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**SOUTH AFRICAN POLICE SERVICE (SAPS)
FIRST QUARTER EXPENDITURE AND PERFORMANCE FOR 2020/21**

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1. INTRODUCTION

The continuous monitoring of expenditure is necessary to ensure that allocated resources are utilised for their intended purposes and in so doing, accountability is ensured. It promotes transparency and effective control of a department's financial matters. The process is also critical in determining possible budget overruns emanating from cost increases due to inadequate project cost analysis and to timeously intervene to facilitate corrective measures. Apart from assisting in minimising over/under-spending by departments, expenditure monitoring is also necessary to prevent unauthorised, irregular, fruitless and wasteful expenditure.

This paper provides a summary of departmental expenditure as at the end of the first quarter of the 2020/21 financial year. The paper concludes with key concerns for consideration of the Portfolio Committee on Police during the engagement scheduled for 06 October 2020.

2. OVERALL EXPENDITURE: FIRST QUARTER 2020/21

The SAPS received a Main Appropriation of R101.7 billion in 2020/21. In nominal terms, the allocation increased with R5.02 billion (5.2%) in 2020/21 compared to the previous financial year.

Note: The Special Adjustments Budget of 24 June 2020 increased the Main Allocation by R3.7 billion, from R101.7 billion to a revised allocation of R105.411 billion, which is a nominal increase of 3.6%. The Department made virements of R1.136 billion to COVID-19 expenditure, from *Goods and services* (-R379.5 million) and *Payments for capital assets* (-R756.5 million). This, together with the additional allocation of R3.7 billion, totals a reallocation of R4.836 billion. As the allocation was made towards the end of the first quarter, it does not influence expenditure during this period.



At the end of the first quarter of the 2020/21 financial year, the Department had spent R24 billion or 23.6% of its main appropriation budget of R101.7 billion. This spending was against projections of R24.4 billion, thus resulting in lower than planned spending of R411.4 million (or 1.7%). By the end of June 2020, the Department had spent 22.7% of its budget for the 2020/21 financial year.

At programme level, the SAPS recorded lower than planned spending on the following programmes:

- Administration (R296.5 million),
- Detective Services (R501.7 million),
- Crime Intelligence (R72.7 million), and
- Protection and Security Services (R68.8 million).

The Visible Policing programme recorded higher than planned spending of R528.2 million.

At economic classification level, actual spending on *compensation of employees* (under *current payments*) and on *payments for capital assets* was below projections by R826 million and R398.1 million, respectively.

The lower than planned spending on *compensation of employees* was incurred on *salaries and wages* (R743.2 million) and *social contributions* (R82.8 million) across all programmes, due to -

- The high number of vacancies in the Department at the end of the first quarter (6 915 across all programmes).
- The delayed implementation of annual cost of living adjustments for staff on levels 1 to 12 due to ongoing negotiations in this regard at the Safety and Security Sectoral Bargaining Council (SSSBC).
- The Department had to defer the enlistment of new student police officers which was planned for 1 April 2020 due to the national lockdown, hence the high number of vacancies.

The national lockdown had a negative impact on expenditure on *buildings and other fixed structures* (R400 million underspending) and planned procurement of *machinery and equipment* (R354 million underspending) in the first quarter. Due to the restrictions, the construction and upgrading of police stations as well as the procurement of selected *machinery and equipment* such as vehicles could not be realised as anticipated. Appointed contractors could not conduct physical work on site, building material was not available, deferral of the appointment of consultants for some projects and some Bids could not be advertised. At the end of the first quarter, the Department has spent 4.9% of its budget for *buildings and other fixed structures*.

Spending on *goods and services*, *transfers and subsidies* and *payments for financial assets* was higher than projections by R776.3 million, R27.5 million and R8.9 million, respectively. The high spending on *goods and services* was mainly on *computer services* (R418.9 million) due to the accrual payment of invoices from the 2019/20 financial year related to ICT projects which are part of the SITA service level agreement, as well as higher than planned payments for software licences as a result of exchange rate fluctuations.



Higher than planned spending was also recorded on *consumable supplies* (R1.2 billion) due to the procurement of COVID-19 related personal protective equipment (PPE) as a result of the increased deployment of police officials during the national lockdown, and for members of the SAPS and staff in various environments.

Note: Through the supplementary budget, the SAPS received additional funding of R3.7 billion to support its COVID-19 related interventions which should offset the high spending recorded on *consumable supplies* thus far. Thus, expenditure on consumables is expected to stabilise in the remainder of the 2020/21 financial year.

High spending on *transfers and subsidies* was primarily on *households* mainly due to the payment of exit packages to 786 employees who went on early retirement at the end of March 2020. In addition, high spending on *payment for financial assets* was primarily recorded on *theft and losses*, mainly due to debt written-off.

3. EXPENDITURE PER PROGRAMME

Programme 1: Administration: At the end of the first quarter of the 2020/21 financial year, actual spending in this programme was R4.6 billion against a projection of R4.9 billion, thus resulting in a deviation of R296.5 million between planned and actual spending (22.8% expenditure of the Programme's budget allocation). The bulk of the low spending was recorded in the *Corporate Services* subprogramme (R293.4 million).

At economic classification level, the bulk of the low spending was mainly recorded on *compensation of employees* (under *current payments*) and *payments for capital assets*, showing deviations of R204.6 million and R256.5 million, respectively. The low spending on *compensation of employees* was mainly on *salaries and wages* (R210.9 million) due to the delayed implementation of cost of living adjustments for staff on levels 1 to 12 which was planned for April 2020, as well as vacant posts. As at the end of the first quarter, there were 476 vacant posts in the Administration Programme.

In terms of *payments for capital assets*, low spending was mainly recorded on *buildings and other fixed structures* due to delays in the implementation of projects related to the construction and upgrading of police stations as a result of lockdown restrictions. Moreover, the procurement of vehicles was also delayed for the same reason, thus negatively affecting spending on *transport equipment* in the programme.

On the contrary, actual spending on *goods and services* and *payments for financial assets* was above projections by R204.6 million and R8.9 million, respectively. The high spending on *goods and services* was mainly on *computer services* (R391.7 million) due to the accrual payment of invoices from 2019/20 for SITA related ICT projects, as well as higher than planned payments for software licences as a result of exchange rate fluctuations. The high spending on *payments for financial assets* was primarily on *theft and losses* due to debt written-off.

Programme 2: Visible Policing: As at the end of first quarter of the 2020/21 financial year, actual spending in this programme was R13.1 billion against a projection of R12.6 billion, thus



resulting in a deviation of R528.2 million between planned and actual spending (23.0% expenditure of the Programme's budget allocation). The bulk of the high spending was recorded in the *Crime Prevention* subprogramme, showing a deviation of R704.2 million.

At economic classification level, the bulk of the high spending was mainly recorded on *goods and services* (under *current payments*) and *transfers and subsidies*, showing deviations of R904.7 million and R40 million, respectively. The higher than planned spending on *goods and services* was mainly on *consumable supplies*, due to the procurement of COVID-19 PPE for deployed police officials, as well as on *travel and subsistence*, as a result of the increased deployment of police officials during the national lockdown. The high spending on *transfers and subsidies* was primarily on *social benefits* due to the payment of exit packages to 352 employees who opted to go on early retirement on 31 March 2020.

On the contrary, actual spending on *compensation of employees* and *payments for capital assets* was below projections by R300.1 million and R116.6 million, respectively. The low spending on *compensation of employees*, was due to lower than planned spending on *salaries and wages* (R244.7 million) and *social contributions* (R55.4 million) as a result of the delayed implementation of cost of living adjustments for staff on levels 1 to 12, as well as vacant posts. At the end of the first quarter, there were 4 975 vacant posts in this programme.

The low spending on *payments for capital assets* was primarily on *machinery and equipment* as a result of delays in the procurement of vehicles due to lockdown restrictions.

Programme 3: Detective Services: As at the end of first quarter of the 2020/21 financial year, actual spending in this programme was R4.5 billion against a projection of R5 billion, thus resulting in a deviation of R501.7 million between planned and actual spending (21.8% expenditure on the Programme's budget allocation). The bulk of the low spending was recorded in the *Crime Investigations* subprogramme (R353.6 million).

At economic classification level, the bulk of the low spending was mainly recorded on *current payments*, specifically on *compensation of employees* and *goods and services*, as well as on *payments for capital assets*. These items recorded deviations of R261.5 million, R244.7 million and R17.3 million, respectively. The low spending on *compensation of employees* was primarily on *salaries and wages* (R225.6 million) and *social contributions* (R35.9 million) due to the delayed implementation of cost of living adjustments for staff on levels 1 to 12, as well as vacant posts. At the end of the first quarter, there were 767 vacant posts in this programme. Under *goods and services*, low spending was mainly recorded on *fleet services* (R168.2 million) due to the delayed maintenance of vehicles as the Department's workshops had to be temporarily closed in line with lockdown regulations. In terms of *payments for capital assets*, low spending was primarily recorded on *machinery and equipment* (R17.3 million) due to the deferral of planned procurement as a result of lockdown restrictions.

Expenditure on *transfers and subsidies* was above projections by R21.8 million primarily on *social benefits* due to the payment of exit packages to 191 employees who went on early retirement on 31 March 2020.



Programme 4: Crime Intelligence: As at the end of first quarter of the 2020/21 financial year, actual spending in this programme was R1 billion against a projection of R1.1 billion, thus resulting in a deviation of R72.7 million between planned and actual spending (22.8% expenditure of the Programme's budget allocation). The bulk of the low spending was in the *Intelligence and Information Management* subprogramme (R44.3 million).

At economic classification level, the bulk of the low spending was recorded on *current payments*, specifically on *compensation of employees, goods and services*, and on *payments for capital assets*, showing deviations of R44 million, R40.3 million and R2.5 million, respectively.

The low spending on *compensation of employees* was mainly on *salaries and wages* (R55.3 million) due to the delayed implementation of cost of living adjustments for staff on levels 1 to 12, as well as vacant posts. The SAPS had 331 vacant posts in the programme at the end of the first quarter.

Under *goods and services*, low spending was mainly recorded on *fleet services* (R15.1 million) due to the delayed maintenance of vehicles as a result of restrictions imposed by lockdown regulations. *Payments for capital assets* were lower than planned primarily on *transport equipment* (R1.8 million) due to the delayed procurement of vehicles as a result of lockdown restrictions.

Expenditure on *transfers and subsidies* was above projections by R14.1 million, primarily on *social benefits*, due to the payment of exit packages to 47 employees who went on early retirement at the end of March 2020.

Programme 5: Protection and Security Services: As at the end of first quarter of the 2020/21 financial year, actual spending in this programme was R789.3 million against a projection of R858.1 million, thus resulting in a deviation of R68.8 million between planned and actual spending (23.4% expenditure of the Programme's budget allocation). The bulk of the low spending was in the *VIP Protection Services* subprogramme, which recorded a deviation of R54.5 million.

At economic classification level, the bulk of the low spending was mainly recorded on *compensation of employees and goods and services* under *current payments*, as well as on *payments for capital assets*, showing deviations of R16.6 million, R48.3 million and R5.3 million, respectively. Lower than planned spending was recorded on *salaries and wages* (R6.7 million) and *social contributions* (R9.9 million) under *compensation of employees* due to the delayed implementation of cost of living adjustments for staff on levels 1 to 12, as well as vacant posts. As at the end of the first quarter, there were 366 vacant posts in this programme. Low spending on *goods and services* was mainly recorded on *travel and subsistence* (R33.9 million) due to limited travel by members in the protection and security services environment as a result of restrictions to travel imposed by lockdown regulations. In terms of *payments for capital assets*, low spending was primarily recorded on *transport equipment* (R5.3 million) due to the delayed procurement of vehicles as a result of lockdown restrictions.



In contrast, actual spending on *transfers and subsidies* was above projections by R1.4 million, primarily on *social benefits*, due to the payment of exit packages to 12 employees who went on early retirement at the end of March 2020.

4. COVID-19 SPENDING

According to National Treasury, the Department had spent R1.4 billion on COVID-19 related interventions at the end of the first quarter of 2020/21, across all programmes as follows:

- *Administration* (R41.7 million),
- *Visible Policing* (R1.3 billion),
- *Detective Services* (R1.8 million),
- *Crime Intelligence* (R343 000), and
- *Protection and Security Services* (R347 000).

This expenditure was to provide for the procurement of PPE items such as digital thermometers (R1.5 million), plastic aprons, wipes, surgical masks, plastic gloves, disposable overalls, sanitisers, disinfectant sprays and disposable boot covers for police officials deployed during the national lockdown, as well as the necessary PPE for the rest of the staff in the Department (R1.3 billion). The funds also provided for roadblock operations and travel arrangements for the enforcement of lockdown regulations (R47.4 million).

Alleged Corruption

According to news reports¹, at least four contracts worth a combined R540 million for supplying PPE to the SAPS are under investigation by the Directorate for Priority Crime Investigation (DPCI/Hawks). The SAPS allegedly abused emergency procurement procedures by awarding tenders to four companies:

- Tsa Bophelo Medical Supplies and Logistics: The SAPS paid R59 million for 2 million masks (this comes to R29.50 per mask).
- Tombo Investments: R60 million for 2 million masks (this comes to R30/mask).
- Basadzi Management Consulting: The SAPS paid R363 million for 9 million masks, 1 000 x 25 litre bottles of sanitiser and 1 000 x 5 litre bottles of sanitiser.
- Before Sunset Group: R60 million for 2million masks (this comes to R30/mask).

5. SERVICE DELIVERY PERFORMANCE

In 2020/21, the Department identified 96 performance targets, of which it achieved 49 (or 51%), thus not achieving 39 performance targets (or 41%). *Note: Seven performance targets are annual targets.* The highest number of performance targets that were not achieved were in the Detective Services Programme (12 targets), followed by the Administration Programme (11 targets).

A summary of Departmental performance per Programme shows the following:

- **Administration:** The Programme had 21 performance targets, of which it achieved 28 targets (28.57%), thus not achieving 11 targets (52.38%). *Note: The Programme has*

¹ <https://www.timeslive.co.za/sunday-times/news/2020-08-23-polices-r540m-lockdown-purchase-under-spotlight/>



four annual targets. Not achieving more than half of identified performance targets is a concern especially due to the nature of the targets. COVID-19 restrictions and the reprioritising of funds had a significant impact on the achievement of targets on infrastructure, Information Technology and Communication (ICT) and training.

According to the Department, it had no incidents of unauthorised expenditure and it had reduced incidents of irregular expenditure and fruitless and wasteful expenditure. This could change due the identification of various procurement irregularities and alleged corrupt PPE contracts. The Department achieved all targets related to the implementation of its Ethics and Integrity Plan.

- **Visible Policing:** The Programme achieved 18 of 26 performance targets (69.23%), thus not achieving seven performance targets (26.92%). The Programme did not achieve its targets related to the recovery of stolen, lost and illegal firearms (280 were recovered from a target of 893). Similarly, 31.55% against a target of 90% of new applications finalised within 90 working days, were achieved.

As expected, the target for the reduction of contact crimes was achieved due to the restriction on the movement of people during the first three months of the COVID-19 lockdown. Contact crime reduced by 37.9% during the first quarter. During this period, 89 592 contact crimes were reported, against the 144 166 contact crimes during the same period of the previous financial year.

The target to reduce the number of crimes against women and children was not achieved during the first quarter of 2020/21.

- **Detective Services:** The Programme achieved 15 of the 29 performance targets during the first quarter (52% of targets). Despite the significant reduction in contact crimes, the target to increase the detection rate for contact crimes were not achieved. In addition, targets to increase the detection rate for contact crimes at the 30 High Contact Crime Weight Stations and crimes against women and children were not achieved.

The target to increase the compliance with the taking of buccal samples from schedule 8 arrested offenders to 60% were not achieved, with only 27.84% compliance recorded. The Forensic Science Laboratories subprogramme recorded significant underperformance on the percentage of backlogged case exhibits. The target was not to exceed 10%, however, the backlog increased to 266.67% (142 451 from 53 418).

- **Crime Intelligence:** The Programme recorded significant underperformance, as it achieved 38.46% of performance targets during the first quarter of 2020/21 (5 from 13 performance targets). Targets for reactive intelligence reports that were operationalised at national and provincial level were not achieved during the first quarter of 2020/21. In addition, security clearances (12.39% against a target of 24.96%), ICT security assessments (11.36% against a target of 25%) and physical security assessments (8.25% against a target of 25%) were not finalised. The Programme also failed to conduct 76 security awareness programmes in the SAPS



(0% achieved). This could be due to limited access to police stations due to the national lockdown.

- **Protection and Security Services:** The Programme achieved 5 from 7 performance indicators (71.43%), thus not achieving its targets on the audit of strategic installations and evaluation of National Key Points (NKPs). This is probably due to COVID-19 restrictions.

6. PERSONNEL

As at the end of the first quarter of 2020/21, the Department had a filled establishment of 184 848 posts against the Human Resource Budget Plan (HRBP) annual target of 191 763 posts, thus resulting in 6 915 vacant posts or a 3.6% vacancy rate.

The vacancy rate translated into underspending of R826 million on *compensation of employees*. Due to the national lockdown, the Department had to defer the enlistment of new student police officers which was planned for 1 April 2020, hence the high number of vacancies.

The high vacancy rate was also due to the departure of 786 employees who opted to go on early retirement at the end of March 2020. The programmes with the highest vacancy rates were *Visible Policing*: 4.9% (4 975 posts), *Protection and Security Services*: 5.3% (366), and *Crime Intelligence*: 3.7% (331 posts).

The 2019 Budget announced wage-bill measures amounting to R27 billion over the 2019 MTEF period. These included provision for early retirement and savings from the national macro-reorganisation of government. Take-up of the early retirement initiative has been lower than anticipated, and only the Department of Police has finalised implementation during 2019/20.²

In addition, the lower than planned spending on *compensation of employees* was due to the delayed finalisation of annual cost of living adjustments for staff on levels 1 to 12 as negotiations in this regard are still ongoing at the SSSBC.

7. KEY ISSUES FOR CONSIDERATION BY PARLIAMENT

The Committee should consider the following issues during the engagement with the Department:

- 1) The Department should indicate the status of the investigations into alleged PPE procurement corruption and what preventative steps have the SAPS taken to mitigate against further fraudulent and corrupt activities in the procurement of PPE?
- 2) It is possible that the additional budget allocation towards the COVID-19 response was not spent economically due to significant price increases. Why did the SAPS approve,

² 2020 Budget Review



for example, the procurement of hand sanitiser at a mark-up of 123%? Was this aligned with National Treasury price prescripts?

- 3) In September 2020, 42 people were arrested for their alleged involvement in a criminal case related to police vehicle branding, of which 22 are police members. The charges include corruption, fraud, money laundering, theft and perjury. The case dates back to 2018 when the National Commissioner established a team to investigate allegations of tender irregularities in the awarding of the marking and demarking of police vehicles. This is another case pointing out the significant challenges in the Supply Chain Management (SCM) Division of the SAPS. The Department should indicate what steps will be taken to strengthen its SCM Division. These challenges have been an ongoing concern and the Committee should call a meeting with the Department on these challenges in its SCM Division and remedial steps to strengthen its integrity and capacity.³
- 4) The Department should explain the lower than planned spending on *compensation of employees*, which was incurred on *salaries and wages* (R743.2 million) and *social contributions* (R82.8 million) across all programmes. Specifically, the high number of vacancies in the Department as at the end of the first quarter (6 915 across all programmes) and the delayed implementation of annual cost of living adjustments for staff on levels 1 to 12 due to ongoing negotiations in this regard at the Safety and Security Sectoral Bargaining Council (SSSBC) should be explained.
- 5) The Department should explain the impact of the deferral of the enlistment of new student police officers, which was planned for 1 April 2020. This led to an increase in the high number of vacancies. How did the national lockdown affect the enlistment?
- 6) The Department should explain the accrual payments of invoices from the 2019/20 financial year related to ICT projects, which are not part of the service level agreement of the SITA, which led to higher than planned expenditure on *computer services* (R418.9 million).
- 7) The Department should explain the higher than planned spending on *transfers and subsidies*, which was primarily on *households* mainly due to the payment of exit packages to 786 employees that went on early retirement at the end of March 2020. Why was sufficient planning not done to allow for these payments?
- 8) The Department should explain the higher than planned spending on *payment for financial assets*, which was primarily recorded on *theft and losses*, mainly due to debt written-off.
- 9) The Department should explain the expenditure on *Claims against the state: Civil claims instituted against the Department*. The Department planned to spend R108.2 million by the end of the first quarter, but only spent R50.8 million, which is a

³ <https://www.news24.com/news24/southafrica/news/42-people-in-court-for-r56m-police-vehicle-branding-scam-20200929>



deviation of 53.1% against projected expenditure. At the end of the first quarter, the Department had spent 12.2% of the Main Appropriation towards this item.

- 10) The significant underperformance in the Forensic Science Laboratories subprogramme should be interrogated. The large increase in the backlogged case exhibits is deeply concerning. The Department should indicate whether the performance resulted from the ongoing legal challenges with Forensic Data Analysts.
- 11) Similarly, the underperformance in the finalisation of firearm licenses should be explained. In January 2019, a Court ruled that the SAPS and SITA have been using the firearm permit system (FPS) unlawfully for more than a year. This was after FDA switched off the property control and exhibit management and FPS because SITA did not pay for the use of the systems.⁴
- 12) The continued underperformance to reduce crimes against women and children and improve detection rates of these crimes should be addressed. South Africa has a high rate of gender-based violence and this has been prioritised by Government. The Departments should explain its action plans to improve its performance on address the scourge of violence against women and children.
- 13) The Department should explain the poor performance to operationalise reactive crime intelligence reports.
- 14) Will the Department be able to catch up on the evaluation of strategic installations and audit of NKPs that was lost due to COVID-19 restrictions?

8. REFERENCES

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⁴ Ibid