

BUDGETARY REVIEW AND
RECOMMENDATIONS REPORT | PFMA
2018-19

Briefing to Portfolio Committee on Health



AUDITOR-GENERAL
SOUTH AFRICA

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.



Role of the AGSA in the reporting process

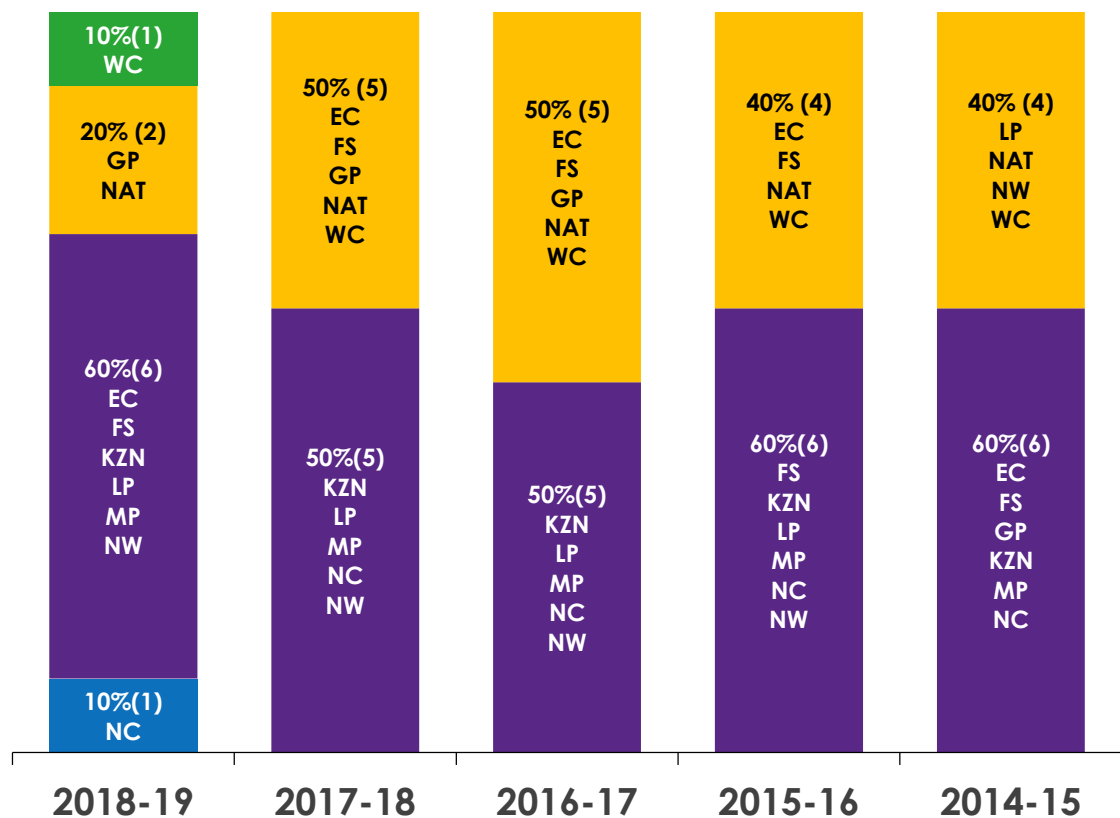
Our role as the AGSA is to reflect on the audit work performed to assist the portfolio committee in its oversight role of assessing the performance of the entities taking into consideration the objective of the committee to produce a *Budgetary Review and Recommendations Report (BRRR)*.



2018-19 sector audit outcomes



Audit outcomes of the sector over five years



Movement	
▲	1
▼	2
▶	6
Outstanding audits	1

Outstanding audits	
NC	

- Overall the sector regressed with EC and FS moving from unqualified audit opinions to qualified. This was due to weak controls over financial reporting and compliance. The only province with improved audit outcomes was the WC province due the department addressing material findings on performance information.
- The implementation of PAA amendments at the NC department of Health has had an impact in the finalisation of the current year's audit hence no reporting outcomes for the province.
- Financial statement preparation remains a concerns as material adjustments were effected to AFS submitted for audit for 80 % of the departments in the sector



Credible financial reporting



Financial statements

Submission of financial statements by legislated date (all auditees)

AFS submitted without errors

Quality of final submission after audit

Movement



2018-19

2017-18

100%

100%

10%

20%

30%

50%



20% achieved unqualified opinions only because they corrected all misstatements identified during the audit

Top three qualification areas

Contingent liabilities (EC, FC, MP, NW)

40%

30%

Commitments (KZN, LP, NW)

30%

40%

Movable tangible capital assets (KZN, LP, NW)

30%

20%





Credible performance reporting



Performance report

APR submitted without errors

Quality of final submission after audit

Movement



2018-19

2017-18

	0%		0%
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10%

0%

10% had no material findings only because they corrected all misstatements identified during the audit

Material findings raised

Reliable reporting of achievements (EC, FS, GP, KZN, LP, MP, NAT, NW)

80%

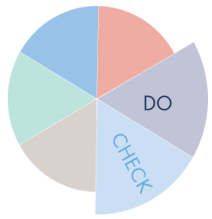
100%

Usefulness of performance indicators and targets (EC, GP, NW)

30%

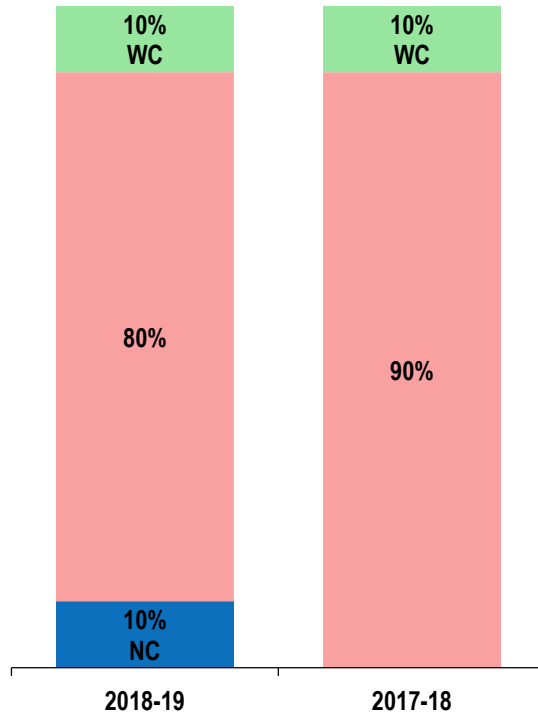
40%





Disregard for compliance with legislation

Findings on compliance with key legislation



■ With no findings
 ■ With findings
 ■ Audit outstanding

Non-compliance areas

- Quality of financial statements (EC, FS, GP, KZN, LP, MP, NW, Nat)
- Expenditure management to prevent unauthorised and irregular and fruitless and wasteful (EC, FS, GP, KZN, LP, MP, NW)
- Management of procurement and contracts (EC, FS, GP, KZN, LP, MP, NW)
- Payment not made in 30 days (EC, FS, GP, KZN, LP, MP, NW)
- Consequence management (EC, FS, GP, KZN, LP, MP, NW)
- Strategic Planning (GP, KZN, MP, NW)
- Revenue Management (FS, GP, LP)
- Conditional Grant (GP, KZN, NW)



Unauthorised and irregular expenditure for the sector incurred increased

Unauthorised expenditure

Irregular expenditure

Definitions

Expenditure not in accordance with the budget vote/ overspending of budget or programme

Expenditure incurred in contravention of key legislation, prescribed processes not followed

Province	2018-19	2017-18	Mov	2018-19	2017-18	Mov
EC	R 510 306 000	R 0	▼	R 288 638 000	R25 5414 000	▼
FS	R 0	R140 791 000	▲	R 359 511 000	R 324 525 000	▼
GP	R 0	R 0	▶	R 2 292 068 000	R1 352 204 000	▼
KZN	R14 248 000	R 0	▼	R 2 977 103 000	R1 464 342 000	▼
LP	R 0	R 0	▶	R 50 243 000	R165 956 000	▲
MP	R 0	R33 999 000	▲	R 138 899 000	R 309 920 000	▲
NAT	R 0	R 0	▶	R16 837 000	R61 574 000	▲
NC	Outstanding	R100 296 000		Outstanding	R412 379 000	
NW	R22 249 000	R 0	▼	R 1 237 660 000	R1 189 467 000	▼
WC	R 0	R 0	▶	R 12 886 000	R23 617 000	▲
Totals	R546 803 000	R275 086 000		R7 373 845 000	R 5 559 398 000	

Legends:

- ▲ Decrease in expenditure
- ▶ No change
- ▼ Increase in expenditure

2018-19 ENE key Programme



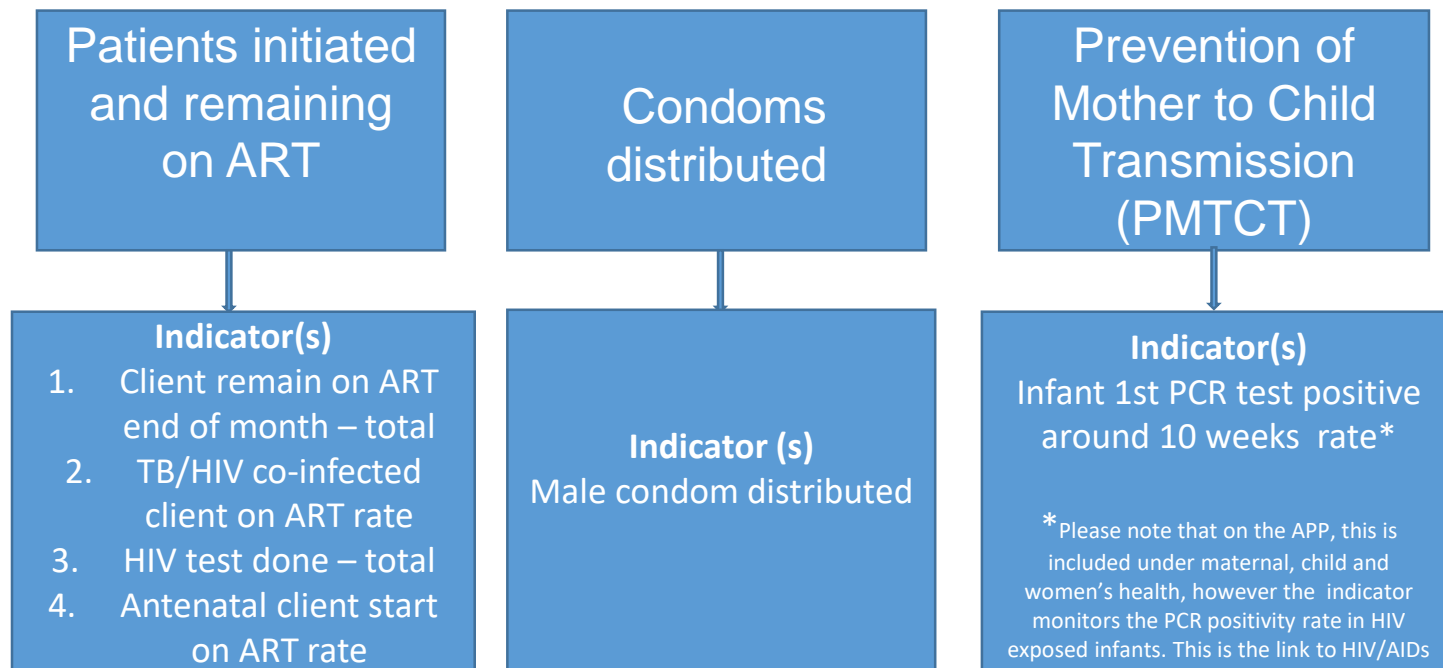
HIV/AIDs Programme

Grant : HIV/AIDS

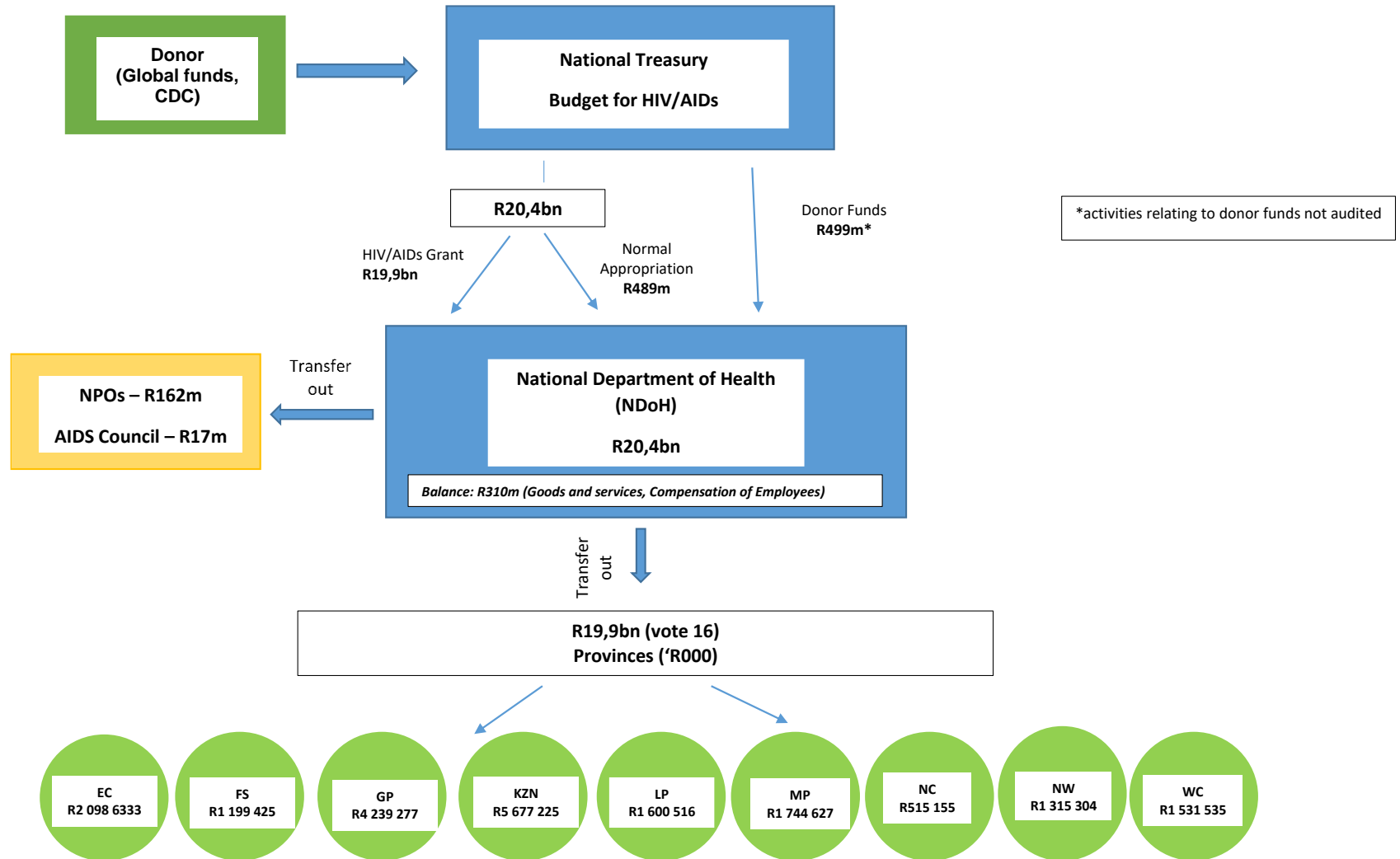
AOPO Programme : Programme 2 – District Health Services

Core function : Reduction of the burden of HIV and AIDS

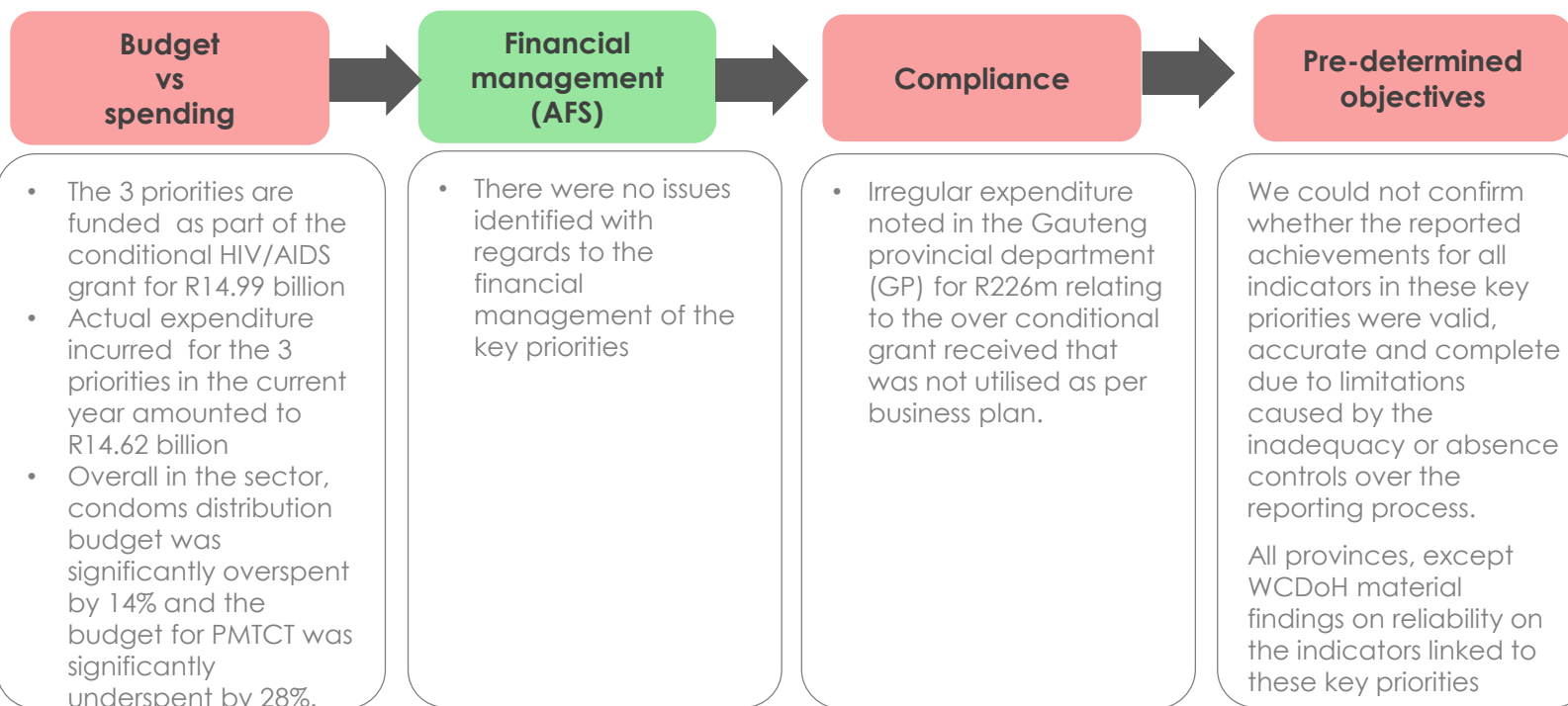
Key Priorities



HIV/AIDs Programme - Budget 2018/19



HIV/AIDs Programme - Overview



Overall message

- An amount of R20.4bn was allocated for HIV/AIDs programme in the current year. 98% of this allocation is transferred to the provinces through a conditional grant. Even though the selected priorities did not utilise the budgeted amount allocated to them, the overall grant was fully spent. This is due to the fact that any underspent portions on specific priorities are re-allocated to the other priorities. A number of provinces noted that, even though the budget was fully utilised, the departments did not achieve their targets.
- Key priority 1 - Four indicators were selected in this key priority. The indicator: HIV test done was the only indicator that was achieved by a majority of the provinces. The none achievement of the other indicators was mainly attributable to inadequate controls over capturing and verifying of data on WebDHIS, system failures and a shortage of data capturers as well as patients started on ART not returning to facilities for treatment.
- Key priority 2 - One indicator (male condoms distributed) was selected for testing in this key priority. All provincial departments with the exception of Gauteng, did not achieve their planned targets. This was mainly due to delayed delivery by suppliers due to quality assurance process taking longer than expected and lack of distributors across all provinces to meet the current demand
- Key priority 3 - One indicator (infant 1st PCR tested positive around 10 weeks) was selected for testing in this priority. All provinces achieved and/or exceeded their planned targets. The success rate is due PCR training at facilities that was conducted and improved adherence to ART by mothers



Material findings / concerns noted



No material findings / concerns noted

2018-19 sector outcomes per focus area

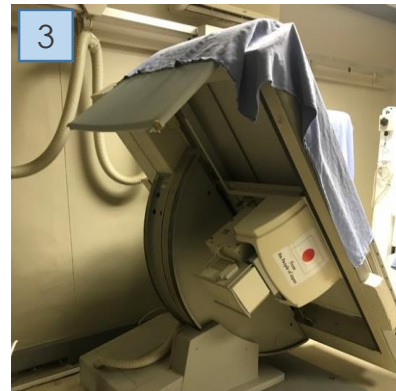
Radiology equipment

Focus area	Audit finding
Policies and procedures	Policies and procedures on the management of medical equipment in place but not implemented (or adhered to) by staff members (EC, FS, GP, LP, MP, NC, NW)
Planning, prioritising and procurement of new equipment	Radiology equipment on the approved annual procurement (or demand) plans not procured in a timely manner (FS, GP, KZN, LP, MP, NC, NW)
Human resources	<ul style="list-style-type: none"> Lack of human resources in the radiology department to operate the radiology equipment and Lack of chief and/or senior radiographer (managerial staff) and/or Key positions such as radiologist, mammography staff, sonographer not filled (EC, FS, GP, KZN, LP, MP, NW)

MP: New CT scanner and fluoroscopy unit worth R13.2 million not used since 2015 at Rob Ferreira Hospital (Pic 1 and 2)

Pic 3 - LP: Fluoroscopy unit not used since 2015 at Letaba Hospital

Pic 4 - GP: C-arm units not used optimally at Chris Hani Baragwanath Hospital



Radiology equipment

Focus area	Audit finding
Use if radiology equipment	<ul style="list-style-type: none"> Radiology equipment not used due to infrastructural deficiencies (FS, KZN, LP, MP, NW) Radiology equipment not used as there are no need or demand for it (MP, NW) Radiology equipment not used by the staff members as it required repairs (EC, FS, GP, LP, MP, NC, NW) Radiology equipment that required repairs used by the staff members (EC, GP, KZN, LP, MP)
Maintenance of equipment	Routine quality control assurance and scheduled preventative maintenance not done in a timely manner (EC, FS, GP, KZN, LP, MP, NC, NW)
Condemned radiology equipment	<ul style="list-style-type: none"> Condemned radiology equipment not removed from clinical areas and/or Delays experienced during the condemnation process (EC, FS, GP, KZN, LP, MP, NW)

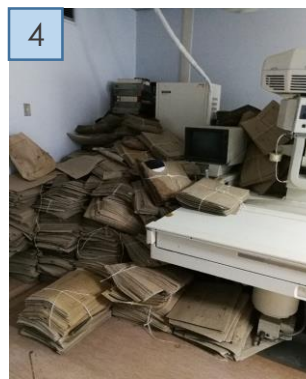
Pic 1 - FS: CT scanner that require repairs at Pelonomi Hospital



Pic 2 - KZN: Infrastructural deficiencies at Wentworth Hospital



Pic 3 and 4 - KZN: Delays in condemnation process for up to nine years at RK Khan and Northdale Hospitals

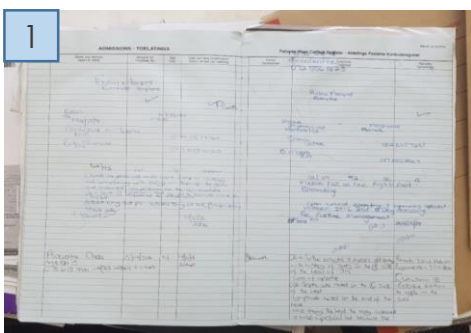


Pic 5 - NW: Delays in condemnation process for up to nine years at Moses Kotane Hospital

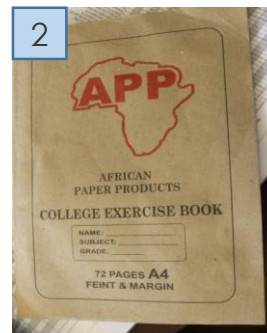


Medical records

Focus area	Audit finding
Policies and procedures	<ul style="list-style-type: none"> • Policies and procedures not always in place for the management of medical records (EC, MP, WC) • Lack of allocation of roles and responsibilities for the management of medical records at facility level and within the districts (EC, GP, MP, NW, NC) • Lack of support from district officials in the management of medical records (EC, LP, MP, NW)
Human resources for the management of medical records	<ul style="list-style-type: none"> • Staff establishments: shortages of staff involved in the management of medical records (EC, FS, GP, KZN, LP, MP, NW, NC) • Lack of adequate planning, coordination and implementation of training policies for relevant staff in the management of medical records (EC, FS, GP, KZN, LP, MP, NW, NC, WC)
Creation, filing and retrieval of medical records	<ul style="list-style-type: none"> • Standardised system not used to create new records or update existing medical records with every patient visit (EC, LP, MP, NC) • Standardised procedures for filing and retrieval of medical records were not always implemented (EC, FS, GP, LP, MP, NW, NC, WC)



MP: After hours and on weekends, there are no administrative clerks on duty (medical records not created or retrieved). Clinical notes for each patient were written in a book but it was never transferred to the medical records (incomplete records) at Paulina Morapeli



LP: Lack of standard stationary for medical records, resulted in facilities using A4 booklets. Patients were allowed to take these records home (records got lost) at Thohoyandou CHC

Medical records

Focus area	Audit finding
Storage and retention of medical records	<ul style="list-style-type: none"> Lack of secured and controlled access to all filing and storage areas (EC, GP, MP, NW, NC, WC) Lack of sufficient infrastructure, equipment and furniture to ensure safe storage of records (EC, FS, GP, KZN, LP, MP, NW, NC, WC)
Archiving and disposal of medical records	Lack of implementation of policies and procedures for archiving and disposal of medical records (EC, FS, GP, KZN, LP, MP, NW, NC, WC)

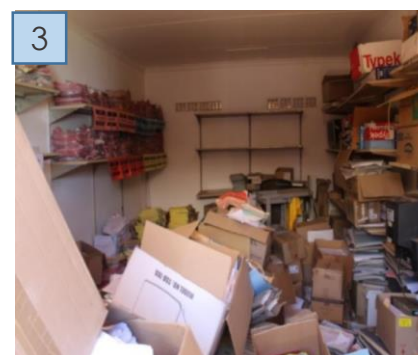
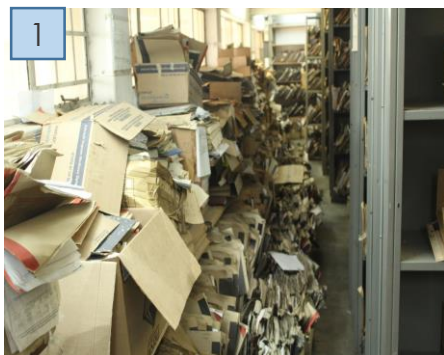
Picture 1 – 3:

MP (Standerton Hospital), GP (Chris Hani Baragwanath Hospital) and NC (Warrenton CHC):

Poor storage practices. Medical records stacked in a disorderly manner and archiving/ disposal were not done in time

Picture 4:

MP (Bhuga CHC): Prefabricated structure used as a storage and archiving of medical records which is in a poor condition and not lockable



* Poor storage practices in both instances pose a risk of damage due to fire

Infrastructure

Focus area	Audit finding
Follow-up of prior year issues	<ul style="list-style-type: none"> • Corrective actions to address all findings raised in the prior year were not implemented. As a result, some of these findings, such as poor project management, poor workmanship and inadequate monitoring of project costs and milestones, were repeated in the current audit.
Project completion timelines	<ul style="list-style-type: none"> • Completion of projects were delayed in all provinces due to: <ul style="list-style-type: none"> ➤ Poor planning by the department ➤ Late approval of extension of time by the department ➤ Lack of supervision of contractors by the department resulting in poor performance ➤ Lack of monitoring of implementing agent and consultants • Impact of delays resulted in time related cost on some of the projects and fruitless and wasteful expenditure being incurred by certain departments. (LP, MP, NW)
Project management	<ul style="list-style-type: none"> • There was no effective remedial action taken to address slow progress due to the contractor or professional team's slow progress on projects. (FS, LP, MP, NW, WC) • There was a lack of monitoring of projects and payments to contractors / professional team on certain projects (FS, NW, LP, MP, NC, EC, KZN and GP)



Infrastructure

Focus area	Audit finding
Quality	<ul style="list-style-type: none"> Poor work performed by contractors due to poor project management by the implementing agents/departments. (EC, FS, LP, NW, MP, NC and GP)
Infrastructure utilisation	<ul style="list-style-type: none"> Certain departments did not fully utilize completed infrastructure projects due to certain resources not being available. (EC, FS, GP, LP, MP and NW)

Picture 1 & 2: Underutilization in MP at Mmamethlake Hospital

Picture 3: Poor quality work in NW at New Brits Hospital

Picture 4: Poor quality work in GP at Greenspark Clinic



Infrastructure

Focus area	Audit finding
Maintenance, refurbishment and rehabilitation of health facilities (FS, EC, GP, LP, MP, NC, NW, KZN)	<ul style="list-style-type: none"> • There was a lack of ongoing maintenance as a result of ineffective condition assessments conducted at certain health facilities. • There was no evidence that conditional assessments were conducted in some instances. • Insufficient funds received for infrastructure maintenance. • There was no monitoring on the implementation of infrastructure maintenance plan. • There was a lack of approved maintenance plan or policy for maintenance, refurbishment and rehabilitation of health infrastructure.

Picture 1: Structural crack and plant encroachment (GP) at Chris Hani Hospital



Picture 2: Air-conditioning in theatre not working (NW) at New Brits Hospital



Picture 3: Leaking boiler (GP) at ODI Hospital



Information Technology

Focus area	Audit finding
Status of implementing eHealth strategy	<ul style="list-style-type: none"> Provincial strategies were not aligned to the e-Health strategy (EC, KZN). E-Health initiatives were not monitored for implementation by governance structures (EC, KZN).
Health Patient Registration System	<ul style="list-style-type: none"> Weak password configurations (KZN, EC, LP, GP) Shared user accounts (KZN, MP) High system downtime resulting in the usage of manual registers which were not updated on the system (KZN,MP, EC, LP, GP) The system allowed for duplicate patient records (NC, EC, GP) The National Department of Health had documented the user access management policy , however it was yet to be communicated to the provinces for implementation.
Revenue Management Systems	<ul style="list-style-type: none"> Weak password configuration (FS, GP) Backs ups were not tested for data restoration (FS, NC) Inadequate user access management controls (KZN, GP, LP, MP, NW, NC, WC) High system down time affecting the use of the system (KZN, LP) The system allows a user to have multiple sessions (LP) Insufficient system validations when admitting patients (LP, MP) Tariffs were not updated timely (MP) Incorrect tariffs were uploaded (NC)

Information Technology

Focus area	Audit finding
Pharmaceutical systems	<ul style="list-style-type: none">• Insufficient training (NC, EC, MP)• Inadequate user access management controls (EC, KZN)• Weak password configuration (KZN)• High system downtime resulting in the use of manual ordering of medicines (EC, KZN)• No stock re-order levels configured on the system (EC)• Backs ups were not tested for data restoration (KZN)• Shared user accounts (KZN)• Manual stock ordering employed although the system was available (MP)



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