



14 September 2012

PORTFOLIO COMMITTEE ON POLICE

**Expenditure Report for the Civilian Secretariat for Police:
Fourth Quarter of 2011/12 & First Quarter of 2012/13**

1. Introduction

The continuous monitoring of expenditure is necessary to ensure that allocated resources are utilised for their intended purposes through the conducting of oversight and in so doing, ensuring accountability of Government departments. It promotes transparency and effective control of a department's financial information. The process is also critical in determining possible under or over expenditure of allocated funds emanating from cost deviations due to ineffective projections and planning and allows for timeously intervention 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 and thereby ensuring unqualified audit reports.

In light of the above, this paper will highlight the quarterly expenditure trends of the Civilian Secretariat for Police for the last quarter of 2011/12 and first quarter of 2012/13. The paper is structured as follows:

- An overview of the budget information provided by the Civilian Secretariat for Police;
- Selected performance issues raised in the 2010/11 financial year; and
- A focussed analysis of the last quarter of the 2011/12 financial year and first quarter of the 2012/13 financial year, including:
 - Analysis of expenditure per programme during the 2011/12 and 2012/13 financial years;
 - Summarised expenditure trends; and
 - Concerns and questions on departmental spending pertaining to specific programmes.

2. Budget information

The Civilian Secretariat for Police (CSPS) will become a designated department on 01 April 2013 and will subsequently derive its budget directly from National Parliament as a funded vote. Currently, the Civilian Secretariat is still operating as a cost centre under the South African Police Service (SAPS) and as such detailed financial information is limited making effective trend analyses on expenditure challenging. As stated earlier, the Civilian Secretariat for Police will be allocated its own budget for the first time in the 2013/14 budget cycle and thus National Treasury will be able to provide detailed quarterly expenditure reports for the CSPS similar to that of the SAPS and IPID, which will enable improved financial scrutiny over the newly established department and in turn enhance the oversight ability of the Portfolio Committee on Police.

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The lack of financial information has been noted by the Committee as a major concern over the last couple of years as this limits proper financial oversight by the Committee over the CSPS. However, when the departmentalising of the CSPS is completed in the 2013/14 financial year much closer oversight over the expenditure of the Secretariat will be possible.

Selected performance issues identified in respect of the 2010/11 financial year

Concerns raised in the analysis of the 2010/11 annual performance of the CSPS included¹:

- Under-expenditure of 20.16 per cent due to, among other things, the non-utilisation of funds set aside for the National Monitoring Evaluation Tool which was not finalised by SITA.
- Over-expenditure on the personnel budget as a result of posts that were filled in addition to the fixed establishment.
- Insufficient information regarding performance rewards paid out to employees in respect of services rendered in 2009/10.²
- Leadership and staff capacity problems: The Monitoring and Evaluation (M&E) Unit did not perform at the initially anticipated levels as it experienced leadership and staff capacity problems.

3. Quarterly expenditure analysis

3.1 Comments and key concerns with the expenditure information provided by the Secretariat

- The Secretariat provided expenditure reports containing contradictions in slides
- Selective sub programme analysis is unacceptable and does not provide the Committee with the information that it had requested and hampers effective oversight.
- The Secretariat MUST provide proper expenditure information in what they call Quarterly Reports as is expected of the SAPS and IPID.

Misleading programme structures

- 1) The Programmes highlighted in the report do NOT correlate with programme structure of the Secretariat for the current financial year;
- 2) Sub programmes are conflated with Programmes;
- 3) The report does not reflect expenditure for all Programmes³
- 4) The report provides expenditure information for selective Sub-programmes
- 5) The manner on which the Secretariat reported on their Programmes and Sub-programmes are extremely confusing at best and at worst it is plainly misleading the Committee.

¹ Whittle, W. 2012. Analysis of the Strategic Plan 2012-2014 and the Annual Performance Plan 2012-2013 of the Civilian Secretariat. Research Unit: Parliament of the Republic of South Africa.

² SAPS 2010/11 Annual Report, p211

^{*}Dollie, N (2012). Evaluation of Performance of Portfolio Committee on Police for 2011, Research Unit, Information Services Section, Parliament of South Africa

³ Programme 4: Legislation was added as a separate programme in 2012/13 but is not reflected in the presentation as a programme.



Total budget expenditure and total budget allocated per programme

- 1) The report does not clearly reflect whether the total operational budget of the Secretariat (R17 million) was spent at the end of the 2011/12 financial year.
- 2) The report does not clearly reflect whether the total allocated budgets per programme were spent at the end of the financial year.
- 3) The report does not reflect on whether there was any over or under spending per programme that occurred at the end of the 2011/12 financial year.

Confusion in figures

- 1) Monthly expenditure figures in both the 4th quarter 2011/12 tables and the 1st quarter 2012/13 tables do not correlate with the total expenditure for that quarter reported.
- 2) Adding up these monthly reported figures does not reflect the figures provided by the Secretariat in their totals. (For example see slide 6 of the 1st quarter 2012/13 presentation: it shows the *Office of the Secretary* figures for April, May and June as R116 000, R312 000 and R246 000, which they state as total expenditure of R833 000 at the end of June 2012 on slide 8 of the presentation, but if you add these figures up it totals R674 000);
- 3) When these monthly figures for the 1st quarter 2012/13 are added together the total for the quarter is less in all cases than the total provided by the Secretariat.
- 4) This is a serious concern as it means that the percentage figures provided are meaningless.

The table below reflects the programme and sub-programme structure as contained in the Strategic Plans of the Secretariat. As noted above, the reporting of the Secretariat does not correlate with these programme and sub-programme structures.

Changes in Organisational Structure regarding Programmes and Sub-programmes

Strategic Plan 2012-2014	Strategic Plan 2011-2014
Programme 1: Administration Sub-programmes: <ul style="list-style-type: none"> • Office of the Secretary • Human Resource Management • Supply Chain • Financial Services • Auxiliary Services 	Programme 1: Administration Sub-programmes: <ul style="list-style-type: none"> • Office of the Secretary • Human Resource Management • Supply Chain • Financial Services • Auxiliary Services
Programme 2: Partnerships Sub-programmes:	Programme 2: Partnerships Sub-programmes:



<ul style="list-style-type: none"> • Civil Society Partnerships • Intergovernmental Partnerships • Community Outreach Programmes • Crime Prevention Private-Public Partnerships 	<ul style="list-style-type: none"> • Civil Society Partnerships • Intergovernmental Partnerships • Community Outreach Programmes • Community Safety Forums • Crime Prevention Private-Public Partnerships
<p>Programme 3: Policy and Research</p> <p>Sub-programmes:</p> <ul style="list-style-type: none"> • Policy Analysis • Research Development • Resource Information Management 	<p>Programme 3: Policy and Legislation</p> <p>Sub-programmes:</p> <ul style="list-style-type: none"> • Policy and Research • Legislation
<p>Programme 4: Legislation</p>	
<p>Programme 5: Monitoring, Evaluation and Reporting</p> <p>Sub-programmes:</p> <ul style="list-style-type: none"> • Service Delivery and Performance Audit • Transformation and Compliance • Provincial Compliance 	<p>Programme 4: Monitoring, Evaluation and Reporting</p> <p>Sub-programmes:</p> <ul style="list-style-type: none"> • Service Delivery and Performance Audit • Policy Compliance • Provincial Coordination

3.2 Expenditure analysis of the fourth quarter of the 2011/12 financial year ending in March 2012

The Civilian Secretariat for Police received a budget allocation of R41.556 million for the 2011/12 financial year of which R27.56 million was allocated to Personnel and Training and R13.99 million for Operational expenses. The Secretariat did not provide adequate information as requested by the Committee on the expenditure for the period under review and only provided monthly expenditure for the period between January 2012 and March 2012. **This did not include the totals of budget spent at the end of the financial year** as is expected of departments reporting to the Portfolio Committee on Police. The lack of adequate information provided by the Secretariat is seen as a real obstacle in effective oversight over the allocated resources of the Civilian Secretariat for Police and threatens accountability. In future, expenditure reports must clearly reflect allocated budget, and total spent. This report does not reflect whether the Secretariat under of over spent its allocated budget per programme for 2011/12. It is presumed that it did not but the manner of reporting is inadequate.



In the Introductory slide of the presentation provided by the Civilian Secretariat for Police, it states that the **total budget was spent evenly in the 2011/12 financial year**. However, it is clear from the table below that the budget was not spent evenly and that all programme expenditure fell outside the linear benchmark set by National Treasury.

National Treasury asserts that allocated budgets must ideally be spent in four equal 25 per cent increments over the financial year. Thus at the end of the third quarter of any financial cycle, 75 per cent of a total budget must be spent and the remainder of the budget at the end of the fourth quarter, bringing expenditure to 100 per cent of the allocated budget spent. It is thus simple to deduce that ideally an expenditure of 25 per cent should be recorded in the last quarter of the financial cycle.

The table below clearly indicates that the 25 per cent linear benchmark was not reached. Significant under and over spending (for the 4th quarter in terms of the ideal 25 per cent that should have been spent during that period - not for the financial year as a whole) was recorded in all programmes.

Table 1: Expenditure of the Civilian Secretariat for Police: January – March 2012

Programmes	Allocated Budget 2011/12	January 2012 (R'000)	February 2012 (R'000)	March 2012 (R'000)	% spent during Jan-March 2012
Office of the Secretary NOTE: This is a Sub-programme under the Administration Programme	3 315	64	103	1 735	57%
Corporate Services NOTE: Corporate Services is not an identifiable Sub-programme of the Secretariat as per the Strategic Plan. It is made up of Finance, HR, SCM and Auxiliary Service, which are Sub-programmes of the Administration Programme together with the Sub-programme: Office of the Secretary	3 698	27	412	1 364	49%
Partnerships	2 388	78	70	127	12%
Policy and Research	1 593	14	101	709	52%
Monitoring and Evaluation	3 210	51	142	224	13%

Source: Civilian Secretariat for Police Presentation to Portfolio Committee on Police (18th September 2012. January – March 2011/12 Fourth Quarter Financial Report.



3.2.1 Spending per programme

Sub-programme: Office of the Secretary: It is unclear why only this one Sub-programme resorting under the Programme 1: Administration is reported on by the Secretariat. It was nevertheless reported that the Office of the Secretary sub-programme spent 57 per cent of its allocated budget in the 4th quarter which is significantly above the linear benchmark of 25 per cent set by National Treasury.

NOTE: The Secretariat did provide expenditure information on the entire Programme 1: Administration, but only provided information on one selected sub-programme. Thus, explanations for this very high expenditure in the last quarter were given and no other information on expenditure for the other sub-programmes falling within Administration.

NOTE: The Committee should interrogate the reason for this selective reporting as it is misleading to conflate Sub-programmes with main Programmes.

Comments and Questions

The Civilian Secretariat must provide the total expenditure at the end of the financial year.

What was the nature of the late charges related to the mentioned "Forensic trip" as stated in the presentation provided by the Secretariat?

The Secretariat Bill was enacted in December 2011, thus the end of the third quarter of 2011/12. What were the expenditure driver arising from that bill?

Can the Secretariat provide some estimation on the progress made to have the processes and capacity in place by December 2012 as required by the Act?

Corporate Services: It is unclear why this is reported as a Programme as it is not even a Sub-programme as per the Strategic Plan of the Secretariat. Almost half of the allocated funds were spent in the last quarter of the 2011/12 financial year (49 per cent). This is double the linear benchmark set by National Treasury.

The Secretariat attributes the high spending on the appointment of new staff, but why was this process not better planned? Expenditure on Corporate Services in the first quarter of 2012/13 recorded a significant under spent of only 19 per cent of the allocated budget due to the late finalisation of the organogram and lag time for procurement after appointment of new staff. How many new personnel was budgeted for and how many was appointed? The Secretariat must also indicate how many more personnel must be appointed to finalise the capacitating of the new structure of the Secretariat.

Programme 2: Partnerships: Programme 2: Partnerships shows a recorded expenditure of 12 per cent for the 4th quarter, which is well below the 25 per cent linear benchmark set by National Treasury. It is unfortunately impossible to extrapolate what percentage of the total



budget was spent at the end of the financial year as a result of the poor data provided by the Secretariat.

Comments and Questions

How did the replacement of the stock theft strategy with the macro rural safety strategy change planning and project execution?

What caused the delays in procurement of the Community Safety Forum (CSF) Training programme?

Why were targets for public participation engagements exceeded during the third quarter? What amount was spent in the third quarter and what amount was spent at the end of the financial year?

The Secretariat is requested to indicate on what was public participation was required?

Programme 3: Policy and Research: Programme 3: Policy and Research recorded expenditure which is significantly above the linear benchmark set by Treasury. The Secretariat spent 53 per cent of its allocated budget in the last quarter, which leads one to assume that the nine (9) months between April and December 2011, the Secretariat only spent 48 per cent of their budget.

Comments and Questions

The presentation provided by the Secretariat reports that the Chief Directorate: Policy and Research is structured with two sub-programmes, namely Policy and Research and Legislation. It states that the purpose of the programme is to provide quality research, policy and legislative advice to the Secretary. Yet the Annual Performance Plan of the Secretariat 2012-2014 lists Legislation as a separate programme. It will be ideal if the Secretariat can record expenditure on these programmes separately.

It is stated that budget funds were spent on the legislation process and presented as one of the reasons for an over-spent on this programme. The 2012/13 financial year sees Legislation as a separate programme (Programme 4), yet no expenditure information was provided. Will the allocation of Legislation to a separate programme alleviate the challenges the Secretariat faced in the past?

Programme 4: Legislation: No information included in the information provided by the Civilian Secretariat for Police.

Comments and Questions

Please see comments on Programme 3: Policy and Research above.



Programme 5: Monitoring, Evaluation and Reporting: Programme 5: Monitoring, Evaluation and Reporting only spent 13 per cent of their allocated budget in the last quarter, which is significantly below the linear benchmark set by National Treasury for the same period. It is impossible to extrapolate the amount of money spent up to the end of the financial year as the information is not provided. However, in the Introductory slide of the presentation provided by the Secretariat, it explains that the *Lack of capacity in terms of training before M & E visits, had its operational expenditure spent only in the last quarter* and furthermore that *under spending in M & E were due to delayed tender process of data base*. This seems like a contradiction.

Comments and Questions

The Secretariat stated that the under-spending in this programme is due to SITA not developing the database because of capacity constraints in SITA. However, the Secretariat reported that in 2010/11 an amount of R4,299 million was not spent due to funds set aside for the National Monitoring Evaluation Toll which was not finalised by SITA.⁴ Is this the same project? It is noted that the Secretariat redrafted the Terms of Reference for an open tender process in 2012/13. What took the Secretariat so long to take corrective action in drafting the Terms of Reference and what is the current status of this tender as we are already at the end of the second quarter of 2012/13?

The Secretariat must explain the seeming contradiction in expenditure for this programme in the last quarter of 2011/12 and provide a clear breakdown of expenditure.

⁴ Whittle, P. 2011. Overview of the Performance of the Civilian Secretariat for Police in 2010/11.



4.1 Expenditure analysis of the first quarter of the 2012/13 financial year

The Secretariat's budget allocation for the 2012/13 financial year is R63.267 million (Adjusted Appropriation) of which R45.49 million is allocated to Personnel and R17.77 million for Operational expenses.

The data provided by the Civilian Secretariat for Police regarding their 2012/13 expenditure recorded for the first quarter contains some irregularities. The table below shows that the Expenditure as at 30 June 2012 is not the total of the monthly expenditure when added.

Table 2: Expenditure of the Civilian Secretariat for Police per programme: First quarter of 2012/13 (April – June)

Programmes	Allocated Budget 2012/13	April 2012 (R'000)	May 2012 (R'000)	June 2012 (R'000)	Total* As calculated by the Researcher	Expenditure at 30 June 2012**	% spent
Office of the Secretary	3 137	116	312	246	674 (21%)	833	27%
Corporate Services	6 127	161	229	76	466 (7%)	1 140	19%
Partnerships	2 940	71	166	210	447 (15%)	1 001	34%
Policy and Research	1 155	59	64	30	153 (13%)	263	23%
Monitoring and Evaluation	4 566	27	80	274	381 (8%)	775	17%
	17 925						

Source: Civilian Secretariat for Police Presentation to Portfolio Committee on Police (18th September 2012. April – June 2012. 2012/13 First Quarter Financial Report.

* Total as calculated when adding the totals provided for April, May and June.

** Totals provided by the Civilian Secretariat for Police

Note: The Secretariat should explain as a point of departure how the total for *Expenditure at 30 June 2012* as provided was calculated. When the figure that they provided for monthly expenditure (April, May and June) are added together it does not equate to the total provided by the Secretariat.

Programme 1: Administration: The expenditure of 27 per cent on the Office of the Secretary is slightly above the 25 per cent linear benchmark as set by National Treasury.

Corporate Services: The significantly low expenditure of 19 per cent recorded in the first quarter of the 2012/13 financial year is a cause for concern. The Secretariat must provide a



detailed breakdown of personnel expenditure for the last financial year and also a projection for the 2012/13 financial year.

Programme 2: Partnerships: The significantly high expenditure of 34 per cent in the first quarter of 2012/13 is of concern. The Secretariat states in their presentation that public participation programmes were increased and additional CSF workshops held after the finalisation of the CSF Policy. It is concerning that the Secretariat further states that *the impact will be that all targets will be met in the financial year*, however as these are not the only performance targets set in the APP of the Secretariat under Programme 2 it is concerning that this prediction is made so early in the financial year. Planning is done for a reason and over performing, even on a worthwhile target, will affect other targets as funds gets allocated to these targets. Will the launch of the anti-crime campaign, several workshops and community outreach programmes with six public engagements of the Minister still happen? Are there enough funds left?

Programme 3: Policy and Research: The 23 per cent expenditure recorded in this programme is slightly below the linear benchmark of 25 per cent. The Civilian Secretariat for Police should still be expected to provide a breakdown of the sub-programmes and items expenditure was recorded on as is expended from IPID and the SAPS. This will improve the oversight capability of the Committee greatly.

Programme 4: Legislation: It is interesting to note that no budgetary information is provided for Programme 4: Legislation, as a total of R1.38 million was allocated to this budget for the 2012/13 financial year. The purpose of this programme is to provide legislative support services to the Secretary of Police and its Strategic Objective is: Relevant legislation within the safety and security environment is in place. Furthermore, its objective statement is *to provide relevant legislation within the safety and security environment is developed, updated and drafted.*⁵ The Committee have continuously expressed its concern towards the lack of support on legislation and the lag times associated with legislation within the safety and security environment. It should be considered that the Civilian Secretariat provide recorded expenditure for this programme in the future.

Programme 5: Monitoring, Evaluation and Reporting: The 17 per cent of allocated fund spent at the end of the first quarter is significantly below the linear benchmark of 25 per cent.

5. Concluding remarks

The method of reporting on budgetary allocations and expenditure by the Civilian Secretariat for Police does not allow for proper analysis of spending trends. Issues regarding financial control and reporting have been stated on numerous occasions and the Report of the Portfolio Committee on Police on the Annual Report 2010/11 of the Civilian Secretariat for Police, dated 30 November 2011, recommended that the budget must be clearly stipulated

⁵ Civilian Secretariat for Police Strategic Plan 2012 -2014.



and expenditure of the Secretariat, as well as more detailed information on financial performance.

Even though the Secretariat stated that *under-spending over the last two years was reduced significantly and that the Secretariat is for the first time looking as proper planning process and budget spending*, this statement is meaningless as this information is not provided to the Committee.

It is of critical importance that the Secretariat provides the Committee with proper expenditure information as is expected of departments under the authority of the Portfolio Committee of Police.

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