# NATIONAL ASSEMBLY

**FOR WRITTEN REPLY**

**QUESTION NO. 1840**

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**(INTERNAL QUESTION PAPER NO. 17)**

**Ms H Ismail (DA) to ask the Minister of Health:**

(1) Whether he will furnish Ms H Ismail with a list of the (a) companies appointed by the Government Employees Medical Scheme (GEMS) who were implicated and/or involved in the R300 million irregular payments, (b) GEMS executives who directly benefitted from such irregular payments;

(2) what (a) are the processes, policies and procedures that are in place in GEMS to prevent corruption and fraud and (b) checks and balances are in place to prevent conflicts of interest?

###### NW2064E

**REPLY:**

1. (a) Please be informed that the Government Employees Medical Scheme (GEMS) has taken steps against the parties implicated/involved, including civil litigation, as such the matter is sub-judice and we cannot disclose the names of the parties and companies involved in line with the Constitution of the Republic. The matter is now with the Law Enforcement Agencies.
* The tender irregularities were uncovered in 2016 after whistle-blower complaints were received;
* A comprehensive forensic investigation, overseen by the Board was launched and was completed early in 2018. At the commencement of the investigation, key stakeholders including the Council for Medical Schemes (CMS) and the Minister for the Public Service and Administration were briefed. Members of GEMS were informed at the Scheme’s Annual General Meeting held on 31 July 2017 and the updates that could subsequently be provided were included in the GEMS Annual Integrated Reports. A copy of the signed 2017 AGM minutes can be provided if required. Stakeholders were kept informed as the investigation unfolded and the finalised forensic reports were handed over to the Council for Medical Schemes;
* Criminal charges were laid with the SAPS on conclusion of the investigation and the forensic investigation reports were submitted to the SAPS. The matter is with the HAWKS at present;
* The Scheme bound by the Laws of the Republic is unable to provide the names of the individuals as well as companies until this matter has been heard in court.

(b) With regards to GEMS executives who directly benefitted from such irregular payments -

* As a result of the investigation by GEMS, disciplinary cases were brought against 7 employees. Of the 7 employees, 5 resigned during the disciplinary hearings in 2017 and 2 employees were dismissed after the hearings, also in 2017. The Scheme terminated all implicated contracts; and
* The Scheme has taken steps against the parties as indicated above, laying criminal charges (Case number: CAS 244/04/2018 was opened at Brooklyn Police Station). Civil litigation is also underway and as such the matter is sub-judice and GEMS cannot disclose the names of the parties involved in line with the Constitution of the Republic. The matter is now with the Law Enforcement Agencies.

(2) (a) Processes, policies and procedures that are in place in GEMS to prevent corruption and fraud

* The Scheme strengthened existing controls, implemented new controls and enhanced policies and systems subsequent to the forensic investigation. This includes the implementation of a strengthened ethics management programme and enhanced/new policies regulating supply chain management, vetting of Scheme officers, recruitment of employees and whistleblowing;
* There was also the introduction of an internal whistle-blowing hotline and the establishment of an internal forensic investigation unit in addition to the systems already in place for investigating member and healthcare provider claims fraud.

(b) Checks and balances are in place to prevent conflicts of interest

The Government Employees Medical Scheme (GEMS) is registered as a restricted membership medical scheme under the Medical Schemes Act 131 of 1998, as amended.

* The Scheme is run by a Board of Trustees, where 50% of the Trustees are elected by members and 50% appointed by the Minister for the Public Service and Administration;
* The Scheme finances and systems are subjected to internal and independent external audit reviews and these are reported to the Board via the Audit Committee and ultimately the Public through the Annual Integrated Report;
* All GEMS officers, including the Independent Audit Committee members are subjected to vetting. Vetting reports are compared to the Declaration of Interest forms submitted by Scheme officers (and updated annually) and inconsistencies/red flags are followed-up;
* During the Scheme’s procurement processes, all Board members, Scheme Management and employees involved in the procurement processes are required to complete additional declarations of interest. In this regard, Scheme Officers are provided with a list of bidders, the directors and shareholders of bidders as well the bidders’ employees who would be involved in rendering services should the bidders be contracted. Scheme officers are then required to declare any conflict of interest against this information. Should a potential conflict be declared, the matter is referred for an independent legal opinion;
* Further to the declarations of interests submitted, checks are performed against a procurement database to rule out any conflict of interest;

The Scheme is also implementing lifestyle audits for executives and has already piloted the new process.

END.