

The Budgetary Review and Recommendations Report (BRRR) of the Portfolio Committee on Health, on the Performance of the National Department of Health and its entities (2022/23), dated 18 October 2023

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The Budgetary Review and Recommendations Report (BRRR) of the Portfolio Committee on Health, on the Performance of the National Department of Health and its entities (2022/23), dated 18 October 2023

The Portfolio Committee on Health (the Committee), having assessed the performance of the National Department of Health (the Department or NDoH) and its entities, against their mandates and allocated resources for the financial year under review (2022/23), reports as follows:

1. INTRODUCTION

The Money Bills Procedures and Related Matters Amendment Act (No. 9 of 2009) sets out the process that allows Parliament to make recommendations to the Minister of Finance to amend the budget of a national Department. The Portfolio Committees of Parliament compile Budgetary Review and Recommendation Reports (BRRR) annually that:

- i) Assess service delivery performance of departments given available resources;
- ii) Evaluate the effective and efficient use and forward allocation of resources (value for money in services delivered); and
- iii) May include recommendations to inform effective, efficient and economic use of allocated resources.

The Portfolio Committee on Health assessed the performance of the National Department of Health and its entities (for the 2022/23 financial year) with reference to the following:

- The Medium-term estimates of expenditure of the Department, its strategic priorities and measurable objectives;
- Prevailing Strategic Plans and Annual Performance Plans of the Department;
- Prevailing Strategic Plans and Annual Performance Plans of Entities;
- Expenditure reports relating to the Department published by National Treasury in terms of Section 32 of the Public Finance Management Act (PFMA) (No.1 of 1999);
- Financial statements and annual reports of the Department;
- Financial statements and Annual Reports of the Entities;
- Reports of the Committee on Public Accounts relating to the Department; and
- Any other information requested by or presented to Parliament.

1.1. Purpose of the report

This report summarises presentations received from the Department and its entities focusing on the 2022/23 Annual Reports and financial statements, as well as considering the Financial and Fiscal Commission (FFC) and Auditor-General of South Africa (AGSA)'s analyses of the health sector's annual reports. The report details the deliberations, observations and recommendations made by the Committee relating to the Department and entities' financial and non-financial (service delivery) performance for the 2022/23 financial year.

1.2. Process

In assessing the performance of the Department of Health and its entities for the financial year 2022/23, the Committee reviewed and analysed the following reports and/or documents:

- 2022 Estimates of National Expenditure;
- Strategic Plan of the Department of Health (2020/21 – 2024/25);
- Annual Report of the Department of Health (2022/23);
- Annual Report of the South African Health Products Regulatory Authority (2022/23);
- Annual Report of the Office of Health Standards Compliance (2022/23);
- Annual Report of the Office of the Health Ombud (2022/23);
- Annual Report of the South African Medical Research Council (2022/23);
- Annual Report of the National Health Laboratory Services (2022/23);
- Annual Report of the Council for Medical Schemes (2022/23);
- Annual Report of the Compensation Commissioner for Occupational Diseases (2022/23);
- Report of the Financial and Fiscal Commission; and
- Report of the Auditor-General of South Africa.

On 10 October 2023, the Committee was briefed by the FFC on its analysis of the annual reports of the health sector and AGSA on the audit outcomes of the sector.

On 11 to 13 October 2023, the Committee engaged the Department and its entities on their 2022/23 Annual Reports and financial statements.

2. STRATEGIC OVERVIEW

2.1. Policy Priorities for 2022: Alignment to the NDP, MTSF, SONA 2022 and SDGs

The National Department of Health's 2020/21 – 2024/25 Strategic Plan aims to achieve the priorities highlighted in the MTSF 2019 – 2024. It is aimed at eliminating avoidable and preventable deaths (survive); promoting wellness and preventing and managing illness (thrive); and transforming Health systems, the patient experience of care, and mitigating social factors determining ill health (thrive), in line with the United Nation's objectives of the Sustainable Development Goals (SDGs) for health.

2.1.1. The Department of Health's Five-Year Strategic Goals

The Department's response is structured to deliver the MTSF 2019 – 2024 impacts, and the National Development Plan (NDP) Implementation Plan 2019 – 2024 goals as follows:

Strategic Goal 1: Increase life expectancy, improve health and prevent disease – Improve health outcomes by responding to the quadruple burden of disease in South Africa; and address the social determinants of health through inter-sectoral collaboration.

Strategic Goal 2: Achieve universal health coverage by implementing NHI Policy – Progressively achieve universal health coverage through NHI.

Strategic Goal 3: Quality improvement in the provision of care – Improve quality and safety of care; provide leadership and enhance governance in the health sector for improved quality of care; improve community engagement and reorientate the system towards Primary Health Care through community based health programmes to promote health; improve equity training and enhance management of Human Resources for Health (HRH); improve the availability of medical products and equipment; and ensure robust and effective health information systems to automate business processes and improve evidence based decision making.

Strategic Goal 4: Build health infrastructure for effective service delivery – Execute the infrastructure plan to ensure adequate, appropriately distributed and well-maintained health facilities.

2.1.2. The National Development Plan Vision 2030

The NDP sets out nine long-term health goals for South Africa. Five of these goals relate to improving the health and well-being of the population, and the other four deal with aspects of Health systems' strengthening. These goals are as follows:

- 1) Average male and female life expectancy at birth increased to 70 years.
- 2) Tuberculosis (TB) prevention and cure progressively improved.
- 3) Maternal, infant and child mortality reduced.
- 4) Prevalence of Non-Communicable Diseases (NCDs) reduced by 28%.
- 5) Injury, accidents and violence reduced by 50% from 2010 levels.
- 6) Health systems reforms completed.
- 7) Primary Health Care (PHC) teams deployed to provide care to families and communities.
- 8) Universal Health Coverage (UHC) achieved.
- 9) Posts filled with skilled, committed and competent individuals.

The NDP 2030 states explicitly that there are no quick fixes for achieving the nine goals outlined above. The NDP also identifies a set of nine priorities that highlight the key interventions required to achieve a more effective Health system, which will contribute to the achievement of the desired outcomes. These priorities include:

- Addressing the social determinants that affect health and diseases;
- Strengthening the Health system;
- Improving health information systems;
- Preventing and reducing the disease burden and promoting health;
- Achieving universal healthcare coverage through the implementation of the NHI,
- Improving human resources in the Health Sector;
- Reviewing management positions and appointments and strengthening accountability mechanisms; and
- Improving quality by using evidence and creating meaningful Public-Private Partnerships (PPP).

2.1.3. Ten Year Review of the NDP

The National Planning Commission released a ten-year review of the NDP (2012 – 2022). Amongst other things, it recommended the following:

- The Department of Basic Education and the NDoH should undertake a skills audit to identify the skills gap between the old and new curricula to identify the number of teachers and medical professionals who need to be re-trained, as well as the funding requirements for the training programme.
- Based on the highlighted associated risks, the government needs to strengthen specific health programmes mainly intended to address the burden of disease and identified socioeconomic and health inequalities.
- Government needs to consider governance limitations of the NHI Bill, prior to its enactment.
- The Department should explore interventions to further reduce maternal deaths.
- The Department should increase investment in training and improve management of Community Health Care professionals in South Africa's public hospitals, as well as of Community Health Workers to improve preventative care in communities.
- The Department should implement the legislative and regulatory interventions recommended by the Strategic Plan for the Prevention and Control of Non-Communicable Diseases.
- The Department must develop a strategy to decrease the proportion of TB patients who are not evaluated.
- The Department should increase the rate of conversion and construction of Ideal Clinics to enhance primary care services, especially in underserved areas throughout the country.
- The NDoH and the Department of Social Development need to strengthen integration between health and social services.

2.1.4. State of the Nation Address (SONA) – 2022

During the February 2022 SONA, the President highlighted the following main health-related issues:

- COVID-19 remains a key priority. Vaccines have proven to be the best available defence against illness and death from COVID-19. The vaccine rollout has thus far seen 30 million doses of COVID-19 vaccines administered, with nearly 42% of all adults and 60 per cent of everyone over 50 fully vaccinated.
- The country is ready to enter a new phase in managing the pandemic. The national state of disaster will be lifted once measures under the National Health Act and other legislation to contain the pandemic, are finalised.
- South Africa will work with other African countries and international partners to support the strengthening of the continent's capacity to respond to pandemics. Specifically, there will be increased efforts to develop Africa's ability to manufacture vaccines. In South Africa two companies – Aspen and Biovac – have contracts to produce COVID-19 vaccines. Two additional vaccine projects have also been announced.
- Within two years, the country has full local production capability for ventilators, hand sanitisers, medical-grade face masks and gloves and therapeutic drugs and anaesthetic, in place. South African products have been exported to other African countries, securing them vital supplies and expanding jobs for young South Africans.
- Significant progress is made in preparing for the introduction of NHI. More than 59 million people are registered on the Health Patient Registration System (HPRS). By September 2021, more than 56 000 additional health workers were recruited, and more than 46 000 Community Health Workers integrated into the public health system.

2.1.5. Department's Planned Policy Initiatives (2022/23)

The planned policy priorities of the Department during the period under review included the following:

- **COVID-19 response plan:** The Department's COVID-19 response plan aimed to mitigate the effects of the virus in South Africa. Focus was placed on increasing the COVID-19 vaccine population coverage. However, the Department aimed to introduce a new strategy, by integrating the COVID-19 vaccine into the routine care at Primary Health Care (PHC) facilities, within the Integrated Clinical Services Management model of service delivery.

- **Prevent further decline in routine services:** Over the past two years due to the pandemic, there has been a decline in routine services and their respective outcomes including, amongst others, case finding detection in tuberculosis (TB), Expanded Programme on Immunisation (EPI) numbers have declined, and a decline in wellness testing including diabetes. The Department aimed for a renewed focus on improving access to quality health services.
- **Facilitate the implementation of the proposed National Health Insurance (NHI):** The Department aimed to continue in its trajectory to prepare for the implementation of the proposed NHI.
- **Improvement of health system infrastructure:** The Department aimed to focus on the refurbishment, upgrading and building of new hospitals, health centres, clinics and new specialised units including oncology which, according to the Department has improved over the recent years due to public-private partnerships (PPPs).

3. REPORT OF THE FINANCIAL AND FISCAL COMMISSION

The Financial and Fiscal Commission (FFC) reported that South Africa's public health system has improved since 1994, however, the COVID-19 pandemic worsened health outcomes. The system is strained due to a high disease burden, staff shortages, service backlogs and a growing uninsured population.

The FFC noted that due to the rising public debt, government is implementing fiscal consolidation measures to reduce spending and manage debt. As a result, the Health budget is expected to decrease from R64.5 billion in 2022/23 to R60.1 billion in 2023/24. The decline in funding raises concerns in respect of the quality of public healthcare, considering the existing backlogs exacerbated by COVID-19.

With respect to the fiscal consolidation and its impact on the Health budget, the FFC indicated that debt costs are increasing and crowding expenditure on critical social services such as healthcare. The FFC assumed that the initial increase in the Health budget was due to the pandemic, however it has since been decreasing and it will temporarily go into negative growth before improving again.

The FFC raised concern about increased expenditure in settling medico-legal claims which have increased from R265 million in 2012/13 to R2 billion in 2018/19. Further, noting that medico-legal claims accounted for approximately 1% of health expenditure in 2018/19 to 2020/21, with the highest share being in the Eastern Cape at approximately 3%. Notably, since 2018/19 contingent liabilities stand at more than 50% of the provincial Health budgets.

On conditional grants, the FFC recommended that greater focus is needed to improve the spending performance against certain conditional grants, in particular the District Health Programme and the NHI: Non-Personal Services grants.

4. REPORT OF THE AUDITOR-GENERAL OF SOUTH AFRICA

4.1. *Department and entities*

The Auditor-General of South Africa reported that the audit outcomes of the health portfolio improved mainly due to the NDoH's improved audit outcomes from qualified opinion to unqualified with findings. The SAMRC, CCOD and OHSC obtained clean audits during the period under review, while the CMS, SAHPRA and NHLS obtained unqualified audit opinions with findings.

The AG identified material findings on annual performance reporting and achievement of targets by the NDoH and SAHPRA. SAHPRA has regressed in this area as there were no material findings identified in the prior years. The SAMRC, OHSC, CMS and NHLS did not have material findings on annual performance reporting.

The AG indicated that financial statements preparation remains a concern as material adjustments were effected to annual financial statements submitted for audit by the NDoH, SAHPRA and NHLS. It was

indicated that the NHLS had a significant number of financial statement items materially adjusted for after the audit.

On compliance to key legislation, the AG indicated that the NDoH had findings on expenditure management and SAHPRA on revenue management. The AG commended the health portfolio on having addressed previous findings on procurement and contract management.

Irregular expenditure incurred by the portfolio increased from R4.5 billion in 2021/22 to R5.2 billion in 2022/23. The main contributors to the irregular expenditure were the NHLS, incurring R4 billion, followed by the NDoH (R359 million) and CMS (R59 million).

4.2. Provincial Departments

The AG reported that the audit outcomes of the sector show improvement due to the NDoH and KwaZulu-Natal clearing the prior year qualification and obtaining unqualified audit outcomes. The improvement resulted in the sector having only three (3) of the 10 departments receiving a qualification. Limpopo's audit outcome had not been finalised by the legislated date of 31 July 2023. There was no improvement to the audit outcomes for the Eastern Cape, Free State and Northern Cape as they remain qualified for four consecutive years, these provinces remain a major concern.

The AG noted that the overall quality of annual financial statements for Gauteng, Mpumalanga and North West is concerning, as numerous material misstatements were identified that requires correction on an annual basis. The AG commended the Western Cape and KwaZulu-Natal for producing good quality financial statements.

Irregular expenditure has decreased from R9.5 billion in 2021/22 to R7 billion in 2022/23. The main contributors to irregular expenditure were KwaZulu-Natal (R2.5 billion), Gauteng (R2.3 billion), Northern Cape (R1.1 billion) and North West (R776 million).

4.3. Ideal Clinic Realisation and Maintenance (ICRM) programme

The AG reported on its audit conducted to determine the status of the implementation of the ICRM programmes in 27 primary health care facilities in the nine provinces. Some of the findings of the AGSA included the following:

- maintenance schedules not implemented;
- lack of functional back-up electrical supply and/or piped potable water;
- emergency trollies not restored daily;
- lack of hand hygiene facilities; and
- inadequate management of medicine and supplies.

The root causes included human resources deficiencies such as the lack of training, guidance and support to some health workers, lack of supervision and leadership and the insufficient or no dedicated funding for the implementation of the ICRM programme.

4.4. Medico-legal claims

The AG reported that the financial situation of the health sector is concerning as significant medico-legal claims is putting the sector under immense pressure, resulting in increased accruals and late payment of suppliers.

The total amount of medico-legal claims as of 31 March 2023, was approximately R67 billion. The NDoH undertook a process to develop a policy and legal framework to manage medico-legal claims in South on behalf of the provincial departments of health. The South Africa Law Reform Commission is in the process of finalising the draft discussion paper.

4.5. Infrastructure audit

On infrastructure, the AG reported that 69% of the 35 projects audited had findings on delays in the completion of the projects, 37% had findings on cost implications and 40% had findings on build quality. The root causes included the lack of oversight as some of the departments implemented a project for which there was no proper need assessment conducted and feasibility studies and no approval documents. Certain contractors failed to adhere to timelines due to poor performance resulting in projects

being delayed. Management failed to ensure that contractual agreements were enforced and disciplinary measures in the form penalties were applied against a contractor.

5. PERFORMANCE OF THE DEPARTMENT OF HEALTH (2022/23)

This section provides an overview of the financial and non-financial (service delivery) performance of the Department of Health for the 2022/23 financial year.

5.1. Financial Performance

For 2022/23, the Department spent R62.9 billion of the R64.6 billion available budget. This constitutes expenditure of 97.4%, down from 98.8% expenditure rate in the previous financial year. The Department underspent its allocated budget by nearly R1.7 billion (or 2.6%) of the final appropriation. The underspending increased by nearly a billion rand over the previous financial year which recorded R771.3 million underspending.

Table 1: Programme Expenditure 2022/23

Programme R'000	2022/23			2021/22		
	Final Appropriation	Actual Expenditure	Over/under expenditure	Final Appropriation	Actual Expenditure	Over/under expenditure
1 Administration	731 989	645 318	86 671	828 730	672 727	156 003
2 National Health Insurance	1 576 102	1 366 050	210 052	1 025 966	838 153	187 813
3 Communicable & Non-Communicable Diseases	26 924 022	26 049 571	874 451	35 741 509	35 595 481	146 028
4 Primary Health Care	5 154 744	5 149 242	5 502	255 705	251 526	4 179
5 Hospital Systems	22 641 588	22 198 414	443 174	21 114 133	21 011 761	102 372
6 Health System Governance and Human Resources	7 527 286	7 487 446	39 840	6 442 722	6 360 530	82 192
TOTAL	64 555 731	62 896 041	1 659 690	65 908 765	65 137 431	771 334

The primary causes of underspending in the budget are as follows:

- Goods and services: Underspending of R1.2 billion, primarily driven by the non-procurement of COVID-19 vaccines (R807.5 million underspent) due to reduced demand for the service.
- Capital assets: Underspending of R479.1 million is attributed to delays in the Limpopo Academic Hospital project, which falls under the Budget Facility for Infrastructure (BFI) program. The Budget Facility for Infrastructure (BFI) is a reform to the budget process that supports the execution of national priority projects by establishing specialised structures, procedures and criteria for committing fiscal resources to public infrastructure spending. Measures have been taken in the 2023 Medium-Term Expenditure Framework (MTEF) to adjust cashflow projections and budget allocations to address this issue.
- R203 million of the underspending is related to the National Health Insurance (NHI) Indirect Grant, including both personal and non-personal services components, as well as other

earmarked NHI items. This underspending is primarily due to a lack of staff, resulting in delays in NHI-related projects. Furthermore, an ongoing legal challenge regarding planned staff appointments within the NHI branch has further complicated the situation.

In terms of **economic classification**, expenditure on Compensation of Employees (COE) amounts to R760.9 million (93.7%) of the COE budget allocation of R812.5 million. With regard to COE, the Department notes that the underspending is due to vacant, critical posts that are in the process of being filled. Goods and Services expenditure amounted to R2.8 billion (71.6%) of the budget allocation of R4.0 billion. Reasons for under-expenditure include:

- Rental payments to Department of Public Works were withheld due to unresolved disputes on invoices.
- Underspending resulted from delayed recruitment of the new NHI staff members.
- The 2022/2023 business plan for the NHI Indirect Grant personal services component detailed targets that were unfeasible within the timeframe and capacity of the NHI Branch.
- Underspending under COVID-19 Vaccination Programme, as there is sufficient vaccine stock on hand.

Transfer payments: Expenditure of R58.334 billion (100%) was incurred from the budget of R58.366 billion.

Purchase of Capital Assets: An amount of R958.8 million (66.6%) was spent on capital payments from the budget of R965.8 million. The underspending is simply attributed to the slow start of various infrastructure projects. The Committee should scrutinize this issue in more detail.

Direct charges against the National Revenue Fund (NRF): no charges against the NRF were incurred.

Virement: Approval was obtained from National Treasury to vire R3.1 million after the Adjustments Budget, across programmes. No funds were rolled over.

No **unauthorised expenditure** was incurred during the period under review. The Department incurred R45 000 **fruitless and wasteful expenditure**.

5.2. Non-Financial (Service Delivery) Performance

The Department's performance appears to have declined as compared to the previous financial year. During the financial year under review, the Department achieved 30 out of the 52 set targets or 57.7%. This is lower than the 23 out of 37 targets (62.2%) reached in 2021/22. The Department's performance should be viewed in the context of it having again spent 97.4% of its allocated budget (in the previous four financial years it spent 98.8% (2021/22), 99.1% (2020/21), 99.2% (2019/20), and 98.1% (2018/19).

Table 2: Programme Performance Overview

Programme	2022/23					2021/22	
	Number of targets	Achieved	Not fully achieved	% Targets Achieved	Budget Spent % 2022/23	% Targets Achieved 2021/22	% Budget Spent % 2021/22
1. Administration	7	1	6	14.3%	88.2%	50.0%	81.2%

2. National Health Insurance	4	3	1	75.0%	86,7%	40.0%	81.7%
3. Communicable & Non-Communicable Diseases	21	10	11	47.6%	96.7%	66.7%	99.6%
4. Primary Health Care	7	6	1	85.7%	99.9%	66.7%	98.4%
5. Hospital Systems	4	3	1	75.0%	98.1%	100.0%	99.5%
6. Health System Governance and Human Resources	9	7	2	77.8%	99.5%	57.1%	98.7%
Total	52	30	22	57.7%	97.4%	62.2%	98.8%

5.2.1. Performance per programme

This section provides an analysis of the performance of the Department under each of its six main programmes. The analysis focuses particularly on the overarching targets achievement, budget spending and highlights some of the challenges under each programme.

5.2.1.1. Programme 1: Administration

The programme achieved only one (14.3%) of the seven planned targets for 2022/23. It should be noted that the number of targets set in the APP for this programme has fluctuated from three (3) in 2019/20, six (6) in 2020/21, four (4) in 2021/22 and seven (7) in 2022/23.

Table 3: Programme 1

	2022/23	2021/22
Total targets set	7	4
Targets achieved	1	2
Targets not fully achieved	2	2
Success rate	14.3%	50.0%
Total budget	R732.0 million	R828.7 million
Total budget spent	R645.3 million (88.2%)	R672.7 million (81.2%)

The notable targets under the programme during the period under review include the following:

- The Department achieved its target of health promotion messages with 399 health promotion messages (target: 100 health promotion messages).
- Two targets relate to medico-legal claims- neither the Case Management System nor the policy and legal framework to manage medico-legal claims were fully achieved. The AG noted that this may be a potential area of fruitless and wasteful expenditure, as money was spent on developing and rolling out a Case Management System, but this is not being utilised fully by the provinces except one.
- The Department achieved its target of achieving an unqualified audit opinion for 2022/23.

This programme was allocated R732.0 million and spent R645.3 million (88.2%) up from 81.2% in the previous financial year. Under-expenditure totalled R86.7 million.

5.2.1.2. Programme 2: National Health Insurance (NHI)

Out of the four planned targets, the Department achieved three (75%), up from 40% in the previous financial year. More than 6.1 million patients are enrolled for receiving medicines through the Centralised Chronic Medicine Dispensing and Distribution (CCMDD) System (target: 5.5 million).

Table 4: Programme 2

	2022/23	2021/22
Total targets set	4	5
Targets achieved	3	2
Targets not fully achieved	1	3
Success rate	75.0%	40.0%
Total budget	R1.576 billion	R1.026 billion
Total budget spent	R1.366 billion (86.7%)	R838.1 million (81.7%)

Spending, whilst still low, increased in the programme compared to the previous financial year in both actual expenditure and in percentage. R1.4 billion was spent of a budget allocation of R1.6 billion (86.7%), an improvement on the R838.1 million (81.7%) spent in the previous year. There is still significant under-expenditure of R210.1 million. Three of the four targets (75%) were reached.

The Department again exceeded the number of patients registered for receiving medicines via the CCMD system, with 6.1 million patients registered against a target of 5.5 million. A total 3 860 health facilities (target: 3 850) are able to provide data to the National Surveillance Centre. Eighty-five percent (85%) of the funded NHI organogram posts are filled (target: 70%).

5.2.1.3. Programme 3: Communicable & Non-Communicable Diseases

In Programme 3, the Department fully achieved only eleven (11) out of twenty-one (21) targets or 52.4%. This is down from its achievement of 6 out of 9 targets or 66.7% in the previous financial year. The number of targets in this programme has fluctuated significantly over the past few financial years, from 57 in 2015/16, 16 in 2019/20, and 9 in 2021/22. The Department spent 96.8% of its budget but achieved only 52.4% of its targets fully.

Table 5: Programme 3

	2022/23	2021/22
Total targets set	21	9
Targets achieved	11	6
Targets not fully achieved	10	3
Success rate	52.4%	66.7%
Total budget	R26.9 billion	R35.7 billion
Total budget spent	R26.1 billion (96.8%)	R35.6 billion (99.6%)

The Department reports that none of the COVID-19 vaccine-related targets were fully achieved. The reason cited for the underperformance was “Poor demand for vaccination”.

The Department reported that 252 (target: 100) State patients were admitted into psychiatric hospitals. It attributes this over achievement to the presence of a dedicated manager who visited the hospitals and worked with relevant stakeholders.

None of the three Tuberculosis (TB)-related targets were reached.

- Drug-susceptible TB Treatment Success Rate was at 77.6% (target: 85%);
- the death rate for drug susceptible TB was worse than aimed for with 13 708 people dying (target: 12 381); and
- fewer people started TB treatment 189 790 than the targeted 221 900.

The Department failed to reach the target with regards PHC facilities with youth zones as only 1 845 PHC facilities with youth zones (target: 2 000).

This programme was allocated R26.9 billion, down from R35.7 billion in the previous financial year, and spent R26.1 billion, which is a 96.8% expenditure rate. Under-expenditure amounted to R874.5 million.

5.2.1.4. Programme 4: Primary Health Care

This Programme consists of District Health Services, Environmental and Port Health services and Emergency Services and Trauma. In terms of performance, six (6) out of seven (7) targets (85.7%) were fully achieved.

Table 6: Programme 4

	2022/23	2021/22
Total targets set	7	9
Targets achieved	6	6
Targets not fully achieved	2	3
Success rate	85.7%	66.7%
Total budget	R5.155 billion	R255.7 million
Total budget spent	R5.149 billion (99.9%)	R251.5 million (98.4%)

The Department reached its target of finalising an evaluation report on the review of the District Health System Policy framework for 2014-2019.

The District Health Management Offices (DHMO) Guidelines were tested in 38 Districts (target: 18 districts).

The number of PHC facilities with Ward Based Primary Health Care Outreach Teams (WBPHCOT) was 2 630 (target: 2 700). The reason given for this, was that there was a high turnover of Community Health Workers in favour of formalized paid work.

The number of PHC facilities that qualify as Ideal Clinics increased from 56% in 2021/22 to 59% at the end of the 2022/23 financial year. This means that 2 053 out of 3 464 facilities achieved ideal clinic status.

Twenty-five (25) ports of entry (target: 25) compliant with international health regulations based on self-assessments.

All nine provinces were assessed for compliance with the Emergency Medical Services (EMS) Regulations.

The budget allocation for this Programme increased twenty-fold from R255.7 million in 2021/22 to R5.2 billion in 2022/23. This increase is due to the shift of the district health component of the District Health Programmes Grant to this sub-programme from the Programme 3: Communicable and Non-communicable Diseases.

5.2.1.5. Programme 5: Hospital Systems

This Programme develops national policy on hospital services and responsibilities by level of care; referral guidelines; developing hospital plans; and facilitating improvement plans for hospitals. The Programme is also responsible for the management of the National Tertiary Services Grant and ensures that the planning of health infrastructure meets the needs of the country.

The two budget sub-programmes in this programme are, Health Facilities Infrastructure Management; and Hospital Management.

Table 7: Programme 5

	2022/23	2021/22
Total targets set	4	3
Targets achieved	3	3
Targets not fully achieved	1	0
Success rate	75.0%	100%
Total budget	R22.641 billion	R21.114 billion

Total budget spent	R22.198 billion (98.1%)	R21billion (99.5%)
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All three Health Facilities Infrastructure Management targets (100%) were achieved, similar to the previous financial year when all three targets were achieved. Nearly the entire budget (99.5%) for the programme was spent. Targets achieved include:

- 41 PHC facilities constructed or revitalised (target: 40);
- 25 Hospitals constructed or revitalised (target: 21); and
- 157 Public Health Facilities (Clinics, Hospitals, Nursing Colleges, EMS base stations) maintained, repaired and/or refurbished (target: 120).

Target not achieved: Regulations relating to designation/classification of Hospitals were not reviewed and published for comment as the Technical National Health Committee (Tech NHC) instructed further work to be done on the regulations, and that private sector hospitals be included.

This Programme has spent nearly its entire budget (R22.2 billion (98.1%)) of its R22.6 billion allocated funds. This is in keeping with the previous financial years' spending pattern.

5.2.1.6. Programme 6: Health System Governance and Human Resources

The aim of this Programme is to develop policies for planning, managing and training of the health sector human resources and the planning, monitoring, evaluation and research sector. It exercises oversight over all health public entities and statutory Health Professional Councils in South Africa. It also provides forensic laboratory services.

Table 8: Programme 6

	2022/23	2021/22
Total targets set	9	7
Targets achieved	7	4
Targets not fully achieved	2	3
Success rate	77.8%	57.1%
Total Budget	R7.527 billion	R6.4 billion
Total budget spent	R7.487 billion (99.5%)	R6.4 billion (98.7%)

Seven of the nine targets (77.8%) were fully achieved. Those targets achieved include:

- Nine (9) Public Nursing Colleges were supported to achieve accreditation for basic and specialist nursing and midwifery programmes;
- Two (2) Boards appointment recommendations made prior expiry of the term of office (SAMRC and OHSC);
- Performance dashboards for national, provincial and district levels were developed; and
- Revised Health Research priorities produced.

Targets not achieved include:

- 2 046 PHC facilities qualify as ideal Clinics (Target 2 200);
- Eight (8) Provinces supported to develop implementation plans for strengthening clinical governance;
- Community service policy review not published; and
- Alpha version of networked TB/HIV Plus Information System not developed pending an internal review of information systems processes.

This Programme has spent 99.5 % of its appropriated funds, amounting to R7.5 billion.

5.2.2. Human Resources

The Department reports that it had a total of 1 133 permanent posts filled, out of 1 435 approved posts which represents a vacancy rate of 19.8%. In the Senior Management Services (SMS) there is an overall vacancy rate of 23.8%. The highest vacancy rates were experienced at level 14 (38.2%, n= 13), level 15 (20.0%, n=2) and level 13 (19.3%, n= 16). This means that nearly a quarter of senior management positions are vacant.

5.2.3. Findings of the Auditor-General

The Department's audit outcome improved as it received an unqualified audit opinion with findings. This is an improvement over the previous financial year when it had qualified audit opinion.

The AG found that the financial statements submitted for audit had not been prepared in accordance with the prescribed financial reporting framework and supported by full and proper records. This is a repeat finding. Material misstatements were identified by the auditors and were subsequently corrected.

Reliability of information

As it did in previous financial years, the AG again found that:

- Leadership did not exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls, which resulted in material misstatements and material findings reported in the audit report.
- Management did not implement proper record keeping in a timely manner to ensure that complete, relevant, and accurate information was available to support financial and performance reporting, resulting in the material findings reported.
- Management did not implement controls over daily and monthly processing and reconciling of transactions to ensure accurate and complete financial reporting.
- Management did not adequately review reported achievement in the Annual Performance Report to ensure that actual achievements are supported by appropriate evidence.
- Management did not adequately review the indicators and targets to ensure that they are clearly defined during planning processes, such that data will be collected consistently.

The AG again raised material findings on the usefulness and reliability of the reported performance information in Programme 2: National Health Insurance. The AG was unable to find audit evidence that, for example 85% of funded posts were filled (target 70%), saying "it is likely that the target was not achieved."

In Programme 3 Communicable and Non-communicable diseases, the AG could not determine the actual achievement regarding the number of facilities offering HIV Self Screening and concluded that it was materially less than reported and that the achievement was lower than reported.

6. PERFORMANCE OF ENTITIES (2022/23)

This section provides an overview of the financial performance of Entities for the 2022/23 financial year.

6.1. South African Health Products Regulatory Authority (SAHPRA)

The Medicines and Related Substances Act, (No. 101 of 1965), (as amended by Act 72 of 2008, together with Act 14 of 2015), provides for the establishment of SAHPRA, a Schedule 3A public entity,

of the National Department of Health. SAHPRA came into existence in February 2018. SAHPRA is responsible for the regulation of health products intended for human and animal use; the licensing of manufacturers, wholesalers and distributors of medicines and medical devices, radiation emitting devices and radioactive nuclides; and to conduct clinical trials in a manner compatible with the national medicines policy.

6.1.1. Service Delivery Environment

Some notable developments in terms of the service delivery environment during the reporting period included the following:

- The Inspectorate and Regulatory Compliance programme continued to recruit and capacitate the technical levels of the unit, in improving service delivery.
- The Medical Devices unit saw the first renewals of medical device establishments for manufacturers, distributors and wholesalers.
- The ability to attract and retain the best talent especially in the technical field has become a challenge due to competition for best talent in the health, regulatory and pharmaceutical market.
- The rapid turnaround times for non-COVID-19 clinical trial protocol assessments were maintained.
- The public uptake of the MedSafety App continues to grow and there are plans in place to extend its use and integrate the App into programmatic HIV and TB pharmacovigilance.
- Important discussions were held between SAHPRA and the NDoH to put in place measures to integrate pharmacovigilance into the public health system, from the point of care to SAHPRA. This integration framework will be in place by end financial year 2023/24.

6.1.2. Overview of SAHPRA's Performance

During the period under review, SAHPRA achieved 17 out of the 27 planned targets (63%, a decline, as compared to 72% in 2021/22). The performance achievements during the 2022/23 financial year are highlighted below:

Table 9: Highlights of some of SAHPRA's 2022/23 Performance

PROGRAMME	PLANNED TARGET 2022/23	ACTUAL PERFORMANCE 2022/23
1. LEADERSHIP AND SUPPORT	Obtain an unqualified opinion issued by the Auditor-General	Achieved: Unqualified audit opinion obtained
	Total revenue generated from fees (R170 million)	Achieved: R1697 million
	Break-even of expenses and revenue	Achieved: R22.5 million surplus
	60% of prioritised recommendations from the 2022/23 stakeholder survey implemented	Achieved: 60%
	80% of the change management interventions implemented	Achieved: 80%
	50% of the workplace skills plan implemented	Not Achieved: 15%
	95% of budgeted positions filled	Not Achieved: 65% of budgeted positions filled
	Enterprise Architecture approved by the Board	Not Achieved: Enterprise Architecture has not been approved by the Board
2. HEALTH PRODUCTS AUTHORISATION	100% of medicine registration backlog cleared	Achieved: 100%

PROGRAMME	PLANNED TARGET 2022/23	ACTUAL PERFORMANCE 2022/23
	100% of medicine variation applications backlog cleared	Achieved: 100%
	80% of New Chemical Entities finalised within 490 working days	Achieved: 100%
	75% of generic medicines finalised within 250 working days	Not Achieved: 57%
	Obtain ISO 9001:2015 certification	Not Achieved: ISO 9001:2015 certification was deprioritised and deferred to 2023/24 financial year
	WHO maturity level 3 obtained	Achieved: WHO Maturity level 3 obtained
3. INSPECTORATE AND REGULATORY COMPLIANCE	60% of new GMP and GWP related licenses finalised within 125 working days	Not Achieved: 22%
	70% of permits finalised within 20 working days	Achieved: 79%
	70% regulatory compliance investigation reports reproduced within 30 working days	Achieved: 72%
4. CLINICAL AND PHARMACEUTICAL EVALUATION	Finalise 85% of applications for the sale of unregistered Category A (human medicines) within three (3) working days	Achieved: 87%
	Finalise 80% of human clinical trial applications within 90 working days	Achieved: 104%
	70% of reports on health products safety signals issued within 40 working days	Not Achieved: 40% reports issued within 40 working days
	Four (4) safety awareness webinars held	Achieved: 06
	95% of lot release requests finalised within 30 working days	Not Achieved: 81%
5. MEDICAL DEVICES AND RADIATION CONTROL	70% of medical device establishment licence applications finalised within 90 days	Achieved: 136%
	Develop seven (7) Guidelines to support the medical device registration regulations published	Not Achieved: Guidelines have been placed on hold until the regulations are finalised from NDoH
	Finalise 50% of applications for radionuclide authorities within 30 working days	Achieved: 83%
	Finalise 70% of licence applications for listed-electronic products within 30 working days	Achieved: 169%
	Board approved Co-Regulation Model with the National Nuclear Regulator	Not Achieved: Co-Regulation Model submitted to the EXCO for review and approval

6.1.3. Financial Performance

SAHPRA's total revenue for 2022/23 was estimated at R396.3 million (R368.8 million in 2021/22), with

R228.8 million from exchange transactions and R167.5 million from non-exchanged transactions. During 2022/23, SAHPRA realised a significant year on year increase in fee income generated, amounting to R197 million from R169 million in 2021/22. The increase in revenue generation was mainly due to the impact of the revised Fee Gazette as well as an increase in application reviews finalised.

SAHPRA's total expenditure was R373.8 million against a budget of R349.4 million. SAHPRA's surplus at the end of the financial year totalled R22.5 million, as compared to an adjusted surplus of R22 million in 2021/22.

Table 10: Statement of Financial Performance

	2022/23 R'000	2021/22 R'000
Current Assets	345 424	264 705
Non-current Assets	31 064	29 438
Total Assets	376 489	294 144
Total Liabilities	297 958	238 442
Net assets	69 971	47 464
Accumulated surplus	69 971	47 464
REVENUE		
Revenue from exchange transactions	228 821	192 952
Revenue from non-exchange transactions	167 473	175 848
Total revenue	396 294	368 800
EXPENDITURE		
Total expenditure	(373 787)	(346 743)
Surplus for the year	22 507	22 057

By end of March 2023, SAHPRA had a net asset position of R25.4 million (largely due to the accounting surplus). The current assets (totalled R345.4 million) include cash and cash equivalents of R329.6million. Liabilities (current and non-current) amounted to R306.5 million (from R246.7 million in 2021/22).

6.1.4. Report of the Auditor-General

- SAHPRA obtained an **Unqualified audit opinion with findings**.
- The AGSA identified material misstatements in the annual performance report submitted for auditing. Material findings on the reported performance information were identified under Programme 2 – Health Products Authorisation.
- The AGSA identified significant internal control deficiencies that resulted in the material findings.
- On revenue management, the AG reported that effective and appropriate steps were not taken to collect all revenue due.

6.2. Office of the Health Standards Compliance (OHSC)

The National Health Amendment Act (No. 12 of 2013) establishes OHSC as a Schedule 3A Public Entity in terms of the Public Finance Management Act (PFMA). Section 78 of the same Act provides for the OHSC to promote and protect the health and safety of the users of health services in South Africa. The OHSC is mandated to, amongst others:

- Advise the Minister on matters relating to norms and standards for the national health system and the review of such norms and standards, or any other matter referred to it by the Minister;
- Inspect and certify compliance by Health Establishments (HEs) with prescribed norms and standards, or where appropriate and necessary, withdraw such certification;
- Investigate complaints about the national health system;
- Monitor risk indicators as an early-warning system about serious breaches of norms and standards and report any breaches to the Minister without delay;
- Identify areas and make recommendations for intervention by a national or provincial department of health or municipal health department, where necessary, to ensure compliance with prescribed norms and standards;
- Recommend quality assurance and management systems for the national health system to the Minister for approval; and
- Keep records of all OHSC activities.

6.2.1. Overview of the OHSC's Performance

The OHSC achieves its mandate through five programmes, namely: Administration; Compliance Inspectorate; Complaints Management and Office of the Health Ombud; Health Standards Design, Analysis and Support; and Certification and Enforcement.

Overall, the OHSC had 23 output indicator targets for the 2022/23 financial year, 65% (15) were achieved, 26% (6) not achieved and 9% (2) were partially achieved.

Programme 1: Administration

The purpose of this programme is to provide the leadership and administrative support necessary for the OHSC to deliver on its mandate and comply with all relevant legislative requirements. This programme has four sub-programmes, namely, Human Resource Management, Finance and Supply Chain Management, Information and Communication Technology (ICT) as well as Communication and Stakeholder Relations.

Table 12: Performance on Planned Targets – Programme 1

	2022/23	2021/22
Total number of targets in APP 2022/23	7	7
Targets reported in Annual Report 2022/23	8	7
Targets fully achieved	6	6
Partially achieved	-	-
Targets not achieved	2	1
Performance success rate	75%	85.7%
Budget	R64.7 million	R61.4 million
Expenditure	R76.8 million	R68.8 million
Financial expenditure rate	118.7%	112%

Six (75%) of the eight targets for Programme 1 were fully achieved. The targets relating to the turnaround time for the filling of vacancies and the certification of inspectors after completion of training were not achieved.

This programme had an approved allocation of R64.7 million, overspent by R12 million. This is a 6% (R3.7 million) increase as compared to the previous financial year.

Programme 2: Compliance Inspectorate

The purpose of this programme is to manage the inspection of health establishments in order to assess compliance with the national norms and standards. This programme is also responsible for conducting

routine inspections. Table 12 below discusses the performance on annual planned targets against those set on the annual performance plan.

Table 13: Performance on Planned Targets – Programme 2

	2022/23	2021/22
Total targets in APP 2022/23	4	5
Targets reported in Annual Report 2022/23	5	4
Targets fully achieved	2	3
Partially achieved	-	-
Targets not achieved	3	1
Performance success rate	40%	75.0%
Budget	R58.5 million	R54.1 million
Expenditure	R75.9 million	R49.7 million
Financial expenditure rate	129.7%	91.9%

During the period under review, Programme 2 has regressed in its performance against set targets, from achieving 75% in 2021/22 to 40% in 2022/23. Targets not achieved relates to the inspection of health establishments (both public and private and the publishing of the compliance status report.

In terms of financial performance, the initially approved budget was R58.5 million, and the total expenditure was R75.9 million. The programme overspent by R17.4 million.

Programme 3: Complaints Management and Office of the Health Ombud

The purpose of this programme is to consider, investigate and dispose of complaints relating to the non-compliance with prescribed norms and standards in a procedurally fair, economical and expeditious manner. This programme has three sub-programmes: Complaints Call Centre; Complaints Assessment Unit; and Complaints Investigation Unit.

Table 14: Performance on Planned Targets – Programme 3

	2022/23	2021/22
Total targets in APP 2022/2023	5	5
Targets reported in Annual Report 2022/23	5	5
Targets fully achieved	1	1
Targets not achieved	4	4
Targets partially achieved	-	-
Performance success rate	20.0%	20.0%
Budget	R20.9 million	R20.4 million
Expenditure	R23.5 million	R22.1 million
Financial expenditure rate	112.4%	108.3%

There was no improvement in performance under Programme 3 during the period under review. Similar to the previous financial year (2021/22), only one of five targets was fully achieved. Some of the reasons cited for the under-performance, is the historic backlog cases (135), dating back to 2017. This was further compounded by staffing constraints. Other reasons were attributed to the delays and lack of responses from health establishments and complainants for requested information.

The budget for this programme was R20.9 million and the expenditure by end of the reporting period was at R23.5 million. The programme overspent by R2.6 million.

Programme 4: Health Standards Design, Analysis and Support

The purpose of the Health Standards Design, Analysis and Support programme is to provide high-level technical support to the office through research, health systems analysis, development of data collection tools, training in the use of these tools, and analysis and interpretation of the data collected. The

programme also drives the establishment of stakeholder networks for capacity building and the co-creation of information management systems.

Table 15: Performance of Planned Targets – Programme 4

	2022/23	2021/22
Total targets in APP 2022/23	2	2
Targets reported in Annual Report 2022/23	2	2
Targets fully achieved	2	2
Targets partially achieved	-	-
Targets not achieved	-	-
Performance success rate	100%	100%
Budget	R10.9 million	R13.4 million
Expenditure	R13.2 million	R9.8 million
Financial expenditure rate	121%	73.1%

All the targets in this programme were fully achieved. In the beginning of the reporting financial year, this programme was allocated R10.9 million, with an expenditure of R13.2 million. The programme over-spent by R2.2 million, as compared to an under-expenditure of R3.6 million in the 2021/22 financial year.

Programme 5: Certification and Enforcement

The purpose of this programme is to certify compliant health establishments and take enforcement action against non-compliant health establishments. The programme is required to publish information relating to the certificates of compliance issued and enforcement action taken. Table 15 shows the performance of this programme.

Table 15: Performance of Planned Targets – Programme 5

	2022/23	2021/22
Total targets in APP 2022/23	3	3
Targets reported in Annual Report 2022/23	3	3
Targets fully achieved	3	2
Targets partially achieved	-	-
Targets not achieved	-	1
Performance success rate	100%	66.7%
Budget	R2.49 million	R2.7 million
Expenditure	R2.50 million	R2.2 million
Financial expenditure rate	99.9%	81.5%

Programme 5 had three planned targets, all three were achieved. The performance success rate for the period under review is 100%. This is an improvement from the previous financial year's performance of 66.7%. The programme had a budget of R2.49 million and its annual expenditure was R2.50 million.

6.2.2. Financial Performance

The OHSC's revenue is derived from an allocation from National Treasury under the budget vote for the National Department of Health. During the reporting period (2022/23), the entity was allocated R157.5 million (compared to R157.9 million in 2021/22).

The total revenue generated in 2022/23 increased by 2% compared to the previous financial year. Due to the lifting of the COVID-19 lockdown restrictions, the OHSC's expenditure increased from R152.2 million in 2021/22 to R191.7 million in 2022/23, representing an increase of 21%.

The Compliance Inspectorate programme's expenditure was the highest at 40%, largely as a result of increased travel expenditure as well as the use of additional staff to conduct inspections.

Table 16: Statement of Financial Performance

	2022/23	2021/22
	R'000	R'000
Total Revenue	160.8	160.1
Operating expenses	(51.9)	(40.8)
Total expenditure	(187.2)	(149.0)
(Deficit) /Surplus for the Year	(26.4)	11.0

The OHSC was approved to retain its surplus amount of R53.6 million. The surplus was largely used to fund the employment of staff on short-term contracts to supplement existing capacity and funding other operational expenditures.

Table 17 below depicts the financial position comprising assets, non-current assets, current liabilities and non-current liabilities as at the end of the reporting period.

Table 17: Statement of Financial Position

	2022/23	2021/22
	R'000	R'000
Current Assets	49.2	65.9
Non-current Assets	10.8	12.2
Total Assets	60.0	78.1
Current Liabilities	19.6	12.4
Non-Current Liabilities	-	-
Total Liabilities	19.6	12.4
Net assets	40.4	65.8

6.2.3. Report of the Auditor-General

- The OHSC obtained an **Unqualified audit opinion with no findings** from the AGSA for the financial year under review.

6.3. Office of the Health Ombud (OHO)

The Office of the Health Ombud (OHO) is an independent body established in terms of the National Health Amendment Act of 2013. The OHO is located within the Office of Health Standards Compliance (OHSC) and shares financial allocation and human resources and reports to and is accountable to the Minister of Health. The OHO was established and specifically mandated to protect and promote users of health services by considering, investigating and disposing of complaints in the national health system relating to non-compliance with prescribed norms and standards and contribute towards a development of public service culture characterised by fairness, dedication, commitment, openness, accountability and the promotion of the right to good public administration.

6.3.1. History and Pattern of Complaints

The number of complaints received by the OHO since its inception is 14 232 with the majority (>93%) being resolved. In terms of risk classification, 13 791 (96.6%) of all complaints received were risk-rated low, 284 (2%) medium risk, 112 (0.79%) high risk and 45 (0.32%) extreme risk.

The provincial analysis pattern shows that Gauteng Province accounts for over 50% of complaints and the Northern Cape accounts for the least complaints. Over 88% of complaints are lodged through e-mails and 99% are rated as low risk in nature.

Of the complaints lodged, 65% are from the public health sector while 35% are from the private health sector.

6.3.2. Overview of the OHO's Performance

The Office of the Health Ombud carry out its mandate through the Complaints Management Programme, which comprises four sub-programmes, namely, Human Capital, Complaints Call Centre, Complaints Assessment Unit and the Complaints Investigation Unit.

6.3.2.1. Complaints Management Programme

The Complaints Management Programme comprises three sub-programmes, namely: Complaints Call Centre; Complaints Assessment Unit; and Complaints Investigation Unit.

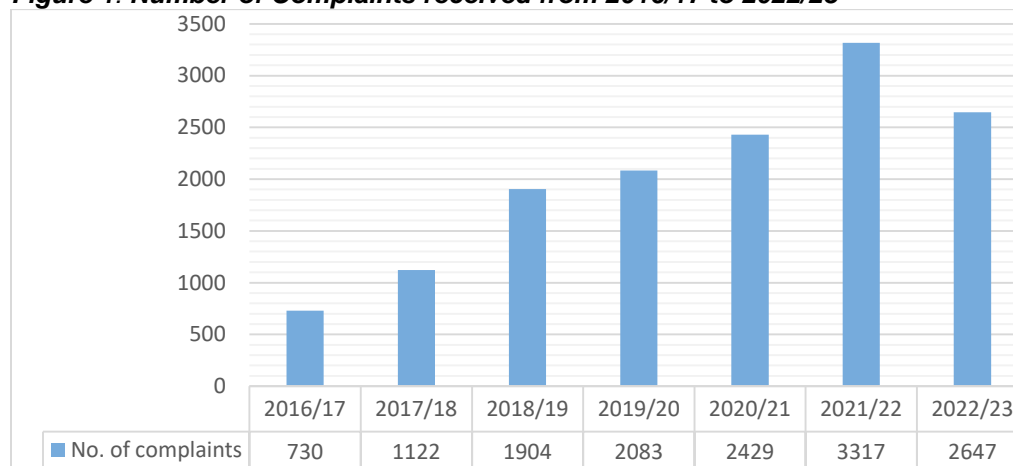
Sub-programme: Human Capital

During the reporting period 2022/23, the Complaints Management Programme operated at 91% (74% in 2021/22) of its funded human resource complement, with 21 of 23 funded posts filled. Six of the filled posts were funded on a contract basis within the Complaints Call Centre and Complaints Assessment Unit. These additional resources made a significant contribution in ensuring smooth operations and clearing the backlog in cases requiring assessment.

Sub-programme: Complaints Call Centre

The purpose of the Complaints Call Centre is to receive complaints from the public regarding breaches of norms and standards by health establishments through calls, walk-in submissions, emails and written letters. The figure below depicts the analysis of complaints received between 2016/17 and 2022/23 financial years.

Figure 1: Number of Complaints received from 2016/17 to 2022/23



Case patterns: As shown in figure 1, the number of people utilising the Complaints Call Centre and Assessment Unit has grown steadily over the past six years. In 2022/23 the Complaints Call Centre saw a decrease in complaints received and registered, that is, 2647 complaints, as compared to 3317 in 2021/22.

Provincial analysis pattern: Between 2016 and 2023, the majority of complaints (8270, 58%) were received from Gauteng, followed by KwaZulu-Natal and Western Cape recording 11% (1565) and 10% (1420) complaints, respectively. The Office is of the view that the proximity of Gauteng to its offices, coupled with higher literacy rates and confidence of residents in using the reporting systems may be a contributory factors to the higher share of complaint received from this province.

Method by which complaints were lodged: During the period under review, 81% of complaints were lodged via email. There were 2662 (18%) complaints lodged telephonically, 41 (0.3%) were postal submissions and 45 (0.3%) were lodged through walk-in submissions. Fourteen (>1%) complaints were lodged through social media channels.

Risk classification: Of the 2647 complaints received by the Complaints Call Centre, 98% (2590) were rated low-risk complaints. The Call Centre staff facilitated the resolution of these complaints by contacting the relevant health establishments and mediating to ensure satisfactory outcomes. All medium, high and extreme-risk cases that involved breaches of promulgated norms and standards were escalated for assessment or investigation.

Status of complaints received: During the reporting period, the majority of complaints lodged (93%) were closed by the Call Centre, of which 93.4% were closed within 25 days, exceeding the annual target of 80%.

Sub-programme: Complaints Assessment Unit

The purpose of the Complaints Assessment Unit to assess medium-risk-rated complaints and either propose ways to resolve them or refer them to the Investigation Unit for investigation.

The Complaints Assessment Unit has been under-resourced, it had 12 backlog complaints at the beginning of 2022/23. The Unit managed to resolve all 12 complaints and closed the financial year with no backlog complaints for the first time since 2018. The Unit also managed to resolve 57 newly assigned complaints, of which 40 were resolved within 30 days of receiving feedback from the complainant and/or health establishment.

The Complaints Assessment Unit referred 24 cases for investigation, thereby achieving 60.8% against a target of 65%.

Sub-programme: Complaints Investigation Unit

The Complaints Investigation Unit is comprised of two sections, namely: Healthcare and Legal.

The OHO notes that the 2022/23 financial year marks the 5th financial year that the unit operated with four vacancies, Director Complaints Investigations; two Investigators and Deputy Director: Legal, mainly attributable to funding limitations. These vacancies are said to contribute to the prolonged turnaround time for complaints resolution.

In 2022/23 reporting period, 29 cases were resolved, as compared to 23 cases in 2021/22. Of the 29 cases thirteen (13 or 44%) were from Gauteng, in the following disciplines: General (3), Orthopaedic (1), Gynaecology and Obstetrics (3), Theatre (1), Intensive Care Unit (1), Internal Medicine (1), Maternity (2) and Surgery (1).

In terms of the provincial analysis pattern, two (2) complaints were received from the Free State, two (2) from KwaZulu-Natal, two (2) from Mpumalanga, one (1) from Northern Cape and one (1) from the Western Cape.

6.3.3. Outstanding Issues

Some of the outstanding issues were highlighted as follows:

i) OHO Bill and separation of OHO

There is a need to finalise the OHO Bill in order to separate it from the OHSC. The current configuration as defined in the Nation Health Act, defies all best practices internationally, in corporate governance principles and renders the OHO less efficient and creates governance dysfunctionality.

ii) Backlog cases

In addressing the backlog cases, staffing shortages, budgets restrictions and the governance of the OHO needs to be prioritised. The functional relationship between the OHO and the Complaints Unit located in the NDoH needs to be resolved.

iii) Creating a professional career track

In the absence of an organogram and a secure budget, it is important to create a career structure for the staff of the Office in order to ensure staff security and ambition.

6.4. South African Medical Research Council (SAMRC)

The SAMRC is an entity of the NDoH and is legislated to improve the health and quality of life of South Africans through research, development, and technology transfer. It is also responsible for conducting research on South Africa's quadruple burden of disease i.e., maternal, new-born and child health, HIV/AIDS and TB, non-communicable diseases, and interpersonal violence. The SAMRC is a section 3A public entity and is accountable to Parliament for its performance and budget and derives its mandate from the South African Medical Research Council Act (No. 58 of 1991) as amended. Importantly, it renders its remit by acquiring evidence-based information to inform health policy and practice and improve the quality and health status of South Africans.

6.4.1. Highlights of achievements

A synopsis of the entity's achievements over the reporting period and post the COVID-19 pandemic:

- Raised more than R500 million, together with the National Department of Science and Innovation (DSI), to support more than 50 research projects;
- Initiated the Sisonke Heterologous mRNA-1273 boost after prime with Ad26.CO2 in 2022 to examine the real-world effectiveness of a heterologous boost with the Moderna mRNA-1273 vaccine amongst those who received either a single or double dose of the Johnson and Johnson Ad26;
- Convened a consortium of development partners known as the South African mRNA Vaccine Consortium (SAMVAC), comprising the University of the Witwatersrand, the University of Cape Town, the African Health Research Institute, the University of Stellenbosch, North-West University, the National Institute for Communicable Diseases, the SAMRC and Afrigen Biologics to develop, among others, a portfolio of (m)RNA vaccine candidates by Africa for Africa;
- Partners with the World Health Organization (WHO), Medicines Patent Pool (MPP), Afrigen Biologics (Pty) Limited, the Biologicals and Vaccines Institute of Southern Africa (Biovac), and the Africa Centres for Disease Control and Prevention (Africa CDC) for a diversified vaccines manufacturing capability to respond to COVID-19 pandemic and future pandemics;
- Established an mRNA Technology Transfer Hub in 2021 for building capacity in low- and middle-income countries to produce mRNA vaccines through a centre of excellence and training; and
- Commenced Biomanufacturing Capacity Development Programme with the Chan Soon-Shiong Family Foundation (CSSFF) in the 2022/23 financial year with the first cohort of students. The programme aims to build a vaccine manufacturing workforce, with a commitment of R100 million over 5 years from the CSSFF and co-funding from the SAMRC.

6.4.2. Overview of the SAMRC's Performance

Table 18 below mirrors the reported performance against the annual performance plan for 2022/23 financial year.

Table 18: Highlights of some of the SAMRC's 2022/23 Performance

IMPACT STATEMENT	STRATEGIC PERFORMANCE INDICATOR FOR 2020/21 - 2024/25	FINAL PERFORMANCE TARGET 2022/23
Strengthening of corporate governance processes towards an unqualified audit opinion from the Auditor General	A clean audit opinion on the SAMRC from the Auditor-General	Performance target Clean Audit. TARGET ACHIEVED
	Percentage of the government allocated SAMRC budget spent on administration	Performance target 20% but due to over-performance, a total of 17% of the allocation was spent on administration. TARGET ACHIEVED
	Number of accepted and	Performance target - 700

Promote the improvement of health and quality of life (prevention of ill health, improvements in public health and treatment) in South Africa through research.	published journal articles, book chapters and books by SAMRC affiliated and funded authors.	TARGET EXCEEDED - 1 455 Articles published. In 2021/22, the target was 3150 significantly decreased for the reporting period.
	Number of accepted and published journal articles by SAMRC grant-holders with acknowledgement of the SAMRC.	Performance target - 180 TARGET EXCEEDED – 445 articles published. In 2021/22, the target was 825 and was significantly decreased for the reporting period.
To build an innovation community, developing life changing health solutions for South Africa, Africa and beyond	Number of new innovation and technology projects funded by the SAMRC aimed at developing, testing and/ or implementing new or improved health solutions.	Performance target – 4 TARGET ACHIEVED Similar to the previous point, in 2021/22, the target was 70 and was significantly decreased for the reporting period.
	Number of innovation disclosures made by the SAMRC intramural research and innovation.	Performance target – 1. TARGET ACHIEVED SAMRC decreased the target significantly from 5 in 2021/22 to 1 in 2022/23.
To provide research support in the form of funding and supervision to the next generation of scientists in the broad field of health	Number of awards (scholarships, fellowships and grants) by the SAMRC for MSc, PhD, Postdocs and Early Career, Scientists.	Performance target – 140 TARGET ACHIEVED with 171 awards being made. Again, SAMRC decreased the target significantly from 498 in 2021/22 to 140 in 2022/23.
	Number of awards by the SAMRC to Black South African citizens and permanent resident MSc, PhD, Postdocs and Early Career Scientists classified as African.	Performance target – 105 TARGET ACHIEVED - 108 awards.
	Number of awards by the SAMRC to MSc, PhD, Postdocs and Early Career Scientists from historically disadvantaged institutions (HDIs).	Performance target - 75 TARGET NOT ACHIEVED In 2021/22, this target was not met either.
To contribute to building a public and policy-maker understanding of health, drivers of ill-health, and practice, interventions and technologies that can prevent	Number of local or international policies, reports and guidelines that reference SAMRC research	Performance target 5. TARGET ACHIEVED In 2021/22, this target was 27 and was drastically reduced.
	Number of conferences,	Performance target – 10.

ill health and strengthen health services and encouraging use of research evidence in policymaker, practitioner and public decision-making.	seminars and continuing development points workshops supported by the SAMRC	TARGET ACHIEVED - 73 conferences and seminars held.
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6.4.3. Financial Performance

Table 19 below shows a slightly higher revenue of R1.270 billion in 2022/23 as compared to R1.267 billion in 2021/22. Other income reflects a sizeable increase, i.e. R28 million in 2022/23 from R17.6 million in 2021/22. Importantly, the operating deficit shows R34.3 million during period under review, while the investment income increased from R42.5 million in 2022/23 up from R25.7 million in 2021/22. By end of March 2023, the surplus increased from R6 million in 2021/22 to R7.5 million.

Table 19: Statement of Financial Performance

	2022/23	2021/22
	R'000	R'000
Revenue	1,270,637,434	1,267,978,551
Other income	28,030,495	17,612,723
Operating expenses	(1,333,008,032)	(1,306,199,153)
Operating (deficit) surplus	(34,340,103)	(20,607,879)
Investment income	42,545,875	25,729,929
Fair value adjustments	(367,464)	1,103,297
Finance costs	(293,179)	(204,087)
(Deficit) Surplus for the year	7,545,129	6,021,260

Table 20 presents a healthy financial position for the fiscal year under review. The total assets leaped from R1 billion the previous financial year to R1.2 billion by end of March 2023. Conversely, the total liabilities stood at R737.5 million, which is a slight increase from R634.9 million documented in the preceding financial year. Importantly and notable, the accumulated surplus increased by R8 million from R426.7 million in the preceding reporting period to R434.3 million by end of March 2023.

Table 20: Statement of Financial Position

	2022/23	2021/22
	R'000	R'000
Current Assets	874,256,095	786,821,546
Non-Current Assets	297,580,787	274,852,335
Total Assets	1,171,836,882	1,061,673,881
Current Liabilities	727,196,898	624,003,894
Non-Current Liabilities	10,324,766	10,899,898
Total Liabilities	737,521,664	634,903,792
Net Assets	434,315,218	426,770,089
<i>Accumulated surplus</i>	434,315,218	426,770,089

6.4.4. Report of the Auditor-General

- The Auditor-General gave the entity a **clean audit outcome**. This has become a norm for the SAMRC over the years.
- The AG did not identify any significant deficiencies with respect to internal controls.
- The AG selected Programme 2 and 3 and did not identify any significant deficiencies in internal control.

6.5. National Health Laboratory Services (NHLS)

The NHLS derives its mandate from the National Health Laboratory Service Act (No. 37 of 2000) and operates as a Schedule 3A Public Entity. The Act provides for the Board to govern the entity together with the Chief Executive Officer (CEO). The NHLS continues to be the most significant public laboratory in the country with footprints in all nine provinces. Among others, the NHLS is required to provide quality, affordable and sustainable health laboratory and related public health services to all public healthcare providers, government institutions and any private healthcare provider in need of its service. It is further authorised to provide training for health science education in partnership with medical faculties at universities and universities of technology.

6.5.1. Highlights of achievements

The following are some of the highlights of the NHLS that have been reported for the period under review:

- Significantly decreased the creditors' days to 34 days;
- Generated a surplus of R3.2 billion for the 2022/23 fiscal year;
- Maintained an unqualified audit report for the 2022/23 fiscal year;
- Published 664 articles in peer-reviewed journals in the year under review;
- Increased its total assets from a restated R7.8 billion to R10.5 billion;
- Decreased its current liabilities from a restated R2.2 billion to R1.9 billion;
- Recalculated the provision for doubtful debt in line with the new accounting framework (GRAP104);
- Collected R11.0 billion from provincial departments compared to R10.8 billion in the previous year (2021/22);
- Increased the count of test volumes administered from 106 million in 2021/22 to 110 million in the 2022/23 fiscal year; and
- NICD continued to play a pivotal role in ensuring swift interventions regarding communicable disease outbreaks such as cholera, typhoid fever, and measles in South Africa.

6.5.2. Overview of the NHLS's Performance

The NHLS carry out its mandate through its six programmes, namely, Laboratory Service; Academic Affairs, Research and Quality Assurance; Surveillance of Communicable Diseases; Occupational and Environmental Health and Safety; Forensic Chemistry Laboratories; and Administration.

Programme 1: Laboratory Service

The annual report only reports on 10 targets, of which 5 are accounted as having been achieved. Shortage of water, especially in the Eastern Cape and the increased uptake of cervical cancer screening, are cited as drivers for failure to achieve the planned targets. As shown in table 21, the total expenditure is R8.22 billion, slightly less compared to that of the preceding year. However, the under-expenditure was R592 million.

Table 26: Performance on Planned Targets – Programme 1

	2022/23	2021/22
Targets reported in APP 2022/23	20	23
Targets reported in Annual Report 2022/23	10	12
Targets fully achieved	5	8
Targets not achieved	5	4

Performance success rate	50%	66.6%
Expenditure	R8.22 billion	R9.01 billion
Allocation	R8.81 billion	R8.96 billion
Expenditure rate	93.3%	100.5%

Programme 2: Academic Affairs, Research and Quality Assurance

Some of the reasons for not achieving the intended outcome was that there were renovations at Diagnostic Media Products at Sandringham which led to the certification process being suspended. Of the 11 reported targets, seven (7) were achieved while four (4) were not. Another reason for failing to achieve the target was that the assessment of one of the laboratories was conducted in February 2023. As shown on the table below, the expenditure stood at R270 million.

Table 27: performance of planned targets – Programme 2

	2022/23	2021/22
Targets reported in APP 2022/23	22	22
Targets reported in Annual Report 2022/23	11	11
Targets achieved	7	11
Targets not achieved	4	0
Performance success rate	63.6%	100%
Expenditure	R270 million	R383.3 million
Allocation	R350.23 million	R343.19 million
Expenditure rate	77.1%	111.6%

Programme 3: Surveillance of Communicable Diseases

This is one of the entity's Programmes that achieves 100% of its performance targets. It is reported in this Programme that a significant number of NICD laboratories were SANAS accredited during period under review. This programme was allocated R459.88 million and the expenditure stood at R381.55 million. The Programme reported an under-expenditure of R78.33 million.

Table 23: Performance on Planned Targets – Programme 3

	2022/23	2021/22
Targets reported in APP 2022/23	14	14
Targets reported in Annual Report 2022/23	7	7
Targets achieved	7	7
Targets not achieved	0	0
Performance success rate	100%	100%
Expenditure	R381.55 million	R420.16 million
Allocation	R459.88 million	R443.24 million
Expenditure rate	82.9%	94.7%

Programme 4: Occupational and Environmental Health and Safety

The overall performance success rate for Programme 4 was 100% of the reported performance targets. Despite the performance targets being achieved, the entity reports that test volumes dropped due to COVID-19 and they have not picked up since then.

Table 24: Performance on Planned Targets – Programme 4

	2022/23	2021/22
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Targets reported in APP 2022/23	8	8
Targets reported in Annual Report 2022/23	4	4
Targets achieved	4	4
Targets not achieved	0	0
Performance success rate	100%	100%
Expenditure	R140.23 million	R141.24 million
Allocation	R166 million	R157.73 million
Expenditure rate	84.4%	89.5%

Programme 5: Forensic Chemistry Laboratories (FCL)

This Programme has been effectively integrated into the NHLS by April 2023, hence it does not include historical data. Some of the reasons for the significant failures are attributed to deficiencies in infrastructure and equipment breakdowns, which limited the sample processing capacity at laboratories. Corrective measures include acquiring additional and larger facilities for the laboratories, which have been severely impacted by infrastructure deficiencies. Another intervention relates to additional equipment being acquired to achieve sample processing capacity at laboratories to address the backlog and manage all new specimens that are being received.

Table 25: Performance of Planned Targets – Programme 5

	2022/23	2021/22
Targets reported in APP 2022/23	8	-
Targets reported in the Annual Report 2022/23	4	-
Targets achieved	1	-
Targets not achieved	3	-
Performance success rate	25%	-
Expenditure	R128.37 million	-
Allocation	R138.40 million	-
Expenditure rate	92,7%	

The NHLS has reviewed and updated the FCLs organogram to improve oversight. Total budget allocation was R138.40 million and the total expenditure was R128.37 million. Compensation of Employees overspent with R-7.6 million.

Programme 6: Administration

This Programme has a number of sub-programmes i.e. Financial Management, Human Resources and Information and Communication Technology. The reason for the under-expenditure is attributed to non-filled posts. In 2021/22 reporting period this Programme overspent by R1.77 billion, while in 2022/23 fiscal year, it underspent by R1.47 billion.

Table 26: Performance of Planned Targets – Programme 6

	2022/23	2021/22
Targets reported in APP 2022/23	34	34
Targets reported in the Annual Report 2022/23	17	17
Targets achieved	11	15
Targets not achieved	6	2
Performance success rate	64.7%	88.2%
Expenditure	R334.99 million	R2 774.46 billion
Allocation	R1 805.38 billion	R1 004.67 billion

Expenditure rate	81.4%	276,1%
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6.5.3. Financial Performance

Emanating from the restatement of the entity's financial statement, its total revenue reflects an amount of R11.8 billion in 2022/23 less from R12.2 billion in 2021/22. A significant surplus before taxation amounts to R3.231 billion, which is a jump from R74.8 million in 2021/22. Also noted is the change from the deficit of R-117.9 million in 2021/22 to a surplus of R2.846.3 billion in Operating Deficit/Surplus.

Table 27: Statement of Financial Performance – Economic Entity (NHLS + SAVP)

	2022/23	2021/22
	R'000	R'000
REVENUE	11 842 711	12 237 665
Cost of Sales	(9 152 358)	(10 117 395)
Gross surplus	2 690 353	2 120 270
Other income	508 844	400 773
OPERATING EXPENSES	(352 868)	(2 639 024)
Operating Deficit/Surplus	2 846 329	(117 981)
Interest income	384 878	201 404
Fair value adjustments	-	1
Interest Expense	(118)	(8 546)
Surplus before taxation	3 231 089	74 878
Taxation	2 978	1 553
SURPLUS FOR THE YEAR	3 234 067	76 431

By end of March 2023, the total assets were R10.5 billion, which reflects a jump from R7.8 billion in the previous fiscal year. The total liabilities decreased from R3.2 billion in the preceding fiscal year to R2.7 billion in 2022/23.

Table 28: Statement of Financial Position – Economic Entity (NHLS + SAVP)

	2022/23	2021/22
	R'000	R'000
Current Assets	9 057 267	6 300 786
Non-current Assets	1 459 932	1 484 191
Total Assets	10 517 199	7 784 977
Current Liabilities	1 868 143	2 224 858
Non-Current Liabilities	836 800	982 858
Total Liabilities	2 704 943	3 207 716
Net assets	7 812 256	4 577 261

6.5.4. Report of Independent Auditors

- The NHLS received an **Unqualified audit opinion with findings** from the independent auditing firm Nexia SAB&T.
- The NHLS incurred irregular expenditure amounting to R705 million for the reporting period. It also incurred R1.2 billion irregular expenditure in 2021/22 due to the infringement of proper tender processes.

- Effective and appropriate steps were not taken to prevent irregular expenditure. The majority of the irregular expenditure incurred was due to non-compliance with laws and regulations governing procurement and contract management.
- An amount of R3.9 billion was declared impaired due to irrecoverable debt. In 2021/22 an amount of R4.7 billion was also impaired due to similar reasons.
- Annual financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1) (a) and (b) of the PFMA.
- Material misstatements of non-current assets, current assets, liabilities, other income, expenditure and disclosure items identified by the auditors in the submitted financial statement, were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

6.6. Council for Medical Schemes (CMS)

The Council for Medical Schemes (CMS) is established in terms of the Medical Schemes Act (MSA) (No. 131 of 1998), as a public entity mandated to regulate the medical schemes industry in South Africa. The main objective is to protect the interests of members, thereby, promoting fair and equitable access to private health financing. The CMS's mission is to regulate the medical schemes industry in a fair and transparent manner by:

- Protecting members of the public and informing them about their rights, obligations and other matters related to medical schemes;
- Ensuring that complaints raised by members of the public are handled appropriately and speedily;
- Ensuring compliance with the Medical Schemes Act (No.131 of 1998);
- Ensuring improved management and governance of medical schemes;
- Advising the Minister of Health on appropriate regulatory and policy interventions; and
- Ensuring Collaboration with other stakeholders in executing its regulatory mandate.

6.6.1. Overview of CMS Performance

In terms of performance, CMS achieved 89.2% of all target indicators set. Select indicators will be described in the table below.

Table 29: Highlights of some of the key CMS Performance Indicators

PROGRAMME	PLANNED TARGET 2022/23	ACTUAL PERFORMANCE 2022/23
1. ADMINISTRATION	Obtain an unqualified opinion issued by the AG	Unqualified opinion achieved
	Ensure that overall performance of the entity is maintained at above 80%	Achieved: 89.2%
	Minimise staff turnover to less than 15% per annum	Achieved: 13.8% Staff turnover.
	Average turnaround time of 120 working days to fill vacancies	Achieved: 54 days
	95% of employee performance agreements are signed	Achieved: 96%
	95% of employee performance assessments concluded biannually	Achieved: 95.2%
	Percentage of written and verbal legal opinions provided to internal and external stakeholders, per year- target 90%	Achieved: 100%

PROGRAMME	PLANNED TARGET 2022/23	ACTUAL PERFORMANCE 2022/23
	Percentage of Appeal Committee and Appeals Board Scheduled within 14 days upon receipt of all supporting documents (as per schedule)	Not Applicable (N/A) as the unit didn't receive any written request to attend Appeal Committee hearings.
	30 stakeholder training awareness activities conducted	Achieved: 30
2. STRATEGY, PERFORMANCE AND RISK	Development and Maintain a Strategic Projects Register.	Achieved: 1
	Scope and develop plans for strategic projects. Target: 80% (new indicator)	Achieved: 88.9%
	Review and Develop a Strategic Plan and Annual Performance Plan for the consideration of the CEO & Registrar as well as Council. (new indicator)	Achieved: 1
	Number of strategic risk register reports submitted to the Council for monitoring. Target: 4	Achieved: 4
3. REGULATION	Percentage of Managed Care Organisations (MCOs) applications processed within 3 months, target: 100%	Achieved: 100%
	Percentage of applications by administrators and self-administered schemes accredited processed within 3 months, target 100%	Achieved: 100%
	Percentage of annual rule amendments processed before 31 December of each year. target: 90%	Achieved: 97.1%
	Number of draft inspection reports issued annually. target: 10 (new indicator)	Achieved: 10
	Percentage of commissioned inspections finalised within 12 months from the date the appointment letter was signed. target: 60% (new indicator)	Achieved: 100%
4. POLICY, RESEARCH AND MONITORING	Number of research projects and support projects published in support of the National Health Policy. target: 17	Achieved: 17
	One non-financial report submitted for inclusion in the Annual Report	Achieved: 1
5. MEMBER PROTECTION	Number of stakeholder education and training sessions. target: 50	Achieved: 66 sessions

PROGRAMME	PLANNED TARGET 2022/23	ACTUAL PERFORMANCE 2022/23
	70% of Category 3 complaints adjudicated within 90 working days and in accordance with complaints standard operating procedures target: 75%	Not Achieved: 70.2% (-4.8%) Reason given for not achieving the target was the complexity of the complaints requiring detailed clinical investigations. There were also numerous ICT server and document management system challenges- this resulted in prolonged downtimes and even restarting of completed processes.
	70% of Category 4 complaints adjudicated within 120 working days	Achieved: 90% (+20%)
	Submit CMS annual report to the Executive Authority by 31 August	Achieved
	Number of routine inspections finalised, target: 15	Achieved: 17
	98% of clinical enquiries received via e-mail or telephone reviewed within 7 days	Achieved: 100%
	The number of benefit definitions published, target: 10	Achieved: 10

Medical Schemes Industry

- In the 2022/23 financial year, there were 71 medical schemes, and 32 administrators, 43 managed care organisations, 2 185 broker organisations, and 7 567 individual healthcare brokers.
- Bear in mind, in the year 2 000 there were 144 schemes, i.e., 97 restricted schemes and 47 open schemes.
- Medical scheme membership: 8.9 million beneficiaries.

Complaints Adjudicated

During the reporting period, the CMS received 2 966 new complaints, as well as 514 complaints carried over from the previous financial year, totalling 3 480 complaints. A total of 3 017 complaints were resolved and 463 were not resolved in 2022/23.

6.6.2. Financial Performance

Table 30 below, provides a summary of the financial position of the CMS. Total assets increased from R37.2 million to R72.3 million, due to 161% growth in the value of current assets. This shows significant improvement in financial position of the entity, given past accumulated deficits. The Total liabilities also increased from R35.0 million in 2021/22 to R41.5 million in 2022/23 (15.7% increase). By end of March 2023, the entity's net assets increased from R2.3 million in 2021/22, to having a net asset value of R30.8 million.

Table 30: Summary of Statement of Financial Position

	2022/23	2021/22
	R'000	R'000
Current Assets	58 343	22 313
Non-current Assets	13 951	14 923
Total Assets	72 294	37 236

Current Liabilities	34 707	29 581
Non-Current Liabilities	6 772	5 399
Total Liabilities	41 479	34 980
Net assets (liabilities)	30 815	2 256

Table 31, below provides the Statement of Financial Performance. Some key points are highlighted including:

- The CMS had a surplus of R28.6 million for the year under review compared to a surplus of R24.1 million in the previous financial year.
- CMS received a grant from the National Department of Health to the amount of R6.3 million in 2022/23 up from R6.2 million in 2021/22.
- Administrative expenses increased from R26.2 million in 2021/22 to R27.3 million (3.9% increase) in 2022/23. Staff costs also increased from R110.1 million in 2021/22 to R122.4 million (10.0% increase) in 2022/23.

Table 81: Statement of Financial Performance

	2022/23	2021/22
	R'000	R'000
Revenue	195 529	186 772
Gain on disposal of assets	12	4
Administrative expenses	(27 253)	(26 203)
Auditors' remuneration	(2 007)	(1 961)
Operating Expenses	(18 410)	(23 395)
Staff costs	(122 432)	(110 144)
Depreciation and amortisation	(2 442)	(2 913)
Bad debt	-	-
Interest received	5 561	1 978
Finance costs	-	-
Surplus/(deficit) for the year	28 559	24 137

6.6.3. Report of the Auditor-General

- The CMS maintained an **unqualified audit opinion with findings**. The entity has been in this category for several years, mainly due to instances of non-compliance relating to the prevention of irregular expenditure and the material amendments to the annual financial statements.
- The AG did not raise any material findings on the usefulness and reliability of the performance information.
- The AG made findings regarding the following compliance themes:
 - Expenditure management: The AG again found that effective and appropriate steps had not been taken to prevent irregular expenditure. Similar non-compliance was also reported in the prior year.
 - Consequence management: there was insufficient appropriate audit evidence that disciplinary steps were taken against the officials who had incurred irregular expenditure, as required by the PFMA. This was because investigations into irregular expenditure were not performed.
 - Internal control deficiencies: Management did not perform determination tests to ensure that investigations into irregular expenditure are performed to enable consequence management against officials who had incurred irregular expenditure.

- The AG raised the issue of the CMS paying council members a daily rate, instead of an hourly rate. This is in contravention of National Treasury circular on remuneration of council members.

6.7. Compensation Commissioner for Occupational Diseases (CCOD)

The Mines and Works Compensation Fund (the Fund) is established by the Occupational Diseases in Mines and Works Act, (No. 78 of 1973) (ODMWA, thereafter, the Act). According to the Act, the Minister of Health is required to appoint a Compensation Commissioner for Occupational Diseases (CCOD). Moreover, the Act mandates CCOD to control and administer the Fund. Other responsibilities are:

- To ensure that there are effective and efficient processes of claims management and compensation of workers and ex-workers in controlled mines and works.
- To collect revenue on behalf of the Fund based on levies per risk shift per commodity.

The Fund/CCOD does not have a Board as it operates as a sub-programme of the National Department of Health, hence it receives its allocation from the NDOH. In return the NDOH provides oversight.

6.7.1. Highlights of Achievements

The following are highlights of the Fund's performance during the period under review.

- Commenced with reforms of its legislating Act i.e. ODMWA;
- Ensured sufficient liquidity to meet short-term financial obligations;
- Successfully collaborated with provinces and neighbouring countries;
- Finalised 6 693 claims in 2022/2023 compared to 6 155 claims in 2021/22;
- Maintained a surplus position with an accumulated surplus of R2,402.3 billion;
- Achieved the majority of its set targets in the 2022/23 Annual Performance Plan (APP);
- Ensured that its current assets stood at R5, 443.7 billion, which exceed current liabilities R881.9 million.
- Ensured innovations in service delivery to the current and ex-workers in mines and works;
- Maintained a comprehensive database with access to the different class action and social protection funds;
- Finalised an average of 557 claimants monthly totalling R168,6 million compared to an average of 512 claimants monthly totalling R139,4 million in the 2021/22 fiscal year
- Adjudicated 10 212 certifications through Medical Bureau for Occupational Diseases (MBOD) Certification Committees.

6.7.2. Overview of the CCOD's Performance

For the period under review, there were nine (9) performance targets, of which six (6) were achieved, which represents 66.6% of success. The Fund cites that one of the reasons for missing the targets is a significant reduction of claimant application packs received from service providers and one-stop service centres in the first two quarters of the year.

Table 32: Performance on set targets for the 2022/23 fiscal year

PLANNED TARGET	PERFORMANCE	TARGET ACHIEVED/NOT ACHIEVED
Submission of amendments to ODMWA to the Director-General	New ODMWA bill was noted by the Director- General and the Minister	ACHIEVED

of the National Department of Health	of Health. A request to process the Bill was sent to the Deputy President from the Minister.	
Ensure the effective and efficient management of the Fund.	Report on the number of certifications finalised on the Mineworkers Compensation System per year.	NOT ACHIEVED
	Report on the number of benefit payments made by the CCOD (other than pension payments).	NOT ACHIEVED
	Report on the number of claims finalised by the CCOD (other than pensioners).	NOT ACHIEVED
	Of all claims finalised in the period, what percentage were finalised within 90 days of receipt of all completed claim documents.	ACHIEVED
	Report on the submission of Annual Financial Statements of the CCOD to the AGSA.	ACHIEVED
	Report on the number of controlled mines and works inspected.	ACHIEVED
	Report on updates of database of claims at the CCOD in terms of claims, payments, certifications, and data exchange updates.	ACHIEVED

6.7.3. Financial Performance

Reflected in table 33 is the total revenue amounting to R1.129 billion which shows strong growth from R480.5 million in the 2021/22 reporting period. On expenditure, the finance costs show a slight increase from R262.3 million in 2021/22 to R282.7 million by end of March 2023. The total expenditure stood at R335.6 million, which shows a marginal variance from the prior reporting period. Also noted is the increase in the surplus from R150.9 million in 2021/22 to R794 million in the 2022/23 reporting period.

Table 33: Statement of Financial Performance

	2022/23	2021/22
	R'000	R'000
REVENUE		
Total revenue from exchange transactions	1 077 693 023	422 279 179
TRANSFER REVENUE		
Total revenue from non-exchange transactions	52 045 590	58 309 469
Total revenue	1 129 738 613	480 588 648
EXPENDITURE		
Finance costs	(282 701 048)	(262 317 026)
Debt impairment	-	(5 721 147)
Goods and services in-kind from the National Department of	(51 686 925)	(57 843 885)

Health		
General expenses	(1 262 889)	(3 747 420)
Total expenditure	(335 650 862)	(329 629 478)
Surplus / (deficit) for the year	794 087 751	150 959 170

Table 34 below shows the financial position with a specific focus on the Fund's assets, current liabilities and non-current liabilities by end of March 2023.

Table 34: Statement of Financial Position

	2022/23	2021/22
	R'000	R'000
Current Assets	5 443 724 423	5 154 268 246
Non-Current Assets	-	-
Total Assets	5 443 724 423	5 154 268 246
Current Liabilities	881 965 824	1 103 416 321
Non-Current Liabilities	2 159 419 065	10,899,898
Total Liabilities	3 041 384 889	3 552 525 990
Net Assets	2 402 339 534	1 601 742 256
<i>Accumulated surplus</i>	2 402 339 534	1 601 742 256

Current assets show a moderate increase from R5.154 billion in the prior financial year to R5.4430 billion in the 2022/23 fiscal year. The total liabilities' decreases from R3.552billion in the prior year to R3 billion in the 2022/23 reporting year, while net assets and accumulated surplus increases from R1.601 billion in the preceding year to R2.402 billion by end of March 2023.

6.7.4. Report of the Auditor-General

- The Fund obtained **an unqualified audit with no findings**.
- The financial statements present fairly, in all material respects, the financial position of the Fund.
- The financial performance and cash flows for the year are in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).
- The Fund was not required to prepare a report on its performance against predetermined objectives, by end of March 2023, it was not a listed public entity in terms of the PFMA.
- The AG did not identify any material non-compliance with the selected legislative requirements.
- Considered internal control relevant to the audit of the financial statements and compliance with applicable legislation.
- Did not identify any significant deficiencies in internal controls.

7. COMMITTEE OBSERVATIONS AND FINDINGS

Having considered the 2022/23 annual reports of the Department of Health and its entities, the Committee made the following observations with respect to the financial and service delivery performance of the health sector:

7.1. National Department of Health

Overall performance and reporting: -

- The Committee welcomed the 2022/23 Annual Reports of the Department and its entities.
- The Committee expressed concern about the regression in the performance of the Department in meeting its set targets, declining from 62.2% in 2021/22 to 57.7% in 2022/23 financial year. The worst performing programme in this regard is Programme 1 (Administration), which only achieved 14% of its targets. Expenditure spending of the Department decreased from 98.8% in 2021/22 to 97.4% in 2022/23.

Audit outcomes: -

- The Committee congratulated the Department of Health on the improved audit outcomes, by obtaining an unqualified audit opinion from a qualification in the 2021/22 financial year.
- The Committee applauded the SAMRC, CCOD and OHSC on obtaining clean audits.
- The Committee commended the Department and entities for addressing previous findings on procurement and contract management.
- The Committee appreciated the improvement in the health sector audit outcomes, as six provincial health departments obtained unqualified audit outcomes.
- The Committee raised concern regarding the material findings on annual performance reporting and achievement of targets by the Department and SAHPRA.
- The Committee was concerned about the material misstatements on annual financial statements submitted for audit by the Department, SAHPRA and NHLS.
- The Committee noted with concern the stagnation in audit outcomes in three provincial health departments (Eastern Cape, Free State and Northern Cape), as they remain qualified for four consecutive years.

Financial management: -

- The Committee expressed major concern that the Department underspent its allocated budget by nearly R1.7 billion (2.6%) of the final appropriation, in light of the country's healthcare facilities that are facing challenges.
- The Committee observed with concern that irregular expenditure incurred by the Department and its entities increased from R4.5 billion in 2021/22 to R5.2 billion in 2022/23. The NHLS was the main contributor, incurring R4 billion.
- The health sector continues to incur a significant amount of irregular expenditure amounting to R7 billion.
- The unauthorized expenditure as flagged by the AG was a concern to the Committee which further indicated that this should result into disciplinary hearings cases and that there must be some level of investigation and consequence. The Committee further wanted to know what the Department was doing to control the risk.
- Underspending on conditional grants amounting to R2.4 billion remains a concern, with Gauteng underspending by R1.1 billion.
- The Committee noted with concern the underspending on the Health Facility Revitalization grant amounting to R752.2 million, while health facilities are laden with infrastructure challenges.
- The Committee wanted to know what the implications do the 19% expenditure accrual have on the financial capacity of the Department to optimize an appropriation and what the plan is for the Department to address this as some provincial departments have almost 50% accruals. The Committee sought clarity on how the Department is supporting the provinces in dealing with accruals.

Service delivery and Operations: -

- On the TB programme, the Committee noted with concern that none of the TB-related targets were met and wanted to know how the Department was going to address this.
- The Committee noted with concern the poor data capturing of TB and wanted to know the reasons for this.
- On HIV/AIDS response, the Department was commended for achieving 94-76-92 targets for HIV/AIDS against the 95-95-95 targets.
- The Committee wanted to know the regions in which youth zones have been expanded and what the interaction rate is versus improved impact regarding STIs and HIV infection rates in areas with youth zones.
- The Committee sought clarity on the disparities in blood alcohol tests backlogs between the four Forensic Chemistry Laboratories, Pretoria which has a back log of 7 370 and 50 441 in Johannesburg as compared to zero backlog in Durban and Cape Town.
- The Committee noted with concern the rising statistics of cancer and sought clarity on cancer awareness programmes the Department was embarking on. The Committee further noted concerns about the long waiting list for oncology treatment.
- The Committee notes the progress made in reducing maternal and infant mortality, however, remains concerned about challenges of maternal and infant mortality especially at public health facilities and injuries that occur during birth, which is also shown by the litigation cases.
- The Committee sought further information on the alleged closure of establishments for abandoned infants – this is a serious concern as there would not be places to drop off these children as they are inclined to be dropped off in unsafe areas/places.
- The Committee requested the Department to clarify its role on the matter relating to underage pregnancies that result from rape and whether these are reported to the police by public health facilities.
- The Committee sought clarity on the funding model for the National Health Insurance, in light of the country's current economic environment.
- On primary health care facilities that have not reached ideal clinic status, the Committee wanted to know what the focused strategy and plans are to close the gaps as part of preparing for the NHI and to improve the quality of health care services.
- The Committee sought an update on the appointment of operational managers for PHC facilities.
- The National Planning Commission (NPC) flagged that the Department should undertake a skills audit to identify skills gaps and the number of medical professionals who need to be retrained, the Committee sought clarity on whether the audit has been conducted and the outcomes thereof.
- The Committee sought clarity on the progress made in strengthening the integration between health and social services as recommended by the NPC.
- The Committee enquired about the county's capacity to locally produce vaccines, for instance the polio vaccine.
- On the poor uptake of the COVID-19 vaccine, the Committee sought the strategy the Department employs to encourage people to get vaccinated and counter anti-vaccine messages and misinformation. Furthermore, the Committee wanted to know how many doses are going to be destroyed in the near future.
- The Committee brought to the attention of the Department, the reports on medicine stock-outs at Pelonomi Academic Hospital, due to delays from the medical depot. The Committee requested the Department to follow this up and address the challenge.
- The Committee expressed concern over the challenges facing the Northern Cape provincial health department, including the non-implementation of its audit plan, and sought clarity on the causal factors and the support that is provided to the province.
- The Committee informed the Department about its oversight visit to the Eastern Cape where it found that the infrastructure is dilapidated and there are severe staff shortages and wanted to know what the Department was doing to assist the province.
- The Committee noted the recent Census report on the population growth and the level of migrants and wanted to know the projected impact on the quality of healthcare provision and the strategies that can enable the Department to negate the impact of cost containment measures and the fiscal declines.

Human resources for health: -

- The Committee wanted to know the lessons the Department has learned from Covid-19 experience in relation to human resources optimization of health professionals and how these lessons are informing the functioning of the Department's health facilities.
- The issue of critical posts not filled on time remains a concern to the Committee.
- The Committee noted with concern that there was no intake of learnerships and interns and wanted to know what the Department was doing to address this.

Information Technology: -

- The Committee noted with concern the delays in the implementation of the National Digital Health Strategy.
- The Committee noted with concern the inadequate IT systems and cyber security strategy.
- The Committee enquired what the extent of digital healthcare provision in South Africa was and how this can alleviate the demand and pressure in the healthcare system.
- The Committee wanted to know what potential Artificial Intelligence has for the healthcare system and the plans the Department has in this regard.

Medico-legal claims: -

- The Committee observed that medico-legal claims put the sector under immense pressure, resulting in increased accruals and late payments of suppliers.
- The Committee noted with concern that medico-legal claims have increased to R67 billion.
- The Committee noted the steps the Department has taken in managing medico-legal claims such as the development and implementation of the Case Management System. The Committee requested further details on findings from the system, particularly from Gauteng, KwaZulu-Natal, Free State, North West and Northern Cape.
- The Committee sought clarity on the measures the Department has taken to expedite the legislative process on medico-legal claims.

Infrastructure: -

- On the infrastructure audit conducted by the AG, the Committee noted with concern that infrastructure management at provincial health departments remains a major challenge. With findings on delays in the completion of projects due to poor performance of contractors, cost implications and poor project quality. The Committee wanted to know what capability the Department has to project manage and monitor infrastructure development effectively.
- The Committee further wanted to know the interventions that have been taken on contractors that do not meet the required standards as per their service level agreement and how effective is the contract management by the Department.

7.2. Entities

7.2.1. SAHPRA:

- The Committee congratulated SAHPRA for obtaining an unqualified audit outcome.
- The Committee was however concerned about issues raised by the AG such as material misstatements with regards to the percentage of medicine backlogs cleared and weaknesses in record keeping and that the management did not ensure appropriate review and monitoring of compliance with revenue and debt management policies which led to an ineffective collection of revenue earned. The Committee wanted to know what the difficulties were in addressing these issue as raised by the AG.
- The Committee noted with concern the regression in performance from 72% in 2021/22 to 63% in 2022/23.
- The Committee noted with concern the high vacancy rate at the entity and its inability to attract and retain staff. The Committee wanted to know the implications of the high vacancy rate in the operations of the entity.

- The Committee sought clarity on South Africa's contribution towards the AMA Treaty.

7.2.2. OHSC:

- The Committee commended the OHSC for obtaining a clean audit outcome.
- The Committee noted with concern the entity's performance and noted that 35% of its targets were not achieved.
- The Committee noted with concern the decline in the number of inspections conducted by the entity.
- The severe staff shortages were noted as a concern by the Committee and wanted to know if this was not hampering the entity's performance.
- The Committee expressed the need to expedite the complaints management process.
- The Committee highlighted that most of the complaints received by the entity are from Gauteng Province and noted that it appeared as if other provinces were not lodging their complaints. The Committee wanted to know the reasons behind the high number of complaints in Gauteng.
- The Committee wanted to know how the entity was going to ensure that all facilities are ready for the implementation of the NHI. The Committee further sought a list of facilities that have been inspected in the 2022/23 financial year.
- The Committee wanted to know what the financial implications of the labour unrests were and how the entity plans to deal with these in the long-term.

7.2.3. OHO

- The Committee was concerned about office space challenges faced by the Ombud as it hindered its operations.
- The Committee noted with concern that most complaints were from Gauteng Province and wanted to know the reasons for this and what the Ombud can do to ensure that the office is accessible to all South Africans.
- The high vacancy rate at the Ombud was noted as a concern and the Committee wanted to know to what extent does this affect backlogs in cases and governance issues.
- The Committee wanted to know what the Office of the Ombud can do to drastically reduce medico-legal claims.
- The Committee enquired about the profile of the complaints and the weaknesses they reflect on the healthcare system.
- The Committee wanted to know the overall compliance and progress in the implementation of recommendations of investigations conducted by the Ombud since 2019.

7.2.4. SAMRC:

- The Committee congratulated the SAMRC on maintaining its clean audit outcome.
- The Committee noted with concern the slow pace of transformation in the SAMRC. The Committee was further bothered by this slow progress as it has been raising the issue of transformation for the past four years. The Committee indicated that the entity has a diversity bias in senior management with more women but slow growth of the historically disadvantaged.
- The Committee wanted to know what work the entity has done to strengthen the country's capability to respond to future pandemics.
- The Committee noted and welcomed the increase in scholarships for Africans to 77.4%, however raised concern on the decline of Coloured recipients, currently at 9.2% and wanted to know what the ideal distribution is and why there has been a decrease in the number of recipients who are coloured.
- The Committee was concerned that the entity does not have scholarship allocations for the University of Free State and wanted to know why it was not part of the institutional recipients.
- The Committee wanted to know the measures that are required to ensure a preventative healthcare system and research work the entity has conducted to advance a preventative healthcare system.

- The Committee noted with concern the consumption of highly processed food and wanted to know the mechanisms to combat this, as it contributes to the high burden diseases.
- The Committee wanted to know what the outcomes of various partnerships with African countries and whether the SAMRC leadership is of the view that the entity is optimally playing a role in the continent noting the challenges faced by the continent.
- The Committee wanted to know what the projected impact of the possible cost containment measures and the budget decline and whether the entity would be impacted negatively.

7.2.5. NHLS:

- The Committee commended the NHLS for obtaining an unqualified audit outcome.
- The Committee noted with concern the irregular and fruitless expenditure incurred by the entity as highlighted by the AG. The Committee further wanted to know what the plans were in addressing the AG's findings.
- The Committee further noted that some of the key weaknesses of recurring findings from the AG are on the areas of quality financial statements and prevention of irregular, unauthorized, fruitless and wasteful expenditure. The Committee enquired what constraints were affecting management and the Board in resolving this outcome and how these are going to be addressed by the entity.
- The Committee wanted to know what the plans were for the backlogs at the Forensic Chemistry Laboratories.
- The Committee sought details on the plans to improve the NHLS's footprint in the Northern Cape and Free State and wanted to know what the entity was doing to improve this.
- The Committee noted with concern that the target to develop and implement a POCT Plan was not met in the financial year. The Committee enquired how are the feasibility and cost benefit assessment strategies being implemented in 2023 -2024 in preparation for the roll-out of the PCOT.
- The Committee wanted to know how effective the proposed corrective measures are towards improving the percentage of TB GeneXpert tests performed within 40 hours and other energy targets affected by the energy crisis.

7.2.6. CMS:

- The Committee commended the CMS for obtaining an unqualified audit outcome, however expressed concern that this has not changed since 2019.
- The Committee was concerned about irregular expenditure as highlighted by the AG and the lack of consequence management thereof. The Committee wanted to know how the entity was going to address this.
- The Committee further wanted to know what the status of the effectiveness of the supply chain management interventions proposed on the annual report regarding the monitoring of compliance with applicable laws and regulations as well as related internal controls.
- The Committee sought an update on the low-cost benefit options for low-income earners who cannot afford medical aids.
- The Committee was concerned that some schemes have refused to pay the Prescribed Minimum Benefits and that members had to pay these from their savings. The Committee wanted to know which schemes were responsible for this and what has been done to address this.
- The Committee sought clarity on the financial implications for the legal opinions.
- The Committee was concerned at the slow pace it takes the entity to resolve cases and wanted to know the oldest backlogs they have.
- The Committee noted the trend in increased complaints received and adjudicated and wanted to know what the issues are and how they are addressed to prevent recurrence and reduce the number of complaints received as part of straightening mechanisms towards protecting beneficiaries.
- The Committee noted with concern the rising costs of medical aids and wanted to know what the entity was doing to curb these increases.
- The Committee wanted to know what the systemic findings of the SIU investigation and the progress with the implementation of recommendations.

- The Committee wanted to know the factors that are impeding the Medical Schemes Amendment Bill and what it responds to.
- The Committee wanted to know if there any internal disciplinary processes taking place against employees, for fraud and poor performance.
- The Committee wanted to know how media engagements improved in the financial year in informing the public about their rights and other matters concerning medical schemes.
- The Committee wanted to know what the timelines were regarding the development of the organisational diagnostic review aimed to thoroughly assess the capabilities and identify potential areas for improvement.
- The Committee noted the R30.8 million surplus by the entity and wanted to know how this will be utilised to strengthen capacity challenges such as human resource capital and ICT developments and improve operations and strengthen internal controls in the current financial year.

7.2.7. CCOD:

- The Committee congratulated the CCOD for obtaining a clean audit outcome.
- The Committee wanted to know what the timeframes are for the ODMWA amendments to be brought forward.
- The Committee welcomed the progress made on the Compensation Claims Management System.
- The Committee further noted the benefits of outreach activities conducted in the five districts in KZN and wanted to what the plans were to duplicate this in other provinces.
- The Committee enquired on whether there is a Memorandum of Understanding between the CCOD and the Minerals Council with regards to the Council's staff utilization by the Fund
- The Committee noted that the entity inspected 121 mines and wanted to know what observations and recommendations were made to those visited mines.
- The Committee enquired what the status of improving mining work conditions to improve health outcomes of workers and not increase the R1 billion paid by the Tshiamiso Trust to eligible silicosis and TB claimants.

8. COMMITTEE RECOMMENDATIONS

Having made its observations and deliberations, the Committee recommends that the Minister of Health should:

8.1. National Department of Health

Audit outcomes: -

- Strengthen oversight regarding financial and performance reporting and compliance, as well as related internal controls in order to move to a clean audit. Present a turnaround report to the Committee on a quarterly basis.
- Present to the Committee a turnaround plan to ensure improved service delivery performance in relation to financial performance, in ensuring value for money.
- Assist provincial departments to strengthen financial management planning and internal controls to improve and maintain audit outcomes.
- Provide a detailed plan to the Committee demonstrating how the Department plan to assist Eastern Cape, Free State and Northern Cape to move from qualified audit outcomes. The detailed plan should be presented to the Committee on a quarterly basis.

Financial Management: -

- The Department should develop an agile reprioritization strategy to optimize conditional grant spending for the sector and a pipeline of projects which are ready for implementation.
- Ensure that the Department adopts strategies to ensure improved spending on the Health Facility Revitalization grant, to ensure urgent refurbishment, upgrading and construction of health facilities.

- Provide systems to assist provincial departments to develop internal controls and instruments to monitor and eliminate irregular, fruitless and wasteful expenditure, in reducing inefficiencies.
- Provide the Committee with a quarterly report on consequence management arising from non-compliance to the requirements of the Public Finance Management Act 1 of 1999 (PFMA).
- The Department should improve its preparations and review of annual financial statements.

Service delivery, operations and governance: -

- Improve on the Department's governance and operations in order to realise its developmental and Constitutional obligations.
- Ensure that public health facilities are equipped and resourced to carry out caesarean sections, in reducing maternal and infant mortality, birth injuries as well as litigations.
- Provide a progress report to the Committee on the implementation of the National Mental Health Policy and Strategic Plan.
- Ensure adequate and dedicated funding for the Ideal Clinic Realisation and Maintenance programme in preparation for the NHI.
- Develop a strategy of optimizing the compensation budget to fill posts in the healthcare system as the Department underspent while human resources gap is significant in the health system.
- Ensure the funding of the OHSC and OHO is prioritised in order to bolster their staff complement, including the appointment of inspectors, and to ensure adequate office space.
- The Department must ensure that the Office of the Health Ombud Bill is finalised.
- On the challenges of transformation at the SAMRC, the Minister should intervene in ensuring that the entity fast-tracks the full implementation of its transformation agenda.
- Provide support to the provincial health departments to ensure improved infrastructure project management and the monitoring of infrastructure development.
- Present to the Committee on cancer awareness projects conducted quarterly.

Information Technology: -

- Ensure greater investment and/or establish partnerships to ensure improved ICT systems, cyber security and the full implementation of the National Digital Health Strategy.

Infrastructure: -

- Ensure consequence management on infrastructure projects identified as not meeting standards and recoup funds were appropriate and the Department should also assess the quality of infrastructure projects quarterly.

8.2. Entities

The entities should develop action plans to address the issues identified by the AG and provide the Committee with a progress report quarterly.

8.2.1. SAHPRA:

- Devise strategies and mechanisms to attract and retain staff.
- Plans to address backlogs should be devised and implemented.

8.2.2. OHSC:

- Develop a digital strategy which increases the reach of the entity.
- The entity must further have an equitable approach to visit provinces.

8.2.3. OHO

- Undertake research on how to harness digital technology to assist in the processing of reports and other functions.
- Affiliate with digital libraries and work with Higher Education institutions to increase its access to library services.

8.2.4. SAMRC:

- Scholarship allocation for Coloured recipients should be addressed.

- Develop a relationship with the University of Free State which has an established health faculty, as part of the expansion pool of institutional recipients of SAMRC Research Grant.
- Develop indicators that reflect on the entity's work in the continent.
- Undertake research on strengthening a preventative healthcare system approach in South Africa under the existing constraints as this will contribute to decreasing the disease burden in the medium to long term.

8.2.5. NHLS:

- The NHLS should ensure that annual financial statements submitted for audit are properly reviewed to ensure compliance with the applicable accounting framework.
- Put measures in place to prevent irregular expenditure.
- The entity must strengthen its consequence management system.

8.2.6. CMS:

- Ensure that internal control measures are improved to prevent irregular expenditure and consequence management implemented.
- Ensure the strengthening of supply chain management processes for all procurement in line with relevant prescripts, laws and regulations.
- The CMS should provide the Committee with following reports:
 - Section 59 investigation panel report;
 - SIU investigation report; and
 - Progress report on the matters relating to the Conduct of Financial Institutions (COFI) Bill and the Financial Sector Regulation Act (FSRA).

8.2.7. CCOD:

- The entity is encouraged maintain its internal controls relating to financial management and good governance in order to sustain its audit outcomes.

9. CONCLUSION

Unless otherwise indicated, the Department of Health should respond to the Committee recommendations within three months from the day when the report is adopted by the House.

The Department and entities to provide progress reports on all the recommendations on a quarterly basis.

Report to be considered.