



AUDITOR-GENERAL
SOUTH AFRICA



17 April 2018

Auditing to build public confidence

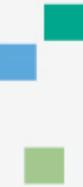
**Briefing to the Health Portfolio Committee on Health Portfolio Review of the
2018-19 Annual Performance Plans (APPs)**

Reputation promise

The Auditor-General of South Africa (AGSA) has a constitutional mandate and, as the supreme audit institution (SAI) of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence.



Purpose of the briefing and Index



To provide the Portfolio Committee (PC) with audit insights on the interim review of the Departments' and entity's draft annual performance plan (APP) in order to add value to oversight.

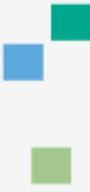
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AGSA Theme to improve audit outcomes

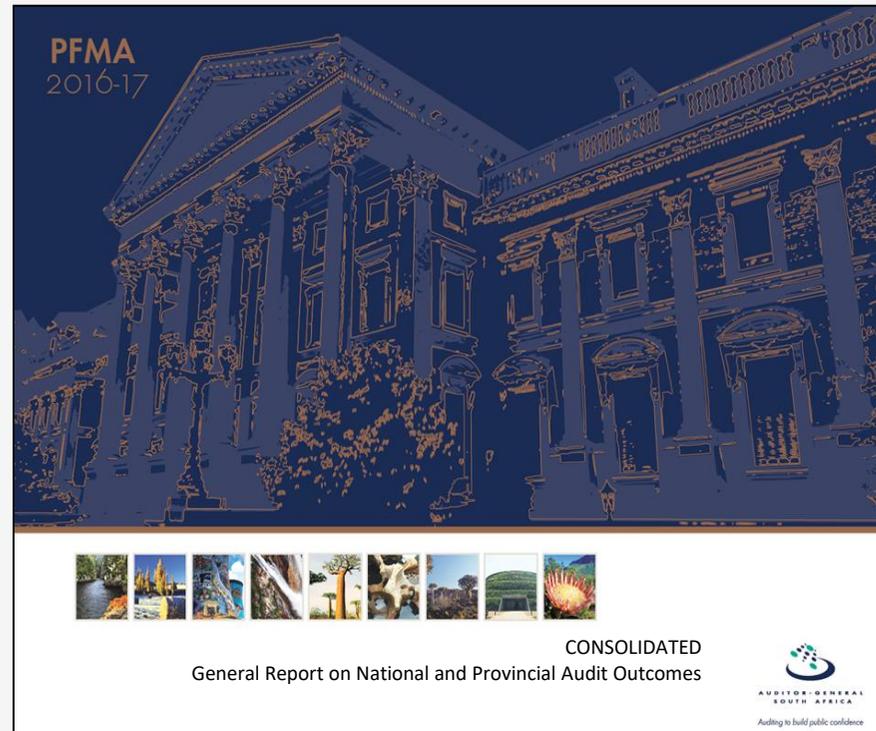


AGSA theme for the current year to improve outcomes





The role and importance of leadership in the public sector



Leadership is a key driver of good Internal Controls, which are key to ensuring that auditees deliver on their priorities in an effective, efficient and economical manner.

Good internal controls, which is the responsibility of leadership, will also ensure that quality financial statements and performance reports are produced, and applicable legislation is complied with – especially around procurement and contract management.



2

Annual Performance Plans (APPs) 2018/19 review of the portfolio

Scope of the 2018/19 APP review



- The interim review provides an early warning where concerns with regards to the measurability and relevance of the indicators and targets have been identified
- The interim review does not entail the performance of detail procedures where underlying systems and supporting documentation is inspected to give assurance on the verifiability of indicators and targets
- The interim review is only performed on a selection of significant programmes

Scope of the 2018/19 APP review (cont.)



Review process

- Assessed the process followed by departments and entities to prepare and submit strategic plans and APPs.
- Assessed the **measurability and relevance** of the final draft indicators and targets planned for selected programmes

Reporting

- Findings from the review are communicated in the 2017-18 interim management report to enable changes to be made.
- Findings relevant to the interim review do not have an impact on the audit conclusion on usefulness or reliability of the selected programmes for the PFMA 2017-18 year end audit.

Overview of entities where a review was performed on the 2018/19 APP's



Refer to pages 19 – 22 of the Annexure

ENTITY	APP reviewed	Findings noted on usefulness	Recommendations effected prior tabling of APP at Parliament
Council for Medical Schemes (CMS)	Yes	Yes	Yes
Compensation Commission for Occupational Disease (CCOD)	No	N/A	N/A
Medical Research Council (MRC)	No	N/A	N/A
National Department of Health (NDoH)	Yes	Yes	Yes
National Health Laboratory Services (NHLS)	Yes	Yes	Yes
Office of Health Standards Compliance (OHSC)	Yes	Yes	Yes

Key changes in the planning process for 2018-19 (NDoH)



- There has been a reduction on the number of indicators in the 2018/19 APP to streamline the departments activities in preparation for NHI;
 - ✓ Programme 2: National Health insurance, health planning and systems enablement = reduced by 13 indicators and targets
 - ✓ Programme 3 - HIV/ AIDS and Maternal and Child Health = reduced by 14 indicators and targets
 - ✓ Programme 5 - Hospital, Tertiary Health Services and Human Resource Development = reduced by 10 indicators and targets



5 Key matters for noting

Status of key positions - Vacancies



Entity	Status – 31 March 2018	Duration	Status of the progress
CMS	Chief Executive Officer - Vacant	More than 12 months	Appointment process in progress
NHLS	Chief Executive Officer – On suspension	More than 12 months	Disciplinary proceedings are in progress
	Chief Finance Officer - On suspension	More than 12 months	Disciplinary proceedings are in progress
	Head: Information Technology – Resigned	4 months	Appointment process in progress
	Head: Internal Audit and Risk management - On suspension	09 months	Disciplinary hearings have been concluded. Written heads of arguments to the Presiding officer are to be submitted on 19 th March 2018 for final verdict and sanction to be passed.



Pharmaceuticals



Objectives

- Stock management at clinics
- Distribution of medicines to patients

Plan

- visit 4 clinics in each province

Status update

- All selected 36 clinics have been visited

Maternal Health



Objective

- Delivery of maternal health services at CHCs

Plan

- visit 4 clinics in each province

Status update

- All selected 36 clinics have been visited

Infrastructure



Objectives

- Planning, managing and commissioning of new infrastructure
- Maintenance of existing infrastructure

Plan

- visit 6 health facilities in each province

Status update

- RA and PA is working closely together to select the infrastructure projects.
- In some of the provinces, PA commenced with the execution phase.

Information Technology



Objectives

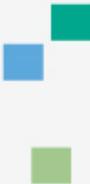
Effectiveness and interoperability of IT systems within the Health sector

Scope

- Health Patient Registration Systems
- Revenue systems
- Pharmaceuticals systems
- E-health Strategy (NHI)

Status Update

Provincial ISA currently busy with execution, to be completed 31 March 2018



Response time



Focus

- Recording of response times
- Reporting of response times
- Response to delays
- Current / prior response time comparison

Plan to test 20 entries at 1 call centre per province

General requirements



Focus

- State of facilities as required for example:
- Station facilities
 - Vehicle Washing
 - access and storage of medicine on site

Plan to visit 5 EMS units per province

HR requirements



Focus

- Qualifications
- Staffing
- Driving licences and permits
- Uniform
- Overtime
- Registration with HPCSA

Plan to visit 5 EMS units per province

Vehicle requirements



Focus

- Visibility and tracking
- Hygiene
- Road Traffic Act compliance in terms of licencing and roadworthiness
- Fleet capacity
- Communication

Plan to visit 5 EMS units per province



Equipment and staff requirements



Focus

- Minimum equipment availability
- Maintenance of equipment
- Safety protocol in place for the protection of staff against hazards

Plan to visit 5 EMS units per province

Outsourcing of EMS services



Focus

Contract testing as part of SCM
Outsourced EMS unit compliance with EMS regulations

Plan to visit provincial EMS manager

Funding



Focus

Sources of the funds utilised

Plan to analyse provincial general ledgers



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Status of records review

6.1 AGSA improved audit methodology – NDoH

Engaging accounting officers in **conversations** that are **insightful, relevant and have an impact**

Status of records review = Pro-active follow up procedures



Financial and non – financial information (internal and external reports/documents & discussions with senior managers)



Key control engagements / status of records review – objectives

- Identify key areas of concern that may derail progress in the preparation of financial and performance reports and compliance with relevant legislation and consequential regression in audit outcome
- Provide our assessment of the status of key focus areas that we reviewed
- Assess progress made in implementing action plans/ follow through with commitments made in previous engagements
- Identify matters that add value in putting measures and action plans in place well in advance to mitigate risks

Feedback linked to Focus Areas



6.2 AGSA improved audit methodology – Health Sector

Refer to pages 30 – 36 of the Annexure

Engaging accounting officers in **conversations** that are **insightful, relevant and have an impact**

Status of records review = Pro-active follow up procedures



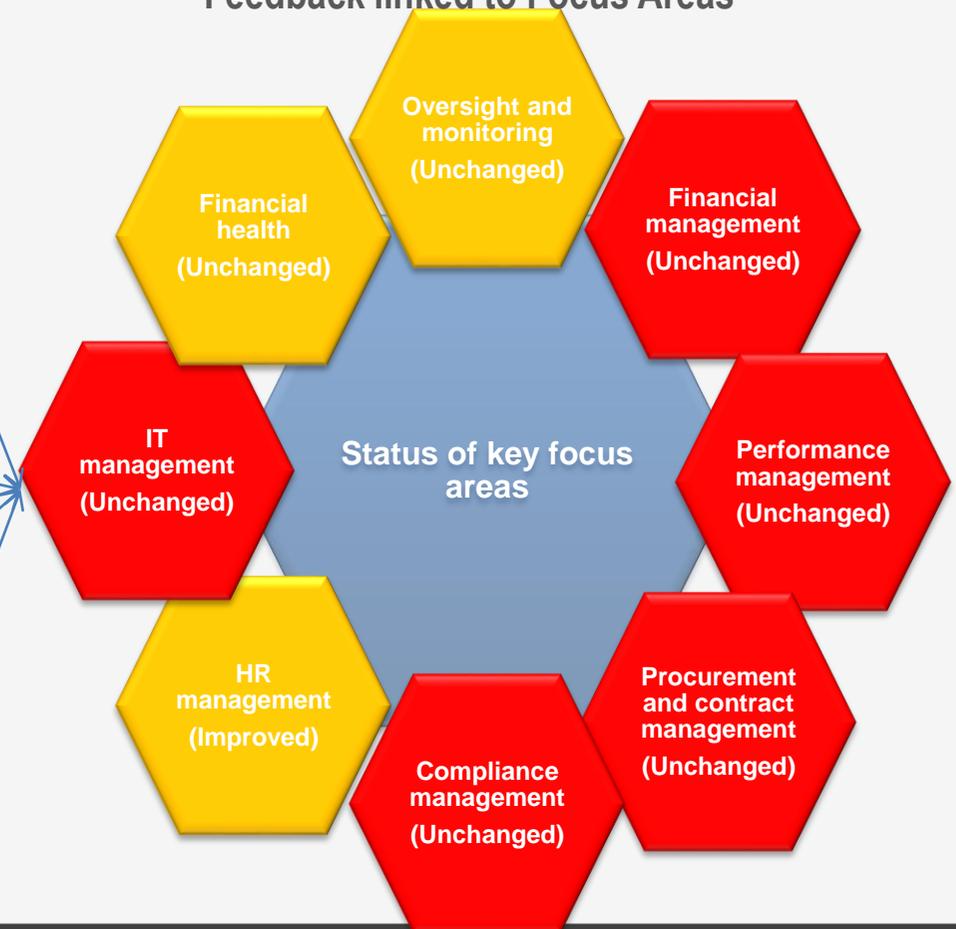
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Feedback linked to Focus Areas





7

Key recommendations for improvements

Key recommendations for improvements in the portfolio



The portfolio committee should:

- continue with oversight responsibility of reviewing the performance information planning documents and quarterly reports and making recommendations where necessary
- conduct focused intervention studies including oversight visits as this will assist it to assess the actual state of service delivery for the NHLS

QUESTIONS



How to get in touch with the AGSA



www.agsa.co.za



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