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## Eastern Cape Department of Health - Monitoring Brief for 2001/02 – 2002/03

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### Summary

This report provides a review of the Eastern Cape Department of Health's performance through a comparative analysis of its budget allocations and expenditure, as well as delivery achievements and problems, during the 2001/02 and 2002/03 financial years.

Key findings of the report are as follows:

- *The Department's ability to fulfill its mandate is severely compromised by poor planning, maladministration and mismanagement.*
- *Both Legislature oversight bodies, the Standing Committee on Health and the Standing Committee on Public Accounts (SCOPA) have failed to effectively and rigorously hold the Department to account for its financial management and service delivery failures.*
- *The Department experiences chronic staff shortages due to its failure to fill vacant posts and its inability to halt the exodus of health professionals from the province.*

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## 1. Introduction

The Eastern Cape Department of Health is mandated to provide comprehensive public health care services to the citizens of the province. This responsibility is met via the provision of accessible, comprehensive and integrated services which emphasise the importance of primary health care.

The Department operates through eight Programmes: Administration, District Health Services, Provincial Hospital Services, Academic Health Services, Health Sciences, Health Care Support Services, Health Facilities and Special Services.<sup>1</sup>

## 2. Budget and Expenditure

Table 1. Budget allocation and expenditure over the three-year period in R'000<sup>2</sup>

<b>Financial year</b>	<b>Equitable share</b>	<b>Conditional grants</b>	<b>Total budget allocation</b>	<b>Actual expenditure</b>	<b>Variance-Under (over) expenditure</b>	<b>% of budget spent</b>
2000/01	3 271 072	431 243	3 702 315	3 789 628	(87 313)	(102%)
2001/02	3 837 622	383 743	4 253 153	3 892 517	360 636	91.5%
2002/03	4 012 760	548 450	4 613 005	4 493 242	119 763	97.4%
2003/04			5 111 784	5 209 369 (est) <sup>3</sup>	(97 585)	(110%)
<b>Total</b>	<b>11 121 454</b>	<b>1 363 436</b>	<b>17 680 257</b>	<b>17 384 756</b>	<b>295 501</b>	<b>98.3%</b>

Between the 2000 and 2003 financial years, the Department failed to spend an amount of R295.5 million out of a total budget allocation for the period of R17.6 billion.

<sup>1</sup> The latter programme is no-longer budgeted for by the Department.

<sup>2</sup>The figures contained in the table were obtained from the Eastern Cape Department of Health, Annual Financial Statements for 2000/01, p. 20, Annual Report for 2001/02, p. 72 and 2002/03, p. 192, and the National Treasury's Revenue and Expenditure Statement for the year ended 31 March 2004 (no page number).

<sup>3</sup> The figures for 2003/04 were obtained from the National Treasury 's Revenue and Expenditure Statement for the year ended 31 March 2004. This statement cites the budget allocations and expenditure for the Department as a whole, without specifying which amount is meant for each programme (no page numbers).

## 2.1. Budget and Expenditure in 2001/02

Table 2. Programme expenditure in 2001/02<sup>4</sup>

<b>Programme</b>	<b>Allocated budget R' 000</b>	<b>Act. Expenditure R' 000</b>	<b>Variance Under (over) expenditure R' 000</b>	<b>% of budget spent</b>
<b>Programme 1</b> Health administration	194 749	168 752	25 997	86.6%
<b>Programme 2</b> District Health Services	2 291 177	2 212 065	79 712	96.5%
<b>Programme 3</b> Provincial Hospital Services	1 241 246	1 181 165	60 081	95.2%
<b>Programme 4</b> Academic Health Services	73 485	56 793	16 692	77.3%
<b>Programme 5</b> Health Science	76 813	76 756	57	99.9%
<b>Programme 6</b> Health Care Support Services	9 301	6 765	2 536	72.7%
<b>Programme 7</b> Health Facilities	333 994	189 962	144 032	56.8%
<b>Total</b>	<b>4 221 365</b>	<b>3 892 453</b>	<b>328 912</b>	<b>92.2%</b>

During 2001/02, the Department underspent its budget by R328.9 million, or 7.8 percent. The programmes primarily responsible for this underspending were Programme 7 (Health Facilities), which underspent by R144 million, Programme 2 (District Health), which underspent by R79.7 million and lastly, Programme 3 (Provincial Hospital Services), which underspent by more than R60 million.<sup>5</sup>

What is most concerning about this underspending is that the majority of it occurred in three vital programmes. Programme 2 renders primary health care services, including community health clinic services, community health centres, emergency medical vehicles and HIV/AIDS programmes. Programme 3 renders general and specialised hospital services to the province and Programme 7 is mandated to provide new health facilities and upgrade and maintain existing facilities.

<sup>4</sup> Eastern Cape Department of Health, 2001/02 Annual Report, p. 83.

<sup>5</sup> Eastern Cape Department of Health, Annual Report, 2001/02, pp. 53 & 83.

These three programmes accounted for 86.29 percent of the Department's underspending for the year under review.<sup>6</sup> The Department blamed underspending within Programme 2 on its failure to spend money timeously on equipment and a slow tendering process. Programme 3 was said to have underspent for the same reasons as Programme 2, but also because of what the Department claimed was 'an acute shortage of staff.' Programme 7 underspent, according to the Department, because the closure of the Provincial Tender Board meant that the Programme could not utilise its funds. In regard to Programme 7's underspending, the Department blamed the poor performance of emerging contractors and lengthy departmental payment processes.<sup>7</sup>

## 2.2. Budget and Expenditure in 2002/03

Table 3. Programme Expenditure for 2002/03<sup>8</sup>

<b>Programme</b>	<b>Allocated Budget R'000</b>	<b>Act. Expenditure R'000</b>	<b>Variance Under(over)expenditure R'000</b>	<b>% budget spent</b>
<b>Programme 1</b> Administration	241 330	216 756	24 574	89.8%
<b>Programme 2</b> District Health Services	2 383 117	2 422 831	(39 714)	(101.6%)
<b>Programme 3</b> Provincial Health Service	1 391 450	1 375 094	16 356	98.8%
<b>Programme 4</b> Academic Health	88 756	95 100	(6 344)	(107.1%)
<b>Programme 5</b> Health Science	48 115	71 062	(22 947)	(147.7%)
<b>Programme 6</b> Health Care Support	9 536	9 168	368	96.1%
<b>Programme 7</b> Health facilities	398 622	303 218	95 404	76%
<b>Programme 8</b> Special functions		13	(13)	
<b>Total</b>	<b>4 560 926</b>	<b>4 493 242</b>	<b>67 684</b>	<b>98.5</b>

In the 2002/03 financial-year, the Department overspent its budget by R67.6 million, or two percent. While this was an improvement over the previous year, it still demonstrated that the Department was not able to manage its budget effectively.

<sup>6</sup> Ibid. p. 53.

<sup>7</sup> Eastern Cape Department of Health, Annual Report, 2001/02, p. 84.

<sup>8</sup> Eastern Cape Department of Health, Annual Report, 2002/03, p. 195.

Underspending was reported in Programmes 1 (Administration), 3 (Provincial Health Services), 6 (Health Care Support) and 7 (Health Facilities).<sup>9</sup> The explanations given for material variances were inadequate and therefore did not satisfactorily account for the variances. For instance, the Department blamed underspending in Programme 1 on the following:

- The 'misallocation of personnel budgets for Programmes 2,3 & 5.' These programmes were allocated incorrect personnel budgets in relation to the number of staff under each programme.
- Funds made available for hospital management contracts were not utilised.<sup>10</sup>

In Programme 3 the Department blamed underspending on the following:

- The misallocation of personnel expenditure for this programme to Programme 1.
- Not all government transport and Telkom transactions were reconcilable.
- Some expenditure was incorrectly allocated to Programme 2. This comment is not clear, and needs further explanation by the Department.
- The programme received an inflated budget for equipment.<sup>11</sup>

All of Programme 7's underspending was blamed on slow 'procurement processes'.<sup>12</sup>

None of the reasons that the Department gave to account for its underspending withstand detailed scrutiny, as all could have been avoided if proper systems to control planning and budgeting were in place. Moreover, while the Department explained in detail what capacity constraints it experienced during the financial year under review, these explanations were too general and did not properly account for the specific material variances that occurred.<sup>13</sup>

Certain programmes also overspent during the financial year under review. These programmes were 2, 4 and 5. Programme 2 overspent by nearly R40 million which, according to the Department, was mostly due to excess administrative spending and insufficient funds allocated for medicines.<sup>14</sup>

According to the Department, Programme 4 overspent as a result of unbudgeted transfer payments.<sup>15</sup> Programme 5 was said to have overspent due to the 'misallocation of personnel'.<sup>16</sup> Much like the reasons offered for underspending, those the Department put forward to explain overspending did not adequately describe why such spending problems occurred. For example, it is not immediately clear what the Department meant by the 'misallocation of personnel' and how it contributed to overspending. It would appear that the misallocation took place within the coding system in its Financial Management System (FMS) which allocates, among other things, personnel budgets to individual programmes. If an incorrect number of staff is entered under a programme, an incorrect budget allocation is inevitably entered into the system for that programme. This then results in over or underspending.

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<sup>9</sup> Ibid, p. 157.

<sup>10</sup> Ibid, p. 188.

<sup>11</sup> Ibid, p. 189.

<sup>12</sup> Ibid, p. 191.

<sup>13</sup> For general capacity constraints see pp. 158 – 160.

<sup>14</sup> Ibid, p.188.

<sup>15</sup> Ibid, p. 190.

<sup>16</sup> Ibid, p. 190.

### 2.3. Pre-audited Year End Results (2003/04 financial-year)

Pre-audited 4<sup>th</sup> quarter expenditure figures released by the National Treasury indicated that for the 2003/04 financial-year, the Eastern Cape Department of Health has overspent its R5.1 billion budget by R97.5 million.

It is of concern to the PSAM that the preceding analysis of the Department's handling of its budgeted allocations, demonstrates that it has been consistently unable to effectively manage its budget. These spending problems are attributable to the Department's failure to undertake rigorous strategic planning exercises which would enable it track its expenditure more effectively. It is essential that the Department develops detailed business plans in order to guide and monitor the expenditure of each of its programmes and sub-programmes. By ensuring that each programme objective is measurable, properly costed and has a clear time-frame attached, programme managers will be able to track and monitor expenditure more efficiently.

### 2.4. Expenditure on Conditional Grants

Conditional grants are budgetary transfers from the National Treasury made to fund specific programmes within departments. They make up part of the financial transfer system that exists between the different spheres of national, provincial and local government. In effect they are supplementary funds made available to provincial departments, via their corresponding national departments, in addition to their equitable share of budgeted funds.

Between the 2000/01 and 2002/03 financial years the Eastern Cape Department of Health received a total conditional grant allocation of R932 million of which it spent R865 million. Over the period in question the spending on conditional grants has been inconsistent and erratic.

#### Expenditure in 2001/02

Table 4. Conditional grants received for 2001/02<sup>17</sup>

<b>Purpose</b>	<b>Total Allocation R'000</b>	<b>Actual Expenditure R'000</b>	<b>Variance under/ (over) expenditure R'000</b>
Professional Training	73 485	56 793	16 692
HIV / Aids	8 281	2 899	5 382
Central Hospital Grant	13 201	12 387	814
Hospital rehabilitation	104 000	78 414	25 586
Nutrition	131 838	95 613	36 225
Redistribution special hospital services	52 938	39 877	13 061
Nelson			

<sup>17</sup> Eastern Cape Department of Health, Annual Report, 2001/02, p. 75

Mandela Academic Hospital			
Umtata Hospital Grant			
	<b>383 743</b>	<b>285 983</b>	<b>97 760</b>

In 2001/02 the Department spent R285.9 million out of its R383.7 million allocation, which resulted in underspending of R97.7 million, or 25 percent of its allocation. The Department offered a number of explanations for this underspending:

- *Professional Training*: projects could not start because of late rollovers.
- *HIV/AIDS*: grant was transferred late and conditional grants were 'loaded' inappropriately. There was also a delayed tendering process for services earmarked for outsourcing.
- *Central Hospital Grant*: Tender Board was dissolved and that meant the projects could not commence.
- *Hospital Rehabilitation*: There were some capacity problems.
- *Nutrition*: There was a lack of financial and general administrative systems. Lack of HR resources led to underfeeding.
- *Redistribution special hospital services*: Capacity problems were experienced and payments were delayed, something which led to under-expenditure.<sup>18</sup>

The explanations offered by the Department above raise more questions than they do answers. Firstly, there is no explanation as to why late roll-overs took place. Secondly, it is unclear why the Department's conditional grant transfer was late. It is also unclear how the 'inappropriate loading of conditional grants' took place considering that conditional grants are transferred for specific programmes. The Department must address these concerns as a matter of urgency.

The question of capacity is another area of serious concern. It makes little sense for the Department to be allocated funds for projects which it knows cannot be started due to capacity constraints. Clearly, capacity constraints need to be addressed before the Department can reasonably be expected to make proper use of its conditional grants.

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<sup>18</sup> Ibid. p. 75.

## Expenditure in 2002/03

Table 5. Conditional grants received for 2002/03<sup>19</sup>

<b>Purpose</b>	<b>Total Available<sup>20</sup> R' 000</b>	<b>Actual Expenditure R'000</b>	<b>Variance Under(over) expenditure R'000</b>
Hospital Management Improvement	9 333	6 909	2 424
HIV / AIDS	26 915	48 158	(21 243)
National Tertiary Services grant	144 537	153 169	(8 632)
Intervention: District Hospitals		3 529	(3 529)
Intervention: Provincial Hospitals		5 683	(5 683)
Intervention: Specialised Hospitals		1 239	(1 239)
Hospital rehabilitation	110 846	129 928	(19 082)
Academic Conditional Grant	88 756	93 398	(4 642)
Integrated Nutritional Project	168 063	137 160	30 903
<b>Total</b>	<b>548 450</b>	<b>579 173</b>	<b>(30 723)</b>

In the 2002/03 financial year the Department's conditional grant allocation was R548.4 million of which it spent R579.1 million, meaning that it overspent by R30.7 million. In its annual report the Department failed to provide an explanation for the overspending. This was in breach of national Treasury guidelines relating to financial reporting, which require departments to examine, analyse and explain all material variances in budgets.<sup>21</sup> What the annual report does illustrate, however, is that three programmes (District Hospitals, Provincial Hospitals and Special Hospitals) spent over R10 million which was not allocated to them in terms of the Division of Revenue Act governing conditional grants.<sup>22</sup>

According to the Interim Management Task Team (IMT) report, spending on conditional grants in the Eastern Cape was generally very slow. In the Department of Health, for instance, 'up to thirty seven percent of grants remained unspent in hospital management.'<sup>23</sup> The report recommended that the Department take steps to

<sup>19</sup> Eastern Cape Department of Health, Annual Report, 2002/03, p. 206.

<sup>20</sup> This includes adjustments and rollovers from the 2001/02 financial year.

<sup>21</sup> National Treasury Guidelines for Annual Reporting, December 2000, p. 3.

<sup>22</sup> See the Eastern Cape Department of Health, Annual Report, 2002/03. p. 206.

<sup>23</sup> IMT Report, 2003, p. 17. The IMT was introduced to the Eastern Cape in late 2002 to assist four provincial departments (Health, Education, Social Development and Roads and Public

enhance its conditional grant spending, especially in the areas of hospital management and improvements.<sup>24</sup>

It is of serious concern to the PSAM that the Department's spending on conditional grants during the period under review has been poor. It is clear that the Department's failure to adequately plan for the allocation of these grants has led to the inconsistent spending patterns that it has experienced. The national Department of Health, the national Treasury and the portfolio committees on health, both national and provincial, need to take steps to ensure that all conditional grant transfers are systematically monitored to ensure that they are effectively utilised.

### 3. Oversight

#### 3.1. Auditor-General

In terms of Section 3 of the Auditor-General Act (No. 12 of 1995), the provincial Auditor-General is responsible for auditing, on a test basis, the financial statements of government departments. These financial statements are audited in terms of their level of compliance with relevant laws and regulations applicable to the financial management of public resources. It is the responsibility of the Auditor-General to express an opinion on the Department's adherence to these laws and regulations.

The table below indicates the audit opinions the Department has received since 2001/02.

Table 6. Auditor-General's opinion and financial-year

<b>Financial-year</b>	<b>Audit opinion</b>
2001/02	Disclaimer
2002/03	Unqualified

There has been much controversy around the Department's audit opinions. From the Department's own perspective, the 2002/03 financial-year marked a turning point in its financial management and reporting history, as the Department received an unqualified audit opinion for the first time. An unqualified audit opinion is a favorable opinion issued where the Auditor-General concludes that the financial statements of a department fairly represent its financial situation. In 2001/02 the Department was issued with an audit disclaimer. In fact, up until the 2002/03 financial year, the Department had been issued with audit disclaimers every year since 1996. An audit disclaimer is the most severe opinion issued when a department's records and supporting documentation are either unavailable for audit purposes or are of such poor quality that no reasonable determination of the validity of financial transactions can be made.

Contrary to the Department's belief that the 2002/03 unqualified audit opinion indicates that it has overcome its financial management difficulties many of the substantive issues raised by the Auditor-General since 1996 have not yet been satisfactorily addressed.

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Works) with effective and efficient service delivery. Its mandate was to identify problematic areas in these departments and made recommendations accordingly. The IMT was made up of senior government officials and headed by the Department of Public Service and Administration. While this team is still working with the provincial government on an *ad hoc* basis, its official mandate came to an end in March 2004.

<sup>24</sup> Ibid, p. 32.

## 2001/02

During the year under review, the office of the Auditor-General issued the Department with an audit disclaimer. The Auditor-General raised the following issues with the Department:

- There was a treasury balance of R186 173 000 that could not be verified in the annual financial statements because it did not relate to any amount reflected in the trial balance. The Auditor-General claimed that this limited the scope of the audit.<sup>25</sup>
- There were two serious problems with the Medsas account balances as reflected in the Department's financial statements. The first related to the lack of supporting documentation for a material amount of accounting entries. The second related to the unrecoverability of funds from Medsas debtor accounts.<sup>26</sup>

Under emphasis of matter, the Auditor-General drew the Department's attention, among other things, to the following:

- The Auditor-General was unable to comply with section 40(2) of the PFMA which states that the Auditor-General must submit a report within two months of the receipt of the Department's financial statements. This was because, despite two reminders, the Department failed to supply the Auditor-General with the necessary documentation to enable the audit to proceed within the two month period. Section 81(1) of the PFMA states that the Accounting Officer commits an act of financial misconduct if they 'willfully or negligently' fail to comply with any part of section 40 of the PFMA.<sup>27</sup>
- Internal Control weaknesses, especially with regard to the following:
  - Personnel – Leave was not captured timeously.
  - Expenditure – There was a failure to comply with sections of the PFMA and Treasury Circulars. There were insufficient internal controls in place to record transactions, cancel invoices and authorize journals.
  - Revenue – The Auditor-General identified non-compliance with certain sections of the Dora, in particular the failure to clear suspense accounts.<sup>28</sup>
  - Asset management – There were insufficient internal controls in place in areas such as the fixed asset register, annual stock accounts, stock cards, and government vehicles, etc.
  - Transfer payments – Weaknesses were highlighted which, among other things, showed that the Department often failed to request annual audited financial statements from the various institutions that it supported through transfer payments.<sup>29</sup>
  - Budget process weaknesses – Zero based budgeting principles were not adhered to when preparing the 2002/03 budget.<sup>30</sup>

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<sup>25</sup> Eastern Cape Department of Health, Annual Report, 2001/02. p. 60.

<sup>26</sup> Ibid, p. 61.

<sup>27</sup> See Public Finance Management Act, sections 40(2) and 81(1).

<sup>28</sup> Ibid, p. 62.

<sup>29</sup> Ibid, p. 63.

<sup>30</sup> Ibid.

- Tender process – Among other things the Auditor-General noted non-compliance with certain sections of Tender Regulations.
- Personnel expenditure – the actual monthly expenditure according to the Personnel and Salary System (PERSAL) was not reconciled with the financial information on the FMS. An unreconciled difference of R1 159 334 between the personnel expenditure recorded on the income statement and that recorded on PERSAL existed at year-end.<sup>31</sup>
- Unauthorised expenditure – the Ledger account for unauthorised expenditure showed a debit balance of R195 149 million that had been brought forward from the previous financial year.<sup>32</sup>
- Financial statements regarding pharmaceutical depots could not be produced for audit purposes.<sup>33</sup>
- There were inadequate controls in place over the reconciliation and clearing of suspense accounts.<sup>34</sup>

## 2002/03

For the 2002/03 financial year the Auditor-General issued the Department with an unqualified audit opinion. Under emphasis of matter, the Auditor-General raised the following concerns:

- Not all ledger account balances within the Principal Responsibility Account were cleared in the Department's financial statements.<sup>35</sup>
- There was a lack of reconciliation of government vehicle expenditure with monthly financial information on the basic accounting system.<sup>36</sup>
- The Department's bank account reflected a cash security account of R725 135 that had not been included in the Department's financial statements.<sup>37</sup>
- After submitting poorly compiled financial statements the Auditor-General instructed the Department to correct and resubmit them, resulting in the late submission of the Department's financial statements.<sup>38</sup>
- Personnel expenditure did not reconcile on a monthly basis with the financial information on the basic accounting system.<sup>39</sup>
- Not all leave by employees had been captured on the personnel and salary system.<sup>40</sup>

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<sup>31</sup> Ibid, pp. 63- 4.

<sup>32</sup> Ibid, p. 64.

<sup>33</sup> Ibid.

<sup>34</sup> Ibid, p. 65.

<sup>35</sup> Ibid, p. 168.

<sup>36</sup> Ibid.

<sup>37</sup> Ibid.

<sup>38</sup> Ibid, p. 169.

<sup>39</sup> Ibid.

<sup>40</sup> Ibid.

- There were internal control problems relating to:
  - Personnel
  - Expenditure
  - Transfer payments
  - Asset management
  - Tender process
  - Budget process
  - Suspense accounts.<sup>41</sup>

The above issues raised in both audit reports highlight the depth of the financial problems that exist within the Department. The PSAM wishes to draw attention to the fact that, while the problems noted by the Auditor-General in the 2002/03 audit report were raised as matters of emphasis, most of these same issues had been cited in previous years by the Auditor-General to form the basis of the audit disclaimers that the Department has been issued with. It is not clear why these issues have now become immaterial to the Department's audit opinion. From the Auditor-General's own account it appears that the situation in the Department has changed little in terms of the quality of record keeping, financial reporting and levels of compliance with financial regulations. Therefore, it is not apparent why problems that previously resulted in an audit disclaimer, are now given less significance under 'emphasis of matter.'

### **3.2. Standing Committee on Health**

The Standing Committees of the provincial Legislatures are responsible for ensuring that all provincial government departments and other state organs are accountable to them. This oversight role is carried out by Committees through monitoring, investigating and the making of enforceable recommendations relating to the performance of departments and state organs within their jurisdiction.<sup>42</sup>

In general, the Provincial Department of Health has failed to respond promptly to or fully implement recommendations made by the Standing Committee for Health in the past two financial years.

Early in 2001, the Standing Committee on Health recommended that the Department:

- Expedite the person-to-post matching,
- Terminate contracts with ill-performing NGOs in the school nutrition programme,
- Improve HIV/AIDS interdepartmental coordination, and
- Appoint chief executive officers (CEOs) and middle management to enable provincial hospitals to function more efficiently, and put in place a proper asset register in order to ensure internal controls.<sup>43</sup>

The Committee also made another set of recommendations in the first quarter of the 2001/02 financial year. It urged the Department to:

- Ensure that it filled critical posts and management support systems were put in place,

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<sup>41</sup> Ibid. p.170 – 172.

<sup>42</sup> Section 63, Standing Rules of Procedure of the Eastern Cape Provincial Legislature.

<sup>43</sup> Announcements, Tablings and Committee Reports, Friday 26 January 2001. p.16.

- Report progress in tackling the problem of backlogs,
- Urgently complete the person-to-post matching exercise,
- Finalise revenue collection strategies,
- Appoint a Chief Financial Officer and provide “relevant financial structures to ensure sound financial management and to comply with the relevant law”, and
- Put in place, as a matter of urgency, proper financial controls so that it met the PFMA requirements.<sup>44</sup>

In the 2002/03 financial year the Committee made various recommendations to the Department, which included:

- The urgent need to address the shortage of nurses,
- The implementation of a working retention strategy,
- The on-going training of managers,
- The transfer of HIV/AIDS funds to District Municipalities,
- The need to capacitate NGOs to enhance their effectiveness,
- The need to appointment CEOs and support staff to executive officers,
- The need to build capacity in the Alfred Nzo and OR Tambo District Municipalities,
- The need to properly coordinate the Department’s activities and those of the Tender Board, Provincial Treasury and Public Works in areas of capital projects, and
- The need to improve revenue collection.<sup>45</sup>

As can be seen, some of the issues, such as the need to fill vacant posts, were raised by the Committee year-on-year. Despite this, the Department has consistently failed to implement the majority of recommendations made by the Committee. For its part, the Committee seems to lack effective monitoring mechanisms to ensure that the Department implements its resolutions. This raises concerns about the efficacy of the Committee in performing the oversight role it is Constitutionally mandated to carryout.

### **3.3. Standing Committee on Public Accounts (SCOPA)**

Despite repeated PSAM requests to the Legislature for copies of SCOPA minutes for the period under review, none have been made available to the PSAM.

## **4. Recommendations**

There are a number of measures the Department and oversight bodies can take to ensure improved service delivery. Chief among these are:

- The Department must improve its planning. This report has demonstrated that the crisis in the Department is mainly due to poor planning. Under and overspending can be avoided if reasonable care is taken during planning stages and if budget spending is monitored effectively during the course of each financial year. Rigorous planning will also ensure that inappropriate budget allocations and delays in conditional grant allocations will be avoided.

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<sup>44</sup> Announcements, Tablings and Committee Reports, Monday 23 April 2001. pp. 182-3.

<sup>45</sup> Resolutions/ Recommendations affecting the Department of Health, 21 January 2003. pp. 1-6.

- Accounting officers and other managers, both junior and senior, must familiarise themselves with the Treasury Regulations and the PFMA. This will enable them to properly adhere to all financial and planning regulations designed to ensure the effective and efficient use of budgeted funds. It will also enable them to be able to timeously detect when irregular, wasteful or unauthorised expenditure is taking place.
- An effective working relationship between the Department and oversight bodies must be established. Such a relationship must be based strictly on the founding provisions of South Africa's Constitution, ie, the promotion of transparent, accountable and responsive government. It is vital that the Department implements resolutions passed by oversight bodies and properly addresses concerns they may raise. In turn, these oversight bodies must rigorously ensure that the Department adheres to the regulatory framework which governs its activities.
- The Department must take more rigorous steps to address its staff shortages. In particular, it must introduce measures to try and improve working conditions, especially in rural areas, to ensure that it retains its existing staff and can offer attractive packages to potential staff.
- The Department must make a concerted effort to improve its internal control environment to ensure that public funds are used efficiently and effectively.