# NATIONAL ASSEMBLY

**FOR WRITTEN REPLY**

**QUESTION NO. 325**

**DATE OF PUBLICATION IN INTERNAL QUESTION PAPER: 25 FEBRUARY 2021**

**(INTERNAL QUESTION PAPER NO. 02)**

**Mrs M O Clarke (DA) to ask the Minister of Health:**

(1) With reference to the SA Health Products Regulatory Authority receiving an unqualified audit with findings from the Auditor-General for 2020-21, what (a) were the findings regarding the specified audit report and (b) consequence management has been put in place by his department;

(2) whether there are distinct timelines factored into the consequence management system; if not, why not; if so, what are the relevant details;

(3) what (a) were the regressions, (b) departments were guilty and (c) disciplinary actions have been taken against implicated officials who committed offences such as irregular expenditure and the amounts thereof, compliance with the law, regulations and documents, internal policies and procedures;

(4) what control system has been put in place to ensure proper record keeping to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting?

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**REPLY:**

1. (a) Findings raised related to prior year material misstatements not corrected.
2. SAHPRA has established a Loss Control Function which reviews determination reports and recommends appropriate consequence management.
3. Timelines are factored into the audit action plan for overall improvement requirements in the SAHPRA control environment. The Finance Unit embarked on a project to correct prior year material misstatements. The Project Plan was executed for the period September 2021 and January 2022. The successful implementation of the Project Plan, envisages the following outcomes:
* Reconstructed 2018/2019 & 2019/2020 Financial Years
* Deferred Income listing for 2019/2020 (By implication, this will also result in a listing of the Deferred Income balance for 2018/2019)
* Adjustments Schedule

For irregular expenditure transgressions, a detailed Standard Operating Procedure has been developed together with the establishment of a Loss Control Function which reviews determination reports and recommends appropriate consequence management in line with our internal disciplinary policy and labour relation directives

Financial reporting/record keeping – business units are required to report on financial and performance management information on a monthly basis by the 7th of each month. Consequence management has been implemented against officials not submitting within specified timeframes

Irregular expenditure – Determinations are initiated once transgressions have been confirmed either through the SAHPRA internal control system or through internal or external audits. All transgressions confirmed have been condoned by the National Treasury with the exception of one which is still under consideration by National Treasury.

1. (a) None, no change in overall audit opinion and reduction of one qualification.

(b) Three officials from the Supply Chain Management, Office of the Board Secretary and Inspectorate departments.

1. To date, disciplinary action has been taken against three officials relating to irregular expenditure as follows:
* Official 1 – R1 920 309
* Official 2 – R5 672
* Official 3 – R97 750

The remainder of the condonation approved by NT related to employees who have subsequently left the organisation. Disciplinary action has also been taken against three officials relating to internal process and procedures for financial reporting and record keeping.

1. Financial reporting/record keeping: business units are required to report on financial and performance management information on a monthly basis by the 7th of each month.

Historical information (remaining qualification) is a challenge. A project has been initiated to develop supporting records for audit purposes. Listings are created from the bank statements for the 2018/19 and 2019/20 financial years to support the financial statement figures previously reported on. Application numbers are to be listed against the listings derived from the bank statement which will be linked to supporting evidence. The project is planned for completion before submission of the financial statements for audit purposes. Internal audit has been tasked to track progress made against the clearing of the remaining qualification.

Performance reporting: management is required to upload their portfolio of evidence to support the reported performance on the Performance Information SharePoint Group. Furthermore, management is required to sign the official sign-off page to confirm accuracy of the information reported and that the relevant evidence has been loaded. Furthermore, the reported performance is also audited by Internal Audit prior to submission.

END.