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PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

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VOTE 20

BUDGET ANALYSIS OF THE INDEPENDENT POLICE INVESTIGATIVE DIRECTORATE (IPID)
2019/20 Financial Year

Purpose of the Vote

Ensure independent oversight of the South African Police Service and the Municipal Police Services. Conduct independent and impartial investigations of identified criminal offences allegedly committed by members of the South African Police Service and the Municipal Police Services; and make appropriate recommendations.

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1. INTRODUCTION

The Independent Police Investigative Directorate (IPID) is instrumental in ensuring police accountability in South Africa. It is tasked to investigate alleged criminal offences committed by members of the South African Police Service (SAPS) and Municipal Police Services (MPS). A key focus of the National Development Plan (NDP) is to build safer communities, with a supportive and professional police service as a key component of the criminal justice system. The NDP specifically refers to the IPID as a “mandated oversight body” that must “monitor adherence to professional ethics and recommend appropriate sanctions where necessary”.

The IPID has continuously struggled with capacity constraints, especially in terms of insufficient funding, which resulted in the closing down of satellite offices countrywide.[1] Furthermore, the Directorate has adopted a "low volume, high impact" approach in which selected case categories are prioritised, like death and rape while in police custody. In 2017/18, this approach resulted in an overall achievement rate of 64% on predetermined performance targets. Additionally, resources from other service delivery mandates, like community outreach, were redirected to the core function in prioritising high impact (profile) cases.

In 2019/20, the IPID received a main budget allocation of R336.7 million, which is an increase of R21.6 million when compared to the previous financial year. This represents a nominal increase of 6.9%. As expected, the Directorate's core service delivery programme (Investigation and Information Management Programme) received the largest allocation of the total Vote (61.7%).

In terms of economic classification, the Directorate will spend R228.8 million of its R336.7 million on Compensation of employees (CoE), which represents 68% of the total 2019/20 budget allocation. This item is the main cost driver of the Directorate.

The significant spending items of the Directorate are CoE, Travel and subsistence and Operating leases and Property payments. Together these payments account for 85% of the total budget allocation of the Directorate.

This paper provides a summary and analysis of the 2019/20 budget allocation of the IPID, including specific allocations per economic classification and historic budget outcomes.

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:** 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

[1] Eastern Cape, Northern Cape, Free State, KwaZulu-Natal and North West provinces.

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 IPID Act, 2011 (Act No. 1 of 2011)("the Act") came into operation on 01 April 2012 to give effect to section 206(6) of the Constitution, which makes provision for the establishment of an independent police complaints body. The objectives of the IPID Act are to:

- Align provincial and national strategic objectives to enhance the functioning of the Directorate;
- Provide for independent and impartial investigation of identified criminal offences allegedly committed by members of the SAPS and the Municipal Police Services;
- Make disciplinary recommendations to the SAPS resulting from investigations conducted by the Directorate;
- Provide for close cooperation between the Directorate and the Secretariat; and
- Enhance accountability and transparency of the SAPS and the Municipal Police Services in accordance with the principles of the Constitution.

The IPID Act provided the Directorate with an extended mandate which focuses on serious crimes committed by members of the SAPS and the MPS. It further obliges the SAPS and the MPS to report on matters that must be investigated by the IPID and also the status of implementation of disciplinary recommendations made by the IPID upon the completion of investigations.

In terms of section 28 (1) of the Act, the Directorate must investigate:

a) Any deaths in police custody;
b) Deaths as a result of police actions;
c) Complaints relating to the discharge of an official firearm by any police officer;
d) Rape by a police officer, whether the police officer is on or off duty;
e) Rape of any person in police custody;
f) Any complaint of torture or assault against a police officer in the execution of his or her duties;
g) Corruption matters within the police initiated by the Executive Director, or after a complaint from a member of the public or referred to the Directorate by the Minister, a MEC or the Secretary for the Police Service; and
h) Any other matter referred to the IPID as a result of a decision by the Executive Director or if so requested by the Minister, an MEC or the Secretary for the Police Service as the case may be.

Section 28 (2) further provides that the Directorate may investigate matters relating to systemic corruption involving the police.

A continuous challenge for the Directorate has been lack of implementation and adherence to Chapter 7 of the Act. Chapter 7 requires the SAPS and the MPS to report incidents to the Directorate, for SAPS and MPS members to provide full cooperation to the Directorate and for the SAPS and MPS to implement disciplinary recommendations made by the Directorate. Currently, the SAPS conducts its own internal investigations upon receipt of the IPID recommendations, which effectively undermines the investigations of the Directorate.

3.1. IPID Act Amendment Bill, 2018

The purpose of the IPID Act Amendment Bill (amendment bill) is to give effect to the Constitutional Court judgment: *McBride v Minister of Police and Another* with respect to the process for the removal of the Executive Director of IPID. The Constitutional Court directed Parliament to rectify the defects in the IPID Act within two years from the date of the judgment. The timeline for Parliament to remedy the Independent Police Investigative Directorate Act expires on 5 September 2018.

In November 2017, 14 months after the Constitutional Court judgment, the Portfolio Committee on Police wrote to the Secretary of Police and the Executive Director of IPID to ascertain the progress with the tabling of a legislative proposal to Parliament. Due to the time-delay, the Committee tabled a Committee Bill, which was adopted by the National Assembly on 04 September 2018. The Bill was transmitted to the National Council of Provinces (NCOP) for concurrence. The Bill was not finalised by the NCOP and will be reintroduced in the 6th Parliament.

The Amendment Bill did not amend the mandate of the IPID, only the dismissal process of the Executive Director of the IPID. The Committee recommended in its Legacy Report that the IPID Act needs a substantive review in order to strengthen the investigative powers of the IPID.

4. BUDGET 2019/20 ALLOCATION

4.1. Main Vote

The IPID received a main budget allocation of R336.7 million in the 2019/20 financial year, which is an increase of R21.6 million when compared to the previous financial year in which the main allocation was R315 million. This represents a nominal increase of 6.9%. The 2019/20 percentage increase is far less than that of the previous year's increase of 23.4%. The Investigation and Information Management Programme received the largest allocation of the total Vote at 61.7%, followed by the Administration Programme (32.5%). Together these two programmes received 94.2% of the total Vote, leaving 1.8% and 3.9 % to the Legal and Investigation Advisory and Compliance Monitoring Programme and Stakeholder Management Programme respectively.

The table below provides a breakdown of the 2019/20 budget allocation in comparison to the previous financial year.

Table 1: IPID Expenditure over the medium term

Programmes						
1. Administration 2. Investigation and Information Management 3. Legal and Investigation Advisory Services 4. Compliance Monitoring and Stakeholder Management						
Programme R million	**Revised estimate 2018/19**	**Main allocation 2019/20**	**Nominal Increase / Decrease in 2019/20**	**Real Increase / Decrease in 2019/20**	**Nominal Percent change in 2019/20**	**Real Percent change in 2019/20**
Programme 1	102.4	107.6	5.2	- 0.1	5.08%	-0.12%
Programme 2	194.5	206.0	11.5	1.3	5.91%	0.68%
Programme 3	5.8	7.5	1.7	1.3	29.31%	22.92%
Programme 4	12.4	15.6	3.2	2.4	25.81%	19.59%
TOTAL	**315.1**	**336.7**	**21.6**	**5.0**	**6.9%**	**1.57%**

Source: National Treasury (2019)

4.2. Allocations per Budget Programme

4.2.1. Programme 1: Administration

The Administration Programme received a budget allocation of R107.6 million in 2019/20, which is a nominal increase of R5.2 million or 5.08% when compared to the R102.4 million allocation of the previous financial year. The Programme has the second largest proportional allocation of total budget with 31.96%.

4.2.2. Programme 2: Investigation and Information Management

The core service delivery programme of a Department normally receives the largest portion of the Vote. As such, the Investigation and Information Management Programme received an allocation of R206 million from the total allocation of R336.7 million which is 61.18% of the total budget. The allocation increased with R11.5 million or 5.9% nominally when compared to the R194.5 million allocation of the previous financial year. The items per economic classification shows that R5.3 million was allocated to the line-item *Legal Services,* which will be used to contract private attorneys to assist with litigation cases.[2] This should be questioned because Programme 3: Legal and Investigation Advisory Services is mandated to *provide legal, civil and labour litigation* and receives a budget of R7.5 million in 2019/20.

4.2.3. Programme 3: Legal and Investigation Advisory Services

The allocation of the Legal and Investigation Advisory Services Programme increased substantially in 2019/20 when compared to the previous financial year. In 2018/19, the Programme was allocated R5.8 million, which increased to R7.5 million in 2019/20 (29.3% nominal increase). This is mainly due to capacity constraints in the Legal and Investigation

[2] Page 423, ENE (2019).

Advisory Services Programme. Despite these constraints, recruitment and capacity building will be focussed on the appointing Investigators in the Investigation and Information Management Programme (Programme 2) during 2019/20.

4.2.4. Programme 4: Compliance Monitoring and Stakeholder Management

The Compliance Monitoring and Stakeholder Management Programme received a main allocation of R15.6 million for the 2019/20 financial year, which is a substantial increase when compared to the previous financial year (R12.4 million). In nominal terms, the 2019/20 allocation increased by 25.81% when compared to 2018/19. The programme received 4.63% of the total Vote, which is the third largest proportion. The increased focus placed on the programme is illustrated by the slight increase in the portion of funds allocated to it as a percentage of total Voted funds (3.94% in 2018/19 to 4.63% in 2019/20).

4.2.5. Percent of total budget per programme

The proportional allocation to the main programmes of the Department (*Administration* and *Investigation and Information Management*) shows a slight decrease when compared to the previous financial year (-0.5% each), while the proportional allocation to the *Legal and Investigation Advisory Services* and *Compliance Monitoring and Stakeholder Management* Programmes both increased by 0.4% and 0.7%, respectively.

Table 2: Percent of total budget per programme

Programmes

1. Administration
2. Investigation and Information Management
3. Legal and Investigation Advisory Services
4. Compliance Monitoring and Stakeholder Management

Programme	Revised estimate	Percent of total budget per programme	Budget	Percent of total budget per programme	Change in percent allocation
R million	2018/19		2019/20		
Programme 1	102.4	32.50 per cent	107.6	31.96 per cent	-0.54 per cent
Programme 2	194.5	61.73 per cent	206.0	61.18 per cent	-0.54 per cent
Programme 3	5.8	1.84 per cent	7.5	2.23 per cent	0.39 per cent
Programme 4	12.4	3.94 per cent	15.6	4.63 per cent	0.70 per cent
TOTAL	**315.1**	**100.00 per cent**	**336.7**	**100.00 per cent**	**0.00 per cent**

Source: National Treasury (2019)

4.3. Specific allocations per 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 Directorate for its operational requirements.
- Transfers and subsidies are payments made by the Directorate for which it does not directly receive anything in return.
- Payments for capital assets are payments made by the Directorate 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.

4.3.1.Ring-fenced funds (Compensation of employees)

The CoE allocation are specifically and exclusively appropriations (ring-fenced) in the Appropriations Bill, 2019.[3] Section 43 of the PFMA[4] deals with virements between main divisions within Votes. A *virement* is defined as the utilisation of a saving in the amount appropriated under a main division within a Vote towards the defrayment of excess expenditure under another main division within the same Vote. Section 43(a) prohibits the utilisation of a saving in an amount specifically and exclusively appropriated for a purpose mentioned. However, Parliament, through the Standing Committee on Appropriations (SCOA) has the power to approve a virement of this nature.

In 2018/19, a total amount of R14.88 million was shifted away from CoE to defray excess expenditure under *Good and services*, including fleet services, minor assets and operating leases.[5] This virement was approved by SCOA, despite the funds being ring-fenced.[6] The saving in CoE was due to a failure to fill vacant posts. The Directorate has had a challenge with filling vacant posts since its establishment, especially within its core service delivery programme: Investigation and Information Management.

CoE is the Directorate's largest cost driver, accounting for a projected 67.2% over the MTEF period. Spending on CoE is expected to increase at an average annual rate of 10% from R197.4 million in 2018/19 to R262.6 million in 2021/22. The increase is due to cost of living adjustments and the filling of 11 funded vacant posts for investigators by the end of 2018/19, increasing the number of investigators to 171 and the number of personnel to 428 in 2018/19.

In the 2019/20 financial year, the IPID projects to spend R228.8 million of its R336.7 million on Compensation of employees, which represents 68% of the total budget allocation. The Committee should keep a keen eye on the filling of vacant posts, as well as the 2019 Adjustments to engage SCOA on virements and shifts within the IPID Vote.

4.3.2.Goods and services expenditure trends and estimates

In the previous financial year (2018/19), the Directorate received a main allocation of R97.7 million for *Goods and service*, which was adjusted upwards with R11.6 million during the adjustments period to an adjusted appropriation of R109.4 million. The R11.6 million was used

[3] Appropriations Bill, 2019 [B6-2019]
[4] Public Finance Management Act, 1999 (Act No 1 of 1999) (PFMA)
[5] Adjusted Estimates of National Expenditure (AENE) 2018/19: Vote 20
[6] Adjustments Appropriations Act, 2018 (Act No 17 of 2018)

to defray higher than expected spending on fleet services, minor assets and operating leases. The main source for the R11.6 million was from savings realised from CoE.

In 2019/20, the allocation towards *Goods and services* decreased from a Final Appropriation of R109.4 in 2018/19 to R101.7 million in 2019/20, which is a real decrease of 7%. Over the 2015/16 to the 2018/19 term, the allocation had an average growth rate of 14.8%, which is in stark contrast to the 0.9% average growth projected for the 2019/20 MTEF.

- ***Minor assets:***[7] The allocation towards *Minor assets* fluctuated over the past financial years. Between 2015/16 and 2018/19, the item had an average growth rate of 59.3%. The allocation grew from R985 thousand in 2015/16 to R3.9 million in 2018/19, however the allocation decreases significantly in 2019/20 to R1.29 million. Over the 2019/20 MTEF, the allocation decreases by 29.4% on average.

  The allocation will be used to prioritise the procurement of "tools of trade" for in the form of investigation equipment (specialised cameras and recording equipment).

- ***Contractors:***[8] The allocation for contractors increased significantly between 2015/16 and 2018/19 at an average rate of 87.7%. The final appropriation in 2017/18 was R381 thousand, which grew to R2.1 million in 2018/19. This increase was due to the legal challenge between the Minister of Police (Hon Cele) and former IPID ED (Mr McBride). The 2019/20 expenditure estimate is R322 thousand, which is expected to decrease at an average rate of 44.9% over the 2019/20 MTEF.

4.3.3.Case management

In 2017/18, the Auditor General (AG) stated that the Department **did not have an adequate record keeping system** to enable reliable reporting on achievement of various performance indicators. As a result, the AGSA was unable to obtain sufficient appropriate audit evidence in some instances, while in other cases the supporting evidence provided did not correlate with the reported achievements. Based on the supporting evidence that was provided, the achievement of these indicators was different from the reported achievements in the annual performance report.

The lack of assurance on Information and Communication Technology (ICT) was highlighted as a key concern by the IPID Audit Committee. It was indicated that the lack of assurance has been a challenge for three consecutive years. The inadequate information system has been identified as a high risk in the Department's 2018/19 APP. The contributing factor is obsolete ICT infrastructure (network and equipment) and compromised information security. The Department plans to reprioritise funds for the upgrading of network and infrastructure. The Committee should request the Department to include the case management system

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[7] Minor assets include computer equipment under the value of R5000.00. Above this threshold, assets are classified as tangible capital assets.

[8] *Contractor* means a person appointed to provide services which are of a non-specialised nature, that are not core business of the institution. It is normally not cost effective to maintain these skills within the institution. Contracting involves an activity of a short-term assignment on a specific project. http://www.treasury.gov.za/legislation/pfma/guidelines/Guideline%20on%20Cost%20Containment%20Measures.pdf

(*Flowcentric*), as this is a crucial component of the ICT infrastructure and a critical risk to the verifiable performance and effective case management of the Department.

4.3.4. Claims against the state

In 2017/18, the Department had a contingent liability of R89.6 million at year-end, of which R87.9 million was for claims against the Department. The opening balance for claims against the Department was R57.27 million and during the 2017/18 financial year, liabilities of R33.96 million were incurred, bringing the closing balance as at 31 March 2018 to R87.96 million. This is a 34.9% increase when compared to the previous financial year. No provision has been made for this item despite the continuous increase in claims against the IPID. These civil claims are mostly instituted by police members that have been investigated by the IPID and not found guilty. It is important to note that these members have a right to defend themselves.

4.3.5. Expenditure and performance

The table below compares year-end expenditure to the percentage of performance targets achieved. It shows a significant disjoint between expenditure and performance.

Table 3: Targets achieved vs. Expenditure

IPID	2013/14	2014/15	2015/16	2016/17	2017/18
Expenditure	89%	99%	99.7%	99.8%	99.8%
Targets achieved	27%	42.2%	74.5%	35.1%	64.7%

Source: IPID Annual Reports (2014-2018)

In 2013/14, the Directorate spent 89% of its Final Appropriation, but only achieved 27% of its predetermined performance targets. The performance against expenditure improved in 2014/15 and 2015/16, but decreased significantly in 2016/17. This could be attributed to leadership instability in the Directorate during this period. The performance increased in 2017/18, but is will be important to monitor the performance going forward to see whether the Directorate can managed a consistent improvement in performance.

4.3.6. Expenditure trends and expenditure for significant spending items

The Directorate's significant spending items include compensation of employees (CoE), travel and subsistence, operating leases and property payments. The table below shows that these items represent 85.5% of the Directorate's total budget allocation (R289.8 million/R336.7 million).

Note about the table below:

- The *Audited outcome* is presented as it appears in the Directorate's annual financial statements or calculated from the relevant data in the institution's ENE database.
- *Adjusted appropriation* shows the adjusted total amount voted in a financial year. Most changes are made mid-year at the time of the adjustments budget. These adjustments can be made only in terms of the circumstances listed in section 30 of the Public Finance Management Act (1999).

- 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.

Table 4: Expenditure trends and expenditure for significant spending items

Economic Classification	Audited outcome			Adjusted Appropriation	Average growth rate (%)	Average: Expenditure / Total Vote (%)	Main Appropriation	Average growth rate (%)	Average: Expenditure / Total Vote (%)
R thousand	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2015/16 – 2018/19**		**2019/20**	**2018/19 – 2021/22**	
Compensation of employees	149 559	169 17	168 761	197 373	9.7%	65.5%	228 759	10.0%	67.2%
Travel and subsistence	22 778	19 087	10 560	16 406	-10.4%	6.6%	11 979	-6.1%	3.9%
Operating leases	20 400	13 243	26 308	29 369	12.9%	8.5%	30 498	4.3%	9.0%
Property payments	9 560	10 129	14 586	17 528	22.4%	5.0%	18 644	4.7%	5.4%
Total	**202 297**	**211 636**	**220 215**	**260 676**	**8.8%**	**85.5%**	**289 879**	**8.1%**	**85.5%**

- ***Compensation of employees (CoE):*** Between 2015/16 and 2018/19, the CoE budget accounted for 65.5% of the Directorate's total budget allocation over this period. The allocation is set to have increase by 10% between 2018/19 and 2021/22 and will represent 67.2% of the total Vote in this period. Although the increase is due to annual cost of living spending, it must remain within the CoE ceiling of National Government.

- ***Travel and subsistence:*** Since 2015/16, the Directorate has put austerity (cost containment) measures in place to reduce expenditure on Travel and subsistence. The table above shows an average decrease of 10.4% in the item's allocated funds between 2015/16 and 2018/19. During this period, 6.6% of the Directorate's budget was spent on Travel and subsistence. Going into the 2019/20 MTEF, the allocation will decrease further by 5.1% between 2018/19 and 2021/22 and will account for 3.9% of the total budget. This is a significant decrease from the average annual growth of 6.6% between 2015/16 and 2018/19 of the total budget. This is indicative of the prioritising to procure 30 vehicles over the period ahead in order to save on renting vehicles as well as fuel and maintenance. However, this had an impact on the budget allocation of Fleet services, which increased from R5.7 million in 2015/16 to R9.1 million in 2019/20.

- ***Operating leases:*** The average four-year (2015/16 – 2018/19) growth rate of 12.9% will decrease to 4.3% between 2018/19 and 2021/22. This shows a significant slowing down in expenditure across the MTEF.

- ***Property payments:*** Expenditure on property payments increased significantly between 2015/16 and 2018/19, showing an average growth rate of 22.4% (2015/16: R9.5 million; 2018/19: R14.5 million). It should be noted that, in 2017/18, a total amount of R14.6 million was spent on property payments of which R9 million was toward first aid, pest control/fumigation, security services and cleaning service. In 2019/20, R18.6 million was appropriated to property payments. The average growth rate will decrease between 2018/19 and 2021/22 at an average rate of 5.4% during this period, against the 22.4% growth between 2015/16 and 2018/19.

4.4. Historic budget outcomes

At the end of the second quarter of the financial year, Government Departments (Votes) are allowed to make virements to the main budget allocation. Section 43 of the PFMA[9] defines a *virement* as the utilisation of a saving in the amount appropriated under a main division within a Vote towards the defrayment of excess expenditure under another main division within the same Vote. These adjustments are known as the Adjuster Appropriation and is published by National Treasury as the Adjusted Estimate of National Expenditure (AENE).

Between 2015/16 and 2018/19, the IPID had relied on the adjustments period to align its expenditure to the thresholds set by National Treasury and bring overall year-end expenditure to 100% (or closest thereto). Please see the table below with comments per programme and economic classification.

Note about the table below:

- The *Average: Outcome/Annual budget (%)* shows annual audited expenditure as a percentage of the annual budget appropriation, averaged over the three-year period.
- The *Average: Outcome/Adjusted appropriation (%)* shows annual audited expenditure as a percentage of the annual adjusted budget appropriation, averaged over the three-year period.

Table 5: Vote expenditure trends by programme and economic classification

Programmes
1. Administration 2. Investigation and Information Management 3. Legal and Investigation Advisory Services 4. Compliance Monitoring and Stakeholder Management

Programme	**Average: Outcome/ Annual Budget (%)**	**Average: Outcome/ Adjusted appropriation (%)**	**Comment**
	2015/16 – 2018/19		
Programme 1	97.2%	98.2%	The adjustments to the programme allowed a slight improvement on the programme's average expenditure between 2015/16 and 2018/19 from 97.2% to 98.2%.
Programme 2	101.9%	101.1%	The adjustments to the programme allowed a slight improvement on the programme's average over expenditure from 101.9% to 101.1%.
Programme 3	88.5%	96.4%	The adjustments from the Legal and Investigation Advisory Programme allowed a significant improvement of year-end expenditure from 88.5% to

[9] Public Finance Management Act, 1999 (Act No 1 of 1999) (PFMA)

Programme	Average: Outcome/ Annual Budget (%)	Average: Outcome/ Adjusted appropriation (%)	Comment
	2015/16 – 2018/19		
			96.4%. The significance thereof is twofold. Firstly, it shows that projected expenditure is not adequate (bad planning) and secondly, the Programme is not fulfilling its purpose in that savings are made. Another concern is that the allocation is deliberately inflated to defray excess expenditure in the Investigation and Information Management Programme. If the savings made in the programme were not moved to another programme within the Vote, the programme would have recorded continuous under expenditure. The adjustments allowed the programme to record an average expenditure of 97.4% over the four-year period, instead of an average expenditure of 88.5%.
Programme 4	87.6%	96.3%	On average, the Compliance Monitoring and Stakeholder Management Programme has had challenges with under expenditure between 2015/16 and 2018/19. If the savings made in the programme were not moved to another within the Vote, the programme would have recorded an average under expenditure. The adjustments allowed the programme to record an average expenditure of 96.3% over the four-year period, instead of an average expenditure of 87.6%.
Total	**99.5%**	**99.9%**	**The average budgetary adjustment enabled the Department to improve its average year-end expenditure from 99.5% to 99.9% between 2015/16 and 2018/19.**
Economic classification			
Current payments	98.9%	99.8%	
Transfers and subsidies	183.3%	130.9%	The adjustments to the budget allocation of Transfers and subsidies allowed a significant improvement on the average expenditure between 2015/16 and 2018/19. Although an average over-expenditure (130.9%) has still been recorded, it is lower than the 183.3% expenditure based on the Annual Budget
Payments for capital assets	187.4%	102.5%	On average, the adjustments made to Payments for capital assets enabled the Directorate to record a significant improvement in year-end expenditure. The large average outcome against the annual budget (187.4%) was brought about by a significant increase in

Programme	Average: Outcome/ Annual Budget (%)	Average: Outcome/ Adjusted appropriation (%)	Comment
	2015/16 – 2018/19		
			the budget allocation of Machinery and Equipment in the 2018/19 financial year. Historically, the Directorate did not allocate funds towards this item (2016/17: R154 000.00; 2017/18: R0.00). However, in 2018/19 a total amout of R4.4 million was allocated to Machinery and equipment and a further virement of R3.1 million made, bringing the Adjusted appropriation to R7.6 million. This is an average growth rate of 47.5% between 2015/16 and 2018/19.
Total	**99.5%**	**99.9%**	

Source: National Treasury (2019)

The table above shows the importance of the Committee's responsibility to engage with all Departments within its Portfolio during the appropriations budget and on quarterly expenditure/performance. Although virements are allowed and a normal part of the budgeting cycle, significant changes to the funds originally appropriated by Parliament, which is attached to the achievement of performance targets, are often made and must be explained by the Department.

4.5. Response from Minister of Finance on BRRR recommendations

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

> National Treasury should consider the application by the Independent Police Investigative Directorate (IPID) for funds derived from other revenue streams, like the Criminal Assets Recovery Account (CARA) to upgrade its ICT infrastructure.

In response, the Minister of Finance stated the following:[10]

> The National Treasury does not have the authority to make decisions regarding the use of CARA funds. This authority lies with the CARA committee, which is responsible for providing Cabinet with recommendations on the use of funds and giving advice on specific issues related to the criminal assets recovery process. As part of the 2019 MTEF process, the National Treasury invited representatives from the CARA unit within the Department of Justice and Constitutional Development to present at the Peace and Security functional group on CARA and the process to be

[10] 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.

followed by departments when making submissions for funding requests. The IPID was also part of this meeting.

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