**MEDIA STATEMENT**  
   
**HEALTH COMMITTEE BRIEFED ON DEPARTMENT’S AUDIT OUTCOMES**  
   
**Parliament, Thursday, 11 November 2021 –** The Portfolio Committee on Health heard from the Auditor-General (AG) of South Africa that the national Department of Health’s overall outcomes improved slightly in comparison with the previous year, with one audit (Office of Health Standards Compliance [OHSC]) moving from unqualified with findings to unqualified with no findings. The AG was briefing the committee on the audit outcomes for the 2020/21 financial year for the national department and its entities.   
   
The Medical Research Council (MRC) maintained its “unqualified with no findings on performance reporting and compliance with legislation” auditing outcome. The control environment at the South African Health Products Regulatory Authority improved significantly, resulting in no findings on performance reporting. The only matter remaining relates to the misstatements made in 2019/20, which were not corrected and which might have an impact on the current year’s amounts.  
   
The Mines and Works Compensation Fund’s (formerly CCOD) audit is outstanding, as a result of historical constraints, as the 2019/20 audit is still being finalised. Thereafter, the 2020/21 catch-up audit will commence. The entity’s management team plans to submit the 2021/22 financial statements within the legislated date.  
  
The Council for Medical Schemes (CMS), MRC and the OHSC submitted financial statements that are free from material misstatements. However, the AG noted that the quality of the Department of Health’s and National Health Laboratory Services’ (NHLS) financial statements require urgent attention. These auditees received an unqualified opinion due to adjustments made on material misstatements identified by the auditors. Controls relating to financial management and reporting need to be strengthened to ensure an improved outcome.  
   
Challenges with performance management persist at the department. Information requested was not provided timeously to allow for assessment by the auditors, which resulted in a limitation of scope. Material findings were identified at the CMS and OHSC. However, management was able to make the necessary adjustments to correct the material misstatements identified by the auditors, and therefore no material findings were reported.  
  
The Office of the AG informed the committee that it is concerned about the increase in non-compliance with supply chain management prescripts and regulations regarding contract management. This resulted in an increase in irregular expenditure in the portfolio. Some of these instances are repeat findings from the prior year.  
   
The AG said the root cause of this noncompliance is a lack of consequence management to ensure that action is taken against officials who do not comply with legislation and regulations. The overall status of the key risk areas affecting financial reporting and compliance is still concerning. This is evident from the repeat findings that were raised from the previous year.  
   
The committee expressed its concern about the clear lack of compliance and the disregard for legislation. The members questioned whether the powers of the AG, as per the amended legislation, are sufficient to improve consequence management. The committee was of the view that it needs more tangible efforts and recommendations from the AG to address the serious challenges faced by the department and its entities.  
  
The committee members agreed that consistent and more frequent engagements with the AG’s office is required to strengthen interaction and the committee’s accountability mechanisms to ensure that recommendations are implemented.  
   
**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE PORTFOLIO COMMITTEE ON HEALTH, DR KENNETH JACOBS.**  
   
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