



11 February 2022

INFORMATION NOTE: SAPS UNDERSPENDING

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1. INTRODUCTION

Overall, the South African Police Service (SAPS) has a good record of spending their budget allocations. However, at the end of the 2020/21 financial year, the SAPS managed to spend only 95.9% (or R95.4 billion) of their final appropriation of R99.5 billion, thus recording a material underspending of R4.07 billion at year-end. Although National Treasury approved a roll-over of R1.001 billion to the 2021/22 financial year, it is expected that not only will the rolled-over funds not be spent, the SAPS will again record significant underspending at the end of the 2021/22 financial year. The underspending has a significant impact on service delivery, especially in terms of the modernisation of police services and bringing policing services closer to communities through the construction of new police stations.

This paper provides an overview of expenditure and highlights key issues for the consideration of the Portfolio Committee on Police during deliberations with the Departments on 16 February 2022.

2. KEY ISSUES REGARDING UNDERSPENDING

The following key issues could be discussed during deliberations:

- The Department should explain the way of reporting on Payments of Capital Assets on slide 7 of their presentation. Expenditure on buildings, in terms of construction, planning etc. is not given, but rather only in terms of Supply Chain Management (CSM) and other network fixed structures (Technology Management Services/TMS). However, on slide 9, the SAPS reports that spending on buildings and infrastructure was 20.9% at the end of January 2022 due to various issues with DPWI.
- Despite the significantly low spending of only 20.9% on buildings and infrastructure, the SAPS stated that the four police stations contained in the 2021/22 APP will be completed. One of these stations is Moeka-Vuma which was started in 2014 and has cost approximately R26.485 million to construct. Similarly, construction on the Mabieskraal police station was started in 2014 and is expected to be completed at the end of March 2022. The estimated construction cost is R26.457 million. The SAPS should indicate whether these stations will (really) be completed by the end of the financial year (31 March 2022).



- The significant overspending on *software and other intangible assets* should be explained. The Adjusted Appropriation for this item is R7.4 million, however, at the end of January 2022, the SAPS has spent R17,23 million (or 230.5%).
- The SAPS should explain the state and capacity of their K9 Dog Unit. At the end of January 2022, none of the available funds (R7.3 million) was spent on the procurement of dogs. The decline in the SAPSs K9 capacity has been an ongoing concern of the Committee.
- Although the SAPS' expenditure trend and pattern is paying for vehicles and other capital assets during the last quarter of financial years, **the threat of fiscal dumping** remains high and a key concern of Parliament. It should be a significant concern that the SAPS will spend 20% of its allocated budget for 2021/22 in the last two months of the financial year.
- The Department should explain the challenges experienced with the Polmed medical scheme for police officers regarding COVID-19 and injury on duty (slide 9).
- While it is understood that some vehicle manufacturers have vehicle shortages resulting in the cancellation of delivery contracts (including Ford, Toyota, VW), and is outside the control of the Department, the contracts were replaced with other manufacturers. The Committee should seek assurance from the SAPS that the vehicles remain suitable for its intended use. This is especially for bakkies used by rural police stations to navigate difficult terrains. The SAPS has previously indicated that some vehicle brands break easier than others and is not suitable for rural areas.
- According to the Medium Term Policy Budget Statement (MTBPS), over the medium term, the peace and security function will reprioritise funds to enhance capacity in institutions combating crime and corruption, and upgrade information and communications technology infrastructure for greater efficiency. In this regard, National Treasury approved a roll-over of R1.001 billion as part of the SAPS' 2021/22 Adjusted budget mainly for the upgrade of information and communication technology. Relating thereto, the roll-over carried over to the following functions:
 - Programme 1: Administration:
 - R321.452 million is rolled over for upgrading the Department's wide area network ICT infrastructure.
 - Programme 3: Detective Services:
 - R112.253 million is rolled over for:
 - Upgrading the Department's wide area network ICT infrastructure, storage and disaster recovery capabilities; and
 - Implementing the semi-automated DNA processing system.

However, according to the SAPS, the "roll-over budget approved by National Treasury had limited spending at 31 January 2022 with some expenditure anticipated to be spent by 15 March 2022. A substantial remaining amount is at risk of not being spent as SAPS is dependent on SITA to finalise the appointment of the equipment procurement tender for outstanding equipment or appointment of a services tender to implement the sites." (*Presentation on departmental underspending to be made to the PC on Police on 16 February 2022*). If the funds are not spent, it will have to be returned to the fiscus.



- Although the SAPS expresses frustrations with third-party agencies, like SITA and the DPWI (as many other departments also do), these challenges have been a continuous problem. The Committee should request the Minister of Police to engage with his counterparts to enable an improvement in service delivery by these third-party agencies in order to bring policing services closer to communities and create safer communities in which trust in the police can be strengthened.
- The Department should explain the impact of the Project Based Budget that has been instituted by National Treasury on the way in which the SAPS normally budget. Similarly, the SAPS should provide details on the Project Management System to be implemented. What is the timeframe for implementation and what is the expected impact?
- The Department should explain why payments for overtime accumulated during the 2021 Local Government Elections were delayed. At the end of December 2021, these payments have not been made.¹
- The SAPS should explain the higher than planned spending that was recorded on transfers and subsidies, especially on other transfers to households (R39.8 million) due to, amongst other things, the settlement of civil claims against the state.² The Department should indicate the value of claims paid out in the 2021/22 financial year to date.
- The Department should explain why the transfer of R1 million to the SAPS Educational Trust, to provide bursaries to children of SAPS members who died on duty, was not paid by the end of January 2022. When will the funds be transferred? The Department should provide details on the administration of the Trust, in terms of the number of bursaries given and associated issues.
- As at the end of December 2021, the Department had spent R59 million on COVID-19 related interventions. COVID-19 spending was mainly for the procurement of personal protective equipment items such as digital thermometers, plastic aprons, wipes, surgical gloves, disposal overalls, sanitisers and disposal boot covers. The Department should provide details on the procurement contracts associated with these items.

3. REFERENCES

National Treasury (2021). Standing Committee on Appropriations 3rd Quarter Expenditure Report 2021/22 financial year.

SAPS (2022). *Consideration of underspending by SAPS*, presentation to the Portfolio Committee on Police, dated 16 February 2022.

¹ National Treasury (2021)

² National Treasury (2021)