 8) The Secretariat must provide an updated list of legislation to be tabled for the first term in 2016.
- 9) The Secretariat develops a plan to fill all outstanding vacancies in view of the decision of National Treasury to not allocate additional resources to the Secretariat in this financial year. A report is to be forwarded to the Committee in this regard.
- 10) The Secretariat acts on irregular expenditure and allegations of fraud in the travel tender.
- 11) The Secretariat must develop a policy on demilitarisation before the end of December 2015 and make it available to the Committee.
- 12) The Secretariat must make available a report on the functioning of the DNA Ethics and Forensics Accountability Board within one month.



- 13) The Secretariat must provide a report of all the 50 established Community Safety Forums (CSFs) across the country and how they are impacting the fight against crime within one month.

3.2.2. Response by the Minister of Finance: 2015 BRRR

Section 7(4) of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act 9 of 2009) prescribes that the Minister of Finance must submit a report to Parliament on how the Budget gives effect to, or the reasons for not taking into account, the recommendations contained in the BRRR.

In the Committee's 2015 BRRR one budgetary recommendation was made regarding the budget of the CSP. ***The Committee recommends that the Civilian Secretariat for Police develops a plan to fill all vacancies that existed in the 2014/15 financial year. The Department attributed its inability to fill vacant posts to the decision of National Treasury to not allocate additional resources to the Secretariat.*** The Minister of Finance stated that Treasury agrees with the Committee's recommendation that the Secretariat should fill its vacant posts. However, the National Treasury would like to emphasise that only funded vacant posts should be filled by the Department. In 2014/15, the Department had an adjusted budget of R469.4 million for compensation of employees, of which R60.9 million was spent at the end of the financial year and R8.5 million was reported as underspending on compensation of employees. The number of vacant posts at the end of the 2014/15 financial year was reported to be 7 thereby implying that if the average unit cost per vacant position is R1.2 million (R8.5 million divided by 7) which is at the level of a chief director, then there are sufficient funds on the Secretariat's baseline to fill the vacant positions.³

4. STRATEGIC OVERVIEW 2015/16

4.1. National Development Plan (NDP)

The imperatives of the demilitarisation and professionalisation of the SAPS is highly dependent on the effectiveness of delivery on the oversight mandate of the Secretariat. The White Paper on Police deals with the modernisation and demilitarisation of the police service, and ensuring that it is community-centred. It also attempts to enhance efforts to make the police accountable and human-rights based, and finally, it deals with the expanding role of the Secretariat. The White Paper was adopted by Cabinet earlier in 2016. The custodianship of the White Paper on Police rests with the Minister of Police. Implementation of the White Paper rests with SAPS and the Minister tasks the National Commissioner of Police with its implementation and the Secretary of Police with oversight over its implementation, impact and review.

Given that the Secretariat has a critical role to play in overseeing the performance of the SAPS, it is important for the overall performance of the Secretariat, both in terms of expenditure and service delivery, to improve in line with its strategic objectives and legislative mandate. This is especially important in terms of the priorities set out by the NDP, in terms of the demilitarisation and professionalisation of the SAPS.

³ Minister of Finance (2016).



4.2. Key policy and legislative changes

The draft White Paper on Policing contains specific policy proposals that seek to contribute toward building a police service that is professional, is community centred and adheres to the values of the Constitution. The draft White Paper on Safety and Security is an overarching policy focusing on an integrated and developmental approach to safety in recognition that safety extends far beyond the purview of the police.

During the year under review, comments emanating from public submissions on the draft White Paper on Policing and draft White Paper on Safety and Security were considered, and where necessary, inputted into the policies. The White Papers were then consulted with relevant departments and within the relevant clusters - in preparation for presentation to Cabinet for final approval in March 2016. Due to a change in Cabinet's agenda in March 2016, final approval was deferred to April 2016.

The policy on "Enhancing the Quality and Functioning of the SAPS Detective Service" was approved by the Minister at the end of 2015 and handed over to the Acting National Commissioner for implementation. This policy was accompanied by a turnaround strategy for the Detective Service, which the Secretariat conducted with six divisions of the SAPS. The SAPS is currently developing an implementation plan to roll out the policy.

4.3. Strategic Orientated Goals

- A well-advised and supported Minister for a service-delivery oriented police service that is accountable
- Quality, timeous, evidence-based strategic research, policy advice and legislative support to the Minister of Police
- Deepened public participation in the fight against crime
- Enhanced accountability and transformation of the South African Police Service performance information

5. REPORT OF THE AUDITOR GENERAL (AG)

The Audit Report of the AG is the only independent assessment of the quality of financial statements, including all its disclosures. The role of the AG is to comment on the reasonableness and fairness of the annual financial statements submitted by the Secretariat.

The 2015/16 financial year is the second consecutive year in which the CSP received a **qualified audit report** from the AG.

5.1. Report on the financial statements

The qualified audit opinion was based on the following:

Accruals

The AG was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for accruals. As disclosed in note 19 to the financial statements, the



restatement was made in order to rectify a prior year (2015) misstatement. The AG was unable to confirm the restatement by alternative means. Consequently, the AG was unable to determine whether any adjustment to the accruals corresponding figure stated at R14.9 million in the financial statements was necessary. Additionally, the Department did not have adequate systems in place to maintain records of accruals where goods have been received or services have been rendered. It was impracticable to determine the value of the misstatement. Consequently the accruals amount as disclosed in note 19 of the Annual Report is misstated.

Receivables

The Department did not present receivables balance in accordance with Modified Cash Standard. Included in the balance of receivable as disclosed in note 10 is an amount of R5.7 million which did not meet the definition of receivables as described in Modified Cash Standard. Consequently, receivables are overstated by R5.7 million and goods and services are understated by R5.7 million respectively. Additionally, there is a consequential impact on the surplus for the period and on the accumulated surplus.

The following emphasis of matter was made by the AG:

Restatement of corresponding figures

The corresponding figures for 31 March 2015 have been restated as a result of an error discovered during 2015/16 financial year in the financial statements of the Civilian Secretariat for Police at, and for the year ended, 31 March 2015

Significant uncertainties

The Department is a defendant in a lawsuit of R2.6 million lodged by WingsNaledi (flights), of which the ultimate outcome of this matter cannot currently be determined, and as a result no provision for any liability has been made in the financial statements.

5.2. Report on other legal and regulatory requirements

Predetermined objectives

The AG performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected programmes presented by the Secretariat on the following three (3) programmes of the Secretariat:

- Programme 2: Intersectoral Coordination and Strategic Partnerships;
- Programme 3: Legislation and Policy Development; and
- Programme 4: Civilian Oversight, Monitoring and Evaluation.

The AG evaluates the **usefulness** of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes development. The AG also performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant (SMART), as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).



The **material findings** in respect of the selected programmes are as follows:

Programme 2: Intersectoral Coordination and Strategic Partnerships

In terms of the usefulness of reported performance information of the Intersectoral Coordination and Strategic Partnerships Programme, the AG reported as follows:

- **Measurability of indicators and targets**
 - A total of 78% of targets were not specific and 56% were not measurable.
 - A total of 78% of indicators were not well defined.
- **Reliability of reported performance information**
 - The AG stated that the reported performance information was not reliable when compared to the evidence provided.

Programme 3: Legislation and Policy Development

In terms of the usefulness of reported performance information of the Legislation and Policy Development Programme, the AG reported as follows:

- **Measurability of indicators and targets**
 - A total of 33% of targets were not specific and 67% were not measurable.
 - A total of 50% of indicators were not well defined.
- **Reliability of reported performance information**
 - The AG did not identify any material findings on the reliability of the reported performance information for *Programme 3: Legislation and policy development*.

Programme 4: Civilian Oversight Monitoring and Evaluation

In terms of the usefulness of reported performance information of the Civilian oversight monitoring and evaluation Programme, the AG reported as follows:

- **Measurability of indicators and targets**
 - A total of 25% of targets were not specific, meaning that 25% of targets are not specific in clearly identifying the nature and required level of performance and measurable and specify the period or deadline for delivery.
 - A total of 25% of indicators were not well defined, meaning that 25% of performance indicators did not allow for data to be collected consistently and were not easy to understand and use.
- **Reliability of reported performance information**
 - The reported achievements against planned targets for 12.5% of indicators were not reliable when compared to the evidence provided.

5.2.1. Compliance with legislation

In terms of compliance with legislation, the AG made the following findings:

Annual Financial Statements and Annual Performance Report

- The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 40(1) (a) and (b) of the Public Finance Management Act.



- Material misstatements of expenditure for capital assets, employee benefit, irregular expenditure, key management personnel and commitments identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Procurement and Contract Management

- *Goods and services* with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1.
- Quotations were awarded to suppliers whose tax matters had not been declared by the South African Revenue Services to be in order as required by Treasury Regulations 16A9.1 (d) and the Preferential Procurement Regulations.
- Quotations were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1) (f) of Preferential Procurement Policy Framework Act and Preferential Procurement Regulations.
- Quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with Treasury regulation 16A8.3.

Expenditure Management

- Contractual obligations and/or money owed by the Secretariat were not settled within 30 days, as required by section 38(1) (f) of the Public Finance Management Act and Treasury Regulation 8.2.3.
- Effective steps were not taken to prevent irregular expenditure, amounting to R22.2 million as disclosed in note 22 of the Annual Financial Statement, as required by section 38(1)(c)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1.

5.2.2. Internal control

In terms of internal control, the matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion:

Leadership

- There was ineffective review and monitoring of controls in place to ensure, accurate and valid financial and performance information reported.
- There was inadequate monitoring of the performance of the system of internal controls regarding procurement and contract management to prevent irregular expenditure.

Financial and performance management

- There was inadequate review and monitoring of compliance with laws and regulations.
- There was inadequate monitoring of the performance of the system of internal controls regarding procurement and contract management to prevent irregular expenditure.

Governance: Actions are not taken in a timely manner to address the risks relating to the achievement of complete and accurate financial and performance reporting as well as compliance with laws and regulations.



6. GOVERNANCE

6.1. Service Delivery Improvement Plan

The Secretariat does not have a Service Delivery Improvement Plan. The plan will be developed in the 2016/17 financial year.

6.2. Report of the Audit Committee

The Report of the Audit Committee deals with the findings of the Department's Internal Audit Unit, and highlights areas of risk that require attention. All government departments must prepare a risk management plan, which the Audit Committee uses to assess whether the department's internal operations deal adequately with the risks identified in the Risk Management Plan, and also whether the Risk Management Plan itself deals with the key risks that any department faces.

The Secretariat's systems of internal control are designed to provide assurances, inter alia, that assets are safeguarded and that liabilities and working capital are managed effectively and efficiently. However significant internal control deficiencies were found which resulted in the basis for the qualification by the AG. Management is in a process to attend to these deficiencies. Internal Audit will do a follow-up regarding rectifying the shortcomings.

The internal auditors continued during the review period to provide the Audit Committee and management with independent information and assurances of the effectiveness of the internal controls of those areas examined in terms of the Internal Audit Plan based on the risk assessment. Internal Audit reported that they have a shortage of staff. As reported last year the Acting Accounting Officer is looking into this challenge.

The Audit Committee is satisfied with the content and quality of the management reports prepared and issued by the Secretariat for the period under review.

There are certain shortcomings in the risk management strategy of the Secretariat management is made aware of them and is currently attending to the shortcomings.

The Audit Committee has met with the Auditor-General SA to ensure there are no unresolved issues at 31 July 2016. The Audit Committee concurs with the audit opinion of the AGSA.

7. FINANCIAL OVERVIEW

Although the Committee will focus primarily on service delivery during its engagement with the Secretariat on its Annual Report, the consideration of financial performance ensures a holistic understanding of the Secretariat's performance, linking service delivery with appropriated funds.



7.1. Budget and expenditure

By the end of the 2015/16 financial year, the Secretariat managed to spend 98.9% of its allocated budget of R113.184 million, which is a significant improvement on the previous financial year (82.6% spend of Final Appropriation). However, the Secretariat applied significant virements to its Main Appropriation as well as post-AENE virements to their Adjusted Allocation in the fourth quarter of the financial year to mitigate the variances in expenditure between the Budget Programmes of the Secretariat, with some ahead of expenditure and some behind (giving an overall positive expenditure). Although the total Appropriation amount remained constant throughout the financial year, the main allocations between programmes changed significantly.

Table 1: Expenditure at year-end

Programme R'000	Main Appropriation	Adjusted Appropriation	Virements	Final appropriation	Actual Expenditure	(Over)/Under Expenditure	% Spent
Administration	46.6	44.5	(5.4)	41 234	40.9	0.274	99.3%
Intersectoral Coordination and Strategic Partnerships	21.6	22.5	5.1	26 739	26.5	0.170	99.4%
Legislation and Policy Development	24.4	23.4	(0.1)	24 362	24.3	0.13	99.9%
Civilian Oversight, Monitoring and Evaluations	20.6	22.6	0.2	20 849	20.0	0.835	95.9%
Total	113.2	113.18	0	113.18	111.8	1.292	98.8%

The following should be noted:

- The budget of *Programme 1: Administration* decreased by a total of R5.4 million during the 2015/16 financial year, from a Main Appropriation of R46.6 million to a Final Appropriation of R41.2 million, which decreased the underspending recorded by this programme significantly. At year-end, the programme spent 99.3% of its Final Appropriation. Without the virement that was applied to the *Administration* Programme, it would have spent 87.7% of its Main Appropriated budget.
- The budget of the *Intersectoral Coordination and Strategic Partnerships* Programme was increased with R5.1 million during the 2015/16 financial year, from a Main Appropriation of R21.6 million to a Final Appropriation of R26.7 million, which decreased the would-be over expenditure significantly. The virements allowed the programme to record a year-end expenditure of 99.4%. Without the virement, the programme would have recorded an overspending on its budget of 122%.
- The budget of the *Legislation and Policy Development* Programme was decreased slightly during the 2015/16 financial year, from a Main Appropriation of R24.4 million



to a Final Appropriation of R24.3 million. The slight virement allowed the Programme to record a year-end expenditure of 99.9%.

- The budget of the *Civilian Oversight, Monitoring and Evaluation* programme changed slightly during the 2015/16 financial year, from a Main Appropriation of R20.6 million to a Final Appropriation of R20.8 million. The Secretariat spent a total of R20.849 million at year-end, which is 95.8% of its Final Appropriation.

The application of virements and shifts as part of the AENE or post-AENE adjustments should be kept to a minimum as part of good management practice. Minimum virements is indicative of effective and efficient strategic planning and subsequent budgeting and implementation of service delivery targets.

7.2. Irregular expenditure

The Secretariat incurred irregular expenditure to the amount of R14.7 million during the 2015/16 financial year, which is a significant increase from the previous financial year in which irregular expenditure amounted to R7.6 million. Of the R14.7 million only R16 thousand was condoned. The Committee should request the Secretariat to indicate the reasons for the increase in irregular expenditure and whether disciplinary processes or sanctions implemented against those responsible.

7.3. Fruitless and wasteful expenditure

The Secretariat paid R1 000.00 interest to the South African Revenue Service (SARS), which is still under investigation. The Committee should request the Secretariat to indicate the reasons for the increase in irregular expenditure and whether disciplinary processes or sanctions implemented against those responsible.

7.4. Claims against the Department

The Secretariat had legal action brought against it by WingsNaledi in the amount of R2.6 million. The AG highlighted this as a significant uncertainty as the ultimate outcome of this matter cannot currently be determined, and as a result no provision for any liability has been made in the financial statements.

8. PERFORMANCE OVERVIEW 2015/16

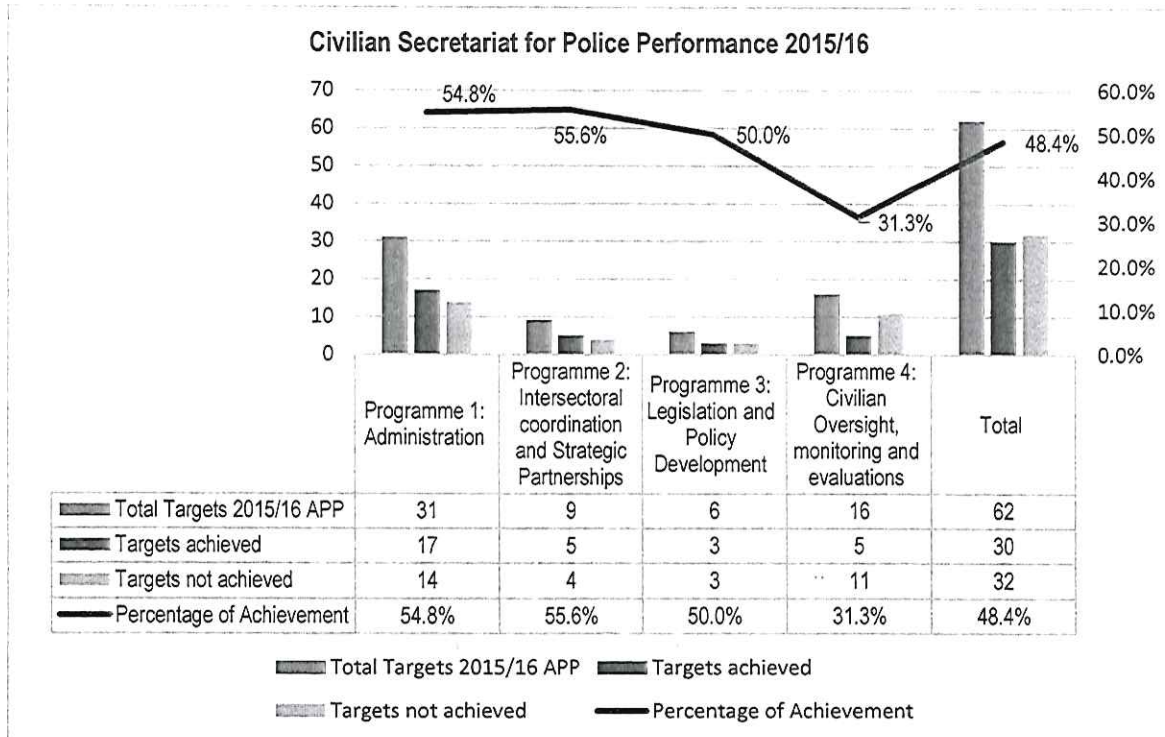
The Secretariat achieved 30 targets out of a total 62 identified performance indicators, which is less than half of its targets (48%). The overall performance information presented by the Secretariat should be considered in the context of the material findings made by the AG on the usefulness and reliability of the reported performance of the Secretariat.

Although the *Intersectoral Coordination and Strategic Partnerships* Programme performed the best out of all the Programmes of the Secretariat (55.6%), the AG made a blanket statement that the reported performance information was not reliable when compared to the evidence provided. The *Civilian Oversight Monitoring and Evaluation* Programme recorded significant



underperformance, as it achieved only 31.3% of its performance targets during the 2015/16 financial year (5 out of 16 targets) and the AG found 12.5% of its performance information not to be reliable when compared to evidence provided. Given that the Secretariat has a critical role to play in overseeing the performance of the South African Police Service (SAPS), it is important for core programmes to improve its performance in line with service delivery objectives.

Figure 1: Overall performance of the CSP for 2015/16



9. PERFORMANCE PER PROGRAMME

9.1. Programme 1: Administration

This section provides information on the achievements made by the *Administration* Programme on predetermined performance targets as contained in the 2015/16 APP.

9.1.1. Budget and Expenditure

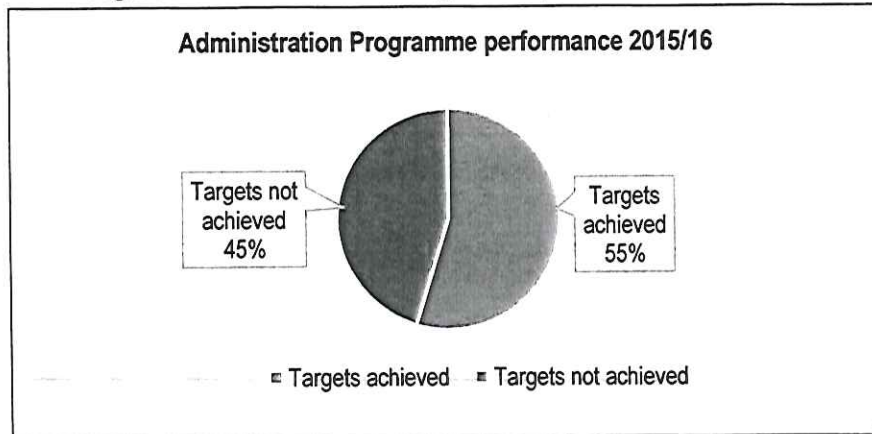
The budget of *Programme 1: Administration* decreased by a total of R5.4 million during the 2015/16 financial year, from a Main Appropriation of R46.6 million to a Final Appropriation of R41.2 million, which decreased the underspending recorded by this programme significantly. At year-end, the programme spent 99.3% of its Final Appropriation. Without the virement that was applied to the *Administration* Programme, it would have spent 87.7% of its Main Appropriated budget.



9.1.2. Performance targets

The *Administration* Programme identified a total of 31 performance targets in its 2015/16 APP, of which 17 targets were achieved and 14 targets were not achieved, giving the programme an overall performance rating of 54.8%

Figure 2: Administration Programme performance for 2015/16



The following key targets recorded underperformance during 2015/16:

- The Secretariat failed to conduct four (4) joint consultative meetings with the IPID, which should be a significant concern. The Secretariat did not provide any reason for the variance between planned and actual performance. Three (3) meetings were held.
- Two targets were 'misplaced in the APP and will be factored into the operational plan of the Secretariat (Registry Policy and File Plan). However, these targets were included in the 2015/16 APP and should be reported on in the 2015/16 Annual Report.
- The Persal System was not implemented effectively, as regular updates on the system are not done timeously and some information was missing from the System.
- Due to the ineffective Persal system, the Employment Equity could not be implemented.
- The required reports on payments to creditors within 30 days were not produced due to insufficient staff and access to relevant reports on financial systems and the Logistical Information System (LOGIS)⁴ not yet implemented. The Secretariat is currently using a manual register to manage its procurement.
- The review of the Risk Management Policies was deferred to the first quarter of the 2016/17 financial year following the merger of the Audit Committee and Risk Committee.

The Secretariat did not report on any *strategies to overcome areas of underperformance* within the *Administration* Programmes in its Annual Report, as was done for the other Programmes of the Secretariat. It also does not contain a section on its *key achievements* during 2015/16.

⁴ The Logistical Information System (LOGIS) is currently the most commonly used procurement management system by departments, as it has the capability to procure, control and regulate optimal stock levels. The system was developed in the mid-1990s and rolled out in the early 2000s. LOGIS enables departments to procure and manage their movable assets throughout the asset lifecycle while satisfying internal user demand.



9.1.3. Supply Chain Management (SCM)

In terms of Supply Chain Management (SCM), the Secretariat reported all financial and personnel systems except LOGIS up and running and that it is paying almost 100% suppliers within 30 days (exceptions is invoices from WingsNaledi and suppliers with unverified bank details). The AG made significant material findings in terms of SCM, including:

- *Goods and services* with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1.
- Quotations were awarded to suppliers whose tax matters had not been declared by the South African Revenue Services to be in order as required by Treasury Regulations 16A9.1 (d) and the Preferential Procurement Regulations.
- Quotations were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1) (f) of Preferential Procurement Policy Framework Act and Preferential Procurement Regulations.
- Quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with Treasury regulation 16A8.3.

The lack of an effective procurement management system, like LOGIS, is extremely concerning. The Secretariat should not manage its assets and procurement on a manual system.

The most common findings made by the AG on SCM non-compliance and irregular expenditure include:⁵

- Appointment of suppliers who are not tax compliant;
- Failure to use competitive processes for quotations and bids;
- Incorrect use of the preference points system;
- Lack of appropriate bid committees;
- Use of unqualified suppliers;
- Passing over of bids for incorrect reasons;
- Use of incorrect procurement processes in relation to threshold values for quotations and competitive bidding;
- Extension of validity periods;
- Incorrect use of the limited bidding process;
- Inadequate controls and procedures for handling bids;
- Appointment of bid committee members not aligned with policy requirements; and
- Insufficient motivation for deviations from SCM procedures.

Management within the SCM environment should ensure that contracts, service level agreements and supplier performance are done according to the applicable legislative prescripts

National Treasury lists seven (7) institutional practices that weakens the public sector SCM performance, which include the following:

- i. Poor alignment between strategy, demand management and SCM planning;
- ii. Poor decision-making about sourcing strategies;

⁵ National Treasury (2015).



- iii. Lack of aggregation of procurement transactions;
- iv. Poor bid specifications;
- v. Improper bid evaluation and adjudication;
- vi. Poor contract management; and
- vii. Insufficient supplier performance management.

As such, the Committee should **focus its primary oversight attention** on these practices in order to ensure that SCM within the police portfolio is strengthened. The Committee should assess the following:

- ✓ Alignment between strategy, demand management and SCM planning;
- ✓ Decision-making about sourcing strategies;
- ✓ Whether the Department ensures sufficient aggregation of procurement transactions;
- ✓ Whether bid specifications are completed correctly to indicate the needs of the Departments sufficiently;
- ✓ Proper bid evaluation and adjudication;
- ✓ Contract management; and
- ✓ Supplier performance management and evaluation.

Comments and questions

- 1) What information was missing from the PERSAL System?
- 2) Why is the LOGIS system not implemented? It is concerning that the Secretariat does not have a SCM system in place that complies with the PPPFA and the SCM Framework issued by the National Treasury.
- 3) The Secretariat should provide reasons for it conducting business with supplier with unverified bank details?
- 4) The Secretariat should provide details on the WingsNaledi litigation case brought against the Secretariat.
- 5) The Secretariat should explain its non-compliance to Treasury Regulation 16A6.1.
- 6) The Secretariat should explain their non-compliance to the Preferential Procurement Regulations and Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA).
- 7) The Secretariat should explain their non-compliance to Treasury regulation 16A8.3.
- 8) The Secretariat should list all transversal contracts from which it procures and also whether it procures only from the list of Treasury approved suppliers.
- 9) Have preferential procurement targets been set by the Secretariat?
- 10) Are all tenders published on the Secretariat's websites?
- 11) Does the Secretariat have a SCM system in place that complies with the PPPFA and the SCM Framework issued by the National Treasury?
- 12) Does the Secretariat have an up-to-date fixed assets register? What systems are in place to ensure the asset register remains current?
- 13) Does the Secretariat have systems in place to manage moveable assets, including systems for coding items and allocating responsibility, for maintaining and checking inventories, and for maintaining the assets?
- 14) Does the Secretariat have systems in place to manage consumables, including inventory levels, sound systems for ordering, receiving and distributing consumables, stores/warehouse management and systems for monitoring vendor performance?
- 15) Does the Secretariat have a disposal management system in place?



- 16) Do all members of the Secretariat's Bid Committees have security clearance? And how are the Committees constituted?
- 17) What measures has the Secretariat put in place to facilitate the reporting of corruption in procurement and other aspects of the supply chain management system?
- 18) How many cases of corruption in the procurement process did the Secretariat investigate and successfully prosecute in the year under review?
- 19) Can the Secretariat indicate the value of assets that have been lost, stolen or destroyed in the year under review?
- 20) Has the Secretariat set targets for preferential procurement and for its contribution to the Extended Public Works programme? How has the Secretariat performed against these targets in the year being reviewed?

9.1.4. Human resource management

The Department had an **overall vacancy rate** of 12.26% as at the end of the 2015/16 financial year. The vacancies were most pronounced in the *Legislation and Policy Development* and *Civilian Oversight, Monitoring and Evaluations* Programmes, which had a vacancy rate of 28.57% and 21.43%, respectively. The Secretariat had a total of 107 posts, of which 95 posts were filled. A total of 22 posts were filled additional to the staff establishment.

In terms of employment and vacancies by **critical occupation**, the Department had a vacancy rate of 16%, as two (2) Chief Director posts and two (2) Director posts were vacant at year-end.

The Department had a staff establishment of 95 personnel at the start of the 2015/16 financial year. During the period under review, a total of 10 personnel members left the Secretariat, which represents a **turnover rate of 9.35%**. The personnel losses were mainly attributed to transfers to other public service departments and lateral transfers (6), followed by resignations (4).

No **performance rewards** were awarded to SMS members during the 2015/16 financial year, but a total of 12 staff members (below SMS level) (15% of staff complement) was awarded performance rewards to the overall cost of R163 893.73. The majority of staff members who received performance reward was in the highly skilled production band 6 to 8 (8 staff members), followed by the highly skilled supervision band 9 to 12 (3 staff members). The overall underperformance of the Secretariat on performance targets does not warrant performance rewards. The SAPS did not give any performance rewards during 2015/16 and the IPID rewarded 34% of its staff's performance, which should be seen in light of significant improvements in its service delivery achievements.

The Secretariat conducted **no misconduct or disciplinary hearings** and also **no suspensions** during the 2015/16 financial year.

9.2. Programme 2: Intersectoral Coordination and Strategic Partnerships



This section provides information on the achievements made by the *Intersectoral Coordination and Strategic Partnerships* Programme on predetermined performance targets as contained in the 2015/16 APP.

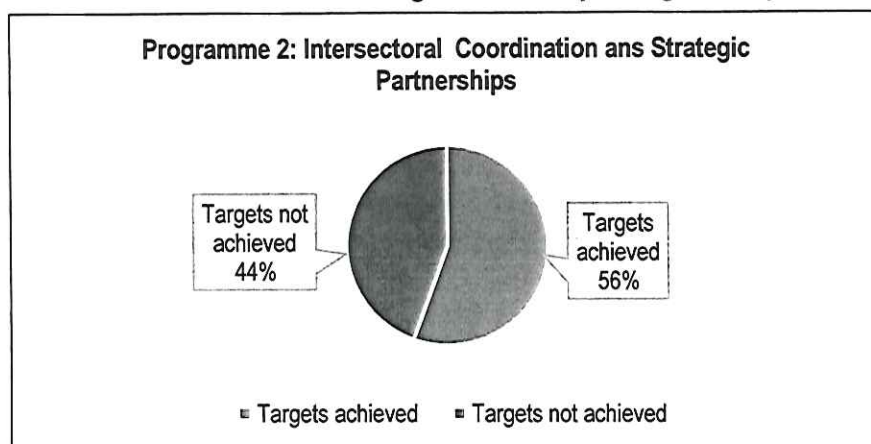
9.2.1. Budget and Expenditure

The budget of the *Intersectoral Coordination and Strategic Partnerships* Programme was increased with R5.1 million during the 2015/16 financial year, from a Main Appropriation of R21.6 million to a Final Appropriation of R26.7 million, which decreased the would-be over expenditure significantly. The virements allowed the programme to record a year-end expenditure of 99.4%. Without the virement, the programme would have recorded an overspending on its budget of 122%.

9.2.2. Performance targets

The *Intersectoral Coordination and Strategic Partnerships* Programme identified a total of nine (9) performance targets in its 2015/16 APP, of which five (5) targets were achieved and four (4) targets were not achieved, giving the programme an overall performance rating of 55.6% at the end of 2015/16. In terms of the usefulness of reported performance information of the *Intersectoral Coordination and Strategic Partnerships* Programme, the AG found that a total of 78% of targets were not specific and 56% were not measurable and that a total of 78% of indicators were not well defined. The AG stated that the reported performance information was not reliable when compared to the evidence provided.

Figure 3: Intersectoral Coordination & Strategic Partnerships Programme performance for 2015/16



The following key targets recorded underperformance during 2015/16 due to the reassignment of the Chief Director to the Office of the Minister and the channelling of resources to the “*We are one Humanity Campaign*”:

- The Programme failed to assess the planned 50 Community Safety Forums (CSFs) and only managed to assess 12 CSFs.
- The Programme failed to assess the planned 50 Community Policing Forums (CPFs) and only managed to assess 41 CPFs.



- The Programme underperformed on its planned target to monitor the implementation of the School Safety Protocol at 20 police stations (15 police stations implemented the protocol).

The Programme managed to establish working groups arising from agreements with stakeholders on crime prevention initiatives. And rural safety priority committee meetings were held with SAPS and Provincial Department of Community Safety and stakeholders concerned with rural safety.

The Secretariat reported the following strategies to overcome areas of underperformance:

Internally: Develop and approve a partnerships framework strategy and capacitate the unit. Hold monthly meetings during the course of the financial year to consider administration and performance issues in the unit.

The Chief Director convenes regular meetings/ engagement with sub-directorates to assess the scope and validity of quarterly performance portfolio of evidence submitted by directors as it will also be informed by audit findings/ recommendations. This will ensure that all directors submit quarterly reports as per approved Secretariat policy.

Externally: Continuous advocacy for community involvement in crime prevention programmes through CPFs and CSFs and Justice, Crime Prevention and Security (JCPS) cluster departments.

9.3. Programme 3: Legislation and policy development

This section provides information on the achievements made by the *Legislation and Policy Development* Programme on predetermined performance targets as contained in the APP as well as other key performance areas governed in the Detective Services environment of the SAPS.

9.3.1. Budget and Expenditure

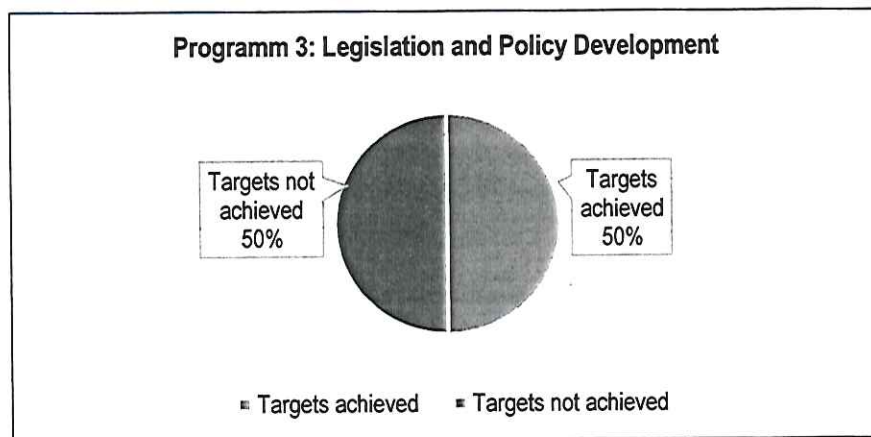
The budget of the *Legislation and Policy Development* Programme was decreased slightly during the 2015/16 financial year, from a Main Appropriation of R24.4 million to a Final Appropriation of R24.3 million. The slight virement allowed the Programme to record a year-end expenditure of 99.9%.

9.3.2. Performance targets

The *Legislation and Policy Development* Programme identified a total of six (6) performance targets in its 2015/16 APP, of which three (3) targets were achieved and three (3) targets were not achieved, giving the programme an overall performance rating of 50% at the end of 2015/16. The AG found that a total of 33% of targets were not specific and 67% were not measurable. And further, that a total of 50% of indicators were not well defined.



Figure 4: Legislation and Policy Development Programme performance for 2015/16



In terms of the **development of policing policies**, the *Policy Development and Research* subprogramme finalised the *White Paper on Safety and Security* and the *Professionalisation of the Police Policy*. Additional to the two (2) targets, the subprogramme also finalised the *White Paper on Policing* during the 2015/16 financial year. In terms of **research projects conducted**, the subprogramme did not conclude the research project on the Firearms Management in SADC due to a change in the scope of the project. Presumably, the research on the Demilitarisation of the SAPS has been concluded, but not yet made available to the Committee.

The *Legislation* subprogramme achieved none of its predetermined performance targets as stated in the 2015/16 APP. The subprogramme aimed to submit five (5) bills to Parliament, but did not manage to introduce any bills. The five (5) bills included the following:

- 1) South African Police Service Bill;
- 2) Critical Infrastructure Protection Bill;
- 3) Animal Movement and Produce Bill;
- 4) Protection of Constitutional Democracy Against Terrorist Related Activities Amendment Bill; and
- 5) Firearms Control Amendment Bill.

These bills were also supposed to have been submitted in the previous financial year, but were not submitted. As such, the target has been missed for two consecutive financial years.

The *Legislation* subprogramme also aimed to draft a total of four (4) Regulations during 2015/16, but as no legislation was completed, no regulations could be completed.

- South African Police Service Amendment Act, 2012 (DPCI);
- The Firearms Control Amendment Act, 2015;
- South African Police Service Act, 2015; and
- The Critical Infrastructure Act, 2015.

However, the South African Police Service Amendment Act, 2012 (DPCI) is completed and the Regulations long overdue.



The Secretariat reported that the underperformance on the targets of the *Legislation* subprogramme was due to factors that were beyond the control of the unit and that substantial work was done towards the achievement of the targets:

- The *Firearms Control Amendment Bill* was published in the *Gazette* in March 2015 for comment. The constructive comments were considered and incorporated into the Bill during May 2015. Following a workshop on the implementation of the Firearms Control Act and policy related matters, a decision was taken to conduct further research that would address firearms control in a holistic manner. This approach resulted in the intention to introduce the Bill being held in abeyance until the further research process has been finalised and the Minister has given directions on the recommendations. The report on the research on firearms commissioned by the Minister was submitted to the Minister for consideration and further direction. The proposed recommendations, once approved by the Minister, will guide the amendments to the Firearm Control Act, 2000.
- The *Critical Infrastructure Protection Bill* was presented three (3) times before the JCPS Cabinet Committee and recommendations that emanated from these meetings were addressed. The Office of the Chief State Law Advisers provided a preliminary certificate confirming the constitutionality of the Bill with some recommendations and suggestions, which have since been attended to. The Bill will serve before Cabinet in April 2016. It is unclear whether this was done and what the outcome was - passed by Cabinet or not?
- The *Protection of Constitutional Democracy and Related Matters Bill* was initially held in abeyance pending the Court challenge by Henry Okah, who has been convicted for certain acts of terrorism. However, the Bill was further consulted with relevant departments in March 2016. The Bill will be subjected to refinement based on the further comments and inputs, as well as any implications arising from a court challenge.

The Secretariat reported that various strategies have been put in place to overcome areas of underperformance, including:

- The unit overlooked some challenges that affect the review and approval of legislation, among other issues, delays in drafting of the Bills pending the finalisation of the White Paper. These issues have resulted in the revision of the indicators.
- The delays in the finalisation of Bills are being addressed through more realistic planning and target setting.
- More structured engagements with stakeholders have been embarked upon.
- Bills are presented to the JCPS DevCom for discussion and debate before they are processed to Cabinet.

The delays in drafting of regulations were beyond the control of the unit and therefore, in future, regulations will be included as indicators, once the Bills have been passed by Parliament.

9.4. Programme 4: Civilian oversight, monitoring and evaluation

This section provides information on the achievements made by the *Civilian oversight, Monitoring and Evaluation* Programme on predetermined performance targets as contained in the 2015/16 APP.



9.4.1. Budget and Expenditure

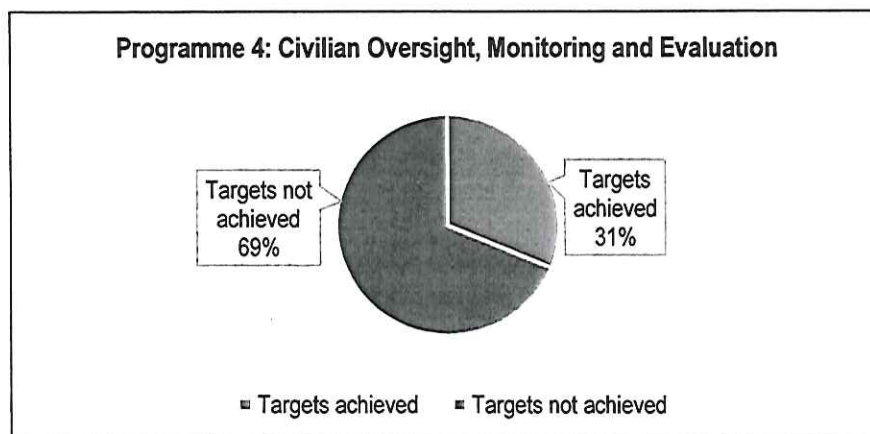
The budget of the *Civilian Oversight, Monitoring and Evaluation* programme changed slightly during the 2015/16 financial year, from a Main Appropriation of R20.6 million to a Final Appropriation of R20.8 million. The Secretariat spent a total of R20.849 million at year-end, which is 95.8% of its Final Appropriation.

The main cost driver for the sub-directorate is *travel and subsistence* (ie air/road transport, accommodation and special daily allowance) associated with conducting NMT oversight visits at police stations. Although the allocated *goods and services* budget was reduced during the 2015/16 financial year, the sub-directorate was able to conduct NMT oversight visits at fourteen (14) police stations across the country and achieved 50 percent of the planned targets.

9.4.2. Performance targets

The *Civilian oversight, Monitoring and Evaluation* Programme identified a total of 16 performance targets in its 2015/16 APP, of which five (5) targets were achieved and 11 targets were not achieved, giving the programme an overall performance rating of 31.3% at the end of 2015/16. In terms of the usefulness of reported performance information of the *Civilian Oversight Monitoring and Evaluation* Programme, the AG reported that a total of 25% of targets were not specific and not well defined. Further, the AG found that the reported achievements against planned targets for 12.5% of indicators were not reliable when compared to the evidence provided.

Figure 5: Civilian Oversight Monitoring and Evaluation Programme performance for 2015/16



The following key targets recorded underperformance during 2015/16:

- A total of 14 police stations oversight visits were conducted against a targeted 18 oversight visits.
- A total of 10 oversight visit reports were produced against a targeted 18 reports due to insufficient staff and budget constraints.
- The planned assessment report on Litigation Management was not completed due to insufficient staff and budget constraints. In light of the escalating number of civil claims



against the SAPS and the manner in which litigation cases are handled, the completion of the report is vital.

- The two (2) planned reports on the degree to which the SAPS implements the recommendations made by the IPID were not completed.
- The planned report on the implementation and compliance to legislation by the SAPS was not completed.
- The report on the implementation of recommendations made by the Portfolio Committee and Secretariat by the SAPS was not completed.

The underperformance of the *Civilian oversight, Monitoring and Evaluation* Programme is largely attributed to capacity constraints by the Secretariat, however the programme has 17 posts of which 14 posts were filled as at the end of the 2015/16 financial year. The Committee should consider whether three (3) vacancies could have such a drastic impact on the performance of the Programme.

The Secretariat reported the following *strategies to overcome areas of underperformance*:

- There is a need to have a proper monthly financial management at the sub-programme level. This requires streamlining the financial systems of the Secretariat to provide the necessary support and ensure that monthly expenditure reports are provided and over-spending is detected early.
- Additional human resource capacity is required to ensure that adequate capacity is available to carry the workload in an efficient and effective manner. It is expected that the review of the organisational structure of the Secretariat during the 2016/17 financial year would provide the much-needed human resource capacity.

The Secretariat made one change to a performance indicator to the 2015/16 APP for the *number of reports on the status of compliance to legislation by SAPS produced* in order to generate information on the status of implementation by SAPS of all legislation administered by the Minister. This indicator will not be carried over to the next financial year.

10. REFERENCES

Civilian Secretariat for Police (CSP) (2015). *2015/16 Annual Performance Plan*.

Civilian Secretariat for Police (CSP) (2016). *2015/16 Annual Report*.

