

COMMITTEE REPORT OF THE PORTFOLIO COMMITTEE ON HEALTH AND SOCIAL DEVELOPMENT IN RELATION TO THE 2nd QUARTER PERFORMANCE REPORT FOR 2016/17 FINANCIAL YEAR - DEPARTMENT OF HEALTH – MEETING HELD ON 21 FEBRUARY 2017 IN COMMITTEE ROOM 07

1. INTRODUCTION

As stated in Rule 218 sub-rule (1) (2) and (3) of the Rules and Orders of the Mpumalanga Provincial Legislature, the Member of the Executive Council responsible for a provincial Department must table quarterly reports of the Department to the Speaker, within 30 calendar days after the end of a quarter.

The Committee considered the 2nd quarterly report of the Department of Health (the Department) for the 2016/17 financial year, reporting period July – September 2016. Interaction with the Department was aimed at assessing the Department's performance for the quarter, in relation to its 2016/17 Annual Performance Plan (APP).

2. METHOD OF WORK

The Speaker referred the Department's second (2nd) quarterly report to the Portfolio Committee on Health and Social Development for consideration and report back to the Legislature, as contemplated in rule 218 (4) of the Rules and Orders of Mpumalanga Provincial Legislature (the Rules).

On 21 February 2017, the Committee met with the Department to deliberate and scrutinize in detail the aforementioned document. The Committee then met on 07 March 2017, to consider the draft Committee report.

3. GENERAL OBSERVATIONS

The Committee observed that:

- The total budget of the Department of Health is R 10 642 144 000. At the end of the Second quarter, the Department of Health has spent R 5 419 889 000, this represents a 50.9% of total expenditure which means in the overall, the Department has overspent its budget by 0.9%;

- Almost all Departmental programmes have spent below the 50% benchmark, with the exception of Programme 2: District Health Services, 4: Provincial Hospital Services and 6: Health Science and Training;
- The Department in this quarter had 89 planned targets and reportedly achieved only 39 of those targets. This translates to a meagre 44% achievement for this quarter.

4. BROAD OVERVIEW BY THE MEC

MEC GP Mashego appreciated the oversight conducted by the Committee. In his overview he report that:

- The outcome for Health Services is “A long and healthy life for all South Africans”. All the programmes, projects and interventions of the Department are geared towards achieving this outcome and other provincial priorities;
- Mr Jabulani Mndebele is the new Chief Director: Hospital Services;
- The overall performance of the Department for the second quarter is achieved at 44% compared to 38% of the first quarter from the planned APP indicator targets;
- Mpumalanga Department of Health is on the edge to improve Hospital management by appointing Executive Management teams in all hospitals, to date the following appointments have been made; CEO’s (22/28), Nursing Management (31/33), Finance Managers (22/33), Corporate Managers (25/33), Clinical Managers (24/33);
- The Department has since the introduction of Universal Test & Treat (UTT) and 90 90 90 strategies, made significant strides on the HIV testing services and the Antiretroviral treatment programme;
- Despite challenges in responding to Emergency services, the Department has recorded notable improvement in the response time, and the Department continue to prioritise interventions aimed at improving EMS services for both rural and urban;
- The Department continue to build IBT structures as and when the need arises. The Innovative Building Technology (IBT) structure has advantages. They are not built with water and brick; however, the material used makes the structure to be durable for 50 years. They are quick to erect as they take between three to four months. The Department is currently building the structures in the following areas:

- Mpakeni Clinic.
- Marite clinic.
- Sibange clinic.
- Mgobodzi clinic.

The Department had reportedly completed and operationalized Jerusalema and Khumbula clinic. In the next financial year - 2017/18, the Department has planned to construct IBT Structures in the following areas:

- Goromane clinic
- Luphisi clinic
- Makoko clinic

KaMdladla Community in the Nkomazi Local Municipality disputed the construction of the IBT structure, insisting on the brick and motar clinic. The Department recently held a meeting with the community to request them to allow the construction of the IBT structure; but the community refuses to welcome the construction. The MEC further reported that currently the IBT structure construction project has been cancelled for kaMdladla.

Various health facilities were damaged during the 2016 storm incidents, the following areas were affected: Nkomazi, Thembisile and Dr. JS Moroka Local Municipalities. R 26 million has been set aside to repair all damages;

After the Department received a qualified audit opinion during the previous financial year; the Department has developed and is implementing an Audit Action Plan to address the findings of the Auditor General. The plan is monitored by the Management Team;

The Department has recently teamed up with Accountants from SAICA to assist the Department in realising a clean audit; each District has been allocated a specialist in this regard.

5. DELIBERATIONS ON THE 2nd QUARTERLY REPORT

After the MEC's overview, the HOD was requested to brief the Committee on the progress made on the implementation of the APP's strategic objectives of the 2nd quarter. Thereafter the Committee interacted with the Department.

Programme analysis

Programme	2016/17 SECOND QUARTER				2016/17 first quarter performance			
	Total Targets	Targets achieved	% of targets Achieved	% of total expenditure	Total Targets	Targets achieved	% of targets Achieved	% of total expenditure (25%) benchmark
Administration	2	0	0%	62.5%	2	0	0%	17.1%
District Health Services	48	16	33%	110%	46	17	36.9%	26%
Emergency Medical Services	4	0	0%	97.9%	4	0	0%	22.8%
Provincial Hospital Services	14	9	64%	98.1%	10	6	60%	25.1%
Central Hospital Services	10	7	70%	93.7%	6	3	42.9%	23.3%
Health Science and Training	2	2	100%	152%	2	2	100%	18.6%
Health care support	7	4	57%	69.6%	7	4	57%	16.3%
Health facility management	2	1	50%	91.5%	2	2	100%	14.1%
	89	39	44%	111.6%				

TABLE 2: COMPARISON OF PROGRAMME PERFORMANCE BETWEEN 2ND AND 1ST QUARTER

The expenditure of the Department as at 30 September 2016 as presented by the Provincial Treasury

QUARTER	TOTAL PROJECTED	TOTAL CASH TRANSFERRED	TOTAL EXPENDITURE	VARIANCE BETWEEN CASH TRANSFERRED AND TOTAL EXPENDITURE	% OF TOTAL EXPENDITURE TO TOTAL CASH TRANSFERRED	% TOTAL EXPENDITURE TO TOTAL PROJECTION
Q 1	2 532 680 000	2 514 877 000	2 552 244 000	(37 367 000)	101.5%	100.8%
Q 2	2 747 578 000	2 801 063 000	2 867 645 000	(66 582 000)	102.4%	104.4%
TOTAL Q1 + Q2	5 280 258 000	5 315 940 000	5 419 889 000	(103 949 000)	102%	102.6%

PROGRAMME 1: ADMINISTRATION

The Committee noted that this programme provides the overall management of the Department, strategic planning, legislative, communication services and centralised administrative support through the MEC and administration.

The programme has been budgeted **R 424 112 000** which accounts for **3.9%** of the total budget of the Department. For the second quarter, this programme has been budgeted a total of **R 114 018 000** and recorded an expenditure of **R 71 297 000**. This represents a second quarter expenditure of **62.5%** which translate into an under spending of **37.5%**.

This programme in the second quarter had two planned targets and did not achieve any of its targets. This translates into a **0%** achievement of planned targets.

Financials

The Committee asked if the Department had established the reasons for the differences in total projections and total cash transfers. The Department reported to have established the reasons for the differences in total projections and total cash transfers. The projections were based on the operational plans of the 2016/17 financial year which did not take into account accruals of the 2015/16 financial year. The Department further reported that the reason for the exclusion of the accruals in the projections was that the accruals were still work in progress during the time of submission (28 February 2016 as was the date for submission of the projections to Provincial Treasury in terms of the PFMA).

Noting that the over expenditure on ARVs is linked to accruals, as payment was made during this financial year; the Committee asked if this was an unauthorized expenditure. The Department reported that accruals are not an unauthorized expenditure. The Department was able to address the issue during the budget adjustment by adjusting allocation for medicine from R 1.1 billion to R 1.3 billion in order to pay for accruals. Furthermore, National Department of Health has assisted the department in reducing accruals by supplying 100 000 packs of ARVs. The Universal HIV Test and Treat poses a threat to the budget as there was a budget cut of R 640 million of which R 208 million is for medicines.

The Committee further asked on the current status of the Department in terms of accruals. The Department reported that currently accruals are at R 24.8 million as at 31 January 2017. The estimated accruals at the end of March 2017 will be at approximately R 300 million due to National Health Laboratory Services, South African National Blood Services, SAFAMEX and Infrastructure invoices. The Department further indicated that the following measures are in place to manage accruals:

- The Department will continue with the implementation of austerity measures.
- Cost Saving initiatives will be developed and implemented during 2017/18.
- The Department will include accruals when budgeting for the new financial year.
- Monitoring of accruals will be done on a monthly basis through the Departmental budget committee.

Expenditure

The Committee asked why the Department failed to spend the budget according to the second quarter projections and further asked how the Department will ensure that this programme spends its total budget at the end of the financial year. The Department reported that the under spending was as a result of the withdrawing of Patient Administration System Bid as well as the delay in filling of key management posts. The Department reported that it will ensure that the expenditure is improved in the third and fourth quarter after the budget adjustments.

Upgrades of Health Facilities

The Committee wanted to know if the Department relies on the Provincial Treasury to determine upgrades in health facilities and the policy that guides this practice. The Department reported that it relies on the Provincial Treasury to determine upgrades in health facilities because:

- All Provincial Departmental Data lines are centrally managed and paid for by Provincial Treasury. As such, the Department has to apply for the upgrade of Data lines through Provincial Treasury as the Budget holder.
- There is no written policy that the Department is aware of. The main reason is that all Departments are on one network which is centrally controlled and managed through

Provincial Treasury. As a result Provincial Treasury budgets and pays for all Provincial Departmental Data lines.

- There have been requests to both Provincial Treasury & SITA for such upgrades and other network related improvements. The request was addressed by Treasury and the network was installed at Nissan building.

PROGRAMME 2: DISTRICT HEALTH SERVICES

The purpose of programme 2 is to render comprehensive primary health care services to the community using the district health system model.

This programme is budgeted **R 6 355 241 000** which is **59.7%** of the total budget of the Department. For this quarter, this programme was budgeted **R 1 636 047 000** and recorded an expenditure of **R 1 806 830 000**. At the end of the second quarter, this programme recorded an expenditure of **54.5%**. This means the programme had an overspending of **R 170 783 000** which translates into **110.4%** which is a **10.4%** over expenditure.

This programme has **48** targets for this quarter which translates into **53%** of total targets of the Department in this quarter. However, this programme has achieved only **16** targets translating into a **33%** achievement of all planned targets.

Performance and Expenditure

The Committee noted with concern that the Department achieved only 33% of planned target for this programme with an over expenditure of 10% from the projection. The Department reported that this program's expenditure is above the norm because of the expenditure on ARVs. The contributing factors being the implementation of the new mandate of Test and Treat and there was an accrual on drugs (ARVs) amounting to R75 522 095 for March of the last financial year that was paid on the current financial year's budget.

Luphisi Clinic

As per the finding during a Committee oversight visit on 14 February 2017 in Mbombela Local Municipality, the Department is renting a house on a 3 year contract for the Luphisi clinic, the contracts is ending in March 2017. The Committee asked what plans the

Department has in place in terms of infrastructure development and improving service delivery. The Department acknowledged its rental contract with an NGO at no cost to the department, and reported that an extension will be negotiated with the NGO until the following phases are completed:

- Phase 1: Construction of concrete palisade fence has been completed.
- Phase 2: Construction of IBT structure to commence on the 1st of April 2017.

Protest actions as a result of poor service delivery

The Committee noted that there was community unrest at Eziweni clinic due to the non-availability of drugs and Doctors at the clinic and urged the Department to be proactive to avoid community unrests/protests. The Department reported that it is not aware of the non-availability of drugs in all the health facilities including Eziweni Clinic except for the drugs that are out of stock nationally. Substitute drugs are being used in most of the cases. The Department is reportedly using the Stock Visibility System (SVS) that assist even the manager sitting in the provincial office to be able to monitor the availability of drugs in all PHC facilities. The Health facilities are using a what's up group to communicate and share the available drugs in case of shortage. The Department further reported that Eziweni Clinic is being visited by a doctor every Tuesday of the week. However, the Department accepts the advice and will ensure that such issues don't cause unrests within communities.

PROGRAMME 3: EMERGENCY MEDICAL SERVICES (EMS)

This programme provides pre-hospital medical services, inter-hospital transfers, Rescue and Planned Patient Transport to all inhabitants of Mpumalanga within the national norms of 15 minutes in urban areas and 40 minutes in rural areas.

This programme is budgeted **R 333 801 000** which is **3.1%** of the total budget of the Department. At the end of the Second Quarter this programme recorded an expenditure of **R 156 043 000** which is at **46.7%**.

In the Second quarter the Department budgeted **R81 618 000** and recorded an expenditure of **R 79 901 000** which translate in an expenditure of **97.9%** resulting in **2.1%** under expenditure.

The programme, for this quarter, has four planned target and did not achieve any of the targets.

Poor Performance

The Department has failed to achieve all its planned targets in this programme for the past three year, the Committee wanted to know the reason and the measures put in place to address this challenge. The Department acknowledged the poor performance however reported that following efforts to improve on the achievement of planned targets:

Indicator	2014/15	2015/16
P1 response urban under 15 minutes	73%	75.5%
P1 response rural under 40 minutes	66%	71%
Integration of PPTS into EMS	0	20%
Increase in obstetric Ambulances	12	18

The Department reported that all the targets except the procurement of Obstetric ambulances is impacted upon by the shortage of personnel. However, the Accounting Officer has ensured the appointment of 107 personnel for the 2013/14 financial year, a further 143 for the 2014/15 financial year. The Department reported that there is still a shortage of personnel to ensure that EMS has a full staff complement in order to increase the number of operational vehicles which will impact positively on the response time. An assessment was reportedly done after the appointment to ascertain where gaps exist and 96 personnel will be appointed in the 2016/17 financial year in efforts to close the gaps.

Emergency Response Time

The Committee appreciated the development of a new clinic in Mpakeni, and however raised its concern noted during the Committee's oversight visit on 14 February 2017 at the Clinic that when ambulances are called; they do not respond and community members would eventually take patients to the hospital using their own sort transport. The Department reported that the biggest challenge in EMS is not having a system to log and trace the calls. The CAD monitoring system is aimed at improving efficiencies in EMS services and is able to check where the gaps exist and ensure that they are addressed. In terms of ambulances not responding, the Department reported that it will go and look at the proximity of the area to the closest EMS base and if the distance and the size of the population allows, the

Department will look into opening up a satellite base as soon as the number of ambulances and personnel are increased.

Ambulances

The Committee enquired on the procurement and installation of the tracking system for ambulances and the monitoring system thereof. The Department reported that the tracking system goes through a cycle with the contract that is in place at the time. The tracking system that was installed with the previous batch of ambulances has long been obsolete. The Department envisages installing a tracking system in the 2017/18 financial year as part of the CAD to ensure that ambulances are located at any given time, their status known, shorter routes provided for response and off-site vehicle management to avoid unnecessary abuse of these vehicles.

PROGRAMME 4: PROVINCIAL HOSPITAL SERVICES

The Committee noted that this programme renders level 1 and 2 health services in regional hospitals to render TB specialized and Psychiatric hospital services.

This programme is budgeted **R 1 212 177 000** which is **11.4%** of the total budget of the Department. At the end of the second quarter; this programme recorded an expenditure of **R 500 200 000** which is **48.1%** of total expenditure. This means the Department is currently under-spending its budget by **1.9%**

In the second quarter, the Department budgeted **R 275 686 000** for this programme and incurred an expenditure of **R 258 319 000** which translate in **93.7%** expenditure and a **2.3%** under-spending in this programme.

This programme had a total of ten (**10**) planned targets and achieve seven (**7**) of those targets meaning that this programme achieved **70%** of total planned targets for this quarter.

Compliance with the National Core Standards (NCS)

The Committee asked why the Department fail to ensure that hospitals are complaint with extreme and vital measures of the National Core Standards. The Department reported that most of the challenging areas are infrastructure maintenance and lack of security systems in

designated areas of the hospitals. In few cases there is a lack of medical equipment and specified hospital cleaning equipment. The Department further reported that the infrastructure unit is addressing the issues on infrastructure but the backlog is huge. The Department emphasised that National Core Standards assessments are done to ensure that hospitals are given feedback for the areas to be addressed and to monitor progress. For maintenance the Department reported that it will ensure that assessment of facilities will be carried to know the maintenance requirement of different facilities- all hospitals have been completed and PHC facilities will be done in the next financial year (2017/18). This will give a clear picture to the infrastructure needs and will help to prioritise facilities for maintenance reported the Department. The Department also reported that maintenance functions have been decentralized to the regions, this will assist to improve the turnaround time to attend maintenance challenges/defects in health facilities.

PROGRAMME 5: CENTRAL AND TERTIARY HOSPITAL SERVICES

The purpose of this programme is to render secondary and tertiary health care services and to provide a platform for training of health care workers including research.

This programme is budgeted **R 1 039 902 000** which is **9.7%** of the total budget of the Department. At the end of the Second quarter this programme recorded an expenditure of **R 500 200 000** which is **48.1%** of total expenditure. This means the Department is currently under-spending its budget by **1.9%**

In the second quarter, the Department budgeted **R 275 686 000** for this programme and incurred an expenditure of **R 258 319 000** which translate in **93.7%** expenditure and a **2.3%** under-spending in this programme.

PROGRAMME 6: HEALTH SCIENCE TRAINING

The Committee noted that the purpose of this programme is to ensure the provision of skills development programmes in support of the attainment of the identified strategic objectives of the Department.

The programme is budgeted **R 386 213 000** which is **3.6%** of the total budget. The programme, at the end of the second quarter recorded an expenditure of **R 213 349 000** which is **55.2%** of the total budget of the programme. This represent an over expenditure of **5.2%**.

For the second quarter, this programme was budgeted R 92 485 000 and recorded an expenditure of R 141 494 000 which represent 152.9% of expenditure. This means the programme has over spent its budget for the quarter by 52.9%. However, the programme has two planned targets and achieved both.

Over Expenditure

The Committee noted that the Department overspent the budget of this programme in the second quarter by 52.9%. The Department reported that the overspending was mainly due to the once off payment for the Medical students in Cuba.

PROGRAMME 7: HEALTH CARE SUPPORT SERVICES

The purpose of this programme is to improve the quality and access of healthcare services through:

- The availability of pharmaceuticals and other ancillaries;
- Rendering of credible forensic health care which contributes meaningfully to the criminal justice system;
- The availability and use of the appropriate health technologies;
- Improvement of quality of life by providing needed assistive devices;
- Coordination and stakeholder management involved in specialized care;
- Rendering in-house services within the health care value chain.

The programme is budgeted R 175 925 000 which is 1.6% of the total budget of the Department. At the end of the second quarter this programme recorded an expenditure of R 66 918 000 which is 38% of the total budget.

In the second quarter, this programme was budgeted R 54 986 000 and recorded an expenditure of R 38 290 000 which reflect an under expenditure of 30.4%.

This programme for the second quarter had seven (7) targets and achieved four (4) of those targets. This reflects a 57% of total planned targets achieved.

Poor Performance

The Committee enquired on the measures put in place to address the poor performance in this programme. The Department outlined the following measures to have been put in place:

- Alternative medicines were procured for items that are not available from the contracted suppliers;
- Engaged National Department of Health through the National Health Council Meetings about suppliers that fail to meet the targets;
- The depot orders buffer stock in order to ensure that target of 95% medicine availability is achieved.

The Department further outlined the following mitigations on the negative impact:

- The National Department has introduced Stock Visibility System in Primary Healthcare facilities to ensure that stock outs are identified promptly and immediate interventions are taken;
- The Department procured 82 computers for all Hospitals to improve stock management and availability;
- Alternative medicines were issued to facilities to ensure that there is adequate supply of medicines;
- Stable chronic patients are enrolled on Centralised Chronic Medicine Dispensing and Distribution (CCMDD) to ensure consistent availability of medicines.

PROGRAMME 8: HEALTH FACILITIES MANAGEMENT

The Committee noted that the purpose of this programme is to build, upgrade, renovate, rehabilitate and maintain health facilities.

This programme is budgeted **R 714 774 000** which is **6.7%**. This programme, at the end of the second quarter, recorded an expenditure of **R 264 631 000** which is **37%**.

In the second quarter, this programme was budgeted **R 179 149 000** and recorded an expenditure of **R 163 969 000** which is **91.5%**. This reflects an under expenditure by **9.5%**

This programme has two planned target for the quarter and has achieved the other targets. The unachieved target is the completion of major and minor refurbishment outside the NHI pilot district. The Department planned to complete five (5) hospitals and thirteen (13) PHC but only five (5) PHC were completed.

Poor Performance

The Committee enquired on the measures put in place to address the challenge of poor performance in this programme – failure to achieve planned targets. The Department reported that facilities which are delayed for construction will be accelerated by extending the working time or resources to ensure target date for completion is met without extension and increase in costs.

Innovative Building Technology (IBT) Structures

Aware of the Department's plan to construct IBT structures to serve as clinics whilst planning and budgeting for the brick structures later on, the Committee asked if the IBT concept/ solution support economic spinoffs in the Community. The Department reported that the IBT structure or construction has six components which have economic spin-offs as indicated below:

Component	Procurement method
Site clearance/demolishing	Labour intensive (Local employment)
Earthworks and excavations	
IBT Panel assembly	Specialized
Plumbing and electrification	Local sub-contractor(s)
Finishes	
Fencing	

The Department further emphasised that the IBT structure is cost effective compared to the brick structure. The structure takes less than six months to complete at a cost of approximately R3 million with a life span of about 50 years. The construction of a new Ideal clinic and Community Health Centre made of bricks cost approximately R 60 million and R 120 million respectively over a period of eighteen (18) months.

The department also reported that the IBT has been certified by Modular Building Institute and ISO 9001: 2008 and does not pose any risks to patients or employees.

The Committee then asked if there is a factory in Mpumalanga that produces material for the IBT structure for possible job creation for local communities. The Department reported that there is no manufacturing factory in Mpumalanga Province. The Department notes the comment and will engage with DPWR&T to stipulate as one of the conditions to prospective suppliers to consider local manufacturing.

Storm Damages

The Committee noted that the MEC reported that the Department received R26 million disaster budget during his overview and asked if this budget was enough considering the recent storm damages in Nkomazi, Dr JS Moroka and Thembisile Hani Municipalities. The Department reported that the R 26 million budgeted for fixing storm damages is not adequate however; the Department in light of the existing financial constraints prioritized the affected areas and facilities.

6. COMMITTEE FINDINGS FROM THE INTERACTION WITH THE DEPARTMENT

After the interaction with the Department, the Committee made the following findings:

- a. The Department is currently building the Innovative Building Technology structures (IBT) in the following areas: Mpakeni, Marite, Sibange and Mgobodzi clinics. KaMdladla Community in the Nkomazi Local Municipality disputed the construction of the IBT structure, insisting on the brick and motar clinic;
- b. Various health facilities were damaged during the 2016 storm incidents, the following areas were affected: Nkomazi, Thembisile and Dr. JS Moroka Local Municipalities. R 26 million has been set aside to repair all damages;
- c. The Department plans to appoint 96 personnel within the Emergency Medical Services in the 2016/17 financial year.

7. RECOMMENDATIONS IN RESPECT OF THE FINDINGS

The Committee recommends that the Department must:

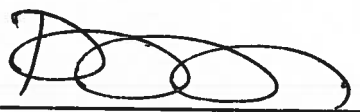
- a. Provide a detailed progress report on the IBT construction projects and the status quo on the KaMdladla Clinic by 13 April 2017;
- b. Provide a detailed progress report on the 2016 storm damage repair projects by 13 April 2017;
- c. Provide progress report on the appointment of the 96 personnel within the Emergency Medical Services by 13 April 2017.

8. CONCLUSION

The Chairperson wishes to express her gratitude to the MEC Hon GP Mashego; the HOD and the senior officials of the Department of Health for their active involvement during the deliberations with the Department.

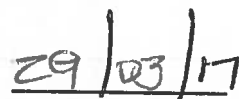
The Chairperson further wishes to thank the Hon. Members of the Committee for their sterling participation and inputs during the deliberations on the 2nd quarter report of the Department of Health and also thanked the Legislature staff for their support and contribution towards the production of this report.

Lastly, the Chairperson requests the august House to adopt the report with its recommendations and provide a progress report by 13 April 2017.



HON. P NGOBENI

**CHAIRPERSON: PORTFOLIO COMMITTEE ON
HEALTH & SOCIAL DEVELOPMENT**



DATE