**MEDIA STATEMENT**

**COMMITTEE CONCERNED ABOUT INCREASED IRREGULAR EXPENDITURE**

**Parliament, Wednesday, 9 October 2019** –  The Portfolio Committee on Health said it is concerned about the increasing irregular expenditure by the Department of Health.

The committee was briefed by the Auditor General of South Africa (AGSA) on the department’s and its entities’ annual reports and financial statements for 2018/19 financial year today at Parliament.

Committee Chairperson, Dr Sibongiseni Dhlomo said what is concerning from the AG’s report is that there are no apparent plans to curb the irregular expenditure incurred by the department.

Briefing the committee, the AG said, the overall health portfolio improved as the Medical Research Council (MRC) and National Health Laboratory Services (NHLS) improved their audit outcomes to unqualified with no findings and unqualified with findings respectively.

According to AG, this was due to improvement of the financial reporting and compliance controls. The AG said, the portfolio had an addition of a new entity the South African Health Products Regulatory Authority (SAHPRA) which received a qualified opinion.

The qualified opinion was, according to the AG, due to lack of controls over proper record keeping to ensure complete, relevant and accurate information is available to support financial and performance reporting as well as a number of vacancies in the entity.

Furthermore, the AG said, financial statement preparation remains a concern as material adjustments were effected to annual financial statement submitted for audit for the Department of Health and Councils for Medical Schemes (CMS).

The Office of the Health Standard Compliance (OHSC) has maintained a clean audit outcome from 2017/18 due to effective controls in place and oversight by the assurance providers.

The committee noted with concern the irregular expenditure which has increased from approximately R2,6 billion to R3,3 billion.

The committee said, the briefing by the AG will assist when it engages with the department next week, to understand the nature of the irregular expenditure and what plans are in place to curtail it.

The committee said mechanisms need to be found to work with law enforcement agencies so that individuals who misuse public funds are subjected to the law.

**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE PORTFOLIO COMMITTEE ON HEALTH, DR SIBONGISENI DHLOMO.**