

FIRST QUARTER

EXPENDITURE REPORT FOR THE FINANCIAL YEAR 2019/20

Expenditure per Programme

	BUDGET R'000	EXPENSES R'000	% SPENT	2018/19 FIRST QUARTER EXPENDITURE	YEAR ON YEAR % EXPENDITURE GROWTH
PROGRAMMES					
Administration	2,504,495	462,324	18.5%	331,252	40%
Court Services	6,824,900	1,469,533	21.5%	1,518,684	(3%)
State Legal Services	1,349,790	289,772	21.5%	261,030	11%
National Prosecuting Authority	3,929,137	946,274	24.1%	865,202	9%
Auxiliary and Associated Services	4,108,755	805,934	19.6%	959,056	(16%)
Magistrates' Salaries	2,383,695	511,452	21.5%	498,793	3%
DEPARTMENTAL APPROPRIATION	21,100,772	4,485,289	21.3%	4,434,017	1%

*Administration Increase due to spending on State Capture Commission

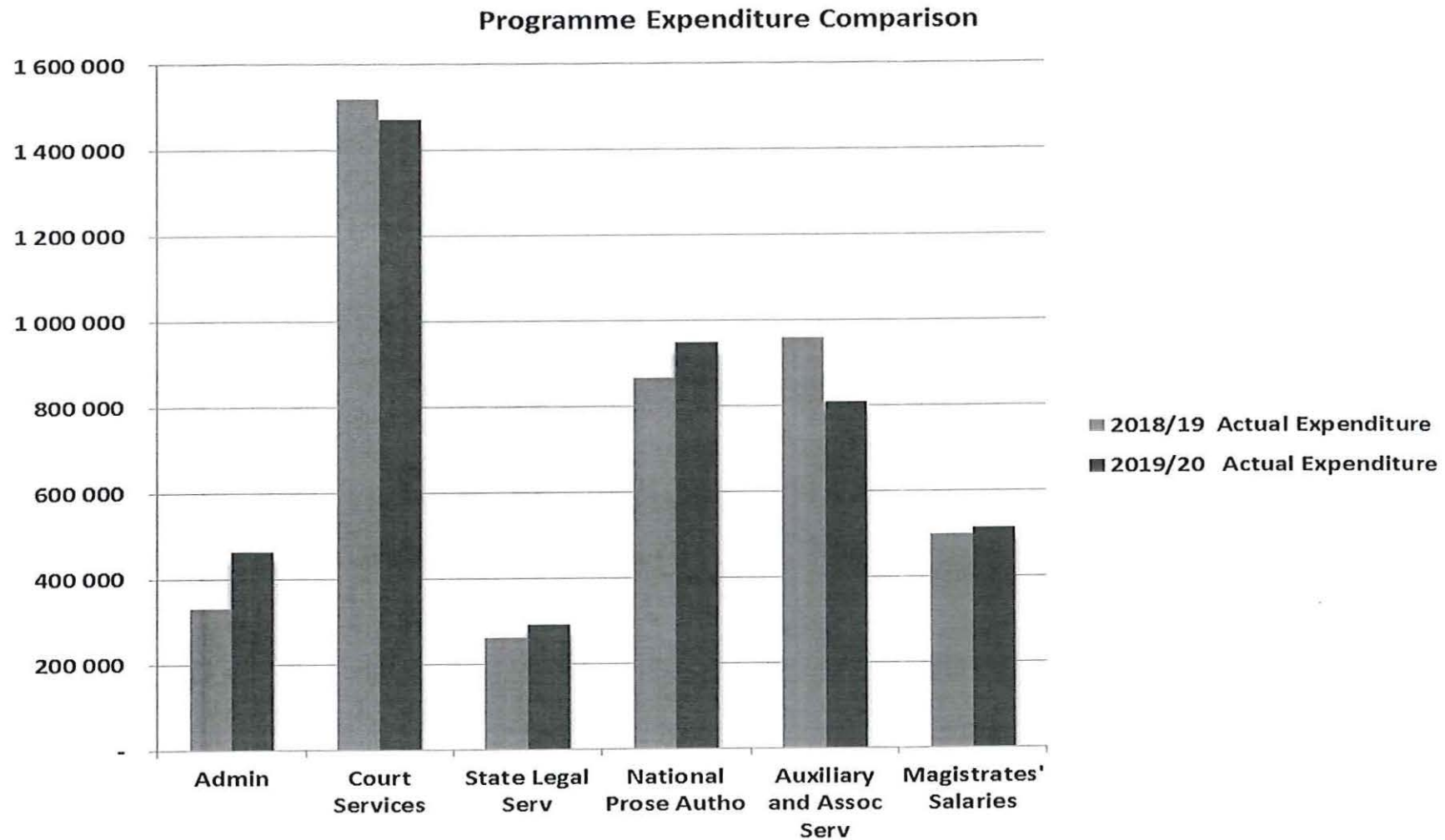
** Court services increase is mixture of increase of 19% due to filling of vacancies and under spending on Infrastructure due to lack of progress on DPW projects

***State Legal Services increase due to filling of vacancies

****NPA Increase directly linked to OSD Salary Increases

*****Auxiliary and Associated Services decrease relates to ICJS spending that is directly linked to claims from other departments and DOJCD delayed procurement

Expenditure Comparison per Programme

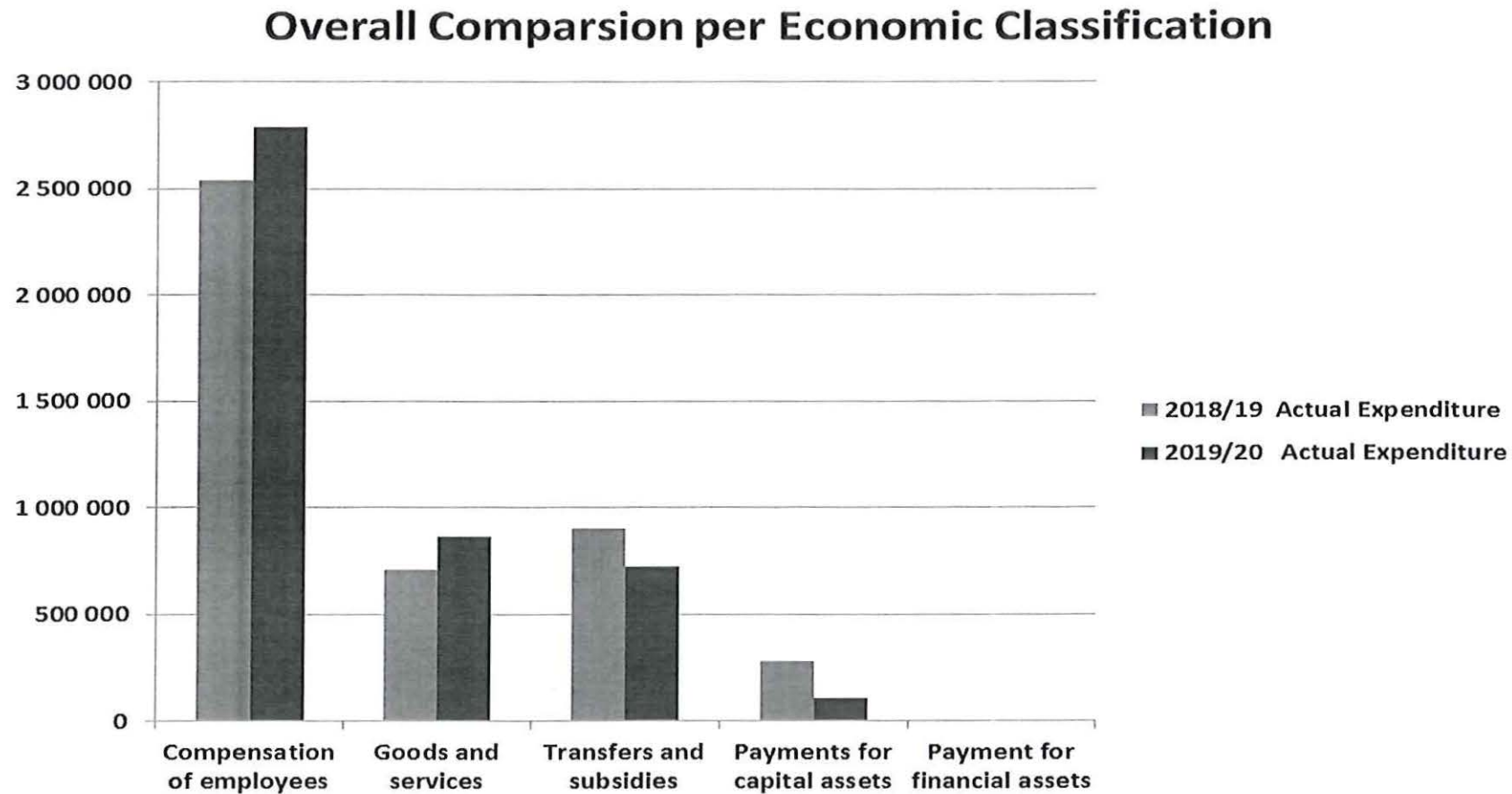


Expenditure per Economic Classification

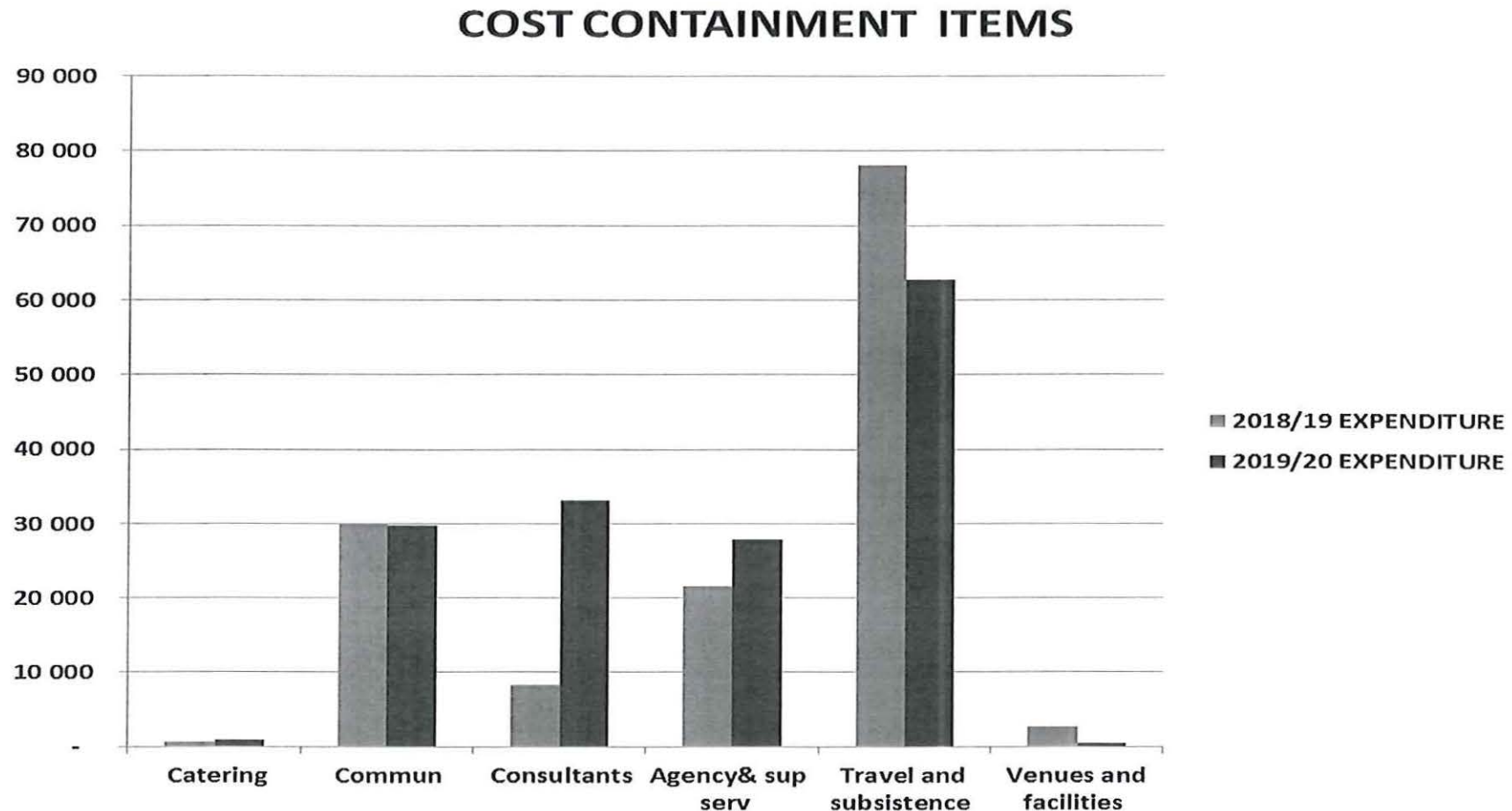
	BUDGET R'000	EXPENSES R'000	% SPENT	2018/19 FIRST QUARTER EXPENDITURE	YEAR ON YEAR % EXPENDITURE GROWTH
PROGRAMMES					
DJC&CD					
COMPENSATION OF EMPLOYEES	11,885,705	2,787,709	23.5%	2,541,621	10%
GOODS AND SERVICES	5,009,620	864,982	17.3%	706,976	22%
PAYMENTS FOR FINANCIAL ASSET	-	302	0%	1,084	(72%)
TRANSFERS & SUBSIDIES	2,995,298	723,799	24.2%	902,582	(20%)
PAYMENT FOR CAPITAL ASSET	1,210,149	108,497	9.0%	281,754	(61%)
DJC&CD	21,100,772	4,485,289	21.3%	4,789,240	(6%)

Main concern under commitment of funds of DPW projects – requested shifting of funds to goods and services to do maintenance on courts as per the new delegations to the Department of R100 000 per incident

Expenditure Comparison per Economic Classification⁵



Cost Containment Items Comparison



*Consultants, Agency & Support Expenditure is directly linked to the Commissions of Enquiry

Programme 5: Auxiliary and Associated Services

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	BUDGET R'000	EXPENSES R'000	% SPENT	2018/19 FIRST QUARTER EXPENDITURE	YEAR ON YEAR % EXPENDITURE GROWTH
PROGRAMMES					
DJC:AUXILIARY&ASSOCIATED SERV					
GOODS AND SERVICES	1,081,361	97,859	9.0%	83,016	18%
PAYMENTS FOR FINANCIAL ASSET	-	-	-	-	0%
TRANSFERS & SUBSIDIES	2,832,032	707,163	25.0%	875,601	(19%)
MACHINERY AND EQUIPMENT	195,362	912	0.5%	439	108%
DJC:AUXILIARY&ASSOCIATED SERV	4,108,755	805,934	19.6%	959,056	-16%

Budget Cuts Over the Medium Term

DETAILS	2020/21	2021/22	2022/23
	R'000	R'000	R'000
Provisional baseline			
downward adjustments	(353 925)	(353 553)	(710 425)
Total Compulsory Baseline reduction	(968 580)	(1 237 510)	(1 499 098)
Total Budget Cuts	(1 322 505)	(1 591 063)	(2 209 523)

Not affordable. However discussions underway that will potentially result in a baseline adjustment increase of R551.3m with effect from the next financial year with carry through cost (NPA R368.9m and DOJCD R77.4 m; Legal Aid SA R20m, SIU R70 m and Information Regulator R15m)

Detail of the proposed cut per Economic classification

Economic Classification	2020/21	2021/22	2022/23
	R'000	R'000	R'000
Compensation of employees	(853 470)	(993 061)	(1 426 328)
Goods and services	(251 868)	(323 164)	(448 834)
Transfers and subsidies (Entities)	(154 104)	(195 069)	(236 072)
Payments for capital assets	(63 062)	(79 769)	(98 288)
TOTAL DEPARTMENTAL CUTS	(1 322 505)	(1 591 063)	(2 209 523)

Request for Unforeseen and Unavoidable¹⁰

The department submitted the following request for unforeseen and unavoidable:

- ✓ Commission of Inquiry into State capture amounting to R185.8 million.
- ✓ Commission of Inquiry into allegation of impropriety regarding the PIC amounting to R40.2 million.
- ✓ National Prosecuting Authority amounting to R64.43 million.

The establishment of the Investigative Directorate in NPA-R38 million to be funded within the department's baseline in the current year through reprioritisation from DOJ&CD.

Request to NT for approval of earmarked funds In Year Adjustments

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Reprioritization Details	From R'000	To R'000
Infrastructure Budget	(355 000)	
Psychiatric Observation		102 000
Maintenance of Infrastructure		70 000
Replacement of outdated computer equipment in courts		50 000
Replacement of old fleet of vehicles in the regions		35 000
Internal investigation resulting from allegation of Fraud, Corruption and Collusion (SIU and Private Investigators)		50 000
Funding for the establishment of the Investigative Directorate (ID) NPA		R38 000
Budget transfer to OCJ- Maintenance of court infrastructure		R10 000

Roll-over Outcome

- ✓ Roll over of R29.6 million for the Commission of Inquiry into State Capture not approved by National Treasury.
- ✓ The State Capture Commission has been advised to exercise expenditure control in order to absorb accrued expenditure from previous financial year.

Irregular Expenditure

- Irregular Expenditure balance currently on R1.1 billion.
- The following is under investigation by external Forensic Investigators
 - State Attorney Appointment of Counsel (R169.6m)
 - Construction of High Court Buildings in Mpumalanga and Limpopo (R366.4m)
 - Maintenance of Security Infrastructure (R394m)
 - Security Guarding Services (R129m)

Fruitless and Wasteful Expenditure

- The main outstanding amount of R1.9 million that is currently the balance on the Fruitless and Wasteful Expenditure Register for all years relate to storage fees for the Mpumalanga High Court Building that should be resolved this financial year
- The rest valued at R845 000 relates to 534 cases of no-show penalties that must still be resolved.

Challenges

- JYP legacy system and moratorium on implementing systems whilst IFMS is being developed – dependency on 1 person in SITA
 - Impact on asset register – uploads onto the system that was reflecting last month disappear the next month
- Recovery of State Attorney Debt (Over R1.2 billion)
- Preventing further debt on State Attorney (MOUs and Prepayments)
- State Attorney and NPA accuracy and completeness of reporting for purposes of the contingent liability register
- Irregular Expenditure is of grave concern on procurement due to the interpretation of the Auditor General on term contracts. This was brought to the attention of the AOG and the OCPO and will be resolved during the current financial year as this will bring new challenges to the whole of government.
 - Risk for “term contract” extensions to be determined irregular
- Impact of compensation cap on service delivery including support staff posts vs. core services in regions e.g. asset management as well as segregation of functions
- Inadequate capacity to administrate all the procurement bids as well as the increasing wariness of officials to serve on these committees and related declining of appointments as well as sickness during sittings etc.
- SCM – Filling critical positions (75% vacancy rate in bid office and 100% ICT procurement)