



ANALYSIS OF THE DEPARTMENT OF HEALTH ANNUAL REPORT 2011/12

12 October 2012

1. Introduction

“All South Africans deserve the highest attainable standard of health, envisaged by the World Health Organisation (WHO) for all nations of the world”

The Department of Health's Annual Report is published each year, and is an essential part of the Department's accountability to both Parliament and the public for service delivery, financial performance and the use of resources. This paper provides an overview of programme performance, successes and key challenges of the Department of Health (hereinafter, the Department), as reported in the Department's Annual Report for 2011/12 financial year.

1.1. Legislative Mandate of the Department

The Department derives its mandate from the Constitution of the Republic of South Africa (1996) and a number of other pieces of legislation. In terms of the Constitution, Section 27 (1) of the Constitution guarantees the right of everyone to have access to health care services, including reproductive health care². Section 27 (3) guarantees that no one may be refused emergency medical treatment³ whilst on the other hand section 28 (1) guarantees that every child has the right to basic health care services⁴.

Key pieces of legislation (and their subsequent amendments) which fall under the Department of Health's portfolio include, amongst others:

- Medicines and Related Substances Act (No. 101 of 1965).
- National Health Act (No. 61 of 2003).
- Medical Schemes Act (No. 131 of 1998).
- Mental Health Care Act (No. 17 of 2002).
- Choice on Termination of Pregnancy Act (No. 92 of 1996).
- Sterilisation Act (No. 44 of 1998).
- Nursing Act (No. 33 of 2005).
- Tobacco Products Control Amendment Act (No. 12 of 1999).
- Foodstuffs, Cosmetics and Disinfectants Act (No. 54 of 1972).
- Academic Health Centres Act (No. 86 of 1993).

¹ Minister of Health in Department of Health (2012) p. 13

² Constitution of the Republic of South Africa (1996)

³ Ibid

⁴ Ibid

12/12/2012

1.2. Key Strategic Outcome Orientated Goals

The South African government adopted an outcome-based approach to service delivery. The health sector is responsible for the achievement of outcome 2, which is a *“Long and Healthy Life for all South Africans”*⁵.

In order for the health sector to contribute towards achieving a long and healthy life for all South Africans, the Minister Dr. Aaron Motsoaledi, has committed to the following Negotiated Service Delivery Agreement (NSDA) 2010-2014 outputs:

- (a) Increased life expectancy;
- (b) Reduction in maternal and child mortality rates;
- (c) Combating Human Immunodeficiency Virus (HIV) and Acquired Immune Deficiency Syndrome (AIDS) and decreasing the burden of disease from Tuberculosis (TB); and
- (d) Strengthening health system effectiveness.

The above mentioned four outputs are aligned to the priorities outlined in the Department's 10 point plan, as well as the health-related Millennium Development Goals (MDGs).

1.3. Strategic Imperatives for the Department

In the 2012 State of the Nation Address President Zuma highlighted the following priorities that have a direct bearing on health. It should be noted that these were also mentioned in the 2011 State of the Nation Address. These are as follows:⁶

- **Infrastructure development.** In particular, the president highlighted hospital revitalisation and refurbishing the nursing training colleges;
- **Improving women and child health;** the scope of reproductive health right will be broadened, services related to contraception, sexually transmitted infections (STIs), and measures to curb teenage pregnancy will be provided;
- **Fighting the HIV and AIDS, Tuberculosis (TB), and other diseases;** and
- **The implementation of the National Health Insurance (NHI).**

However, the 2012 State of the Nation Address should also be viewed against the backdrop of the Department's 10 point plan 2009-2014 which consist of the following priorities:

- Provision of strategic leadership and creation of a social compact for better health outcomes;
- Implementation of the National Health Insurance (NHI);
- Improving the Quality of Health Services;
- Overhauling the health care system by:

⁵ Department of Health (2012) p. 14

⁶ Zuma (2012)



- Refocusing on Primary Health Care (PHC); and
- Improving the functionality and management of the health system
- Improving Human Resources, Planning, Development and Management;
- Revitalisation of infrastructure, with focus on:
 - Accelerating the delivery of health infrastructure through Public Private Partnerships (PPPs);
 - Revitalising Primary Level Facilities;
 - Accelerating the delivery of Health Technology and Information Communication Technology (ITC) infrastructure;
- Accelerated implementation of the HIV and AIDS and Sexually Transmitted Infections National Strategic Plan and the increased focus on Tuberculosis (TB) and other communicable diseases
- Mass mobilisation for better health for the population;
- Review of the drug policy; and
- Strengthening Research and Development.

2. Overview of Programmes in terms of Performance

During the period under review, the Department received R25 967 971 billion, of which the Department spent R25 712 842 billion⁷, which is 99,25% of the available budget. The Department under-spent a total amount of R285 129 million, resulting in under-expenditure of 0,75%.

The activities of the Department are organised in six programmes. These are as follows:

2.1. Programme 1: Administration and Corporate Services

The aim of this programme is the overall management of the Department and centralised support services. In the 2011/12 financial year, the Department's main goal is to ensure that it obtains an unqualified audit opinion. Consequently, the Department of Health received an unqualified audit opinion from Auditor-General of South Africa at the end of 2011/12.

This programme shows expenditure of 95,3%, with under-expenditure of R15 988 million (4,7%) against a budget of R342 941 million. The under-expenditure on goods and services is related to the allocated funds for health statistics publications, the provincial support unit and the hospital tariffs system review, which could not be fully used. The 4,7% under-spending on capital can be ascribed to the suppliers not being able to deliver the ordered Information Technology (IT) equipment before year end.⁸

This programme consists of the following five sub-programmes:

- Ministry;

⁷ Health (2012)

⁸ Health (2012)



- Management;
- Financial Management;
- Corporate services; and
- Office administration.

In 2010/11 financial year, the Department of Health received a qualified audit opinion from Auditor-General of South Africa (AGSA) which was an indication of financial mismanagement. However, during the period under review (2011/12), the Department of Health received an unqualified audit opinion from the AGSA at the end of 2011/12. This is an indication that the Department managed to achieve its set target for "ensuring effective financial management and accountability" for 2011/12. This is owed to the establishment of an asset management plan during the period under review. Furthermore, the Department reports that it implemented an asset management plan in three provincial departments: Eastern Cape, Kwazulu-Natal and Mpumalanga. It also reports that it funded the Northern Cape to implement its own asset management project.

However, out of the nine provincial health departments, six provinces received qualified audit opinions for 2011/12 financial year and two received disclaimers (Limpopo and Northern Cape). Only one province received an unqualified audit opinion (Western Cape) during 2011/12. In 2010/11 financial year, 7 out of 9 provincial departments received qualified audit opinions (Free State, Mpumalanga, Gauteng, Northern Cape, KZN, EC and Limpopo), whereas only two received unqualified audit opinion (Western Cape and North West). According to AGSA report, the reasons for unqualified audit opinion were based mainly on asset register, irregular expenditure, accruals, revenue management and contingent liabilities.

Issues for consideration

- Can the department explain by each province what the reasons for under/over expenditure were in this financial year? And what measures have been taken by the Department to ensure that Provinces spend their budgets accordingly?
- What was the criterion used to select only three provincial departments for the asset management project and why Northern Cape is the only province to implement its own asset management project? And how much was spent for this particular project?
- What were the reasons for the suppliers not to deliver the ordered Information Technology (IT) equipment before year end?
- Which Provinces and which hospitals in particular are responsible for this under-spending and what are specific reasons for this?
- What has been done to rectify the under spending and preventing it from re-occurring?

2.2. Programme 2: Health Planning and System Enablement

The aim of this programme is to improve access to and the quality of health services through planning, integration of health systems, reporting, monitoring and evaluation and research. This programme consists of six sub-programmes: Technical Policy and Planning; Health Information



Management, Monitoring and Evaluation, Financial Planning and Health Economics; National Health Insurance; International Relations; and Sector Planning and Policy.

This programme shows expenditure amounting to 91.3% with under-expenditure of R15 359 million (2%) against a budget of R177 313 million. The under-expenditure is attributed to slow spending on the NHI funding received, as the legislative processes delayed the consultation processes. The Technical Policy and Planning Unit were inactive, as the panel of technical experts was only finalised towards the end of the financial year.

2.2.1. Technical Policy and Planning

In terms of Annual Performance Plans (APPs), 7 out of the set target of 9 provincial APPs were analysed and feedback was provided to provinces (Eastern Cape, Free State, Kwazulu-Natal, Limpopo, Mpumalanga, Northern Cape and Northern Cape). The Department reported that due to capacity constraints two APPs of Gauteng and Western Cape were not analysed.

2.2.2. Health Information Management, Monitoring and Evaluation

In terms of the monitoring and evaluation, a monitoring and evaluation plan for NSDA was produced in March 2011; this was done with technical support from an external service provider. Thus, the plan was accepted by the Health Data Advisory and Co-ordination Committee (HDACC) of the Department of Health. The department established a new sub-committee of HDACC, which will focus on the performance and effectiveness of the health system.

Other related monitoring and evaluation achievement were made in the following areas:

- A monitoring and evaluation framework for the National Strategic Plan for HIV and AIDS and TB 2012-2016 was produced;
- Targets for the outcome and impact indicators of the Global Fund Rounds were revised in alignment with NSP 2012-2016.
- Progress made with the implementation of a three-tiered monitoring and evaluation subsystem for Antiretroviral (ART). By the end of 2011/12 there were 582

2.2.3. National Health Insurance

The aim of this sub-programme is to ensure that all South Africans citizens and residents, irrespective of their socio-economic status, have access to good quality health services provided by both the public and private sectors. The ultimate goal for the NHI is to eradicate financial barriers limiting access to health care.

Some of the achievements made during this period under review include the following:

- The Department released the Green Paper on NHI in 12 August 2012 for public comment;
- The Department is currently evaluating and reviewing written inputs;



- Ten pilot district selected in February 2012 (OR Tambo (EC), Thabo Mofutsanyane (FS), City of Tshwane (GP), UMgungundlovu (KZN), UMzinyathi (KZN), Vhembe (Limpopo), Gert Sibande (Mpumalanga) Dr. KK Kauranda (NW), Pixley Ka Seme (NC), and Eden (WC));
- The NHI Conditional Grant of R1 billion over the MTEF period 2011/12-2012/13/14 was established.

2.2.4. International Relations

The aim of this sub-programme is to provide stewardship and leadership for improving health outcomes through working with international development partners, Southern African Development Community (SADC) and African Union (AU).

The set target for 2011/12 was to facilitate three cross-border initiatives. According to the Department, this target was exceeded, as numerous initiatives were implemented. These include:

- The SADC HIV and AIDS Cross-Border Initiative in Zeerust, Ladybrand, Ficksburg and Oshoek border areas;
- The Lubombo Spatial Development Initiative (LSDI) for a malaria control cross-border project in selected sites in South Africa, Mozambique and Swaziland and MOZIZA cross-border malaria initiative;
- Facilitated a technical working group meeting on TB in mines to discuss background information on issues relevant to TB in mines, with specific focus on migrants and development of road map on 12 December 2011 and 5 to 8 March 2012. These meeting resulted in the Development of the draft SADC Declaration on TB in the Mines and the draft SADC Code on TB in the Mines.

In addition to the above, during 2011/12 financial year, the Department also participated in several forums in the SADC region, continent and globally, with the view to enhancing international collaboration to improve South African health outcome. These can be found on page 49 of the Department's Annual Report for 2011/12.

Issues for consideration

- What were the reasons for the Annual National Health Plan not printed and tabled before the National Health Council?
- Can the Department explain to the committee, on page 41 of the Annual Report 2011/12, the Department reported under "reasons for variance" ANHP was not tabled before the NHC, whereas under the challenges says that the ANHP 2011/12 was tabled before the Technical Committee of the NHC but not reviewed?
- The Department says that all provinces were supported to develop APPs. If that is the case, why Gauteng and Western Cape APPs were not analysed?
- Even though it is a bit early to ask about the progress on NHI in the selected Districts, how has been the reception in the selected districts for piloting the NHI

Annual National Health Plan.

2.3. Programme 3: HIV and AIDS, TB and Maternal, Child and Women's Health



The aim of this programme is to coordinate, manage and fund HIV and AIDS, TB and maternal, child and women's health programmes.

From a total allocation of R8 014 742 billion, the programme has spent 98.9% of its allocated funds, amounting to R7 927 131 billion, with under-expenditure of R87 611 million. The under-expenditure can be ascribed to the late finalisation of the national condom tender awarded by National Treasury and failure to appoint a communication consultant for HIV and AIDS.

This programme consists of three sub-programmes that relate directly to MDGs 4, 5 and 6. These sub-programmes include the following:

2.3.1. HIV and AIDS and STIs

In terms of HIV prevention initiatives for 2011/12, the Department recorded the following achievements:

- The HIV Counselling and Testing (HCT) campaign was transformed from the campaign mode and incorporated into the routine services provided in the public sector. As at end March 2012 an HCT uptake of 91% had been achieved. By the end of March 2012, a total of 9 602 553 million people had undergone counselling. Of these people mentioned, 8 772 423 people accepted HIV testing, which translate to 91% testing rate. This exceeded the targeted 85% in 2011/12 financial year.
- In total, 6 353 000 female condoms were distributed in 2011/12. This exceeded the annual target of 6 million. It also exceeded the recorded figure of 4 989 100 female condoms distributed in 2010/11 financial year.

In terms of access to antiretroviral treatment, the Department recorded the following achievements:

- A total of 617 147 people were initiated on ART during 2011/12, which translate to 99% of the annual target of 625 000. This figure is higher than the recorded 418 677 patients initiated on ART in the previous financial year, 2010/11.

Even though the Department made significant progress in programme 3, there are challenges that the Department encountered in the 2011/12 financial year. These include the following:

Issues for consideration

- The Department distributed 392 706 000 male condoms against a target of 1 billion. This is due to service providers' inability to deliver the numbers specified in the tender as a result of a global latex shortage; delays in the registration of approved service providers in provinces and legal action initiated against the National Treasury. Can the department explain the current situation as far as the distribution of male condoms? And what was the root cause of the delays for the registration of service providers?



• Only 347 973 male medical circumcisions were conducted in 2011/12 financial year against a set target of 500 000. In most provinces doctors were not able to perform male medical circumcisions. What is the Department doing in order to ensure that doctors are able to perform male medical circumcisions?

• The number of patients put on ARVs was 617 147 against a set target of 625 000. Two provinces had fewer sites offering ARTs (North West and Western Cape). Do these numbers include people from the Rural Areas, Mines and Farm Dwellers especially in North West and Western Cape? And what is the Department doing to reach out to the people who reside in rural areas and farms? And what were the reasons for the Department not to reach its set target?

2.3.2. Maternal, Child and Women's Health

The aim of this sub-programme is to reduce infant, child and youth morbidity and mortality. The Department implemented strategic interventions to improve maternal, child and women's health and to enhance progress towards the health-related MDGs 4 and 5. The targeted interventions to improve maternal and child health care during 2011/12 include:

- Increasing nutritional support to children under the age of five years;
- Increasing health-seeking behaviour by encouraging woman to make use of the health services early;
- Increasing the proportion of deliveries in formal health establishments; and
- Increasing access to ART for HIV-positive pregnant women.

2.3.2.1. Improving Maternal Health

According to a recent Biomed Central (BMC) Health Services Research, South Africa's maternal mortality rate (625 deaths/100,000 live births) is high for a middle-income country, although over 90% of pregnant women utilise maternal health services.⁹ In its efforts in improving maternal health, the Department reported that an average rate of 100.4% was recorded nationally during 2011/12 financial year, which is consistent with the annual target of 100% for 2011/12.

Some of the achievements in improving maternal health during 2011/12 financial year include the following:

- A total of 89.3% of deliveries took place in health facilities, which is consistent with the set national target of 90% for 2011/12;
- A total of 56.9% out of targeted 60% for 2011/12 of mothers received post-natal care within six days after delivery. This is an improvement compared to 40% for 2010/11 financial year;
- A total of 98.8% out of the targeted 100% of pregnant women were tested for HIV in the 2011/12 financial year. Five (5) provinces recorded 100% coverage for this indicator, i.e.

⁹ BMC Health Services Research (2012)



KwaZulu Natal 114.2%, Mpumalanga 110.9%, North West 106.2%, Limpopo 101.6% and Western Cape 100.4%. However, the following provinces recorded figures below the set target for 2011/12: Northern Cape 74.7%, Eastern Cape 94.3%, Free State 97.5% and Gauteng 85.1%.

Issues for consideration

- During 2011/12, a total of 80.4% of ANC clients who were eligible were initiated on HAART. This is lower than the set annual target of 100%.
- As regard to provision of AZT, a total of 47.8% of clients that were eligible were initiated on AZT, at any period before going to labour. This is significantly lower than the 100% set target for 2011/12. The Department reports that this was due to data recording after a new system of indicators for this programme had been introduced.

2.3.2.2. Improving Child Health

According to a report by the South African Medical Journal, the South Africa's grim child health statistics have deteriorated, with under-5 mortality rising from 56 per 1 000 live births in 1990, to 67 in 2008 and just over half of all under-5 deaths occurring outside health facilities.¹⁰

However, in its response to improving child health, the South African Department of Health during the 2011/12 financial year implemented a number of interventions. The achievements that the Department recorded in the 2011/12 financial year include:

- In 2011/12, the coverage rate for vitamin A supplementation among children aged 12-59 months was 43% which exceeded the set target of 40% for 2011/12 financial year;
- In improving support for exclusive breastfeeding, 24 facilities against a set target of 25 for 2011/12 were accredited as providing baby-friendly health services;
- In 2011/12, the full immunisation coverage rate for children under the age of one (1 year) was 95.2% against the set target of 95%. This exceeded the set target. For this indicator there were variation occurred in provinces, i.e. Eastern Cape, Free State, Gauteng, KwaZulu Natal, Limpopo and Northern Cape exceeded the national target. Whereas, Western Cape, North West and Mpumalanga reported figures below the national target;
- The Department has joined with the Department of Basic Education and Social Development to revise the Schools Health Policy. The national Integrated School Health Programme (ISHP) will be implemented for a period of five years beginning in 2012/13 financial year. This will target all education phases (including Early Childhood Development, Primary and Secondary Schools). Each province has developed and submitted their district-specific ISHP plan, which outlines how the provinces will ensure that all targeted learners are reached during 2012/13.

2.3.2.3. TB Control and Management

¹⁰ SAMJ (2012)



The aim of this sub-programme is to combat TB and HIV by reducing co-infection burden. Some of the achievements made during 2011/12 financial year in this sub-programme include:

- The Department reported that the TB defaulter rate continued to decrease, and now it stands at 6.8%, compared to a target of 6% in 2010/11 financial year.
- In terms of TB cure rate, a total of 73.1% was achieved against a set target of 75% for 2011/12 financial year. This is an improvement compared to the 71.1% achieved in 2010/11 financial year;
- A total of 94.1% of HIV patients were screened for TB against a set target of 85% in the 2011/12 financial year. This exceeded the set target by 9.1%.
- With regard to the GeneXpert, South Africa leads the way globally. South Africa has procured more than 50% of the global supply of GeneXpert tests. From March 2011 to February 2012, South Africa conducted almost 300 000 (of the global total of 592 000) GeneXpert tests. Of these, 17% of people suspected of having TB infection were found to have TB. This is a significantly higher yield than the usual yield of between 4% and 9% using old technology.

Issues for consideration

- The number of people diagnosed with TB was 389 974 including 325 321 new cases diagnosed during the reporting period. These figures are lower than what was reported in the previous period. The cure rate of 73.1% was slightly below the target of 75% in 2011/12. What were the reasons for the Department not to reach its set target? Is the GeneXpert available in the rural areas?

2.4. Programme 4: Primary Health Care Services

The purpose of this programme is to develop and implement a uniform district health system. It also develops a policy on for district health services (PHC and district hospitals). It further identifies and promotes centres of excellence and supports planning, delivery and monitoring of these services.

The total allocation for this programme amounted to R761 703 million. The programme shows an expenditure outcome of R741 483 million, which is 97.3%, with under-expenditure of R20 220 million. The under-expenditure is related to the late delivery of influenza vaccines.

This programme consists of four sub-programmes:

2.4.1. Communicable Disease Control



This sub-programme seeks to eliminate malaria by 2018 by reducing the local transmission of malaria cases to 0 per 1000 of the population at risk, through the implementation of the malaria elimination strategy.

The Department has implemented measures to track confirmed malaria cases of local origin, malaria of unknown origin, as well as the total burden of disease from all malaria cases from both sources of origin. According to the Department, malaria is endemic (widespread) in three provinces: KwaZulu Natal, Limpopo and Mpumalanga, and is more prevalent (common) in specific districts than others.

According to the Department, the following were achieved in malaria cases:

- Total confirmed cases of local origin: 2 443 (this translates to 0,43). This is inconsistent with the set target of 0,43 per 1000 of the population at risk confirmed local cases for 2011/12
- Aggregate of cases (local and unknown): 3 715 (this translate to 0,73). This is higher than the set target of 0,62 per 1000 of the population at risk.
- It should be noted that the local transmission was higher in April 2011 and January 2012. The Department argues that this could be due to higher importation of malaria cases and population movement. It further states that evidence suggest that between 70% and 90% of imported cases came from Mozambique. And the cessation of the LSDI could be a contributory factor.

2.4.2. Non-Communicable Diseases

The aim of this sub-programme is to prevent and manage the chronic care model and strengthening the implementation of the long-term care model for diabetes over the Medium Term Expenditure Framework (MTEF) period.

In the 2011/12 financial year, the Department implemented the following:

- Three districts were identified to implement the chronic care model;
- The Department targeted 48 districts to implement the long-term model for diabetes and hypertension. However, a total of 46 districts managed to implement the long-term model. Two districts in Northern Cape could not implement the long-term plan due to resource constraints, according to the Department;
- In 2011/12 financial year, the Department produced a Strategic Framework for the Prevention of Injury in South Africa, which incorporates a plan for response violence.

2.4.3. District Health Services

The delivery of Primary Health Care (PHC) services through the District Health Services (DHS) is a key priority for the Department and is reflected in the health sector's NSDA for 2010-2014.



In 2011/12 financial year, the Department achieved the following:

- A PHC utilisation rate of 2.5 visits per person was achieved, which fell below a set target of 2.6 visits per person per annum. Two provinces (Northern Cape and Western Cape) recorded the highest PHC utilisation rates of 3.0 and 2.9 visits per person per annum respectively. On the other hand, Gauteng recorded the lowest PHC utilisation rate of 2.1 visits per person;
- A total of 337 PHC outreach teams were established across provinces, which exceeded the set target of establishing 54 teams. As a result, around 5000 Community Health Workers (CHWs) were re-trained by December 2011.

Issues for consideration

- There were delays in the validation of data due to a shortage of information officers in the provinces; hence the updates were delayed for almost six months. Information officers were subsequently appointed and deployed to the provinces to ensure data validation.
- Dialogue to sustain the gains of the LSDI and interventions continues with Mozambique, despite proving challenging. Entomological and parasitological surveillance is being strengthened to identify sources of infection. What are the challenges in this regard and what measures have been put in place to overcome those challenges?

2.5. Programme 5: Hospitals, Tertiary Services and Workforce Development

This programme deals with development of policies, delivery models and clinical protocols for hospital and emergency medical services. It also ensures that Academic Medical Centers (AMCs) and health workforce. This programme consist of six sub-programmes: Hospital Management, Human Resource Policy Research and Planning, Health Facilities Infrastructure Management, National Tertiary Service Management, Sector Labour Relations and Planning, and Health HR and Workforce Management and Development.

This programme has spent 99,4% of its R16 149 471 billion allocated funds, amounting to R16 057 420 billion, resulted in under-expenditure of R92 051 million. The under-expenditure is mainly attributed to the Infrastructure Unit Support System not being invoiced by the supplier before year end and the slow start of the nursing college's project.

Under this programme, the Department achieved the following during the 2011/12 financial year:

- By the end of 2011/12 financial year, all 9 Provincial Department of Health submitted the revised draft of their User Asset Management Plans (USMPs), this is intended for 2012/13 MTEF period;



- By the end of 2011/12 financial year, the Department has made progress in the construction of five tertiary hospitals through Public Private Partnership (PPP), these include: Limpopo Academic Hospital, Chris Hani Baragwanath Academic Hospital, Dr. George Mukharri Hospital, Nelson Mandela Academic and King Edward VIII Hospital.
- The Department completed and launch the five-year HRH Strategy for 2012-2016. This strategy will assist the health sector to improve health workforce planning, development and management.

Issues for consideration

- The Department reported that there are many challenges in retraining the large number of existing CHWs, estimated at 40 000. Can the Department explain what sort of problems are these and what measures have been put in place to overcome the challenges?
- The North West Department of Health presented its report on spending and said that both replacement clinics and new community health centres were planned, as well as the nursing colleges being extended. This Department had backlogs of over R2 billion on renovations, upgrades and maintenance of facilities. Is this happening across provinces?

2.6. Programme 6: Health Regulation and Compliance Management

The aim of this programme is to regulate procurement of medicines and pharmaceutical supplies, including trade in health products, promotes accountability and compliance by regulatory bodies for effective governance and quality of health care. This programme consists of six sub-programmes, namely: Food Control and Regulations, Public Entities Management, Office Standard of Compliance, Compensation Commissioner for Occupational Diseases, Occupational Health Management, and Pharmaceutical Trade and Product Regulation.

This programme has spent 95,4% of its R521 801 million allocated funds, amounting to R497 871 million, with under-expenditure of R23 930 million. The under-spending can be attributed to delays in the implementation of planned activities in the Office of Standards Compliance.

Some of the achievements made by the Department in 2011/12 financial year include the following:

- In terms of improving its oversight over the registration of pharmaceutical and related products, the Department established a new pharmaceutical and related product regulation and management authority in 2011/12 financial year;
- In total, 386 generics were registered in an average period of 34 months. The target for 2011/12 was 18 months. Thirty-four (34) human NCEs were registered within an average period of 37 months. The target for 2011/12 was 30 months;
- A comprehensive baseline audit of quality (together with other key aspects, including infrastructure and human resources), covering 90% (3 780) of public health facilities



- by the end of March 2012, using tools developed by the cluster to assess compliance with six priority core standards, has been an huge step forward for the Department;
- During 2011/12 the Department developed the legislative framework required for the establishment of an CHSC as a national quality certification body, which will enforce compliance with norms and standards for quality and investigate complaints relating to a breach of norms and standards;
- During this reporting period, the Department participated in twelve Codex activities, and included Codex standards in four sets of regulations. Nine sets of regulations were also drafted, published for comment and/or final were regulations published. The target for 2011/12 was exceeded by the publication of four more sets of regulations.

Issues for consideration

- Consistent and systematic supervision of health facilities is a critical component of interventions to improve the quality of care. However, in 2011/12, 66,6% of fixed PHC facilities received a monthly supervisory visit from a PHC supervisor. Can the Department explain why not all the targeted PHC received a monthly supervisory visit?

3. Annual Financial Performance

The purpose of this section is to summarise all the issues raised by the Auditor-General regarding financial performance, governance, internal controls and risk management matters. The information provided in this section will assist the Committee in understanding whether the budget allocated to the Department was efficiently utilised, and whether it was utilised for the intended purposes.

3.1. Report of the Auditor General

3.1.1. The findings of the Auditor-General (AG)¹¹

According to the Auditor-General South Africa's opinion, the financial statements present fairly, in all material aspects, the financial position of the National Department of Health at 31 March 2012, and its financial performance and cash flows for the year then ended with accordance with the Departmental Financial Reporting Framework prescribed by the National Treasury and the requirements of the Public Finance Management Act (PFMA).

Consequently, the Department of Health received an unqualified opinion with no findings by the AG. Even though the Department received an unqualified opinion from the AG, there are matters that they AG raised in its report.

¹¹ AG (2012)



3.1.2. Report on other legal and regulatory requirements

3.1.2.1. Predetermined Objectives

3.1.2.2. Usefulness of information

- There were no material findings on the annual performance report concerning the usefulness of the information.

3.1.2.3. Reliability of information

- In respect of nine indicators selected for programme 3, tested at 20 facilities at provincial level, the manual registers supporting the totals recorded in the information systems of the Department did not agree to amounts reported. This is due to inadequate control processes implemented at provincial facilities to ensure that data are properly recorded.
- In addition, because of the inadequate design of internal controls, there were no procedures that the AG could perform to satisfy itself that all information was completely recorded. As a result, the AG was unable to satisfy itself that actual reported performance is valid, accurate and complete.
- For two indicators selected relating to programme 3, the AG was unable to obtain sufficient, appropriate audit evidence to satisfy itself that actual reported performance is valid, accurate and complete. This was primarily due to the lack of a properly documented management system.

3.1.2.4. Compliance with laws and regulations

• Strategic Planning and Performance Management

The Department did not have and maintain an effective and efficient system of internal control regarding performance management, which described and represented how the Department's processes of performance monitoring, measurement, review and reporting were conducted, organised and managed, as required by section 36(1) (a) (i) and (b) of the PFMA. Policies have been developed and approved for performance information. The standard operating procedures have been drafted but have not yet been approved.

• Human Resource Management and Compensation

- (a) Employees were appointed without following a proper process to verify the claims made in their applications, in contravention of Public Service Regulation 1/VI/D.8.
- (b) Not all senior managers signed performance agreements as required by Public Service Regulation 4/III/B.1.
- (c) A human resource plan was not in place as required by Public Service Regulation 1/III/B.2 (d).



3.1.2.5. Transfer of funds to Non-Profit Institutions and Conditional Grants

- The Accounting Officer did not maintain appropriate monitoring and review measures to ensure that transfers to non-profit institutions were applied for their intended purposes, as required by Treasury Regulation 8.4.1.
- The expenditure and non-financial information was not adequately monitored for the programmes funded by the Health Infrastructure Grant, the Health Professions Training and Development Grant and the National Tertiary Services Grant in accordance with the framework for the allocation, as required by section 9(1) (b) of the Division of Revenue Act.
- The requirements and responsibilities for the Health Infrastructure Grant were not adhered to, in contravention of section 9(1) (c) of the Division of Revenue Act.
- Transfer payments for the Comprehensive HIV and Aids Grant were not made in accordance with the payment schedule approved by the National Treasury, as required by sections 10(1)(c) of the Division of Revenue Act.
- The arrangements and requirements for the Hospital Revitalisation Grant, Forensic Pathology Grant and the Comprehensive HIV and Aids Grant, as defined in the framework for the allocation, were not adequately adhered to, in contravention of section 10(1)(e) of the Division of Revenue Act.
- Business plans for the utilisation of the Forensic Pathology Grant and the Comprehensive HIV and Aids Grant allocations made to all provinces were not approved prior to the start of the financial year, as required by section 10(1)(a)(iii) of the Division of Revenue Act.

3.1.2.6. Internal Controls

• Leadership

The accounting officer has developed and approved policies for reporting performance information. Standard operating procedures have been drafted but have not yet been approved and formally implemented.

• Financial and Performance Management

Management did not adequately implement internal controls designed to monitor compliance with laws and regulations relating to human resource management, transfer payments and conditional grants.

• Donor Funding

- (a) An audit was performed on the donor funds received by the Department in respect of the Global Funds Grant: Strengthening National and Provincial Capacity for



Prevention, Treatment, Care and Support Related to HIV and Tuberculosis for the year ended 31 March 2011. The audit is in the process of being finalised.

(b) An audit was performed on the donor funds received by the Department in respect of the Global Funds Grant: Expanding Services and Strengthening Systems for the Implementation of the Comprehensive Plan for HIV and Aids in South Africa for the year ended 31 March 2011. The audit is in the process of being finalised.

3.1.2.7. Investigations

The Department and National Treasury are currently investigating the awarding of tenders for HIV testing kits which did not comply with the standards set by the World Health Organisation. The investigation commenced in July 2012. The National Treasury is the process of investigating fraudulent payments that were made on the Basic Accounting System during the 2009-10 financial years.

4. Human Resources

During 2011/12 financial year, the Department had a total of 1 293 posts filled out of 1 819 posts available on its staff establishment. This translates to an average vacancy rate 28.9% by the end of the financial year. A total of 160 filled were additional to the establishment. The Department reported that it is in the process of abolishing all the unfunded posts on the establishment as part of the Porsal clean-up.

The highest vacancy rate were experienced in the Senior Management (level 13-16) permanent at a vacancy rate of 37.3%, followed by Highly Skilled supervision (level 9-12) permanent at a vacancy rate of 35.3%, lower Skilled (level 1-2) at 28.4%, Skilled (level 3-5) at 26.6%, and Highly Skilled Production (level 6-8) at 23.9%.

5. Conclusion

The Department should be commended for presenting a fairly clear Annual Report for the 2011/12 financial year. The Department continue to have under-expenditure in some programmes mentioned earlier in this report.

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