



**KWAZULU-NATAL PROVINCE**

**HEALTH**  
REPUBLIC OF SOUTH AFRICA



# **PRESENTATION TO THE PORTFOLIO COMMITTEE ON CO-OPERATIVE GOVERNANCE ON THE AUDITOR- GENERAL'S SPECIAL REPORTS ON COVID-19 EXPENDITURE**

GROWING KWAZULU-NATAL TOGETHER

The letter dated 28 February 2022 in respect of the **INVITATION TO BRIEF PORTFOLIO COMMITTEE ON COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS AUDITOR-GENERAL'S SPECIAL REPORT** has reference.

In this regard, the Auditor-General had issued various Communications of findings which were responded to. Further, some of the findings were reported in the Special Reports on COVID-19 expenditure that were subsequently issued. Further to the above, the Department received two (2) Material Irregularity Reports.

Noting the request of the Committee that the Department briefs them on;

- A. The management of the COVID-19 funds,
- B. The implementation of the recommendations of the Auditor-General
- C. Consequence management for implicated persons'

the Department hereby submits its responses accordingly.



## **A. THE MANAGEMENT OF THE COVID-19 FUNDS**

## C. Covid-19 Expenditure report



<b>ECONOMIC CLASSIFICATION</b>	<b>Budget</b>	<b>Actual Expenditure</b>	<b>Exp As %</b>
<b>COMPENSATION OF EMPLOYEES</b>	<b>1 967 013 000</b>	<b>2 541 668 596</b>	<b>129%</b>
<b>GOODS AND SERVICES</b>	<b>1 059 688 000</b>	<b>951 865 716</b>	<b>90%</b>
ADMINISTRATIVE FEES: PAYMENTS	-	8 042	0%
ADVERTISING	51 250 000	48 371 987	94%
AGENCY&SUPRT/OUTSOURCED SERVICES	26 693 000	18 254 689	68%
COMMUNICATION	461 000	6 274 666	1361%
CATERING:DEPARTML ACTIVITIES	-	11 107	0%
CONS:STA,PRINT&OFF SUP	5 800 000	1 922 022	33%
CONS SUPPLIES	117 000	1 287 798	1101%
PPE ITEMS	372 862 000	191 891 209	51%
CONTRACTORS	-	530 329	0%
FLEET SERVICES(F/SER)	-	438 822	0%
LEGAL SERVICES	-	34 266	0%
INV: MEDICINE	64 198 000	6 073 558	9%
INV:MEDICAL SUPPLIES	5 463 000	27 086 698	496%
INV:CHEMS,FUEL,OIL,GAS,WOOD&COAL	382 000	1 605 338	420%
INV:FOOD & FOOD SUPPLIES	2 500 000	2 651 140	106%
INV:MATERIALS & SUPPLIES	275 000	4 094 971	1489%
INV:OTHER SUPPLIES	2 977 000	1 014 623	34%
LABORATORY SERVICES	308 808 000	431 499 822	140%
MINOR ASSETS	5 450 000	3 161 755	58%
PRIVATE HOTEL /LODGES/FIELD Q&I SITES	42 972 000	7 259 120	17%
OPERATING PAYMENTS	3 280 000	251 045	8%
OPERATING LEASES	140 500 000	139 417 535	99%
PROPERTY PAYMENTS	23 400 000	58 423 240	250%
TRAVEL AND SUBSISTENCE	2 300 000	278 153	12%
TRANSPORT PROVIDED DEPT ACTIVITY	-	23 780	0%
<b>INTEREST AND RENT ON LAND</b>	<b>-</b>	<b>8 201</b>	<b>0%</b>
<b>DEPARTMENTAL AGENCIES &amp; ACCOUNTS</b>	<b>-</b>	<b>13 780</b>	<b>0%</b>
<b>NON PROFIT INSTITUTIONS (NPI)</b>	<b>-</b>	<b>14 878</b>	<b>0%</b>
<b>HOUSEHOLDS (HH)</b>	<b>-</b>	<b>2 650 576</b>	<b>0%</b>
<b>BUILDINGS &amp; OTHER FIX STRUCT</b>	<b>10 528 000</b>	<b>152 715 080</b>	<b>1451%</b>
<b>OTHER MACHINERY &amp; EQUIPMENT</b>	<b>27 279 000</b>	<b>79 182 179</b>	<b>290%</b>
<b>TOTAL</b>	<b>3 064 508 000</b>	<b>3 728 119 006</b>	<b>122%</b>



## Compensation of Employees

- Pressure under compensation of employees is due to permanent staff relinked to Covid-19 activities, to be addressed at year-end virements.

## Good and Services

- Laboratory services were under pressure due to the increased number of tests.
- Property payments: Budget R23.400 million , at 250 percent of the allocated budget .Pressure mainly due to the increase number of cleaning and security personnel in the Covid-19 sites.

- Households expenditure relates to staff exit costs.
- Expenditure under Building and other Fixed structure and Machinery and equipment are mainly accrual from 2020/21FY.

## **B. THE IMPLEMENTATION OF THE RECOMMENDATIONS OF THE AUDITOR-GENERAL**

### **MATERIAL IRREGULARITY NOTIFICATION NO. 1 OF 2019-20: PROCUREMENT OF SANITIZER DETERGENT AT PRICES HIGHER THAN PERMISSIBLE**

- The procurement of the sanitiser detergents at prices higher than that which was prescribed by the National Treasury, was investigated by the Special Investigations Unit (SIU) by proclamation of the President of the Republic of South Africa.
- Subsequent to the undertaking and conclusion of the investigation by the SIU, the supplier National Community Marketing had then agreed to re-imburse the Department via the SIU an amount of R 1,304,000.00.
- The Acknowledgement of Debt was signed in the amount of R 1,304,000.00 by National Community Marketing for the contract, in the value of R 5,720,000.00.
- The Department has liaised with the SIU relative to the amounts that have been paid by the supplier and in this regard, as of 25 April 2022 payments in the amount of R 668,214.35 have since been received by the SIU on behalf of the Department and the balance of R 635,785.65 will be paid in instalments to the SIU, towards the settlement of the debt.

## **MATERIAL IRREGULARITY NOTIFICATION NO. 2 OF 2019-20: PROCUREMENT OF NON-STERILE EXAMINATION GLOVES ABOVE PRICES QUOTED IN THE ANNEXURES TO NATIONAL TREASURY INSTRUCTION NOTE 5 OF 2020/21**

- Upon receipt of the Material Irregularity Notification No. 2 of 2019-20 which related to the procurement of non-sterile examination gloves above prices quoted in the annexures to national treasury instruction note 5 of 2020/21, the Departments Legal Services Unit was requested to review the Material Irregularity and to provide an analysis thereafter.
- In this regard, the responding letter relating to the opinion of the Departments Legal Services Unit was forwarded to the Auditor-General.
- Subsequently, the Auditor-General had responded via a letter dated 16 March 2022 and had responded as follows:  
*“We received your written submission on 24 June 2021. We considered the representations made and the substantiating documents provided and have decided not to pursue this matter further as a material irregularity”.*



## **C. CONSEQUENCE MANAGEMENT FOR IMPLICATED PERSONS'**

### **C1 MATERIAL IRREGULARITY NOTIFICATION NO. 1 OF 2019-20: PROCUREMENT OF SANITIZER DETERGENT AT PRICES HIGHER THAN PERMISSIBLE**

- The investigation on the above Material Irregularity Notification was finalised. Resultantly, consequence management in the form of a Final Written Warning has been issued to three (3) officials who were implicated in the matter. Further, as indicated in the response, the recovery of the loss is being recovered from the supplier via the Special Investigating Unit.

### **C2 MATERIAL IRREGULARITY NOTIFICATION NO. 2 OF 2019-20: PROCUREMENT OF NON-STERILE EXAMINATION GLOVES ABOVE PRICES QUOTED IN THE ANNEXURES TO NATIONAL TREASURY INSTRUCTION NOTE 5 OF 2020/21**

- This matter has been closed and no consequence management will be necessary due to the Auditor-General deciding NOT to pursue this matter further as a Material Irregularity.

# THANK YOU

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