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BUDGET ANALYSIS OF THE CIVILIAN SECRETARIAT FOR POLICE SERVICE (CSPS)¹
2019/20 Financial Year

Purpose of the Vote

Provide strategic advice and support to the Minister of Police. Exercise civilian oversight of the South African Police Service (SAPS) to ensure a transformed and accountable police service that reflects the values of a developmental state.

TABLE OF CONTENTS

| | |
|---|----------|
| 1. INTRODUCTION | 1 |
| 2. REPORTING MECHANISMS | 2 |
| 3. LEGISLATIVE MANDATE | 3 |
| 4. BUDGET ANALYSIS | 3 |
| 4.1. Overall expenditure estimates and trends | 3 |
| 4.2. Expenditure by economic classification | 5 |
| 4.3. Significant spending items | 6 |
| 4.4. Expenditure estimates against performance..... | 7 |
| 4.5. Report by National Treasury on the 2017/18 BRRR..... | 7 |
| 5. REFERENCES | 8 |

1. INTRODUCTION

The Civilian Secretariat for Police Service (CSPS) is the leading agency in policy development and drafting legislation for the policing environment. Further to this, the Secretariat must oversee the implementation of these policies and legislative prescripts by the South African Police Service (SAPS). The two major challenges facing the Secretariat during the 2019/20 financial year is the implementation of the White Paper on Policing and the White Paper on Safety and Security. These are the two main policy documents of the SAPS, which require a clear and realistic implementation plan.

The drafting of legislation has been a continuous area of underperformance. Most of the seven laws that are identified for revision in 2019/20 have been identified for revision since 2012/13, most notably a comprehensive review of the South African Police Service Act, 1995 (Act No. 68 of 1995).

Capacity constraints have played a role in the ability of the Secretariat to maintain its legislative mandate, notably to perform effective oversight over the SAPS. An important aspect thereof is the monitoring of Community Policing Forums (CPFs) and Community Safety Forums (CSFs). Another key focus area for oversight is the implementation of the Domestic Violence Act, 1998 (Act No. 116 of 1998) by the SAPS, which has been inadequately overseen since

¹ The CSPS is classified as a Department within the Police Vote 23



the transfer of this function from the Independent Police Investigative Directorate (IPID) to the Secretariat in 2012. The drivers for non-implementation should be identified and rectified, as the eradication of Gender Based Violence (GBV) is a key priority of Government.

The significant spending items of the Secretariat, in economic classification, are Compensation of employees (CoE), computer services and travel and subsistence. Expenditure on these items represent 85% of the total budget allocation of the Secretariat over the medium-term. This is attributed to the fact that the Secretariat is labour intensive and the oversight responsibility to travel to police stations.

Despite the challenges faced, performance has improved consistently since the establishment of the Secretariat. In the first two years of being audited by the Auditor General (2014/15 and 2015/16), the Secretariat received qualified audit opinions, which improved to an unqualified audit with material findings in 2016/17. In the following year (2017/18), the Secretariat became the first department in the police portfolio to obtain a clean audit (unqualified with no material findings).

This paper provides an analysis of the 2019/20 budget allocation and aims to highlight key concerns identified therewith.

2. REPORTING MECHANISMS

Parliament has five main reporting mechanisms at its disposal to ensure that executive organs of state in the national sphere are accountable to it through the powers given to Parliament in Section 55(2) of the Constitution. Organs of state have a legislative obligation to table the following documents in Parliament:

- ✓ **Strategic Plan and Annual Performance Plan (APP):** Set out programme performance indicators and targets to achieve goals and objectives over medium-term expenditure framework (MTEF) period/5 years.
- ✓ **Approved Budget:** The budget contains details of how much is allocated to a Department per programme and economic classification.
- ✓ **In-year Monitoring Report (IYM):** According to Section 32 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), departments must report monthly to the National Treasury, to account for expenditure incurred. Accordingly, the information must be reported to Parliament for scrutiny every quarter. This is an important mechanism to address possible over/under expenditure in order for departments to rectify such expenditure. This coincides with scrutiny of the quarterly performance report of departments, meaning in-year reporting of non-financial results.
- ✓ **Adjusted Estimates of National Expenditure (AENE):** Indicates status of spending and achievement of performance targets as at the end of the first six months.



- ✓ **Annual Report:** The Annual Report is the ultimate accountability document to Parliament: records, reports and evaluates past year's performance. The Report provides the audited annual financial statements.

3. LEGISLATIVE MANDATE

The Civilian Secretariat for the Police Service was established in terms of the Civilian Secretariat for Police Service Act (2011) and section 208 of the Constitution, which provides for the establishment of a civilian secretariat for the police service to function under the direction of the Minister of Police. In terms of the Act, the Secretariat's mandate is to conduct civilian oversight of the police service and provide policy and strategic support to the Minister, including administrative support in relation to his or her international obligations. The Act also mandates the Secretariat to monitor the implementation of the Domestic Violence Act (1998) by the South African Police Service (SAPS).

4. BUDGET ANALYSIS

4.1. Overall expenditure estimates and trends

The CSPS received a budget allocation of R146.7 million in 2019/20, which is a nominal increase of R15.5 million when compared to the previous financial year in which the Secretariat had an Adjusted allocation of R131.2 million. The Administration Programme received the largest percentage increase in 2019/20 (18.6%) when compared to the previous financial year and is expected to increase by 118% over the medium-term.

The Administration Programme received the largest proportional allocation of the total budget at 44.3%. It is important to note that the average proportional allocation was 41.5% over the previous medium-term, indicating an increased focus on the Administration Programme. Although this is attributed to the allocation of the Office Accommodation subprogramme, the Departmental Management, Corporate Services and Finance Administration subprogrammes accounts for the majority of expenditure against the total Programme allocation at 18.7%, 36.7% and 28.5% of the Programme's allocation, respectively.

A concern in the large proportional allocation of the Administration Programme is that administration is not the core service delivery mandate of the Department and should not receive the highest proportional allocation. For instance, in the IPID, the Investigation and Information Management Programme receives more than half (61.18%) of the total budget. Similarly, the Visible Policing Programme of the SAPS receives more than half of the total budget (51.1%). For both departments, the largest proportional allocation is made to the core service delivery programmes.

A key driver for the increased allocation of the Administration Programme is attributed to the fact that funds for office space were transferred from the SAPS budget to that of the CSPS. Previously, the CSPS operated as a cost centre of the SAPS, but when it became a separate Department in 2013/14, funds for office space remained in the SAPS budget that gave accommodation to CSPS staff members. However, this arrangement caused two significant challenges, one being that the SAPS did not have sufficient office space available, which resulted in staff working in cramped spaces and secondly, the independence of the CSPS as



an oversight body over the SAPS, was compromised. In 2017/18, the Portfolio Committee intervened and made a recommendation to National Treasury to ensure that the funds are transferred to the CSPA to procure its own office space. This was effected by National Treasury through a mediation process with SAPS and is thus reflected in the 2019/20 budget of the Secretariat.

The Committee should question the cost efficiency of the accommodation, including the cost and duration of the lease agreement. From the data available, it seems that allocation will increase from R6.9 million in 2019/20 to R8.1 million in 2021/22, which is an average growth of 118.5% over the medium-term.

The Legislation and Policy Development Programme received the second highest budget increase between 2018/19 and 2019/20. In 2018/19, the Programme had an allocation of R21.2 million, which increased by 7.08 in 2019/20 to a Main allocation of R22.7 million. The increase in allocation is attributed to a focus on the revision of legislation. For 2019/20, a total of seven laws are identified for review, including the SAPS Act and another three over the medium-term. However, the Programme has underperformed over the past years, as the majority of laws have been identified since 2012/13.

Table 1: Comparative changes in expenditure estimates by programme: 2018/19 to 2019/20

| Programmes | | | | | | |
|--|------------------------|--------------------|--|-------------------------------------|-----------------------------------|--------------------------------|
| 1. Administration | | | | | | |
| 2. Intersectoral Coordination and Strategic Partnerships | | | | | | |
| 3. Legislation and Policy Development | | | | | | |
| 4. Civilian Oversight, Monitoring and Evaluation | | | | | | |
| Programme | Adjusted appropriation | Main Appropriation | Nominal Increase / Decrease in 2019/20 | Real Increase / Decrease in 2019/20 | Nominal Percent change in 2019/20 | Real Percent change in 2019/20 |
| R million | 2018/19 | 2019/20 | | | | |
| Programme 1 | 54.8 | 65.0 | 10.2 | 7.0 | 18.61 per cent | 12.75 per cent |
| Programme 2 | 23.4 | 25.0 | 1.6 | 0.4 | 6.84 per cent | 1.56 per cent |
| Programme 3 | 21.2 | 22.7 | 1.5 | 0.4 | 7.08 per cent | 1.78 per cent |
| Programme 4 | 31.8 | 34.0 | 2.2 | 0.5 | 6.92 per cent | 1.63 per cent |
| TOTAL | 131.2 | 146.7 | 15.5 | 8.2 | 11.8 per cent | 6.29 per cent |

Source: National Treasury (2019)

In terms of comparative average growth between the previous medium-term (2015/16 to 2018/19) and the current medium-term (2018/19 to 2021/22), the table below shows² the following:

- The total average growth rate accelerates over the latter period, from 5.1% to 8.4%.
- The average growth rate of the Administration Programme accelerates from 9.4% to 10.7% in the latter period. Furthermore, it is the only programme with an indicative increase in the rate of average expenditure (percentage) against the total budget allocation.

² Note about the table: The *Average growth rate (%)* is the growth rate per year, averaged over the three-year period, expressed as a percentage. The *Average: Expenditure/Total Vote (%)* shows the proportion of total institutional expenditure an expenditure item comprises, averaged over the three-year period, expressed as a percentage.



- The average growth rate of the Civilian Oversight, Monitoring and Evaluation Programme decelerates over the latter period from an average growth rate of 12% between 2015/16 and 2018/19, to 6.9% during 2018/19 and 2021/22.
- The average growth rates of the Intersectoral Coordination and Strategic Partnerships and the Legislation and Policy Development Programmes accelerates significantly during the latter part (2018/19 to 2021/22).
- Despite the accelerated average growth of the Intersectoral Coordination and Strategic Partnerships Programme, its average expenditure against the total budget (percentage of the budget) decelerates from 19.9% to 17.2% between 2018/19 and 2021/22. This is indicative of a lesser focus on this Programme.

Table 2: Average expenditure per programme: 2015/16 to 2018/19 and 2018/19 to 2021/22

| Programmes | | | | | | |
|--|------------------|-------------------------|--------------------------------|-----------------|-------------------------|--------------------------------|
| 1. Administration | | | | | | |
| 2. Intersectoral Coordination and Strategic Partnerships | | | | | | |
| 3. Legislation and Policy Development | | | | | | |
| 4. Civilian Oversight, Monitoring and Evaluation | | | | | | |
| Programme | Revised estimate | Average growth rate (%) | Average expenditure/ Total (%) | Main allocation | Average growth rate (%) | Average expenditure/ Total (%) |
| R million | 2018/19 | 2015/16 – 2018/19 | | 2019/20 | 2018/19 – 2021/22 | |
| Programme 1 | 54.8 | 9.4% | 41.6% | 65.0 | 10.7% ↑ | 43.8% ↑ |
| Programme 2 | 23.4 | -0.7% | 19.9% | 25.0 | 6.8% ↑ | 17.2% ↓ |
| Programme 3 | 21.2 | -0.5% | 15.5% | 22.7 | 6.1% ↑ | 15.5% ↑↓ |
| Programme 4 | 31.8 | 12.0% | 23.1% | 34.0 | 6.9% ↓ | 23.4% ↑ |
| TOTAL | 131.2 | 5.1% | 100.0% | 146.7 | 8.4% ↑ | 100.0% |

Source: National Treasury (2019)

4.2. Expenditure by economic classification

The total Vote allocation to be appropriated by Parliament is categorised into the main budget programmes and economic classification. The economic classification is divided into current payments, transfers and subsidies, payments for capital assets and payments for financial assets.

- Current payments are payments made by the Secretariat for its operational requirements.
- Transfers and subsidies are payments made by the Secretariat for which it does not directly receive anything in return.
- Payments for capital assets are payments made by the Secretariat for an asset that can be used for more than one year, and from which future economic benefits or service potential are expected to flow.

The main allocation for Current payments increased from R129.4 million in 2018/19 to R144.8 million in 2019/20, which is an increase of 11.9% in comparison. Over the medium-term, the average annual growth rate is 8.4%, which is an increase from the previous medium-term growth rate of 5.1%. The increase is due to a significant increase in the allocation for Goods and services from R31.9 million in 2018/19 to R39.9 million in 2019/20 (increase of 25.08%). The average annual growth rate of Goods and services had an average annual decrease of -9.4% over the previous medium-term, which improves to an average annual growth rate of 12% over the current medium-term. In 2021/22, the allocation is expected to increase to R120



million. The drivers of the increase in average growth are: external audit costs, computer services, fleet services and operating leases.

In 2019/20, the main allocation for CoE increased from R97.5 million in 2018/19 to R104.9 million, which is an increase of 7.59% in comparison. Over the medium-term, expenditure on CoE is expected to increase by an average annual growth rate of 7.2%. Between 2015/16 and 2018/19, CoE had an average expenditure against the total budget of 66.3%, which increases to 72.3% over the medium-term (between 2018/19 and 2021/22).

The allocation for Transfers and subsidies, specifically Departmental agencies and accounts, remains unchanged in 2019/20, but shows an average annual growth rate of 4.9% over the medium-term. This growth is attributed to payments made to the Safety and Security Sector Education and Training Authority (SASSETA). In 2018/19, the allocation was R176 thousand and will increase to R185 thousand in 2019/20 and R204 thousand in 2021/22.

The total allocation for Payments for capital assets remains unchanged in 2019/20, but within the item, allocations to Machinery and equipment and Software and other intangible assets do change. The allocation for Machinery and equipment decreased from R1.6 million in 2018/19 to R1.4 million in 2019/20, which is a decrease of 12.5%. Over the medium-term, the allocation is expected to show a slight average annual decrease of 0.2%.

The allocation for Software and other intangible assets increased by 200% in 2019/20 (R3000.00) when compared to the previous financial year (R1000.00), and this drives the increased average growth for Payments for capital assets. Despite the small monetary value of this item, increases in growth rates should be taken into account.

Table 3: Departmental expenditure estimates by economic classification

| Economic classification | Revised estimate | Main allocation | % Increase/ (Decrease) | Average growth rate (%) |
|--------------------------------------|------------------|-----------------|------------------------|--|
| | 2018/19 | 2019/20 | 2018/19 – 2019/20 | 2018/19 – 2021/22 compared to 205/16-2018/19 |
| <i>R million</i> | | | | |
| Current payments | 129.4 | 144.8 | 11.9% | 8.4% ↑ |
| Compensation of employees | 97.5 | 104.9 | 7.59% | 7.2% ↓ |
| Goods and services | 31.9 | 39.9 | 25.08% | 12.0% ↑ |
| Transfers and subsidies | 0.2 | 0.2 | 0% | 4.9% ↑ |
| Departmental agencies and accounts | 0.2 | 0.2 | 0% | 5.0% ↑ |
| Payments for capital assets | 1.7 | 1.7 | 0% | 5.2% ↑ |
| Machinery and equipment | 1.6 | 1.4 | (12.5%) | -0.2% ↑ |
| Software and other intangible assets | 0.1 | 0.3 | 200% | 78.4% ↑ |
| TOTAL | 131.2 | 146.7 | 11.8% | 8.4% ↑ |

Source: National Treasury (2019)

4.3. Significant spending items

The Secretariat's significant spending items include CoE, Computer services and travel and subsistence. The table below shows that these items represent 85.5% of the total budget allocation over the medium-term.



The Secretariat's spending on CoE is expected to increase at an average annual rate of 7.2% from R97.5 million in 2019/20 to R120 million in 2021/22, to remain within Government's expenditure ceiling for CoE. Due to the labour-intensive nature of the Department, CoE accounts for 72.3% of the total budget. The number of personnel in the Department is expected to increase from 158 in 2018/19 to 160 in 2021/22.

The allocation for Computer services shows an increase of 46.8% in 2019/20 when compared to the previous financial year. The 2019/20 allocation of R7.93 million is expected to increase to R10.47 million in 2021/22, which is an average annual growth of 24.7% over the medium-term.

Table 5: Expenditure trends and expenditure for significant spending items

| Economic Classification | Adjusted Appropriation | Average growth rate (%) | Average: Expenditure/ Total Vote (%) | Main Appropriation | Average growth rate (%) | Average: Expenditure/ Total Vote (%) |
|---------------------------|------------------------|-------------------------|--------------------------------------|--------------------|-------------------------|--------------------------------------|
| R thousand | 2018/19 | 2015/16 – 2018/19 | | 2019/20 | 2018/19 – 2021/22 | |
| Compensation of employees | 97 452 | 14.3% | 66.8% | 104 859 | 7.2% | 72.3% |
| Computer Services | 5 407 | -15.7% | 6.2% | 7 938 | 24.7% | 5.5% |
| Travel and Subsistence | 12 604 | -7.0% | 10.3% | 10 658 | -2.0% | 7.7% |
| Total | 115 462 | 8.7% | 83.3% | 123 455 | 7.2% | 85.5% |

Source: National Treasury (2019)

4.4. Expenditure estimates against performance

When considering a budget, it is important that the percentage of targets achieved should be in-line with the percentage of departmental expenditure at year-end. For instance, low expenditure will follow a lack of achievement on predetermined performance targets, thus high expenditure should have high performance. The table below shows a systematic improvement in the alignment of performance to expenditure. The performance in 2017/18 is noteworthy, as the alignment is exceptionally good and the Department had a clean audit opinion from the AG.

Table 6: Targets achieved vs. Expenditure

| | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|----------------------------------|---------|---------|---------|---------|---------|
| Targets achieved | 92.4% | 65% | 48.4% | 80.5% | 81.2% |
| % Expenditure at year-end | 71.9% | 66.6% | 89.8% | 89.9% | 94.4% |

Source: CSPA Annual Reports 2013/14 – 2017/18

4.5. Report by National Treasury on the 2017/18 BRRR

The Minister of Finance is required to respond to budget related recommendations contained in the Committee's Budgetary Review and Recommendations Report (BRRR). In 2017/18, the Committee recommended:



The Civilian Secretariat for Police should address the challenges regarding inadequate office space. The National Treasury should engage the SAPS to reallocate the funds for office accommodation to the department.

In response, the Minister of Finance stated the following:³

The National Treasury supports this recommendation. Through a mediation process including the Civilian Secretariat for Police and SAPS, the National Treasury has facilitated the shifting of R20.3 million over the 2019 MTEF period from SAPS to the Civilian Secretariat for Police for office accommodation.

As previously stated, the effect of this intervention is reflected in the allocation of R6.9 million in the *Accommodation subprogramme* (Administration Programme), which is expected to increase to R8.1 million in 2021/22, which is an average growth of 118.5% over the medium-term.

5. REFERENCES

National Treasury. (2019) Estimates of National Expenditure 2019.

National Treasury (2019). ENE 2019: Annexure A. Response of the National Treasury to Parliament.

³ Section 7(4) of the Money Bills Amendment Procedure and Related Matters Act, 2009, prescribes that the Minister of Finance submit a report to Parliament explaining how the budget gives effect to the recommendation contained in the BRRRs when tabling the main budget. The responses are submitted as part of Annexure A of the Budget Review 2019. ENE Annexure A: Report of the Minister of Finance to Parliament.