2021

SAPS Accommodation and ICT

STUDENT NAME: VELISUBUHLE BUTI

CLUSTER: JUSTICE AND PROTECTION SERVICES

NATIONAL TREASURY

Contents

DISCLAIMER:

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Furthermore, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

Abbreviations and Acronyms

APP	Annual Performance Plan
AO	Accounting Officer
AVL	Automatic Vehicle Location
CBD	Central Business District
CSPS	Civilian Secretariat for The Police Service
CWP	Capital Works Programme
DoD	Department of Defence
DoJCD	Department of Justice and Constitutional Development
DPWI	Department of Public Works and Infrastructure
EFRS	Enhanced Firearms Register System
EIS	Electronic Information System
ENE	Estimates of National Expenditure
FTE	Full-Time Equivalent
GEMC3	Global Emergency Mobile Communications, Command and Control System
GIAMA	Government Immovable Asset Management Act
ICT	Information Communication Technology
IPID	Independent Police Investigative Directorate
KPI	Key Performance Indicator
LAN	Local Area Network
MIS	Management Information System
MTEF	Medium Term Expenditure Framework
OCPO	Office of the Chief Procurement Officer
OPAM	Operational Planning and Monitoring System
PFMA	Public Finance Management Act
PSIRA	Private Security Industry Regulatory Authority
SAPS	South African Police Service
SCM	Supply Chain Management
SLA	Service Level Agreement

DISCLAIMER:

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Furthermore, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

SITA	State Information Technology Agency
Stats SA	Statistics South Africa
TMS	Technology Management Services
USSD	Unstructured Supplementary Service Data
VPN	Virtual Private Network
ZBB	Zero-Based Budgeting

Executive Summary

The Police and IPID Directorate in the Public Finance Division of the National Treasury conducted spending reviews between June and October 2021, specifically focusing on:

a) Space utilisation in 3 leased SAPS buildings in Pretoria, taking into account the Space Guidelines for Government Buildings issued by the DPWI in 2009; and

b) Management and utilisation of selected ICT systems in the SAPS.

This report summarises key findings from the reviews and outlines recommendations for the SAPS to more efficiently manage and utilise its accommodation and ICT systems to save costs in the short and long term. Both reviews are a continuation of the spending reviews initially conducted in 2020/21.They build on the findings from the previous reviews which, in the case of the SAPS accommodation portfolio, noted that there was scope for improving the provision, management and utilisation of accommodation in SAPS given higher than market rate lease escalation costs that are currently payable, as well as poor maintenance and management of state-owned buildings and infrastructure projects. For ICT, the 2020/21 review noted, among other issues, that there was over-reliance on SITA even for ICT projects that should be managed in-house; misalignment between utilisation of ICT systems and performance in some functions of the department; and under-investment in ICT systems that could improve service delivery and promote smart policing.

Against this background, the 2021/22 spending reviews sought to assess whether the SAPS is efficiently utilising its accommodation and ICT to justify continued investment and allocation of resources to these items.

The review on the utilisation of accommodation focused on 3 leased SAPS buildings in Pretoria, namely: the Veritas building, which mainly houses the Central Firearms Registrar; 540 Pretorius Street which houses the Visible Policing division; and the Suncardia Building which houses the Crime Intelligence division. The purpose of the review was to assess whether utilisation of these buildings complies with the Space Guidelines for Government Buildings as issued by the DPWI in December 2009. Findings from the review suggested that there is underutilisation of both the Veritas and Suncardia buildings when taking into account the space limitations set in the Space Guidelines for Government buildings, while the 540 Pretorius Street building is overutilised. Furthermore, a site visit to the Veritas building indicated that while some space may indeed be underutilised, the building is constrained in terms of filing space resulting in some documents being placed in corridors and offices as a temporary filing mechanism, which therefore presents a security risk and potential health hazard.

Based on the findings of the accommodation review, it is recommended that the SAPS should consider relocation of some of its excess staff from overutilised buildings such as 540 Pretorius Street into the underutilised buildings. Furthermore, the department should consider termination of some of its month-to-month leases and relocate staff to underutilised buildings such as Suncardia.

Although the review was only conducted on 3 SAPS leased buildings due to unavailability of some data related to other buildings, it is recommended that the SAPS should conduct a similar review to assess compliance with the Space Guidelines for Government Buildings across all of its state-owned properties. This should inform its accommodation management strategy going forward.

Implementation of some of the proposed recommendations could yield the department total savings amounting to approximately R13 million per annum in lease expenditure resulting from more efficient utilisation of space in the 3 SAPS buildings under review. Additional savings could be realised if a similar assessment is conducted across all state-owned SAPS buildings given that for leased buildings already under contract, it might prove to be more costly to make changes to align with the guidelines as changes have to be done in consultation with the landlord.

Notwithstanding the above recommendations, it is noted that the SAPS is already in the process of migrating staff out of the Veritas building into the Annex building of Telkom Towers. This is a positive step given the poor condition of the Veritas building and its limitations in terms of filing space. Moreover, the move to Telkom Towers also implies that the department will terminate several of its month-to-month leases which will lead to additional savings as noted in the 2020/21 spending review.

With respect to the ICT spending review, key findings from the review can be summarised as follows:

Personnel gaps and challenges

- Although labour intensive, the TMS division is mainly comprised of administrative positions. Out of the 879 ICT employees as at the end of 2020/21, 431 (49%) were in administrative positions and only 448 (51%) were doing core ICT technical work.
- Although the SAPS has a bigger ICT division relative to other departments in government, only 11.8 per cent (R417.5 million) of ICT costs at the end of 2020/21 were incurred internally (i.e., for SAPS ICT staff costs) while the remaining 88.2 per cent (R3.1 billion) was incurred externally (i.e., for services rendered by external service providers, software licence fees, procurement of equipment, consultancy fees, etc). The high external costs make it difficult to assess whether the TMS division is appropriately equipped to effectively render some ICT services in-house and to effectively monitor how SAPS divisions utilise their systems.

Utilisation

- There is unclear monitoring of data and system utilisation by the TMS division – the division does not have access to user/client data from certain SAPS divisions thereby making it difficult to assess relevancy of systems to client needs.
- The operational resilience and functionality of certain SAPS ICT systems remain unaddressed from the recommendations noted in the 2020/21 spending review.
- There is limited business continuity – the department's systems are not designed/structured to continue functioning during crises such as the COVID-19 pandemic.

Financial and expenditure management

- The department incurs ICT costs for some systems which could be developed in-house. Approximately R30 million can be saved per year if the department can develop and maintain some of its systems in-house.
- Among the 'big' clients of SITA, SAPS spends an average of R1.4 billion per year on SITA services. The main cost-drivers include end-user computing for operational support, LAN and

desktop services (R498.6 million or 34.7%); hosting (R298 million or 20.7%) and network services i.e., internet, VPN, remote access (average of R196.7 million or 13.7%).

Based on the above findings, it is recommended that the SAPS should improve its operational efficiencies by thoroughly assessing its ICT environment particularly the high costs incurred for services rendered by service providers such as SITA. The department must also monitor the utilisation of data and ICT systems as this will assist the department assess the relevance and use of its different systems. Moreover, the review has identified the need for the department to improve record management, internal controls, and address contract and supply chain management gaps. The department must also develop less complex ICT Applications such as MySAPS internally to save on costs. Implementation of these recommendations will assist the department to generate cost savings of approximately R38 million per annum relative to its current ICT baseline of R3.6 billion. These savings are over and above those identified in the 2020/21 spending review which amounted to ….

Introduction

This report outlines key findings and recommendations from the spending reviews conducted on the utilisation and management of accommodation and ICT systems in the SAPS. These reviews are a continuation of the spending reviews and analysis conducted in the 2020/21 financial year on the provision and management of accommodation and ICT in the SAPS. They seek to take forward some of the recommendations from the 2020/21 reviews to provide further analysis by narrowing the focus to be on utilisation, that is, whether accommodation and ICT systems in the SAPS are efficiently utilised to justify continued allocation of resources to these items, as well as on the general management of ICT systems in the department. Although focusing on different areas of spending, the reviews had similar objectives which were to:

i. Assess whether selected accommodation and ICT systems in the SAPS are efficiently utilised taking into account the DPWI Space Guidelines for Government Buildings and the current policy and service delivery context of the SAPS; ;
ii. Analyse the spending and related performance indicators for accommodation and ICT, including for the selected buildings and ICT systems under review, to identify potential savings and/or areas for strengthening;
iii. Make recommendations on how the SAPS can more efficiently utilise its accommodation and ICT systems based on the findings from the analysis of selected accommodation and ICT systems;
iv. Use the information and findings from the spending reviews to assist the SAPS to better prioritise its accommodation, infrastructure and ICT resources using the principles of ZBB.

The SAPS has one of the biggest accommodation portfolios in government comprising 19 705 buildings or structures, of which 17 567 were state-owned and 2138 leased as at the end of 2020/21. Its capital works programme has an average annual allocation of R800 million specifically for the construction and upgrading of police stations. Over the past 5 years, average annual spending on accommodation amounted to R1.3 billion for state-owned buildings (accommodation charges) and R1.4 for privately leased buildings (operating leases).

Although one of the main purposes of the spending review was to action one of the key recommendations from the 2020/21 spending review pertaining to the need for introduction of project-based budgeting in regard to the capital works programme, this component of the spending review had not been finalised at the time of finalisation of this report due to outstanding information from the SAPS. The report therefore does not provide a detailed analysis pertaining to project-based budgeting but notes the key recommendations for actioning by SAPS in this regard as part of the 2022 ENE process.

Computer services, which provides for SAPS' ICT related expenditure, is the third largest cost driver under *goods and services* after *fleet services* and *operating leases*. An analysis of spending at the lowest level under this item shows that the main cost driver is SITA related costs for service level agreements, data lines, hosting services, application maintenance, internet charges, and network related infrastructure. Spending on *computer services* is mainly driven by costs relating to the maintenance of several SAPS ICT systems which are often referred to as 'legacy systems' given their long history and existence in the department. Maintaining these systems is costly for the department given that most of them are very old. SITA charges the department approximately R500 million per year for end-user computing which also includes operational support of the department's systems, local area network, and desktop services. The spending review therefore sought to review utilisation of some of the SAPS legacy systems as well as new systems to assess their appropriateness and relevancy given the department's current policy and service delivery context.

Both reviews were complemented by site visits by the National Treasury to the SAPS TMS headquarters in Hatfield and the Veritas and Telkom Towers buildings in the Pretoria CBD. The purpose of the visits was to further engage the department on some of the findings from the reviews, and to physically inspect space utilisation in the Veritas building and see a live demonstration of the utilisation of selected ICT systems in the TMS division.

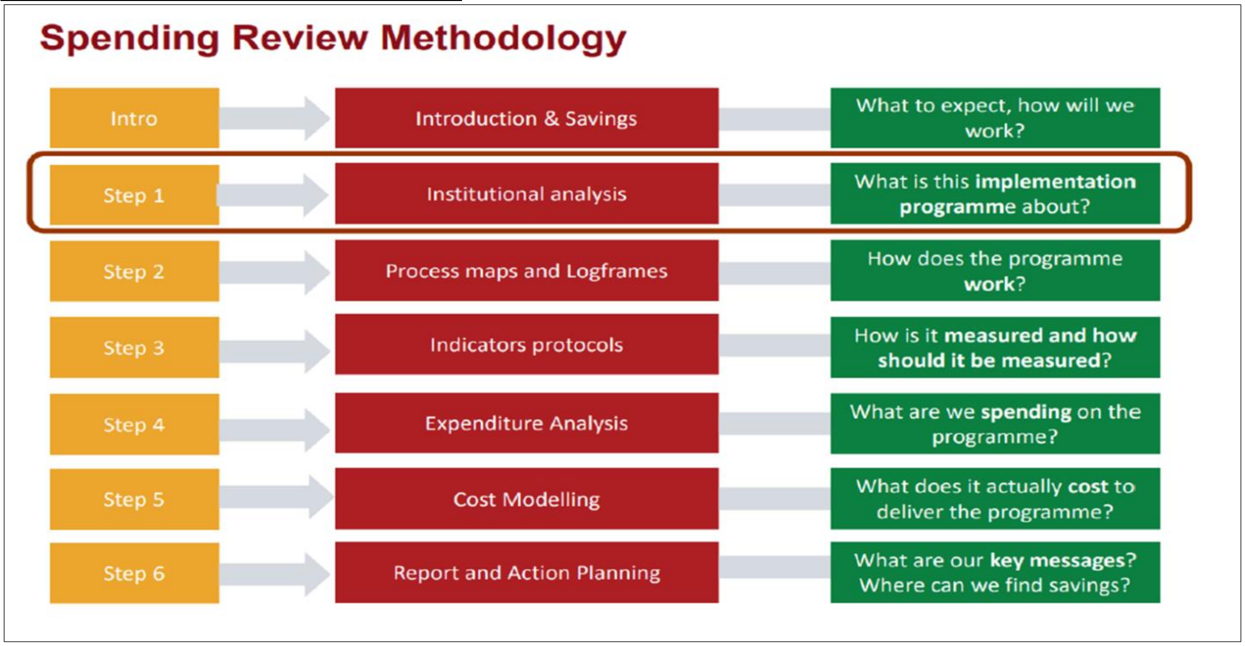
Findings from the accommodation spending review suggest that when assessing utilisation in line with the Space Guidelines, both the Veritas and Suncardia buildings are underutilised while the 540 Pretorius Street building is overutilised. In regard to ICT, the review findings suggest the need for the department to strengthen its internal ICT capacity and skills, better monitor the utilisation of existing systems in particular the legacy systemsand save costs by developing some of its ICT systems in-house.

The report is structured as follows: Section 2 provides the methodological framework used in both reviews. This is followed by the chain of delivery and institutional analysis for accommodation and ICT in section 3, where, among other things, key performance indicators, activities and outputs are listed. Expenditure analysis for both accommodation and ICT is provided in section 4. This section further provides comparative data on ICT management between SAPS and other departments. Section 5 outlines key findings from the spending reviews while section 6 notes key observations from the site visits to the TMS division, Veritas and Telkom Towers buildings. Section 7 discusses recommendations and actions required for the SAPS to implement the review findings, and section 8 summarises key issues highlighted in the reviews to conclude the report.

Methodology

The reviews were conducted using the National Treasury's ***Framework for Achieving Spending Efficiency in a Fiscally Constrained Environment***[1]***,*** published in May 2021. The framework was developed to support the implementation of ZBB, using spending reviews as the building block. In the main, the reviews applied the spending review methodology as summarised in figure 1 below, whilst taking into account the principles and 4 steps of implementing ZBB as noted in the framework.

Figure 1. Spending Review Methodology



[1] National Treasury. 2021. *Framework for Achieving Spending Efficiency in a Fiscally Constrained Environment*. Available: http://www.treasury.gov.za/publications/guidelines/Zero%20Based%20Budgeting%20Framework.pdf

In addition to the ZBB Framework, the reviews also implored other analytical tools such as:

a) Activity costing, which involves the costing of expenditure associated with each activity in a programme or project;
b) A review of the application of the DPWI Space Guidelines for Government Buildings; and
c) Policies and legislation governing the management of accommodation and ICT in government.

In the case of ICT, activity costing includes the life cycle costing of an ICT operating system such as its contractual value, annual software licence fees, and ad hoc costs such as administrative fees, cost of maintenance and support, and costs of enhancing the system. The implementation of ZBB and activity costing in the ICT environment allows institutions to implement cost management, track utilisation of ICT systems to conduct accurate costing and identify wastage. It also assists with the identification of financial cost drivers and non-financial measures which are relevant for cost management and performance assessment at operational level[2]. Comparative data and benchmarking was also used to compare ICT utilisation and management in the SAPS with that of other departments to identify similarities, differences, and inefficiencies to inform recommendations on best practice.

For accommodation, assessment of space utilisation in line with the Space Guidelines was a key component of the spending review as the guidelines specify space utilisation requirements for each category of employees to determine what the appropriate size of office accommodation should be for departments. The period of analysis in both reviews ranges from 1 to 8 years i.e.,from 2013/14 to 2020/21 where applicable. .

As part of the reviews, the National Treasury also held bi-monthly meetings with representatives from SAPS, SITA, CSPS, IPID, PSIRA and DPWI between July and October 2021 to discuss progress in relation to the spending reviews and clarify emerging findings and other issues concerning the reviews. These meetings were useful for information gathering and validation. They also provided an opportunity for peer learning among institutions in the Ministry of Police. The National Treasury expresses its gratitude to the management and staff in the SAPS Facilities and TMS divisions for their dedicated participation in these meetings, inputs, and overall support during the review process.

[2] Mick, B and Cullen, J. 2003. *Managing Financial Resources*. Taylor & Francis Group, United Kingdom.

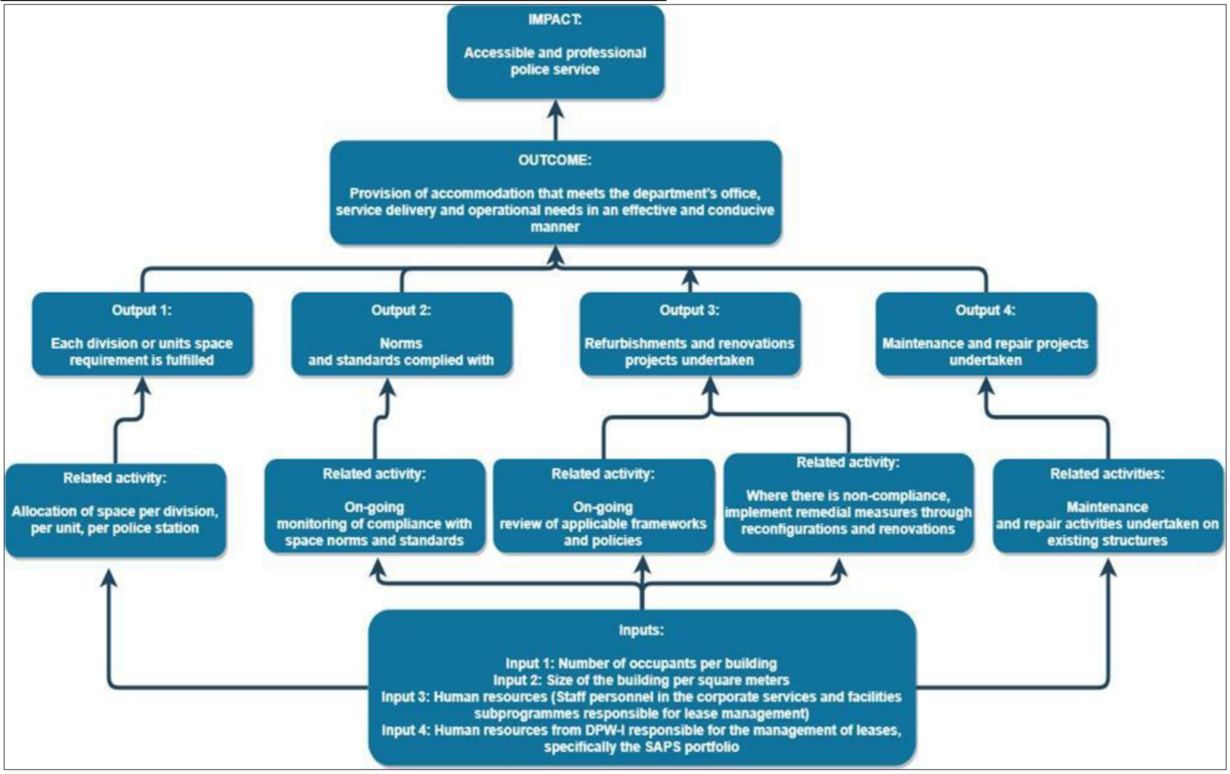
Programme Chain of Delivery and Institutional Analysis

This section outlines the institutional analysis and chain of delivery for accommodation and ICT in the SAPS, respectively. It highlights key elements of the logframes for both spending programmes and provides an analysis of the key legislation and policies governing them.

▪ Accommodation institutional, delivery chain, and performance analysis

Figure 2 presents the logframe for the provision of accommodation in SAPS.

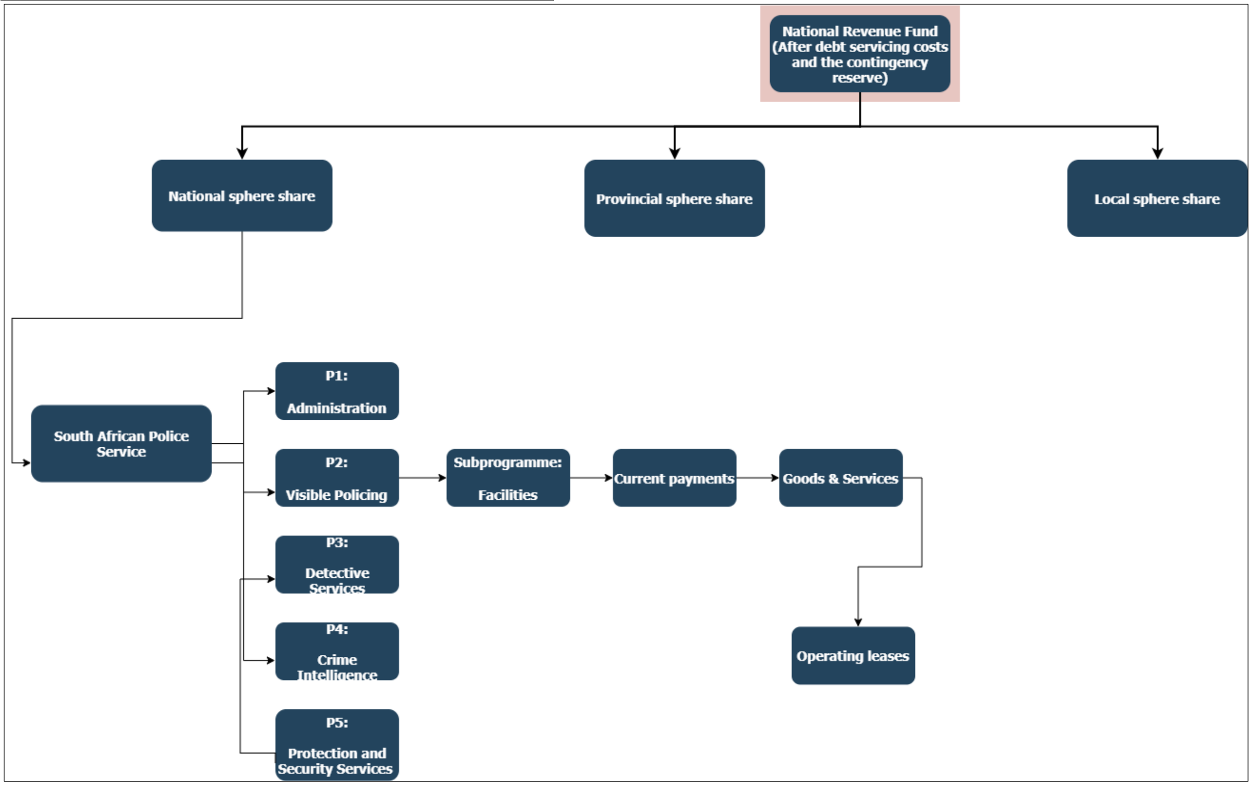
Figure 2. Programme chain of delivery for accommodation



The key outputs for the provision of accommodation in the SAPS include ensuring that the accommodation needs for each unit and/or division in the department are met, that the DPWI space guidelines are complied with and that maintenance and refurbishment of accommodation is undertaken on a regular basis as informed by its needs analysis. A clear understanding of what outputs are required for accommodation is important as it informs what activities and inputs must be undertaken to produce the desired outputs. The ultimate goal or outcome is to ensure provision of accommodation that meets the department's office requirements, service delivery, and operational needs.

Figure 3 shows the flow and allocation of resources from national government to the SAPS to enable provision of accommodation. As the focus of the spending review is on leased accommodation, the flow of resources below is specific to operating leases although it must be noted that the flow of resources for state-owned accommodation is also similar to that of leases, with the main difference being that funds for accommodation costs related to state-owned buildings (accommodation charges) are allocated to the *property management* item under *goods and services* and not to *operating leases*. Funds for leased accommodation are allocated to *Programme 2: Visible Policing*, specifically to *operating leases* under *goods and services* which is part of current payments.

Figure 3. Flow of Resources for Accommodation



Institutional Analysis

The management, provision and utilisation of accommodation is governed in terms of several legislation, regulations, and policies. These are outlined in tables 1 and 2 below, which also note the specific provisions included in the legislative framework governing accommodation.

Table 1: Legislative Framework for Managing Accommodation

Legislative frameworks	Objectives	Key requirements of the legislation
1. Government Immovable Asset Management Act (GIAMA), 2007 (Act 19 of 2007)	• Provide a uniform framework for the management of an immovable asset • Provide for issuing of guidelines and minimum standards in respect of immovable asset management by a national or provincial department.	• AO of a custodian and user must prepare a Custodian Immovable Asset Management Plan & User Asset Management Plan (UAMP) • Minimum contents Strategic needs assessment; acquisition plan; operations plan; immovable asset surrender plan
2. Public Finance Management Act (PFMA) no. 1 of 1999	• Regulates the financial management to ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively	• Section 76(1)(l) of the PFMA • Section 76(2)(d) • Section 40(4)(c)
3. Treasury Regulations		• Treasury Regulation 5.2.2(e) • Regulation 16A7.3 • Regulation 16A7.5

Table 2. Workspace area per function for office buildings (Annexure A of DPWI 2009 Space Guidelines)

Function	Spatial requirements	Space guideline
Administration	- Normal space with local storage. - Open plan	- Between 6 -8m2
Technical & Management	- Some layout space and/or space for large equipment such as drawings boards. - Open plan	- Between 8 – 16m2
Senior Management	- Requirement for privacy and space for small meetings - Open plan or cellular offices	- 16 – 20m2
Executive Management	- Requirement for privacy and space for small meetings. - Cellular offices	-Between 20 – 25m2

Performance Analysis

Analysis of the SAPS APP for 2021/22 suggests that there are no specific indicators included in the plan to assess performance in relation to the provision, management, and utilisation of accommodation. Instead, the APP outlines key infrastructure projects to be implemented by SAPS during the course of the financial year, most of which are in relation to the construction of police stations. At the strategic level, the APP notes that an integrated approach to the identification, acquisition, storage, distribution, utilisation, maintenance, and disposal of all the SAPS resources as well as improving the management of capital infrastructure through the implementation of the medium-term Capital Infrastructure and Asset Plan will be prioritised as part of the SAPS

Integrated Resource Management Strategy. To ensure the proper tracking and assessment of performance in relation to the management and utilisation of accommodation, the indicators noted in table 3 can be used.

Table 3. Performance Information

No.	Indicator name	Potential data sources
1	Main indicator: Number of office accommodation buildings in compliance with the space norms and standards	PERSAL data, UAMP and asset register
2	Number of workspaces in compliance per function	PERSAL data, UAMP and asset register
3	Number of office accommodation buildings in compliance with the support space per workspace area	PERSAL data, UAMP and asset register
4	Compliance to core space per workspace area	PERSAL data, UAMP and asset register
5	Compliance to structural space per internal area (workspace + workspace support + core)	PERSAL data, UAMP and asset register

▪ ICT Logframe, Institutional and Performance Analysis

Logframe

Figure 4 presents the logframe for the provision and management of ICT in the SAPS.

Figure 4. Key elements of the ICT programme chain of delivery

Administration Programe: ICT provision and management in SAPS is centralised within this programme.

↓

Subprogramme: Corporate Services: The bulk of ICT spending (approximately 70 per cent) is incurred in this environment. The key division responsible for ICT is Technology Management Services (TMS). Under TMS, the biggest lowest level cost centre is *Network Infrastructure Management.*

SAPS had 879 ICT staff employed in the 2020/21 financial year.

↓

Core Service Delivery Programmes: Utilisation and implementaion of the ICT Program takes place through core service operations in police stations, centres as well as the department's sites. ICT utilisation is structured in a manner that supports service delivery operations and general operating systems in the department.

Inputs: includes expenditure on ICT, departmental personnel and outsourced resources.

Outputs:

- System uptime and effectiveness
- ICT systems developed per year
- Number of police stations with functional operating systems
- SAPS operational systems maintained and supported by SITA

Outcome: Provision of ICT capability that meets the department's operational and service delivery requirements.

Impact: A safe and secure ICT environment that is conducive for service delivery and the department's operational needs to ensure that all people are and feel safe.

The TMS division at SAPS Head Office is where the bulk of ICT decision making takes place. The ICT budget is also centralised within this environment. The division optimises and manages information systems and technology for the department. In addition, the division develops and integrates information technology infrastructure (facilities and equipment) and manages applicable service-level agreements and relationships with stakeholders and service providers.

Institutional Analysis

Legislative Framework and Key Policies

Table 4. Legislative framework and key policies related to ICT management

Legislation/Regulations and Policies	Key provisions
▪ Public Service Act (2001) ▪ Public Service Regulations (2016) ▪ State Information Technology Agency Amendment Act, 2002 ▪ State Information Technology Agency General Regulations of 2005 ▪ Guidelines governing ICT contracts and procurement ▪ Promotion of Access to Information Act 2 of 2000 ▪ Electronic Communication Transaction Act ▪ Public Finance Management Act (PFMA) (1999) ▪ Treasury Regulations, 2005 ▪ Preferential Procurement Policy Framework Act (No. 5 of 2000)	Section 14 of the Public Administration Management Act (PAMA), 2014 provides for the heads of department to acquire and use ICTs in an **effective and efficient manner.** Section 3(1) of the Public Service Act (PSA), the Minister for Public Service and Administration (MPSA) is responsible for establishing norms and standards relating to: ▪ *3(1) (f) Information Management in the Public Service.* ▪ *3(1) (g) Electronic Government* ▪ *3(1) (i) Transformation, Reform*, *Innovation,* and any other matter to improve the effectiveness and efficiency of the Public Service and its service delivery to the public. ▪ Section 93(d) of the Public Service Regulations (PSR) provides for the accounting officers to ensure that the acquisition, management and use of information and communication technologies by the department ensures cost efficiency for the department. ▪ Section 7 of the State Information Technology Agency Amendment Act, 2002 provides key mandatory (musts) and non-mandatory (may) ICT services rendered by the entity across government

The policy review has demonstrated that the legislative framework such as the SITA Amendment Act, 2002 have a direct impact on the manner in which ICT systems and services are provided in the department. SITA provides several ICT services to SAPS which are ‘mandatory’ in terms of its legislation such as private telecommunication networks, transversal systems, transversal data processing, end-user computing and operational support. Among the key gaps identified from an institutional analysis perspective is that SAPS does not submit its orders to SITA on time. Although Service Level Agreements are in place, these are not signed on time and the execution thereof is weak. In addition, the department does not regularly engage SITA on the status of implementation of its ICT projects and this has an impact on spending and performance e.g., orders only done in the last two quarters of the financial year.

Performance Analysis

This section provides an analysis of key performance issues identified in the review. The main ICT system assessed is the Enhanced Firearms Register System (EFRS). The assessment provides an indication how investments in ICT systems are not necessarily translating to improvements in performance.

The EFRS is a national register of all firearms and firearms owners in the country in line with the requirements of the Firearms Control Act (2000). The system is used for the administration and processing of all firearms related applications by SAPS for licencing purposes. It assists in providing an effective and efficient management of the life cycle of a firearm from its manufacturing or importing into the country until it is disposed through destruction or exported out of the country. SAPS spent an annual average of R10.6 million per annum on the EFRS between 2017/18 and 2020/21. Table 5 presents EFRS related key performance indicators (KPIs) from 2017/18 to 2020/21.

Table 5. Firearm related KPIs

Performance indicator	2017/18	2018/19	2019/20	2020/21	Average number per year	Average annual growth rate
Number of firearm related applications received	346 986	329 739	367 237	62 082	276 511	-43.7%
Percentage of firearm related applications finalised within 90 days	75.3% (261 345)	75% (247 216)	57.1% (209 692)	38.9% (24 133)	61.6%	- 19.8%
Number of applications for competency certificates	149 594	153 877	154 016	130 160	146 912	-4.5%
Number of applications for firearm licences	103 205	99 236	107 631	62 082	93 039	-15.6%
Number of applications for the renewal of firearm licenses	76 995	58 856	90 880	75 311	75 511	-0.7%
Number of applications for temporary authorisations	**914**	**1 054**	**221**	**184**	**593**	**-41.4%**
Number of individual import/ export permit applications	**14 995**	**15 340**	**12 643**	**1 770**	**11 187**	**-50.9%**
Number of commercial import/export permit applications	1 283	1 376	1 846	1 048	1 388	-6.5%

[1]Due to the impact of COVID-19, in 2020/2021, the target related to the finalisation process was adjusted, from applications finalised within 90 working days, to applications finalised within 120 working days.

Source: *SAPS Annual Reports*

The following KPIs recorded a decline over the period under review:

- The ***percentage of firearm related applications finalised within 90 days*** declined from 75.3 per cent (261 345) in 2017/18 to 57.1 per cent (209 692) in 2019/20 and worsened to 38.9 per cent (24 133) in 2020/21.
- *The* ***number of applications for temporary authorisations*** declined from 914 in 2017/18 to 221 in 2019/20 and worsened to 184 in 2020/21.
- The ***number of individual import and export permit applications*** declined from 14 995 in 2017/18 to 12 643 in 2019/20 and worsened to 1 770 in 2020/21.

Due to the impact of the COVID-19 pandemic, all the KPIs reflected in table 5 above also recorded a significant decline between 2019/20 and 2020/21 as the department operated at limited capacity due to building closures. Going forward, the department must configure its systems to enable accessibility by staff remotely. In terms of the SAPS Annual Reports, some of the performance gaps highlighted above are attributed to the inability of the EFRS to synchronise scanned documents with the application e.g., photos, signatures, etc. In 2019/20, the mainframe system was also slow resulting in delays in the finalisation of criminal record reports due to system downtime.

Expenditure Analysis

This section highlights key findings from the expenditure and personnel analysis conducted on accommodation and ICT utilisation and management in SAPS.

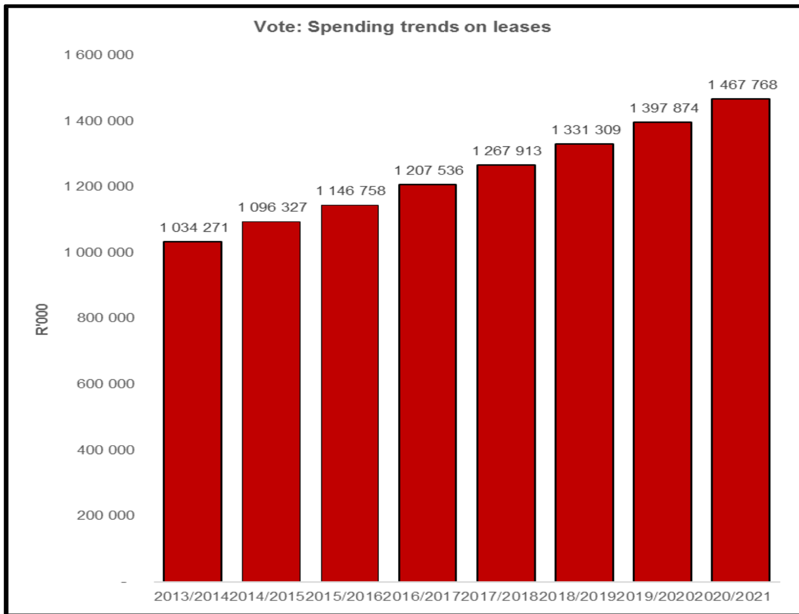
▪ Expenditure Analysis for Accommodation – Operating Leases

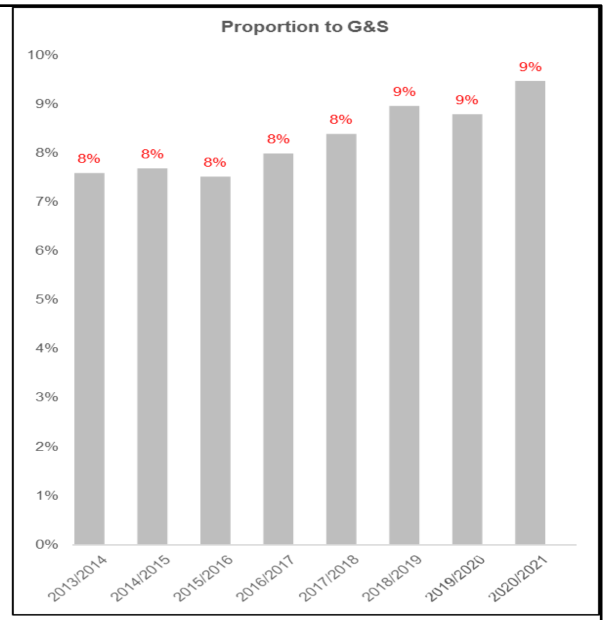
Figure 5 below shows the spending trends on operating leases in the SAPS from 2013/14 to 2020/21 while figure 6 shows spending on operating leases as a proportion of the budget for goods and services during the same period.

Figure 5 – Spending trends on operating leases

Figure 6. Operating leases as a proportion of

DISCLAIMER:





13

Source: *SAPS Data* ***Source:*** *SAPS Data*

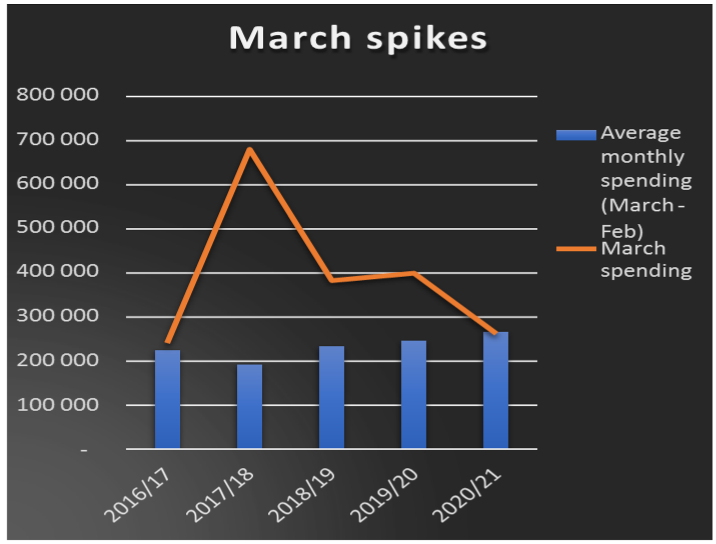
Between 2013/14 and 2020/21, spending on operating leases increased from R1 billion to R1.5 billion, respectively, at an annual average rate of 5.1 per cent. The increased spending was mainly driven by above market rate annual lease escalation fees. Spending on *operating leases* as a proportion of *goods and services* has averaged 8 per cent of the total *goods and services* budget during the period 2013/14 to 2020/21. It is the second largest spending driver under *goods and services* after *fleet services*. Given that the department's lease portfolio comprises 2138 structures or buildings, this implies that the average spend per leased building in 2020/21 was R686 514.

Analysis of quarterly spending trends on operating leases

Figure 7. March Spikes

- Figure 7 shows that spending on operating leases tends to increase in the fourth quarter of every financial year relative to other months suggesting a 'March spike'. Previous discussions with the SAPS on the reasons for this 'March spike' suggest that the delayed issuing of invoices by the DPWI pertaining to operating leases has a negative impact on the department's ability to spend its budget in line with its spending projections.
- SAPS must work together with the DPWI to improve lease cost efficiencies and the timeous processing of invoices to facilitate settlement of payments within 30 days.

done as part of the NT training exercise on the
ssion purposes. Furthermore, there were some
nformation, and its correctness could not be



Source: *SAPS Data*

Spending comparison with the Department of Defence

As part of the review, the National Treasury undertook a benchmarking exercise comparing space utilisation and occupation by the DoD with that of the SAPS for selected buildings. Table 6 outlines a summary of the findings from the comparative analysis undertaken in this regard.

Table 6: Operating Leases – SAPS vs DoD

Department of Defence					South African Police Service				
Property name	Area per m2 leased	Rent per m2	Escalation rate	Rent per year	Property name	Area per m2 leased	Rent per m2	Escalation ra	Rent per year
KOLOT	4 336	154	6.5%	8 021 583	Veritas Building 275 VOLKSTEM	8 272	169	8.0%	16 817 307
POYNTONS BUILDING	24 621	141	5.5%	41 543 998	540 PRETORIUS STREET	6 451	121	6.0%	12 126 817
VECTOR AND LIW BUILDING	17 055	127	5.5%	25 966 110	SUNCARDIA BUILDING	5 758	138	8.0%	9 537 579

Table 6 compares the size and related spending of 3 buildings occupied by the SAPS with those of the DoD. The analysis conducted in the above regard shows that while the size or area in square metres of the Poyntons and Vector and LW buildings which are occupied by the DoD is bigger than that of 540 Pretorius Street and the Veritas building, the rental per square metre payable and the annual escalation rate is lower. As this was a desktop benchmarking analysis conducted, it may be necessary to do a physical inspection of the DoD buildings to better understand the type and grade of the buildings, location and other factors that could be the driving force behind the difference in the lease costs. This also presents an opportunity for lesson drawing should it be determined that the SAPS is actually being overcharged for the 3 leased buildings under review.

Key findings to note from the 2020/21 spending review pertaining to the expenditure analysis on operating leases

i. More than 50 per cent of private leases within the department have an escalation rate that is between 5 – 8 percent. This is above the market rate of 3%;

ii. In terms of office accommodation costs per province, the lower the rent paid per year, the higher the escalation rate per year. The inverse is true whereby, the lower the escalation rate, the higher the average rent per m^2 per year;

iii. There is scope for shared services between SAPS and DoD. According to data received from the two departments, DoD has 2 shooting ranges for which it incurs R446 000 rental per year, while SAPS has 11 shooting ranges for which it incurs R16.3 million per year. A similar observation was noted under the accommodation type - living quarters whereby DoD is leasing 5 living quarters situated in Eastern Cape, while SAPS is leasing 9 living quarters in the same province. For the 5 leased living quarters, DoD incurs R117 000 per year, while SAPS incurs R639 000 per year for the 9 leased living quarters;

iv. The department currently has 18 leased buildings that are underutilised and these were mainly in Gauteng (9 buildings) and Head Office (2 buildings). The same regions also have buildings that are overutilised;

When considering the findings from the recent spending review relative to those of the 2020/21 review, they are consistent. The 2020/21 review noted that at least 18 buildings in the SAPS were underutilised, the majority of which (11) are located in Gauteng. This assertion is consistent with the finding in the recent review which noted that 2 of the 3 buildings under review were significantly underutilised. Interestingly, neither the Veritas nor the Suncardia buildings are classified as underutilised according to the department's assessment of the buildings. The 2020/21 review also noted that there were buildings in Gauteng and other provinces that are overutilised which is also consistent with the findings of the recent review. The 540 Pretorius Street building was noted to be overutilised in both the National Treasury's and the SAPS' assessments.

Lastly, a benchmarking exercise with the DoD further indicated that for the selected buildings under review, the lease costs payable by the DoD were lower than those payable by SAPS for buildings in the same or nearby location within the same province. Both reviews further impress the need for a more detailed comparative study and benchmarking in relation to operating lease costs across the two departments and perhaps even across other national departments to assess efficiencies. Furthermore, a more comprehensive analysis of space utilisation across all SAPS buildings to assess compliance with the Space Guidelines is necessary given the extent of underutilisation already identified in the spending reviews conducted thus far.

▪ ICT Personnel and Expenditure Analysis

Personnel Analysis

The SAPS TMS division is among the biggest in government. At the end of the 2020/21 financial year, 879 ICT employees were recorded in the division. The ICT headcount in SAPS increased from 577 in 2016/17 to 879 in 2020/21 which represents an average annual growth rate 12.2 per cent. Increased personnel numbers are mainly due to the reclassification of provincial competencies into national competencies. In the main, the Radio Technical services function in provinces became a national competency from the 2017/18 financial year. This entailed the transfer of officials from provinces to the TMS division. As such, spending on *compensation of employees* increased from R232.9 million in 2016/17 to R417.5 million in 2020/21, which represents an average annual growth rate of 16.3 per cent.

Relative to other departments sampled in the review, the ICT spending and the number of personnel in SAPS are significantly high (refer to table 7 below). The basis of comparison with these departments was limited by the availability of information as not all the departments that were requested to submit the required information did so.

Table 7. ICT personnel and spending trends

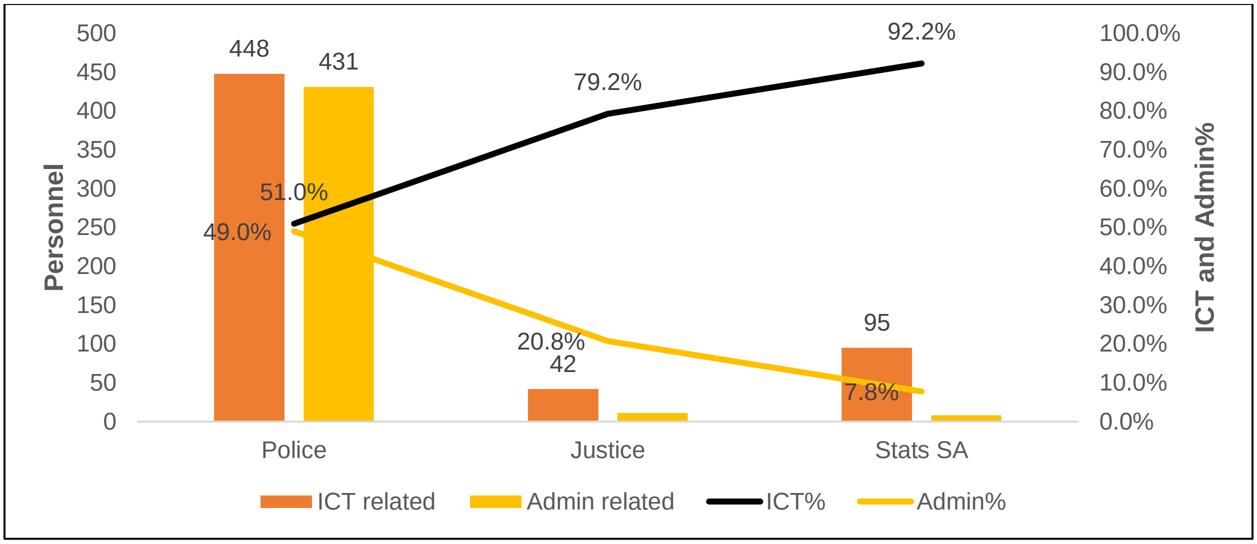
Department	2016/17	2017/18	2018/19	2019/20	2020/21	Average annual growth rate
Police						
ICT Headcount	577	955	947	916	879	**12.2%**
Compensation of employees (R'000)	*232 912*	*380 864*	*409 513*	*426 232*	*417 506*	***16.3%***
Justice						
ICT Headcount	82	71	56	60	53	**-7.5%**
Compensation of employees (R'000)	*53 144*	*49 243*	*41 522*	*47 937*	*43 563*	*-2.5%*
Stats SA						
ICT Headcount	113	107	103	102	103	**-2.5%**
Compensation of employees (R'000)	*68 784*	*70 255*	*72 977*	*75 839*	*73 514*	*2.5%*

Source: *SAPS, DoJCD and Stats SA*

- Between 2016/17 and 2020/21, the ICT headcount and personnel spending in SAPS reflect average annual growth rates of 12.2 per cent and 16.3 per cent, respectively.
- On the contrary, the DoJCD recorded a decline in ICT personnel numbers from 82 in 2016/17 to 53 in 2020/21. This represents an annual average decrease of 7.5 per cent.
- Similarly, Stats SA recorded a decline in ICT personnel numbers from 113 in 2016/17 to 103 in 2020/21. This represents an annual average decrease of 2.5 per cent. However, unlike SAPS and DoJCD, ICT personnel in Stats SA has remained relatively stable over the past three financial years.
- ICT personnel losses across departments are mainly due to baseline reductions implemented on *compensation of employees* and natural attrition.

Figure 8 below presents the composition of ICT personnel in SAPS, DoJCD and Stats SA at the end of the 2020/21 financial year.

Figure 8. Composition of ICT personnel at the end of 2020/21



Source: *SAPS, Justice and Stats SA*

SAPS

- The review has found that the TMS division in the department is both labour and administrative intensive.
- Among the three departments presented in figure 5, SAPS has the highest number of ICT administrative related posts. Out of the 879 ICT employees, 431 (49%) were in administration positions such as *security personnel and food service aid* (66); *cleaners and general workers* (57); and *administrative personnel and clerks* (308). Core ICT staff were 448 (51%) and mainly include personnel in categories such as *Warrant Officers / Chief administrative personnel* (112); *Captains* (147); *Lieutenant Colonel / Support to System managers* (103); *Colonel / System Managers / Provincial managers* (65); *Senior management - Brigadier at National and provinces* (18); and *Senior management - Major Generals at National* (3).
- At the end of 2020/21, ICT personnel spending amounted to R417.5 million which represents 11.8 per cent of the total ICT spending of R3.5 billion.
- The occupation classification of ICT personnel in SAPS needs to be improved as it was not possible to determine the proportion staff in roles such as ICT project managers, testers, system or application managers, business analysts etc. This is important and will assist in terms of ICT skills audit in the department.
- Spending per salary level was not provided by SAPS and as such, it is difficult to determine the unit costs and compare with other departments.

DoJCD

- The DoJCD has a significantly smaller ICT division when compared to that of SAPS and Stats SA. At the end of 2020/21, there were 53 ICT employees in the division.

- ICT administrative staff constitute 20.8% of the total ICT staff. The administrative positions are mainly for *clerks and secretaries* (10). Core ICT staff were 42 (79.2%) mainly for positions such as *project managers, testers, systems managers, business analysts (23); ICT governance* (5); and senior management positions for *ICT strategy* (9).
- At the end of 2020/21, ICT personnel spending amounted to R43.6 million which represents 5.6 per cent of the total ICT spending of R773.8 million.

Stats SA

- Stats SA recorded 103 ICT employees at the end of the 2020/21 financial year. About 8 (7.8%) posts were for admin related positions such as *clerks, administrative staff, and personal assistants* (8). The remaining 95 (92.2%) positions were for ICT core staff such *as IT Technicians and system administrators* (34); *Systems Analysts, Developers, End User Specialists* (24); *Directors: networks, servers, web development, architecture* (14); and *Principal Systems Analysts, Developers, and Database Administrators* (15).
- At the end of 2020/21, ICT personnel spending amounted to R73.5 million which represents 34.6 per cent of the total ICT spending of R212.6 million.
- The review has found that Stats SA is among the departments which develops several ICT systems in-house. No SLA costs are incurred for these systems as the system configuration and maintenance is done by ICT staff. These include systems such as ***Central Metadata Repository*** which is utilised to manage the standards of metadata from a central location. The department also has ***Business Register*** which is a system used to register and manage the list of businesses and their business related information*.* Other systems include the ***Learner Management System*** which is used to manage the training of field workers, supervisors and other stakeholders in preparation for the surveys. The department also has a ***Field Verification System*** which is used for verification by field workers during data collection and related field work.
- Stats SA is a best practice department which others may learn from. Relative to other departments, approximately 35 per cent of ICT costs in the department are incurred internally with the remaining 65 per cent incurred externally. In SAPS, only 11.8 per cent of its ICT costs are incurred internally. The DoJCD also only incurs 5.6 per cent of ICT costs internally.

Expenditure Analysis on ICT Systems

The review analysed spending related to several ICT systems in the department. Table 8 below presents selected systems which the department incurs annual SLA costs for. The National Treasury has assessed the activities and description of each system. SLA costs for most of the systems reflect a downward trend between 2016/17 and 2020/21 due to less configuration and users of the systems. It is therefore not clear why the department is not developing alternative systems in-house to save on costs.

Table 8. Annual SLA costs for SAPS selected systems

R'000	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	Average spending	Average Annual Growth
Provisioning Administration System	11 063	12 822	12 423	13 353	13 460	12 624	5.03%

DISCLAIMER:

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Furthermore, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

INTENDA	3 151	1 553	4 105	4 505	2 113	3 085	-9.51%
Circulation System	5 544	4 598	4 634	3 962	4 097	4 567	-7.28%
Registration System	3 355	3 427	3 457	2 980	2 532	3 150	-6.79%
E-Tel System	5 627	5 475	4 000	4 655	4 887	4 929	-3.46%
Second-Hand Goods Control System	3 347	3 006	1 134	-	-	2 496	0.00%
Total	**32 087**	**30 881**	**29 753**	**29 455**	**27 089**	**29 853**	**-4.14%**

Source: *SAPS*

- **Provisioning Administration System:** is a supply chain management system for the sourcing, accounting, maintenance, management, and disposal of state property. It is an asset management system of the department.
- **INTENDA:** is an E Procurement system for Bids and Tenders of the department.
- **Circulation system:** is a system for the management (capturing and cancellation) of circulated wanted and missing persons, stolen vehicles, stolen goods, and stolen livestock. It also provides for vehicle ownership enquiries.
- **Registration system:** is a paper trail and computerized file indexing system used to manage and index correspondence received by or produced by SAPS, with comprehensive file management functionality and reports. The system also captures the registration, transfer, and withdrawal of all official files, and registration of all correspondence files.
- **E-Telephone System:** is a unified telecommunication system (voice over internet) which is a more cost effective option than utilising landline services.
- **Second-Hand Goods Control System** (SHGCS): is used for the administration and processing of all applications for licensing purposes, that relates to doing business on second-hand goods in terms of the Second-Hand Goods legislation (Act 6 of 2009). This relates mainly to licensing of Pawn Brokers, General Second-Hand Goods Dealers, Scrapyard owners and Recyclers).

Over the past five financial years, the SLA costs for the Circulation System, Registration System and E-Tel System declined by annual average rates of 7.3 per cent, 6.8 per cent and 3.46 per cent, respectively. This is due to less technical configurations and enhancements done on the systems. As presented in table 10 above, approximately R30 million can be saved per year if the department can develop these systems in-house.

Summary of Findings

▪ Application of Space Guidelines in 3 Leased SAPS Buildings

The focus of the spending review on SAPS accommodation was to assess compliance with the Space Guidelines for Government Buildings issued by DPWI in 2009 in the department, specifically looking at application in 3 leased SAPS building namely the Veritas, 540 Pretorius Street and Suncardia buildings.

The DPWI Space Guidelines outline specific requirements for space utilisation in government and sets out the minimum workspace area in square meters per employee, based on the work functions they perform. In terms of the guidelines, the average workspace area per FTE, which is the total workspace area divided by the number of FTEs, should not exceed $12m^2$. Core space for office accommodation should be between 50 – 80 per cent of the total workspace area while structural space should be 10 percent of a building's gross area, thus meaning that gross area times by 10% = workspace area. Table 9 shows the number of employees located in each of the buildings under review and categorises the personnel in terms of the functions outlined in the guidelines to determine what the space utilisation requirements for each of the buildings are.

Table 9. Personnel Categorisation per occupational function

Functions	Criteria used for classifications	Veritas Building 275 VOLKSTEM	540 Pretorius Street	Suncardia Building
Administration	Between levels 2 - 6, excluding cleaners & security officers	237	251	22
Technical and Management	Between levels 7 - 12	79	194	36
Senior Management	Between levels 13 - 14	4	11	1
Executive management	Political officer bearers, Director General, National Commissioner	0	0	0
Cleaner	Cleaner	8	13	2
Security Officer	Security Officer	4	7	1
Messenger	Messenger		1	
Unknown functions		2		3
Total number of employees/users		**334**	**477**	**65**

The workspace area requirements per function as noted in annexure A of the Space Guidelines were applied to calculate and assess whether space utilisation in the 3 SAPS leased buildings under review was efficient or inefficient. Tables 10, 11 and 12 below summarise the findings from the calculations undertaken in this regard. It should be noted that while the Space Guidelines provide a range in terms of what the minimum and maximum space utilisation in m^2 should be for specific categories of employees, the maximum range is what was used in the review for purposes of calculating space utilisation across all 3 buildings to provide a buffer in the event that there are errors in the categorisation of some employees. Though an attempt was made to be as accurate as possible in the calculations, it should be noted that the calculations used in the analysis do not represent a 100 per cent scientific approach for assessing space utilisation in these buildings as some element of judgement on the applicability of the available data had to be applied, specifically in relation to the categorisation of employees in each of the buildings.

Veritas Building

Table 10 – Space Utilisation in the Veritas Building

Functions	Total number of employees per function	Space guideline:Highest	Total space needs
Administration	237	8	1 896
Technical and Management	79	16	1 264
Senior Management	4	20	80
Executive management	0	25	-
Cleaner	8	0	-
Security Officer	4	0	-
Total Space Need based on staff profile			3 240
Total building space			8 272
Core space should be between 60 -80%			**6 617.60**
Remaining space using the core space			3 377.60

The above analysis of space utilisation in the Veritas building suggests that the building is underutilised. More specifically, based on the categorisation of staff, the department needs total office or working space of 3240 m^2 in the Veritas building but currently occupies total building space of 8272 m^2. In terms of the guidelines, core space should be between 60-80% of total building space, which, in the case of the Veritas building, would be 6617.60 m^2. Accordingly, this translates into underutilisation of 3377.60 m^2 in office space in the Veritas building.

In the National Treasury's discussions with the department on the above findings through the bi-monthly meetings, the SAPS noted that according to its own assessment, the Veritas building is infact overutilised. As no substantive evidence of the overutilisation was provided during the meetings held in this regard, it was proposed that the National Treasury should undertake a site visit to the Veritas building to physically inspect whether the building was infact under or over utilised. The site visit took place on 12 October 2021 and the detailed findings thereof are indicated in the next section.

Notwithstanding the above, it must be noted that since the categorisation of employees as part of the spending review assessment was a manual exercise undertaken by the National Treasury on the basis of available information, it is possible that there may be some errors on how the employees were categorized in terms of the different functional areas. However, this risk was minimized through the use of the maximum (and not the minimum) space requirements for each workspace area based on the function or categorisation of the employees.

540 Pretorius Street

Table 11 – Space Utilisation in the 540 Pretorius Street Building

Functions	Total number of employees per function	Space guideline:Highest	Total space needs
Administration	251	8	2 008
Technical & Management	194	16	3 104
Senior Management	11	20	220
Executive management	0	25	-
Cleaner	13	0	-
Security Officer	7	0	-
Messenger	1	0	-
Total Space Need based on staff profile			5 332
Total building space			6 451
Core space should be between 60 -80%			**5 160.80**
Remaining space using the core space			- 171

The above analysis of space utilisation in the 540 Pretorius Street building suggests that the building is overutilised. More specifically, based on the categorisation of staff, the department needs total office or working space of 5332 m^2 in this building but currently occupies total building space of 6451 m^2. In terms of the guidelines, core space should be between 60-80% of total building space which in the case of the Pretorius building would be 5160.80 m^2. Accordingly, this translates into overutilisation of 171 m^2 in office space in the 540 Pretorius Street building. The department confirmed that this finding on overutilisation of the building was in line with its own assessment.

Suncardia

Table 12 – Space Utilisation in the Suncardia Building

Functions	Total number of employees per function	Space guideline: Highest	Total space needs
Administration	22	8	176
Technical and Management	36	16	576
Senior Management	1	20	20
Executive management	0	25	0
Cleaner	2	0	0
Security Officer	1	0	0
Total Space Need based on staff profile			772
Total building space			5758
Core space should be between 60 -80%			4606.4
Remaining space using the core space			3834.4

The above analysis of space utilisation in the Suncardia building suggests that the building is underutilised. More specifically, based on the categorisation of staff, the department needs total office or working space of 772 m^2 in the building but currently occupies total building space of 5758 m^2. In terms of the guidelines, core space should be between 60-80% of total building space which, in the case of the Suncardia building, would be 4606.4 m^2. Accordingly, this translates into underutilisation of 3834.4 m^2 in office space in the Suncardia building. As with the Veritas building, the department noted that its own assessment of the building suggested that it was overutilised and not underutilised.

▪ Management and Utilisation of ICT Systems

With regard to the management and utilisation of ICT systems, the review identified the following key findings:

- There is unclear monitoring of data and system utilisation by the TMS division – the division does not have access to user/client data from certain SAPS divisions thereby making it difficult to assess relevancy of systems to client needs;
- The operational resilience and functionality of certain SAPS ICT systems remain unaddressed from the recommendations noted in the 2020/21 spending review;
- There is limited business continuity – the department's systems are not designed/structured to continue functioning during crises such as the COVID-19 pandemic;
- There were record management gaps identified in the review. The National Treasury requested signed service level agreements (SLAs) between SAPS and SITA. These SLAs were not readily available and the department had to request them from SITA. In addition, the SLA data provided was in excel and PowerPoint presentations and not presented in an official/signed document format. This also raised a quality control issue as the information provided may be incomplete, manipulated and/or not aligned with SLAs.
- The record management for ICT systems needs to be addressed given that the department incurs an average of R1.4 billion per year on SITA services. This represents 7.2 per cent of the department's non-CoE annual average spending (R19.4 billion).
- Poor ICT management in the SAPS is also reflected by its late payments to SITA and there were concerns raised by SITA regarding poor engagement with the department. Data from SITA provided during the review shows that for several years, SAPS submits its orders late and as such, SITA does not bill the department on time. For instance, during the 2017/18 and 2018/19 financial years, the bulk of the invoices (total of R3.1 billion for both years) were processed in the last quarter. This represents poor spending and lack of efficient management of ICT services. Moreover, in the current financial year (2021/22), SITA indicated to the National Treasury that the SAPS had not engaged the entity regarding procurement for the next financial year and there were limited SLA engagements which are supposed to be done on a quarterly basis. As such, the effective and efficient management of the ICT environment is limited when stakeholder and project management is not thoroughly done. The department must accordingly address its stakeholder engagements with SITA and also improve its procurement processes.

Site Visits – SAPS Veritas and Telkom Towers Buildings (Accommodation); Technology Management Services Division (ICT)

The National Treasury conducted site visits to the SAPS Veritas and Telkom Towers Buildings as part of the accommodation spending review, and to the Technology Management Services Division as part of the ICT spending review. The site visits were conducted to solicit further information from the department pertaining to the reviews, and to conduct physical inspection of selected accommodation and systems to verify the preliminary findings noted in the reviews. This section summarises key observations from the site visits.

▪ Site Visits to the Veritas and Telkom Towers Buildings

A site visit to the SAPS Veritas and Telkom Towers buildings was conducted on 12 October 2021. The purpose of the site visit was to inspect the Veritas building in order to assess the accuracy of the spending review finding that the building was underutilised and to solicit further inputs from the department on challenges pertaining to effective management and utilisation of the building.

The National Treasury delegation was led by Ms Nompumelelo Radebe, Director: Police and IPID, and included Mr Velisubuhle Buti, Mr Sesethu Mazoza and Ms Tshepho Kanyane. The National Treasury team was hosted by General CT Sithole and Brigadier S Tembani from the SAPS Facilities Management division. Discussions were also held with various Managers in the Central Firearms Registrar to better understand the accommodation-related challenges faced by members of staff and different units and their impact on the operational effectiveness of the units.

During the site visit, the SAPS reported that a management decision had been taken that all employees in the Veritas building were to vacate the premises effective from 31 October 2021 as they will be relocated to the Annex building of the Telkom Towers precinct which the department reported that it had been finalised and was ready for occupation. As a result, the National Treasury and the SAPS collectively agreed to extend the site visit to also include Telkom Towers on the same day such that it can assess the status of readiness for occupation of the Telkom Towers precinct, specifically the Annex and North Tower buildings, which were said to be ready for occupation by the department.

Key findings from the site visit can be summarised as follows:

Veritas Building

- Inspection of the Veritas building and the number of staff located in the building suggested that the building is not over occupied as there is sufficient space to house the employees located in the building.
- It was further noted that in order to fully maximize utilisation of the office space, some officials are required to share offices and in some cases, up to 4 officials are required to share office space.
- Managers are generally located in cellular offices most of which the space utilisation is above the requirements of the Space Guidelines for Government Buildings for the specific functions or position that these Managers occupy.
- Notwithstanding the above, the Veritas building has serious limitations in terms of space for purposes of filing. The functions of the Firearms Registrar, which include the processing of applications for firearm licenses and related amnesty applications, is paper-intensive but the building does not have sufficient storage or filing space to provide for this. As a result, a significant component of the applications received are ‘filed’ in the corridors of the building or offices thereby presenting an occupational health hazard and security risk. The overall condition of the building is also dilapidated.

- There is a need for the department to improve its filing system and automate some of the processes related to the processing of firearm licences and amnesty applications. The current system is largely manual with no proper filing system in place (the files in the corridors are grouped per province but not filed alphabetically or in a systematic manner that allows easy retrieval of files). Infact, some of the Managers and officials consulted during the site visit noted that in the worst case scenario, it can take up to 2 days to retrieve an application depending on the quantum of applications received for that specific province. Therefore, there is an urgent need to improve the filing system and processes relating to the processing of firearm or amnesty applications as the current way of working is ineffective and unsustainable.
- The department also noted that the Police Portfolio Committee had undertaken a site visit to the premises in May this year and had expressed great concern about the state of the Veritas building, in particular the condition of the building (which the National Treasury also noted that it was in poor condition) and the poor filing system. As a result, the portfolio committee had instructed the department to expedite the process of finding alternative office accommodation as the Veritas building was noted to be an occupational health hazard.
- It is for this reason that the SAPS has prioritised relocation of the staff in the Veritas buildings to the Annex building of the Telkom Towers precinct.

Telkom Towers

- The National Treasury's inspection of the Annex building of Telkom Towers suggested that while renovations in the building were largely finalised, the buildings was not yet 100 per cent ready for occupation given its current status in terms of cleanliness, broken equipment, painting that needs to be done and water leakages in some parts of the building. Given this, the National Treasury advised the department to either delay relocation of the staff from the Veritas building to the Annex building by a few weeks whilst the highlighted issues are resolved, or expedite renovations that are still required in the building to make it ready for occupation by 1 November 2021. Consultation with the DPWI on the outstanding renovations is also very key.
- Inspection of the North Tower building suggested that it was ready for occupation and it was encouraging to note that planning for occupation of the building by relevant SAPS units was at an advanced stage.

Summary

- Overall, the site visit suggested that there was a need to apply change management principles in managing the relocation process in the department, specifically for staff in the Veritas building. Some of the officials indicated that they were finding out for the first time about the instruction to vacate the premises at the end of October as there was no formal communication from management in this regard. They further noted that given the protracted nature of SCM processes that must be followed to facilitate their relocation to Telkom Towers, these would not be finalised in time to move on 31 October 2021. Facilities Management on the other hand indicated that the lease contract with the landlord had been terminated and that there was a management instruction for the staff to vacate the premises on 31 October failing which the expenditure incurred for continued leasing of the Veritas building would constitute fruitless and wasteful expenditure

- The National Treasury advised that the SAPS management should properly manage the change management related aspects of the planned relocation to Telkom Towers and ensure that employees concerns and inputs are considered in their decision making processes to facilitate a smooth process of change and transition into the new premises.

Site Visit to the TMS Division

This section provides a high level overview of observations by the National Treasury from the site visit conducted at the TMS offices in Pretoria on 5 October 2021. It is important to emphasise that the observations provided are based on the systems that were reviewed by the National Treasury and as such, the findings and recommendations cannot be generalised to be applicable for all the systems of SAPS.

Table 13. Summary of key observations and recommendations

Key Result Area	Observations	Recommendation
Monitoring data and system utilisation in the department	• The monitoring of data and system utilisation by TMS is not clear. The division does not have access to user/client data from SAPS divisions. • This makes it difficult to assess whether the division is equipped to effectively monitor how SAPS divisions utilise their systems.	• TMS must develop ICT performance metrics/KPIs for all ICT systems. • Activity costing and ranking must be implemented to assess how divisions utilise the systems.
Contract and supply chain management	• There is a governance risk on certain systems in the department. For instance, the department indicated the licence fees for the Global Emergency Mobile Communications, Command and Control System (GEMC3)/MDS are being paid on a month-to-month basis since 2014. • The tender processes for the Automatic Vehicle Location (AVL) system must also be finalised to avoid adverse impact on service delivery. • Given the experiences of SAPS with other service providers i.e., legal disputes on ICT systems used in forensic services, contract	• SAPS must consult the National Treasury's Office of the Chief Procurement Officer (OCPO) to assess the feasibility and cost-effectiveness of the RT46 transversal contract for fleet management.

Key Result Area	Observations	Recommendation
	management must be improved and corrective action must be implemented to avoid recurrence.	
Business Systems and Applications • OPAM	• The OPAM system has several interesting functionalities such as capturing police force levels; actions executed; success stories; and logistics across the department's main divisions and police stations. • However, it is not clear whether this system is effectively used at police station level. The verification of data captured on the system is also not clearly specified. • The system has a potential of being utilised for performance management in the department which in turn may improve operational efficiencies.	• Review effectiveness and utilisation of the system. If the system is not effectively utilised and not of value to the department, it must be replaced to save on costs.
Global Emergency Mobile Communications, Command and Control System (GEMC3)/MDS	• The presentation made by SAPS clearly demonstrated the purpose and value of the GEMC3 system. • However, the functionality of the system was not demonstrated due to technical challenges. The integration with the AVL could not be demonstrated. • There is scope for reviewing staff composition at 10111 Command Centers. SAPS indicated big centres have a call taker; dispatcher; and administrator whilst smaller centres have one official performing all the functions.	• The department must consider using smart technology (i.e. menu/chat box) and review the operating model of its 10111 Command Centres.

Key Result Area	Observations	Recommendation
	• In order to improve efficiencies, the department must consider using smart technology and review the operating model of the Command Centres. This may yield savings and improve efficiency.	
Management Information System and Efficiency Index System	• The department clearly demonstrated the usefulness and value of the MIS and EIS systems. • Both systems contain useful data in line with the department's service delivery and operational functions. • The main challenge is to assess whether the data is being used by the department in terms of resource allocation and decision making. • Some provinces such as the Eastern Cape have more EIS users than other provinces. A follow up session will be useful to discuss the extent in which the system is utilised and for clarification of the variation of users.	• The National Treasury to host a follow up session with the SAPS system users in different divisions to discuss how the MIS and EIS are utilised for performance management, improving service delivery and in decision making.
My SAPS Mobile Application	• SAPS presented the MySAPS App and outlined its functionalities. • It was clear that the App is not yet fully fledged and certain modules are still being developed. • A major weakness identified during the site visit is the fact that owners of the Application I.e. Detective Services limits access to the system. • As such, TMS is unable to demonstrate whether the App is effective or not. The department could also not quantify the crime related	• The department must develop less complex ICT Applications such as MySAPS internally to save on costs.

DISCLAIMER:

Key Result Area	Observations	Recommendation
	information reported through the App. • The App does not have complex functionalities as it mainly caters for crime related Tip Offs; Unstructured Supplementary Service Data (USSD); nearest police station information; linkages to SAPS social media accounts etc. • It is not clear whether value for money is achieved given that SAPS paid R7.2 million for the development of the App. • The funds paid by SAPS for the MySAPS App are significantly high when compared with the costs incurred by the Private Security Regulatory Authority (PSIRA) on its Business App. An initiation fee of R15 552 was paid by the Authority in 2018/19 when the App was installed. Subsequently, the Authority incurs only R10 000 per year in licence fees for the App. At the end of 2020/21, the volume of data entries was over 7 million with 557 829 users. • On the contrary, the department indicated MySAPS App only had over 112 000 downloads during September 2021.	

Recommendations and Savings

This section presents a summary of recommendations and proposed savings from the spending reviews conducted on SAPS accommodation and ICT management. It further provides action steps that will be required by the department for implementation purposes. The savings and benefits of implementing the recommendations will largely be realised over the 2023 MTEF, with partial savings realised in the 2022/23 financial year (where applicable).

Given that the management of both accommodation and ICT in SAPS have a dependency on external role players such as DPWI and SITA, consultation with these departments is necessary to facilitate the implementation of some of the recommendations. It must be noted that the National Treasury convened and facilitated a meeting with SITA's management to present the

ICT related findings involving (or affecting) SITA of the spending review. The presentation was well received by SITA's management and where relevant, further clarity and information was also provided to strengthen some of the recommendations. SITA further committed to working with the SAPS on how best to action some of the proposed recommendations.

Moreover, SAPS has also indicated that it is currently conducting its own ICT review and there are processes already underway such as the migration of data from the 'legacy systems' into newer/latest forms of technology. It is however not clear whether the review by the department will result in the realization of cost savings. The department has also indicated that it is currently reviewing the job descriptions of its TMS personnel to capacitate and improve operational efficiencies.

Savings and Recommendations for More Efficient Utilisation of Accommodation

Table 14. Possible Savings

BUILDING	UNDER/(OVER) UTILISATION	RENT PER M2	EXCESS MONTHLY SPENDING/(COST PRESSURE)	ANNUAL SAVINGS/(PRESSURE)
VERITAS	3377.60	169	R570 814	R6.8 million
540 PRETORIUS	(171)	121	(R20 691)	(R248 292)
SUNCARDIA	3834.4	138	R529 147	R6.3 million

Table 14 shows the excess spending that the department is incurring on a monthly and annual basis due to underutilisation of the Veritas and Suncardia buildings. The department is essentially paying higher rental for office space that is not being fully utilised and/or optimised. The excess spending amounts to R13.1 million annually which could translate into a saving for the department if the excess space was to be sublet to another State entity. As noted in the previous section, the department has indicated that it has terminated its lease contract for the Veritas building and is in the process of relocating staff to the Annex building of Telkom Towers. This implies that a significant portion of the current annual lease costs for the Veritas building amounting to R16.8 million will be a saving as the staff are being relocated to a state-owned building. The only costs to be borne by the department henceforth will be in relation to property payments and maintenance of the building. The estimated costs in this regard were not yet known at the time of the review as these are payable by the DPWI.

With respect to the Suncardia building, the department could ensure that the office space is fully utilised by moving staff from its buildings that are currently overutilised such as 540 Pretorius Street to fill up capacity in this building. Ultimately, the review findings suggest that there is scope for the department to more efficiently utilise its office space through application of the Space Guidelines for Government Buildings. This is not only in regard to the Suncardia building but across its entire accommodation portfolio, mainly focusing on state-owned properties as the department, in consultation with DPWI, has full authority to make changes to these buildings. For privately leased properties, making changes to buildings currently under lease such as Suncardia could prove to be more costly as the changes would have to be done in consultation with the landlord. Such changes could also lead to an upward review of the lease costs by the landlord given that the building is being customized to occupy more people than currently in place. Notwithstanding this, the department must ensure stringent application of the Space Guidelines for all new privately leased buildings prior to finalisation of the lease contracts.

The context of the spending review was therefore not for the department to consequently apply the review findings to the 3 buildings under review. Rather, the intention was to demonstrate that there is scope for the department to achieve greater efficiency and cost savings across its accommodation portfolio through more rigorous application of the Space Guidelines. It is for this reason that the review recommends that a similar analysis be conducted by the department across its entire state-owned accommodation portfolio, starting with Telkom Towers as one of the department's more recent accommodation acquisitions.

Project-based Budgeting

As noted in the introduction to the report, a component of the spending review on SAPS was to also assist the department to implement one of the key findings from the 2020/21 spending review in relation to project-based budgeting. The review had noted that given persistent slow spending on the capital works programme and the under achievement of performance targets over the past 5 years, there is a need to review the current model for the allocation of infrastructure funding to SAPS. Accordingly, the SAPS was requested to complete a template compiled by the National Treasury breaking down the CWP Budget per project. The template also required the SAPS to quantify the infrastructure projects planned to be undertaken over the 2022 MTEF period and beyond for each stage of the project cycle at activity level and indicate the projected cost per activity (this is consistent with the ZBB approach). To date, no such information has been submitted despite numerous follow-ups with the department. This information was also meant to feed into the SAPS 2022 MTEF allocation letter.

Table 15. Infrastructure Projects and related spending for SAPS

No.	Project ID code	Province	Town	GPS Coordinates	New/Old project	Devolved or non-devolved	Project timeframes		Project actual/estimated costs							
							Start date (Day/Month/Year)	Start date (Day/Month/Year)	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030
1																
2																
3																
4																
5																
6																
7																
8																
9																
10																
11																
12																
13																
14																
15																
16																
17																
18																
19																
20																
Total									0	0	0	0	0	0	0	0

Proposed way forward for the implementation of project-based budgeting:

Indications from the DPWI suggest that there will be further delays in the submission of the requested information and there is no firm commitment to submit the requested information. The SAPS was previously requested to submit information relating to projects managed by the department as this is within its control but that information is also not forth coming. Given these delays, government cannot continue to allocate a 'blank cheque' of R800 million+ to the SAPS without the requested detail on projects to be undertaken. Accordingly, the National Treasury will with effect from 2022/23, set conditions in the SAPS MTEF allocation letter with respect to utilisation of the funds allocated for the CWP. If the conditions are not met, this will imply that no spending can occur against the allocated funds.

▪ Savings and Recommendations for more efficient utilisation and management of ICT and related systems

Table 16. Recommendations and Savings

Recommendation	Potential saving	Action steps	MTEF Total (3 years)	Period of implementation
1. Given the several administrative posts and labour intensive finding on the SAPS TMS division, the department needs to conduct an organisational restructuring with the aim of rationalising and performing ICT skills audit	An average of R373.4 million is incurred annually on TMS personnel.	• Perform skills audit • Reduce administrative positions • Capacitate and train staff to perform ICT development and maintenance functions	To be determined by outcome of TMS Review	2021/22 and 2022/23 financial year
2. Develop less complex ICT Applications such as MySAPS internally	R6 million per year	• Consult other public institutions such as Stats SA and PSIRA who have developed Applications in-house	R18 million	2021/22 and 2022/23 financial year
3. Review effectiveness and utilisation of systems such as OPAM	R2.5 million	• Review effectiveness and utilisation of the OPAM system. If the system is not effectively utilised and not of value to the department, the system must be replaced.	R7.5 million	2021/22 and 2022/23 financial year
4. Developing the following systems in-house: Provisioning Administration System INTENDA Circulation System Registration System E-Tel System Second-Hand Goods Control System	R30 million per year OR Approximately R25 million Appointing 6x software developers at Stats SA rates of R746 000 (SR11) and (R892 000) will cost R746 000= R4.5 million per year R892 000 x 6= R5.4 million	• Consult other public institutions such as Stats SA and PSIRA who have developed Applications in-house • Request Stats SA to second its software developers to assist SAPS in developing alternative systems	R90 million/R75 million	Over the 2022 MTEF

DISCLAIMER:

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Furthermore, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

Recommendation	Potential saving	Action steps	MTEF Total (3 years)	Period of implementation
Total	**R38.5 million**		**R115.5 million**	

Conclusion

The 2021/22 spending reviews on the SAPS narrowed the focus from the 2020/21 reviews to be on the management and utilisation of office space in 3 leased SAPS buildings in Pretoria, as well as on selected ICT systems managed by the TMS division in the SAPS. In a nutshell, the review findings suggest that (i) there is scope for more efficient utilisation of office accommodation in the SAPS and the department should conduct a more detailed analysis on space utilisation across its entire state-owned accommodation portfolio; (ii) there are still many ‘grey’ areas in relation to infrastructure planning, budgeting, M&E, reporting and accountability in both the SAPS and DPWI; (iii) government may need to examine inefficiencies emanating from the centralisation of accommodation and infrastructure management to the DPWI and ICT services to the SITA; (iv) there is poor contract management (incl. SLAs) and ineffective management of procurement systems for accommodation, infrastructure projects and ICT; and (v) there is a need for the SAPS to enhance its in-house project management and IT technical capacity to be able to develop some of its systems in-house as it is cheaper to do so.