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**SOUTH AFRICAN POLICE SERVICE (SAPS)  
QUARTER EXPENDITURE 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/underspending by departments, expenditure monitoring is also necessary to prevent unauthorised, irregular, fruitless and wasteful expenditure.

Throughout a financial year, Departments have two main opportunities to adjust its budget allocation of the various main budget programmes and spending items under the economic classifications. The main adjustments happen during the mid-year budget when the Minister of Finance tables the Adjusted Estimates on National Expenditure (AENE) in October, which becomes known as the Adjusted Appropriation. Through the Public Finance Management Act, 1999 (No. 1 of 1999), Parliament has to approve the Adjusted Budget, prior to which Parliamentary Committees (particularly the Standing Committee on Appropriations / SCOA) have an opportunity to engage on the adjustments made through virements and shifts. The second opportunity happens in the fourth quarter of a financial year, when funds can be moved to ensure that Departments spend the entirety of its budget before the budget becomes the Final Appropriation. This process happens without Parliamentary oversight and Departments often make significant changes to its budget allocations to ensure 100 per cent expenditure at year-end. Members should note that although this is done within legislative prescripts, it should not be neglected in the oversight process. Unfortunately, these shifts only become clear after the financial statements are audited (by the Auditor General /AG) and the Final Appropriation is published as part of the Annual Report.

At the end of the 2020/21 financial year, the Police Department recorded significant underspending of R4.077 billion, which was mainly on compensation of employees and goods and services. The low spending on compensation of employees was due to vacant funded posts (10 701, or a vacancy rate



of 5.6%) and the non-implementation of cost-of-living adjustments for staff. The Department is one of 11 Departments that recorded significant underspending at the end of the 2020/21 financial year.

This paper provides a summary of Departmental expenditure over the second, third and fourth quarters of the 2020/21 financial year. The paper is based on National Treasury's report to the Standing Committee on Appropriations (SCOA) and contains preliminary over/under spending by the Department. The paper concludes with key concerns for consideration of the Portfolio Committee on Police during the engagement scheduled for 18 August 2021.

## 2. OVERALL QUARTERLY EXPENDITURE: 2020/21

At the end of the 2020/21 financial year, the SAPS had spent R95.5 billion, or 95.9 per cent, of its Adjusted Appropriation budget of R99.6 billion, thus recording preliminary underspending of R4.1 billion. The preliminary underspending was recorded across all budget programmes as follows:

- *Administration* (R1.1 billion)
- *Visible Policing* (R1.8 billion)
- *Detective Services* (R1 billion)
- *Crime Intelligence* (R70.3 million)
- *Protection and Security Services* (R40.9 million)

**Table 1: Quarterly expenditure for 2020/2021**

						Year-end 2020/21		
R'million	Main Appropriation	Adjusted Budget	Q2	Q3	Q4	Under-spending	% Under-spending	COVID-19 Spending
<b>Programme</b>								
Admin	20 912,8	19 007,0	8 499.5	13 359.8	18 702.3	1 128,4	5.7%	2,5
Vispol	52 327,3	53 401,5	25 378.5	38 022.9	50 736,3	1 827,7	3.5%	1 744,9
Detective Services	20 624,2	19 688.5	8 948.4	13 633.7	18 691,8	1 010,5	5.1%	2,5
Crime Intelligence	4 403,5	4 200,1	2 004.4	3 079.6	4 129,8	70,3	1.7%	0,4
PSS	3 443,3	3 263,7	1 558.0	2 370.9	3 222,8	40,9	1.3%	1,2
<b>Total</b>	<b>101 711,0</b>	<b>99 560,9</b>	<b>46 388.9</b>	<b>70 466.9</b>	<b>95 483,1</b>	<b>4 077,8</b>	<b>4.1%</b>	<b>1 751,4</b>
<b>Economic Classification</b>								
Current payments	96 876,1	95 366,4	44 992.9	67 822.6	91 182,7	3 244,0	3.4%	1 784,3
Compensation of employees	81 112,2	76 147,0	37 790.5	56 820.7	75 697,2	462,3	0.6%	32,1
Goods and Services	15 763,9	19 219,4	7 202.4	11 001.9	15 485,5	2 781,7	15.2%	1 716,2
<b>Transfers and subsidies</b>	<b>1 497,7</b>	<b>1 613,7</b>	<b>778.4</b>	<b>1 079.8</b>	<b>1 595,9</b>	<b>554,0</b>	<b>25.8%</b>	<b>0,0</b>
<b>Payments of capital assets</b>	<b>3 337,3</b>	<b>2 580,8</b>	<b>604.1</b>	<b>1 538.7</b>	<b>2 657,8</b>	<b>279,7</b>	<b>9.5%</b>	<b>3,1</b>
<b>Payments: Financial assets</b>	<b>0,0</b>	<b>0,0</b>	<b>13.5</b>	<b>25.8</b>	<b>46,7</b>	<b>0,0</b>	<b>0.0%</b>	<b>0,0</b>
<b>Total</b>	<b>101 711,0</b>	<b>99 560,9</b>	<b>46 388.9</b>	<b>70 466.9</b>	<b>95 483,1</b>	<b>4 077,8</b>	<b>4.1%</b>	<b>1 751,4</b>

Source: National Treasury (2021)

At economic classification level, the SAPS recorded preliminary underspending on current payments (R3.2 billion), mainly on *compensation of employees* (R462.3 million) and *goods and services* (R2.8 billion). The underspending under compensation of employees is due to vacant posts and non-implementation of the 2018 public sector wage agreement. According to National Treasury, the number of filled posts in the Department has significantly decreased from 185 988 in April 2020 to 181 062 in March 2021, which represents personnel losses of 4 926. The COVID-19 pandemic had a further impact



on personnel levels, as the 2020/21 enlistment of student constables has not been finalised. However, during February 2021, 666 new officials were appointed comprising of re-enlisted police officers and other new staff members.

Under *goods and services*, the preliminary underspending was mainly recorded under *consumable items* (R1.5 billion), *fleet services* (R411 million), and *travel and subsistence* (R125.9 million). The underspending under *consumable supplies* is due to savings made on the bulk procurement, and availability, of cheaper personal protective equipment (PPE). The implementation of work-from-home protocols resulted in a significant decrease in the utilisation of consumable items.

### 3. EXPENDITURE PER PROGRAMME

**Programme 1: Administration:** At the end of the 2020/21 financial year, the Programme had spent R18.7 billion or 94.3 per cent of its available budget of R19.8 billion, thus recording preliminary underspending of R1.1 billion. The underspending was mainly recorded under the *Corporate Services* (R1.1 billion) subprogramme. At economic classification level, the preliminary underspending was mainly recorded on current payments specifically on *compensation of employees* (R94.1 million) and *goods and services* (R240.3 million).

**Programme 2: Visible Policing:** At the end of the 2020/21 financial year, the Programme had spent R50.7 billion or 96.5 per cent of its available budget of R52.6 billion, thus recording preliminary underspending of R1.8 billion. The underspending was mainly recorded in the *Crime Prevention* subprogramme (R1.6 billion). At economic classification level, the bulk of the preliminary underspending was recorded on current payments, mainly under *compensation of employees* (R18.3 million) and *goods and services* (R1.8 billion).

**Programme 3: Detective Services:** At the end of the 2020/21 financial year, the Programme had spent R18.7 billion or 94.9 per cent of its available budget of R19.7 billion, thus recording preliminary underspending of R1 billion. The underspending was mainly recorded under the *Crime Investigations* (R307.3 million) subprogramme. At economic classification level, the bulk of the preliminary underspending was recorded on current payments, mainly under *compensation of employees* (R350 million) and *goods and services* (R627 million).

**Programme 4: Crime Intelligence:** At the end of the 2020/21 financial year, the Programme had spent R4.1 billion or 98.3 per cent of its available budget of R4.2 billion, thus recording preliminary underspending of R70.3 million. The underspending was mainly recorded in the *Crime Intelligence Operations* (R42.8 million) subprogramme. At economic classification level, the bulk of the preliminary underspending was recorded on *goods and services* (R69.8 million) under current payments.

**Programme 5: Protection and Security Services:** At the end of the 2020/21 financial year, the Programme had spent R3.2 billion or 98.7 per cent of its available budget of R3.3 billion, thus recording preliminary underspending of R41 million. This underspending was mainly recorded in the *VIP Protection Services* (R26.2 million) subprogramme. At economic classification level, the bulk of the preliminary underspending was recorded on *goods and services* (R36.4 million) under current payments.



#### 4. COVID-19 SPENDING

The table below shows that by the end of March 2021, the SAPS had spent R1.37 billion on COVID-19 related *goods and services*. Expenditure increased with R274.9 million during the second quarter and, at the end of June 2020, the SAPS had spent R1.66 billion on COVID-19 related goods and services. During the third quarter, the SAPS had only spent R15.4 million on COVID-19 related goods and services, thus bringing the total expenditure on these items to R1.66 billion at the end of December 2020. During the last quarter of the 2020/21 financial year, the SAPS had spent an additional R54.5 million on COVID-19 related goods and services, bringing the total expenditure on these items to R1.71 billion at the end of the 2020/21 financial year. As such, the bulk of the spending occurred during the first three months of the 2020/21 financial year (01 April to 30 June 2020).

**Table 3: Quarterly spending on COVID-19 related goods and services**

Economic classification <i>R million</i>	Quarter 1 April to June 2020	Quarter 2 July to Sept 2020	Quarter 3 Oct to Dec 2020	Quarter 4 Jan to March 2021
Goods and services	1 371.4	1 646.3	1 661.7	1 716.2
	1 371.4	274.9	15.4	54.5

The bulk of the spending recorded on *goods and services* (R1.7 billion) under current payments, mainly on the items: *minor assets* (R22.7 million), *consumable supplies* (R1.5 billion), *travel and subsistence* (R79.8 million); and on *payments for capital assets* (R3.1 million), mainly on *machinery and equipment* (R3.1 million).

According to National Treasury, the COVID-19 related expenditure in the SAPS was mainly for the procurement of PPE items such as digital thermometers, plastic aprons, wipes, surgical gloves, disposal overalls, sanitisers and disposal boot covers. And according to the National Treasury COVID-19 Dashboard, 56.16% of all COVID-19 related orders were for surgical masks, followed by hand sanitisers and disinfectants (32.02%).<sup>1</sup>

#### **National Treasury highlighted the following issues for the Committee to note related to COVID-19 interventions:<sup>2</sup>**

In light of the preliminary underspending recorded on COVID-19 interventions by SAPS, the National Treasury provided context to the spending patterns under this item:

- During the 2020 Special Adjustment Budget, an amount of R3.7 billion was allocated to the Department for COVID-19 interventions. This funding was earmarked by the National Treasury.
- A further amount of R252.8 million was rolled over during the 2020 Second Adjustments Budget, of which R248.4 million was rolled over for PPE, which was procured in 2019/20 but could not be delivered due to the unavailability of stock domestically.
- Furthermore, the Department reprioritised R1.1 billion within its baseline towards the Department's response to the COVID-19 pandemic. As such, the overall budget for COVID-19 interventions amounts to R5.1 billion.
- During the fourth quarter of 2020/21, the Department requested approval from the National Treasury to utilise R1.1 billion to fund priorities that cannot be financed in the baseline due to

<sup>1</sup> National Treasury (2021a)

<sup>2</sup> National Treasury (2021b)



cost pressures in the Department. The funds were to be utilised as a once-off arrangement for the purposes of:

- paying software licence fees;
  - procurement of ICT systems;
  - medical expenses for POLMED members and their dependents;
  - repair and maintenance of damaged vehicles; and
  - deployment costs for policing operations.
- The main reasons for shifting funds from COVID-19 items was low spending resulting from availability of PPE stock locally; and multiple service providers selling PPE at lower and competitive rates.

## 5. PERSONNEL

At the end of the 2020/21 financial year, the SAPS had 181 062 filled posts against the approved Human Resource Budget Plan (HRBP) annual target of 191 763 posts. This resulted in a vacancy rate of 5.6 per cent, or 10 701 vacant posts. The number of vacant posts recorded at the end of 2020/21 is 4 926 more than the same period in the 2019/20 financial year. The bulk of the vacant posts were recorded in the *Administration* (1 895), *Visible Policing* (6 724) and *Detective Services* (1 126) programmes. Across the financial year, the vacancy rate continued to increase from 3.6 per cent at the end of June 2020, to 5.6 per cent at the end of March 2021. The personnel losses are mainly through natural attrition processes. During 2020/21, the Department lost an average of 448 officials per month.

Considering the total 41 Votes (Departments), the SAPS had the largest variance between the HRBP personnel headcount target and the actual year-end headcount. At the end of the 2020/21 financial year, the variance was 10 701, followed by the Department of Higher Education and Training (10 142) and Department of Defence (2 678). During the 2020/21 financial year, the SAPS lost 4 926 staff members. Considering that, across the 41 Votes, 9 225 personnel left the Civil Service, 53.4 per cent was from the SAPS.<sup>3</sup>

## 6. 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, for example, the procurement of hand sanitiser at a mark-up of 123%? Was this aligned with National Treasury price prescripts? If not, what consequence management has been instituted?
- 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

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<sup>3</sup> National Treasury (2021)



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 to 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.<sup>4</sup>

- 4) The Department should explain the delay in the implementation of the 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). What seems to be the key challenge?
- 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 number of vacancies. How did the national lockdown affect the enlistment and what impact did this have on service delivery?
- 6) The significant losses of personnel, coupled with lack of student-intake, should be a serious concern to the Committee. Although the vacancy rate is below the acceptable Government rate of 10 per cent, it has a significant impact on the Department, which services are labour intensive. The impact of the losses in personnel and significant decrease of personnel over the past financial years was seen during the recent unrest in various provinces where the SAPS was seemingly overwhelmed.
- 7) During February 2021, 666 staff members were appointed by the Department, of which many were re-enlisted police members. The Departments should provide a breakdown of the re-enlisted police members, including the divisions and ranks. The Department should also indicate when the re-enlistments drive was initiated and the success thereof.
- 8) The Department should indicate the amount saved on the lowering of fuel prices during the COVID-19 lockdown period.
- 9) The Department should explain the significant underspending recorded under the *Corporate Services* (R1.1 billion) subprogramme at the end of March 2021.
- 10) The Departments should explain why they have not made the payment to the POLMED medical scheme for injury on duty cases. The confirmation in terms of relevant prescripts of occupational injuries was still outstanding hence the Department has not finalised the payments.
- 11) The Department should explain the underspending recorded in the *Crime Intelligence Operations* (R42.8 million) subprogramme. The capacity of Crime Intelligence came under intense scrutiny during the recent unrest in the KwaZulu-Natal and Gauteng provinces. The Department should provide a breakdown of performance in the *Crime Intelligence Operations* subprogramme during the 2020/21 financial year. Continuous underspending on this

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<sup>4</sup> <https://www.news24.com/news24/southafrica/news/42-people-in-court-for-r56m-police-vehicle-branding-scam-20200929>





subprogramme has been recorded in previous financial years, which is a concerning long-term trend.

## 7. REFERENCES

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