



**REPORT 09 OF 2017**  
**SELECT COMMITTEE ON PUBLIC ACCOUNTS OF THE 5<sup>TH</sup> MPUMALANGA PROVINCIAL LEGISLATURE:**  
**DEPARTMENT OF HEALTH (2015/16)**

## **1. INTRODUCTION**

The Constitution of the Republic of South Africa, Act 108 of 1996 empowers Provincial Legislatures to establish mechanisms to maintain oversight on provincial executive authority and organs of state. The Legislature through its Standing Rules and Orders has established the Select Committee on Public Accounts (SCOPA) hereinafter referred to as a Committee, and entrusted it with the responsibility to conduct financial scrutiny and examination of all financial statements and reports of the Auditor-General tabled before the House.

The Committee sent preliminary questions to the Department of Health and received responses which were subsequently presented during a hearing of the Committee. This transparent process of engagement was aimed at assisting and guiding the Department on areas that require improvement and monitoring.

The Committee discharged its mandate of ensuring prudent financial management over the reports of the Department of Health and wish to report as follows;

## **3. COMMITTEE PROCEDURES**

The Committee met with the entity on the 19 May 2017 to deliberate on the above reports and considered its draft report on 14 June 2017. The meetings of the Committee was open sessions for the public including the media as required by section 118 (1) (b) of the Constitution of the Republic of South Africa, Act No. 108 of 1996, read with the Standing Rules and Orders.

The MEC, HOD and the delegation responded to various questions posed by the Committee during the hearing.

#### 4. COMMITTEE FINDINGS AND RECOMMENDATIONS

The Committee considered progress made by the entity in implementing previous House Resolutions relating to the 2014/15 financial year. The progress per House Resolution is contained in the table below:

##### PROGRESS REPORT ON SCOPA RESOLUTION 2014/15 FINANCIAL YEAR

NO	RESOLUTION	PROGRESS AS ON	Status
1. MOVABLE AND TANGIBLE CAPITAL ASSETS (R94 825 658.00)	(i)The Accounting Officer must to ensure that the Department has adequate systems to maintain records of movable tangible capital assets	The Accounting Officer has ensured that the Department has adequate systems to maintain records of movable tangible capital assets.  Assets officials have been trained to perform the physical verification and recording of the movable tangible assets. The Department has bought 37 scanners for verification purposes.	Closed
	(ii)The Accounting Officer must ensure that effective systems are developed and implemented to ensure effective internal controls and provide progress in this regard by 31 July 2015	The Department has approved Asset Management Policy. Procedure manuals have been developed to ensure implementation of the policy	Closed
	(iii)The Accounting Officer must ensure that the Asset Management section of the Department is capacitated	Accounting Officer has ensured that Asset Management section is capacitated. Director responsible for asset management has been appointed with effect	Closed

		from 01 August 2016. Asset Management officials have been trained on asset verification processes and asset management policy workshop has been conducted.	
<b>3.2 IRREGULAR EXPENDITURE (R1 330 006 000-00).</b>	(i)The Executive Authority must consider taking disciplinary actions against the Accounting Officer and official(s) for failure to prevent the irregular expenditure amounting R 1 330 006 000.00 in 2012/13 and 2013/14 financial year	The Executive Authority did not take disciplinary actions against the Accounting Officer and official(s) for failure to prevent the irregular expenditure for 2012/2013: <ul style="list-style-type: none"> <li>▪ Cause of action has prescribed</li> <li>▪ The Accounting Officer in 2012/2013 is no longer in the service of state</li> </ul> The Accounting officer did take actions against the official involved, for 2014/15 financial year 19 officials were given final written warnings	ongoing
	(ii)The Executive Authority must take disciplinary actions against the Accounting Officer/ official(s) for failure to timely report to Treasury the irregular expenditure amounting R 818 401 000.00 in the 2013/14 financial year, in contravention of Section 38(1) (g) of the PFMA.	The Executive Authority did not take disciplinary actions against the Accounting for failure to report the irregular expenditure for 2013/2014, as the Accounting Officer in 2013/2014 is on temporary incapacity leave for previous two years.	Ongoing
	(iii)The Accounting Officer must enforce compliance with SCM policies and take disciplinary actions against officials who	The Accounting Officer has enforced compliance with SCM policies by	Ongoing

	contravene the policy.	updating the supply chain management checklist and took disciplinary steps	
		<p>Accounting Officer has introduced electronic invoice register to monitor and ensure invoices are paid within 30 days to prevent fruitless and wasteful expenditure. SCM checklist has been introduced to ensure that procurement processes are in line with the supply chain regulations to prevent irregular expenditure.</p> <p>Contracts that contributes to irregular expenditure have been identified and terminated. The Department entered in month to month contracts while advertising to obtain service providers.</p> <p>Specification for tender to supply of pharmaceuticals has been advertised. The tender closing date 08 December 2016.</p> <p>Tender for food, bid specification scheduled for Tuesday 22 September 2016 and advertising on 25 September 2016.</p>	Closed

	(iv)The Accounting Officer must furnish the Committee with a copy of the strategy that will be used to ensure that financial statements are recorded properly and that evidence is available during the audit to back up irregular expenditure by 31 July 2015	<p>The Accounting Officer has the following strategies to ensure that the financial statement are recorded properly</p> <ul style="list-style-type: none"> <li>• Financial Reporting Unit has been established and staff will be appointed as per approved Finance Structure.</li> <li>• The Department has procured software to prepare the annual financial statement to reduce the number of errors.</li> </ul> <p>The Department is also implementing SAICA project.</p>	Closed
<b>3.3PERFORMANCE INFORMATION</b>	(i)The Accounting Officer must furnish the Committee with proof of the measures that have been put in place to ensure that reported performance information is valid, accurate and complete in the 2014/15 financial year	<p>The Department is implementing National e-Health Project in Gert Sibande geared to strengthen information management.</p> <p>The Department is currently rolling out this Project to the remaining two Districts, Ehlanzeni and Nkangala.</p> <p>This include among other rollout of e-Health Systems (Rationalization of registers, Patient Administration System, Electronic PHC Tick Register, Web based DHIS, Internet connectivity to health facilities and Filling system)</p> <p>Target date is 31 March 2017.</p>	Closed

	(ii)The Accounting Officer must conduct Institutional Quarterly Performance reviews with management and ensure that reported performance has valid evidence in each quarter.	The Department conducts quarterly performance reviews.	Closed
	(iii)The Accounting Officer must ensure that performance indicators are SMART and provide progress report on the outcomes of the engagements between NDOH and AGSA regarding the revision of indicators.	National Department of Health has engaged National AGSA and DPME regarding revision of indicators. The Department has developed the National Indicator Data Set (NIDS) for 9 Provincial Departments which is reviewed on annual basis.	Closed
<b>3.4 COMPLIANCE WITH LEGISLATION</b>	(I)The Accounting Officer must consider taking disciplinary actions against the official(s) for contravening Section 39 (2) (a) of the PFMA read with section 45 (d) of the PFMA	The Department did not have unauthorised expenditure during 2014/2015 financial year hence no disciplinary actions have been taken.	Closed
	(II)The Accounting Officer must exercise on-going monitoring on the implementation of the cost curtailment measures policy.	The Accounting Officer has exercised monitoring on the implementation of the cost curtailment measure policy.  Updated circular on austerity measures has been issued to monitor the expenditure	Closed
	(III)The Accounting Officer must keep a register for irregular, fruitless and wasteful expenditures.	Accounting Officer keeps the register for irregular and fruitless and wasteful expenditure. Monthly incurred irregular and fruitless and wasteful expenditure is updated on the registers	Closed
<b>4,ANNUAL FINANCIAL STATEMENTS,</b>	(I)The Accounting Officer must strive to build in-house capacity in the Financial Management	The Accounting Officer has built the capacity for financial	Closed

<p><b>PERFORMANCE REPORTS AND ANNUAL REPORTS</b></p>	<p>section in order to ensure compliance with the Financial Reporting Framework.</p>	<p>management section to ensure compliance with the financial reporting framework.</p> <p>Financial reporting section has been included in the Financial Accounting Directorate. Delegated officials have been assigned the monthly preparation of financial reports</p>	
	<p>(II)The Accounting Officer must ensure that the established task team is fully effective and efficient to ensure compliance with the Financial Reporting Framework.</p>	<p>The Accounting Officer has ensured that the delegated officials are appointed to ensure effective and efficient processes on The Accounting Officer has ensured that the delegated officials are appointed to ensure effective and efficient processes on financial reporting.</p> <p>The Accounting Officer has ensured that Interim Financial Statements are prepared on quarterly basis. The Department is implementing the monthly financial statements from November 2016 until 28 February 2017 to ensure monitoring of compliance with Financial Reporting Framework</p>	<p>Closed</p>
<p><b>4.1EXPENDITURE MANAGEMENT (R213 031 000.00)</b></p>	<p>(i)The Executive Authority must prepare and table a detailed motivation to the Committee for condonation of the R213 022 277.00 unauthorised expenditure</p>	<p>The Department has prepared the motivation to Provincial Treasury, The Department has referred the matter to internal audit for investigation</p>	<p>Ongoing</p>
	<p>(i)The Accounting Officer must</p>	<p>The Accounting Officer</p>	<p>Closed</p>

	furnish the Committee with a copy of the turnaround strategy that has been put in place to prevent unauthorized expenditure by 31 July 2015.	has provided a report to the Committee of a turnaround to prevent the unauthorised expenditure	
<b>4.2CONDITIONAL GRANTS</b>	(i)The Accounting Officer must provide the Committee with progress made by the department on the process of approving of the Audit Committee Charter.	The Audit Committee charter for 2016/17 was developed and approved by the Honourable MEC G.P Mashego on the 19 July 2016.	Closed
	(ii)The Accounting Officer must provide the Committee with the progress made on the appointment of the Chairperson and other members of the Audit Committee.	The Accounting Officer has appointed five members of the Audit Committee with the inclusion of the Chairperson. The Audit Committee is functional and holds meetings as prescribed by the PFMA and Treasury Regulations.	Closed
<b>4.3PROCUREMENT AND CONTRACT MANAGEMENT (Supply Chain Management)</b>	(i)The Accounting Officer must consider taking disciplinary actions against official(s) for contravening Treasury Regulation 16A6.2 (a) and (c) in 2013/14 financial year	Labour Relations was tasked with the investigation of the irregular expenditure, fruitless and wasteful expenditure for 2013/2014 financial year. The report has been submitted to the Accounting Officer for the implementation of the recommendations. The report has been finalized.	On-going
	(ii)The Accounting Officer must develop an effective record keeping system to ensure that relevant and accurate information is accessible and available	The 0-9 filing was developed and is currently being implemented to ensure safekeeping of records.	
	(iii)The Accounting Officer must disapprove the implementation	The Accounting has engaged the Department	Closed



	of any project that has been finalised with the exclusion of the user (Department).	of Public Works, Roads and Transport for the nomination of representatives in all the Bid Committees (BSC, BEC and BAC) where the Departments projects are involved.	
	(iv)The Accounting Officer must develop adequate capacity within the Procurement, Contract Management and Infrastructure Management functions of the department.	The Director: SCM has been appointed effective from 01 August 2016. 5 administration clerk were appointed to assist with contract management and an additional 3 will be appointed by the end of third quarter. A further a fixed term contract employee (24 months) were appointed effective from 01 <sup>st</sup> November 2016.	Closed
	(v)The Accounting Officer must take disciplinary action against officials who failed to declare private or business interest in contracts awarded by the department, as required by Treasury Regulations 16A8.4 and Public Service Regulations 3c	Labour Relations was tasked with the investigation of the irregular expenditure, fruitless and wasteful expenditure for 203/2014 financial year. The report has been submitted to the Accounting Officer for the implementation of the recommendations. Circulars on employees doing business with state and declarations of interest were published in employee's payslip.	Ongoing
<b>4.4HUMAN RESOURCE MANAGEMENT AND COMPENSATION</b>	(i)The Accounting Officer must ensure that Human Resources section complies with Public Service Regulation 1/VIII/D.8	The Department attended to the matter, Senior Managers signed performance agreements for the year 2016/17 financial year.	Closed
	(ii)The Accounting Officer must ensure that the department has	The Department appointed a Service Provider for the	Closed

	a dedicated individual (s) to deal with verification of qualifications made by potential new recruits.	<p>verification of qualification. A Service Level Agreement is being finalized</p> <p>The Department did not have HR capacity to deal with the challenges however key vacancies have been filled to address the matter.</p>	
<b>4.FILLING OF THE CRITICAL FUNDED POSTS</b>	(i)The Accounting Officer must ensure that all critical vacant funded posts are filled on or before 30 September 2015	A number of funded vacancies were filled as per the recommendation of the house	Closed
<b>5.PROGRESS TOWARDS ACHIEVING CLEAN AUDIT</b>		<p>Accounting Officer has initiated the following activities to improve the audit outcome:</p> <ol style="list-style-type: none"> <li>1. Monthly financial statement are been prepared on monthly basis from December 2016</li> <li>2. Implementing SAICA projects to improve the control environment in hospitals, advice the Accounting Officer, Chief Financial Officer and Hospital CEO's on financial administration processes.</li> <li>3. Procuring software for preparations of Annual financial statement to eliminate the human error during the preparation process</li> </ol> <p>Procurement of Audit Command Language (ACL) to assist with conflict of interest, accounts payable and salaries reports audit.</p>	Ongoing

## **AUDIT ACTION PLAN FINDINGS 2015/16**

### **5. MOVABLE TANGIBLE CAPITAL ASSETS**

The Committee has noted that the Auditor General was unable to locate movable capital assets amounting to **R 268 939 088** recorded in the assets register and could not trace assets selected from the floor to the assets register. Furthermore, the Auditor General had found misstatements in major and minor assets.

The Department indicated that it had challenges in terms of fair valuing of assets in particular medical equipment because the result of the fair value process differed tremendously with the value of similar assets in the logistical information system (LOGIS). The values as per the fair value process and LOGIS were not reliable since the values in LOGIS could not be supported by supporting documents.

The Accounting officer also indicated that the Department did not have the supporting documents for prior year error amounting to **R195 million**. The restatement was made to rectify the prior year misstatement but the restatement could not be substantiated by supporting audit evidence. The measures that were put in place to ensure that there are no misstatement has failed because the Department did not have sufficient supporting audit evidence.

The Committee was also informed that the Department is currently in the process of appointing asset control officers for the next three financial years (MTEF Period).

The Committee wanted to know whether the Accounting Officer identified the moveable tangible capital assets which the Auditor General did not locate. The Accounting Officer indicated that the Department did identify the movable tangible capital assets which the Auditor General did not locate. The Accounting Officer also indicated that the assets that were procured by the Districts were recorded in the respective districts' asset registers. The Committee noted the matter was recurring and had previously been assured of preventative measures.

#### **5.1 RECOMMENDATIONS**

The Committee recommend the House to resolve that:

- i. The Accounting Officer must consider taking disciplinary actions against official(s) who could not locate movable capital assets during audit amounting to **R 268 939 088**.
- ii. The Accounting Officer must consider taking disciplinary actions against officials who failed to ensure that there are no misstatements in the financial statements (major and minor assets).

## **6. IRREGULAR EXPENDITURE (R 5 168 480 000)**

The Committee noted that the Auditor General was unable to determine whether any adjustments was necessary to irregular expenditure of R 5 168 480 000 (2015: R 3 248 902 000)

The Committee wanted to know whether the Accounting Officer established internal controls to recognise and investigate irregular expenditure. The Accounting Officer indicated that the Department has established a Provincial Financial Misconduct Committee (PFMC) and District Financial Misconduct and Loss Control Committees (DFMLC). These committees are established to investigate and preside over all reported instances of financial misconduct and losses suffered by the Department and make recommendations to Accounting Officer regarding actions to be taken.

The Committee further enquired whether the Accounting Officer instituted disciplinary measures against officials who caused the department to incur irregular expenditure in the 2014/15 and 2015/16 financial period. The Accounting Officer indicated that they did take actions against the officials involved, for 2014/15 financial year 19 officials were given final written warnings. The Committee was also informed that for the financial year 2015/16 the Accounting Officer based on the preliminary report received 58 officials has been identified, the Department was awaiting the implementation of progressive disciplinary hearing processes which will commence during the first quarter of 2017/2018.

The Committee was not satisfied with the explanation by the department and noted the following shortcomings;

- warning letters had been signed by Dr JS Mohangi as Head of the Department in July 2016 whereas at the time she had was not yet appointed as the Head of the Department. The authenticity was questionable.

- no specific charges we instituted against individuals for what they are liable for instead a common charge on the total figure amounting R1 ,908, 681, 758,34 had been preferred
- certain names on the warning letters were incorrect and evident that the department was not certain about the identity of the person being charged (M B Mawela – Barberton)
- other officials rejected the warning letters and indicated that they were not appointed in the alleged positions at the time the incident occurred, ( Ms F Nyathi – Rob Ferreira)
- Ms D Mokofane of Sabie Hospital was on a long sick leave and subsequently discharged from the service and was not at work during the time of the incident.

The Committee indicated to the department that it was clear that the warning letters had been issued to officials as a matter of compliance. The department had not followed section 84 of the PFMA which provides for the Legal regime for disciplinary proceedings. It is unfortunate that the department will not be able to correctly treat the irregular expenditure if it does not do due diligence on the process of investigating and charging persons liable. The Committee could not accept all the warning letters and request the department to correct the anomaly.

## **6.1 RECOMMENDATIONS**

The Committee recommends the House to resolve that:

- (i) The Executive Authority must consider taking disciplinary actions against the Accounting Officer/official (s) for incurring irregular expenditure amounting R 3 248 902 000 in the 2015/16 financial year.
- (ii) The Executive Authority must investigate all transactions contributing to the irregular expenditure amounting R3 248 902 000 incurred in 2015/16 and take disciplinary action against liable person(s) and/or hold the accounting officer liable.
- (iii) The Executive Authority must investigate all transactions contributing to the irregular expenditure from 2012/13, 2013/14 to 2014/15 and take disciplinary action against liable person(s) and/or hold the current accounting officer liable for failure to take action on time since resuming work 2016.
- (iv) The Executive Authority must ensure that the irregular expenditure amounting R 5 168 480 000.00 is correctly accounted for and accordingly regularized by relevant authority.

- (v) The Executive Authority must investigate whether Dr S Mohangi had the correct authority to sign as designated Head of the Department from 21 July 2016 and report to the committee. (Authenticity of recovery letters)

## **7. TRANSFERS AND SUBSIDIES**

The Committee noted that the Auditor General was unable to obtain sufficient appropriate audit evidence regarding transfers to municipalities. Furthermore, the Auditor General has found that the Accounting Officer has transfers and subsidies relating to service delivered by Non Profit organisations overstated and current expenditure was understated by R 54 449 000.

The Committee wanted to know whether the Accounting Officer has completed the provincialization of all municipal clinics in 2013 as previously reported. The Accounting Officer indicated that the department completed the provincialization of all municipal clinics in 2013 and payments were made in 2015/2016 financial year.

The Committee enquired why did the Accounting Officer make transfers to municipalities and what services did the municipalities render and at what cost. Provide proof. The Accounting Officer reported that they made transfers to Municipalities for services rendered in Primary Health Care level. The transfer was relating to reimbursement of the following services, Human Resources and Municipal Services. The transfers made to municipalities during the year under review were amounting to **R139, 6 million**.

The Accounting Officer indicated that the department failed to provide audit evidence as there were no detailed invoices substantiating the claims. The supporting documentations were detailed human resource payrolls, municipal services invoices such as water and electricity.

### **7.1 RECOMMENDATIONS**

The Committee recommends the House to resolve that:

- (i) The Accounting Officer must consider taking disciplinary actions against official(s) who failed to ensure that the Auditor General obtains sufficient appropriate audit evidence regarding transfers to municipalities.

- (ii) The Executive Authority must consider taking disciplinary actions against the Accounting Officer/official (s) for failing to provide audit evidence regarding transfers to municipalities in 2015/16.

## **8. PROCUREMENT AND CONTRACT MANAGEMENT**

The Committee noted that the Auditor General found that goods and services with transaction value below R 500 000 were procured without obtaining the required price quotations are required by Treasury Regulation 16A6.1

The Committee asked the Accounting Officer that the department did validate that there were goods and services with transaction value of below R 500 000 which were procured in contravention of Treasury Regulation 16A6.1 and why were the goods procured in contravention of Treasury Regulation 16A6.1. The Accounting Officer indicated that the department did validate that there were goods and services with transaction value of below R 500 000 which were procured in contravention of Treasury Regulation 16A6.1.

The Committee further enquired on what steps did the Accounting Officer take against officials who procured goods and services in contravention of the PFMA and Treasury Regulations. The Accounting Officer indicated they did take actions against the official involved, for 2014/15 financial year 19 officials were given final written warnings. The Committee did not accept the response of the Accounting Officer because the officials contravened the requirements of Treasury Regulation 16A9.1

The Committee also noted that the Auditor General found that persons in the service of the department who had private or business interest in contracts awarded by the department failed to disclose such interest as required by Treasury Regulation 16A8.4 and Public Service Regulation 3c. The Accounting Officer indicated that the Department has procured an electronic system called audit command language (ACL) which is used to check whether employees are director of companies and also if they are doing business with the Department.

Furthermore the Department is also broadcasting messages on the payslips of employees to the effect that all employees must note that they are not allowed to do business with government if not approved by the executing authority. The Department has issued a circular in

terms Public Service Regulation 2016 to all employees requesting them to declare their business interests.

The Committee noted that the Auditor General found that persons in the service of the department whose close family members, partners, or associates had a private or business interest in contracts awarded by the department failed to disclose such interest, as required by the Treasury Regulation 16A8.4. The Committee wanted to know whether the Accounting Officer has established the persons in the service of the department who contravened Treasury Regulation 16A8.4. The Accounting Officer that the department has established the persons in the service of the department who contravened Treasury Regulation 16A8.4. The Committee

### **8.1 Recommendations**

The Committee recommends that the House resolve that:

- (i) The Accounting Officer must consider taking disciplinary actions against official/s who failed to comply with Treasury Regulations 16A9.1
- (ii) The Accounting Officer must consider taking disciplinary actions against official/s who had private or business interest in contracts awarded by the department and failed to disclose such interest as required by Treasury Regulation 16A8.4
- (iii) The Accounting Officer must ensure that all cases are investigated and concluded timely as guided by section 84 of the PFMA.

### **9. EXPENDITURE MANAGEMENT**

The Committee noted that the Auditor General has found that effective and appropriate steps were not taken to prevent unauthorised, irregular as well as fruitless and wasteful expenditure as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The Committee enquired on the measures Accounting Officer has put in place to prevent unauthorised, irregular, fruitless and wasteful expenditure, this finding from recurring.

The Accounting Officer informed the Committee they took effective steps to prevent unauthorised, irregular, fruitless and wasteful expenditure. The Department has appointed finance committees in all hospitals, three district and provincial office. The Department has



further developed and implemented payment checklist to prevent the unauthorised, irregular and fruitless and wasteful expenditure. The Department has also established the Provincial Financial Misconduct Committee and District Financial Misconduct and loss committee for consequence management.

The Accounting Officer reported that they took effective steps to prevent unauthorised, irregular, fruitless and wasteful expenditure. The Department has appointed finance committees in all hospitals, three district and provincial office. The Department has further developed and implemented payment checklist to prevent the unauthorised, irregular and fruitless and wasteful expenditure.

The Committee noted that the Auditor General found that contractual obligations and money owed by the department were not settled within 30 days as required by the Section 38 (1)(f) of the PFMA and Treasury regulation 8.2.3. The Accounting Officer acknowledged that Department did establish moneys owed by the Department which were not paid within 30 days.

### **9.1 Recommendations**

The Committee recommends that the House resolve that:

- (i) The Accounting Officer must ensure that all measures put in place are effectively implemented and monitored to prevent the matter from recurring. (Irregular Expenditure)
- (ii) The Accounting Officer must take disciplinary action against the officials who failed to ensure that monies owed by the department are settled within 30 days as required by section 38(1)(f) of the PFMA and Treasury Regulations 8.2.3

## **10. LEADERSHIP**

The Committee noted that the Auditor General found that the Accounting Officer did not exercise oversight responsibility regarding financial and performance reporting and compliance with legislation.

The Committee wanted to know whether the Accounting Officer exercised oversight responsibility regarding financial and performance reporting and compliance with legislation. The Accounting Officer indicated that the Department did exercise oversight responsibility regarding financial and performance reporting and compliance with legislations. The Department had Budget Committee meetings, district performance reviews, internal audit has audited financial and performance reporting as part of oversight over financial and performance reporting during the financial year.

The Accounting Officer also indicated that the department has implemented systems on oversight financial and performance reporting and compliance with legislations.

- Quarterly financial statements are been prepared and audited by internal audit.
- Monthly and quarterly expenditure reviews are held with Budget Committee.
- Performance quarterly district reviews are also been conducted for performance reporting.

### **10.1 Recommendations**

The Committee recommends that the House resolve that:

- (i) The Executive Authority must consider taking disciplinary actions against the Accounting Officer for failure to exercise oversight responsibility regarding financial and performance reporting and compliance with legislation in the department.

## **11. FINANCIAL AND PERFORMANCE MANAGEMENT**

The Committee noted that the Auditor General has found that Management did not implement proper record keeping in a timely manner to ensure that complete, relevant; accurate information was accessible and available to support financial and performance reporting. The Accounting Officer indicated that the Department had developed a proper record keeping system. The Department has implemented the new electronic filing system for payment vouchers and also appointed 8 registry clerks. The Department can file and retrieve the documents when requested.

The Committee was further informed that The Department developed specifications for the tender on the electronic filing system. The tender was advertised and the closing date was

indicated in the advert. This tender could not be awarded as National Department of Health advised that this plan be withdrawn.

The Committee enquired measures and steps did the Accounting Officer take in response to the finding above. The Accounting Officer indicated that the Department is in the process of negotiating with the Department of Public Works, Roads and Transport to give an area where proper filing will be done. The Department is currently changing the budgeting system in order to resolve the issue of cash flow whereby key accounts such as medication, laboratory services, blood services are adequately funded.

### **11.1 Recommendations**

The Committee recommends that the House resolve that:

- (i) The Executive Authority must consider taking disciplinary actions against the Accounting Officer for failure to prepare regular, accurate and complete financial reports supported by evidence and reliable information.
- (ii) The Accounting Officer must consider take disciplinary actions against official/s who failed to ensure compliance with applicable laws and regulations.

## **12. GOVERNANCE**

The Committee noted that the Auditor General found management did not implement the recommendations of the internal audit function and the audit committee.

It was reported to the meeting, that the Department failed to implement the recommendations of the internal audit function and audit committee due to poor internal controls, systems and inconsistencies in leadership which resulted in most of the findings recurring.

The Committee noted that there were serious management and leadership challenges in the department which requires that they be prioritized. The accounting officer has an inherent responsibility to ensure that interventions and recommendations made by assurance bodies such as the audit committee are implemented. The Committee cannot accept that functions are

established and individuals paid earnings on monthly basis however their work or recommendations are not utilized.

### **12.1 Recommendations**

The Committee recommends that the House resolve that:

- (i) The Executive Authority must consider taking disciplinary actions against the Accounting Officer for failure to implement the recommendations of the internal audit function and the audit committee.

### **12. CONCLUSION**

The Committee has satisfied the requirements of the Mpumalanga Provincial Legislature Rules and Orders of conducting oversight over the financial statements of the Department of Health.

The Committee emphasized on the fact that the Accounting Officer must fill all key vacant and funded positions in order to address the findings which were as a result of lack of capacity and shortage of staff in the Department.

**Unless specified differently, progress on all resolutions must be submitted to the Committee by the 30 August 2017 and on a quarterly basis afterwards.**

### **13. ADOPTION**

The Select Committee on Public Accounts recommends that the House adopt this report and its recommendations as House Resolutions.

  
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**Hon. S I Malaza**

Date

**Chairperson**

**Select Committee on Public Accounts**

**Mpumalanga Provincial Legislature**